

RDLG (17)1  
RDLG: 27/7/4  
January 3, 2017

**NOTE FOR CABINET**

**Palo Seco Agricultural Enterprises Limited Administrative Report  
for the period October 1, 2014 to September 30, 2015**

The matter for the consideration of Cabinet is the Administrative Report in respect of the Palo Seco Agricultural Enterprises Limited (PSAEL) for the period October 1, 2014 to September 30, 2015.

2. In accordance with section 66D of the Constitution (Amendment) Act 1999, all Government Ministries are required to submit to the President before July 1<sup>st</sup> annually a report on the exercise of its functions and powers in the previous year. In this regard, the Ministry of Rural Development and Local Government (MRDLG) now submits the Executive Summary of PSAEL's Administrative Report for the period 2014/2015 (**Attachment I**), An Analysis of PSAEL's Performance for the period October 1, 2014 to September 30, 2015 (**Attachment II**), Record of Members of the Board of Directors and Management Team 2014/2015 (**Attachment III**) and the Administrative Report and Audited Financial Statement for PSAEL for the period October 1, 2014 to September 30, 2015 (**Attachment IV**) for Cabinet's approval before onward submission to the President.

3. The Palo Seco Agricultural Enterprises Limited (PSAEL), first known as Palo Seco Estates, was established in 1956 as an agricultural enterprise, with some 7,150 acres of land holdings. In 1977 the Company underwent the first of two name changes becoming first the Trinidad-Tesoro Agricultural Company, and then Palo Seco Agricultural Enterprises Limited (PSAEL).

4. The operation of Palo Seco Agricultural Enterprises Limited (PSAEL) over the fiscal year which ended September 30, 2015 was guided by its Mission Statement: "Transforming communities by providing quality service in development and implementation of infrastructure and property management solutions with emphasis on core values to manifest: integrity customer centricity, health and safety and environmental responsibility, quality, business performance and innovation".

5. The attached Administrative Report represents an account of the operations of the PSAEL for October 1, 2014 to September 30, 2015. This report seeks to give a comprehensive account of the Company's operations from both the operational and developmental perspectives which align with Government's plan for the strategic development of Trinidad and Tobago. The Capital Programme was funded through the Infrastructural Development Fund (IDF) and addressed infrastructural works in the various local communities.

6. Accordingly, the Minister of Rural Development and Local Government recommends and Cabinet is asked to:

- a. note the contents of the Executive Summary of PSAEL's Administrative Report for the period 2014/2015 (**Attachment I**), Record of Members of the Board of Directors and Management Team

2014/2015 (**Attachment II**) and the Administrative Report and Audited Financial Statement for PSAEL for the period October 1, 2014 to September 30, 2015 (**Attachment III**); and

- b. agree that in accordance with the provisions of section 66D of the Constitution of the Republic of Trinidad and Tobago, the Report on the Administration of the Palo Seco Agricultural Enterprises Limited (PSAEL) for fiscal year 2015 be submitted to the President and thereafter to be laid in Parliament.

**Ministry of Rural Development and Local Government**

EXECUTIVE SUMMARY  
ADMINISTRATIVE REPORT OF THE PSAEL  
FOR THE PERIOD OCTOBER 1, 2014 TO SEPTEMBER 30, 2015

The operation of Palo Seco Agricultural Enterprises Limited (PSAEL) over the fiscal year which ended September 30, 2015 was guided by its Mission Statement: "Transforming communities by providing quality service in development and implementation of infrastructure and property management solutions."

The Administrative Report of PSAEL is structured along four principal areas:

- Key Stakeholders/Customers & Expectations
- Finance
- Resource capabilities
- Special projects/achievements

Key Stakeholders/Customers & Expectations

The key Stakeholders of the PSAEL and Expectations are listed in **Table I** hereunder.

**Table I**

No.	Stakeholder	Stakeholder Expectation
1	Ministry of Works and Infrastructure	<ul style="list-style-type: none"><li>• Execution of work within agreed timeline, specification and budget.</li></ul>
2.	Ministry of Local Government	Execution of work within agreed timelines, specification and budget; <ul style="list-style-type: none"><li>• Ongoing liaison re work plan</li></ul>
3.	Ministry of Finance	Execution of projects in manner that manifests: <ul style="list-style-type: none"><li>• transparency accountability and value for money; and</li><li>• Strict adherence to Government policy and procedure.</li></ul>
4.	PETROTRIN	<ul style="list-style-type: none"><li>• Civil and maintenance work completed within time frame, specification and budget;</li><li>• Squatter containment in estate management; and</li><li>• Continuous liaison between Petrotrin and tenants.</li></ul>
5.	Employees	<ul style="list-style-type: none"><li>• Job Security;</li></ul>

No.	Stakeholder	Stakeholder Expectation
		<ul style="list-style-type: none"> <li>• Periodic salary increments;</li> <li>• Payment of salaries</li> <li>• Exposure to training and development opportunities</li> <li>• Recognition of contributions</li> </ul>
6.	Contractors	<ul style="list-style-type: none"> <li>• Prompt processing of claims and payments;</li> <li>• Prompt resolution of all issues affecting contract implementation; and</li> <li>• Transparency in the invitation and selection process.</li> <li>•</li> </ul>
7.	Tenants/Occupiers of Land	<ul style="list-style-type: none"> <li>• Regularization of tenancy; and</li> <li>• Timely response to complaints</li> </ul>
8.	Community	<ul style="list-style-type: none"> <li>• High quality infrastructural works;</li> <li>• Community participation; and</li> <li>• Environmental sensitivity</li> </ul>

**Finance**

The budget for the fiscal year ending September 30, 2015 is summarised at **Tables II** and **Table III** in terms of revenue, expenditure and before tax surplus/deficit.

**Revenue**

**Table II**

Projected (total \$)	Actual (total \$)	Variance (total \$)	Key Reasons for variance
230,905,369	168,834,622	(62,070,747)	<ul style="list-style-type: none"> <li>i. The significant shortfall represents MOLG new projects. Due to delays in securing approval work was not executed.</li> <li>ii. New works budgeted for that did not materialize.</li> </ul>

**Expenditure**

**Table III**

<b>Projected (total \$)</b>	<b>Actual (total \$)</b>	<b>Variance (total \$)</b>	<b>Key Reasons for variance</b>
172,361,577	233,208,451	<b>(60,846,874)</b>	i. Non filling of budgeted vacancies; ii. Cost containment management; and iii. Reduced volume of work.

**Surplus /deficit before taxation = (\$3,526,955)**

During the fiscal year PSAEL had no debt policy or no overdraft; no overdraft/loan facility with any financial institution; and made no provisions for bad debts. Over a similar period, PASEL implemented a standard thirty (30) day period for contractors and suppliers, a standard sixty (60) day collection period from its clients; and promptly reviewed aging debts.

**Resource Capabilities**

The staff complement of the PSAEL comprise some ninety five (95) persons who provided comprehensive services in the areas detailed at **Table IV**.

**Table IV**

<b>General Area</b>	<b>Specific Services</b>
<b>Project Management</b>	<ul style="list-style-type: none"><li>● Project Initiation</li><li>● Project Planning</li><li>● Project Execution</li><li>● Project Monitoring &amp; Control</li><li>● Project Phase Closure</li></ul>
<b>Engineering</b>	<ul style="list-style-type: none"><li>● Needs Assessment</li><li>● Research</li><li>● Investigations</li><li>● Risk Analysis</li><li>● Design</li><li>● Cost Estimation</li></ul>

General Area	Specific Services
<b>Maintenance</b>	<ul style="list-style-type: none"> <li>• Procurement Management</li> <li>• Quality Management</li> <li>• Risk assessment</li> <li>• Customer Relations Management</li> </ul>
<b>Community Development</b>	<ul style="list-style-type: none"> <li>• Development of rural communities</li> <li>• Employment provision</li> <li>• Community Liaison</li> <li>• Contractor performance and feedback</li> </ul>

**Staff Complement**

During the period under review the total complement of staff was ninety five (95) contract employees.

**Tendering Procedure**

PSAEL's procurement of goods and services has been conducted in accordance with its approved Contracts and Tenders for Works and Services Policy and Procedures dated September 30, 2010 and revised and approved on April 03, 2014 by PSAEL'S Board of Directors. This said policy provides for the procurement of goods and services by Open tender, Selective Tender and Exemption Merit Awards.

**Special Projects:**

Stakeholder	Project
Ministry of works and infrastructure	Completion of landslip stabilization and construction of retaining walls at: <ol style="list-style-type: none"> <li>1. No. 33, Iere village, Naparima Mayaro Road, Princes Town</li> <li>2. Upper Christian Drive, Plaisance Park, Pointe-a-Pierre</li> </ol>
Ministry of Local Government	<ol style="list-style-type: none"> <li>1. Completion of construction of pavilions across south Trinidad</li> <li>2. Completion of designs for the Penal/Debe Administrative Complex</li> </ol>
National Gas Company (NGC)	Commencement of the following projects: <ol style="list-style-type: none"> <li>1. Design-Build Services for the upgrade of Carrat Hill Recreational Facilities, Barrackpore</li> <li>2. Design build services for pavilion at Kanhai Road, south Barrackpore</li> <li>3. Design-build services for La Horquetta Pan Groove Pan Yard Facility, Phase 7, La Horquetta</li> <li>4. Design build services for Mundo Nuevo Recreation ground facilities.</li> <li>5. Upgrade of Lawrence Jones Recreational Ground</li> <li>6. Design-build services for covered bleachers at the East Indian Recreational Ground</li> <li>7. Upgrade works at Kernaham Recreational Ground, Kernaham Road, Mayaro</li> <li>8. Design-build services for the Rehabilitation of the Connector Road between Waterloo Road and North Caspian Drive, Point Lisas Industrial Estate</li> <li>9. Refurbishment of Comets Recreational Ground, Pierre Road, Charlieville</li> <li>10. Refurbishment of the Black Pool Sport and Recreational Club, Tunapuna</li> <li>11. Design-Build Services for the rehabilitation of the Moruga Road from St. Mary's Junction to the Sea.</li> </ol>
Ministry of Community Development	<ol style="list-style-type: none"> <li>1. Commencement of projects for rebuilding of the La Savanne Community Centre, Guayaguayare</li> </ol>
Ministry of Labour and Small Enterprise Development	<ol style="list-style-type: none"> <li>1. Commencement of construction of Labour Heroes Park, Fyzabad</li> </ol>
Petrotrin	<ol style="list-style-type: none"> <li>1. Provision of Land and Estate Management Services</li> <li>2. Fencing Repairs along Eastern security Road</li> <li>3. Geotechnical testing and design of retaining wall, Petrotrin Staff Club.</li> </ol>

**AN ANALYSIS OF PSAEL'S PERFORMANCE FOR THE PERIOD OCTOBER 1, 2014 TO  
SEPTEMBER 30, 2015**

PSAEL's budget preparation for fiscal 2014/2015 commenced in May 2014. Estimated departmental expenses were prepared and finalized by the Finance Department. Revenue was budgeted based on previous year's activities and commitments for new projects from the Ministry of Local Governments and other agencies. The budget was reviewed in conjunction with the management team and a first draft is submitted to the Finance and Investment Committee for review then it would be submitted to the Board of Directors and approved on December 4, 2014.

Revenue for the fiscal year October 1, 2014 to September 30, 2015 was estimated at \$230,905,369 however, the actual revenue obtained was \$168,834,622., while the expenditure for the fiscal year was budgeted at \$233,208,451 and the actual expenditure was \$172,361,577 resulting in a (\$3,526,955) before taxation. It should be noted that PSAEL's projected revenue was based on the following assumptions:-

- Petrotrin – Building, Repairs and Maintenance works will remain at the same level as prior years.
- Petrotrin Land Management Services (LMS) – Income will be earned from this service
- Contract Fees from Ministry of Local Government (MOLG), National Gas Company (NGC), Ministry of Works and Infrastructure (MOWI) and Ministry of Community Development (MOCD), (Ministry of Labour and Small Enterprise Development, ( MOLSMED)
- Other Revenue – Land and building rents and other fees will be forthcoming.

**Building, Repairs and Maintenance works** - The assumption was made that works will remain at the same level as prior years however, the absence of formal arrangements with Petrotrin for the execution of civil works resulted in projects not being estimated for in the budget.

**Petrotrin- Land Management Services (LMS)** - The budget was based on the Land Management Services Agreement being executed within fiscal 2014/2015 financial year.

**Contract Fees Other – MOLG** – This significant shortfall represents PSAEL's new projects with MOLG's for which approvals were not secured. As a consequence of the delays in securing these approval, the projects were not executed in the fiscal year, resulting in a significant shortfall of **\$72,146,549** from the estimated figure of **\$80,801,134** and the actual figure of **\$8,654,585**.

**Contract Fees Other – NGC** - PSAEL was engaged for a greater number of projects than originally budgeted for in previous years. This resulted in a positive budget variance of **\$86,383,780** from the estimated budgeted figure of **\$45,652,180** against the actual budgeted figure of **\$132,035,960**.

**Contract Fees Other – MOLSMED** – This significant shortfall represents new works budgeted for that did not materialize. This resulted in a negative budget variance of **(\$67,226,345)** from the estimated budgeted figure of **\$68,050,000** against the actual budgeted figure of **\$823,655**.



**Contract Fees Other MOCD** – The significant shortfall is as a result of delays in awarding the contract

**Contract Fees Other MOWI** – The significant shortfall was as a result of a substantial amount of work completed and invoiced in the previous fiscal year than was estimated. This resulted in a negative budget variance of **(\$1,748,661)** from the estimated budgeted figure of **\$10,419,395** against the actual figure of **\$8,670,734**.

**Contract Fees Other MOCD** – The significant shortfall was as a result of a delays in awarding contracts. This resulted in a negative budget variance of **(\$6,324,576)** against the estimated budgeted figure of **\$7,110,470** from the actual figure of **\$785,894**.

**PSAEL's Management Fees** – The positive budget variance of \$1,411,669 was due to fees earned on additional NGC projects that were undertaken. This was against the estimated budgeted figure of **\$12,668, 142** against the actual figure of **\$14,079,751**.

**Other Revenue** – Other revenue comprises land and building rents and other fees. The positive variance of **\$667,544** was as a result of income from the sale of lands and other fees. This was against the estimated budgeted figure of **\$2,596,983** from the actual figure of **\$3,264,527**.

PSAEL undertook a number of infrastructural special projects during 2014/2015, which included construction of retaining walls and landslips, completion of construction of pavilions across south Trinidad and completion of designs for the Penal/Administration. The company also undertook work for National Gas Company, Ministry of Community Development, Ministry of Labour and Small Enterprise Development and Petrotrin in the areas of rebuilding of community centre, construction of Labour Heroes Park, Fyzabad and provision of land and estate management services, fencing repairs along Eastern Security Road and geotechnical testing and design of retaining wall.

**RECORD OF MEMBERS OF THE BOARD OF DIRECTORS**  
**FOR THE PERIOD 2014-2015**

<b>No.</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date Ceased to Hold Office</b>
1.	Ashmead Ghany, <b>Chairman</b>	4 <sup>th</sup> April, 2011	2016
2.	Nigel Alleyne	4 <sup>th</sup> April, 2011	2016
3.	Sheldon Ganga	4 <sup>th</sup> April, 2011	2016
4.	Ramesh Bhim	4 <sup>th</sup> April, 2011	2016
5.	Godfrey Stanley Alexis	4 <sup>th</sup> April, 2011	2016
6.	Nalini Balwant	4 <sup>th</sup> April, 2011	2016
7.	Reshma Ramai	4 <sup>th</sup> April, 2011	2016
8.	Rudra Balramsingh	4 <sup>th</sup> April, 2011	2016
9.	Simon Ferreira	4 <sup>th</sup> April, 2011	2016
10.	Jehan Mohammed	10 <sup>th</sup> January, 2014	2016
11.	Ryan Spicer	10 <sup>th</sup> January, 2014	2016

**MANAGEMENT TEAM**  
**FOR THE PERIOD 2014 - 2015**

<b>No.</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Date Ceased to Hold Office</b>
6.	Ramraj Harripersad, Manager Legal and Estates	June 2012	June 2015
7.	Lorett Hope Mc Donald, Manager Human Resource and Corporate Services	March 2009	Not applicable
10.	Jeevan Lal, Manager, Project Engineering and Maintenance Dep't	June 2013	June 2016



ANNUAL  
ADMINISTRATIVE  
REPORT 2014/2015



**Palo Seco Agricultural  
Enterprises Limited**

#31-32 Casurina Avenue  
Pointe-A-Pierre





## PALO SECO AGRICULTURAL ENTERPRISES LIMITED

### TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1	VISION, MISSION, PHILOSOPHY AND OBJECTIVES	1-2
2	ORGANISATIONAL STRUCTURE	3-6
3	POLICIES AND DEVELOPMENT PLAN	6
4	FINANCIAL OPERATIONS	6-12
5	HUMAN RECOURCE DEVELOPMENT PLAN	12-13
6	PROCUREMENT PROCEDURES	14-17
7	PUBLIC AND COMMUNITY RELATIONS	17-18

### APPENDICES

#### APPENDIX

1	ORGANISATION STRUCTURE
2	ORGANISATIONAL ESTABLISHMENT





PALO SECO AGRICULTURAL ENTERPRISES LIMITED  
ANNUAL ADMINISTRATIVE REPORT 2014/2015

1. VISION, MISSION, PHILOSOPHY AND THE STRATEGIC OBJECTIVES

VISION STATEMENT

“A profitable organization benchmarked for quality service and supported by competent and motivated employees.”

Profitable: Sustainable; Successful; Money Making.

Benchmarked for

Quality Service: Highest Standard; Leader; Effective; Well-known; Positive image;  
Reputable.

Competent: Technically sound; Trained; Capable; Reliable; Professional

Motivated: Passionate; Dynamic; Committed; Clarity of purpose

MISSION STATEMENT

“Transforming communities by providing quality service in the development and implementation of infrastructure and property management solutions.”

### Core Values:

- Integrity
- Customer centered
- Health Safety and Environmentally responsible
- Quality
- Business Performance
- Innovative

### PHILOSOPHY – N/A

### STRATEGIC OBJECTIVES

- To provide consistently high quality Project Management and Land & Estate Management Services to its clients
- To maintain excellent record of Statutory Compliance
- To develop and retain competent workforce to assist the company in achieving its objectives
- To develop partnerships with Private and State Agencies to maximize value of PSAEL's resources
- To increase the visibility of PSAEL among stakeholders and the general public
- To establish a cash reserve that allows PSAEL to adequately meet its Operational Costs for a minimum of one year initially, then to continue to be a profitable state enterprise by returning dividends to our shareholders



## 2. ORGANISATIONAL STRUCTURE

### (a) Organisational Profile:

Palo Seco Agricultural Enterprises Ltd. (PSAEL) is one of the *earliest* and *most experienced* project and estate management companies in Trinidad and Tobago. The company is a former subsidiary of PETROTRIN and was incorporated in October 1956. From inception to the mid-nineties the focus of the company was on agriculture. In 1995 PSAEL's core function became the provision of project management services to PETROTRIN. In 2005 PSAEL became a Special Purpose State Enterprise with key functions in the area of project management. Like the other Special Purpose State Enterprises PSAEL was incorporated as part of government's initiative to accelerate the delivery of the necessary infrastructure required to advance the country's social and economic development. The responsibility of the company was first assigned to the Ministry of Planning and Development and was subsequently moved to the Ministry of Local Government. With the movement came the new mandate, geographical areas of responsibilities, stipulations to follow when projects are to be undertaken outside of geographical areas, project approval process, startup requirements as well as the procedure for the processing of payments.

Effective September 2013, as a result of a decision of government, PSAEL was programmed under the Ministry of Works and Infrastructure. The primary focus of the organization was sustained hence PSAEL continued to upgrade and develop communities as well as to assist Ministries in the implementation of large-scale physical infrastructure works, particularly in the areas of procurement, designs, construction and project management.

### (b) Corporate Structure – Departments, Divisions, Units, Etc.

Attached as APPENDIX 1 is the organization structure 2014/2015 for the Departments listed hereunder:

- Office of the Chief Executive Officer
- Corporate Secretariat

- Finance
- Human Resource and Corporate Services
- Project Engineering and Maintenance
- Legal and Estate Services

(c) Services/Products provided and “Special projects” embarked upon:

**Services/Products provided:**

- a. Project Management Services
- b. Overseeing Project Execution and Completion
- c. Contract Tendering & Management Services
- d. Agents for Rent Collection and Utility Payments for Petrotrin and Trintoc
- e. Certification of contractor Payments

**Special Projects:**

The following infrastructural Special projects were undertaken during fiscal 2014/2015:

<b>Stakeholder</b>	<b>Project</b>
Ministry of Works and Infrastructure	Completion of landslip stabilization and construction of Retaining Walls at: <ul style="list-style-type: none"> <li>◦ No. 33, Iere Village, Naparima Mayaro Road, Princes Town</li> <li>◦ Upper Christian Drive, Plaisance Park, Pointe-a-Pierre</li> </ul>
Ministry of Local Government	<ol style="list-style-type: none"> <li>1. Completion of construction of pavilions across South Trinidad</li> <li>2. Completion of Designs for the Penal Debe Administrative Complex</li> </ol>
National Gas Company (NGC)	Commencement of the following projects: <ol style="list-style-type: none"> <li>1. Design-Build Services for the Upgrade of Carrat Hill Recreational Facilities, Barrackpore</li> <li>2. Design build services for Pavilion at Kanhai Road, South Barrackpore</li> <li>3. Design Build Services for La Horquetta Pan Groove Pan Yard Facility, Phase 7, La Horquetta</li> </ol>

	<ol style="list-style-type: none"> <li>4. Design build services for Mundo Nuevo Recreation Ground Facilities</li> <li>5. Upgrade of Lawrence Jones Recreational Ground</li> <li>6. Design Build Services for Covered Bleachers at the East Indian Recreational Ground</li> <li>7. Upgrade Works at Kernaham Recreational Ground, Kernaham Road, Mayaro</li> <li>8. Design build services for the Rehabilitation of the Connector Road between Waterloo Road &amp; North Caspian Drive, Point Lisas Industrial Estate</li> <li>9. Refurbishment of Comets Recreational Ground, Pierre Road, Charlieville</li> <li>10. Refurbishment of the Black Pool Sport and Recreational Club, Tunapuna</li> <li>11. Design-Build Services for the Rehabilitation of the Moruga Road from St. Mary's Junction to the Sea</li> </ol>
Ministry of Community Development	<ol style="list-style-type: none"> <li>1. Commencement of project for Rebuilding of the La Savanne Community Centre, Guayaguayare</li> </ol>
Ministry of Labour and Small Enterprise Development	<ol style="list-style-type: none"> <li>1. Commencement of Construction of Labour Heroes Park, Fyzabad</li> </ol>
Petrotrin	<ol style="list-style-type: none"> <li>1. Provision of Land and Estate Management Services</li> <li>2. Fencing Repairs along Eastern Security Road</li> <li>3. Geotechnical testing and Design of retaining wall, Petrotrin Staff Club</li> </ol>

(d) Delegated Levels of Authority – Refer to Organisational Structure at APPENDIX 1.

(e) Legislative and Regulatory Framework;

- a. State Enterprises Performance Monitoring Manual
- b. Ministry of Finance Call Circulars

(f) Reporting Functions – Departmental Reports, Reports to Ministries, President/Parliament

- Departmental Reports:

Departmental Reports are submitted on a monthly basis by all Managers. These reports are submitted to the Board of Directors:

- Reports to Ministries, President/Parliament:
  - Quarterly Reports – (MOF)
  - Monthly Cash Statement of Operation (MOF)
  - PSAEL’s Annual Budget – (MOF)
  - Monthly Project Reports – (MOLG)

### 3. POLICIES AND DEVELOPMENT INITIATIVES

**(a)** Short, medium and long term plans:

Refer to Strategic Objectives above.

**(b)** Performance objectives and accomplishments. Remedial plans, if any, as it concerns performance gaps:

Major, Special and other projects commenced during the year 2014 and continued on a timely basis into the next financial year.

### 4. FINANCIAL OPERATIONS:

**(a)** Budget Formulation

- The budgeting process utilizes information from the Draft Estimates.
- Draft Estimates are prepared in March of the current fiscal year for the next fiscal year for submission to the Ministry of Finance and the other relevant Line Ministries.
- Draft estimates relates to projected income to be generated for existing and forth coming projects reserved by the Line Ministry, for commencement.

- The Draft Estimate is approved by the Ministry of Finance during budget preparation.
- Budget preparation for fiscal 2014/2015 commenced in May 2014.
- Estimated Departmental expenses were prepared and finalized by the Finance Department. A zero based budgeting approach was taken with regards to revenue and expenses directly related to revenue. All other expenses were budgeted based on an operational budget.
  - Staff cost is based on the number of positions filled on the establishment and existing compensation as outlined in contract of employment. Vacancies are budgeted based on salaries pegged at the mid -point of the respective compensation scale.
  - Office Expenses are based on the previous year's expenses. A concerted effort is made to reasonably reduce costs.
- Revenue was budgeted based on previous year's activities and commitments for new projects from the Ministry of Local Government and other agencies.
- The budget is reviewed in conjunction with the management team, in an effort to complete a draft budget
- The first draft is submitted to the Finance & Investment Committee for review before submitting to the Board of Directors for approval
- The Revised Budget was submitted to the Board of Directors and approved on December 04 2014.

(b) Expenditure vs Budget

The table below shows the comparative expenditure vs revised budget for the 2014/15 fiscal year.

**INCOME & EXPENSE VARIANCE REPORT FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2015**

	ACTUAL YTD	BUDGET YTD	BUDGET VARIANCE YTD		<i>Reason for Variance</i>
Revenues	\$	\$	\$		
Contract Fees Petrotrin- Building Repairs & Maintenance	519,515	-	519,515	0%	Absence of formal arrangements with Petrotrin for the execution of civil works from October 2013. As a result these projects were not estimated in the budget.
Petrotrin- Land Management Services (LMS)	-	3607,065	(3607,065)	-100%	The budget was based on the Land Management Service Agreement being executed within fiscal 2014/2015 financial year. The agreement was executed in January 2016; hence no income was earned during the period.
Contract Fees Other - MOLG	8654,585	80801,134	(72146,549)	-89%	The significant shortfall represents MOLG new projects. Due to delays in securing approval work was not executed.
Contract Fees Other - NGC	132035,960	45652,180	86383,780	189%	PSAEL was engaged for a greater number of projects than originally budgeted for.
Contract Fees Other - MOLSMED	823,655	68050,000	(67226,345)	-99%	The significant shortfall represents new works budgeted for that did not materialize.
Contract Fees Other - MOWI	8670,734	10419,395	(1748,661)	-17%	The significant shortfall resulted from more works being completed and invoiced in the previous fiscal

	ACTUAL YTD	BUDGET YTD	BUDGET VARIANCE YTD		<i>Reason for Variance</i>
					year than estimated.
Contract Fees Other - MOCD	785,894	7110,470	(6324,576)	-89%	The significant shortfall is as a result of delays in awarding the contract.
PSAEL Management Fees	14079,751	12668,142	1411,609	11%	The positive variance is due to the fees earned on the additional NGC projects undertaken.
Other Revenue	3264,527	2596,983	667,544	26%	Other Revenue comprises of land & building rents and other fees. The positive variance against budget resulted from income from the sale of lands and other fees.
<b>Total Revenues</b>	<b>168,834,622</b>	<b>230,905,369</b>	<b>(62,070,747)</b>	<b>-27%</b>	

<b>Less Expenses</b>					
Staff Related Costs	13254,861	16097,181	(2842,320)	-18%	This represents several vacancies budgeted for but not filled, as well as vacancies that arose during the year.
Office Costs	7708128	5078091	2630,037	52%	The increase in office costs relates to \$2.2M in bad debts from Petrotrin written-off.
Petrotrin Repairs & Maintenance	373284	0	373,284	100%	These project costs were not estimated in the budget
Other Project Costs - MOLG	8653,990	80801,134	(72147,144)	-89%	The significant shortfall represents new works budgeted for, but not started due to delays with approvals.
Other Project Costs - NGC	132035,961	45652,180	86383,781	189%	PSAEL was engaged for a greater number of projects than originally

					budgeted for.
Other Project Costs - MOLSMED	740,635	68050,000	(67309,365)	-99%	The significant shortfall represents new works budgeted for but not started due to delays with approvals.
Other Project Costs - MOWI	8670,734	10419,394	(1748,660)	-17%	The significant shortfall resulted from more works being completed and invoiced in the previous fiscal year than estimated.
Other Project Costs - MOCD	748,471	7110,471	(6362,000)	-89%	The significant shortfall is as a result of the project being awarded much later than anticipated.
MOWI - OIL SAND QUARRY	175,513	-	175,513	0%	Actual costs incurred in obtaining the mining licence for the oil sand quarry at Parrylands La Brea.
<b>Total Expenses</b>	<b>172,361,577</b>	<b>233,208,451</b>	<b>(60,846,874)</b>	<b>-26%</b>	
<b>Net Profit/(Loss) Before Taxation</b>	<b>(3,526,955)</b>	<b>(2,303,082)</b>	<b>(1223,873)</b>	<b>53%</b>	
<b>Net Margin Ratio</b>	<b>-2%</b>	<b>-1%</b>			

- The above report is prepared monthly and submitted to the Board of Directors via the monthly Financial Highlights and explains revenue and expenditure variances and corrective action where applicable.

**(c) Debt Policy**

- PSAEL currently has no Debt Policy.
- PSAEL had no overdraft/ loan facility with any Financial Institution during the fiscal year.
- PSAEL has a standard 30 day payment period to its contractors/ suppliers which the company attempts to abide by pending the availability of funds.



- PSAEL has a standard 60 day collection period for its clients which the company urges its customers/clients to adhere to.
- Outstanding debts are reviewed on an annual basis and provided for on a case by case basis based on the nature and aging of the debt.
- There were no Bad Debts written off during the fiscal year.

**(d) Investment Policy**

- PSAEL has an Investment Policy (PLCEO 001/10) which was approved by the Board of Directors on April 29<sup>th</sup>, 2010
- In keeping with the strategic objectives, PSAEL seeks to maximize the return on its assets to achieve sustainability and to protect the investment of its shareholders.
- Any temporary surplus of funds would be managed through a diversified portfolio during the fiscal year.

**(e) Internal Audit Functions**

- The Internal Audit function is an independent and objective assurance activity that is guided by a philosophy of adding value to improve the operations of the company. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal controls.
- The internal audit activity is established by the Board of Directors, Audit Committee. The internal audit responsibilities are defined by the Board as part of its oversight role.
- Part of the mandate of the Board appointed Audit Committee, as stated in the State Enterprises Performance Monitoring Manual, is to assist in monitoring *“The*

*Company's systems of internal controls regarding finance, accounting, legal, compliance and ethics that management and the Board have established".*

- The Board of Directors have previously attempted to establish an Internal Audit Department at PSAEL but have been unable to acquire appropriate, qualified personnel to undertake these tasks for various reasons. As a result the Internal Audit function has been continuously outsourced in order to enhance the effectiveness of PSAEL's operations and to ensure compliance to the mandate of the Audit Committee.

## 5. HUMAN RESOURCE DEVELOPMENT PLAN

### a) Organizational Establishment

Detailed Establishment as at September 2015 is attached at APPENDIX 2.

### b) Category of Employees

One hundred percent (100%) of the staff at PSAEL comprise of contracted employees. The Contract term varies from three (3) years to two (2) years.

### c) Career Path Systems

No Career path systems established by Board/Management.

All positions are advertised internally and externally simultaneously giving interested employees the opportunity to apply for positions for which they are most suitable.

d) Performance Assessment/Management Strategies

A Comprehensive Performance Assessment System for employees is established.

The system allows for:

- Performance Planning
- Mid-Year Review
- Year End Review
- Areas of Improvement

The Human Resource & Corporate Services Department is responsible for dispatching the necessary prompts to the departments to ensure that performance assessments reports are submitted for all employees consistent with PSAEL's Policy. Additionally contract gratuity is only paid to employees with satisfactory performance ratings as outlined in government's policy guidelines.

e) Promotion – Selection Procedures

No provision made for promotions within contract environment.

f) Employee Support Services

**Employee Assistance Program:**

- The system provides for Manager/Supervisor referral, as well as individual request.

**Employee Group Health and Life:**

- PSAEL contributes sixty (60%) percent whilst the employee contributes forty (40%) percent. Participation by employees is mandatory.

## 6. PROCUREMENT PROCEDURES

### Forms of Tendering

- (a) Open Tender
- (b) Select Tender
- (c) Exemption or Merit Awards

#### **(a) Tendering Procedures:**

PSAEL's procurement of goods and services has been conducted in accordance with its approved Contracts and Tenders for Works and Services Policy and Procedures dated September 30, 2010 and revised and approved on April 03, 2014 by PSAEL's Board of Directors.

The said Policy provides for the procurement of goods and services by Open Tender, Selective Tender and Exemption/Merit Awards as indicated below:

#### **(b) Selective Tendering**

This process begins upon PSAEL's issuance of Invitations to Bid ("ITB") to prequalified contractors (and/or where applicable from a list of contractors that responded to advertisements to express interest in performing/providing specified goods or services). These groups of contractors invited to bid are rotated to ensure that all prequalified contractors are invited to bid for jobs with even frequency.

ITB and supporting tender documents are issued to a maximum of 10 and the minimum shall be as indicated below:

- (a) Tenders greater than \$350,000.00 - a minimum of 7 contractors
- (b) Tenders less than \$350,000.00 - a minimum of 5 contractors

These documents are provided at least 24 hours before the first scheduled site visit. Thereafter, bidders may deposit their sealed bids in the designated tender box at PSAEL's head office. All tender boxes are secured using two independent locks. The key for one lock is held by the Corporate Secretary and the other is held by the Head of the Finance Department.

Upon closure of the tender, the opening committee unlocks the tender box; records the bids received and immediately send them to the evaluation committee for evaluation based upon pre-approved criteria.

The opening committee is comprised as follows:

- For Tenders less than five (5) million dollars:
  - The Procurement and Contracts Administrator (Chairman) or a designate approved by the CEO;
  - The Chief Executive Officer;
  - A representative from the Finance Department
  - A representative from the Project Engineering and Maintenance Department
  
- For Tenders greater than five (5) million dollars, there must be a public opening. The Chief Executive Officer (Chairman) together with one (1) of the following or their designate shall constitute the opening committee in the presence of the applicants and the members of the public who were invited to witness same. The Corporate Secretary shall be the Secretary.
  - Manager, Legal and Estates Services Department
  - Finance Department
  - Project Engineering and Maintenance Department.

(c) Exemption/Merit Award

This procedure is used to facilitate requests that are deemed to be emergencies when the deadline for completion or commencement of the work does not allow for selective tendering procedure (as indicated above) to be employed. In such cases, the permission of the Tenders Committee of the Board must be obtained before the selected contractor is asked to proceed with the job in question. The selected contractor is usually chosen upon recommendation by the Procurement & Contracts Administrator based on “fit for purpose for the job and any other reason the contractor may have been chosen”.

A site visit is conducted and within four (4) hours thereof the selected contractor is required to provide a quotation or bid for the works. If the contractor’s quotation/ bid is significantly higher than the company’s estimate PSAEL would negotiate with the contractor to reduce its price. Once there is agreement on price (whether as a result of negotiation or if the original bid price is satisfactory) the contractor is authorized to commence the works immediately. Contract documents are prepared for execution before the works are completed.

Contractual Procedures

The approval of the Tenders Committee must be obtained prior to inviting contractors to bid for works and awarding contracts to successful bidders. Once the Tenders Committee approves the award of a contract, the successful contractor is notified of the approval to award by PSAEL’s issuance of a Letter of Award. Upon acceptance of the Letter of Award, the following process ensues:

➤ For Petrotrin

A one page contract is issued to engage the contractor. This contract refers to the general terms and conditions of the contract issued at time of Prequalification, as well as a copy of the tender document (including the scope of works and rate sheet)

➤ For all other clients

A formal contract agreement is executed by the parties. Annexed to the said contract are:

- the general conditions of contract;
- contract specifications;
- scopes of works (including all applicable drawings); and
- The contractors bid (including bill of quantities and rate sheets).

Note that all contractors are required to provide performance security in the form of performance bonds and or retention fees and public liability and workmen’s compensation insurance.

**7. PUBLIC AND COMMUNITY RELATIONS**

- (a) Client and Public Access to Services/Services Delivery Systems (see Table 2 below)
- (b) Community and Stakeholder Relations (see Table 2 below)
- (c) Strategic Partnerships (Local, Regional and International) (see Table 2 below)

**TABLE 2**

NO.	STAKEHOLDERS	STAKEHOLDERS EXPECTATIONS
1.	Ministry of Works and Infrastructure	<ul style="list-style-type: none"> <li>• Execution of work within agreed timeline, specification and budget.</li> </ul>
2.	Ministry of Local Government	<ul style="list-style-type: none"> <li>• Execution of work within agreed timeline, specification and budget</li> <li>• Ongoing liaison re: Work plan</li> </ul>
3.	Ministry of Finance	<ul style="list-style-type: none"> <li>• Execution of Business in a manner that maintains transparency accountability and value for money</li> <li>• Strict adherence to Government’s Policy and Procedures</li> </ul>
4.	Petrotrin	<b>Civil &amp; Maintenance Work</b>

NO.	STAKEHOLDERS	STAKEHOLDERS EXPECTATIONS
		<ul style="list-style-type: none"> <li>• Execution of work within timeframe, specification and budget.</li> </ul> <p><b>Estate Management</b></p> <ul style="list-style-type: none"> <li>• Squatter containment</li> <li>• Continuous liaison between Petrotrin and Tenants.</li> </ul>
5.	Employees	<ul style="list-style-type: none"> <li>• Job Security</li> <li>• Periodic salary increases</li> <li>• Payment of Salaries</li> <li>• Exposure to training and development opportunities</li> <li>• Recognition of contributions</li> </ul>
6.	Contractors	<ul style="list-style-type: none"> <li>• Prompt processing of claims and payments</li> <li>• Prompt resolution of all issues affecting contract execution</li> <li>• Transparency in the invitation and selection process</li> </ul>
7.	Tenants/Occupiers of Land	<ul style="list-style-type: none"> <li>• Regularization of Tenancy</li> <li>• Prompt response to issues/complaints</li> </ul>
8.	Community	<ul style="list-style-type: none"> <li>• High quality infrastructural projects</li> <li>• Continuous liaison</li> <li>• Environmental responsibility.</li> </ul>



# **APPENDICES**

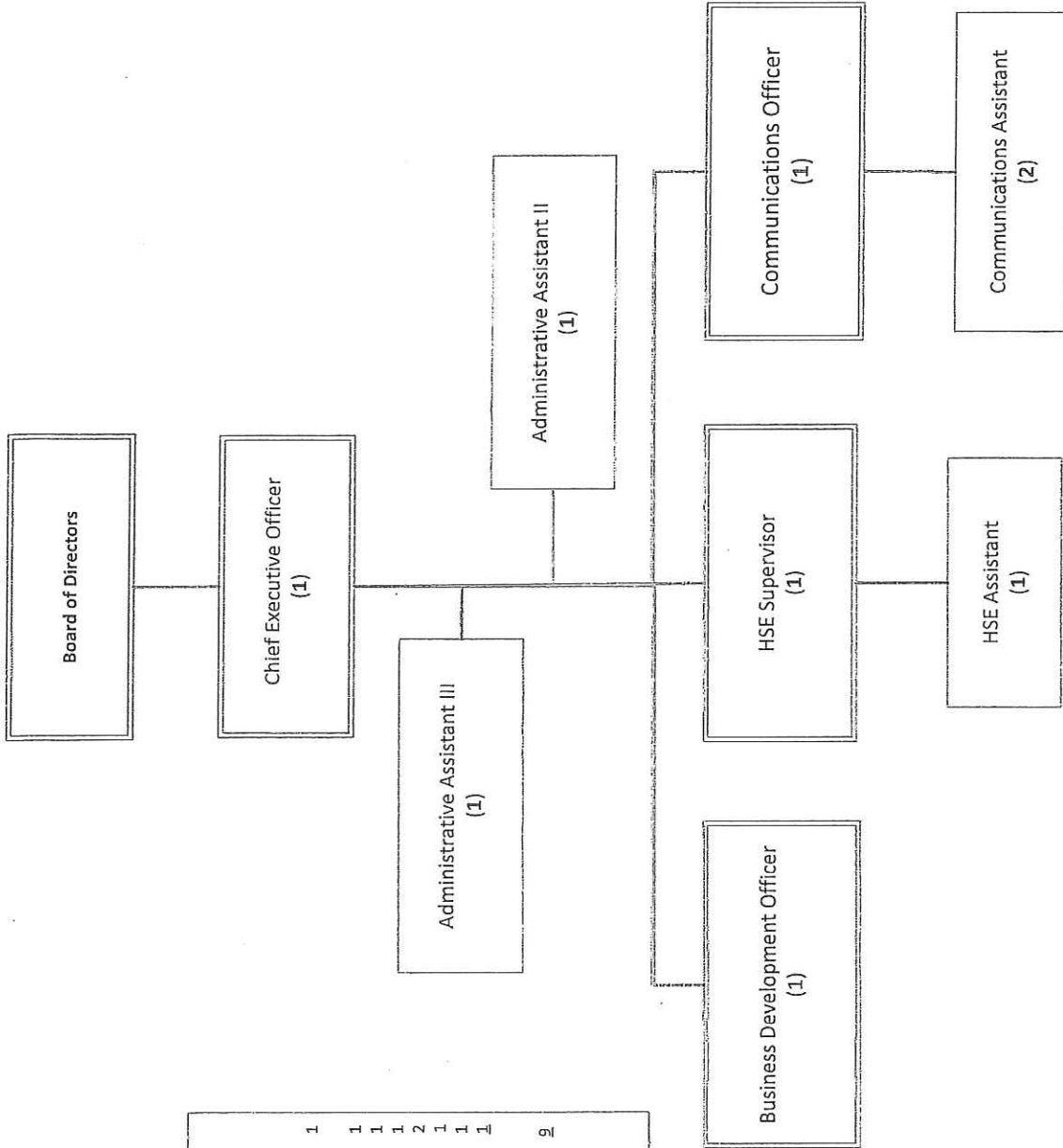




# CEO'S Office

## Organisation Chart

Position Count	
Chief Executive Officer	1
Administrative Assistant III	1
Administrative Assistant II	1
Business Development Officer	1
Communications Assistant	2
Communications Officer	1
HSE Assistant	1
HSE Supervisor	1
<b>TOTAL</b>	<b>9</b>

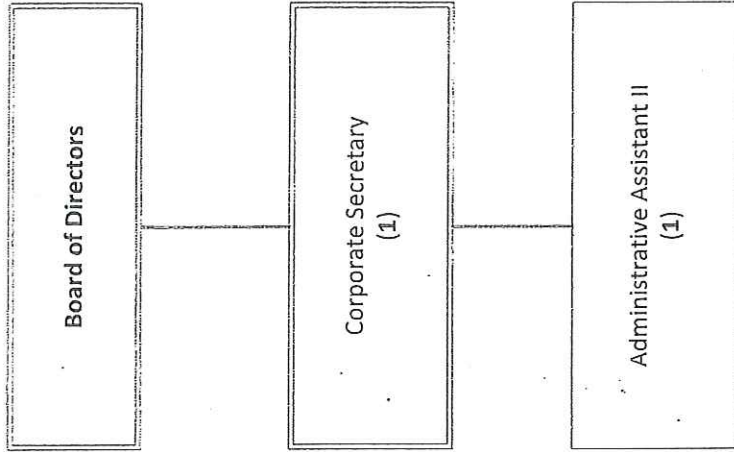






# Corporate Secretariat Organisation Chart

Position Count	
Corporate Secretary	1
Administrative Assistant II	1
<b>TOTAL</b>	<b>2</b>

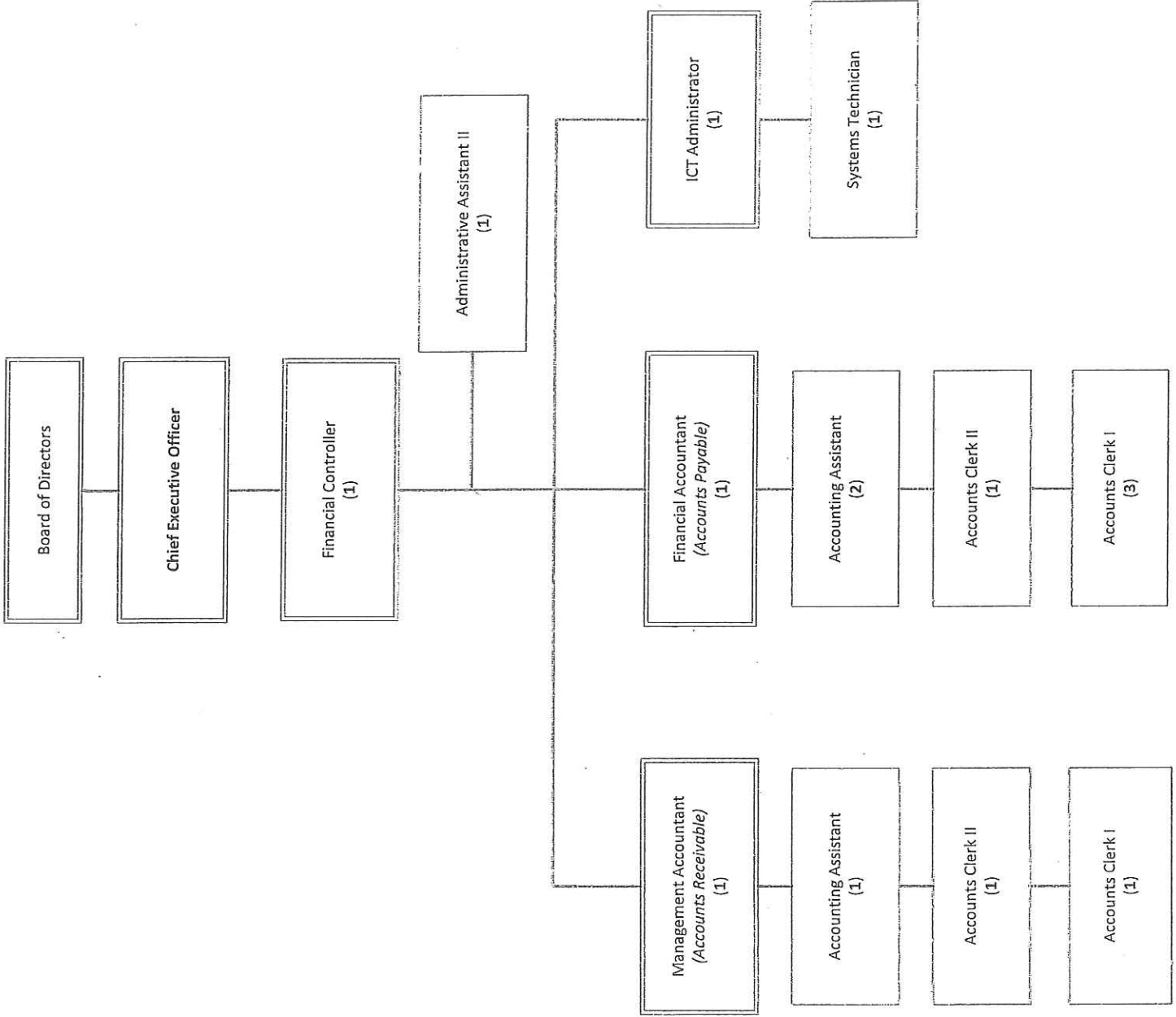






# Finance Department Organisation Chart

Position Count	
Financial Controller	1
Accounting Assistant	3
Accounts Clerk I	4
Accounts Clerk II	2
Administrative Assistant II	1
Financial Accountant	1
ICT Administrator	1
Management Accountant	1
Systems Technician	1
<b>TOTAL</b>	<b>15</b>



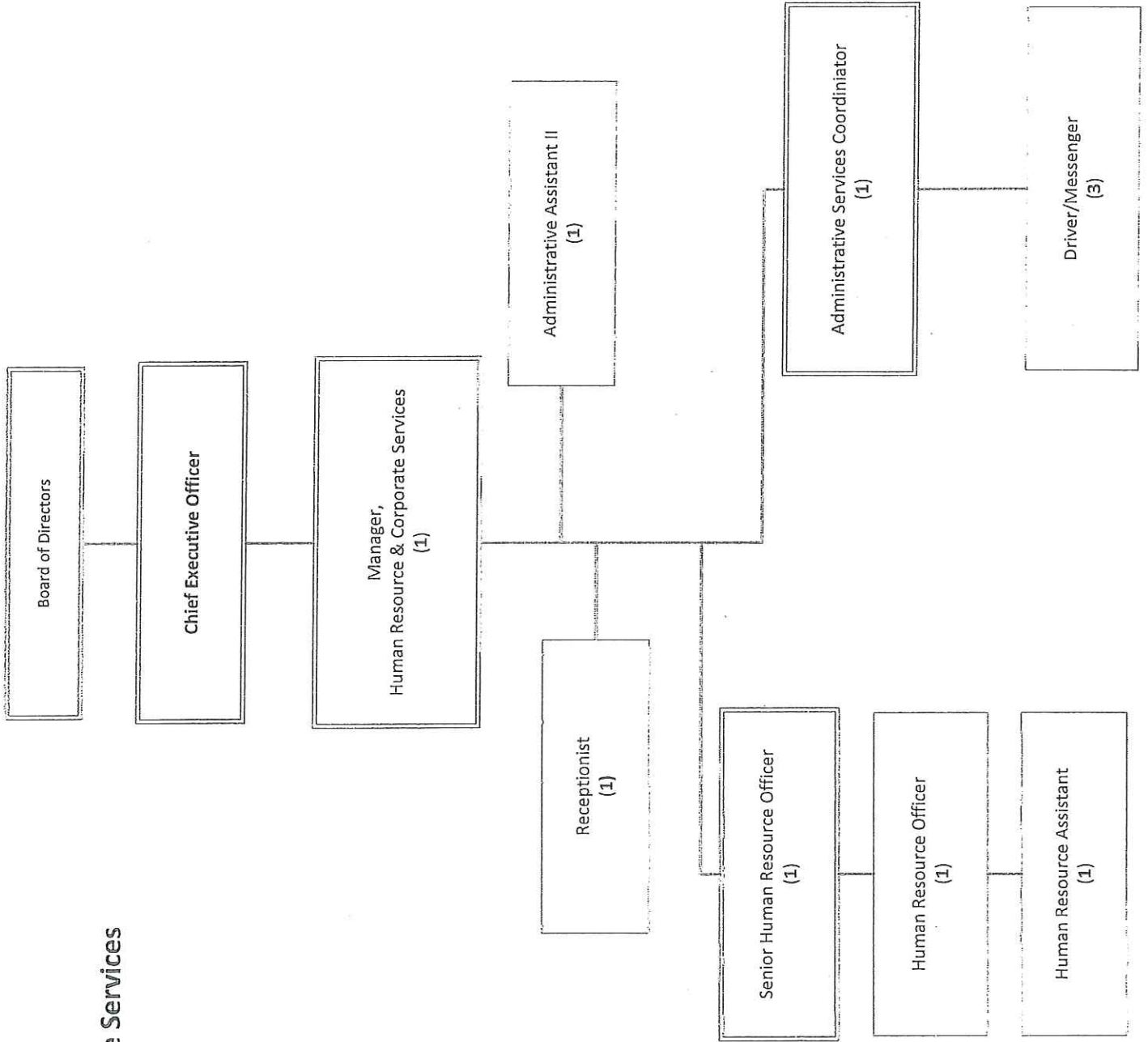






# Human Resource & Corporate Services Organisation Chart

Position Count	
Manager HRCS	1
Administrative Assistant II	1
Administrative Services Coordinator	1
Driver/Messenger	3
Human Resource Assistant	1
Human Resource Officer	1
Receptionist	1
Senior Human Resource Officer	1
<b>TOTAL</b>	<b>10</b>

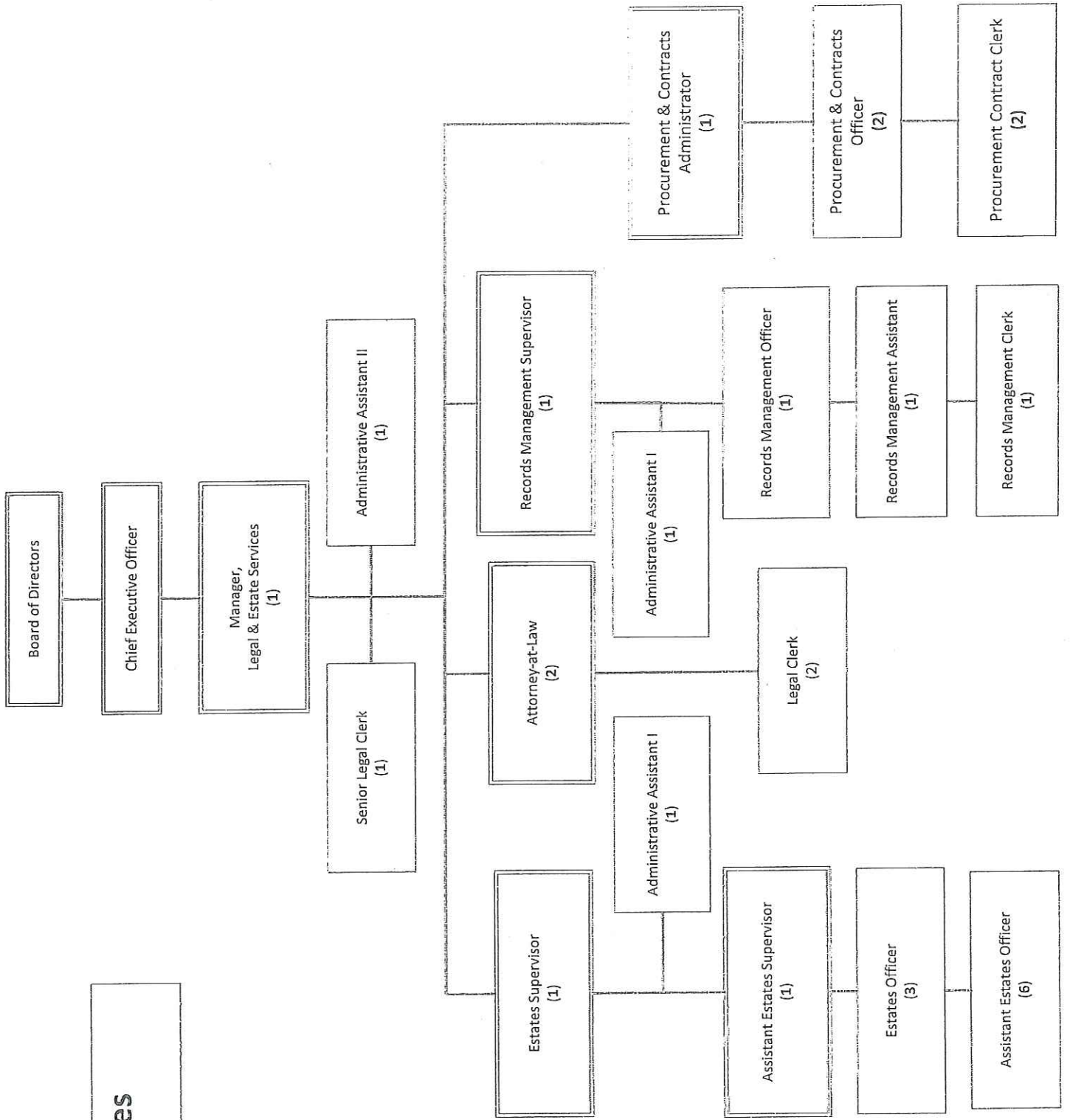






# Legal & Estate Services Organisation Chart

Position Count	
Manager LES	1
Administrative Assistant I	2
Administrative Assistant II	1
Assistant Estates Officer	6
Assistant Estates Supervisor	1
Attorney-at-Law	2
Estates Officer	3
Estates Supervisor	1
Legal Clerk	2
P&C Administrator	1
P&C Officer	2
P&C Clerk	2
Records Management Assistant	1
Records Management Clerk	1
Records Management Officer	1
Records Management Supervisor	1
Senior Legal Clerk	1
TOTAL	29

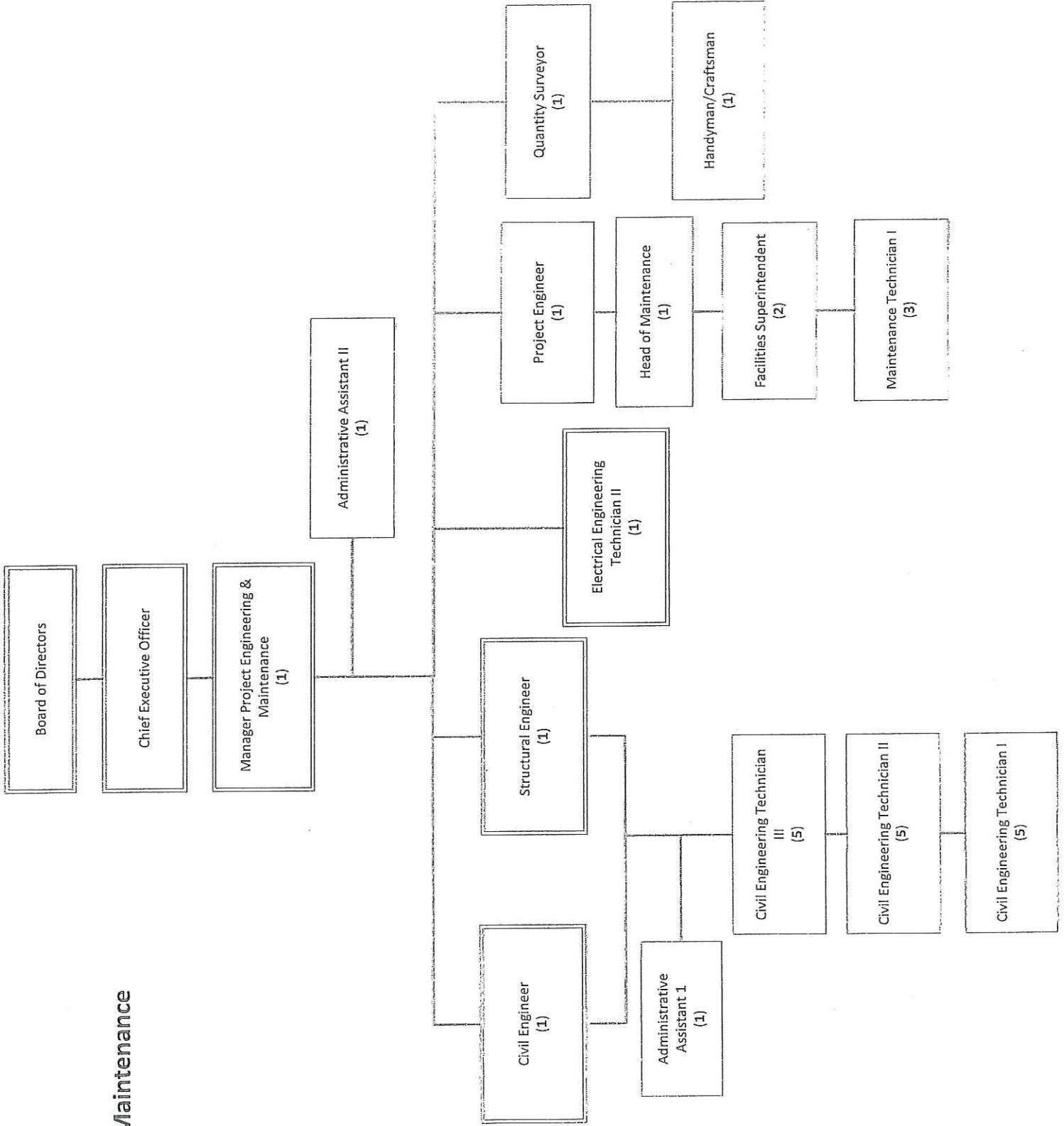






# Projects, Engineering & Maintenance Organisation Chart

Position	Count
Manager PEM	1
Administrative Assistant I	1
Administrative Assistant II	1
Civil Engineer	1
Civil Engineer Technician I	5
Civil Engineer Technician II	5
Civil Engineer Technician III	5
Electrical Engineering Technician II	1
Facilities Superintendent	2
Handyman/Craftsman	1
Head of Maintenance	1
Maintenance Technician I	3
Project Engineer	1
Quantity Surveyor	1
Structural Engineer	1
<b>TOTAL</b>	<b>30</b>





PALO SECO AGRICULTURAL ENTERPRISES LIMITED  
ESTABLISHMENT SUMMARY  
*as of September 30, 2015 - End of Fiscal 2014/2015*

No	Department	No of Posts	No of Posts Filled	No of Posts Vacant
1	CEO's Office	9	4	5
2	Corporate Secretariat	2	2	0
3	Finance Department	15	11	4
4	Human Resource & Corporate Services Department	10	8	2
5	Legal & Estate Services Department	29	23	6
6	Projects, Engineering & Maintenance Department	<u>30</u>	<u>19</u>	<u>11</u>
	<b>TOTAL</b>	<u>95</u>	<u>67</u>	<u>28</u>





PALO SECO AGRICULTURAL ENTERPRISES LIMITED  
ESTABLISHMENT SUMMARY  
*as of September 30, 2015 - End of Fiscal 2014/2015*

Positions	No of Posts	No of Posts Filled	No of Posts Vacant	Remarks
<b>CEO's Office</b>				
<i>Chief Executive Officer</i>	<u>1</u>	<u>1</u>	<u>0</u>	
Administrative Assistant II	1	0	1	
Administrative Assistant III	1	1	0	
Business Development Officer	1	1	0	
Communications Assistant	2	0	2	
Communications Officer	1	0	1	
HSE Assistant	1	0	1	
HSE Supervisor	<u>1</u>	<u>1</u>	<u>0</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>9</u></b>	<b><u>4</u></b>	<b><u>5</u></b>	
<b>Corporate Secretariat</b>				
Corporate Secretary	1	1	0	
Administrative Assistant II	<u>1</u>	<u>1</u>	<u>0</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>2</u></b>	<b><u>2</u></b>	<b><u>0</u></b>	
<b>Finance Department</b>				
<i>Financial Controller</i>	<u>1</u>	<u>1</u>	<u>0</u>	
Accounting Assistant	3	2	1	
Accounts Clerk I	4	2	2	
Accounts Clerk II	2	2	0	
Administrative Assistant II	1	1	0	
Financial Accountant	1	1	0	
ICT Administrator	1	1	0	
Management Accountant	1	1	0	
Systems Technician	<u>1</u>	<u>0</u>	<u>1</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>15</u></b>	<b><u>11</u></b>	<b><u>4</u></b>	
<b>Human Resource &amp; Corporate Services Department</b>				
<i>Manager, Human Resource &amp; Corporate Services</i>	<u>1</u>	<u>1</u>	<u>0</u>	
Administrative Assistant II	1	1	0	
Administrative Services Coordinator	1	1	0	
Driver/Messenger	3	2	1	
Human Resource Assistant	1	1	0	
Human Resource Officer	1	1	0	
Receptionist	1	0	1	
Senior Human Resource Officer	<u>1</u>	<u>1</u>	<u>0</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>10</u></b>	<b><u>8</u></b>	<b><u>2</u></b>	
<b>Legal &amp; Estate Services Department</b>				
<i>Manager Legal &amp; Estate Services</i>	<u>1</u>	<u>1</u>	<u>0</u>	
Administrative Assistant I	2	2	0	
Administrative Assistant II	1	1	0	
Assistant Estates Officer	6	5	1	
Assistant Estates Supervisor	1	0	1	
Attorney-at-Law	2	2	0	
Estates Officer	3	3	0	
Estates Supervisor	1	1	0	
Legal Clerk	2	2	0	
Procurement & Contracts Administrator	1	1	0	
Procurement & Contracts Clerk	2	0	2	
Procurement & Contracts Officer	2	2	0	
Records Management Assistant	1	0	1	



Positions	No of Posts	No of Posts Filled	No of Posts Vacant	Remarks
Records Management Clerk	1	0	1	
Records Management Officer	1	1	0	
Records Management Supervisor	1	1	0	
Senior Legal Clerk	<u>1</u>	<u>1</u>	<u>0</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>29</u></b>	<b><u>23</u></b>	<b><u>6</u></b>	
<b>Projects, Engineering &amp; Maintenance Department</b>				
<i>Manager, Projects, Engineering &amp; Maintenance</i>	<i>1</i>	<i>1</i>	<i>0</i>	
Administrative Assistant I	1	0	1	
Administrative Assistant II	1	1	0	
Civil Engineer	1	1	0	
Civil Engineering Technician I	5	3	2	
Civil Engineering Technician II	5	4	1	
Civil Engineering Technician III	5	2	3	
Electrical Engineering Technician II	1	1	0	
Facilities Superintendant	2	2	0	
Handyman/Craftsman	1	1	0	
Head of Maintenance	1	1	0	
Maintenance Technician I	3	0	3	
Project Engineer	1	1	0	
Quantity Surveyor	1	1	0	
Structural Engineer	<u>1</u>	<u>0</u>	<u>1</u>	
<b>DEPARTMENT TOTAL</b>	<b><u>30</u></b>	<b><u>19</u></b>	<b><u>11</u></b>	
<b>COMPANY TOTAL</b>	<b>95</b>	<b>67</b>	<b>28</b>	

