

# TWELFTH

REPORT  
FROM

THE PUBLIC ACCOUNTS  
(ENTERPRISES) COMMITTEE

EXAMINATION  
OF

National Infrastructure Development Company Limited (NIDCO) Audited Financial Statements for the financial years ended September 30, 2015 to 2017 including a follow-up examination on the implementation of the recommendations in the Committee's Omnibus Report, First Session, 11<sup>th</sup> Parliament and Second Report of the Joint Select Committee on State Enterprises on an inquiry into the operations of NIDCO including its compulsory land acquisition in relation to major projects.

## Public Accounts (Enterprises) Committee

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

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

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

### Current membership

Mr. Wade Mark	Chairman
Mr. Rushton Paray, MP	Vice-Chairman
Ms. Amrita Deonarine	Member
Mrs. Renuka Sagramsingh-Sooklal	Member
Mr. Fitzgerald Hinds, MP	Member
Mrs. Laurel Lezama-Lee Sing	Member
Mr. Keith Scotland, MP	Member
Mr. Stephen Mc Clashie, MP	Member

### Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Graduate Research Assistant
Ms. Rachel Nunes	Graduate Research Assistant
Ms. Anesha James	Administrative Assistant
Ms. Natoya O’Neil	Clerk Typist I

### Publication

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**Members of the Public Accounts (Enterprises) Committee**



**Mr. Wade Mark  
Chairman**



**Mr. Rushton Paray  
Vice-Chairman**



**Mr. Fitzgerald Hinds  
Member**



**Mrs. Renuka Sagrarsingh-Sooklal  
Member**



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



**Mr. Keith Scotland  
Member**



**Mr. Stephen Mc Clashie  
Member**

## **Executive Summary**

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee performed a follow-up inquiry into the Joint Select Committee's State Enterprises Report Second session 12<sup>th</sup> Parliament as well as a follow-up inquiry into the Committee's Omnibus Report from the First session of the 11th Parliament. This report was also generated after a review of the National Infrastructure Development Company's (NIDCO) audited financial statements for the years ended September 30, 2015 to 2017. This report details the issues, observations and recommendations made by the Committee to improve NIDCO's performance.

**The Report focuses on the following issues:**

- 1. Status of Outstanding Audited Financial Statements**
- 2. Insufficient knowledge transfer between NIDCO and Matrix Ship Management LTD.**
- 3. Lack of urgency to implement recommendations provided by NIDCO's internal auditors**
- 4. Land acquisition litigation matters**
- 5. Inability to generate revenue outside of government-assigned projects**

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

- The Ministry of Finance should submit a status update on the submission of the 2018 and 2019 audited financial statements to the Parliament by January 15, 2024; and***
- NIDCO should submit a status update on the completion of the 2020 and 2021 audited financial statements to the Parliament by January 15, 2024.***
- NIDCO should engage in conversations with the Ministry of Works and Transport concerning funding regarding a training programme to facilitate nationals of Trinidad and Tobago shadowing Matrix personnel. The key actionable points from the discussion should be submitted to Parliament by January 15, 2024.***
- NIDCO should provide to Parliament by January 15, 2024 a justification for the funding for their personnel to shadow Matrix personnel.***

- *NIDCO should submit a status update to Parliament by January 15, 2024 on the Financial Statement Reporting Audit Summary of Audit Findings.*
- *By January 15, 2024 NIDCO should conduct an evaluation and provide a report to Parliament to identify :*
  - a. *The factors hindering the implementation of internal audit recommendations; and*
  - b. *Remedies for the factors hindering the implementation of internal audit recommendations. This can ensure higher chances of internal audit recommendations being implemented on time as the remedies for the challenges would have been sought before the audit occurred.*
- *NIDCO's Board of Directors should consider including the element of assurance to implement internal audit recommendations in managers performance appraisals. Managers would therefore be inclined to ensure the recommendations put forth by internal audit are implemented. NIDCO should provide a status update to Parliament as at January 15, 2024 on whether an element of insurance has been included; and*
- *By January 15, 2024, NIDCO's internal audit department should conduct a study into various task tracking software applications and provide a report on the findings to Parliament. The Report should include the advantages and disadvantages weighed to select the best suited software for the organization. The following factors should be taken into consideration in selecting the best suited software:*
  - a. *The software should be directed at the needs and wants of both the customer and NIDCO;*
  - b. *The software should allow for ownership of the action plans put forth to be assigned to managers as well as facilitate tracking of the actions from start to finish;*
  - c. *The software should include automated emails that frequently notify management and internal audit of tasks to be completed for the action plans put in place; and*
  - d. *The software should allow actions to be updated, add completed actions and up to date reporting.*

- *NIDCO's Internal Audit Unit should conduct tests on the implemented recommendations to ensure the issues identified are corrected as well as to confirm if the data entered into the software application by managers is accurate and true.*
- *NIDCO should look into the feasibility of creating a payment plan for current and future land acquisition and damage to property matters and provide a copy of the payment plan to Parliament by January 15, 2024; and*
- *NIDCO should provide an update on the number and value of unsettled land acquisition and damage to property litigation matters to Parliament by January 15, 2024.*
- *NIDCO should hold discussions with the MOWT and provide a progress report to Parliament outlining the viability of growing its infrastructure-related services and clientele outside of government assignments By January 15, 2024,.*
- *By January 15, 2024, NIDCO should report to Parliament with the results of its discussions with the MOWT regarding the public sector areas from which it intends to harvest new business ideas and new revenue streams.*

# **Introduction**

## **Establishment**

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

## **Mandate**

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

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

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

## **Ministerial Response**

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

## **State Enterprises Performance Standards**

The (PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official

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



policy and the monitoring mechanisms to be used in assessing such compliance. The Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximize value for money for the national stakeholders and shareholders<sup>2</sup>

## **Election of the Chairman and Vice-Chairman**

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

## **Establishment of Quorum**

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

## **Change in Membership**

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

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<sup>2</sup> State Enterprise Performance Monitoring Manual – Ministry of Finance Website accessed on August 13, 2023  
<https://www.finance.gov.tt/2017/05/19/state-enterprise-performance-monitoring-manual-2011/>

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

## **Determination of Date and Time of Regular meetings**

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

## **Methodology**

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

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

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

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

## The Inquiry Process

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

- II. The Committee conducted a review of the responses provided for two reports, the Omnibus Report First session from the 11<sup>th</sup> Parliament and Follow up Inquiry into the Joint Select Committee's State Enterprises Report Second session from the 12<sup>th</sup> Parliament. The committee also conducted a review of NIDCO's Audited Financial Statements for the year ended September 30 2015 to 2017. Based on the responses provided, the Committee wrote to the relevant entities to determine the status of the implementation of the recommendations.
- III. Questions for written response were forwarded to NIDCO on March 20, 2023. NIDCO's responses were received on May 5, 2023.
- IV. Preparation of an Issues Paper which identified and summarised matters of concern in the responses provided by the NIDCO. Based on the responses received and the issues identified, the Committee agreed to have a public hearing.
- V. A public hearing was held on May 17, 2023. Representatives from NIDCO, the Ministry of Works and Transport and Ministry of Finance – Investments Division (MOF-ID) were invited.
- VI. Questions were sent for additional information to the NIDCO after the public hearing on June 6, 2023. NIDCO's responses were received on July 21, 2023.
- VII. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry. The Report will be transmitted to the Ministry of Works and Transport as the Minister with oversight of NIDCO 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.
- VII. Carry out follow-up to monitor progress in the implementation of recommendations.

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

### History

In 2005, the National Infrastructure Development Company Limited (NIDCO), a state-owned corporation, was established with the specific goal of developing and carrying out large-scale physical infrastructure projects in the subsectors of water management, transportation, and environmental protection. The major services offered by the state firm are project management, procurement management, and management of marine transportation services.

### Vision

To create a premier project management organisation with competencies responsive to the delivery of strategic infrastructure projects, always mindful of its stakeholder's best interest and the impact of our work on the environment.

### Mission

To fulfil its role as the leading project executing agency, through a philosophy of managing its business with the highest ethical standards providing optimal quality and value while acting in a reasonable manner with our employees, our stakeholders and environmental policies.

### Board of Directors

- Mr. Herbert George Chairman
- Mr. Stephen Gardiner Deputy Chairman
- Mr. Charles Mitchell Director
- Ms. Vernie Shield Director
- Mr. Richard Barry Tow Yew Director
- Mr. Steve Chadee Director
- Ms. Dawne Wynter Director

### Management Team

- Ms. Esther Farmer President
- Ms. Vanda Thomas-Lynch Manager, Compliance/ Corporate Secretary

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<sup>5</sup> National Infrastructure Development Company Limited accessed June 30<sup>th</sup> 2023?????: <https://www.nidco.co.tt/>.

- Ms. Rachel Philips                      Manager Corporate Services
- Mr. Dennis Harricharan                Manager, Engineering & Programme Management
- Mr. Ravi Seereeram                     Manager, Finance & Corporate Planning
- Ms. Marsha Fredrick                    Manager, Human Resources
- Ms. Leah Narinesingh                  Manager, Internal Audit
- Mr. Christopher Pilgrim                Manager, Maritime Services
- Ms. Laura Ganpath Ali                 Manager, Procurement

## **Line Ministry - Ministry of Works and Transport**

### **Minister of Works and Transport**

- Hon. Rohan Sinanan

### **Minister in the Ministry of Works and Transport**

- Mr. Richie Sookhai

### **Permanent Secretary**

- Mrs. Sonia Francis-Yearwood

## Issues and Recommendations

In the Committee's examination of NIDCO's Audited Financial Statements, the following issues were identified and the corresponding recommendations and observations made:

### **1. Status of Outstanding Audited Financial Statements**

According to parliamentary record, the last audited financial statements for NIDCO were for the year 2017. Section 3.2.5 of the State Enterprises Performance Monitoring Manual<sup>6</sup> states that "State Enterprises are required to submit audited financial statements to the Minister of Finance within four (4) months of their financial year end. These reports are to be laid in Parliament and subsequently submitted to the Public Accounts (Enterprises) Committee for consideration." NIDCO's written submission dated May 5, 2023 provided the following update on the status of the outstanding financial statements:

- The financial statements for 2018 were submitted October 26, 2021;
- The financial statements for 2019 were to be submitted by May 31, 2023 to the Minister of Finance; and
- The financial statements for 2020 and 2021 were given a projected submission date of February 2024.

NIDCO identified four factors as the reasons for the non-submission of the audited financial statements, namely:

- The onset of the COVID-19 Pandemic began whilst NIDCO's was in the middle of the audit exercise for the 2018 financial statements.
- During the lockdown period, NIDCO's operation were hindered and the company was unable to conduct its AGM.
- As a result, NIDCO was unable to appoint and accept PKF and accept the 2018 financial statements from Deloitte. Deloitte completed the 2018 financial statements in October 2021.

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<sup>6</sup> State Enterprise Performance Monitoring Manual – Ministry of Finance Website accessed on July 30, 2023 <https://www.finance.gov.tt/2017/05/19/state-enterprise-performance-monitoring-manual-2011/>

- In place of the AGM, the Ministry of Finance (MOF) passed a special resolution that facilitated the appointment of PKF. However due to PKF's prior commitments, PKF commenced a five year engagement with NIDCO in October 2022.

At the public hearing held on May 17, 2023, the Committee inquired on whether the outstanding financial statements were still on track to be submitted by the dates provided as well as the cause of the changeover gap between the appointment of external auditors. NIDCO officials informed the Committee that the current executive was not employed when the gap occurred but assured that, with the requisite resources, the company would meet its outstanding audited financial statements submission dates.

***Recommendations:***

- ***The Ministry of Finance should submit a status update on the submission of the 2018 and 2019 audited financial statements to the Parliament by January 15, 2024 ; and***
- ***NIDCO should submit a status update on the completion of the 2020 and 2021 audited financial statements to the Parliament by January 15, 2024.***

**2. Insufficient knowledge transfer between NIDCO and Matrix Ship Management LTD.**

At the public hearing, NIDCO officials made mention of Matrix Ship Management LTD (Matrix). NIDCO officials indicated that Matrix was the successful applicant further to NIDCO's tendering process for a ship management company with extensive experience across all vessel types to maintain NIDCO's fleet of vessels. As a result of their successful bid, Matrix was engaged on a two-year contract that would turn into a three year contract if NIDCO assessed Matrix's work to be exemplary. With respect to the existing engagement, the Committee inquired on whether the current contract stipulated any form of transfer of knowledge between NIDCO and Matrix. NIDCO officials expressed concern regarding the absence of such technological and knowledge transfer. Subsequent information received highlighted that the organisation included a special condition in its BIMCO Shipman 2009<sup>7</sup> Standard Ship Management Agreement as it acknowledged the importance of the development of the maritime sector. It requires Matrix Ship Management Limited to, inter alia, "provide assistance to the owner NIDCO in the recruitment of a technical team to work alongside the Technical Management team, train up of competent technical personnel to perform routine and

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<sup>7</sup> SHIPMAN is a ship management agreement that may include crew, technical and commercial management as well as insurance arrangements in respect of a ship. The latest edition of this contract is SHIPMAN 2009. Copyright in SHIPMAN 2009 is held by BIMCO.

preventative maintenance to facilitate a seamless transition on completion of contract. Areas of training include, but are not limited to, vessel operations and Operational Level Maintenance (OLM) activities.”

NIDCO’s President pointed out that, though NIDCO may not have had a transfer of knowledge plan in its contract with Matrix, the development of such a plan was considered essential if NIDCO planned to take over maintenance operations of its maritime assets. Consequently, as at May 2023, NIDCO engaged Matrix to develop a transfer of knowledge plan. NIDCO’s Chairman further indicated Matrix’s intention to hand over ship management to Trinidad and Tobago locals by allowing NIDCO authorised engineers and technicians to shadow Matrix employees on board the vessels when maintenance works were being executed. NIDCO further added that ideally, NIDCO would have preferred if six of its personnel were on the vessels to shadow Matrix workers however, only two persons have shown an interest in doing so. In any case, the requisite funding to do so was unavailable.

***Recommendations:***

- ***NIDCO should engage in conversations with the Ministry of Works and Transport concerning funding regarding a training programme to facilitate nationals of Trinidad and Tobago shadowing Matrix personnel. The key actionable points from the discussion should be submitted to Parliament by January 15, 2024.***
- ***NIDCO should provide to Parliament by January 15, 2024 a justification for the funding for their personnel to shadow Matrix personnel.***

**3. Lack of urgency to implement recommendations provided by NIDCO’s internal auditors**

The Financial Statement Reporting Audit Summary of Audit Findings September 2019 to December 2019 highlighted six issues identified by NIDCO’s internal auditors alongside management’s response to each issue. Management’s responses included dates for remedying the issues identified. These dates varied from July 31 to November 30, 2020. At the public hearing, the Committee inquired about the status of the Financial Statement Reporting of Audit Findings September 2019 to December 2019. NIDCO officials indicated that there were a total of eleven audit findings and twenty-eight recommendations. Sixteen of them had been completed as at May 17, 2023, while twelve remained outstanding. The deficiencies included:



- Audit Finding 1, *the Finance and Accounting Operating Procedures Manual* was 60 to 70 percent completed, with an expected completion date of July 31 2023;
- Audit Finding 6 *Inadequate Controls over Fixed Assets* was 75 per cent complete, with an expected completion dated of August 31, 2023.
- Audit Finding 7 *Inadequate Controls over Access to Data Information's* expected completion date was July 31 2023; and
- Audit Finding 9 *Effective controls over Petty Cash Process - A Second Level of Internal Control's* expected completion date was 30 June 2023.

Subsequent information indicated that the following audit findings were still in progress:

- Audit finding 4, *Incorrect Accounting Treatment for Assets that were Revalued* was given a timeframe of September 2023;
- The completion timeframe for Audit finding 6 *Inadequate Controls over Fixed Assets* was adjusted to December 22 2023;
- Audit Finding 9 *Effective Controls over Petty Cash Process* Items (e) and (c) were expected to be completed by May 31 2023 and item (f) date of completion was yet to be advised.

***Recommendations:***

- ***NIDCO should submit a status update to Parliament by January 15, 2024 on the Financial Statement Reporting Audit Summary of Audit Findings.***
- ***By January 15, 2024 NIDCO should conduct an evaluation and provide a report to Parliament to identify :***
  - c. The factors hindering the implementation of internal audit recommendations; and***
  - d. Remedies for the factors hindering the implementation of internal audit recommendations. This can ensure higher chances of internal audit recommendations being implemented on time as the remedies for the challenges would have been sought before the audit occurred.***
- ***NIDCO's Board of Directors should consider including the element of assurance to implement internal audit recommendations in managers performance appraisals. Managers would therefore be inclined to ensure the recommendations put forth by internal audit are implemented. NIDCO should provide a status update to Parliament as at January 15, 2024 on whether an element of insurance has been included; and***

- *By January 15, 2024, NIDCO's internal audit department should conduct a study into various task tracking software applications and provide a report on the findings to Parliament. The Report should include the advantages and disadvantages weighed to select the best suited software for the organization. The following factors should be taken into consideration in selecting the best suited software:*
  - a. *The software should be directed at the needs and wants of both the customer and NIDCO;*
  - b. *The software should allow for ownership of the action plans put forth to be assigned to managers as well as facilitate tracking of the actions from start to finish;*
  - c. *The software should include automated emails that frequently notify management and internal audit of tasks to be completed for the action plans put in place; and*
  - d. *The software should allow actions to be updated, add completed actions and up to date reporting.*
- *NIDCO's Internal Audit Unit should conduct tests on the implemented recommendations to ensure the issues identified are corrected as well as to confirm if the data entered into the software application by managers is accurate and true.*

#### 4. Land acquisition litigation matters

Appendix 10 to NIDCO's written response listed the company's outstanding litigation. At the public hearing, the Committee inquired into the reasons for the large sum of \$172 million associated with damage of property and land acquisition litigation matters as at May 2023 that were either completed or pending.. NIDCO's Chairman indicated that the land acquisition cases stemmed from properties having been acquired without owners receiving compensation. As a result, the state now owed monies to persons for properties acquired as well as the interest accumulated over the period of time during which the payments were not made. NIDCO indicated that most of the cases were related to payment of outstanding compensations to persons whose lands were acquired by the State for the Solomon Hochoy Highway extension to Point Fortin project. NIDCO added that, in 2019, the State questioned the value of some properties previously acquired, which led to the formation of a Commission of Enquiry to look into the values provided for those properties. NIDCO officials indicated that as at May 2023, the commission was due to begin investigations soon. As a result of delays in payment for

reasons detailed above, NIDCO indicated there were several other acquisition matters before the court.

***Recommendations:***

- ***NIDCO should look into the feasibility of creating a payment plan for current and future land acquisition and damage to property matters and provide a copy of the payment plan to Parliament by January 15, 2024; and***
- ***NIDCO should provide an update on the number and value of unsettled land acquisition and damage to property litigation matters to Parliament by January 15, 2024.***

**5. Inability to generate revenue outside of government-assigned projects**

NIDCO's written response presented the organization's income and expenditure between 2016 and 2022. However, during the years 2019 to 2022, expenses exceeded revenue. At the public hearing, the Committee inquired about what measures NIDCO had in place to boost revenue. NIDCO's Chairman informed the Committee that the organization was state-owned and, as a result, was only mandated to accept government projects. This meant that NIDCO was constrained from accepting private sector projects. This hindered NIDCO's ability to attract clients on the open market thereby affecting the number of services the company can provide. As such, the company shifted its focus towards maximising value within the organisation by efficiently and effectively satisfying its client's needs. Subsequent information provided by NIDCO highlighted initiatives being undertaken to secure the company's financial viability. NIDCO indicated that the company had commenced the development of remedial strategies to address its operational deficiencies. These included the exploration of the local public sector market and identification of new business ideas and new cash flows.

***Recommendations:***

- ***NIDCO should hold discussions with the MOWT and provide a progress report to Parliament outlining the viability of growing its infrastructure-related services and clientele outside of government assignments By January 15, 2024,.***
- ***By January 15, 2024, NIDCO should report to Parliament with the results of its discussions with the MOWT regarding the public sector areas from which it intends to harvest new business ideas and new revenue streams.***

## Conclusion

In light of the above, the Committee notes that NIDCO is committed to the continued transformation of Trinidad and Tobago through its infrastructural development thereby aiding the government in executing projects to develop Trinidad and Tobago.

The Committee is optimistic that the company will continue to strategically position itself as the leading project execution agency that stimulates development nationwide improving the country's environs and standard of living.

The Committee therefore awaits the responses of the Minister of Works and Transport to the recommendations proposed above, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

*“The Minister responsible for the Ministry or Body under review shall, not later than sixty (60) days after a report from a Standing Committee relating to the Ministry or Body, has been laid upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it...”*

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

Sgd.  
Mr. Wade Mark  
Chairman

Sgd.  
Mr. Rushton Paray, MP  
Vice-Chairman

Sgd.  
Ms. Renuka Sagramsingh-Sooklal  
Member

Sgd.  
Mr. Fitzgerald Hinds, MP  
Member

Sgd.  
Mrs. Laurel Lezama- Lee Sing  
Member

Sgd.  
Mr. Keith Scotland, MP  
Member

Sgd.  
Mr. Stephen Mc Clashie, MP  
Member

## **Appendix 1: Meeting Minutes**

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –  
THIRD SESSION, TWELFTH PARLIAMENT  
MINUTES OF THE SIXTEENTH MEETING HELD ON  
WEDNESDAY, MAY 17, 2023 AT 9:38 A.M.**

**Present were:**

Mr. Wade Mark	-	Chairman
Mr. Rushton Paray	-	Vice-Chairman
Mr. Keith Scotland	-	Member
Ms. Amrita Deonarine	-	Member
Mrs. Laurel Lezama-Lee Sing	-	Member
Ms. Keiba Jacob Mottley	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Rachel Nunes	-	Researcher
Ms. Teneka Carrington	-	Parliamentary Researcher Intern

**Excused were:**

Mr. Stephen Mc Clashie	-	Member
Mrs. Renuka Sagrarsingh-Sooklal	-	Member

**Absent was:**

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

1.1 At 9:38 a.m., the Chairman called the meeting to order and welcomed those present.

**THE EXAMINATION OF THE MINUTES OF THE FIFTEENTH MEETING**

2.1 The Committee examined the Minutes of the Fifteenth (15th) Meeting held on April 19, 2023.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Keith Scotland and seconded by Mrs. Laurel Lezama-Lee Sing

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

- 3.1 With reference to item 3.2, page 2: the Chairman informed Members that the responses to the requests for additional information were received from the:
- Ministry of Agriculture, Land and Fisheries on April 14, 2023;
  - Estate Management and Business Development Company Limited on May 03, 2023; and
  - Ministry of Finance – Investments Division (part 1 of the response) on May 12, 2023. The Ministry of Finance requested an extension to submit (part 2 of the response) on June 9, 2023.
- 3.2 With reference to item 4.1, page 2: the Chairman informed Members that the Committee’s Report into the examination of the Audited Financial Statements of the National Commission for Self Help Limited (NCSHL) for the Financial Year 2016 and follow up on the Implementation of the Recommendations in the Committee’s Fourteenth Report from the 11th Parliament was presented in the House of Representatives on April 28, 2023 and in the Senate on April 25, 2023.
- 3.3 With reference to item 8.2, page 4: the Chairman informed Members that the responses to the requests for additional information were received from the Sports Company of Trinidad and Tobago on May 10, 2023.

**PRE-HEARING DISCUSSION RE: National Infrastructure Development Company Limited (NIDCO)**

- 5.1 The Chairman reminded Members that the purpose of the public hearing was to conduct an examination of: the PA(E)C Report on NIDCO from the First Session, 11<sup>th</sup> Parliament on the Audited Financial Statements for the financial years 2009 to 2013 and an examination of NIDCO’S Audited Financial Statements for the years 2014 to 2017; and the Joint Select Committee on State Enterprises Report from the Second Session, 12<sup>th</sup> Parliament into the operations of NIDCO including its compulsory land acquisition in relation to major projects.
- 5.2 Members discussed their areas of concern and 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 10:03 a.m. to reconvene in public.

**AN EXAMINATION OF THE AUDITED ACCOUNTS, BALANCE SHEET AND OTHER FINANCIAL STATEMENTS OF THE NATIONAL INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED (NIDCO)**

- 7.1 The Chairman called the public meeting to order at 10:16 a.m.
- 7.2 The following officials joined the meeting:



### **National Infrastructure Development Company Limited (NIDCO)**

- Mr. Herbert George - Chairman
- Ms. Esther Farmer - President
- Mr. Ravi Seereeram - Manager Finance and Corporate Planning

### **Ministry of Works and Transport**

- Mrs. Sonia Francis-Yearwood - Permanent Secretary
- Mr. Wesley Gajadhar - Legal Officer I

### **Ministry of Finance – Investments Division (MoF-ID)**

- Mr. Ryan Maharaj - Senior Business Analyst
- Ms. Sharon Mohammed - Director Agro-based, Manufacturing and Services Sector

#### **7.3 Key Issues Discussed:**

1. The status of NIDCO's outstanding financial statements for the years 2019 to 2022;
2. The reasons for the delay in the submission of the 2018 Audited Financial Statements;
3. The reasons for the change in external auditors;
4. The reasons for the delay in the appointment of an external auditor;
5. The oversight role of the Ministry of Finance – Investments Division;
6. The status of the cost cutting exercise;
7. The status of NIDCO's Strategic Plan;
8. The reasons for the increase in revenue between the years 2018 and 2019;
9. The challenges faced in boosting revenue outside of the Government-assigned projects;
10. The strategies being developed to improve NIDCO's earning potential, timeliness of client payment, value of NIDCO's services and project sourcing;
11. The impact of the company's increased workload on its operations;
12. The agreement between NIDCO and the Original Equipment Manufacturers;
13. The status of the implementation of the recommendations provided by NIDCO's Internal Auditors;
14. The engagement of PKF Chartered Accountants and Business Advisors;
15. The strategies and Key Performance Indicators in place to mitigate the weaknesses identified in the company's Strategic Plan;
16. The process for the procurement of Matrix Ship Management LTD;
17. The limitations NIDCO encounters in the Turnkey Procurement Method regarding the water vessels maintenance to the nationals of Trinidad and Tobago;
18. The status of the human resource capacity of NIDCO;
19. The status of the Manpower Audit;

20. The status of the litigation matters faced by the company relating to land acquisition and damage to property litigation matters;
21. The status of the process for land acquisition;
22. The challenges encountered regarding contract negotiations;
23. The status of NIDCO's risk management process;
24. The oversight responsibility of the Ministry of Works and Transport;
25. The concerns regarding the Audit findings and Risk Grading on the Engineering & Programme Management Process;
26. The factors impeding NIDCO from achieving its objectives; and
27. The strengths NIDCO possesses which makes it the company of choice for Government agencies.

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

- 8.1 The Chairman thanked the officials for attending the meeting and they were excused.
- 8.2 The Committee agreed that additional questions would be sent to NIDCO.  
**[Please see attached Appendix 1]**

### **SUSPENSION**

- 9.1 At 12:16 p.m., the Chairman suspended the public meeting to resume in-camera for a post-mortem discussion with Members only.
- 9.2 There being no other business, the Chairman thanked Members for their attendance. The Committee agreed that the next meeting of the Committee will be held on **June 7, 2023 at 9:30 a.m.** at which time the Committee will conduct an Inquiry into the Audited Financial Statements of the Tourism Trinidad Limited.

### **ADJOURNMENT**

- 10.1 The adjournment was taken at 12:25 p.m.

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

CHAIRMAN

SECRETARY

*May 17, 2023*

**ADDITIONAL INFORMATION****ADDITIONAL QUESTIONS ARISING FROM MEETING OF THE PUBLIC ACCOUNTS [ENTERPRISES] COMMITTEE****Request for Additional Information****Questions from public hearing**

Provide in writing the following:

1. A copy of the contract between NIDCO and Matrix Ship Management LTD;
2. The terms and conditions of persons employed to maintain the sea vessels;
3. Whether NIDCO submitted a Transfer of Knowledge Plan to the Ministry of National Security;
4. A status update on the Financial Statement and Reporting Audit Summary of Audit Findings found in Appendix 6.1 of the written response;
5. The organisation current staff complement; and
6. The units at NIDCO that were overstaff.

**Questions from written submissions****(Question 3, pg. 3)**

1. Briefly, state the financial and operational impact of NIDCO's involvement in the provision of construction management services?

**Follow-up Questions based on Omnibus Report First session from the 11th Parliament<sup>8</sup>****Issue: Response based on Recommendation 1.1 "Develop a Cost Cutting Strategic Plan"****Question 5 (pg. 5)**

Year	2015	2016	2017	2018	2019	2020	2021	2022
Income	38,062,025	7,876,575	31,509,894	30,877,889	52,342,872	45,586,418	34,101,540	31,477,819
Expenditure	66,100,145	54,115,546	45,397,172	54,354,345	35,902,542	38,621,319	37,780,808	36,224,018

<sup>8</sup> Public Accounts (Enterprises) Committee First session of the 11<sup>th</sup> Parliament. Examination of the Audited Financial Statements of State Enterprises; (NSDSL, e TecK, NFM, NQCL, GHRS, NIDCO and TTMF). Accessed on March 17<sup>th</sup> 2023: <https://www.ttparliament.org/wp-content/uploads/2021/11/p11-s1-j-20160913-PAEC-R1.pdf>.

The table above showcases NIDCO’s revenue and expenses from 2016 to 2022 whereby expenses exceeded revenue each year with the exception of 2019 and 2020.

1. State the reason for the decrease in income?
2. Based on the “cost cutting strategic plan”, what were the key indicators used to measure revenue growth and expenditure?
3. How were these indicators tracked and analysed?
4. What was the reason for ‘management fee write off’ in the years 2015, 2016 and 2018?

**Question 6 pg. 5**

Expenditure Item	Expenditure (TT\$)		Percentage Var. (%)
	2016	2022	
Personnel	34,375,628	26,659,654	-22%
Rent	7,289,913	2,255,693	-69%
Utilities	3,201,726	712,432	-78%
Repairs & Maintenance	600,094	348,322	-42%
Public Relations	374,183	72,997	-80%
Legal & Professional Fees	1,454,372	387,751	-73%

NIDCO indicated its savings was obtained through the implementation of its cost containment strategy.

“Cost containment is a business strategy that involves cutting expenses to increase profitability or to remain sustainable over time. It is a practice where extraordinary expenses are reduced to a minimum and companies look for ways to diminish all its regular operating costs.”<sup>9</sup>

5. Since the implementation of the Cost Containment Strategy between the periods 2016 to 2022, has a review been conducted?
6. What factors contributed to the reduction of expenses specifically under “Personnel”, Utilities, Public Relations and Legal & Professional Fees?
7. Has the reduction in ‘personnel’ and in any other areas as stated in the table above affected the day to day operations?
8. Did COVID-19 play a role in the reduction of these expenses? If yes, in what areas?

<sup>9</sup> My Accounting Course, Accessed on May 11<sup>th</sup> 2023: <https://www.myaccountingcourse.com/accounting-dictionary/cost-containment>.

**Question 7 pg. 6**

1. State what is meant by “NIDCO’s workforce is comprised of personnel possessing the right balance of qualification and experience, and is *therefore not dependent on short – term training* to achieve the required organizational results?

**Question 8 pg. 6**

A Manpower Audit conducted revealed that the company was overstaffed in some areas.

1. Which contract positions were considered “non-essential”?
2. Has an assessment been conducted to ensure NIDCO is operating at maximum efficiency with the new staffing levels, after the manpower audit?
  - a. If yes, what were the findings?

**Question 9 pg. 7**

The organisation underwent a thorough restructuring of its business operations, which led to the creation of a new organisational structure and revisions to job descriptions and duties.

1. How many positions appeared on the old organisation structure versus the number of positions on the new organisational structure?
2. Which positions, job descriptions and job duties were revised?
  - a. Why were they revised?
3. How many contracts were issued to new employees?

**Issue: Response based on Recommendation 2.1 “Sustainable Funding”**

**Question 12 pg. 8**

1. Has NIDCO given consideration to implementing payment plans for clients for all management fees owed to them to be paid within a specific time frame?
2. As at May 01, 2023, what is the sum of management fees owed to NIDCO?

**Questions 14 pg. 8**

<b>Income</b>	<b>2017</b>	<b>2018</b>
<b>Management Fees</b>	<b>15,725,959.00</b>	<b>19,614,435.00</b>
<b>Supervision Fees</b>	<b>3,573,333.00</b>	
<b>Total</b>	<b>19,299,292.00</b>	<b>19,614,435.00</b>

1. Why was there no allocation to 2018 supervision fees?
2. How did COVID-19 impact its operations for the years 2020-2022
3. How does NIDCO intend to increase revenue generated from ‘Supervision Fees’?
4. What was the reason for the decrease in income in the year 2022 since NIDCO’s operation are funded entirely through Management Fees?

**Question 16 pg. 9**

NIDCO stated that the following key issues needed addressing:

- i. Timeliness of Client Payment. Both the quantum and timeliness of payment by our Clients affect revenue generation. Thus emphasis by the Client(s) must not only be placed on ensuring the sufficiency of compensation, but also the timeliness of these payments.
- ii. Value of NIDCO’s Services. NIDCO’s Management Fees are often below industry rates. While this benefits the State, it ultimately impacts the Company’s ability to invest in resources required for organizational improvement.
- iii. Project Sourcing. NIDCO has little control over its ability to improve its earning potential, given the level of uncertainty in the quantum of projects assigned to the Company

**Questions:**

1. Have any strategies been developed and implemented to remedy the issues stated above?
2. What is the estimated number of projects that is needed by NIDCO to operate efficiently?

**Issue: Response based on Recommendation 4.1 “Non-completion of the San-Fernando to Point Fortin Highway”**

**Question 17 pg. 10**

1. Is the completion of the highway still on track to be completed by first quarter 2024?
2. What monitoring mechanisms is utilised to ensure the project is on track and packages are being completed on time?

**Question 17 pgs. 11-12**

**The Written submission indicated, “six (6) of the twelve (12) work packages were completed and works are ongoing on the remaining packages.”**

1. What is the status of the on-going packages?

**Question 19 pg. 13**

“Although the procurement process was expected to capture both international and local contractors, and joint ventures between these groups, only local contractors were successful at the end of the procurement process.”

1. How many local contractors were successful?
2. State the number of projects each local contractors received.

**Question 21 pg. 14**

Out of the \$800 million intended for land acquisition, the sum of 466,410,095.91 has been expended thus far in the acquisition for 508 properties (fully paid) and 5 properties (partly paid).

1. State the status of this land acquisition process. Will this process be expected to exceed 800 million till completion?
2. What percentage was paid towards each of the five partly paid properties?
3. What is the remaining balance to be paid for each of the five properties?
4. How many more properties are carded to be acquired for the FY 2023?

**Question 22 pg. 15**

1. What is the time period in which the remaining 495 remaining properties are expected to be acquired?
2. Have the negotiations and settlement for the 207 properties in the Dumfries to Dunlop Segment commenced?
  - a. If yes, what is the time period till settlement?
3. What is the expected timeframe for directive to be given to proceed with acquisition of the 288 properties in the Golconda to Fyzabad Segment?

**Follow-up Questions based on Second Report of the Joint Select Committee on State Enterprises<sup>10</sup>**

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<sup>10</sup> The Second Report of the Joint Select Committee on State Enterprises, Accessed March 13<sup>th</sup>, 2023: <https://www.ttparliament.org/wp-content/uploads/2021/11/p12-s1-j-20210707-SE-R2.PDF>.

**Issue: Response Based on Recommendation 2.11**

**Question 26 pg. 16**

1. NIDCO re-engaged an external auditor through an open tendering process. What was the criteria for the open tendering process?

**Issue: Response Based on Recommendation 2.12**

**Question 32 pg. 18**

1. What is the status of NIDCO's statutory payments to date?

**Issue: Response Based on Recommendation 2.13**

**Question 38 pg. 19**

NIDCO indicated its intentions to adopt and implement the e-tender software solution being offered by TSTT

1. What will be the cost of implementing this software?
2. What is the status on the implementation of this software?

**Follow-up Questions based on the Audited Financial Statements for the financial year ended September 30, 2015 and 2017**

**Internal Audit**

**Question 58 pg. 29**

1. Given the that the organization structure allows for three (3) members of staff and there are only two (2), are there plans to recruit an additional person for the Internal Audit Department?
  - a. If yes when?

**Question 60 pg. 29**

1. What makes the Auditor adequately qualified to fulfill the terms of the job?
2. What are his current duties?

**Question 62 pg. 29**

1. What gaps in operations have been identified?

**Question 67 pg. 31**



2. What are the short-term and long-term measures implemented to address the issues identified by the Internal Auditor?

### **Project Management**

#### **Question 72 pg. 33**

1. What does ‘other requirements’ include under NIDCO’s evaluation of technical competence of the tenderer?

#### **Question 74 pg. 35**

2. What strategies does NIDCO employ to maintain quality and add value to its Project Management Services?

#### **Question 75 pg. 35**

1. How is the post evaluation process conducted?
2. What were the lessons learnt under each area identified i.e. procurement, project management and construction management?

#### **Question 79 pg. 36**

1. NIDCO’s stated that the Defects Notice Period may be extended based on the nature of defects. What type of defects in the past has led to an extension of the Defects Notice Period?

### **Risk Management**

#### **Question 82 pg. 38**

<b>Strategic Risks</b>	<b>Operational Risks</b>	<b>Reporting Risks</b>	<b>Compliance Risks</b>
<ul style="list-style-type: none"> <li>• Economic</li> <li>• Political</li> <li>• Organisational</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental</li> <li>• Financial</li> <li>• Business continuity</li> <li>• Project</li> <li>• Human resource</li> <li>• Property</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Legal and regulatory</li> <li>• Control</li> </ul>

1. Based on severity how does NIDCO categorize the risks shown in the table above?

#### **Question 83 pg. 38**

According to NIDCO’s Enterprise Risk Management Policy Appendix 9, pg. 7, Article V: Risk Mitigation Action Plans, “actions to improve risk mitigation are documented in the Risk Register.

1. How often was the risk register updated?
2. Was the risk register process started updating for 2023?

- a. If no, why not? When will it be updated?

**Question 84 pg. 39**

NIDCO’s rating of 4 – Good, was given for its Risk Management Process.

3. What factors or elements are necessary to improve NIDCO’s Risk Management Process in order to reach a rating of 5?

**Procurement Practices**

**Question 88 pg. 40**

1. NIDCO stated that “internal corporate policies which impact procurement have been reviewed and revised taking the tenets of legislation into consideration.” Which procurement policies specifically were reviewed and revised in accordance with the tenets of the legislation?

**Current Assets**

**Question 106 pg. 44**

Year	2015	2016	2017
Due from the Government of Trinidad and Tobago	2,082,457,535	2,046,775,844	1,989,948,426

1. How did the decrease in funds held in “Due from the Government of Trinidad and Tobago” impacted the operations of the NIDCO?
2. What is the status of this item under current assets, “Due from the Government of Trinidad and Tobago” beyond 2017?

**Revenue**

**Question 108 pg. 45**

1. What was the cause of the reduction of project activities in 2016?
2. What factors were taken into consideration in the assessment of NIDCO’s work programme undertaken by the new Board in 2016?
3. Which elements on the work programme were re-prioritized and why?

- In 2016 NIDCO incurred a net loss and as a result was forced to delay payment to suppliers and statutory bodies. Since this instance of delayed payment, are there any other outstanding payments due to losses made?

## General and Administrative Expenses

### Questions 113

Appendix 10 state the following regarding outstanding litigation matters:

- Under Land Acquisition (Breach of Contract) CV 2018-03866 Harland Temull (Legal Personal Representative of the Estate of Annie Temull and NIDCO (1<sup>st</sup> Defendant) and AG (2<sup>nd</sup> Defendant) and Marina Ramkissoon (Legal Personal Representative of the Estate of Annie Temull) (3<sup>rd</sup> Defendant). The hearing was rescheduled to the 9<sup>th</sup> of May, what was the outcome of the hearing?
- Under Land Acquisition (Breach of Contract) CV 2018-0013 between Rajkumar Bridglal v NIDCO and Commissioner of State Lands, the matter was adjourned to Wednesday 10<sup>th</sup> May 2023 to be processed. What was the outcome of the hearing?

### Question 119 pg. 49

- What was the reason for the increase in the number of Board of Directors from six to nine Directors in 2016 and 2017?

### Question 120 pg. 50

In the breakdown of staffing costs provided, it was seen that training went from \$444,552 in 2015 to 16,726 to \$14,172 in 2017. This indicates a 96.8% decrease in training from 2015 to 2017.

- What were the reasons for the reduction in training?
- If yes, how was the decision made in which areas to decrease or cut training?

### Question 126 pg. 52

Year	2015	2016	2017	2018	2019	2020	2021	2022
Public Relations	2,693,654	374,183	104,465	2959	105,846	276,689	68,736	72,997

The reduction in Public Relations spending for the period 2015 to 2017 was due to a lack of funding. Since 2017 Public Relations funding has further decreased, moving from \$104,465 in 2017 to \$72,997 in 2022.

1. What factors are attributing to the lack of funding to public relations each year?

## Appendix 2: Verbatim Notes

**VERBATIM NOTES OF THE SIXTEENTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD (IN PUBLIC) IN THE J. HAMILTON MAURICE ROOM, GROUND FLOOR, CABILDO PARLIAMENTARY COMPLEX, OFFICE OF THE PARLIAMENT, ST. VINCENT STREET, PORT OF SPAIN, ON WEDNESDAY, MAY 17, 2023, AT 10.16 A.M.**

**PRESENT**

Mr. Wade Mark	Chairman
Mr. Rushton Paray	Vice-Chairman
Ms. Amrita Deonarine	Member
Mrs. Laurel Lezama-Lee Sing	Member
Mr. Keith Scotland	Member
Ms. Keiba Jacob Mottley	Secretary
Ms. Hema Ramkissoon	Assistant Secretary
Ms. Rachel Nunes	Graduate Research Assistant

**ABSENT**

Mrs. Renuka Sagrarsingh-Sooklal	Member
Mr. Fitzgerald Hinds	Member
Mr. Stephen Mc Clashie	Member

**NATIONAL INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED (NIDCO)**

Mr. Herbert George	Chairman
Ms. Esther Farmer	President
Mr. Ravi Seereeram	Manager Finance and Corporate Planning

**MINISTRY OF WORKS AND TRANSPORT**

Mrs. Sonia Francis-Yearwood	Permanent Secretary
Mr. Wesley Gajadhar	Legal Officer I

**MINISTRY OF FINANCE–INVESTMENTS DIVISION**

Mr. Ryan Maharaj

Ms. Sharon Mohammed

Senior Business Analyst

Director, Agro-Based Manufacturing  
and Services Sector (Ag.)

**Mr. Chairman:** Good morning and welcome to our meeting of the Public Accounts (Enterprises) Committee. May I welcome officials from the Ministry of Finance, Investments Division, the Ministry of Works and Transport, and of course the National Infrastructure Development Company Limited (NIDCO). Thank you for coming. My name is Wade Mark. I am the Chairman of this Committee. Let me just indicate that our Committee has a mandate under the Republican Constitution to consider and report to the House of Representatives on the following: The audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State. The Auditor General's report on any such accounts, balance sheets and other financial statements and whether policy is being carried out efficiently, effectively, and economically, and whether expenditure conforms to the authority which governs it.

Now the purpose of our meeting today, that is the purpose of our Public Accounts (Enterprises) Committee meeting today, is to conduct, one, an examination into the PA(E)C report on NIDCO from the First Session of the 11<sup>th</sup> Parliament on the audited financial statements for the financial years 2009 to 2013, as well as an examination of NIDCO's audited financial statements for the years 2014 to 2017, and to look at the Joint Select Committee on State Enterprises report from the Second Session of the 12<sup>th</sup> Parliament into the operation of NIDCO, including, compulsory acquisition in relation to major projects.

Our Committee is desirous of hearing the challenges being faced by the key stakeholders at NIDCO in an attempt to determine some of the possible solutions to these challenges. May I emphasize that the role of our Committee is to help improve NIDCO in its delivery of services in an efficient, effective and economical way. That is important to take note of.

May I also advise that our proceedings is being held in public and is—and will be broadcast live on Parliament's Channel 11 at a later date. It will also be aired on Parliament's YouTube channel, *Parview*. Viewers and listeners can also send their comments related to today's proceedings to our email address, which is [parl101@tpparliament.org](mailto:parl101@tpparliament.org), or Facebook, that is, [facebook.com/tpparliament](https://www.facebook.com/tpparliament) or [twitter@tpparliament](https://twitter.com/tpparliament).

I would like at this time to invite my colleague to formally introduce themselves starting immediately on my right and then I will ask my colleagues on the left thereafter to do the same.

[*Introductions made*]

**Mr. Chairman:** Thank you very much. I will now invite our representatives, officials who are here starting in the following order: the Ministry of Finance, then the Ministry of Works and Transport to be followed by NIDCO in terms of introductions.

[*Introductions made*]

**Mr. Chairman:** Thank you so very much. We have one more person, sorry about that. My apologies. Mr. Herbert is blocking my view, but go ahead. Thank you.

[*Introduction made*]

**Mr. Chairman:** Thank you, thank you, thank you. May I now invite a representative from the Ministry of Finance, Investments Division, to make a very brief opening statement no more than two minutes.

**Ms. Mohammed:** Good morning again, Chairman and members. I thank you for the invitation to attend this morning's Committee meeting with the National Infrastructure Development Company Limited. The Investments Division of the Ministry of Finance is responsible for executing the investment policy as prescribed by the Cabinet. Accordingly the mandate of the Division includes oversight, monitoring and where necessary the rationalization of Government's equity holdings in commercial enterprises.

Additionally, the Division acts on behalf of the Minister of Finance, corporation sole and carries out the corporate function. This includes representation of the Minister at shareholders meeting, establishment of new state enterprises and divestment of state enterprises where it becomes feasible to do so. NIDCO was established in January 2005 as a special purpose state enterprise. The company was created to increase the rate of implementation of the Government's expanding Public Sector Investment Programme and to undertake projects in areas critical to the overall national development. We look forward to today's discussion, thank you.

**Mr. Chairman:** Thank you. May I invite the Permanent Secretary in the Ministry of Works and Transport to make a few opening remarks, please.

**Mrs. Francis-Yearwood:** Good morning, Chairman, and members of the Committee. As indicated by the Ministry of Finance NIDCO was established in 2005 as a special purpose state enterprise company. NIDCO resides under the line Ministry, Ministry of Works and Transport. The Ministry of Works and Transport seeks to do its monitoring duty as relates to the *State Enterprises Performance Monitoring Manual* and necessary financial regulations and requirements.

The Ministry thanks the Committee for the invitation this morning and stands ready to provide



any information that may be required in keeping with the Committee's mandate as identified at the beginning of the meeting. Thank you.

**Mr. Chairman:** Thank you. Mr. Herbert George, Chairman of NIDCO.

**Mr. George:** Good morning, Chairman and members of the Committee. NIDCO welcome the opportunity to appear before you to give account, to answer the questions that will be posed to us so that, through you, we will be able to inform the general public. We are committed to answering all questions that are posed to us thoroughly and truthfully and where we are unable to provide you with answers here we will undertake to furnish the answers in writing at a later date.

Through you, Mr. Chairman, we will seek your leave to defer questions that deal with operations to the President, she might be better able to answer those questions, those that deal with finances, to Mr. Seereeram, whom I am blocking, and those that deal with projects I will attempt to answer them and wherever necessary we will defer to one another through you, Mr. Chairman. So we are committed to answering your questions and we look forward to the session that we are now entering into. Thank you.

**Mr. Chairman:** Yeah, well thank you very much Mr. Herbert. I remember when, as a member of another Joint Select Committee, which is the one that deals with state enterprises I was present when you were present. I think Mrs. Farmer would have been there and as you said you provide us with a lot of information. So I know that that is one thing that I can say about NIDCO, you provide the information and you try to provide answers truthfully and to the best of your ability. So what I would say at this time—we have with us a colleague, Mr. Keith Scotland but he has to run off to another meeting. So I am deferring to him at this time asking him to lead the charge in seeking clarification on some matters that is really of interest to our Committee. So I will now invite Mr. Scotland to take the floor and to proceed at this time.

**Mr. Scotland:** I am very much obliged to you, Mr. Chairman. The audited financial statements of NIDCO have not been submitted from 2019 to date. I noted in your response on the 4<sup>th</sup> of May, the document provided, particularly at pages 16, where we asked questions 24 to 26 based on the second report of the Joint Select Committee and at page 21. You stated that the non-submission of the companies audited financial statements resulted from the following reasons. The occurrence of the COVID-19 pandemic was the first one, that was advanced. Could you elaborate, not too long, with about three to four sentences what you mean by that, the occurrence of the COVID? I mean, it occurred. How do you link that to the non-provision of these mandatory audited financial statements?

**Mr. George:** Through you, Mr. Chairman, may I defer to Mr. Seereeram, the financial—

**Mr. Chairman:** Yes, of course.

**Mr. Scotland:** And short answers, please.

**Mr. Seereeram:** Morning to the member.

**Mr. Scotland:** Morning.

**Mr. Seereeram:** When the COVID-19 pandemic hit it actually hit NIDCO in the middle of the 2018 audit exercise. Because of the changes that had to be made to operations and not being able to be physically there it affected the submission of information and even the way the auditors were approaching the job and that led to a set back to the deadlines.

**Mr. Scotland:** The second reason—

**Mr. Chairman:** Before you go on to your second reason, Mr. Seereeram, TSTT is 51/49 per cent owned by the state and by private sector forces. But they account to this Committee. And I must indicate for the record they are up-to-date. In spite of COVID, they are up-to-date. And I can tell you TSTT is only one of many. There is another company called Trinidad and Tobago Mortgage Finance Company Limited, another state-owned company through the National Insurance Board and they too are up-to-date. So I think we have to bear in mind that something seems to be a little more than the ordinary that could have allowed such a prestigious company as NIDCO, right, not to produce its financials and the submission that you have made, I just wanted to just bring to the attention of this body, this Committee that there are other state entities and enterprises that are on the mark and on the ball as it relates to their timely submission. So I just wanted to add to what you have.

**Mr. Scotland:** Chairman, and I would—and tell us for the record because when we were speaking to the public, through you Chairman, you did indicate that the audited financial statements for 2019 will be submitted by the 31<sup>st</sup> of May, 2023. Is that still an accurate projection?

**Mr. Chairman:** Mr. Seereeram? Oh, you will speak, Sir?

**Mr. Seereeram:** Yes. As it is right now the 2019 audited financial statements are currently with our auditors PKF. It is about 95 per cent completed. We are expecting it to be completed by the 31<sup>st</sup> of May based on any information that they bring forward from their finalization that could shift that deadline, but as it is right now, that is what we are projecting.

**Mr. Scotland:** So, can I glean that the short answer is, yes, you are still on target for the 2019 audited financial statements to be submitted by the 31<sup>st</sup> of May?

**Mr. Seereeram:** Yes.

**Mr. Scotland:** My next question, I have noted at paragraph—at page 21 of your response, that you

indicated that one of the other reasons is that NIDCO had to change the external auditors from Deloitte to PKF, yes?

**Mr. Seereeram:** Yes.

**Mr. Scotland:** My question to you as we interrogate that explanation is, before the change though was it not Deloitte engaged? So, yes, you changed, but were they not already engaged in some audit, let us say for 2019?

**Mr. Seereeram:** No, their engagement was specifically for 30<sup>th</sup> September, 2018.

**Mr. Scotland:** So when PKF came about they are now undertaking 2019 which is projected to be ready, according to you, by the 31<sup>st</sup> of May, 2023.

**Mr. Seereeram:** Yes.

**Mr. Scotland:** Could you tell you when did PKF come on board?

**Mr. Seereeram:** Right. Short answer is PKF came on board in October 2022. There are some issues that happened before that, one of that is, because of the delay in having the audited financials ready we were unable to have—and again the COVID-19 situation—we were unable to have our annual general meeting at which we would have appointed PKF and accepted the 2018 from Deloitte. The decision was taken by the Ministry of Finance that in lieu of an AGM that a special resolution will be passed allowing for the appointment of PKF. That happened in February 2022, that was when we actually got the document from the Ministry of Finance. And we subsequently engaged PKF because of the established timelines and the bookings they had for clients and so on, their earliest start date available to them was October 2022.

**Mr. Scotland:** So if we can, Chairman, reconstruct the timeline, it is that Deloitte went out in—no longer were engaged, sorry, from 2018.

**Mr. Seereeram:** No.

**Mr. Scotland:** They did the last audited financial statements but they were no longer engaged from 2022, correct?

**Mr. Seereeram:** 2022, yes.

**Mr. Scotland:** And thereafter—

**Mr. Seereeram:** Sorry, that will be 2021.

**Mr. Scotland:** 2021.

**Mr. Seereeram:** Right.

**Mr. Scotland:** And thereafter PKF, under a special resolution from the corporation sole came in, but that was issued in August 2022 and PKF, because of their other commitments, their pre-existing

commitments, came on board in October 2022.

**Mr. Seereeram:** October, 2022, yes.

**Mr. Scotland:** My question to you is and maybe I should address this to the Investments Division of the Ministry. Why did this take so long? Why there was no symmetry resolution appointment to new auditors?

**Mr. Maharaj:** Thank you member for the question. The request for new auditors came in in 2022 and it was dealt with in August 2022 when the Minister of Finance signed the resolution. So on there on they have auditors on board, as Mr. Seereeram said from October 2022.

**Mr. Scotland:** So the request came in 2022 and in 2022 the Minister of Finance came on. Chairman, you see, and through you, Chairman, when we do not get those timelines it leaves a lacuna in our minds and we think well something is amidst between 2020, or in fact 2018 and 2022 when there is an explanation. Chairman if you read the documents that we have received you will not know that, you will not get that nexus until you come here and we interrogate. My last question—

**Mr. Chairman:** Wait, before you go to your last question—

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

**Mr. Chairman:** May I ask Mr. Seereeram or Mr. Herbert George, what precisely happened, again, just to clarify, between 2019 to 2022, that hiatus where we had almost four years and during that four year period from what I am picking up and clarify it for me if I am wrong, PK—Deloitte would have left—their last audited accounts for this company was in 2018. When did they physically leave the compound? First—well, let me just back back. When did they complete their 2018 audited financial accounts for NIDCO? When? What day? What year?

**Mr. Seereeram:** Mr. Chairman, the 2018 audited financial statements was completed and signed off in October 2021.

**Mr. Chairman:** Now that is the question. That is the question. Why that gap because NIDCO is supposed to be a reputable state company. You deal with billion dollars projects. Although you do not receive an annual allocation from the state, you get management fees, you get supervisory fees. Why this gap between 2018 and 2021? So, last accounts, 2018 Deloitte, but they actually signed off on the audited accounts in 2021. Why this gap? I am just trying, we are trying to clarify why the gap.

**Mr. Seereeram:** Right, so, for the year-end 30<sup>th</sup> September 2018, that auditing process would have started maybe around January 2019. I was not there at the time, but I am just judging by the norm in the process, that would have started like around January 2019, or after. And subsequent to that there were two major issues again, one, COVID-19 happening around late 2019 and also there were some

staffing issues that NIDCO experienced. Before me the previous manager of finance would have come in, I think around 2019, so there was some time when they were without a manager of finance. So that will be between the 2018/2019 period. COVID would have hit around late 2019 and then after that, subsequent to the signing off of the 2018 financials in October 2021, the then manager of finance resigned. I came in in December 2021. So I would say it is a combination of the COVID and the staffing challenges that NIDCO would have had at the time.

**Mr. Chairman:** I am not happy with that answer but I am not pursuing it at this moment because my colleagues is on the floor. Keith Scotland, continue.

**Mr. Scotland:** Thank you, Chairman. We know that by Act No. 5 of 1973, Chap.69:03, that the Minister of Finance was incorporated at the corporation sole. But flowing from that, I mean Investments Division according—and I have read the *State Enterprises Performance Monitoring Manual* that:

”The Investments Division...is responsible for executing the investment policy as prescribed by Cabinet. Accordingly the mandate of the Division includes oversight, monitoring and, where necessary, the rationalization of the”—government—“equity holdings in commercial enterprises.”

And:

“The Division”—particularly—“acts on behalf of the Minister of Finance”—in carrying—  
“out corporate functions.”

That being said do you not, and I want to ask this both of NIDCO, and of the Investments Division, do you not think that there ought to be more synergies, more streamlining, more connection, more—less lag, in the lines in communication between the Division and the state enterprises, in this case NIDCO?. Chairman as I ask, can I have an answer please from the Division and then—

**Mr. Maharaj:** Thank you member again for the question. First of all the Investments Division monitors, and our monitoring is limited to the *State Enterprises Performance Monitoring Manual*. However our role is to ensure that company has an auditor in place. So when they submitted their request to change auditors we obliged and we approved the new auditors. However, what I want to say is that the pace at which the company will work at we could only work at that pace and the length of time the auditors will take to audit the accounts is something the management and the board will have to discuss with the auditors to speed up that process.

**Mr. Scotland:** And, Chairman, through you—

**10.45 a.m.**

**Mr. George:** Mr. Chairman, there is something else that occurred to us as the board.

**Mr. Scotland:** Yes.

**Mr. George:** Without casting aspersions on the auditing company, we found that the previous audits were done quicker than the 2018. At that time it was clear that we were about to change auditors because they had served NIDCO for the previous five years. So they were due to be changed and they knew that. So they were very, I might say, very meticulous and I give you an example. Previously there were a set of accounts that were not reconciled. The board recognized that and the board said, “But that is not good enough. Those things should be reconciled”, and, of course, that took a while. So all those things came together. We had a perfect storm there. The auditor is being changed, so they are dotting their Is and crossing their Ts, and, of course, the earlier reasons given COVID and other things. So that, from where we sit, seems to summarize what happened that caused that delay in 2018.

**Mr. Scotland:** Thank you. Chairman, through you, may I seek your leave to be relieved to go to another meeting which I chair right next door?

**Mr. Chairman:** Yes, you are.

**Mr. Scotland:** Thank you.

**Mr. Chairman:** I will ask Mr. Rushton to just follow-up on some questions.

**Mr. Paray:** Sure. Thank you, Chairman. Mr. Chairman, I have two questions, one that is going to tally off what Mr. Scotland has started, and a separate question. Now, Chairman had indicated that there are a lot of other enterprises that have come before us and they delivered on their statements, they delivered on their accounting data and so on. COVID was not an issue for them in terms of their delivery on these reports. Now I am hearing that COVID would have created some delay and I am assuming that it is because of perhaps company policy in terms of how you would have operated. During that COVID period you may have had the human resource issues in terms of getting the actors together, the data together to do these reports.

Now the question that I have and if I could refer you back your submission, Appendix 1, where you presented your income and expenditure for 2016 to 2022, and if I were to draw your attention to years 2019 and 2020, at \$52 million in 2019, and \$45 million in 2020, now I am assuming this is income based on work that had to be performed for you to achieve that income. Now if there is company policy at the very highest level that is hampering the delivery of these accounting statements and so on, clearly that is not an issue at the lower level because work is happening. Because when you look at your jump from 2018 to 2019 by \$20 million, it tells me that work was apace in 2019

and 2020. So again, the excuse or the condition of COVID, clearly it was not hampering the work at the lower level. And something as important as the audited statements which is mandated by the state enterprises manual to be delivered within a specific time frame in the following year, I want to agree with our Chairman that you know to me that COVID excuse does not hold water. Because clearly the business of NIDCO is operating, and when you look at the jump there was clearly an increase in the business activities of NIDCO during the 2019 and the 2020 period.

How will you account for that, if as you just agreed with me, when I asked if it would have been company policy in how the human interaction during COVID would have happened? How do you explain that at the top level it was not happening because of that, but at the bottom level clearly work was happening? So is there any explanation for that in terms of what you just agreed to, in terms of policy that would have hampered the delivery of these accounting reports?

**Mr. Chairman:** That question is directed at—

**Mr. Paray:** Anybody. Probably Mr. George or even the gentleman behind who is in charge of the accounting—

**Mr. Chairman:** Mr. George, you would like to answer or you want Mr. Seereeram to answer?

**Mr. George:** Yes, Mr. Seereeram will answer.

**Mr. Seereeram:** Right. Thank you member very the question. We need to separate— It is on red. You are hearing me now? Okay. So let us separate the revenue from the operations. Now the revenue would be generated by the construction activity that is happening outside of NIDCO's offices, which would not have the same impact or be affected by the administration staff, especially in the Finance Department. When COVID hit no one was expecting it and there were certain changes that had to be made. The audit process itself is very paper based in terms of the verification of documents and so on. So we were forced to deal with a situation where you have no staff in an office. They could not be there. There were lockdowns and so on. There was limited number of staff that could be in an assigned area and you physically need to get these documents, scan these documents, then send it to the auditors.

Even in terms of getting their responses for confirming receipt of the documents and so on is something that had to be worked out on NIDCO's side, and I would expect that the auditors themselves would have had to make certain provisions and that would have slowed down the entire process. Because as you could clearly guess, if you are looking at over in 2018, \$30 million in revenue, the large amount of documentation that would have had to be verified and so on by the auditors. And these are things that would have—we now would have had to change our existing process to be able

to submit some of these things electronically in a time where you were unable to have huge amounts of staff to speed up the process.

So again, a short answer just to summarize to ensure that I am clear on my response: The revenue generation that is hinged on the construction which would have been outside of NIDCO's offices and so on; and the audited financials would have been done by the admin staff inside of the admin offices where we had these restrictions. So it is two separate operating—

**Mr. Paray:** Chair, I could just continue on two questions on that?

**Mr. George:** Mr. Chairman—

**Mr. Paray:** Sure.

**Mr. George:**—with your permission, may I just add to what Mr. Seereeram just said? The large management fees, revenue for management fees that we realized in 2019 and 2022, it was largely due to the procurement of the vessels. So that would have given us a sizable income from the procurement of those vessels. So that is why we had that large increase in those two years. Thank you.

**Mr. Paray:** Thank you, Mr. Chairman. In your response again which was on page 5 of your document, question 5, there is a cost cutting plan that you put in place which clearly we see in the Appendix under expenditure, you moved from 2015 from \$66 million, to 2020 to \$36 million which clearly is in sync with your cost cutting exercise. However, outside of 2019 and '20 which you have indicated was primarily because of the purchase of the two marine vessels, what specific plans have NIDCO put in place to boost revenue going forward? Because outside of that “lil” glitch with the acquisition, the revenue really has remained flat basically during the period, during your cost cutting exercise. Has NIDCO put anything in place or are you putting anything in place to ramp that revenue side of the equation going forward?

**Mr. George:** Mr. Chairman, NIDCO is in a peculiar place. It is wholly-owned as we know. It is a state enterprise and all our projects are assigned to us by Government. So we cannot take independent action as it were to increase our throughput by going out there and winning jobs. The most we can do is to ensure that we maintain an establishment that does not use up all the oxygen in the room, does not take up whatever management fees that we get. So we have to keep a lean operation, be efficient, yes, so that we can satisfy our client and keep that lean operation. So that is what we have been doing, keeping things lean and being efficient in the work that we do.

**Mr. Paray:** Mr. Chair, just one question. Last question for this rounds. If I were to drawback your attention to page 2 of your submission it would have been question one that we would have asked. In your submissions you indicated that in 2018 NIDCO was given responsibility of procuring,



maintaining and managing the new vessels operating the interisland sea bridge. My question to you, Mr. George, or Mr.—I cannot see the name in the back. The workload I think would have increased based on this new portfolio of maintaining, procuring, managing vessels which I would think may not have been in your wider portfolio in terms of construction, project management and so on. What effect did that have on NIDCO in terms of this new activity, this new role in terms of this maritime management type of services? How did that affect NIDCO going forward; or has it affected you going forward?

**Mr. George:** Mr. Chairman, no, it has not affected us. So what we did, we spoke with the PATT for example, and we decided on the retention of a ship management company which we went out and we procured. So we do have in place a ship management company in the name of Matrix, and Matrix is providing the ship management for those vessels. What does that mean? So Matrix provides—let me just go to my notes here—the captain, the chief engineer, third engineer, chief officer and second officer. So a team of six members as outlined. So they provide those six members on the *APT James*, the same thing is done on the *Buccoo* and they provide two members, the captain and the chief engineer on the Galleons Passage, and that nucleus is complemented with locals to make up the safe manning teams. And Matrix is therefore charged with sort of improving the equipment availability—so they have to maintain those vessels—so that they can extend the equipment life, lower maintenance cost. So all those objectives are being met by the ship management company that we have procured.

Additionally, we have an arrangement with the OEM, the original equipment manufacturer that is MAN. They are responsible for the main propulsion engines. So we have a service from them to monitor those engines in real time and to flag any issues that they might discover. So we are using that. So what is NIDCO doing? NIDCO is maybe orchestrating those moves, but it does not mean an increase in our manpower requirement as far as the establishment is concerned.

**Mr. Chairman:** Before I ask my other colleagues to join, I just only want to further pursue clarification. I wanted to ask: When would NIDCO be able to complete and submit to the Minister of Finance and, of course, through him, to the House of Representatives, the outstanding financial audited statements? We are talking about 2019 issue at the end of this month. What about 2020, 2021 and 2022?

**Mr. George:** Okay. Mr. Chairman, we have included a schedule on our written submission, page 21, and we will honour those dates there. So 2019, by May, end of May this year; and the 2020 and 2021, February 2024. So by that time all outstanding audited financial statements will be submitted.

**Mr. Chairman:** No, we have '19 at the end of this month.

**Mr. George:** May, yes.

**Mr. Chairman:** Then we have '20 and '21 at the end of February next year—

**Mr. George:** Yes, because—

**Mr. Chairman:**—and when is '22 due?

**Mr. Seereeram:** Well June 2023. But we have started preliminary discussions with—

**Mr. Chairman:** No. I will just repeat what I have said, Mr. Herbert. I understand what you have said—right?—that by the end of May the 31<sup>st</sup>, we would have a 2019. What you have also said is that by the end of February 2024 we will have 2020 and 2021. I am just asking, would 2022 also be completed by the end of February of 2024?

**Mr. George:** No, Chairman. Immediately after the submission of 2020 and 2021, the auditors will start on 2022. We anticipate a period of about six months to have that statement ready. So if we are—what, February 2024, six months thereafter at worse, will be 2022 by August.

**Mr. Chairman:** And when are you going to come up your current status? In other words, 2023 financials, are they going to be submitted when they are due under the *State Enterprise Performance Manual*?

**Mr. George:** We would work towards that.

**Mr. Chairman:** So at least we have those that are outstanding, they are working on them feverously based on what to have said. But when are you going to come up to the current situation particularly with your 2023 which would be due as you know financially around March of 2024? Would that '23 be there or are we going to kick the can down the road to 2025 for 2023?

**Mr. George:** No, Mr. Chairman. We will work towards getting it ready and submitted when it becomes due. Now that we have this auditor on board and we are not about to change the auditor, we think we will get his cooperation to work on those statements and have them submitted on time. So the short answer is, yes, we will work towards having 2023 done and submitted on time.

**Mr. Chairman:** Could you tell this Committee what were—were there other factors leading to the removal, or the change I should say, of your external auditors Deloitte; or was it simply as a result of that five-year gap or period allowed under the Companies Act or in accordance with the performance manual?

**Mr. George:** There were no other factors, Chairman. We were just going in accordance with that requirement.

**Mr. Chairman:** Okay. Now I saw where—and tell me if I am wrong—the audited accounts for 2019—2019 I think? 2019 is due at the end of this month, I am right?

**Mr. George:** Yes, Chairman.

**Mr. Chairman:** The sum paid to PKF, is it \$420,750 for their services and that regard?

**Mr. George:** Mr. Chairman, I will refer to Mr. Ravi.

**Mr. Seereeram:** That is their total fees for the 2019 audit.

**Mr. Chairman:** Is that the total payment for the 2019?

**Mr. Seereeram:** That is a total fees. The fees for the audit of the 2019 statement is \$420—

**Mr. Chairman:** It says 420,875,000?

**Mr. Seereeram:** Yes.

**Mr. Chairman:** Right. What would be the fees for 2020, 2021 and 2022?

**Mr. Seereeram:** Well I will not be able to answer that as yet. This is the first year that PKF is conducting the audit. The 2019, they would have had to basically do an entire walk-through of the system, detail our processes and so on. It is the expectation that going forward, 2020/2021, they would not have to do that level of documenting because we have not made major changes to the processes and so on. So I think we may be able to have some cost savings based on the learning curve, but I will not be able to come to the Committee with a precise figure on that as yet but I expect it to be within the same range.

**Mr. Chairman:** May I ask, Mr. Herbert: For 2019 was PKF paid in advance of preparing the financial audited accounts on behalf of NIDCO; was it done at coming to the conclusion because you have a figure? So I do not know if the figure was just an agreement or there is a contractual obligation sign off by NIDCO, that the value for the completion of the audited accounts for NIDCO for 2019 is \$420,000. I am not too sure if it was paid before, if it was paid in the middle, if it was paid at the end. I am not too sure. I am just trying to clarify.

**Mr. Seereeram:** Member, just to double check, you are referring to the question 28 right, where it is \$420,750.

**Mr. Chairman:** Yes.

**Mr. Seereeram:** That is the cost of the entire exercise. The cost of the engagement.

**Mr. Chairman:** Has that cost—

**Mr. Seereeram:** 420—

**Mr. Chairman:** NIDCO paid before?

**Mr. Seereeram:** No.

**Mr. Chairman:** So that is coming at the end of—

**Mr. Seereeram:** Yes.

**Mr. Chairman:**—his job?

**Mr. Seereeram:** Right. There will be interim billings.

**Mr. Chairman:** Okay. You can I understand. That is what I am trying to clarify so that we will know what is going on. I have a couple questions, but I want to invite my colleagues, the hon. Laurel Lezama, followed by Amrita Deonarine, and I will come back with some other questions.

**Mrs. Lezama-Lee Sing:** Thank you very much, Chairman. Good morning again members and welcome. And I want to thank you all very much for the service that NIDCO provides. As a user of some of your services very regularly, I am quite satisfied at the service provided and the level of convenience.

I want to take us away from the accounts for a little while. I want to speak about your internal auditing. You sent in the document that you presented and I want to turn straight to Appendix 6.1 which speaks about the financial statements and reporting audit summary of audit findings, and in here you said that the board requested an audit of the Finance Department with specific reference to how things are operationalized basically within that Finance Department.

I noted that a level two was granted following that audit, which is weak, major improvement required, and I note as well that a number of things have been given, a response and a timeline, but the timelines are dated 2020—everything to 2020. Can I ask for an update on this please, like a status report on the findings of this audit and what has been done? If these goals have been accomplished, and what has been done to improve the efficiency internally of the department?

**Mr. George:** Chair, I seek your leave to defer to the President to address the member's question.

**Ms. Farmer:** On page 32 we sought to give you an update of the actual progress of the audits. Yes? You will see in terms of the financial statement closing and reporting audit. Yes? The audit conclusion was to: total findings 11, total audit recommendation 28, we have completed 16 and currently we are working on 12 of them. What we have attempted to do is take every audit finding and include it in our annual plans. We have a strategic plan, but notwithstanding the higher order goals, we are also guided by the findings of the Audit Department. So we make that integral to our creation of our audit plan, our annual plan, our monitoring of those annual plan. So it becomes part of NIDCO. So it is not a separate activity. And the management has been sensitized to the fact that these are not separate activities. This is with NIDCO is about, completing these and getting it back to where it ought to be, that is fundamental to us.

**Mrs. Lezama-Lee Sing:** Thank you very much, Madam President, for that response. And yes, I did see page 32, but I am asking you if there—can you give me some specific information because here I

am seeing numbers? If you can give me specific things that you have done?

**Ms. Farmer:** I will ask Ravi to speak to the financial because that was very critical to us and that formed a key part of our annual. So I will ask Ravi.

**Mrs. Lezama-Lee Sing:** Thank you.

**Mr. Seereeram:** Right. Yes, member to answer your question. So if I could start from Appendix 6.1, this will be page 5 of 14, and I will just go down the list. The Finance and Accounting Operating Procedures Manual is deficient. This is something that we have started already. We are currently working on it. It is about 60 to 70 per cent completed. One of the challenges that we had is that a lot of—as you would see from our strategic plan there is where we were making efforts to improve our business processes and because of that we have had changes in operational processes and, therefore, we had to update the manuals and so on to reflect that. But that is about, I would say, about 60 to 75 per cent complete. Number two, unreconciled—

**Mrs. Lezama-Lee Sing:** Is there a new timeline because the old timeline here said September?

**Mr. Seereeram:** We could have that—I would expect that to be completed by 31<sup>st</sup> of July.

**Mrs. Lezama-Lee Sing:** Okay. This year?

**Mr. Seereeram:** Yeah, this year.

**Mrs. Lezama-Lee Sing:** Thank you. Go on. We can keep going through this document.

**Mr. Seereeram:** Right.

2. Unreconciled general ledger accounts: This activity has been completed, and all updating of the procedures to avoid this from happening again has been implemented.
3. Review process in place for determining whether provision should be made for bad and doubtful debts: This can an accounting standard that we had to comply with. Well, there is a new standard that replaces this which is what they terms IFRS 9. That has been completed and submitted to the auditors. It became—our compliance was necessary for the 2019 audit. So this exercise was completed and given to the auditors.
4. Incorrect accounting treatment for assets that were revalued: This was done and the necessary adjustments to the financials were taken into consideration in 2018 and 2019 also. It is completed.

**Mrs. Lezama-Lee Sing:** **So this is completed.** Has something been put in place to ensure that this does not happen again, the incorrect treatment for assets?

**Mr. Seereeram:** Right. So what we did was, part of corrective measures was to amend our procedures to ensure that we do not have a repeat of a lot of these things. So the necessary procedures were put in place to avoid this from happening again.

5. Errors and inconsistencies within the external package for 2018: For 2019, a different methodology was used for the preparation of the audit package for the auditors, and based on the way that the audit flowed I would say that this was successful.

**Mrs. Lezama-Lee Sing:** I have one more question. The change in the methodology, was that a requirement of the new auditor that came in at that time?

**Mr. Seereeram:** No. NIDCO internally developed an approach to ensure that we have a smooth audit.

**Mrs. Lezama-Lee Sing:** Thank you.

**Mr. Seereeram:**

6. In adequate controls over fixed assets:

**11.15 a.m.**

This is about 80 per cent complete. It is a two-tier action plan that we had to utilize this. One is where the finance department is playing a more integral role in verification of new assets and two, it was where we had to physically correct the fixed assets ledger. We spent a lot of time in 2022 doing this and the correcting of the ledger is currently ongoing. We should have this ready by at least the 31<sup>st</sup> August, 2023, so I would put this at about this 75 per cent complete.

**Mrs. Lezama-Lee Sing:** 75 per cent.

**Mr. Seereeram:**

6. Inadequate controls over access to data information. This will be done by 31<sup>st</sup> of July. One of the reasons this was not completed as yet is that we recently had changes to our operating system where we went to Microsoft 365. We wanted to ensure that those teething issues from the implementation of this system were overcome before we make any major changes and also we want to complete the 2019 audit to ensure that the information on the servers and so on are not affected by the changes that we will make going forward.

8. No distinction made between accounting treatments of capital expenditure and operating expenditure. Again, this was a change to our operating process. There is a verification process that goes on at the month-end level where the financial statements are reviewed to ensure that one, the assets that are acquired are not in error put into repairs and maintenance and so on. So there is a verification at the finance department level and all at the facilities level and those procedures, so far, have been successful in identifying any misallocation of expenditure.

**Mrs. Lezama-Lee Sing:** Can I ask you? Has there been any situation where it has happened subsequent to putting this in place?

**Mr. Seereeram:** Yes, there are times where there is a misidentification of assets—well not assets, it is mainly to do with the vessels where we changed out certain parts—well not parts, but certain key equipment. The issue being that when the vessel came, we had an entire vessel, now you have parts of the equipment that you are changing out and we took the approach that if we put aside just the value, we wanted to ensure that there was a custodian check done to ensure that there was appropriate disposal and replacement of the equipment and so on. So that is the major issue that we have look out for. But the process that we have in place so far I would say has been successful. Right.

9. Effective controls over petty cash process. This has been completed and we are actually doing a second level of internal control to ensure that this does not happen again. That is currently ongoing. This should be completed by 30<sup>th</sup> June.

**Mrs. Lezema-Lee Sing:** [*Inaudible*] a question on that please, because throughout this document, I did see references to the petty cash.

**Mr. Seereeram:** Right.

**Mrs. Lezema-Lee Sing:** The ineffective controls over the petty. Can I ask how is that brought to your attention? What really put a spotlight on that for you?

**Mr. Seereeram:** Right. This was a result of an internal audit exercise conducted by the internal department at the time. This actual issue refers to the audit period 2017 to 2019. From then to now, a lot of the corrective measures have been put in place and in terms of limiting the number of departments that have petty cash and so on and also the frequency of the reconciliation process. As I said earlier, we are actually currently implementing an additional level of internal control to ensure that we do not have a repeat of this issue where we are using pre-printed petty cash vouchers and pre-numbered petty cash vouchers to account for all transactions.

**Mrs. Lezema-Lee Sing:** I saw am—I am not going to call the name publicly but I saw that there is a name here for somebody who was not unable to account for a very, I guess, minimal but it is not that person's money anyway, a minimal amount of money. Were there other instances of other persons like that?

**Mr. Seereeram:** No.

**Mrs. Lezema-Lee Sing:** It was just that one minuscule thing?

**Mr. Seereeram:** Yes.

**Mrs. Lezema-Lee Sing:** Okay, good. Thank you.

**Mr. Seereeram:** Thank you. I will go on to:

10. Bank reconciliation issues, this matter has been addressed and the procedures corrected

to avoid any reoccurrence of this. Again, it is where we are reconciling the bank accounts every month and we also have a three-tier check between the person preparing, reviewing and then a final sign-off by myself. So that ensures that it is done on a timely basis.

**Mrs. Lezema-Lee Sing:** Thank you very much, Mr. Seereeram, for that very comprehensive response. So would it be safe to ask therefore that the latest date you gave me was August 31<sup>st</sup>, 2023 for one of the items here.

**Mr. Seereeram:** Right.

**Mrs. Lezema-Lee Sing:** So would it be safe to say that we could be furnished by December this year with a status update on these matters here? The internal audit.

**Mr. Seereeram:** Yes, we could provide that.

**Mrs. Lezema-Lee Sing:** Thank you. Now I asked on the internal audit—Chairman, can I continue?—before I went on to the strategic plan and I want to compliment you. Your strategic plan is 2021 to 2024. Yes? Okay. Now I noticed that you identified the weaknesses of your strat plan on page 27—in your SWOT analysis of your strategic plan. And I just want an update please on what efforts you are going to try because we are in 2023 and the strat plan goes until 2024, of course, subject to an extension of dates, et cetera. But could you tell us a little bit about these weaknesses?—because I mean the weaknesses are things like underdeveloped information management systems and this strat plan would have been done before COVID I suspect and COVID would have changed the way a lot of technological and online work is done. So can I get some updates or some information rather on the weaknesses that are identified here and something such as inadequate work space to support current and future needs and structured improvement of operational practices? So can you speak to these weaknesses here please?

**Mr. George:** Through you, Mr. Chairman, I will defer to the president to answer the member's question.

**Mr. Chairman:** Okay.

**Ms. Farmer:** Based on an analysis of the Strengths, Weaknesses, Opportunities and Threats, we actually created various goals and you would see on page 26, the goals. So Ravi would have spoken in terms of the viability and improving the financial and management accounting practices. In terms of inconsistent efforts that effectively harness the potential of human resources, what we are trying do is that if you look at goals two, three, four and five and six, we have put actual strategies in place to deal with what we see as our weaknesses. In addition to the strategies that we have put, we have put KPIs that measure the performance. Well first we do monthly reviews as a management team,



then we do quarterly reviews to make sure that the strategies that we have put in place are being implemented and we have done that—the strategic plan, we speak to three years but we have broken that down into annual plans.

**Mrs. Lezema-Lee Sing:** Yes.

**Ms. Farmer:** So each annual plan comes with its own action plan and the KPIs so that we monitor each one, how we improve each one of those.

In terms of, let us say, the information management system, we have actually go on to create a completely revised document management system where we are taking note of all the improvements in technology available, where we want to go in terms of digital transformation, the current ability of the organization, items like that and we have actually created a document management system that speaks to both the electronic files and hard copy files. So each one of our goals here are reflected in our work performance. Do not know if that is—

**Mrs. Lezema-Lee Sing:** Thank you. I find that to be satisfactory because I did see the KPIs and the goals listed here but I just needed to hear what was in place for that. Mr. Chairman, I would stop at this point and I look forward to my second round of questioning. Thank you all very much.

**Mr. Chairman:** Thank you very much. Mr. George, I would like you to clarify a couple of things for me. You spoke about the—is it a company called Matrix or is it a consultancy called Matrix?

**Mr. George:** A company, Mr. Chairman.

**Mr. Chairman:** A company, okay. They have a contract with NIDCO? Is it for management and maintenance?

**Mr. George:** Yes, we procured that company through tendering. So we had issued a tender and they were successful so they have given a two-year contract in the first instance with an opportunity to renew for a further year. So in all, if they do well, it will be a three-year contract and in there, we have—all right. Crewing was one aspect or one component so those six or so persons per vessel that dealt with crewing and there are three other persons: the superintendent, electrical engineer and a marine mechanical engineer. They are land base or shore side based so they can treat with issues that occur on any of the vessels. So they will get the request coming through to them from the marine crew or from the crews on the vessels and then they will put things in place to have the repairs and so done.

**Mr. Chairman:** Okay. What is the value of this contract?

**Mr. George:** Mr. Chairman, I would have to check that out, I do not have a figure.

**Mr. Chairman:** Do you have a copy of the Matrix contract?

**Mr. George:** We do, yes. We have a vessel management contract

**Mr. Chairman:** Can you make a copy available to us?

**Mr. George:** Certainly, Mr. Chairman.

**Mr. Chairman:** The value of the contract would be contained in there?

**Mr. George:** Yes, Mr. Chairman.

**Mr. Chairman:** Yeah, so you could make that available. What is the total number of personnel outside of five persons that you identified earlier on? That is the key: captain and—what is the total complement on each vessel inclusive of those people who are managing and maintaining? What is the total number?

**Mr. George:** Yes, on average, those vessels, they have—what they call a safe manning crew of 18 persons.

**Mr. Chairman:** 18?

**Mr. George:** Yes, so the other persons are sourced locally.

**Mr. Chairman:** Okay. And how are they sourced? They are employed by the NIDCO directly or how do we go about recruiting these people?

**Mr. George:** Yes, so we have ads, we also have a pool of—because you have something called—what? [*Confers with entity member*] There is a tier of able-bodied seamen they are called, we have a pool of people in that category to whom we give temporary employment. So let us say a vessel might have about eight or 10? It is about 10 able-bodied-y seamen from that complement of 18. So we have a pool of them, you know, operating for eight or so months and then we will rotate them and by doing that, we are able to employ a larger subset of people in addition to dealing with the—yeah, so that is how we have gone ahead managing that aspect of it.

**Mr. Chairman:** Now those people who are on board to carry out services that make up the 18 minus the six, what kind of training programme is in place before they actually begin their duties or their tour of duties? Do you have a programme of training of the personnel that you employ and who does it?

**Mr. George:** All right. Those persons, they all come with specified training certificates and type rating certificates as well. So in order to be let us say a captain, well a captain is high. Let us say a second engineer, one has to have certain certification. So those six persons from maritime would have those certification.

**Mr. Chairman:** Right, okay.

**Mr. George:** Our local persons what they need to have.

**Ms. Farmer:** They would also have certification specific to the trade so the able-bodied seamen will have the OS with that but specific to the boat, when they come on the boat, Matrix is responsible for what we call type rating them. So they are trained specifically to operate the boat.

**Mr. Chairman:** And what about terms and conditions? You have supplied that to us. Right? The terms and conditions of those persons who are engaged outside of the contract that you mentioned, Mr. Herbert George—

**Mr. George:** The terms and conditions, yeah.

**Mr. Chairman:**—which will come. What about the rest of persons?

**Mr. George:** We shall so do, Mr. Chairman.

**Mr. Chairman:** All right, so you will also make that. So how would you rate the level of performance thus far by the top echelon in terms of the Matrix in the maintenance and management of those two vessels?

**Mr. George:** It is good. Our only concern, if at all, is that we are not having fast enough, how you call it, technology or transfers to locals because eventually, we want to be able to hand it over to locals. So that is our only concern. But yes, their performance is satisfactory.

**Mr. Chairman:** I am happy you raised that because that transference of the skill sets, the knowledge, the technology to the locals, so that like five years, seven years, six years, we can wean away from those persons who are now conducting, manning and negotiating the seas at this time and put those jobs in the hands of nationals. Is there a plan that NIDCO has for this transition?

**Mr. George:** We are intentional about doing that. Because what the plan should entail right now is that we should have people on the vessel now, locals shadowing, let us say, six persons that we have from Matrix and of course there is a cost involved so we have not yet developed to that stage but basically that is where we should go. We have had one or two persons who have that sort of inclination, mechanical engineers or whatever available so we have taken one or two to just put on the vessel to shadow those persons there and even the shore side team, you know, but that is not nearly good enough to where we want to go. But we have to be funded, Mr. Chairman.

**Mr. Chairman:** Is there a relationship between the Port Authority and the NIDCO and explain to us what is the relationship?

**Mr. George:** You know, we do have a cordial working relationship but in terms of managing the vessels, no, they do not have feature in that. If we want advise or whatever, you know, we have that facility that we can speak with them but no, they do not manage those vessels. What they would have managed would be the *Spirit* and the *Express*—well the *Express* has been sold now, but the *Spirit* is the

one they are responsible for right now.

**Mr. Paray:** Chair, let me just make a quick intervention. Mr. George, with respect to transfer of knowledge, right, I am familiar with the work permit process and part of the work permit submission to the Ministry of National Security, when you are bringing an expatriate, in my experience in the energy sector, you would have had to submit a transfer of knowledge plan in terms of being able to get the work permit granted. So I am wondering if that is something that NIDCO may have missed in that, that transfer of knowledge plan, whether this person is here for two years or three years in this specific technical position that some of sort of training programme that you would have had to tell the Ministry that, look, within the three years, this knowledge would be transferred and we may not need this person beyond that. Only if your transfer of knowledge programme has hit a snag somewhere, then you would have asked for a six months again or a one year. Is that something that you looked at from the application of the work permit for the expatriate as technology person or technical person? Did you look at that?

**Mr. George:** Through you, Mr. Chairman, I would like to defer to the president. She would better be able to—

**Mr. Chairman:** Yes.

**Ms. Farmer:** I am not quite aware that we actually did a transfer of knowledge plan. Why I say that is because one of the fundamental goals under safe and reliable maritime asset is the development of this plan. We are actively engaging Matrix with our people to develop this plan. So I am almost certain we would not have delivered that to the Ministry of National Security as yet.

**Mr. Paray:** I know for sure that it is the requirement having done it in the past that they look specifically, that if I am bringing a specific technologist that the skill is not available on the island, you know, we must show that the transfer of skill which is probably something that you should really look at, if it is not in place to make sure that our nationals will benefit from that transfer of knowledge and we could become very fully independent in terms of our operations going forward. Thank you, Mr. Chairman.

**Mr. Chairman:** Mr. Herbert George, the persons who are part of the contract under the Matrix, they all have permits. Do they not?

**Mr. George:** Yes, Mr. Chairman, they do.

**Mr. Chairman:** Right and based on what my colleague is saying and it is something that we will have to investigate as to what are the criteria and/or conditions required when a company, whether it is NIDCO or some other company, is approaching the Ministry of National Security for work permits

for individuals, as my colleague is saying, but we have to do the research to verify further. So that at the end of the day, we want to make sure that everything was done in accordance with the law, right, and we may have, upon our investigation, if it turns out to be what my colleague is saying, we may have to recommend to NIDCO to look at this matter with a sharper focus, you know, in the context of ensuring that that transference of knowledge, right, to nationals of T&T is in fact achieved. So I just thought that I should let you know that is an area we need to pay attention to.

The other matter I just want to go on to briefly is this. I think that you did a manpower audit some time ago. Am I right?

**Mr. George:** Yes, Mr. Chairman, we did.

**Mr. Chairman:** Right, and that manpower audit revealed that you are overstaffed. Am I right?

**Mr. George:** Correct.

**Mr. Chairman:** Okay. Now could you explain or share with this Committee what is the organization's current staff complement?

**Mr. George:** Okay, Mr. Chairman, I am just trying to locate the page.

**Mr. Chairman:** Yes.

**Mr. George:** Because I think we spoke to that in one of our answers. Yes, I think we moved from the 160-something to 90-something but I am trying to just get the page, Mr. Chairman, just bear with us, grave your indulgence. Page six. Okay, Mr. Chairman, so at the bottom of page six, we are advising here that we moved from an establishment of 163 employees in 2016 to 94 employees in 2022.

**Mr. Chairman:** All right, so okay. What would you consider based on your manpower audit to be the optimal staffing level in the context of the experience that you have had? You have a manpower audit, you moved from 163 to 94, okay. Is that what we would call the optimal staffing level required by NIDCO to carry out its functions, objectives and goals at this time or within the next two years, given that plan that we spoke about a short while ago?

**Mr. George:** Well, Mr. Chairman, it is adequate, I do not know whether I can describe it as optimal based on our work programme now and should that increase significantly, then we will have to go back to the A-track and so to seek their permission to add to that manpower tally.

**Mr. Chairman:** Now can you identify for us which areas at the time were identified as being overstaffed?

**Mr. George:** It is difficult, Mr. Chairman. It was across the board so we had loads and loads of let us drivers, we had loads of—at one stage, we had about eight or nine or so legal officers, we had—which one that comes to mind? Well engineering was just teeming over with bodies you know.

So we did have quite a number of persons we thought they were not maybe earning their keep and it was just too many for the work that we had.

**Mr. Chairman:** All your workers are on contract. Are they not?

**Mr. George:** So they are all on contract.

**Mr. Chairman:** So do you have a pension plan in your establishment?

**Mr. George:** No, we do not. What we do have, all workers are given a gratuity, so they get 20 per cent of their gross salary, that is paid to them as gratuity. So if we have a worker with a work contract, a three-year work contract, at the end of that period, even if he or she is renewed, they are paid 20 per cent of whatever they worked for during that previous period of three years. So that is what is used to maybe compensate for the absence of something like a pension plan.

**Mr. Chairman:** Now, as it relates to persons who are on contract, right, there is a category called non-essential in your manpower audit or is there?

**Mr. George:** No, Mr. Chairman, we do not have that.

**Mr. Chairman:** Okay, so right now, you have 94 persons who we can describe as being on contract. Am I right?

**Mr. George:** That is correct, Mr. Chairman.

**Mr. Chairman:** Now, those persons who currently occupy offices within NIDCO, would you indicate to us—is there a non-renewal of contracts over any particular period or is it, for instance, something that is determined by the management? So let us say I come in and I am in particular position, I get a three-year contract, but is that contract subject to short notice termination like one month's notice? So can I sign for three years or two years and then at the same time, if you are not happy with my performance, can you give me one month's notice and then I go or the three-year contract last for the period? I just want to find out.

**Mr. George:** All right, let me try, Mr. Chairman, to unpack this. So you are given a three-year contract and at the end of every year, there is an appraisal done and of course, it is recorded in your file. So if you know the first year, you did not perform too well, that is brought to your attention and the individual is given, well, pointers as to what he or she needed to do to improve. If that continues, that is to say your poor performance continues, that will set the ground for our not renewing your contract at the end of the three-year period.

And there is a procedure. So two months I think before the end of that contract period, the employee will indicate to the employer whether or he or she is willing to continue in employment with us, with NIDCO.

**11.45 a.m.**

NIDCO will reply to tell that individual whether NIDCO is minded to renew the contract, so the individual gets ideas to what will happen. If NIDCO does not agree, or does not intend to renew the contract then the contract is not renewed, and that is it. During the period though, NIDCO will not terminate you, well as I say, will only terminate you with cause. So lack of performance will not necessarily lead to termination, we will point out to you what you needed to do to improve your performance. But if it becomes chronic and you just could not be bothered, you know, that is a different thing, but we will only terminate you during that period with cause.

**Mr. Chairman:** Okay. Now you had 163, so we are talking about roughly over 70 persons being, let us say, being severed, or being terminated, did anyone take the company to court? Or are you in court for any of these terminations?

**Mr. George:** No Chairman.

**Mr. Chairman:** Everybody left happy?

**Mr. George:** Yes, they were. And it is how we did it, we did not just some in one fell swoop and just get rid of 70 persons. That would have immediately triggered the retrenchment requirements. So we did not do that. For the most part we used natural attrition, nonrenewal of contracts, things like that, and to sort of get rid of people. And sometimes the nonrenewal will be limited—is it to four or five persons? I think something like that. So we stayed within the law and we—over a period of time, achieved the objective of reducing the number of workers.

**Mr. Chairman:** Right, so as a—so in terminating, as you said, under the law even retrench, you did not retrench?

**Mr. George:** No.

**Mr. Chairman:** You—it is just attrition?

**Mr. George:** And either that, and/or refuse to renew contracts.

**Mr. Chairman:** Okay, okay I understand. Right, okay I will ask my colleague Mrs. Deonarine, to step in at this time.

**Ms. Deonarine:** Thank you, Chair. Good morning again everyone. So I am going through the material here, and Mr. George, and Ms. Farmer, I see that the size of the board itself is seven persons, and the size of executive management team is eight persons, but they are not all here, how come?

**Mr. George:** Well, through you Mr. Chairman, I was not aware that they were all supposed to be here. In fact, I was given a sheet to indicate who the persons whom will be here are, and that sheet had a table with about three or so rows. So I, you know, I took it that it was limited to that, but had

I known that, I would have invited them, and they all would have been here. Sorry about that.

**Mrs. Deonarine:** Okay. I am asking that question because I have a lot of questions with respect to the engineering and program management, and I know, I see that that person is not here, but I am sure who is here would be able to answer these questions to the best of your ability. So I noticed in your submissions that you referred us to Appendix 10 which gave rights to all the litigation matters that are currently pending right, and I did a quick tally while the conversation was being had, and a total of, I have calculated that there is a total of \$172 million tied up in litigation at present, correct me if I am wrong, for the damage of property and for land acquisition.

Now I know a lot of these matters are before the court, some are completed, and some are still before the court. But could you give us some insights as to how exactly we ended up in this situation with so many challenges or litigation issues for damage to property and land acquisition? Because to me, from my experience what that means that there is some challenge in contract negotiation with the necessary parties, or with the necessary contractors. But I would like to hear further from you, what exactly could have caused us to reach to a position where, you know, we have about \$172 million tied up in litigation, and then we have our revenues for NIDCO is on average about \$32million annually. So I would like to hear you insights, please.

**Mr. George:** The land acquisitions issues deal with persons interested who have, and whose properties have been acquired but they have not been paid. So they have gone to court to, you know, to seek payment. Right, so a lot of those things are due to that. Damage to property, you know, if I remember correctly—

**Mr. Chairman:** Mr. George, if I may, why were they not paid?

**Mr. George:** Why were they not paid?

**Mr. Chairman:** Yes, and who was supposed to pay them? Because remember your fees is what allow you to exist. Your management fees, and live, and your supervisory fees. So would that payment for land acquisition come from the Ministry of Works and Transport through an allocation to—and that allocation can be accessed by NIDCO? I am just trying to get an understanding of how you are acquiring on behalf of the State with the support of the valuation commissioner or the commissioner of valuation.

And then you are telling us that the people have taken NIDCO to court because they have not been paid. So I am trying to clarify why have they not been paid and whether you have an allocation from the State, from the Government, to access those funds. So if you acquire my land, and you have to pay me, you have a pool of funds established, that is coming from your line Ministry,



or from directly from the Ministry of Finance as the case may be. Could you explain to us how the process works?

**Mr. George:** Okay.

**Mrs. Deonarine:** Chair, before the Chairman answers, could I just supplement your question and—because from the draft estimates of expenditure I realize there are a lot of loans that come under NIDCO. So in answering the Chairman’s question, and also my initial question, could you explain to us whether any of these loans are assigned to the payment of these court matters or these monies that are being owed to persons?

**Mr. George:** Okay, Mr. Chairman, to answer your question, I do not know of any loans that we have, that directly address payment for properties acquired. But most of those properties, they have to do with the Solomon Hochoy Highway, the extension of the highway. And what happened was that, well properties would have been acquired using the section three and section four. What it was said, it was said, private treaty under the, what was it again? The shadow of land acquisitions right, so what would happen, and especially the properties where there was just land.

So section three would be given, section four would be given, there would be a negotiated settlement as to what is the value of your property, and the road works will continue onto your—we will enter your property, and carry out the road works. I am talking about the properties that were just land owned. So you—and the State now owes you for the property that has been acquired. That agreed settlement will—an interest will accrue, and that agreed settlement from the day the State entered your property. So that was the case. About, was it 2019 or so, the State had certain questions that they ask about the value of some of those properties, and coming out of that, there was this commission of enquiry that was determined to, you know, to sit to enquire into those things. Well, that has happened slowly, it is only now we are hearing that the commission is about to sit in judgment or—not judgment, but to investigate the matter.

During that period there was no—there was a, maybe a freeze, there was a hold on payments to persons interested for their land where the land was acquired previously. So those persons have ended up not receiving compensation for their lands that the State acquired, and it is those persons who are taking us to court to get settlement of their properties. I must also add that there was—well maybe I should not talk about that—but there were a few large properties, high value and thing, that there was a settlement in terms of—there was an agreement but the agreement was just exorbitant. And those, some of those persons involved they have actually taken us to court for, to seek compensation and that is where you had not just land, but establishments on the land.

And it was huge, you know, so that would have contributed to the 100 and something million dollars that you see. But, you know, I know from where you see it, at least three of them, very large ones are being contested now in court. And what is being contested, not so much delay in payment as it is questioning the value, how that value has arrived at, and things like that. So that is where we are today.

**Mrs. Deonarine:** Okay, thank you Mr. Chairman, I want to move on to the issue of the audit findings, and risk grading on the engineering and program management process. This I think is Appendix 6.4, and this is quite concerning eh, it is quite worrying. Where we have very high risk rating in the audit findings for project management manuals being incomplete, project charter was not done for 100 per cent of EPM projects, which is the Engineering and Program Management projects, there is lack of accountability for Construtora OAS limited, contractor, for materials, there is insufficient monitoring of crucial contract clauses, there is also for all EPM projects within the audit sample, the contractor and consultant performance evaluations were either not done, or were inadequate to effectively measure the performance of the parties.

So I think this is quite concerning so, would you like to share some insights on these?—because this was actually done based on your submission, this was done in May 2021, and February 2022, which is quite recent, and it seems as if this is an accumulation of problems that—this is a finding of problems that were accumulating for a period of time.

**Mr. George:** Alright, let just me start by saying, a lot of those findings then, they are not featured. That is not to say that we will not do anything about it. If I were to take them one by one, and I would still, you know the choices. There is one that comes to mind many and it has to do with the material from—

**Mrs. Deonarine:** OAS?

**Mr. George:** OAS, and what one has to bear in mind is when OAS left, OAS left the project and just never returned. They left the country owing many people for all sorts of moneys. So what happened soon after they were terminated, people were getting judgements, and turning up wherever they found material and, you know, it is a construction site spread over a long area, so they have items here, items there, items down the road. They would just come on and with their bailiff and so with their quote judgment and seize property. I could remember in Golconda where we have site office, so we were there, and this guy comes up with his bailiff, and he came to possess the concrete plant that OAS left on site. There is nothing that we could have done. So a lot of those things came out of that, so when our--so there is nothing that we could have done to prevent that, that is one. There is something

about charter? Oh sorry, sorry.

**Mrs. Deonarine:** Before you continue, through you Chair.

**Mr. George:** Yes.

**Mrs. Deonarine:** Mr. Chairman, just correct me if I am wrong, from my understanding, is it not NIDCO's responsibility to oversee these contractors in the works that they are doing?

**Mr. George:** The contractors now?

**Mrs. Deonarine:** So for example OAS limited during that period of time. Was it not NIDCO's role to oversee or to have some sort of project management involvement which involves overseeing the works done by OAS, who within the—either the Ministry of Works or NIDCO, is responsible for oversight?

**Mr. George:** Well, the structure was a FIDIC engineer in the person of ACOME, and NIDCO was like the client's rep, who will oversee ACOME's work. Yes, that is—that was what obtained during OAS's time.

**Mrs. Deonarine:** So correct me again if I am wrong, how then is it possible, that OAS could have left this site for a long period of time and it did not come to the attention of anyone?

**Mr. George:** Well, it is not that it did not come to the attention, when they closed for that year at Christmas time so the main players went back to wherever at Christmas time, and they would have left maybe watchmen in place but those watchmen were no match for these bailiffs and whatever who were turning up to size equipment and or material by OAS in settlement of their co-judgments that they had.

**Mrs. Deonarine:** Okay, alright. If I am to move to the other audit finding, this is audit finding four, insufficient monitoring of crucial contract clauses for three out of nine projects reviewed, right? And we see here, three projects are singled out, this is on page 17 of 53 in appendix 6.4. We have—the three projects I am referring to are Cunapo Southern Main Road, Sande Grande, Toco Road, Breakfast Rivers, and design build contract for Churchill Roosevelt Highway. And these contractors are General Earth Movers, Premium Maintenance Limited, and China Railway Construction.

So what the auditor is saying here, and I need to say it out for the listening public, because remember I have the benefit of the document, but people who are viewing would not have the benefit of the document. The finding says:

The auditor did not find the evidence that crucial contract clauses for time extensions were proactively, and consistently monitored by project managers for three out of nine contracts reviewed within the audit sample. According to the above, this could have translated to 110

days multiplied by \$250,000, amounting to \$27.5 million, but capped at \$18.9 million in favour of the client.

Alright, so, I skipped a couple lines, and if we go back to the table, you have that the initial cost of these three projects, this is the project total before contingencies and VAT, was \$218.4 million, and then you have a possible financial impact of \$21.7 million.

**12.05 p.m.**

**Ms. Deonarine:** Who is negotiating these contract clauses? Because the contract clause says:

In the event the contractor fails to complete the works or any of the schedules thereof within the limits or the extended time limit agreed upon, as more particularly set forth in the contract, liquidated damages shall be paid at a rate of \$250,000 per calendar day.

So, I am a little bit baffled about this, because to me this does not seem to be in favour of the State and taxpayers whose moneys are basically paying for these contracts.

**Mr. George:** Okay, Mr. Chairman, we are talking here about \$250,000 per day as liquidated damages. This is what it means, you pay \$250,000 a day, up to a maximum of \$80 million. The \$250,000 a day borders on a sort of unenforceable penalty. The thing about liquidated damage, liquidated damage is not punitive. It is to compensate whichever party for a loss suffered. And in this one here, it had to do, I think, was it the Curepe job. There is no way that the State could, well first of all, apply that liquidated damage and successfully get that liquidated damage.

The question is: What is the loss to the State if the State did not get Curepe Exchange today and it got it two weeks down the road? So, we have noticed that these feel-good, how they call it, liquidated penalties, we have to revisit it. We cannot just write that figure in the contract and feed well, okay, yes, we have that sum of money there that we can claw back, in the event that liquidated damages. So, that is one of the reasons why it might have been flagged by the---that is why I said some of those things are not fatal.

If you were to move now to collect from a contractor \$250 a day on a roads contract, well an interchange that you did not finish on time, you cannot be successful. It is what we call an unenforceable penalty, because liquidated damage is not supposed to be punitive. It is just put there to compensate you for loss the suffered. And you have a difficulty to [*Inaudible*] will prove that. All right, so I do not know, well.

**Ms. Deonarine:** I just want to correct one thing that, perhaps, you alluded to two weeks delay. What is being said here is that in some instances one particular contractor, the overrun time was 540 days. That is more than a year.

**Mr. George:** Well I do not know.

**Ms. Deonarine:** Right? So, I mean, I would stop there, Mr. Chair.

**Mr. Chairman:** Okay, members, I would like Mr. Rushton to make his contribution, then we would ask you to hold and we would get the rest in writing.

**Mr. Paray:** Thank you, Chairman. Mr. George, just one question that I want to close off today. In your submission on page 9, where a query was asked in terms of in NIDCO's opinion, what is preventing your organization from attaining its intended objectives, and you identified timeliness of client payment, value of NIDCO services, project sourcing. The question that I want to ask is: Are any strategies being developed or implemented to remedy these three items that you would have identified? And if you have an idea of what may be the optimal amount of projects that NIDCO needs to pursue at any one time to be at that optimal setting in terms of resources, projects to execute, and so on? So, that this part a, part b.; if you could answer that. Thank you.

**Mr. George:** I will try, Mr. Chairman, through you. The timeliness of client payment, well we have some negotiation to do. We have to negotiate for example, increased fees. And our client is not too gung ho about increasing our fees for services. And timeliness of payment is all a function of availability of funds. But we keep reminding the client, reminding the client, reminding the client that, listen we need payment, we need payment. And so we are more insistent in our reminder to our client. And every opportunity that we get to point to the fact that some additional fees might be the way to go, I mean that has not—so, we have not been successful with our negotiations yet. But this is where we have to focus.

The other one about project sourcing, we are restrained there. We cannot, as a wholly-owned state company, we cannot just go out and just source our jobs and get work to do. It has to come through the State. By that—So, by example, we were approached by another arm of government to ask to assist with procurement. So an MOU was done and we are working now with that body to do some procurement for them. I mean, it is not something that we went and solicit. They saw our ability, and maybe they saw our process then, the integrity of it, and they thought they could have used us, and that is what is happening now.

**Mr. Paray:** Just one follow-up on that, Mr. Chairman. In terms of NIDCO as the Government's choice to do some project management and construction, and so on, what specific skill set or expertise that NIDCO possesses that the State would come to you rather than go through another medium? What is it? Because I am seeing if the State has invested heavily in an enterprise that is operating as efficient as you are, and have done some fantastic jobs over the last few years, why would I send it by

anybody else and you are delivering? What is the trigger for that?

**Mr. George:** Mr. Chairman, I really do not like to blow my own trumpet. But what is Nidco good about? Procurement, I think, we have stood the test of time. The process was, you know, had integrity. You had people there. We acted fairly. We acted transparently, and over the years, and most of our jobs, they are done open tendering, you know.

Over the years, we have not had any problems with the award of contracts. So, it has been cleanly done. Given a job, I do not know whether I can—we have a combination of a board and the management. We have a lot of people on the board who are engineers and who have done things. So, outcome is important. They will stick behind our project engineers to ensure that things are done. Reports come to us at board meetings and we spend hours and hours going through what is presented before us and questioning: Well why is this thing taking so, much time? Why can it not be done in a particular way? And getting after those persons to make the change to give us the outcome that we require in a sort of timely manner. So, I guess this is—and well, I do not want to be, I do not want to say that and to be reported.

You know, there is a policy which says eyes in and fingers out? We are not in any way standing in the way of the management. The board would not tell the—we to the President that you are free to disregard anything the board tells you that is illegal, anything that the board tells you to do that is illegal. So, given those two policies, we tend to work together as a team to drive the process. There might be other boards that might stick firmly to the belief that it has to be eye in and fingers out.

**Mr. Chairman:** We want to end the proceedings. And to let you know that there would be matters that we will pursue via a series of further questions to you and to the Ministries of Works and Finance, if it becomes necessary.

I would like to say that it has been a pleasure having you and the Ministry of Works and Transport officials as well as the Ministry of Finance, Investment Division here today. And, as I said, we look forward to communicating with you and the team, as it relates to some other questions that we want to pursue, but time would not permit us to do so today. So, I would not want to take up too much more of your time and just again, on behalf of our committee, to thank you and your team for being here, and also I want to thank the officials from the Ministry of Finance for being here.

So, at this time we will pause to allow you to take your leave and we shall, as I said, be communicating with you, via the Secretariat, for further clarification on several areas that we may not have been able to execute today. So, Mr. George, thank you. And the Ministry of Works and Transport, thank you, and Ministry of Finance, thank you. So, you can now take your leave and you

are excused.

**Mr. George:** Thank you, Mr. Chairman for having us.

**12.16 p.m.:** *Meeting adjourned.*