

FIRST

REPORT
FROM

THE PUBLIC ACCOUNTS
COMMITTEE

EXAMINATION
OF

Follow-up on the Implementation of the Recommendations made in the Twenty-Fifth Report of the Public Accounts Committee on an examination of the Audited Financial Statements and Internal Controls of the National Lotteries Control Board (NLCB) for the years 2008 to 2012

Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

- (a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;*
- (b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and*
- (c) the report of the Auditor General on any such accounts.'*

Current membership

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Charrise Seepersad	Member
Mr. Roger Monroe	Member
Dr. Amery Browne ¹	Member

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary to the Committee
Ms. Hema Bhagaloo	Assistant Secretary to the Committee
Mr. Justin Jarrette	Graduate Research Assistant
Ms. Natoya O'Neil	Clerk Typist I
Ms. Anesha James	Clerk Typist I
Mr. Liu Metivier	Parliamentary Intern

Publication

An electronic copy of this report can be found on the Parliament website:

http://www.ttparliament.org/committee_business.php?mid=19&id=335&pid=29

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Date Laid in HOR: November 10, 2021

Date Laid in Senate: November 16, 2021

¹ Dr. Amery Browne was appointed in lieu of Mr. Randall Mitchell with effect from January 12, 2021.

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Members of the Public Accounts Committee

TWELFTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Davendranath Tancoo
Chairman



Ms. Jearlean John
Vice- Chairman



Mrs. Ayanna Webster-Roy
Member



Mrs. Paula Gopee-Scoon
Member



Mrs. Charrise Seepersad
Member



Mr. Adrian Leonce
Member



Mr. Roger Monroe
Member



Dr. Amery Browne
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its First Report (Follow-up) of the Twelfth Parliament which details its **follow-up on the Implementation of the Recommendations made in the 25th Report of the Public Accounts Committee on an examination of the Audited Financial Statements and Internal Controls of the National Lotteries Control Board (NLCB) for the years 2008 to 2012** and produced this report to highlight its findings and recommendations.

This report sets out the issues, endorsements and recommendations made by the Committee to improve the NLCB's operations.

During the Committee's follow-up, the following issues arose:

- The pervasive issues faced by the NLCB and the need for urgent measures to resolve them;
- The need for transformation and change management at the NLCB;
- The non-fulfilment of the NLCB's fiduciary duty to submit its financial statements for auditing by the Auditor General pursuant to section 25(2) of the National Lotteries Act Chap 21:04;
- The status of the completion of PwC's preparation of the NLCB's outstanding financial statements for FY 2013 to 2017 for submission to the Auditor General;
- The status and timeframe of the preparation of the NLCB's financial statements for FY 2018 to 2020;
- The projections for the preparation of the 2021 financial statement;
- The submission of the NLCB's Annual Reports and Board Minutes to the Ministry of Finance;
- The possibility of more robust engagement by the Ministry of Finance with regard to the NLCB in exercising its oversight function;
- The NLCB's revenue and expenditure for the year 2019;
- The delays in the Board's work in 2020 caused by the COVID-19 pandemic;
- The difficulties in retaining a Financial Comptroller;
- The effect of manpower shortages at the NLCB on the completion of the reconciliation of deferred expenses and unclaimed prizes;
- The estimated timeframe for completion of the integration of financial and other systems as recommended by PwC;
- The omission of numerous issues from contract negotiations between the NLCB and International Gaming Technology (IGT);
- The automatic renewal clause in the contracts between the NLCB and IGT;
- The savings realised in the IGT 2021-2024 contract;
- The reasons for the absence of a Request for Proposals (RFP) for alternative gaming technology service providers;

- The reason for the NLCB's decision to procure consultancy services for its international benchmarking exercise at a cost of \$1.6 million through sole selective tendering;
- The Board's management of the NLCB's advertising / marketing budget;
- The rationale for the NLCB reimbursing IGT for marketing expenses;
- The assessment of the NLCB's capacity to assume responsibility for its marketing activities;
- The NLCB's credit exposure regarding VIA transactions;
- The status of the NLCB's 2021-2023 Strategic Plan;
- The factors taken into consideration to select international lottery provider Adesso to procure consultancy services for the NLCB's international benchmarking exercise;
- The status of the NLCB's initiatives to develop its internal marketing function so that this no longer needs to be outsourced to the gaming technology provider;
- The timeline for the development of the NLCB's 2021-2023 Strategic Plan;
- The implementation of the NLCB's updated Sponsorship Policy, which was approved by the Board of Directors in January 2021, and the improvements made in comparison to the previous Policy;
- The paper-based sponsorships and donation application process and the planned implementation of online applications;
- The sponsorship pillars used by the NLCB to assess sponsorship applications;
- The sums of money spent by the NLCB on sponsorships in 2019 and 2020;
- The need for greater publicizing of the NLCB sponsorship opportunities;
- The principal types of sponsorship undertaken by the NLCB;
- The steps taken by the NLCB to verify the purpose for which requested funds were spent by sponsorship recipients;
- The ongoing reconciliation of the NLCB's accounts receivable and the timeline for completion;
- The status of the implementation of the Accounts Receivable Module as recommended by PwC;
- The payment plans implemented for defaulting agents;
- The NLCB's deactivation of terminals in the case of defaulting agents who do not engage in payment plans;
- The breakdown of the actions taken with respect to delinquent agents, including legal actions, over the past five (5) years;
- The potential for the development of mobile gaming subsequent to requisite legislative amendments;
- The NLCB's collaboration with an NGO to address the problem of gambling addiction;
- The process used by businesses to become NLCB agents;
- The NLCB's estimated revenue loss due to illegal gambling;
- The NLCB's initiatives to tackle illegal gambling;

- The status of the NLCB's Draft Risk Management Policy;
- The updating of the NLCB's Internal Audit Charter;
- The relationship between the Internal Audit Charter and the Internal Audit Activity Plan;
- The lack of right to audit IGT's systems and processes;
- The need for the NLCB to include all matters not addressed during its 2020 negotiations with IGT in its future Request for Proposals (RFP) for the provision of gaming technology services from 2024 onwards; and
- The NLCB's lack of a Conflict of Interest Policy.

Based on the Committee's follow-up, the following observations were made:

- The NLCB must do all within its power to ensure that the recent move away from manual preparation of financial statements contributes to the expeditious clearing of the backlog of unsubmitted financial statements to the Auditor General, and that financial statements are duly submitted each year going forward in compliance with the National Lotteries Act Chap. 21:04.
- It is crucial that the NLCB align its initiatives for the submission of its Strategic Plan to the MoF with the provisions of the State Enterprises Performance Manual so as to ensure clarity and predictability thereby helping to decrease the incidence of delays.
- The Committee would like to stress the crucial importance of conducting an RFP for the provision of gaming technology services from 2024 onwards. The near monopoly status granted to IGT cannot be allowed to continue. The contract must be earned in the internationally recognised spirit of open competition. The Committee intends to keep itself apprised of developments in this area.
- The Committee further emphasises the need to address all problematic issues with IGT as well as with its competitors during any and all future negotiations in view of 2024 and beyond.
- Given that the NLCB was advised in January 2020 that it should seek professional assistance for its scheduled contract negotiations with IGT, it is unsettling that the urgency / time factor was cited as the reason to bypass regular tendering procedures some nine (9) months later. Notwithstanding the onset of the COVID-19 pandemic, business continuity plans at the NLCB should have allowed the necessary standard procurement initiatives to continue with minimal disruption.
- The Committee is pleased to note the passage of the Gambling (Gaming and Betting) Control Bill, 2021 in both Houses of Parliament in June 2021. The Bill (clause 4) aims, inter alia, to 'ensure that gambling is conducted in a fair, open and responsible manner' and 'prevent gambling from being a source of crime, being associated with crime or being used to support crime'. The Bill was awaiting proclamation by the President of the Republic as at July 12, 2021. The Committee is confident that, once proclaimed, this legislation will assist the NLCB's efforts.

- The Committee expresses the hope that the updated Sponsorship Policy will enhance the transparent administration of the NLCB's sponsorships and that it will contribute to funding being accorded in a prudent manner.
- The Committee welcomes the implementation of MOF approval of sponsorships over \$150,000.00.
- The lack of follow through by the NLCB in seeking the assistance of the Attorney General regarding mobile gaming is unsettling. There should be a greater sense of urgency given the clear potential to strengthen the NLCB's earning potential.
- The NLCB's records management deficiencies are not an isolated or minor issue as illustrated by their effect in impeding audits. When financial statements are not audited, it means that the NLCB's efficiency and effectiveness cannot be comprehensively observed.
- The Committee notes, as it did in its 25th Report, that the records management issue is far from new, having been examined by another parliamentary committee (as noted at issue no. 11 above) during the Eleventh Parliament. This makes the lack of progress all the more disappointing.
- While the official Internal Fraud and Whistleblowing Policies have been in limbo for over 2 years, many opportunities to curtail impropriety and help strengthen the much needed incorporation of ethics into the organisational culture have been missed. These chances can never be regained.
- The importance of the NLCB having an approved Strategic Plan is again demonstrated by the inability to proceed with establishing rules and procedures related to internal fraud and whistleblowing.
- It is notable that the non-completion of the NLCB's Conflict of Interest Policy is intertwined with other unfinished work. The drafting of the Policy was on hold pending the recruitment of a Legal Officer; this recruitment was itself contingent on approval of the Strategic Plan, itself affected by delays. This is a practical example of the centrality of the Strategic Plan to the overall operation of the NLCB.

Based on the Committee's follow-up, the following recommendations were proposed:

- The NLCB should provide Parliament with a status report on the submission of the outstanding financial statements to the AGD by January 31, 2022;
- The NLCB should, given the near complete status of much of the action recommended by PwC, submit an updated summary to Parliament detailing the status of its compliance with the PwC's recommendations as at October 31, 2021 by January 31, 2022.
- The MOF should report to Parliament on how often the NLCB submitted Board Minutes during the period FY 2008 to FY 2012 by January 31, 2022;

- The MOF should report to Parliament on the possibility of working in closer collaboration with the other institutions involved in monitoring the NLCB, and what form such closer collaboration could take, by January 31, 2022;
- The NLCB should report to Parliament identifying its draft strategic deliverables for the period 2021-2023 and detailing its draft plans for measures to be implemented to achieve these deliverables once the 2021-2023 Strategic Plan is approved. This report should be submitted by January 31, 2022;
- The NLCB should provide a status report on the recruitment of an audit manager, which was expected to be completed by the 1st quarter of 2021, by January 31, 2022;
- The NLCB should report to Parliament on the Board's plans to prioritise IT audits by January 31, 2022;
- The NLCB should provide an update to Parliament on the submission of both the 2020 and 2021 Audit Charters to the Board by January 31, 2022;
- The NLCB should report to Parliament on the statistics for the ACROs' success metrics since the implementation of the ACRO system by January 31, 2022;
- The NLCB should report to Parliament on the feasibility of mechanisms for indirectly monitoring vendors, as described above, by January 31, 2022;
- The NLCB should report to Parliament with its assessment of the overall effect of the Credit Policy on improving the collection rate since its implementation by January 31, 2022;
- The NLCB should submit a status report on all payment plans in place as at March 2021 by January 31, 2022;
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. The confirmation of the referrals of defaulting agents to Credit Chex;
 - b. The cost of procuring the services of this collection agency; and
 - c. The systems in place to ensure that the expiration of contracts does not interrupt progress in debt collection as happened in 2019.
- The NLCB should provide Parliament with an update on the Board's approval of the Draft Risk Management Policy, which was expected to be done in the 1st quarter of 2021, by January 31, 2022;
- The NLCB should report to Parliament on the specific initiatives undertaken to acquire the knowledge and understanding necessary to effectively implement the Risk Management Policy by January 31, 2022;
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. The specific areas in which the expected savings by virtue of the 2021-2024 contract will be realised; and
 - b. Whether the existing fee structure has been updated for the new contract.
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. The assessment of the NLCB's capacity to assume responsibility for its marketing activities; and

- b. The status of the NLCB's initiatives to develop its internal marketing function so that this no longer needs to be outsourced to the gaming technology provider.
- The NLCB should report to Parliament on the benefits in terms of efficiency and value for money that may be obtained from revising its fifteen (15)-year-old Purchasing Policy to reflect the most contemporary international best practice by January 31, 2022;
- The Trinidad and Tobago Police Service (TTPS) should report to Parliament on the ways in which its assistance to the NLCB to combat ongoing illegal gambling could be strengthened and the challenges encountered in providing such assistance by January 31, 2022;
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. A confirmation of the definitive total sponsorship sum for 2020;
 - b. A confirmation of the precise sum of 2020 sponsorships that was used for the procurement of electronic devices for educational purposes and the proportion of the total sponsorships that this represented.
- The NLCB should provide Parliament with details of its plans to implement online sponsorship applications by January 31, 2022;
- The NLCB should indicate the metrics used to measure the success of its sponsorship initiatives in terms of reinforcing the meaningful perception of the NLCB brand by January 31, 2022;
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. An update on the findings of the deliberations of the committee set up to examine the feasibility of incorporating gaming into the NLCB Mobile App, notwithstanding the absence of input from the Attorney General;
 - b. Confirmation of submission of a request for assistance from the Office of the Attorney General regarding legislative amendments to facilitate mobile gaming; and
 - c. A timeline for the start and completion of the necessary feasibility study of the expansion of the functionalities of the NLCB Mobile App to include gaming.
- The NLCB should report to Parliament on its plans to be responsive to user concerns about the functioning of the mobile app by January 31, 2022;
- The NLCB should report to Parliament on the following by January 31, 2022:
 - a. The centralisation of its records management function, scheduled for the second quarter of 2021; and
 - b. The procurement initiatives regarding the review and update of the enterprise-wide Records Management Policy.
- The NLCB should provide a timeline for the consideration of the Draft Internal Fraud Policy and the Draft Whistleblowing Policy by the Operations Sub-Committee before submission for Board approval by January 31, 2022;
- The NLCB should provide Parliament with an update on the status of investigations based on its existing internal fraud and internal reporting procedures by January 31, 2022;

- The NLCB should provide Parliament with a general comment on the approach it plans to adopt in order to build on the existing conflict of interest provisions of the Purchasing Policy by January 31, 2022; and
- The NLCB should provide Parliament with an update on the drafting of the entity-wide Conflict of Interest Policy further to the planned recruitment of a Legal Officer by January 31, 2022.

Introduction

The PAC 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.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, Standing Orders 111 of the House of Representatives and 101 of the Senate also empower the Committee, inter alia, to:

1. Send for persons, papers and records;
2. Have meetings whether or not the House is sitting;
3. Meet in various locations;
4. Report from time to time; and
5. Communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday November 18, 2020 Mr. Davendranath Tancoo was elected Chairman of the Committee and Ms. Jearlean John was elected Vice-Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman, with representatives from each House was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the First Session of the Twelfth Parliament during its second meeting held on Wednesday December 2, 2020 as follows:

1. National Lotteries Control Board (NLCB) – follow-up;
2. National Insurance Board of Trinidad and Tobago (NIB);
3. Telecommunication Authority of Trinidad and Tobago (TATI) – follow-up;
4. Trinidad and Tobago Fair Trading Commission (TFTC);
5. Caribbean Advanced Proficiency Examination (CAPE) Scholarship Programme (from the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for financial year 2019); and
6. Ministry of Energy and Energy Industries (MEEI) (Auditor General's Report - Revenue Collection) – follow-up.

The Inquiry Process

The Inquiry Process outlines steps taken by the PAC in developing the findings and recommendations of its follow-up inquiry on the Implementation of the Recommendations made in the 25th Report of the PAC on an Examination of the Audited Financial Statements of the National Lotteries Control Board (NLCB) for the years 2008 to 2012 and the NLCB's Expenditure and Internal Controls during this period.

The Inquiry Process included the following steps:

1. Studied the Ministerial Response from the Ministry of Finance (MOF) to the recommendations made in the 25th Report of the PAC in order to assess the status of the implementation of the recommendations and to identify key issues of concern;
2. Questions for written responses based on the issues identified in the Ministerial Response were forwarded to the MOF on December 4, 2020. Responses were received on January 14, 2021;
3. Public hearings to which representatives of the NLCB and the MOF (see Appendices I and II) were invited in order to discuss the responses to the Committee's questions and provide evidence were held on January 13, February 10 and March 10, 2021;
4. Requested additional information from stakeholders based on the issues discussed at the public hearings as follows:
 - Second public hearing: questions for additional information were sent to the NLCB on February 16, 2021. The responses were received on February 22, 2021.
 - Third public hearing: questions for additional information were sent to the NLCB, the MOF and the Office of the Attorney General and Ministry of Legal Affairs (MAGLA) on March 16, 2021. Responses were received from the MAGLA on March 29, 2021 and from the NLCB on March 31, 2021.
5. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry.
6. The Report will be transmitted to the MOF as the Minister with oversight of the NLCB 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.
7. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

The National Lotteries Control Board (NLCB)'s Profile

Background: The National Lotteries Control Board²

The National Lotteries Control Board (NLCB) was established by Act No. 22 of 1968 for the promotion and conduct of national lotteries in the Republic of Trinidad and Tobago. It is the only body authorized to do so. The NLCB is a Statutory Authority under section 3(2) of the Statutory Authorities Act Chapter 24:01 and falls under the purview of the Ministry of Finance.

Pursuant to Act No. 31 of 1988, the Instant Money Game was launched, the surplus from which is paid into the Sport and Culture Fund. In March 1994, the National Lotteries Regulations were amended for the operation of online games. The games launched in July 1994 are Lotto, played twice a week (now replaced by Lotto Plus), and Play Whe, drawn twice daily. Two additional games, namely Pick Two and Donsai, were launched in June 1996 and August 1997 respectively. The online game Cashpot was launched in October 1999. The surplus from the online games is paid into the Consolidated Fund. During 1995, the Board launched its commercial services offering using the Via brand.

Mission

To create, promote and conduct games of chance that generate revenue for the Government of the Republic of Trinidad & Tobago and to provide quality service to all its customers.

Chairman of the Board of Directors

- Mr. Eustace Nancis (Chairman)

Senior Management

- Ms. Camille Forde – Director
- Ms. Wendy Dwarika – Financial Lead Consultant
- Ms. Yana Mollino – Human Resource Assistant (H.R. Manager Ag.)

² Adapted from the Report of the Auditor General on the Financial Statements of the NLCB for the year ended September 30, 2012, Note 1.

Minister of Finance: Honourable Colm Imbert, MP³

Minister in the Ministry of Finance: Honourable Brian Manning, MP⁴

Permanent Secretary: Ms. Suzette Taylor-Lee Chee⁵

Permanent Secretary: Mrs. Michelle Durham Kissoon⁶

³ Trinidad and Tobago Gazette No. 158 of 2020 dated September 9, 2020, accessed July 29, 2021: <http://news.gov.tt/sites/default/files/E-Gazette/Gazette%202020/Gazettes/Gazette%20No.%20158%20of%202020.pdf>

⁴ Ibid

⁵ Ministry of Finance website, Permanent Secretaries, accessed July 29, 2021: <https://www.finance.gov.tt/our-people/permanent-secretaries/>

⁶ Ibid

Background: Auditor General

Role and Function⁷

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

- The accounts of projects funded partly or wholly by International Lending Agencies
- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability
- Adherence to laws and regulations
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources.

Duties and Powers of the Auditor General⁸

The duties and powers of the Auditor General are defined in the Exchequer and Audit Act Chapter 69:01 of the laws of Trinidad and Tobago. Part III of the Exchequer and Audit Act specifies these duties listed here under:

7. The Auditor General shall not be capable while holding the said office of holding any other office of emolument in the service of the State.
- 8.(1) Save as is otherwise provided for in the Constitution the provisions of the law and regulations in force relating to the public service shall apply to the Auditor General.
(2) Where the Auditor General is removed from office under the Constitution the Minister shall make a full statement of the reasons therefore at the first opportunity to Parliament.
- 9.(1) The Auditor General shall examine, inquire into and audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue of payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other State property.
(2) The Auditor General shall satisfy himself that -

⁷ Auditor General's Department, *Appointment, Role and Function*, accessed July 28, 2021: <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function>.

⁸ Exchequer and Audit Act Chapter 69:01, accessed July 28, 2021: http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf

- a) all reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed;
- b) all issues and payments were made in accordance with proper authority and that all payments were properly chargeable and are supported by sufficient vouchers or proof of payment;
- c) all money expended has been applied to the purpose or purposes for which the same was granted by Parliament and that such expenditure conforms to the authority which governs it and has been incurred with due regard to the avoidance of waste and extravagance;
- d) essential records are maintained and the rules and procedures framed and applied are sufficient to safeguard the control of stores and other State property.

Auditor General: Ms. Lorelly Pujadas⁹

⁹ Auditor General's Department website, *Profile of the Auditor General*, <http://www.auditorgeneral.gov.tt/content/profile-auditor-general> accessed June 23, 2021.

Issues and Recommendations

During the Committee's follow-up on the Implementation of the Recommendations made in the 25th Report of the Public Accounts Committee on an examination of the Audited Financial Statements and Internal Controls of the National Lotteries Control Board (NLCB) for the years 2008 to 2012, the following issues were identified and recommendations proposed:

1. Outstanding Audited Financial Statements

The backlog of unaudited NLCB financial statements has worsened. This problem was addressed at length in the PAC's 25th Report in 2019. It was previously the subject of recommendations in a Report of another parliamentary committee in November 2017¹⁰. As recently as in a January 2021 written submission (see Appendix III), the MOF acknowledged that 'without timely audited financial statements [...], it is challenging to monitor the entity'.

In 2019, the audits of the financial statements for the financial years 2013 to 2018 were outstanding. Two years later, the aforementioned financial statements – as 2019 and 2020 statements – still have not been submitted to the Auditor General. This is in total contradiction with the obligation of section 25 of the National Lotteries Act Chap. 21:04 to have the NLCB's financial statements audited then submitted to MOF 'at the end of each financial year'.

Beyond the issue of non-submission of financial statements for auditing since 2012, the Committee also noted, even where financial statements were submitted for auditing, the ability of the Auditor General to conduct the audit was limited by the absence of necessary documentation.

The NLCB engaged the services of the accounting firm PricewaterhouseCoopers (PwC) at a cost of \$1.3 million to bring the audited financial statements up to date. In the December 2019 Ministerial Response to the Committee's 25th Report, it was indicated that PwC had submitted draft financial statements for the 2013 financial year in November 2019. According to the written submission dated January 14, 2021 from the MOF, the 2013 audited financial statement was not submitted to the Auditor General because there was still outstanding work for the completion of the statement. It was stated that the work was near completion and that the financial statements would be completed within months. It is, however, notable that this was not the first time that commitments have been made regarding the completion of financial statements.

All other outstanding audits were expected to be completed by March 2020 according to the Ministerial Response. As at January 2021, this has not been done and the NLCB was said to be in the

¹⁰ Joint Select Committee on Local Authorities, Service Commissions and Statutory Authorities, *Summary of Proceedings – Public Hearing*, accessed on May 06, 2019: <http://www.ttparliament.org/documents/news/mrCDC045.pdf>

process of ‘ensuring consistency among the financial statements, the general ledger and all supporting documents before forwarding to the Auditor General’.

PwC prepared a report with recommendations on the NLCB’s internal controls. This report was submitted to the Committee. The issues addressed were as follows:

- Accounting Policies and Procedures;
- Integration of Financial and Other Systems;
- Audit of International Gaming Technology Software;
- Month End Financial Reporting Process;
- Credit exposure to VIA transactions;
- Revenue Recognition;
- Recording of Agent Receivables;
- Collection on Agent Receivables;
- Cash In Hand;
- Reconciliation of Balance Sheet Accounts;
- Suspense Accounts;
- Petty Cash;
- Property, Plant and Equipment;
- Payroll Records;
- Inventory Records;
- Internal Audit Function; *and*
- IT Control Environment

An examination of the PwC report and of the NLCB’s response to the recommendations contained therein revealed that action based on the recommendations was, for the most part, said to be nearing completion. In some cases, action was said to be halted or delayed by the onset of the COVID-19 pandemic. One notable benefit of alignment with PwC’s recommendations – namely those on the Integration of Financial and other Systems – was that financial statements will no longer be prepared manually.

Observation:

- ***The NLCB must do all within its power to ensure that the recent move away from manual preparation of financial statements contributes to the expeditious clearing of the backlog of unsubmitted financial statements to the Auditor General, and that financial statements are duly submitted each year going forward in compliance with the National Lotteries Act Chap. 21:04.***

Recommendations:

- ***The NLCB should provide Parliament with a status report on the submission of the outstanding financial statements to the AGD by January 31, 2022; and***
- ***The NLCB should, given the near complete status of much of the action recommended by PwC, submit an updated summary to Parliament detailing the status of its compliance with the PwC’s recommendations as at October 31, 2021 by January 31, 2022.***

2. Oversight by the Ministry of Finance

The MOF continues to face challenges in effectively monitoring the NLCB, some of which are outside of its own perimeter of action. The fact that the oversight of the NLCB straddles several institutions complicates the monitoring of the entity. Beyond the MOF, the Personnel Department (PD) and the Statutory Authority Services Commission (SASC), among others play key roles.

In the areas where it is uniquely competent to monitor the NLCB, the MOF noted that despite its efforts, the entity's Strategic Plan and Audited Financial Statements have not been treated with the requisite urgency. In the absence of these documents, the MOF faces grave difficulties in measuring the NLCB's performance. As such, problem areas often go unchecked for extended periods before coming to the MOF's attention for corrective action. The issue of the NLCB's Strategic Plan is addressed at issue no. 3 of this report.

While acknowledging the difficulties faced by the MOF in monitoring the NLCB, the Committee notes that details regarding the submission of Board Minutes to the MOF were not provided. The said Minutes were said to be archived and thus not available.

The Committee is uncomfortable with such an approach as the information requested pertains to the precise period of time covered by the Committee's inquiry. Access to such information should, therefore, not be an issue. 'Archived' should not mean 'unavailable' or 'restricted'.

At the First Public Meeting held on January 13, 2021, the Chairman of the Public Accounts Committee reiterated the constitutional mandate of the PAC (see Appendix II-A) to consider and report to the House of Representatives on

- a. appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago
- b. such other accounts as may be referred to the Committee by the House of Representatives or as are authorised or required to be considered by the committee under any other enactment; and
- c. the report of the Auditor General on any such accounts

The Chairman further recalled that section 11 of the Financial Regulations of the Exchequer and Audit Act Chap. 21:04 states the following:

'The accounting officer shall be answerable to the Public Accounts Committee for the formal regularity and propriety of accounts of all the expenditure out of the votes for which he is responsible'.

It is also relevant to recall that the Standing Orders¹¹ of the Parliament of the Republic of Trinidad and Tobago provide that one of the general powers of Select Committees is to ‘send for persons, papers and records’.

Recommendations:

- ***The MOF should report to Parliament on how often the NLCB submitted Board Minutes during the period FY 2008 to FY 2012 by January 31, 2022; and***
- ***The MOF should report to Parliament on the possibility of working in closer collaboration with the other institutions involved in monitoring the NLCB, and what form such closer collaboration could take, by January 31, 2022.***

3. Strategic Plan

Ensuring that the Strategic Plan is promptly drafted then approved without delay remains an elusive goal. At the public hearing held on February 10, 2021 the Committee emphasised the centrality of the Strategic Plan to facilitating all aspects of the NLCB’s operations as well as the importance of the Plan in treating many of the cross cutting issues affecting the entity.

In its 25th Report, the Committee noted the delays in the MOF’s approval of the 2018-2020 Strategic Plan. This was largely due to communication issues between the NLCB and the MOF. The delay resulted in the NLCB’s inability to proceed with numerous strategic organisational objectives such as updating the organisational structure, filling vacancies and reviewing salaries in order to attract high caliber staff and the NLCB taking on certain non-technical functions currently contracted to the NLCB’s gaming technology provider IGT. These key initiatives remained incomplete as at March 2021. This is notable, given that the 2018-2020 Strategic Plan was eventually approved in July 2019.

In a written submission dated January 14, 2021 the Ministry of Finance indicated that the NLCB’s 2021-2023 Strategic Plan had not yet been formulated. It was, however, expected to be completed by the end of the first quarter of the 2021 calendar year. In a written submission dated March 31, 2021 the NLCB estimated that the Draft Strategic Plan would, rather, be completed by the end of the second quarter.

The NLCB held back on issuing Requests for Proposals for the development of the Strategic Plan until February 2021 in order to ensure that the Plan was fully in line with the organisation’s objectives. The Committee acknowledges that this corresponds to the provisions of paragraph 3.2.1 of the State Enterprises Performance Monitoring Manual. It was estimated that the Board-approved Draft Strategic Plan would be submitted by the third quarter of 2021 to the MOF for approval in accordance with the provisions of the SEPMM. In order to avoid delays in its approval by the MOF, the Plan will

¹¹ Standing Order 111 of the House of Representatives and Standing Order 101 of the Senate.

include clear Key Performance Indicators and implementation recommendations, making the Plan specific, measurable, realistic, feasible and capable of being adequately resourced. In the interim, the 2018-2020 Strategic Plan will be used to guide the NLCB's operations.

The SEPMM provides that Strategic Plans are to be submitted to the Ministry with oversight for an entity 'at least six (6) months prior to the start of the implementation period for the plan, for those receiving subventions [...] and one (1) month for others'. Notwithstanding the fact that the NLCB is not a State Enterprise, it should be noted that, in accordance with section 10 of the NLCB Act, 'the Board shall act in accordance with any special or general direction given to it by the Minister' in carrying out its functions and duties. The NLCB should, therefore, observe the requirements of the SEPMM as regards the submission of its Strategic Plan to the Ministry of Finance, which indicated in its January 14, 2021 written submission that it intends to use the SEPMM as the standard to be observed.

Observation:

- i. It is crucial that the NLCB align its initiatives for the submission of its Strategic Plan to the MoF with the provisions of the State Enterprises Performance Manual so as to ensure clarity and predictability thereby helping to decrease the incidence of delays.*

Recommendation:

- The NLCB should report to Parliament identifying its draft strategic deliverables for the period 2021-2023 and detailing its draft plans for measures to be implemented to achieve these deliverables once the 2021-2023 Strategic Plan is approved. This report should be submitted by January 31, 2022.*

4. Internal Audit

The NLCB still lacks all the relevant skills for a robust Internal Audit function. The 25th Report highlighted the NLCB's need to strengthen its Internal Audit function as numerous weaknesses were observed in this area. Notably, the entity needed to acquire IT audit skills so as to have a comprehensive Internal Audit function. The Committee noted that recruitment efforts were underway for IT audit staff as well as an Audit Manager but were made difficult by the inability to offer competitive remuneration packages. It was expected that the Audit Manager would be recruited by the first quarter of 2021. As at January 2021, the skill gap for IT audits still had not been filled.

In addition to skills / staffing deficiencies, it was noted that the 2019 Internal Audit Charter was not submitted on time. In 2021, the Committee was informed that the 2020 Internal Audit Charter had also not been submitted on time. Although the reason cited was the COVID-19 pandemic¹², the same

¹² Ministry of Finance written submission dated January 14, 2021.

problem existed pre-pandemic. This appears to suggest that organisational shortcomings are more likely to be the origin of this particular dysfunction.

Recommendations:

- ***The NLCB should provide a status report on the recruitment of an audit manager, which was expected to be completed by the 1st quarter of 2021, by January 31, 2022;***
- ***The NLCB should report to Parliament on the Board's plans to prioritise IT audits by January 31, 2022; and***
- ***The NLCB should provide an update to Parliament on the submission of both the 2020 and 2021 Audit Charters to the Board by January 31, 2022.***

5. Agent Relations

Although the NLCB took steps to strengthen agent compliance, vendors were not included.

In its 25th Report, the Committee highlighted the irregular practices of some NLCB agents and / or the vendors employed by the agents. These included, but were not limited to, attempting to avoid making payouts to winners and not maintaining records as required by the National Lotteries Act Chap. 21:04. The NLCB assigned ACROs to monitor Agents' compliance with contractual obligations.

The ACROs were meant to help bring about reductions in irregular practices and lead to a better customer experience. The metrics used to measure the success of the ACROs were the following:

1. Number of agents involved in credit betting per month;
2. Number of debtor agents and dollar value of outstanding debt per week; and
3. Number of agent complaints per month¹³.

The NLCB Act defines 'vendors' as 'a person registered to sell lottery tickets with an agent'. MOF submission dated January 2021, reiterated that the vendor/operator is the employee of the agent and affirmed that vendors are 'the agent's responsibility'. The NLCB does not have a contractual arrangement with the vendor and only ensures that vendors were trained and certified.

The NLCB delegates responsibilities to the agents, who in turn delegate to vendors. Such arrangements typically create difficulties for the principal that initially engaged in delegation as it becomes difficult or impossible to keep track of whether all those to whom responsibilities were delegated are indeed acting in the best interest of the principal. A perfect example is the NLCB's indication¹⁴ that

'Operators or employees of the Agent who engage in miscreant behaviour, including credit betting or theft, accounted for 38% of delinquency. [...] Mismanagement of funds by the

¹³ Written from MOF dated January 14, 2021.

¹⁴ NLCB written submission dated March 15, 2021.

Agents' employees, such as a trusted family member or friend, accounted for 19% of delinquency.⁷

The end result is that the NLCB bears the costs of irregular practices in the form of forgone revenue.

One possible way to mitigate against such costs is to establish indirect monitoring of the entity outside of the direct delegation relationship. This may take the form of a complaint system allowing customers to communicate concerns directly to the NLCB. In turn, the NLCB would be able to raise the matter with the agent for their urgent action. This would positively affect the NLCB's receivables, which is the next issue discussed in the present Report.

Recommendations:

- ***The NLCB should report to Parliament on the statistics for the ACROs' success metrics since the implementation of the ACRO system by January 31, 2022; and***
- ***The NLCB should report to Parliament on the feasibility of mechanisms for indirectly monitoring vendors, as described above, by January 31, 2022.***

6. Accounts Receivable

Receivables must continue to be prioritised. The NLCB's Credit Policy was approved by the Board in January 2019. The Policy guided the recovery of sums owed by agents, which the Committee's 25th Report identified as a priority issue. With the NLCB estimating that 97% of its terminals were profitable, non-payment by some agents was not to be taken lightly.

The Credit Policy set monthly debt limits for agents on a case by case basis according to a formula, provides for measures concerning debt collection, terminal suppression (i.e. suspension) of defaulting agents and legal action regarding longstanding debts. The Credit Policy also included the bonding of new agents in the sum of \$25,000, which would serve as security against possible default. The NLCB noted that, before the roll out of the Credit Policy, 35% of bad debts aged over 2 years had been repaid. The Committee was interesting in observing the effect of the Credit Policy on improving this collection rate.

At the Third Public Meeting held on March 10, 2021, the NLCB indicated that, due to the slowdown of activities owing to the COVID-19 pandemic, there was an increase in the number of requests from agents for payment plans and that thirty-one (31) such plans were in place as at November 2020. Three-quarters of agents with payment plans were up to date on their payments as at March 2021¹⁵. Negotiations were ongoing with those who fell behind in making payments.

¹⁵ Ministry of Finance written submission dated January 14, 2021.

In 2019, the Committee noted that thirty-two (32) of the agents had defaulted on paying the win tax. The NLCB indicated at that time that most of outstanding taxes had been recovered. The January 2021 written submission from the Ministry of Finance explained that twenty-three (23) agents had paid off their win tax debts. Of the remaining nine (9), two (2) had lodged queries and three (3) had their terminals suppressed and four (4) were pursuing their payments as arranged.

The December 2019 Ministerial Response stated that a contract was in place with the debt collection agency Credit Chex and that twenty-four (24) defaulting agents would be referred to the agency. However, the January 2021 written submission from the MOF explained that due to staffing issues in the NLCB's Legal Department, as well as the expiration of the contract with Credit Chex, progress was slowed. The Credit Chex contract was eventually renewed and the twenty-four (24) agents were expected to be referred to the collection agency by December 2020.

Recommendations:

- ***The NLCB should report to Parliament with its assessment of the overall effect of the Credit Policy on improving the collection rate since its implementation by January 31, 2022;***
- ***The NLCB should submit a status report on all payment plans in place as at March 2021 by January 31, 2022; and***
- ***The NLCB should report to Parliament on the following by January 31, 2022:***
 - a. ***The confirmation of the referrals of defaulting agents to Credit Chex;***
 - b. ***The cost of procuring the services of this collection agency; and***
 - c. ***The systems in place to ensure that the expiration of contracts does not interrupt progress in debt collection as happened in 2019.***

7. Risk Management

The NLCB still had no Risk Management policy. The Board only began to consider developing this important policy in 2016. A sample policy document was submitted to the NLCB's Board on March 28, 2019 for its consideration towards the development of an official Policy. Some senior management staff were given enterprise risk management training. In the absence of a Policy, Heads of Department assessed the risks faced and entered them in a risk register.

The NLCB was classified as a on-financial institution of the Financial Intelligence Unit of the MOF¹⁶. Regardless, the entity faced money laundering risk and financing of terrorism risk due to the sheer number and value of transactions it conducts. To mitigate against these risks, the NLCB conducted staff training to raise awareness throughout the organisation of Anti-Money Laundering / Counter

¹⁶ FIU, AML/CFT Guidance for the Gambling Sector, p 11, accessed on August 6, 2021: <https://www.fiu.gov.tt/wp-content/uploads/Guidance-note-for-the-Gambling-Sector-August-2017.pdf>

Financing of Terrorism (AML/CFT) requirements. This was not the same as having a specific Risk Management Policy.

The Committee therefore recommended that the NLCB develop and implement an enterprise wide Risk Management Policy. As at January 2021, an official Draft Policy had been developed in-house and was being reviewed by management before submission for Board approval in the first quarter of 2021. It was noted that a thorough understanding of risk management was needed in order to meaningfully implement this Policy. The NLCB committed to acquire this understanding in order to ensure a smooth roll out of the Policy.

Recommendations:

- *The NLCB should provide Parliament with an update on the Board’s approval of the Draft Risk Management Policy, which was expected to be done in the 1st quarter of 2021, by January 31, 2022; and*
- *The NLCB should report to Parliament on the specific initiatives undertaken to acquire the knowledge and understanding necessary to effectively implement the Risk Management Policy by January 31, 2022.*

8. Relationship with International Gaming Technology (IGT)

The contractual arrangement with IGT remains problematic. Since 1993, the NLCB has concluded successive contracts exclusively with IGT for the provision of gaming technology.

IGT Fee Structure

IGT’s fee structure is not necessarily advantageous to the NLCB. The fee structure was based on total lottery sales per 12-month period as follows:

Amount of Sales	Fee Rate
Less than \$1 Billion	6.00%
From \$1 Billion to \$1.5 billion	6.25%
From \$1.5 Billion to \$2 Billion	6.50%
Above \$2 Billion	6.75%

At the Committee’s Fourth Meeting, the NLCB indicated that the negotiated terms of the 2021-2024 contract extension would lead to savings of more than \$100 million over the next three (3) years. The NLCB found, based on an international benchmarking exercise comparing the IGT contract with similar contracts in other markets, that commission fees were on average half of what was paid to IGT. These fees amounted to \$203.3M in FY 2019. It was for this benchmarking exercise that the NLCB procured the services of Adecco via sole selective tendering, as discussed at issue no. 9 of this Report.

IGT Contract Extensions / Renewals

The NLCB renewed IGT's contracts on five (5) occasions without conducting RFPs. This has effectively placed IGT in a monopoly-like position. IGT benefitted from an automatic three (3)-year contract extension in March 2021. The NLCB acknowledged that, under a more competitive arrangement, reimbursable expenses would accrue to the supplier and not to the NLCB, as is the case with the marketing expenses reimbursed to IGT. Even though the NLCB stated that a 2021 RFP was considered in 2019 and although it acknowledged that 'a more competitive supplier could result in an annual saving of 50% on existing commission fees'¹⁷, no RFP was conducted. The NLCB affirmed that one should be held within eighteen (18) months from March 2021¹⁸.

PwC Recommendations

The most recent negotiations with IGT could have been more comprehensive. The Committee learned that the NLCB did not address several important issues during the most recent negotiations with IGT. These issues included marketing fees, credit exposure and the ability to audit IGT's software. The latter two of these issues were also flagged as concerns in the PwC Report, discussed at issue no. 1 of this Report. The NLCB explained that these issues were left out because of the short time span for the conclusion of negotiations between October and December 2020.

IGT Marketing Fee Reimbursements

The NLCB was and remains saddled with costs that it should not have to pay. Inexplicably citing a lack of requisite staff, the NLCB has reimbursed IGT for its marketing expenses since 1993. By way of example, this totalled \$37 million in FY 2019¹⁹. At the Third Public Meeting on March 10, 2021, the NLCB indicated that the reimbursements covered IGT's expenses for advertising, the conduct of surveys and the warehousing of tickets. Given the NLCB's document management weaknesses (see issue no. 13 of this Report), and the Committee's recommendation for the implementation of an enterprise wide centralised document management and storage system, now is the time to implement the said recommendation thereby creating the requisite conditions to end the costly outsourcing of ticket warehousing.

Given that the NLCB's surplus from gaming operations comes in at around \$200 million annually²⁰, \$37 million is not a negligible sum. The NLCB confirmed the Committee's thought that this marketing reimbursement was not a standard international practice for lottery providers. The NLCB indicated that it intended to assume responsibility for its marketing function.

Observations:

¹⁷ Ministerial Response dated December 31, 2019.

¹⁸ Written submission from the MOF dated January 14, 2021.

¹⁹ Ibid.

²⁰ NLCB Audited Financial Statement for FY 2012.

- i. The Committee would like to stress the crucial importance of conducting an RFP for the provision of gaming technology services from 2024 onwards. The near monopoly status granted to IGT cannot be allowed to continue. The contract must be earned in the internationally recognised spirit of open competition. The Committee intends to keep itself apprised of developments in this area; and*
- ii. The Committee further emphasises the need to address all problematic issues with IGT as well as with its competitors during any and all future negotiations in view of 2024 and beyond.*

Recommendations:

- *The NLCB should report to Parliament on the following by January 31, 2022:*
 - a. The specific areas in which the expected savings by virtue of the 2021-2024 contract will be realised; and*
 - b. Whether the existing fee structure has been updated for the new contract.*
- *The NLCB should report to Parliament on the following by January 31, 2022:*
 - a. The assessment of the NLCB's capacity to assume responsibility for its marketing activities; and*
 - b. The status of the NLCB's initiatives to develop its internal marketing function so that this no longer needs to be outsourced to the gaming technology provider.*

9. Procurement

The NLCB resorted to opaque sole selective tendering when this could have been avoided.

In its written submission dated February 22, 2021, the NLCB noted that legal advice had been received in January 2020 that it should seek professional assistance for its contract negotiations with IGT. In this regard, at the Second Public Meeting on February 10, 2021, the NLCB explained that it had used sole selective tendering to procure the consultancy services of the international lottery provider Adesso to assist with the NLCB's international benchmarking exercise to help determine the ideal rates that should be paid to the gaming technology provider. This was done at a cost of \$1.6 million and was said to be due to time constraints. In a written submission to the Committee dated February 22, 2021, the NLCB highlighted that this was permitted by its Purchasing Policy, which has been in force since its approval in 2006²¹, and which the Committee had the opportunity to peruse.

The Exceptions to Tenders Rules section of the Policy provides that exceptions to tender rules are permitted in the following circumstances:

- a. Purchases of "Articles" or "Services" for use by the Board, where there is a limited source of supply of articles, or performance of service or where the article forms part of a system already

²¹ Ibid, p. 12.

in use by the Board, or where the articles are spare or replacement parts for an article already in use by the Board;

- b. Emergency work, when the length of time required for calling and receiving tenders would seriously affect progress;
- c. Jobs of a repetitive nature or jobs where continuity of work or contractor's equipment is desirable both for the sake of progress and of the economy;
- d. Types of work normally performed by specialist contractors or where one contractor has earned a reputation of outbidding and providing more efficient service and supervision than his competitors. [...];
- e. Work to be carried out on a site where a contractor is already operating and where the employment of a second contractor would hinder the progress of the project. [...]

'Circumstance b' would appear to apply. Sole selective tendering was approved by the Board in October 2020 in light of time constraints of the need to conclude negotiations in December 2020 so that the new contract could take effect in March 2021.

The Committee noted that, according to a procurement brief issued by the MOF - Investments Division, sole selective tendering is 'the least transparent form of tendering', which 'should only be used in rare and exceptional circumstances'²². The MOF held that sole selective tendering is most appropriate where the entity being contracted is the only one capable of supplying the required service or conducting the required work.

Observation:

- i. Given that the NLCB was advised in January 2020 that it should seek professional assistance for its scheduled contract negotiations with IGT, it is unsettling that the urgency / time factor was cited as the reason to bypass regular tendering procedures some nine (9) months later. Notwithstanding the onset of the COVID-19 pandemic, business continuity plans at the NLCB should have allowed the necessary standard procurement initiatives to continue with minimal disruption.*

Recommendation:

- The NLCB should report to Parliament on the benefits in terms of efficiency and value for money that may be obtained from revising its fifteen (15)-year-old Purchasing Policy to reflect the most contemporary international best practice by January 31, 2022.*

²² Ministry of Finance – Investments Division, Procurement Practices and the Public Procurement and Disposal of Public Property Act - State Boards Corporate Governance Seminar 2017, dated January 18, 2017, accessed August 4, 2021: <https://www.finance.gov.tt/wp-content/uploads/2017/01/Procurement-Practices-and-the-Public-Procurement-and-Disposal-of-Public-Property-Act.pdf> .

10. Illegal Gambling

The NLCB struggled to counter illegal gambling but will soon benefit from a more supportive legal framework. The Trinidad and Tobago gambling market was worth over \$25 billion in 2018²³. Around eighty-eight percent (88%) of the market was constituted by games offered by entities other than the NLCB, both legal and illegal. Illegal gambling notably includes ‘Whe Whe’, which has continued to grow its market share at the expense of the NLCB costing the entity approximately ten percent (10%) of its annual revenue²⁴.

The NLCB launched the Play Whe Combative Campaign²⁵ to raise public awareness of the negative impact of Whe Whe on society. The NLCB acknowledged that the Campaign did not have a great impact and affirmed that legislation was needed to provide for more robust dissuasive measures against prospective illegal gambling.

The NLCB also engaged in information sharing with the Trinidad and Tobago Police Service (TTPS). It was the Board’s view that further action by law enforcement agencies was cited as a necessity to effectively combat existing illegal gambling.

Observation:

- i. The Committee is pleased to note the passage of the Gambling (Gaming and Betting) Control Bill, 2021 in both Houses of Parliament in June 2021. The Bill (clause 4) aims, inter alia, to ‘ensure that gambling is conducted in a fair, open and responsible manner’ and ‘prevent gambling from being a source of crime, being associated with crime or being used to support crime’. The Bill was awaiting proclamation by the President of the Republic as at July 12, 2021²⁶. The Committee is confident that, once proclaimed, this legislation will assist the NLCB’s efforts.*

Recommendation:

- The Trinidad and Tobago Police Service (TTPS) should report to Parliament on the ways in which its assistance to the NLCB to combat ongoing illegal gambling could be strengthened and the challenges encountered in providing such assistance by January 31, 2022.*

²³ Verbatim Notes of the Thirty-Third Meeting of the Public Accounts Committee held on March 13, 2019.

²⁴ Trinidad and Tobago Guardian, *Despite global economic crisis NLCB continues to fatten Treasury*, accessed on August 5, 2021: <http://www.guardian.co.tt/article-6.2.427988.fa7fafa016>

²⁵ December 2019 Ministerial Response.

²⁶ Trinidad and Tobago Parliament website, Bills – 1st Session of the 12th Parliament – The Gambling (Gaming and Control) Control Bill, 2021, accessed August 4, 2021: <http://www.ttparliament.org/publications.php?mid=28&id=919>

11. NLCB Sponsorships

Trends in Sponsorship Funding

NLCB sponsorships increased greatly during the period FY 2008 to FY 2012. In the 25th Report, the Committee noted that the NLCB was in the process of preparing a Revised Sponsorship Policy including more stringent requirements for applicants. Under the existing Policy, there was no upper limit on the amount that could be disbursed to applicants, whose requests were required to be aligned with the NLCB's sponsorship pillars (education, youth and youth development, community development, culture, sport and corporate social focus). A mere simple majority on the Sponsorship Committee was required to approve a funding decision. Recipients were bound by contracts to conduct only the activity specified in their applications and to publicise the NLCB's facilitation of the activity.

The annual sum allocated by the NLCB to sponsorships and donations grew steadily during the period under review (FY 2008 to FY 2012). The amounts continued trending upward beyond this period until 2015, when it peaked at three (3) times the sum disbursed in 2008. The average sum disbursed was \$16,500.

Update of the Sponsorship Policy

The NLCB recently implemented the revamped Sponsorship Policy in 2021, two (2) years after the need for one was noted in the Committee's 25th Report. In 2018, the NLCB updated its sponsorship procedures, making sums over \$150,000 subject to Ministry of Finance approval, though no limit was set²⁷. The Board also shifted towards requiring a simple majority for amounts up to \$10,000, with sums over that amount needing a unanimous decision.

In January 2021, the updated Sponsorship Policy was awaiting review by the Sponsorship Sub-Committee before being submitted for Board approval. At the Third Public Meeting on March 10, 2021, the NLCB confirmed that the Policy Board approval had been granted in January 2021 and that the policy had been implemented. The Committee noted that sponsorship applications could not yet be submitted online but that the NLCB was working to make this possible²⁸.

The policy statement of the Plan established that 'the goal of the NLCB's Sponsorship venture is to showcase the organization's focus on community relations, done in ways that reinforce meaningful perceptions of the NLCB brand'.

Sponsorships in 2020

²⁷ NLCB responses dated July 17, 2019 to questions for supplementary information, p 4.

²⁸ See Verbatim Notes of Third Public Meeting at Appendix IV of this Report.

Sponsorship initiatives did not decrease despite the onset of the COVID-19 pandemic in 2020.

The Committee was intrigued to learn at the Third Public Meeting that NLCB sponsorships in 2020 totalled \$23,262,521.00 despite the general slowdown of activity throughout society owing to the COVID-19 pandemic. The corresponding sum for the non-pandemic year 2019 was \$25,735,266.00. The NLCB explained that the 2020 sum included donations for the procurement of electronic devices for children and schools. Upon consultation of the list of 2020 sponsorships submitted by the NLCB, the Committee noted a total of some \$252,000.00 in sponsorships for laptops and other devices as well as software for educational institutions. This represents approximately 2% of the \$14,655,286.39 total detailed in the table. This sum of \$14.66 million is, it should also be noted, some \$8.6 million less than the figure quoted at the Third Public Meeting.

Observations:

- i. The Committee expresses the hope that the updated Sponsorship Policy will enhance the transparent administration of the NLCB's sponsorships and that it will contribute to funding being accorded in a prudent manner; and*
- ii. The Committee welcomes the implementation of MOF approval of sponsorships over \$150,000.00.*

Recommendations:

- The NLCB should report to Parliament on the following by January 31, 2022:*
 - a. A confirmation of the definitive total sponsorship sum for 2020;*
 - b. A confirmation of the precise sum of 2020 sponsorships that was used for the procurement of electronic devices for educational purposes and the proportion of the total sponsorships that this represented.*
- The NLCB should provide Parliament with details of its plans to implement online sponsorship applications by January 31, 2022; and*
- The NLCB should indicate the metrics used to measure the success of its sponsorship initiatives in terms of reinforcing the meaningful perception of the NLCB brand by January 31, 2022.*

12. NLCB Mobile App

Mobile Gaming

The mobile gaming feasibility study has been outstanding for three (3) years. In the 25th Report, the PAC noted that the popular NLCB Mobile App, which provided information on NLCB games as well as locations of NLCB outlets, could be enhanced through the addition of game playing functions. The PAC was of the view that enabling app users to play NLCB games - as is done by gaming authority apps in other jurisdictions - would be very likely to increase sales. The NLCB was generally in agreement, noting in its written submission dated January 14, 2021 the need to align its product offering with the latest technology in order to create additional revenue streams.

The PAC acknowledged that another parliamentary committee had previously recommended in a September 2018 Report²⁹ that a feasibility study be conducted on the implementation of mobile gaming. At the public hearing held on March 13, 2019, the PAC was informed that the recommended study had not yet been carried out. In a written submission dated January 14, 2021, the MOF indicated that, while the study was still outstanding, a mobile gaming committee had been established for this purpose. Based on the results of the committee's considerations, the NLCB will issue a Request for Proposals for mobile and internet gaming.

The written submission from the MOF dated January 14, 2021 further explained that the mobile gaming committee was receiving support from the Office of the Attorney General and Ministry of Legal Affairs (AGLA) in order to identify necessary legislative amendments. The PAC was, however, informed in a written submission dated March 29, 2021 from the OAG that no request for assistance had been received from the NLCB. The PAC noted correspondence dated March 26, 2021 from the NLCB to the OAG explaining that, although the NLCB's Negotiating Committee had agreed to seek the OAG's advice regarding mobile gaming, no request was in fact made as at March 2021.

Effectiveness of the NLCB Mobile App

There is room for improvement in customer satisfaction among users of the NLCB Mobile App. The PAC noted that users of the NLCB Mobile App often expressed concern based on their experience with the App. Users have noted that game result information was not always updated in real time. The App is officially described as presenting the results of 'all major NLCB lottery game draws'³⁰; users have also expressed a desire for information on the full range of NLCB games to be made available via the App for their convenience. The stakeholders of an initiative are those who are affected by the outcome of that initiative³¹. Users are the major stakeholders of the mobile app initiative. Stakeholders often have interest in or power over the success of an initiative. In this case, user satisfaction is important as user buy-in is the metric that indicates the effectiveness of the app and the value for money achieved.

Observation:

- i. The lack of follow through by the NLCB in seeking the assistance of the Attorney General regarding mobile gaming is unsettling. There should be a greater sense of urgency given the clear potential to strengthen the NLCB's earning potential.***

²⁹ JSC on Local Authorities, Service Commissions and Statutory Authorities, *10th Report on an Inquiry into Internal Controls Systems and Corporate Social Responsibility Policies of the National Lotteries Control Board (NLCB)*, p 26, accessed July 29, 2021: <http://www.ttparliament.org/reports/p11-s3-J-20180917-LASCSA--r10-NLCB.pdf>

³⁰ Google Play website, *NLCB Mobile*, accessed on August 2, 2021: <https://play.google.com/store/apps/details?id=com.gillettegroup.NXX3App&hl=en>

³¹ Overseas Development Institute, *Planning Tools: Stakeholder Analysis*, accessed August 2, 2021: <https://odi.org/en/publications/planning-tools-stakeholder-analysis/>

Recommendations:

- *The NLCB should report to Parliament on the following by January 31, 2022:*
 - a. *An update on the findings of the deliberations of the committee set up to examine the feasibility of incorporating gaming into the NLCB Mobile App, notwithstanding the absence of input from the Attorney General;*
 - b. *Confirmation of submission of a request for assistance from the Office of the Attorney General regarding legislative amendments to facilitate mobile gaming; and*
 - c. *A timeline for the start and completion of the necessary feasibility study of the expansion of the functionalities of the NLCB Mobile App to include gaming.*
- *The NLCB should report to Parliament on its plans to be responsive to user concerns about the functioning of the mobile app by January 31, 2022.*

13. Document Management

The NLCB still needs to develop a more robust records management system. Under the existing system, there were several instances of important documents being misplaced. Weaknesses in this area have been known to the organization for a decade. In its 25th Report, the Committee noted that the auditing of the NLCB's financial statements for several financial years was impeded by the inability to supply the Auditor General's Department with requisite documentation. This is especially noteworthy as the Auditor General's right of 'access to all books, records, returns and other documents relating to those accounts' that it is mandated to audit is enshrined in the Constitution of the Republic of Trinidad and Tobago (sec. 116(2)).

The January 2021 submission from the MOF affirmed that the NLCB's records enterprise-wide physical and digital records management function would be centralised further to a recommendation made by the Committee in the 25th Report in the second quarter of 2021, after being previously delayed by the COVID-19 pandemic. The submission further advised that a service provider would be sourced to conduct the review and update of the NLCB's Records Management Policy.

Observations:

- i. *The NLCB's records management deficiencies are not an isolated or minor issue as illustrated by their effect in impeding audits. When financial statements are not audited, it means that the NLCB's efficiency and effectiveness cannot be comprehensively observed.*
- ii. *The Committee notes, as it did in its 25th Report, that the records management issue is far from new, having been examined by another parliamentary committee (as noted at issue no. 11 above) during the Eleventh Parliament. This makes the lack of progress all the more disappointing.*

Recommendation:

- *The NLCB should report to Parliament on the following by January 31, 2022:*
 - a. *The centralisation of its records management function, scheduled for the second quarter of 2021; and*
 - b. *The procurement initiatives regarding the review and update of the enterprise-wide Records Management Policy.*

14. Fraud and Whistleblowing Policies

The NLCB remains without official Internal Fraud and Whistleblowing Policies, two years later. In its 25th Report, the Committee noted that the lack of official NLCB policies regarding internal fraud and whistleblowing which meant that there were insufficient provisions to prevent impropriety.

With respect to fraud, the NLCB was guided by the Financial Regulations of the Exchequer and Audit Act Chap. 69:01 which require Accounting Officers to ensure the safeguard and proper use of public funds. Instances of fraud were detected and reported to the police. Regarding whistleblowing, in the absence of an official policy staff were encouraged to and did in fact make anonymous reports to the Legal Unit leading to several instances of impropriety being brought to the attention of the Board. The employees suspected of being involved in these cases of impropriety were re-assigned within the organisation.

The NLCB explained that the Draft Whistleblowing Policy and the Draft Internal Fraud Policy had been submitted for Board approval in January and March 2019 respectively. Two years later, the January 2021 written submission from the MOF stated that the two Policies would be approved at the January 2021 Board Meeting. This, however, did not materialise, as the written submission dated March 31, 2021 from the NLCB stated that the Policies needed to be discussed by the Operations Sub-Committee prior to submission for Board approval.

Along with the two Policies, non-disclosure agreements as well as ethical benchmarks need to be drafted. However, this cannot proceed until a Legal Officer is recruited. This recruitment is contingent upon the approval of the NLCB's Strategic Plan.

Observations:

- i. *While the official Internal Fraud and Whistleblowing Policies have been in limbo for over 2 years, many opportunities to curtail impropriety and help strengthen the much needed incorporation of ethics into the organisational culture have been missed. These chances can never be regained; and*
- ii. *The importance of the NLCB having an approved Strategic Plan is again demonstrated by the inability to proceed with establishing rules and procedures related to internal fraud and whistleblowing.*

Recommendations:

- *The NLCB should provide a timeline for the consideration of the Draft Internal Fraud Policy and the Draft Whistleblowing Policy by the Operations Sub-Committee before submission for Board approval by January 31, 2022; and*
- *The NLCB should provide Parliament with an update on the status of investigations based on its existing internal fraud and internal reporting procedures by January 31, 2022.*

15. Conflicts of Interest

The NLCB's continues to lack sufficient conflict of interest provisions to curtail irregular practices throughout the organisation. In its 25th Report, the Committee noted that, in the absence of an entity-wide Conflict of Interest Policy, conflicts of interest in the NLCB's sponsorships and donations arrangements were widespread.

While the NLCB did in fact have some conflict of interest provisions as part of its Purchasing Policy, these only addressed the members of the NLCB's Tenders Committee³². The Purchasing Policy required these officers to disclose professional, financial or personal association with prospective suppliers of goods or service providers and to refrain from participating in consideration of such offers.

In the Ministerial Response to the 25th Report, it was indicated that the NLCB's entity-wide Conflict of Interest Policy was due to be prepared in December 2019. This, however, had not been done as at January 2021. The NLCB estimated that the Conflict of Interest Policy would be drafted by the third quarter of 2021.

Transparency International defines corruption as 'the abuse of entrusted power for private gain' and explains that 'professional enablers' - including managerial personnel - who allow irregular practices to thrive³³. At the time of the drafting of its 25th Report, the Committee took careful note of the March 2019 media reports that a conflict of interest matter resulted in the dismissal of an NLCB Director. The Committee now understands that the Director was subsequently reinstated in December 2020. Reinstatement notwithstanding, this matter was a strong indication of the gravity of the problem at the NLCB.

Observation:

- It is notable that the non-completion of the NLCB's Conflict of Interest Policy is intertwined with other unfinished work. The drafting of the Policy was on hold pending the recruitment of a Legal Officer; this recruitment was itself contingent on*

³² Written submission from the NLCB dated February 18, 2019, p. 39.

³³ Transparency International website, *What is Corruption?*, accessed August 2, 2021: <https://www.transparency.org/en/what-is-corruption#>

approval of the Strategic Plan, itself affected by delays. This is a practical example of the centrality of the Strategic Plan to the overall operation of the NLCB.

Recommendations:

- *The NLCB should provide Parliament with a general comment on the approach it plans to adopt in order to build on the existing conflict of interest provisions of the Purchasing Policy by January 31, 2022; and*
- *The NLCB should provide Parliament with an update on the drafting of the entity-wide Conflict of Interest Policy further to the planned recruitment of a Legal Officer by January 31, 2022.*

Concluding Remarks

Numerous pervasive issues continued to affect the NLCB. Transformation and change management are urgently needed if the entity is to get on the right track where effectiveness, efficiency, value for money and compliance are concerned. Crucially, the effects of the COVID-19 pandemic must not be allowed to delay or derail necessary transformational processes. Navigating the multi-layered legislative framework entails challenges for the MOF in closely monitoring the NLCB. Extra vigilance is therefore needed on the part of the Ministry. Similar vigilance is needed from the NLCB in monitoring its agents to limit bad debts.

It is widely understood in public administration that bureaucrats charged with executing policy are themselves individuals who are susceptible to make decisions in their own self-interest, potentially to the detriment of the greater good being pursued by the entity in which they serve. The NLCB must promote an ethical risk culture, sound internal controls and robust provisions to weed out impropriety. Progress towards an organization free from professional enablers of irregular practices will require the full and conscientious support of NLCB officers at all levels.

The NLCB's relationship with IGT is an area in need of major improvement. The contractual arrangement from 2024 onwards needs to be completely overhauled to ensure that no provider is allowed to end up in the dominant position that IGT has found itself in for almost 30 years.

While all issues discussed in this Report are important, perhaps none are more basic than those of the on time submission of financial statements to the Auditor General and the approval of the Strategic Plan without which – as discussed earlier – the organisation is not fully equipped to pursue its key goals.

Finally, the Committee is concerned at the lack of impetus for the implementation of many recommendations. It must be understood that the recommendations are formulated for the good of the organisation and that their implementation will redound to the benefit of the country as a whole.

This Committee respectfully submits this Report for the consideration of the Parliament.

Mr. Davendranath Tancoo
Chairman

Ms. Jearlean John
Vice - Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Adrian Leonce
Member

Mrs. Paula Gopee-Scoon
Member

Mrs. Charisse Seepersad
Member

Mr. Roger Monroe
Member

Dr. Amery Browne
Member

First Public Meeting

At the meeting held on January 13, 2021, the witnesses attending on behalf of the NLCB and the Ministry of Finance were:

The National Lotteries Control Board

- Mr. Eustace Nancis - Chairman
- Ms. Camille Forde - Director
- Ms. Wendy Dwarika - Finance Lead Consultant
- Ms. Yana Mollino - Human Resource Assistant

Ministry of Finance

- Mrs. Michelle Durham Kissoon - Permanent Secretary
- Ms. Chintamani Sookoo - Director (Ag.), Social and Economic Transformation
- Ms. Seeta Beedasia - Business Analyst (Ag.)

Second Public Meeting

At the meeting held on February 10, 2021, the witnesses attending on behalf of the NLCB and the Ministry of Finance were:

The National Lotteries Control Board

- Mr. Eustace Nancis - Chairman
- Ms. Camille Forde - Director
- Ms. Wendy Dwarika - Finance Lead Consultant
- Ms. Yana Mollino - Human Resource Assistant

Ministry of Finance

- Mrs. Michelle Durham Kissoon - Permanent Secretary
- Ms. Sharon Mohammed - Director (Ag.), Social and Economic Transformation
- Ms. Seeta Beedasia - Business Analyst (Ag.)

Third Public Meeting

At the meeting held on March 10, 2021, the witnesses attending on behalf of the NLCB and the Ministry of Finance were:

The National Lotteries Control Board

- Mr. Eustace Nancis - Chairman
- Ms. Camille Forde - Director
- Ms. Wendy Dwarika - Finance Lead Consultant
- Ms. Yana Mollino - Human Resource Assistant

Ministry of Finance

- Mrs. Michelle Durham Kissoon - Permanent Secretary
- Ms. Sharon Mohammed - Director (Ag.), Social and Economic Transformation
- Ms. Junior Atwarie - Senior Business Analyst (Ag.)

**THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, TWELFTH PARLIAMENT**

**MINUTES OF THE THIRD MEETING HELD VIRTUALLY ON
WEDNESDAY JANUARY 13, 2021 AT 10:04 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Dr. Amery Browne	-	Member
Ms. Charrise Seepersad	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant

Excused was:

Mr. Roger Monroe	-	Member
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Absent was:

Mr. Adrian Leonce	-	Member
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COMMENCEMENT

- 1.1 At 10:04 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed the Members that Mr. Roger Monroe asked to be excused from the meeting.

INTRODUCTION OF NEW COMMITTEE MEMBER

- 2.1 The Chairman informed Members that Dr. Amery Browne was appointed to the Committee as a Member with effect from January 12, 2021 in lieu of Mr. Randall Mitchell.

EXAMINATION OF THE MINUTES OF THE SECOND MEETING

- 3.1 The Committee examined the Minutes of the Second (2nd) Meeting held on Wednesday December 2, 2020.

- 3.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mrs. Ayanna Webster-Roy and seconded by Ms. Jearlean John.

MATTERS ARISING FROM THE MINUTES OF THE SECOND MEETING

- 4.1 With reference to item 3.3, the Chairman informed Members that the revised Work Programme of the Committee was uploaded to the e-repository (rotunda) for their consideration.
- 4.2 With reference to item 3.4, the Chairman informed Members that a Financial Scrutiny Workshop was scheduled for January 20, 2021 at 12:00 p.m. and that further correspondence would be sent in the coming days.
- 4.3 The Secretariat informed the Committee that another Financial Scrutiny Workshop will be held for Members who unable to attend on the scheduled date.

PRE-HEARING DISCUSSIONS RE: NATIONAL LOTTERIES CONTROL BOARD (NLCB)

- 5.1 The Chairman informed Members that the purpose of the public hearing was to follow up on the implementation of the recommendations made in the 25th Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the National Lotteries Control Board (NLCB) for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.
- 5.2 The Chairman informed Members that neither the Ministry of Finance (MOF) nor the NLCB responded to the Committee's request for written submissions (via letter dated December 04, 2020 with a deadline of December 20, 2020) and that the Secretariat attempts to follow-up on the request for written submission were unsuccessful.
- 5.3 The Committee considered whether the public hearing should be held despite the lack of written submission or whether more time should be given for the preparation of the responses. A discussion ensued.
- 5.4 The Committee agreed that the MOF should be given the opportunity to explain the reason/s for the non-submission of the requisite responses at this meeting and that at its next meeting the Committee would continue its inquiry on the follow-up on the implementation of the recommendations made in the 25th Report of the PAC on an examination of the Audited Financial Statements of the NLCB and the NLCB'S expenditure and internal controls during this period.
- 5.5 The Chairman invited Members to raise any other matters related to the Committee's work.

SUSPENSION

6.1 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:25 a.m.

FOLLOW-UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS MADE IN THE 25TH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL LOTTERIES CONTROL BOARD (NLCB) FOR THE YEARS 2008 TO 2012 AND THENLCB'S EXPENDITURE AND INTERNAL CONTROLS DURING THIS PERIOD

7.1 The Chairman called the public meeting to order at 10:37 a.m.

7.2 The following officials joined the meeting:

The National Lotteries Control Board (NLCB)

- | | | |
|-----------------------|---|--------------------------|
| e) Mr. Eustace Nancis | - | Chairman |
| f) Ms. Camille Forde | - | Director |
| g) Ms. Wendy Dwarika | - | Finance Lead Consultant |
| h) Ms. Yana Mollino | - | Human Resource Assistant |

Ministry of Finance (MOF)

- Mrs. Michelle Durham-Kissoon - Permanent Secretary
- Ms. Chintamani Sookoo - Director (Ag.), Social and Economic Transformation
- Ms. Seeta Beedasia - Business Analyst (Ag.)

7.3 The Chairman reiterated the constitutional mandate of the Public Accounts Committee.

7.4 A discussion ensued regarding the status of the outstanding written responses to the Committee's follow-up questions to the MOF and to the NLCB.

7.5 The MOF agreed to submit its written responses as well as those of the NLCB by Friday January 15, 2021.

SUSPENSION

8.1 At 11:11 a.m., the Chairman suspended the meeting to resume for a post-hearing discussion with Members only.

RESUMPTION

9.1 At 11:13 p.m. the Chairman resumed the meeting.

POST-MORTEM DISCUSSION

10.1 The Committee engaged in a discussion on the just concluded hearing.

ADJOURNMENT

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

11.2 The adjournment was taken at 11:15 a.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

January 13, 2021

**THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, TWELFTH PARLIAMENT**

**MINUTES OF THE FOURTH MEETING HELD VIRTUALLY ON
WEDNESDAY FEBRUARY 10, 2021 AT 10:03 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Ms. Charrise Seepersad	-	Member
Mr. Adrian Leonce	-	Member
Mr. Roger Monroe	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant

Excused was:

Dr. Amery Browne	-	Member
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COMMENCEMENT

- 1.1 At 10:03 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed the Members that Dr. Amery Browne asked to be excused from the meeting.

EXAMINATION OF THE MINUTES OF THE THIRD MEETING

- 2.1 The Committee examined the Minutes of the Third (3rd) Meeting held on Wednesday January 13, 2021.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Jearlean John and seconded by Ms. Charrise Seepersad.

MATTERS ARISING FROM THE MINUTES OF THE THIRD MEETING

- 3.1 With reference to item 7.5, the Chairman informed Members that the outstanding written submissions from the Ministry of Finance and the NLCB were submitted to the Secretariat on Thursday January 14, 2021.

PRE-HEARING DISCUSSIONS RE: NATIONAL LOTTERIES CONTROL BOARD (NLCB)

- 4.1 The Chairman reminded Members that the purpose of the public hearing was to follow up on the implementation of the recommendations made in the 25th Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the National Lotteries Control Board (NLCB) for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.
- 4.2 The Members discussed the persistent issues of concern at the NLCB 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 10:26 a.m.

FOLLOW-UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS MADE IN THE 25TH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL LOTTERIES CONTROL BOARD (NLCB) FOR THE YEARS 2008 TO 2012 AND THE NLCB'S EXPENDITURE AND INTERNAL CONTROLS DURING THIS PERIOD

- 6.1 The Chairman called the public meeting to order at 10:34 a.m.
- 6.2 The following officials joined the meeting:

The National Lotteries Control Board (NLCB)

- | | | |
|----------------------|---|--------------------------|
| • Mr. Eustace Nancis | - | Chairman |
| • Ms. Camille Forde | - | Director |
| • Ms. Wendy Dwarika | - | Finance Lead Consultant |
| • Ms. Yana Mollino | - | Human Resource Assistant |

Ministry of Finance (MOF)

- | | | |
|--------------------------------|---|--|
| • Mrs. Michelle Durham-Kissoon | - | Permanent Secretary |
| • Ms. Sharon Mohammed | - | Director (Ag.), Social and Economic Transformation |
| • Ms. Seeta Beedasia | - | Business Analyst (Ag.) |

6.1 Key Topics Discussed:

1. The pervasive issues faced by the NLCB and the need for urgent measures to resolve them;
2. The need for transformation and change management at the NLCB;
3. The non-fulfilment of the NLCB's fiduciary duty to submit its financial statements for

auditing by the Auditor General pursuant to section 25(2) of the National Lotteries Act Chap 21:04;

4. The status of the completion of PwC's preparation of the NLCB's outstanding financial statements for FY 2013 to 2017 for submission to the Auditor General;
5. The status and timeframe of the preparation of the NLCB's financial statements for FY 2018 to 2020;
6. The projections for the preparation of the 2021 financial statement;
7. The submission of the NLCB's Annual Reports and Board Minutes to the Ministry of Finance;
8. The possibility of more robust engagement by the Ministry of Finance with regard to the NLCB in exercising its oversight function;
9. The NLCB's revenue and expenditure for the year 2019;
10. The delays in the Board's work in 2020 caused by the COVID-19 pandemic;
11. The difficulties in retaining a Financial Comptroller;
12. The effect of manpower shortages at the NLCB on the completion of the reconciliation of deferred expenses and unclaimed prizes;
13. The estimated timeframe for completion of the integration of financial and other systems as recommended by PwC;
14. The omission of numerous issues from contract negotiations between the NLCB and International Gaming Technology (IGT);
15. The automatic renewal clause in the contracts between the NLCB and IGT;
16. The savings realised in the IGT 2021-2024 contract;
17. The reasons for the absence of a Request for Proposals (RFP) for alternative gaming technology service providers;
18. The reason for the NLCB's decision to procure consultancy services for its international benchmarking exercise at a cost of \$1.6 million through sole selective tendering;
19. The Board's management of the NLCB's advertising / marketing budget;
20. The rationale for the NLCB reimbursing IGT for marketing expenses;
21. The assessment of the NLCB's capacity to assume responsibility for its marketing activities;
22. The NLCB's credit exposure regarding VIA transactions; and
23. The status of the NLCB's 2021-2023 Strategic Plan.

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

- 6.2 The Committee agreed to send additional questions to NLCB for written submission. **[Please see Appendix 1]**
- 6.3 The Committee agreed that it was necessary for the NLCB and the Ministry of Finance to re-appear at its next public hearing to continue the follow-up discussions.

6.4 The Chairman thanked the representatives from NLCB and the Ministry of Finance and for their attendance.

SUSPENSION

7.1 At 12:45 p.m., the Chairman suspended the meeting to resume for a post-hearing discussion with Members only.

RESUMPTION

8.1 At 12:46 p.m. the Chairman resumed the meeting.

POST-MORTEM DISCUSSION

9.1 The Committee engaged in a discussion on the just concluded hearing.

ADJOURNMENT

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

10.2 The adjournment was taken at 12:58 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

February 10, 2021

ADDITIONAL INFORMATION REQUESTED

Additional Questions arising from Meeting of the Public Accounts Committee

National Lotteries Control Board (NLCB)

Issue: Outstanding Audited Financial Statements

1. What is the status of the NLCB's request to the Ministry of Finance for authorisation to engage additional manpower to facilitate the completion of the reconciliation of deferred expenses and unclaimed prizes? I

Issue: The NLCB's Relationship with IGT

1. At the public hearing it was noted that the NLCB engaged in sole select tendering of an international lottery provider Adesso to provide consultancy services for its contract negotiations with IGT. According to the Ministry of Finance Investments Division, sole selective tendering 'should only be used in rare and exceptional circumstances'³⁴.
 - a. Who authorised the NLCB to use sole selective tendering to secure the services of Adesso?
2. What was the reason for not addressing the issues of credit exposure and marketing fees during the NLCB's negotiations with IGT?

³⁴ Ministry of Finance – Investments Division, Procurement Practices and the Public Procurement and Disposal of Public Property Act - State Boards Corporate Governance Seminar 2017, dated January 18, 2017

**THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, TWELFTH PARLIAMENT**

**MINUTES OF THE FIFTH MEETING HELD VIRTUALLY ON
WEDNESDAY MARCH 10, 2021 AT 10:01 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Ms. Charrise Seepersad	-	Member
Dr. Amery Browne	-	Member
Mr. Roger Monroe	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant

Absent was:

Mr. Adrian Leonce	-	Member
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COMMENCEMENT

1.1 At 10:01 a.m., the Chairman called the meeting to order and welcomed those present.

EXAMINATION OF THE MINUTES OF THE FOURTH MEETING

2.1 The Committee examined the Minutes of the Fourth (4th) Meeting held on Wednesday February 10, 2021.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Charrise Seepersad and seconded by Ms. Jearlean John.

MATTERS ARISING FROM THE MINUTES OF THE FOURTH MEETING

3.1 With reference to item 6.4, the Chairman informed Members that the responses to the questions for additional information from the NLCB were received by the Secretariat on February 22, 2021 and used to update the Issues Paper.

DETERMINATION OF WORK PROGRAMME

- 4.1 The Committee agreed that the updated Work Programme should be circulated via email for Members to indicate their preference and the order of priority.

PRE-HEARING DISCUSSIONS RE: NATIONAL LOTTERIES CONTROL BOARD (NLCB)

- 5.1 The Chairman reminded Members that the purpose of the public hearing was to follow up on the implementation of the recommendations made in the 25th Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the National Lotteries Control Board (NLCB) for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.
- 5.2 The Chairman invited Members to review the updated Issues Paper.
- 5.3 The Members discussed the general approach for the Public Hearing.

SUSPENSION

- 6.1 There being no further business for discussion in camera, the Chairman suspended the meeting at 10:20 a.m.

FOLLOW-UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS MADE IN THE 25TH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL LOTTERIES CONTROL BOARD (NLCB) FOR THE YEARS 2008 TO 2012 AND THE NLCB'S EXPENDITURE AND INTERNAL CONTROLS DURING THIS PERIOD

- 7.1 The Chairman called the public meeting to order at 10:41 a.m.
- 7.2 The following officials joined the meeting:

The National Lotteries Control Board (NLCB)

- | | | |
|----------------------|---|--------------------------|
| • Mr. Eustace Nancis | - | Chairman |
| • Ms. Camille Forde | - | Director |
| • Ms. Wendy Dwarika | - | Finance Lead Consultant |
| • Ms. Yana Mollino | - | Human Resource Assistant |

Ministry of Finance (MOF)

- i) Mrs. Michelle Durham-Kissoon - Permanent Secretary
- j) Ms. Sharon Mohammed - Director (Ag.), Social and Economic Transformation
- k) Mr. Junior Atwarie - Senior Business Analyst (Ag.)

7.3 Key Topics Discussed:

1. The factors taken into consideration to select international lottery provider Adesso to procure consultancy services for the NLCB's international benchmarking exercise;
2. The status of the NLCB's initiatives to develop its internal marketing function so that this no longer needs to be outsourced to the gaming technology provider;
3. The timeline for the development of the NLCB's 2021-2023 Strategic Plan;
4. The implementation of the NLCB's updated Sponsorship Policy, which was approved by the Board of Directors in January 2021, and the improvements made in comparison to the previous Policy;
5. The paper-based sponsorships and donation application process and the planned implementation of online applications;
6. The sponsorship pillars used by the NLCB to assess sponsorship applications;
7. The sums of money spent by the NLCB on sponsorships in 2019 and 2020;
8. The need for greater publicizing of the NLCB sponsorship opportunities;
9. The principal types of sponsorship undertaken by the NLCB;
10. The steps taken by the NLCB to verify the purpose for which requested funds were spent by sponsorship recipients;
11. The ongoing reconciliation of the NLCB's accounts receivable and the timeline for completion;
12. The status of the implementation of the Accounts Receivable Module as recommended by PwC;
13. The payment plans implemented for defaulting agents;
14. The NLCB's deactivation of terminals in the case of defaulting agents who do not engage in payment plans;
15. The breakdown of the actions taken with respect to delinquent agents, including legal actions, over the past five (5) years;
16. The potential for the development of mobile gaming subsequent to requisite legislative amendments;
17. The NLCB's collaboration with an NGO to address the problem of gambling addiction;
18. The process used by businesses to become NLCB agents;
19. The NLCB's estimated revenue loss due to illegal gambling;
20. The NLCB's initiatives to tackle illegal gambling;
21. The status of the NLCB's Draft Risk Management Policy;
22. The updating of the NLCB's Internal Audit Charter;
23. The relationship between the Internal Audit Charter and the Internal Audit Activity Plan;
24. The lack of right to audit IGT's systems and processes;

25. The need for the NLCB to include all matters not addressed during its 2020 negotiations with IGT in its future Request for Proposals (RFP) for the provision of gaming technology services from 2024 onwards; and
26. The NLCB's lack of a Conflict of Interest Policy.

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

- 7.4 The Committee agreed to send additional questions to the NLCB, the Ministry of Finance and the Office of the Attorney General and Ministry of Legal Affairs for written submission.
[Please see Appendix 1]
- 7.5 The Chairman thanked the representatives from NLCB and the Ministry of Finance and for their attendance.

SUSPENSION

- 8.1 At 12:25 p.m., the Chairman suspended the meeting to resume for a post-hearing discussion with Members only.

RESUMPTION

- 9.1 At 12:27 p.m. the Chairman resumed the meeting.

POST-MORTEM DISCUSSION

- 10.1 The Committee engaged in a discussion on the just concluded hearing.

ADJOURNMENT

- 11.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned.
- 11.2 The adjournment was taken at 12:37 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 16, 2021

THIRD PUBLIC MEETING - APPENDIX 1

ADDITIONAL INFORMATION REQUESTED

National Lotteries Control Board (NLCB)

General Question

Provide details of the NLCB's collaboration with NGOs to address the issue of gambling addiction, including the name of the NGO and how long have the both organisations been working together?

1. What does the NLCB's responsible gaming programme entail?

Issue: Strategic Plan

1. The development of the 2021-2023 Strategic Plan was due to be completed and transmitted to the MOF by the 1st quarter of 2021.
 - a. What is the status of the development of this Strategic Plan and its submission to the MOF?
 - b. What were the reason/s for the delay in the completion of the Strategic Plan?
 - c. In order to avoid delays in the approval of the Plan by the MOF, how has the NLCB ensured that the Plan is measurable, feasible, realistic and can be adequately resourced?
2. The delay in approval of the Strategic Plan for the period 2018-2020 held back human resource initiatives including an update of the organizational structure; recruitments and a salary review. As at January 14, 2021 these initiatives were still unfinished. They are due to be completed by the 1st quarter of 2021.
 - a. What was the status of these initiatives as at January 31, 2021?

The NLCB's Relationship with IGT

1. At the public hearing it was noted that the NLCB procured the consultancy services of the international lottery provider Adesso for its contract negotiations with IGT.
 - a. What were the factors or attributes that led to the NLCB's decision to engage Adesso?
2. Several outstanding reports requested by the NLCB from IGT, including the report on the automation of the calculation of agent debt interest, were expected to be received by January 2021.
 - a. Have these reports been received?
 - b. How will these reports be used to improve the NLCB's efficiency and effectiveness?
3. At the Committee's fourth meeting held on February 10, 2021, the NLCB indicated that it was strengthening its marketing department so that it could manage its own marketing function instead of paying to outsource it to IGT.
 - a. What are the NLCB's specific plans for the strengthening and development of its internal marketing function?
 - b. What is the NLCB's estimate of the annual savings that could be realised by no longer outsourcing its marketing function?
4. The NLCB is due to complete the update of its organizational structure by the 1st quarter of 2021. This was hindered by delays in the approval of the Strategic Plan.

- a. How will the updated organizational structure comprehensively address the strengthening of the NLCB's marketing function?

Issue: Accounts Receivable

1. The implementation of the Accounts Receivable Module as part of the integration of financial and other systems recommended by PwC was still in progress as at January 14, 2021.
 - a. When will this be completed?
2. The NLCB indicated at the public hearing on March 10, 2021 that it has been working to bring the reconciliation of its receivables up to date. The years 2013 to 2017 have been completed thus far.
 - a. What was the effect of the previous non-reconciliation of the NLCB's receivables for 2013 to 2017?
 - b. What is the timeline for the completion of the reconciliation for the years 2018 to 2020?
 - c. When was the reconciliation for the years 2008 to 2012 completed?
3. Provide a detailed breakdown of all action taken with respect to delinquent agents over the past five (5) years

Issue: Risk Management

1. An official Draft Risk Management Policy was due to be submitted for Board of Directors approval, which the NLCB expects will be granted 'within the first quarter of 2021'.
2. The NLCB indicated that an awareness of and training in risk management would be required to properly understand and implement this policy, and that measures would be put in place to acquire this knowledge so that the policy could be adopted within the 1st quarter of 2021.
 - a. What risk management training initiatives are being pursued?
 - b. What other measures are being implemented?
3. The reviewed and updated NLCB Draft Compliance Policy was submitted in July 2020 to the Board of Directors for review and approval.
 - a. What is the status of the Board's approval of this policy?

Issue: Internal Audit Function

1. PwC recommended that the NLCB recruit an Audit Manager to strengthen its Internal Audit function. The RFP issued for the services of a recruitment agency was due to be evaluated by the end of December 2020. The recruitment was estimated to be conducted by the end of the first quarter of 2021:
 - a. Was the evaluation of the RFP completed?
 - b. What is the status of this recruitment initiative?
2. The NLCB explained that the 2020 Internal Audit Charter has not yet been reviewed due to the COVID-19 pandemic. Previously, outside of the constraints of the pandemic context, the 2019 Charter was not approved until June 2019.
 - a. In the absence of a 2020 Internal Audit Charter, was the 2019 version used to guide the internal audit function in 2020?
 - b. If yes, how did the NLCB ensure that the 2019 Charter was relevant to the 2020 context?

- c. If no, was there no framework for the internal audit function in 2020?
- d. Given the importance of the Internal Audit Charter in providing a clear and detailed framework for a successful internal audit function, what are the challenges that explain the slow rate of progress in approving yearly Charters?
- e. What steps can the NLCB take to prioritise this activity?
- f. What is the relationship between the Internal Audit Charter and the Audit Activity Plan?

Issue: Information and Communication Technology

PwC recommended a review and update of the NLCB IT policies and procedures².

1. When will the Operations Sub-Committee review the Acceptable use of Information Resources policy and the Terms and Conditions for the use of Information Systems Devices?
2. The NLCB was in the process of reviewing the Draft Network Security Policy to include remotework and other pandemic-related measures.
 - a. When is this review expected to be completed?

Issue: Illegal Gambling

1. What is the estimated revenue lost annually by the NLCB due to illegal whe-whe operators?
2. What is the global comparison between the NLCB and other lottery authorities in terms of the effects of illegal gambling on their revenue?
3. The NLCB was considering employing its own security, according to the Ministerial Response.
 - a. If the NLCB will be employing in-house security, what will be the mandate and authority of the security officers?

Issue: Document Management

1. The NLCB has to secure a service provider for the development of a Records Management Policy.
 - a. What is the status of this initiative?

Issue: Sponsorships and Donations

1. Provide a copy of the updated Sponsorship Policy.
2. Provide a breakdown of the types of sponsorships that were funded from 2018 to 2020.

Issue: Staffing

Contract Staff

At the public hearing, the NLCB indicated that there were approximately 20 staff members recruited on contract.

1. Provide the details of the terms and conditions of each contract employee, inclusive of the salary.

Legal Staff

1. What is the estimated timeline for the recruitment of a Legal Officer?

Issue: Fraud and Whistleblowing

1. Were the Draft Internal Fraud and Whistleblowing policies approved at the January 2021 Board Meeting?
 - a. If yes, what is the status of their implementation?
 - b. If no, what was the reason for the continued delay?

Issue: Conflict of Interest Policy

The NLCB does not have an entity-wide Conflict of Interest Policy. From November 2013 to May 2016, a total of \$697,000 in NLCB sponsorships was made to a private company which was in fact run by an NLCB Director. This led to the dismissal of that Director from the NLCB by the Statutory Authorities Service Commission. The Committee was informed that this as well as other matters involving other NLCB personnel were before the Statutory Authorities Appeal Board.

1. Have the matters before the Statutory Authorities Appeal Board been concluded?
2. What is the timeline for the development of an entity-wide Conflict of Interest Policy for the NLCB?

Ministry of Finance (MOF)

Issue: Strategic Plan

1. In order to reduce the amount of time taken to approve a Strategic Plan, the MOF proposed to use additional resources/skillsets for the review of the Plans.
 - a. What do these additional resources and skillsets entail?

Issue: Line Ministry Oversight

The Ministry highlighted that section 22(3) of the National Lotteries Act Chap 21:04 provides that the Ministry may by warrant authorise withdrawals from the Consolidated Fund to grant loans to the NLCB for the payment of prizes and to meet related expenses if such a need arises. In its written submission, the Ministry explained that “the NLCB has not accessed withdrawals from the Consolidated Fund in recent times”.

1. What does the Ministry define as “in recent times”?
2. Did the NLCB access withdrawals from the Consolidated Fund from FY 2008 to 2012?
 - a. If yes, what was the date and sum of each withdrawal?
 - b. Did the NLCB reimburse the sums within the specified timeframes?
3. The Act provides that the loans may be accorded “with or without interest as the Minister may determine”.
 - a. Was interest charged on the sums loaned to the NLCB from the Consolidated Fund?
 - b. If yes, what was the rate of interest charged and how was this rate determined?
4. When asked how often Board Minutes were submitted by the NLCB for review, the Ministry stated that Minutes for the period under review have been archived.
 - a. Notwithstanding the Minutes being archived, can the Ministry state the regularity with which the Minutes were submitted during the period FY 2008 to 2012 or whether there were any challenges encountered in the submission of Minutes by the NLCB?

Issue: Legal Staff

Until 2018 the NLCB had no legal officers on staff which meant that the Company hired external lawyers as the need arose. A manpower audit was conducted in 2013. According to this Audit, which highlighted the high cost of outsourcing legal services, *'it may be more financially feasible to establish a Legal Department as opposed to continuing to secure the services of external legal counsel'*.

The recommendations of the Audit never implemented due to lack of feedback from the Public Management Consulting Division (PMCD) and the Ministry of Finance. The Audit recommended that the Legal Department have a staff complement of four (4). As at March 2019, only one legal officer had been hired, and work was still being outsourced.

1. What was the reason for the lack of feedback to the NLCB regarding the Manpower Audit?
2. What is the Ministry's view regarding the staffing of the NLCB's Legal Department?

Office of the Attorney General and Ministry of Legal Affairs

Issue: Mobile Gaming

The NLCB indicated that it was awaiting guidance from the AGLA on the possibility of offering gaming via the NLCB Mobile App.

1. Has the Ministry been in receipt of this request? If so, when was it received?
2. What is the status of the preparation of the AGLA's guidance to the NLCB?
3. What is the AGLA's general view of the feasibility of implementing NLCB Mobile App gaming?

Appendix III – Follow-Up Questions based on Ministerial Response

Initial Follow-Up Questions to NLCB and Ministry of Finance

ISSUE	FOLLOW-UP QUESTIONS
<p>1. Outstanding Audited Financial Statements</p>	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. Was the 2013 financial statement sent to the Auditor General’s Department? <ol style="list-style-type: none"> a) If yes, when was it sent? b) If no, what was the reason for not sending it? 2. What is the status of the audits of the financial statements for FY 2014, 2015, 2016, 2017, 2018 and 2019 that were due to be completed by March 2020? 3. What “additional resources” did PwC provide? <ol style="list-style-type: none"> a) What, if any, was the cost of the provision of these “additional resources”?
	<p><u>To NLCB:</u></p> <p><u>Integration of Financial and Other Systems:</u></p> <ol style="list-style-type: none"> 1. The NLCB engaged a service provider for the integration of the various systems used by its Finance Department as recommended by PwC. <ol style="list-style-type: none"> a) What is the status of this initiative? b) How much did this initiative cost? c) Who is the service provider? d) What was the benefit realized from the integration of the systems? e) What was the reason for using several different systems within the same department? <p><u>Audit of IGT Software:</u></p> <ol style="list-style-type: none"> 2. A review of the NLCB’s contract with IGT is in progress and due to be completed before the contract’s expiry in March 2021. <ol style="list-style-type: none"> a) What are the status and conclusions of this review? <p><u>Month End Financial Reporting Process:</u></p> <ol style="list-style-type: none"> 3. Since the implementation of the close off checklist in the first period of the new financial year 2019/2020, have the timelines set for close off of each area/person been observed? <p><u>Credit Exposure to VIA Transactions:</u></p> <ol style="list-style-type: none"> 4. Pursuant to the Agreement between GTECH / IGT and NLCB, the Board must pay IGT regardless of whether all monies were collected from Agents. The NLCB recognized that this needs to be amended. <ol style="list-style-type: none"> a) What is the status of this necessary amendment? <p><u>Reconciliation of Balance Sheet Amounts:</u></p> <ol style="list-style-type: none"> 5. What is the estimated timeline for the completion of the reconciliation of deferred expenses and unclaimed prizes by the Chief Accountant? <p><u>Property Plant & Equipment:</u></p>

ISSUE	FOLLOW-UP QUESTIONS
	<p>6. Has the General Ledger been updated with the results of the physical verification exercise conducted at the end of 2019?</p> <p>a) If no, when will this be done?</p> <p>7. What is the status of the automation of the calculation of agent debt interest?</p> <p><u>Internal Audit Function:</u></p> <p>8. What is the status of the recruitment of an Audit Manager to strengthen the NLCB’s Internal Audit function?</p> <p><u>IT Control Environment:</u></p> <p>9. What is the status of the review of the Acceptable use of Information Resources policy and the Terms and Conditions for the use of Information Systems Devices by the Operations Committee?</p> <p>10. What is the timeline for the IT department’s review of the Draft Network Security Policy?</p> <p>11. Was the server installation planned for the San Fernando office in December 2019 conducted?</p> <p>a) If not, what when will it be done?</p>
<p>2. Strategic Plan</p>	<p><u>To NLCB:</u></p> <p>1. When was the 2018-2020 Strategic Plan eventually approved?</p> <p>2. What is the status of the development of a Strategic Plan for the period 2021-2023?</p> <p>3. When will the 2021-2023 Plan be approved by the Board and transmitted to the MOF?</p> <p>4. The delay in approval of the Strategic Plan for the period 2018-2020 held back human resource initiatives including</p> <ul style="list-style-type: none"> - organizational structure update; - recruitments; and - a salary review. <p>a) What is the status of these initiatives?</p> <p>b) Provide the outcome if they have been completed.</p> <p>c) If they have not completed, what is the timeline for their completion?</p> <p>d) What other initiatives were delayed due to the non-approval of the Strategic Plan?</p>
	<p><u>To MOF:</u></p> <p>1. What is the average time taken by the MOF to approve a strategic plan?</p> <p>2. What are the challenges that lengthen the time taken to approve a strategic plan?</p> <p>3. What is the MOF’s assessment of the feasibility of creating a strategic plan review process to reduce the amount of time it takes to approve a plan?</p> <p>4. What is the basis for this assessment?</p>
<p>3. Internal Audit</p>	<p><u>To NLCB:</u></p> <p>1. What was the decision made about the recruitment of an audit manager at the November 2019 Board Meeting?</p> <p>a) What is the status of this recruitment?</p>

ISSUE	FOLLOW-UP QUESTIONS
	<p>2. The NLCB's 2019 Internal Audit Charter was not submitted to the Board as of March 2019 but was due to be submitted soon after.</p> <ol style="list-style-type: none"> When was this eventually submitted? If it was never submitted, what was the reason? <p>3. What is the status of the 2020 Internal Audit Charter?</p> <p>4. As of March 2019 no IT audits had ever been conducted due to lack of necessary skills.</p> <ol style="list-style-type: none"> Has the NLCB filled this skill gap? (NB linked to rec 2.1, question 2) <p>5. What has the most recent work of the Audit Committee consisted of?</p>
<p>4. Agent Relations</p>	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> What is the status of the development of a policy to address agents' irregular practices? The NLCB indicated that Agent Customer Relations Officers (ACRO) are responsible for monitoring online gaming system activities, ensuring Agents do not breach contractual agreements and providing customer service and support to the gaming public. <ol style="list-style-type: none"> In light of the continuing prevalence of irregular practices, how would the Board assess the success of the ACROs? What metrics were used to make this assessment? When the new irregular practices policy is implemented what will be the role of the ACROs? What will be the vendor information provisions of the new irregular practices policy?
<p>5. Accounts Receivable</p>	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> Describe the changes in the procedures of the Debtors Unit resulting from the meetings with the Credit Committee. Was there an increase in the number of payment arrangements established since October 2019? Have all defaulting agents with whom payment arrangements been established been consistently meeting their weekly commitments? What is the status of the 24 agents referred to the Legal Unit for review and to Credit Chex Ltd for further action?
	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> Have the agents from whom the 20% of outstanding tax monies have not been collected now been barred from operating? What measures are at the Board's disposal to ensure collection of this uncollected revenue?
	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> What were the conclusions of the most recent quarterly assessment of Credit Chex Ltd's debt collection initiatives?
<p>6. Risk Management</p>	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> What is the status of Board review of the sample enterprise wide Risk Management Policy? Who developed this sample policy? <ol style="list-style-type: none"> How was the service provider selected?

ISSUE	FOLLOW-UP QUESTIONS
	b) What was the cost of developing this sample policy? 3. What is the timeline for the development and implementation of an official comprehensive Risk Management Policy? a) What is the anticipated cost of developing this official policy? b) What are the challenges affecting the development of this official policy?
	To NLCB: 1. What is the status and timeline for completion of the review of the NLCB's Compliance Policy? 2. What mechanism was in place for punctual reporting of suspicious transactions to the FIU in accordance with Regulation 8 (1) (c) of the Financial Obligation Regulations? 3. According to its written responses dated April 5, 2019 to questions for additional information the NLCB explained that in 2018, all employees participated in training sessions to sensitise them to AML/CFT compliance issues. a) Has this training periodically been updated? b) If yes, when was the most recent session held or when is the next session scheduled to take place? c) If no, what is the reason?
7. The NLCB's relationship with IGT	To NLCB: 1. What were the factors taken into account to set this fee structure? 2. Is it the standard international practice to reimburse gaming technology companies for all marketing expenses they incur? a) If no, why is this the practice in this case?
	To NLCB: 1. What is the scheduled timeline for completion of the RFP? 2. What professional advice did the Board seek regarding the conduct of negotiations with IGT? 3. What were the countries observed for comparison of the current NLCB contract with other markets? To MOF: 1. What is the Ministry's role in the negotiations between the NLCB and IGT?
8. Illegal gambling and the NLCB's market share	To NLCB: 1. How can the impact of the NLCB's measures against illegal gambling be assessed?
	To NLCB: 1. What is the status of discussions with potential brand ambassadors? 2. What will be the cost of engaging these brand ambassadors? 3. On the NLCB's official website, the link to the Board's Twitter page leads to a page that says 'these tweets are protected'. Further, there are several NLCB-related Twitter accounts visible online. a) What is the handle of NLCB's official Twitter page?

ISSUE	FOLLOW-UP QUESTIONS
	4. What is the name of the NLCB's official YouTube channel?
9. Mobile gaming	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. What is the NLCB's assessment of the business environment for mobile gaming in Trinidad and Tobago? <ol style="list-style-type: none"> b) What is this assessment based on? 2. What steps has the NLCB taken towards conducting the recommended feasibility study? 3. What legislative amendments, if any, would be needed to facilitate the expansion of the functionalities of the NLCB Mobile App to include gaming? 4. What other legislative provisions are contemplated for examination?
10. Document Management	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. When will the entire records management function be effectively centralized at the Secretariat Section? 2. What is the status and timeline of the review and update of the Records Management Policy?
11. Sponsorships and Donations	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. What was the rationale for allowing simple majority sponsorship decisions as opposed to unanimous or other types of decisions? 2. What is the status of the review, approval and implementation of the draft policy? 3. What guarantees the NLCB that the monitoring mechanisms used to detect non-compliance with sponsorship applicants are accurate?
12. Fraud and Whistleblowing	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. Were the draft Internal Fraud and Whistleblowing policies approved and implemented within the anticipated timeframe? <ol style="list-style-type: none"> a) If not, what were the challenges delaying the progress? b) When will it be approved c) What is the status of the implementation of these policies?
	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. Do contracts signed by long term employees include a confidentiality clause? <ol style="list-style-type: none"> a) If no, what is the reason? 2. What is the timeline for the development, approval and implementation of non-disclosure agreements?
	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. What is the timeline for the establishment and implementation of an enterprise-wide set of ethical benchmarks?
13. Conflicts of Interest	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. Did the NLCB conclude the preparation of the Conflict of Interest Policy in December 2019? <ol style="list-style-type: none"> a) If not, what are the challenges delaying the process? 2. What is timeline for approval and implementation of this policy?
	<p><u>To NLCB:</u></p> <ol style="list-style-type: none"> 1. What is the NLCB's approach if 'concerns or issues' linked to an applicant's past application are identified? 2. Provide a copy of the compliance programme.

ISSUE	FOLLOW-UP QUESTIONS
	<p>To NLCB: 1. What is the current status of these matters?</p>
<p>14. Legal staff</p>	<p>To NLCB: 1. Provide the Committee with a copy of the Manpower Audit. 2. Was a copy of the Manpower Audit sent to the PMCD to replace the original one? a) If yes, when was this done? b) If no, why was this not done? c) Was this also sent electronically to avoid the misplacement of the physical document?</p>

Further Questions to Ministry of Finance

1. Provide a copy of all Central Audit Unit investigations into the National Lotteries Control Board (NLCB).
2. Does the NLCB submit monthly/quarterly statements of expenditure? If yes, describe the Ministry's process to review these statements.
3. How does the Ministry monitor the operations of NLCB?
4. Who at the Ministry is responsible for monitoring the operations at NLCB?
 - a. What other duties and responsibilities does this officer have?
5. How often were Board Minutes submitted to the Ministry for review?
 - a. When were Board Minutes last submitted for review?
6. How is the performance of NLCB assessed?
 - a. What type of data was collected to assess NLCB's performance?
 - b. How was this data used to determine whether value for money was being achieved?
7. What framework is in place for measuring outcomes at NLCB?
8. How does the Accounting Officer determine whether the framework for tracking performance is working?
9. What is the status of the submission of NLCB's outstanding audited financial statements to the Parliament for the years 2013 to 2019?
10. What is the role of the Permanent Secretary in ensuring that the NLCB's audited financial statements are submitted to Parliament by the statutory deadline?
11. What were some of the challenges experienced by the Ministry when providing oversight of NLCB?
 - a. How were these challenges addressed?
 - b. Who is responsible for the making of suggestions/ recommendations to address these challenges?

First Public Meeting

VERBATIM NOTES OF THE THIRD VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, JANUARY 13, 2021, AT 10.37 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Mr. Randall Mitchell	Member
Ms. Charrise Seepersad	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Ayanna Webster-Roy	Member
Ms. Keiba Jacob-Mottley	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Khisha Peterkin	Procedural Officer
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Mr. Adrian Leonce	Member
Mr. Roger Monroe	Member

NATIONAL LOTTERIES CONTROL BOARD

Eustace Nancis	Chairman
Camille Forde	Director
Wendy Dwarika	Finance Lead Consultant
Yana Mollino	Human Resource Assistant

MINISTRY OF FINANCE

Mrs. Michelle Durham-Kissoon	Permanent Secretary
Ms. Chintamani Sookoo	Director, Social and Economic Transformation (Ag.)
Ms. Seeta Beedasic	Business Analyst (Ag.)

Mr. Chairman: Good morning, everyone. I wish to extend warm welcome to the officials from the Ministry of Finance and the National Lotteries Control Board. My name is Davendranath Tancoo. I am the Chairman of the Public Accounts Committee.

This is a follow-up on the implementation of the recommendations made in the 25th Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the NLCB for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.

The Public Accounts Committee has a mandate to consider and report to the House on:

- a) Appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago.
- b) Such other accounts as may be referred to the Committee by the House of

Representatives or as are authorized or required to be considered by the Committee under any other enactment.

- c) The report of the Auditor General on any such accounts; and
- d) Whether policy is currently efficiently, effectively and economically carried out and whether expenditure conforms to the authority which governs it.

The purpose, as I indicated, of this meeting of the Public Accounts Committee is actually to follow up on the implementation of the recommendations made in the 25th Report of the PAC on the Examination of the Audited Financial Statements of the NLCB for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.

This Committee is desirous of hearing the challenges being faced by key stakeholders at the NLCB, in an attempt to determine some of the possible solutions to these challenges. The role of the Committee is to assist the NLCB in achieving the efficient delivery of services while fulfilling its mandate in an efficient, effective and economic manner.

This virtual meeting is being broadcast live on Parliament's Channel 11, on Radio 105.5 FM and on Parliament's YouTube channel *ParView*.

Participants are to note that because we are live, your microphones should remain muted until you are recognized by myself, at which point you can put your microphone on and comment. You should indicate when you have questions, queries or responses to contribute.

I will ask members of the Committee, given the way we are laid out, to introduce yourselves. So Committee members of the PAC, can you please introduce yourselves and acknowledge your presence today?

[Introductions made]

Mr. Chairman: We also have with us member Seepersad who seems to have a little issue with her microphone right now, but she is also with us.

Ms. Seepersad: Sorry, I got it unmuted. Charrise Seepersad, member.

Mr. Chairman: Welcome. Can I then ask members from the Ministry of Finance, representatives from the Ministry of Finance and the NLCB to introduce yourselves? Can we start first with the Ministry of Finance?

[Introductions made]

Mr. Chairman: Thank you.

[Interruption—microphone feedback]

Colleagues, if you have multiple devices in the room, I would suggest that you either mute them or take them off, so that we do not get the feedback that we are getting now, so that we could have a fluent and clean, clear communication going forward.

[Introductions made]

Mr. Chairman: Is this the full team from NLCB, Ms. Forde and Mr. Nancis? *[Interruption]*

Ms. Dwarika: Are you able to hear us?

Mr. Chairman: Yes, we can.

Ms. Dwarika: I am not hearing, Mr. Chairman.

Mr. Chairman: Thank you, Ms. Dwarika.

Ms. Mollino: Good morning, are you hearing?

[Interruption—microphone feedback]

Mr. Chairman: I thank you all very much for the introductions. I would like to proceed at this point.

The procedure normally is that I would give brief opening remarks and then we go forward to the matter at hand which is to raise issues and queries based on the communications we would have had. Allow me to share some information with the members who are just joining us.

The Public Accounts Committee is a joint select committee established by section 119(1) of the Constitution of the Republic of Trinidad and Tobago. In accordance with section 119(4) of the Constitution of the Republic of Trinidad and Tobago:

“The Public Accounts Committee shall consider and report to the House of Representatives on—

- (a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;
- (b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorised or required to be considered by the committee under any other enactment; and
- (c) the report of the Auditor General on any such accounts.”

In accordance with section 24 of the National Lotteries Act, Chap. 21:04, the National Lotteries account and accounts of the board shall be public accounts within the meaning of section 116 of the Constitution.

Further, section 11 of the Exchequer and Audit Act, Chap. 69:01, states that the accounting officer shall be answerable—

Mr. Nancis: Chairman, we are not hearing you.

Mr. Chairman: Mr. Nancis, are you hearing us? *[Interruption]* Which Chairman are they not hearing? Are they not hearing me or are they not hearing their Chairman, because I am not hearing their Chairman?

Mrs. Gopee-Scoon: Chairman, it seems there is somebody else who is having some difficulty too, some Yana Mollino. I am not sure who that is.

Mr. Chairman: Ms. Mollino is a representative of the NLCB, so I suspect that the NLCB are not hearing us.

Mrs. Gopee-Scoon: On their end.

Mr. Chairman: I suspect they are not hearing us because they may have muted their microphones or the audio on their device.

Mr. Nancis: Chairman? Chairman?

Mr. Chairman: Yes, Sir, I am hearing you now. Ms. Mollino, I am not sure if you are hearing us. Are any of the other colleagues from the NLCB hearing us? *[Silence]*

Mr. Chairman: Bear with us while we communicate with you. *[Interruption—microphone feedback]* That is where the problem is. The Secretariat will communicate with you now with advice for each individual, so that we can have a united view going forward. Thank you.

[Interruption—microphone feedback]

We will suspend for two minutes while we have this matter resolved. Thank you.

10.49 a.m.: *Meeting suspended.*

10.54 a.m.: *Meeting resumed.*

Mr. Chairman: Good morning, again. I will recommence with an indication of the constitutional mandate of the authority of the Public Accounts Committee.

The Public Accounts Committee is a joint select committee established by section 119(1) of the Constitution of the Republic of Trinidad and Tobago. In accordance with section 119(4) of the Constitution:

“The Public Accounts Committee shall consider and report to the House of Representatives on—

- (a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago.
- (b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorised or required to be considered by the committee under any other enactment; and
- (c) the report of the Auditor General on any such accounts.”

In accordance further with section 24 of the National Lotteries Act, Chap. 21:04:

“The National Lotteries Account and the accounts of the Board shall be public accounts within the meaning of section 116 of the Constitution.”

Further, section 11 of the Exchequer and Audit Act, Chap. 69:01 states that:

“The accounting officer shall be answerable to the Public Accounts Committee for the formal regularity and propriety of accounts of all the expenditure out of the votes for which he is responsible.”

The Standing Orders of the House and the Senate are also relevant. Made pursuant to section 56(1) of the Constitution of the Republic of Trinidad and Tobago, and in accordance with section 20 of the Constitution of the Republic of Trinidad and Tobago Act, Chap. 1:01, Standing Orders for the House of Representatives and the Senate were drafted, that established general procedures and powers of select committees. One such general power of select committees is the ability to send for persons, papers and records, which is further provided for in Appendix III of the Standing Orders, “General Provisions for Evidence” for either House, and which states that:

“A witness shall be given the opportunity to make a submission in writing before appearing to give oral evidence.”

This is done with the principles of natural justice, which give persons a fair opportunity to provide responses to the Committee’s preliminary questions prior to the Committee’s hearing with the entity being scrutinized.

The Parliament of the Republic of Trinidad and Tobago adopted these principles to better give witnesses, notice of the types of questions that will be posed, as well as to narrow the scope of the enquiry to ensure that questions of bias do not arise.

This change which occurred during the end of the Tenth Republican Parliament, where prior the PAC was only able to produce four reports due to not having powers to send for papers and prior

evidence prior to the hearings. Thereafter, during the Eleventh Parliament, with its newly adopted powers, the Committee was able to produce 34 reports, which suggests that the procedures that have been now adopted have been working extremely efficiently.

However, following our request for papers and information, I have been advised that the National Lotteries Control Board and the representatives from the Ministry of Finance have not provided any written response to this Committee's request for information.

Before I pronounce on that, I would really appreciate if we could get a clarification as to why. However, I am extremely disturbed by these institutions, these entities, the Ministry of Finance in particular and the National Lotteries Control Board, for their failure to provide responses to this Committee's legitimate request, particularly bearing in mind that these questions and queries that have been raised emanate from documentation provided to them since 2019.

I want to give the opportunity to the Ministry of Finance and to the representatives from the NLCB, to provide some level of clarity and explanation to this Committee, to the nation at wide, to the Parliament, as to why it is they chose not to provide information as requested. May I start with the representatives from the Ministry of Finance please?

Mrs. Durham-Kissoon: Thank you, Chairman. The Ministry of Finance is guided by the powers of the Public Accounts Committee to send for persons, papers, and records that assist in its deliberations.

The Permanent Secretary is ever mindful of her responsibility under section 11 of Financial Regulations of the Exchequer and Audit Act, to be answerable to the Public Accounts Committee for formal regularity and propriety of accounts of all expenditure out of the Votes for which she is responsible.

It is in this vein that I wish to apologize to Chairman and members of this Committee, the Public Accounts Committee, and the Chairman and members of the board of NLCB for the inconvenience caused in the non-submission of the written responses to follow-up questions on the implementation of recommendations of the 25th Report of this Committee.

The non-submission is due to inconclusive internal deliberations on the treatment of completed responses. Acknowledging that she would not have had the benefits of such in your preparations for this hearing, we appear before you, prepared to be as lucid as possible in explanations of the work that has taken place, as well as obstacles encountered, resulting in delays. Chairman, members, we humbly apologize.

Mr. Chairman: Madam Permanent Secretary, I thank you for your intervention; however, the failure of the Ministry of Finance to provide the responses to these queries has put the Committee at a bit of a disadvantage.

I appreciate the fact that you have presented yourselves here for scrutiny and for query, but as I indicated previously, the purpose for providing the information, the purpose for asking for specific questions is so that the Committee itself can formulate other questions, other clarifications, be put at a point of advantage in terms of being prepared, fully prepared so that the Committee's time and your time, and the time of the viewing audience, will best be spent in a full deliberation of issues.

Having not submitted, I think you have placed the Committee at a significant disadvantage. Worse than that possibly, is that we have not had the benefit of—Secretariat could correct me if I am

wrong but we have not had the benefit of even an indication prior to today's session that you would not have been able to provide clarification or the responses as requested. Perhaps if that had been done we would have been able to adjourn the sessions from today to another day, and not have individuals inconvenienced in the planning of their day, including members of the Committee who have significant other parliamentary responsibilities and duties to abide by and to conduct.

I think it is very, very unfortunate. More than that, I feel extremely disrespected. I think that the Ministry of Finance has disrespected the Public Accounts Committee by not having either provided the information—I understand that you have had some constraints, but that constraint could have been indicated to the Committee at a previous point in time. Can you advise further why that basic email was not provided to us?

11.05 a.m.

Mrs. Durham-Kissoon: Chairman, the expectation was that we would have been able to submit the completed responses. The deliberations with the Parliament staff last evening, it may have been too late to reschedule or to put mitigation measures in place.

Mr. Chairman: Madam PS, can I ask when you determined that you would have been unable to provide this information? Would it be possible for you to tell us when you realized that the requested information would not have been forthcoming?

Mrs. Durham-Kissoon: As the business day ended, Chairman, it occurred to us that we may not have been able to provide the information.

Mr. Chairman: I am sorry. I missed that. Can you repeat, please?

Mrs. Durham-Kissoon: As the business day drew to a close, Chairman, it occurred to us that we may not have been able to comply with submission of the completed responses.

Mr. Chairman: Madam PS, this information was requested several days ago, several weeks ago. At any point in time over the last—when was this requested? On December 4th. From December 4th you had one month within which you could have communicated with us, with the Secretariat here. The Secretariat has, in fact, communicated with you all directly but at some point in time even as recent as last week—is it then, let me make this a little easier. Is it then that you are so close to being prepared with the information that you were under the assumption that by the end of the work day yesterday, it would have been completed?

Mrs. Durham-Kissoon: Yes, Chair.

Mr. Chairman: I take that to heart but you are aware then that even under those circumstances it would have been extremely late for members of the Committee to have reviewed and revised and prepared sufficiently for this Committee. So even if you were prepared at the end of the day yesterday, it would still have been too late.

Mrs. Durham-Kissoon: Agreed, Chairman.

Mr. Chairman: Given that you are so close to ready, Madam PS, would you be able to therefore confirm that you would be able to submit the written responses to the questions from the Committee by Friday, this Friday?

Mrs. Durham-Kissoon: Chairman, we will endeavour to submit by Friday.

Mr. Chairman: Madam PS, there were two sets of questions that would have probably been at your

hand. One set which was directly posed to the Ministry of Finance, and another set which was directly posed to the National Lotteries Control Board which falls under your purview. Would you then give an undertaking to proceed to confirm the availability of that information from both sets of queries to the NLCB and to the Ministry of Finance by Friday?

Mrs. Durham-Kissoon: I would give that undertaking, Chair.

Mr. Chairman: I want to highlight that you have put the Committee at a serious, disadvantage is not the right word but we will use that word at this point because we would have now lost one effective working day of this Committee which is not a pattern or a trend that I would really like to continue. Our next meeting day is the 27th of January, 2021. I would like to suggest that the Ministry of Finance and the National Lotteries Control Board return for the continuation of this enquiry. Would that be acceptable to all?

Mrs. Durham-Kissoon: Yes, Chairman.

Mr. Chairman: I remind both the National Lotteries Control Board and the Ministry of Finance of the commitment to provide in writing the responses to the queries which were submitted to both entities by Friday 15th of January, 2021. I assume that these errors and these slipups and these mistakes will not repeat themselves so that we can conduct the public's business appropriately and properly. I want to thank the representatives of the Ministry of Finance for your gumption in still attending the session today. And to the members of the National Lotteries Control Board who are present here today and for the listening audience tuning in. This meeting will now be suspended and we will hold—we will return on the 27th of January, 2021, at 10.25 thereabouts when we will continue this investigation. I thank you all very, very much. I look forward to receiving your communication. Thank you all. Members of the Committee, please stay online.

11.11 a.m.: *Meeting adjourned.*

Second Public Meeting

VERBATIM NOTES OF THE FOURTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, FEBRUARY 10, 2021, AT 10.34 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Ms. Charrise Seepersad	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Ayanna Webster-Roy	Member
Ms. Keiba Jacob-Mottley	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Khisha Peterkin	Procedural Officer
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Mr. Adrian Leonce	Member
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Mr. Roger Monroe Member
Dr. Amery Browne Member

NATIONAL LOTTERIES CONTROL BOARD

Eustace Nancis Chairman
Camille Forde Director
Wendy Dwarika Finance Lead Consultant
Yana Mollino Human Resource Assistant

MINISTRY OF FINANCE

Mrs. Michelle Durham-Kissoon Permanent Secretary
Ms. Sharon Mohammed Director, Social and Economic
Transformation (Ag.)
Ms. Seeta Beedasic Business Analyst (Ag.)

Mr. Chairman: Pleasant good morning everyone and welcome to the officials from the Ministry of Finance and from the National Lotteries Control Board. Welcome all. My name is Davendranath Tancoo, I am the Chairman of the Public Accounts Committee. I want to share some brief information with our viewing audience.

The Public Accounts Committee has a mandate to consider and report to the House of Representatives and to the Senate on the appropriation of accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago; (b), such other accounts as may be referred to the Committee by the House of Representatives or as are authorized and required to be considered by the Committee under any enactment; (c), the report of the Auditor General on any such accounts, and (d), whether the policy is carried out efficiently, effectively and economically and whether expenditure conforms to the authority which governs it.

The purpose of this meeting of the Public Accounts Committee is to continue the follow up on the implementation of the recommendations made in the Twenty-fifth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the National Lotteries Control Board, NLCB, for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.

The Committee is desirous of hearing the challenges being faced by the key stakeholders at the NLCB in an attempt to determine some of the possible solutions to these challenges. The role of the Committee—and I want to emphasize that. The role of the Committee is to assist the NLCB in achieving the efficient delivery of services while fulfilling its mandate in an efficient, effective and economic manner.

I have been asked to advise as well that this virtual meeting is being broadcast live on the Parliament's Channel 11, on Radio 105.5 FM and on the Parliament's YouTube channel *ParlView*. Participants are asked to note that their microphones should remain mute until you are recognized by the Chair. I would now ask members of the Committee to introduce themselves, starting with Ms. John.

[Introductions made]

Mr. Chairman: Thank you. May I ask representatives from the Ministry of Finance to introduce themselves?

[Introductions made]

Mr. Chairman: May I now ask members of the NLCB to introduce themselves? Mr. Nancis, can you please put your mike on?

[Introductions made]

Mr. Chairman: Thank you all. So let us begin. I would present the brief introduction statement and then we will go straight into the question and answer session. The proposal is that we would treat with the responses provided by the Ministry of Finance and the NLCB in the order in which it was presented, dealing with the various Heads and Sub-heads in sequence as they appear on your response.

I want to begin by saying that we started off this enquiry on a very bad note. However, I am pleased to advise that the Permanent Secretary did in fact keep her word and the submissions were in fact submitted as requested, as agreed to on the last occasion. However, let me set the stage for what I think is to come based on the conversations we have just had with members of the Committee prior to this live session.

A lot of the issues which have been raised in your response and which we would be going through in a little bit more detail are recurrent, in that they have been with us for quite a number of years. Having reviewed the response submitted earlier this year, on January 14th by the Ministry, having reviewed previous responses from 2019 and before, it is clear that these issues remain perennial and there seems to be no urgency on the part of either the Ministry of Finance or the National Lotteries Control Board to have the issues and queries and concerns that have been raised by previous Public Accounts Committees resolved in any form or fashion.

The result is extremely concerning because, in my humble view, we have NLCB operating as a runaway horse spending billions of dollars over the last few years with no audit and inadequate accountability. Multiple policies are missing with no timelines identified as to when these things are going to be resolved. Essential checks and balances are missing and have been so for many years. Those have been identified previously—we will go through them again unfortunately—and still remain so. And I want to repeat that. A lot of the queries and questions that we will be treating with today have been raised previously and continue to be raised.

What we would be hoping that we would get from the Ministry of Finance, as they are here today, and from the NLCB directors and staff, who are also here today, are answers to time frame when things are going to be resolved, when issues are going to be settled and when the documentation that is duly owed to citizens of this country, when they would be provided so that proper scrutiny could be had of the NLCB's expenditure and internal controls.

If I may begin questions, we are going to look at the outstanding audited financial statements as Item 1 on page 1 of the submissions from the Ministry of Finance and the National Lotteries Control Board. It is noted that the 2013 financial statement was not sent to the Auditor General as was committed to be done since December 2019. In the Ministry of Finance's submission to this very Committee, a commitment to send the financial statement to the Auditor General was made. That has not yet been done. When the Ministry sought to clarify that, the Ministry's response basically said

that—not basically. I want to quote from it for the public record.

The preparation of the financial statement is incomplete and has not been sent to the Auditor General. PwC, PricewaterhouseCoopers, completed the work in September 2020 and NLCB is currently preparing the adjusting journals to post to the general ledger. The years 2013 to 2017 are currently being done and it is expected to be completed within two months, 2018 and 2019 will follow.

My first question to the Chairman. In fact, no, I will want to pose this to Ms. Forde, the Director of the National Lotteries Control Board. Ma'am, can you advise what the average annual budget? What the average annual revenue and expenditure of the NLCB has been for the last 10 years or pick a year? Any year, I would like to know what the annual revenue was for that year and what the expenditure was for that year. Ms. Forde.

Ms. Forde: Thank you, Chairman, for your question. I will pick 2019. The income for 2019 would have been \$2,843,873—[Inaudible]—48. For that same year, the expenditure would have been \$2,607,013,651.

Mr. Chairman: Thank you. I asked that question to make a point. So in 2019, \$2.9 billion of income was received by NLCB, \$2.6 billion of expenditure was made and we have outstanding financial statements from 2013 that have not yet been placed. This commitment that it will be done within two months holds no water, at least for me, and I suspect for members of the Committee as well, because this is the same promise that has been made repeatedly before the Public Accounts Committee since as far back as 2017.

In 2017, the Ministry of Finance advised the Public Accounts Committee that these financial statements that have been outstanding would have been prepared by 2017, within nine months of 2017. Today, you are saying two months. In 2019, it was promised during the financial year 2019. Today, you are saying two months. Earlier—well, last year in 2020, it was promised by March 2020. Today, you are saying two months. There seems to be no urgency in getting the financial statements completed.

Question to the Ministry of Finance, is this an acceptable way of proceeding? Is this level of accountability acceptable?

Mrs. Durham-Kissoon: No, it is not, Chairman.

Mr. Chairman: Just to repeat. These issues have been outstanding for a multiplicity of years. And every year, they come before the Public Accounts Committee and give a commitment that it will be done in period A, period B, period C and it remains outstanding. This is critical information that is being laid to waste. What assurance, Ministry of Finance, can you provide to us now that we will in fact have these financial statements for 2013 to 2017 within the next two months? What commitment can you give that we can believe that will be different to what has happened in 2017, when it was outstanding; 2018, when it was outstanding; 2019, when it was outstanding; 2020, when it was outstanding, and even today, when it remains outstanding?

Mrs. Durham-Kissoon: Chairman, thank you for the question. This matter is also of concern to the Ministry. We continue to write the Chairman and the Director of NLCB to follow up on the submission of these financial statements that are required by law. We provided approval for the board to procure an entity to prepare the financial statements and we facilitate as best we can. The issue

resides in the NLCB.

Mr. Chairman: Madam PS, I hear you, I hear you. However, this is public money. The Ministry of Finance is the line Ministry. The Ministry of Finance ironically determines Government's expenditure. They govern and manage Government's expenditure, overall, as corporation sole. Overall. The 50 to \$60 billion spent every year via the Ministry of Finance is accounted for by your Ministry and here we have an entity which is spending \$2.6 billion every single year on average, \$2.6 billion and there seems to be no—would you agree that there is no commitment, no urgency in having these financial statements brought before you?

Mrs. Durham-Kissoon: Mr. Chairman, the Ministry, at least this division, does what is within its power to do, to write the NLCB, both the Chairman and the Director, facilitate whatever approvals are needed for the board to provide these audited financial statements and it is an unacceptable situation. The point is that the Ministry of Finance is not empowered to go and prepare the financial statements for the Auditor General to audit unfortunately.

Mr. Chairman: Thank you. Therefore, Madam PS, this falls to the Chairman of the board to respond to. Mr. Nancis, I am not sure how long you have been Chairman of the board but as Chairman, you are responsible, based on what Madam PS has just indicated, you are responsible for ensuring that these statements have been completed. Can you indicate to the Committee and to members of the public who are viewing, when these things will truthfully be completed? Let me say that differently. We have had a multiplicity of commitments before which have not been adhered to. I would like to know, this Committee would like to know when these financial statements will eventually be completed and submitted for consideration by the Government of Trinidad and Tobago and for the public benefit? Mr. Chairman, please unmute your mike. We cannot hear you.

Mr. Nancis: Thank you, Mr. Chairman. Again, I take my responsibility very serious. Chairman, this board and this Chairman was only appointed two years ago, 2018. Based on the existing outstanding audited statement, the board itself took a decision with immediate effect and hired PwC to complete. I think the financial controller can give you an up to date on where it is. To my understanding, most of the work is almost complete and just to finalize. Wendy, could you bring us up to date on that?

Ms. Dwarika: Thank you, Chairman. Yes, you are correct. Pricewaterhouse was contracted to do the financial statements. They started in January of 2018 and we were presented with the draft accounts in September of 2020. They did all of the years, 2013 to 2017 concurrently because there were adjusting entries within the various years that would have affected prior years. So we could not just finish one year and submit to the Auditor General because there were entries in following years that would have affected 2012, 2013 accounts. There were many issues prior to the 2013 year; 2010 to 2012 year, there was a disclaimer of opinion by the Auditor General. As a result—because there were a lot of information that they were not able to view and as a result, they could not rely on the evidence or the information that was presented to them.

So Pricewaterhouse had to do a lot of work in the first year, which is 2013, in order to come to a reasonable position and then they moved forward to the following years. We are now finalizing those accounts. There were hundreds of adjusting entries that we needed to pass. The journals had to be prepared. We are currently trying to get all of the information together in one file so that it would

be very easy when the Auditor General gets in here, to be able to do the financials. I estimate that this will be completed and sent to the board by next month, by March.

Mr. Chairman: Thank you, Ms. Dwarika. With due respect, we are talking about 2013 to 2017. Correct?

Ms. Dwarika: Correct.

Mr. Chairman: That Pricewaterhouse is currently working on?

Ms. Dwarika: Yes, that is the year that they worked on.

Mr. Chairman: And it means that 2018 and 2019 and now 2020 will still be outstanding because it must come in sequence. Correct?

Ms. Dwarika: Correct.

Mr. Chairman: In fact, what that does is highlight the fact that we need to become current soon because unless we do, we will continue with this delay process where eight years would have passed before an audited financial statement would have been completed to be sent to the Auditor General to review. At that point in time, eight years thereafter, everything has changed. The company has moved forward, some companies in these kind of scenarios would have closed down, et cetera, while we are sitting, waiting on financial statements.

Now, these very same commitments that “it would be done within a month, it would be done within two months”, and that is the question I wanted to get some level of comfort in. These very same commitments, “it would be done within a month, within two months, by the end of the year, et cetera”, we have had those before, those very same commitments. Pricewaterhouse has been working on the document, they have added resources, they have added manpower, et cetera, et cetera, and still, we have not gotten to a comfortable position.

In fact, even in the second part of the question, NLCB is currently ensuring consistency among the financial statements, the general ledger, et cetera, which matches with what you have just said, Ms. Dwarika. Even in that, we would have spent one year between when the financial statements would have been drafted and now when they would be ensuring consistency. So there is a lot of time being spent in trying to catch up but it seems to be that NLCB is either unwilling or unable to catch up.

I want to ask Ms. Forde whether it is that there is a specific problem at NLCB at that level? Whether there is a specific problem at that level which prevents or has prevented the financial statements from being prepared in the circumstances, as described by Ms. Dwarika, where tons of documents needed to be verified for consistency, et cetera? Ms. Forde, is there something specific at the NLCB, some deficiency which exists, which has to be fixed from the operational perspective, Ms. Forde?

Ms. Forde: Thank you, Chair, for your question. I would not say that there is a deficiency. However, at the NLCB, we do at times have a challenge with the correct staff and people with the required skills to do the job. But we are working to overcome those challenges as well, as we go along.

11.00 a.m.

Mr. Chairman: Ms. Forde, that is unfortunately a very typical blasé response. I could see why it is that we still have a problem. We need to find a solution. We need to find—if we have not yet identified what the problem is, we cannot identify what the solution is, which is probably why we are

in the same situation as we are in. I want to reserve further questions from myself and allow other members of the panel to ask and contribute at this point in time.

Mrs. Gopee-Scoon: Thank you very much, sorry.

Mr. Nancis: Chairman, may I interject?

Mr. Chairman: Sure, Chairman.

Mr. Nancis: Chairman, yes, but this financial statement could have finished because we suffered almost one year during the pandemic that we did not—we were absent from duty at a certain point in time, but I definitely give you the assurance this would have finished before today. I am not making an excuse based on the eight months, or nine months, or one year in pandemic, but I assure you that it has almost reached for completion. If we did not lose that time, we would have been in a better position today to make sure that everything is up to date. We did lose some time during the pandemic.

Mr. Chairman: Mr. Chairman, let me save you from yourself. This is the 2013 financial statements we are speaking about; COVID was last year. 2013 passed, 2014 passed, '15 passed, '16 passed, '17 passed, '18 passed, '19 passed, let me save you from yourself with regard to that.

Mrs. Gopee-Scoon: Chairman.

Mr. Chairman: Just before we move forward, member Scoon, I know we have an issue with the legal component of NLCB but I want to emphasize maybe I could get some clarification from the PS, Ms. Forde and Mr. Nancis, as to whether they acknowledge that in fact the NLCB, the National Lotteries Control Board which is spending \$2.6 billion every year, is in fact in breach of its fiduciary duty when it fails to submit its financial statements in time? Is there an agreement that NLCB is in breach of its financial duties?

Mr. Nancis: Director.

Ms. Forde: [*Inaudible*]*—*that we are in breach of our statutory duties.

Mr. Chairman: And given that you are in breach and have been so in breach for a significant period of time, I think you all are astute, qualified, capable, competent individuals, would you not agree that this state of affairs is completely and absolutely unacceptable, given that the business continues?

Mrs. Gopee-Scoon: Chairman, I would like to join, please. I have been asking.

Mr. Chairman: Proceed, Ms. Scoon.

Mrs. Gopee-Scoon: Thank you very much. Chairman, thank you and good morning to everyone once again. So the first line of enquiry was really on the audited financial statements, and let us agree that it is a sorry state of affairs. But I go back to the responses which you gave us and I looked at one of the questions which was put to the Permanent Secretary in terms of ensuring that the NLCB's audited financial statements are submitted to Parliament by the statutory deadline. So you have been responding and indeed you advised that you gave the approval, the Ministry gave the approval to PwC to assist in preparation of the financial statements of NLCB for the period 2010-2017 by letter dated 27, 2018. So that is seven years of accounts that you authorized PwC to move forward with.

In the course of the discussions this morning we were made to understand from the financial official at the NLCB that there is a lot of preparatory work which needed to be done. So even though the audited accounts were given to PwC to be done, there were a number of adjusting entries, journals and so on, there were a number of things to be fixed and what we have come to realize, and this is

not an easy situation, but that it is being given attention to.

Chairman, you were just about to go onto the point of the legal department and so we are moving on, and I think what I am finding as I look through the responses from the Ministry of Finance, is that there are a number of issues that need to be fixed. So we are moving on to legal, we would agree that we need to get these accounts done absolutely and that a commitment needs to be given. They have been telling us—I see you shaking your head, Chairman, but I would like to continue. Yeah, they have been saying to us that it is being worked on, they are doing everything that they can. We want a commitment from them in terms of a timeline, yes, we want to know exactly when reasonably can we get all of these accounts done and have them audited by the Auditor General. We want that.

But the conversation also went to legal and there are issues there, and the conversation shifted to the director, I did not get her name, and she immediately spoke about HR deficiencies and therefore—and if you go back to the notes you would see that even the strategic plan is outstanding, okay? I am speaking something that we all know of if we have actually looked at the submissions from Ministry of Finance. Obviously, there is a lot of transformation that is absolutely needed in the NLCB. And I think that the Chairman and the Ministry of Finance, the Permanent Secretaries there, ought to be given a chance to speak to us to guide us as to the plan of action to fixing the audited accounts, to sorting out the HR issues, to fixing the legal department, when will the strategic plan be ready, what is going on in terms of—whatchamacallit now, the institution—just give me a minute.

Mr. Chairman: Member Scoon, if I may?

Mrs. Gopee-Scoon: No, I am still asking, I have the floor, please. Yeah, so, there are a number of—

Mr. Chairman: Member Scoon, member Scoon, please, I remain Chairman of this Committee.

Mrs. Gopee-Scoon: Yeah, but I would like to finish my point, Chairman.

Mr. Chairman: I will allow you at this point, Ma'am. I will allow you at this point.

Mrs. Gopee-Scoon: Thank you.

Mr. Chairman: If you would kindly make your point now, so that we can move on?

Mrs. Gopee-Scoon: I am making my point and I am gathering from the information disclosed already, that there are issues with the accounts, there are issues with legal, she highlighted, the Director spoke to an HR problem. I am saying that I also would like to understand where they are with the strategic plan in looking at the submission posed by the Ministry of Finance. And I would like to understand from the Chairman or from the Permanent Secretary, the able authority from the Ministry of Finance, what is the plan of action for fixing all of these issues? I feel that Chairman Nancis will be in a position and I am asking him to take the floor, Chairman, what is the plan of action to fix all of these issues? What commitments can be given to us? I want hear from the Chairman and the Permanent Secretary, thank you.

Mr. Nancis: Shall I proceed, Chairman, or shall I give way to the Chairman of the Committee?

Mr. Chairman: Sir, if you can provide any guidance to Ms. Scoon, I guess the Committee will be extremely grateful.

Mr. Nancis: Chairman, thank you, and thanking you for giving way. We have been working over the last two years to get everything up to date and up to standard. We have looked at the issues that plague

us today and we are diligently forcefully trying to put them in place. At this point in time we know that definitely the financial statement is almost 90 per cent complete and should complete in the first quarter of this year. It was just as how the financial controller said that we did have some hiccups with the journals and we are working on that diligently.

So, we at NLCB at this point in time continue to work to make sure the years of 2008 to 2012, 2013, and there is a continuation one time into the year 2020 because we are continuing looking to make sure that all the accounts are up to date over until the year 2020. So at this point in time, Chairman, and members of the Committee, we have been working very, very hard. We may have had some set back based on the pandemic, that is no fault of ours but the committee and the management we do have our challenges, we do have our issues, we do have HR issues, but we have to work with who we have, how we have it at this point in time, and still deliver the product, enable to make sure that NLCB continues to be a viable institution.

So, Chairman, all that we are doing here is to try to make sure that we are up to date with all other and all reports that are necessary for NLCB to function.

Mr. Chairman: I recognize committee member Seepersad.

Ms. Seepersad: Thank you, Chairman. Chairman, can I direct my question to the Chairman of the NLCB and the finance personnel? What I am not hearing are specifics and I cannot work in a vacuum when I do not know what [*Inaudible*]*—*2013 to 2017, when will those accounts be submitted for audit? When will 2018 be submitted? When will 2019 be submitted, and when will 2020 be submitted? Can you clarify? Thank you.

Mr. Nancis: Our financial controller, Wendy.

Ms. Dwarika: Our 2013 to 2017 will be submitted to the board by the end of this quarter. We have issued a tender for 2018 to 2020 and that tender closed on Monday. So, as soon as we have completed this we would be engaging a firm to complete 2018 to 2020.

Ms. Seepersad: Ms. Dwarika, that means that the accounts are not prepared for 2018 to 2020?

Ms. Dwarika: There are management accounts but the accounts for 2013 to 2017 had to be updated and of course the adjustments will roll forward into 2018 to 2020. So I really wanted to get those accounts completed before we finalize the 2018 to 2020 accounts.

Ms. Seepersad: Okay, let us deal with 2013 to 2017, you said it will be submitted to the board in March, when will it be submitted to the Auditor General, which is what we are trying to find out? When will the accounts be audited?

Ms. Dwarika: It will be submitted to the Auditor General as soon as the board signs off on it. So that should be the following month.

Ms. Seepersad: So by April 2021, 2013 to 2017 will go to the Auditor General, is that correct?

Ms. Dwarika: Yes, that is correct.

Ms. Seepersad: And 2018 to 2020, what is the time frame to have those accounts audited?

Ms. Dwarika: We have indicated a six-month time frame to complete those three years, so that is the projection to be completed in six months.

Ms. Seepersad: And you say completed means completed and sent to the Auditor General?

Ms. Dwarika: Completed in terms of the preparation of the financial statements, they will then be

approved by the board and then it would be sent to the Auditor General.

Ms. Seepersad: All by September 2021?

Ms. Dwarika: That is my projection.

Ms. Seepersad: So September 2021, the accounts will be sent to the Auditor General, correct? Yes?
Ms. Dwarika?

Ms. Dwarika: Yes.

Ms. Seepersad: Okay. And Chairman, just permit me one follow-up question. And what is the projection in terms of 2021 accounts, so that you do not fall into the same problem with having the 2021 taking many years to be audited?

Ms. Dwarika: Immediately after the 2020 is completed. We have the management accounts prepared it is just that we are waiting to get the final ones for the previous three years.

Ms. Seepersad: Okay, so you are telling me that in 2021, there will be no issues in terms of years to have the accounts audited? Early 2022 it will be submitted for review and audited within say the first quarter of 2022?

Ms. Dwarika: That is my expectation, yes.

Ms. Seepersad: Okay. Thank you, Chairman.

Ms. John: Chairman, Chairman, Jearlean John here.

Mr. Chairman: I recognize Ms. John.

Ms. John: Thank you. I just want to continue with member Seepersad please. What I am getting is that the accounts for 2013 to 2017, would the financial statements which are currently being prepared by PwC, they are going to the Auditor General to be audited? Or are they going as audited financial statements? Hello? I am posing the question—

Mr. Chairman: Ms. Dwarika.

Ms. Dwarika: They are going to the Auditor General to be audited.

Ms. John: So you see, that is another problem because the Auditor General will then have to assign resources and they are already very stretched. So, what one has to do is maybe simultaneously go to the board to ask for permission to go out for tender to have an external firm which is not PwC because they would have assisted you in the audit, because once the board approves you then have to go to the Auditor General to ask them their permission and agreement to have the audit completed, because if you send it then to the Auditor General, they do not have the resources most likely to do this.

In addition, any adjustments being made by the Auditor General when they come in to conduct the audit, that will also impact your accounts going forward. So you would have done your adjustments here but the Auditor General or whoever firm will come in and they will have additional questions to ask. And therefore, it means 2013, 2014, there will be adjustments, further adjustments based on their own finding to ensure you have clean accounts. I think I am correct on that.

So I think in terms of being ready for '22, you are not going to be ready if we are on this path. You really have to—well, I mean, discuss with your chairman and your board certainly with respect to asking the Auditor General's permission, it is not only about sending the accounts there, because that would not work out quickly. You will be next three years waiting on these accounts to get in the 2018 to 2021. It would not work, meaning you will never get up to date, you will always be lagging.

And in addition, this is not a small company. I am hearing the concern about the human resources having insufficient human resources. This is not a small company based on its revenue and expenditure position. This is a large company, Trinidad-style. So therefore, we cannot be stingy on money in terms of bring on additional if you need additional accounting support, financial services support, I am talking about people that are organic to the organization who will help the work. What PwC is doing right now should actually be done by the company but I suppose as you are saying you are stretched. But look at the expenditure and the revenue position, right? You all are in a position to hire good people. Go to the board with a proper proposal for accounting staff and for legal staff to assist you, because look at the revenue position, this is a big company, this could compete with any large company in Trinidad. So you ought not to be complaining, I am not saying that you are supposed to be lavish, but certainly this company ought not to be complaining given the dynamic nature of what you are.

This is a cash company, you deal with cash, you pay in and pay out, I am talking about it in a simplistic way. I really do not know, when the pot is hot I probably have to go and play that Lotto. But certainly, I am saying that based on what you do, you all need to know what your position is at any point in time. All these journal entries are not a good thing for a company such as this. You need the staff, go to your board and insist that you get the staff you need to support. You thank, Chairman.

Mr. Chairman: Thank you. Continuing questions, any other questions from committee members? I recognize Mrs. Webster-Roy.

Mrs. Webster-Roy: Chairman, my question is for the Chairman as well as the Financial Officer. In your submissions you would have indicated that there were challenges between 2010 to 2013 that would have impacted your ability to do your accounts going forward. I want to know what were some of the deficiencies or weaknesses identified in the accounting system and what measures you have put in place to address those situations?

Mr. Chairman: Chairman.

Mr. Nancis: Wendy, Wendy, you are muted.

Ms. Dwarika: Member, there are several challenges that we do encounter to enable us to complete financials. Over the years there has been a turnover of financial controllers. Over the last six years I think there were at least four financial controllers. There is an issue in terms of retaining qualified staff.

Mr. Chairman: If I may, to jump in please, Ms. Dwarika. So we have a problem then with maintaining a financial controller? It comes back to what Ms. John was saying. What is the problem and why can the NLCB not retain a financial controller?

Mrs. Webster-Roy: Mr. Chair, I am not sure if she was finished responding to my question. I would have liked the opportunity to jump back in with my follow-up question please.

Mr. Chairman: Proceed, Mrs. Webster-Roy.

Mrs. Webster-Roy: Ms. Dwarika, were you finished answering me in terms of the weaknesses identified? So far you would have outlined the HR issues.

Ms. Dwarika: Those are the major issues.

Mr. Chairman: Mrs. Webster-Roy, do you have any further questions?

Ms. Dwarika: Chair, our issues are—

Mrs. Webster-Roy: Ms. Dwarika, I am not hearing you.

Mr. Chairman: I believe Ms. Dwarika has indicated that she has in fact completed her response. *[Interruption]* The question to the Chairman and to the CEO of the NLCB, given the delays noted in the preparation of the financial statements, are there any other challenges being faced at the finance departments end which would have prevented them for doing their jobs efficiently which we can now focus on to have a resolution towards?

Mr. Nancis: Director.

Ms. Forde: Apart from the HR issues stated before, which we are in line to resolve within this first quarter, there are no further issues apart from the HR issues and those that the finance lead consultant would have mentioned before.

Mr. Chairman: Director, I noted that in your submissions the—and I am returning to the question I raised earlier that—there was a lack of a financial controller in financial year 2017, which impacted the ability to have these documentations prepared. There seems to have been a continuous turnover of financial controllers. The question I have then is: What has been the reason for the NLCB's inability to attract and hold an adequately qualified and competent financial controller to ensure that the accounts of the company are kept prepared and ready for submission for auditing?

Ms. Forde: Thank you, Chairman. The issues of financial controllers, I think we are able to attract the personnel. However, we have no approvals for a permanent contract for financial controllers. So, the persons that we bring on are on a service provider contract and until we have our contract issues resolved, I submit that we may continue to have such an issue.

Mr. Chairman: This is a significant problem. Has this matter been raised with the Ministry of Finance?

Ms. Forde: Yes, Chair, we are diligently working with the Ministry of Finance to have all our contract positions regularized.

Mr. Chairman: Yeah, but this has been ongoing since 2017, have you all been working with the Ministry since 2017 and still have this problem?

Ms. Forde: Yes Chair, we have been continually working with the Ministry of Finance to have it resolved.

Mr. Chairman: Question to the Ministry of Finance: Madam PS, beyond approving the engagement of the external auditors to assist in the preparation of the NLCB's financial statements, what support has the Ministry offered to NLCB in order to improve its processes for the auditing of financial statements, and to ensure that the delays currently being experienced do not recur? Now, that will obviously include the problem that was just raised which is the absence of a proper employment practice for the financial controller. What else is the Ministry of Finance offering to the NLCB to help them resolve this problem?

Mrs. Durham-Kissoon: Chairman, I just want to make one correction with respect to external auditors. The legislation does not allow for the recruitment of an external—a private external auditor. Section 25 of the legislation says the accounts of the board shall be audited by the Auditor General. So, I just wanted to make that correction.

With respect to the processes, I understand that the NLCB is working with a firm to integrate its financial and other systems, and I believe the NLCB has reported that that project is in progress. It is in progress with respect to the implementation of the accounts receivable module in the accounting software. So, the board has reported that that project is ongoing.

With respect to the contracts, I think I would need to be briefed on what contracts are outstanding because that has not been brought to my attention, alright? But the legislation does allow for the board to establish officers as necessary, section 15 of the Act.

Mr. Chairman: Am I misinterpreting, am I hearing this correctly that the absence of a financial controller was not brought to your attention, Madam PS?

Mrs. Durham-Kissoon: Chairman, I am advising that the issue referred to by the Director about short-term contracts being outstanding, that has to be brought to my attention.

Mr. Chairman: I will move on since you raised the issue of the integration of the financial and other systems. This will now for members of the Committee be—well, the sub-head is “Integration of financial and other systems” where the Ministry reported that JP Marshall Associates have been engaged in this initiative. Several parts of it have been completed and they gave a price. In one of the questions your response from the Ministry of Finance is that one of the major benefits from the integration of these systems would be that financial statements would no longer be prepared manually. That is welcomed news for us here who just spent the last hour trying to determine when we will actually get financial statements up and running.

My question then is: When would this entire process be completed so that we do not have this hiccup we are getting now, waiting for financial statements for decades? When will the integration of the financial systems be completed? Ms. CEO, if you may?

11.30 a.m.

Ms. Forde: Mr. Chairman, thanks for the question, however, may I ask that the Finance Lead Consultant who would answer the question, she would be better able to fill you in on a definite timeline.

Mrs. Dwarika: Sure. Chairman, the optimization of the accounting system is really a priority with me at the moment. We have implemented two of the pieces, the management reporter, and as well as the budget, we enter the third phase, which is the implementation of the accounts receivable. The accounts receivable module should be completed within this first quarter. It is being finalized, in fact, it is being tested right now. Then we move on to other modules that are not implemented at the moment. The inventory and sales is one, fixed assets is another. I am hoping by the end of the financial year, we would have achieved some success with the other modules so that the entire process is automated. In fact, that is one of the challenges too that we have encountered in terms of getting accounts, timely.

Mr. Chairman: Mrs. Dwarika, I join you in praying and hoping that these wonderful expectations that we all have, that of things that will come would be completed within the first quarter and then this financial year will actually be achieved. My question goes back though to when we initiated this process, there must have been a timeline expected for completion at start. We do not begin a project until—by definition project management is about ensuring you have a start time and an end time. What was the initial end time for the integration of the financial and audit systems? What was that

initial end time? And I am sure it has been past, way past. Why has it not been completed?

Mrs. Dwarika: Mr. Chairman, we were not operational for two months last year. In fact, the pandemic has slowed the whole process down. As a result, it just has thrown off the schedule that we would have intended. That has to be redone. I am just trying to get this final part of the module completed and then I would reassess the rest of it.

Mr. Chairman: So based on the initial decision to proceed along these lines, a timeline would have been determined. My question is, when was it initiated and when was the anticipated end period? When we started this process— when did we start it? And when did we think we would finish it? Yes, we know pandemic has caused the collapse of all sorts of things but outside of that before the pandemic when you decided to take this initiative, commendable as it is to integrate all the financial systems, when you decided to do that, there would have been a start date, and a finish date. When was the start date? When was the projected finish date? I accept in advance, I accept your comment that you can only review after you get to a certain point. But I am curious as to find out, when this thing started and when it was supposed to have been finished.

Mrs. Dwarika: It started in November of 2019, and I expected that it would have been completed within two years.

Mr. Chairman: Thank you, follow-up question. In the response by the Minister of Finance and NLCB to a query as to why we had so many different systems using the same department, the Ministry of Finance and NLCB's response was:

These systems have been in existence for well over 10 years. One can only surmise that this may be due to the high turnover of financial controllers and therefore, the lack of proper guidance that would have resulted in quick short-term solutions without consideration of the long term strategy.

I want to highlight that for a reason because that is the mentality I think, that is the overriding, the overarching thesis, behind the Ministry's response to the questions from this Committee, "One can only surmise..." It comes back to what member Paula Gopee-Scoon, member Charrise Seepersad and member Jearlean John was asking. "One can only surmise..." We do not want to know what the surmising is, we do not want that. What we are required to get from you, what you are required to give to us at the Committee stage and to the national community, are time frames. What is the specific reason for using the different systems? It seems that no attempt was made to provide an answer, one can only say—we can only guess.

So after the decades of NLCB being in existence, we are guessing as to why the problems exist. And I guess that is also why we will be guessing as to what the solutions are going to be. I want to move on. I just wanted to highlight the concern that the Committee has, and I could speak for myself clearly, that there seems to be no urgency, no timeframes being provided. These matters were raised by member Seepersad, member John and member Gopee-Scoon before. There seems to be no urgency and no timeframes being provided, clear timeframes and that you keep to, by the NLCB and by the Ministry of Finance and that is unacceptable. Let us move on.

We are dealing with the next Sub-head: Audit of the IGT software. Can any member indicate, what is the current status of this review of the NLCB's contract with IGT? When you submitted it, you said it was in progress, is that still in progress? Mr. Chairman.

Mr. Nancis: The NLCB and the board gave approval to go in and negotiate the contract with IGT, which was done successfully, for a new three-year contract which is going to start in March 21st to the year 2024. The Chairman and members of the board went in there, hired a service provider with it, went and renegotiated the new contract with IGT, which would be saving the Government \$101,191,369.50 over the next three years. “I see yuh shake yuh head, Sir, but we went in there and do the negotiation”, and we were successful and we have a signed contract, going in the ’21 to ’24 period, saving the Government and saving the people of Trinidad and Tobago over \$100 million.

Mrs. Gopee-Scoon: Chairman, yes could you just expand on that for me what exactly you did and....?

Mr. Chairman: Hold on, Mrs. Scoon, member Scoon can I have—the floor belongs to member Seepersad please.

Mrs. Gopee-Scoon: Oh, I am sorry. I have a follow-up question as soon as she is finished. Thank you.

Ms. Seepersad: Thank you, Chairman. Mr. Chairman, to Mr. Nancis, reading the documentation, it seems the contract given to the IGT company is very, very favourable to them and not favourable to the people of Trinidad and Tobago. In fact, when I am reading the notes, I mean, the commissions paid, the marketing costs paid to IGT et cetera are not the norm in the world. Did you do an RFP getting quotes from other suppliers, other than IGT to renew the contract for this new contract?

Mr. Nancis: Yes, we did so, we went out there and hired a company called Adesso who is a bench marker internationally and they provided us with all the necessary information and told us what is the rate we should be paying and we went in there and negotiated over the last six months and came out successfully with it.

Ms. Seepersad: Chairman, if I may ask, was IGT the only supplier that you negotiated with or were there other companies that you know?

Mr. Nancis: Now, we had a legal opinion that, before, we need to go to the board and sit down and discuss IGT contract because they had an automatic renewal contract but we had a window period by December 2020 that we could have negotiated a better rate. So what we did we went in and sat with them for six months and negotiated a better rate before December 11th, 2020 and that is how we saved \$101 million dollars for the people and the Government of Trinidad and Tobago.

Ms. Seepersad: But you did not go out to market to get comparative quotes?

Mr. Nancis: In legal opinion we could not go on to market, what we did is secure an international bench marker who will tell us what rate we should have been—which rates should be there, what numbers we should be at, and therefore, but we could not because they had an automatic renewal for the 2021 to 2024. So, what we had to do, is take the legal advice and negotiate with them and not go to RFP because it was recommended that we negotiate with IGT first, our legal opinion.

Ms. Seepersad: Okay, just a quick follow up, does IGT have the same automatic renewal in the new contract?

Mr. Nancis: Well, the contract expires in 2024. After 2024, no, there will be no automatic extension.

Ms. Seepersad: Thank you, Chairman.

Mr. Chairman: Chairman, if I may, my first question to you was whether or not the review of the contract was completed, the review that you cited in your letter from the Ministry of Finance to us at

the Committee. The letter cited that there was a—the review of the NLCB's contract with IGT was in progress and it was near conclusion. Was that review completed?

Mr. Nancis: Yes, it was.

Mr. Chairman: And on the basis of that review, given some of the issues raised by Pricewaterhouse itself previously, the Board of Directors of the National Lotteries Control Board, presumably with the Ministry of Finance's guidance, or oversight, entered a negotiation with IGT for the provision of a new contract? Is that correct?

Mr. Nancis: Repeat Chairman, let me hear. Repeat.

Mr. Chairman: Alright. So according to what you have just given to us the review was completed and the Board of Directors of the National Lotteries Control Board, then engaged in negotiation as per your words over the last six months.

Mr. Nancis: Yeah.

Mr. Chairman: Engaged in a negotiation with the IGT for the issuance of a new contract.

Mr. Nancis: Yes. For the period 2021 to 2024.

Mr. Chairman: Just for clarification, is this a new contract or the extension of the contract that existed previously?

Mr. Nancis: They an automatic renewal to 2021 to 2024. We had an opening and a window based on legal advice. We could have asked them to come in and negotiate the rate down and we did that successfully, or we could have gone out the RFP and use another supplier.

Mr. Chairman: Chairman, just to highlight that, based on the IGT's contract with NLCB there was space for a three-year extension—

Mr. Nancis: Yes.

Mr. Chairman:—of the contract. You are saying that there is a new contract.

Mr. Nancis: Yes.

Mr. Chairman: Those are two separate things, an extension of a contract and the new contract. If you may provide some kind of some kind of clarification to the Committee, what is different between what existed before and what exists now that will make this a new contract as opposed to an extension.

Mr. Nancis: Chairman, let me explain carefully, one step at a time. The legal opinion that we received from our legal advisors, based on IGT recommendation that they had an automatic renewal from the year 2021 to the year 2024. After seeking the legal opinion, we had a time factor of the 11th of December, 2020, to ask and meet and treat with NLCB with IGT and negotiate their rate in the best interest of Trinidad and Tobago and best interest of NLCB, we did that. Because it would have been an automatic continuation of the existing contract. So what we did, we brought IGT to the table and negotiated the rate down in the best interest of NLCB.

Mr. Chairman: So the only change to the extension was the change in the rates?

Mr. Nancis: And the numbers. Chairman, at that point in time, IGT was charging us 6.75 per cent. We have brought down the return on to 5.0 per cent from March 2021.

Mr. Chairman: Thank you, Chairman. I want to go somewhere else with this, because you identified—the board identified in its wisdom with the Minister of Finance's compliance that the rates were too high based on your benchmark process. I want to find out several things, if you could take

a note please. I want to find out how this benchmarking entity was hired. Who they were? What was the cost? I would treat with just those three for now and then I have some follow-up questions I want ask.

Mr. Nancis: The bench marker was hired through information that given to us by—

Mr. Chairman: No, no, no, no. Is this based on an RFP or did you just go out sole select? How was the benchmarking entity selected?

Mr. Nancis: The board took a decision after the presentation of a benchmark. We did not go to RFP for the bench marker. It was sole select.

Mr. Chairman: Subsequently, in your response that you submitted to the board, to this Committee, sorry, you advised that professional advice was sought from an international lottery provider? Is this the same item we are speaking about now?

Mr. Nancis: Yes, yes, yes, Chairman.

Mr. Chairman: The question then is, who was this international lottery provider?

Mr. Nancis: Adesso.

Mr. Chairman: How were they selected? And what was the cost to the people of Trinidad and Tobago?

11.50 a.m.

Mr. Nancis: Adesso was the company selected by the board and the cost for this exercise was €200,000.

Mr. Chairman: So the board of directors of NLCB took a decision to sole select an international lottery provider to guide its benchmarking to negotiate with IGT. That is what I am hearing?

Mr. Nancis: Yes.

Mr. Chairman: The board of directors took a decision without a tendering process to hire an entity costing these taxpayers €200,000-plus—we will do some maths and figure out how much TT dollars that is—TT \$1.6 million—TT \$1.6 million, the board of directors took a decision to select an entity and hire that entity to provide this advice without—on what basis?

Mr. Nancis: Chairman, repeat. On what basis? We had—

Mr. Chairman: How did the board select? The board just woke up in the morning and decided that Adesso should be the entity?—it is going to be used to benchmark, to establish benchmarking for use in negotiation with IGT? The board then decided on its own that it will sit with IGT and negotiate one item out of several which we have identified other entities have concerns with. The board of directors of NLCB engaged sole select, engaged a supplier of information costing taxpayers TT \$1.6 million-odd.

Mr. Nancis: Yes, Chairman.

Mr. Chairman: I am sure you want to advise that the board took a policy decision and the administration procured the supplier. I am sure that is what you want to say. It must be. It cannot be that the board of directors took a decision to go in a particular direction. Mr. Chairman, you were saying that the board of directors decided to hire Adesso, you know.

Mr. Nancis: Chairman, it came to the board for approval and the board, they approved of Adesso.

Mr. Chairman: At any point in time in your negotiations with IGT were the concerns which NLCB

initially raised with this very same committee of a practice that only exists apparently in Trinidad and Tobago for the reimbursement of marketing expenses? At any point in time did it cross the board's mind when it was negotiating with IGT that not only should it investigate and negotiate the rates but it should also investigate and negotiate some of these practices which do not find themselves in the international best practice, such as and specifically the reimbursement for gaming technology companies for all marketing expenses which does not occur anywhere else? Did the board at all consider that?

Mr. Nancis: Yes, Chairman—

Mr. Chairman: Did it appear in the negotiations at all that took place over six months according to you?

Mr. Nancis: No, Chairman, that was not the line item on this negotiation. The line item on this negotiation was to deal with the numbers before they automatically renew. The new RFP which goes out from the 21st of March which would take some other 18 months—*[Inaudible]*

Mr. Chairman: Mr. Chairman, the PwC report on the internal control weakness of the NLCB which was submitted in December, 2019, cited that the period of time for negotiation for the terms of the agreement during this three-year extension is 90 days prior to 11th March, 2021.

Mr. Nancis: Yes, Chairman—

Mrs. Gopee-Scoon: Mr. Chairman, can I please?

Mr. Chairman: The negotiation of terms, the agreement—allow me to finish, please. The negotiation for the terms of the agreement—

Mrs. Gopee-Scoon: It is just that—*[Inaudible]*

Mr. Chairman: I beg your pardon?

Mrs. Gopee-Scoon: I did not think that we had finished discussing IGT, have we?

Mr. Chairman: We are still on IGT.

Mrs. Gopee-Scoon: But you were asking—

Mr. Chairman: My question, allow me to repeat, based on PwC reports on the internal control weaknesses of NLCB, they cited specifically that the period of time for negotiation of the terms of the agreement which is what, Mr. Chairman, you actually went in and negotiated. The board went in, according to you, and negotiated for a reduced rates—“yay”. The board went in and negotiated for reduced rates which according to you saved the taxpayers of this country millions of dollars, excellent, but it failed to address a critical issue raised by PricewaterhouseCoopers in its report to you and that is this odd practice of reimbursing for marketing expenses.

You failed to negotiate that although you recognized that there was a weakness there; it was not international best practice. And although you have just said that consideration for that will be in the RFP coming up, at the point in time when the contract allowed you the space to negotiate with IGT to have this resolved you chose, as the board chose only to negotiate with regard to the rates. Is there a reason why—that is very curious. Is there a specific reason why you chose not to negotiate to have this odd scenario corrected, Mr. Chairman?

Mr. Nancis: Yes, I am hearing you, Chairman. Chairman, as I said, based on the legal advice that was presented to us we could have only negotiated the rate down so we went in and did that. The other

negotiation of the rest of amendments because this has been 20 years or 23 years with IGT and we went in there, sat with IGT, negotiate the rate down in 20 years and then were asked to go forward after. The new board, the new RFP will then take effect to start to negotiate all other items based on the existing contract.

Mr. Chairman: Respectfully, Mr. Chairman—respectfully, Mr. Chairman, respectfully, there are two issues here, one with the rates; you negotiated that, excellent, but the other is this critical anomaly which you recognized yourselves. Are you saying that you sought legal advice as to whether or not you can raise both items and were told by your legal guidance, you were told that you could not negotiate this issue of the anomaly of NLCB reimbursing a provider for marketing expenses? Were you told by your legal opinion that that was not an issue that could be negotiated now?

Mr. Nancis: I think I would have to check back the record on that, Chairman, because the item was making sure that we deal with the big-ticket item which was the numbers and we did that, and therefore because it was going to be an automatic renewal. So we dealt with the big-ticket number which was the most important thing on behalf of Trinidad and Tobago and the Government at this point in time.

Mr. Chairman: Just for clarification for myself, the reimbursement to IGT, service fees, \$203.3 million; marketing expenses, \$37 million, those are not big-ticket items, Sir?

Mr. Nancis: Finance Lead, you can come in here and give us your opinion based on marketing, how marketing is spent. Wendy. Wendy? Somebody is frozen.

Ms. Dwarika: The marketing expenses that is charged to the NLCB comprises the advertising spend. NLCB has outsourced its marketing function to IGT because we did not have the requisite staff at the time when we negotiated the contract. We did not have the requisite skills in-house to deal with it. So at the time, which was probably at the start of the contract that was outsourced to IGT. Also included in those marketing expenses would be the operating costs to do the marketing initiatives for the company, in addition to the fact that IGT also does field services for the NLCB. They are also responsible for the warehousing of our tickets and so the cost covers those expenses.

Mr. Chairman: IGT is responsible for warehousing tickets?

Ms. Dwarika: Yes. The warehouse with our Scratch tickets.

Mr. Chairman: Alright. So basically, Ma'am, what you just advised the Committee is that at the start of the contract—and you would correct me if I am wrong please—at the start of the contract NLCB did not have the requisite staffing and capability to do its marketing and therefore at the start of the contract that went to IGT or GTECH as it was then, correct?

Ms. Dwarika: Correct.

Mr. Chairman: Subsequent to that NLCB has in fact the capability and the competence to do its own marketing that is why it has a marketing department, is that correct?

Ms. Dwarika: Yes. We are still understaffed.

Mr. Chairman: That brings me back to my—sorry?

Ms. Dwarika: There is still some understaffing as well.

Mr. Chairman: Sure. Sure. Sure. Sure. There is an issue there that needs to be resolved with your Human Resource audit, et cetera, but the issue I have now is specific because I am trying to figure out now why the board of directors of NLCB chose to continue a practice that is not standard in the

international market; it is not standard. Why it chose to continue that practice instead of negotiating itself its way out of it? I want to also find out, what was Adesso's purpose? What did you ask the company to provide? Did you only ask them to provide the benchmarking for the rates or did you ask them also to provide benchmarking for standard international best practice for issues such as this, the provision of services and marketing?

I am very concerned that something as significant—and this is in fact a big-ticket item, something as significant as marketing is being provided by somebody else when NLCB has the capacity and that the board of directors in its negotiation chose to ignore that completely, focusing only on one item. That is of tremendous concern to me.

Mrs. Gopee-Scoon: Chairman, Chairman, Chairman, Chairman—

Mr. Chairman: Yes, member Scoon.

Mrs. Gopee-Scoon: Can I join the conversation?

Mr. Chairman: Please do.

Mrs. Gopee-Scoon: Thank you very much. I think, Chairman, you have gone along the road of interrogating on the IGT and we really have not gotten involved, but I am happy though that we have made some—NLCB seems to have made some headway in terms of the rate negotiations. So that is a positive light because we have been talking a lot of negatives all morning. I am pleased that we have something positive to offer—sorry, the NLCB. But, Chairman, obviously this question of the advertising and marketing is a serious one. The issue is a serious one, Chairman, in that its significant costs which actually could be done by the agency, by the statutory agency, NLCB, what are your plans? Have you done the groundwork to see what is required, if you are able to undertake this advertising and marketing component of the business yourselves? Have you—I mean, obviously it takes some planning and investigation, where are you on this?

Mr. Chairman: Chairman, your mic is still on mute, Chairman.

Mrs. Gopee-Scoon: Chairman—

Mr. Nancis: Thank you, member of the Committee and thank you, Chairman. Chairman, the advertising budget is still controlled and managed by NLCB because IGT will have to come to our committee and make a recommendation what they want to spend in advertising and we do have the opportunity at that point in time to reduce the rate. It is just a budgeted item but that is not to say that they spend the total that is given to them. So we still have some control under the advertising budget. We did not have control under the contract.

So at this point in time IGT will come to NLCB operation committee, make a presentation on what they want to spend. We would have provided in our budget expenditure for the year but we do not always—

Mr. Chairman: Chairman, allow me to help you, please. I think what member Scoon was trying to do in saving you is to give you the opportunity to state whether you have assessed at all the capacity of NLCB to undertake this very same exercise of marketing.

Mr. Nancis: We are increasing our marketing department to come on board with that. We are looking at NLCB function to make sure we have the support and the supportive members and workers to do that. Ninety per cent of most of the issues IGT used to control we are now putting some additional

strength in NLCB to control the organization.

Mr. Chairman: I want to allow member Jearlean John to join us, please, she has a question.

Mrs. Gopee-Scoon: May I just finish up before you move on member John?

Mr. Chairman: Proceed, Ma'am.

Mrs. Gopee-Scoon: Yeah. Only to the point that this obviously, it must form part of the strategic plan and I want to find out from the Chairman where is he with the strategic plan, who is doing the preparation, when can we get a commitment that a strategic plan would be presented to the Ministry of Finance, presented to us. I mean, there are a lot of loopholes. We are talking about a number of issues all morning and I want to give the Chairman the chance to tell us where is he with the strategic plan, what is going—

Mr. Chairman: Member Scoon, if I may, the strategic plan actually is a completely separate Head of which we have several questions, but if Ms. John's question relates to IGT, the relationship with IGT—

Mrs. Gopee-Scoon: Chairman, I am going there.

Mr. Chairman: Please, allow me, please. Allow me please.

Mrs. Gopee-Scoon: But if I am—

Mr. Chairman: Allow me to finish, please.

Mrs. Gopee-Scoon: I am on the floor, Chairman.

Mr. Chairman: Allow me to finish, please. We are not moving to the strategic plan unless we are sure that member John's question is in relation to IGT. We are still on IGT. We will treat with the strategic plan thereafter. Ms. John, I recognize you, may you please ask your question.

Ms. John: Thank you, Chairman. Chairman, I am interjecting here on two levels. With your permission I just want to go back to another earlier point where the Permanent Secretary interjected and said by law the NLCB cannot have external auditors. I will still advise that the NLCB management and board quickly indicate to the Auditor General where they are. Maybe they are writing and keeping them in the loop but they ought to do that so the Auditor General will maybe schedule appropriate resources so that when their accounts hit, maybe they can start to work on them almost immediately.

If that does not happen what I do know is that the Auditor General's Department is also stretched, and because the accounts to progress it depends on what the outcome or the questions raised in the prior years. If those are not cleaned up and taken account of then, well, they really cannot move on, and the timeframe that they are setting, the schedule that they are setting they would not be able to achieve that.

Chairman, with your permission I have received—*[Device goes off]* Sorry, Chairman. I have received a question from the public, a member of the public to treat with the same IGT, so if you will allow me, please? Who recommended Adesso—sorry, Chairman, can I? May I continue?

Mr. Chairman: Yes, please.

Ms. John: Yes. Who recommended Adesso into the board and the reasons they were selected? This is a member of the viewing public. This is Trinidad and Tobago now asking and they are asking also of the, Chairman, and was this the only company recommended? I do not know if the Chairman heard the question. The members of the public—

Mr. Chairman: They want answers?

Ms. John: Right. “Um-hmm.” Thank you.

Mr. Nancis: Yeah. Thank you, member of the committee. Yes, we did look at other international bench markers but this is the one that came up with a reasonable—but we did not vote for RFP, but this was the one that did a presentation to the board from internationally and at that point in time the presentation was accepted and therefore the board decided to go with Adesso, and the management because the presentation was done through the board with the management.

Mr. Chairman: This is even—this raises even more questions, Mr. Chairman. So an entity, you are suggesting then in answer to the member of the public’s question on how was Adesso selected, that Adesso came in and made a presentation to the board and to management and the board and management then decided on that basis to select this entity to provide that guidance for its negotiations for a three-year contract with IGT? Adesso just materialized and made a presentation?

Mr. Nancis: Adesso was just the advisor or the—

Mr. Chairman: The question is how—and even members of the public, and I thank them for greatly—

Mr. Nancis: I hear you, Chairman.

Mr. Chairman: How did this entity enter the hallowed halls of NLCB to the point where they could make a presentation of something as significant as benchmarking and NLCB just takes it and runs with it and pay \$1.6 million for this advice? No RFP, no proper procurement practices, nothing like that was done at the NLCB level? Chairman.

Mr. Nancis: Yes, Chairman.

Mr. Chairman: So just to be clear—just to be clear, and the more you speak out the more things will come forward, Adesso was selected on the basis of a presentation they made to the NLCB, the question then comes backwards now, how did that happen? They just decided that they should offer their services to NLCB? They just decided that just randomly and NLCB said, “You know what, this is a really good idea let us go with it. Let us give you \$1.6 million for your advice.”?

Mr. Nancis: Chairman, I do not think it was done in that vein and in that line. I am saying it was done over a period of two years. We did have other vendors who were—when we decided to go out into getting proper advice because we could not do it in Trinidad we had to find some sort of international benchmarker who understands the gaming industry, who understands how to do this because it was raised at the many board levels and the many meetings.

There was nobody in Trinidad who has that ability because you are going into a negotiator to IGT which is an international body so we needed to make sure that we have a proper international support to enable that we can negotiate that. I hear you, Chairman, but there were recommendations made through other members who insisted that definitely we need to look at how do we do things.

Mr. Chairman: Chairman, who then provided this recommendation? How did this recommendation come forward? Is it a member of the board? Is it a member of management who recommended that—you see, I agree that in negotiation you needed to have somebody who is capable and competent; there is no argument there. The argument comes from how this process unfolded. What you just advised us is that members—I am assuming you are referring to members of the board—determined or

decided that this advice was needed and in somehow or the other—that is what we are trying to get to, how did it end up being this company? What makes them better than another company?

Was any assessment done to evaluate company Adesso compared to any other company? And I cast no aspersions on any company. I cast no aspersions, I want to make that very, very clear. My query is, how, on what basis did you sole select this entity and who sole selected it? Was it the board, was it management, who did this?

Mr. Nancis: The presentation was done in the presence of the members of the board and the management.

Mr. Chairman: How did that presentation— Chairman, you are evading the question. How did we get to presentation? How did these persons enter the doors to approach and speak to the management and board of the National Lotteries Control Board? How did they get in that door? Why was no other entity given the option? What was the evaluation criteria used to select just this one entity to make a presentation and decided that they were the best thing since sliced bread and we should proceed with them? And I am repeating, I cast no aspersions on the entity, I am actually trying to determine whether any form of procurement practice that would meet any international standard was followed here.

Mr. Nancis: Chairman, yes, I will go back to my memory recollection, we did have many discussions placed on that of members of the board level. We did have two or three local companies who gave us presentation. We did have—and I am just trying to make sure that I remember the process because it was over the last two years because we were running on the time factor, and therefore the recommendation through linking the company Adesso was recommended to us. We sat and we listened to their views as a presentation and therefore that is how we managed to make contact with Adesso. We did have a contact with another international body and therefore we had two presentations done by a local body based on that.

Mr. Chairman: Mr. Chairman, you are going further and further into this wormhole, so now we have moved from one presentation to two presentations and somehow a determination was made to go with one as opposed to the other, and at no point in time then—so based on what you are saying again, eh, persons, companies came forward and offered their services. Is that correct to say?

Mrs. Gopee-Scoon: Chairman, may I please interrupt?

Mr. Chairman: I would prefer if the Chairman answers and then we move forward, Ma'am.

Mrs. Gopee-Scoon: Only because we have been asking the same questions for the last few minutes we do not seem to be getting anywhere and what I would like to suggest is that the NLCB gives us something in writing regarding these particular non-technical functions in the advertising and the marketing, give them time to send us what are their plans to incorporate these non-technical functions into the organization. Can we please do that because we have spent the last 10 minutes on this or more on this particular issue?

Mr. Chairman: Thank you, member. If you would bear with me for one second, I am speaking in regard to the Committee's mandate to ensure that there is proper accountability by NLCB for the moneys that it is spending. We are talking now about \$1.6 million spent to hire a company which guided a negotiation with a significant service provider by an entity that is currently expending \$2.6 billion per year; that is very significant.

Mrs. Gopee-Scoon: I—

Mr. Chairman: On the basis of the—hold on, please. On the basis of the questions that have been asked we have been getting more and more information as to how in fact this anomaly has been allowed to be continued.

12.20 p.m.

Mrs. Gopee-Scoon: Chairman, all I am asking is—I mean, you have been interrogating in a manner, I think, that is not going to get us the answer that we want. We are trying to unearth responses as we go along. I think what we should do—the more prudent thing to do is to put the questions which the Committee wishes to have answered to the NLCB and say to them that we want to get this within a week or two, very clear. But I mean—

Mr. Chairman: Member Scoon, allow me, please. We have present with us the persons who are directly in position to know the answers to the questions that we are asking. All we are doing now is asking them to provide those very same answers. The Chairman of the board, the CEO of the board and other members, the financial consultants, would have been involved in these conversations and would know the answers immediately. That is the purpose of the Committee, and that is the purpose of them being present here to provide this guidance. I want to move forward, please. I have a question from a member of the public.

Mrs. Gopee-Scoon: Before that, Chairman, I would just like to close on this issue. Yes, you want to move forward, I recognize that, I asked for that, but could we please let the NLCB know that we will be asking—putting some questions to them, which we would want answered within a particular time frame? And now we can close the issue.

Mr. Chairman: Thank you for your guidance, Ma'am. Much, much appreciated. Question from a member of the public: Given that NLCB now has the capacity to do their own marketing, will the board seek to renegotiate this contract? I am assuming that this is the current contract with the NLCB.

Mr. Nancis: Chairman, the board has all intention to renegotiate the contract going forward because presently, we are now looking at a new three-year contract which would take us 18 months—

Mr. Chairman: Chairman, I think the member of the public's questions was really to find out whether or not, since NLCB currently has its own capacity—and this comes back to the question I asked before—whether or not this should not have been part of the negotiation between the NLCB and IGT, in the current extension of the contract when you all sat and met?

You have already indicated that it was not a big-ticket item and therefore, it was not considered, you only considered the rates. I think the member of the public listening in, I do not think—I think the renegotiation is completed. Am I correct? The negotiation for the three-year term is completed? Chairman, has the negotiation between NLCB and IGT for the three-year extension of their contract, has it been completed?

Mr. Nancis: Yes, Chairman, that is continuing.

Mr. Chairman: So for the member of the public who is asking, the NLCB will not be in a position to renegotiate this contract because they chose not to at the point of time of negotiation. The Chairman, of course, will advise us whether or not legal advice was sought and received in regard to determining whether or not marketing should have been one of the issues raised, and whether or not

it was only the rates which would have been raised at the last negotiation.

Are there any other questions that we want to treat with, with regard to IGT?

Mrs. Gopee-Scoon: Just to say that we would put our questions to the Chair, to the Committee, and we would expect the NLCB to respond.

Mr. Chairman: That is a given because we are probably on Item (ii) out of several items here. So that it appears—we will definitely have to have another session within which we would be asking some additional questions and getting some additional answers from the NLCB and the Ministry of Finance.

I want to move on to the other line item here, “Month-end Financial Reporting Process”. A question was asked as to whether the close-off checklist in the first period of the new financial year 2019/2020, whether the timelines set had been observed. We were advised that, as a result of COVID and staff rotation, those timelines for the close-off checklist were not, in fact, done. Am I to confirm that no staff was assigned this responsibility?

Ms. Dwarika: The checklist is the responsibility of the finance staff. Everybody has their own deadline, and because of the rotation, that was delayed.

Mr. Chairman: Can you provide some guidance as to when this will, in fact, be completed, Ma’am?

Ms. Dwarika: I believe when things are regularized at the organization in terms of staffing.

Mr. Chairman: Does this require the physical presence of a staff member at the physical location of the NLCB? Can this not be done off-site?

Ms. Dwarika: Chairman, because the processes are manual in a lot of instances, yes, it requires the physical presence of staff.

Mr. Chairman: I am a bit concerned that this is not viewed as a significant priority, especially given the emphasis that the PwC report on the internal control weaknesses of the NLCB, especially given that they cited—the PwC report cites this as a critical factor in the operation of the NLCB.

Ms. Dwarika: Chairman, it was implemented. Pandemic came and so they were not able to follow the process. So it is part of the plan of the NLCB in terms of the automation and the optimization of the accounting software, and hopefully, we will get to that point.

Mr. Chairman: I want to move forward to the credit exposure to VIA transactions.

Mrs. Gopee-Scoon: Chairman, as a member of the Committee, I would like the floor, please. I mean, you are asking question after question, and as members, we would like to ask questions as well.

Mr. Chairman: Please ask your questions, Ma’am. Please do.

Mrs. Gopee-Scoon: Thank you very much. My question is to the Permanent Secretary of the Ministry of Finance. Permanent Secretary, there are a number of issues that have been outlined today and as a senior member of the Ministry of Finance, you are responsible, the Ministry is responsible for monitoring the operations of NLCB in accordance with the provisions of the Act.

There are many, many ways, in terms of corporate governance principles, that you can understand what is happening and keep on the ball with NLCB in terms of achieving its objectives. And the simplest of them would be the Minutes that you should be getting every month on end, 21 days after each meeting. Then, of course, I know that you are also supposed to get annual reports. Normally these annual reports include the accounts. However, in the instance where there are issues with the provision of these annual accounts, is it that you can ask them to submit to you, or have you

been asking for annual reports with the management accounts, so at least you have an understanding of what is going on in the absence of these audited accounts? Are you getting the Minutes? What other corporate governance provisions and principles are you applying to ensure that you keep on the ball with what is happening at NLCB, especially recognizing the number of issues that have been highlighted today?

Mrs. Durham-Kissoon: Thank you, member. The annual reports are to be submitted, yes, in accordance with section 13 of the Act. We have not received an annual report. We would have requested, in writing. The Minutes, when the NLCB has their secretary on board, we would get Minutes, but I have to let you know that they have been submitted in batches. I think it is where the secretary is available, they would submit in batches, but other than that, if the secretary is not available, the Minutes are not readily received. Also, that is something that we would submit in writing to the organization.

Mrs. Gopee-Scoon: Yes, but PS, this is unacceptable. It is the easiest way of understanding what is happening at meetings. I cannot understand why a corporate secretary is not present for each meeting, that has to be so. In fact, it might be so by virtue of the Act, I am not sure, but you must have a corporate secretary present at the meetings. Therefore, if that is the case, 21 days after, you must get the Minutes, and I think you are to insist that this is done, and they are to be written and given the guidance that this is what the expectation is. Now, with regard to the annual reports, I am not sure if—*[Interruption]* Sorry?

Mrs. Durham-Kissoon: Member, just to say that the position of secretary may, at times, not have been filled. I am not saying that there was not a secretary for the meeting, for the purpose of taking Minutes of the meeting. I just want to make that clarification.

Mrs. Gopee-Scoon: For whatever it is, you ought to ensure that you get those Minutes. I mean, it is the easiest way for you to understand what is happening on a daily basis, and where they are with regard to the commitments, not just to the Parliament, but the commitments to the Ministry of Finance and to the people of Trinidad and Tobago. Of course, the annual reports are another good guide. You have to have them send you the annual reports, if only with management accounts. I think, PS, in terms of corporate governance, you have some responsibilities to ensure that, especially as this organization seems to be in a little bit of a state of instability. I do not want to use that word, I should not use that word, but the point is I think you need to be on the ball with them, so that you can offer the kind of guidance that is necessary at this time. I know that the Chairman is trying his best, but I think the support needs to come from the Ministry of Finance as well.

Especially with all of the outstanding staffing matters, staffing seems to be a major issue because we have talked about staffing in the legal department, staffing in the HR department, staffing in the accounting department and therefore, these things need to be fixed. It is a difficult task as it is to manage an organization that big, so that the Chairman of the board has ongoing functions, daily functions to deal with. As you say, you have talked about it, the extent of the organization, the amount of funds that they manage. But notwithstanding, there are these underlying issues that must be fixed.

We need commitments, we need timelines, as to all of these issues that have been outlined here today. It really requires more depth in terms of what the Ministry is saying to us. I know that you

are managing many Ministries but, again, we just need to be on the ball with the regular Minutes. It gives us a chance to see what is going on.

So, PS, that is going to have to be your commitment. We need to put timelines to all of the outstanding matters and this is our expectation of you.

Mrs. Durham-Kissoon: Yes, agreed, member. We do write to the entity to request what is outstanding, and in many cases, if not all, we do ask that outstanding documents be provided by particular dates. Thank you, member.

Mr. Chairman: Madam PS, I notice this is the third time that you have indicated in our session here today, that you have been in written conversations with the NLCB in terms of getting their documentation and so on in place. I think there may be need for a more hands-on, more aggressive interaction between yourselves, as the line Ministry, and the NLCB, especially given the amount of things that are at different stages of completion but do not seem to be moving towards the actual completion.

That having been said, I want to move on to the credit exposure to VIA transactions, the Sub-head. Question to the CEO: In our correspondence—in the Committee’s correspondence to the NLCB and to the Ministry, we were advised that pursuant to the agreement between IGT and NLCB, the board of NLCB must pay to IGT regardless of whether all moneys were collected from agents or not. In your correspondence, in NLCB’s correspondence to the Committee, NLCB recognized that this needed to be amended.

Is it that this requirement to amend the contract was also one of those things not considered in the negotiation with IGT, in NLCB’s recent conversation with IGT? If I can get a response from the CEO or the Chairman, whether the credit exposure to VIA transaction was an issue that came up in the negotiation, given that NLCB agreed that some amendment in the contract needed to be done. Chairman? CEO, any comment?

Ms. Forde: Thank you, Chair. There was no amendment to this clause. However, I will not be that familiar with the negotiations, so I will defer to our Chairman.

Mr. Chairman: Chairman, you were in the negotiation, or at least you were present during the negotiation so you would have had some oversight of it. This is one of those things—so we have now identified two issues which NLCB agreed needed to be addressed, but which were not addressed for some reason in negotiation. I would like for a commitment from you, Mr. Chairman, as to an explanation as to why both this and the marketing component did not form part of the negotiation between NLCB and GTECH. Can I get a commitment, Sir? Mr. Chairman, your mike is muted. Mr. Chairman, your mike is muted. Thank you.

Mr. Nancis: Sorry about that, Chair. Yes, Chairman, as I said, the amendment did not take place because we did not negotiate that nor the advertising, and therefore, it is up to be negotiated at the new RFP, Chairman.

Mr. Chairman: Okay, so it would not necessarily form part of your negotiation with the RFP because the RFP should specify these things as individual component parts. But I accept that it was not negotiated. My question is whether you could indicate why? I will give you the leeway, as my colleague has been beseeching us to do, to put in writing to the Committee why the credit exposure to the VIA

transactions and the marketing did not form part of the negotiation, when IGT and NLCB met at the table over the last couple of month, or over the last six months as you had indicated. So all I want from you is a commitment in writing that you would provide a guidance—

Mr. Nancis: Chairman, I will have that done within seven days and sent to you.

Mr. Chairman: Well done, Sir. I will hold you personally responsible. I thank you very much for the deadline. I appreciate that sort of initiative.

Moving on, Item IV: What was the estimated timeline for the completion of the consideration of deferred expenses and unclaimed prizes by the Chief Accountant? You advised that this was completed for the period 2013 to 2017, and addressing journals would be prepared. But that means that this was still in process? What we are trying to figure out is when this entire reconciliation would be completed, and what is the status of the reconciliation of the unclaimed prizes for 2018, 2019 and 2020?

Mr. Nancis: Finance?

Ms. Dwarika: Chairman, the reconciliations have been completed for the 2013 to 2017 period, and they have also been completed for the 2017 and 2018 period as well. The focus has been within the last two to three months on finalizing the PwC accounts, the 2013 to 2017. Hence, this has been delayed a bit.

Mr. Chairman: Ma'am, is it that you do not have sufficient manpower to undertake the—

Ms. Dwarika: Yes, Chairman.

Mr. Chairman: Can I then suggest that an approach be made by National Lotteries Control Board to the Ministry of Finance to procure permission for additional support?

Mr. Nancis: Chairman, it was sent to the Ministry of Finance already.

Mr. Chairman: Can I ask when this was requested?

Mr. Nancis: About May, the—Wendy, could you bring us HR? HR?

Mr. Chairman: Ms. Mollino?

Ms. Mollino: The request would have been sent earlier in 2020. The early part of 2020.

Mr. Chairman: Madam PS, can you respond to this? A request for additional manpower to assist the Finance Lead Consultant in the execution of several line items listed here, including the completion of the reconciliation of deferred expenses and unclaimed prizes. Ms. Dwarika indicated that a correspondence was sent requesting additional manpower or permission to procure additional manpower. Can you confirm that you received that request and an idea of when this will be responded to?

Mrs. Durham-Kissoon: Chairman, I will ask NLCB to bring that to my attention, please.

Mr. Chairman: Mr. Chairman, can I also suggest that when things like this happen, that some sort of follow up is undertaken to ensure that both parties are singing from the same page book, because it may be that our Permanent Secretary is anxiously concerned about the state of affairs that NLCB is in now and is anxious to assist, but you are not giving her the opportunity so to do. Can you follow up on this matter, and provide a response to us in the similar one-week period that you are going to provide a response to with regard to the other matters?

Mr. Nancis: Yes, Chairman. I will ask the Director to respond to that and liaise with the Permanent

Secretary.

Mr. Chairman: Okay. Bear with me for one second again, please. Colleagues, we have now gotten to page 3 of the submissions of the Ministry of Finance and the NLCB, out of 14 pages, and there still remains significant issues of concern raised out of the information provided by Ministry of Finance and NLCB. It appears then that we will have to ask you to return to this issue at a subsequent period of time, as we need to wrap up now.

Do I have an agreement from the Ministry of Finance and National Lotteries Control Board that they would be willing to come back before the Committee at its next sitting, which will be two weeks from now?

Mrs. Durham-Kissoon: Yes, Chairman.

Mr. Nancis: Yes, Chairman.

Mr. Chairman: Then I want to, on behalf of the Committee, if there are no questions from the other members of the Committee at this stage—just to confirm, any other members of the Committee have any questions before we break for now? I take that as confirmation that there are no further questions at this point on the issues raised thus far. In which case, I want to thank all representatives of the Ministry of Finance and of the National Lotteries Control Board for their presence here today, and their contribution in providing answers to the questions that were raised, on behalf of the people of Trinidad and Tobago, and to thank the viewing and listening audience for tuning in.

At this point, we will adjourn this session. Members of the Committee, please stay online so that we can continue our meeting afterwards. I thank you all again. Be safe everyone, take care. Thank you all again, bye.

Mr. Nancis: Thank you for having us this morning.

12.45 p.m.: *Meeting adjourned.*

Third Public Meeting

VERBATIM NOTES OF THE FIFTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, MARCH 10, 2021, AT 10.40 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Ms. Charrise Seepersad	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Roger Monroe	Member
Dr. Amery Browne	Member
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Khisha Peterkin	Procedural Officer
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Mr. Adrian Leonce

Member

NATIONAL LOTTERIES CONTROL BOARD

Eustace Nancis

Chairman

Camille Forde

Director

Wendy Dwarika

Finance Lead Consultant

Yana Mollino

Human Resource Assistant

MINISTRY OF FINANCE

Mrs. Michelle Durham-Kissoon

Permanent Secretary

Ms. Sharon Mohammed

Director, Social and Economic
Transformation (Ag.)

Mr. Junior Atwarie

Senior Business Analyst (Ag.)

Mr. Chairman: Good morning all and welcome to the officials from the Ministry of Finance and the National Lotteries Control Board. This is the follow up on the implementation of the recommendations made in the Twenty-fifth Report of the Public Accounts Committee on an Examination of the Audited Financial Statements of the National Lotteries Control Board, the NLCB, for the years 2008 to 2012 and the NLCB's expenditure and internal controls during this period.

My name is Davendranath Tancoo. I am the Chairman of the Public Accounts Committee. I want to remind members present and members of the viewing audience that the Public Accounts Committee has a mandate to consider and report to the House on:

- (a) Appropriation accounts of moneys expended out of sums of granted by Parliament to meet the public expenditure of Trinidad and Tobago;
- (b) Such other accounts as may be referred to the Committee by the House of Representatives, or as authorized or required to be considered by the Committee under any other enactment;
- (c) The report of the Auditor General on any such accounts; and;
- (d) Whether policy is carried out efficiently, effectively and economically and whether expenditure conforms to the Authority which governs it.

I wish to reiterate that the sole purpose of this meeting of the Public Accounts Committee, is to continue the discussions started previously on the implementation of the recommendations made in the Twenty-fifth Report of the Public Accounts Committee.

This Committee is desirous of hearing the challenges being faced by the key stakeholders at the NLCB, in an attempt to discuss and to determine some of the possible solutions to these challenges. The role of our Committee then, is to assist the NLCB in achieving the efficient delivery of services, while fulfilling its mandate in an efficient, effective and economic matter manner.

This virtual meeting is being broadcast live on the Parliament's Channel 11, on Radio 105.5 FM and on the Parliament's YouTube Channel *ParlView*.

A bit of housekeeping, participants are advised that their microphones should be remain muted until recognized by the Chair.

I wish to ask members to introduce themselves starting with members of the Committee. Member Seepersad.

[Introductions made]

Mr. Chairman: I also ask members of the Ministry of Finance to represent, introduce themselves. Oh I am sorry, if I may, hold on one moment please, I forgot my learned friend, member Monroe.

[Introduction made]

Mr. Chairman: And my colleague, member Paula Gopee-Scoon.

[Introduction made]

Mr. Chairman: I wish to also recognize that member Leonce is unable to join us today but he will be reviewing the proceedings thereafter. So here on in can I then ask members of the Ministry of Finance and the NLCB to introduce yourselves.

[Introductions made]

Mr. Chairman: Members from the NLCB.

[Introductions made]

Mr. Chairman: Thank you all and welcome. This is the continuation of the meeting that we had one month ago, in which questions were raised based on the statement of accounts from the NLCB. At that meeting, so I just want to start by following up on questions that emanated from that meeting, based on which the NLCB has in fact submitted a response. That response came to us on February 22nd, 2021. I want to thank the NLCB for responding in the name of Ms. Forde, thank you very much for responding but I have some questionings that emanated from those answers as well.

Just for reminders for members of the audience, members of the listening audience, one of the questions asked was the status of the NLCB's request to the Ministry of Finance for authorization to engage in additional manpower, to facilitate the completion of the reconciliation of deferred expenses and unclaimed prizes. The NLCB's response was that the NLCB did not request authorization from the Ministry of Finance for additional manpower to facilitate the reconciliation of deferred expenses and unclaimed prizes. If I may ask, why was no request made and whether we are comfortable with the staffing complement that we have now to be able to meet the requirements of the Ministry of Finance at this point? Question to the NLCB, Ms. Forde.

Ms. Forde: Chair, thank you for your question. The question that NLCB received asked about manpower for the reconciliation of the deferred expenses and unclaimed prizes, however, we have completed that exercise so we did not require manpower for that.

Mr. Chairman: Thank you, Madam CEO, the other issue stems from the employment of Adesso. The query from the Committee was who authorized the NLCB to use sole selective tendering to secure the services of Adesso. If I may summarize what you said basically in fact, just for the record I will put the entire response on the record.

In the procurement—this is NLCB's response—in the procurement of goods and services, the NLCB is guided by its purchasing policy which was approved by the board on September 21st, 2006. Clause 35(0) of the purchasing policy permits exceptions to the tender rules in instances where there are limited suppliers of a service and where the length of time required for calling and receiving tenders would affect progress.

In accordance with the purchasing policy, the board approved the services of an independent lottery provider on October 2020, in view of the termination of the contract negotiation period in December 2020.

So, basically what you are saying is that because of the urgency, you decided that the best option was to engage in sole selective procurement of this consultant, correct? Madam CEO?

Ms. Forde: Yes, Chairman, that is correct.

Mr. Chairman: Okay, Madam CEO, we are not hearing you now.

Ms. Forde: Yes, Chairman, that is correct.

Mr. Chairman: Thank you. The query I have is that, we engaged in this process with the—I mean, IGT is not a new company to NLCB. So the contract negotiations when they become due would have been known several years ago. And therefore, to use the explanation that (1) that there were limited suppliers and (2) in the interest of time because in October you knew you had to renegotiate a contract which was terminating in December, is not acceptable with all due respect. Because you would have known in advance for quite a while, for years, that the contract was going to become due and therefore, some entity, some effort should have been made, Ma'am, to engage in this procuring of a consultant to guide in the negotiations that should have been done through regular procurement procedures way in advance. I do not know if you would agree with me.

Ms. Forde: Chair, I thank you and acknowledge your recommendation.

Mr. Chairman: That being said, can the—I believe on the previous occasion we were provided with the cost of that engagement, Ma'am?

Ms. Forde: Yes, Chairman.

Mr. Chairman: Can I then ask further, since a determination was made to select—sole select this particular entity, on what basis—I mean, I understand the legal basis that you had according to you, the necessity at that point in time determined that a consultant was required and you— What I am trying to figure out now, from you, what I am trying to get from you is specifically, why this company as opposed to any other company? What research was done, who did the research, whether a proposal came forward, et cetera? Madam CEO?

Ms. Forde: Yes, Chair, may I ask that I supply that detailed response in writing to the Committee?

Mr. Chairman: Thank you, Ma'am, I look forward to receiving same. The other question that was asked of the NLCB, was what was the reason for not addressing the issues of credit exposure and marketing fees, during the NLCB's negotiation with IGT?

The NLCB's response was that in January 2020, the NLCB sought and received a legal opinion which advised inter alia, that the NLCB should immediately commence negotiations in good faith with IGT, then GTECH, then using appropriate professional assistance including, technical consultants with appropriate expertise. The negotiations commenced in October 2020, and given that time-frame—given that time was of the essence the NLCB focused on a review of the most critical items that could be finalized before the deadline.

I remain extremely concerned that the NLCB having engaged the services of PwC received a concern from PwC itself. So, NLCB received this concern, which was that this was not the industry standard that the specific issues with regard to the marketing fees being housed in IGT. The supplier

was not industry standard. In fact, I do not know if it exists anywhere else in the world, having received that advice from the PwC, way in advance of this decision to renegotiate this contract.

I am concerned as to why it did not feature. I am not satisfied with the response that we did not have enough time to consider it. We were engaging in negotiation that would last for three years in the first instance, while there was this roll out for a new supplier or for request of proposals. But it is of grave concern to me that we have identified something that is not industry standard and we still proceeded to put that aside and leave it as part of the existing. In fact, let me ask the question, was it at all considered during the negotiations? Was it raised as an issue at all by NLCB? NLCB would have raised specific things including the rates, et cetera, but did NLCB advise GTECH, IGT at all that they had concerns about the marketing fees being part of their facility? Madam CEO?

Ms. Forde: Chair, I am sorry, I would have missed the first part of your question, however, I got the gist of it. At the negotiations both parties had items on the table to negotiate. So, in view of the time this was the one that we were able to complete in terms of priority. Yes, the marketing fees was one of the items that the NLCB would have liked to address at the time.

Mr. Chairman: So, just to wrap this part up, so, is it that NLCB said to the supplier, IGT GTECH, that we have concerns about these specific items.

(1) Industry standard does not include marketing fees in the facility that NLCB IGT, sorry, in the, yes, in the facility that IGT NLCB currently has. Marketing fees is not a normal part of that arrangement.

Is it that that was listed as an item and either IGT or NLCB decided to lift that item off or that this was not—how was it determined that this was not an item that we were going to proceed with in the negotiations?

Ms. Forde: Chair, I was not part of the negotiations but I am aware these were issues and that IGT is quite aware of, that the NLCB would like to address. I do not believe that they got to that item in terms of the negotiations.

Mr. Chairman: Ma'am, can you confirm that this is of grave concern to the NLCB that this practice is not industry standard and that it would somehow form part of the consideration in the RFP itself going forward?

Ms. Forde: Yes Chair, I can confirm that.

Mr. Chairman: Thank you, I want to turn over now to other members of the Committee for questions that they may have. Members, kindly indicate who has questions and on which issues and we can go forward. Members would have had their issues documents provided by our Secretariat from which we can be guided as to the sequencing of question.

11.00 a.m.

Mrs. Gopee-Scoon: Chairman, I can start, because I want to stay on the same point where you were, and I just want to tie it back into the issue of the strategic plan. So we know that that marketing aspect, internal marketing function, is one that we have to look at as a cost savings measure, and it is one that we really should be doing—sorry, that NLCB should be doing internally. So I would like to think then that NLCB has plans for the strengthening of the development of that internal marketing function. I would like to think so, that this is where you are going. So you were supposed to complete the strategic

plan, and I think by the end of first quarter 2021. So we are coming to the end by which you should have had that. Where are you in your considerations of this internal marketing function? How are you going to develop—you have some of it, I guess, but not significant enough—develop to the extent where IGT will no longer be performing that function?

Ms. Forde: Thank you, member, for your question. With regard to the strategic plan, we have issued an RFP to select a consultant. We have received tenders and they will be open on Friday. So we are a little delayed with the start of our strategic planning process. However, I want to assure you that the outcome of the strategic plan would inform the upgrade or review of our manpower audit and, certainly, marketing and the fully functioning marketing capacity at the NLCB, so that this would not be an item that would have to be included to the service provider the next time we go out to an RFP.

Mrs. Gopee-Scoon: But let me stay on it. Has the board considered this? Has a paper been done as to the possibility of expanding your internal marketing functions to do the functions in its entirety so that there will no longer be that relationship with IGT? Has an internal paper been done? Have you studied it?

Ms. Forde: No, member. We have not done a paper as yet, but we expect in the strategic planning session that we are entering, we will be able to determine the best fit for our organization in terms of marketing.

Mr. Chairman: Member Webster-Roy?

Mrs. Gopee-Scoon: I would like to think that the best fit—

Mr. Chairman: I am sorry.

Mrs. Gopee-Scoon: Let me just finish. I am making a lil statement. I would like to think that the best fit will include what the cost savings will be, because I expect that that would be substantial. And, so, I think even though you are going to be developing your strategic plan, I would like to think that you are internally considering the cost savings and so on, because that is expected to be substantial. But I can close on that particular matter now, Chairman.

Mr. Chairman: Thank you, member. Member Roy, you had your hand up.

Mrs. Webster-Roy: Thank you, Mr. Chairman, good morning. I will be shifting my attention to sponsorship and donations. When the NLCB last came before the Committee, they would have indicated that they were in the process of having a new policy document for sponsorship and donations. I would like to know what is the status of that policy document, please.

Ms. Forde: Thank you, member, for your question. The sponsorship policy was completed and approved by the board at its meeting at the end of January, on the 28th of January. So our sponsorship policy has been completed and approved.

Mrs. Webster-Roy: So then the NLCB would have now started implementing, actively implementing a policy where those applications for sponsorship over \$10,000, the unanimous approval of the committee which is required. That is in practice now?

Ms. Forde: Yes, member.

Mrs. Webster-Roy: How are sponsorship opportunities advertised or are they advertised? And is there an application form? How do members of the public access the sponsorship opportunities available through the NLCB?

Ms. Forde: Member, members of the public, they are free to write in and request or submit their request for sponsorship in writing, and then it is processed and then examined by the committee, and then determined whether it falls within our pillars, and then approved based on the recommendations of the committee.

Mrs. Webster-Roy: The pillars that you speak of, are those pillars communicated to the public so persons would know if I should apply to NLCB for sponsorship or approach another organization, instead of just blindly submitting and hoping for the best?

Ms. Forde: Member, at the moment, they have not yet been published. However, we are going to move towards informing the public, as well as trying to get a form whereby they can also apply online. So you will be able to see what are the requirements and what NLCB supports. However, that does not bar anyone from writing in their request.

Mrs. Webster-Roy: Any timeline on that please?

Ms. Forde: By the end of this month, there will be something published on a website that they will be able to know what the pillars are. I will not say that the form will be ready at the end of March. I do not yet have a timeline for that.

Mrs. Webster-Roy: Okay, thank you. Mr. Chairman, the other questions I will ask in the second round of questioning please. Thank you.

Mr. Chairman: Thank you, member. Just a follow-up on that same sponsorship and donations issue. Can you provide, Madam CEO, an idea of the amount of money actually spent in sponsorship per year that shows 2018, 2019 or 2020, if you have it? I know it may not have been audited yet.

Ms. Forde: Chair, our figure for 2020 is \$23,262,521.

Mr. Chairman: And just to confirm, that would be sponsorship based on queries and the requests you would have received in writing?

Ms. Forde: Yes, Chairman. That would include sponsorship as well as advertising. Some people do ask for advertising rather than a sponsorship amount.

Mr. Chairman: So assist me a little bit again, please. Based on 2020 being what we call “the COVID year”, can you give me a comparative figure for 2019 so that I will be able to see what the figure would have been on an open, regular, normal yearly basis?

Ms. Forde: Chair, for our 2019, the sum was \$25,735,266.

Mr. Chairman: So, it is roughly the same in 2019 to 2020?

Ms. Forde: Yes, Chairman.

Mr. Chairman: That is curious, because I would have assumed that 2020 would have had a lot less sporting and cultural activities, et cetera. Maybe you can guide us a little bit more in terms of, broadly, what kinds of sponsorships are available? Based on your previous sponsorship policy then, what entities should be writing to NLCB asking for—what entities have been writing and receiving sponsorship from NLCB? I am not asking for a full breakdown at this point, but a general idea of the kind of sponsorship that NLCB does.

Ms. Forde: Well, Chair, I could speak to coming towards the end of 2020. There were a lot of requests from persons asking for electronic devices for children, schools, homes and so on. So, while there were not a lot of sports and cultural activities, we did see an increase in that kind of request. But for a

detail of 2020, if you wish a better breakdown, I will ask that I could submit that to you in writing.

Mr. Chairman: Thank you, Madam CEO. I will like, if possible, both 2019 and 2020 breakdown. Going forward too, I would also suggest that NLCB, as part of its marketing, also advertise the availability of sponsorship publicly so that individuals—because I am a Member of Parliament and I am sure we have other Members of Parliament present who probably would have loved to have accessed or suggested to individuals and entities that they can access electronic devices through the NLCB. I was not aware that that was an available option. So maybe you could do a little bit more advertising of the facilities available at NLCB for sponsorship, so that a wider body of persons and entities can be aware and, therefore, apply.

Ms. Forde: Chairman, thank you for your suggestion. It is noted, and we would supply the details of 2019 and 2020 sponsorship to the Committee.

Mr. Chairman: I want to return to the strategic plan that we now have a consultant in place for the development of a strategic plan. We are in 2021, and I know that the delay in the approval of the strategic plan for 2018—2020 actually held back the staffing at the NLCB and affected the recruitment of staff and, therefore, the effective functioning of the NLCB. Can you advise what procedures have been put in place to ensure that while we await the 2021 strategic plan, we do not suffer the similar consequence and, therefore, other delays which will follow which includes the submission of documentation to assist in the financial statements?

Ms. Forde: Chairman, we are operating with the current strategic plan, the one that was approved, until we have a new one. However, in the interim, we would have hired a recruitment agency to fill those positions that exist in the NLCB that are currently vacant.

Mr. Chairman: I recall too in my notes I have here that the Ministry of Finance—so this is a question for the Permanent Secretary, Ministry of Finance. I just want to keep her involved and included as well, Mrs. Durham-Kissoon. In our discussions before, you had indicated that the Ministry of Finance had proposed to have supplied some additional resources for the review of proposed plans for the NLCB. Can I ask what those additional resources and skill sets entail, and whether that has been provided in anticipation or is it going to be provided in anticipation of the strategic plan hopeful soon to come?

Mrs. Durham-Kissoon: Chairman, the Ministry of Finance stands ready to endorse the recommendations of the NLCB for it to go forward for CPO's approval of the terms and conditions. So if the NLCB requests an officer on contract, it is reviewed and a recommendation made to the Personnel Department for terms and conditions.

Mr. Chairman: All right. So what you just did is pass it right back on to the NLCB. So, clearly, the Ministry of Finance is anxious to get the strategic plan up and running and is willing to work with the NLCB in so doing, and once the NLCB reaches out to them. So, on that basis, can I then ask for a time frame as to when we think—I am not sure that the question was asked before—we would actually have an approved strategic plan for the NLCB going forward?

Mrs. Durham-Kissoon: I am sorry, Chairman. That is directed to the Ministry of Finance?

Mr. Chairman: No, that is directed to the NLCB itself, Ms. Forde or Mr. Chairman.

Ms. Forde: Chairman, if I may? We expect that our strategic plan will be completed by the end of the

second quarter in calendar 2021.

Mr. Chairman: Thank you. Are there any other questions from members of the Committee on any of the other issues? I see Ms. Seepersad. Member?

Ms. Seepersad: Chairman, can you hear me?

Mr. Chairman: Yes, we can. Thank you.

Ms. Seepersad: Okay, thank you. Can I ask questions now on accounts receivable or you are still on the other topic?

Mr. Chairman: Ma'am, you could go ahead. We will come back to the other topics.

Ms. Seepersad: Thank you. I noticed that the implementation of the accounts receivable module is part of your integration of the financial and other systems as recommended by PwC. This was still in progress in January 2021. Can you tell us if this was completed or when will it be completed?

Ms. Dwarika: Member, the implementation of the AR module, we have completed our final testing this week and we are hoping to go live, at the latest, by next week.

Ms. Seepersad: I also note that the accounts receivable had not been reconciled ever. This is in your December 31, 2019, response. What is the effect of not doing this reconciliation?

Ms. Dwarika: Member, the accounts receivable has been reconciled. It was reconciled within the 2013 to 2017 period by PricewaterhouseCoopers. So we are now continuing the reconciliation.

Ms. Seepersad: So is it that the accounts are reconciled only up to 2017?

Ms. Dwarika: Up to 2017. We also did a tender for 2018 to 2020. So it will be continued very soon and then we will take over that reconciliation.

Ms. Seepersad: Forgive me. You are tendering for someone to do the reconciliation of the accounts receivable from 2018 to 2020?

Ms. Dwarika: No, this is part of the tender that we did for an accounting firm to do our accounts for 2018 to 2020.

Ms. Seepersad: And you said this is going to be finalized, when?

Ms. Dwarika: The reconciliation or the accounting firm?

Ms. Seepersad: Yes, sorry. The accounting firm and, by extension, your reconciliation.

Ms. Dwarika: Oh, well, we have already—the board has already approved an accounting firm to continue the financial—the preparation of the accounts for 2018 to 2020, and they should be able to start this month, March.

Ms. Seepersad: And the end date is when?

Ms. Dwarika: Six months from now.

Ms. Seepersad: So by the end of 2021, you would have everything up to date?

Ms. Dwarika: Yes, that is correct.

Ms. Seepersad: Okay. I am also looking at your defaulting agents. It seems you have some issues with defaulting agents. Can you give us an indication of what is the status of that? We are currently on a collection drive to recover all our outstanding moneys. This particular area is of priority to us for now. And I can probably give you a full update on that in writing, if this is required.

Ms. Seepersad: Yes, I will be grateful, and if you could let us know the amounts. Give us a comparison over, say, the last five years.

Ms. Dwarika: Okay.

Ms. Seepersad: So that we could know, you know, what is the trend in terms of delinquency. And last follow-up: Is there any legal action you are taking against your delinquent agents who are not paying?

Ms. Dwarika: Yes, we have been taking legal action against the long outstanding agents.

Ms. Seepersad: And what has been the result?

Ms. Dwarika: We have collected on a few. They are with two of our lawyers as well, external counsel.

Ms. Seepersad: Could you include that information in the report that you are sending as well, please?

Ms. Dwarika: Yes, I will do that.

Ms. Seepersad: Thank you. Thank you, Chairman.

Mr. Chairman: Just a follow-up on the very same issue, Ma'am, Madam Dwarika. There is an issue that was raised with me relating to the win tax. Agents have indicated that there seems to be some delay in accounting when it comes to payments that they would have been making and queries from the NLCB about them having made payments. That is a function of the accounts receivable segment that we are discussing now. It seems from the conversations I have had with individuals, that there seems to be a bit of a conflict between what NLCB is saying is money owed to them and payments actually having been made by dealers in settlement of those claims, particularly as it relates to the win tax. Is that a situation that has been recognized and identified by the NLCB? And is something being done to treat with that?

Ms. Dwarika: Chairman, I am not aware of a conflict regarding win tax and agents. The majority of our agents have paid on the win tax. I just have a few agents that are still outstanding.

Mr. Chairman: All right. This may be a specific issue, but I have been told that there are other similarly affected individuals who would have paid into the NLCB their win tax as required, but NLCB would still be writing to them, subsequent to that, as much as months thereafter, having not acknowledged the fact that they would have paid those taxes. The reason I am asking that is because you have indicated that you are going to be taking legal action. I just want to make sure that in taking the legal action, you are not yourselves, exposing yourselves to the other side of the liability where persons would have been pursued for an outstanding payment which may have already been made. I am not sure whether there is a difficulty in NLCB's electronic accounting, for lack of a better phrase.

Ms. Dwarika: Chairman, I think, we go through several processes before we get to taking legal action. There are several notices that go out, there is a final demand letter and there is a pre-action protocol letter. So, you know, I think we will be following the process according to our credit policy.

Mr. Chairman: Thank you, Ma'am. What I would do is I would relate to the individuals who would have raised this issue with me and, if possible, I would share their information with you to ensure that we do not have a situation where dealers are unnecessarily tarnished having kept their obligations.

Ms. Dwarika: Sure, that is fine.

Mr. Chairman: Members, any other questions in regard to the accounts receivable.

Ms. John: Yes, Chairman. Sorry for not putting on my mike, it is because I am doing some other work. But I wanted to know, in terms of how widely dispersed these agents are, can the head of accounts kindly just give us a sense of how many we have in terms of agents? Because I am seeing

that it was 30 listed in document as having defaulted. Is 30 the full figure or these are just the ones who are egregious in terms of their default issues?

Ms. Dwarika: These are agents who were put on payment plans who have defaulted. So these are just agents that are on payment plans with us.

Ms. John: But does it mean then that the default figure goes wider than the 30?

Ms. Dwarika: The default figure is wider than the 30. The 30 would have acknowledged their debt and agreed to pay back over a period of time. The others would probably not have yet come to us to negotiate a payment plan for them.

Ms. John: So then, what is the recourse position with the NLCB? Is it that you cut off their service or what do you do in the meantime?

Ms. Dwarika: Yes. Those that are still outstanding, their terminals are suppressed and we send them notices that the moneys are still outstanding and it is due for payment.

Ms. John: Sorry. Just one more thing. What do you mean the terminals are suppressed? Does it mean they still have access to some of the services available or they cannot get service there again, at all?

Ms. Dwarika: Yes, there is no service. They cannot sell through the terminals.

Ms. John: Okay, fair enough. All right. Yes, Chairman, thank you.

Mr. Chairman: Any other queries from committee members on the topic? We are dealing with accounts receivable, and we have now gone into agent relations. Members? Committee members? Member Amery Browne, I am reminded that you had your hand up. Thank you.

Dr. Browne: Yes, but it was not on this topic, Chairman. So once you are open for all other topics, I have two questions that are broader than the current topic under consideration. So just let me know when the opportunity presents itself for broader questions.

Mr. Chairman: Thank you, member. If there are no other questions in regard to agent relations and accounts receivable, may I now transfer over to Mr. Browne? Member Browne?

Dr. Browne: Thank you, Chairman, and good morning again. I have two questions. I would take them one at a time. The first, well, Chairman, you yourself mentioned we are in the age of COVID. We use the phrase “new normal”, but I do see persons lining up at some of the agents to participate in the products of the NLCB. I am just enquiring on the status of development of mobile opportunities. Lots of folks use their smartphones as well. How far advanced is the NLCB in offering to the public opportunities for further participation in mobile gaming and offering the possibility of increased revenue and reduced physical contact at the various points of purchase? So that is question number one, and when I get a response, I will move to question number two. And I understand a committee was set up to examine future possibilities for mobile application and I would like some further detail on the status of that.

Mr. Chairman: Would someone from NLCB care to respond, please? Chairman Nancis, I think you are trying to respond?

Mr. Nancis: On mobile gaming, Chairman and members, this is at the Attorney General’s Office to give us some guidelines on how far we can go and to make sure all the legal matters are in place. So this is at the committee stage and at the Attorney General’s Office, so I am advised.

Mr. Chairman: Thank you, chairman. Member Browne?

11.30a.m.

Dr. Browne: Thank you very much. I move on to my second question and I hope it is not seen in any way as a contradiction to the first; but this is the question: to what extent is the NLCB concerned about the phenomenon of gambling addiction? Is this a concern of the NLCB and to what extent has the board considered either donations to specific NGOs or entities that do work in the area of addiction and gambling addiction or the possibility of initiating support programmes for our nationals and citizens who may be predisposed or vulnerable to the phenomenon of gambling addiction among our citizens?

So I would just like a little insight into the thinking of the NLCB on gambling addiction and what may have been done and what may be contemplated in, you know, in other countries there is the concept of responsible gaming programmes and that is done by gaming commissions as well as even casinos, et cetera. So just a little bit of insight, I would appreciate on that.

Ms. Forde: Thank you, member, for the question. I can assure you that the NLCB is concerned about gambling addiction and at present we are developing—[*Technical difficulties*]—NGO towards a responsible gaming programme. I do not have the details of the programme with me at the moment but I am happy to submit it to the Committee if required.

Dr. Browne: If I may—I am sorry, and thank you for your response, I did not hear a key part of it. Is it that there is an NGO being developed or being supported? Just as you began the point, I understand that there is a responsible gaming programme that you would provide some details to the Committee which certainly I would appreciate, but just clarify where is this programme coming from and how the NLCB is supporting or rooted to this programme.

Ms. Forde: Sorry, member, we are partnering to begin with, with an NGO.

Dr. Browne: Are you in a position to give the name of the NGO, please?

Ms. Forde: Not at this time, member, but I am happy to submit it to you in writing.

Dr. Browne: Okay. I certainly would welcome and appreciate same. Thank you, Mr. Chairman.

Mr. Chairman: Thank you, member. Just to follow up on that topic as well, I am curious to find out how exactly that NGO was selected to partner with, is it that they made an offer? Has that offer been widened? I mean, in my thinking it would make more sense to have every possible NGO involved in this process that would have some role currently in treating with addictions and gambling addiction in particular. Is it that there is one entity or several entities that the NLCB is dealing with or have you finalized just this one entity based on some criteria?

Ms. Forde: Chairman, at the moment this is an NGO that has been working in the area of addiction before and they have all—[*Technical difficulties*]

Mr. Chairman: Okay, we seemed to have lost—Ms. Forde, if you may, just repeat what you said, we missed you for a few seconds.

Ms. Forde: Sorry. This NGO that we are working with, they have been working in the area of addiction. They have been making requests. The NLCB has worked with them in the past so we are starting with this one, however it does not debar us from working with any other NGO.

Mr. Chairman: I have a question from a member of the public; this comes to us by our services here. To the NLCB: what is the application process for businesses who seek to become NLCB agents and

is the process outlined in your website? I think the—Madam CEO.

Ms. Forde: Yes, are you hearing me?

Mr. Chairman: We seem to be getting a little technical difficulty, there seems to be a glitch where you are freezing at times. Did you hear the question or should I repeat it?

Ms. Forde: Businesses or individuals are free to write to ask to be an online agent. At the moment I cannot verify whether the process is on our website.

Mr. Chairman: Thank you. Just to highlight, I am very concerned about some of the things I am hearing today, specifically these two things that were just raised; services and sponsorship opportunities are not well known, the application process is not online, so there is clear need for NLCB to spend a little bit more time advising the public of what services they offer, what services the public can then access through the NLCB. So that is just a recommendation that a little bit more attention be placed on marketing, not just the games, et cetera, but the other services and access to the services and provisions that the NLCB has, including the sponsorships, advertising and even the process of applying for—engaging the NLCB from a business perspective.

Are there any other questions from Committee members on any other issues? We would open up the floor now on this same issue. Member Seepersad.

Ms. Seepersad: I just wanted to get a quick follow up on sponsorships and donations. When you sponsor or give funds for donations do you ask for any supporting documentation to confirm that the person or persons have purchased what they were supposed to purchase? Do you ask for audited accounts? Do you ask for receipts to validate that the funds that you gave were spent according to what was requested?

Mr. Chairman: Can the NLCB please respond?

Ms. Forde: I am sorry, member, I missed the question. I was cut off for a minute.

Ms. Seepersad: Sure, no problem. I was wondering when you disburse funds either for donations or sponsorship, are there requirements for audit purposes that persons or companies submit receipts—this is original receipts—and verified or audited statements to prove that they use the funds for the purposes for which they were given?

Ms. Forde: Thank you for your question. We do ask for supporting documents from persons who apply for sponsorship, however the NLCB does not make cheques out to individuals. So the person asking for sponsorship would have to have a bank account to make the cheque out to and we do follow up in terms of whether the programmes or activities were conducted.

Ms. Seepersad: Can you just explain what you mean by “follow up”? Is it documented—documents required, what sort of things? Do you do field audits?

Ms. Forde: Yes. Documents are required before and after or sometimes—let me make it simple—*[Technical difficulties]*—if you wish, let us say devices from a particular agency, we do make the cheque out to the business place for the equipment—*[Technical difficulties]* I am sorry, are you hearing me?

Ms. Seepersad: Sorry. I did not hear the end of what you said. Sorry.

Ms. Forde: Yes. If it is a specific item we may make the cheque out to purchase a particular item, but we do follow up in terms of whether or not an event happened or that the funds were used for the purpose that they were requested.

Ms. Seepersad: Thank you very much.

Mr. Chairman: So let us continue, please, I want to focus now on the topic of illegal gambling. Members?

Mrs. Gopee-Scoon: Chairman, I was actually going into that topic but I defer to you. Maybe you can start and I will join if I have additional questions.

Mr. Chairman: All right. At a previous session the NLCB has indicated that illegal gambling was in fact a major issue and that some action had been taken. I remember seeing newspaper articles as well advising that the NLCB has engaged in a marketing strategy advising where the fines, et cetera, for persons engaging in illegal gambling. The NLCB has also acknowledged, however that their initiatives have made very little impact and as a result we still have a significant amount of illegal gambling going on in Trinidad and Tobago.

I think it is a known fact that you can drive down most streets and find certain types of establishments engaged in illegal gaming using the NLCB's platform for determining winning numbers. The TTPS itself had confirmed that it partners with the NLCB on an ongoing basis in gathering and sharing information, but there seems to be a significant failure on the part of the relevant agencies to cease this practice of illegal gambling. Has the NLCB initiated outside of the marketing, which did not really make much of a difference any—did the NLCB engage any other type of activity to frontally challenge illegal gambling in this country?

Ms. Forde: Chairman, the NLCB is certainly concerned about our market share—[*Technical difficulties*]
—planning session. So perhaps we will be able to inform you as to what other ideas or objectives or goals we would have developed at the end of that process.

Mr. Chairman: Madam CEO, can you give us idea—I am sure that some research must have been done by the NLCB—of the value of revenue lost to the NLCB via illegal gambling?

Ms. Forde: Chair, yes, we would have done—[*Technical difficulties*] we do have an idea of the value, however I do not have those figures at hand—[*Technical difficulties*]
—at a later time.

Mr. Chairman: I look forward to you presenting same but we would then agree though that it is a significant sum?

Ms. Forde: We have lost a lot of market—[*Technical difficulties*]
—Chairman, so we—[*Technical difficulties*]

Mr. Chairman: All right. Madam CEO, we seem to have some difficulty hearing you on this end, your screen seems to be freezing quite a bit. I do not know if any of your other colleagues might be able to provide any of the information that we are requesting now. Specifically, I know we have asked for an estimate but does anyone have an estimate of the amount of money we are losing to illegal gambling? Madam Dwarika.

Ms. Dwarika: Chairman, I do not have those numbers with me. We can possibly provide it to you at a later date.

Mr. Chairman: All right. At a previous session the NLCB had indicated that it was considering hiring its own security for treating with this issue of illegal gambling, can you advise what is the status of that initiative?

Ms. Forde: Chair, this and other aspects will be discussed at our strategic planning session to determine the best way forward in dealing with illegal gaming—[*Technical difficulties*]

Mr. Chairman: Thank you, Ma'am. The reason I am raising the issue is because we will all accept that it is a significant amount of money being lost to the NLCB and to the Government of Trinidad and Tobago via illegal gambling, so much so that I think it is, especially in these difficult times, critical that this form part of a priority approach by NLCB, the TTPS, the Ministry of Finance and any other agency related to this practice of illegal gambling.

I think an agency of some sort must be set up expeditiously because this is not a today event. This has been happening for a long period of time. I do not know if the Ministry of Finance or the NLCB can take this on as a priority initiative to stop illegal gambling in this country and stop the deprivation of millions and hundreds of millions over the years, and maybe even much more than that from being lost to the Treasury. Just to highlight the point, if NLCB's revenue from gaming is \$2billion and you know that you have lost a significant market share and that is \$2billion per year—\$2 billion-plus per year, you know that illegal gambling is then receiving a substantial amount of money that does not re-enter the system legitimately.

So can I suggest that both the NLCB and the Ministry of Finance partner a little bit more aggressively with TTPS and other entities, whichever other entities we can find to make sure that this scourge of illegal gambling is addressed as a matter of priority as opposed to waiting until we discuss it in the strat plan.

Ms. Forde: I acknowledge your recommendation, Chair, and we will take it in stride.

Mr. Chairman: Member Scoon, you said you would have some other queries that you may want to raise on the issue so illegal gambling?

Mrs. Gopee-Scoon: Chairman, you have pretty much covered it all, but I would want to get from you, and if you cannot give me now perhaps you could put it in writing, where are you in the global standing with regard to illegal gambling? Because my understanding is that about 10 per cent of your revenue is lost which is quite substantial, but I know that it is a scourge that is right throughout the world. I would like to know where you are in terms of the global standing. You must, I assume, be benchmarking yourself against other entities throughout the world. Can you answer? If not, I am okay with you submitting something in writing.

Ms. Forde: Thank you, member. I will commit to submitting it in writing to you. I do not have the data at hand.

Mrs. Gopee-Scoon: Good. But, Chairman, as I have the floor may I ask, with regard to the draft risk management policy which was supposed to have been submitted to the board for approval and which should have been granted by the end of first quarter, 2021; I would imagine it is already prepared and has gone to the board. Please, give me the status.

Ms. Forde: Member, the policy is still being reviewed but it will be submitted to the board at the meeting at the end of March.

Mrs. Gopee-Scoon: And I would assume that the policy would include a risk management training initiative that must go alongside. I would imagine the policy would include that aspect as well.

Ms. Forde: Yes, member, you are correct.

Mrs. Gopee-Scoon: And as I have you—please, finish. Sorry.

Ms. Forde: No, I am finished.

Mrs. Gopee-Scoon: Okay. As I have you, I also was concerned about the status about the recommendation by PwC that NLCB should recruit an audit manager, has this been—I know that you had sent out an RFP for the services of a recruitment agency and so on, and that would have been evaluated since December. Where are we? What is the status of this recruitment initiative for this most important function of internal audit?

Ms. Forde: Member, the recruitment agency was approved last month and before the end of April we should have the audit manager and the other critical positions that are vacant.

Mrs. Gopee-Scoon: Nonetheless, I am aware that there is—I think you may have addressed it on the last occasion, that is what is called an internal audit charter and that you had not completed the 2020 charter. It had not been reviewed on account of COVID. COVID has caused a lot of delay in many areas, but where are we now with the approval of internal audit charter? Which version are we using to guide the internal audit function?

Ms. Forde: We are currently reviewed 2020 and it is being updated for 2021, member.

Mrs. Gopee-Scoon: Okay. So you are reviewing 2020, so what guided your actions in 2020? What internal audit charter did you use to guide your internal audit function in 2020?

Ms. Forde: The previous charter was approved by the board in 2019, we had continued to use that.

Mrs. Gopee-Scoon: Okay. All right. So you used the old one and you are updating the 2020 into our 2021, what is this relationship—and please forgive me, I am very naive in this area, what is this relationship between the internal audit charter and this audit activity plan?

Ms. Forde: I am sorry, member, could you just repeat the question?

Mrs. Gopee-Scoon: I said that I—forgive me because I am a bit naive in this area but I would want to understand that this internal audit charter is prepared and I want to get a clear understanding of the relationship between the internal audit charter and the actual audit activity.

Ms. Forde: The audit activity plan, member?

Mrs. Gopee-Scoon: Yes.

Ms. Forde: Yes. So that identifies the work of the internal audit for the year, however the audit committee, we have not had an audit committee. We do not have a convener for the audit committee so that has not continued.

Mrs. Gopee-Scoon: But I would imagine that this is quite a priority and that NLCB should be taking action to ensure that this kind of activity is prioritized.

Ms. Forde: Yes, member, however we are short one board member at the moment and we are awaiting a board member so that we can continue or then we will have to reorganize.

Mrs. Gopee-Scoon: Are IT audits being performed as part of the internal audit function?

Ms. Forde: Not at the moment, member. We do require training in this area and that is one of the activities we hope to complete before the end of this fiscal year.

Mrs. Gopee-Scoon: So is it that you do not have the required skills? Is it not that you are confirming, you do not have the necessary skills to enable these IT audits? And I mean, is that a priority for now for instance, so that you could integrate the IT audit into the internal audit function?

Ms. Forde: Yes, member, I am confirming that we do not have the required skill at present, however it is a priority and we are ensuring that we get the skills through training of the members of the audit,

internal audit department.

Mrs. Gopee-Scoon: You know, I see this as a very important function so could you put a timeline to this, when these required skills would be developed and when would measures be implemented to develop them, and so on? Could you give a timeline because this is a priority area?

Ms. Forde: Yes, member, I have committed to ensuring that the training is done before the end of fiscal 2020—2021, I am sorry. [*Technical difficulties*] So within the next two quarters we will be conducting the required training.

Mrs. Gopee-Scoon: But you are talking about recruitment and training because you do not have the required—do you have the required personnel?

Ms. Forde: The auditor, we have an internal auditor. We do not have an audit manager. We have an internal auditor and there is—yes.

Mrs. Gopee-Scoon: Okay. All right. I just again, once again, would reiterate the importance of these IT audits and your overall audit structures, you must prioritize these. These must be brought up to date.

Ms. Forde: Thank you, member, for your recommendation. I acknowledge and note it.

Mrs. Gopee-Scoon: Thank you.

Mr. Chairman: I want to follow up on that, a follow-up question on the issue as well. I want to ask the Permanent Secretary in the Ministry of Finance to weigh in on this particular issue if you may, please. This issue of audit is a very troublesome one given that we are dealing with \$2billion-plus in expenditure and revenue per year, can you advise what the role of the Ministry of Finance has been in terms of getting this audit function up and running as quickly and efficiently as possible?

Mrs. Durham-Kissoon: Chairman, a couple of months ago, probably more than a year we had issued a circular to all state enterprises and statutory boards that the internal audit function is necessary because the Ministry of Finance, as you and member Gopee-Scoon are saying, the internal audit function is critical to providing management with the assurance that procedures and policies are being followed as required. With respect to NLCB, they have, as Director Forde has indicated, that is on their list of positions to be filled. I am not sure of the priority but it is a critical area that the Ministry of Finance had cause to issue a circular a couple of months ago.

Mr. Chairman: Thank you, Ma'am. As we are on the topic of hiring of personnel, et cetera, I note that the NLCB has been engaging quite a few entities, individuals and companies, is there a procedure or protocol for the employment of staff, staffing on contract at the NLCB? Are they required to, as regular institutions advertise vacancies, et cetera, for positions that become available at the National Lotteries Control Board?

Ms. Forde: Yes, Chairman. We do advertise vacancies when they arise.

Mr. Chairman: So just for my clarification, in the event that we have vacancies in the Communications Department, would that vacancy have been advertised publicly? And if it was, what then is the process, somebody applies and a recruitment agency is hired to review or is that done in-house?

12.00 noon

Ms. Forde: Chairman, the NLCB has two categories of staff. Those that are employed by the

Statutory Authorities Service Commission, they do the advertisements and interviews for those positions, and for the contract positions at NLCB, in this instance, we have hired a recruitment firm who will be doing the advertising, the interviewing and the selection of the persons.

Mr. Chairman: Thank you, Madam CEO. Can you provide the Committee with an indication of how many contract officers are currently employed by the NLCB? So this would be outside of the persons who are hired by Statutory Authorities Service Commission. I am looking specifically at the contract officials. At this point I am just searching for a number. At a subsequent time I will want to ask some more detailed questions.

Ms. Mollino: We currently have 20 persons on contract.

Mr. Chairman: Can I ask then, how are those positions determined? How do we decide that we need to have a particular individual—well, not a particular individual, but a particular post, a particular kind of criteria filled? How do we decide, for example, that we need to have a communications expert on crisis management? Just for a lack of a better option, just to throw out an option.

Ms. Forde: Chairman, the board—[*Technical difficulties*]

Mr. Chairman: I think I have lost somebody who is trying to comment on it. What I am trying to gauge is how do we decide that we need a particular field of expertise at the NLCB, and then how do we go out for procuring that field? Let me help by directing the question to Madam CEO. [*Silence*] All right, I think the CEO's screen has frozen. Chairman, would you be able to assist? How do we determine at the NLCB that we need a particular skill set that the current establishment does not have and therefore we need that skill set, and how do you procure it? [*Silence*]

Ms. Forde: Chairman, are you hearing me?

Mr. Chairman: Now I am yes, thanks.

Ms. Forde: My statement is the board sets policy in general. There is usually an HR committee, and when we determine what the policy direction of the organization is, then we would send a list of positions required to the Ministry of Finance for forwarding to the Cabinet. We would get Cabinet approval and then the CPO would then determine terms and conditions.

Mr. Chairman: Thank you, Ma'am. So clarification—so all contract officers currently at the NLCB would have received—their terms and conditions and employment, et cetera, would have been approved by Cabinet?

Ms. Forde: Contract employees yes, that is the procedure. By the CPO, I am sorry.

Mr. Chairman: Can I ask then, Ma'am, that you submit a list of the contracts, the persons engaged in those contracts, dates of advertisements, dates of interviews, et cetera? I would not necessarily need the names of the individuals who applied, but definitely the name of the individual who secured the position, and their terms and conditions, if that is possible, Ma'am.

Ms. Forde: Yes, Chair, I will submit the information.

Mr. Chairman: All right. Out of an abundance of caution, given the amount of things that happened, that we asked for today, even yesterday, may I ask for a time frame within which that would be supplied?

Ms. Forde: Two weeks, Chairman.

Mr. Chairman: Two weeks?

Ms. Forde: Yes, please.

Mr. Chairman: Thank you, Ma'am. Other members of the Committee, are there any other questions that we would want to raise at this point?

Mrs. Gopee-Scoon: Chairman, on the last occasion we would have spoken about the manpower planning audit and so on, and I would have been particularly interested as well, in addition to the audit staff being brought on board. I was also concerned about the legal, because I think they were contracting out the services and, of course that is more costly. Then they also said, and I picked up, that on account of not having the full requirements of legal personnel, that it was holding back the development and approval of their non-disclosure agreements, the drafting of the conflict of interest policy, establishment of enterprise-wide set of ethical benchmarks.

So there is work to be done, and work that is aligned with this institution being an ethical one and so on, and one that is transparent and accountable and so. What is the timeline for getting this legal officer on board? I cannot imagine that there would be so much difficulty with recruiting a legal officer when there are so many locals being trained annually through our local system. What is the timeline, what is the difficulty? Are you pursuing it, please?

Ms. Forde: Yes, member.

Mr. Chairman: Ms. Mollino, would you want to weigh in on this issue?

Ms. Mollino: As we would have mentioned previously, the decision in terms of—[*Technical difficulties*]*]*—in terms of a recruitment agency that would have been hired to do that process and all of that, would be completed—possibly by the end of April we should have all of those positions filled.

Mr. Chairman: Member Gopee-Scoon, you have a follow-up?

Mrs. Gopee-Scoon: No, in addition to the work that they are going to present to us pretty soon, I would like them to give a follow-up at the end of April, with regard to this entire human resource supply concern. So I would like the confirmation that you are, in fact, have improved on all of these gaps that exist in terms of your human resource capacity, including of course your legal, your audit, et cetera. So if you can let us know by the end of April where you are with all of these.

Ms. Mollino: Certainly, thank you.

Mrs. Gopee-Scoon: Yes, thank you.

Mr. Chairman: Members, I want to turn now to the relationship between IGT and NLCB, just to spend a few minutes exploring that relationship. Can NLCB confirm that the extension has been completely signed off and is already in place? [*Silence*] Madam CEO, can you confirm that the NLCB's arrangements, the extension of the contract with IGT, has been finalized?

Mr. Nancis: Yes, Chairman. Chairman?

Mr. Chairman: Yes, Chairman.

Mr. Nancis: Yes the contract has been fully signed and endorsed, and in force from tomorrow, the 11th.

Mr. Chairman: Thank you, Chair. I note in the notes that I have here, I was advised that upon entry into the fifth amendment of our contract with the IGT, the IGT was unwilling to engage in other discussions outside of the contract renewal. My notes indicate that it was suggested to the board that they seek professional advice in conducting such negotiations in the future. That is negotiations with

IGT and, presumably, other entities as well. Can you advise whether the board has in fact pursued or procured any such additional negotiating capabilities?

Mr. Nancis: Chairman, at this point in time, the contract is duly signed, and we at this point in time have not engaged in any further discussion on that.

Mr. Chairman: All right. At your last meeting you indicated that the new extension, well, I guess it was referred to, it was referenced then as a new contract, presumably because there was some kind of negotiation on the fee structure, and that fee structure would have led to some sort of savings of over \$100 million over three years. I saw the media also carried that information. So that going forward there is an estimate that because there is a downward reduction in the fee structure to IGT, the country will now benefit from an additional revenue stream. Is that correct? Well, not additional revenue stream but an expanded revenue stream?

Mr. Nancis: Saving, Chairman. We will have a saving of \$100 million over the next three years.

Mr. Chairman: Can you then indicate—that is based, I am assuming, on the revised fee structure?

Mr. Nancis: Yes, Chairman.

Mr. Chairman: Just tip me off a little bit please, if you do not mind, on what the difference is now compared to what it was before?

Mr. Nancis: Previously we were paying 6.75 per cent. As from tomorrow we are paying 5.6 per cent for the first year. The second year, 5.3 per cent, and the third year, final year, 5 per cent. So an overall average saving of 5 per cent over the next three years.

Mr. Chairman: How does that match with industry standards? I am aware that in other countries, in Jamaica in particular, the same players are involved with a different kind of numbers.

Mr. Nancis: International benchmark—we looked at what kind of fees the international benchmark is paying, and therefore it goes within the range of 4 and 5 per cent. We could have managed to get it down to 5 per cent.

Mr. Chairman: Is that fee structure that we are looking at now, going to form part of your—maybe it is a bit presumptuous but would it form part of your RFP considerations?

Mr. Nancis: Chairman, that is true, because we have to go into a new three-year RFP, we have to complete in the next 18 months, enable to prepare us for the year 2024 and beyond. So, therefore, when we go out for the new RFP, we then look at better numbers and better figures at this point in time.

Mr. Chairman: Thank you, Chair. Any other questions from colleagues? Member Seepersad.

Ms. Seepersad: Chairman, I was looking at information communications technology, and I am wondering when will the NLCB be reviewing the ICT policy, because ICT is the backbone of NLCB, let us face it. It is an IT company really. Also I am concerned about the network security policy, because those are key policy documents that are fundamental to the operations of companies such as NLCB.

Ms. Forde: Those policies are being reviewed at the moment. They should be submitted for board approval by the end of March.

Mr. Chairman: Thank you. I want to go back to this issue with IGT. In my notes again I am advised that IGT—that there were several outstanding reports requested by the NLCB from IGT, including

the report on the automation of the calculation of agent debt interest which we are expected to receive by the end of 2021. I have two questions relating to that: Whether these reports were actually received, and what other reports requested by NLCB from IGT have not yet been received and why? Madam CEO, you have the floor.

Just to remind—the question is that there are several reports requested by NLCB from IGT, including the one relating to the automation of calculation of agent debt interest which was supposed to have been received by January 2021. My question is whether that report has been received, and what were the other reports requested of IGT which have not yet been received and why.

Ms. Forde: We have received the other reports. The outstanding report is the one on the calculation of agent debt interest. We expect to have that one by the end of this financial year.

Mr. Chairman: Is there a specific reason for why this is taking so long?

Ms. Forde: Sure, I would let the Finance Lead Consultant answer.

Ms. Dwarka: Chairman, I can respond to that. We had asked them for at least 10 reports, three new reports and seven augmented reports. So that took quite a while to get it done. So we have received those already in February, and this one is the last one in the batch to be completed. It will take a little time to get done. So we are hoping to finalize it by the end of this financial year.

Mr. Chairman: Thank you, Ma'am. Following up again with regard to the questions with the contracts and the issues with IGT. PwC had recommended that the contract with IGT be reviewed to ensure that existing terms and conditions match the current and future expected needs of the NLCB, including the need for the NLCB to have a right of audit to the IGT systems and processes, which govern the successful operations of its lotteries.

Well, the question to NLCB: Was the contract with IGT reviewed to provide the NLCB with a right to audit the IGT's systems and procedures? Chairman, would you be able to assist?

Mr. Nancis: Mr. Chairman—

Mr. Chairman: Proceed please, Chairman.

Mr. Nancis: At this point in time, Chairman, those are items that we are looking forward to go into with the new RFP, at this point in time.

Mr. Chairman: Is it then that we would have had someone assigned at NLCB to fulfil that role in the meantime?

Mr. Nancis: Yes, Chairman. IGT meets with NLCB on a monthly basis and therefore we would—at operation committees we would look into those things and see how best we can resolve and work with them on that matter.

Mr. Chairman: So that this did not form part of the negotiations that were just concluded for the new extension, the new contract?

Mr. Nancis: No, Chairman.

Mr. Chairman: Back to the issue again. I just want to highlight that. So therefore, we cannot depend on IGT to give us the information, we must have somebody in-house auditing for our benefit. Is it that somebody is doing that at this point?

Mr. Nancis: IGT has to report to the committee of the National Control Board who report on a monthly basis to us, and therefore we review those things internally.

Mr. Chairman: All right, moving forward. What is the status to date of the RFP? I know that we had agreed at some point that we were going to go out for an RFP. Has any process—procedures, rules, regulations, initiatives been put in place to initiate that pursuit of an RFP, or are we going to wait until it becomes a little too tight for comfort and we end up in a sole selective situation again?

Mr. Nancis: Chairman, at this point in time no action is taken based on that. At this point in time no action on that has been taking place because the contract is going to be renewed maybe by the 11th of March which is tomorrow, and therefore we cannot pre-empt and we cannot do something before. Then after we can now go into negotiation.

Mr. Chairman: Madam PS, I know that the Ministry is not a party to the negotiations between NLCB and IGT. I want to know if the Ministry actually has any sort of—if you have provided any advice, guidance of any sort to the NLCB regarding the conduct of an RFP, before it engages any other entity or before it had—in fact, there are two parts to this question: Whether the Ministry provided any guidance during the negotiation with IGT for the current extension that is now being implemented, and whether the Ministry intends to provide any other form of guidance, or any kind of guidance, for the conduct of the RFP going forward.

Mrs. Durham-Kissoon: Chairman, the Ministry of Finance, while it monitors the NLCB, the negotiations with a contracted party, the Ministry of Finance would not insert itself in that process. So the short answer is no. The general principle which we uphold for any sort of procurement is in the State Enterprises Performance Monitoring Manual. Now, the NLCB having its own Act is not mandated to follow that policy, but it is the corporate governance policy document that we uphold, that can be looked at for guidance.

Mr. Chairman: Thank you, Madam PS. Other members of the Committee, do we have any additional questions for NLCB and/or the Ministry of Finance?

Ms. John: Yes, Chairman, please.

Mr. Chairman: Thank you, Madam John.

Ms. John: All right. Chairman, I just wanted to go back maybe—I do not know if it is to make a comment or to make a request here. But the accounts receivable figures, I mean the NLCB, I think they have 12 per cent of the business of the overall market which puts them about \$2.8 billion, but that is your top line. I recall seeing the bottom line, which is still thin. When you look at what they give out in sponsorship, that is still nice and robust in a lean period, so that is very nice.

What I am concerned about, I think the response was very carefully worded, that they have payment plans where it is some number of their agents, but that is not the full picture of the receivables. I think we had in the report that this whole issue of accounts receivable was never reconciled. This could not only have come out of the COVID period, where people would have asked for payment plans, et cetera, and to make delayed payments. So it must be that there is something here in the accounts receivables, that scenario. I do not know whether—well, we should kind of look to get some kind of written answer on as complete a picture as we can get, and basically it cannot be dependent on the implementation of the accounts receivable module. There must be some sense of it because I think one would want to tidy up that area going forward, particularly as they are trying to bring their accounts up to date.

Then there was a bit of the conflict of interest, that there is still no policy, in that, one needs in a company particularly—in every company you need that, but more so in a company such as this. You need to have your conflict of interest policy, which is enforced and reinforced. This has to be part of the apparatus, the administrative apparatus in the NLCB. Yes, Chairman, that is it.

Mr. Chairman: Thank you, member John. Other members of the Committee, do we have any other questions for our guests today? [*Silence*]

Then it falls upon me to thank you all very, very much. I want to thank personally the members of the Ministry of Finance and the NLCB on behalf of the Public Accounts Committee for your attendance here with the last couple of sessions, and provision of information. We remain very concerned that several matters remain outstanding but we are reassured that you would pursue aggressively the provision of same to the Committee for further use, and in particular the financial statements to be updated.

This is a significant company with a substantial amount of funds and confidence that the Government of Trinidad and Tobago has in it as an entity, and that the people of Trinidad and Tobago have in it as a business operation. I want to assure you that this Committee will meet with you again, not on this particular financial period, but in the anticipation that you would have submitted your financial years from the 2013 going forward, to the relevant entities and that it would be laid soon in the House so that we would treat with more current activities as they come forward.

I can also assure you, both the Ministry of Finance and the NLCB, that your Committee proposes to cast a very keen, observant, interested eye on the operations of NLCB going forward, particularly as we are engaged in this RFP, but more on that when we meet next time.

Again, I thank you all very, very much. Be safe, thank you all so much for your contributing, much, much appreciated. Stay well, be safe. Thank you all.

12.26p.m.: *Meeting adjourned.*