

# FOURTEENTH

REPORT  
FROM

THE PUBLIC ACCOUNTS  
(ENTERPRISES) COMMITTEE

EXAMINATION  
OF

An Examination of the Audited Accounts, Balance Sheet and Financial Statements of the Estate Management and Business Development Company Limited (EMBD) for financial year 2015 and follow-up on the Implementation of the Recommendations of the Committee's Seventh Report from the 11<sup>th</sup> Parliament.

## Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (P.A.(E).C) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

*“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and*

*(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”*

### Current membership

Mr. Wade Mark	Chairman
Mr. Rushton Paray, MP	Vice-Chairman
Mr. Fitzgerald Hinds, MP	Member
Mr. Stephen Mc Clashie, MP	Member
Mr. Keith Scotland, MP	Member
Mrs. Renuka Sagrarsingh-Sooklal	Member
Mrs. Laurel Lezama-Lee Sing	Member
Mrs. Hazel Thompson-Ahye	Member

### Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Parliamentary Research Specialist
Ms. Rachel Nunes	Parliamentary Research Specialist
Ms. Anesha James	Administrative Assistant
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### Publication

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Members of the Public Accounts (Enterprises) Committee



**Mr. Wade Mark**  
Chairman



**Mr. Rushton Paray**  
Vice-Chairman



**Mrs. Hazel Thompson-Ahye**  
Member



**Mr. Fitzgerald Hinds**  
Member



**Mrs. Renuka Sagrarsingh-Sooklal**  
Member



**Mrs. Laurel Lezama-Lee Sing**  
Member



**Mr. Keith Scotland**  
Member



**Mr. Stephen Mc Clashie**  
Member

## Executive Summary

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee conducted **an Examination of the Audited Accounts, Balance Sheet and Financial Statements of the Estate Management and Business Development Company Limited (EMBD) for financial year 2015 and follow-up on the Implementation of the Recommendations of the Committee's Seventh Report from the 11<sup>th</sup> Parliament** and produced this report. This report details the issues, endorsements and recommendations made by the Committee to improve EMBD's performance.

The Report focuses on the following issues:

1. Late Submission of Audited Financial Statements;
2. Submission of the Strategic Plan;
3. The Impact of Legal Proceedings on the EMBD's Operational Efficiency:  
Infrastructural Projects;
4. Re-commencement of Sand Quarrying Operations;
5. The Absence of a Procurement Unit;
6. Lack of an Internal Audit Unit.

In light of the Committee's findings, the following recommendations were made:

### *Recommendations:*

- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - a. *A description of the EMBD's monthly reconciliation processes as well as the name and position of the person(s)/ department with supervisory responsibility for such processes;*
  - b. *A list of the training programmes undertaken by the Finance Department of the EMBD for the period FY 2018-2022, including the cost of these programmes, the facilitators and the expected benefits;*
- *The EMBD should report to Parliament by January 29, 2024 on the feasibility of conducting a financial analysis at the end of each audit cycle to identify possible gaps or deficiencies in its systems and/or processes. This process may be optimised by*

*leveraging accounting and auditing software to facilitate data management analysis and reporting;*

- *The EMBD should provide Parliament with a status update on the submission and approval of the EMBD's Strategic Plan for FY 2023-2025 by January 29, 2024;*
- *Given that the EMBD indicated that, the preparation of the Strategic Plan is done internally. The EMBD should prepare a brief feasibility report on the viability of having the person(s) and/or departments responsible for the preparation of the Strategic Plan rely on standardised templates for various sections of the plan to facilitate consistency and streamline the writing process. This will aid in ensuring the timely submission of the Plan. A copy of the feasibility report should be provided to Parliament by January 29, 2024;*
- *The EMBD should implement metrics to track the progress of the strategic plan's development, which would make it easier to identify and address delays. These metrics should be created alongside a contingency planning protocol which would anticipate the potential delays or challenges in the preparation of the strategic plan and develop solutions to ensure a smoother submission process. A copy of both the established metrics and contingency plan should be provided to Parliament by January 29, 2024;*
- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - a. *A status update on the EMBD's Infrastructural works including a date for the completion of all ongoing projects and the cost of completion;*
  - b. *A breakdown of the budgetary allocation necessary to facilitate the recommencement of infrastructural work;*
  - c. *A list of the legal proceedings that remain outstanding and current stage of those proceedings;*
- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - a. *A status update on the creation of the EMBD's 'Quarry Business Model';*
  - b. *The person(s) and/or department(s) responsible for the creation of this business model;*

- c. *A breakdown of the revenue generated from third party contractors/sand operators for the Coco Road Quarry since recommencement of its operations and the projected revenue for the duration of the contractual term;*
- d. *A date by which the Milton Road Quarry will be operational;*
- e. *Whether the respective quarries will use weighbridges to ensure accurate measurement of amounts of sand mined and therefore calculation of fees to be paid;*
- f. *The names of the third-party contractors whose bids were accepted by the EMBD and a copy of the lease agreement between EMBD and the third-party contractors for the Milton Road and Coco Road Sand Mines respectively;*
- *The EMBD should implement a financial management policy in relation to its sand quarrying operations to monitor financial aspects such as production, costs, revenue generation and profit-sharing by January 29, 2024. This will ensure the partnership remains beneficial to all parties. The EMBD should also bear in mind that each quarry and partnership is unique as such strategies should be tailored to the specific circumstances and goals the operations;*
- *The EMBD should confer with the MEEI and report to Parliament by January 29, 2024 on the feasibility of the Company collaborating with the Multi-Agency Taskforce.*
- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - a. *A list of the approved procurement positions under the new organisational structure;*
  - b. *A status update on the recruitment of persons for the approved procurement positions under the new organizational structure;*
  - c. *A breakdown of the annual salary allocations for these positions;*
  - d. *A brief report detailing the EMBD's assessment of the functions and structure to be implemented for its Public Procurement Unit;*
- *The EMBD should revise the terms of its Administration and Human Resource Policy regarding its 'contract renewal provisions' to allow employees to continue on in their positions. Confirmation of this recommended revision and of submission thereof to the Board for approval should be submitted to Parliament by January 29, 2024;*
- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - a. *An updated list of the vacant positions in the IAU;*

- b. A breakdown of the annual cost to fill the IAU vacancies;*
  - c. The expected timeline for the recruitment of staff in the IAU; and*
- *The EMBD should provide Parliament with a brief summary of the lessons learnt from the approach adopted for evaluating its operations, by January 29, 2024.*



## Introduction

### Establishment

The PA(E)C of the Twelfth Republican Parliament was established by resolutions of the House of Representatives and the Senate at the sittings held on Monday November 9, 2020 and Tuesday November 17, 2020 respectively.

### Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate also empower the Committee (but not limited) to:

- a. send for persons, papers and records;
- b. have meetings whether or not the House is sitting;
- c. meet in various locations;
- d. report from time to time; and
- e. communicate with any other Committee on matters of common interest.

### Ministerial Response

The Standing Orders<sup>1</sup> provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

### State Enterprises Performance Standards

The (PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The Government of

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<sup>1</sup> Standing Order 110 (6) in the House of Representatives and 100(6) of the Senate.

Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximize value for money for the national stakeholders and shareholders<sup>2</sup>

### Election of the Chairman and Vice-Chairman

In accordance with section 119(6) of the Constitution, the Chairman must be a Member of the Opposition in the Senate. At the first meeting held virtually on Wednesday November 18, 2020, Mr. Wade Mark was elected Chairman and Mr. Rushton Paray was elected Vice-Chairman of the Committee.

### Establishment of Quorum

The Committee is required by the Standing Orders<sup>3</sup> to have a quorum in order to exercise the powers granted to it by the House. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting held on November 17, 2020.

### Change in Membership

- By resolution of the House of Representatives at a sitting held on June 13, 2022, Mr. Stephen Mc Clashie, MP was appointed a Member of the Committee in lieu of Dr. Nyan Gadsby Dolly;
- Senator Amrita Deonarine ceased being a Member of the Committee when her appointment as a Senator was revoked on September 11, 2023.
- By resolution of the Senate at a sitting held on October 24, 2023, Senator Hazel Thompson-Ahye was appointed a Member of the Committee in lieu of Senator Amrita Deonarine.

### Determination of Date and Time of Regular meetings

The Committee is required by the Standing Orders<sup>4</sup> to sit notwithstanding any adjournment of the House. At its Second Meeting, the Committee agreed to meet on the First and Third Wednesday of each month at 9:30 a.m.

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<sup>2</sup> State Enterprise Performance Monitoring Manual – Ministry of Finance Website accessed on August 8, 2023 <https://www.finance.gov.tt/2017/05/19/state-enterprise-performance-monitoring-manual-2011/>

<sup>3</sup> Standing Order 87(2) of the Senate and 97(2) of the House of Representatives

<sup>4</sup> Standing Order 101(b) of the Senate and 111(b) of the House of Representatives

## Methodology

### Determination of the Committee's Work Programme - Third Session

At the Committee's Twelfth meeting held on Wednesday February 01, 2023, the Committee identified the following entities for examination during the Third Session of the 12<sup>th</sup> Parliament:

- National Commission for Self Help Limited
- National Maintenance Training and Security Company Limited
- Community Environmental & Protection Enhancement Programme Company Limited;
- Estate Management & Business Development Company Ltd;
- Sports Company of Trinidad & Tobago Limited;
- National Infrastructure Development Company Limited;
- Tourism Trinidad Limited;
- Urban Development Corporation of Trinidad and Tobago Limited
- National Flour Mills Limited;
- National Export Facilitation Organisation of Trinidad and Tobago;
- Trinidad and Tobago National Petroleum Marketing Company Limited; and
- Vehicle Management Corporation of Trinidad and Tobago Limited.

## The Inquiry Process

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

- I. The Committee conducted a review of the responses provided to the Seventh Report of the PAEC on the Examination of the Audited Financial Statements of the EMBD for the financial years 2008 to 2011. Based on the responses provided, the Committee wrote to the relevant entities to determine the status of the implementation of the recommendations.
- II. The Committee also conducted a review of EMBD's Audited Financial Statements for the Financial Year ended September 30, 2015. Based on an analysis of the financial statements, issues were identified and questions for written response were generated.
- III. Questions for written response were forwarded to the Ministry of Agriculture land and Fisheries (MALF), and Ministry of Finance – Investment Division (MOF-ID) on January 5<sup>th</sup> 2023. The EMBD's responses, were received between January 20<sup>th</sup> 2023 and January 27<sup>th</sup> 2023, and the MOF-ID's responses were received on October 6<sup>th</sup> 2023.
- IV. Preparation of an Issues Paper which identified and summarised matters of concern in the responses provided by the EMBD. Based on the responses received and the issues identified, the Committee agreed to have a public hearing.
- V. A public hearing was held on March 15, 2023. Representatives from EMBD, the MALF and MOF-ID were invited.
- VI. Questions for additional information were sent to the EMBD after the public hearing on March 29, 2023. The EMBD's responses were received on May 2, 2023.
- VII. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry. The Report will be transmitted to the MALF as the Minister with oversight of the

MALF for written response within sixty (60) days in accordance with Standing Order 110(6) of the House of Representatives and 100(6) of the Senate.

VIII. Carry out follow-up to monitor progress in the implementation of recommendations.

## Company Profile<sup>5</sup>

The EMBD is a limited liability company under the Government of Trinidad and Tobago. It was formed in August 2002. Its line Ministry is the Ministry of Agriculture, Land and Fisheries (MALF). The company is governed by a Chairman and Board of Directors. As the Government moves to make land development and land management more efficient and productive, the mandate of the EMBD has been gradually expanding to cater to this objective.

### **Residential**

Presently, the EMBD is developing thirty-two (32) residential sites, of which twenty-six (26) sites will be allocated to Caroni 1975 Limited's VSEP employees.

### **Agricultural**

Through a Cabinet decision taken in May 2008, the EMBD has the responsibility for the development and distribution of all State Agricultural lands. These lands are to be transferred to the EMBD via head leases. The EMBD will thereafter issue sub-leases to farmers and other agencies in accordance with government's policies. The EMBD will also treat with the leases for two-acre agricultural parcels, which are being developed for Caroni 1975 VSEP employees. As far as possible the EMBD will also ensure that policies to facilitate sustainable land use and its resources are adhered to, towards food security for the nation.

### **Quarry Management**

The Estate Management and Business Development Company Limited is presently overseeing two quarries located at the Esperanza Estate which was formerly managed Caroni (1975) Limited. The operating quarries are located at Coco Road and Windsor Park.

The stone quarry is located in the Guaracara area of Williamsville. Over the years, contractors shortened the name to "Waraca" and thus the yellow stone mined here is commonly referred to as "Waraca stone" by everyone in the construction industry. The sand quarries supply backfills material and red sand for plastering. The Guaracara yellow stone is mostly used as a subbase for road construction.

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<sup>5</sup> About the EMBD, Accessed August 8, 2023: <http://embdtt.org/about-embd-2/>

## **Board of Directors<sup>6</sup>**

Shameer Ronnie Mohammed – Chairman

Nadia James-Reyes Tineo – Deputy Chairperson

Isha Reuben-Theodore – Director

Eric William Griffith – Director

Nigel Seenathsingh – Director

## **Mission Statement**

“To develop systems for the management of State agricultural lands for the socio-economic benefit of the citizens of Trinidad and Tobago through an efficient, committed and innovative team”.

## **Vision Statement<sup>7</sup>**

“To be the leading agency in the management and development of Agricultural state lands while facilitating specified areas of business agreed to through collaboration with the key state agencies in a manner that provides professional, transparent and ethical services to all citizens.”

**Line Ministry** - Ministry of Agriculture, Land and Fisheries

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<sup>6</sup> EMBD Board of Directors, Accessed August 14,2023: <http://embdtt.org/about-embd-2/board-of-directors/>

<sup>7</sup> ibid

## Issues and Recommendations

In the Committee's examination of EMBD, the following issues were identified, and the corresponding recommendations made:

### **1. Late Submission of Financial Statements**

Financial Statements are essential to tracking the financial position of an organization and assist in the determination of its liquidity, financial position and financial performance<sup>8</sup>. In accordance with Section 3.1 sub-section 17 State Enterprises Performance Monitoring Manual (SEPM) <sup>9</sup>: "*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 unaudited half-yearly statements within two (2) months of the mid-year date subject to the approval of the Minister of Finance. It is further mandated that these summary statements contain the disclosures required by the Securities Industry Act, 1995*<sup>10</sup>." However, the EMBD's responses to the Committee's questions for written submission<sup>11</sup> explained that there were several delays in the submission of the company's Audited Financial Statements to Parliament. The EMBD indicated that in 2017 only the Audited Financial Statements for 2011 and 2012 were submitted. Further, in 2022, the EMBD only submitted Audited Financial Statements for the years ended 2013, 2014 and 2015, leaving seven (7) years of statements unaccounted for.

Moreover, the Audited Financial Statements which were submitted to Parliament for the period 2013-2015 in 2022, were issued with the disclaimer that the external auditor, Grant Thornton Orbit Solutions (GTOS) '*could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.*' GTOS justified this disclaimer stating EMBD:

*'was unable to provide the required supporting documentation to substantiate the existence, completeness, accuracy, valuation and allocation, rights and obligations and presentation for construction in progress, development work in progress, trade and other receivables, related party transactions, cash and cash equivalents,*

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<sup>8</sup> How Managers Use Financial Statements, Accessed August 8, 2023: <https://online.hbs.edu/blog/post/how-managers-use-financial-statements>

<sup>9</sup> The State Enterprises Performances and Monitoring Manual, Accessed August 4 2023: <https://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

<sup>10</sup> The Securities Industry Act, Chapter 83:02, Schedule 3, Required Disclosures: <https://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

<sup>11</sup> The Responses on the Examination of the Audited Accounts, Balance Sheets and Financial Statements of the Estate Management and Business Development Company, page 2- 4



*deferred government subventions, trade and other trade payables as at September 30, 2013 and the occurrence, completeness and accuracy of related income and expenditure for the year ended September 2013.*<sup>12</sup>

The EMBD asserted these documents could not be provided as they may not have existed or could not be located by the current senior management who during the period under review did not hold positions in the EMBD. Moreover, at the Public Hearing held on March 15<sup>th</sup> 2023<sup>13</sup>, the EMBD acknowledged that the terms and conditions of the contract for service between the company and KPMG granted KPMG unrestricted access to its records. However, EMBD indicated that these terms and conditions could only be upheld where the documents being requested were not subjected to legal privilege. Therein, since KPMG requested documents that formed part of legal proceedings<sup>14</sup> such as quantity surveyor reports and forensic reports, their request could not be fulfilled. Further to this, the EMBD detailed that it took three (3) years for KPMG to complete the financial statements for the period FY 2011 and 2012. The submission of the Audited Financial Statements was further delayed by allegations of corporate misconduct by EMBD employees, which required adjudication by a forensic specialist before the external auditor could continue its financial audit.<sup>15</sup>

The EMBD further detailed that the delays in the submission of the financial statements were due to the External Auditors (KPMG) withdrawing from the audit engagement in July 2020. As a result of this, EMBD then had to appoint a new External Auditor in 2021 pursuant to the requirements of the company's by-laws and the Companies Act, Chapter 81:01. This new External Auditor was GTOS Ltd.

In an effort to mitigate against the negative impact of the delays in the submission of the financial statement the EMBD's management and Board of Directors implemented interim measures such as ensuring interim draft financial statements and audit schedules for each financial statement component, for all outstanding years, were ready for audit by the new External Auditor. The Ministerial Response from the MALF to the Seventh Report of the PA(E)C<sup>16</sup>, an Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the EMBD indicated that the

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<sup>12</sup> Estate Management and Business Development Company Financial Statements For the Year ended September 30, 2013, page 3

<sup>13</sup> Verbatim Notes of the PA(E)C, page 23

<sup>14</sup> EMBD Responses to Requests for Additional Information, page 3-6

<sup>15</sup> EMBD Responses to Requests for Additional Information, Appendix A and B

<sup>16</sup> The Ministry of Agriculture Land and Fisheries' (MALF), Ministerial Report to the Seventh Report of the Public Accounts Enterprises Committee dated September 1, 2017

company took further steps to remedy the issue of its delay in the submission of the Audited Financial by creating an Action Plan which included:

- Schedules for the completion of draft financial statements;
- Interim audits to be completed before the end of each financial year; and
- An organizational reboot through the staffing increases and the implementation of training programmes in the company's finance department.

***Recommendations:***

- ***The EMBD should provide Parliament with the following by January 29, 2024:***
  - i. A description of the EMBD's monthly reconciliation processes as well as the name and position of the person(s)/ department with supervisory responsibility for such processes; and***
  - ii. A list of the training programmes undertaken by the Finance Department of the EMBD for the period FY 2018-2022, including the cost of these programmes, the facilitators and the expected benefits.***
- ***The EMBD should report to Parliament by January 29, 2024 on the feasibility of conducting a financial analysis at the end of each audit cycle to identify possible gaps or deficiencies in its systems and/or processes. This process may be optimised by leveraging accounting and auditing software to facilitate data management analysis and reporting.***

## **2. Submission and Approval of the Strategic Plan**

A Strategic Plan supports the setting of attainable objectives and goals that are consistent with the organization's vision and mission and defines the direction in which the organisation must move. It also fosters a sense of cooperation and shared accountability.<sup>17</sup> The Seventh Report of the PA(E)C contained a recommendation that EMBD formulate a Strategic Plan to be submitted to the MALF for approval no later than September 30, 2017. In accordance with this recommendation, the EMBD internally prepared a Strategic Plan for the period FY 2020-2022 and submitted it to the MALF and to the Ministry of Finance for approval on April 17, 2020. The Ministry of Finance concluded its

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<sup>17</sup> The Benefits of Strategic Planning, Accessed August 8, 2023: <https://envisio.com/blog/benefits-of-strategicplanning/#:~:text=A%20strategic%20plan%20helps%20to,of%20collaboration%20and%20collective%20responsibility.>

evaluation on December 22, 2022, and the EMBD was instructed to include the following in the Strategic Plan by January 20, 2023:

- A status as to whether the objectives/targets outlined in the Strategic Plan for 2020-2022 were achieved and any shortcomings; and
- The EMBD's approved Strategic Plan for the period commencing 2023 including financial data to support the strategies outlined in the plan.

The EMBD requested an extension to March 31, 2023, due to the emergence of several critical matters, which required immediate and substantive attention such as:

- the settlement of certain substantial legal matters in 2022 and first quarter of 2023;
- the re-operationalisation of the sand quarries under the purview of the EMBD; and
- the completion of the outstanding review of EMBD's organizational chart.

The EMBD did however specify that it expected to complete the assessment of the objectives which were outlined in the Strategic Plan for FY 2020-2022 by May 31, 2023. Further to this, with respect to the PA(E)C's recommendation, the EMBD also stated that it was in the process of preparing a Strategic Plan 2023-2025. This Plan was expected to be completed for submission to the EMBD's board by the end of the second quarter 2023.

#### **Recommendations:**

- *The EMBD should provide Parliament with a status update on the submission and approval of the EMBD's Strategic Plan for FY 2023-2025 by January 29, 2024;*
- *Given that the EMBD indicated that, the preparation of the Strategic Plan is done internally. The EMBD should prepare a brief feasibility report on the viability of having the person(s) and/or departments responsible for the preparation of the Strategic Plan rely on standardised templates for various sections of the plan to facilitate consistency and streamline the writing process. This will aid in ensuring the timely submission of the Plan. A copy of the feasibility report should be provided to Parliament by January 29, 2024; and*
- *The EMBD should implement metrics to track the progress of the strategic plan's development, which would make it easier to identify and address delays. These metrics should be created alongside a contingency planning protocol which would anticipate the potential delays or challenges in the preparation of the strategic plan*

*and develop solutions to ensure a smoother submission process. A copy of both the established metrics and contingency plan should be provided to Parliament by January 29, 2024.*

### **3. The Impact of Legal Proceedings on the EMBD's Operational Efficiency: Infrastructural Projects**

The EMBD's mission statement sets out that the organization aims *"To develop systems for the management of State agricultural lands for the socio-economic benefit of the citizens of Trinidad and Tobago through an efficient, committed and innovative team."*<sup>18</sup> In furtherance of this, the EMBD undertook infrastructural projects such as the 'Residential Developments for Caroni VSEP', which was outlined at Appendix 2 to the EMBD's Responses to Committee's questions for written submission. Appendix 2 also provided a summary of the status of these infrastructural projects at the end of FY 2017 which indicated that a total of fourteen (14) projects remain 'ongoing' ('Ongoing' in this context is taken to mean incomplete.) Of these 14 ongoing infrastructural projects, six (6) were listed as being '*substantially complete and awaiting approvals*' and the remaining eight (8) were suspended. The EMBD's Responses to the PA(E)C's Request for Additional Information dated May 2<sup>nd</sup>, 2023, highlighted that the '*status of these projects remain unchanged*<sup>19</sup>' since the status provided in 2017. The EMBD indicated that its failure to recommence works on these infrastructural projects was a result of the incomplete sites being the subject of ongoing legal proceedings emanating from alleged claims for substantial outstanding monetary sums due and owing to contractors and/or consultants working on these projects. The EMBD went on to explain that litigation in these types of construction contracts require the infrastructural site to be preserved for third party expert investigations.

Moreover, the EMBD noted that it was awaiting conclusion of the legal proceedings by way of Court Order or, in some circumstances, a reasonable settlement between the parties through negotiation. The EMBD further asserted that the basis for its defence of these matters was technical advice from experienced quantity surveyors and engineering experts. The cumulative value of all claims in EMBD's Litigation Portfolio from FY 2016 -2022 amounted to approximately \$4,150,896,291.13 inclusive of interest and costs. Through negotiation and Court Orders, the EMBD was able to reduce the value of some of the claims from an original total of \$416,963,378.66 in twenty-nine (29) legal matters to a

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<sup>18</sup> About EMBD, Accessed August 8, 2023: <http://embdtt.org/about-embd-2/vision-mission/>

<sup>19</sup> EMBD Response to Requests for Additional Information, page 8

total settlement sum of \$47,617,457.07 which represented eleven percent (11%) of the original value of the claims. Resultantly, the EMBD achieved an overall savings of \$369,345,921.59 which could have potentially been automatically entered as judgments against the EMBD if these matters were not defended or *these 'claims not been diligently managed by EMBD'*.<sup>20</sup>

Lastly, the EMBD has indicated that it did not receive any budgetary allocation to facilitate the resumption or recommencement of any Residential Infrastructural project since 2016. This therefore meant that there were insufficient funds to finance any Residential Infrastructure at sites not affected by ongoing litigation.

**Recommendations:**

- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - d. A status update on the EMBD's Infrastructural works including a date for the completion of all ongoing projects and the cost of completion;*
  - e. A breakdown of the budgetary allocation necessary to facilitate the recommencement of infrastructural work; and*
  - f. A list of the legal proceedings that remain outstanding and current stage of those proceedings.*

#### **4. Recommencement of Sand Quarry Operations**

The EMBD's sand mining operations were identified as a critical revenue generator due to sand mining management fees paid to the EMBD from third party operators. By virtue of Cabinet Minute No. 2914 of November 20, 2003, responsibility for the operation of five (5) sandpits were transferred to the EMBD for sandmining operations. These included the:

1. Coco Road Quarry;
2. Windsor Park;
3. Milton Village Quarry;
4. Todds Road Quarry; and
5. Forres Park Quarry.

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<sup>20</sup>EMBD's Responses to Questions on the Examination of the Audited Accounts, Balance Sheets and Financial Statements of the Estate Management and Business Development Company, page 9

Part 3 of the EMBD's Responses to the Committee's questions for written submission<sup>21</sup> outlined that the recommencement of sand quarry operations was a critical strategic objective for FY 2023 despite several operational setbacks in previous years, which had led to the halt of operations. At the Committee's Public Hearing<sup>22</sup> the EMBD listed setbacks such as the Covid-19 shutdown, fluctuating market demand, competition from illegal quarries, and unfavourable weather conditions as contributory factor the discontinuance of the EMBD's sand quarry operations.

During the period FY 2013-2015, third party sandpit operators under contract operated the Coco Road and Windsor Park quarries. Operations were discontinued as the contract with the third party contractors expired. Earlier, in 2009, the sandpit at Todds Road was closed in May because of flooding from the Caparo River, while the Forres Park sandpit was closed in February after being rendered depleted. Further, the EMBD indicated that the sandpit at Milton Village was never operationalised despite the EMBD obtaining the requisite approvals.

Notably, both the Coco Road and the Milton Village quarries were categorised as licensed sand quarries under the Minerals Act, Chapter 6 1:03 in effect for a period of five (5) years from July 2020 and September 2018 respectively. The Coco Road Quarry was restricted to limited exploration and exploitation as designated by the Ministry of Energy and Energy Industries. Further, the EMBD indicated that preparations for the launch of operations at the Milton Village Quarry were in progress. At the Public Hearing<sup>23</sup>, the EMBD indicated that it was in the process of creating a quarry business model to aid in the development and management of its sand quarry venture. Further to this, the EMBD took several positive steps to illustrate its commitment to its sand quarry operations, such as:

- voluntary participation in Trinidad and Tobago Extractive Industries Transparency Initiative for mining companies; and
- the payment of the requisite royalties for use of the sand mining sites.

In its 12<sup>th</sup> Report of the 12<sup>th</sup> Parliament, and previously in its 30<sup>th</sup> Report of the 11<sup>th</sup> Parliament, the Public Accounts Committee (PAC) considered matters related to illegal quarrying as raised regarding the Ministry of Energy and Energy Industries (MEEI) in the Reports of the Auditor General on the

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<sup>21</sup> EMBD's Written Responses, Part 3, page 2

<sup>22</sup> *ibid*

<sup>23</sup> *ibid*

Public Accounts of the Republic of Trinidad and Tobago. Through its inquiries, the PAC learned that the MEEI was in the process of strengthening its efforts to address illegal quarrying through the work of a Multi-Agency Taskforce. This Taskforce included the MEEI, the Trinidad and Tobago Police Service, the Commissioner of State Lands and the Conservator of Forests.

**Recommendations:**

- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - i. A status update on the creation of the EMBD's 'Quarry Business Model';*
  - ii. The person(s) and/or department(s) responsible for the creation of this business model;*
  - iii. A breakdown of the revenue generated from third party contractors/sand operators for the Coco Road Quarry since recommencement of its operations and the projected revenue for the duration of the contractual term;*
  - iv. A date by which the Milton Road Quarry will be operational;*
  - v. Whether the respective quarries will use weighbridges to ensure accurate measurement of amounts of sand mined and therefore calculation of fees to be paid; and*
  - vi. The names of the third-party contractors whose bids were accepted by the EMBD and a copy of the lease agreement between EMBD and the third-party contractors for the Milton Road and Coco Road Sand Mines respectively.*
- *The EMBD should implement a financial management policy in relation to its sand quarrying operations to monitor financial aspects such as production, costs, revenue generation and profit-sharing by January 29, 2024. This will ensure the partnership remains beneficial to all parties. The EMBD should also bear in mind that each quarry and partnership is unique as such strategies should be tailored to the specific circumstances and goals the operations; and*
- *The EMBD should confer with the MEEI and report to Parliament by January 29, 2024 on the feasibility of the Company collaborating with the Multi-Agency Taskforce.*

## 5. The Absence of a Procurement Unit

The inclusion of a Procurement Unit is advantageous to a company's organisational structure as it avoids redundancy, facilitates the comprehensive control and optimization of inventory, and reduces operational costs.<sup>24</sup> The Public Procurement and Disposal of Public Property Act<sup>25</sup>, defines 'public procurement' as '*the acquisition of goods, works or services involving the use of public money. "Public property" means real or personal property owned by a public body.*' Congruently, the primary objective of **public procurement** is to deliver the goods and services necessary to accomplish an organisation's missions in a timely, economical, and efficient manner. Section 5 of the Act posits that the object of the act is: '*to promote in public procurement and the disposal of public property:*

- (a) the principles of accountability, integrity, transparency and value for money;*
- (b) efficiency, fairness, equity and public confidence; and*
- (c) local industry development, sustainable procurement and sustainable development.'*

Further, in July 2023 amendments were made to this existing legislation to further refine the law regarding public procurement, for the retention and disposal of public property in accordance with the principles of good governance. In the Public Hearing held on March 15<sup>th</sup>, 2023, the EMBD confirmed that there was no procurement unit in the organization. The EMBD's Chairman postulated that:

*'If one does a simple extrapolation, you would recognize that the staffing and the cost for staffing would far exceed the value of the purchases that the organization is doing on an annual basis.'*<sup>26</sup>

Evidence in support of this assertion was also provided as the EMBD indicated that the number of purchase orders from FY 2020 to FY 2022 were small scale; with only one hundred and twelve (112) purchase orders in 2020, ninety-two (92) in 2021 and sixty-six (66) in 2022. As such, the EMBD maintained that there was no need for a Procurement Unit due to the low volume of purchase orders emanating from the organization. EMBD's Chairman further stated that, in the absence of a procurement unit, the EMBD's management ensured that there were trained staff and systems in place in relation to procurement, which included:

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<sup>24</sup> Making Public Procurement Effective, Accessed August 8, 2023: <https://www.oecd-ilibrary.org/sites/0d83e1f9-en/index.html?itemId=/content/component/0d83e1f9-en>

<sup>25</sup> The Public Procurement Act and Disposal of Public Property Act, Act No 1. Of 2015, Accessed August 14, 2023: [The Public Procurement and Disposal of Public Property Act, 2015 \(finance.gov.tt\)](https://www.finance.gov.tt/The-Public-Procurement-and-Disposal-of-Public-Property-Act-2015)

<sup>26</sup> Fourteenth Meeting of the PA(E)C, Public Hearing, page 34



- EMBD's staff training with the Office of Procurement Regulations
- Reliance on the OPR's handbook of terms and methods

Notwithstanding the EMBD's original position in regard to the establishment of a Procurement Unit, the EMBD's Responses to the PA(E)C Request for Additional Information indicated that it was in the process of conducting an assessment<sup>27</sup> of the functions and structure of a prospective Procurement Unit, which would be completed by May 12<sup>th</sup>, 2023.

Moreover, EMBD took steps to ensure compliance with the new Procurement Regulations and legislation by notifying the Office of Procurement Regulation of its designated Procurement Officer and Accounting Officer. Considering the amendments made to the Public Procurement and Disposal of Public Property Act, the EMBD took steps to ensure that its existing procurement policies and bidding processes were aligned with the Procurement Regulations. The EMBD also indicated that it was in the process of approving new procurement positions under its new organizational structure and hiring suitably qualified persons to fill these positions by end of the second quarter of 2023. Additionally, the EMBD emphasized that, upon filling the approved procurement positions, the EMBD purchasing, and procurement policies would be further reviewed.

**Recommendations:**

- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - i. A list of the approved procurement positions under the new organisational structure;*
  - ii. A status update on the recruitment of persons for the approved procurement positions under the new organizational structure;*
  - iii. A breakdown of the annual salary allocations for these positions;*
  - iv. A brief report detailing the EMBD's assessment of the functions and structure to be implemented for its Public Procurement Unit.*

**6. Challenges to the Operation of the Internal Audit Unit of the EMBD**

The Seventh Report of the PA[E]C included a recommendation that the EMBD should establish an Internal Audit Unit (IAU) by July 30<sup>th</sup>, 2017. An Internal Audit Unit (IAU) is intrinsic to an organization's operational efficiency as it is responsible for evaluating the effectiveness of risk

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<sup>27</sup> Responses to the PA(E)C Request for Additional Information, page 15

management, regulation, and governance processes.<sup>28</sup> The Ministerial Response to the PA(E)C's Seventh Report dated September 1<sup>st</sup>, 2017 stated that the EMBD was in the process of establishing an Internal Audit Unit. The Ministerial Response further detailed the steps taken by the EMBD to streamline the establishment of the IAU which included hiring an Internal Auditor in April 2017. The staffing of this Unit was noted as a critical priority, with the aim of improving and maintaining the operational efficiency of the organisation. In furtherance of this aim, the EMBD conducted assessments to ensure companywide compliance by the end of 2017.

Although an IAU, was established, the EMBD Responses to the PA(E)C 's Request for Additional Information <sup>29</sup> indicated that the Unit was understaffed as at May 2<sup>nd</sup> 2023. This was due to the contractual term for several IAU employees ending and the Internal Auditor Officer leaving the organisation in 2021. The EMBD further indicated that it had no processes in place for the automatic renewal of contracts pursuant to the EMBD's Administration and Human Resource Policy Manual. This further contributed to the IAU's staffing challenges. The PA(E)C inquired as to whether any interim measures had been implemented, such as the Audit Committee acting as an internal auditor. However, the EMBD indicated that this would be contrary to the requirements of the SEPMM, which sets out that the Audit Committee inter alia assists the Board in monitoring:

- a. *the periodic financial reports and other financial information provided by the Company to management, any governmental body or the public;*
- b. *the Company's systems of internal controls regarding finance, accounting, legal, compliance and ethics that management and the Board have established; and*
- c. *the Company's auditing, accounting and financial reporting processes generally.*

The EMBD indicated that, in an effort to mitigate against the negative impact of the IAU's staffing challenges, the company's management adopted the approach of evaluating all operations with a view to:

- Track performance;
- Ensure compliance with all requisite local law;
- Establish internal controls; and
- Address gaps on a case-by-case basis.

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<sup>28</sup> Institute of Internal Auditors, What is the Internal Audit Function, Accessed August 8, 2023: <https://www.theiaa.org/en/standards/mission-of-internal-audit/>

<sup>29</sup> EMBD's Response to Request for Additional Information, page 12-14

***Recommendations:***

- *The EMBD should revise the terms of its Administration and Human Resource Policy regarding its ‘contract renewal provisions’ to allow employees to continue on in their positions. Confirmation of this recommended revision and of submission thereof to the Board for approval should be submitted to Parliament by January 29, 2024;*
- *The EMBD should provide Parliament with the following by January 29, 2024:*
  - d. An updated list of the vacant positions in the IAU;*
  - e. A breakdown of the annual cost to fill the IAU vacancies; and*
  - f. The expected timeline for the recruitment of staff in the IAU.*
- *The EMBD should provide Parliament with a brief summary of the lessons learnt from the approach adopted for evaluating its operations, by January 29, 2024.*

## Conclusion

The Committee recognises the existing difficulties faced by the EMBD such as understaffing and challenges with timely submission of audited financial statements in compliance with the State Enterprises Performance Monitoring Manual. Significantly, the Committee also noted that there were problems with the creation of an Internal Audit and Procurement Unit. Despite these ongoing challenges, the Committee is optimistic about the EMBD's commitment to streamlining its operations and increasing revenue generation.

The EMBD must continue to vigorously pursue its mandate of to ensure the development of agricultural state lands. The Committee also remains hopeful that the EMBD will overcome these existing challenges through effective leadership and good governance.

The Committee therefore awaits the responses of the Minister of Agriculture, Land and Fisheries to the recommendations proposed above, 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 laid upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it....*”

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.  
Mr. Wade Mark  
Chairman

Sgd.  
Mr. Rushton Paray, MP  
Vice-Chairman

Sgd.  
Mr. Fitzgerald Hinds, MP  
Member

Sgd.  
Mrs. Laurel Lezama-Lee Sing  
Member

Sgd.  
Mr. Keith Scotland, MP  
Member

Sgd.  
Mr. Stephen Mc Clashie, MP  
Member

Sgd.  
Mrs. Renuka Sagrarsingh-Sooklal  
Member

## Appendix 1: Meeting Minutes

<p><b>THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE – THIRD SESSION, TWELFTH PARLIAMENT MINUTES OF THE FOURTEENTH MEETING HELD ON WEDNESDAY, MARCH 15, 2023, AT 9:36 A.M.</b></p>
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**Present were:**

Mr. Wade Mark	-	Chairman
Mr. Rushton Paray	-	Vice-Chairman
Ms. Amrita Deonarine	-	Member
Mrs. Laurel Lezama-Lee Sing	-	Member
Mr. Keith Scotland	-	Member
Mrs. Renuka Sagramsingh-Sooklal	-	Member
Mr. Stephen Mc Clashie	-	Member
Ms. Keiba Jacob Mottley	-	Secretary
Ms. Rachel Nunes	-	Graduate Research Assistant

**Absent was:**

Mr. Fitzgerald Hinds	-	Member
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**CALL TO ORDER**

- 1.1 At 9:56 a.m., the Chairman called the meeting to order and welcomed those present.

**THE EXAMINATION OF THE MINUTES OF THE THIRTEENTH MEETING**

- 2.1 The Committee examined the Minutes of the Thirteenth (13th) Meeting held on Wednesday March 1, 2023.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Rushton Paray and seconded by Mrs. Renuka Sagramsingh-Sooklal.

**MATTERS ARISING FROM THE MINUTES OF THE THIRTEENTH MEETING**

- 3.1 With reference to item 3.2, page 2: the Chairman informed Members that questions for additional information were received from the National Maintenance and Security Company Limited (MTS) on March 1, 2023.

- 3.2 With reference to item 7.2, page 4: the Chairman informed Members that questions for additional information were sent to the Ministry of Rural Development and Local Government and the Community-Based Protection and Enhancement Programme (CEPEP) on March 8, 2023 with a deadline of March 23, 2023 for submission.
- 3.3 The Chairman informed Members that request for written responses were sent to the Auditor General's Department and Hardys Chartered Accountants on March 7, 2023 with a deadline of March 22, 2023 for submission. The responses were received from Hardys Chartered Accountants on March 14, 2023 and circulated to Members.

#### **PRE-HEARING DISCUSSION RE: ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED (EMBD)**

- 4.1 The Chairman reminded Members that the purpose of the public hearing was to conduct an examination of the Audited Accounts, Balance Sheet and other Financial Statements of the EMBD for the financial year 2015 and follow-up on the implementation of the recommendations in the Committee's Seventh Report from the 11th Parliament.
- 4.2 Members discussed their areas of concern and the general approach for the public hearing.

#### **SUSPENSION**

- 5.1 There being no further business for discussion in camera, the Chairman suspended the meeting at 9:53 a.m. to reconvene in public.

#### **AN EXAMINATION OF THE AUDITED ACCOUNTS, BALANCE SHEET AND OTHER FINANCIAL STATEMENTS OF THE EMBD FOR THE FINANCIAL YEAR 2015 AND FOLLOW-UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS IN THE COMMITTEE'S SEVENTH REPORT FROM THE 11TH PARLIAMENT.**

- 6.1 The Chairman called the public meeting to order at 10:03 a.m.
- 6.2 The following officials joined the meeting:

#### **Estate Management and Business Development Company Limited (EMBD)**

- Mr. Shameer Ronnie Mohammed - Chairman
- Ms. Nadia James-Reyes Tineo - Deputy Chairman
- Ms. Isha Reuden-Theodore - Director
- Mr. Eric Willaim Griffith - Director
- Mr. Nigel Seenathsingh - Director
- Ms. Susan Tom Wing Bailey - Chief Executive Officer (Ag.)
- Mrs. Mausica Ramnarine Singh-Zoro - Corporate Secretary

- Ms. Joy Ramlogan - Senior Attorney-at-Law
- Ms. Kherdine Barrow-Simon - Financial Consultant
- Mr. Kahlil Baksh - Projects and Quarry Manager

**Ministry of Agriculture, Land and Fisheries**

- Mrs. Coomarie Goolabsingh - Permanent Secretary (Ag.)
- Mrs. Neela Maharaj - Deputy Permanent Secretary
- Ms. Dianne Rampadarath - Assistant Director (Ag.), Programmes and Projects
- Mrs. Beena Ramkissoon- Planning Officer III (Ag.)

**Ministry of Finance – Investments Division**

- Mr. Narine Charran - Deputy Permanent Secretary
- Ms. Sharon Mohammed- Director (Ag.), Agro Based Manufacturing and Services Sector (Ag.)
- Mr. Lester Herbert - Director, Central Audit Committee

**6.3 Key Issues Discussed:**

1. The EMBD’s inability to fill vacancies;
2. The status of the issues related to the Unaudited Financial Statements for the period 2016 to 2021;
3. The reasons for the KPMG’s withdrawal from the engagement with EMBD;
4. The reasons given by KPMG for its withdrawal from the engagement with EMBD;
5. The sum paid to KPMG during the period of its engagement with EMBD;
6. The timeline for the completion of the Unaudited Financial Statements by the new external auditors Grant Thornton ORBIT Solutions;
7. The engagement of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) regarding the conduct of KPMG;
8. The request for documents outside of the original bid by KPMG;
9. The volume of documents that were “missing” and the actions taken by EMBD to rectify the issue;
10. The status of any investigation by the Trinidad and Tobago Police Service regarding the “missing” documents;
11. The status of the statements made in the 2015 Audited Financial Statements;
12. The status of the regularisation of Quarry Operations;
13. The details on the demand loan with First Citizen’s Bank;
14. The actions taken by EMBD’s Board of Directors regarding the challenges faced with the auditing of the Financial Statements;
15. The lack of a Procurement Unit at EMBD;
16. The EMBD’s engagement of the Office of Procurement Regulation to make presentations to its Board of Directors and management;
17. The reasons for the reduction in purchase orders during the period 2020-2022;



18. The details on the \$418 Million paid to contractors;
19. The savings derived from the ongoing legal proceedings;
20. The status of EMBD's Strategic Plan for the period 2020 to 2023;
21. The number of employees currently on contract;
22. The plans to recruit additional staff;
23. The progress made in the establishment of policies to aid in the strengthening of EMBD's document retention;
24. The timeframe in which EMBD has been without an Internal Auditor;
25. The details of the distribution of Agricultural Lots between 2016 to 2023;
26. The role of the Ministry of Finance - Investments Division regarding the continuity of operations when Board Members change;
27. The status of the documents submitted to the Ministry of Finance in accordance with the State Enterprise Performance Monitoring Manual during the period 2013-2015;
28. The challenges faced by the EMBD to complete the audit of its financial statements and the reasons why the Ministry of Finance did not intervene and assist EMBD in this matter;
29. The recommendations by the Committee for the stakeholders present to efficiently address the challenges faced by EMBD; and
30. The Ministry of Finance review of its record keeping practices for State Enterprises.

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

- 7.1 The Chairman thanked the officials for attending the meeting and they were excused.
- 7.2 The Committee agreed that additional questions would be sent to EMBD, MALF and MOF- ID. **[Please see Appendix 1]**

### **SUSPENSION**

- 8.1 At 1:07 p.m., the Chairman suspended the public meeting to resume in-camera for a post-mortem discussion with Members only.
- 8.2 There being no other business, the Chairman thanked Members for their attendance. The Committee agreed that the next meeting of the Committee will be held on **April 19, 2023 at 9:30 a.m.** at which time the Committee will conduct a follow-up inquiry into the Committee's Second Report from the 11th Parliament including an examination of SporTT's 2020 Audited financial statements.

### **ADJOURNMENT**

- 9.1 The adjournment was taken at 1:11 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

*March 15, 2023*

**ADDITIONAL INFORMATION**

**Additional Questions arising from Meeting of the Public Accounts [Enterprises] Committee**

**Request for Additional Information – Questions to the Ministry of Finance**

**Provide in writing:**

1. The number of reports submitted by EMBD in accordance with the State Enterprise Performance Monitoring Manual for the period 2013-2015;
2. The reason(s) KPMG provided for its withdrawal from the engagement with EMBD.
3. Any correspondence to EMBD from KPMG that relates to its withdrawal from the engagement with EMBD.
4. The details on the litigation matters brought against EMBD for the years 2014 and 2015.
5. The details and all information on the contracts that were awarded using sole select tendering for the period 2013 to 2015.
6. The details of the 68 plots surrendered to the Commissioner of State Lands and the pending reassignment.

**Request for Additional Information – Questions to the Ministry of Agriculture Land and Fisheries**

**Questions:**

1. What is the status of the establishment of a **Monitoring and Evaluation Unit** at the MALF to assist in the monitoring of EMBD?
2. What are the pervasive issues uncovered from monitoring EMBD?

**Request for Additional Information – Questions to the EMBD**

**Provide in writing:**

1. The reason(s) KPMG provided for its withdrawal from the engagement with EMBD.
2. Any correspondence to EMBD from KPMG that relates to its withdrawal from the engagement with EMBD.
3. The details on the litigation matters brought against EMBD for the years 2014 and 2015.
4. The details and all information on the contracts that were awarded using sole select tendering for the period 2013 to 2015.
5. The details of the 68 plots surrendered to the Commissioner of State Lands and the pending reassignment.

**Issue 1: Late Submission of Audited Financial Statements (pg. 2 of response)**

**Questions:**

1. It was stated that “in the interim, management has adopted the approach of ensuring interim draft financial statements and audit schedules for each financial statement component for all outstanding years are prepared”
  - i. Were these interim reports updated?
  - ii. Who reviews these interim reports?
2. Other than the challenges highlighted in your response, what other challenges were experienced by EMBD and how were the challenges addressed?
3. EMBD indicated that the company’s Board and Audit Committee have the responsibility to monitor and review the preparation of financial statements at the end of each financial year by management. Oversight is also provided by the Line Ministry and Investment Division
  - i. What has been done by the Chairman of EMBD, the Audit Committee, the Ministry of Agriculture, Land and Fisheries and the Ministry of Finance - Investments Division to ensure the financial statements were prepared and submitted?

**Issue 2: Gap in Strategic Alliances with the line Ministry**

(See page 5-7 of response)

**Questions:**

3. What are the reasons for the halt of Residential Infrastructural Works in 2016?
4. On average what is EMBD’s recurrent operational cost per year?
5. What is EMBD’s staffing requirements?
6. What is the status of the review of the 2022 EMBD’s Organisational Structure which was scheduled to be completed by the end of February?

**Issue 3: Status of Strategic Plan**

(See page 8- 9 of response)

The Strategic Plan for 2020-2022 was completed and submitted on 17th April 2020 and the Strategic Plan for 2023-2025 is expected to be completed by 31st March 2023. EMBD submitted a Strategic Plan for the period 2020-2022 (See Appendix 4 of response) on 17th April 2020 to the Ministry of Agriculture, Land and Fisheries and Minister of Finance for approval. On 22nd December 2022 the Ministry of Finance advised that the review of the submitted Strategic Plan was completed and that while the Plan outlined the

objectives and initiatives to accomplish each objective, EMBD was requested to provide by 20th January 2023:

**Questions:**

1. What are the reasons for the request for the extension for submission to Ministry of Finance? What challenges are being encountered by EMBD?
2. How effective was the monitoring mechanism used by EMBD? State specific measurable outcomes.
3. Was the assessment of the objectives/targets outlined in the Strategic Plan for 2020-2022 completed?
  - i. If yes, were the findings submitted to the Line Ministry and Ministry of Finance - Investments Division for comments?
  - ii. If no, what is the status of the assessment?

**Issue 4: Relocation of EMBD's Head Office**

**(See page 10 of response)**

**Questions:**

1. Where was the head office located for the period 2016 to 2022?
2. In the absence of a multi-year rental agreement, has the EMBD been accommodated through a month to month arrangement?
3. What are the reasons for the delay in the finalisation of the lease to occupy Bungalow 59, Brechin Castle, Couva as a head office?

**Issue 5: Lack of an Internal Audit Unit**

**(See page 11-15 of response)**

**Questions:**

1. In light of the Internal Audit Unit (IAU) being understaffed, what provisions were made by the EMBD in the interim?
2. Given the absence of an Internal Auditor, does the Audit Committee operate as the Internal Auditor for the EMBD?
3. Why was the contract for the IAU staff not renewed in 2021?
4. What were the reasons for the officer's resignation in 2021?
5. What is the status of the legal action against the previous Chief Executive Officer at EMBD?

6. What were the reasons for the non-renewal of the contracts for the Procurement Officer, Internal Audit Manager and Chief Financial Officer?
7. What was the status of the engagement of the consultancy firm Human Resource Consultancy Services (“HR Consultancy Services”) which was to be completed by February 28, 2023?

**Issue 6: Absence of a Procurement Unit**

**(See page 17 of response)**

There is currently no Procurement Unit at EMBD. The assessment of the functions and structure of the Procurement Unit is ongoing. EMBD stated the following “whilst EMBD is mindful of the critical need to have a procurement unit, the size and structure of this unit must be based on the actual procurement activities in terms of value and volume. As there has been no significant Infrastructural works since 2016 and with ongoing measures at EMBD to reduce expenditure (procure less), the volume and value of procurement has been reduced. For example, the value of expenditure by Purchase Order has decreased by some 50% from 2020 to 2022 as follows”:

2020		2021		2022	
No. of Purchase Orders	Value of Purchase Orders	No. of Purchase Orders	Value of Purchase Orders	No. of Purchase Orders	Value of Purchase Orders
112	\$627,202	92	\$259,928	66	\$325,136

**Questions:**

1. When will the assessment of the functions and structure of the Procurement Unit be completed?
2. What is the status of the comparison of the Procurement Regulator documents against the existing policies to avoid duplication or contradictory approved policies?
3. Did EMBD participate in the readiness survey, regarding the now implemented procurement regulations, conducted by the Office of Procurement Regulation in 2020?
4. What is the current status of EMBD’s alignment with the provisions of the new procurement regulations?

**Re-Operationalization of Sand Quarries (page 6 of response).**

In 2017 EMBD ceased all operations being conducted by third party Contractors on Sand Quarries under its purview to allow for the regularization of its Quarrying operations.

It was indicated that “EMBD’s business model is now premised on EMBD employing an operator to extract, stockpile and load sand. However, the sand is to be sold directly to the public by the EMBD at selling prices based on market conditions. Further EMBD is up-to-date with all royalty payments to the Ministry of Energy and Energy Industries”.

Does the EMBD use weighbridges at the sand quarries to monitor precise quantities extracted?

### **Request for Additional Information – Questions to the MTS**

1. What are the challenges being encountered by the MTS’s presently?
  - a) State the measures taken to resolve each of the challenges listed at (1)?
2. Provide the following:
  - a) State MTS debt recovery challenges and the possible solutions to rectify these challenges.
  - b) MTS largest debtors in relation to its security and janitorial services respectively;
  - c) the amounts outstanding to date; and
  - d) the period the amounts have been outstanding?
3. What percentage of MTS’s accounts receivables are more than four (4) years old?
  - a) Who are the entities that owing the debts?
4. What actions were taken by the MTS to prevent debts more than four (4) years old become irretrievable and statute barred?
5. What are the reasons for the outstanding wage negotiations for MTS employees?
  - a) What is the MTS’s role in the wage negotiations?
  - b) What is the status of the wage negotiations?
6. What was the reasons for junior employees being paid more than their superiors?
  - a) Which instances have junior employees being paid more?
  - b) How long has this issue existed?
  - c) How was this situation address?
7. As an essential services provider, will MTS state the lessons learnt from the Covid -19 pandemic?  
Were the lessons learnt documented? If yes, provide a copy of this report?
8. State the reasons that the private security and janitorial services industry are an uneven playing field for MTS.
  - a) What concerns does MTS have with respect to the low barriers of entry and competitiveness of private security and janitorial services industry?
  - b) What are some of the possible solution to the concerns?
9. State the reasons and justifications for MTS’s position to be excluded from being regulated under the Private Security Bill?
10. What is MTS’s profitability and retained earnings figures for each year, for the period 2017 to 2022?
11. Provide a breakdown of MTS’s income from operations from each of the company’s core services for each year for the period 2017 and 2022.
12. Provide a status update on the development of MTS’s project management services from 2016 onwards?
  - a) Who are MTS’s current project management clients?
  - b) List the projects managed by MTS?

- c) Are there any challenges experienced by MTS with regard to the accounts receivable recovery issues for its project management services?
  - d) What measures are in place to ensure MTS has the human resource capacity to manage all its projects?
13. How much money was invoiced and collected each year for the period 2017 to 2022?
  14. What was the nature and purpose of the \$300 million loan from the MOF in 2020?
    - a) What is the status of the repayment of this loan?
  15. Has MTS ever been in a situation where the company was unable to pay salaries, pensions, loans or any other statutory deductions because of its debt recovery challenges?
  16. What assistance had been given by the MPU and MOF to address MTS's debt recovery challenges?
  17. What is MTS's policy on vacation leave accumulation and utilisation?
  18. What is MTS's recruitment policy for security and janitorial services?
    - a) Does this policy aid the employment of persons in depressed areas or persons in unfortunate circumstances?
  19. What was the reason that led to the change in policy which impacted on an increase in the number of women recruited into MTS's Security Division?
    - a) What is the ratio of women to men security officers?
    - b) What specialised training is given to the female security officers?
  20. Provide a status update on MTS's attempts to attract private clients to supplement its revenue generation capabilities.
  21. What can MTS do to ensure that written agreements such as the one entered with the HDC are adhered to?
  22. Provide the rationale for the loan taken on behalf of EFCL and the loan to pay EFCL contractors being on the books of MTS and MTS being the entity tasked with paying the contractors owed from the FCB loans.
  23. Provide a list of all the contractors who received payments from the FCB loans and the amount each of the contractors received.
  24. What was the purpose of the loan taken with NCB Global Finance?



Appendix 2: Verbatim Notes

**VERBATIM NOTES OF THE FOURTEENTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD (IN PUBLIC) IN THE J. HAMILTON MAURICE ROOM, GROUND FLOOR, CABILDO PARLIAMENTARY COMPLEX, OFFICE OF THE PARLIAMENT, ST. VINCENT STREET, PORT OF SPAIN, ON WEDNESDAY, MARCH 15, 2023, AT 10.03 A.M.**

**PRESENT**

Mr. Wade Mark	Chairman
Mr. Rushton Paray	Vice-Chairman
Mr. Stephen Mc Clashie	Member
Mrs. Renuka Sagramsingh-Sooklal	Member
Mr. Keith Scotland	Member
Ms. Amrita Deonarine	Member
Mrs. Laurel Lezama-Lee Sing	Member
Ms. Keiba Jacob Mottley	Secretary
Ms. Rachel Nunes	Graduate Research Assistant

**ABSENT**

Mr. Fitzgerald Hinds	Member
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**ESTATE MANAGEMENT AND BUSINESS DEVELOPMENT COMPANY LIMITED (EMBD)**

Mr. Shameer Ronnie Mohammed	Chairman
Ms. Nadia James-Reyes Tineo	Deputy Chairman
Ms. Isha Reuben-Theodore	Director
Mr. Eric William Griffith	Director
Mr. Nigel Seenathsingh	Director
Ms. Susan Tom Wing Bailey	Chief Executive Officer (Ag.)
Mrs. Maurica Ramnarine Singh-Zoro	Corporate Secretary
Ms. Joy Ramlogan	Senior Attorney-at-Law
Ms. Kherdine Barrow-Simon	Financial Consultant
Mr. Kahlil Baksh	Projects and Quarry Manager

## MINISTRY OF AGRICULTURE, LAND AND FISHERIES

Mrs. Coomarie Goolabsingh	Permanent Secretary (Ag.)
Mrs. Neela Maharaj	Director (Ag.), Agricultural Planning
Ms. Dianne Rampadarath	Assistant Director (Ag.), Programmes and Projects
Mrs. Beena Ramkissoon	Planning Officer III (Ag.)

## MINISTRY OF FINANCE – INVESTMENTS DIVISION

Mr. Narine Charran	Deputy Permanent Secretary in the Ministry of Finance
Ms. Sharon Mohammed	Director, Agro Based Manufacturing and Services Sector (Ag.)
Mr. Lester Herbert	Director, Central Audit Committee

**Mr. Chairman:** Good morning and may I on behalf of the Public Accounts (Enterprises) Committee warmly welcome the officials from the Ministry of Finance, Investments Division, the Ministry of Agriculture, Land and Fisheries and of course the Estate Management and Business Development Company. My name is Wade Mark, Chairman of this Committee. May I say from the outset that our Committee, the Committee on Public Accounts (Enterprises), has a mandate to consider and report to the House the following: The audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State, the Auditor General's report on any such accounts, balance sheets and other financial statements, and of course, whether policy is carried out efficiently, effectively and economically and whether expenditure conforms to the authority which governs that entity.

Now, the purpose of our meeting today is to conduct an examination of the audited accounts, the balance sheet and other financial statements of EMBD for the financial year 2015, and follow-up on the implementation of the recommendations in our Committee's Seventh Report from the 11<sup>th</sup> Parliament.

Our Committee is desirous of hearing of the many challenges or any challenges being faced by the key stakeholders at the EMBD in an attempt to determine some of the possible solutions to these challenges. Of course, our Committee's role is to, again, see

how we can assist you to improve your delivery of services in an efficient, effective and economic manner.

Now our proceeding is being broadcast live on the Parliament's Channel 11, Radio 105.5 FM and of course on the Parliament's YouTube Channel *Parlvien*. Viewers and listeners can also send their comments related to today's proceedings or enquiry to our email, [parl101@tpparliament.org](mailto:parl101@tpparliament.org), [facebook.com/tpparliament](https://www.facebook.com/tpparliament) of course, and, of course, we have [twitter@tpparliament](https://twitter.com/tpparliament).

May I take this opportunity to invite our members of this Committee to introduce themselves, and I may start on my right.

*[Introductions made]*

**Mr. Chairman:** Thank you. May I now invite the officials from the Ministry of Finance, Investment Division to introduce themselves?

*[Introductions made]*

**Mr. Chairman:** Thank you. May I now invite officials from the Ministry of Agriculture, Land and Fisheries?

*[Introductions made]*

**Mr. Chairman:** Anyone else? If not let us now invite our officials from the EMBD. Can you officially introduce yourselves for the record?

*[Introductions made]*

**Mr. Chairman:** Thank you all. May I take this opportunity to ask the Permanent Secretary in the Ministry of Finance, Investments Division to make a brief opening statement? Thank you.

**Mr. Charran:** Good morning and it is Deputy Permanent Secretary. So the Investments Division of the Ministry of Finance is responsible for the execution of the investment policy as prescribed by the Cabinet. The mandate of the Division includes oversight, monitoring and, where necessary, the rationalization of Government's equity holdings in commercial enterprises. The Division acts on behalf of the Minister of Finance, corporation sole, and carries out the corporate function. This includes representation of the Minister of Finance at shareholders meetings, the establishment of new enterprises and the rationalization of the investments portfolio of the shareholder. We look forward to today's discussion. Thank you.

**Mr. Chairman:** Thank you. May I invite the acting Permanent Secretary of the Ministry of Agriculture, Land and Fisheries to make a brief statement?

**Mrs. Goolabsingh:** Thank you, Chair. Cabinet in 2002 agreed to the establishment of the Estate Management and Business Development Company Limited as a wholly

owned state enterprise under the Companies Act 1995. The mandate of the EMBD was to manage the lands of Caroni (1975) Limited transferred to the State and to stimulate and facilitate new business activity through the establishment of light industrial, agricultural and housing estates and commercial complexes, one of its major roles being to manage and develop lands formerly owned by Caroni (1975) Limited.

Currently, the EMBD is under the purview of the Ministry of Agriculture, Land and Fisheries and is being monitored in collaboration with the Investment Division of the Ministry of Finance, which is guided by the *State Enterprises Performance Monitoring Manual*. The EMBD receives an annual subvention from the Ministry and for fiscal 2023 that subvention allocation is \$14,171,400. Presently, the EMBD continues its focus in following areas of national development to increase domestic food security through the agricultural land distribution programme and of the two-acre plots with respect to VESEP workers of Caroni (1975) Limited. The Government has agreed that these blocks of agricultural state land will be assigned to EMBD via head leases for the period of 200 years. EMBD's seven agricultural estates are subdivided into 3,134 two-acre lots. As at February 2023 there are still 115 outstanding subleases remaining.

Satisfy the residential housing lots required by Caroni (1975) Limited for ex-Caroni VESEP workers through development of residential sites; manage the operations of sandpits formerly under Caroni (1975) Limited; complete the rehabilitative work in fence line communities and engage in further purposeful rehabilitative infrastructural works. And just to share with the Committee, the seven sites that fell under the EMBD were Caroni, Edinburgh, Felicity, Jerningham Junction, La Fortune, Picton and La Gloria. Two major challenges affecting the EMBD are legal matters and staffing issues. Since November 2015, the board of the EMBD has focused on safeguarding the EMBD's interest in litigation matters. The strategy to manage the litigation portfolio comprises the engagement of experienced attorneys, conscientious pursuit or defense of the EMBD's litigation as applicable and where prudent settlement of claims. The GORTT approved funding for EMBD's litigation portfolio covering construction matters, other matters and industrial relations matters for fiscal 2016 to fiscal 2022, which totaled \$160,136,943.14. For the 29 settled matters, excluding interest and cost, EMBD have saved approximately \$369,328,583.94. The other major issue and challenge for EMBD is its ability to fill vacancies. But I will channel some of the discussions later and maybe the chairman could expand on the point of filling vacancies at EMBD.

**Mr. Chairman:** Okay. Thank you so very much. I now invite the chairman, Mr.

Ronnie Mohammed to bring some brief opening remarks. Mr. Mohammed.

**Mr. Mohammed:** Thank you, Mr. Chairman, and good morning to all again. EMBD is pleased to discuss with the Committee issues relating to the accounts of EMBD for the period 2013 to 2015. Since our last meeting before this Committee in April 2017, EMBD continues to work diligently to contribute as a state enterprise to the national development agenda. Our core focus remains the management of the multiplicity of legal claims for moneys allegedly due and owing in a cumulative value of approximately \$4 billion inclusive of interest and cost.

Given the potential impact if these matters are left undefended, EMBD has been carefully managing the defense of EMBD's litigation matters, and where prudent, settlement of reasonable claims. As of March 2023 a total of 30 legal matters with an original cumulative claim of \$995,565,677, that is, just under \$1 billion, have been finally resolved, either by way of negotiated settlements, court judgments or withdrawals of claims in the sum of \$374,617,457 resulting in a savings of \$620,948,220.

EMBD has also focused on the creation of a [*Inaudible*] quarry business model after successfully obtaining requisite approvals under the Minerals Act. This was operationalized in July 2020 after three years of closure from 2017 to 2020. And, all the challenges have been experienced with the COVID-19 shutdown, a fluctuating market demand, competition from illegal quarries, and unfavourable weather conditions, EMBD has been able to pay all royalties, generate income, and has been recently identified as one of six mining companies to voluntarily participate in the Trinidad and Tobago Extractive Industries Transparency Initiative and was applauded for its commitment to transparency.

Given the above significant work, it should be noted that EMBD is an extremely small state enterprise with a total of 32 employees at present and a management team of five. Despite the usual constraints of operating with limited financial resources and human resources the board and management are all committed to continued efforts and plans to increase the organization's efficiency, accountability and transparency. We welcome the Committee's comments this morning and we look forward to responding to those. Thank you.

**Mr. Chairman:** Yes, thank you very much. And finally, the acting CEO, would like to make a few comments or opening remarks?

**Ms. Tom Wing Bailey:** We thank you for this opportunity to present our business case and hope that you will be receptive to our achievements to date in spite of the challenges we have faced over the period of three years. Thank you.

**Mr. Chairman:** Thank you very much. If I may commence, some questions for clarification. The first area I would like to have clarified deals with the unaudited financial statement for the financial years of 2015/2016 to 2022. Maybe we can get some clarifications as to what are the challenges. Provide this Committee with a status report on these outstanding financial audited statements. That is the first area I would like to clarify. I would also like to have clarified what were the reasons for KPMG withdrawing from the audit engagement? I would like someone from the EMBD to clarify that for me. That is the second area I would like some clarification on. Then this new external auditing company that has arrived to replace KPMG, which is Grant Thornton ORBIT Solutions Limited, whether they would be able to resolve some of the issues related to the disclaimer, right, of opinion for 2013 to 2015 given EMBD's inability, and I quote:

To provide required supporting documentation as the documents may not have existed or they cannot be located due the passage of time.

That is the third area. And the final area to start the enquiry is, what is being done to ensure the issues experienced with the previous auditors do not recur? So, I do not know who will like to start off to provide this Committee with clarification on those four issues. So, either Mr. Mohammed or the Deputy Chairman would like to clarify.

**Mr. Mohammed:** Thank you, Chair. We will respond to your four questions in relation to the financial statements. I will respond to perhaps two of those and our financial consultant will address the latter two. So, by way of information and context, we need to understand first why we are here and I guess why we are this late. So, I would like to provide some context so that the Committee and the public can have an appreciation as to the challenges we were faced with in preparing financial statements. It is an extensive response, but I ask for the Committee's patience while we reveal these facts in the public domain.

- On November 26<sup>th</sup>, 2009, the financial audited statements for 2007 and 2008 audits were provided by KPMG and approved by the board with a qualification of emphasis of matters concerning Clico EFPAs and was agreed that KPMG be reappointed as auditors for 2009.
- On the 26<sup>th</sup> of November, 2009, a special general meeting was held and the 2007 and 2008 audited financial statements were adopted by the shareholder. KPMG was further reappointed as auditors for the financial year ended 30<sup>th</sup> September, 2009;
- 14<sup>th</sup> of April, 2011, the 2009 audited financial statements were approved by

- the board with a qualification of emphasis of matter again for the Clico EFPAs;
- 13<sup>th</sup> of October, 2011, an annual general meeting was held and the 2009 financial statements was adopted by shareholders. There was an observation by one shareholder that the financial statement lack details on the government grants and the auditors KPMG promised to address this issue in the 2010 financial statements.
  - KPMG was reappointed as auditors for the financial year ending 30<sup>th</sup> September, 2010;
  - 10<sup>th</sup> May, 2012, 2010 audited financial statements were approved by the board with an unqualified opinion;
  - 14<sup>th</sup> June, 2012, annual general meeting held with, and the 2010 audited financial statements were adopted by the shareholder and the reappointment of the auditor was deferred for a day to be determined;
  - 27<sup>th</sup> March, 2014, special shareholder meetings held and a motion to reappoint KPMG as auditors for the financial years ended 30<sup>th</sup> September, 2011 and 30<sup>th</sup> September 2012 was adopted. I ask the Committee to pay special attention that this was in March 2014 that KPMG was appointed for 2011 and 2012.
  - November, December at the change of the EMDB board in 2015 there were already five years of financial statements outstanding for the period 2011 to 2015;
  - 27<sup>th</sup> January, 2017, after numerous delays the 2011 and 2012 audited financial statement were approved by EMBD with unqualified opinion. The Committee is asked to note that KPMG took three years to complete the audit for that period, that is between 2014 to 2017;
  - March 21<sup>st</sup>, 2017, EMBD by an open tendering process invited all 72 auditing firms registered with the Institute of Chartered Accountant to submit proposals to conduct independent financial audit office operations for the period 2013 to 2015;
  - 6<sup>th</sup> of April, 2017, EMBD received several proposals and requests to its RFP through ICATT, audited firms of which three adhered to the instructions of the RFP and recommended for a valuation KPMG Grant Thornton and PKF;

- 17<sup>th</sup> May, 2017, submission of tender evaluation report recommending the engagement of KPMG as the highest rank bidder to provide auditing services for 2013 to 2015;
- 28<sup>th</sup> July, 2017, EMBD tenders committee approved the recommendation of the engagement of KPMG to provide auditing services for 2013 to 2015, subject to negotiations of the fee to a maximum value of money;
- 14<sup>th</sup> August, 2017, KPMG agreed to the reduced—of the proposed audit fee from X to Y. If the Committee so requires I will disclose its values.

### **10.30 .m.**

- 20<sup>th</sup> September, 2017, Annual General Meeting held and the 2011 and 2012 audited financial statements were adopted by the shareholders and KPMG was appointed the auditor for the financial years 2013, 2014, and 2015.
- 11<sup>th</sup> of October 2017, EMBD signed KPMG letters of engagement with the completion of 10 weeks.
- 13<sup>th</sup> December, 2017, KPMG requested the following in order to perform the required risk assessment, and to ensure that the appropriate audit procedures are undertaken for key areas, which were never disclosed in their bid proposal dated April 2017. List of quantity surveyors used by EMBD; list of all quantity surveyor reports for existing projects to assess development work in progress; reasons for the dispute of the trade payable balances; listing of all outstanding legal matters with status and reasons for dispute; review of the approval and disbursement of the proceeds from a \$400 million loan received from First Citizens Bank to determine breach of the loan facility, if any; list of all projects undertaken which have balances in the development work in progress.
- 23<sup>rd</sup> February, 2018, EMBD confirmed with KPMG that approval was granted for KPMG to proceed with the examination of the list of quantity surveyors and that EMBD would be willing to accede to a modified opinion as a means of protecting legal-privilege matters while completing the audits.
- 28<sup>th</sup> September, 2018, external attorneys with conduct of EMBD litigation advised on 27<sup>th</sup> September, 2018 that EMBD should refrain from providing the requested disclosures to KPMG, as same would compromise the ongoing legal proceedings, and the audit committee and the board agreed to same.
- 12<sup>th</sup> March, 2019, KPMG submitted a sample disclaimer of opinion as a means of closing off the audit based on the information available, excluding the



confidential legal privilege expert reports, which EMBD indicated it was willing to accept in an effort to complete the audits, noting these accounts would be restated after the completion of the ongoing legal matters.

- 13<sup>th</sup> May, 2019, EMBD acknowledged its best efforts to furnish KPMG with all relevant information and where information could not be provided, appropriate justifications for non-provision and willingness to proceed with the proposed disclaimer opinion in an effort to conclude the engagement.
- 20<sup>th</sup> May, 2019. On May 20<sup>th</sup>, 2019, KPMG expressed its understanding that the information they required to avoid a disclaimer will not be forthcoming and that the going forward strategy would be to document the EMBD's management's position with respect to the non-provision of evidence and to complete audit work on the other significant balances. This strategy was stated to have a duration of three weeks during July 2019.
- 15<sup>th</sup> July, 2019, KPMG committed to return to EMBD office to complete required fieldwork and the aim was to complete the draft financial statements for 2013 to 2015 by the third week of August 2019.
- July 19<sup>th</sup>, 2019, KPMG advised that KPMG European head office had indicated that the EMBD audit engagement should be suspended immediately and that all KPMG staff withdraw until further notice. KPMG indicated that its client's due diligence had expired in July 2019, and in updating the due diligence, KPMG was advised by its European head office that to continue the external audit at EMBD, a meeting between KPMG and the forensic investigator would be required, as well as KPMG would require their own forensic specialists to perform appropriate procedures to verify the forensic audit conclusions conducted by EMBD. That would be all an additional cost to EMBD account.
- 6<sup>th</sup> August, 2019, a total of 18 questions centred on a PWC report, EMBD investigations, and KPMG queries were received, and again in an effort to complete these audits, EMBD completed same and received a non-objection from PWC to treat with KPMG.
- 26<sup>th</sup> September, 2019, EMBD informed the hon. Minister of Finance and its line Minister of the chronology of events pertaining to EMBD engagement of KPMG to conduct the audits for 2013 to 2015 audits. This was now ongoing for two years.
- 24<sup>th</sup> October, 2019, the hon. Minister Finance acknowledged the issues facing EMBD and stated that EMBD should make every effort to ensure that the

audited financial statements for 2013 to 2015 are completed at the earliest possible time.

- 27<sup>th</sup> February, 2020, EMBD reiterated to KPMG that the firm was conducting the forensic investigation into certain projects with EMBD and would make themselves available to meet with KPMG as requested.
- 13<sup>th</sup> July, 2020, KPMG withdrew from the audit engagement relying on issues that were cognizant since 2018, which were refuted by EMBD as being misleading and erroneous.
- 20<sup>th</sup> July, 2020, EMBD informed its line Ministry and shareholder of the withdrawal of the auditor.
- 7<sup>th</sup> May, 2021, a special shareholder meeting was held to remove KPMG as auditor and appoint Grant Thornton Orbit Solutions Limited as auditor for the financial years ended 30<sup>th</sup> September, 2013, '14 and '15.
- 17<sup>th</sup> December, 2021, the board approved the financial statements for 2013 to 2015.
- 5<sup>th</sup> July, 2022, an annual general meeting was convened via unanimous shareholder resolution to accept the 2013, '14, and '15 audited financial results.

Given the above status of EMBD external audits, EMBD acknowledges its responsibility to submit audited annual financial statements. And to this end, we have taken the best as possible all steps to ensure compliance without compromising or unduly exposing EMBD and the State. The committee is asked to note that EMBD has completed draft financial statements for 2016 to 2022, and continues to submit its monthly and quarterly reports to the Ministry of Finance on a timely manner.

However, it has become abundantly clear that audit engagements can be fraught with delays and possibly misrepresentations, despite the provisions of all schedules and justifications to the auditor in a timely manner, and duly informing when information requested cannot be provided.

Chair, I hope that the chronology of events satisfies your explanation for questions 1 and 2.

**Mr. Chairman:** Would you be able to summarize for us, Mr. Mohammed, what the company believed to have been the kernel or the core reason for the separation of KPMG in conducting and completing its contractual obligations, as it relates to the audited financial statements for the period that they were contracted to complete? You can share with us, in summary, what you consider to be the core reasons?

**Mr. Mohammed:** Chair, that would be expressing my opinion. I think the

committee—and my opinion simply is that they did not act fairly and appropriately and ethically. I think the committee would be very mindful whether or not there is a role for this Committee to engage ICATT in relation to the conduct of their members while performing audits. Whether their members are operating in a fair and transparent manner, whether their members are making the appropriate disclosures where conflict of interest exists. And therefore, I will summarize it by saying that, in my respectful view, when we look at these timelines the company was simply misled by the auditor. Having recognized that, and cognizant that we were not getting anywhere, after so many years, we acted prudent and we took the very bold step, notwithstanding the very difficult and numerous challenges we were having, to proceed with another auditing firm. Because we recognized that we must move forward, and we manifested that by engaging Grant Thornton to produce financial statements for 2013 to 2015, which is now before this Committee.

**Mr. Chairman:** Now those draft statements of account for the period that you have identified, that were sent to the Minister or the Ministry of Finance, were they approved by the Ministry of Finance or the Minister for Finance; those drafts up to 2021, I think you said?

**Mr. Mohammed:** Chair, just to be clear, we are dealing with two things here and one is the submission of the audited financials, which is before the committee for 2013 to 2015. In relation to your questions for 2016 to 2022, those are not required and subject to the views of the representative of the Ministry of Finance here to be reviewed or audited. Those are yet to be audited.

**Mr. Chairman:** Okay. Could you share with us, Mr. Mohammed, you talk about some reduction of fees, as it relates to KPMG, in terms of what they were receiving before and what they requested through a reduction to receive after. Could you share with this Committee what were these fees that they were initially receiving from the company, and then, in order to pursue their mandate they sought a reduction. And could you share with us what they were seeking at that time?

**Mr. Mohammed:** Chair, just to be clear. They were not seeking it. We were acting in the interest of the company by attempting and successfully negotiating a lower audit fee. So, the engagement proposed audit fees was 620,000 and the organization was able to negotiate a discount, which got that down to 450,000.

**Mr. Chairman:** Okay. And the financial area I would like to review before I ask my other colleagues to come in has to do with, do you think that the new external auditors, Grant Thornton, how soon, given all the challenges that you have outlined and the

chronology of events that you have stated, how soon, in your view, can you share with our committee the period it will take to have those final accounts for the periods that are outstanding, sent to the Minister, to the Ministry, and then to the Parliament, so we can have them properly before us, so we can do the work that we are entrusted to do? Would like to share with the committee? Do you have a time frame for the final submission of these outstanding accounts?

**Mr. Mohammed:** Chair, I can give no commitment in terms of specific dates, except to say that EMBD is aggressively pursuing a pathway forward. We have landed on our laps with three years of financial statements, with a disqualification and a disclaimer. Basically, we have to rebuild from Ground Zero. Because you would well imagine, to move from what you have in 2015, to even a qualified to an unqualified would require, perhaps, extensive work, which is being addressed through the management letter. We have engaged and retained requisite expertise. We are acting on the advice of the experts. We have developed an action plan. But one must appreciate that you are in 2023, trying to remedy, and in some instances, records do not exist for something back in 2016. And, therefore, it becomes, in my view, exceedingly complex. Because the objective must be to get an unqualified report.

What I sense from the committee, there is a level of urgency. But then, you have outweigh that on the quality of what is going to come before you. And what is going before you is that satisfactory for public accountability. Therefore, what we are working on is finding the best solution to the crisis that is before us and what we are faced with. What we do know is that subsequent events in each financial year improves our likelihood of moving from a disclaimer to a full audited report. And, therefore, we will be taking all of the necessary steps, as I said before, to ensure that one, we tried to get there and we get there in the shortest possible time. I would like to invite our consultant to, perhaps, expand a little bit on that, if you so desire.

**Mr. Chairman:** No problem, yes. We welcome that.

**Ms. Barrow-Simon:** Good morning everyone. Just to expand on the point by Chairman Mohammed, where we are now formulating a plan for the way forward to complete our outstanding financial statements. We are cognizant of the point that Grant Thornton would have raised by way of their basis of disclaimer for opinion, things like documentation, unreconciled balances, the unavailable records, in some instances. These issues raised in the disclaimer of opinion were aerated in their management letters well, to which management has responded. So the plan is really for management to address the points, the high-risk points, because the points were

ranked from low risk to high-risk. It is management's plan to address these high-risk issues. We are cognizant in the manner of documentation that does not exist; documentation that cannot be located; documentation that is still subject to legal privilege. We are cognizant of all those issues and, therefore, the plan is to use what we have as at 2023, where we have either settled or have had judgments on certain matters and these matters are very pervasive and they impact several balances in the financial statements that would lead to the disclaimer.

With those events, with those milestones that we have achieved in 2023, and the latter part of 2022, it is now permitting us to do some remedial work on our financial statements for 2022 go back to 2016. We are working in the quickest possible time to have the accounts brought up to speed to reflect those balances, to see whether those decisions, those determinations in 2023, have any implication on our 2013 to 2015 financial statements, and if the statement would be practical at any future time. But that is where we are at, in term of remedying the management letter points that we would have received from Grant Thornton. So that we would be in a position to provide auditable accounts for the last six years.

**Mr. Chairman:** Mr. Mohammed, you did startle me and I am sure the committee, and by extension the population, when you said words to the effect, and you can always correct me if I am wrong, that it is your view and the view of the company that this particular auditing firm KPMG might have misled your company, and you even went on to indicate that you would like our committee to consider approaching ICATT to address some of these issues that you have raised, and to ensure that their members act in what you may call a fair and reasonable manner.

Now, if you could just elaborate on that for us, because as I said in the initial statement, which I made, our Committee is here to assist and to help the EMBD to better perform and to better deliver services to the people of Trinidad and Tobago in a very efficient, effective, and economical manner. So, if you can just briefly guide us on this one, I think the Committee would welcome your input again on that matter.

**Mr. Mohammed:** Chair, I would preface that by saying time does not stop. And the fact that a firm takes three years on an engagement to complete three years' work, then it does not allow you the opportunity to accelerate at the pace you need to accelerate at to get current. And, therefore, based on all of the timelines that I articulated to this Committee, it is very reasonable for one to come to the conclusion that the conduct, in my view, of the auditor was simply not acceptable. There were very specific timelines that the auditing firm—and milestones, that they should have met. And I think it is

highly inappropriate where you have the placement of staff, the withdrawal of staff, the constant review of schedules, that you would have inspected before and re-inspected and you use, in my view, excuses, numerous and that, perhaps, could not withstand scrutiny, to mislead the organization that there was a real interest to finish this in time. The fact that we got to 2019 and we could not move, I mean is simply not acceptable. And, therefore, I say to the Committee, we have no control over the auditor. But auditing firms do subscribe to an organization. And let us be realistic, I mean, we have seen this thing called financial statements delivered by firms to, at times, misrepresent the truth of information that exists. And we do have precedence of that with HCU and the Clico. And I am saying that we do not have the authority. However, what we did do as an organization is to act at some point in ensuring that the auditor was removed. And we simply pressed ahead in finding a replacement and producing to the best of our ability, what we can.

**Mr. Chairman:** All right. I would now invite Amrita Deonarine and then I will invite Mr. Paray, and then Mr. Scotland.

**Ms. Deonarine:** Thank you, Chair. Good morning again everyone. Mr. Chairman, thank you so much for giving us such a detailed outline of the timelines with this delay of audit. I just want to dial back a little bit, just to seek some more clarity. At one point, correct me if I am wrong also, while you were going through the timeline, you indicated that KPMG requested some documents that were outside of the bid proposal. Correct? Right. Could you elaborate on that, please?

**Mr. Mohammed:** So, you would be referring, member, to where I quoted specifically in relation to 13<sup>th</sup> December, 2017. And those related to the list of the quantity surveyors used by EMBD, list of all quantity surveyors' reports for existing projects to assess development works in progress, reasons for the dispute of the trade payable balances; listing of all outstanding legal matters with status and the reasons for dispute; review of the approval for disbursement of the proceeds from a \$400 million loan received from First Citizens Bank and to determine if any breach of the loan facility; and finally list of all projects undertaken, which have balances in development work in progress.

**Ms. Deonarine:** Okay. And what you are saying, through you, Chair, is that EMBD was not able to provide those documents? Or is it that because these documents that were requested were outside of the bid requirements that were outlined in the bid proposal, EMBD refused to submit those documents? I am just seeking clarity. I am not drawing a conclusion just yet.

**Mr. Mohammed:** I would strongly suggest that we do not use the word refuse. We facilitated as much as practically possible. What we saw coming out of the initial scope was another scope that the auditor placed on us. And that scope started to manifest into a gigantic scope, where the auditor was saying, notwithstanding our independent expert reports, which were readily available, they were saying: No, we want to do our own and you would have to fund that. And, therefore, that did not provide any reasonable justification, or they did not provide any reasonable justification as to saying well why are you not accepting what we have?—because these are independent experts. Why are you replicating what exists, and to achieve what? Because all of that would drive cost and further delays.

**Ms. Deonarine:** Okay. So, if I understand correctly, just tell me who the independent expert was. Was it a firm? Was it the Ministry of Finance? Who was it; staff of EMBD who was also advising the auditors at that point in time, KPMG? That what was already available should suffice and you should not move towards trying to expand the scope of the works that were to be completed.

**Mr. Mohammed:** A significant portion of the reports that they may have required would have been available by legal proceedings. Some were privileged, but, however, those experts were experts that we found competent and capable to represent the organization or to be experts in legal proceedings. And, therefore, they were all independent in experts in their respective fields.

**Ms. Deonarine:** Okay. So I understand. So then tell me, with respect to—so these were requirements outside of the bid proposal. But after the bid disposal, a whole procurement process would have taken place and you all would have reached a point where you would have signed a contract with the auditors. And in order to sign this contract with the auditors, you would have terms and conditions of this contract right. So, at that point in time were the auditors violating or going outside of the terms and conditions of the contract that was agreed upon?

**Mr. Mohammed:** And what I said before, all of these came to us outside of the initial scope of the audit. These all came after the engagement. After the signing of the contract, the engagement commenced. The audit started to get numerous things coming from us, never seen before.

**Ms. Deonarine:** Right. I am just trying to understand, as far as you understand, what was the justification for asking for these additional documents from the auditors. Because I am sure that, through your experts and through you liaising, you and your team liaising with the auditors, you all would have clearly wanted to seek some sort of

justification as to why it is you are asking for these additional documents, which is clearly outside of the scope of the original terms and agreement of the contract.

**11.00 a.m.**

**Mr. Mohammed:** Can I defer to—

**Ms. Deonarine:** Through you, Chair?

**Mr. Chairman:** Yes.

**Ms. Deonarine:** Yeah.

**Ms. Barrow-Simon:** Hi, morning again.

**Ms. Deonarine:** Good morning.

**Ms. Barrow-Simon:** We would have had terms and conditions and under one of the terms and conditions—and some of these terms and conditions can be very broad—right—where the auditor should have—and I am not quoting it verbatim—the auditor should have unrestricted access to the records of the company. We would have provided unrestricted access insofar as possible, limiting it to those records that were part of legal proceedings. So items such as forensic reports that would have formed part of legal proceedings, expert reports, quantity surveyor reports, KPMG would have communicated to us that they would require those reports to validate some of our balances on the balance sheet which we would have informed them in writing and on numerous occasions. These matters are subject to legal privilege. EMBD would have also sought independent legal counsel which we would have received in writing, stating that EMBD would significantly prejudice its matters should it provide these requests to the auditor, and that these requests, in the opinion of our legal expert, were not common. It was not common for an auditor of financial statements to want to request these type of QS reports, expert reports, forensic reports, and then further use those reports to now perform their own forensic report, knowing that these matters and the reports that are related to these matters are for ongoing matters that are before the court.

So to answer your question, and I hope I did, we would have sought independent legal counsel on this and we would have gotten a written response which we would have communicated to KPMG on this. And that is why KPMG, at some point in the chronology detailed by our Chairman, would have indicated in writing that if these reports and these documents are not forthcoming, and that they understand it would not be for the reasons provided by EMBD and our legal experts, they would be put in a position where only a disclaimer of opinion could be issued because they did not have purview of what they have asked for. And EMBD, to protect ourselves and to protect



our matters, would have accepted that this is the way forward and that is what we were anticipating to come out of the rest of our engagement with KPMG.

**Ms. Deonarine:** Okay. Thank you for that clarification. Through you, Mr. Chair, Mr. Mohammed, remind me why again KPMG requested a forensic audit? I am trying to understand why because they started up with—you all had the procurement process, you all contracted them, terms and conditions were signed on to, then they started to go outside of the terms of conditions, widen the scope, because at some point they would have indicated that there is need for a forensic audit, is that correct?

**Mr. Mohammed:** They were aware that we had a forensic audit taking place. We were now clear by KPMG as to why they needed a forensic audit because they were retained to perform an audit.

**Ms. Deonarine:** Okay. I understand. So in the midst of all of these additional requirements being requested which clearly violated the terms and conditions of the agreement or the contract between EMBD and the auditor, why at that point in time you all did not just seek to terminate since it was a clear violation of the terms and conditions of the contract and save at least three years from this process being dragged on?

**Mr. Mohammed:** So do appreciate when those started to come at us we were already in 2019, so you are way behind. At that point, and as Kherdine clearly said, we were prepared to accept from KPMG a disclaimer and that for us, it was a pathway forward. We were stunned when they basically withdrew from the engagement because all of our discussions with KPMG, and subject to anyone on the team correcting me, is basically we have an audit that is evolving; facts and matters are coming to the table, we do want to keep pressing ahead, “Tell us what you can provide but please produce something”. We eventually got to the point where they were not prepared to produce anything.

**Ms. Deonarine:** Okay. Thank you, Mr. Chairman. The reason why I am asking these questions, because it is important for not only myself but the Committee members to understand what exactly went on, because usually when an audit firm withdraws from an agreement or an audit arrangement it usually is for very, very serious issues and some of those issues are that their rules of independence have been compromised; they have issues with the competency and integrity of the management and also there is risk of material and pervasive fraud. Right? So those are some of the primary reasons, according to international auditing standards, why an auditor usually withdraws from an audit arrangement. So this is the reason why I was asking these questions. I am still not able to form a conclusion but, Chair, if you allow me to just ask one more question

with respect to the records. I heard the financial consultant and also you, Mr. Mohammed, allude to the fact that records did not exist and so on, what period exactly records did not exist?

**Mr. Mohammed:** Specific to—

**Ms. Deonarine:** To getting the audit done.

**Mr. Mohammed:** Correct, which we are referring to 2013 to 2015.

**Ms. Deonarine:** “Um-hmm.”

**Mr. Mohammed:** So we can speak about that period and that is to say that certain records did not exist. Now, if you asked—and you did ask the question, we have not commenced ’16, ’17, ’18, and thereafter, so there is always the possibility that maybe some records do not exist. So I can speak to—as to what exists or did not exist for the period that the Committee is examining the reports that is before them.

**Ms. Deonarine:** Okay. So for that period what documents did not exist?

**Mr. Mohammed:** I would defer.

**Ms. Deonarine:** Sure.

**Ms. Barrow-Simon:** The documents that did not exist—and we can appreciate that auditors work on a sampling basis, so it is not to say that all documents do not exist or all documents cannot be located. It would be the documents that were specifically related to the sample that they would have pulled, and their sampling is random. The records that did not exist—and we use the term, “did not exist”, it is also that it may not have been able to be located—most of those records were centred around what we call our trade payables and the development work in progress. So items such as invoices from contractors, items such as RFP proposal, the initial, they walk you through the entire process. For this particular transaction I want to see the request for proposal, I want to see the board minutes, I would like to see the award of contract, I would like to see every single IPC, I would like to see every single certification from your engineer, I would like to see all the cheque stubs, I would like to see copies; that is the sort of information they would have asked for.

In certain instances, just for an example, they would have requested maybe 10 documents that relate to one transaction and we have been able to provide five. The other five we may not be able to locate an invoice. There may not have been a contract of award on an award document or the award document any have been presented; it was just not in the format that the auditor would expect to see that document. And that sort of lack of documentation does lend itself to the litigation matters that we have ongoing now. So those were the sort of documentation issues that we would have had

in our inability to provide documentation. Substantive procedures can also be done where if we cannot find A we will take B; we would have also engaged in those certain things where if we cannot locate a copy of a cheque, we will provide the bank statement to show that the amount did come out of EMBD's bank account.

**Ms. Deonarine:** Okay. So then from what I understand it is not an absolute missing of records or documents. It is just based on the sample that was requested—

**Ms. Barrow-Simon:** Correct.

**Ms. Deonarine:**—from the auditor you all were not able to provide a percentage of what was requested.

**Ms. Barrow-Simon:** Correct.

**Ms. Deonarine:** Mr. Chair, I would pause at this point.

**Mr. Chairman:** Mr. Scotland.

**Mr. Scotland:** Chairman, thank you. EMBD, I would like just to ensure that we understand in real time what is happening here. Through you, Chair, tell us what is the time frame that you are engaging, you are actually engaging the auditors relative to the providing of the documents? What is the time frame? What is the year that this is happening in real time?

**Mr. Mohammed:** Member, the explanation I have provided—

**Mr. Scotland:** No, just give me the year. So in other words, when is this conversation happening?

**Mr. Mohammed:** 2013 to 2015.

**Mr. Scotland:** Twenty—

**Mr. Mohammed:** 2013 to 2015.

**Mr. Scotland:** Your board was not there in 2015, were they?

**Mr. Mohammed:** That is correct.

**Mr. Scotland:** So tell me—hold on, listen to the question—what is the time frame that the board as constituted is engaging, actually engaging the auditors, 2016, '17? I want to know what is that time frame.

**Mr. Mohammed:** Okay. So it is 2017 to 2019.

**Mr. Scotland:** Good. But in that engagement you are asking—they are asking for documents from when?

**Mr. Mohammed:** 2013 to 2015.

**Mr. Scotland:** And having engaged what was the period, Chair, through you, of the engagement with the auditors from 2015 onwards relative to the providing of these documents? How long did this engagement—this back and forth, how long did it last?

**Mr. Mohammed:** Just allow me one minute, please. So on September 20, 2017, by way of annual general meeting the shareholders approved the appointment of KPMG for—

**Mr. Scotland:** That would be the reappointment because—

**Mr. Mohammed:** Reappointment. Sorry.

**Mr. Scotland:** And then tell me, what were or was the reason—what were the reasons or what was the reason given by KPMG for their withdrawal from the auditing arrangement? What was the reason given? Why did they tell you, “Look, we are no longer continuing”, because that is what happened? You did not fire them, they withdrew, am I correct?

**Mr. Mohammed:** Well, they withdrew and then we had to remove as required—  
[Inaudible]

**Mr. Scotland:** Right. What was the reason provided for their withdrawal, Chair, through you, please?

**Mr. Mohammed:** Sir, according to the summary I have here, it says, 19<sup>th</sup> July, 2019: KPMG advised that KPMG European head office had indicated that the EMBD audit engagement should be suspended immediately and that all KPMG staff withdraw until further notice. KPMG indicated that its client’s due diligence had expired in July 2019, and in updating the due diligence KPMG was advised by its European head office that to continue the external audit at EMBD, a meeting between KPMG and the forensic investors would be required as well as KPMG would require their own forensic specialist to perform appropriate procedures to verify the forensic audit conclusions conducted by EMBD. This would all be at the additional cost of EMBD.

**Mr. Scotland:** Chairman—

**Mr. Chairman:** Yes, Mr. Scotland.

**Mr. Scotland:** So up to now we have not been given a rationale for the withdrawal of KPMG. I need to—have you? What you have said there is the European office says, well, and I will paraphrase, “Let us re-engage for some other aspect but, of course, EMBD will bear the cost”. What was the reason? Chair, we must know why would a—it is an internationally acclaimed firm with obviously the European headquarters, what is the reason given to the people of Trinidad and Tobago for their withdrawal? Have they given a reason?

**Mr. Mohammed:** Chair, we would like to caucus and perhaps provide a written response if one is available.

**Mr. Scotland:** If one—if one is available.

**Mr. Mohammed:** If one is available.

**Mr. Scotland:** But to date then EMBD, Chair, cannot tell us if KPMG gave a legitimate reason, well, you know, for their withdrawal. All right.

**Mr. Mohammed:** It would suggest—

**Mr. Scotland:** Yes.

**Mr. Mohammed:**—with all I have here that EMBD—sorry—KPMG received an instruction from somewhere.

**Mr. Scotland:** You can receive an instruction but behind the instruction, Chair, there has to be a reason for the instruction. Up to now—and we are not at all faulting EMBD, we want to know from you why your auditors who you are paying, why they withdrew. Chairman, I do not want to beat the dead horse; I want to look at the letter, the disclaimer opinion from Grant Thornton, your new auditors, and they have said that the company, the basis—

**Mr. Chairman:** Mr. Scotland, I just want to come in. Just to follow up on what you have said.

**Mr. Scotland:** Yes, Chair.

**Mr. Chairman:** Mr. Mohammed, is there any correspondence or correspondences that would have been written to the EMBD from KPMG as it relates to its withdrawal or the company's withdrawal? Is there any written correspondence that you have, the company that is, in its possession, concerning that very question that Mr. Scotland has raised that you can provide to this Committee so we can have a better understanding of this matter?

**Mr. Mohammed:** Chair, I am advised that such a document exists and subject to the Committee instructing us we will provide.

**Mr. Scotland:** We will like to have it.

**Mr. Chairman:** Yes. Can you provide that to this Committee, please?

**Mr. Mohammed:** Yes.

**Mr. Chairman:** Okay.

**Mr. Mohammed:** As well as our response to said.

**Mr. Chairman:** Yes. Thank you very much. Mr. Scotland, continue, please.

**Mr. Scotland:** The document I am reading from is the EMBD's financial statement for the year ended September 30, 2015, and if you go, Chairman, to page 3 under the rubric, Basis for Disclaimer, your auditors say to you:

The company was unable to provide the required supporting documentation to substantiate the existence, completeness, accuracy, valuations, allocations and

obligations, plant and equipment development, work in progress and other trade receivables related to related party transactions, cash equivalence, et cetera, and other payables as at September 30, 2015, and also the occurrence, completeness and accuracy related to income and expenditure for the year ended September, 2015.

Has that been in any way ameliorated? Have you been able to assuage or arrest that situation? Yes, anyone. Chairman, is it contained in the document that was received in our package.

**Mr. Chairman:** At what page?

**Mr. Scotland:** It is titled the Grant Thornton Orbit Solutions—

**Mr. Chairman:** On what page are you referring to?

**Mr. Scotland:** I am referring to page 3 under the rubric, Basis for Disclaimer of Opinion.

**Ms. Barrow-Simon:** Yes, I can answer that question.

**Mr. Scotland:** Yes, please.

**Ms. Barrow-Simon:** The issues raised, it is the basis for disclaimer of opinion of course relates to the transactions that occurred in 2015, and where balance sheet items, possibly even items from pre-2015. At present, yes, we have ameliorated many of these issues where our record-keeping, our data bases, or digitization of records are available. Our financial statements are prepared on a timely manner. All our schedules are ready and in an audit-ready condition. We would have taken those policy decisions in and around 2019, so several of these issues in terms of accuracy, allocation, rights and obligations. Speaking to things such as our leases, the lease of our head office, we are in the process of regulating some of those issues and for several of the other issues as it pertains to documentation retention for cash, income, trade payables. We have ameliorated and mitigated those issues from 2019 to present.

**Mr. Scotland:** Chairman, I am happy to hear that. Chairman, I would want to go under the heading of the Procurement Unit and ask the EMBD, we know that you do not have, can we confirm that there is no procurement unit now existing at the EMBD? Is that so, through you, Chair.?

**Mr. Chairman:** Sure.

**Mr. Mohammed:** I can confirm that there is not the existence of a unit but we do have personnel responsible for procurement.

**Mr. Scotland:** Chairman, if we look at our paper at page 6, because it is important for us to put it into the context, is it that your value of purchase orders from 2020 to 2022 really reduced by almost 50 per cent? In 2020 it was \$627,202, relative to 112 purchase

orders; in 2021 there were 92 purchase orders, the value of \$259,928, and in 2022 there were 66 purchase orders, again going down to the value purchase orders of \$325,136, is it then that really, maybe in light of the trend, is it that a unit may not be appropriate but you have a person or you have a system in place for procurement?

**Mr. Mohammed:** Member, you are absolutely correct; one, in terms of the number of purchase orders and the values stated, and that is correct. I mean, when you look at EMBD in its present form, the values of our purchases are insignificant and therefore what we have done is through the OPR—and I am delighted to say that we invited the OPR to make presentations to the board, to the management. We have also facilitated training of our personnel with OPR. We have also sought guidance and assistance using their handbook in terms of the methods we can use for procurement. We have to be realistic in terms of the context of staffing and the cost of staffing procurement units. If one does a simple extrapolation you would recognize that the staffing and the cost for staffing would far exceed the value of the purchases that the organization is doing on an annual basis.

**Mr. Scotland:** Chairman, is it that the Committee can take it that even though there is no official procurement unit, the EMBD is ensuring that there is a procurement process that is manned by someone, and have you ensured that there is no breach of any regulations going with that modus operandi? I know you have senior attorneys present advising you and you have sought advice on that, have you, and ensure that we are in no breach of any regulations?

**Mr. Mohammed:** As far as I am aware there has been no breach.

**Mr. Scotland:** Could you ask legal maybe to give us some sort of idea or some sort of comfort that that is indeed the position? I know you have your legal team here.

**Mr. Mohammed:** I will ask the CEO who has ultimate responsibility.

**Mr. Scotland:** Madam CEO.

**Ms. Tom Wing Bailey:** Thank you. As far as our purchasing is concerned, it has really boiled down to just purchasing regular items on a daily basis, but where there are contracts, minor contracts, it is always reviewed by our legal team. Also, we will have the input from our—not only the legal team but independent expert and also the financial representative. So to date we have not had any breaches to the small contracts which we have issued. The other purchases which we do on a regular basis, stationery, advertisement, et cetera, those do not fall under, you know, where you need legal advice. It is just to follow the procedures outlined in our tender rules and policies or be guided by OPR handbooks.

**Mr. Scotland:** Chairman, it seems then that maybe in some organizations the having of the unit for—the having of the unit may not be the best and we have heard from them. Chairman, I would want to give way to someone else until I come around.

**Mr. Chairman:** Thank you, Mr. Scotland.

**Mr. Scotland:** Thank you, Chairman.

**Mr. Chairman:** I now invite Mr. Ruston Paray.

**Mr. Paray:** Thank you very much, Chair. Mr. Mohammed, in reviewing several of the responses that EMBD sent for us, there is a common trend in prefacing some of the responses that—and if I could just paraphrase, “based on the available data”, and that tells me that data is missing somewhere. I want to get a feel from you or your team in terms of—because the responses are saying and it is telling me that there are some data that is not here, whatever we have we are giving you a particular response. Is there or was there a substantial situation where volumes of data was missing that you could not respond clearer or wider at any point in time to some of the queries that were being asked?

**Mrs. Ramnarine Singh-Zoro:** Thank you, member. What we can say is that EMBD, in compiling the responses to the substantial questions that were received in respect of the period, 2013 to 2015, is that the request would relate to items that might have been requested as well in the audit for the particular period. What we attempted to do, given the request from the public accounts to meet the accountability threshold to this Committee, we went further than what would have been required in the audit with Grant Thornton when they received certain responses up to a certain threshold that those documents could not be located, hence the reason we reached to the position of the disclaimer of opinion. What we have done in answering your questions is tried to overcome that and we conducted searches so we were able to give you as much information on the issue as possible.

**Mr. Paray:** So documents were indeed missing?

**Mrs. Ramnarine Singh-Zoro:** Yes.

**Mr. Paray:** Okay. If you had to quantify for this Committee in terms of the volume that would have impeded your ability to answer, I guess, our questions and even those to the auditing firm at that point in time, can you give a quantifiable—I mean, 5 per cent, 10 per cent, 20 per cent, 50 per cent of the document?

**Mrs. Ramnarine Singh-Zoro:** It would be difficult to quantify. What I can say is, for instance as Kherdine would have mentioned, something substantial as our trade payables in development work in progress, it represents over 75 per cent of the balance



sheet. So any items that would be missing or affecting that, it would substantially affect the entire balance sheet.

**Mr. Paray:** Would the fact that that is a huge red flag item—

**Mrs. Ramnarine Singh-Zoro:** Yes.

**Mr. Paray:**—what would the EMBD have done at that point in time because clearly you are talking about trade payables, invoices, bank statements? Upon realizing that these things are missing—and I am asking probably that KPMG red flagged the fact that those things are missing and it cannot be provided as well, what action did EMBD take at that point in time?—because clearly these are significant documents, it is not there, somebody had to remove them, hide them, put them somewhere. What action did you take at that point in time when you realized that?

**Mrs. Ramnarine Singh-Zoro:** So a variety of measures would have been taken. First of all, there are always third-party ways of obtaining documents. So for instance for bank statements that cannot be located within the entity, you can make the request of the financial institution. We would have also tried different means. For instance, if a particular contract, we cannot locate the actual physical copy, cross-reference checks would have been done. Say for instance if there were monthly reports that were submitted to the board in 2013, 2015, we would have checked the board Minutes in order to cross-reference, well, and try to trace the documentation, but as you could imagine, I mean, that is a difficult exercise in its own. So those are the measures that were implemented in respect of the documentation for 2013—2015.

What we can say is that with respect to documentation from 2016 onwards, what has happened is that there is a system in place within the company that we do have tracking of documentation now. Monthly reporting is reinforced now in terms of departmental reports to the board and the CEO's office that are able to say what is the status of matters in a real-time basis. Contracts, there is a monthly return of award contracts that are regularly submitted every month to the Ministry of Finance and our line Ministry. So that it records now, from 2016 onwards, every single issue in terms of awards of contracts that are issued.

**11.30 a.m.**

**Mr. Paray:** Do you think at any time that malfeasance had occurred in terms of those documents that were missing, and if that be the case would you think it prudent at that time that perhaps the police, the Fraud Squad, any other type of security agency, get involved at that time? Because I get the impression that it is all intertwined into what happened with KPMG, and the fact that there are such huge delays in the financial

reporting of the EMBD. In your board's view, do you think malfeasance had occurred and, if so, was it ever thought about to get the police involved at that point in time?

**Mrs. Ramnarine Singh-Zoro:** In respect of the missing documentation, we cannot make—at this point in time we do not have any evidence to say that there was any malfeasance, or the intentional removal of those documents. What we can say though, and it is in the public domain, is that there are certain allegations in terms of conspiracies and intentions to defraud the company, which are being ventilated in ongoing legal proceedings, and some of which have been judicially determined.

**Mr. Paray:** At no time was the thought of getting the police or the Fraud Squad involved?

**Mrs. Ramnarine Singh-Zoro:** What I can say is there has been an investigation by the Anti-Corruption Investigation Bureau in EMBD, which management is fully cooperating with.

**Mr. Paray:** Last item on that. Do you think that whole issue of the documents and so on would have been substantially material in terms of KPMG's European head office instructing them to withdraw?

**Mrs. Ramnarine Singh-Zoro:** Going back on that, what I will put members to in the chronology, is that KPMG has been EMBD's auditors since 2009. They have been EMBD's auditors for every single year, from 2009 up to the 2013 audited financials. So to my mind, and we have indicated that we will be supplying the reasons that were given by KPMG for the withdrawal.

**Mr. Paray:** Thank you, Chair. *[Pause]* Now as Chair for two minutes, I call on member Sagramsingh-Sooklal.

**Ms. Sagramsingh-Sooklal:** Thank you very much, Chair, and thank you very much EMBD, and welcome to all. So, you know, this morning a lot of discourse. Of course I have heard a lot relative to the way forward, financials that are outstanding, the factors that have been impeding or preventing EMBD from, of course, submitting financials for 2016 onwards. But let us remember, again, I mean, as all members would have already alluded to, the purpose of this meeting is for us to, as a committee, to consider the documents that are before us, and that, of course, are these 2015 audited financial statements.

Now, with that being said, I want to go to page 26 of the 2015 audited financials. I have some questions relative to the statements. So I started by indicating I understand what are the issues facing in moving forward but, again, I want to come to what is presently before the Committee.

Now, page 26 of the 2015 audited financials, reads, especially when we look at contingency liabilities, it says:

The company has ongoing High Court matters after the reporting period that relate to claims from contractors for outstanding moneys due for services rendered of approximately \$547,709,681.

As at the date of issue of these financial statements, the company continued to defend these matters.

Now, at page 26 of your audited financials, you also stated, EMBD also stated in written submissions, entitled, “Summary of settled litigation matters from fiscal 2016 to fiscal 2022”, the number of legal matters being 29, out of 29, 16 were construction claims. This was for the period of 2016 to 2022.

Now, based on that, do you have the figures specifying those litigation matters which were brought in 2014 and 2015?

**Mr. Mohammed:** One second, before we respond.

**Ms. Sagrarsingh-Sooklal:** Of course.

**Mrs. Ramnarine Singh-Zoro:** Can you just remind us of the second reference that you are using?

**Ms. Sagrarsingh-Sooklal:** The second reference, if I go to—if you look at page 26 of your financial statements.

**Mr. Mohammed:** That is fine, we have that one.

**Ms. Sagrarsingh-Sooklal:** Page 26 is just reading the company—so when we look at contingent liability, paragraph 20, so I am just referring to those, your contingent liabilities in this audited financial statement. What I am asking now—so in looking at that, do you have the figures specifying those litigation matters, which were brought in 2014 and 2015?

**Mrs. Ramnarine Singh-Zoro:** Not at present.

**Mr. Mohammed:** Member, just to ensure that we interpret, because you did speak of two things. One is note 20 to the financial statements at page 26, but you did refer to a second submission. Can you please remind us?

**Ms. Sagrarsingh-Sooklal:** It is at the same page 26. It is just two paragraphs. Paragraph 20, it is broken into two parts. *[Pause]* So if I may assist. For the period 2016 to 2022, do you have figures specifying those litigation matters, which were brought in 2014 and 2015?

**Mr. Mohammed:** So member we can provide a summary, which we do have prepped here, and further particulars if required. But you may recall my opening statement I

referred to our savings of \$600 and almost 21 million. But just for reference, construction matters, 17 of those, total claims excluding interest and costs, and I am just going to tighten up the figures here, 992 million, amount settled at \$373 million, a savings of \$619 million.

Other matters, seven of those, claims excluding interests and costs, close to \$1 million, amount of settlement, \$670,000, savings of 31,000. Industrial relations matters, six of those, total claims 2.6 million, amount of settlement, 934,000, savings of 1.7 million.

**Ms. Sagrainsingh-Sooklal:** And that is at page 10, entitled the Summary of Settled Litigation Matters? That is what you are referring to, or you are just giving me a general—

**Mr. Mohammed:** I am summarizing.

**Ms. Sagrainsingh-Sooklal:** Okay, fine.

**Mr. Mohammed:** Therefore we refer to 30 matters which amounted by way of the claim, excluding interest and costs of almost \$1 billion, being settled at 374 million and, again, I repeat a saving of \$621 million.

**Ms. Sagrainsingh-Sooklal:** So just in a nutshell in case if I missed it, so for matters resolved, and more so for benefit of the public, what were the costs to EMBD inherited on account of legal fees? What were the costs?

**Mr. Mohammed:** I think your question is perhaps the costs associated, legal fees—

**Ms. Sagrainsingh-Sooklal:** On the account of legal fees, correct.

**Mr. Mohammed:** One second. So during the period 2016 to 2022, where several of these matters were settled or ventilated in court, EMBD spent a total of 75 million on legal fees, and that is 75 million defending 1 billion in claims.

**Ms. Sagrainsingh-Sooklal:** Of course.

**Mr. Mohammed:** And that one billion does not include interests or costs. So you could well imagine a debt which will get to a significantly higher sum.

**Ms. Sagrainsingh-Sooklal:** I have heard the PS Agriculture in her opening statement and several speakers, you would have to agree with me that this has placed—of course, this litigation which this board would have inherited—would have placed a significant financial burden on your operations.

**Mr. Mohammed:** Most definitely, and by extension all of the costs associated in defending these litigations is handled by the taxpayers by extension.

**Ms. Sagrainsingh-Sooklal:** Correct, and that is why I am asking the question. As a taxpayer in Trinidad and Tobago for all of my working life, as everybody in this room would be concerned. Now for matters resolved—so I asked about the matters that you

all would have inherited right. So therefore legal fees again, just to reiterate, impacted on contingent liabilities of the company, and in turn can you say that it results in a debt to the company? Would you refer to that as a debt to the company?

**Mr. Mohammed:** I think far too often we look at it as expenditure.

**Ms. Sagrarsingh-Sooklal:** But it is a debt.

**Mr. Mohammed:** But it is actually a return, because had you not spent \$75 million, what would have been your exposure, \$1 billion, and therefore I would suggest to the Committee that you do not see it as an expenditure, but you have to take it as a return on investment.

**Ms. Sagrarsingh-Sooklal:** Not just a return on investment, but a return—well in essence for justice, to find moneys that—or not just to find moneys, but to definitely ensure that certain matters and claims are properly litigated, ventilated before the courts. Of course, when we look at costs and so on, that redounds to the benefit of the company itself. So you are saying that—so we are looking at the amount of money that was spent in litigation.

Subsequent to 2015, after those contracts were awarded, how much debt did EMBD inherit when the new board came into effect, owing to actions s brought against EMBD by these contractors in these matters—some of these matters? Do you have a summary of that?

**Mr. Mohammed:** So I would first just like to respond to something you said earlier. Obviously there may be alarm in the context of \$75 million in legal fees. The question is as a percentage of the size of the claims, that is just about 7 per cent we spent in defending successfully and settled.

**Ms. Sagrarsingh-Sooklal:** Just to springboard out of that. To your mind as the Chairman and the board, that is not wasted expenditure in litigating? You said it, but I just want—because, again, you believe that by litigating it is not a witch hunt, it is by litigating in a defence of taxpayer's dollars. Correct?

**Mr. Mohammed:** That is absolutely correct, and we do have a fiduciary duty to the organization and to the people of this country, and that is, if we believe that these matters should be ventilated through proper channels, we have taken the position that that is where it would go. We have also said as a board and an organization, if there are opportunities to settle these matters and save cost, and save the burden to the taxpayer, we will also pursue those pathways, and we have done both, in numerous instances.

**Ms. Sagrarsingh-Sooklal:** And of course that is the prudent way to handle litigation matters. Then the other question you were going to respond?

**Mr. Mohammed:** So you asked about what liabilities we would have inherited, and therefore in or around 30<sup>th</sup> September, which would have been the close of the financial year in 2015, it is around 4 billion.

**Ms. Sagramsingh-Sooklal:** At page 7, Part II of your submissions—so it is Part II submissions, page 2, EMBD indicated that in addition to 10 matters which were ongoing prior to fiscal 2016, the EMBD has been engaged in 47 matters which include appeals. Again, can EMBD indicate how these legal matters have affected EMBD in achieving its mandate and responsibilities? Page 7, Part II of your submissions.

**Mr. Mohammed:** Response to question 22.

**Ms. Sagramsingh-Sooklal:** Correct.

**Mr. Mohammed:** Can you repeat—*[Inaudible]*

**Ms. Sagramsingh-Sooklal:** Yes, no problem. I just wanted you to indicate—so what it says here:

In addition to 10 matters which were ongoing prior to fiscal 2016, the EMBD has been engaged in 47 matters which include appeals.

I just want to know if you can indicate, for the benefit of the listening public and for this Committee, how these legal matters have affected the EMBD in achieving its mandate and responsibilities. And no doubt, of course, that would go into cost again.

**Mrs. Ramnarine Singh-Zoro:** Member, if I may; yes it would. In terms of affecting us in terms of getting the original mandate of the organization fulfilled, the majority of the litigation that is being faced at EMBD is in respect of contractor claims for moneys allegedly due and owing, for the development of certain infrastructural projects. As part of the litigation strategy what has happened is that these infrastructural projects are largely on hold pending the outcome of these litigations. So the large impact has been that these projects are on hold.

**Ms. Sagramsingh-Sooklal:** Page 9 of that same Part II of the submissions. EMBD has stated:

EMBD has been defending these claims based on experienced legal advice from its external attorneys and technical advice from experienced quantity surveyors and engineering experts. Settling claims through negotiation—which you would have already alluded to, right?—court order, withdrawal of claims by the contractor.

Again, can EMBD identify the benefits taxpayers have derived from EMBD outsourcing said personnel?

And why I am asking this is because you are the entity before us, and oftentimes in the public domain that is one of the major concerns that the public would have whenever

matters are being litigated, whenever we litigate matters. Because, of course, you have the cost to outsource lawyers, senior counsels. In matters such as this, most of your matters, as you would have alluded to, is based on contracts and the “unfulfilment” of contracts, which you would need quantity surveyors, you would need specialists. But I think it is critical—because at the end of the day, many of us are politicians here—it is critical for the entity to be able to identify for the benefit of the public, to at least understand in the board’s opinion and the entity’s opinion, if you can identify the benefits the taxpayers have derived from EMBD outsourcing said specialist persons. So, for example, the quantity surveyors, the engineering experts, the technical advice. Why outsourcing and spending taxpayers’ dollars in outsourcing said persons would have been critical to your litigation, and then that being established, if you can be able to speak to our taxpayers and indicate what benefit could be derived from outsourcing said persons.

**Mr. Mohammed:** Thank you member. So first I will quantify by repeating what I have said before, and that is by return on spend for legal and expert fees, we have saved \$620 million. So I will go further to say, had certain matters not gone before the court, there would not have been certain findings of fact, and therefore it could have been left in the public domain as political banter. Therefore I would like to direct this Committee to several things, in specific one matter. There was a reduction in the claim by the court, and that reduction amounted to, by a certain sum claimed by a contractor—and let me preface this, I struggle to understand if you sue for \$1 billion and the court said, “you are not getting your billion”, how can that possibly be a victory. You did not prove your case. That is my opinion. But in specific one matter, Justice Rahim ordered damages to be paid to a certain contractor, and that sum reduced the contractor’s claim by 50 per cent, and that 50 per cent is almost \$477 million.

So to answer your question, well the public is asking about the expenditure for legal, but you have to appreciate that the court has been determining in the interest of the taxpayers.

The second thing some of these matters have done, in one of these matters, was finding of unlawful means conspiracy, and I am just going to paraphrase here. One of the main findings is that there was an unlawful means conspiracy with regard to EMBD personnel, the former—I prefer not to call the person’s name.

**Ms. Sagrainsingh-Sooklal:** Of course.

**Mr. Mohammed:** The contractor and the engineer. This is an important milestone in respect of litigation between a private contractor engaged to provide construction

services to a state enterprise in Trinidad. Specifically, there was the setting aside of certain agreements that the court determined was by way of an unlawful means conspiracy. The court therefore found that supplementary agreements were invalid by the act of an unlawful means conspiracy on the part of the contractor and the ex-EMBD employee.

Those supplementary agreements resulted in an increase in the value of projects of a combined total of \$314,406,886, and by virtue of the finding of the conspiracy, the agreements were declared to be null and void and were set aside. So there have been findings by the court never before, and therefore I think several of our litigation proceedings have allowed the law, and I guess the ambit of the legal profession to have in our records the existence of these acts.

**Ms. Sagrarsingh-Sooklal:** And you would have to agree with me, in some of these matters, let us say money was not expended on those specialists or outsourcing quality attorneys to represent the company, you may not have even had this fighting chance.

**Mr. Mohammed:** Absolutely. Remember the specific that I have told, so as far as our information suggests, this was the largest claim ever filed in the High Court.

**Ms. Sagrarsingh-Sooklal:** So to your mind there is justification for the moneys that have been expended in litigating these matters, especially when you look at what would have come out, dicta that would have perhaps emerged from the court, as you would have alluded to, when we look at reduction in claims. So just for the benefit of the listening public very simply put, you have a man, a contractor claiming \$1 million in damages. So you go to the court, the court says, no, you are not entitled based on your claims, we have that reduction in a claim to, let us say, \$500,000.

So that in essence would, to your mind as the board, justify the expenditure in litigating these matters. Correct?

**Mr. Mohammed:** Most definitely.

**Ms. Sagrarsingh-Sooklal:** Now, I want to take you now to page 18 Part I of your submissions, and this is specifically with respect to the award of contracts. Again, I am focusing just on what is before the Committee.

The question was:

Does EMBD submit to the Minister of Finance within 14 days following the end of each month, a list of all contracts which are awarded during the month, together with the value of each contract?

And EMBD stated:

EMBD is current and up-to-date in submissions of return of award of contracts to the



Permanent Secretary, Ministry of Finance.

My question is, before the EMBD provides said information to the relevant Ministry, can EMBD explain to the listening public, and of course to the benefit of this Committee, how the process of award of contracts for the period currently under review, and that is the 2015 period, and how that was executed?

**Mrs. Ramnarine Singh-Zoro:** Member, so what I can say is that there are two categories of reporting that is done. Return of award of contracts for contracts that are under 5 million and over 5 million. For the period 2016 onwards, unlike previous periods where there would have been several multimillion-dollar infrastructural awards done, since 2016 to present, there have been no contracts, save and except possibly one, that would have amounted to that quantum.

With respect to the lower rank contracts, the usual process would be that you would have a three-tiered process. So for instance it may be a sole select contract that is made and justification for it. All contracts right now are approved. There is an internal approved financial authority independent policy, contracts up to 100,000 are approved by the CEO. Between 100,000 to 2 million, is with the tenders committee, and over 2 million is with respect to the board.

**Ms. Sagrainsingh-Sooklal:** So that is with respect to 2016, correct in moving forward? But I am asking about the process before.

**Mrs. Ramnarine Singh-Zoro:** Before 2016, what we would have found is that there was a similar type process in terms of sole select, or selected tender award of contracts. And there have been some instances that are ventilated in our legal matters, where the process was not properly followed. For instance, these supplementary agreements that my Chairman would have alluded to, the process that was allowed to happen in that case is that the CEO unilaterally entered into these supplementary agreements without the requisite tender or board approval at the time.

**Ms. Sagrainsingh-Sooklal:** So you want to give me an example of certain instances, or examples that you all would have encountered as a board, when you got into—well, when you took the mantle, which—and I think that is important for my Committee to understand—where you had, you said a CEO is unilaterally making a decision as it relates to the award of contracts. And the sums again—so those unilateral decisions that it appears were often made were for contracts, the award sum was approximately how much, and if you could give me an example and further—

**Mrs. Ramnarine Singh-Zoro:** With respect to that particular scenario, the supplementary agreements that were entered into without the requisite tenders or board

approval, it resulted in an increase in value of the project of \$314 million, which would have excluded, in any event, the original CEO limit.

**Ms. Sagrarsingh-Sooklal:** Since you all have taken the mantle of the entity, how many other examples of that sole select unilateral decision being made relative to the award of contracts?

**Mrs. Ramnarine Singh-Zoro:** For the period 2016?

**Ms. Sagrarsingh-Sooklal:** For the period that is before us, correct.

**Mrs. Ramnarine Singh-Zoro:** 2013—we would have to—can we supply that—review the records in order to—

**Ms. Sagrarsingh-Sooklal:** Especially because when you look at the procurement process that you are alluding to, it seems to be that a lot hinged upon sole select, a sole process. Of course, I mean, in moving forward I understand well—you all would have stated EMBD is current and up-to-date in submissions of return of award of contracts to the Permanent Secretary, that is in moving forward, but again I am dealing with what is before, which of course covers that 2013 to 2015 period. You would have alluded to the fact that at least since you all took control, you would have noticed that a lot of sole selecting would have been done, and certainly if examples or information to that effect could be provided in writing, I will be grateful.

**Mrs. Ramnarine Singh-Zoro:** Sure.

**12.00 noon**

**Mrs. Sagrarsingh-Sooklal:** One thing—Chair, can I continue? I want to take you now to Appendix II and Appendix I of the documents, well in your submissions dated the 27<sup>th</sup> of January, 2023, right. Let us go to Appendix II firstly. I mean in a past incarnation this is what I did for a living, so—I mean going through evidence—and I noticed that an Anil Rampersad, I mean there are pages of Anil Rampersad starring here and thousands of dollars paid to Anil Rampersad. It appears, from what I am looking at here, I mean I want to bolster this question because I do not want it to be, I do not want to inflame the question, but I know that the Permanent Secretary for Ministry of Agriculture, Land and Fisheries she mentioned that EMB's, which we all understand, mandate is to engage in further purposeful and infrastructural work. PS would have also mentioned several sites that fell under the purview of EMBD, right, the seven sites.

But then, when I go through the Appendix II, in particular, and I am seeing, okay, so for example, Anil Rampersad, payment for the month of October as stated in contract; Anil Rampersad extra hours at the official opening of Golconda Interchange and there

is a sum paid to him. Then we have extra hours, 18 extra hours with line Minister Dr. Roodal Moonilal with EMBD officials and then you have the sum being paid to Anil Rampersad there. Then if you go, let us say, if you go to page 3, for example, you see statements with Anil Rampersad starring again. You go to page 4 of that Appendix, we have several sums paid to Anil Rampersad. I mean, I am just going through the documents and I want to know if you have any information relative to this person's core function. To my mind, I mean, it is a lot and I have to give way to other members, but if you go through the things that this person was hired for—and that is why I start off my mentioning when PS for Agriculture spoke about what the general mandate of EMBD is, to my mind nothing that he is engaged in is relative to the mandate of EMBD. So, for example, I saw that—well I will get into that one, that is Caribbean Print Technologies. As we are on that, for example—not Caribbean Print Technologies, sorry, we have the purchasing of gold hats, yellow gold hats, expenditure spent on that. Then there is expenditure on a lot of fliers, and the timing of it is like, for example, the 1<sup>st</sup> of the 7<sup>th</sup>, 2015, a lot of money invested in, to my mind what appears non-EMBD related. And there are pages of it, Appendix I, Appendix II. Would you be able to add some clarity at all on that expenditure?—you know the moneys that was expended. How is it related or justified at all based on your findings? I mean, it is not fair, I know that you all are new, well when I say new you would not have been here at that time, but this type of expenditure, how was it related to EMBD's activities. Of course it is a lot to go through and I would have just itemized a few, but perhaps if I can get some—because I want to just understand, you know, where, at least in understanding where the taxpayers' dollars went.

**Mrs. Goolabsingh:** Thank you member and I will defer to, Chair.

**Mr. Mohammed:** So from our information the individual is a photographer and from our interpretation several of the engagements he participated in and which EMBD paid for was not part of our core function or mandate.

**Mrs. Sagramsingh-Sooklal:** Could you repeat that, was not part of your core function? Because he is also a retainer for \$6,000 every month.

**Mr. Mohammed:** He was.

**Mrs. Sagramsingh-Sooklal:** He was, sorry, he was on retainer and then added to that there is an extensive amount of money that is spent for several, outside of EMBD functions, correct?

**Mr. Mohammed:** That is accurate based on the records and what they reflect.

**Mrs. Sagramsingh-Sooklal:** That is accurate? Is it fair to say that? Okay. Thank you

very much. ABC Dynamic Trading Limited, it is on page 9 of Appendix II. I see 16 golden yellow caps and there is the substantial amount of money spent on that. And then there is *Daily News Limited*, this is on the 9<sup>th</sup> of the 9<sup>th</sup>, 2015 mind you, expenditure on that day. And there is another expenditure on 9<sup>th</sup> of the 9<sup>th</sup>, 2015, *Daily News Limited* full colour out, a 33 x 7, “We have moved” advertisement, \$16,000 plus. Would that have been aligned with EMBD’s mandate and would that have been aligned with EMBD’s core functions?

**Mr. Mohammed:** It would suggest—

**Mrs. Sagrarsingh-Sooklal:** It is on page 9.

**Mr. Mohammed:**—I mean, based on the submissions that there was an advertisement for the relocation of EMBD offices.

**Mrs. Sagrarsingh-Sooklal:** But the yellow caps.

**Mr. Mohammed:** With respect to the yellow caps—

**Mrs. Sagrarsingh-Sooklal:** Yellow golden caps and the money spent on the 9<sup>th</sup> of the 09<sup>th</sup>, 2015, no? Okay. If I can go to, well, I mean Anil Rampersad is starring again here so and thank you for providing the information relative to Mr. Rampersad. Chair, for now I can give way to another member.

**Mr. Chairman:** Before I ask my friend Mrs. Laurel Lezama-Lee Sing to come in I just wanted to ask a question—Mr. Paray had to leave, right. He has a matter in south, so he has asked me if I can raise this question here. Mr. Mohammed is it possible you can provide to this Committee for the period 2016 to 2022, if you can provide a list of all the costs to local and foreign legal and other firms, legal firms, right, in relation to all matters that were at litigation. You do not have to give us that no, w you can circulate that.

**Mr. Mohammed:** Chair, it is already in our submissions and it is listed by attorney and by year.

**Mr. Chairman:** Okay.

**Mr. Mohammed:** So it is in our submissions.

**Mr. Chairman:** Okay, for the period?

**Mr. Mohammed:** For the period.

**Mr. Chairman:** That I have identified?

**Mr. Mohammed:** That you have asked.

**Mr. Chairman:** Okay, cool. Alright Laurel Lezama-Lee Sing

**Mrs. Lezama-Lee Sing:** Thank you very kindly, Chairman, members, good morning again or good afternoon, rather. Chairman of the EMBD I want to thank you for your

very comprehensive opening statement. On perusing these documents before this meeting I had had my grave concerns and I do not wish to belabour the point, but I had grave concerns about Grant Thornton's disclaimer of opinion. I am very concerned still that the company has been, and this no fault of yours, you have inherited this, that the company was unable to provide the supporting documentation and to substantiate certain matters. And I want to place on the record my grave concern for that. Reason being this is the second successive meeting that we have found that there have been challenges with auditors and state enterprises, documents going missing, and might I say and I cast no aspersions but around the period of 2013, 2014, 2015. This is of grave concern to me. But I thank you for your very comprehensive statement. And I wish to thank as well your financial consultant for using the term "documentation retention" and I look forward to more timely and comprehensive submissions coming from the EMBD based upon the action that you have taken, you have been forced to take or you have chosen to take.

I will get to your strategic plan very, very, shortly. But I wish to ask though, EMBD has always fallen under the purview of the Ministry of Agriculture, Land and Fisheries.

**Mr. Mohammed:** No.

**Mrs. Lezama-Lee Sing:** No. What was the line Ministry prior?

**Mr. Mohammed:** For the period of under review?

**Mrs. Lezama-Lee Sing:** Yes, for the period under review.

**Mr. Mohammed:** Ministry of Housing and Urban Development.

**Mrs. Lezama-Lee Sing:** Ministry of Housing and Urban—yes, thank you.

**Mr. Mohammed:** Ministry of Housing and Urban Development.

**Mrs. Lezama-Lee Sing:** Thank you. And had there been any intervention to your knowledge? I know they are not here to answer, but from your research or based on information coming to you when you assumed chairmanship or even you Madam CEO, had there been any intervention by the then line Ministry, insofar as the situation with the audited reports?

**Mr. Mohammed:** So from my recollection in September 2015 it was the reassignment of EMBD to the Ministry of Agriculture, Land and Fisheries. So if I follow your question—

**Mrs. Lezama-Lee Sing:** So I am asking you—

**Mr. Mohammed:**—it relates to the Ministry of Housing and Urban Development.

**Mrs. Lezama-Lee Sing:** Housing. Do you know, so I am asking you if you know if there had been any intervention by the line Ministry during the period under review?

**Mr. Mohammed:** I am unable to answer that question.

**Mrs. Lezama-Lee Sing:** You cannot answer that question. Okay, thank you very kindly. Chairman, I just have two brief questions to ask this Committee and the first one speaks to the strategic alliances with your line Ministry and I want to focus on the area of quarrying. Can I ask you, please, if you can tell me the status of the regularization of the quarry operations? There must have been some issue with the quarries and can you inform me how that was dealt with.

**Mr. Mohammed:** So if you permit me member we do have a comprehensive section on that aspect of our operation. And just by way of context, up to June 2017 our Coco Road Quarry was operated by one Ramnarine Charles. And that arrangement was basically at a flat rental fee per month with no accountability for extraction of volumes for materials taken offsite. EMBD quarry operations were suspended from June 2017 to July 2020 after EMBD obtained all statutory approvals. The quarry was operated by EMBD from July 2020 whereby EMBD employed and operated to excavate, stock pile, and load while sand is sold directly to the public by EMBD.

EMBD has joined the Trinidad and Tobago Extractive Industry Transparency Initiative. We have also had some challenges in the operations and sales have not been as anticipated since the commencement or recommencement in July 2020 for the following reasons: Excessive inclement weather; economic conditions during the pandemic and reduced demands; COVID closure from March 29<sup>th</sup> to April 26<sup>th</sup>, 2020, May 10<sup>th</sup>, 2021 to 6<sup>th</sup> July, 2021; closure of the quarry from 16<sup>th</sup> December 2021 to 10<sup>th</sup> October, 2021 to investigate certain matters; the reduction in mining area due to buffer restrictions and reduced availability of materials and also competition from illegal quarries. What I am pleased to report is that EMBD is up-to-date with royalty payments and to date has paid in excess of \$1.5 million in royalties to the State. Would you like more details?

**Mrs. Lezama-Lee Sing:** No. I wanted to ask you—thank you very much for that answer. I did hear you speak about the extractive industry in your opening remarks. I wanted to ask you if, EMBD, given all of these challenges that you would have experienced, whether money, materials, COVID, et cetera, is EMBD satisfied that it is doing sufficient to progress in this field, in this sphere?

**Mr. Mohammed:** Thus far from a commercial viability standpoint, yes, we have done well.

**Mrs. Lezama-Lee Sing:** Okay, thank you. Now I want to go to this document from Grant Thornton and I wish to turn to page 8, the cash flows for the year ending

September 30<sup>th</sup>, 2015. Yes? Okay, thank you. Under your cash flows from financing activities you have a demand loan, that demand loan is what you spoke about with FCB in your opening remarks, yes?

**Mr. Mohammed:** That is correct.

**Mrs. Lezama-Lee Sing:** Yes. Can you explain to me what the demand loan was for, the purpose of that? And then also if you would also explain the proceeds from the grant funding. I am not sure that I saw the detailed breakdown of that anywhere in this document. Thank you. Just the two items under cash flows from financing activities.

**Mr. Mohammed:** So just by way information the 400 million is related to a loan at First Citizens Bank. It was a four year tenure and the rate was 4 per cent interest and the loan date was August 2015.

**Mrs. Lezama-Lee Sing:** Sorry, can you say that again. I missed that, sorry. The loans—

**Mr. Mohammed:** August of 2015.

**Mrs. Lezama-Lee Sing:** “Oh”, the date of the loan is—

**Mr. Mohammed:** Yes.

**Mrs. Lezama-Lee Sing:**—August 2015—

**Mr. Mohammed:** 2015.

**Mrs. Lezama-Lee Sing:** Okay.

**Mr. Mohammed:** And we can confirm that upon receipt of the loan and during the period 17<sup>th</sup> of August to the 22<sup>nd</sup> of September—

**Mrs. Lezama-Lee Sing:** Of 2015?

**Mr. Mohammed:**—of 2015 the sums dispersed in excess of and including the loan sum amounted to \$418 million. Basically within one month.

**Mrs. Lezama-Lee Sing:** Thank you very kindly. And do you know what the sums were dispersed for?

**Mr. Mohammed:** Payables to contractors.

**Mrs. Lezama-Lee Sing:** Thank you. And now I just want to ask quickly about your strategic plan and this is to the Ministry. Is it correct that the Ministry of Finance is still to approve the strategic plan?

**Mrs. Ramnarine Singh-Zoro:** So in respect member, if I may, in respect of the strategic plan for the period 2020 to 2022 EMBD has received comments from the Ministry of Finance on that strategic plan and we are preparing the strategic plan for 2023 to 2025, right, currently.

**Mrs. Lezama-Lee Sing:** And do you have a time frame that you think---

**Mrs. Ramnarine Singh-Zoro:** We believe it will be completed by the end of the second quarter of 2023.

**Mrs. Lezama-Lee Sing:** Okay, thank you very kindly for that. Thank you. Chairman, that ends my first set of questioning. Thank you kindly.

**Mr. Chairman:** I would now ask Mr. Mc Clashie to step in. Mr. Mc Clashie.

**Mr. Mc Clashie:** Thank you, Chair. May I first complement EMBD on the fact that you have been able to answer quite comprehensively all questions being asked, which means that you are quite prepared and—but for me I want to just shift gears slightly and we have been dealing with a lot of the financial issues, but part of the submission has spoken to challenges experienced and I note that from a governance perspective one of those challenges is or resides around internal policies and processes and procedures and stuff and we got feedback that it is ongoing. Now ongoing could mean a whole lot of different things. So in relation to when this report was written and what we are looking at, how has EMBD progressed in getting and establishing those policies' procedures, whether it is procurement, human resources whatever it is. Where are you now with those items?

**Mr. Mohammed:** Member I am assuming you are referring to page 23—

**Mr. Mc Clashie:** Yes, 23, yes.

**Mr. Mohammed:**—of our part one submission.

**Mr. Mc Clashie:** 23, yeah.

**Mr. Mohammed:** Yeah?

**Mr. Mc Clashie:** Yeah.

**Mrs. Ramnarine Singh-Zoro:** Thank you member. What I can indicate as my chairman would have stated previously is that EMBD right now is constrained in terms of limited in-house resourcing, there being only five senior members of management. What we have done is we have tried in order of priority in terms of the outstanding policies and procedures. What we have had is that, for instance, the HSC policy has been approved, electronic banking policy that has been approved as well which was very, very, useful in terms of addressing electronic during the period of COVID. So there is a priority that is being made in terms of the outstanding policies and procedures with timelines to be ascribed for completion per quarter.

**Mr. Mc Clashie:** Okay, just to close by saying, one of the shortfalls we see all the time is we have no benchmarks to go on because there are no policies. And then people get around the issue of not being able to perform because there are no written policies and therefore governance kind of goes out the window and it becomes a root cause. So I



would just encourage EMBD, even if you need to outsource that to do, have your Is dotted and your Ts crossed and create those basic benchmarks that people will have to follow.

**Mrs. Ramnarine Singh-Zoro:** Noted. And just for the record though we would like to say that there are—it is not a case of no policies being approved. EMBD will supply, we do have HR manual, we do have a tender's policy. So, but the point is noted from the member.

**Mr. Chairman:** May I ask a few questions before I ask my colleague to continue. As it relates to, I think Mr. Mohammed you said that you have 32 employees. Am I right? What percentage are on contract, what percentage permanent?

**Mr. Mohammed:** The entire work force is contracted.

**Mr. Chairman:** Do you have an organizational structure?

**Mr. Mohammed:** Yes, we do and I believe it is part of our submissions.

**Mr. Chairman:** Okay. Now is it the policy of the company to maintain—do you have a pension plan for those employees?

**Mr. Mohammed:** No, but as far as I am aware there are provisions for gratuities at the end of service.

**Mr. Chairman:** Is there any intention of having a permanent cadre or do you think that the company will continue along this contractual arrangement? And has it always been like that? Did you inherit that or was that a policy that the company has decided to pursue?

**Mr. Mohammed:** That is something we inherited, Chair, and obviously the board would be guided by the Ministry of Finance or the CPO in terms of what type of employment we can offer. Thus far we have not received any mandate as far as I am aware from the line Ministry or any others that we should commence permanent employment in our workforce.

**Mr. Chairman:** But, all right. Okay, I will come back. In terms of your internal auditor, how long has EMBD been without an internal auditor?

**Mr. Mohammed:** Chair, can you repeat the question, please?

**Mr. Chairman:** No, I am asking, how long—first of all do you have an internal auditor in the EMBD, first of all?

**Ms. Tom Wing Bailey:** May I, Chair? Our last internal auditor, her contract expired in 2021. Thereafter we pursued hiring to fill the position of internal audit manager, because it was quite competitive in terms of compensation. We redesigned the job function to compete with the rest of the state enterprises, et cetera, and private sector.

**Mr. Chairman:** Wait, wait, wait. Hold one moment. You say you are competing with state enterprise. Now as I recall there is a state enterprise performance manual—

**Ms. Tom Wing Bailey:** Yes.

**Mr. Chairman:** Am I correct?

**Ms. Tom Wing Bailey:** Yes.

**Mr. Chairman:** And one of the guidelines is that you must have an internal auditor?

**Ms. Tom Wing Bailey:** Yes.

**Mr. Chairman:** I never came across the concept and tell me if I am hearing you correctly. Is it you just said that you have an internal auditor/manager? Is that what I heard? I am just trying to clarify.

**Ms. Tom Wing Bailey:** Yes, we have—

**Mr. Chairman:** No, but why are you—is that a post that you are telling us exists in other state enterprises so you are trying to be competitive? I am trying to clarify again.

**Ms. Tom Wing Bailey:** Okay. We are trying to compete because our internal auditor position carried a compensation that was not competitive with other internal auditors.

**Mr. Chairman:** Okay. So what is the position now of the internal auditor?

**Ms. Tom Wing Bailey:** Okay. The last contract expired in 2021 since then we have been trying to resource the department. In 2021 we selected through an interview process, our recruitment process, we selected the candidate that ranked number one and when that offer was made it was turned down as the person had accepted another lucrative offer. Thereafter we went to the second ranking candidate who required three months' notice to the employer, we waited for that three months in 2022. In April we anticipated that that person would have taken up the job, regretfully it did not plan out to be like we expected. Thereafter we immediately started the recruitment process all over again even going to supporting, getting support from the Institute of Internal Audit Trinidad and Tobago where we published, where they supported us in publishing our ad for their membership. That was unsuccessful also. We have done through different platforms and media, social pages, et cetera, we eventually, I must say, we are happy to say today that we are going to have fully, we anticipate having a fully operational department by mid-April, 2023.

**Mr. Chairman:** Is it that you have been able to recruit as we speak internal auditor?

**Ms. Tom Wing Bailey:** Yes.

**Mr. Chairman:** Okay. And when did you accomplish that?

**Ms. Tom Wing Bailey:** We accomplish that between January and February, 2023.

**Mr. Chairman:** Okay. All right. I know that one of your mandates is, I think the

Permanent Secretary had indicated, is to deal with the provision of residential lots for former Caroni workers, agricultural lots, et cetera. Can you share with this Committee what has—where have you reached with that process, particularly between 2016 to the present time? Have you been able to sustain that process or are you lagging? And could you provide to this Committee how many residential lots, agricultural lots, I think Mr. Mohammed you talk about food security or somebody mentioned food security as it relates to the agricultural lots. Can you share with this Committee and give us a little breakdown as to how many you have distributed, residential lots between 2016 to the present time? How many agricultural lots have been given out between that said period and how many remain outstanding?

**12.30 p.m.**

**Mr. Mohammed:** Chair, just for the record, we do not distribute residential lots, we develop residential lots on behalf of another state agency.

**Mr. Chairman:** Okay.

**Mr. Mohammed:** In relation to agricultural lots, unfortunately, I do not have it broken down by years, but I can speak to the fact that we have developed a total of—so completed and leases issued for our seven agricultural leases, 2,755; we have 115 outstanding subleases; we have 196 lots unallocated by Caroni (1975) Limited; we have 68 plots which was surrendered to the Commissioner of State Lands. Now as we go further down we are—and the breakdown of the 115 outstanding leases that I referred to, basically 47 of those are deceased workers and we are awaiting their letters of administration from their estate, 34 of those are on hold because of access issues, 26 of those we are awaiting documents from the tenants themselves, and eight of those we are to deal with occupational and boundary point out exercises our waiting registrations. So that is the breakdown of the 115 that we have outstanding.

**Mr. Chairman:** So in terms of residential and agricultural, you talked about agricultural, are you combining both Mr. Mohammed?

**Mr. Mohammed:** No. No. Because our mandate specifically—

**Mr. Chairman:** Tell me.

**Mr. Mohammed:** We can only distribute leases for estates that we hold head leases for of which we have seven estates which we issued subleases for two-acre parcels.

**Mr. Chairman:** Okay, and you say out of your mandate you have about 160 outstanding, am I hearing?

**Mr. Mohammed:** One hundred and fifteen, out of which 47, again we are waiting letters of administration, 26, again, for documentation from the tenants, so it is an

insignificant sum in the context of the number that we have delivered.

**Mr. Chairman:** Explain to us when you said surrender, people—like somebody would have gotten a residential lease or agricultural lease and they would have surrendered, because you mentioned some 68, just explain that to us?

**Mr. Mohammed:** So, for example, our estate may have required for power infrastructure, or utilities, or drainage, or roadways, so there would have been a process that EMBD would have followed to issue dates of surrender and reassign to those agencies that would have required it for national development.

**Mr. Chairman:** Okay, so once you surrender you have a process where you reassign people for these lots?

**Mr. Mohammed:** That is correct, yes.

**Mr. Chairman:** Okay, so those 68 that have been surrendered have you reassigned, and how many have you reassigned? How many remained outstanding as it relates to the 68? Could you put that in writing?

**Mr. Mohammed:** I would revert—in writing just for confirmation.

**Mr. Chairman:** So like for instance how many have been surrendered, you know is 68, fine? How many, for instance, have been reassigned out of the 68 and how many have actually—how many remained outstanding, so at least we will know out of the 68 that have been surrendered those persons who did not access it what is being done to have these things reassigned and replaced? So if you could put that in writing.

**Mr. Mohammed:** We will submit that to the Committee, Chair.

**Mr. Chairman:** Okay, you can submit them. I think my colleague Mr. Keith Scotland would like to say something and then I come to Amrita, right, and thereafter we could go to Laurel. Mr. Scotland, please.

**Mr. Scotland:** Chairman, through you, what is the status of ongoing legal proceedings relative alleged claims for—and we have seen substantial moneys due and owing to contractors or consultant for works performed prior to 2016, could you tell us?

**Mr. Mohammed:** Member unfortunately we cannot give very specific particulars because of where those matters are before the courts.

**Mr. Scotland:** Could you give us at least a report, not today but in writing relative to that? Chairman, through you, at least a more up-to-date one, can you do that? Can you commit to do that? But I have another question for you.

**Mr. Mohammed:** And this, sorry to interrupt, just for clarity in terms of the update that you are seeking, is it where is it in the litigation process?

**Mr. Scotland:** Yes, please.

**Mr. Mohammed:** Sure.

**Mr. Scotland:** But tell me, have you and has the organization, maybe you can speak to legal and your team, has there been any savings derived from negotiations with contractors? I see the amount claimed, there are substantial amount claims, has EMBD derived any value added as it relates to savings from the interaction with these contractors, and what is the quantum, if so?

**Mr. Chairman:** May I? Before Mr. Mohammed responds, Mr. Scotland I do not know if you were in the building at the time, I know you had been in and out, but I know my hon. friend did go into extensive details about the savings—

**Mr. Scotland:** I heard some of the questions, Mr. Chair.

**Mr. Chairman:**—and Mr. Mohammed responded, unless, for instance Mr. Mohammed, you know I am a democrat, I have no difficulty in you repeating yourself.

**Mr. Scotland:** No, I wanted—

**Mr. Chairman:** I know you did go into some detail, I know that we are rushing towards one, so I just wanted to tell Mr. Scotland that you would have answered that already, but I am prepared to allow Mr. Mohammed to at least repeat himself for purposes of just clarity.

**Mr. Scotland:** Chairman, if it has been answered I have another—if it has been answered, the actual amount that has been saved relative to the interaction with contractors, has he given us that amount?

**Mr. Mohammed:** Member what I can say is I gave a global figure in terms of the saving derived. Now, what I can say, a significant portion of the \$620 million savings that we have been able to achieve would have been by way of negotiations, and, for example, we had certain claims where we were able to negotiate up to 50, 60, 70 per cent off the claimed sums and proceed on settlement. But if you do permit me, the question about fees, and your colleague asked about the outsourcing of it. I would just like the record to reflect that one specific matter for \$170 million which the court dismissed that was managed by my in-house legal team. So it is not that we simply go out, we look at what we can do as far as possible internally to ensure that those expenditures do not leave the organization.

**Mr. Scotland:** Chairman, I would give way because I know time is of the essence, I would let my other colleagues. Yes.

**Mr. Chairman:** Ms. Deonarine.

**Ms. Deonarine:** Thank you, Chair. Chair, through you, this is not directed at any particular individual in the room right now, but I have to say that I am very concerned

that we have state enterprises coming before us, before this Public Accounts (Enterprises) Committee, Committee member Sagrainsingh-Sooklal and also Mrs. Lezama-Lee Sing also alluded and drilled down to some facts with respect to contracts being awarded to specific individuals that had nothing to do with the mandate of the company and what not, and I think that this is something of grave concern. Because, Mr. Chair, we have the Ministry of Finance, Investments Division who is the overarching institution that has oversight over all these state enterprises. So, my question is, for the period 2013 to 2015 when all these documents went missing, all these procurements took place, what exactly was the role of Investments Division in Ministry of Finance? Because from my understanding, through you, Chair, is that according to the State Enterprise Performance Monitoring Manual there are documents that must be submitted by each state enterprise, for example:

- Internal audit reports;
- return of award of contracts;
- quarterly status of loans overdrafts;
- quarterly returns report;
- monthly cash statement.

So I am not entirely sure how much we can rely and say, you know, well, you know this board was not here so we do not know what really happened during then, but the most that we could say is that, you know, X, Y and Z. I have to say that I am concerned, and I would like to give the Ministry of Finance an opportunity to explain not only to the EMBD but also to the members of this Committee and also to the Republic of Trinidad and Tobago, what exactly are their position when it comes to continuity when board members change?

**Mr. Chairman:** Ministry of Finance.

**Mr. Charran:** Chair, in response to in terms of the reports that were submitted, I do not have that information at this point in time, we will research it and provide that information at a later date, but I know that the Investments Division does get, and we have been getting, the reports that are required under the monitoring manual. Additionally, the Ministry of Finance did recognize that there are issues with internal audit and audit in general, and in 2020, corporation sole issued a circular mandating that all state enterprises establish the internal audit function. We also reiterated that this is a mandate under the state enterprises monitoring manual, and one of the things that we stated in that particular circular, and I will just read it quickly for you, and this shows the importance that we place on audit and internal auditing is that, and I quote:

The audit committee is supported by the internal auditor and relies on the work of internal audit. Evidence shows that an effective audit committee supported by an effective internal audit function results in strong internal controls. The external auditor can also benefit from the work of the internal auditor. Therefore in the interest of good governance all state enterprises are required to have an operating audit function and an effective audit committee.

Thank you, Chair.

**Ms. Deonarine:** Chair, may I through you, ask a follow-up question? Chair, I am still not clear of the answer, because under the State Enterprise Performance Monitoring Manual there is a specific function with respect to business continuity as a key function in risk management of state enterprise performance manual. I am sorry but I cannot accept that the Ministry of Finance is not able to answer the question with respect to what exactly, what reports were and were not submitted to the Ministry of Finance between 2013 and 2015, because that is the period in which we are examining at present. Now if I am to narrow in under the performance monitoring manual, it states clearly here that the monitoring and evaluation function of internal controls of the Ministry of Finance deals with:

- evaluating internal control processes;
- keeping—evaluating and analysing the procedures and practices relating to procurement;
- keeping under the review of performance and effectiveness of internal control systems;
- knowing that appropriate arrangements are in place to promote economy efficiency and effectiveness with state enterprises;
- performing investigations are required by the Minister of Finance.

So, I am trying to understand if these issues were being identified subsequent to 2015 when these challenges were initially encountered by the Ministry of Finance was not able to interject and assist almost immediately so that we are not in the position where this whole internal—where this audit has been dragged out for almost four years.

**12.45 p.m.**

Because, Mr. Chair, what we have here is a disclaimer of opinion coming from Grant Thornton. And this disclaimer of opinion is basically saying, you know, well we did not have enough documentation so, therefore, we have to issue this disclaimer of opinion, because we were not able to accurately reflect or gather everything with respect to the 2015 financial accounts.

And then, we are here today, and I am not too sure how much money has been spent, but I heard discussions of moneys being tied up in litigation. I saw in the same audit report that there are loans, unconditional loans that are being taken to settle these litigation matters. And at this point, to this day, as a citizen of Trinidad and Tobago, I have no idea what happened or how this money is being spent.

Mr. Chair, I think this is unacceptable and I think it needs a thorough explanation from the Ministry of Finance.

**Mr. Chairman:** May I also indicate that the role of the Ministry of Finance, this is a general statement I am about to make, a state enterprise like EMBD or any other state enterprise does not operate on its own. It is governed by the Companies Act of the Republic of T&T, with severe consequences for directors. It is also guided by the State Enterprise Performance Manual. I have to support my colleague, Sen. Deonarine, that the Ministry of Finance, Investments Division had adequate notice of this meeting. We know the kind of challenges faced by the EMBD. You would have known about that. When I say you, the Ministry of Finance. And I find it quite intolerable for us to be told this afternoon that you have to, that is the Deputy Permanent Secretary, have to go back and research a matter involving what we have been told this morning and into this afternoon, challenges being faced by this state enterprise. Documents cannot be located, according to submissions. And from the state enterprise manual, many of these documents are supposed to be submitted to the Ministry of Finance, Investments Division. I dare say some would have to be submitted to the line Ministry.

So, how come, in 2023, we are not getting satisfactory answers from those oversight and monitoring agencies and Ministries like the Ministry of Finance? So the system is broken. The system is broken. Because there is no—the EMBD has come and stated its case. We have to look at it as a committee. But we would have expected some answers, some guidance, some information, some intelligence from the Ministry of Finance, Investments Division. Because you all have a very critical role in monitoring and have that oversight responsibility. So, we cannot fold our arms and go home and say: Listen, after so many years we have no accounts, no financial audited accounts, from the EMBD for 2016, right up to 2022.

And as Mr. Ronnie Mohammed said, because of the circumstances facing that company, he cannot guarantee this committee when those accounts will come forward. So where are we? What are we to do as an agency of the Parliament, as it relates to accountability? So, I really want to share the views expressed by Sen. Deonarine, as it relates to the role of the Ministry of Finance and Investments



Division. So, I would like to ask the Deputy Permanent Secretary, how do you think we at the level of the PA(E)C can assist your division through, maybe recommendations? Because it seems that there are some weaknesses there. And you may not be responsible, Mr. Deputy Permanent Secretary. It might be a systemic problem. It might be a process problem. It might be a human resource problem. Whatever it is, I would like you to be very open with this committee.

Because at the end of the day, we have a responsibility to improve the processes, improve the procedures, improve the systems, so we can have greater accountability for the taxpayers' dollar. So it is not to say it as anything directed at you personally. We do not deal with personalities here. We are dealing with systems. We are dealing with processes. And if there is an absence of human resources let us know, so when we are formulating our recommendations for the submission to the Parliament, at least the Parliament of Trinidad and Tobago would be aware of the challenges faced by the Ministry of Finance, Investments Division.

So, I do not want anyone to take away or to leave here with any false impression that we are attacking the Investments Division, or we are attacking the Deputy Permanent Secretary, or we are attacking the EMBD. We are here to help. We are here to find solutions to the challenges that are faced by all state enterprises. And if, for some reason your Ministry and that unit within the Ministry have difficulties, have challenges, please bring it to the attention of our committee, so we can help your Investments Division improve. That is all. So, Mr. Permanent Secretary, maybe you can tell us the way forward.

**Ms. Mohammed:** So, I do not want to leave this committee with the impression that the Investments Division has not been doing our monitoring. So, over the period, I think what the DPS was saying, we would have provided to the committee, is the exact days whether they had outstanding reports. But in our role of monitoring, when we pick up issues, whether it is through the reports, through board minutes, these are escalated to the higher authorities. And during the period under review, my colleague here could make mention that certain things were brought to the forefront of what was going on with the company was highlighted, was escalated, and an audit was conducted. So, I do not want to be remiss in thinking that we do not have the actual dates of outstanding reports, but work has been going on in the Investments Division on reviewing this company and steps were taken during the period under review. So, I would just pass it on Mr. Herbert.

**Mr. Herbert:** Yes. We did do an audit on EMBD in terms of certain contracts that

were highlighted to our attention. Also, when the company supplies a list, a return of award of contracts, they would supply that a contract was awarded to X company or X individual. However, they do not supply the documentation for that contract. So, if documentation is missing from the company, you cannot and say, okay, we would go to the Ministry of Finance and they would be able to fulfill the—or they would be able to supply the missing documentation for that contract. All we would have had is that contract was awarded to company X for Y amount on an X date. So, we can give you that information. But we cannot fill in any missing documentation that the auditors may have been looking for.

**Mr. Chairman:** Mr. Herbert, do you think the time has come, through a recommendation, that when any company, state enterprise, is submitting, let us say awards of contract to your Investments Division, rather than give you just bare bone information, do you think the time has come where there ought to be in more detailed submission to you, to your unit. So that your unit would be more aware of what is taking place? So that, in the instant let us say, documents being misplaced or lost, or gone missing, at least your unit, because of the new approach that we are proposing or I am suggesting, would be in a better position to highlight these things. So that when we come to a meeting like this one, you would be in a better position to supply this Committee with that kind of added information and/or details?

**Mr. Herbert:** Whereas it might be a good suggestion, the Ministry of Finance does not have the capacity to store all those documentation. So, that is one country constraint that we do have. We do not have the capacity for the storage of that type of documentation.

**Mr. Chairman:** You would agree with me, Mr. Herbert, we are now in the digital age. So we are not in the manual age any longer. So, what I am saying is that maybe one of your recommendations could be what I have suggested. And, therefore, we would also recommend a revolutionary transformation as it relates to electronic storage of very crucial data and details. So, when we come here, we do not have to come with piles of documents, or we are not going to burden that Investment Division with piles of documents. It will be done electronically.

So, I do not know. I am trying to say to what extent we can put our heads together to avoid a repetition of what we are now experiencing.

**Mr. Scotland:** Chairman, through you, may I ask maybe we can ask the Ministry, Investments Division and EMBD to give us something in writing, outlining how they think the alliance can be improved in order to bring about a more efficient running and

a more efficient synergy between the state enterprise and between the Ministry? And maybe, just to maybe just assuage the public a little. They can give us a -- because I know time is not our friend know, just say something. They can put it in writing, but they must have thought about it and tell us how the plan, through you, Chairman, to do, or what they suggest can bring that change about, Chairman, through you.

**Mr. Chairman:** I think the Deputy Permanent Secretary wanted to say something, Sir.

**Mr. Scotland:** Tell us.

**Mr. Charran:** So, we thank you for the recommendation and we accepted and we look forward to working together with the Committee. The Ministry of Finance, through the monitoring manual, and the Investments Division, I just want to make it clear that we accept our roles and responsibility and we continue to ensure that we monitor the entities as is required. So, it is not that the Ministry of Finance, Investments Division is seeking to shirk any of its responsibility. There may have been a bit of miscommunication, but—

**Mr. Scotland:** We have not suggested that, but we want to know how. Give us just very brief note. How do you think it can be improved? We wanted in writing, Chair—

**Mr. Chairman:** Yes.

**Mr. Scotland:**—within two weeks, but tell us what you think. Let the public get some sense of rest that this is being addressed.

**Mr. Charran:** So there will be greater collaboration among the stakeholders in the line ministry, the Ministry of Finance and the EMBD in coming up with what are some future recommendations that we can--

**Mr. Chairman:** I think what Mr. Scotland is proposing, Mr. Deputy Permanent Secretary, is that a meeting be held between the Ministry of Agriculture or among the three entities that are before us today. And within two weeks, submit to this Committee recommendations arising out of our experiences today, so, that we can use those recommendations as part of our submission to the Parliament as to how to improve the efficiency, the accountability, the efficacy and the economy of the state enterprise sector in the Republic of T&T, and those units that are responsible for monitoring and having supervision over those state enterprises. I think that is the recommendation that my colleague is proposing. And I would like to ask that you all meet and submit to the Secretariat. We have a Secretariat here. Our Secretary is Keiba Jacob. And we can submit in writing in a fortnight. If you say you need more than two weeks, let us know. I am suggesting in two weeks. You might say—

**Mr. Scotland:** Chairman the two weeks expresses the urgency of getting this together,

and I am sure the stakeholders would recognize that this is urgent. Because we would have to answer to Parliament.

**Mr. Chairman:** Exactly.

**Mr. Scotland:** And also make a report and consider it.

**Mr. Chairman:** Okay. Well, I think we have agreed on that.

**Mr. Charran:** Chair, I thank you for that. Ms. Mohammed just wanted to say one thing.

**Mr. Chairman:** Yes, Ms. Mohammed.

**Ms. Mohammed:** I just want to say currently the EMBD is up-to-date with all of their reporting in compliance with the monitoring manual. The system we have in place currently is that while you send hard copies of the document, it is also e-mailed to the Ministry, and we also say it in our server, where we have our databases. So, there have been improvements from the period 2013 to 2015. I do not know what other improvements, because we have a relationship, a very cordial relationship, with the company.

**Mr. Chairman:** Ms. Mohammed, may I interrupt you. I think the problem is simply this, we do not have before this Committee any financial audited accounts for the period 2016 to 2022. That is the issue. So, even though you get draft audited statements, and the EMBD is up to mark, we are not up to mark. The people are not up to mark, because there is no financial audited statements before this Committee prior to what we are dealing with in 2015. That is the point I just want to make.

**Mr. Scotland:** Chairman, maybe Ms. Mohammed, you misunderstood. Are you saying that the system is perfect, the synergy is perfect?

**Ms. Mohammed:** No.

**Mr. Scotland:** So, what we are suggesting, Ma'am, hold on, what we are suggesting is that within two weeks, you have a meeting with the Director of Agricultural Planning, that division, with EMBD and come because, obviously, there are some lacuna. There is a lacuna and we just want you all to have that meeting. Make a recommendation, so this PA(E)C can do its job. All right? You do not need to be defensive. We are not at all attacking neither the Ministry, nor EMBD, nor the Ministry of Agriculture, Land and Fisheries. We just want to better the system.

**Mr. Chairman:** Exactly. I am glad you emphasize that point, so that would sink in. I would now recognize my colleague, Mrs. Laura Lezama.

**Ms. Lezama-Lee Sing:** Chairman, Amrita just want to make one point.

**Mr. Chairman:** Amrita and then Laurel.

**Ms. Deonarine:** Just one additional recommendation is that it may also be time that the Ministry of Finance sit and really look at how you all recommend these state enterprises save and manage their records, in terms of record keeping, because that is a big issue. This is not happening with EMBD alone. It happened with many previous state enterprises. So it is a recurring problem that we need to make sure we have a handle on.

So, I would stop there.

**Mr. Chairman:** Yes, Laurel.

**Ms. Lezama-Lee Sing:** Thank you, Chairman. I just want to go back to the period under review that we are looking at right now, which would be the audited financial statements of 2015. And so, we know that Grant Thornton had put forward its own disclaimer and even in the submissions from EMBD, I am minded to say that there is a disclaimer of sorts from the EMBD on the front page of all of your submissions, which says that:

EMBD's present management who were largely not employed during the period are mindful of the reporting obligation of EMBD to the committee, and as such all efforts were made to compile and collate as comprehensive as possible responses to the committee's following questions.

And so I am very grateful for that, and I understand that you would not have been in the leadership seat during the period under review.

I want to go back, and member Deonarine alluded to it where she talked about the loan and other—and I am really very concerned about the demand loan that was taken in August of 2015. And I just want to ask, and I would have asked you before but I want to ask because I want it on the record: Is the board, is the current board concerned about the disbursement of that loan?

**Mr. Mohammed:** We have grave concerns.

**Ms. Lezama-Lee Sing:** Yes. Just grave concerns? Is there any position that the board has taken insofar as, at least in moving forward?

**Mr. Mohammed:** Yes. And those—part of our litigation portfolio and matters before the court includes the disbursement.

**Ms. Lezama-Lee Sing:** Okay, so, it is before the court. It is part of it, yes. Okay. And so, might I just ask: Is the board minded to be—

**Mr. Mohammed:** And if I may also add, ACIB.

**Ms. Lezama-Lee Sing:** Oh, okay. Thank you. So the board therefore, in moving forward, will act differently? Am I to assume that the board will act differently insofar

as the taking of a loan or the disbursement of a loan of this nature? I am very concerned, because \$400 million is unimaginable to spend in a month and five days.

**Mr. Mohammed:** I can give the assurance that the board will act prudently—

**Ms. Lezama-Lee Sing:** Yes.

**Mr. Mohammed:** —and in the absolute best interest of our stakeholders.

**Ms. Lezama-Lee Sing:** Thank you. Thank you very kindly, Chairman. Thank you, Mr. Chairman.

**Mr. Chairman:** I want to thank my colleagues. This room is needed in a short while for my colleague who is right here with us. He has another committee meeting in a short while.

On behalf of this Committee, that is, the Public Accounts (Enterprises) Committee, we would like to sincerely thank all officials from the Ministry of Agriculture, Land and Fisheries, our colleagues out of the Ministry of Finance, Investments Division; and our colleagues out of the Estate Management and Business Development Company for being here with us.

We would like to allow you to be excused as we take a few seconds to put our meeting in some order, so we can conclude our proceedings. So at this time, we would like to thank you and you are now excused. Thank you.

**1.08 p.m.:** *Meeting adjourned.*