



Government of the Republic of Trinidad and Tobago  
**Ministry of Housing and Urban Development**

**Response of the Ministry of Housing and Urban Development to the Sixth Report of the Public Accounts (Enterprises) Committee into the Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the East Port of Spain Development Company Limited for the Financial Years 2012 and 2013**

**Background to the Response:**

The Audited Financial Statements for the Financial Years ending September 30, 2012 and 2013 of the East Port of Spain Development Company Limited (EPOS), were examined by the Public Accounts (Enterprises) Committee PA(E)C at a public hearing on March 2, 2022.

The Report of the Committee's findings and recommendations was submitted to the Minister of Housing and Urban Development, as the Minister with oversight for the EPOS, 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.

Following, is the Ministry of Housing and Urban Development's response to the Sixth Report of the Public Accounts (Enterprises) Committee into the Examination of the Audited Accounts Balance Sheets and other Financial Statements of the East Port of Spain Development Company Limited for the Financial Years 2012 and 2013.

Item	Issue	Recommendations of the Public Accounts (Enterprises) Committee	Actions taken by the Ministry of Housing and Urban Development / East Port of Spain Development Company Limited
1. Page 17	Status of Outstanding Audited Financial Statements	<p><b>The Ministry of Finance should submit a status update on the submission of the 2014 to 2017 audited financial statements to the Parliament no later than September 09, 2022.</b></p> <p><b>EPOS should submit a status update and an action plan to reduce risk of additional delay on the completion of the 2018 to 2021 audited financial statements to the Parliament no later than September 09, 2022.</b></p>	<p>The recommendation is noted.</p> <p>The Third Draft of the 2018 Audited Financial Statements, was submitted to EPOS by the Auditor on July 29, 2022, for approval by the Board. Upon review, it was returned to the Auditors for recommended changes. The Second Draft of audited statements for 2019 and 2020 are expected to be completed by the Auditors for submission to the Board by September 9, 2022.</p> <p>The field work for the 2021 audit commenced on Monday August 8, 2022. The first draft of the Audited Financial Statements for 2021 should be completed and submitted to EPOS by September 30, 2022.</p>
2. Pages 18-19	Staff Retention and Recruitment Challenges	<p><b>The MHUD and EPOS should request a status update inclusive of reasons for any delay from the HRAC on its decision to approve EPOS' revised organisational structure and proposed compensation packages. Once received the MHUD and EPOS must submit a status report to Parliament by September 09, 2022</b></p> <p><b>EPOS should provide a plan to assist EPOS in establishing an appropriate staffing mix in the next six (6) months to deal with the shortage of</b></p>	<p>MHUD submitted a letter dated August 29, 2022 to the Secretary to the Human Resource Advisory Committee; as a follow-up to a letter dated August 9, 2022 sent by EPOS requesting an urgent update on this matter. HRAC response is pending.</p> <p>EPOS has conducted a comprehensive Strategic Human Resource Assessment and has revised its Organisation structure.</p>

		<p><b>personnel while awaiting a response from the HRAC.</b></p> <p><b>EPOS should develop a succession plan so that the company’s departments will continue to run smoothly when experienced employees move on to new opportunities submit an update to Parliament by September 09, 2022.</b></p>	<p>Pending approval from the HRAC for the revised structure and associated compensation package, EPOS has identified the key vacancies to be filled and has commenced recruitment to fill those vacancies.</p> <p>In circumstances where previous recruitment efforts have failed due to the unattractive and below market level compensation, EPOS proposes to fill those vacancies through short-term (less than one (1) year) service provider contracts pending a response from the HRAC.</p> <p>The vacant position of Projects Manager was filled in July 2022. Currently, recruitment is underway to fill the following vacant positions:</p> <ul style="list-style-type: none"> <li>i. Projects Supervisor</li> <li>ii. HR Officer</li> <li>iii. Data Analyst</li> <li>iv. IT Analyst</li> <li>v. Procurement Officer</li> <li>vi. GIS/CAD Technician</li> </ul> <p>This process is targeted to be finished by September 30, 2022.</p> <p><i>Additional information is at <b>Appendix I</b></i></p> <p>EPOS Succession Plan is attached at <b>Appendix II</b></p>
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<p>3. Page 19</p>	<p>Impact of Covid-19 on Development Projects</p>	<p><b>EPOS should submit a status update on the initiatives the company implemented to ensure that each developmental project affected by the rising cost of raw materials was completed on time and within budget to Parliament by September 09, 2022.</b></p>	<p>EPOS uses the FIDIC form of contract. Procedures for dealing with Projects affected by cost escalations during the life of a project are specified. EPOS follows these procedures. Contractors may submit a claim for cost escalation, with supporting documentation, to be considered and approved by EPOS' Management and Board, if justified. Escalation in the prices of raw materials should be absorbed solely by the contractor.</p> <p>The initiatives implemented by EPOS to ensure that projects are completed on time and within budget included:</p> <ul style="list-style-type: none"> <li>• Discussions were held with contractors and they have agreed in writing to maintain and execute works at an agreed cost despite potential increase in market prices, which will assist EPOS in maintaining its budget. Considerations are also being made for the development and inclusion of a price escalation clause in the tender documents, which will allow for the appropriate sharing of cost increases with the contractor.</li> <li>• Contractors are encouraged to submit claims for interim payments in a timely manner. This seeks to avoid delays in receiving payments, which subsequently reduces delays in project progression and the associated increase in market prices. However, delays in the disbursement</li> </ul>
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<p>4. Page 20</p>	<p>Improving Operational Synergy between the EPOS and MHUD</p>	<p><b>The Committee commends the collaborative efforts made by the MHUD and EPOS to improve the operational synergy and communication between MHUD and EPOS.</b></p>	<p>The endorsement is noted.</p>

<p>5. Pages 20-21</p>	<p>Development Programme Funding Challenges</p>	<p><b>The MHUD and EPOS should submit an update to Parliament by September 09, 2022 on whether the challenges with the lack of funding have been resolved and provide a status report on whether the company was able to execute its projects.</b></p>	<p>EPOS continues to experience delays in receipt of funds to settle contractor claims. Implementation of programmes was delayed in some instances due to the delays in receiving mobilization payments to start new projects and in settling interim payment claims to progress ongoing projects.</p> <p>A List of Projects for 2021-2022 with Status and Expenditure is attached as <b>Appendix III</b></p>
<p>6. Pages 21-22</p>	<p>Improving the Clarity of Contract Documents</p>	<p><b>EPOS should submit a status update on initiatives taken to improve the clarity and simplicity of its contract documents and the revisions to the evaluation criteria proposed by the OPR to Parliament by September 09, 2022.</b></p>	<p>EPOS is in the process of developing a contract system and evaluation criteria to ensure that:</p> <ul style="list-style-type: none"> <li>• Consideration is being given to discontinue requesting certain financial documents from contractors for which they have considerable difficulty in providing, such as audited financial statements. Instead, they will be asked to supply more accessible documents such as bank letters.</li> <li>• Specifications are being streamlined to be more representative of the project under consideration, since removal of unnecessary specifications will reduce the contract document length and facilitate easier perusal and understanding by contractors.</li> </ul> <p>EPOS prepared a revised draft and held discussions with the Office of Procurement Regulation (OPR) on August 16, 2022. The</p>

		<b>EPOS should submit a status update on finalizing the special handbook and guidelines in line with the OPR’s model.</b>	document is to be finalized and submitted to the OPR for review by September 15, 2022.
7. Page 22	Quantifying the Achievement of Strategic objectives	<b>EPOS should submit a status update to Parliament by September 09, 2022 on the development and inclusion of quantitative indicators to measure progress on achieving strategic objectives and outcomes outlined the new Strategic Plan for the period 2020 to 2023, i.e. subsequent to approval by the Company’s Board of Directors.</b>	See details attached at <i>Appendix IV</i>
8. Pages 22-23	Documentation of Project Evaluations	<b>EPOS should submit a status update on the development and implementation of an operations procedures manual to properly and formally document project evaluations to Parliament by September 09, 2022.</b>	<p>EPOS received the following revised manuals from the Consultants on August 16, 2022. They will be submitted to the Board for approval at its September Meeting:</p> <ul style="list-style-type: none"> <li>• Operations Field Manual for Construction Works</li> <li>• Operations Manual for Construction Works</li> </ul> <p>Systemic and methodological evaluation of the ongoing projects is currently being executed by project officers through the use of a recently standardized daily Project Report Form. Final evaluation is also being improved upon using a revised Project Completion Report Form, which allows for better evaluation of projects upon completion.</p>



<p>9. Page 23</p>	<p>Integration of Risk Management Recommendations</p>	<p><b>EPOS should submit a status update on the risk integration of the internal auditors' recommendations to each functional area of the company's activities as well as a timeline for the implementation of same to Parliament by September 09, 2022.</b></p>	<p>EPOS had addressed all project management related issues except for one, based on the recommendations of the Internal Auditors. The final item, consistent implementation of project closeout procedures, is currently being expedited through the review and development of required documents such as:</p> <ul style="list-style-type: none"> <li>• Lessons learnt registers</li> <li>• Project completion report</li> <li>• Contractor evaluation form</li> <li>• Standardized approaches for project close-out meetings</li> </ul> <p>The achievement of this final deliverable is anticipated to be implemented by end of September 2022.</p>
<p>10. Page 24</p>	<p>Outsourced Internal Audit Function</p>	<p><b>EPOS should provide a status update on the approval of its organisational structure to Parliament by September 09, 2022.</b></p> <p><b>MHUD should submit a status update on approval of an Internal Auditor on EPOS' organisational structure to Parliament by September 09, 2022.</b></p>	<p>The organizational structure is still under review. The decision from the HRAC is still pending.</p> <p>The position of Internal Auditor is still pending approval from the HRAC.</p>

<p>11. Pages 24-25</p>	<p>Strategic Plan Tendering Process</p>	<p><b>EPOS should supply an explanation on why sole tendering was the preferred procurement process used to select Definitive Management Solutions as the consultant engaged for a critical document such as the company’s Strategic Plan, given that the Balance Scorecard Methodology is not unique to the selected company by September 09, 2022.</b></p> <p><b>Going forward, if the need arises to outsource consultancies using sole select tendering, EPOS should verify with the OPR on the conditions necessary to justify/satisfy a sole select tendering procurement process until EPOS’ special handbook and guidelines are finalized with the OPR.</b></p>	<p>EPOS recognized the need for assistance in reviewing and updating its Strategic Plan with more focus on integrating a strategic management and performance measurement system. Discussions with the Consultant revealed an alignment with EPOS’ desired approach.</p> <p>In hindsight, EPOS could have sourced quotations from other firms but opted to proceed with the firm Definitive Management Systems.</p> <p>Subsequent phases of implementation of the Balanced Scorecard Methodology were deferred pending completion of the Strategic Plan 2020-2023. The Corporate Scorecard will be undertaken in full compliance with procurement guidelines outlined in the new procurement legislation, which is still to be proclaimed.</p> <p>EPOS’ commitment to fill the vacant position of Procurement Officer will ensure that Management is properly advised of the appropriate procurement procedures to be followed.</p> <p>The recommendations of the Committee are noted.</p>
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12. Page 26	Latrine Removal Programme	<b>The Committee commends EPOS for the implementation of its Latrine Removal Programme and the other activities the Company undertakes to improve the general quality of life for residents in the East Port of Spain area.</b>	The endorsement is noted.