PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

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12th REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on

An inquiry to assess the performance of the Community-based Environmental Protection and Enhancement Programme (CEPEP), and its operations

March, 2020

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

The Joint Select Committee on State Enterprises

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PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

Joint Select Committee on State Enterprises

An inquiry to assess the performance of the Community-based Environmental Protection and Enhancement Programme (CEPEP), and its operations

Twelfth Report 2019/2020 Session, Eleventh Parliament

Report, together with Minutes

Ordered to be printed

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The Joint Select Committee on State Enterprises

Establishment

1. The Joint Select Committee on State Enterprises was appointed pursuant to the directive encapsulated at section 66A of the Constitution of the Republic of Trinidad and Tobago. The House of Representatives and the Senate on Friday November 13, 2015 and Tuesday November 17, 2015, respectively agreed to a motion, which among other things, established this Committee to inquire into and report to Parliament on State Enterprises falling under its purview with regard to:

- their administration;
- the manner of exercise of their powers;
- their methods of functioning; and
- any criteria adopted by them in the exercise of their powers and functions.

Current Membership

2. The following Members were appointed to serve on the Committee:

Mr. Anthony Vieira
Dr. Lester Henry
Mrs. Cherrie-Ann Crichlow-Cockburn
Mr. Wade Mark
Mr. Fazal Karim
Brig. Gen. (Ret.) Ancil Antoine
Mr. Adrian Leonce
Mr. Foster Cummings

Powers

3. The Committee is one of the Departmental Select Committees, the powers of which are set out principally in Senate Standing Orders 91 and 101, and HOR Standing Orders 101 and 111. These are available on the Parliament's website at www.ttparliament.org.

Secretarial Support

4. Secretarial support was provided by Mr. Brian Caesar, Clerk of the Senate, who served as Secretary to the Committee, Ms. Sheranne Samuel, Assistant Secretary, Mrs. Krystle Gittens, Graduate Research Assistant and Ms. Safiyyah Shah, Graduate Research Assistant.

Contacts

5. All correspondence should be addressed to the Secretary to the Joint Select Committee on State Enterprises, Parliamentary Complex, Cabildo Building, St. Vincent Street, Port of Spain. The telephone number for general enquiries is 624-7275; the Committee's email address is jscse@ttparliament.org.

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General Findings

During the inquiry, the Committee made the following findings:

1) CEPEP was initially started with a Cabinet Note in 2002 with the mandate of *"empowerment of communities to protect and improve the condition of the physical environment by the expansion of employment opportunities for the benefit of semi-skilled and un-skilled citizens within their local communities."*

2) CEPEP fosters environmental friendliness, as well as efficiency by ensuring that contractors operate according to global standards in caring for the environment.

3) CEPEP fulfills its role by combining resources in order to seize any business opportunities that present themselves in the interest of contractors and community entrepreneurs.

4) CEPEP partners with other Government and/or private agencies such as:
   - the Ministry of Works and Transport to perform maintenance services nationwide; and
   - the Office of Disaster Preparedness and Management as a second responder to provide clean-up operations during natural disasters, as occurred in 2018.

5) In the furtherance of the objectives of business development and environmental enhancement, CEPEP intends to engage the Ministry of Agriculture, Land and Fisheries in the near future.

6) Under the CEPEP mandate, contractors are contracted for a three-year "incubator programme" using the following process:
   - Request For Proposal issued in the newspapers;
   - Receipt of applications;
   - Evaluation of applications; and
   - Contracts granted to successful applicants.

7) The following training programmes are administered over the three (3) year period of the incubator programme:
    - Literacy skills;
    - Metric comprehension;
    - Budgeting;
    - Investment advising;
    - Online training;
    - Supply and demand Economic Workshop;
    - Inspiration, creativity and innovation workshop;
    - Sales revenue versus profit;
    - Principles of sustainable business growth;
    - Transparency and mitigation of improprieties workshop;
    - Academic training;
    - Small business management; and
    - Creation and development of micro enterprises.

8) CEPEP currently engages a total of 266 contractors. The Company strives to hold each contractor to a high standard of performance to ensure proper expenditure of public funds.
    - CEPEP contractors employ approximately 8,000 workers.

9) Contracts are evaluated on a quarterly basis to ensure that they meet the standards set for the Company.

10) The current staff complement at CEPEP is 91 persons. However CEPEP indicated that in order to optimise output, 128 persons would be needed.

11) Challenges faced by CEPEP:
    - Failure by the Ministry of Works and Transport to remove debris after CEPEP has completed its environmental management activities;

- Decrease in subvention resulting in contractors having smaller teams- from 60 to 30 workers per team; and
- Lack of an incineration facility to support the work of the Dead Animal Removal Team (DART).

12) CEPEP's mandate was amended through a Cabinet Minute No. 2272 of August 27, 2015, to include both project management and construction projects:

- Projects included building box drains, a community centre, and other projects known as the "health sector initiative" which involved repairs to some of the health facilities; and
- In 2016, CEPEP's management team reverted to its original mandate.

13) The change in mandate during the period 2012-2015 resulted in the construction of box drains:

- forty-one (41) contracts were awarded, primarily in the Penal/Debe areas; and
- $143Mn worth of contracts were issued.

14) CEPEP has the following liabilities:

- The sum of $7,913,440 in outstanding VAT. Management has written to the line Ministry (MRDLG), to obtain funds to pay this debt, instead of using the Company's subvention;
- Suppliers: $105,633;
- Health Sector Initiative :$146,844,427;
- Legal Fees: $2,670,639; and
- Highway Beautification Project: $307,337.

15) CEPEP's server crashed *"in and around March 2016"* resulting in the loss of significant amounts of data from the period 2012-2015:

- Several service providers were hired to recover and rebuild the lost data on the server;
- Data retrieved would have been verified within six months; and

- Protective measures have been implemented to safeguard against a recurrence of such an event e.g. saving on the cloud, and daily backups.

16) During the course of the inquiry, the Committee learnt that there was an unaccounted sum of $21Mn CEPEP's financial records:
    - CEPEP's Board became aware of the sum through a letter from the Environment Management Authority, confirming the release of $21Mn to CEPEP in 2014;
    - Investigations led to the discovery of a bank account created by a former Board, which was used to withdraw the monies; and
    - CEPEP was awaiting vital information from the relevant bank regarding disbursement of the funds.

17) On October 31, 2018, CEPEP's External Auditor, Hardys and Associates Chartered Accountants, resigned due to the following stated issues:
    - restricted access and refusal by CEPEP to provide information;
    - public statements made by CEPEP's Chairman against Hardys; and
    - deliberate breakdown in communication between CEPEP's Board and Hardys.

18) CEPEP's last audited financial statements submitted to the Parliament was for the financial year 2014.

19) Audited Financial Statements for the Financial Year 2015 was not signed off by Hardys due to an issue of CEPEP's Going Concern, which Hardys determined based on:
    - the display of an inability to pay creditors on the due dates;
    - legal proceedings resulting in claims that could not be settled; and
    - the levy on the Company's assets.

20) Documents requested and not received by Hardys in relation to the Going Concern assumption were:
    - management plan for future actions;
    - cash flow forecasts;

- management's assessment of all legal proceedings against the company;
- management accounts, trial balance, and aged accounts payable listing for the year ended September 30 2017;
- most recent management accounts, trial balance and aged accounts payable listing;
- access to all Board Minutes for the period October 2015-May 2018; and
- listing of all litigation and claims by creditors against the company.

21) CEPEP's Management Team maintained that the requested information could not be provided due to CEPEP's inability to verify data following the March 2016 server crash.

22) However, CEPEP had indicated to the External Auditor via email dated May 15 2018 that the issue of Going Concern would not apply based on the $122Mn subvention received during the 2018/2019 mid-year review.

23) The Committee learnt that the Ministry of Finance (MoF) and the Ministry of Rural Development and Local Government (MRDLG) became aware of this matter between CEPEP and the External Auditor through the Auditor's resignation letter to the Chairman of CEPEP, dated October 31, 2018.

- No formal report was filed on this issue to the MoF or MRDLG.
- Additionally, CEPEP's submission of unsigned Board Minutes to the MoF and MRDLG resulted in the relevant Ministries having failed to review the Minutes over the period.

24) Nonetheless, the Committee learnt that other State Enterprises facing similar issues as CEPEP, have resolved the Going Concern by requesting that the MoF provide the External Auditors with certain correspondence that treats with the concern.

25) In February 2019, MRDLG requested the following from CEPEP:

- updated Strategic Plan;
- Administrative reports 2016/17;
- all outstanding financial reports; and

- Board minutes from April 2018 – December 2018.

26) Additional issues covered in this Report include:
    - A former CEPEP CEO being awarded a $1Mn gratuity payment, and the agreement containing a non-disclosure clause;
    - Investigations into an incident involving a CEPEP employee using his cellular telephone while driving a CEPEP branded vehicle;
    - Management's withholding of payment of management fees to contractors who were non-compliant with payment of NIS and Health Surcharge for workers
    - CEPEP's OSHA compliance;
    - Contracting of a new External Auditor; and
    - Implementation of training for contractors currently enrolled in the incubator programme.

Summary of Recommendations

The following is a summary of the recommendations proposed by the Committee:

1) There should be greater oversight by the Line Ministry and Corporation Sole of the operations at CEPEP.
   - Even if Board Minutes are unsigned, they should still be examined by the Ministries.
   - When issues are flagged, there should be dialogue between the pertinent parties with the aim of obtaining a resolution.

2) CEPEP should adopt its Line Ministry's guidance in producing Administrative Reports that meet standard requirements, as outlined in the SEPMM.

3) Given that CEPEP continues to receive a Government subvention, CEPEP must work ardently to rebuild its lost server and present its audited financial statements to the Parliament, within one (1) year of this Report being presented.

4) CEPEP should implement immediate measures to prevent future server crashes that could obstruct it from being an accountable and transparent State Enterprise.
   - Data should be stored on a Cloud-based platform, and backed up on an external drive on a regular basis.

5) CEPEP should finalise its Strategic Plan for the period 2019-2024 within three (3) months of this Report being presented, and submit this Plan for its Line Ministry's consideration.

6) CEPEP should utilise the comprehensive work done by the Arthur Lok Jack Graduate School of Business (ALJGSB) by completing the four phase model **(See Table 3),** within twelve weeks of this Report being presented in the Parliament.

7) CEPEP should engage in a partnership with state providers like YTEPP, NESC, MIC- IT etc. to offer training and certification for workers before their graduation from the programme.
    - Areas of training that may be explored are accounting, customer service, conflict resolution, and/ or information technology systems.

8) In addressing issues of basic deficiencies among employees, CEPEP should host adult remedial classes to ensure that persons leaving the programme have grown in knowledge of the areas of Mathematics and English Language.

9) CEPEP should have discussions with the Mount Hope Hospital regarding long-term usage of their incineration facility.
    - If this proves futile, and taking into consideration the significance of the proper disposal of animal carcasses to CEPEP's mandate, the Company should prioritise obtaining its own incinerator to alleviate this challenge.

10) Upon completion of the pilot project to provide better working conditions, the CEPEP should assess its viability, and formalise the provision of restroom facilities for all workers.

Report Summary

This report assesses the performance of the Community-based Environmental Protection and Enhancement Programme (CEPEP), and its operations at:

i. fulfilling its mandate to empower communities to protect and improve the condition of the physical environment; and
ii. supporting the policy objectives of the Ministry of Rural Development and Local Government.

The Committee finds that at a first glance CEPEP is barely achieving its mandate through its operational inefficiencies combined with a lack of accountability and transparency, which pose a significant challenge to its future viability.

Recommendations proposed by the Joint Select Committee on State Enterprises are intended to improve the efficiency and effectiveness of the operations of CEPEP in order to drive the company towards appropriate relevance and optimal sustainability.

CHAPTER 1

1 Introduction

Literature Review and Background

1.1. The State Enterprises Performance Monitoring Manual outlines the framework within which State Enterprises and the Minister of Finance (Corporation Sole) interact. It defines:

i. the roles of the major interacting agencies involved in monitoring the State Enterprise Sector;
ii. the Monitoring Mechanism;
iii. the Performance Monitoring Indicators applicable to the Sector;
iv. Compliance as well as the inputs for generating synergies within the Sector.

1.2. The rationale for this document is to facilitate the Government of the Republic of Trinidad and Tobago (GORTT) thrust to enhance efficiency and effectiveness in the State Enterprise sector.

1.3. This five-part manual is the result of extensive consultation with stakeholders and the collaborative effort of officials of the State Enterprises and the Ministries[1].

1.4. The Framework for State Enterprises Operations is attached at **Appendix I**.

Entity profile

1.5. The CEPEP Company Limited is an Agency of the Ministry of Rural Development and Local Government.

[1] State Enterprises Performance Monitoring Manual, 2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf

1.6. The company focuses on environmental protection, enhancement and beautification in service areas known as Environmental Work Areas (EWAs). At the community level, CEPEP seeks to enlighten communities on the need to improve and protect the environment.

1.7. The programme is organized on the basis of contractual work in EWAs, where contracting companies are responsible for recruiting and managing workers to achieve targets. The programme also presents the opportunity for contractor and employee development.

Services include:

i. Commercial and Residential Landscaping;
ii. Grounds Maintenance and Beautification;
iii. Heavy Equipment Rental;
iv. Waste Collection and Disposal;
v. Small Construction;
vi. Marine and Beach Cleanup; and
vii. Dead Animal Removal.

1.8. CEPEP has three major divisions in the Operations department: DART, DERT, and CORE:

1. Dead Animal Removal Team (DART) is the sole programme utilised to collect and dispose of animal carcasses across the nation's roadways. Presently, there are two DART patrols servicing Trinidad;
2. Disaster Emergency Response Team (DERT) provides emergency support to households, schools and communities to help regularise and bring a level of normalcy back to affected areas following adverse events; and
3. CORE deals directly with the Contractors engaged to perform services such as cutting, maintaining and beautifying communities across the nation.

Mission:

1.9. Working for the nation by protecting, enhancing and building our communities through environmental entrepreneurship.

Vision:

1.10. To be the premier environmental protection company which fosters national pride at the community level.

Previous Inquiries into CEPEP

1.11. During the Second Session of the Ninth Parliament of the Republic of Trinidad and Tobago, the Public Accounts (Enterprises) Committee established to inquire into and report on State bodies' financial management of their resources, conducted an inquiry into CEPEP Company Limited.

1.12. The following Key Recommendations were reported:

i. *The Committee expects that CEPEP adheres to the recommendations provided by the Arthur Lok Jack Graduate School of Business and complete its reformation exercise by December 2017;*

ii. *CEPEP should immediately employ steps to implement proper financial accounting principles and standards;*

iii. *CEPEP should submit all documents relating to revenue and expenditure incurred during the period 2009-2014 to the Auditor General Department for immediate auditing;*

iv. *Strengthen the internal controls of the Company to ensure the timely preparation and submission of Financial Statements;*

v. *Internal auditors should conduct quarterly assessments and prepare a report on the financial performance on the activities of the entity;*

vi. *CEPEP must adhere to the International Financial Reporting Standards (IFRSs).*

vii. *CEPEP should write to non-compliant contractors instructing them of their statutory obligations and duties in accordance with the law;*

viii. *CEPEP should take urgent steps to implement an effective Internal Audit function by May 2017;*

ix. *The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the Company;*

x. *CEPEP 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; and*

xi. *CEPEP should make every effort to ensure that a Cost Benefit Analysis is initiated by May 31, 2017.*

1.13. **The Ministerial Response to the abovementioned recommendations was received on August 02, 2017.**

Suggested Rationale for the Inquiry

1.14. Given the forgoing and taking into account the following:

i. It is an opportune time to verify that CEPEP is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual;

ii. It is an opportune time to verify that there is value for money being gained through the CEPEP operations; and

iii. It is unclear to what extent CEPEP is adhering to its mandate.

An inquiry into this entity at this time seemed appropriate.

Objectives of the Inquiry

i. To determine whether CEPEP is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual;

ii. To determine progress made in implementation of the four (4) phase model for CEPEP: Stabilization, Extrication, Transformation and Execution. The entire process, which was started in November 2016, was estimated to take forty two (42) weeks;

iii. To determine if the CEPEP programme has been successful at creating a cadre of entrepreneurs who over time have been graduating out of the programme and becoming independent contractors who provide services to private and corporate Trinidad and Tobago; and

iv. To determine whether CEPEP is adhering to its mandate to protect, enhance and build communities through environmental entrepreneurship.

Conduct of the Inquiry

1.15. At its 31st Meeting held on Monday October 29, 2018 the Committee agreed to conduct an inquiry into CEPEP.

1.16. On March 11, 2019 a public hearing was held with representatives of CEPEP, and the Ministry of Rural Development and Local Government (MRDLG), at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives set out.

Table 1

Persons who appeared and provided oral evidence

Name of Official	Portfolio	Organization
Public Hearing held on March 11, 2019		
Mr. Ashton Ford	Chairman	CEPEP
Ms. Marilyn Michael	Deputy Chairman	CEPEP
Mr. Keith Eddy	General Manager	CEPEP

Ms. Nicole Gopaulsingh	Corporate Secretary	CEPEP
Ms. Alicia Austin	Senior Internal Auditor	CEPEP
Ms. Keerean Clarke	Senior Financial Officer (Ag.)	CEPEP
Ms. Stara Ramlogan	Permanent Secretary (Ag.)	MRDLG
Ms. Nilliufa Suzanne Ali	Accounting Executive II	MRDLG
Ms. Beverly Haywood	Planning Officer II	MRDLG
Public Hearing held on May 27, 2019		
Mr. Ashton Ford	Chairman	CEPEP
Ms. Marilyn Michael	Deputy Chairman	CEPEP
Mr. Keith Eddy	General Manager	CEPEP
Ms. Nicole Gopaulsingh	Corporate Secretary	CEPEP
Ms. Alicia Austin	Senior Internal Auditor	CEPEP
Ms. Deowatie Lalchan	Senior Financial Officer	CEPEP
Mr. Anil Bridglal	Managing Partner	Hardys Chartered Accountants
Ms. Stara Ramlogan	Permanent Secretary (Ag.)	MRDLG
Mr. Jameel Chadee Ameeral	Deputy Permanent Secretary (Ag.)	MRDLG
Ms. Nilliufa Suzanne Ali	Accounting Executive II	MRDLG
Mrs. Gaynelle Andrews Vegas	Senior Project Planning Officer	MRDLG

Ms. Jennifer Lutchman	Deputy Permanent Secretary	MoF- Investments Division
Mr. Ryan Maharaj	Senior Business Analyst (Ag.)	MoF- Investments Division
Mr. Lester Herbert	Director, Central Audit Unit	MoF- Investments Division

1.17. Prior to the public hearing, a request for information on the general objectives of the inquiry was sent to CEPEP on November 02, 2019, and in response, written submissions were received dated November 27, 2019. These responses provided a frame of reference for the questions posed during the hearing.

1.18. During the public hearing the Committee proffered supplementary questions for written response. These responses were received from CEPEP on April 05, 2019.

1.19. The Committee dispatched a request for information to former statutory auditors of CEPEP, Hardys Chartered Accountants on May 14, 2019 based on evidence given in the public hearing with CEPEP. Their responses were received on May 22, 2019.

1.20. On May 27, 2019, the Committee reconvened its inquiry with officials from CEPEP, Hardy's Chartered Accountants, MRDLG, and Ministry of Finance- Investments Division during its second public hearing.

1.21. While giving opening remarks, Mr. Ashton Ford – Chairman, CEPEP, expressed dissatisfaction with the Committee's invitation to CEPEP's former External Auditor, and hence attendance of the said, at this Meeting. The Chairman of the Committee reassured Mr. Ford that the intention was not to embarrass any entity, but rather to provide clarity on all matters. At the start of Mr. Bridglal's (Hardys Chartered Accountants) opening remarks, Mr. Ford exited the public proceedings.

1.22. At the second public hearing the Committee submitted supplementary questions for written response. Responses were received from CEPEP on June 13, 2019.

1.23. The Minutes of the Meetings during which the public hearings were held are attached as **Appendix I** and the Verbatim Notes as **Appendix II**.

CHAPTER 2

2 Key Issues, Findings and Recommendations

Objective 1: To determine whether CEPEP is adhering to the framework for operations as outlined in the State Enterprises Performance Monitoring Manual.

2.1 CEPEP's last published accounts was submitted to the Parliament in 2014. This has been attributed to a server crash that occurred in or around March 2016 resulting in the loss of significant data for the period 2012 to November 2015. The Company selected a Provider to perform data entry services to rebuild the lost data in order to facilitate the conduct of the external audit for the period ended September 2015. The audited financial statements for years ending 2015, 2016, 2017, and 2018 could only be completed upon the rebuilding and verification of the lost data, and the appointment of an External Auditor.

2.2 The server crash and subsequent loss of data for the period 2012- November 2015, severely impacted the operations of CEPEP's Finance Department. The loss of data and lack of usability of the system reduced the Company's ability to retrieve necessary data for report generation. In addition to the loss of information of the accounting software, no other management financial reports were stored on the Finance shared drive for the same period.

2.3 CEPEP's last Strategic Plan was for the period 2012-2015. This Plan was not submitted to the Committee, but rather the fact that Requests for Proposals had been advertised for the development of a Strategic Plan. At the second public hearing, the Committee was informed that the tender was completed, and applications were at the evaluation stage.

2.4 The Company's appointed External Auditor, Hardys Chartered Accountants, tendered their resignation by letter dated October 31, 2018. This letter gave three reasons for ending its contractual services to CEPEP:

i. Restricted access and refusal to supply information;

ii. *Public statements made by the Chairman against the auditors; and*

iii. *Deliberate breakdown in communication by the Board of Directors towards the auditor.*

CEPEP has tendered for the services of an External Auditor, and is currently in the evaluation process.

2.5 Both CEPEP and Hardys provided evidence on 2.2 during the second public hearing, wherein it was found that the relationship between both parties, prior to signing off the 2015 Accounts, was a fair one. CEPEP's management did not sign a Management Representation Letter and the Directors' Representation Letter on the premise of the data not being verifiable, as a result of the 2016 server crash.

2.6 During February 2018, the former External Auditor became aware of a Levy on the assets of the CEPEP Company by one contractor and the disclosure of other pending litigation matters by CEPEP, which raised the issue of Going Concern. The former External Auditor attempted to clarify whether or not there was Going Concern with CEPEP by requesting a number of documents, to which the Management of CEPEP did not oblige. This, coupled with remarks made by the Chairman CEPEP at a press conference, prompted the resignation of the External Auditor.

2.7 No formal report of issues related to the resignation of the Company's External Auditor was made by CEPEP or Hardys Chartered Accountants to its Line Ministry or Corporation Sole.

2.8 CEPEP has submitted unsigned Board Minutes to the MoF- Investments Division for the period April 2018 to September 2018 previously, but rectified this irregularity during the Inquiry period.

2.9 The Company's Administrative Reports 2012/2013, 2013/2014, 2014/2015, 2015, 2016 did not meet the standard requirements when submitted to its Line Ministry **(See Table 2)**

CEPEP is in the process of completing 2016/2017 and 2017/2018 for its submission. The MRDLG is working with CEPEP in improving their Reports. CEPEP has given a commitment that within three months, the Reports will be completed and submitted to the MRDLG.

Table 2

Issues flagged in CEPEP's Administrative Reports, by MRDLG

Administrative Report	Issues Flagged
2013/2014	The Table of Contents was omitted.
	Financial operations were not listed.
	Procurement procedures were not included.
	The listing of the Board of Directors was not submitted.
	The Human Resource Development Plan was not submitted.
2014/2015	The Table of Contents was omitted.
	There was inconsistency in the presentation of the information.
	An organizational chart was not included.
	The listing of the Board of Directors was not submitted.

2.10 A former CEO of CEPEP was awarded a $1Mn gratuity payment in June 2016. The payment agreement acknowledged the notice of resignation by the former employee, and agreed to uphold the contractual requirement of same. It was noted that this agreement stated a non-disclosure clause.

2.11 An incident involving a CEPEP employee using his cellular telephone while driving a CEPEP branded vehicle was investigated by a contracted (one year) investigator. The investigation concluded that due to a lack of witness statements, and considering the employee's apology to the Company, that further interrogations into the matter should be discontinued. Its recommendation stated that the employee be given a stern warning that interactions of similar nature should be desisted from.

2.12 CEPEP's OSHA compliance was reported as good, with continuous improvements happening. During the period January 2018 to February 2019, a total of eighty-eight (88) occupational and safety infractions were noted in the HSSE and Operations Departments internal report. The deficiencies were attributed to the failure of contractors to adhere to Personal Protection Equipment standard requirements.

Recommendations

2.13 There should be greater oversight by the Line Ministry and Corporation Sole into the operations at CEPEP. Particularly, signed Board minutes must be submitted in a timely manner, and should be closely examined by the Ministries. When issues are flagged, there should be dialogue between pertinent parties with the aim of obtaining a resolution. This oversight function is necessary in ensuring that CEPEP adheres to its mandate, and is achieving its strategic objectives.

2.14 CEPEP should continue to work with its Line Ministry's guidance in producing Administrative Reports meeting standard requirements, and in a timely manner.

2.15 Given that CEPEP continues to receive Government subvention, CEPEP must work ardently to rebuild its lost server and present its audited financial statements to the Parliament, within one (1) year of this Report being presented.

2.16 CEPEP should implement immediate measures to prevent future server crashes that could obstruct it from being an accountable and transparent State Enterprise. Data should be stored on a Cloud, and backed up on an external drive every month.

2.17 CEPEP should finalise its Strategic Plan for the period 2019-2024 within one (1) year of this Report being presented, and submit this Plan for its Line Ministry's consideration.

Objective 2: To determine progress made in implementation of the four (4) phase model for CEPEP: Stabilization, Extrication, Transformation and Execution. The entire process, which was started in November 2016, was estimated to take forty two (42) weeks.

2.18 The Arthur Lok Jack Graduate School of Business (ALJGSB) was contracted by the CEPEP Company Limited on March 08, 2016 to provide *Overall Organisational Stabilisation and Strategic Transformation, Human Resources Realignments and the Institutionalisation of Governance Best Practice Consulting Service*. Its Closeout Report was submitted in November 2016, and listed the status of ALJGSB's deliverables.

2.19 The following Charters and Policies were developed for the CEPEP Company Limited for review and approval by their Board:

- *Board Charter;*
- *Audit Committee Charter;*
- *Risk Committee Charter;*
- *HR Committee Charter;*
- *Code of Conduct- Directors;*
- *Code of Business Conduct;*
- *Fraud Risk Policy;*
- *Whistleblower Policy;*
- *Human Resources Policy;*
- *HSE Policy; and*
- *Administrative Officers Policy.*

2.20 In the ALJSGB's situational analysis of the Company, the following external factors were highlighted:

- *Significant public mistrust;*
- *Considerable allegations of corruption;*
- *Demotivated workforce;*
- *Entrenched violence in contracting;*
- *Uncertain Value for Money outputs and outcomes;*
- *No evidence of Entrepreneurial Creation;*
- *Significant and highly visible Statutory non-compliance; and*
- *Uncertain oversight of operations.*

2.21 Further to this, there were significant general findings internally at CEPEP and were listed in the Closeout Report as:

- *Critical operating systems breakdowns;*
- *Multi-layered Governance breakdowns;*
- *Questionable contracting;*
- *Open and compromised systems;*
- *Little or no oversight of operations;*
- *Questionable HR Decisions;*
- *Questionable project decisions and operations;*
- *Weak Boards; and*
- *Weak Board Committees.*

2.22 The Report stated that *"the Company does not understand the inherent weakness of the design of the current (sic) Entrepreneurship Model which facilitates corruption and dependency."* The main weakness of the Model was noted as its revolution around the calculation and quantum of management fees. ALJGSB reported that CEPEP:

- Pays workers directly into bank accounts;
- Pays statutory payments to contractors for them to remit to GORTT; and
- Pays a 'Management Fee' which is excessive.

2.23 A major finding noted in ALJGSB's Report was that *"the contractor takes no financial risk and has no impetus to expand their entrepreneurial activities beyond the programmes."*

2.24 According to this Report, the strategic imperatives of the CEPEP Company should include:

- To intervene in the communities of T&T in a meaningful way;
- To build self-reliance at the community level;
- To create entrepreneurs;
- To reduce poverty;
- To manage the green spaces of the nation; and
- To provide short-term employment to those who are otherwise unemployable.

2.25 In its conclusion, the ALJGSB proffered a four phase model for CEPEP's viability- Stabilisation, Extrication, Transformation and Execution.

Recommendations

2.26 CEPEP should utilise the comprehensive work completed by the ALJGSB by completing the four phase model **(See Table 3),** within twelve weeks of this Report being presented in the Parliament.

Table 3

ALJGSB's Four Phase Model for CEPEP: Stabilisation, Extrication, Transformation and Execution

	Details	Specific Projects	Timeframe
1. Stabilisation	• Diagnosis of Contracts; • Mapping Governance; and • Understanding Finances and Liabilities.		**4** Weeks
2. Extrication	• Exit of contracts; • Forensic Audit; and • Management Change.	i. 78 non-compliant contractors to be terminated with notice; ii. 168 non-compliant contractors to be served notices of termination; iii. New Contractor Call to be developed and published; iv. New Contract to be developed; v. New team deployment logic to be developed; and vi. Forensic Audit to be performed.	**6- 14** Weeks
3. Transformation	• New short-term contracts; • Incubator design; • Governance Design (Tenders and Audit)	i. Deploy new short-term contracts; ii. Re-work existing contractor teams and deployments; iii. Clean up and close out all old arrangements; iv. Implement technology to monitor the performance of all teams at central command center in real time; and v. Develop iPad or cell phone capability for tracking attendance and other key statistics.	**12** Weeks
4. Execution	• Roll Out	i. Contractor Training in the following: a) Commercial and Profit; b) Project management; c) Quality;	**12** Weeks

		d) HSSE; e) HR/ Statutory/ Compliance/ Legal; and f) Marketing/ Branding/ Presence	
5. Additional Requirements	• HR Issues	i. Organisational redesign and new charting; ii. General Manager should have corporate experience and knowledge of the operation of the Government would be important; and iii. New leadership team that meets once per week, provides daily/weekly updates to Board, and online information to the Board on operational progress.	**12 Weeks**
	• Finance	The financial accounting system does not work and needs to be immediately replaced. i. Consider Microsoft Dynamics or a similar system to remove the Company's vulnerability to fraudulent entries and deletions; ii. No external linkages to the accounting system should be permitted.	**12 Weeks**
	• Communication Strategy	i. Outreach to community-based organisations; ii. Rebuild website; iii. School visits; iv. Ads, press releases, Social Media accounts.	**12 Weeks**
	• Operations Strategy	i. Waste Removal; ii. Dead animal removal to be handed over to Highways Division or Regional Corporations; iii. Disaster response team; iv. Marine to be discontinued;	**Ongoing**

	• Tracking	v. Cost control is paramount- reduced urgently as designed for $400Mn operations. i. Establish Key Performance Indicators (KPIs) for all operations and internal processes; and ii. Track KPIs.	**Ongoing**

Objective 3: To determine if the CEPEP programme has been successful at creating a cadre of entrepreneurs who over time have been graduating out of the programme and becoming independent contractors who provide services to private and corporate Trinidad and Tobago.

2.27 Through collaborations with the Cocoa Development Company of Trinidad and Tobago (CDCTT), CEPEP offered training to contractors exiting the programme in 2018. These workers were provided with the opportunity to gain experience in the growing local cocoa industry, adding to their versatility.

2.28 Beside the aforementioned cocoa initiative, workers who have left the programme have not been trained in any specific skills. As such, CEPEP is in the process of organizing workshops for contractors, in keeping with its 'incubator' role.

2.29 The new management at CEPEP has withheld payment of management fees (approximately $30Mn) to contractors who are non-compliant, but are working to resolve this concern for both parties.

2.30 CEPEP has reported all non-compliant contractors to the National Insurance Board (NIB), and attempted to verify outstanding amounts for each, by letter dated June 06, 2019. Management expressed the expectation that this matter would be resolved within two (2) months.

Recommendations

2.31 CEPEP should engage in a partnership with state providers like YTEPP, NESC, MIC- IT etc. to offer training and certification for workers before their graduation from the programme. Areas of training that may be explored are accounting, customer service, conflict resolution, and/ or information technology systems.

2.32 In addressing issues of basic deficiencies among employees, CEPEP should host adult literacy classes to ensure that persons leaving the programme have grown in knowledge of the areas of Mathematics and English Language.

Objective 4: To determine whether CEPEP is adhering to its mandate to protect, enhance and build communities through environmental entrepreneurship.

2.33 CEPEP began operations with a Cabinet Note in 2002, recording a name change in 2006, and a shift in its mandate in 2012. Through the 2015 amendment, both project management and construction projects were added to the scope of work. Projects included building of box drains, building of a community center, repairs to some of the health facilities (Health Sector Initiative). The Health Sector Initiative accounts for $146,844,427 of CEPEP's debt.

2.34 In 2016, CEPEP reverted to its original mandate which involved adherence to an Environmental Policy document which emanated from the Cabinet. It addresses specifically, the empowerment of communities, to care for their own environments by providing opportunities to share in the managing of their local resources.

2.35 CEPEP has partnered with the Ministry of Works and Transport to perform maintenance services nationwide.

2.36 Partnerships with the Office of Disaster Preparedness and Management (ODPM) as a second responder to provide clean-up operations during natural disasters as occurred in 2018. CEPEP's disaster and emergency response team undertakes clean-up operations when communities and homes of victims are affected by floods, landslides, and other natural disasters.

2.37 A major challenge being faced by the Company is its failure to remove debris after cleanups are done. Their dependence on the Regional Corporations for assistance, though functional, presents an inordinate delay in removal.

2.38 CEPEP does not have an incineration facility. The facility at Mount Hope Hospital was utilized for a short period, but the disposal of animal carcasses continues to pose a problem.

2.39 Approximately sixty per cent (60%) of CEPEP's workforce are female, and lack basic on-the-job restroom facilities. In dealing with this concern, CEPEP will start a pilot project offering restrooms on trucks, as a mobile facility to all workers.

Recommendations

2.40 CEPEP should have discussions with the Mount Hope Hospital regarding long-term usage of their incineration facility. If this proves futile, and taking into consideration the significance of the proper disposal of animal carcasses to CEPEP's mandate, the Company should prioritise obtaining its own incinerator to alleviate this challenge.

2.41 Upon completion of the pilot project to provide better working conditions, the CEPEP should assess its viability, and formalise the provision of restroom facilities for all workers.

CEPEP's Chairman, Mr. Ashton Ford, exit of the JSC on State Enterprises Meeting on May 27, 2019

2.42 During his opening remarks Mr. Ford explained at length, the issues facing CEPEP. As he introduced the *"other major problem…of the external auditor,"* the Chairman of the JSC on State Enterprises invited Mr. Bridglal of Hardys Chartered Accountants to give his opening remarks. Mr. Ford stated his opposition to the Chairman's request:

> *"No, but you see, Mr. Chairman, the point I am making, and you are not listening, the point I am making is that we attempted, the company attempted, to deal with this matter. We do not want to deal with the matter unless I am present. So, I am*

here now, so "he want tuh talk". But I will not take part in this meeting if that is the case. I will not take part, because we, he is insisting and he has his own way…I do not want to be present while he on."

2.43 While the Committee listened to Mr. Bridglal's first response, Mr. Ford absented himself from the meeting.

2.44 During a telephone interview on the Morning Edition show of May 28, 2019, Mr. Ford openly conveyed his dissatisfaction with the JSC's Meeting:

"…the Chairman stopped me and gave Mr. Bridglal the opportunity to speak first. Remember the meeting was called to discuss the operations of CEPEP, not to discuss the resignation of Mr. Bridglal, and that is where I found it was so embarrassing for us and it displayed a kind of a lack of decorum that I could not accept, and I had to send a message to the committee and to the country that this type of behaviour must not be tolerated."

2.45 When questioned whether it was *"political grandstanding"* on his part, Mr. Ford continued in the interview:

"So what? Because – so you are saying that the Chairman was right to stop me from speaking and allow a gentleman who refused to cooperate with us to speak and then I must answer to his questions? It is not – it is the other way around. He was employed by CEPEP to do a job and now he is in turn now come as the boss. I have to answer to him…I think I would want this thing to go to Parliament so that the Chairman of the JSC must explain his behaviour yesterday."

2.46 Giving little regard to the Parliamentary Oversight Committee's power to set the agenda and procedures of each Meeting, Mr. Ford irresponsibly stated that:

"…if they are calling us to discuss the operations of CEPEP, it must be CEPEP to make the presentation and the questions that posed to us from the JSC committee. It is not a visitor should be asking us questions…"

"There was no discussion on the format and how the meeting would have proceeded. It is just a note from the JSC. There was no discussion to arrange how we do it in terms of the conducting, who would speak first, who would speak second and whatever. Nothing like that. The only time we know what was happening is when I was making my presentation and I was interrupted by the Chairman and things flowed from there."

Recommendations

2.47 The Committee wrote to Mr. Ford on July 19, 2019 providing him with an opportunity to offer an apology for his disrespectful behaviour towards the Parliament and by extension, the people of Trinidad and Tobago. This behaviour was demonstrated by his unwillingness to continue to participate in the Committee's proceedings for the following stated reasons:

- The Committee's choice of a witness;
- The seating of a particular witness; and
- The speaking order of witnesses.

2.48 There was no formal response from Mr. Ford to the Committee's July 19, 2019 letter.

2.49 The General Manager of CEPEP, Mr. Keith Eddy, informed the Secretary to the Committee that Mr. Ford had resigned as Chairman of CEPEP.

3 Conclusion

3.1 In light of the above, the Committee is optimistic that with diligent implementation of the recommendations proffered, CEPEP will be better managed to ensure that it is effectively able to fulfill its mandate, and support the policy objectives of the Ministry of Rural Development and Local Government.

3.2 Your Committee therefore awaits the response of the Minister of Rural Development and Local Government to the recommendations listed on pages 11 and 12, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

> *"The Minister responsible for the Ministry or Body under review shall, not later than sixty (60) days after a report from a Standing Committee relating to the Ministry or Body, has been presented upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it…."*

3.3 Your Committee therefore respectfully submits this Report for the consideration of the Houses.

Mr. Anthony Vieira
Chairman

Dr. Lester Henry
Vice-Chairman

Mrs. Cherrie-Ann Crichlow-Cockburn, MP
Member

Mr. Wade Mark
Member

Mr. Fazal Karim, MP
Member

Brig. Gen. (Ret.) Ancil Antoine, MP
Member

Mr. Adrian Leonce, MP
Member

Mr. Foster Cummings
Member

APPENDICES

FRAMEWORK FOR STATE ENTERPRISE OPERATIONS[2]

[2] State Enterprises Performance Monitoring Manual, 2011: http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf

The following framework provides the guidelines for the effective operations of a State Enterprise as outlined in the State Enterprises Performance Monitoring Manual. These guidelines were used as a benchmark against which the JSC on State Enterprises conducted exploratory assessments of State Enterprises operations.

Criteria	Policy	Compliance Requirements
Appointment, Removal And Resignation Of Board Directors	Strong Boards are vital for the effective governance of State Enterprises. GORTT appoints and removes Directors of Boards of State Agencies which must be done via the respective Line Ministers of State Agencies incorporated under the Companies Act, Chap 81:01 and by statute. The statutes specify the composition and required skills/experience of Directors. Letters of resignation of Directors of State Enterprises incorporated under the Companies Act, Chap. 81:01 must be forwarded to the Minister of Finance (Corporation Sole) under whose responsibility this lies	The Investments Division maintains a register of Boards of Directors of State Agencies.
Annual Meetings		The Agenda of Annual Meetings (AM) should include the following: 1. Confirmation of minutes of the previous AM 2. The consideration of the financial statements 3. The directors' report 4. The auditors' report, if any 5. The sanction of dividends 6. The election of directors 7. The election of auditors

Appointment And Removal Of An Auditor	State Enterprises are no longer required to appoint the Auditor General as their Auditor unless required under the relevant statute of incorporation or if so desired. Auditors are appointed at an AGM with prior approval of the Corporation Sole.	
By-Laws	Special provisions are included in the Model By-Laws of State Enterprises to govern the interaction between the Minister and Companies. Changes to the By-Laws of Companies are to be approved by the Minister of Legal Affairs then accepted by the Corporation Sole and presented at an Annual or Special Meeting	
Procurement Procedures	GORTT has agreed that the Minister of Finance review and audit contracts awarded by State Enterprises as considered necessary and appropriate.	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. Tender rules and any amendments must also be submitted to the Minister of Finance for approval. Details on the Standard Procurement Procedures for the Acquisition of Goods, Provision of Services, Undertaking Works and Disposals of Unserviceable Items in State Enterprises/Statutory Bodies (State Agencies) are given at Appendix B of the SEPMM.
E-Auction	All State Enterprises have been mandated to use e-Auctions to procure items of large spend.	The Ministry of Finance, in keeping with its initiative to reform Public Sector Procurement, is facilitating the implementation of e-auctions among State Enterprises. The e-Auction system is a procurement tool using web-based software

		that allows suppliers to bid online for a contract to supply goods and services. The e-Auction or online/electronic reverse auction (e-RA) is a bidding event sponsored by a buying organisation and forms a single part of the greater e-Procurement strategy. It is an online dynamic negotiation or bidding process between suppliers who compete to supply products by successively bidding prices downward.
Dividend Policy	GORTT has agreed that the profitability of the Enterprise, its liquidity, legal restrictions/loan covenants and the replacement cost of essential capital goods are considered in determining the quantum of dividends that a Company would be required to pay. State Enterprises are also required to pay interim dividends based on semi-annual financial results. Actual distributions of profit are to be agreed with the Minister of Finance and appropriately disclosed in the financial statements. State Enterprises with Retained Earnings in excess of Working Capital requirements may be required to pay a Special Dividend.	
Approval For Overseas Business Travel	Managers (include Managing Directors and Executive Directors) and other senior personnel of State Enterprises who are required to travel obtain the approval of the Board of Directors of their Companies, who may delegate this authority. Chairmen and Non-Executive Directors who are required to travel obtain the approval of the Line Ministers responsible for their respective Companies.	The Company is required to meet only the expenditure related to official business. The costs associated with foreign travel should comply with the guidelines published by the Comptroller of Accounts or the Company's Business Travel policy approved by the Minister.

Board Fees And Allowances	Board Fees and Allowances for State Enterprises are determined by GORTT.	
Use Of Cellular Phones And Laptop Computers	State Enterprises may wish to utilise wireless portable communication devices at the level of the Board of Directors to enhance the efficiency of their operations. State Enterprises may therefore adopt the policy approved by GORTT on the use of Cellular Phones and Laptop Computers for the members as outlined at Appendix C of the SEPMM.	
Appointment Of Executive Directors And Consultancy Contracts	Boards of Directors are required to obtain the written non-objection of the Minister of Finance (Corporation Sole) to authorise the following: (i) appointment of Directors to be the holder of any executive position; (ii) entry of Directors into consultancy contracts with their companies. In each case, the detailed rationale for the proposal must be provided.	
Procedures Regarding Negotiation Of Pay And Other Terms And Conditions Of Employment	GORTT has agreed that: • the monitoring of wage and salary negotiations, the establishment and/or revision of pay and other terms and conditions of employment of employees of State Enterprises, including managerial staff and persons employed on contract should fall under the purview of Ministerial Committee for monitoring remuneration arrangements, a sub-committee of Cabinet.	

	• terminal benefits such as separation packages and gratuities, other than those already specified in Collective Agreements, which State Enterprises propose to pay to employees be also subject to the approval of the Ministerial Committee for monitoring remuneration arrangements.	
Payment Of Bonuses	Bonuses are payable on the attainment of a minimum of eighty percent (80%) of the approved performance targets, after approval by the Line Minister. The bonus to be paid to each employee is limited to one (1) month's salary annually. Payments which do not conform to the policy require specific approval of the Ministerial Committee for monitoring remuneration arrangements.	At the beginning of the fiscal year, each State Enterprise is required to provide the respective Line Minister with identified performance targets, which could include, but not necessarily be limited to: • Profits • Quality of product and service delivery • Productivity The targets to be used in the evaluation of progress in achieving objectives should be verifiable, feasible, measurable and consistent with the Business Plan of the State Enterprise. These targets must be agreed upon with the Minister to whom the State Enterprise is required to report on its performance. The Annual Performance Review and Appraisal Reports (Appendix K) certify the Company's performance. Requests for approval of the payment of bonuses should be made within four (4) months of the end of the Company's financial year and the response time from Line Ministries is within six (6) weeks after receipt of requests.

Approval Of New Assets/ Investments, Debt And Contracts	State Enterprises or their subsidiaries are required to obtain prior approval of the Minister of Finance for the acquisition of significant assets, new investments in non-government securities, the incurrence of new/additional longterm debt and entering into significant contracts (relative to the Company). In addition, all GORTT guaranteed borrowings of State Enterprises under the Guarantee of Loans (Companies) Act, Chap 71:82 are to be negotiated by the Ministry of Finance on behalf of the enterprises.	
Inter – Agency Debt		State Enterprises are to inform the Ministry of Finance on matters related to Inter-Agency Accounts Receivables and Payables that are unmanageable as detailed in the Quarterly Returns Report
Litigation Proceedings	State Enterprises are to utilise avenues other than the courts for resolution of disputes. Under no circumstances should legal action be initiated by one State Enterprise against another without prior approval of the Minister of Finance.	State Enterprises are to inform the Ministry of Finance on matters related to litigation proceedings as detailed in the Quarterly Status Report
Publishing Of Financial Statements	State Enterprises are required to publish in at least one (1) major daily newspaper a summary of its audited financial statements within four (4) months following the completion of the financial year and a summary of the un-audited half-yearly statements within two (2) months of the mid-year date subject to the approval of the Minister of Finance. These summary statements	

	should contain the disclosures required by the Securities Industry Act, 1995.	
Shares And Transfers	State Enterprises are required to submit to the Investments Division original Share Certificates in the name of Corporation Sole and the Government Nominee Shareholders within five (5) weeks after the allotment of these shares and within two months after the date on which a transfer of any of these shares is presented to the Company for registration. The issuance of Government Shares must be with the approval of the Minister.	
Statutory Compliance	• Payment of Royalties and Taxes • Integrity in Public Life • Occupational Safety and Health • Environmental Management	Occupational Safety and Health State Enterprises are required to comply with the Act (as amended), which came into force in February 2006. Environmental Management In accordance with the Environmental Management Act, Chapter 35: 05, State Enterprises are required to collaborate with the Environmental Management Authority to facilitate the proper management of the environment and to achieve the goal and objectives of the National Environmental Policy
Performance Monitoring		Strategic Plans • Companies are required to submit their Strategic Plans to both the Investments Division and the respective Line Ministry at least six (6) months prior to the start of the

		implementation period of the plan, for those receiving subventions to allow for National Budgetary Preparation activities and one (1) month for others. Annual Operating Budgets • 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. The Investments Division and Line Ministry will review the Budget and respond within one (1) month prior to the start of the Fiscal Year. Project Management Protocol • GORTT has agreed that a Project Management Protocol be adopted as part of the governance framework for the management of some of the State Enterprises with specific mandates. Risk Management • The success of risk management will depend on the effectiveness of the management framework providing the foundations and arrangements that will embed it throughout the organisation at all levels. Audited Financial Statements

		• State Enterprises are required to submit the following: a) Audited Financial Statements (2 originals and 120 copies) to the Minister of Finance within four (4) months of their financial year end. These reports are to be presented in Parliament and subsequently submitted to the Public Accounts and Enterprises Committee for consideration; b) Copies of their Management letters issued by Statutory Auditors. Administrative Reports • Under Section 66D of the Constitution of the Republic of Trinidad and Tobago, Act No 29 of 1999, State Agencies are required to report to the public on their performance annually. Board Minutes • Board Minutes should be made available to the Investments Division and respective Line Ministries to ensure that the Board is proceeding within the framework of the Strategic Plan and GORTT policy decisions.

MINUTES OF PROCEEDINGS

MINUTES OF THE THIRTY-SEVENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ANR ROBINSON EAST AND WEST MEETING ROOMS, LEVEL 9, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON MARCH 11, 2019.

Present were:

Mr. Anthony Vieira	Chairman
Dr. Lester Henry	Vice-Chairman
Mrs. Cherrie-Ann Crichlow-Cockburn, MP	Member
Mr. Fazal Karim, MP	Member
Mr. Wade Mark	Member
Brig. Gen. (Ret.) Ancil Antoine, MP	Member
Mr. Adrian Leonce, MP	Member
Mr. Garvin Simonette	Member

Secretariat

Mr. Brian Caesar	Secretary
Ms. Sheranne Samuel	Assistant Secretary
Mrs. Krystle Gittens	Graduate Research Assistant
Ms. Safiyyah Shah	Parliamentary Intern

Also present were:

Community-based Environmental Protection and Enhancement Programme (CEPEP)

Mr. Ashton Ford	Chairman, Board of Directors
Mr. Keith Eddy	General Manager
Ms. Nicole Gopaulsingh	Corporate Secretary
Ms. Alicia Austin	Senior Internal Auditor
Ms. Keerean Clarke	Senior Financial Officer (Ag.)

Ministry of Rural Development and Local Government (MRDLG)

Ms. Stara Ramlogan	Permanent Secretary Ag.
Ms. Nilliufa Suzanne Ali	Accounting Executive II
Ms. Beverly Haywood	Planning Officer II

CALL TO ORDER

1.1 The Chairman called the meeting to order at 10:09 a.m. Those present were welcomed.

CONFIRMATION OF MINUTES OF 36TH MEETING OF 11.02.2019

2.1 There being no amendments, the motion for the confirmation of the Minutes was moved by Mrs. Cherrie-Ann Crichlow-Cockburn and seconded by Mr. Wade Mark.

2.2 The Minutes was approved.

MATTERS ARISING FROM THE MINUTES

3.1 **Paragraph 4.1, page 2**: The Chairman informed Members that the questions were dispatched to MIC-IT with a deadline for written response of March 11, 2019.

3.2 **Paragraph 4.2, page 2**: The Chairman indicated that the site visit to LATT took place as planned on Monday February 11, 2019. A document entitled “Key Points from Lake Asphalt Site Visit” was circulated to members via email on March 01, 2019.

3.3 **Paragraph 4.4, page 2**: The Chairman informed Members that the information was received from the Ministry of Agriculture, Land and Fisheries.

3.4 **Paragraph 6.2, page 3**: The Chairman indicated that it was agreed that the date of the CEPEP inquiry would be rescheduled from March 18, 2019 to today’s date (March 11, 2019), due to Commonwealth Day activities.

3.5 **Paragraph 12.3, page 6**: The Chairman informed Members that additional information was requested from NFM. He also advised Members that requests for additional information was subsequently sent to the Ministry of Agriculture, Land and Fisheries, Ministry of Trade and Industry and the Ministry of Finance all with a deadline of March 11, 2019.

PRE-HEARING DISCUSSION: CEPEP INQUIRY

4.1 The Chairman indicated that an Issues Paper was prepared based on written submissions received from CEPEP and it was emailed to Members on March 01, 2019. Members confirmed receipt of the document.

4.2 The Chairman informed Members that officials of the following entities would be appearing before the Committee:

a. CEPEP; and
b. Ministry of Rural Development and Local Government.

4.3 The Committee engaged in a pre-hearing discussion relative to the CEPEP inquiry.

Suspension

5.1 The Chairman suspended the meeting at 10:35 a.m.

PUBLIC HEARING: CEPEP INQUIRY

The meeting resumed at 10:43 a.m. *in public*, in the ANR Robinson East Meeting Room.

6.1 The Chairman welcomed officials and introductions were exchanged.

6.2 The Chairman outlined the objectives of the inquiry.

6.3 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of CEPEP and MRDLG:

a. CEPEP's mandate is to support viable initiatives at the community level and to promote discipline and responsible behaviour;

b. The Company was initially started with a Cabinet Note in 2002 under a different name, the company's name was changed to CEPEP in 2006;

c. CEPEP encouraging entrepreneurship by combining resources in order to seize any business opportunity that presents itself in the interest of contractors and the community entrepreneurs;

d. Partnering with other Government and/or private agencies such as:
   - the Ministry of Works and Transport to perform maintenance services nationwide;
   - the Office of Disaster Preparedness and Management as a second responder to provide clean-up operations during natural disasters, as occurred last year; and
   - the intention to engage the Ministry of Agriculture, Land and Fisheries in the near future;

   in the furtherance of the objectives of business development and environmental enhancement.

e. Fostering environmental friendliness, as well as efficiency by ensuring that contractors operate according to global standards in caring for the environment;

f. CEPEP currently engaging a total of 266 contractors. The Company strives to hold each contractor to a high standard of performance to ensure proper expenditure of public funds;

g. Challenges faced by CEPEP:
   - Failure to remove debris after cleanup;
   - Lack of an incineration facility;

h. CEPEP's mandate being amended at some point via a Cabinet Note, to do both project management and construction projects:
   - Projects included building box drains, a community centre, and other projects known as the "health sector initiative" which involved repairs to some of the health facilities; and
   - In 2016, CEPEP's management team reverted to its original mandate;

i. Uncertainty whether subventions or a separate budget was used to fund over $115 million in projects (box drains, road paving, driveways, drainage works and road works) between 2012-2015;

j. The "health sector initiative" debt of $146,844,427, inherited by current management;

k. Legal fees amounting to $26,070,639 related to the health sector initiative as several matters are before the courts;

l. Outstanding moneys to non-compliant contractors of approximately $32 million. NIS and Health Surcharge payments were not being paid to the relevant authorities by some contractors, as such CEPEP stopped contractor management fees;

m. The sum of $7.9 million in VAT payments due. Management has written to the line Ministry (MRDLG), to obtain funds to pay this debt, instead of using the Company's subvention;

n. The process by which contractors are contracted for the three-year incubator programme:
    i. Request For Proposal issued in the newspapers;
    ii. Receipt of applications;
    iii. Evaluation of applications; and
    iv. Contracts granted to successful applicants.

o. Contracts being evaluated on a quarterly basis to ensure that they meet the standards set for the Company;

p. The sudden resignation of CEPEP's External Auditor, Hardy's and Associates Chartered Accountants;

q. CEPEP's server crash "*in and around March 2016*" resulting in the loss of significant amounts of data from the period 2012-2015:
    - Service providers (PWC, DAVYN Ltd) were hired to recover and rebuild the lost data on the server;
    - Data retrieved to be verified within six months; and
    - Protective measures taken to protect information e.g. saving on the cloud and daily backups;

r. CEPEP's last audited financial statements submitted to the Parliament – financial year 2014;

s. CEPEP's relationship with its Line Ministry and Regional Corporations and the need for the level of implementation at the different regions and the distribution of vehicles to collect rubbish to be improved;

t. Staff at CEPEP: 91 persons currently, with 128 persons at operating capacity;

u. CEPEP contractors amounting to approximately 8000.

v. Decrease in subvention resulting in contractors having smaller teams – from 60 to 30 workers per team;

w. CEPEP conducting foundational training for contractors contracted for a three-year period. For instance, the Company facilitated training of some contractors in cocoa production through the Cocoa Development Company of Trinidad and Tobago.

6.4 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience for tuning in.

(Please see Verbatim Notes for detailed oral submissions)

Suspension

7.1 The Chairman suspended the meeting at 12:30 p.m.

POST-HEARING DISCUSSION

8.1 The Chairman reconvened the meeting *in camera* at 12:35 p.m.

8.2 The Chairman invited discussion on the just concluded public hearing.

8.3 Request for additional information were made of the CEPEP and MRDLG.

OTHER BUSINESS

9.1 The next meeting was scheduled for Monday March 25, 2019 when the Committee will commence its inquiry into MIC-IT.

9.2 The Committee agreed that it would meet with CEPEP on a subsequent date if a second hearing was required.

ADJOURNMENT

10.1 There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned.

10.2 The adjournment was taken at 12:59 p.m.

I certify that these Minutes are true and correct.

Chairman

Secretary

March 12, 2019

VERBATIM NOTES

VERBATIM NOTES OF THE THIRTY-SEVENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD ON MONDAY, MARCH 11, 2019 AT 10.43 A.M.

CEPEP COMPANY LIMITED

Mr. Ashton Ford	Chairman, Board of Directors
Mr. Keith Eddy	General Manager
Ms. Keerean Clarke	Senior Financial Officer (Ag.)
Ms. Nicole Gopaulsingh	Corporate Secretary
Ms. Alicia Austin	Senior Internal Auditor

MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT

Ms. Stara Ramlogan	Permanent Secretary (Ag.)
Ms. Nilliufa Suzanne Ali	Accounting Executive II (Ag.)
Ms. Beverly Haywood	Planning Officer II (Ag.)

Mr. Chairman: Good morning. The time is now 10.43 a.m. I would like to call this sitting to order. The purpose of this meeting is to commence our enquiry to assess the performance of the Community Based Environmental Protection and Enhancement Programme, CEPEP, and its operations.

Ladies and gentlemen, my name is Anthony Vieira and I would like to extend a very warm welcome. I appreciate your attendance here today. Before I ask other members of the Committee to introduce themselves—

[*Chairman confers with the Secretary*]

Okay. Good. May I ask you to introduce yourselves?

[*Introductions made*]

Mr. Chairman: Thank you all. May I now ask my members to introduce themselves?

[*Introductions made*]

Mr. Chairman: Thank you all. Well, as you know, the role of this Committee is firstly, to examine the issues which arose based on your written submissions to the Committee's questions. And secondly, to aid CEPEP in improving its performance and operations resulting in a more efficient and effective organization.

Now, this meeting is being broadcast live on Parliament Channel 11, Parliament radio 105.5 FM and the Parliament's YouTube Channel *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the CEPEP and via email to parl101@ttparliament.org or on our Facebook page at Facebook.com/ttparliament or on twitter @ttparliament.

Now, before we get down to the official proceedings, a couple of housekeeping matters. So, I would be grateful if everyone could either turn off your cell phones or put them on silent, and as you were doing, before you speak turn on the microphone, and after you speak if you can turn it off.

Time is limited and there is a lot we would like to cover, so I would ask participants to keep questions and answers as brief and focused as possible so that we can maximize the number of persons who have a chance to contribute. So let us get started.

Your mission is “Working for the nation by protecting, enhancing and building our communities through environmental entrepreneurship”. Now, what exactly is that understood to mean?

Mr. Ford: Well, we have been operating as the environmental company, in the areas where we refer to them as “environmental work areas”. And we as CEPEP, we are community driven, we aim to support the viable initiatives at the community level, and to promote discipline and responsible behaviour through all our activities.

CEPEP also encourages entrepreneurship by combining resources in order to seize any business opportunity that presents itself in the interest of our contractors and the community entrepreneurs. As a matter of fact, we are in the process of organizing workshops for contractors because, as you know, it is an incubator, so that when they leave they would be in a better position to continue as a business operation.

And the company also aims to partner with other government and/or private agencies in the furtherance of the objectives of business development and environmental enhancement. In fact, the company has already partnered with the Ministry of Works and Transport to perform maintenance services nationwide, and further intends to engage the Ministry of Agriculture, Land and Fisheries in the near future.

The CEPEP Company also partners with the Office of Disaster Preparedness and Management as a second responder to provide clean-up operations during natural disasters as occurred last year. The disaster and emergency response team undertakes clean-up operations when communities and homes of victims are affected by floods, landslides and other natural disasters.

CEPEP fosters environmental friendliness, as well as efficiency by ensuring that our contractors operate according to global standards in caring for the environment.

And finally, CEPEP currently has engaged a total of 266 contractors, each of whom are held to a high standard of performance to ensure any expenditure of public funds can stand up to the scrutiny of our major stakeholders, the public of Trinidad and Tobago.

Now permit me, Mr. Chairman, just to indicate some challenges that we have and that is—I know it will come so I am taking in front, that is the failure to remove the debris when we clean. Sometimes it takes a long inordinate delay in removing debris, we depend on the regional corporations, and they themselves have challenges because we get very good cooperation from the regional corporations. The Ministry of Works and Transport, well, they know they are responsible for the highways and the bus route, we are already doing what normally would have been under the Highways Division, we are on the highways and on the bus route. And you know, this comes against the background of our workers who work under the contractors, you know, their salaries are minimum wage, $93 a day, as compared to the daily-rated workers, they get over $240 yet still they stand and watch us do the work; it is a very serious matter, and we have brought it to the attention of the authorities.

We have done an outreach programme where we visited in our regions all the contractors and we encourage them to do the work. We discuss the problems and so on, we deal with the field officers and so on. And I think you will do a better report, a more factual report if the members of the Committee drive around Trinidad and go to the areas like Grand Chemin, Moruga, and Lopinot and Toco, and you would see the work that we are doing outside of the urban areas; it is very important because our motto is, "Clean TT, keeping the country clean every day". Thank you.

Mr. Chairman: Thank you, Mr. Ford. Does anyone else have any opening remarks? Okay. A couple of questions about your mission. Can you clarify or expand on the words "environmental entrepreneurship"?

Mr. Eddy: Through you, Chairman, the answer to your question, the CEPEP mandate is really to deal with—it is an incubator dealing with people who are not involved in business. So what we are really trying to do is take the persons who are not involved in business and when they leave the programme they should be trained to be able to continue their own businesses.

So over a three-year period we would provide training, we would help them look at the newspapers, look for jobs that they could do, help them expand, help them to be able to deal with the employees that they have because a lot of them, it is new to them, so they get a lot of training from the company so that at the end of the day when they leave the programme they are well prepared to take on the world of business on their own.

Mr. Chairman: And in your mission you say, "Working for the nation by protecting our communities". How are you protecting our communities?

Mr. Eddy: Again, because CEPEP is a company that literally touches every community in Trinidad and Tobago, we not only bring contractors on and just have them doing the cleaning of the drains, we actually work with them in communities in other areas to be able to bring the community along, to get people proud of the fact that when you have a clean community it makes a difference. We want the members of the community to be an active participant, so hence the reason why a lot of the workers would come out of the very same communities that the contractors are working in, and that helps enhance the whole atmosphere of the community and bring them along to understand that a clean environment is really next to—cleanliness is next to godliness, so it is important that the community gets involved.

We have an 800 number that people can call if they see things that are not being done. We take a number of requests from schools and religious organizations just to ensure that we are making sure that the communities benefit from the contractors that we have.

Mr. Chairman: I am interested in knowing, what support or opposition does the company have for its mission?

Mr. Eddy: As the Chairman mentioned, in terms of support we do get quite a bit of support now from the corporations, as well as the Ministry of Works and Transport.

Another support area would be, even though it has not been totally formalized, with the Ministry of Agriculture, Land and Fisheries; we have started working on the cocoa initiative. And as a matter of fact, some of the contractors that were leaving the programme last year, we train their workers to be able to work in the cocoa industry. So they are actually moved from the CEPEP into another industry, and they were just workers that would have moved, the contractors themselves were, as I said, they would have been given training so that they can move on to look for contracts and do other things.

In terms of opposition, I do not think there is a lot of opposition to the mission because, I think what we try to do is to get the word out there that, you know, to ensure that we keep our country clean and that we must protect the environment for the future of our children. So, I do not think there is too much opposition, other than the fact that, you know, we throw plastic bottles all over the place, we do that. We tend to try to make sure that our message gets over to the communities while we are working in the communities, as well as on the highways and byways and the bus route.

Mr. Chairman: Thank you. Member Simonette.

Mr. Simonette: Thank you, Mr. Chairman. I would like to ask the Chairman, Mr. Ford, and you Mr. Eddy in whichever order, to assist me in understanding a couple of issues arising from the documentation that you have provided to this Committee.

Starting at the point of your mission, there is reference made to the environmental policy. Could you indicate where that document, where does it exist, how did it arise?

Mr. Eddy: CEPEP was initially started with a Cabinet Note in 2002, and I think the company's name was changed in 2006. So the policy document was something that, I mean, I have been in CEPEP now since 2016. Most of my colleagues here have not been there that long, so I am actually the one who has been there the longest.

The policy document is a document that we met when we went into the organization which guides what we do. It was brought before the Committees so that we could look at it to see whether it needed updating, and any updates that take place then go before the board for approval. So there is an existing policy document that we have, it is lodged before—and we can present it to the Committee if they so desire.

Mr. Simonette: So, Mr. Eddy, that environmental policy document referred to at page 19 of your report, is a document that emanated from Cabinet, if I could put it to you, which guides or sets out the objectives and structure and purpose of CEPEP. Is that correct?

Mr. Eddy: That is correct.

Mr. Simonette: And we note that on said page 19, confirmation of what you shared with us earlier, Mr. Eddy, that CEPEP functions as an incubator of small businesses and environmental companies. Again, it seems that there is an objective in the environmental policy which addresses specifically the empowerment of stakeholders including communities, to care for their own environment by providing opportunities to share in the managing of their local resources.

So that I am a little bit perplexed by Schedule E of your report which is produced in answer to a question on major capital expenditure, I believe at paragraph 39 of your report. Do you have it, Mr. Eddy?

Mr. Eddy: I am looking, I am reading the document to see if I can find it now.

Mr. Simonette: Page 14, paragraph 39.

Mr. Eddy: Yes.

Mr. Simonette: And in relation to that submission annexure E was produced. Could you turn that up, please?

Mr. Eddy: Go ahead. Yeah.

Mr. Simonette: Mr. Eddy and also to the Chairman, you can, please, jump in at any time. I am perplexed by this schedule. It is a schedule entitled, "Awards for construction of box drains, road pavings, driveways, drainage works, road works, 2012—2015". And if one looks at the contract sums in respect of the various companies and scope of works, the contracts range from 121,900 to as high as, I believe in some cases, $5 million. Again, when one looks at that schedule which lists the companies, we see major companies or some major construction companies. How is this explained in the light of the environmental policy?

Mr. Eddy: Again, member, this predates my time. The company apparently through a Cabinet Note had changed or added to the mandate to do both project management and construction projects, and I believe that is exactly where this came about. There were projects that were done with building box drains. There were projects that were done, there was a community centre that was built, and there were other projects that involved what we called a "health sector initiative" which was repairs to some of the health facilities.

So it would appear from the records that we have found that there was a change or an addition to the mandate to actually getting to project management and construction projects.

In 2016, when I did come into the company, we actually reverted to the original mandate which speaks to the environmental policy and the objective there which is what you referred to earlier on.

Mr. Simonette: You speak about a Cabinet Note, Mr. Eddy, have you had sight of that Cabinet Note?

Mr. Eddy: I have.

Mr. Simonette: You have?

Mr. Eddy: I have, but I have not seen any board resolutions or approvals or reports that actually speak to the change that would have taken place, but I did see the Cabinet Note.

Mr. Simonette: Through you, Mr. Chairman, could we ask for production of that Note, if it is permitted? If Mr. Eddy has seen it, I think, certainly this Committee ought to have sight of it.

Mr. Eddy and Mr. Ford, is it now that under your stewardship this practice of, or former practice of amending the scope of works and the projects has been discontinued?

Mr. Ford: Yes. As a matter of fact, since I only assumed as at last year May, and at no time we got any instructions from the Cabinet or the line Ministry to go along those lines, we have reverted to the original mandate and that is the environment, and all these—what we are dealing with now with these matters are before the courts. The contractors took legal action and it is before the courts, and this is what we are dealing with, it is a legacy matter, we are just now in office and we have to deal with it.

Mr. Simonette: Mr. Ford, thank you. That leads me to a related question I have concerning your—the company's debt, and I think Mr. Eddy helped with one aspect of it. So the health sector initiative where you are carrying a debt of $146,844,427 was something that you inherited. Correct?

Mr. Eddy: That is correct.

Mr. Simonette: Mr. Eddy indicated that that health sector programme has since been discontinued.

Mr. Eddy: That is correct.

Mr. Simonette: And could you explain the entry on page 13 in terms of the summary of debt the sum ascribed to legal fees of $2,670,639?

Mr. Eddy: We—the company currently has about 14 High Court matters that we are dealing with, and the majority of the legal fees that you are seeing here as outstanding debt relates to the health sector initiative because we have several matters that are currently before the courts.

What would have happened in the, I think, last year is that we as a company, as I said, it is a debt that we inherited and we met, and there was no way for us to verify the work that was being done under the health sector initiative, just from the paperwork that we would have found in the company. And I cannot say too much about it, as I said before, because it is before the court, but we subsequently went out, we had some contractors that actually sued us, and there was a levy on the company at one point in time which we had to go back to court to reverse.

So what we did as a company is that we went ahead and got a quantity surveyor. Because we are spending public funds we wanted to ensure that we were paying for work done. We got the quantity surveyor on board and we are now in the courts with the quantity surveyor addressing the matters in terms of actual costs related to the work that was done. And I guess that is as much as I can say at this point, but legal fees are really—and most of it is associated with that, CEPEP having to defend our position, and make sure that we are spending the money for work that has been completed.

11.10 a.m.

Mr. Simonette: Mr. Eddy, I am a little bit perplexed. What you are sharing with us, if I am to understand it, amounts to, and I am putting it to you, the company prior, admittedly to your stewardship, departed from its original policy objectives and purpose, admittedly by, as you say, we have not seen it, a Cabinet Note, engaged in major contracts and significant sums, and now, basically, the debt, majority debt owed, one has to say, of the company, relates to the health sector initiative, and you have indicated other litigation from contractors referable to this departure from the policy. Is that correct?

Mr. Eddy: That is correct.

Mr. Simonette: Thank you, Mr. Eddy. Could I ask one final question, Mr. Chairman?

Mr. Chairman: Certainly.

Mr. Simonette: And this goes to page No. 21, paragraph 63 of your report, and you confirmed that you do not have an incineration facility.

Mr. Eddy: That is also correct.

Mr. Simonette: How long—did you ever have an incineration facility? Was there an existing incineration facility for CEPEP?

Mr. Eddy: No. As far as I know, CEPEP itself did not have an incineration facility. We did approach the Mount Hope Hospital, because when those animals are picked up we needed a way to be able to discard, you know. And

I believe at one point during my tenure we were able to utilize it for a short period, but certainly it is something that we are looking at because this is one area that we are having difficulty because when those animals are picked up, the carcasses of those animals are picked up, that poses a problem for us to dispose of. An easy way would be if we had an incinerator to be able to do so. So, it is something that the company is looking at.

Mr. Simonette: Thank you very much Mr. Eddy, and Mr. Chairman that is it.

Mr. Chairman: Thank you. Member Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Mr. Eddy, I would just like to continue from where the last questions were raised. Without comprising the matter or being sub judice, but is it not correct to say or maybe you could enlighten us, the works that were done under the health sector initiative, were they certified for payment?

Mr. Eddy: Member, when you say certified, what—

Mr. Karim: Was there any stamp on any document that you would have seen that verified that work was done and therefore in a sense approved for payment?

Mr. Eddy: There were, and again I have to be careful with what I say here because I have to be in the courts this week. The documentation that we found, there was one contract that was signed. All the other contracts there was no signature on it. There were letters of award that were signed, and that is in terms of documentation, and some of the signatories who—it is difficult for me to say the persons who signed actually were representing the company. So, it is something that we are still looking at, and we are working with the lawyers to try and fully understand the whole matter and where it goes. But that is the paperwork that I have seen since coming into the company.

Mr. Karim: So why was it necessary to have a quantity surveyor now?

Mr. Eddy: Because, as I said before, none of the persons here, including myself, would have been here when those matters took place. And to ensure based on the paperwork that we met, and for us to be sure that we were actually paying for work that has been done, we wanted to be careful in the way that we were spending public funds, so that we chose to be able to go out with the quantity surveyor to be able to verify the works.

Mr. Karim: And you were doing so on the basis that none of the documents that were submitted for payment had any stamp on any of them indicating certified correct?

Mr. Eddy: None that I can recall seeing.

Mr. Karim: Or certified completed?

Mr. Eddy: There were some completion certificates, yes. There were completion certificates.

Mr. Karim: If there were completion certificates, which you inherited, which would have been authenticated, why was there a need for you to go to court?

Mr. Eddy: Again, there were issues with the certification documents and the signatories. Again, I would like to say that I do not want to say too much more on that matter.

Mr. Karim: With respect to the debt structure, apart from that particular initiative, do you have any outstanding payments to any contractors for any of these? If you could tell us the amount and how many others were contracted?

Mr. Eddy: It was something called the BCCP which involved collection of plastic bottles. There was a contract let for about $2.5 million of which about $2.2 million was paid. That also was an outstanding debt which we are now in the process—we just got board approval to be able to go forward with that.

Mr. Karim: Was that certified for payment?

Mr. Eddy: Well, again, the contract was let, payments were made. The funds for that project came from the Environmental Management Authority through the Green Fund. So, what we had to do was figure out, because CEPEP could not use subvention funds to be able to pay those bills, so we had to figure out whether or not—whether those funds actually came in to CEPEP accounts, and what they were for. We just got through the investigation and we did find that there were moneys coming in from the Green Fund through the EMA for that specific project, and it is on that basis that we took it to the board, and that is on the basis of which we now have the authority to pay.

Mr. Karim: So apart from those two categories, there is initiative and green—do you have any other outstanding moneys for contractors? So, do you, let me put it in another way.

Mr. Eddy: Yes. Yes, there is outstanding moneys for contractors.

Mr. Karim: That is how much?

Mr. Eddy: It is roughly about $32 million. And let me explain what that is. Again, on my coming into the company there were contractors who we considered to be what we call non-compliant, which means that their NIS and Health Surcharge payments were not being put to the relevant authorities. They were being—I am not sure what they were doing. They were being used, which means that the company, we had no records of they paying those numbers. So based on our contracts we were able to stop their management fees, and in stopping the management fees it actually accumulated to the number that I just mentioned roughly, 32 back there.

Mr. Karim: Is CEPEP compliant with your payments?

Mr. Eddy: CEPEP is compliant with all.

Mr. Karim: During your tenure over the last three years, did you at any time owe VAT any sums of money? Because you just indicated that you were fully compliant.

Mr. Eddy: We were compliant, but another legacy issue, if you look on the sheet there is $7.9 million in VAT payments. Again, that predates my time.

Mr. Karim: What is the status of it now?

Mr. Eddy: We have written, again, because we are not using subvention funds to clear this off. We have written to the relevant Ministry, to our line Ministry, to be able to obtain those funds so that we could pay.

Mr. Karim: With respect to a follow-up question, it is reported that you have had experiences of breaches in risk management, fraud and whistle blower policy. Might you be able to give us some information in terms of those breaches, what it involves?

Mr. Eddy: Member, I was actually looking at the document, reading it through again, and that was an error. There are no breaches of any fraud policy or any of those risk management issues.

Mr. Karim: It is a serious error.

Mr. Eddy: It is a serious—[*Inaudible*]

Mr. Karim: To come before a parliamentary committee like this. And I am quoting from page 25 of you submission dated the 27th of—

Mr. Eddy: I am not aware, and as I said it is an error. I cannot tell you of any breaches.

Mr. Karim: Well, let me hope that this next question is not an error. Since you would have spoken about the fact that, and I am just taking some introductory remarks about being on different areas of the contracts, and of course we would like to ask you if you could—unless it is here or if you could submit your answer, how many contractors do you have, and if you can tell us in a sense of summary by regions?

Mr. Eddy: We have—

Mr. Karim: Is it by regions?

Mr. Eddy: Well, I can give you a total figure now. If you want we can supply it by regions, but we have a total of 266 contractors presently.

Mr. Karim: Now, you had indicated as well earlier on that one of the policies or the expectation is that a lot of these persons who were CEPEP employees would have moved on to entrepreneurial activities. I want to ask you so that there is no cause of any error, what has your trace of study shown with respect to those who have completed and graduated in a sense into their own entrepreneurial activity? What does the trace of study—when was the trace of study done?

Mr. Eddy: I am not aware of a trace of study. And my speaking on that issue really was for the new contractors, because, again, there was very little time between my tenure coming into the company and the contractors that would have been there for a period of five, seven years. So, I am not sure what could have taken place before in terms of bringing those contractors, because it was more than three years, so I am not sure what would have been done in the five- to seven-year period to get those contractors in a position. I know that for a few specific contractors, when they were leaving the programme we engaged the cocoa company to be able to put some of those people to employment, because the contractors were leaving the programme.

Mr. Karim: Yes, well at least a couple of months, I just want to ask one final question because I would come back to ask some other questions on the finances and so on. But, you have a large cohort. How many persons you have?

Mr. Eddy: A large, sorry?

Mr. Karim: You have a large workforce.

Mr. Eddy: Currently we have about 91 persons.

Mr. Karim: No, in total, in all.

Mr. Eddy: In total is about 8,000 workers. You are talking about the contractors?

Mr. Karim: Yes.

Mr. Eddy: It is about 8,000.

Mr. Karim: Now, you said that you have done some training at the CEPEP Company for these persons. Have you thought it fit, appropriate and necessary to partner with any of the established training institutions funded by the

Government of Trinidad and Tobago to assist you? And if you have, how many persons have been trained? If you can tell us a ballpark figure? In what areas of certification have they acquired?

Mr. Eddy: We actually have engaged the government agencies and we are working towards a workshop now, so I cannot tell you that there are any other than the cocoa initiative that we have had, I cannot tell you that there are other workers who would have left the programme that would have been trained in any specific skills.

Mr. Karim: So you have not engaged any of the training providers?

Mr. Eddy: We have.

Mr. Karim: Could you give us an example?

Mr. Eddy: Actually we have met with the Downtown Owners and Merchants Association; we have met with—Member, I cannot recall all of the—[*Inaudible*]

Mr. Karim: Let me give you an example of where I am going.

Mr. Eddy: Mm hmm.

Mr. Karim: You have a lot of people who use the weed whackers.

Mr. Eddy: Yeah.

Mr. Karim: That is small engine repairs.

Mr. Eddy: Sure.

Mr. Karim: You have people who do landscaping.

Mr. Eddy: Yeah.

Mr. Karim: We have occupational and competency standards, rules, and the question I am asking, if it is not here as an error, and maybe you should consider it then. I am suggesting that you engage in a partnership with the state providers so that you would be able to get training and certification for those persons.

Mr. Eddy: What I am saying to you is that we have done so. I can provide that information in writing with the number of agencies that we have actually engaged. But the programme has not kicked off yet, because we are also planning to have a workshop where we bring all those people in one area to be able to train and to be able to interview workers as we see fit. So, is it something that we have engaged in, it just has not totally kicked off the ground yet, and that could be provided in writing with the agencies that we have actually engaged.

Mr. Ford: Sorry, Chair, I want to add. The board has already approved in principle the programmes, the workshops, for the contractors. And we also want to engage the foremen on the job site who trained in terms of relationship between workers and the foremen and the community.

Mr. Karim: I was just asking that in the context that it must not be a misnomer of a policy and a statement here, but in fact a factual representation of the desired outcomes.

Mr. Chairman: Thank you. Vice-Chair Henry.

Dr. Henry: I just want to follow up on something that member Karim asked. The contractors, how are they contracted? What is your contract for the contractors? And how are they retained? What was the basis for retention? And how long is the average contractor be part of the programme?

Mr. Eddy: Member, again, because we have gone back to the original mandate, it is a three-year incubator programme. In terms of how they are retained, an RFP is put out in the newspapers. We then get applications in, we go through an evaluation process, and contractors are given contracts. When you do have a contract we have instituted an evaluation procedure that we evaluate the contractors on a quarterly basis to ensure that they are meeting the standards set for the CEPEP Company.

Mr. Chairman: Thank you. Member Mark.

Mr. Mark: Thank you, Mr. Chairman. Good morning again to all. Mr. Chairman, you would agree with me, Mr. Chairman of CEPEP, through our Chairman, that accountability represents the heartbeat of any modern democracy when it comes to good governance, and getting not only value for our moneys but ensuring that moneys that are approved by the Parliament is properly accounted for, by every state institution, state body, or entity. You would agree with me, Mr. Chairman?

Mr. Ford: Yes.

Mr. Mark: I would like you to join me on page 3 of your submission, Item 10. It is stated in Item 10 that the external auditor of CEPEP, Hardys & Associates Chartered Accountants, left or tendered their resignation effective immediately, and that is according to this information for the 1st of November, 2018. First of all, can you share with this Committee why did the external auditor resign?

Mr. Ford: I would just give you an overview and the General Manager would go into details. I assumed office in May, as I told you, and there were some problems with the accounts for the year 2015. It involved working with the external auditor, and apparently there was a little misunderstanding or working relationship between the external auditor and our internal auditor and the company. He requested to meet with me as chairman. I did not respond, and I indicated I will not meet with him because I got a directive from the Ministry of Finance, which indicated that the chairman of the company shall not be involved in any matters dealing with audits, and together with the other auditors—it is two companies that were examined.

That was the directive from the Ministry of Finance and its performance managers. He insisted, he disagreed, he sent a letter saying he disagreed with that, and he insisted on meeting with the Chairman, that is me, and I never bothered with him, and I never responded, and he kept correspondence between the corporate sec, and the corp sec keeps reminding him of the directives from the Ministry of Finance and the performance management and so on, he keeps disagreeing, and it continued. Maybe he realized that it is going nowhere. He did not supply the information required. He had made some accusations, we responded to it, and then he submitted his resignation, and then we had to go to the Ministry of Finance to call on AGM to appoint a new external auditor, and that is where we are at now. So the general manager called the corp sec to explain the situation as it is now.

Mr. Mark: Well, before we deal with the situation as it is now, can you be kind enough to provide this Committee with a copy of the letter of resignation of Hardys & Associates Chartered Accountants?

Mr. Eddy: Yes, we can.

Mr. Ford: Yes.

Mr. Mark: Now, how long was this external auditor employed with CEPEP?

Mr. Eddy: 2012, I believe, until the resignation.

Mr. Mark: Was there any indication between 2012 and before his resignation of any dissatisfaction or discomfort with the company's management and the external auditor's relationship with the internal auditor?

Mr. Eddy: I did not—there was not an internal auditor in the company as far as I can tell during those years. I do not know whether there were any disagreements. Let me just seek to explain a bit further. The 2015 audit, which we met when we came in, we were asked to sign off on management letters, and one of the problems we had is as we recall there, a server crash that CEPEP experienced, which a lot of the things—the financial information was either corrupted or lost. We would not recover. We spent several months with different companies trying to recover the data. So there was no way for the incoming management or the board of directors to be able to verify any of that information, and I think we made that clear to the auditor, that we, and as chairman mentioned, there were certain things that we requested that we did not get, and there was a bit of back and forth between the auditor and ourselves, and eventually the resignation was tendered. So, that is really where I guess the crux of the matter came about, is that there was no way for us to verify information. We have subsequently been able to recover that information, but we now have to gear to go ahead—literally rebuilt it into the system that we have.

Mr. Mark: When you say you have now recovered the information?

Mr. Eddy: From the server crash. We found the server crash. When the server crashed, the information was lost. Also we went to several vendors including the vendor that was looking after the server at the time, they were unable to recover. We went to, I believe, PWC also, we could not get it recovered then. Eventually we found a vendor a few months ago who was actually able to recover most of the data. So we now have to put that data back, manually put it back into the system so that we could then verify the financial information.

Mr. Ford: Senator, I also want to add, the external auditor contract expired around 2016 and it had to be renewed. I would like you and members of the Committee, Mr. Chairman, to get a copy of that contract, and to see how very important. So, we would be supplying you with that information as well, and you would see to the extent the problem we had with that external auditor.

Mr. Mark: May I also indicate or ask through the Chairman, based on what I am reading, Item 11, page 3, the server crashed in and around March 16th—March, rather, 2016. So this was when the new management arrived on the compound. So it did not okay when the last administration was here?

Mr. Eddy: No. This was before the new management arrived on the compound. The management came in July 2016.

Mr. Mark: July 2016?

Mr. Eddy: Yes.

Mr. Mark: Okay. Now, can you share with us what was the reason advanced for the failure of the server?

Mr. Eddy: Member, we can provide—there is an extensive report that was done by the IT officer, and that could be provided in writing to the Committee.

Mr. Mark: Okay. You said that the company recruited a provider, and in order to help you rebuild, because you cannot manufacture data. If it is lost it is lost? So when you say that you have to get a provider to rebuild the database and you now have the data that was lost between 2012—2015, could you explain to this Committee what is meant by rebuilding data in that context? And, could you also provide us with the name of this provider that you recruited to help you rebuild this data that was lost?

Mr. Eddy: In terms of rebuilding the data, what we were referring to here, because all of the computer generated information was not available to us, it means that we had to then go back to paper. We had to go back to the banking institutions to get information which they would have to go into their archives to provide for us, and at the time, member, we were not able to recover any data at all from the computer system. So we then went out and got a service provider who would have probably taken about a year to be able to rebuild all that information back into a computer system. And subsequent to that we kept trying to recover the data that we would have lost, and it is at that point somewhere along the line when we were doing this that we were able to recover the electronic data. So it then shortened the scope, because there is about three months of that data between 2012 and 2015 that we still have to manually input. So, in terms of the service provider, that did not actually continue because we did recover some of the—we were able to recover the electronic data on the computer system. But we are now going to have to go back out to a service provider to be able to put that together again for us, with a shortened scope.

Mr. Mark: You are confusing this Committee. You talked about you had—you said CEPEP earlier had to engage a provider to rebuild, and you went on further to elaborate and to clarify that this provider, through you, that the provider had to go back to institutions like banks and to get information, and then mysteriously you said you got the electronic system working again. So, I am not too clear in my mind, and I am not too sure if the members are clear what is happening here, because you said on the one hand you lost all the data, then you went to get data retrieved from institutions and then it came between that electronically you were able to start getting back or retrieving the information. I have asked on behalf of the Committee, could you give us the name of the provider that helped rebuild the data or retrieve the data? This is what you have in your Item 11:

> The company has selected a provider to perform data entry services.

Who is this data provider that you selected? The name of that person? How long the person was employed? What was the payment made to that person? And is that person still employed with the company? These are some of the areas I would like clarified, Mr. Chairman.

Mr. Eddy: Let me seek to clarify for your information. As I indicated, there was a server crash, that the data was lost. All the electronic data was completely lost when I came into the company. So, there was several things that were happening. We were attempting to recover that lost data, that lost electronic data. There were attempts made to recover that information, and I indicated earlier that we went to different service providers to be able to do so. So, if we did not have success with one we moved on to another one, because it was critical for us to be able to get back that financial data.

11.40 a.m.

Mr. Mark: Well, could you pause and tell this Committee the names of those service providers that you went to—

Mr. Eddy: I did mention one which was PWC. The other one was DAVYN and there was one other—

Mr. Mark: What was the name of that one?

Mr. Eddy: DAVYN.

Mr. Mark: You want to spell that for us?

Mr. Eddy: D-A-V-Y-N.

Mr. Mark: And the next one is what?

Mr. Eddy: PWC.

Mr. Mark: No, you said two and another one.

Mr. Eddy: I cannot recall the other one now, but I can get that for you in writing or so.

Mr. Mark: And could you, as you are getting it in writing, provide us as a committee with the period that these service providers were engaged and the cost to CEPEP so at least we will have an appreciation of what was involved here.

Mr. Eddy: Absolutely.

Mr. Mark: When would—given the fact that you seem to be sailing smoothly from what you have indicated to this Committee, insofar as the retrieval of data and the last period we have based on your record and based on what we have before us as a Parliament, 2014 was the last published accounts of CEPEP. Could you tell this Committee, given the fact that you have now been able to retrieve all the information, all the data that were lost, could you tell us when would you be able to submit to your line Minister and through him to this Parliament, published final and audited accounts for '15, '16, '17 and '18. Can you share with this Committee when those reports are going to be submitted?

Mr. Eddy: Member, it is going to be a little bit difficult for me to say here now what that timeline will be, because currently what needs to happen is once that data has been rebuilt and verified, we are in the process of—we have to have an AGM to be able to appoint a new auditor. So there are a number of steps that have to take place and once those steps have taken place, the data is verified and a new auditor is appointed, we will then seek to move forward on 2015, '16, '17 and '18.

Mr. Mark: Could you tell this Committee when you anticipate the data that has been properly retrieved would be verified?

Mr. Eddy: Approximately six months from now.

Mr. Mark: From now, six months? So you would have proper data before you, but it will take you six months to verify the data and could you tell us, when are you going to call your AGM? It is obviously going to be after the data is verified?

Mr. Ford: The Ministry of Finance, investment section. Whatever section in the Ministry of Finance they are responsible for someone in the AGM.

Mr. Mark: Mr. Chairman, I just want to indicate, I opened by saying that accountability is the heartbeat of any modern civilizing democracy. And I am also saying, that, you will agree with me, Mr. Chairman of CEPEP, that 2015/2016, 2016/2017, 2017/2018 CEPEP, Mr. Chairman, has spent over $1.5 billion and we do not have before this Parliament any accounts whatsoever. So what I was going to finally ask before I come to another round, Mr. Chairman, is, how is CEPEP going about the public business, spending over $1.5 billion and we have no way as a Parliament of knowing how this money has been spent? And as you are on that, could you share with this Committee briefly, do you have a strategic plan along with this absence of accountability so we will know how this CEPEP is functioning and performing and whether we need to take this matter a step further.

Mr. Ford: Sen. Mark, I agree with you that we have to account. But, this very brief. We would not have been in this debacle if our predecessors were doing their job. Simple as that. If they were doing their job, we would not have been in this position today.

Mr. Mark: Mr. Chairman, may I say finally, I take my job very seriously, Mr. Ford—

Mr. Ford: I too.

Mr. Mark: Mr. Chairman, I would want to ask you as Chairman of this Committee, because of the seriousness of this matter, to consider informing and engaging the Auditor General of the Republic of Trinidad and Tobago to conduct an independent forensic report into this organization called CEPEP and its failure to provide accounts to this Parliament for the period 2015, 2016, 2017, 2018. If there are criminal activities involved in this let the independent auditor find out who is involved, what is involved, but I would like to propose to the Chairman that we ask an independent institution, the Auditor General to get into CEPEP and do an independent forensic special audit on this CEPEP. That is what I would like to say.

Mr. Chairman: Thank you member Mark. And certainly that is something—

Mr. Ford: Mr. Chairman, I just want to respond by saying I welcome that and we will see who the culprits are on behalf of the people of Trinidad and Tobago. As simple as that, Mr. Mark was there, he knows; Mr. Karim was there. They will be able to answer that, not me.

Mr. Chairman: That is certainly something that the Committee will consider in working out its recommendations, but I think all of us here share the consternation and the concerns expressed by member Mark, because we are talking about large sums of money. We are talking about a mysterious server crash with valuable data just disappearing. We are talking about unexplained sudden departure of an external auditor. These are worrying things and you would recall that you are a company operating under the Companies Act. So, as a company, you are subject to the disclosure, the accounting and the auditing requirements imposed on companies under the Companies Act. You are also a state enterprise and so you are required to comply with the operational framework set out in the *State Enterprises Performance Monitoring Manual*.

So, I think we would all agree that a properly functioning audit committee is indispensable. The board is responsible for control systems and accounting procedures being put in place. And so I know a lot of this preceded you, but my question is, what is done now to monitor and review risk control so you do not have a server crash, you do not have auditors walking off on you? What is in place for monitoring the integrity of the company's financial statements?

Mr. Eddy: We have put in place several protections to ensure that even if a server does crash information is not lost. So through the IT system we have information being held in the Cloud, we back up information on a daily basis in the company. So there are several protective systems that have been put in place to ensure that we do not end up in the same position that we met.

Mr. Chairman: I know we have some questions. First, Brigadier.

Brig. Gen. Antoine: Good morning again. In your response, CEPEP said that they were returning to their original mandate, which was to create small contractors who would stay in the programme for three years and then graduate into their own private business. I know for a fact that in some other time, around August 2015, quite a number of contracts were given to contractors on a three-year basis. We are now in 2019, could you indicate to me if any and if how many of these contractors are still employed by CEPEP?

Mr. Eddy: Member, you are quite right. In 2015, although those contractors would have been in the programme, some of them three years, some four, some five, there were contracts given out in 2015 for a further three years. So in 2018 those contracts came to an end, at which time those contractors moved on and we now have new contractors in the system.

Brig. Gen. Antoine: So those contractors from 2015 are no longer—

Mr. Eddy: No longer in the system.

Brig. Gen. Antoine: So therefore, in 2019 we only have new contractors?

Mr. Eddy: Yes.

Mr. Leonce: Good morning. Just to follow up on my colleague's question. The contractors you are engaging now you said that you have engaged different agencies to ensure that they have proper training. Now, because it is something new, are you sure that within the three-year programme that you would be able to effectively give the proper training to these contractors? Or would there be a need to extend it to ensure that we do not end up in the same issue from before where contractors would leave the programme without having the full benefit of the mandate that CEPEP was created for.

Mr. Eddy: There may never be enough time to really get to the point that we want to get with the contractors in terms of training, but we are going to schedule the programme in such a way that at least they get the sort of foundation that they would then be able to go out after the three-year period, full three-year period. If we are to go any longer and there may be instances that everybody would not have the same level that they would be at, at the leaving, it then means that we would have to go against the mandate. So we want to be able within the three-year time frame to be able to put those contractors in a position that they can then go out on their own, and we think we can achieve that.

Mr. Leonce: Okay, thank you and just, member Karim would have indicated some suggestions, but I know specifically there are a number of employees under the contractors that have basic deficiencies like reading, numeracy and literacy. What are we doing to capture this information and is there a plan for that basic level of training for the persons employed under the contractors?

Mr. Eddy: Member, I would have to look at the training programme. A lot of it would have been geared to the contractors themselves teaching them how to actually run a business, to go out and look for other work. So I am not sure if that aspect of it has been captured, but certainly if it has not been, it is something we would look at capturing and probably run some literacy programmes for the workers of the contractors.

Mr. Leonce: And just, lastly, quickly, so I could get another one of my colleagues to ask questions, first of all I would like to commend you on making sure that the money that you spent is spent for work done and ensuring value for money for the—making sure that our hard taxpayers' money is utilized correctly. Because the same thing that member Mark would have raised in terms of, a lot of money being spent and not being able to determine where this money was spent. If we just go willy-nilly spending money you would have to be seriously accountable for it.

I would like to also commend the work that CEPEP has been doing in terms of cleaning and making sure the country is clean, which they have been doing for quite some time. What I am concerned on is the fact that some of the areas that CEPEP is engaged in appears to be areas where other agencies or Ministries would have had to be doing. Is it that those Ministries are reducing their—or agencies reducing their mandate in terms of maintenance? For example, the highways and stuff. Or is it some form of transition where the excellent model that CEPEP is having is transferred to the Ministries? What is being done there?

Mr. Ford: Thank you and thank you very much for your kind comments, because I know our work is visible. We are on the highways as you say and on the bus route. It is a Government policy for CEPEP to work along with the Ministry of Works and Transport and the Ministry of Agriculture, Land and Fisheries. I cannot speak for the other agencies, where like the Highways Division where normally they would have been looking after the highways, and the regional corporations would have been looking after the secondary roads and so on, and the maintenance. I cannot speak to them, but what I know is we are working along with those agencies and we are doing the duties along the bus route, along the highways and within the communities.

As I said earlier on, our problem is the collection that make our work look unfinished and, Mr. Chairman, I would like to humbly suggest, I live in the Ministry of Works and Transport compound for some years when my father worked in the Ministry of Works and I have never seen a Minister or a director of highways issuing instructions for vehicles to go and do their work. It is done by the local supervisors. And I believe that is where the problem is, in terms of dispatching the vehicles to pick up the waste of debris on the highways and the bus route and so on. And I "doh" want them to come and say, to blame the Minister or to blame the director of highways. You have supervisors within these compounds. Let us take the case of Arima where I live, it is O'Meara Road and the highway is just not too far away and if you drive along that area between Wallerfield and Curepe you would see all CEPEP work on the side of the roads still. For whatever reason the Ministry of Works and Transport will not be picking up the stuff, I do not know.

We have four vehicles in CEPEP, we try to do it but we cannot accomplish that throughout the country. As I said, we get good cooperation from the Minister and the director. We get good cooperation from the regional corporations, but it is the implementation down the line that is causing the problem and it gives the impression—that is why he asked that question, the member, it gives the impression that it is only CEPEP working because nobody sees the regional corporation or the Ministry of Works and Transport people, they only see CEPEP. And we have to correct that at the level of the implementation at the different regions, the distribution of vehicles to pick up the rubbish and so on.

Mr. Chairman: Thank you. Member Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman. Mr. Chairman, I want to go back to this document entitled, "Awards for construction of box drains, road pavings, driveways, drainage works and road works". And I heard the General Manager indicating that this was done via Cabinet Minute. What I want to know is, one, was the subvention of CEPEP increased to facilitate this? Because just doing a rough calculation of the figures in this document, it would seem that CEPEP spent over $115million on these projects. So, one, I would want to know whether there was a corresponding increase in CEPEP's subventions and did these projects in any way contribute to CEPEP current debt situation.

Mr. Ford: Member, thanks for the question. I am not sure, in terms of the information that we have seen, and again because of the server crash we are still now trying to gather that information as to whether this was done with subvention or whether it was done with a separate budget. So we are not there yet to be able to answer that question. In terms of this specific sheet I think, if I am not—most of this cost would have been paid for the box drains and the construction. The issue that we are having though is the ones that were not paid, which is the $147 million in the health sector initiative. So I believe these costs were already taken care of but I am not sure of which, what it came out of, if it actually came out of subvention, whether the subvention—so once we have the information recovered and verified we would be able to answer that question.

Mrs. Crichlow-Cockburn: While we recognize that some of your records may not be available, I find it very interesting that having spent over $100 million, most of these works were done in Debe, Penal and Barrackpore. Was there something special taking place in those areas that required all of this work to be done? Because, no, I looked at it and I cannot understand one hundred and something-odd million dollars being spent primarily in those three areas.

Mr. Ford: Sen. Mark answer that.

Mrs. Crichlow-Cockburn: So, would your records suggest that something in particular was taking place in those areas?

Mr. Eddy: I am not sure what—the question—it is noted that they were in a specific area and again I think once we are able to get back into the records we should have a little more information, but nothing that we have seen says that there was anything special or in particular going on in that area.

Mrs. Crichlow-Cockburn: I also looked at the document here on page 24 and the question was posed as to what is being done to improve the financial viability of CEPEP to increase its stability and profitability. And the focus really was on the human resources of the organization. Now, one of the statements made here was that management roles were also reclassified and responsibilities spread across roles and functions. Are you satisfied that you have the appropriate human resources to carry out the new mandate of CEPEP?

Mr. Eddy: In terms of the regularization and what was done in terms of the reclassification of employees, from an org structure standpoint I am satisfied, we have not yet staffed up the company with the required human resource to be able to move forward as we would like.

Mrs. Crichlow-Cockburn: So the org structure suggests that you require 128 persons. At some point I think you indicated you now have 91 persons. So is it that difference may comprise your vacancies or do you need to revisit and look at the persons you currently have?

Mr. Eddy: The difference is the vacancies.

Mrs. Crichlow-Cockburn: Okay. So in October of 2018 a new org structure was approved?

Mr. Eddy: Yes.

Mrs. Crichlow-Cockburn: Were there resultant redundancies? Was it necessary for you all to sever persons as a result of that change in your org structure and if so how many and at what cost?

Mr. Eddy: Most of the persons that were exited from the company was a result of the change in the org. structure, one, but also we had contracts that would have come to an end. Actually, when I came in 2016 there were several employees who were kept on month-to-month contracts which is really not something that is good for anybody, not the company nor the employee, because you literally have—I mean, you are working without any benefits, anything at all. So it took us a while to regularize that, which is one of the things that was done. So a lot of what happened was, mostly contract ends or month-to-month employees being exited from the company because of the change in the org structure.

Mrs. Crichlow-Cockburn: And last question, Mr. Chairman. Is it that you only employ persons on contract? Do you have a permanent structure or you only employ persons on contract?

Mr. Eddy: Only on contract.

Mrs. Crichlow-Cockburn: And how does that affect continuity of operation. Because if every three years you may have to recruit new persons, how does that impact the organization and the whole issue of continuity?

Mr. Eddy: Again, very good question. It does impact it because we have a lot of turnover of staff, changing staff and even in my present position coming in and all that would have happened years gone by, there were not people in the company who could actually answer or give you information. So a lot it you has to depend on finding records and we have had issues with some of the records that were kept. So there is an effect in terms of just having people on contracts and not permanent positions.

Mrs. Crichlow-Cockburn: I know I said last, but this is the last one. So does CEPEP have plans, for example, I know you are supposed to be working on your strategic plan. Would you be looking at revising the whole org structure and the manner in which people are employed in terms of contract versus permanency or that type of thing?

Mr. Eddy: We would be looking at it. The Chairman is now reminding me that this is a policy of the Government, so it may be a difficult thing to change.

Brig. Gen. Antoine: I just want to return to the situation with the contractors. Again, in your response you said you are returning to your original mandate and in your original mandate each contractor was given a number of teams in which to do his work. The contractors for instance, those in 2015 had a certain number of teams but these teams were reduced to the present contractors. Could you give us a rationale behind the reduction of the teams to the contractors?

Mr. Eddy: Member, you are correct. Previously there were contractors who had, what we called six teams, which were 60 workers and four teams, 40 workers and some had three. A decision was made—and one of the main reasons was we had a reduction in subvention from those years. So we went from about $535million to currently about $376million. So the action was taken to reduce all of the teams to standardize it across the board to 30 workers. So each contractor would have three teams unless there was some special circumstance that required somebody to have more or less and it was more of a budget restriction because we were not getting as much subvention as before, that we had to find ways to be able to have the same or more contractors in the programme to keep the country in a certain condition. So the decision was taken to reduce them to 30 for each contractor.

Brig. Gen. Antoine: Now, I want to compliment CEPEP, especially on their response October last year to the natural disaster that took place more in the eastern part of the country that affected areas like Greenvale and Ascot Gardens. And one of the reasons why the response or the assistance to the needy citizens took long was because a number of the contractors, because a lot of the contractors in D'Abadie/O'Meara responded both to Greenvale and to areas within D'Abadie/O'Meara. And part of the problem was the small number of people employed with the contractors. So in dealing with your strategic plan, I would like to know if you have intentions of revisiting the size of the teams and the amount of persons employed by the contractors in the near future.

Mr. Ford: Very good question and the representative from our line Ministry is here and they are hearing your request and I would hope that they would take it up with the hon. Minister and the policy will be handed down to us for any change in what we are doing now.

Brig. Gen. Antoine: So the policy in terms of the size of the team is a directive from the Ministry of Rural Development and Local Government and the Ministry of Finance?

Mr. Ford: And the Ministry of Finance, yes.

Brig. Gen. Antoine: So appeal to the Ministry of Rural Development and Local Government and on behalf of the contractors that if this could be revisited in the near future.

Mr. Chairman: Thank you, member. PS, would you like to comment on that?

Ms. Ramlogan: I know the Ministry of Finance has dictated a few requirements for CEPEP to fulfil with respect to the way forward and as soon as they comply, they would relook the budget and the expectations. In fact, we have been requesting the strategic plan to enable the both Ministries to be able to monitor what their goals, objectives and whether they are achieving their targets. But, again, the manual is not legally binding, so we can write and expect that we would get compliance. Thank you.

12.10 p.m.

Mr. Chairman: Thank you. Now, certain reports have been circulating in the public domain and I think it would be remiss not to get your comments on them. So I am looking at an article in the Trinidad and Tobago *Guardian* on Sunday, February17th. It says, "State Funds Gangs". And the report is gang leaders get state contracts, multimillion dollar HDC, URP and CEPEP projects. I will just read a couple highlights and then I will ask you. This is by Renuka Singh:

> "Lucrative deals for alleged gang leaders
>
> A top-secret National Security document which identified several of the men arrested during last week's anti-gang sweep shows the same men benefiting from lucrative Government contracts."

And then lower down she says:

> '"It has been a problem for the past 14 years where gangs fight to get their claws into State contracts which is the catalyst for gang wars and increased homicide."'

Lower down she says:

> "Gangs obtained million-dollar contracts through the…(HDC)…(URP) and Community-Based Environmental Protection and Enhancement Programme (CEPEP), according to the report, Acquisition of Government contracts by Known Gang Members.
>
> 'Criminal gang leaders operating along the East-West Corridor continue to use their influence to obtain lucrative contracts from"'—among others— '"CEPEP.'"
>
> —And that these—'"contracts are also used as a method of ensuring community support through the provision of jobs to residents."'

Your comments, please.

Mr. Ford: Thank you very much, Mr. Chairman. What I can say clearly is that I am not aware that when the committee is evaluating tenders by contractors, that they are identified as gang leaders. I am not aware of that at all. I am not aware that CEPEP is engaging with contractors to do anything unlawful. I am aware of that. They are not involved. Neither the general manager nor our supervisors are involved in any activity like that. If a contractor is awarded and somebody in his company is involved in activities, we are not responsible for that either. What I am saying, as a matter of policy, we do not give out contracts based on any criminal activity, whatsoever.

Mr. Chairman: Member Mark.

Mr. Mark: Yes, thank you very much, Mr. Chairman. May I direct this to the distinguished Chairman of CEPEP? In your submission earlier you emphasized on the word "discipline". Could you share with this Committee whether—well, first of all, I should bring to your attention that there was a public, let us say, communication, or there was public information in which the citizenry was alerted to a high profile entertainer using very colourful language in an exchange with a member of the public whilst publicly driving a CEPEP-registered vehicle. Could you inform this Committee, Mr. Chairman, whether that entertainer, or individual, or employee, is still on the job at CEPEP, and whether an investigation was conducted into it? And could you indicate to this Committee whether you can share the outcome of that investigation into that matter?

Mr. Ford: Thank you, Sen. Mark. Yes, there was an incident. Yes, an investigation was carried out. Yes, the investigator submitted a report and in that report it gives details of the person concerned responding to an ad, being interviewed and receiving the—getting the instruments of appointment. And, yes, the incident took place. And while the investigator was conducting his work, the person involved—the other person—refused to cooperate with the investigator. He did not make a report to the police. He did not make a report to CEPEP and he refused to be interviewed by the investigator. In the circumstances, the investigator recommended that the employee be returned to his job with a stern warning and we carried out the recommendation accordingly.

Mr. Mark: Could you make a copy of that report available to this Committee?

Mr. Ford: Definitely.

Mr. Mark: Right. The second area, Mr. Chairman, I would like to raise, has to do with the following. Well, first of all, can I ask whether the chairman or the general manager is aware of an agreement between CEPEP and the former managing director, or general manager, as it relates to a termination settlement that may have involved over $1 million? And if you are aware of this agreement, would you be kind enough to make a copy of that agreement available to this Committee? Now, I want to warn you before you answer, that you are under oath at this Committee meeting.

Mr. Chairman: I am not aware that they are under oath, but we do expect full disclosure.

Mr. Eddy: Again member, this predates my time. I have seen a copy of an agreement—an unsigned copy. If the member wants, that could be made available to the Committee.

Mr. Mark: Thank you very much. I would also like Mr. Chairman—

Mrs. Crichlow-Cockburn: Mr. Chairman, sorry, just to interject. If it is an unsigned copy, why would the Committee want to have access to it, because then it has no validity. Just thinking.

Mr. Chairman: That is a good point, but I think we would still want to see the document and deliberate internally on it. Thank you.

Mr. Mark: Mr. Chairman, I would like to ask—I think it was asked before, but you will guide me. Did we ask, Mr. Chairman, for the list of the 266 contractors?

Mr. Eddy: Yes.

Mr. Mark: And where they are located?

Mr. Chairman: Yes.

Mr. Mark: Okay, right. May I ask, Mr. Chairman, through you to Mr. Eddy, on page 23, Mr. Eddy, of your submission—of the Chairman's submission, I beg your pardon—I observed that in terms of your revenue, profit and loss, operating costs, gross margin, net margin—I observed that in 2016/2017, 2017/2018, that your operating costs exceeded your revenue by $10.6 million. That is the 2016/2017, and in 2017/2018, by just around $7 million. Could you explain to this Committee how were you able to access the moneys to fill that gap during the period in question?

Mr. Eddy: Thank you, member. Yes, again in 2015/2016 there was a—sorry, 2016/2017 there was a reduction in the subvention but we still carried the same amount of contractors that was from the previous year. So the requirement to fulfil those moneys to those contractors was less at the time. So when we got the subvention we did not get enough to continue, but those contractors had contracts that we had to honour, so it was kept going. And then there was another reduction in 2017/2018, but 2017/2018, in our mid-year review, we were given an additional sum of money which allowed us to be able to fill all of those costs that you would have seen as outstanding.

Mr. Mark: Okay. So the Government of Trinidad and Tobago, through an allocation in the mid-year review, provided you with these sums?

Mr. Eddy: Yes, these sums.

Mr. Mark: All right. And, Mr. Chairman, the final question. This is to the Ministry of Rural Development and Local Government. I will ask the question, Ma'am, and you can respond after. Is the CEPEP current with its submissions of administrative reports to your Ministry, firstly? Has CEPEP communicated any policy issues to the line Ministry, which is your Ministry? Has CEPEP submitted investment proposals for line Ministry's review? And the final question, Mr. Chairman: What assurances can this Committee be given that CEPEP is managing its affairs in a prudent and transparent manner? Those are my four questions, Mr. Chairman.

Ms. Ramlogan: Through you, Chair, we have made requests for the administrative reports from CEPEP. They have submitted the 2012/2013, '14 and '15 and '16, but, unfortunately, the standard of the reports did not meet our requirements so we are working with them to bring it up to standard. And the 2017/2018 is outstanding and I expect that they would be working on that. With respect to communicating any policy issues to us, no, we have not been informed of any policy issues that they need guidance or direction on. If they have submitted any investment proposals, no, they have not. And as a matter of fact, we have been working with the Ministry of Finance in terms of ensuring that they are in compliance with what their requirements should be for the Investments Division. Thank you.

Mr. Mark: And how often, Mr. Chairman—

Mr. Chairman: Thank you, member Mark.

Mr. Mark: All right. I have to pause. Thank you, Mr. Chairman.

Mr. Chairman: We are coming towards the end and before I invite closing submissions, I have two more questions, one from member Karim and one from member Crichlow-Cockburn. So, member Karim?

Mr. Karim: Thanks, Chairman. I will have to decide which is the more important one, but I have one-and-a-half, if it is okay. If you are looking at this same—I am just taking from where my colleague, Mr. Mark, made reference to page 23, where you had revenue and profit and loss. You indicated to this meeting—I know he said under oath but it is under record. You indicated to this meeting on more than one occasion this morning about the server crashing and you now have to enter information manually. Could you tell us how you arrive at these figures? You have figures here for 2015/16, '16/'17, '17/'18. If you do not have information, if you are retrieving, on what basis are you telling the country that you have calculated revenue to this amount; profit and loss to this amount? Because as far as I know from my accounting experience, to get to a profit and loss statement you have to do some balancing. You have to get some documentation. Could you tell us what did you use to get this data? And is this data bone fide? Or is this provisional? Or is it—what is it?

Ms. Clarke: Through you, Chairman, this data, we have a new system so we rest the old accounting system for it to be rebuilt, and we created a new system where we would be able to put in the 2016/17, ’17/’18, information which is current. The information that was lost was up till March2016 or so, when the system had crashed. So these figures are current figures that we are using presently, preparing our management accounts.

Mr. Karim: Why is it impossible to have given us provisional accounts then? For example, the Permanent Secretary indicated that some of your reports were not up to standard. I want to ask the Permanent Secretary: Were any of those administrative reports that were not up to standard, were they submitted, as required, to the Cabinet of this country?

Mr. Ford: This is before our time, you know.

Mr. Karim: No, but I am talking about current now. The Permanent Secretary indicated—let me just again go back. I am saying that if you did not have—

Mr. Ford: She said ’17 and ’18 are outstanding. 2012 to’15, they have to help with—

Mr. Karim: But if it is that they are outstanding, then why are they outstanding? We are in 2019, and is it that you have given them—for example, I could ask a question: Is CEPEP aware of a special examiner? Are you aware of the best practice? Are you aware of public interest directives? You know where that is coming from? Are you aware of these things? But I want to go back to the accounts first, because I think this is critical, as I conclude, so I will save the other, maybe for another time. But I was asking why was it impossible, from an accounting perspective, given explanations to the accounts, to give us provisional accounts?

Ms. Clarke: Although we have these figures in front, because we could not close off 2015, it is open. So to say that we could—we have the figures for current as well, but we cannot say—unless that balance comes forward in any accounting period, then we could actually say the sub-ledger and the payables could match and the GL. Thank you.

Mr. Chairman: Member Crichlow-Cockburn.

Mrs. Crichlow-Cockburn: Mr. Chairman, I am aware that you have a number of CEPEP contractors and workers on the Priority Bus Route. It is my understanding that they are not provided with a Priority Bus Route pass, so they are incurring costs of being charged for being on the bus route. What are CEPEP’s plans to treat with that?

Mr. Eddy: Member, we have written to the Ministry of Works and Transport and we expect that those passes should be in hand shortly.

Mr. Chairman: Thank you. Well, the Committee will decide after we review the requested documentation, whether another hearing is necessary. But for the time being, may I just invite your closing comments and submissions?

Mr. Ford: Thank you, Mr. Chairman. I am happy to be here today and my team is very happy to be here, and we appreciate the questions, and I think we learnt a couple of things this morning too, you know. Speaking for the board, that is, we learnt a couple of things this morning which will be taken up at our next meeting. And I must apologize if the administrative reports for '17 and '18 are not here—are not submitted, rather. It will be submitted. But I just want the members to bear in mind a couple of things. The people on the highways and byways, wherever they work, go through a lot of problems, you know. The weather, for example, no facilities, especially for the unskilled female workers, and I want you all to take into consideration. And also the discipline we talked about, you know, if someone is not on the job, it affects the management fees. That means to say, you have to be present. The contractor will ensure that people are employed—who are employed, rather—are on the job on time and if they leave the job or if they are not present, it is a reduction in the management fees.

The non-compliant contractors, NIS—as we said in our outreach programme; you were there, Mr. Leonce—if you do not pay those NIS, the people who suffer are the ordinary workers, because when they attain the age and they are expecting NIS, when you do not pay that, they suffer. So we went out there and we tried to encourage these things. But as I said, I want to thank the members for their questions this morning. We would consider those very serious concerns. We will discuss it at management level and at board level and report accordingly. And thank you all very much for the session.

Ms. Ramlogan: Chair and members of the Committee, I would like to thank you for giving us this opportunity here this morning. It was a very enlightening session and we thank you again for giving us this opportunity to present at the enquiry. And, of course, we thank you all for helping us do our jobs. It makes our life easier. Thank you.

Mr. Chairman: Thank you. Well, as you would have appreciated, the Committee recognizes the important contributions of CEPEP, and we very much support the idea of providing incomes to those who would not ordinarily be employable. We very much support the idea of boosting the environment and doing all that is necessary. There are many more questions I am sure we would ask, about how we could improve the organization, you know, but today was very valuable and we very much appreciated all your frank comments and your sharings. So thank you for your contributions.

Ladies and gentlemen, it would appear that this concludes our business today and I would like to declare the meeting suspended. In closing, may I thank CEPEP, the Ministry, the media, the viewing and the listening audience. Thank you.

12.31 p.m.: *Meeting suspended.*

VERBATIM NOTES OF THE FORTIETH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD ON MONDAY, MAY 27, 2019 AT 10.22 A.M.

MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT

Mrs. Stara Ramlogan	Permanent Secretary (Ag.)
Mr. Jameel Chadee Ameeral	Deputy Permanent Secretary (Ag.)
Mrs. Gaynelle Andrews Vegas	Senior Project Planning Officer
Ms. Nilliufa Suzanne Ali	Accounting Executive II

COMMUNITY-BASED ENVIRONMENTAL PROTECTION & ENHANCEMENT PROGRAMME (CEPEP)

Mr. Ashton Ford	Chairman, Board of Directors
Ms. Marilyn Michael	Deputy Chairman
Mr. Keith Eddy	General Manager
Ms. Nicole Gopaulsingh	Corporate Secretary
Ms. Alicia Austin	Senor Internal Auditor
Ms. Deowatie Lalchan	Senior Financial Officer

HARDYS CHARTERED ACCOUNTANTS

Mr. Anil Bridglal	Managing Partner

MINISTRY OF FINANCE – INVESTMENTS DIVISION

Ms. Jennifer Lutchman	Deputy Permanent Secretary
Mr. Ryan Maharaj	Senior Business Analyst (Ag.)
Mr. Lester Herbert	Director, Central Audit Unit

Mr. Chairman: Good morning, the time is now 10.22, and I would like to reconvene this meeting. Welcome everyone and welcome to the viewing and listening public to this 25th public hearing meeting of the Joint Select Committee on State Enterprises. My name is Anthony Vieira and I very much appreciate your attendance here today.

The purpose of this meeting, of course, is to continue our examination of submissions and all other issues relevant to the operations and performance of CEPEP. The role of the Committee is to aid CEPEP in improving its performance and operations resulting in a more efficient and effective organization.

This meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can participate by sending comments relating to today's engagement with the CEPEP, via email to parl101@ttparliament.org, or on our Facebook page @facebook.com/ttparliament, or on twitter@ttparliament.

So, welcome officials of CEPEP, Hardys Chartered Accountants, Ministry of Rural Development and Local Government and the Ministry of Finance, Investments Division. May I invite you to introduce yourselves.

Mr. Ford: Good morning, Mr. Chairman and members of the Committee. My name is Ashton Ford. I am the Chairman of CEPEP. I do not know if you would allow me to—

Mr. Chairman: Everyone could introduce themselves, thanks.

[*Introductions made*]

Mr. Chairman: Thank you everyone. Before I ask my committee members to introduce themselves, let me just point out that member Simonette has asked to be excused. Thank you. Member Mark.

[*Introductions made*]

Mr. Chairman: And member Karim, I understand, is on his way. Just to remind everyone to put your cell phones on silent and when you are speaking to turn on the microphone and then after, turn it off.

Okay, Chairman Ford, would you like to make some brief opening remarks?

Mr. Ford: Thank you, Mr. Chairman. I would like to address some key areas today, which is attended to by the CEPEP company, which we feel is very, very, very urgent. And I am sure the national community would be keen to hear what we are doing about it. It involves the work undertaken by 265 contractors. But I will come back to that later. But what is of paramount importance to the board at this time, and management, is some outstanding matters. One, I am putting a heading: outstanding management fees. We have 77 contractors, according to the record, who exited the company in 2018, and they are owed over $30 million in management fees.

The reason for the non-payment is simple: They were not paying the NIS as required by law. In other words, they were non-compliant. The practice was carried without any penalty from the last administration. What I am saying is, apparently between 2010 and 2016, this practice was going on where the contractors were not compliant and they were allowed to work and they got their management fees. When the new board came on board in 2016, that practice stopped. So the records we have are from 2016 to 2018. And once the contractors fulfil their statutory obligations and pay off the NIS that they owe, the management fees would be paid.

And I made that point on the last occasion how important it is, especially for the workers, because as you know the workers are simple people, salt of the earth, working daily to keep the place clean and if their NIS is not paid up, they will not get their monthly stipend when they reach the age of 60.

The other major issue we are faced with is what has been referred to as the health sector initiative. When the new board took office in 2016, they were greeted with an outstanding claim of $160,000,310 from contractors. Recall on the last occasion we indicated that this programme had the blessings of the Cabinet, the then Cabinet. We had passed on that Cabinet Note to the Committee.

We also indicated that it was contrary to the company's mandate from its inception. However, in an effort to resolve this massive payout, the new board appointed a quantity surveyor to verify the claims made by the contractors. In the interim, some contractors sued the company for outstanding payment and I have a list here of the contractors who sued, who took legal action. The project had a very, very short lifespan, Mr. Chairman, and that is from June 2015 to August 2015. I want to repeat that $160 million was being claimed for projects undertaken, allegedly, between June 2015 to August 2015.

Mr. Chairman and members of the Committee, you will be shocked and surprised when the QS presented his report. After it was assessed, it was a whopping $100 million less. In other words, some of the claims made by the contractors were drastically inflated. In fact, there is one example, which is sub judice, I would just give you the example, one contractor did absolutely nothing but made a claim of $3 million. It is very serious, serious matters we are faced with.

What we have started doing is some contractors who did not go to court are willing to negotiate and look at the quantity surveyor's report and, perhaps, come to a settlement, because they did work. The claims were a bit high. In some cases the claims might have been lower. The QS report was higher. Sorry, the contractor claim was lower and the QS report was higher.

The other big major problem we have is the unaccounted $21 million. The board received a letter dated the 23rd of January, 2019, from the EMA, which confirmed that $21 million was released to CEPEP on the 27th of February, 2014, by bank transfer OT742014678. The then board opened a separate account with the funds at First Citizens Bank here in Port of Spain. Since our discovery, and I would put it as discovery, it came about because a company was suing again. Since our discovery of that release, the information regarding the account, we are awaiting vital information from the bank as to the disbursement of the funds. The whole account was used up. All the $21 million was used up. We cannot find any records how the money was spent, who withdrew the funds, et cetera. The bank has promised to provide the necessary details.

Another issue came up, the construction of box drains, again a deviation from the CEPEP mandate. A total of 85 contracts were awarded for the construction of box drains during the period 2012 to 2015 by CEPEP. It must be noted that half of the total amount of contracts awarded went to the Penal/Debe areas, 41 to be exact. A total of $143 million was spent in that period. Maybe the auditor can provide information as to how the contracts were awarded. The contracts were awarded by tendering process. How did the company arrive at the decision to build box drains in those respective areas? Some other areas benefited, of course, but mostly in south. I have the list here, all the contracts that were awarded and the cost.

[*Mr. Ford holds up document*]

Mr. Chairman: You will make that list available to us?

Mr. Ford: Yes, of course.

Mr. Chairman: Thank you.

Mr. Ford: I thought we had sent that to you. You should have that.

The other issue that came up was the outstanding payments to Inland Revenue. One of the major embarrassments we encountered was the outstanding sum of approximately $7 million owed to Inland Revenue for the period 2010 to 2015. The General Manager would elaborate on that matter.

Another area that is of concern to us, but it has stopped, is what was referred to as the marine or coastal contracts. Some contractors were paid $250,000 a month. I think there were about five, Mr. Eddy? Five. In fact one of the contractors did not even have a boat, but he was getting $250,000 a month. But despite all of this, you know, we continue to do our work. We have approved a number of policies, different policies. As we go along, we will inform the Committee. I am sure we have provided a list of what we have approved so far.

The other major problem we encountered was the question of the external auditor.

Mr. Chairman: Okay. Chairman, thank you. You have raised some very, very important matters here, that I am sure we will want to interrogate in depth. As you were just about to talk about the external auditor, I think that might be a good opportunity to segue. Because you had talked about the period June to August, 2015, that $116 million—

Mr. Ford: 1-6-0.

Mr. Chairman:—issue. And the external auditor, Hardys Chartered Accountants resigned in the preparation of the financial statements, year ended 30th September, 2015. So I wondered if it might be a timely moment to hear from—

Mr. Ford: No, Mr. Chairman, I crave your indulgence. No, no, no. I have a problem with that, and I want you to hear me first before this gentleman speaks. Because internally, we attempted to settle that matter. The audit committee invited the external auditor to a meeting and he refused to attend. And the Minister of Finance had sent a letter to me, indicating that the chairman of the board must not get involved in audit and tendering matters.

Mr. Chairman: Understood, Chair, but—

Mr. Ford: And we wanted to settle some—I have the matters here outstanding.

Mr. Chairman: Chairman Ford, we asked for the auditor to be here today. The auditor, under the Companies Act, is required to be an independent, impartial voice. We are interested in hearing the auditor and you will have an opportunity to reply.

Mr. Ford: No, but you see, Mr. Chairman, the point I am making, and you are not listening, the point I am making is that we attempted, the company attempted, to deal with this matter. We do not want to deal with the matter unless I am present. So, I am here now, so "he want tuh talk". But I will not take part in this meeting if that is the case. I will not take part, because we, he is insisting and he has his own way. He wanted to control the board and now he has—somehow or the other, he got involved and he is here, so that he insists on having me present. I do not want to be present while he on—

Mr. Chairman: Chairman Ford, we do not want to pre-empt anyone.

Mr. Ford: No, no.

Mr. Chairman: I think we are interested in hearing, and we can make our own determinations.

Mr. Ford: Well, Mr. Chairman, I am not—because this gentleman refused to meet with the audit committee. He insists on meeting with me. Now he has a chance to sit down next to me, in front, while my financial person is in the back. I—no, no, Mr. Chairman. This is wrong.

Mr. Chairman: As you know, Chairman Ford, I have very high regard for you. We go back many years, and I can certainly assure you that nothing will be allowed to take place here that would be in any way seen as a "besmirchment" against your personal good name and reputation. But this Committee has a certain oversight function and we are interested in hearing all aspects of the company. You will—

Mr. Ford: One question, Mr. Chair. I do not want to interrupt you. One question: Why is it that he refused to meet with the audit committee to settle all these matters?

Mr. Chairman: We will ask him that. We can start with that. So, Mr. Bridglal, if you can answer Mr. Ford's question and then—[*Interruption*]

Mr. Ford: I will leave.

Mr. Chairman: We are interested in hearing.

Mr. Ford: I will leave.

Mr. Chairman: Sir, it is your call, but I would really encourage you to stay.

[*Mr. Ford departs*]

Mr. Bridglal: Good morning again. When we resigned as the auditors, there were three reasons. In summary, the first one, there was restricted access and refusal by the company to supply pertinent information. That information had to do with the use of the going concern assumptions, as to whether or not the company was doing the proper thing, as far as the looking at the going concern of the company. We requested information, we never got it. There was a refusal from the company to provide the information.

The Chairman made public statements against us. Right? We did write to the Chairman a few times requesting meetings to deal with it. We never got any response. All that is detailed in our submissions to the Committee. So the Committee should have a detailed explanation as to all the steps we took in order to meet with the Chairman and deal with the statements that the Chairman made.

Towards the end, there was a deliberate breakdown in communication by the board of directors to us as the auditors. We tried everything to resolve these issues and it reached to an untenable position. We had no choice but to resign.

The last meeting the Chairman is speaking about there, in which we refused to—which he says we refused to attend—that really had to do with they called us for a meeting after the Chairman made his comments and after we tried to get some sort of explanation from him. And there is no way we could have gone about business as usual dealing with the audit committee, right, when the Chairman has made these public statements and it was carried in all the newspapers and that sort of thing. That was so pertinent that it had to be done and dealt with before business could have continued as usual.

Mr. Chairman: Thank you. May I just state for the record that Chairman Ford has absented himself from this meeting? I take it that the Deputy Chairman, Ms. Marilyn Mitchell would be able to assist?

Ms. Michael: Michael.

Mr. Chairman: Michael, sorry. Thank you. Questions?

Mr. Leonce: Good morning, again. I would like to ask: Was there a submission besides, based on your letter of resignation, basically indicating breakdown between yourself and the board? Was there an attempt to meet with the managing director or the CEO at that point in time?

Mr. Bridglal: Yes. On numerous occasions we called. We were trying to get, at least, some sort of feedback. We got no response to our emails, no response to our calls. So we did try.

Mr. Leonce: So, the invitation to meet with your good selves would have been one by who?

Mr. Bridglal: Could you repeat that question please?

Mr. Leonce: Who would have invited you to meet?

Mr. Bridglal: You mean the final meeting?

Mr. Leonce: Yes.

Mr. Bridglal: That would have been from the Corp Sec.

Mr. Leonce: And as a company that would have done work, did you not see that as an opportunity to lodge your documents?

Mr. Bridglal: No, because the meeting was—we were invited to the meeting and there was the expressed intention from CEPEP that they would not discuss the statements made by the Chairman. And like I just previously explained, we reiterated and we did say to the Corp Sec that due to the severity and the intent in which these statements were made by the Chairman, we had to resolve those issues first before we could have gone forward with dealing with the business of the audit.

Mr. Leonce: So your refusal for the meeting was basically based on statements and not necessarily to deliver your service as they would have contracted you? Is that correct?

Mr. Bridglal: That is correct.

Mr. Leonce: Okay.

Mr. Chairman: I am trying to get a sense as to what was the underlying problem. Is it because you were not getting information that you were asking for?

Mr. Bridglal: That is one of the reasons. On the 10th of May, 2018, we sent a letter and the title of the letter is: "The Audit of the Financial Statements—Management's Use of the Going Concern Assumptions in the Preparation of the Financial Statements". Now, what has happened was that the company displayed an inability to pay its creditors on the due dates. We saw, from social media and everywhere else, that there were legal proceedings against the company, which resulted in claims that the company could not have settled. There was a levy on the assets of the company. That now are the underlying conditions and factors that show that the going concern of the company is in doubt. So we had to do additional auditing tests. So, based on that, we sent a letter. We requested information and we never received the information. Now, that is very pertinent to the finalization of the audit. Without that, we could not have continued.

Mr. Chairman: So, if I recall, it is a legal requirement for a company to have an external auditor. Is that so?

Mr. Bridglal: It is not a legal requirement, but it is a requirement for the state enterprise.

Mr. Chairman: Right. And what is the role of the external auditor?

Mr. Bridglal: Our role is to provide an opinion on the financial statements, which is prepared by the management and the directors. So we, our role in that is very simple; we do audit tests where we need to get reasonable assurance that the financial statements are as a whole, true and fair, in simple terms.

Mr. Chairman: Thank you. Member Leonce.

Mr. Leonce: Chairman, I would just like to make a general comment. I would think it that we do not question the accountants, based on personal issues between himself and the Chairman. I would like, however, that the information that he would have been contracted for, be somehow submitted where we can assess and analyze what are some of the issues. I would not like this hearing to turn out to be something personal between the accountants and the Chairman.

Mr. Chairman: Thank you for that, member Leonce. And absolutely, we agree. We are really interested in the finances; not really anything of an ad hominem basis. Member Crichlow-Cockburn—

Mr. Bridglal: Chairman, could I comment on that? It is nothing personal, first of all. And, secondly, what we were contracted to do, right, was our audit objective. Our audit objective was to obtain reasonable assurance, whether the financial statements as a whole were free from material misstatement and to issue an audit opinion on it. Because we did not get the information which was required, we cannot issue an opinion, and as such we cannot comment or anything else on the audit of the financial statements. So there is no way, without us issuing an audit opinion, that we could comment or discuss anything else because it all ties in. We need to look at the financial statements as a whole, and give an opinion on that.

Mr. Leonce: Now, I understand that, you know. I am simply saying that you were requested to a meeting by the Corp Sec. I am thinking that this should have been dealt with at that meeting. Instead, you stymied, or you deliberately gave hindrance to the completion of your work because of something personal between yourself and the Chairman. And I am saying that you would have been given an opportunity when the Corp Sec, which I think is the right way of communicating to yourselves, to meet to discuss these issues that would have allowed you to complete your professional contractual arrangements. I do not want this, Chairman, to be a to and fro. I just wanted to make that statement.

10.50 a.m.

Mrs. Crichlow-Cockburn: Thank you, Mr. Chairman. Mr. Bridglal, in your letter of the 31st of October, 2018, you indicated there has been an outright refusal by the management of the company to provide us with this pertinent information. Could you indicate what is the information and what do you mean by "outright refusal"?

Mr. Bridglal: The information we requested in detail had to do with the growing concern assumption. We requested management's assessment of the company's ability to continue as a growing concern: The risk assessment should include the management plan for future actions, cash flow forecast, management's assessment of all legal proceedings against the company, management accounts for the year ended 30 September, 2017, trial balance as at 30 September 2017, the age accounts payable listing as at 30 September 2017, most recent management accounts trial balance and age accounts payable listing, access to all Board Minutes held by the Board of Directors for the period 1st of October, 2015, to present, listing of all litigation and claims by creditors against the company and the names and contact of the company's legal counsel and attorneys for each matter. We gave them a deadline of three weeks and it was never presented to us.

Mrs. Crichlow-Cockburn: I think, for me, what I am trying to get at is the outright refusal. There is a difference in outright refusal and a company's inability to provide the information—

Mr. Bridglal: Right.

Mrs. Crichlow-Cockburn:—and that is what I am trying to get some sort of clarification on. And all of these items you would have listed, at what point in the audit were they requested and is it normal to request all of this information that you would have requested?

Mr. Bridglal: I would address the question first about the outright refusal. There was an outright refusal when we met when we presented the letter. The company's management did not think, at the point in time, that there was a growing concern issue. Right? With respect to your question on whether this is a standard thing that we do and we ask, when there is a growing concern doubt this is very standard. So this is something any other auditor, any other auditing firm, would have applied and would have requested.

Mrs. Crichlow-Cockburn: I am understanding you to say you felt there was a growing concern issue, the company did not think there was one, and I guess that is why they probably did not provide the documents. Were there further discussions to resolve that and is it that the company, at some point, would have formally indicated they are not prepared to submit the documents? I am just trying to get what really happened, because I am not getting that it was formally—as auditors, you were formally refused the documents. I guess later on we could probably ask the Managing Director.

Mr. Bridglal: All right. Attached to the submission we made to the Committee, there is a letter we sent on the 21st of August, 2018. On that letter, point 9, we could start there. On 16 February, 2018, we learnt via social media of a levy on the assets of the company by a contractor. This was later confirmed by the tradition news agencies. On Thursday 06 April 2018, I instructed my secretary to call for the General Manager, Mr. Eddy. She did not get through with him, but left a message for him to return my call; he did not call back. Monday 09 April, 2018, I again instructed my secretary to call for the General Manager. His secretary said he was in a meeting and my secretary left a message requesting he return my call. He did not return my call. Thursday 12th of April, 2018, I again instructed my secretary to call for the General Manager. She was transferred to his extension but he did not answer. Thursday 12th 2018, I sent an email to the General Manager requesting that he call me. I got no response or acknowledgment of the email. Tuesday 24 April, 2018, I sent an email to the General Manager requesting a meeting with the board to discuss the issue of the growing concern of the company in light of the levy of the assets of the company and the disclosure of other pending litigation matters by the Chairman in the public domain. Again, I received no response or acknowledgment of my email. Tuesday 1st of May, 2018, the Corp Sec, Ms. Nicole Gopaulsingh called. He said she is responding to a request to meet. She said the Chairman of the Audit Committee, Mr. Rick Cooper, cannot meet as he was leaving the country and was not sure how many weeks he would be away. She suggested a conference call with Mr. Cooper on Friday 04 May, 2018, we agreed. Friday 04 May, 2018, I spoke to Mr. Cooper and I explained my concerns with regard to the growing concern issue of the company in light of the levy by the contractor. I also informed him that we required additional information in order to ascertain the growing concern position of the company.

Mr. Chairman: We have the letters. Thank you. You have a question?

Mrs. Crichlow-Cockburn: I think I would want to address certain questions to the General Manager after.

Mr. Chairman: I believe, member Antoine? Yes, okay. So, thank you very much. We would now like to hear from the company, whether General Manager or Deputy Chairman.

Mr. Eddy: Good morning to you Chairman again and members. Let me just first start by—and, I do not want to get into the personal issues and all of that—saying, please bear in mind that this was a 2015 audit where none of the present board or management was there at the time. The issue that came about was—and we had spoken about it here at the Committee—was that there was information that was lost with the server crash. Neither the management nor the board could verify any of the information that was presented in the audit. That was clearly stated from the very beginning, and that was the main basis for us going back and forth with the auditor. There was a lot of conversations back and forth. There was an Audit Committee with a Chairman, there was a Finance Manager that was in constant contact. So all of these days that he just responded to and called actually predates any of the requests that he is referring to. So I do not know the significance of this.

The auditor was in constant contact with our Audit Committee, chairman as well as the finance manager. There were a number of issues. As a matter of fact, the issue of the growing concern when it was raised, was responded to by the finance manager and I have emails to the effect. We indicated that it had nothing to do with the fact that this growing concern, because it was indicated to the auditor that this was a company that just received $122 million in the mid-year review and our only reason for the levy was that we were ensuring that we did not just go and spend Government's money and pay out $160 million.

The Chairman talked this morning about what it actually came up to in terms of work that was done. So I am very happy that we took the stance that we did in terms of being able to take the matters to the court as well as get a quantity surveyor to be able to deal with those matters. So I really do not want to go back and forth. We did provide the auditor with quite a bit of information even withstanding that, as I said, that none of us were there at the time. So our main reason for some of the questions—and I am not an auditor—but there were quite a bit, as I understand it from my finance manager at the time, there were some ML points that came from 2012—between 2012 and—which is even worse and this board of management was actually acting to support information for that. So, there were a number of issues that came up with the auditor.

There was a very cordial relationship until the very end, and we felt at the end, and he stated, you know, he was called to a meeting with the relevant individuals that was handling the audit which was the committee, the Chairman and the finance people, as well as the General Manager and he refused to attend. So, at the end of the day, the resignation—we did not get rid of the auditor. The auditor resigned. I mean, I am not sure why. There is a lot of back and forth and a lot of information. However you hear it here, it would probably be one side. So I just heard one side and I am a lil bit shocked at some of the things that I have heard, but I could tell you very clearly, what our reasoning were as a management, and I was not prepared. The Chairman of the Audit Committee was not prepared and the Chairman was not prepared to sign on to something that we could not verify the figures. That was our only beef. We wanted to be able to verify the figures and we had to be able to rebuild the information. First of all, we talked to you about finding the information and, eventually, we were able to recover it. We are still in the process of trying to rebuild that information and that was our main reason.

Mr. Chairman: Thank you and thank you for reminding us that, at that time, none of you present were on the board.

Mr. Eddy: Yes.

Mr. Chairman: But it is a little discomforting and, perhaps, a little unfortunate that you all were not able to work more closely together because the auditor has a particular role to play. The auditor does require to have the necessary resources and access to information that will enable him to fulfil his mandate and where, as you have indicated, there was this computer crash and there was a real difficulty in being able to put together the information, one might have thought that you could have worked together to address that particular circumstance. Remember, the auditor provides Corporation Sole as well as the directors with accurate financial statements, and he serves as an independent and objective party to monitor the company's financial circumstances. Members, you have questions?

Mr. Mark: Yes, may I? Good morning. Mr. Chairman, I would like to put on the record as a member of this Committee my complete shock and disappointment at the disrespect and contempt shown towards this Committee by the Chairman of CEPEP. That is my personal view. I want to record that.

I want to also say the following, and I am asking Mr. Anil Bridglal; we have to be very blunt and frank here. Hardys produced accounts which were approved in 2012, in 2013, in 2014. According to correspondence you have circulated and we have in our possession, you had completed your field work for the accounts of 2015. All you were waiting on were signatures from the manager. In fact, I have a paragraph that says in your correspondence that there was agreement with the accounts of 2015, both from Mrs. Judy David and Mr. Keith Eddy. The accounts were agreed upon. However, we requested the management representation letter and director's representation letter be signed.

What I want to ask is that if all this field work was done, the accounts were agreed upon by Mr. Eddy and Ms. David, what would have prompted this new development where we are being told—and up to now I have no evidence, no information. This Committee has no evidence, no information on this so-called crash of the computer—and I would like to know whether you as the accountant, the external auditor, can you explain to this Committee, why the accounts were not completed in 2015 even though all the field work was done, even though it was agreed upon, but they were not signed off? And what has happened to the accounts for 2016 and 2017 since you only resigned in October or thereabout of 2018? Could you share with this Committee, at least clarify these matters and could you share with us this request for back-up information that was made to you by CEPEP when they indicated to this Committee that there was a computer crash on the server—the server crashed and they asked you for possible back-up information. Could your clear the air or these matters for us?

Mr. Bridglal: Firstly, we did not produce the accounts, we did not compile it. That is the responsibility of the board and management. We, as the auditors, we audit the financial statements. I think that is something that everybody needs to get clear, that we are not responsible for the preparation and presentation of it. We are just there to give an opinion on it.

Even though the field work was completed, and there was a meeting and it was approved between the auditors and the management, two months after that meeting in June, sorry—in February the following year, before the accounts could have been finalized, that is when there was the levy on the assets of the company. By that instance and that situation, that cast a growing concern, doubt on the operations of the company. At that point in time, we had to do additional audit work to satisfy ourselves that the company is not a growing concern risk, and that is why we asked for all this information.

Now, they did say, well, the company has gotten a subvention from the Government and nothing else. We have no problem with that. It should have been done as an assessment. It should have been done through the proper channels, through the proper way, and we would have listened and we would have worked with them, but there was a refusal to give us this information, other than the conversation that we got a subvention from the Government. The back-up information, that is not our responsibility. It is the responsibility of the directors and the management to safeguard all the assets of the company. What we do, we audit the financial statements. It is not our responsibility to keep a back-up of their general ledger. It is a very long ledger. Think about every transaction that a company does. Right? We do not go through every transaction. We look at reasonable assurance, not absolute. So we test.

Mr. Chairman: So from what I am hearing is, when the levy took place, you became very concerned that the company was technically insolvent and still continuing to trade and do business?

Mr. Bridglal: It was not technically insolvent. They could not have met their debts so, like every other company, you reach to that position, you must have a plan. What we asked for, what was the plan?

Mr. Chairman: And may I now enquire from the officials of the Ministry of Finance, Investments Division, at what point did you become aware of the auditors' concerns?

Mr. Maharaj: Thank you, Chairman. It was sometime in October 2018 that the external auditor wrote the Chairman and copied the Ministry of Finance—I do not have the letter here—but he indicated his reasons for resigning from the audit engagement.

Mr. Mark: Yeah. Go ahead, go ahead.

Brig. Gen. Antoine: I am being confused by the timeline here. This audit that you were contracted to do was up to September 2015. What does this have to do with the levy in 2018?

Mr. Bridglal: When you are doing the audits of a company, right, you have to look at what we call subsequent events and events after the balance sheet date. We need to sign off these accounts sometime after the year end of the company. So there are auditing standards which we must follow where we have to look at whether or not the company is a growing concern, whether there were events that would have affected the company going forward. It was a lot of stuff. So we have to look at that and any factor up until the point in time in which we sign the audit report and the board of directors also sign the audit report. It is standard international auditing standards.

Brig. Gen. Antoine: And you are not of the opinion that you are exceeding your mandate—

Mr. Bridglal: No. Definitely not.

Brig. Gen. Antoine:—for an audit of 2015 in 2018?

Mr. Bridglal: Definitely not. Definitely not

Mrs. Crichlow-Cockburn: One question, please.

Mr. Chairman: Sure.

Mrs. Crichlow-Cockburn: Okay. The accounts were agreed upon in October 2017. If they had been signed on that date that would have been it, it would have been finished. Is that correct?

Mr. Bridglal: If we did get the representation letters by management and by the directors, yes it would have been signed off.

Mrs. Crichlow-Cockburn: Did you ever get those representation letters?

Mr. Bridglal: No.

Mrs. Crichlow-Cockburn: Why not? No, because I am little bit confused. Let me just indicate. The accounts were agreed upon in October 2017. In February, the auditors would have learnt via social media that there was a levy of one contractor, and based on the levy of one contractor, suddenly all the work that would have been done on all the accounts became almost null and void? Bear with me, I am not an accountant, I am just looking at it from a common sense point of view and what I am reading. So, it is suggesting to me that something more than what is presented in the paper here may have happened, because if it is just what is presented here, it makes very little sense for the accounts to not have been signed off, because the auditors could have signed off on the accounts and put an explanation or whatever concern they had in that document. That is what I am thinking. Maybe the people from the Ministry of Finance could then help us after you respond, please. Thank you.

Mr. Bridglal: It does not work like that. When the accounts were approved with the auditors and management, it has to go to the board. So we gave them enough time for it to go to the board. Remember you have a board meeting once a month. While we were waiting on feedback from the management, that is when the levy happened. Now, whether it is one contractor, whether it is 10, it showed that the company, to us, and to any other reasonable auditor, they could not have met their debts. That is what casted doubt on the going concern of the company and it was more than enough for us to start requesting information with regard to the growing concern. It did not put everything else before as null and void. It was a new condition that came on in which we had to do additional auditing work before the accounts were finalized.

Mr. Chairman: Member Mark, you had a question?

Mrs. Crichlow-Cockburn: Could I just complete? Okay. So you said they had to give this information. Is it that once a company did not give you that information you would have resigned from any other company once that was not provided? I am trying to get an understanding, because I have been in organizations before where the auditors would have done their sign off and they would have indicated what the areas of concerns were as apart from just after having done all that work, all the years have elapsed and there being no financial statements that would have been audited. So I am just trying to get an understanding of that.

Mr. Bridglal: With any other company, we could have completed the audit without that and issue a modified report. But like I said in my resignation letter, there were three issues: one was the lack of information concerning the growing concern. The other one which was very pertinent in which we had to deal with was there was an outright refusal from the Chairman to even deal with us, was the public statements he made on a press conference which was held on Thursday July 26, 2018, where he said:

> The external auditors Hardys has been considered by us as hostile. We are trying to work out a mechanism to move him and bring in external auditors as we can get to the truth and the bottom of all this.

He said:

> We were trying to find a way to remove the external auditor and get an objective person. The external auditor is very hostile. The auditor is not carrying out his duty to bring this up.

Now, when you have a client and the Chairman of the board is making these statements in public, these are issues that have to be resolved before the audit could continue. We cannot have a client making these type of statements in public about the auditor and not deal with it.

Mr. Chairman: I think we got the point. You said there was a third issue?

Mr. Bridglal: The third issue was the breakdown towards the end, communication with management.

Mrs. Crichlow-Cockburn: Mr. Chairman, it is a lot clearer, because I understand now that clearly the main thing was the comments of the Chairman and the auditors, the way they received it, because other than that the account itself, it was not making sense. So I understand now that the bigger issue was that issue with the Chairman and the statements he made.

Mr. Chairman: It seems like a breakdown in the personal relationship. Yeah. Member Karim?

Mr. Karim: Yeah.

Mr. Mark: I just want to follow up briefly, Mr. Chairman. Was it a breakdown in personal relations or was it something more than that? We are hearing about this computer crash, and I am asking myself the question—because we have a another matter to deal with in short while—is it a personal difference between the Managing Director of Hardys and the Chairman of the board of CEPEP? Because you see, I would not like to leave this meeting and come to the conclusion that it was purely personal, because it seems to me in reading what I have read, it is something more deep than personal, and that is why I agree with my colleague, we need to get to the truth of this, because we are not getting, from where I sit, the real story. What caused this development all of a sudden because Hardys had been there for several years, and you were producing reports on a regular basis. There was a change of administration and, immediately thereafter, there appears to be some challenges. And could you share with us whether it was purely personal, was it political or was it deeper? What was the reason for this breakdown in communication between your company and the CEPEP company? What was the reason?

Mr. Bridglal: We have always had a very good relationship with the management and directors of CEPEP. Even as the administration changed, we had a good relationship with Mr. Lynch, who was there as the Chairman. Up until the comments by Chairman Ford, I thought we had a good relationship with Mr. Eddy, with Ms. David—we were communicating. Today is the first day that I am actually in the same room with Mr. Ford. I have never spoken to Mr. Ford. I have had no communication with Mr. Ford other than the letters which I sent which he never replied to. So at that press conference when he made those comments, it came as a total shock to me. I have never met Mr. Ford. I have no relationship with Mr. Ford. I have no idea why those comments were made. So that is why as the auditors, we needed to talk with him directly rather than go through any conduit or any employees.

Mr. Mark: I want to ask the Deputy Permanent Secretary, Ms. Lutchman, given all that took place between these parties, can your advise whether any formal report was made to Corporation Sole or maybe I could also ask the Ministry of Rural Development and Local Government on this situation that impacted on the operations of this organization? Was there any formal report coming from, let us say, Hardys to you or CEPEP to you Corporation Sole, and then I would ask the Permanent Secretary whether they got any formal report on this breakdown?

Ms. Lutchman: Member Mark, through you Chair, there was no report done. The external auditor has no obligation to report any matter to the Ministry of Finance as Corporation Sole. The board would have engaged the external auditor and, therefore, the communications would have been initially—and I am hearing that he would have engaged the audit committee. I heard he spoke with the chairman of the audit committee, which the external auditor is required to do—but to say that there was any formal report from the company, no.

Mr. Mark: What about the Ministry of Rural Development and Local Government Permanent Secretary?

Mrs. Ramlogan: I would also like to report that that was no report made to the Ministry of Rural Development and Local Government on this matter.

Mr. Mark: Okay.

Mr. Karim: Thank you very much, Mr. Chairman. Since the Chairman indicated whether I am asking questions on this matter, I would now state on this matter: Is it normal for Corporation Sole, Ministry of Finance and the line Ministry to not know about an incident like this? And if you did not know, as you are saying that you were unaware, who would you think it would be incumbent upon to ensure that you are made aware of this matter? And, thirdly, if you were made aware, what would you have done about it?

11.20 a.m.

Ms. Lutchman: Okay, normally we would receive board Minutes from the entity. We are supposed to receive signed board Minutes from CEPEP, and if, I would assume, that the audit committee would have raised their concerns or the board would have spoken about it at their meeting and recorded it in the Minutes of the meeting, and in our review of the Minutes we would have picked up on that and—

Mr. Karim: The question really is also, just not to interrupt you too much, when you all get these Minutes do you go through them and would you have noticed, or was it not written into the Minutes?

Ms. Lutchman: We would normally go through all the board Minutes and a report is done for each board Minute. Anything that needs to be escalated to the Minister of Finance is done. Any issues that we pick up we would write the line Ministry and the company on it probably for an explanation.

Mr. Karim: So based on your perusal of the board Minutes did you see, notice or identify any such matter that would have been drawn to your attention, and for subsequent action?

Ms. Lutchman: We have a little issue at the moment where we received unsigned board Minutes from CEPEP, and we have asked them to provide signed Minutes, because, as you know, we cannot assume the bona fides of the Minutes unless they are signed, so therefore we cannot review until they are signed.

Mr. Karim: How long now have you been noticing or seeing or receiving unsigned Minutes?

Ms. Lutchman: We wrote to the company in March of this year, and from April 2018 to September 2018 we received unsigned Minutes and, well, thereafter we have not received any Minutes from them. I would ask my colleague Mr. Maharaj to tell us whether it was highlighted in any of the Minutes.

Mr. Eddy: Could I say something? I mean, I need to defend the company here. We did write to the Ministry of Finance, we did write our line Ministry. As a matter of fact, we held a meeting with the Ministry of Finance to discuss this very same matter, and we did write to the Ministry to ask for advice on how to move forward. So, I cannot sit here and listen to my colleague saying that we did not inform them. There are letters that went. I was present at a meeting at the Ministry where we discussed this matter and we asked for advice on the way forward, and we actually did receive some correspondence from the Ministry.

Mr. Chairman: That you for that, I was going to ask you to—

Mr. Eddy: I mean, there are so many things I am hearing here this morning that are just not adding up.

Mr. Karim: What about the Ministry of Rural Development and Local Government?

Mr. Eddy: Sorry?

Mr. Karim: You had—

Mr. Eddy: Yes, we always keep our line Ministry informed.

Mr. Karim: No, you were informed in writing as well? You had a meeting with the Ministry of Rural Development and Local Government?

Mr. Eddy: No, I met with the Ministry of Finance.

Mr. Karim: No, I am asking whether your line Ministry is the?—Ministry of Rural Development and Local Government.

Mr. Eddy: Ministry of Rural Development and Local Government, yes.

Mr. Karim: Did you, in terms of the protocol relationships, did you advise them first and foremost in writing or auditor release so?

Mr. Eddy: Probably more than likely in writing. You are asking me to remember a lot of things, but more than likely in writing, because once we write to the Ministry of Finance we would cc our line Ministry.

Mr. Karim: Was there a meeting as a result of that—

Mr. Eddy: There was a meeting with the Ministry of Finance.

Mr. Karim: No, was there one with your line Ministry?

Mr. Eddy: No, there was not a meeting with the Ministry.

Mr. Karim: And why was there none?

Mr. Eddy: Because of the issue of audit, we were dealing with the Ministry of Finance and we needed some advice on how to move forward.

Mr. Karim: Certainly I was a CEO for many years, my line Ministry must know about these situations and must take action.

Mr. Eddy: But I just indicated that the line Ministry was informed.

Mr. Karim: No, I am saying—the question I was really asking, let me see if I can ask it again in a simpler way. Why was there no communication, meeting or otherwise, on a significant and important matter like this with your line Ministry?

Mr. Eddy: But I just answered your question. You are saying there was no communication and communication could be a meeting, communication could be in writing, and there was writing.

Mr. Karim: Was there a meeting?

Mr. Eddy: I just indicated that there was no meeting.

Mr. Karim: Well, could the Ministry representative tell us if the General Manager is saying that there was communication, why was a meeting not caused to be held on a critically important matter to the taxpayers of this country involving hundreds of millions of dollars?

Mrs. Ramlogan: Member, through the Chair, with due respect to Mr. Eddy, I would really like to request a copy of that memo that may have come to us because I am sure if that did come to the Ministry we would have requested discussion on that matter. So, maybe he did send it and we have not received it, so I cannot say. But if we do get a copy we would be able to address the matter. Thank you. And on the other question you asked with respect to the board Minutes, we did write the company February 04, 2019, asking for four items: the up-to-date strategic plan, the administrative reports 2016/2017, all outstanding financial reports and board Minutes from April 2018 to December 2018. We have not received those Minutes to date.

Mr. Karim: Just one quick question. But this is a very serious thing, because, I mean, I recall even as a Minister, a former Minister, there was a statutory time limit by which time an administrative report is supposed to be sent in.

Mr. Eddy: Member, those Minutes were sent.

Mr. Karim: No, I was asking about the administrative report.

Mr. Eddy: The administrative reports were sent, because we sent administrative reports up to ’15/’16, I believe, and we are currently finishing ’16/’17 and ’17/’18.

Mr. Karim: Okay.

Mr. Eddy: I am not understanding what is happening here.

Mr. Karim: Okay, well I was just really clarifying the relationship and the subsequent causation of information that will flow from the line Ministry, but the question I am also going to, is, was any of this matter, with respect to the external auditor, was this placed into the record? Because the administrative report would normally be presented to the Cabinet. Was this indicated in any administrative report subsequent to this incident?

Mr. Eddy: It is before—if it was, it would have been before our time. So it probably would not have been because there was—’15/’16 was not done by us, ’16/’17 was not done by us, and if you look at the dates of these matters it was after that period.

Mr. Chairman: And again, because we are oversight of state enterprises, and the question has to do with external auditors, I just want to remind the company that under the Companies Act, at section 173, the auditors have certain rights. Rights. Section 173 of the Act empowers the auditor of a company to require:

> “…the present or former directors, officers, employees or agents of the company”—to furnish to him—“such information and explanations; and…such access to records, documents, books, accounts and vouchers of the company…as are, in the opinion of the auditor, necessary to enable him to make”—his—“examination and report…”

And there is also a corresponding statutory duty on the directors of the company to obtain the required information and explanations from the parties concerned which can reasonably be obtained and furnished, and to furnish same to the auditor.

So, it seems to me that somewhere along the line the ball was dropped, and that is a real worry and concern to this Committee.

Mr. Eddy: Chairman, let me just indicate that the company, and Mr. Bridglal said it at the very beginning, there was never any issue between the management and Mr. Bridglal, and documents were provided. The only document I can recall that would not have been provided would have been the board Minutes, and that is where the board made a decision not to provide it. Management accounts—I mean, Mr. Bridglal was liaising with the then Finance Manager on a constant basis, and I am really sorry because the Chairman of the audit committee at the time, and the finance manager at the time are not here, and all of these issues were taken care of. There was a lot of communication, and this agreement I clearly remember that part in terms of the management letters, and I know the finance manager was going back and forth with the auditor to get the wording right so that we could sign off.

At the point in time they could not come to an agreement. So this issue about management agreeing, I cannot agree to sign. I said it at the very beginning, if I am unaware, the information is not there for me, I cannot verify it. My finance manager is telling me we cannot sign off on these things, and I am not signing off on it. So there was never any hostility. They were working together and we could not come to an agreement. That letter went, as I recall, it went back to the auditor, she made some changes, it went back to the auditor, there was disagreement, so we never agreed finally that this thing could be signed off, because the wording was not right in that letter.

So, you know, we have done, I think, as a company what we needed to do to make sure that we were signing off on something that we could defend, and that is what we are there for. We could not sign off on this information as a company. He is right, the auditor takes samples. We needed to be sure that that information for 2015 was current and proper, and we could not do that because of the server crash. And this is not no fiction server crash, this is something that happened. We are actually trying to rebuild that information as we speak.

Mr. Chairman: Thank you. I think we need to move on, but before we do, does anyone from the—officials from the Ministries—have anything else to add on this point?—and then we move on.

Ms. Lutchman: If I may, Chair. With regard to the going concern, there are—I am speaking in general terms and for the information of the Committee—there are some state enterprises that have similar issues, and they have written to Investments Division, Ministry of Finance, stating the concerns of the auditors and requesting certain letters from the Ministry of Finance which the Ministry of Finance has facilitated. So this issue, I mean, you know, CEPEP has its unique issues, but it is an issue that is faced by other state agencies.

With respect to the resignation of an auditor, an auditor may resign—an external auditor may resign—if the auditor feels that the reputational risk is high, the auditor, under their auditing standards can resign if he feels that way. With regard to the letter of representation, the management of the company is required to present representation that all the information and explanations provided by management are true and correct, and the auditor also requires that. So that is just for the information of the Committee.

Mr. Chairman: Thank you. I am going to allow one more question from member Crichlow-Cockburn and then we are going to move on.

Mrs. Crichlow-Cockburn: It is a short question and it is just for clarification for me. It may help the other members of the Committee. CEPEP is a state enterprise. Funds are from the Government. Is it that the auditors had a concern with respect to the Government's ability to pay? And it is of even greater concern, because they would have indicated they got an injection of $122 million, but the auditors still had the concern. So my question is, is it that there was a concern of the Government's ability to pay and support CEPEP going forward? And if that is what would have impacted their decision?

Mr. Bridglal: No. The concern we had was that the information that we required management to provide to show that the company is not a going concern was not provided. Yes, they said they would give a thing, but there were other issues. We had no problem if, like what the deputy secretary was saying, that they would provide a letter. That would add to the information. They, Ministry of Finance, would provide a letter stating, okay, this is the amount of money that is coming in. Management now would do a proper assessment and say, okay, this money comes in, this is how we would settle the claims. We requested the legal opinions of their lawyer with respect to each claim. We would take all that and we would make an assessment and say, okay, management is right, or management is wrong in providing and saying that, yes or no the company is a going concern or not, and it never reached to that point. There was just an outright refusal from the beginning.

Mr. Eddy: Well, Chairman, let me respond to that. Actually that was even discussed. Basically we said, if you are saying that this issue of going concern, you are basically saying that the Government is in bankruptcy. That they cannot pay. So, those issues were discussed and raised. We even asked the auditor for the working papers so that we can then get better comfort, and that was refused.

Mr. Bridglal: Chairman, could I just add one thing?

Mr. Chairman: No, I think I would like to move on now. Member Mark, you had a question.

Mr. Mark: Yeah, Mr. Chairman. Mr. Eddy, may I ask how long have you been working at CEPEP?

Mr. Eddy: Since July of 2016.

Mr. Mark: How long—can the Permanent Secretary indicate when was the board of directors appointed under Mr. Ashton Ford?

Mr. Eddy: Member, I will answer it. It was 2017.

Mr. Mark: It was 2017?

Mr. Eddy: 2017, and Mr. Ford himself was appointed in 2018.

Mr. Mark: 2018?

Mr. Eddy: Yes.

Mr. Mark: Can you shed light on a matter that is before this Committee; I call it the "million dollar question mark". It is a million-dollar question. It deals with an agreement between a former, I think manager, CEO, I would not call the person's name at this time, and this company called CEPEP. This CEO apparently worked for just about one year with this company and he was given $1 million in gratuity payments. I do not know what kind of salary, Mr. Eddy, this gentleman is working for, but he was the former CEO. What I found very interesting and bordering on almost—it requires an investigation—is that it says that the CEO covenants that he will not at any time disclose to any person any confidential information about CEPEP and the terms of this agreement.

Mr. Chairman, if someone has served his or her time and the person is leaving the company, and the person is entitled to X amount of dollars, the person is given that money and he signs off. But this kind of agreement that I have seen here has raised some red flags, and I would like, I do not know if you Mr. Eddy, or you would like to indicate the Corporate Secretary, or the Permanent Secretary, or the Ministry of Finance, who could explain to this Committee these terms and the basis for these terms, and whether the Permanent Secretary—it is $1 million—in the Ministry of Rural Development and Local Government was aware whether the Ministry of Finance, Corporation Sole, was aware, and whether they got approval for this agreement before it was signed off? Or whether this was an internal arrangement between CEPEP and the former CEO of this company? Could someone clarify for this Committee how this thing was executed? Why, et cetera, and whether the agencies were informed?

Mr. Eddy: Member, I could only attempt, because, again, it predated my coming into the company. This would have been the last CEO, and it would have been done under the Chairman at that time. So, just like you, we did find the letter and we saw what the payout was, and it raised some questions in our minds. But there is nobody here that would have any idea as to what took place. I could only assume that maybe the CEO at the time would have had a contract, because I think this was done in 2016, was it?

Mr. Mark: Yes, '16.

Mr. Eddy: So maybe he had a contract and at the time it may have been a two- or three-year contract, because I cannot see that just being gratuity payment. There must have been some pay-off for the contract or something. But the letter is—

Ms. Gopaulsingh: The contract did not include that.

Mr. Eddy: It did not? Okay. So then my Corp Sec is now saying the contract did not cater for a payout. So, I am unsure as to exactly, like you, what would have caused the letter that is in front of you and the pay-off that was—

Mr. Chairman: So, am I to understand that a former CEO was paid a gratuity of a million dollars, but you do not have a copy of his contract of employment?

Mr. Eddy: No, we do have a copy, that is why the Corp Sec corrected me and said that it did not allow for a payout.

Mr. Chairman: Because member Mark was trying to enquire what was the compensation package of that former CEO, and how was the gratuity calculated?

Mr. Eddy: We can provide the contract, the CEO's contract and the terms and conditions. I am not sure if it would shed any light on your question, member, but we certainly can provide that to you.

Mr. Mark: But in a matter like this, Mr. Chairman, would not the Ministry of Finance, given the quantum that is involved and the period of time that the CEO would have served, for a year, would not a matter like this require some discussion or at least some communication from the CEPEP board to the management? Because this was a decision taken by the board, the board of CEPEP, and that would have been in the Minutes that would have been transported to the Ministry of Finance, Corporation Sole. Can I ask the Deputy Permanent Secretary whether you can help this Committee in understanding whether such Minutes were brought to your attention involving this quantum?

Ms. Lutchman: Through you, Chair. Member Mark, I do not have that information at this point, and certainly we would write the Committee to indicate whether that was recorded in the Minutes and whether any communication was sent to the Ministry of Finance. However, I must say that the remuneration package of the CEO should be approved by the HRAC, and the contract of employment should have what the gratuity is supposed to be. So, I am not certain whether that sum or those terms were actually in the contractual agreement between the CEO—well, the CEO's contract, sorry.

Mr. Chairman: But, would a sum of a million dollars as a gratuity strike you as normal?

Ms. Lutchman: Definitely not normal.

Mr. Chairman: And is it typical in a contract of this nature to put in a gag with these types of non-disclosure provisions?

Ms. Lutchman: I have not seen any in my stint at the Ministry of Finance.

Mr. Mark: Well, can we ask, through the, Chairman, to Mrs. Ramlogan, whether you can also provide us, or hint to us whether you have Minutes verifying this payment and whether this kind of secret arrangement where you are told do not reveal any confidential information, is that something that is familiar with the signing off on such an arrangement, gratuity payment?

Ms. Ramlogan: Member Mark, through the Chair, I am not aware of any contract termination clause with respect to disclosure in the Ministry thus far, and with respect to if we were aware of that settlement package, I, like my colleague would have to do some research for the board Minutes to find out if there was such information shared with the Ministry. That matter predated my tenure.

Mr. Chairman: Would it be possible for us to get a copy of those relevant board Minutes?

Ms. Gopaulsingh: Yes.

Mr. Mark: Mr. Chairman, I just have one before you release me. I want to deal with an investigation report involving Weston Rawlins, can I ask whether—well, first of all, what are the credentials of one Mr. Leonard Charles? I have him down as an investigator. Can someone, Mr. Eddy, may you be of assistance to this Committee, first of all by helping us to understand the credentials of this gentleman in question, his qualification and fitness for this particular assignment? And also we understand from the material, that CEPEP at the material point in time had four vehicles in their possession. However, it appears from the material before us, Mr. Rawlins was assigned one of those four vehicles. Can you clarify for us whether this what I am saying is true that there were only four vehicles at the material point in time owned by CEPEP, and that Mr. Weston Rawlins was assigned one of those four vehicles? So, it is a two-part question, and give us also the credentials and qualifications of the investigator Mr. Leonard S. Charles?

Mr. Eddy: Member, Mr. Charles is an ex-police, a member of the Fraud Squad. I can give you a copy of his CVs that would detail his experience. He also has a company that does investigations. On your next question about the four vehicles at the time. Those four vehicles that we referred to were the four vehicles for the position of regional coordinator, which is one of the positions that requires a vehicle, and Mr. Rawlins is a regional coordinator so hence one of those vehicles would be assigned to him for his duties. And the way the assignment works is that you use the company vehicle for work, and when it is done it is either parked up at the compound or it is parked up at a police station or a corporation, or something of that nature.

Mr. Mark: Yes, and, Mr. Chairman, can I ask, through you, to Mr. Eddy, how was this gentleman selected, Mr. Leonard Charles? Was it on a sole select basis? How did he come about being assigned responsibility as sole investigator? Was that on the discretion of the board or did you have a series of persons—

Mr. Eddy: Actually he is on the company's—he has a retainer with the company for investigating any of the matters that we have, be it in some of the hotspot areas, be it when contractors have any issues with windscreens. Any of those types of matters when employees are threatened, anything that deals with that, that is the company's external investigator that handles those matters.

Mr. Mark: But how long has he been assigned these responsibilities?

Mr. Eddy: Approximately a year.

Mr. Mark: But how was he selected to be retained by the company to deal with all these matters? Was it on a sole select basis?

Mr. Eddy: I believe it was on a sole select basis. I do not think—actually not sole select, there was another person that was looked at and then a decision was made to choose Mr. Prescott as the investigator.

Mr. Mark: Can you provide this Committee with the material, Minutes, documentation, as it relates to how this investigator eventually was selected because you must have gone through a process? There must be material information available to the board of CEPEP, which you can make available to our Secretary if writing, so this Committee would be better appraised of how this exercise was executed? Thank you, Mr. Chairman.

Mr. Eddy: Will do.

Mr. Leonce: Thank you, Mr. Chairman. I would like to ask a question based on the Chairman's opening remarks. You spoke about outstanding funds to contractors. One of the statements he made concerned me, where workers were not paid their NIS, and as such, due to the breach in contract, some of the contractors were not paid. Is there any way that the CEPEP could intervene to ensure these workers are paid their NIS?

Mr. Eddy: Member, that is a very good question. Actually it does affect when the contractors—because we actually pay the contractors the moneys to remit NIS and health surcharge. So when it is not done, it means that the worker suffers at the end of the day. In my coming into the company we would have stopped the practice—we started the practice of withholding management fees to force the contractor to contribute. But some of the sums were so large that they could not, and some of them have exited the programme. So what we are currently looking at is, whether or not—and in quite a few instances the sums owed to contractors for management fees are either less, sorry, is more than what is owed to NIS payments in some instances.

11.50 a.m.

So we are looking at requesting that the contractors write to us indicating that we can actually use the fees that are outstanding to clear off their outstanding moneys that is owed to the NIB and to the health surcharge, and if there is a surplus it could then be paid to the contractors. Because that way we would fix the issue of workers being able to get their benefits if it is left as is then those workers will not, because in some instances, I do not believe those contractors will be able to raise the sums to actually pay it off. So it is a big concern for us that we are looking at.

Mr. Chairman: But, is it not a breach of the law to collect money for NIS and not pay? And in which event would the company not have reported it to the NIB?

Mr. Eddy: We have actually reported it. We sent all the names of the contractors that are in breach.

Mr. Leonce: Thank you. Where are we with that, have the contractors responded?

Mr. Eddy: Actually we currently—what we are doing is we are actually, we are writing to the NIB to verify the amounts that are outstanding. Once that is done then we would send letters to the contractors and see whether they have responded in order to be able to, for us to be able to go forward.

Mr. Chairman: And can you provide us with copies of those letters to the NIB?

Mr. Eddy: Certainly.

Mr. Leonce: You have an anticipated time of when that process may be—?

Mr. Eddy: Ideally with the companies hoping that we can actually get these matters cleared up maybe in the next two to three months.

Mr. Leonce: One other question: With respect to the outstanding amounts for contractors, I understand the Chairman would have said some to the contractors would have chosen to go to court and some did not.

Mr. Eddy: Yes.

Mr. Leonce: The payments for undisputed amounts, were these amounts communicated to the contractors?

Mr. Eddy: It is actually in current process. Some contractors were actually, one or two contractors were already agreed to take the quantity surveyor's amount and we are now negotiating with all in court as well as out of court to be able to clear off these matters. Because as the Chairman indicated there would be significant savings for the Government of Trinidad and Tobago if there is a $100 million that would be saved.

Mr. Leonce: I am happy to know that you all are at least initiating payments for the undisputed amounts and then you said you would move forward with the balance.

Mr. Eddy: Thank you, member.

Mr. Leonce: Thank you very much.

Dr. Henry: Morning everyone. My question is just for some clarification from Mr. Bridglal. How long have you been—at what point did you start being the external auditor?

Mr. Bridglal: We were appointed to audit the financial statements from year ended 30 September, 2012, then 2013 and then 2014.

Dr. Henry: Do you have a contract, or is it a—?

Mr. Bridglal: Yes, we do. We have what is called a letter of engagement.

Dr. Henry: And that letter has a specific timeframe? You were appointed for two years, one year?

Mr. Bridglal: At the beginning, we were appointed at every AGM. Corporation Sole passes a shareholders' resolution where they appoint the auditor for the next financial period. After that appointment and that resolution we issue what is called an engagement letter, which is a contract. So there is a contract for the audit of the year ended 30 September, 2015.

Dr. Henry: Okay. So there is no—so every year your contract has to be renewed at the AGM, basically then?

Mr. Bridglal: We are reappointed at the AGM. Yes.

Dr. Henry: You are reappointed?

Mr. Bridglal: Yes.

Dr. Henry: Okay. And what if CEPEP had a disagreement with you over any issue, it does not matter. What would the consequences of them terminating your services, would there be any?

Mr. Bridglal: I would depend on the issue.

Dr. Henry: Well, of course, I mean specifically. Let me get specific then and say, if there is a disagreement like the one that arose where they did not think there should not be any concern—your concern with them as an ongoing concern. Because did you have any issue with CEPEP before that—?

Mr. Bridglal: No.

Dr. Henry:—as an ongoing concern?

Mr. Bridglal: No.

Dr. Henry: Okay. So, what is particular about that incident that triggered the ongoing concern?

Mr. Bridglal: We went through it already. The three issues in why we resigned.

Dr. Henry: No, no. But, I mean there are other issues of outstanding moneys, of outstanding claims and so on going on long time with CEPEP.

Mr. Bridglal: Right. The levy.

Dr. Henry: So it is just the levy?

Mr. Bridglal: The levy was basically the trigger to show that there was legal proceedings against the company because they could not have satisfied their debts and a judgment was made and assets were being seized.

Dr. Henry: And then at that point, because we have heard statements that tend to indicate that there was some problem in terminating your services. What would have been the consequences for the company?

Mr. Bridglal: The company would have to answer that. If they decide to terminate us then they would deal with Corporation Sole.

Dr. Henry: No, but it should be in something in your contract, would it not?

Mr. Bridglal: I can provide a letter of engagement, I can provide a copy to the Committee.

Ms. Gopaulsingh: Good morning, through the Chair. In accordance with the engagement letter that Mr. Bridglal is referring to, there is no paragraph or clause in the letter that allows the company to terminate the agreement.

Dr. Henry: That is what I am trying to get at. Okay. So that is a serious matter. That is a serious matter. How could we have a contract on engagement like that?

Mr. Karim: Thank you very much, Mr. Chairman. Mr. Eddy, I think you indicated that you were having discussions with both persons who you owed in court and out of court. Have you set yourself and do you have the ability to settlement these payments and have you set yourself a time line by which you would want to take care of all these outstanding matters?

Mr. Eddy: Member, we actually would like to do it; a, as soon as possible in terms of the timeline. We are sitting and negotiating. So if we can get contractors to agree, we would settle those matters as soon as the contractors agree.

Mr. Karim: The other matter, I just want to ask, Mr. Bridglal if you would not mind. It seems as though from the discussions we had this morning at your major area of concern was the going concern aspect of the organization. But in our submission I just wrote it down there, you said "we had to do additional auditing tests", and what would have—what would those additional auditing tests be? And were you prevented from doing those as a result of not getting the information you required?

Mr. Bridglal: The additional tests on the going concern, we had to do these tests based on what we were requesting from the management, which was the assessments. We have to take a look at the assessment that management would make on the going concern of the company, the factors that were involved, how they are going to handle the outstanding claims, if they get a subvention from the Government, how is it going to be used, like a proper plan and that would have been the additional tests in which we would have to take a look at in order to make sure that the company is a going concern.

Mr. Karim: Did you get the impression, you know, somebody listening to this conversation here at home—

Mr. Bridglal: Yes.

Mr. Karim:—might even in their own mind construe a conclusion that the reason why you had the break down in this communication, and this relationship, and trust and so on, is possibly in some organizations, companies do not want the truth to be told by the auditor? Did you find that was happening in this situation? To be exposed.

Mr. Bridglal: Well, we are the auditor. We have unrestricted access to all information.

Mr. Karim: No, I am asking you in a sense whether you found yourself in this dichotomy to move forward because the company did not want you to have access to, or to expose certain types of information they may impinge upon the future, not only going concern but the reputation, the economy, not the economy of the country, but of the company?

Mr. Bridglal: Sorry, I cannot answer that.

Mr. Karim: All right. Let me just ask CEPEP. At all material times and this has to do with your relationship with the Corporation Sole, has CEPEP been conducting its business in accordance, resolutely so, with the *State Enterprise Performance Monitoring Manual*?

Mr. Eddy: The answer to that is, yes.

Mr. Karim: And then how come, if the answer is yes, I am seeing a letter before me dated 28th of August, 2018, signed by the Minister of Finance, the Corporation Sole, indicating that there was a decision taken to appoint all members of the board to the finance committee and he had to write advising that you are contravention of the *State Enterprise Performance Monitoring Manual*. Did that happen?

Mr. Eddy: Yes, I mean, it did occur. That is why it was written to the—it was corrected immediately. I believe at that time we were without a Corp Sec at that period and that decision may have been taken by the Chairman of the board at that time.

Mr. Karim: And how did the Corporation Sole become aware of this?

Mr. Eddy: Through a review of the Minutes.

Mr. Karim: Of the Minutes. Signed or unsigned?

Ms. Gopaulsingh: Signed.

Mrs. Crichlow-Cockburn: Thank you very much, Mr. Chairman. Mr. Eddy, I just want to get some clarification. The Chairman in his opening remarks would have indicated there was a health sector initiative and you now have claims amounting to $160 million from contractors. When was CEPEP aware, when did you all become aware of that $160 million in claims?

Mr. Eddy: I came into the company in 2016 and on coming into the company, probably a few months later, we started receiving letters from lawyers from one or two contractors from their lawyers as claims for payment for these amounts.

Mrs. Crichlow-Cockburn: Okay. I also have a big concern but you may not be able to deal with that, that over a three-month period you would have had contractors having claims of $160 million which means the projects were probably more than that. How many contractors are we speaking about? And how many projects were done?

Mr. Eddy: It is 17 contractors, roughly 17 contractors and I mean, the period of time and the amount of money did raise some concerns, which is why we felt that it was important to have the work valued. So, hence the reason for the quantity surveyor.

Mrs. Crichlow-Cockburn: Mr. Bridglal, just one question to you on this whole issue. As auditors, you would have had a grave concern with respect to the one contractor who would have levied, and the whole going concern issue arose. Was this 160 million, did that raise a red flag? Was that—would that have been an issue of going concern? Did you treat with this at all in your audit?

Mr. Bridglal: It would have formed part of the going concern issues where the company would not have been able to pay the debts and there were debts outstanding.

Mrs. Crichlow-Cockburn: My concern is, based on your letter of resignation, your trigger was the levy that you read about in the newspaper which did not have a figure. I would have thought that this $160 million would have been a bigger trigger and should have caused that going concern issue to be raised.

Mr. Bridglal: The trigger was not the levy. There were three issues for the resignation, right? The—

Mrs. Crichlow-Cockburn: No, sorry, Mr. Bridglal. In your letter, while you mentioned the three issues, your issue under not being provided with information was specific to that levy that was done, and it gave you cause for concern. My question is, it seems to me that this $160 million should have been a greater cause about the going concern and those questions that arose with respect to litigation. So I am just asking whether that was factored in when you raised your issue about a going concern.

Mr. Bridglal: It would have formed part of the overall assessment we made that the company has these debts in which they needed to settle.

Mr. Chairman: Thank you. Member Mark.

Mr. Mark: Yes, thank you, Mr. Chairman. Mr. Eddy, I wanted to ask whether the "million dollar man" has been sued by CEPEP?

Mr. Eddy: The answer to that is, he was sent a pre-action protocol letter.

Mr. Mark: So we paid somebody a million dollars and we get to realize that that we made an error. So we are now suing to retrieve that million dollars, is that so?

Mr. Eddy: No, I think the, I mean, as again, member, we did not specifically deal with that matter, we actually zero in, because that was the person in charge of all these health sector initiative matters also. So it is on that basis that he was sent a pre-action protocol.

Mr. Mark: All right. Can you provide in writing what is the current litigation cost to your company between the period 2015 to the current time?

Mr. Henry: Certainly.

Mr. Mark: Could you also provide us with a list of all the cases, legal cases before the court? Judgment debts that are outstanding, the names of the lawyers representing CEPEP, the nature of the matter and the status of these matters?

Mr. Eddy: Certainly.

Mr. Mark: And then could you also provide us with, I think Mr. Leonce asked this question, if I would want to reiterate it. A list of all funds owed to contractors at this material time and the names of those contractors?

Mr. Eddy: Will do.

Mr. Mark: And I want to deal with safety and health of the workers. Now, in your submission you did indicate to this Committee that there were some 88 OSH violation reports against contractors. You did not specify the time frame or the time period in question. Was it between 2015 to maybe 2018? We did not get that particular period that these violations took place as it relates to the CEPEP workers by the contractors.

Mr. Eddy: This would have been more recent.

Mr. Mark: Could you give us a timeframe as to—[*Interruption*] Is there a report, Mr. Eddy, on this matter?

Mr. Eddy: Yes.

Mr. Mark: Can you provide us with a copy of that report? And, Mr. Eddy, through the Chairman, would you be in a position to indicate what monitoring and evaluation mechanism on a regular basis is in place at CEPEP to ensure that these obligations by the contractors are met on a regular daily basis. For example, personal protective equipment, items for workers; boots, safety glasses and facemasks. I would imagine that you will want to ensure that these workers are given gloves, and aprons, and tools, and screens and these sorts of things. What mechanism is there in place to ensure that these workers are in fact provided with these and you are made aware of those pieces of equipment on a regular basis? Do you have a special team of people who would monitor these contractors?

Mr. Eddy: Member, the answer to that is yes. And we are actually currently doing an audit, but we have safety officers who visit these contractors as well as we have field officers who are there with them on a daily basis. And the safety officers would hold what we call tool box meetings, would point out any safety violations and those things are brought to the attention but it is corrected, those that can be corrected on site and those that cannot we would deal with it internally.

Mr. Mark: So, how many OSH officers you have on your establishment now?

Mr. Eddy: Currently, we have three officers. We haveactually just gotten approval to increase because it is a vast amount of contractors that we have to deal with.

Mr. Mark: And how often do you receive, let us say reports from these OSH officers, so that you as a company would be aware that they are complying with the standards that you would have established consistent with the OSH law.

Mr. Eddy: I receive the reports, there is a monthly report that goes to the board, but because I have a special connectivity to health and safety of our staff and workers so I certainly get it on a weekly basis.

Mr. Mark: Now, these contractors under the OSH Act are compelled to provide these personal pieces of equipment at no cost to the workers or are the workers called upon to dig into their shallow pockets to pay for these personal equipment? And, if that is so, is that inconsistent with the OSH Act?

Mr. Eddy: It is provided at no cost, member.

Mr. Mark: No cost. Are you satisfied from your assessment and evaluation thus far that these pieces of equipment are being provided to the workers who are engaged—6,000/5,000 workers on CEPEP?

Mr. Eddy: In most part, but part of the reason for the audit is that I want to be sure that the numbers actually prove what we are thinking and what we see. There are some issues, there are issues that we have to deal with on a daily basis and it is also a culture thing, member. You find that, you know, you might find people not using the visor, they might be smoking a cigarette while they are doing—all culture and behaviours and these are the things that we are trying to change.

Mr. Mark: Now, the question about these portable mobile toilet facilities, are these also provided by the contractors? Or do we have a situation where workers do not have that facility available to them, particularly female members of the work force.

Mr. Eddy: That is something that we are actually, I think we spoke about it the last time we were here and we have actually gone ahead now where we are looking at a pilot project of actually putting those facilities on a vehicle and having it available, particularly for the women that are out there doing work. So that is something that is currently under way. We are actually implementing that at this point in time.

Mr. Mark: Right. And finally, Mr. Chairman. What is the penalty that would be invoked by CEPEP for blatant violation on the part of contractors who fail to meet these requirements as it relates to personal equipment for the employees employed by them on projects throughout the country if they fail to do so?

Mr. Eddy: We take that very seriously. So that is why we have the officers going around and make sure it is being done. But ultimately that is a breach in the contract because it has to be provided and for breaches you could be terminated.

Mr. Mark: The audit that you talked about, how soon you anticipate that would start and how soon it will be completed.

Mr. Eddy: It should start next week, and it would probably take us about a month to get it completed. We want to look at all the tools and equipment and all the safety requirements, make sure that they are place, but that is something that we are currently engaged in.

Mr. Mark: Maybe I will ask the Chairman, because, you know, CEPEP workers have been complaining, to not only myself, but I am sure to many members here, about the kind of challenges that they are faced with by these contractors. I think, Mr. Chairman, it would be a good thing that we take on board the possibility of some surprise visits to sites throughout the country. So that we can interact directly with the CEPEP workers so we can get firsthand knowledge of whether their rights are being protected and defended by these contractors, or whether they are breached and/or violated against the laws of the country. So we would, I think that is something I would like to propose to the Chairman, so that we can probably look at that at some future time.

Mr. Eddy: Member, just one correction, they are not our workers. They are the contractor workers, which we are ensuring that there is actually some work. It is almost what you are talking about is similar to what we do on a daily basis is that we have to make sure that the contractor is providing what is required for this workers to perform at their optimal.

Mr. Mark: Yes. Thank you.

Mr. Chairman: And I gather that you monitor those contracts on an ongoing basis?

Mr. Eddy: Yes, Chairman.

Mr. Chairman: Thank you. I have a couple questions. In you submission when questioned about the procurement of a new external auditor you stated that a request for proposals is currently being advertised for the provision of external auditing services. Is it safe to conclude that the external auditor has been contracted?

Mr. Eddy: It is in the evaluation state, Chairman. The RFPs went out, it is being evaluated, I think by next week a choice will be made, and then we will send out the relevant letter.

Mr. Chairman: And could you let us know when that appointment has been made?

Mr. Eddy: Certainly.

Mr. Chairman: Thank you. Now, I would also like to get a copy of CEPEP's 2012 – 2015 strategic plan. And I would like to know what strategic objectives were achieved in the last strategic plan.

Mr. Eddy: Will do. Certainly.

Mr. Chairman: In your submission this is the submission of 5th of April, you stated that a request for proposals is currently being advertised for the development of a strategic plan. What period will that strategic plan cover?

Mr. Eddy: We have and I do not know, I think it was provided to the Committee, it may not have been this one. We have an Arthur Lok Jack report that had presented out some strategic objectives, which we have actually achieved. And I think we would have provided answers—there were specific requests made and we did provide answers on those achievements. So certainly, it would be point forward, because that Arthur Lok Jack plan, actually provided a strategic direction for the company. I am not sure if members have a copy of it, but if not, we can provide that also.

Mr. Chairman: Thank you. And in your submission at appendix F, you attached the company's draft fixed assets policy. When will this policy be finalized?

Mr. Eddy: It is going for board approval at the next board meeting.

Mr. Chairman: Very good, thanks.

Mr. Mark: One question I would like to ask, Mr. Eddy. We were told that some 24 contractors in April of 2019 attended a training workshop or several training workshops organized by CEPEP. Could you provide us, first of all, with what regions did these contractors or trainees come from? Where were these training workshops conducted? How were contractors chosen to attend these training workshops? And could you provide us with the names of these contractors who attended these workshops? And the cost of these workshops? And maybe the final area you could probably clarify for us, either put all these things in writing, of course, you can give us a brief summary if you want, or if you would like. And what benefits would the CEPEP identify from these workshops conducted thus far? This is an area I would like you to clarify for us, as I said briefly and you can probably give us it in writing.

Mr. Eddy: Member, this was very specific to contractors who were exiting the programme at the time.

Mr. Mark: Exiting?

Mr. Eddy: Exiting, but we felt that the workers—we had an agreement with the Ministry of Agriculture, Land and Fisheries in terms of the cocoa industry and we felt at the time there was an opportunity to get people employed in that industry. So there were arrangements between ourselves and the cocoa company that it did not cost us anything because they provided the training free of charge and they provided the training. So that on leaving CEPEP, and it was mostly in the rural areas, in the areas that we would have cocoa plantations, because they have a shortage of labour and those individuals who were interested were asked to attend that training so that can be trained and then pick up employment when their contractor's contract came to an end.

Mr. Mark: Okay. Would you be kind enough to provide those things?

Mr. Eddy: Certainly.

Mr. Mark: Thank you, Mr. Chairman.

Mr. Karim: Just as a follow-up, Mr. Eddy, in terms of the aspect of training. What you were really doing is more or less at the end of their contract you were seeing whether they could move on to any other occupational areas. But with respect to your relationship with the contractors, the ones that are currently engaged by CEPEP, do you have any recommended training, or have you engaged in any training plan with these contracted employees of any type?

Mr. Eddy: The answer to your question, member, is yes. We have a full slate of training that these contractors that we currently have on board will go through as part of their being in the incubator programme. So when they exit they would have had different types of training.

12.20 p.m.

Mr. Karim: How often if you could remember, off of memory, how often do you have that kind of training? And through whom is it delivered?

Mr. Eddy: Again, because of my timeline in the company, I am not sure what would have taken place in the past. I could tell you what we plan to do going forward. This training is something that we are starting to implement, probably as early as the next two weeks, and it will be held in different areas. So we are now choosing centres to make it easy for the contractors to get to, a centre that is close to them. So in the North, in the South, Central, so that we can begin the training. But there is a full training manual that we have sort of developed, so that contractors can go through it.

Mr. Karim: Who will deliver it?

Mr. Eddy: Both internal and external.

Mr. Karim: You mentioned just now when you were talking about the strategic plan and the points moving forward. You said that it was being done by Arthur Lok Jack, is it by Arthur? Or is it by the business school?

Mr. Eddy: It was Arthur Lok Jack Business School, there was a plan that was done—full plan—that was done going forward in 2016. I believe.

Mr. Karim: Okay. And what percentage of that you say you would have accomplished?

Mr. Eddy: I would say probably about—I think most of it—probably about 90 per cent or more.

Mr. Chairman: Vice-Chair.

Dr. Henry: Just a quick clarification from the Corporate Secretary. Are you in your experience, have you been submitting board Minutes that are unsigned?

Ms. Gopaulsingh: Through you, Chair, all signed copies of Minutes up until March 2019 have been sent to the Minister of Rural Development and Local Government, as well as the Minister of Finance.

Dr. Henry: And they have all been signed?

Ms. Gopaulsingh: All signed up until March 2019. The Minutes from the April meeting have not yet been confirmed—sorry April—up until April, 2019, as those Minutes were just confirmed at the May meeting.

Dr. Henry: Okay.

Mr. Chairman: Now, before I invite closing comments, there is something I just would like to put on the record. As you know we are a creature of the Constitution. We have a particular role and function to perform. Our powers are regulated under the Standing Orders and the Constitution and the law.

Now, Chairman Ford is the chairman of a state enterprise, and this is a body that is in receipt of state funds. We have the power under the law to send for persons, papers, records, and the power to require witnesses to answer questions. And witnesses must answer all questions put to them. In fact, the refusal or failure to answer a question may be tantamount to obstruction of the Committee and may be treated as a contempt and punished by the House, after it has been reported to it. So, Chairman Ford is under a duty to assist us in our enquiry. Now, I understand that this has been a somewhat emotional matter for him, but I am disappointed that he has chosen to absent himself from the enquiry this morning. And I certainly—while I am not going to characterize his actions—I do not want this to be a precedent. So, the Committee is going to deliberate and consider what, if any recommendations we will do in terms of dealing with this situation this morning. I leave it at that.

I now invite closing comments from the officials of CEPEP, Hardys Chartered Accountants, the Ministry of Rural Development and Local Government, and the Ministry of Finance, Investments Division.

Mr. Eddy: Chairman, I will simply say that we remain ready and willing to answer any questions, whether written or verbal that the Committee has, and we remain available. That is my closing comments.

Mr. Bridglal: No closing comments, Chair. Thank you for having me here for Hardys to give their side of the story.

Mrs. Ramlogan: Chair, we wish to thank you for the opportunity provided to us today to participate in this enquiry. We do hope that through our deliberations here today, we can now inform how the governance, structures, systems and procedures can be improved, and CEPEP can achieve its overall mission of building successful community business models, sustainable environmental projects, while ensuring equality, accountability, transparency, value for money, and efficient quality of services to our communities. Thank you.

Ms. Lutchman: The Ministry of Finance, Investments Division would like to thank you for having us here this morning. We would also like to say that we would continue to work with CEPEP in the monitoring function as well as the line Ministry, and look forward to continued and improved compliance with the SEPMM.

Mr. Chairman: Well, I would like to thank all of you for your contributions. Ladies and gentlemen, it would appear that this concludes our business today. I would like to declare the meeting suspended, and in closing, may I thank the company, the media, the viewing, and the listening audience. Thank you.

12.26 p.m.: *Meeting suspended*.

ATTENDANCE REGISTER

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2018/2019 Session, Eleventh Parliament

Name	31st Meeting 29.10.18	32nd Meeting 03.12.18	33rd Meeting 17.12.18	34th Meeting 14.01.19	35th Meeting 28.01.19	36th Meeting 11.02.19	37th Meeting 11.03.19	38th Meeting 01.04.19	39th Meeting 06.05.19	40th Meeting 27.05.19
Mr. David Small	√									
Mr. Anthony Vieira[3]		√	√	√	√	√	√	√	√	√
Dr. Lester Henry	√	√	√	√	√	√	√	Exc.	Exc.	√
Mrs. Cherrie-Ann Crichlow-Cockburn	Exc.	Exc.	√	Exc.	Exc.	√	√	Exc.	Exc.	√
Brig. Gen. (Ret.) Ancil Antoine	√	√	√	√	√	√	√	√	√	√
Mr. Adrian Leonce	√	√	√	√	Exc.	Exc.	√	Exc.	√	√
Mr. Fazal Karim	√	Exc.	√	√	√	√	√	√	√	√
Mr. Wade Mark	√	√	√	√	√	√	√	√	√	√
Mr. Garvin Simonette[4]		√	√	Exc.	Exc.	Exc.	√	Exc.	√	Exc.

[3] Mr. Anthony Vieira replaced Mr. David Small w.e.f 27.11.18
[4] Mr. Garvin Simonette replaced Mr. Ronald Huggins w.e.f 27.11.18