



The Government of the Republic of Trinidad and Tobago

# MINISTRY OF EDUCATION

*Office of the Permanent Secretary*

**E:10/1/6 Vol. II**

July 07, 2022

**Mrs. Jacqui Sampson-Meiguel**

Clerk of the House

Office of the Parliament

Parliamentary Complex

Cabildo Building

St. Vincent Street

**PORT OF SPAIN**

Dear Mrs. Sampson-Meiguel,

**Re: The Fifth Report of the Public Accounts (Enterprises) Committee on the Examination of the Audited Financial Statements of the National Schools Dietary Services Limited (NSDSL) for the financial years 2016 to 2019 and follow-up on the implementation of the recommendations in the Report of the Auditor general on a Special Audit of the School Nutrition Programme managed by NSDSL.**

Reference is made to your letter dated May 19, 2022 wherein a request was made for a Report response to the recommendations/comments contained in the report at caption.

In light of Standing Orders 100(6) and 110(6) of the Senate and House of Representatives, respectively, please find attached the enclosed Report responding to the recommendations from the Fifth Report referred to above.

As requested, an electronic copy will be sent to the email address [coth@ttparliament.org](mailto:coth@ttparliament.org).

Respectfully,

**Mrs. Lenor Baptiste-Simmons**

**Permanent Secretary**

**Encl.**

**REPORT FROM THE MINISTER OF EDUCATION**

**ON THE RECOMMENDATIONS FROM THE**

**FIFTH REPORT OF THE**

**PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE**

**OF THE**

**SECOND SESSION OF THE 12<sup>TH</sup> PARLIAMENT**

**ON THE EXAMINATION OF**

**THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL**

**SCHOOLS DIETARY SERVICES LIMITED (NSDSL) FOR THE**

**FINANCIAL YEARS 2016 TO 2019 AND FOLLOW-UP ON THE**

**IMPLEMENTATION OF THE RECOMMENDATIONS IN THE**

**REPORT OF THE AUDITOR GENERAL ON SPECIAL AUDIT OF THE**

**SCHOOL NUTRITION PROGRAMME MANANGED BY NSDSL.**

**July 12, 2022**

**Recommendations made by the Public Accounts (Enterprises) Committee concerning the National Schools Dietary Services Limited and the School Nutrition Programme.**

***Recommendation 1***

***“In carrying out its research, NSDSL should submit a status update on the request for quotations for another price evaluation no later than August 5, 2022.”***

**Response**

In February 2022, the Board of Directors, NSDSL submitted a request to the Ministry of Education for an interim price increase of \$1.00 per category of meal served on the School Nutrition Programme, given that the food prices and other production cost are escalating thereby impacting on the caterer’s ability to meet their obligations to the NSDSL. At present, the prices of the meals are as follows:

- i. Breakfast meals: \$6.63;
- ii. Preschool lunches: \$8.28; and
- iii. Regular lunches: \$9.00; all prices quoted are V.A.T. exclusive.

The Ministry of Education is in the process of drafting a document to take to Cabinet for approval.

***Recommendation 2***

***“NSDSL should provide a status report on the change to the company’s annual allocation that would be needed to cover the price increases per box from an approved price evaluation no later than August 5, 2022.”***

**Response**

The NSDSL has determined that an additional \$55,558,058 would be required to produce 54,392 breakfast meals, 6,336 preschool lunches and 72,720 regular lunches for 186 feeding days, should the interim increase of \$1.00 be given by meal category for the fiscal year 2022/2023. The total budget for the period would be \$272,816,527 while for the same production figures, without the increase the budget would be \$217,258,469.

***Recommendation 3***

***“The NSDSL should submit a status report no later than August 5, 2022, on the efforts the company put in place to ready itself and its caterers for the full resumption of the School Nutrition Programme (SNP) in time for the physical reopening of schools on April 19, 2022.”***

**Response**

The Chief Executive Officer, NSDSL, has prepared a ‘National Schools Dietary Services Limited Chief Executive Officer’s Special Report – Readiness for Full Meal Service on 19<sup>th</sup> April 2022 – School Term III – School Academic Year 2021/2022’ for the Board of Directors. A copy of the Report is attached at **Appendix 1**.

#### ***Recommendation 4***

***“NSDSL should make clear the specific metrics it will use to assess whether the support system in place is improving no later than August 5, 2022.”***

#### **Response**

The NSDSL’s proposed Mobile Meals Delivery Initiative was not implemented since the Ministry of Education did not give approval for the project in an attempt to minimise the spread of the COVID-19 virus.

#### ***Recommendation 5***

***“NSDSL should institute a minimum requirement level for the amount of locally sourced ingredients that SNP caterers should incorporate in meal plans and submit a report on the implementation of such and the improvements it is aiming to achieve no later than August 5, 2022.”***

#### **Response**

The NSDSL has established as a minimum 30% of local produce that must be incorporated in the lunch menus served on the SNP. It should be noted that the majority of the food items used on the menu are not produced locally, for example, most peas and beans, rice, pasta and flour. Therefore, the pool of food items used on the menus that are locally produced include vegetables, fruits, some ground provisions and chicken. The NSDSL has made efforts to prioritise import substitution, for example, using green pawpaw to replace potatoes in the curried channa and potatoes recipe. The Company continues to engage farmers and agro-processors such as the National Agricultural Marketing and Development Corporation (NAMDEVCO) to source sufficient produce to achieve its goal and meet the 3<sup>rd</sup> objective of Programme, which is “to further stimulate the agricultural sector by utilising local produce wherever possible in the meal plan.” The NSDSL will continue to produce projections on the volume of agricultural produce needed for the menus and will measure the success of its strategic efforts by collating data on the actual volumes of produce used. The NSDSL is at present participating in a Food and Agriculture Organization (FAO) regional Resilient School Feeding project that is providing training to farmers in good agriculture practices with the aim of improving their production levels. The NSDSL will provide an update on the initiative by the given deadline.

#### ***Recommendation 6***

***“NSDSL should submit a report on how it intends to utilise the 15,000 acres of agricultural land the company has access to no later than August 5, 2022.”***

#### **Response**

The NSDSL is not in possession of the 15,000 acres of agricultural land but has access to farmers who own the land and have given a verbal commitment to cultivate produce for the Programme. The NSDSL continues to strengthen its relationship with these farmers and will provide an update on the matter by the given deadline.

***Recommendation 7***

***“The NSDSL should collect sufficient and reliable evidence on the impact of the financial pressures on the caterers.”***

**Response**

The NSDSL will in the coming months invite caterers to complete a questionnaire to gather data on the challenges that caterers are facing. The final report will be shared with both the Ministries of Education and Finance.

***Recommendation 8***

***“The NSDSL should also submit no later than August 5, 2022, a status update on all its SNP Caterers capacity to meet the full operationalisation of the SNP since the physical resumption of schools on April 19, 2022.”***

**Response**

The NSDSL is in the process of updating the National Schools Dietary Services Limited Chief Executive Officer’s Special Report – Readiness Report provided in **Appendix 1** and will submit the requested report by the given deadline, following the conclusion of the 3<sup>rd</sup> school term.

***Recommendation 9***

***“The Ministry of Finance should provide a status update on the Oversight Mechanism - Internal Risk Management Controls submitted by NSDSL for feedback no later than August 5, 2022.”***

**Response**

The Oversight Mechanism – Internal Risk Management Controls resides with the Ministry of Finance and therefore the Ministry of Education is not at liberty to respond to this recommendation.

***Recommendation 10***

***“The NSDSL should submit a status update on the company’s plans to develop a formal Risk Management Policy no later than August 5, 2022.”***

**Response**

The NSDSL will submit the status update by the given deadline.

**Recommendation 11**

*“The NSDSL should look towards having the internal audit function become a permanent establishment on its organizational structure as opposed to being outsourced given the prices quoted by auditing firms. The company should submit a status update on the implementation of same no later than August 5, 2022.”*

**Response**

The NSDSL will submit a status update on the implementation of its internal audit function by the given deadline. To date the post was advertised but no suitable candidates have responded. The position will be re-advertised in the coming weeks.

**Recommendation 12**

*“The NSDSL should also conduct a cost benefit analysis of outsourcing an internal audit function as opposed to having an in-house internal audit function and report to the Committee on its findings no later than August 5, 2022.”*

**Response**

**Table 1** reflects the cost of outsourcing the internal audit functions, as obtained by the NSDSL from firms bidding to be considered for the service:

**Table 1  
Cost of Submission for Internal Auditor**

<b>COMPANY NAME</b>	<b>FEES</b>		
Alan Ramoutar and Co.	\$240,000.00 per annum		
Ernst and Young Services Limited	\$345,000.00 - \$385,000.00 (total of 700 to 800 hours for completion of 4 internal audit reviews per annum) plus administrative fees – 7% of professional fees.		
KPMG	Risk-based Internal Audit Plan	\$155,000.00 total for 24 months	
	7 quarterly reviews (2 audits per quarter)	\$85,000.00 per quarter	
Deloitte and Touche	Enterprise Risk Assessment - \$65,000.00 exclusive of administrative expenses		
	<b>Size of Audit</b>	<b>Duration of Audit</b>	<b>Fee TT\$</b>
	Small	2 – 4 weeks	\$30,000.00 - \$60,000
Medium	5 – 7 weeks	\$60,000.00 - \$95,000	

The NSDSL has decided to hire an Internal Auditor at a monthly cost of \$15,000 basic salary and \$2,000 travelling allowance. The yearly cost for having an Internal Auditor on staff is therefore \$204,000.

***Recommendation 13***

***“The NSDSL should have meetings amongst its executive to detail all the necessities and requirements that would be needed prior to engaging a consultancy firm for the development of any type of working documents.”***

**Response**

The recommendation will be implemented should the NSDSL need to engage a consultancy firm for such services in the future.

***Recommendation 14***

***“The Ministry of Education and Ministry of Finance should ensure that the quarterly disbursements to the NSDSL were made on schedule so that the quarterly payment to SNP caterers was done on time.”***

**Response**

The standard procedure for the request of funds, disbursement of funds, and the issuance of a cheque for institutions such as the NSDSL are as follows:

- i. the NSDSL makes a formal request for funds in the form of releases to be issued from the to the Ministry of Finance though the Ministry of Education directly;
- ii. the Ministry of Finance will then authorise a disbursement period;
- iii. upon approval for released funds is authorised from the Ministry of Finance, the Auditor General’s approval for the credit must form part of the approval and forwarded to the Ministry of Education;
- iv. the Comptroller of Accounts must give authorisation in-order for the released funds cheque to be printed; and
- v. the printed cheque is then forwarded to the NSDSL.

When the releases are sent from the Ministry of Finance to the Ministry of Education and the relevant approvals from Comptroller of Accounts and the Auditor General are received, then Ministry of Education will make every effort to ensure that the funds are disbursed in a timely manner to the NSDSL

***Recommendation 15***

***“The NSDSL should formally communicate with NAMDEVCO about the possibility of restarting a redistribution network between the seven hundred (700) NAMDEVCO certified farmers and the SNP caterers. A status update on this initiative should be submitted to Parliament no later than August 5, 2022.”***

**Response**

The NSDSL continues to engage NAMDEVCO on the matter. A status update of the initiative will be submitted to the Committee by the given deadline.

***Recommendation 16***

***“The NSDSL should submit a status update on the company’s attempts to retrieve the outstanding monies owed to it for services rendered to other state agencies no later than August 5, 2022.”***

**Response**

The NSDSL has indicated that efforts continue to be made to retrieve the outstanding monies. A status update on the matter will be submitted by the given deadline.

***Recommendation 17***

***“The NSDSL should submit a status update on the development of its OPR approved procurement guidelines as well as the establishment and staffing of a dedicated procurement unit no later than August 5, 2022.”***

**Response**

The NSDSL continues to work closely with the Office of Procurement Regulation on the matter. A status update on the issue will be submitted to the Committee by the given deadline.





**National Schools Dietary Services Limited**  
**Chief Executive Officer's Special Report**  
**Readiness for Full Meal Service on 19<sup>th</sup> April 2022**  
**School Term III - School Academic Year 2021/2022**

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### **Introduction**

The National Schools Dietary Services Limited (NSDSL) was incorporated as a limited liability company by Cabinet Minute No. 943 of May 16, 2002 to manage the School Nutrition Programme (SNP) on behalf of the Ministry of Education (MoE). The NSDSL reports to the Ministry of Finance (MoF) with the Ministry of Education (MoE) as the line Ministry. As a state-owned enterprise, the NSDSL falls under the scrutiny of the Public Accounts Enterprises Committee (PAEC) of Parliament. The NSDSL also partners with relevant stakeholders such as the Ministry of Health (MoH) and the Ministry of Agriculture, Land and Fisheries (MoALF) as well as the National Agricultural Marketing and Development Corporation (NAMDEVCO) in delivering its services.

As articulated in the Cabinet Minute, the NSDSL is mandated to:

- Develop a strategic direction for the SNP and to oversee its implementation;
- Develop policy guidelines for the management and operation of the Programme in respect to meals to be served to ensure that the meals cater for the nutritional needs and dietary differences of students;
- Establish criteria for the selection of caterers for the Programme;
- Develop quality control mechanisms to ensure the maintenance of highest standards and monitoring their enforcement; and
- Plan new initiatives

When the SNP is in full operation, approximately fifty-four thousand (54,000) breakfast meals and approximately seventy-nine thousand (79,000) lunches are provided daily to students at over 800 schools. The service is delivered by sixty-eight (68) contracted caterers located throughout Trinidad.

Field Officers monitor the daily operations of the Catering facilities to ensure that all activities conform to SNP standards, as documented in the Caterers' Manual, the standard operating procedure for the SNP. The Officers also visit the schools to obtain feedback on the meal service. The NSDSL is staffed by a cadre of skilled employees with expertise and professional qualifications in a variety of disciplines relevant to school meal service, for example agronomy, culinary management, food safety, food technology and nutrition.

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The objectives of the Programme are:

- To provide as a weekly average of approximately one-quarter and one-third of the Recommended Dietary Allowance (RDAs) of nutrients for the child through breakfast and lunch respectively;
- To contribute to the improvement of the nutritional status of the child and to enhance learning ability; and
- To further stimulate the agricultural sector by utilising local produce wherever possible in the meal plan

These objectives are achieved through several strategies, for example:

- Structured menu planning and implementation;
- Strict adherence to food safety guidelines;
- Continuous training;
- Research;
- Nutrition outreach activities; and
- Collaboration with relevant Stakeholders

The NSDSL engages these strategies towards the realization of its goal to become the regional authority in school nutrition. This report identifies the steps being taken by the organisation to ensure readiness for the resumption of full meal service for Academic School Term III on 19<sup>th</sup> April 2022, towards the achievement of its strategic goals, which are to:

- Partner with Key Stakeholders to strengthen overall SNP management to develop and sustain 'Model SNP';
- Build organisational and operational effectiveness for improved execution of Value Chain activities ensuring Value for Money;
- Pursue and leverage additional sources of funding;
- Implement the use of Evidence-Based Decision-Making for Continuous Improvement/ Excellence in Service Delivery; and
- Collaborate with MoE and MoH on Education / building awareness and understanding of food nutrition/education

### **Resumption of Meal Service**

The SNP will resume on Tuesday 19<sup>th</sup> April 2022 for term III of the School Academic Year 2021/2022. Meal service will be expanded to include the normal allocation of meals, with the return to school of all students, namely those attending:

- Preschools;
- Primary Schools;
- Secondary Schools;
- Special needs schools; and
- Vocational/Technical schools

This will be the first time since the impact of the COVID-19 pandemic on schools operations in 2020 that the Programme will be returning to regular operations. As is the norm with every new term of meal production, the NSDSL again took a proactive approach to ensure readiness for successful operations in the following areas.

### SNP Catering Facilities

The number of SNP Caterers contracted to the NSDSL has been further reduced by one (1). Casa De Mana Limited, located in the North Zone, indicated on 5<sup>th</sup> April that they are no longer interested in the contract for the provision of meals to the SNP. Hence for the new school term, the Programme will start with a complement of sixty-eight (68) caterers, with the following five (5) which had not functioned in term II:

- Family Food Caterers Limited;
- Fran's Food Works;
- Rita's Catering Co. Ltd.;
- Rose Catering Limited; and
- Stewart Seabreeze Co. Limited

The two main areas which are therefore being focussed on to ensure readiness for this new term (April - July 2022) are:

- the readiness of the 5 additional SNP caterers; and
- the increase in meal production volumes;

The Quality Assurance Officers (QAOs) will be visiting the 5 additional caterers on Wednesday 6<sup>th</sup> April, in addition to next week Wednesday 13<sup>th</sup> April, 2022 in order to conduct training sessions to ensure all requirements for operations are in place (including COVID-19 prevention protocols). Areas that will be checked include:

- Safety and sanitation of the physical plant;
- Service of Fire extinguishers;
- Pest Control service;

- Medicals and/food badges for staff;
- Premises Certificate from Public Health;
- A review of the COVID -19 safety protocols, that is (hand-wash sink installed outside and equipped with soap and sanitizer and the availability of blank declaration forms at the kitchens)
- A review of paper stocks of boxes and sporks; and
- Menus for the first week of meal service discussed and adjusted, as needed due to costs or availability of food items

All other caterers will be ready for meal service in term III, having been monitored daily for the last term. They would have been informed by way of their termly evaluations if any areas needed to be addressed before the restart of operations.

#### Meal Production Figures

The NSDSL still awaits final figures for all schools from the MoE. The caterers have been informed that at this point, the Programme will begin with closing production figures for last term. For the month of February 2022, two hundred and forty-two thousand, nine hundred and sixty-five (242,965) breakfast meals and two hundred and sixty thousand, two hundred sixty-seven (260,267) lunches were produced respectively. These figures represent between 8-10% of the allocations produced during the pre-pandemic period. The most recent actual production figures will be collated after all payments are made for the last full month of feeding (that is March 2022). The ministry has indicated to the SNP that allocations will be provided to the NSDSL as soon as possible for the resumption of feeding on 19<sup>th</sup> April, 2022. To expedite the process, the MoE has also asked all Principals to submit their recipients' list to them.

#### SNP Menus

As per usual, new menus were done for the new school term. Given that normal production to all schools will resume, the regular 2, 20-day menu cycles (including a vegetarian option) with notes were completed. When developing menus, the NSDSL would usually try to ensure that the weekly average food cost does not exceed 60%, while aiming to meet the SNP nutrition objectives of  $\frac{1}{3}$  and  $\frac{1}{4}$  RDA of nutrients for lunch and breakfast respectively. The other 40% of the cost paid for the meal is expected to be used by caterers to cover other operational costs such as staff salaries and fuel costs. The menu development process took into consideration the present challenges faced with increasing costs which have affected the SNP. The Supplier's Inspection Team (SIT) also continues to consult with approved suppliers with regard the availability of food supplies for the Programme. The final drafts of the menus are reviewed by the CEO, Programme Managers, Zonal Managers and Suppliers Team before they are finalised for circulation.

## **Key Challenges Faced for Re-opening**

### Increasing Costs

Rising costs continue to negatively impact on the daily operations of the meal service offered by the National Schools Dietary Services Limited (NSDSL). Over the last 5-6 years, there has been a continuous escalation in food prices even though the prices for the provision of the meals had not been increased since June 2014. The current contracted prices for the meals served on the School Nutrition Programme (SNP) are as follows:

- Breakfast Meals: \$6.63 + VAT
- Pre-School Meals: \$8.28 + VAT
- Regular Lunch Meals: \$9.00 + VAT

The prices offered were arrived at after engaging the services of PricewaterhouseCooper (PwC) to develop a Price Model so that caterers should receive at least 8% return on their investment, based on the number of meals produced, taking into consideration other operating costs such as national insurance contributions, fuel costs and other related costs.

There has been a steady increase in food prices and raw materials both globally and locally since 2014, with the situation having been exacerbated during the pandemic period. Some food items increased as much as between 10-25%. With the increased freight costs and other inputs for production now being experienced globally, our suppliers are also indicating that we can expect further price increases before the end of the 3<sup>rd</sup> quarter of 2022. National Flour Mills announced in December 2021 that with effect from 3<sup>rd</sup> January, 2022, the wholesale price of flour will be increased by between 15% and 22%, with a suggested average 19% increase in the retail price. Arawak has increased the cost of local chicken by 4%, with effect from 10<sup>th</sup> January 2022. Other SNP suppliers have also done the same since these announcements. The SIT continues to visit, collect and negotiate prices of commodities. However, the trend observed for these commodities post the pandemic period, is higher prices with every shipment of new products.

The caterers' ability to operate a profitable business has also been affected by the drastic reduction in meal production during the pandemic. The last day the Programme produced its regular meal allocation was 13<sup>th</sup> March 2020, which was the last day the full complement of students physically attended schools to date. These meal production figures were reflective of a reduction in the allocation that would have taken place after the National Schools Dietary Services Evaluation Committee, which is chaired by the Ministry of Education, was given a mandate in 2018 to review the operations of school meal service offered via the SNP and make recommendations to improve efficiency. Since March 2020, the Programme has had very limited meal production, with schools resuming virtually in September 2020, after the national shutdown of classes due to the COVID-19 pandemic.

The fluctuating meal allocation figures received when the senior secondary school students resumed school, have also affected the caterers' ability to not operate their businesses. These students only reported to school based on their time-tables. As the terms progressed, the production figures reduced considerably for some schools. In those instances, the caterers indicated that they were no longer able to provide meal service since the allocations requested did not allow them to cover their daily cost of operations. Notably since the start of the pandemic, the NSDSL has lost seven (7) caterers. For school term II, the figures improved slightly with the return to schools of the Form 1-3s and the Standard 5s, who were preparing for the Secondary Schools Entrance Assessment (SEA) examination, which took place on the 31<sup>st</sup> March 2022. School closed for term II on Friday 1<sup>st</sup> April 2022.

Additionally, since the last price increase given in 2014, other operating costs have increased for example fuel costs. Further increases are expected globally because of the Ukraine war and the sanctions imposed on Russia as a result. The NSDSL looks forward to receiving confirmation that the proposal made by the Board of Directors to the MoE in February 2022 for an interim increase of \$1.00 per meal category is approved and can be offered to the Caterers, who have been assiduously advocating for meal prices increases that are more than justifiable. While the caterers were happy to be offered the new 2-year contracts for this fiscal year, their major concern was the high price of commodities as compared to the prices they are paid for the meals.

The rise in the prices of sporks and boxes for use on the Programme is a direct cost to the company since the NSDSL usually purchases these consumables for the caterers. At this time however, the NSDSL is currently seeking other markets for these products with the advantage of more affordable prices, since some of the current products is unavailable and is being sold at higher prices.

#### Timely Payments to Caterers

Another challenge that can negatively impact NSDSL operations for term III, is if the NSDSL is late in settling payments to caterers. Given the very low volume of meals that were being produced by caterers, a request was made by them for the NSDSL to continue remitting their payments either weekly or fortnightly. It is therefore suggested for the time being that the remittance of caterers' payments continues on a weekly or fortnightly basis, until production levels increase substantially. This will greatly assist the caterers in covering their daily operating costs such as paying staff's salaries, as well as keeping current with their statutory obligations, for example NIS contributions.

The management will also be making vigorous representation to the MoE to ensure that additional funds are securely on a timely basis to pay caterers, as the SNP returns to full service on the 19th April 2022. The caterers will not be able to survive economically if they are not paid

on time, after having being subjected to very limited production days of between 1-27% of their regular allocations during the pandemic period.

#### Additional Staff

As the SNP returns to regular production levels, the NSDSL looks forward to the appointment of additional staff to ensure the efficient running of daily operations. At present, two (2) of the Zones are without Zonal Managers and a new manager needs to be appointed to the Nutrition department. Recently the company advertised for the following positions:

- Quality Assurance Officer;
- Zonal Manager, Operations;
- Zonal Manager, Agricultural Supplies;
- Manager, Nutrition Services; and
- Internal Auditor

#### Conclusion

The NSDSL had a productive reporting period for term II. The company looks forward to this trend continuing next term, with the above challenges having been addressed and the monitoring of daily operations continuing to be efficiently executed.