



# THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE FOURTH REPORT

## Education Facilities Company Limited (EFCL)

*Fourth Session, 10<sup>th</sup> Parliament*

Examination of the Financial  
Statements for the Years Ended  
September 30, 2008 to 2010

Ordered To Be Printed By the  
House of Representatives and Senate



## 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. Fitzgerald Hinds	Chairman
Mr Errol McLeod	Member
Mrs Paula Gopee-Scoon	Member
Mr Colm Imbert	Member
Ms Marlene Coudray	Member
Mr Rudranath Indarsingh	Member
Mr Fazal Karim	Member
Dr Rolph Balgobin	Member
Mr Embau Moheni	Member
Mr Herbert Volney	Member <sup>1</sup>

### Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Khisha Peterkin	Assistant Secretary to the Committee
Ms Candice Williams	Graduate Research Assistant
Mr Ian Mural	Parliamentary Intern
Ms Dianne Forde	Administrative Support

### Publication

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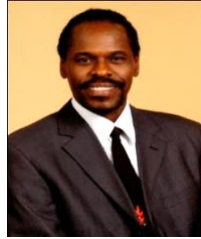
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<sup>1</sup> On September 27, 2013 the Speaker of the House declare the St. Joseph seat in the House of Representatives vacant as such Mr Herbert Volney ceased to be member of the House and a member of the PA(E)C

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**MEMBERS OF THE PUBLIC ACCOUNTS (ENTERPRISES)  
COMMITTEE**



Mr. Fitzgerald Hinds  
**Chairman**



Mr. Errol McLeod  
**Member**



Mrs. Paula Gopee-Scoon  
**Member**



Mr. Colm Imbert  
**Member**



Ms. Marlene Coudray  
**Member**



Mr. Rudranath Indarsingh  
**Member**



Mr. Fazal Karim  
**Member**



Dr. Rolph Balgobin  
**Member**



Mr. Embau Moheni  
**Member**

## EXECUTIVE SUMMARY

This Fourth Report of the Public Accounts (Enterprises) Committee PA(E)C of the Tenth Parliament examines the Educational Facilities Company Limited (EFCL) on its Financial Statements for the years ended September 30, 2008 to 2010.

2. The Government of the Republic of Trinidad and Tobago established the Education Facilities Company Limited (EFCL) as a Special Purpose State Enterprise (SPSE) on March 11, 2005 and operations officially commenced on August 02, 2005.

3. EFCL's specific responsibility at that time was to manage projects assigned by the Ministry of Education including the design, construction, equipping and outfitting of all Government and Government assisted Early Childhood Care and Education Centres (ECCE), Primary and Secondary Schools and Education District Offices in Trinidad.

4. In January 2008, responsibility for the repair and maintenance of all such facilities in Trinidad was added to the company's portfolio. Additionally, from January 1 2009, the Furnishing and Equipment Programme was introduced and by February 9, 2010, the procurement of textbooks was added to EFCL's portfolio.

5. The First meeting with the EFCL was held on Tuesday April 17, 2012. At this Meeting Mr. Lester Applewhite, who was the Deputy Chairman at the time, was the only representative of the Board present. The Committee then agreed to postpone its examination of EFCL to ensure that the entire Board was given an opportunity to attend.

6. The Second meeting with the EFCL was held on Monday April 23, 2013. At this meeting, the Committee discussed a number of issues, including the timeline for receiving the 2011 Audited Financials, increase in professional fees between 2008 and 2009, and the status of a finalized Fraud Policy as at September 30, 2010.

7. From this examination of the EFCL, the Committee requested written responses to twenty (20) follow up questions by correspondence dated May 18, 2012 and due by May 30, 2012. On May 29, 2012, the EFCL requested a one month extension. At a meeting held on May 29, 2012, the Committee agreed to grant the one month extension. On June 01, 2012, the EFCL was informed of the new deadline of June 30, 2012. On September 11, 2012, the Committee noted that the EFCL still had not submitted the information requested.

**8.** At a meeting held on Tuesday October 30, 2012, the Committee agreed to write to EFCL requesting a response within two weeks or face the consequence of being invited to appear in public. The letter was sent to EFCL on November 5, 2012. On November 6, 2012, EFCL submitted its response to the Committee's questions in a voluminous document. On November 08, 2012, EFCL submitted information on the expertise and qualifications of members of earlier Boards of Directors. At a meeting held on January 08, 2013, the Committee reviewed the responses provided. The Committee was not satisfied with the responses received and agreed to again write to the EFCL requesting clarification on the responses provided to the questions.

**9.** On March 15, 2013, EFCL requested an extension of eight weeks to submit the information to the Committee. At a meeting held on Tuesday April 16, 2013, the Committee agreed to grant the extension of time and invite the EFCL to appear in public on Wednesday May 15, 2013. On Friday May 10, 2013, the EFCL submitted another voluminous response to the Committee's request for information. On Wednesday May 15, 2013, the Committee met with the EFCL in public and expressed its grave dissatisfaction with the EFCL's delayed response.

**10.** The Committee agreed to meet with the Officials of EFCL in public again on Friday June 7, 2013. At this meeting the Committee again requested written responses with a due date of \_\_\_\_\_. On June 18, 2013, the EFCL provided responses to four (4) of the items. In addition, the EFCL requested an extension of time for submission of the remaining two (2) items. This extension was granted and the EFCL was informed of the new deadline of June 28, 2013 on June 25, 2013. On June 26, 2013 and July 5, 2013, the EFCL provided the Committee with information regarding the outstanding items.

**11.** The Report concludes with the following main recommendations to the EFCL:

- ✓ Review the process for the completion of the Audited Financial Statements
- ✓ Include the timely completion of Accounts as a performance standard for the Divisional Manager
- ✓ Submit evidence of the Divisional Manager Finance's qualification in Finance to the Ministry of Finance and the Economy
- ✓ Finalize the fraud policy by December 31, 2013
- ✓ Review the Tender Rules policy
- ✓ Review the Procurement Policy

- ✓ Develop and implement a Human Resource Policy
- ✓ Develop and implement a Vehicle Rental, Maintenance and Usage Policy
- ✓ Pay all contractors owed as at December 2010
- ✓ Base profitability on actual cost as opposed to estimates
- ✓ Use HVAC systems at schools in which its geographical location ensures the availability of natural gas
- ✓ Complete the construction of the Couva West Secondary School by April 2014
- ✓ Complete all 50 ECCE Centres by July 2014.
- ✓ Hire a new contractor to complete construction of the Fanny Village Government Primary School

## **ACCOUNTABILITY ARRANGEMENTS FOR STATE ENTERPRISES**

**12.** Parliament is responsible for approving most of the funding to state bodies and as such requires that mechanisms for accountability to it are effective. State bodies are monitored by an auditing system designed to improve openness, transparency and accountability.

**13.** State enterprises normally operate within a policy framework set out by their line Ministers, but are responsible for managing their own day-to-day activities. The Ministry of Finance and the Economy also asserts limited control over the operation of state bodies through the guidelines set out by the Minister of Finance and the Economy.

**14.** The monitoring of the operation of entities within the State Enterprise sector is shared between the Investments Division of the Ministry of Finance and the Economy and the appropriate line Ministry. This monitoring is facilitated through the appointed Board of Directors. However, in most instances, the Investments Division and Line Ministers liaise directly with the management of the Company. In addition to direct monitoring, the Investments Division acts on behalf of Corporation Sole as shareholder and carries out the corporate function. The Division also engages in macro level monitoring from a fiscal, financial and policy perspective for the State Sector. The Line Ministry provides the specialized technical analysis consistent with individual sectoral policies.

**15.** The Board of Directors, which is mandated to ensure that the company complies with the framework defined in the Strategic Plan, is accountable to the shareholder, Minister of Finance and the Economy through both the Investments Division and the Line Ministry.

**16.** The Management of the Enterprise is headed by a Chief Executive Officer who is accountable to the Board.

**17.** The Cabinet is the repository of shareholder rights and responsibilities with respect to the State Enterprise Sector. It is accountable through Parliament to the public with regard to management of the State's investments.

**18.** The Minister of Finance and the Economy is charged with responsibility for the State's entire portfolio of investments of which State Enterprises Sector is a major element. While the Minister many communicate directly with the Enterprise on specific issues, he generally monitors the performance of the Sector through the Investments Division of the Ministry of Finance and the Economy through the Line Ministries.



## ISSUES, OBSERVATIONS AND RECOMMENDATIONS

19. During the Committee's examination of the EFCL which included four public hearings, the Committee raised the following issues and made the corresponding observations and recommendations:

### I. Late submission of Audited Financial Statements

The Committee noted that the Audited Financial Statements of the EFCL was repeatedly submitted after the January 31 statutory deadline. For example, the 2011 Audited Financial Statements were laid in Parliament on March 13, 2013 in the House of Representatives and March 19, 2013 in the Senate.

The EFCL informed the Committee that the process began with the Divisional Manager preparing the accounts for the company after which an independent auditor would be engaged. In this instance, the Board appointed Pannell Kerr Foster (PKF) as the independent auditor. These accounts are then presented to the internal auditor and to the audit committee of the Board for finalization and approval. Copies are then forwarded to the Ministry of Finance in preparation for laying in Parliament.

*The Committee recommends that EFCL review the process for the completion of the Audited Financial Statements to ensure compliance with Section 24 of the Exchequer & Audit Act Chap 69:01 which provides that Reports become due to the Auditor General within 4 months of the end of the financial year.*

*The Committee also recommends that the timely completion of Accounts be included as a performance standard for the Divisional Manager tasked with the responsibility of preparing the accounts.*

### II. Mandate of the EFCL

The Committee noted that there was a change in the original mandate of the EFCL

The initial mandate of the company encompassed 106 Early Childhood Centres, 34 Primary Schools, 74 Secondary Schools and the construction of educational district offices in each educational district. It was clarified that EFCL does not have responsibility for Tobago.

EFCL's Officials gave further information on their Performance/Work completed as follows:

*Early Childhood Centres*

In 2008, the mandate was 100 Early Childhood Centres. Of this nine (9) were delivered.

In 2009, the mandate was 53, 4 were under construction and 3 were delivered.

In 2010, the mandate was 100, 20 were under construction and 6 were delivered.

*Primary Schools*

In 2008, while construction of 10 schools began, 1 primary school was delivered.

In 2009, only 1 school was under construction.

In 2010, 6 were under construction and 2 were actually delivered.

*Secondary Schools*

The mandate for secondary schools was the replacement of 74 schools. However, over a seven year period, 12 schools were under construction and one block at Chaguanas North Secondary was delivered.

**III. Qualified Board Member in Finance**

The Committee noted that the Ministry of Finance raised a concern about the absence from the board of a person qualified in finance and inquired whether this is presently the case.

**IV. Increase in professional fees between 2008 and 2009**

Members noted the increase in professional fees between 2008 and 2009 and were informed that the increase was ascribed to the increase in projects and hence the number of consultants.

The Committee sought clarification in writing on what accounted for the increase in Professional fees in 2008 to present, how many consultants were hired, the amounts paid to each contractor and details of each contract. This information was presented and is attached at **Appendix IV**

**V. Fraud policy**

The Committee inquired into whether the EFCL's officials were familiar with the document entitled "Policy and procedure for dealing with evidence of suspicion of fraud."

While EFCL's officials informed that they were not familiar with the document, they indicated that this document was approved by the previous Board in September 2010. Although the present Board has not rescinded the document, all policy decisions were referred to a subcommittee who is in the process of using the approved guidelines generated from the previous Board to develop a new comprehensive fraud policy. This policy is an on-going process and has not been finalized.

Members of the Committee were concerned that the present Board accepted and operated under all other policies that were approved by the previous Board including, the Tenders and procurement policy however, they referred the fraud policy to a Committee to develop a more comprehensive policy.

***The Committee therefore recommends that the fraud policy be finalized by December 31, 2013.***

**VI. Tenders Policy**

Members questioned the existence of a Tenders policy and were informed that the EFCL's Board has an approved Tenders policy, which was approved by the Board of Directors on October 24, 2005. A copy of this was submitted to the Committee.

Members further inquired into the reason the problems with contractors, even with the presence of a tender rules policy and a procurement policy and were informed that the tender rules and procurement rules policy have not been strong enough to ensure quality contractors do their work.

***The Committee recommends that the EFCL review its Tender Rules policy and implement strict rules for compliance which should include action to be taken in cases of noncompliance.***

## **VII. Adherence to Procurement Guidelines in place as at September 30, 2010**

Members questioned whether EFCL followed the procurement guidelines issued by the Investments Division of the Ministry of Finance and the Economy and on what date it was inherited by the current Board.

The Committee was informed that the EFCL follows the procedure and policy guidelines for the procurement of goods and services as issued by the Ministry of Finance and the Economy, in conjunction with their line Ministry, the Ministry of Education (MOE).

In June 2005, the Ministry of Finance (MOF) issued a document entitled ‘Standard Procurement Procedures for the acquisition of goods, services to be provided and works to be undertaken and for the disposal of unserviceable item in state enterprises/statutory bodies (state agencies)’ (referred to “MOF Standard Procurement Procedures”)

On the 24<sup>th</sup> October 2005, the Board of Directors of EFCL approved the “Rules and Procedures for the invitation and consideration of tenders; and for the award of contracts for the supply of goods and services and the execution of works’ (referred to as “EFCL Rules and Procedures”). On the 21<sup>st</sup> November 2005, EFCL forwarded its said Rules and Procedures to the Ministry of Finance.

On November 25, 2005 and February 2, 2007, two (2) amendments to the EFCL Rules and Procedures were approved by the Board of Directors of EFCL.

By letter dated January 5, 2006 EFCL notified the Ministry of Finance and the MOE of the first amendment. Under cover of a letter dated April 4, 2007, EFCL supplied the MOE with the minutes of the meeting of the Board of Directors held on February 2, 2007 which inter alia approved the second amendment. These amendments relate to the limits of authority of the Board Tenders Committee, the Management Tenders Committee, the Chief Executive Officer and the Corporate Secretary.

***The Committee recommends that the Procurement Policy be reviewed.***

## **VIII. Increase in Salaries and Wages**

The Committee noted the substantial increase of \$2 million in salaries and wages during the period October 2009 and 2010 and inquired into what accounted for this increase and

how many new staff was hired in the last six (6) months of the accounts; whether they were hired on contract and in what positions.

The EFCL's officials informed that at the end of 2010, the total number of staff was one hundred and five (105). From the time of elections to the time the Board came in, the CEO promoted thirty four (34) persons within the organization.

***The EFCL must develop and implement a Human Resource Policy to govern the hiring, promotion and termination of staff.***

#### **IX. Vehicle Rental and Maintenance**

Members requested a description of what vehicle maintenance refers to and were informed that this refers to maintenance of leased vehicles in terms of wear and tear, gasoline, etc.

They also inquired into the increase in vehicle rental from \$585,000 in 2006 to \$929,000 in 2007 and \$288,000 in 2009 to \$470,000 in 2010. An explanation was also sought for the increase in maintenance from \$56,000 to \$140,000.

EFCL's officials indicated that the increases were as a result of the increase in the number of staff because of the large number of secondary schools that were under construction at that time. Project managers for instance had to visit the schools and business sites hence, as the staff increased the cost per vehicle rental also increased.

***The EFCL must develop and implement a Vehicle Rental, Maintenance and Usage Policy.***

#### **X. Unpaid contractors**

The Committee questioned the amount of outstanding payments owed to contractors and was informed that during the period under review, this consisted of Repairs and Maintenance of \$67,714,008.13, new construction of \$58,364,901.49 and furniture and textbooks of \$13,976,943.77. This totaled approximately \$140 million. The majority of these moneys have been paid to date.

Committee members further inquired into whether there were entities contracted by the EFCL before September 30, 2010 and have not been paid to date.

EFCL officials indicated that there are contactors who have not yet been paid for services before September 30, 2010. **See Appendix IV.**

*The Committee recommends that all contractors who are owed as at December 2010 be paid immediately.*

**XI. Purpose of EFCL/Profitability**

Committee Members sought clarification on the purpose of the company; whether it existed to make a profit and were informed that they do not exist to make a profit.

Members noted that the EFCL has been a profitable organisation until the year 2010 and questioned whether it made a loss thereafter.

EFCL's Officials informed Members that in 2008, a new trend had begun which is reflected in the accounts from 2008 to 2010 whereby the Ministry of Education forwarded sums of money on a yearly basis to the EFCL for construction of secondary schools. This was therefore reflected in retained earnings. In 2011 however, the retained earnings was reduced by a loss that was made in that year.

Members also sought clarification on how savings were derived during the period 2008-2009.

Officials confirmed that these savings were in fact based on estimates.

*It is recommended that profitability be based on actual cost as opposed to estimates.*

**XII. Expenditure on Heating, Ventilation and Air conditioning (HVAC) for secondary schools**

Members inquired into areas in which extensive expenditures were in excess of what was budgeted with specific reference to HVAC.

They were informed that secondary schools have taken the largest part of the economy's budget within the period 2008-2010. For Couva West Secondary School, HVAC systems cost \$20,070,680.00; Aranguez North Secondary School \$17,896,128.79 for five blocks and Marabella South Secondary School \$16,752,045.67 for five blocks.

Members further questioned the HVAC cost versus the construction cost without the HVAC for the listed secondary schools and were informed of the following:

School	HVAC cost	Construction Cost	Construction Minus HVAC cost
<b>Couva West Secondary School</b>	\$20 million	\$172.8 million	\$152.8 million
<b>Aranguez North Secondary School</b>	\$18 million	\$130.4 million	\$12.4 million
<b>Marabella South Secondary School</b>	\$16.8 million	\$126.4 million	\$110 million

Additionally, Members sought clarification on the reasons the sums spent on HVAC for the identified secondary schools were found to be ridiculous amounts.

They were informed that the three schools were using an HVAC system which was designed to use natural gas, fired broad absorption chillers with air handler units, chill beans and associated chill water piping systems. However, based on these schools' geographical location, natural gas was not available.

*The Committee recommends that HVAC systems only be used at schools in which its geographical location ensures the availability of natural gas. No expenditure should be spent on an HVAC system for a school where natural gas is unavailable.*

*Additionally, more extensive research must be conducted before such decisions are implemented.*

### **XIII. Construction of Couva West Secondary School**

Members noted that the Couva West Secondary School is 98% complete. Construction began in 2007, after 3 years (in 2010) it was 80 % complete and after another 3 years (in 2013), it is now 98% complete. Therefore it took another 3 years to complete an additional 18%.

EFCL's officials explained that this was as a result of underfunding.

*The Committee recommends that EFCL complete the construction of the Couva West Secondary School by April 2014.*

#### **XIV. Haji Construction**

Members expressed grave concern about the termination of the \$150 million contract between EFCL, Haji Engineering and Construction Limited (a Korean based company) and Byucksan Engineering Company Limited who were contracted to design and construct 50 Early Childhood Care Education (ECCE) Centres. The completion date for the project was set at December 24, 2009, nine months after the agreement was signed. However, Haji was unable to complete any of the ECCE Centres and as a result the company was awarded an extension to April 07, 2010. Despite this extension, the contract was not completed and on February 26, 2010, Haji was served a notice of termination which became effective on March 12, 2010.

At this stage, \$55 million was spent with only one ECCE Centre completed by Haji and 29 other sites were in different stages of completion. Members made further enquiries about the ECCE schools which were incomplete. The officials informed the Committee that the EFCL has hired local contractors to complete these projects at a cost of \$63.9 million.

The Committee was informed that the issue of outstanding payments to sub-contractors hired by Haji is currently before the Court.

*It is recommended that EFCL implements the necessary course of action to ensure that all 50 ECCE Centres which were supposed to be completed by Haji in December 2009, be completed by July 2014.*

#### **XV. Process for receiving money from the Ministry of Education**

Members inquired into the process for obtaining money from the Ministry of Education.

The EFCL's Officials informed the Committee that payment certificates from supervisory consultants or project managers, along with invoices from contractors, signed by divisional managers are forwarded to the Ministry for payment of contractors.

#### **XVI. Fanny Village Government Primary School**

The Committee highlighted the issue of the failure of EFCL thus far to complete the construction of the new Fanny Village Government Primary School which was awarded a contract in 2008.



EFCL's representatives informed the Committee that the school had a number of problems ranging from the lack of research conducted by the consultants in relation to the methodology approach used to decant the land to the use of poor designs. These issues resulted in water from surrounding areas settled in the excavated site causing further damage. The consultant, Mr. Benjamin who was hired by the Ministry of Education in 2008, was subsequently removed and EFCL hired VIKAB Limited and a new contractor Ashana Civil Engineering to complete the construction of the school. At present, there is no new contractor.

***A new contractor should be hired to complete construction of the School. This School should be completed by the end of 2014.***

**20.** Following each examination of EFCL, this Committee wrote to the Company requesting particular information arising out of the discussions held. The information requested along with the responses received is presented at Appendix III.

## **DETAILS OF THE PA(E)C EXAMINATION OF THE EFCL**

**21.** The Public Accounts (Enterprises) Committee (PA(E)C) agreed to examine the audited financial statements of the Education Facilities Company Limited (EFCL) for the period September 30, 2008 to September 30, 2010.

**22.** The First meeting with the EFCL was held on Tuesday April 17, 2012. At this Meeting, Mr. Lester Applewhite, who was the Deputy Chairman at the time, was the only representative of the Board present. The Committee then agreed to postpone its examination of EFCL to ensure that the entire Board was given an opportunity to attend.

**23.** The Second meeting with the EFCL was held on Monday April 23, 2013. At this meeting the discussions held with the EFCL Officials are summarized as follows:

- i) Timeline for receiving the 2011 Audited Financials;
- ii) Date of appointment of current Board and mandate of the Company;
- iii) Increase in professional fees between 2008 and 2009;
- iv) Reporting timelines for the Audit Process;
- v) Status of a finalized Fraud Policy as at September 30, 2010;
- vi) Adherence to Procurement Guidelines in place as at September 30, 2010;
- vii) Dates of establishment of the Procurement and Tenders policies;
- viii) Increase in Salaries and Wages in 2010 by \$2 million;
- ix) Employment of staff during 2009- 2010.

**24.** From the examination of EFCL, the Committee by letter dated May 18, 2012 requested the following information by May 30, 2012:

- a. Minutes of meetings of the Finance Committee for the period 2008 to present;
- b. With respect to Professional Fees for 2008 and 2009 –
  - 1) How many consultants were hired?
  - 2) What were the amounts paid to each consultant?
  - 3) What were the details of each contract?

- c. With respect to the cost of school construction, provide comparative details of the construction cost of any particular school in fiscal 2008 and similar details for a school of like manner in 2009.
- d. Provide a copy of the policy and procedure for dealing with evidence of suspicion of fraud approved by the Board of Directors of EFCL in September 2010.
- e. Provide a copy of the Tender Rules currently in effect together with evidence supporting the approval of those Tender Rules by the relevant authority.
- f. Provide the date on which the tenders policy, as inherited by the current Board, was originally established.
- g. Provide the date on which the procurement policy, as inherited by the current Board, was established.
- h. What accounted for the increase in Salaries and Wages of \$2million during 2009-2010;
- i. How many persons were hired in the latter half of the period October 2009 – September 2010, what was the nature of the employment and in what positions were these persons hired?
- j. What accounted for the item labeled as “other income” to the amount of \$3.3million?
- k. What measures have been employed to ensure the timely and regular completion of Bank Reconciliations?
- l. During the accounting periods from 2008-2010, how many projects were delivered on time and within budget and how many were not?
- m. As at September 30, 2010, how many contractors who had delivered on their contracts were still owed, how much each contractor was owed, what were the contract details and provide copies of those contracts.
- n. Provide a list as at September 30, 2010, of those contractors who had not met their contractual obligations, whether any litigation action existed based on what was outstanding.
- o. During the accounting period 2008-2010, what additional responsibilities were added to the EFCL’s portfolio; when were they added; who were the contractors associated; what were the sums contracted and what percentage of those contracts were publicly tendered?
- p. What projects were operational during 2008, 2009 and 2010; when were those projects started; when were they completed or whether they are still operational?
- q. State the number of persons employed during 2008, 2009 and 2010 by the EFCL.

- r. State the number of vehicles rented/leased during 2008, 2009 and 2010.
- s. Were any guidelines negotiated between the EFCL and the Public Sector Negotiating Committee, with respect to the remuneration packages for company officials?
- t. For the present as well as the previous Boards of Directors during the period 2008-2010, list the expertise and qualifications of the Board Members.

**25.** By letter dated May 29, 2012, the EFCL requested a one month extension. At a meeting held on May 29, 2012 the Committee agreed to grant the one month extension. EFCL was informed of the new deadline of June 30, 2012 by letter dated June 01, 2012.

**26.** On September 11, 2012, the Secretary informed the Committee via email that although attempts had been made to contact the EFCL CEO via the telephone, the EFCL still had not submitted the information requested by the Committee.

**27.** On September 17, 2012, the Committee wrote all entities with outstanding financial statements, including EFCL. The EFCL responded on September 28, 2012 indicating that the audited financial statements for 2011 would be submitted within two weeks. The financial statements were received on February 28, 2013 from the Ministry of Finance by letter dated February 26, 2013. It was laid in the House of Representatives on March 13, 2013 and in the Senate on March 19, 2013.

**28.** At a meeting held on Tuesday October 30, 2012, the Committee agreed to write to EFCL requesting a response within two weeks or face the consequence of being invited to appear in public. The letter was sent to EFCL on November 5, 2012.

**29.** On November 6, 2012 EFCL submitted its response to the Committee's questions in a voluminous document. On November 08, 2012, EFCL submitted information on the expertise and qualifications of members of earlier Boards of Directors.

**30.** At a meeting held on November 20, 2013, the Committee agreed to meet on January 08, 2013 to review the voluminous submission received from EFCL.

**31.** At a meeting held on January 08, 2013, the Committee reviewed the responses provided. The Committee was not satisfied with the responses received and agreed to again write to the EFCL requesting the specific details on the following questions:

**Question 2:**

- A detailed list of all Legal and Professional Fees for the year 2008.

**Question 3: Refer to the Table - ‘Comparative Cost of a School - Fiscal 2008 vs 2009’**

- Clarify the information listed in the Table as it appears to be incomplete (e.g. A comparison is made between the square meters of a building and a floor which seems inconsistent. Also what do the measurements 20,974.69 m<sup>2</sup>, 8,654.25m<sup>2</sup> and 3,750m<sup>2</sup> refer to?)
- Provide details of the amount of monies paid for each item listed and what were these payments for?

**Question 4: refer to document – ‘Policy & Procedure for dealing with Evidence of Suspicion of Fraud’**

- Clarify whether the EFCL is in compliance with the above named document which was approved by the previous board in 2010.

**Question 10: Refer to the Table ‘ECCE Centre Project Achievements’**

- Clarify the term ‘contracted amount’ and state the difference from the ‘estimated amount’.
- Provide an explanation for the term ‘Savings’.
- Provide a detailed breakdown of what accounted for the ‘savings’ of each ECCE Centre.
- Indicate whether funds are released to contractors before or after the contracts are awarded? Provide evidence to support same.
- Provide a detailed list of all projects that were not delivered on time and projects that were not delivered within the budget.

**Question 11: refer to table – ‘Outstanding Payments’**

- Provide a detailed list of all the contractors that were employed by EFCL and indicate at which stage the project is at (whether it is completed or still in progress and the expected date of completion). Provide copies of contracts to support same.

**Question 12: refer to Table Non-Performer ECCE Contract**

- Provide a detailed list of all contractors who have not completed EFCL projects from 2008 to present and the amount of monies owed to the state.
- Clarification on what the term ‘non-performance’ means to EFCL.

- Provide an explanation as to why no action was taken against the contractors and no litigation is pending.

**Question 13: refer to ‘EFCL’s Portfolio during the accounting period 2008-2010**

- Define the term ‘repairs and maintenance’ (Cabinet Minute No. 14.) Explain the difference between ‘maintenance’ referred to here and ‘maintenance’ referred to in the MOE Terms of Reference.

- Provide a detailed list of:

1. the contractors associated with the additional responsibilities that were added to EFCL’s portfolio;
2. the contracted sums; and
3. The percentage of the contracted jobs which were tendered publicly.

**32.** By Letter dated March 15, 2013, EFCL requested an extension of eight weeks to submit the information to the Committee.

**33.** At a meeting held on Tuesday April 16, 2013, the Committee agreed to grant the extension of time and invite the EFCL to appear in public on Wednesday May 15, 2013.

**34.** On Friday May 10, 2013, the EFCL submitted another voluminous response to the Committee’s request for information.

**35.** On Wednesday May 15, 2013, the Committee met with the EFCL in public and expressed its grave dissatisfaction with the EFCL’s delayed response. The Committee agreed to meet with the EFCL in public again on Friday June 7, 2013.

**36.** At the Fourth meeting with the EFCL, held on Friday June 7, 2013 the Committee raised the following issues:

- i) The Non-Profitability of EFCL
- ii) Couva West Secondary School
- iii) The Heating, Ventilation and Air Conditioning (HVAC) System
- iv) Haji Construction
- v) The use of the terms ‘contracted sums’ and ‘estimated sums’ in reference to the construction of the ECCE Centres

vi) The delay in Construction of the Fanny Village Primary School

**37.** From this examination of EFCL, the Committee by letter dated June 13, 2013 requested the following information:

- a. Provide a copy of the Internal Auditors' Reports from 2008 to 2011
- b. When was the last Status Report of works under EFCL's purview submitted to the Ministry of Education?
- c. What is the procedure in acquiring the disbursement(s) from the Ministry of Education and how is this figure determined?
- d. With reference to outstanding payment(s) to contractors, could EFCL indicate the reasons Davi Contractors were not paid outstanding monies?
- e. With reference to the construction of the Fanny Village Primary School, could EFCL:
  - i. list the liabilities incurred on the project;
  - ii. indicate the cost of the project to date; and
  - iii. the cost to complete the said project?
- f. Submit a copy of the Audited Financial Statements for the year 2012.

**38.** By letter dated June 18, 2013, the EFCL provided responses to four (4) of the items. In addition, the EFCL requested an extension of time for submission of the remaining two (2) items. This extension was granted and the EFCL was informed of the new deadline of June 28, 2013 by letter dated June 25, 2013.

**39.** By letters dated June 26, 2013 and July 5, 2013, the EFCL provided the Committee with information regarding the outstanding items.

## COMPANY PROFILE

**40.** The Government of the Republic of Trinidad and Tobago established the Education Facilities Company Limited (EFCL) as a Special Purpose State Enterprise (SPSE) on March 11, 2005 and operations officially commenced on August 02, 2005.

**41.** EFCL's specific responsibility at that time was to manage projects assigned by the Ministry of Education including the design, construction, equipping and outfitting of all Government and Government assisted Early Childhood Care and Education Centres (ECCE), Primary and Secondary Schools and Education District Offices in Trinidad.

**42.** In January 2008, responsibility for the repair and maintenance of all such facilities in Trinidad was added to the company's portfolio. Additionally, from January 1 2009, the Furnishing and Equipment Programme was introduced and by February 9, 2010, the procurement of textbooks was added to EFCL's portfolio.

**43.** EFCL is managed by a Board of Directors with two Regulatory Committees; the Board Tenders Committee and the Audit Committee.

**44.** The Company's Vision is:

*To be the Project Management Company of choice.*

**45.** EFCL's Mission is:

*To deliver and maintain modern building facilities utilizing best practices in Project Management.*



This Committee respectfully submits this Report for consideration of the Parliament

Sgd

.....  
Mr. Fitzgerald Hinds  
**Chairman**

Sgd

.....  
Mr. Errol McLeod  
**Member**

Sgd

.....  
Mrs. Paula Gopee-Scoon  
**Member**

Sgd

.....  
Mr. Colm Imbert  
**Member**

.....  
Mr. Rudranath Indarsingh  
**Member**

Sgd

.....  
Mr. Fazal Karim  
**Member**

Sgd

.....  
Ms. Marlene Coudray  
**Member**

Sgd

.....  
Dr. Rolph Balgobin  
**Member**

Sgd

.....  
Mr. Embau Moheni  
**Member**



# **APPENDIX I**

## **Minutes of Meetings**

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –  
SECOND (2011/2012) SESSION, TENTH PARLIAMENT**

**MINUTES OF THE ELEVENTH MEETING HELD ON TUESDAY, APRIL 17, 2012 AT 10:45  
AM IN THE ARNOLD THOMASOS ROOM (EAST), 6<sup>TH</sup> FLOOR AND THE J.HAMILTON  
MAURICE ROOM, MEZZANINE LEVEL, OFFICE OF THE PARLIAMENT, TOWER D,  
INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN.**

Present were:

Mr. Fitzgerald Hinds	-	Chairman
Mr. Rudranath Indarsingh	-	Member
Mr. Colm Imbert	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Fazal Karim	-	Member
Mr. Embau Moheni	-	Member
Mr. Ralph Deonarine	-	Secretary
Miss Indira Binda	-	Research Assistant

Absent/Excused were:

Mr. Errol McLeod	-	Member (excused)
Mr. Herbert Volney	-	Member (excused)
Dr. Bhoendradatt Tewarie	-	Member (excused)
Mr. Basharat Ali	-	Member (excused)

Also Present:

**EDUCATION FACILITIES COMPANY LIMITED**

Mr. Lester Applewhite	-	Deputy Chairman
Kiran Shah	-	Chief Executive Officer
Wazeer Aleem	-	Chief Operating Officer
Carmen Aquan	-	Divisional Manager Finance and Corporate Services
Cheryl-Ann Simmons	-	Divisional Manager Project Management-Primary Schools
Julia Ettienne	-	Divisional Manager Project Management-Secondary School Construction
Tessana Ramkisson	-	Financial Accountant
Verity Bynoe	-	Corporate Secretary
Lindy Ann Mitchell	-	Legal Officer
Lyndon Bayne	-	Divisional Manager-Project Management Technical Support
Sherry Mc Millan	-	Programme Manager

**COMMENCEMENT**

1.1 The Chairman called the meeting to order at 10:45 am and welcomed those present.

- 1.2 Apologies were presented for Mr. Basharat Ali (ill), Dr. Bhoendradatt Tewarie (Chairing another meeting), Mr. Herbert Volney (attending another meeting) and Mr. Errol McLeod who had all asked to be excused.

### **EXAMINATION OF MINUTES OF THE TENTH MEETING**

- 2.1 The Committee examined the Minutes of the Tenth Meeting held on Tuesday April 17, 2012.
- 2.2 There being no corrections or omissions, the Minutes were confirmed on a Motion moved by Mr. Colm Imbert and seconded by Mr. Embau Moheni.

### **MATTERS ARISING FROM THE MINUTES**

- 3.1 Under paragraph 3.4.2 the Secretary was asked to update Members on the matter raised. The Secretary, upon apprising Members was asked to research the Canadian legislature as a possible avenue for training assistance, as well as to take a second look at the UK Parliament to determine if any possible avenues exist for the same.
- 3.2 At paragraph 4.1.1, the Secretary also informed Members that an opinion was obtained from the Clerk of the House on the matter, as well as correspondence being sent to the Auditor General on the matter. The Secretary was asked to follow up on the matter so that a response could be received from the Auditor General on the matter forthwith.
- 3.3 Under paragraph 4.2, Mr. Imbert clarified the point further to what was recorded in the Minutes, that he proposed that the Committee examine the audited accounts of Petrotrin next. The Chairman put the question to the Committee and there being no objection, the Committee so agreed.

### **OTHER BUSINESS**

- 4.1 The Chairman informed Members that communication was received two days prior to the meeting from the EFCL, indicating the absence of their Chairman due to a commitment out of the country, and sought a deferral of the Meeting as a result. The Chairman informed Members that having considered the timing of the request, the Secretary referred the matter to the Chairman for decision.
  - 4.1.1 Further, based on an email sent to the Secretary indicating that some EFCL Board Members would be seated in the public gallery area of the meeting room, some Members expressed a serious concern, since this did not seem to be consistent with practice.
  - 4.1.2 The Committee deliberated on the matter and decided to enter into the public meeting with a view to advising the entity that the meeting would be rescheduled, in the interest of seeking the attendance of the EFCL Chairman.
  - 4.1.3 Members also discussed the need for clarity in future when communicating with officials from State Companies, inviting them before the Committee.
  - 4.1.4 Members then agreed that the re-scheduled meeting would take place, subject to the availability of the EFCL Chairman, on Monday April 23, at 11:30 a.m. in public.

### **SUSPENSION**

- 4.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting to resume *in public*.

### **RESUMPTION**

- 5.1 At 11:48 a.m. the Chairman resumed the meeting and welcomed all persons present.

- 5.2 The Committee advised that in the absence of the EFCL Chairman, the examination of the audited financials of the EFCL for 2008, 2009 and 2010 would be postponed to a date to be fixed, on the EFCL Chairman's return.
- 5.3 The Committee enquired on the status of the 2011 audited financials of the Company and were informed that the accounts should be before the Ministry of Finance within two weeks. Following that, the Statutory appointed date for the Company's AGM was in October 2012 at which time the accounts would then be signed off. Members of the Committee expressed a concern over the possible delay in receiving the accounts and recommended that a Special General Meeting be convened for the purpose of signing off the accounts, once ready.
- 5.4 The Company was congratulated by the Committee for the up-to-date manner in which the financials were kept and were urged to maintain such standard of financial reporting.

#### **ADJOURNMENT**

- 6.1 There being no further matters for consideration, the Chairman thanked Members and Officials for attending and adjourned the Meeting to Tuesday April 23, 2012 at 11:30 a.m.
- 6.2 The adjournment was taken at 12:20 pm.

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

CHAIRMAN

SECRETARY

*April 27, 2012.*

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –  
SECOND (2011/2012) SESSION, TENTH PARLIAMENT**

**MINUTES OF THE TWELFTH MEETING HELD ON MONDAY, APRIL 23, 2012 AT 11:30 AM  
IN THE J.HAMILTON MAURICE ROOM, MEZZANINE LEVEL, OFFICE OF THE  
PARLIAMENT, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON  
ROAD, PORT OF SPAIN.**

**Present were:**

Mr. Fitzgerald Hinds	-	Chairman
Mr. Rudranath Indarsingh	-	Member
Mr. Errol McLeod	-	Member
Mr. Herbert Volney	-	Member
Mr. Colm Imbert	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Fazal Karim	-	Member
Mr. Embau Moheni	-	Member
Dr. Bhoendradatt Tewarie	-	Member
Mr. Ralph Deonarine	-	Secretary
Miss Keiba Jacob	-	Assistant Secretary
Miss Indira Binda	-	Research Assistant

**Absent/Excused:**

Mr. Basharat Ali	-	Member (excused)
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**Also Present:**

**EDUCATION FACILITIES COMPANY LIMITED**

Mr. Ronald Phillip	-	Chairman
Mr. Lester Applewhite	-	Deputy Chairman
Dr. Raphael Sebastien	-	Director
Mr. Stanley St. Omer	-	Director
Mr. Shaffiat Ali	-	Director
Mr. Chanan Mahabir	-	Director
Mr. Rudy Narinesingh	-	Director
Mr. Stephen Young	-	Director
Ms. Sharon Ramkissoon	-	Director
Ms. Lisa-Marie Daniel	-	Director
Mrs. Christina Rodriguez-Stewart	-	Director
Mr. Kiran Shah	-	Chief Executive Officer (Ag.)
Mr. Wazeer Aleem	-	Chief Operating Officer (Ag.)
Mrs. Cheryl-Ann Simmons	-	Divisional Manager Project Management- Primary Schools
Mrs. Julia Etienne	-	Divisional Manager -Secondary Schools
Ms. Tessana Ramkissoon	-	Financial Accountant
Mr. Lyndon Bayne	-	Divisional Manager-Project Management Technical Support

**COMMENCEMENT**

- 1.1 The Chairman called the meeting to order at 11:30 am and welcomed those present. Introductions were made by the Officials from the Education Facilities Companies Limited (EFCL), technocrats from the Ministry of Finance and Members of the Committee.

**EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE EDUCATION FACILITIES COMPANY LIMITED FOR THE YEARS ENDED SEPTEMBER 30, 2008, 2009 & 2010**

- 2.1 The discussions held with the EFCL Officials are summarized in point form as follows:

- x) Timeline for receiving the 2011 Audited Financials;
- xi) Date of appointment of current Board and mandate of the Company;
- xii) Increase in professional fees between 2008 and 2009;
- xiii) Reporting timelines for the Audit Process;
- xiv) Status of a finalized Fraud Policy as at September 30, 2010;
- xv) Adherence to Procurement Guidelines in place as at September 30, 2010;
- xvi) Dates of establishment of the Procurement and Tenders policies;
- xvii) Increase in Salaries and Wages in 2010 by \$2 million;
- xviii) Employment of staff during 2009- 2010.

- 2.2 Arising out of the examination, the Committee requested the following from the EFCL:

- a. Minutes of meetings of the Finance Committee for the period 2008 to present;
- b. With respect to Professional Fees for 2008 and 2009 –
  - 1) How many consultants were hired?
  - 2) What were the amounts paid to each consultant?
  - 3) What were the details of each contract?
- c. With respect to the cost of school construction, provide comparative details of the construction cost of any particular school in fiscal 2008 and similar details for a school of like manner in 2009.
- d. Provide a copy of the policy and procedure for dealing with evidence of suspicion of fraud approved by the Board of Directors of EFCL in September 2010.
- e. Provide a copy of the Tender Rules currently in effect together with evidence supporting the approval of those Tender Rules by the relevant authority.
- f. Provide the date on which the tenders policy, as inherited by the current Board, was originally established.
- g. Provide the date on which the procurement policy, as inherited by the current Board, was established.
- h. What accounted for the increase in Salaries and Wages of \$2million during 2009-2010;
- i. How many persons were hired in the latter half of the period October 2009 – September 2010, what was the nature of the employment and in what positions were these persons hired?
- j. What accounted for the item labeled as “other income” to the amount of \$3.3million?



- k. What measures have been employed to ensure the timely and regular completion of Bank Reconciliations?
  - l. During the accounting periods from 2008-2010, how many projects were delivered on time and within budget and how many were not?
  - m. As at September 30, 2010, how many contractors who had delivered on their contracts were still owed, how much each contractor was owed, what were the contract details and provide copies of those contracts.
  - n. Provide a list as at September 30, 2010, of those contractors who had not met their contractual obligations, whether any litigation action existed based on what was outstanding.
  - o. During the accounting period 2008-2010, what additional responsibilities were added to the EFCL's portfolio; when were they added; who were the contractors associated; what were the sums contracted and what percentage of those contracts were publicly tendered?
  - p. What projects were operational during 2008, 2009 and 2010; when were those projects started; when were they completed or whether they are still operational?
  - q. State the number of persons employed during 2008, 2009 and 2010 by the EFCL.
  - r. State the number of vehicles rented/leased during 2008, 2009 and 2010.
  - s. Were any guidelines negotiated between the EFCL and the Public Sector Negotiating Committee, with respect to the remuneration packages for company officials?
  - t. For the present as well as the previous Boards of Directors during the period 2008-2010, list the expertise and qualifications of the Board Members.
- 2.3 The Officials were informed that the Secretary to the Committee would write to the Company detailing the various questions raised for response and any information requested by the Committee.
- 2.4 The Committee agreed to and informed the Company of a deadline of one month<sup>2</sup> for receipt of the information as stated at 2.2 above.
- 2.5 The Committee re-iterated its request for receiving the audited financial statements for 2011 with minimal delay, and informed the entity that upon receipt of these statements, the Company would be asked to re-appear before the Committee.

### **ADJOURNMENT**

- 3.1 There being no further matters for consideration, the Chairman thanked Members and Officials for attending and adjourned the Meeting to a date to be fixed.
- 3.2 The adjournment was taken at 1:33 p.m.

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

CHAIRMAN

SECRETARY

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<sup>2</sup> The deadline date as stated by the Secretary would be one month from the date at which the Verbatim Notes were sent to the Company (April 30, 2012).

May 14, 2012.

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –  
THIRD SESSION (2012/2013), TENTH PARLIAMENT**

**MINUTES OF THE NINETEENTH MEETING HELD ON WEDNESDAY, MAY 15, 2013 AT  
10:41 AM IN THE ARNOLD THOMASOS MEETING ROOM (EAST), LEVEL 6, (IN CAMERA)  
AND 11:30 AM IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC)**

**Present:**

Mr. Fitzgerald Hinds	-	Chairman
Mr. Colm Imbert	-	Member
Mr. Fazal Karim	-	Member
Ms. Marlene Coudray	-	Member
Mr. Rudranath Indarsingh	-	Member
Mr. Herbert Volney	-	Member
Mr. Errol McLeod	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Ms. Candice Williams	-	Graduate Research Assistant
Mr. Ian Mural	-	Parliamentary Intern

**Absent:**

Mr. Embau Moheni	-	Member (Excused)
Mrs. Paula Gopee-Scoon	-	Member (Excused)
Dr. Rolph Balgobin	-	Member (Excused)

**Also present (in public):**

**Officials from the Education Facilities Company Limited**

Mr. Mr. Lester Applewhite	-	Chairman
Dr. Raphael Sebastien	-	Director
Mr. Chanan Mahabir	-	Director
Mrs. Christina Rodriquez-Stewart	-	Director
Mrs. Patricia Ramgoolam	-	Director
Mr. Anil Samaroo	-	Director
Mr. Richard Batchasingh	-	Director
Mr. Kiran Shah	-	Chief Operations Officer
Ms. Lindy –Ann Mitchell	-	Corporate Secretary
Ms. Ria Narinesingh	-	Divisional Manager, Finance

**Officials from the Ministry of Finance and the Economy**

Mr. Inshan Mohammed	-	Senior Audit Analyst
Mr. Ryan Maharaj	-	Business Analyst

## **COMMENCEMENT**

- 1.1 The Chairman called the meeting to order *in camera* at 10:41 a.m. and apologized for his late arrival.
- 1.2 The Chairman indicated that the following Members asked to be excused from today's meeting Mrs. Paula Gopee-Scoon and Dr. Rolph Balgobin who are both out of the country and Mr. Embau Moheni.

## **EXAMINATION OF MINUTES OF THE 18<sup>TH</sup> MEETING**

- 2.1 The Committee examined the Minutes of the Eighteenth Meeting held on Tuesday April 16, 2013.
- 2.2 The Minutes were confirmed on a motion moved by Mr. Volney and seconded by Mr. Karim subject to the following corrections:
  - i. the *in camera* and public parts of the meeting needed to be clearly differentiated in the minutes; and
  - ii. include after the word "examination" in paragraph 5.1 the words "to July 2013".

## **MATTERS ARISING FROM THE MINUTES**

- 3.1 Relative to paragraph 3.1, the Chairman advised Members that the Second Report of the PA(E)C on Caribbean Airlines Limited (CAL) was presented in the House of Representatives on April 26, 2013 and in the Senate on April 30, 2013. The Chairman then sought the Committee's approval to write to CAL requesting a response to the Committee's recommendations by July 1, 2013 as well as reminding them of their obligation to submit their audited financial statements to the Minister of Finance and the Economy. The Committee agreed to send the report to CAL and write to the Ministry of Finance and the Economy requesting an updated status of the outstanding CAL audited financial statements.
- 3.2 Relative to paragraph 4.1, the Chairman informed the Committee that based on the Committee's decision at the meeting on Tuesday April 16, 2013, the Secretary sent an invitation to FCB to attend a preliminary *in camera* meeting on Tuesday June 11, 2013 at 11:00 a.m.
- 3.3 The Chairman referred Members to the Committee's examination of PETROTRIN and invited Members to review the questions which would be forwarded for written response. The Committee agreed to have the Secretary circulate the questions via email on Wednesday May 15, 2013, with a deadline for Members to respond by Friday May 17, 2013.

## **COMMITTEE'S WORK SCHEDULE**

- 4.1 The Chairman suggested that the Committee adopt the practice used in other jurisdictions of conducting examinations based on written evidence. The Committee agreed to have this matter tabled as an agenda item for full discussion at the next meeting.

## **DISCUSSIONS ON THE EXAMINATION OF EDUCATION FACILITIES COMPANY LIMITED (EFCL)**

- 5.1 The Committee discussed whether the examination of the 2011 audited financial statements should commence prior to the completion of the examination of the 2008 to 2010 audited financial statements. The Committee noted that the invitation letter informed EFCL that the 2011 accounts would also be examined. After some discussion the issue was put to a vote of the

Committee, with four Members voting in favour of the Audited Financial Statements of 2011 not being considered prior to the completion of the 2008 to 2010 financials being completed and two Members voted against.

In light of this the Committee agreed to have this matter placed on the agenda for the next meeting to give all Members time to consider this issue before further discussion. This is especially in regard to the Committee's general position on this matter.

- 5.2 The Committee discussed in detail its next step for the examination of the EFCL. Members of the Committee noted that the EFCL submitted a response on Friday May 10, 2013 which was too voluminous to review in time for the meeting with the EFCL on Wednesday May 15, 2013. After lengthy deliberations the Committee agreed to meet with the EFCL in public highlighting that the responses had taken a year to be sent to the Committee. The Committee also agreed to meet with the EFCL on Friday June 7, 2013 to allow Members more time to consider the EFCL's submission.

## **SUSPENSION**

- 6.1 The meeting was suspended at 11:49 a.m.

*[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]*

## **EXAMINATION OF EDUCATION FACILITIES COMPANY LIMITED (IN PUBLIC)**

- 7.1 The Chairman called the meeting to order in public at 11:57 a.m. and welcomed the officials from the EFCL.
- 7.2 The Chairman announced that the purpose of the meeting was to continue the examination of the audited financial statements of the EFCL for the years ended September 30, 2008 to 2010.
- 7.3 The Chairman asked Mr. Lester Applewhite, Chairman of the EFCL to introduce the team of officials. Following this, the Members of the Committee, as well as other representatives from the Investments Division of the Ministry of Finance and the Economy made similar introductions.
- 7.4 The Chairman provided a history of the Committee's examination of the EFCL as follows:
- A. At the last meeting held in public with the EFCL on April 23, 2013 the following issues were discussed:
- i. The timeline for receiving the 2011 Audited Financials;
  - ii. The date of appointment of current Board and mandate of the Company;
  - iii. The increase in professional fees between 2008 and 2009;
  - iv. Reporting timelines for the Audit Process;
  - v. The status of a finalized Fraud Policy as at September 30, 2010;
  - vi. Adherence to Procurement Guidelines in place as at September 30, 2010;
  - vii. Dates of establishment of the Procurement and Tenders policies;
  - viii. Increase in Salaries and Wages in 2010 by \$2 million; and
  - ix. Employment of staff during 2009- 2010.
- B. Subsequent to the public examination of the EFCL, the Committee by letter dated May 18, 2012 requested additional information with a deadline of May 30, 2012. By letter dated May 29, 2012, the EFCL requested a one month extension.

- C. At a meeting held on May 29, 2012 the Committee agreed to grant the one month extension. The EFCL was informed of the new deadline of June 30, 2012 by letter dated June 01, 2012.
  - D. On November 5, 2012, the Committee wrote to the EFCL requesting a response within two weeks or face the consequence of being invited to appear in public. On November 6, 2012 EFCL submitted its response to the Committee's questions in a voluminous document.
  - E. At a meeting held on January 08, 2013, the Committee reviewed the responses provided. The Committee was not satisfied with the responses received and agreed to again write to the EFCL requesting the specific details on the same questions asked in May 2012.
  - F. The Chairman indicated that on Friday May 10, 2013 the EFCL submitted another voluminous response to the Committee's request for information
- 7.5 The Chairman informed the EFCL that in the circumstances the Committee would consider its responses submitted on May 10, 2013 and meet with the EFCL on Friday June 7, 2013 at 10:00 a.m.
- 7.6 The Committee enquired why it took the EFCL one year to respond to its questions. The EFCL apologized for the delayed response and informed the Committee that the response required dedicated manpower to research and collate the information requested.
- 7.7 The Committee expressed its grave dissatisfaction with the length of time taken by the EFCL to respond.

#### **ADJOURNMENT**

- 8.1 The Chairman thanked Members of the Committee and the representatives from the EFCL for their attendance and adjourned the meeting to Friday June 7, 2013 at 10:00 a.m. in public.
- 8.2 The adjournment was taken at 12:14 p.m.

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

CHAIRMAN

SECRETARY

***May 16, 2013***

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –  
THIRD SESSION (2012/2013), TENTH PARLIAMENT**

**MINUTES OF THE TWENTIETH MEETING HELD ON WEDNESDAY, JUNE 07, 2013 AT  
10:54 AM IN THE ARNOLD THOMASOS MEETING ROOM (EAST), LEVEL 6, (IN CAMERA)  
AND 11:30 AM IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC)**

**Present:**

Mr. Fitzgerald Hinds	-	Chairman
Mr. Fazal Karim	-	Member
Ms. Marlene Coudray	-	Member
Mr. Rudranath Indarsingh	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Colm Imbert	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Ms. Candice Williams	-	Graduate Research Assistant
Mr. Ian Mural	-	Parliamentary Intern

**Absent:**

Mr. Embau Moheni	-	Member (Excused)
Mr. Herbert Volney	-	Member (Excused)
Mr. Errol McLeod	-	Member (Excused)
Dr. Rolph Balgobin	-	Member (Excused)

**Also present (in public):**

**Officials from the Education Facilities Company Limited**

Mr. Lester Applewhite	-	Chairman
Dr. Raphael Sebastien	-	Director
Mr. Chanan Mahabir	-	Director
Mrs. Christina Rodriguez-Stewart	-	Director
Mrs. Patricia Ramgoolam	-	Director
Mr. Anil Samaroo	-	Director
Mr. Richard Batchasingh	-	Director
Mr. Kiran Shah	-	Chief Operations Officer
Ms. Lindy –Ann Mitchell	-	Corporate Secretary
Ms. Ria Narinesingh	-	Divisional Manager, Finance
Mrs. Cheryl-Ann Simmons	-	Programme Manager - Primary Schools
Mrs. Julia Warner-Etienne	-	Programme Manager - Secondary Schools
Mr. Deva Sharma	-	Programme Manager - Early Childhood Care and Education Centres
Ms. Cavelle Joseph	-	Manager – Human Resources and Administration

**Officials from the Ministry of Finance and the Economy**

Mr. Inshan Mohammed	-	Senior Audit Analyst
Mr. Ryan Maharaj	-	Business Analyst

## **COMMENCEMENT**

- 1.3 The Chairman called the meeting to order *in camera* at 10:15 a.m.
- 1.4 The Chairman indicated that the following Members asked to be excused from the day's meeting:
  - Mr. Herbert Volney;
  - Mr. Embau Moheni;
  - Mr. Errol Mc Leod; and
  - Dr. Rolph Balgobin.

## **EXAMINATION OF MINUTES OF THE 19<sup>TH</sup> MEETING**

- 2.1 The Committee examined the Minutes of the Nineteenth Meeting held on Wednesday May 15, 2013.
- 2.2 The Minutes were confirmed on a motion moved by Mr. Karim and seconded by Mr. Imbert.

## **MATTERS ARISING FROM THE MINUTES**

- 3.1 Relative to paragraph 3.1, the Chairman advised Members that based on the Committee's decision at the last meeting, the Second Report of the PA(E)C on Caribbean Airlines Limited (CAL) was sent to the Chief Executive Officer of CAL requesting a response to the Committee's recommendations by July 1, 2013. Members of the Committee discussed whether this approach was the established practice of the Committee. The Committee agreed to defer this matter for further discussion at the next meeting.
- 3.2 Relative to paragraph 3.2, the Chairman informed the Committee that by letter dated May 20, 2013, FCB requested a postponement of the preliminary *in camera* meeting scheduled for June 11, 2013 to the beginning of August 2013. The Committee agreed to grant FCB's request for a postponement.  
  
The Chairman directed Members to FCB's letter dated June 4, 2013 in which a list entitled "Material non-public information for the First Citizens Bank" of thirty-five (35) items was provided. The Committee agreed to review the list and discuss the approach for the examination of FCB at the next meeting.
- 3.3 Relative to paragraph 3.3, the Chairman informed Members that as per the Committee's decision at the last meeting on Wednesday May 15 2013, the Secretary sent questions to Petrotrin for a written response to be provided by June 3, 2013. By letter dated June 4, 2013, Petrotrin requested an extension to June 10, 2013. The Committee agreed to grant Petrotrin's request for an extension to June 10, 2013.

## **COMMITTEE'S WORK SCHEDULE**

- 4.1 The proposed Work Programme was circulated to the Committee for consideration. The Members agreed to the following:
  - i. Identify twenty (20) entities at the end of each Session for examination in the upcoming Session;
  - ii. Write to the twenty (20) entities identified to obtain management letters for the period to be examined (usually 2008 to present);
  - iii. Write to the Permanent Secretary in the Ministry of Finance and the Economy to obtain the notes to the financial statements;
  - iv. Review the Inquiry Proposal prepared for the Committee's consideration by the PA(E)C Secretariat;

- v. Forward the objective of the enquiry and questions to the entity for written responses to be provided;
  - vi. Review the Issue Paper prepared by the PA(E)C Secretariat on the responses received from the entity; and
  - vii. Determine whether there is a need to examine the entity in public or whether a report can be presented to Parliament with findings and recommendations based solely on written responses.
- 4.2 The Committee also agreed to report to Parliament solely on written evidence in the following circumstances:
- i. The issues which have little public interest;
  - ii. The response provided is sufficient and no further explanation is necessary;
  - iii. The issues identified in the written response require the urgent attention of Parliament; and
  - iv. To comment on an aspect of an entity's response to a previous report of the Committee.
- 4.3 In relation to the document entitled "*Determination of the financial period for Review*", Members were invited to make a decision on the time period for examination of the reports. The Committee agreed to defer this matter for further discussion at the next meeting.

## **SUSPENSION**

5.1 The meeting was suspended at 10:45 a.m.

*[Members proceeded to the J. Hamilton Maurice Room, Mezzanine Floor]*

## **EXAMINATION OF EDUCATION FACILITIES COMPANY LIMITED (IN PUBLIC)**

- 6.1 The Chairman called the meeting to order in public at 10:54 a.m. and welcomed the officials from the EFCL.
- 6.2 The Chairman announced that the purpose of the meeting was to continue the examination of the audited financial statements of the EFCL for the years ended September 30, 2008 to 2010.
- 6.3 The Chairman provided a history of the Committee's examination of the EFCL as follows:
- i. The PA(E)C first met with the EFCL on April 23, 2012 in public.
  - ii. Subsequent to that meeting the Committee received written responses from the EFCL on November 6, 2012 and on May 10, 2013.
  - iii. The Committee again held a meeting in public with the EFCL on May 15, 2013. At this meeting the Committee expressed its grave dissatisfaction with the length of time taken by the EFCL to respond.
- 6.4 The Chairman invited the representatives of the EFCL to introduce themselves.
- 6.5 The issues raised and responses which emanated from the discussions with Officials of the EFCL are detailed hereunder:
- i. The Non-Profitability of EFCL**
    - a. The Chairman enquired into the failure of EFCL to record a profit after the year 2010. After some discussion, the Chairman of the EFCL suggested that the Committee look closer at the accounts where they would see that the large sums of money reflected as savings of \$30 to \$60 million were disbursed by the Ministry of Education for either the construction or renovation of secondary schools. Due to delays by the contractors in



completing these projects the money was in 'escrow' so the management of EFCL during the period 2008-2010 invested the money in stocks and bonds.

**ii. Couva West Secondary School**

- a. The EFCL used the Couva West Secondary School as one example of a secondary school that was delayed by the contractors, Broadway Properties for an additional three years. The reconstruction process began in 2007 and to date the project is 98% complete due to underfunding of the project. This has resulted in claims by the contractor which were made outside the period of examination. Therefore the discussion on this school was deemed irrelevant because the issues with the contractor were reflected on the accounts of 2011.

**iii. The Heating, Ventilation and Air Conditioning (HVAC) System**

- a. The HVAC system is used in secondary schools to cool or heat the building. Most of the money allocated to secondary school projects is used to pay for the HVAC system because it was designed to operate with natural gas and most of the schools are not located near a natural gas supply. The EFCL advised the Committee that this type of cooling system is designed for commercial use and not schools.

**iv. Haji Construction**

- a. Members expressed grave concern about the termination of the \$150 million contract between EFCL, Haji Engineering and Construction Limited (a Korean based company) and Byucksan Engineering Company Limited who were contracted to design and construct 50 Early Childhood Care Education (ECCE) Centres. The completion date for the project was set at December 24, 2009, nine months after the agreement was signed. However, Haji was unable to complete any of the ECCE Centres and as a result the company was awarded an extension to April 07, 2010. Despite this extension, the contract was not completed and on February 26, 2010, Haji was served a notice of termination which became effective on March 12, 2010.
- b. At this stage, \$55 million was spent with only one ECCE Centre completed by Haji and 29 other sites were in different stages of completion. Members made further enquiries about the ECCE schools which were incomplete. The officials informed the Committee that the EFCL has hired local contractors to complete these projects at a cost of \$63.9 million.
- c. The Committee was informed that the issue of outstanding payments to sub-contractors hired by Haji is currently before the Court.

**v. The use of the terms 'contracted sums' and 'estimated sums' in reference to the construction of the ECCE Centres**

- a. Members again enquired into the definition of the use of the terms contracted and estimated sums as the issue was not clearly addressed in the documents provided to the Committee. The Programme Manager- Primary School of the EFCL indicated that in some instances the contracts contained a provisional sum which is the amount of money utilized if the project is not completed or if there is some difficulty which may occur on particular parts of the project.
- b. Since the contract was awarded to the Trinidad and Tobago Institute of Architects and not the other contractor, it allowed for re-measurement of some of the works and it was found to be less than what was actually stated in the bill of quantities which would result in costs that were less than the contracted figure.

**vi. The delay in Construction of the Fanny Village Primary School**

- a. Mrs. Paula Gopee-Scoon highlighted the issue of the failure of the EFCL to complete the construction of the new Fanny Village Primary School since the contract was awarded in 2008 and to date there has been several delays in completing the school. The Programme Manager - Primary Schools of the EFCL informed the Committee that the EFCL encountered a number of problems including the lack of research by the hired consultants in relation to the decanting of the land as well as the use of poor designs. These issues caused water from surrounding areas to settle in the excavated site causing further damage. Mr. Benjamin, a consultant, was hired by the Ministry of Education in 2008 and was subsequently removed. The EFCL hired VIKAB Limited and a new contractor, Ashana Civil Engineering to complete the construction of the school.

### **REQUEST FOR ADDITIONAL INFORMATION**

- 7.1 The officials from the EFCL were unable to provide all the requested information to the Committee during the examination and therefore gave an undertaking to provide responses to the following questions in writing:
  - a. Provide a copy of the Internal Auditors' Reports from 2008 to 2011.
  - b. When was the last Status Report of works under the EFCL's purview submitted to the Ministry of Education?
  - c. What is the procedure in acquiring the disbursement(s) from the Ministry of Education and how is this figure determined?
  - d. With reference to outstanding payment(s) to contractors, could the EFCL indicate the reasons Davi Contractors were not paid outstanding monies?
  - e. With reference to the construction of the Fanny Village Primary School, could the EFCL:
    - i. list the liabilities incurred on the project;
    - ii. indicate the cost of the project to date; and
    - iii. the cost to complete the said project?
  - f. Submit a copy of the Audited Financial Statements for the year 2012.

### **ADJOURNMENT**

- 8.1 The Chairman thanked Members of the Committee and the representatives from the EFCL for their attendance and adjourned the meeting to Tuesday July 16, 2013 at 10:00 a.m. in public.
- 8.2 The adjournment was taken at 12:48 p.m.

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

CHAIRMAN

SECRETARY

*June 10<sup>th</sup>, 2013*

# **APPENDIX II**

## **Notes of Evidence**

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE ARNOLD THOMASOS ROOM EAST, 6<sup>TH</sup> FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON TUESDAY, APRIL 17, 2012, AT 10.45 A.M.**

**PRESENT**

Mr. Fitzgerald Hinds	Chairman
Mr. Rudranath Indarsingh	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Colm Imbert	Member
Mr. Embau Moheni	Member
Mr. Fazal Karim	Member
Mr. Ralph Deonarine	Secretary
Miss Keiba Jacob	Assistant Secretary
Miss Indira Binda	Graduate Research Assistant

**ABSENT**

Mr. Errol Mc Leod	Member
Mr. Herbert Volney	Member
Mr. Basharat Ali	Member
Dr. Bhoendradatt Tewarie	Member

**EFCL REPRESENTATIVES**

Mr. Lester Applewhite	Deputy Management
Kiran Shah	Chief Executive Officer
Wazeer Aleem	Chief Operating Officer
Carmen Aquan	Divisional Manager Finance and Corporate Services
Cheryl-Ann Simmons	Divisional Manager Project Management-Primary Schools
Julia Ettienne	Divisional Manager Project Management-Secondary School Construction
Tessana Ramkisson	Financial Accountant
Verity Bynoe	Corporate Secretary
Lindy Ann Mitchell	Legal Officer
Lyndon Bayne	Divisional Manager-Project Management Technical Support

Sherry Mc Millan

Programme Manager

**Mr. Chairman:** A very good morning, ladies and gentlemen. My name is Fitzgerald Ethelbert Hinds. I am the chairperson of this, the Public Accounts (Enterprises) Committee of the Parliament of Trinidad and Tobago, and it falls to me to call this meeting to order. I now so do.

Let me welcome each and every one of you, the members of the board of management and members of the management team at the Education Facilities Company Limited for your presence. We welcome you and we thank you for your attention.

I want as well to welcome the personnel who are here representing the Comptroller of Accounts and the Ministry of Finance, our silent partners in these meetings at all times, to the extent that we want them to remain silent, because there are occasions when we seek their opinions on various matters.

I also want to welcome members of the media whose work in broadcasting these live proceedings and carrying our utterances to the citizens of Trinidad and Tobago is so critical in the governance of our Republic. Welcome one and all.

We want to, first of all, record our apologies for our late start. We were getting feedback where we were and we were told that some of you had not arrived as promptly as we expected you. In addition to that, we had more extended deliberations in our meeting than we had earlier anticipated and, as a consequence, we, too, are marginally late.

When you are asked to speak, there is in front of you the system and there are two buttons, one you must press—the one marked “speak”—in order that you be heard and what you say be recorded, because all that we say here would, indeed, be recorded for all time.

I would like to, for the benefit of the viewing and listening public, indicate at this juncture what this committee and its work is really largely about. Under the Constitution of the Republic of Trinidad and Tobago, at section 119, under the side note, “Public Accounts Committees”, at subsection (5) it reads as follows:

**12.05 p.m.**

**Mr. Chairman:**—and that continues.

**Mr. Moheni:** I agree that you were speaking generally, but at the same time you made reference to the fact that some members requested to be in the public gallery, it would create the impression which I am sure it did, that they were invited and chose to be in the public gallery.

**Mr. Chairman:** Well, I asked the deputy chairman—*[Interruption]*

**Mr. Moheni:** It would have given the wrong impression, right, and you have to be very careful about how you present your general statement—*[Interruption]*

**Mr. Chairman:** Yes.

**Mr. Moheni:**—do not attach it to people’s conduct.

**Mr. Chairman:** I asked the deputy chairman whether he was the only board member here, and he said no, and we have not gone further than that Mr. Moheni, so I hear you. Now—*[Interruption]*—just a

moment please, Mr. Indarsingh. Now, we have ladies and gentlemen, taken the decision that all things considered, we would again invite you before us in the near future. In other words or put differently, we have on schedule this morning, the audited accounts for 2008, 2009 and 2010 which it was our intension to examine today. For the reasons earlier stated, we propose to ask you to be with us again and we will send the appropriate invitations in short order, in order to facilitate that.

So before I allow some of my colleagues an opportunity to interface directly with you, with that in mind, I would like to ask, Mr. Chairman, what is the status of the accounts, the financials for 2011? Who among you can tell us?

**Ms. Aquan:** We have a first draft of the accounts for 2011 and it is expected in the Ministry of Finance very soon, probably within two weeks.

**Mr. Chairman:** Your financial year concluded when?

**Ms. Aquan:** September.

**Mr. Chairman:** September 30?

**Ms. Aquan:** Yes.

**Mr. Chairman:** And we have up to 2010, so we are almost six months beyond the conclusion of your last financial year.

**Ms. Aquan:** Yes.

**Mr. Chairman:** All right. And when might we expect your signing off on those with a view of having them before us, so when you come next day, we are looking at the possibility of dealing with 2008—2011?

**Ms. Aquan:** Okay. After it is signed off by the auditors we will have the annual general meeting, where the board of directors would approve the accounts and then it is sent to the Ministry of Finance.

**Mr. Chairman:** Who among you can tell us how long you anticipate that this procedure would take?

**Ms. Bynoe:** Mr. Chairman, the statutory date for the next annual general meeting is due in October of this year, and it is at that meeting we would present the audited financial statements for the subject financial year to shareholders, thereafter they are forwarded to the Ministry of Finance, and laid in Parliament.

**Mr. Imbert:** Mr. Chairman, could I come in here?

**Mr. Chairman:** Mr. Imbert, one moment please. Let me recognize first, Mr. Indarsingh and then you. Mr. Indarsingh, you wanted to say something?

**Mr. Indarsingh:** Yes. Simply, Mr. Chairman, to state that in keeping with due process and so on, the issue of being specific and being fair to people in relation to who was invited to attend this particular meeting, and whether there was effective communication in relation to members of the board, who should or should not have been present, I want to be fair. I do not know what discussions took place in their board room and who was mandated. In that context, I think there was consensus that we will reschedule this meeting, and the issue of the invitation being specific in relation to the next meeting was critical and

important in ensuring that the work of this particular committee is done in a very efficient and fair manner to the taxpayers of Trinidad and Tobago.

Secondly, in relation to the 2011 financial statements, I remove my hat at the moment in the context of having been a member of a number of state boards previously representing labour interests. I want to take the opportunity probably to commend the EFCL for at least having their accounts more or less up-to-date and following the relevant process in terms of ensuring that the 2011 audited financial statements after they finish the first draft, and it is actually signed off by the auditors, to have it placed before the Annual General Meeting, following that it should be submitted for perusal by this particular committee and the Parliament of Trinidad and Tobago.

**Mr. Chairman:** Mr. Imbert.

**Mr. Imbert:** Yes. As a member of the committee, I want to make it clear to the Company when we invite the chairman and any other member, we expect as full representation as possible from the board, I notice full representation from the management, so they got it right. We invited the CEO and any other members of the management that the CEO felt could assist, and I see almost the entire management of the EFCL is here. We expect a similar response from the board, so I would hope on the next occasion the entire board would come unless members have some other compelling commitment.

With respect to the statement made that the 2011 accounts would be submitted to the AGM in October 2012, I am a bit surprised at that. We have been getting accounts from state enterprises which do not follow that approach where an entire year elapses before you can make the accounts available to us, in fact, it is going to be more than a year, because after the AGM, it has to go to the Ministry of Finance; then it has to find its way to us; there may be a management letter involved, so you may be looking at 2013, I think that is entirely unacceptable. And I would ask through you, Mr. Chairman, that the board of EFCL schedules a special meeting to consider your 2011 accounts. I do not think this committee can wait until 2013 to examine the 2011 accounts of this particular state enterprise.

**Mr. Chairman:** Thank you very much, Mr. Imbert. Thank you. So, Madam Corporate Secretary, you have heard the comments of the committee, and we would want you to be guided by that. This as you know is not *stricto sensu* our business, this is the business of the people of Trinidad and Tobago.

**Ms. Bynoe:** Certainly, and we can call an extraordinary general meeting for—*[Interruption]*

**Mr. Chairman:** And they are very keen on these matters and we owe it to them, those who were elected by them, and those like me, who were nominated by those who were elected by them, and those like you, who were employed by those who were elected by them, we owe it to them, to account to them and do so promptly.

I have already intimated that we, for the reasons clearly stated by members of this committee would reschedule this meeting, invitations would be sent appropriately and we would expect as has been stated by members of the committee that you would comply strictly with them bearing in mind that which we shared as our constitutional mandate, and the rules by which we are guided on this committee. We

look forward to your company on that occasion, an occasion soon when we will continue this discourse in the interest of the people of Trinidad and Tobago.

I would have said as much as I would want to say as Chairman this morning in the circumstances, and would like to invite any member of my committee who may wish to say anything else at this juncture, as we approach a conclusion, because we are all very busy and heavily-laden persons. Mr. Karim.

**Mr. Karim:** Mr. Chairman, let me congratulate you for really acceding to the request of the chairman of EFCL, who apologized for his absence today and, therefore, will ensure that at the next occasion as far as possible that he is present. He, in fact, sent a request for deferral and we thank you for that consideration.

With respect to the accounts, I want to join with my colleague, Mr. Indarsingh, in saying that it is not normal that we have these accounts prepared so early in some of the state enterprises, when you look at the history of state enterprises. So you said you will be ready within two weeks is a good sign, and we look forward to the deliberations when you return. Thank you.

**Mr. Chairman:** Well, let me say in response to that, Mr. Karim, it is not those who are contented with existing realities who make history, it is those who are discontented with them, those who dare to go beyond. Mr. Indarsingh was quite right in his compliments to the Education Facilities Company Limited (EFCL) which might I tell you, has a very strong even financial record, they were doing very, very well up until 2010. The financial statements—we had a chance to see some of them, and we want them to continue. As a result I would like to join in the congratulations and urge them not to become normal and drift off into normalcy, but to continue the high trajectory they are set upon. So I would concur with Mr. Imbert, and hope that they would on that trajectory, hold the special general meeting and bring us those accounts, so that we can continue to do the work they have so beautifully started.

On the other point that you made en passant, in respect of your first point about the absence of the chairman. I was very clear at least so I thought in saying that his absence did not guide me all together in the decision that we took to reschedule this meeting. As a matter of fact, I think I was very clear when a person or persons are invited—and I repeat now, Mr. Moheni—when a person—and this is in the generality—when a person or persons are invited to this committee, we expect they would be here unless if they can demonstrate very good reason, because we have the power as I quoted to you to send for persons, papers and records, so that I was not entirely persuaded or guided by that.

I also went on to say that the presence of the deputy chairman mitigated against any concerns I would have had about the absence of the chairman. I was careful not to comment on my own feelings as to the reasons that came to my attention for his absence in Haiti. I did not comment upon that at all, and will desist from so commenting. Suffice it to say that I would like now, subject to the fact that none of my other colleagues seem to have anything useful to add, to call this meeting to a conclusion, and to urge—  
[*Interruption*]

**Mr. Indarsingh.:** You know, Mr. Chairman, sometimes I like to have the final say.



**Mr. Chairman:** You are very welcome, Mr. Indarsingh.

**Mr. Indarsingh.:** In keeping with the spirit of this morning's meeting, I think we all have concluded the importance in terms of communication. The flow of communication for it to be very specific in terms of who is needed before the committee, and in addition to that in keeping with the work to ensure that the state enterprises have their audited accounts up-to-date. I mean if we look, it is always good in the context of not saying; it must be business as usual, or it was the past, or the norm, and so on. But I think it is really, really good on the part, we are in 2012, and EFCL is more or less on the way to finalizing its 2011 audited statement.

**Mr. Chairman:** With great humility, Mr. Indarsingh, if I only anticipated that your final say would have been a rehash of what you had earlier said; we would have been back to our offices already.

Ladies and Gentlemen, I wish to thank you and look forward to your company on the next occasion as per our notice where we will, I assure you, assist you in serving the people of Trinidad and Tobago in the way you undertook so to do. I bring this meeting to a close, and I thank you profusely.

**12.20 p.m.:** *Meeting adjourned.*

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, APRIL 23, 2012, AT 11.30 A.M.**

**PRESENT**

Mr. Fitzgerald Hinds	Chairman
Mr. Rudranath Indarsingh	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Colm Imbert	Member
Mr. Errol Mc Leod	Member
Mr. Herbert Volney	Member
Dr. Bhoendradatt Tewarie	Member
Mr. Embau Moheni	Member
Mr. Fazal Karim	Member
Mr. Ralph Deonarine	Secretary
Miss Indira Binda	Graduate Research Assistant Miss Keiba
Jacob	Assistant Secretary

**ABSENT**

Mr. Basharat Ali	Member
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**Comptroller of Accounts**

**(Officials)**

Ms. Cheryl Ann Ramlal	Treasury Accountant
Ms. Ava Candida-Harris	Comptroller of Accounts

**Ministry of Finance**

**(Officials)**

Mr. Ryan Maharaj	Business Analyst.
Mr. Wester Herbert	Senior Audit Analyst.

**Education Facilities Company Limited**

**(Officials)**

Mr. Ronald Phillip	-	Chairman
Mr. Kiran Shah	-	Chief Executive Officer (Ag)
Mr. Lester Applewhite	-	Deputy Chairman
Dr. Raphael Sebastien	-	Director
Mr. Stanley St. Omer	-	Member
Mr. Shaffiat Ali	-	Member
Mr. Chanan Mahabir	-	Member
Mr. Rudy Narinesingh	-	Member
Mr. Stephen Young	-	Member
Ms. Sharon Ramkissoon	-	Member
Ms. Lisa-Marie Daniel	-	Member
Mrs. Christina Rodriguez-Stewart	-	Member
Ms. Sherry McMillan	-	Programme Manager
Mr. Lyndon Bayne	-	Divisional Manager Technical Services
Ms. Tessana Ramkissoon	-	Financial Accountant
Mrs. Julia Warner-Etienne	-	Divisional Manager Secondary Schools
Mrs. Cheryl-Ann Simmons	-	Divisional Manager Primary Schools
Mr. Wazeer Aleem	-	Chief Oper. Off. (Ag)

**Mr. Chairman:** Thank you very much, all present, for your presence in response to our invitation as we commence this 12th Meeting of the PA(E)C Committee at this place. In calling this Meeting formally to order, I want to welcome each and every one of you, and to indicate that we will proceed today, largely along the lines that we did on the last occasion, by inviting you, the board and management of the Education Facilities Company Limited, to introduce yourselves for the benefit of the record and then, of course, we will do the same by introducing ourselves on this end. We begin, on my left, with the Chairman.

**Mr. Phillip:** Good morning and thank you, Mr. Chairman, Fitzgerald Hinds. The Chairman and the executive officers of the EFCL were invited to attend this meeting on April 23, 2012, and the Meeting has been rescheduled.

**Mr. Chairman:** Excuse. I merely have asked that you introduce yourself.

**Mr. Phillip:** And, Chairman, I am stating that the entire board is here, together with the executive management team and the CEO.

**Mr. Chairman:** Well, we are most grateful, as we expected, and we thank you for that, but would you proceed by way of an introduction of each and every one and yourself.

**Mr. Phillip:** My name is Ronald Phillip, I am the Chairman, and I will take the opportunity to introduce Mr. Kiran Shah, our Chief Executive Officer, Acting, and next to him is Mr. Lester Applewhite—

**Mr. Chairman:** I am so sorry. I do not want to make you—if I may use a colloquial—“ah doh want yuh to wuk so hard”. I have asked you, if you would introduce yourself, and these very noble ladies and gentleman can do the same making your life a lot easier.

*[Introductions made]*

**Mr. Chairman:** Is the Divisional Manager for Finance here, just if I missed it?

**Mr. Phillip:** Mr. Chairman, the Divisional Manager is ill and I have the Chief Accountant, Miss Ramkissoon, representing the Division of Finance, this morning.

**Mr. Chairman:** Thank you, very much. As I have promised, we will now introduce ourselves, beginning on my left.

*[Introductions made]*

**Mr. Chairman:** And, of course, we have in our company, representatives from Comptroller of Accounts and the Ministry of Finance. Would you be kind enough to introduce yourselves please?

*[Introductions made]*

**Mr. Chairman:** Thank you all, very much. Folks, or rather ladies and gentlemen, our purpose today is to examine the accounts for 2008, 2009 and 2010. I would like to remind us, that on the last occasion, we had indicated that we would like the company to take action to procure the 2011 accounts as promptly, and we have a commitment from the company, and we are quite happy with that. Before we proceed, is there any indication, specifically, when those accounts are likely to be before us?

**Mr. Phillip:** Mr. Chairman, at the last Meeting, the Divisional Manager, Finance, did indicate that she is in the process of preparing the accounts and, specifically, the process which was outlined to the House and this Committee would take approximately three to four months. It includes the preparation of an audited financial statement by the external auditor, and after that is reviewed and passed to the CEO, it goes to our audit committee, and the audit committee brings it to the board. Once the statements are approved they are forwarded to the Ministry of Finance and then there is the AGM, the shareholders meeting, with the Ministry of Finance. That is really due by September, but we are already in the process. As you would realize, this is a company that takes its account seriously, and we will give you the commitment, three to four months, we should be able to complete the process, but the accounts has to go through the process and those stages that I have just mentioned.

**Mr. Chairman:** Before we proceed to the examination of the accounts before us, I would like, just for your information, and for the benefit of the public, to indicate a couple of things. Firstly, all that we say and do here would be carefully recorded by our Hansard reporter, this being a subcommittee of the

Parliament, and statements made in that context are always taken and treated rather seriously.

Secondly, I would like to indicate that we are a Committee and we speak that way. We are a subcommittee of the Parliament with a responsibility which we are all fully aware of, and what we are all determined to carry out based on the oath that we have taken. Similarly, we expect and anticipate that whatever comes from you—whether it is the board or the management—are going to be statements that we will, of course, treat seriously, and we anticipate that you, too, speak with one voice.

In other words, if I ask or one of my Members asks a question of the board or the management or one of you and you respond, it will be taken, of course, to be the voice of the company as an entity, and not a personal or other manifestation. That behind us I would like to invite Members of my Committee to proceed with questions to the board and management of the EFCL, in relation to the matters that are before us.

**Mrs. Gopee-Scoon:** Mr. Chairman, may I just ask, just for two little pieces of clarification, when did this current board come into office and has its core business remains the same as at September 2010?

**Mr. Phillip:** Thank you for the question. The board came into office on October 24, 2010 and, therefore, the finances before us would have—the ending of the financial year would have been before this board was installed. So, 2008, 2009 and 2010 that we are examining today, these accounts are before the time of this board.

With respect to the mandate, the board looked at the continuity of the company to make sure the company is viable to ensure that the mandate is carried out. Initially, the mandate, as established, was 106 Early Childhood Centres, 34 primary schools and 74 secondary schools—

**Mr. Chairman:** How many primary schools did you say?

**Mr. Phillip:** It is 34 primary schools and 74 secondary schools, and we were to build educational district offices in each educational district. There are eight in Trinidad. We are not responsible for Tobago, but Tobago is considered an educational district on its own.

At the end of 2010, you had a poor showing of delivery from the company. You had 29 Early Childhood Centres completed.

**Mrs. Gopee-Scoon:** Mr. Chairman, may I interrupt? I just want to know what the core business is. I do not really want an assessment of the performance.

**Mr. Chairman:** Thank you very much. Your answer, thus far, has satisfied our Member. Any other matters?

**Mr. Karim:** Mr. Chairman, first of all, let me apologize for coming a few minutes late. I would like to continue from where Mrs. Gopee-Scoon started. In view of what your mandate was, could you give us an idea as to what you would have completed? What was your performance for 2010?

**Mr. Phillip:** Thank you, Mr. Karim. If I may, I would like to tell you what the plan was, and what the delivery under these three core areas was: the Early Childhood Centres construction, primary schools and secondary schools. In 2008 the mandate was to build 100 Early Childhood Centres. For the ending of

2008, nine was actually in construction and the actual delivery was those nine.

In 2009 we looked at 53 for delivery. There were four under construction and the delivery was three.

In 2010 we had aimed for 100 for delivery—100 to be delivered and put under construction. The actual construction was 20 and actual delivery was six. All in all, we had 29 schools delivered even though the initial mandate was 601.

In terms of primary schools, and just to summarize, you actually had one delivered in 2008; one under construction in 2009, with 10 started in 2008; and the actual delivery was 10 at varying stages of completion, because we realize that this was a major area. There are 476 primary schools with over 150 over 50 years old, and the majority of repairs to schools is actually at the primary school level.

In 2010 we had put six under further construction through the PSIP. There were actually seven and some were not completed in 2009 and the actual delivery was just two.

Under the secondary school, many schools were to be replaced, 74, and after seven years there were 12 secondary schools under construction, and the only claim to fame of the company was the delivery of one block at the Chaguanas North Secondary.

**Mr. Chairman:** All right. Let me ask two quick questions of you as a follow up. Up to 2010, the company was a profitable enterprise. Is that correct?

**Mr. Phillip:** The company made a profit.

**Mr. Chairman:** And we do have any further accounts before us, but I think I can still ask for a preliminary expression, the company has been running at a loss since 2010. Is that correct?

**Mr. Phillip:** The accounts have not been finalized and, therefore, I am unable to tell you what the status of those accounts are in 2010.

**Mr. Chairman:** Let me then ask you—

**Mr. Indarsingh:** Mr. Chairman—

**Mr. Chairman:** I was just about to ask a question. Just let me—

**Mr. Indarsingh:** Yes, but Mr. Chairman, I want to make it very clear—

**Mr. Chairman:** Before you do so, Mr. Indarsingh—

**Mr. Indarsingh—**for the record, we are here to examine the 2008 to 2010 accounts.

**Mr. Chairman:** Mr. Indarsingh, I was just in the middle of asking a question, would you just permit me—

**Mr. Indarsingh:** And you have already gotten an explanation on whether the 2011 accounts are—

**Mr. Chairman:** Mr. Indarsingh, would you permit me, politely, to continue my question? You have ample opportunity to speak.

**Mr. Indarsingh:** I have always been polite Chairman.

**Mr. Chairman:** Thank you very warmly.

**Mr. Indarsingh:** I will continue to be polite.

**Mr. Chairman:** Thank you warmly for your assurance. Yes, according to the practice, procedure and rules, how often does your board meet?

**Mr. Phillip:** The board has set a date, the third Thursday in each month, as the official date, so once a month.

**Mr. Chairman:** So, you are scheduled to meet monthly.

**Mr. Phillip:** Monthly.

**Mr. Chairman:** Good. I take it as well that your finance committee will, in the normal course of things, meet before the board to prepare the board for a useful meeting.

**Mr. Phillip:** Yes.

**Mr. Chairman:** So when was—you indicated in a response to a question—this board put in place?

**Mr. Phillip:** In October 2010.

**Mr. Chairman:** In October, 2010. Did you meet every month since October 2010?

**Mr. Phillip:** Yes, we were able to meet every single month. In fact, at sometimes, because of the nature of the company, meaning that in December we would have school repairs, we would schedule two meetings probably in December to ratify those things. So, the answer, Mr. Chairman, is that there were several additional meetings.

**Mr. Chairman:** Beautiful. And, finally, before I give way to Mr. Indarsingh, have you had a commensurate number of finance committee meetings? In other words if, for example, you had 24 board meetings, have you had 24 finance committee meetings?

**Mr. Phillip:** Mr. Chairman, yes we would have had at each official meeting, not basically 24 in number. We have been there for 15 months, so I could safely say at each month we look at the management accounts; we look at the expenses, income and expenditure for the month. We have been looking specifically at salaries in terms of the numbers—

**Mr. Chairman:** Before you get into what you are looking at, I am asking and I would like just an answer before I give way to Mr. Indarsingh, can someone tell me how many finance committee meetings you had over the 15 months and when was the last?

**Mr. Phillip:** The last meeting was scheduled last week with the Chair of the finance committee in preparation for a meeting that we are going to be having on the 26th of this month.

**Mr. Chairman:** Can someone answer or tell us, how many meetings of the finance committee you had since this board came into existence?

**Mr. Phillip:** Mr. Chairman, I indicated in preparation for each board meeting, there is a subcommittee meeting together with the divisional manager, so the board will be aware of the management accounts and the expenditure for each month.

**Mr. Chairman:** I am not with you. When the finance committee meets, notes and Minutes are taken. Am I correct?

**Mr. Phillip:** Yes, Sir.

**Mr. Chairman:** Good. Are you saying that there are and have been an equal number of finance committee meetings as there were board meetings?

**Mr. Phillip:** The answer is yes, we would have had meetings in preparation for each board meeting.

**Mr. Chairman:** I take it that you have Minutes of those finance committee meetings.

**Mr. Phillip:** Yes, the Minutes would be at the EFCL.

**Mr. Chairman:** Right. Well, I would like to make our first request on behalf of my Committee, that we are provided with the Minutes of those meetings. So you will take this as one of our requests, and we will settle the time frame for the provision of that at a later stage. Let me give way to Mr. Indarsingh.

**Mr. Indarsingh:** Yes, Mr. Chairman. I note that you speak with one voice and you speak from the Committee's perspective and so on. You are speaking with one voice and representing the views of the Committee and so on, and I have no problem, because we have a responsibility from the point of view of where we sit as Members of this Committee, but I want to reiterate this morning here, again, that we are looking at the accounts for 2008, 2009 and 2010 and so on and for some reason—I do not know and I do not have a crystal ball in front of me—you are seeking to place heavy emphasis on accounts that you have already been informed of at our previous meeting and this morning's meeting by the Chairman in relation to the due process that it is forthcoming and so on.

I want to probably expand on your question in relation to what you are asking with respect to the 2011 accounts, and probably we could find out, how many times the finance committee of the EFCL board met in 2008, 2009 and 2010, and if we could get the Minutes of those meetings that took place at the finance committee at that point in time?

**Mr. Chairman:** Thank you, very useful contribution and, therefore, I would like you to add to my request, the finance committee Minutes for the period as demonstrated by our colleague, Mr. Indarsingh. I am very grateful to you.

**Mr. Indarsingh:** In fact, just for my own sense of information, you will see that there was an increase in professional fees when we examined the 2008 and 2009 accounts.

**Mr. Chairman:** Where are you looking at? Could you assist me?

**Mr. Indarsingh:** I am looking at the notes prepared by the Ministry of Finance for the Public Accounts (Enterprises) Committee, re-examination of Education Facilities Company Limited for the period ended September 30, 2008—September 30, 2010.

**Mr. Chairman:** What page are you at?

**Mr. Indarsingh:** Page 6.

**Mr. Chairman:** Thank you.

**Mr. Indarsingh:** Just for the record, if we could be guided and be informed in relation to what accounted for the increase in professional fees in 2009, 2008 and in 2009; how many consultants were hired and so



on and what were their payments and for what purposes were these consultants hired by the EFCL board.

**Mr. Chairman:** So, essentially, Mr. Indarsingh would like to know, the rationale, for the increase in professional fees between 2008 and 2009 and the purposes for which the consultants who earned those fees were hired. That is, essentially, what you want to get at.

**Mr. Indarsingh:** And if we could get a breakdown of the payments and so on.

**Mr. Chairman:** Are you able to give us an answer to that immediately?

**Mr. Phillip:** Mr. Chairman, the model at which the EFCL operate is a project management company, and in the construction of these projects we do hire quantity surveyors; we do hire consultants to check the engineering diagrams that are outside of the EFCL mandate and to produce the diagram in the first place; we do hire consultants to produce the designs and then we double check. Even in the construction phase, we have by the FIDIC arrangement, a consultant who would certify the works, the measured work and issue an IPC, which is certificate for payment, and on those certificates we pay.

So with the increase in the number of projects coming on board, for instance, the year Mr. Indarsingh referred to, we would have started the secondary schools and you would have had a number of projects with a varying number of consultants on each project, and hence the professional fees would have shown an increase.

**Mr. Chairman:** Does that satisfy your taste, Mr. Indarsingh, or would you like to gain some more specificity?

**Mr. Indarsingh:** Mr. Chairman, I like your use of language here this morning.

**Mr. Chairman:** That is not important. That is not immediately important. I wanted to know whether he has answered the question to your satisfaction.

**Mr. Indarsingh:** I am asking if he could be more specific as it relates to— if you could probably go back into your records and find out.

**Mr. Chairman:** Thank you. Very specifically, I want to know, whether you are, at the moment, able to explain to our Member and this Committee the increase between 2008 and 2009. Are you able to say specifically who the particular consultant was and whether it was for surveying or whatever—what it was for and who were the consultants? If you are not now able to answer that, we can get that from you at a later stage. We have provisions for that. So, I am asking you, are you able to give more specific details to satisfy our Member?

**Mr. Phillip:** Mr. Chairman, I do not have that level of details before me.

**Mr. Chairman:** Does anyone in your midst have that information immediately?

**Mr. Phillip:** No.

**Mr. Chairman:** Good. In those circumstances, Mr. Indarsingh, we would have to request it. So we now request a very detailed and specific explanation for the increase in professional services/fees between 2008 as opposed to 2009. So that is a request which we expect that you must meet and the time frames we will settle at a later stage. Let me recognize, Mr. Karim, before I recognize you, Mr. Imbert.

**Mr. Karim:** Thank you very much, Mr. Chairman. Mr. Chairman, you had asked the Chairman of the EFCL how many meetings were constituted. I know that you have asked for that information be brought forward. I do not know, with your permission, if the Chairman can tell us whether he has that figure. If he does not, we will await his submission.

**Mr. Chairman:** Sure.

**Mr. Karim:** But if he can tell us comparatively—he did give you a figure, in terms of the number of meetings—whether he has a figure for how many meetings were held from the evidence of the Minutes, board meetings and finance meetings of any one year, 2008 or 2009. If not, I want to ask, along the lines that Minister Indarsingh raised in terms of the increase in the cost of consultancies, if you can give us a sense, because it may be applicable or related to the cost of construction of schools, if you can give us a comparative cost for the construction of the school in like manner that would have been constructed during the period 2008/2009 and what would have happened under your watch, so we can also get a comparison as to what has happened.

**Mr. Chairman:** That is a bit speculator. We can confine ourselves to facts.

**Mr. Karim:** No, no. I am confining myself to facts. Mr. Chairman, you asked a question on the 2010 accounts, and you got factual information.

**Mr. Chairman:** Yes.

**Mr. Karim:** I am asking as well, if they can give us a cost of any school of like manner in 2008. You asked about the jurisdiction of the board in 2010. Give us the cost of a construction of a school, because it is relevant to the consultancies that may be applicable.

**Mr. Chairman:** I accept that and I am very keen to get the answer to that myself. Well, I thank you very much. We all are interested in guarding the public purse—

**Mr. Karim:** Of course.

**Mr. Chairman:**—which is our mandate.

**Mr. Karim:** Sure.

**Mr. Chairman:** But I do not want to make life overly burdensome to the team.

**Mr. Karim:** I think they have come prepared, Mr. Chairman.

**Mr. Chairman:** I know. I rather suspect. I see red eyes, and it appears as though they worked all weekend, you never know.

**Mr. Karim:** What is the colour of the background of the paint that you are watching at? [*Laughter*]

**Mr. Chairman:** But I do not—

**Mr. Karim:** It is the wall at the back you are seeing, Mr. Chairman.

**Mr. Chairman:** Yes, yes. As I said, when I looked, I see red eyes. It looks as though they did not sleep for the last 48 hours, but I am saying that I do not want the question or the request we make to be overly burdensome. I got the impression—I do not want to belabour the point—that you were asking about a

school of like manner and it is difficult. So, if you want to get the cost of five schools in 2008, and the final cost for five or one or two in 2009 or 2010, if that is what you want, we can get that. That is a fact.

**Mr. Karim:** Mr. Chairman, I always thought you had good communication skills and understanding. I was very clear and you have just alluded to that.

**Mr. Chairman:** I am grateful to you. So, essentially, my friend, recognizing the clarity of my thoughts, I would like to get a comparative figure, if you like, a school, a secondary school for 2008—what about square footage and classroom size?

**Mr. Karim:** I said of like manner.

**Mr. Chairman:** So, we are going to rely on you, as experts, to give us some kind of information so we can see the movement in the cost in one way or the other between 2008, 2009 and 2010. Are we clear on that Members or do you need further information? Are you clear about what we are seeking?

**Mr. Phillip:** Yes.

**Mr. Chairman:** And you will add that to our request on the basis of the question from Mr. Karim. Mr. Imbert, I now recognize you.

**Mr. Phillip:** Mr. Chairman, based on the Member's request, I would just like to share with Members some figures that I have before me.

**Mr. Chairman:** No, no. We will confine ourselves to the specific request that he has made. We will get back to that, I am sure, because there are many things we will ask, and I am sure what you want to say will become relevant a little later but, we will content ourselves with your response to Mr. Karim's question for the time being.

**Mr. Imbert:** Thank you, Mr. Chairman. I am a little confused at Minister Karim's question. It does not seem to have been properly captured in the discussion in the last couple of minutes. My understanding of what Minister Karim asked was what the comparative cost of a school was of like manner previously and under the watch of this board, but this board came in on October, 2010, so he is talking about a school built after October 2010. Is that not so? If they were appointed in October, 2010, you are talking about a school built after October 2010.

**Mr. Karim:** The accounts we are looking at.

**Mr. Imbert:** All I have before me—I do not know if you have more than me—is accounts up to September 2010. You are asking for details of a school that would have been built after September, 2010.

**Mr. Karim:** What I am saying, Mr. Chairman, is I am really following the line of questioning in terms of all the meetings of the finance committee and so on.

**Mr. Imbert:** I understand all of that, but it is one thing to ask for the Minutes of meetings, and quite another thing to ask for details of work that was done after these accounts were submitted.

**Mr. Karim:** Mr. Chairman, through you, can we have the cost of a school for the period 2008 and 2009?

**Mr. Chairman:** Fine!

**Mr. Imbert:** So that settles that. Secondly, Mr. Chairman, through you, I would like to ask the board,

when I look at the documents before us, specifically if I look at the financial statements dated September 2010, I am seeing an independent auditor's report—

**Mr. Chairman:** What page, Mr. Imbert?

**Mr. Imbert:** The first page of text. It has “PKF” on top of it “Independent Auditor's Report”. I am seeing at the bottom of that, I assume that is Pannell Kerr Foster.

**Mr. Chairman:** Just for the benefit of the public, “PKF” is Pannell Kerr Foster, they are the auditors.

**Mr. Imbert:** Am I correct?

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

**Mr. Imbert:** I am seeing that they submitted their independent auditor's report on March 29, 2011. Can I get clarification as to what would have happened prior to the submission of this report and what would happen afterwards in the context of these accounts arriving at the Parliament for examination by this Committee? Is this the end of it when the independent auditor's report is completed or is there something else that needs to be done?

**Mr. Phillip:** No. The process would have started with our Divisional Manager preparing the accounts, and then we would have engaged an independent auditor—in this case, the board had appointed this company—and they would also check the accounts and would present the accounts to our internal auditor and to the audit committee of the board and after those figures are looked at, they are finalized and prepared for the board who would ratify base on the operations of the company that the accounts are true. After we have had the board approving the auditing statements, copies are forwarded to the Ministry of Finance, and normally we send 125 copies to the Ministry of Finance and that is in preparation for the laying in Parliament and, usually, that process takes about three months.

**Mr. Imbert:** So you are saying after they submit their report, it could take approximately a month before it arrives in this Parliament. Is that what you are saying?

**Mr. Phillip:** Yes.

**Mr. Imbert:** Okay. I notice the date of the auditor's report for 2010 is March 29, 2011, and the date for the auditor's report for 2009 is March 16, 2010. We are now in April into May, 2012, how far away are you from the submission of the independent auditor's report for the year ending September 30, 2011?

**Mr. Phillip:** Mr. Chairman, at the beginning of the meeting, I did indicate the process and the time period, and the fact that we have to go through these stages.

**Mr. Chairman:** That is clear.

**Mr. Imbert:** This particular question I am asking—

**Mr. Phillip:** So, I do not understand—

**Mr. Imbert:**—is a specific question I am asking. Let me ask it another way to make it easier for you to answer. Has the Education Facilities Company Limited received the independent auditor's report for the 2011 financial year?

**Mr. Phillip:** No, we are at the first stage where we are preparing the accounts.

**Mr. Indarsingh:** Mr. Chairman, we continue to—

**Mr. Chairman:** Mr. Indarsingh—

**Mr. Indarsingh:** Mr. Chairman, we are here to examine the 2008, 2009 and 2010 financial statements. Why for some reason we are deviating from that this morning?

**Mr. Chairman:** Mr. Indarsingh, before you go further, one thing we would not deviate from is the thing for which you are now well-known and familiar. While I understand your concern, actually you intervened while the Chairman was speaking—

**Mr. Indarsingh:** The concern, Mr. Chairman—

**Mr. Chairman:** And, you know, Mr. Indarsingh, you are now intervening when I am speaking. Mr. Indarsingh, just a moment, you actually made your intervention. While I appreciate your concern while the Chairman was speaking, I think it may give a bad impression of our Committee. So, if you will permit him to answer, then you will have your say, please. Mr. Chairman, what were you saying?

**Mr. Phillip:** Mr. Chairman, I did indicate the process by which the accounts would have to be prepared.

**Mr. Chairman:** You did, and that was beyond dispute.

**Mr. Phillip:** And also, the entire board and the management team came to discuss your request, which is 2008, 2009 and 2010.

**Mr. Chairman:** Yes, right and fine! Let me just help. This may even help Mr. Indarsingh. What Mr. Imbert said, based on his observation of the 2008, 2009—well, in fact, 2009 and 2010 accounts that we are discussing before us, on page three, thereof, is that he observed that the internal auditor signed off on the accounts—

**Mr. Imbert:** Independent, independent.

**Mr. Chairman:** The independent internal auditor signed off—

**Mr. Imbert:** Not internal, external—

**Mr. Chairman:**—external, sorry, on March 29, 2011. When he looked at 2009, he saw it was signed off in March 2010. As a consequence of those observations for the 2009 and 2010 accounts which are before us for discussion, Mr. Imbert asked based on the pattern that has emerged, whether the external auditors had by now in April signed off in March on the 2011 accounts, simple and innocuous, and the answer was yes or no, and I gather your answer was no.

**Mr. Phillip:** The answer is no.

**Mr. Chairman:** Full stop. Thank you.

**Mr. Phillip:** Because we explained the process—

**Mr. Chairman:** Full stop. We are cool, we are fine. The answer is no.

**Mr. Phillip:**—and explained to him it was at the Divisional Manager.

**Mr. Chairman:** The answer is no; the answer is no. I am sure that takes care of my Member, Mr. Indarsingh's concern. Let me now recognize—

**Mr. Imbert:** I am not finished, you know.

**Mr. Chairman:** Mr. Imbert is not finished as yet.

**Mr. Imbert:** What is the reason for the delay in 2012 if in 2011 it was in March in 2010?

**Mr. Volney:** Mr. Chairman, the question is irrelevant to the proceedings today and I take objection to it.

**Mr. Indarsingh:** I fully endorsed Minister Volney's statement. [*Crosstalk*]

**Mr. Chairman:** One person at a time, please.

**Mr. Indarsingh:** We are here—and I want to reiterate that Mr. Chairman—to examine the 2008, 2009 and 2010 accounts. When the 2011 accounts come, whatever we have to do, we will do it.

**Mr. Chairman:** All right. I thank you, and Mr. Volney has made an intervention. Unfortunately, it falls to me as Chairman, having heard Mr. Volney's submission and yours, to contemplate whether I consider that it was irrelevant.

**Mr. Volney:** I do not think so, Mr. Chairman, because the majority prevails in this Chamber.

**Mr. Chairman:** All right, but there is one Chairman. So, let us proceed. The answer to your question was no, and you have outlined other things earlier, so we proceed. Is there anything else you wish to raise at this point, Mr. Imbert?

**Mr. Imbert:** Certainly.

**Mr. Chairman:** Thank you. And then I should recognize Mr. Karim.

**Mr. Imbert:** Is the board familiar with a document called "Policy and procedure for dealing with evidence of suspicion of fraud"?

**Mr. Phillip:** I would indicate that each member was apprised of material in the Integrity in Public Life Act. We were asked to look at a fraud policy which we have internally at the company, and there are deliberations about producing our own policies to mitigate against situations like that.

**Mr. Imbert:** Mr. Chairman, I am surprised at the response from the Chairman of the EFCL. I asked a straight question. Is the board familiar with a document entitled "Policy and procedure for dealing with evidence of suspicion of fraud"? It is a simple yes or no?

**Mr. Phillip:** No, Sir, I am not aware of that document.

**Mr. Imbert:** Okay. Are you, therefore—well I am really asking answers now—aware that that document was approved by the board of directors on September 23, 2010?

**Mr. Phillip:** Those documents—

**Mr. Chairman:** No, not those, one document Mr. Imbert is speaking about.

**Mr. Imbert:** Listen, Mr. Chairman, let me just make this clearer. I have in my possession a document which I received in my package, and in that package I have a copy of a letter written on November 12, 2010.

**Mr. Chairman:** Could you direct us to the page and the package, Mr. Imbert?

**Mr. Imbert:** This is the document here.

**Mr. Chairman:** Which one of them? Is it the management letter?

**Mr. Imbert:** It starts off with a letter dated June 29, 2010 and there is another letter dated November 12, 2010.

**Mr. Chairman:** Thank you.

**Mr. Imbert:** Now, Mr. Chairman—

**Mr. Chairman:** Before you go, these are documents that you have in your possession Chairman and members. It is the management letter. It is a document, just very briefly, dated June 29, 2010 addressed to one Mr. Paul Taylor, Chief Executive officer of the EFCL. Okay, do you have it? At the top right hand corner there is the number “17” circled, just for identification. Proceed, Mr. Imbert.

**Mr. Imbert:** I have in my possession a letter dated November 12, 2010 which is a response to the management letter from the Education Facilities Company Limited. Based on what the board has told me, they were in office on November 12, 2010. If anybody believes what I am saying is not correct they can stop me at any time, especially Mr. Volney.

In this letter dated November 12, 2010, at the end, the Chief Executive Officer at the time said that the document entitled “Policy and procedure for dealing with evidence of suspicion of fraud was approved at the board of directors meeting on September 23, 2010. So when the Chairman tells us that, no they are not familiar with it; and no they did not approve it, that cannot be correct. It is either this document is false or what the Chairman just said is incorrect. Could I get clarification on what is correction, please?

**Mr. Phillip:** When the board came in and was constituted, we had referred all policy matters to a subcommittee and we were looking at the audited management letters to ensure that we had a comprehensive fraud policy. So any matters before would have been considered at the subcommittee level to inform that fraud policy which would have to be brought before the board for ratification.

**Mr. Imbert:** Mr. Chairman, I am having a lot of trouble with what the Chairman is saying. The board was in office in October 2010 and this letter came from the company in November 2010, so unless the board was not in existence, this must have come with their knowledge. What is bothering me is that this is a document approved by the board. The only way this document could no longer be valid is if the board rescinded it. I am not hearing from the Chairman that the board rescinded the decision of the board of September 2010 to approve this document. I am becoming very concerned, Mr. Chairman.

**Mr. Chairman:** Are you clear with what Mr. Imbert is saying, first of all?

**Mr. Phillip:** Yes. Mr. Chairman—

**Mr. Chairman:** Do you understand Mr. Imbert’s concern?

**Mr. Phillip:** And also, for the clarification of Mr. Imbert, I am letting him know that this present board had decided that they wanted to produce a fraud document; a fraud policy document, and all decisions that were made before, be it that there were papers by the previous boards, were in consideration, because this letter that the auditor was referring to and which was written to the then CEO was with respect to findings

and management letters of the previous year accounts.

What we decided to do at the board—I am saying this for his edification—is that we wanted a comprehensive document to be produced and all these documents that came before which were decisions that were made by the previous board and which were sent to the subcommittees for ratification and then to be sent to the board. To say that we would have rescinded the decision would have only come after the policy discussions would have been held to finalize the document. So that was in the process.

**Mr. Chairman:** So, before Mr. Imbert comes back on it, the question then is, have you yet finalized that document that you were aiming to as a company since then?

**Mr. Phillip:** No, the document has not been finalized.

**Mr. Chairman:** Thank you very much. Then I would give way to Mr. Imbert.

**Mr. Imbert:** Mr. Chairman, this is not my understanding of corporate procedure. The board that existed on September 23, 2010 was an illegally constituted board unless I am wrong. If a board of directors of company takes a decision then that decision binds the company, unless a new board comes in and takes a decision which must be recorded somewhere in some board meeting to rescind the previous decision then this document stands, unless EFCL is using some system that I am not familiar with. Could the Chairman answer that?

**Mr. Volney:** Before the Chairman answers, Mr. Chairman, as a Member of this Committee, I want to enquire through the Chair, what is the relevance of that question to the matters that have summoned us here today to deal with? I am at pains to see the connection.

**Mr. Chairman:** Let me try to demonstrate. We have before us management letters regarding the accounts for 2008 and 2009. Mr. Imbert is making reference to a letter dated November 12, 2010 which he directed us to, addressed to one, Renee Lisa-Phillip, and that letter is at the hand of Paul Taylor, the then Chief Executive Officer of the Education Facilities Company Limited and the letter makes reference to the audit for 2008.

In fact, in the first paragraph or rather second paragraph, under the rubric. “Inadequate information maintained on fixed assets register” in the very letter to which I am speaking it says: “We acknowledged that during the audit of 2008 the information...” and it makes reference to it. So that or therein, Mr. Volney, lies the relevance. Just a second, I would come to you, Mr. Indarsingh. Continue, Mr. Chairman.

Just let me refresh your memory before I pause to demonstrate relevance. Mr. Imbert is saying that these letters demonstrate the fraud policy to which he referred was an official board approved policy, and unless and until it could be demonstrated that a further board, however constituted, rescinded this, it therefore follows that this stands. That is one of the submissions he made to which no reasonable person must disagree.

Secondly, your answer to me as to whether—because you did say Mr. Chairman, that when you



came you would have met this and other matters regarding fraud, and you put all of that into the pot and you had a subcommittee working on this to come up with a new fraud policy. You said so. I ask you specifically whether today 15 months later, you were able to finalize that policy and you said no and, therefore, Mr. Imbert's confusion is my confusion, because we are not with a finalized new fraud policy, and the one that which you said you had no knowledge of remains on the basis of his submission a legitimate board approved existing board position. That is it! So in light of that clarification, would you say more?

**Mr. Volney:** Mr. Chairman, just before he proceeds to answer—

**Mr. Chairman:** Just before you go, Mr. Volney—

**Mr. Volney:** Before he answers, I am a Member of the Committee—

**Mr. Chairman:** Mr. Volney, Mr. Volney—

**Mr. Volney:**—and before someone else answers, would you allow me first to complete—

**Mr. Chairman:** Just a moment, I will. You are a man of great stature and with great experience. Permit me, I will come to you. A while ago when the Chairman was about to answer, you made an intervention and he is about to answer now, and I assure you and give you my assurance, that you will make your comment immediately after.

**Mr. Volney:** Mr. Chairman, with all due respect, I am a Member of this Committee, and if I find the question posed by the Chairman on behalf of the Committee objectionable, as a Member of the Committee, I have every right to say so. The response sought of the visitor to the Chamber relates to matters post the subject of our agenda today which if I may remind the Chairman, is the examination of the audited financial statements for the years ended September 30, 2008, 2009 and 2010. The question relates to post September 2010 and it is irrelevant to what we are here today for.

I have come here to deal with the agenda and we have spent the last half an hour—Mr. Chairman, we are wasting the precious time of our Committee Members.

**Mr. Chairman:** In your esteemed opinion, Mr. Volney?

**Mr. Volney:** If you put it to the vote of the Committee you will see how we feel.

**Mr. Chairman:** I do not think that is necessary.

**Mr. Volney:** Well it can be done.

**Mr. Chairman:** I do not think that is necessary.

**Mr. Volney:** I take objection to the question.

**Mr. Chairman:** All right. I hear you, but I demonstrated relevance a moment ago. I want to get to Mr. Karim, but let me just let Mr. Imbert complete.

**Mr. Imbert:** Mr. Chairman, what I am about is being completely misrepresented by Mr. Volney. Mr. Volney does not seem to be aware of the fact. This is not an opinion; this is a fact that I am dealing with documents that flow from the accounts of the EFCL for 2008, 2009 and 2010. The management letter is in response to accounts prior to 2011. It is dealing with the deficiencies that were identified in 2008, 2009

and 2010 and one of the deficiencies identified was that the company did not appear to have finalized a fraud policy and that was brought to the attention of the EFCL with respect to its accounts for 2008, 2009 and 2010 which we are examining today.

The company responded by saying that a fraud policy was approved on September 23, 2010 which still falls within the financial year which ends on September 30, 2010, and it is in that context that I am asking, in response to these very serious queries raised by the auditors and submitted to us with respect to years 2008, 2009 and 2010, whether the board that is before us is aware of this document and they said no, and whether this document is enforced they said no. I want an explanation for that and I am perfectly entitled to ask these questions, because they flow from the accounts of 2010, 2009 and 2008. I would ask Mr. Volney to stop trying to prevent me from asking questions.

**Mr. Chairman:** I hear you. Mr. Imbert, not only like Mr. Volney and like each of us on this Committee, you are not only entitled, but it is your duty but, more than that, I think the relevance has been amply demonstrated. I, therefore, revert to the Chairman to answer the question as put by Mr. Imbert.

**12.30 p.m.**

**Mr. Phillip:** Thank you, Chairman. With respect to good governance that Mr. Imbert referred to this board would, obviously, consider the decisions of previous boards and until, as he said, we rescind the decision, the decision stand. So, I do not see any variants with what we are saying and what was said.

**Mr. Chairman:** And that policy has not been rescinded, that is what you are saying?

**Mr. Phillip:** No. I explained to you, Mr. Chairman, and to the committee that there was a process by which we were dealing with this because this decision that Mr. Taylor made reference to, which is September 23, 2010, would have been probably the last meeting of the previous board.

**Mr. Chairman:** Yes.

**Mr. Phillip:** Right.

**Mr. Chairman:** Right. Okay.

**Mr. Phillip:** And hence, when we came in we examined the documents, the decisions that were made by the previous board and all those decisions were sent to the relevant committees to be examined.

**Mr. Chairman:** Mr. Imbert is simply asking and we can put an end to this and allow people to focus on the accounts, per se. We can put an end to this if you would simply answer the question. Has that policy framework in respect of fraud, referred to by Mr. Imbert, been rescinded by your board?

**Mr. Phillip:** No, Mr. Chairman.

**Mr. Chairman:** Good! No! Right! Okay, fine. Secondly, you have already stated that a new one, even though you were contemplating it, has not yet been given effect. Am I correct?

**Mr. Phillip:** Yes.

**Mr. Chairman:** Good. *[Interruption]*

**Member:** Mr. Chairman—

**Mr. Chairman:** Just a second. Therefore, Mr. Imbert you now have—*[Interruption]*

**Mr. Imbert:** Since it has not been rescinded—

**Mr. Chairman:** Just a second. You now have answers to your questions.

**Mr. Imbert:** Now that I have discovered it has not been rescinded could I get a copy please? And could all members of this committee get a copy of the policy and procedure for dealing with evidence of suspicion of fraud approved by the legally constituted Board of Directors of EFCL in September, 2010?

**Mr. Chairman:** Thank you. So you would note that as another of our requests for information.

**Mr. Imbert:** Mr. Chairman, I just have two more simple questions and then I will hold my peace.

**Mr. Chairman:** Thank you very much Mr. Imbert, I give way to you since you already have the floor.

**Mr. Imbert:** Does the board have an approved tenders policy that was in effect on September 30, 2010, to avoid intervention by Mr. Volney?

**Mr. Chairman:** Question.

**Mr. Phillip:** Yes, we do have a tender policy.

**Mr. Chairman:** Mr. Imbert, the answer was yes, it does have an approved tender policy.

**Mr. Imbert:** Could we get a copy please and could we get evidence that this is an approved tender policy—tender rules, I should be more specific. I would like to see tender rules. I would like to see evidence that these tender rules were approved by the relevant authority.

**Mr. Chairman:** Thank you Mr. Imbert and that forms another request which you have been called upon to provide. Mr. Imbert your last—*[Interruption]*

**Mr. Imbert:** Final question. In addition to tender rules you would also have procurement guidelines. I have seen procurement guidelines issued by the Ministry of Finance, are you following the procurement guidelines issued by the state enterprise division or the relevant division of the Ministry of Finance? It is a published document.

**Mr. Volney:** Mr. Chairman—*[Interruption]*

**Mr. Chairman:** Just a second, Mr. Volney.

**Mr. Volney:** Before he answers—*[Interruption]*

**Mr. Chairman:** Mr. Volney, just a moment please member. Hon. Member, just a moment please. I have given you an assurance because I know you have tremendous legal background, but judicial most the all. I know you have prosecutorial—*[Interruption]*

**Mr. Volney:** That is perhaps why I could lend you a little help in presiding.

**Mr. Chairman:** Yes, and just before you go, but at this stage, Mr. Volney, we require neither your judicial nor your prosecutorial, nor your defence acumen, so just allow the member to answer the—*[Interruption]*

**Mr. Volney:** No, before he answers, I take objection to the question, that is the point, Mr. Chairman.

**Mr. Chairman:** All right, just now. Could you state—*[Interruption]* Okay. Members! Members! Members! Could you, Mr. Volney, in your usual calm way demonstrate the nature of your objection?

**Mr. Volney:** Yes, I object to the relevance of the Chairman being asked what is the procurement as is now. We are here—*[Interruption]*

**Mr. Imbert:** Did not use the word “now”.

**Mr. Chairman:** Members! Members!

**Mr. Volney:** He does not have “what is”—“are you following”, that means the present, we are here to deal with audited accounts up to September 30, 2010, and what is happening is there is an inquisition taking place ably assisted between the Chair and the Member as to what is happening in the present, 2012. That is irrelevant to why I am here today. *[Interruption]*

**Mr. Chairman:** All right. Okay. Thank you very much. I agree with you if it has to do with 2012 it is irrelevant. I agree with you.

**Mr. Volney:** Then your protection for the witness.

**Mr. Chairman:** I agree entirely with you. Mr. Imbert, Mr. Volney, our colleague, who shares with us the responsibility of looking after public finances on behalf of the Parliament and the people of Trinidad and Tobago—a very serious responsibility we all share. Mr. Volney is saying that what we are dealing with is 2008, 2009 and 2010, and he is submitting, Mr. Imbert, that your question relates to the current moment, 2012 in the month of April and not in relation to 2008, 2009 and 2010. Mr. Imbert what is your responses to that in fairness to Mr. Volney?

**Mr. Imbert:** I am being very fair. Let me particularize the question so that Mr. Volney would not get cardiac arrest. What were the procurement guidelines that EFCL was following on September 30, 2010?

**Mr. Chairman:** Thank you, Mr. Imbert. Now, Mr. Volney, the question has to do with September 2010. Mr. Chairman, would you now answer Mr. Imbert’s question as specifically as it has been offered or put.

**Mr. Phillip:** Mr. Chairman, we do have procurement guidelines which we follow at the company and we do have documents to that effect.

**Mr. Chairman:** Thank you. The question, however, was whether they were the guidelines as instructed, advised, offered, by the Ministry of Finance? That is the question.

**Mr. Phillip:** The guidelines were developed in conjunction with Price Waterhouse Coopers (PWC), the company that helped to establish the EFCL, and it was operationalized further and improvement in procurement procedures and it was current.

**Mr. Chairman:** So that Mr. Imbert’s question as to whether the company, the EFCL, has been following the guidelines for procurement as issued by the Ministry of Finance, the answer to his question is no? Am I correct?

**Mr. Phillip:** No. The answer to the question is yes, of course, and we—*[Interruption]*

**Mr. Chairman:** Just a moment. Just for clarification. So you have been following the guidelines as issued by the Ministry of Finance? Am I correct?

**Mr. Phillip:** Yes.

**Mr. Chairman:** Good. Thank you.

**Mr. Phillip:** These documents which we would have gotten, the Ministry of Finance information, the monitoring guidelines, and we would have factored those in and—*[Interruption]*

**Mr. Chairman:** Good! Mr. Volney and Mr. Imbert, I know you all are particularly keen on this point. So you are saying, in addition to the guidelines as issued by the Ministry of Finance, you have formulated some other guidelines with the help of Pannell Kerr Foster (PKF) and you operate by those as well?

**Mr. Phillip:** No, I did not say that, Mr. Chairman, you are not listening.

**Mr. Chairman:** What did you say?

**Mr. Phillip:** What I said is that the EFCL has procedure and policy guidelines for the procurement of goods and services and we do follow them, and it is in conjunction with the Ministry of Finance because we do send reports to the Ministry of Finance as our line agency, and also to the Ministry of Education.

**Mr. Chairman:** Finally on this matter, we have asked that you would make available to all members of this committee those guidelines. Thank you very much. Now I would want to—*[Interruption]*

**Mr. Imbert:** Mr. Chairman, my question was not answered, you know.

**Mr. Chairman:** I am sorry, Mr. Imbert.

**Mr. Imbert:** I specifically asked whether on September 30, 2010, EFCL was following the guidelines published by the Ministry of Finance for procurement, not whether they were following them and something else, not where they were trying to make them better, not whether they were trying to augment them. I just want to know on September 30, 2010, was the EFCL following the guidelines published by the Ministry of Finance for procurement, not guidelines plus something. Were you following to the letter? Let us do it this way. Were you strictly following the guidelines published by the Ministry of Finance?

**Mr. Karim:** Can I ask a question?

**Mr. Chairman:** Just a moment, let the Chairman answer and I will come to you now, Mr. Karim. I give you an assurance.

**Mr. Phillip:** Mr. Chairman, this board and I mentioned earlier—*[Interruption]*

**Mr. Karim:** Board was in October?

**Mr. Phillip:** —to Mr. Imbert was constituted in October, 2010.

**Mr. Chairman:** But when you came in you began to operate, you began to manage the affairs of the entity. Am I correct?

**Mr. Phillip:** Yes, we did.

**Mr. Chairman:** And therefore, the business of issuing contracts and so on began. Am I correct?

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

**Mr. Chairman:** Mr. Imbert was simply asking, you having assumed office as a board in October 2010 would have met something, and you began to work, including the issuance of contracts, and I know from the public record that you got off to a start with the Clean and Beautify Programme, so you began to work and all he wants to know is whether when you—*[Interruption]*

**Mr. Volney:** Mr. Chairman, I do not have the record of which you speak and I do not think it is proper for that to be referred to.

**Mr. Chairman:** Just a second.

**Mr. Indarsingh:** The Clean and Beautify Programme had no relevance to EFCL.

**Mr. Chairman:** Just a second. All right, I see. Mr. Chairman, so you think—*[Interruption]*

**Mr. Indarsingh:** You must not continue to mislead the meeting.

**Mr. Chairman:** So you think it had nothing to do with the EFCL—*[Interruption]*

**Mr. Indarsingh:** Okay?

**Mr. Chairman:**—the Clean and Beautify had a lot to do with the EFCL—*[Interruption]* You hold on. Mr. Chairman—*[Interruption]*

**Mr. Indarsingh:** I want to have my say.

**Mr. Chairman:** Just a moment Member. I have the floor, Member—*[Interruption]*

**Mr. Indarsingh:** You seem to be behaving in a very dictatorial manner.

**Mr. Chairman:** No! No! Never! Never! Never! I am not like that. Let me continue. Mr. Board Chairman, this is not personal for any of us, we have been asked under the Constitution to look after the interests of the people of Trinidad and Tobago who are looking at us now as we speak, and I do not want them to say that we “kicksin” and we are jokers. More specifically, I “doh” want them to say I “kicksin” and I am a joker because I am not. I take my responsibility as I read to you very seriously, the Constitution and the parliamentary practice. So, I was submitting to you and soliciting an answer, and I want to move on, other people want to speak. *[Interruption]* Just a moment. I was submitting to you that when you came to office in October 2010, you began to operate and you opened the doors for business. Am I correct?

**Mr. Phillip:** Yes, Sir.

**Mr. Chairman:** Good! And you would have in the process issued contracts. Am I correct?

**Mr. Volney:** Mr. Chairman—

**Mr. Chairman:** Just a moment, I am talking about when the board came to office.

**Mr. Volney:** —before he answers I want to intervene again. What happens after September 30<sup>th</sup> is of no moment to the agenda of today’s proceeding. I did not come prepared to deal with any matter that is not on the agenda, and I take this procedural objection, and it seems that we have spent the entire day trying to get post, September 30<sup>th</sup>, and that is not the matter on the agenda today. And unless we help the Chair in becoming relevant to today’s agenda we continue to waste the time of the committee—the precious time.

**Mr. Chairman:** Except, of course, Mr. Volney, just to say in passing as we proceed, that any issue regarding the admitted public expense is relevant to the people of Trinidad and Tobago, but I accept that we are dealing with 2008, 2009 and 2010—*[Interruption]*

**Mr. Volney:** Then let us go there.

**Mr. Chairman:** —however—*[Interruption]*

**Mr. Volney:** Then let us go there then.

**Mr. Chairman:** —what Mr. Imbert had asked—*[Interruption]*

**Mr. Moheni:** On a point of order, Mr. Chairman.

**Mr. Chairman:** Just a moment, Mr. Moheni.

**Mr. Moheni:** On a point of order, Mr. Chairman.

**Mr. Chairman:** Just now, the Chairman is addressing the committee. *[Interruption]*

**Mr. Indarsingh:** You are attempting to muzzle people, Mr. Chairman.

**Mr. Chairman:** The Chairman is addressing the floor. I will take your point of order in a short while but I am on my legs, so to speak. Mr. Imbert's question to our minds has not yet been answered. The question was whether as at September 30<sup>th</sup>, the board, the company, was following the guidelines issued by the Ministry of Finance. That is all he was asking.

**Mr. Volney:** Mr. Chairman, this Chairman of the present board would be giving an opinion, is that is what is being sought—*[Interruption]*

**Mr. Chairman:** No.

**Mr. Volney:** —because he was not a member.

**Mr. Chairman:** These are records.

**Mr. Volney:** In the absence of someone who sat on the last board, it is for this committee having regard to the documents before us to come to our own conclusions of fact including the question that is being sought of the present Chairman of the board.

**Mr. Chairman:** I would have thought as a man with tremendous legal background you have easily—*[Interruption]*

**Mr. Volney:** That is why I am making that statement.

**Mr. Chairman:** —appreciated that the life of the company continues notwithstanding changes with the board.

**Mr. Volney:** Yes, but it would be evidence of opinion and I was asking whether—

**Mr. Chairman:** No. And we were asking simply whether from the records available to the current board, whether in 2008, 2009 and as at September 30, 2010 the board was following, and the company was following, the rules as established by the Ministry of Finance—that is the question. Simple question and I have not yet had an answer.

**Mr. Volney:** It would have to be prefaced in our opinion.

**Mr. Chairman:** That is not a question of opinion that is a question of company records.

**Mr. Volney:** With due respect, that would be the opinion of this person who did not sit on that board, Mr. Chairman.

**Mr. Chairman:** But I must now take disagreement with that Mr. Volney. All right, let us proceed. The question—*[Interruption]* I am coming to you now, I just want to put an end to this. As Chairman, I do

not consider that the answer to the question is one of opinion, but rather it is a matter of record and fact. What were the guidelines the company followed as at up to September, 2010? Those are matters that would be recorded and are existent, no need for any opinion. I do want to labour this committee. Okay? I suspect other persons have issues that they would like to raise, so I would want to proceed only to note that the answer to the question was not yet provided. I would like to know when we will get an answer to that. Could we get it now or do we get it later?

**Mr. Phillip:** Mr. Chairman, the hon. Member, Mr. Volney, indicated that this board did not sit—*[Interruption]*

**Mr. Chairman:** We know what he said.

**Mr. Phillip:** —in any decisions prior—*[Interruption]*

**Mr. Chairman:** We know what he said.

**Mr. Volney:** Mr. Chairman, allow the witness to answer please.

**Mr. Phillip:** —therefore, what you asking about the management of the company, the board looks at the policies, it offers advice and direction to the company and it is the executive management team that would have implemented the documents based on the decision, be it that it is the former board made the decision for good governance and continuity; the document stand as was indicated until such time as we would rescind documents and, hence, we would have considered the documents that exists in the company established by the by-laws of the company, for good governance of the company.

**Mr. Chairman:** And therefore, neither you nor the company's CEO or acting CEO—Mr. Shah is it?

**Mr. St. Omer:** Yes.

**Mr. Chairman:** Neither you, board Chairman, nor the acting CEO, Mr. Kiran Shah, are able to tell us today from the records you would have engaged as to the conduct of the company's affairs, you are not in a position to tell us today what guidelines the company followed prior or as at September 30, 2010. That is what you are saying?

**Mr. Phillip:** No, I am not saying that. I am saying that the company—*[Interruption]*

**Mr. Chairman:** Well then, what are you saying?

**Mr. Phillip:** —had established guidelines for management and they would have followed the guidelines.

**Mr. Chairman:** The Member wanted to know, very simply, whether those guidelines were the guidelines as espoused, adumbrated, demonstrated, by the Ministry of Finance—that is it—was it?

**Mr. Phillip:** They would have followed the guidelines of the Ministry of Finance.

**Mr. Chairman:** Thank you very much.

**Mr. Phillip:** They report directly to the Ministry of Finance.

**Mr. Chairman:** Now we can proceed. I would like to recognize Mr. Karim.

**Mr. Karim:** Mr. Chairman, I would just like, through you, to ask the Chairman to tell this committee the date on which—again to remind us—this board was appointed. That is my first question, I have others to



follow.

**Mr. Chairman:** The board—what date, specific date.

**Mr. Phillip:** The first board meeting was October 24, and people—*[Interruption]*

**Mr. Chairman:** When were you all appointed? When was the board appointed?

**Mr. Phillip:** I would have received my instruction on October 13.

**Mr. Chairman:** October 13. Mr. Karim?

**Mr. Karim:** So the first board meeting was October 24.

**Mr. Phillip:** Yes.

**Mr. Chairman:** Yes.

**Mr. Karim:** Mr. Imbert was making reference earlier on to the policy and procedure for dealing with evidence of suspicion of fraud. I am reading from a letter signed by the CEO.

**Mr. Chairman:** Could you direct us to the letter, please, of ease and simplicity.

**Mr. Karim:** The same letter Mr. Imbert made reference to dated November 12, 2010. In the last paragraph it says that this document was approved by the board one month before this new board actually held a meeting. Having said that, I would like to ask, since the questions were asked to the Chairman of the board about prior approaches or guidelines being followed; can I ask, through you, to the Chairman of the board, how long were you aware that such a document was in the making? Because we were told that this is a draft document that was approved by the previous board, bearing in mind that the EFCL was formed in 2005, and we are talking about September 23, 2010 for five years. Did this Chairman and board find any evidence of any approved policy and procedure for dealing with evidence of suspicion of fraud?

**Mr. Phillip:** No, there were no documents as such. What the board did was to ask for the guidelines that were generated before, and as the letter said the guidelines were approved so the board was to generate a fraud policy which I explained to the Members before.

**Mr. Chairman:** Thank you.

**Mr. Karim:** So is it correct to say that it took the EFCL board approximately five years to have an approved document of such?

**Mr. Phillip:** It took the previous board five years to produce guidelines not a policy and, hence, this board decided that we would have wanted a comprehensive policy with the changes that were happening in the procurement laws.

**Mr. Chairman:** And just to rehash, in 15 months you have not completed that task?

**Mr. Phillip:** It is an ongoing process.

**Mr. Chairman:** Thank you. Now I want to recognize—*[Interruption]*

**Mr. Imbert:** Mr. Chairman, hold on.

**Mr. Chairman:** Sorry! Sorry!

**Mr. Imbert:** Since this concerns a question I raised—*[Interruption]*

**Mr. Chairman:** Mr. Imbert—*[Interruption]*

**Mr. Imbert:** No, but it is a question I raised. *[Interruption]*

**Mr. Indarsingh:** But you see when people intervene when you are on your legs you cooperate with them.

**Mr. Chairman:** No, in fairness to you, I give way to you. The floor is your Mr. Indarsingh. The floor is yours.

**Mr. Indarsingh:** Thank you very much, Mr. Chairman. Just as a follow-up on what Minister Karim raised, and we seem to be going back to this letter by PKF that was addressed to Mr. Taylor in terms of having completed the audit of the company for 2008—2009, and where it said that there was not the existence of an internal fraud policy. From where you sit, Mr. Chairman, would that be responsible in terms of the Board of Directors really complying with its fiduciary responsibility at this time, and in terms of dealing with the funds of taxpayers and so on? Would that be really responsible in terms of what we would term good governance and so on in relation to—*[Interruption]*

**Mr. Chairman:** I think that has all the hallmarks of an opinion which Mr. Volney was really trying to avoid, so let us—*[Interruption]*

**Mr. Indarsingh:** No. No. Why would a company be allowed to continue, the Board of Directors and management and so on, without an internal fraud policy in terms of its day-to-day operation and dealing with hundreds of millions of dollars of taxpayer's money?

**Mr. Moheni:** I would like to hear the answer to the question. I do not think it is a question of opinion, it is based—*[Interruption]*

**Mr. Chairman:** What is the question?

**Mr. Moheni:** It is based—*[Interruption]*

**Mr. Chairman:** Just now, Mr. Moheni wants an answer to the question. What is the question, Mr. Moheni?

**Mr. Moheni:** It is based on policy or the absence of policy and whether that is good governance or good management policy.

**Mr. Indarsingh:** But you have been asking Mr. Imbert a number of questions before—*[Interruption]*

**Mr. Imbert:** Besides it has to be one rule for all, so if they could answer this question they could answer mine.

**Mr. Chairman:** Gentlemen, I must remind us, it is the committee has been asking. It is the committee that has been asking. We stick together. We stick together as one in the public interest. Let me—*[Interruption]*

**Mr. Indarsingh:** Mr. Chairman, we are all entitled to ask.

**Mr. Chairman:** Yes. We stick together here in the interest of protecting public finances and to oversee between 2008, 2009 and 2010, that is what we are together doing gentlemen. I think we have a question from Mr. Tewarie, who has been quiet all morning.

**Dr. Tewarie:** And observing, yes.

**Mr. Chairman:** And, of course, followed by Madam Gopee-Scoon, we will come to you shortly.

**Dr. Tewarie:** I would just like to point out, Chair, on the basis of the Constitution which makes it possible for this committee to operate—*[Interruption]*

**Mr. Chairman:** Mr. Tewarie, in your absence on the last meeting we did read and give close attention to that, and given that we are aiming at finishing here at about 12.30 p.m.—gentlemen?

**Mr. Imbert:** 1.30 p.m.

**Mr. Chairman:** Sorry, 1.30 p.m.?

**Mrs. Gopee-Scoon:** Mr. Chairman, 1.30 p.m. too late.

**Mr. Chairman:** What is the consensus—1.30 p.m.?

**Mrs. Gopee-Scoon:** Mr. Chairman, 1.00 p.m.

**Mr. Chairman:** Right. So Mr. Tewarie—*[Interruption]*

**Dr. Tewarie:** No, I think what I have to say, Chair, is very pertinent because what it says is that we here as the Public Accounts (Enterprises) Committee shall consider and report to the House of Representatives on the audited accounts, balance sheets, and other financial statements of all enterprises that are owned or controlled on behalf of the state, and to the extent that we do not have those matters beyond the 2010 period, I do not think we should engage it.

**Mr. Chairman:** Well, that was said and we accept that.

**Dr. Tewarie:** Okay.

**Mr. Chairman:** We accept that.

**Dr. Tewarie:** The second point, I want to simply ask a couple of questions related to what the Member for Diego Martin West—*[Interruption]*

**Mr. Chairman:** He is not here in that capacity.

**Dr. Tewarie:** No, sorry, sorry, the member, Mr. Imbert, had asked, I think we have established that the fraud policy draft was approved by the former board at the end of September—I think this is the 25<sup>th</sup>—I just want to ask the Chairman: Did you inherit a tenders policy?

**Mr. Phillip:** Yes, there was one.

**Dr. Tewarie:** All right. Do you know what date that tenders policy was established?

**Mr. Chairman:** When or what?

**Dr. Tewarie:** Do you know what date that tenders policy was established?

**Mr. Phillip:** I would have to get back to you on the actual date.

**Dr. Tewarie:** All right, but you did have one? You inherited one?

**Mr. Phillip:** Yes, from 2005.

**Dr. Tewarie:** And did you inherit a procurement policy? I think that was in keeping. Did you?

**Mr. Phillip:** Yes.

**Dr. Tewarie:** Do you know the date of that?

**Mr. Phillip:** Also, I would have to get back to you based on the dates they were finalized. It is just that

with the changing in the procurement debates that were happening we were trying to be very relevant and make sure that changes were incorporated.

**Dr. Tewarie:** And I gather from what you said that you operated under all policies that were approved by the board which were your inherited policies, but you referred the fraud policy to a committee in order to do a more comprehensive policy because that was a draft, and I basically assumed from what you said that the tenders policy and the procurement policy which you inherited you continued to honour.

**Mr. Chairman:** Thank you. Let me ask a question of my—*[Interruption]*

**Dr. Tewarie:** I just wanted to clarify those things because I think it is important.

**1.00 p.m.**

**Mr. Chairman:** I thought that those matters were clarified earlier, but it was helpful; further elucidation is always helpful. Let me ask specifically, it has been observed that there were increases in salaries and wages. *[Interruption]*

**Mrs. Gopee-Scoon:** I had asked for the floor.

**Mr. Chairman:** I am so sorry. I will come back to my question after I keep my word to give the floor to Member Gopee-Scoon.

**Mrs. Gopee-Scoon:** Thank you finally, Mr. Chairman, but I think we were going down the same route. I wanted to go directly back to the 2010 accounts to enquire of the salaries and wages for which I see there was a \$2 million increase. I wanted just an explanation as to that, and emanating from that as well, I would like to know how many new people were hired in the latter half of the period October 2009—2010 and whether they were hired on contract and in what positions were they hired.

**Mr. Chairman:** The question is what accounted for the substantial increase in salaries and wages in the period October 2009—September 2010.

**Mrs. Gopee-Scoon:** And could he let us know in that latter period, six months perhaps—

**Mr. Chairman:** In that period October 2009—September 2010—

**Mrs. Gopee-Scoon:** In the last six months of these accounts, how many new people were hired and whether they were hired on contract and in what positions.

**Mr. Chairman:** The member would like to get from you—if you do not have it now, we will accept in writing shortly, we will tell you the timeframe—the persons hired in the six months leading up to September 30, 2010, the positions, the wages and salaries, as it relates to those persons. Is that all, Madam Gopee-Scoon?

**Mrs. Gopee-Scoon:** It may be tied in to your project management issues which you raised, which I know is the substance of this company, but let me just have a clarification on that and clarification as well as to the miscellaneous income which I see detailed under “other income” for \$3.3 million.

**Mr. Chairman:** And an explanation for the miscellaneous or other incomes, a question raised in the management letter. Thank you very, very much, and we will note those for our consideration.

It appears as though the Ministry of Finance found that there were some issues as to bank reconciliation. The Ministry of Finance found, from its analysis, that they were not being completed on a regular and timely basis, and it falls to me to ask, in light of that observation, what measure were, if any, had been taken and whether we can expect to see an improvement in terms of bank reconciliation.

Mr. Chairman, let me advise, if you did not know, that you do not necessarily have to answer all the questions. If you have professionals here who have responsibility for these matters, they could answer, if it pleases you.

**Mr. Shah:** In relation to the question by Mrs. Gopee-Scoon, I would want to give you just some data on the increases. From October 01, 2008—September 30, 2010, at the end of 2008 we had 69 employees.

**Mrs. Gopee-Scoon:** Can I interject here? My question related only to the 2010 accounts.

**Mr. Shah:** At the end of 2010, the total number of staff was 105. When the board came in, from the time of elections to then, the then CEO had promoted 34 persons to different positions within the organizations.

In terms of the positions, we would be more than willing to provide to the members, details in terms of the different positions, the salaries that were paid.

**Mr. Chairman:** Thank you very much.

**Mr. Mc Leod:** The Ministry of Finance has also raised questions about the absence from the board of the person qualified in finance. Is that in fact a situation as we speak?

**Mr. Shah:** The Divisional Manager Finance is absent today, so hence I am falling in with some of the information.

**Mr. Chairman:** That did not answer Mr. Mc Leod's question.

**Mr. Mc Leod:** Do you have on your board a person qualified in finance? And since you have raised it, is your divisional manager—I think you identified—the Divisional Manager of Finance, is she qualified in finance?

**Mr. Shah:** Yes, she is the qualified person. What the board decided to do was that there were some members who did not take up their appointments, and in constituting the subcommittees we wanted to put in place another person in the audit committee, hence we were asking for an increased number, Mr. Mc Leod, of people who had financial backgrounds. We already had business people who had financial backgrounds on the board, but we wanted more of that kind of skill set so we would have had the finance committee looking at the operations and the audit committee separated to help to do the internal checks and balances, hence why we made the request.

**Mr. Moheni:** With regard to financial statements for 2010, schedules to the financial statements page 2—

**Mr. Chairman:** Where are you looking at Mr. Moheni, 2010 accounts?

**Mr. Moheni:** Yes.

**Mr. Chairman:** Page 21?

**Mr. Moheni:** Page 21 under the item dated for maintenance. Could I get a description of what this item referred to specifically, vehicle maintenance?

**Mr. Shah:** The large amounts of vehicle that the EFCL required, because of the nature of the work being outside, at schools and different locations, we normally rent and lease vehicles. On the leased side, maintenance of the vehicles in terms of wear and tear, we do incur that type of wear and tear including the gasoline that we pay for the vehicles so that would be—

**Mr. Moheni:** Is it rent and lease only or is it rent, lease and own as well?

**Mr. Shah:** No, we have a rent and lease. We do not have a policy presently where the employees could buy the vehicles at a discounted price, that is not the arrangement presently.

**Mr. Moheni:** I am observing for instance that the period 2006—2007, the rental cost would have gone up from just over \$585,000 to 92 \$929,000, and likewise a subsequent increase in the maintenance cost as well.

**Mr. Chairman:** Which accounts are you looking at, Mr. Moheni?

**Mr. Moheni:** This is 2006/2007, the same schedule of financial statements. They increased as is stated in the 2007. In the 2007 accounts, there is an increase over the previous year from \$585,000 to \$929,000 approximately in the rental.

**Mr. Chairman:** Yes, Mr. Moheni.

**Mr. Moheni:** Likewise in examining 2009/2010, we are also seeing increases.

**Mr. Chairman:** Vehicle rental you mean?

**Mr. Moheni:** Yes. I am looking at page 21 still, 2010, from \$288,000 to \$470,000.

**Mr. Chairman:** Yes.

**Mr. Moheni:** Maintenance from \$56,000 to \$140,000. Is there any explanation as to the very large increase here?

**Mr. Chairman:** Vehicle rental and vehicle maintenance.

**Mr. Shah:** Thanks for the question. The question follows what the hon. Member, Mrs. Gopee-Scoon asked. There were increases in the number of staff, and the people who were engaged at that time, because of the large number of secondary schools we had under construction in progress, and we were trying to finish up some these schools—remember everything revs up to finish by the financial year. So you would have increases in the number of vehicles, which is a basic resource of the staff. It would be project managers who would have to go out and visit the schools and business sites, hence as the staff would have increased, the cost per vehicle rental would increase.

**Dr. Tewarie:** I got the impression that in response to Mrs. Gopee-Scoon's question, you said that 34 persons were in fact, promoted and regularized during the period just prior to September 30, 2010. Is that correct? I just want to take the opportunity to point out to this committee that when the letter was written by PKF, it was slightly over one month after the change of Government in 2010, and that when the draft fraud policy was approved by the board, it was again several months after the change in Government in 2010. These promotions and regularization of employees were done during the same period, and for all

intents and purposes, notwithstanding the continuity of the company, over the period of boards and changes of boards, this was a lame duck [*phonetic*] period for the particular board in question. I simply mention that.

I want to ask the Chairman if during his tenure on the board so far, based on the information that is before us, 2008, 2009 and 2010 accounts, if he knows or if he is able to provide at some time in the future, if he does not know now, how many projects were in fact brought in on time and within budget and how many were not.

**Mr. Chairman:** I am sure that is something he would have to provide at a later stage, but this is important information and I would like you to list that as another matter you must address with us. And while you are with your pen in hand, I would like to know whether any contractors contracted by the EFCL, who performed works for and on behalf of the EFCL up until September 30, 2010, well within the period under our contemplation, whether any such contractor or contractors have not yet been paid by the EFCL. Can I get a response, please?

**Mr. Shah:** Chairman, presently we have claims lodged at the Ministry of Education to pay contractors in the different areas. Repairs and maintenance, early childhood, primary schools, secondary schools—

**Mr. Chairman:** We do not want the specifics, but you are telling this committee that there were entities, companies that were contracted by the EFCL up until September 30, 2010, who to date have not yet been paid. Is that correct?

**Mr. Shah:** Yes, some of the contractors have not yet been paid.

**Mr. Chairman:** Good, thank you. I would like you therefore to provide this committee when next you come—and you will; we will be spending a lot of time together—to prepare for us a list of the contractors who, as at September 30, 2010, having performed their contracts, have not yet been paid, what were the contracts, copies of the contract documents, and how much they are owed.

**Mr. Volney:** If anything.

**Mr. Chairman:** We would look forward to those among the other things we have requested. Because it has come to my attention as Chairman, I received letters, that there are many contractors out there who feel very badly with your company for the period 2008, 2009, 2010, some of whom to date have not yet been paid, and there are many contractors who have been contracted since—but we cannot deal with that today—who have been paid in full. So we would like such a list and we will treat with that at another occasion. Is that okay, Mr. Chairman?

**Mr. Shah:** Certainly.

**Mr. Chairman:** I thank you very warmly and look forward to your response with great anticipation.  
[*Interruption*]

I think round robin we have agreed that we would finish at 1.15. I see Mr. Karim and Mr. Moheni wanting to comment. Does anyone else want to comment before we close? Mr. Imbert? Let me begin with Mr. Karim.

**Mr. Karim:** Mr. Chairman, I would like to ask you to add to that question, whether we could get a list of those contractors who have not performed.

**Mr. Chairman:** I thank you very warmly, wonderful.

**Mr. Karim:** And what we have that is outstanding, and whether there is any litigation.

**Mr. Chairman:** Wonderful; but you see we are talking about as at September 30, 2010.

**Mr. Karim:** Same period, Mr. Chairman.

**Mr. Chairman:** What do you want?

**Mr. Karim:** I want to know in respect of the records of the EFCL, No. 1, whether there were contractors who have not performed in the contracts—because you are asking those that are outstanding for payments, as a result of that they have not been paid—

**Mr. Chairman:** In other words, where in the view of the company there were breaches of contracts?

**Mr. Karim:** The other thing I just want to ask if they could come back on the next occasion to tell us, because it is my view, I am reading, that the EFCL's operations mainly was to look at the construction of schools.

**Mr. Chairman:** Okay, just before you go, I would like the company to note—I am just getting it down clearly as we go forward; we will get back to you—we want a list of contracts that were issued as at September 2010, but not performed successfully. We want the same details: contractor, contract documents, contract price, and any other information that you in your expertise deem helpful to this committee in relation to those matters.

**Mr. Karim:** Mr. Chairman, I just want to continue. I will say it slowly so the Chairman could write it down: what additional responsibilities were added to the EFCL's portfolio; when were they added; who were contractors, what were their sums contracted, and what percentage of those contracted was public tendered for each year under the period of review?

**Mr. Chairman:** Did you get that? Company officials did you get a record of, Mr. Karim's questions? Mr. Karim, would you like to rehash that very promptly?

**Mr. Karim:** I am saying that the EFCL—it might be recorded.

**Mr. Chairman:** Okay, it is recorded. Thank you very much. You will be notified. Let me now recognize Mr. Moheni.

**Mr. Moheni:** Mr. Chairman, I would like the following information to be provided: one, the projects which were operational for the period 2008, 2009, 2010; when those projects started; when they were completed or whether they are still operational. Secondly, the number of employees during the same period and, thirdly, the number of vehicles rented within that same period.

**Mr. Chairman:** Thank you very much.

Let me ask a question. Anyone else wanted to—I recognize Mr. Imbert.

**Mr. C. Imbert:** Mr. Chairman, a lot of things are being said this morning, but from where I sit the only



group that could answer our questions is the board before us. We have adopted that approach with other boards which were appointed under this new Government. So we expect this board to answer to the best of their ability any questions relating to the operations of EFCL, prior to their appointment in October 2010, notwithstanding any of the theatrics that might have been present here this morning, because that is the policy we adopt with all boards.

In fact, we are going behind a particular board, at this point in time, and members of the Government have been most vocal trying to get the present board to answer about questions in 2008. I just want to make it clear that is our policy, and I hope EFCL would understand that we expect them to answer every single question that is posed to them, to the best of their ability.

The other thing, Mr. Chairman, can you confirm that in the usual way, the Secretary to the committee will record and summarize all the questions that have been asked by members, and would write a letter to EFCL clearly and succinctly stating each question that has been posed, so that there would be no confusion, ambiguity or doubt as to exactly what the members of this committee have asked. Is that going to happen?

**Mr. Chairman:** Yes.

**Mr. C. Imbert:** In the usual way, the Secretary would write EFCL?

**Mr. Chairman:** Yes. Just before we close, I am looking at the 2010 accounts for the period ending September 30, and I am seeing happily favourable balances. Balances as at September—I am looking at page 4, 2010, the latest accounts, and I am seeing favourable balances. Capital contributed, accumulated surplus, total and so on. This is commendable. We have some more details to get into, and trust me we will, but this is commendable. I gather at the beginning of this, you have indicated that things have gone a little awry in terms of balances and profits since then, but that is another matter for another time.

Before we close, I would like to find out whether, Mr. Chairman, Mr. CEO, whether the EFCL had an arrangement, a settlement, with the public sector negotiating committee which guides your remuneration packages for the company. Is that correct?

**Mr. Volney:** Mr. Chairman, I take it you are referring to the subject period.

**Mr. Chairman:** Obviously.

**Mr. Volney:** Thank you. Before September 30?

**Mr. Shah:** Chairman, I am not aware of any meeting; I would have to get back to you.

**Mr. Chairman:** I would like you specifically to enquire and report to us, along with the other items, whether in fact there were some guidelines negotiated by the EFCL with the public sector negotiating committee in terms of your remuneration packages for officers.

Also conclusively, the Ministry of Finance noted that you, at some point during the years under review today, did not have a qualifying person—Mr. McLeod touched on the matter—to deal with the issue of your finances on the board. That has been rectified. Has it not?

**Mr. Shah:** We have received additional members, with different and varying amounts of expertise and

they have been assigned to the subcommittees.

**Mr. Chairman:** Since this board is responsible for a major state entity that carries out a very important public function, in terms of our education operation portfolio, I think it is critical that we are satisfied, the citizens of this country are satisfied, that the board members are adequately qualified for the important tasks that are before them. As such, I would like you to provide to this committee some indication as to the expertise and qualifications of the board members.

**Mr. Volney:** And the earlier boards as well for the period.

**Mr. Chairman:** We are quite happy at that, relevant as that might be.

**Mr. Indarsingh:** I was now coming to that point.

**Mr. Chairman:** Yes, so we would like to have that along with the other matters that we have chosen for you to respond to.

Gentlemen, I want to be very generous to our colleagues in the EFCL. I want to give them adequate time to provide the responses.

**Mr. Indarsingh:** Just one point, Chairman.

**Mr. Chairman:** Just before you go, let me finish my statement. I would like to get some indication from you, reasonably ladies and gentlemen, as to how much time you think we should permit for responses to our questions for the entity. Two weeks?

**Mrs. Gopee-Scoon:** When are the 2011 accounts likely to come forward?

**Mr. Chairman:** Well we heard a procedure outlined.

**Mr. Karim:** Mr. Chairman—

**Mr. Chairman:** Just a moment, I am answering the member's question.

**Mr. Indarsingh:** Why are we belabouring the point?

**Mr. Chairman:** Just now.

**Mr. Indarsingh:** It was clearly spelt out about the process about the 2011 accounts.

**Mrs. Gopee-Scoon:** I am not asking about the process. I would like to know in terms of March, April, May, June.

**Mr. Chairman:** The Chairman said about it three to four months. Although it falls to me to urge—since Mr. Imbert pointed out that the external auditor typically completed his work in March, and we are in the month of April, and the external audit was part of the procedure the Chairman outlined today—on behalf of the people of Trinidad and Tobago—because I would tell you something—

**Mr. Volney:** On behalf of the committee.

**Mr. Chairman:** Who we represent. In the course of certain parliamentary debates, the Minister of Education is now on public record saying that there is to be, and there was going to be an investigation, into the EFCL. That is one of the things that peaked my interest as Chairman of this Public Accounts (Enterprises) Committee, and I am sure piqued the interest of many of the citizens across this Republic

and indeed the world.

Therefore you can understand our anxiety to get the 2011 accounts, based on the sayings of the Minister. It falls to me as Chairman on behalf of this committee—and I see a look of agreement on the faces of my members—that we produce the 2011 accounts urgently, promptly. So I am asking you Chairman to take whatever lawful and reasonable action that you possibly can as Chairman, and provide these accounts to the Ministry of Finance for onward transmission to this committee as promptly as possible.

I think two weeks would be adequate. Mr. Mc Leod, Mr. Moheni, two weeks?

**Mr. Chairman:** Yes, so okay, by consensus—

**Mr. Volney:** Wait, no, not consensus. Mr. Moheni and Mr. Mc Leod are two members. I think it might be worth the effort to ask the Chairman how much time does he need to prepare what has been requested.

**Mr. Chairman:** This committee is going to propose a time, if the Chairman and the company can meet it, fine. If they cannot, they would say so. There are many well paid technocrats in the company before us today, some of whom we will get to later, but not today, time has run out. We want to propose two weeks. *[Interruption]* You want to suggest a month?

**Mr. Indarsingh:** I want to agree.

**Mr. Chairman:** We say one month. So we would hope that as Mr. Deonarine, our Secretary—

**Mr. C. Imbert:** Mr. Chairman, no, no. The reason I say this is that if we are to wait for one month to get a response, then we would be unable to examine the EFCL for at least another two weeks, because we have to get the response from them and then convene a meeting. Parliament is going to be prorogued in June, so if we continue along this way, we will not be meeting with these gentlemen until next year. A month is too long, Mr. Chairman.

**Mr. Chairman:** Gentlemen, some of you belong to the Cabinet of Trinidad and Tobago, and you have serious responsibility to this country. In light of the submission made by Mr. Imbert, would you like to reconsider your point? Mr. Mc Leod, let me begin with you, because I know you are keen to satisfy the public peak on this matter.

**Mr. Indarsingh:** Mr. Chairman, if I may, because you asked if I concur—

**Mr. Chairman:** Just a moment, please; I am speaking to the member. Could you hold on, please; I am addressing a committee member.

**Mr. Mc Leod:** Chairman, I had to make a very special effort to be here this morning.

**Mr. Chairman:** We appreciate that.

**Mr. Mc Leod:** I think that a lot of the time I spent here—I do not like to say it this way, but I cannot find another way to say it—was wasted.

**Mr. Chairman:** In your opinion, yes.

**Mr. Mc Leod:** I am suggesting a month from now, based on my own schedule of very important work that I must do.

**Mr. Chairman:** Great, great. So Mr. Mc Leod is saying that based on his personal consideration, he is suggesting a month. It is a good thing we asked.

**Mr. Karim:** And we concur with that.

**Mr. Chairman:** But I will tell you something. I will subserve—

**Mr. C. Imbert:** Mr. Chairman, Mr. Chairman, we are asking for a response from the company. That has nothing to do with the schedule of the Minister. There is no locus whatsoever.

**Mr. Indarsingh:** Allow the company to say—

**Mr. Chairman:** I am prepared to subserve my personal considerations in the public interest.

**Mr. Karim:** That is unusual.

**Mr. Chairman:** It is a good thing we asked Mr. Mc Leod, now we are hearing it is his personal considerations.

**Mr. Indarsingh:** It is not his personal; he has responsibilities of State. He did not say personal.

**Mr. Chairman:** Fine. Again, I would like to propose two weeks, because that is what we have been doing in all cases in the past. We have been giving the entities, whether it was CAL, whether it was CNMG, two weeks. I would like to propose two weeks again, unless of course there is good reason why we should depart from that. So we are proposing two weeks to respond to the questions.

**Mr. Shah:** I would want to ask that the members consider at least one month.

**Mr. Chairman:** Why?

**Mr. Chairman:** The level of detail in which you have asked when you talk about the year, and then added was all the way to 2007, 2008. So it means we have to look at every single contract, who it was awarded to, the amount, and the percentage completion. The level of detail in which you have asked your questions would mean that we have to go and consult and research to provide the information and double check it, to make sure it is very accurate.

**Mr. Chairman:** I understand that you all work on weekends as well; very hardworking team.

**Mr. Shah:** But people are not paid for weekends.

**Mr. Indarsingh:** You are being very speculative, Mr. Chairman.

**Mr. Chairman:** I understand this weekend you did some work.

**Mr. Indarsingh:** You are being very speculative, Chairman.

**Mr. Shah:** And Chairman, I would not want to come here and not be prepared.

**Mr. Chairman:** Okay, so you are proposing a month?

**Mr. Shah:** A month.

**Mr. Chairman:** Okay, you say a month, we will be so guided.

So ladies and gentlemen we have covered some ground. I wholly want to place on record, as the Chairman of this Public Accounts (Enterprises) Committee, fresh from training in this matter, paid by the taxpayers of this country in Australia, Chairman Imbert and myself, PAC and PA(E)C respectively, that I

consider—and I have been sitting on these committees for 15 years—that the time we spent this morning very valuable, very useful. I hate to disagree with Mr. Mc Leod, but I think that we spent very good moments this morning; we have made very good progress, as a progenitor, if you like, to our further progress in the future.

So now at 1.33 p.m. I want, with all your concurrence, members, to bring this first meeting between the Public Accounts (Enterprises) Committee and that EFCL, a company with which I have very serious and justifiable concerns about the management of public funds, and we look forward to our meeting again. You will be notified.

We will now call this meeting to an end, until a time and date to be fixed and to which you will be notified. I thank you all very, very warmly. I look forward to seeing you again.

**1.33 p.m.:** *Meeting adjourned.*

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE ARNOLD THOMASOS ROOM, (EAST), 6<sup>TH</sup> FLOOR, AND J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, MAY 15, 2013, AT 10.41 A.M.**

**PRESENT**

Mr. Fitzgerald Hinds	Chairman
Ms. Marlene Coudray	Member
Mr. Rudranath Indarsingh	Member
Mr. Colm Imbert	Member
Mr. Fazal Karim	Member
Mr. Herbert Volney	Member
Mr. Errol Mc Leod	Member
Miss Keiba Jacob	Secretary
Miss Candice Williams	Research Assistant
Mr. Ian Mural	Parliamentary Intern

**ABSENT**

Dr. Rolph Balgobin	Member ( <i>Excused</i> )
Mrs. Paula Gopee-Scoon	Member ( <i>Excused</i> )

Mr. Embau Moheni

Member (*Excused*)

**OFFICIALS OF EDUCATION FACILITIES COMPANY LIMITED**

Mr. Lester Applewhite	Chairman
Ms. Sharon Ramkissoon	Deputy Chairman
Dr. Raphael Sebastien	Director
Mr. Chanan Mahabir	Director
Mrs. Christina Rodriguez-Stewart	Director
Mrs. Patricia Ramgoolam	Director
Mr. Anil Samaroo	Director
Mr. Richard Batchasingh	Director
Mr. Kiran Shah	Chief Operations Officer
Mr. Ria Narinesingh	Divisional Manager, Finance
Ms. Lindy-Ann Mitchell	Corporate Secretary

**Mr. Chairman:** Thank you very much, Ladies and Gentlemen, as I call this nineteenth meeting of the Public Accounts (Enterprises) Committee to order, and in so doing I would like to welcome the board and management of the Education Facilities Company Limited before us, yet again.

As you would recall the purpose of this meeting is to continue the examination of your Audited Financial Statements for the years ending September 30, 2008; September 30, 2009; September 30, 2010; and September 30, 2011. Let me by way of formality allow you to introduce yourselves and then we, the Members of the Committee, will so do.

I would like to invite you to introduce yourselves, Mr. Chairman and other members.

**Mr. Applewhite:** Thank you, Sir, and good morning, Mr. Distinguish Chairman. On behalf of the EFCL, the board and the management of EFCL, I would like to present, today, almost my full complement of directors here this morning, for this sitting here, the nineteenth sitting. Unfortunately, before I make my introductions, the letter that was addressed to the CEO, Mr. Ashram Beharry, he is unavoidably absent today due to unforeseen urgent personal matters and he is not going to be around for the next two days to deal with such.

Fortunately, however, we do have in our audience and for questioning, and for any sort of information today, Mr. Kiran Shah, our newly appointed Chief Operations Officer, who can address all relevant questions. I would continue to introduce the rest of my directors. Sitting right next to me, on my right, we have the Deputy Chairman of the EFCL, Ms. Sharon Ramkissoon; other members on my left, Dr. Raphael Sebastien, Director. To the back bench or to the back seating, sorry, we have Mr. Richard Batchasingh. Next to Mr. Batchasingh we have Mrs. Christina Rodriguez-Stewart. We have next to Mrs. Stewart, Ms. Patricia Ramgoolam. We have Mr. Chanan Mahabir, Mr. Anil Samaroo and, unavoidably, one director who is ill today and has asked me to convey her apologies to you, Ms. Lisa Murray Daniel.

That would be the full complement of the directors.

In terms of our management, again, I would like to reintroduce to you, Mr. Kiran Shah, our Chief Operations Officer on my left, our Legal Officers—sorry, sorry, newly appointed, sorry, Corporate Secretary, Ms. Lindy-Ann Mitchell and I think that is the full complement—no, sorry, next to Ms. Mitchell we have our Divisional Manager of Finance, Ms. Ria Narinesingh.

**Mr. Chairman:** Thank you very much, Mr. Chairman.

**Mr. Applewhite:** You are welcome.

**Mr. Chairman:** And might I invite Members of our Committee, beginning with Mr. Karim on my right, to introduce yourselves.

*[Introduction by Members]*

**Mr. Karim:** Fazal Karim, Member.

**Mrs. Coudray:** Good morning, Marlene Coudray, Member.

**Mr. Imbert:** Colm Imbert.

**Mr. Volney:** Herbert Volney, Member.

**Mr. Chairman:** Thank you very much, our Mr. McLeod was obliged by way of his public duty to be elsewhere so he is not with us this morning, and I am of course Fitzgerald Hinds.

**Mr. Imbert:** *[Inaudible]*

**Mr. Chairman:** And, of course, yes, we have with us our usual silent and important partners from the Ministry of Finance. Would you like to introduce yourselves?

**Mr. Mohammed:** Inshan Mohammed.

**Mr. Chairman:** Thank you.

**Mr. Maraj:** Ryan Maraj, Business Analyst, Ministry of Finance.

**Mr. Chairman:** Thank you very kindly. Thank you very much. You will recall that we last met with you here on the 23<sup>rd</sup> of April it was, 2013. At that meeting we discussed issues such as the timeline for receiving the 2011 audited financials of the EFCL, the date of appointment of the current board and the mandate of the company, the increase in professional fees between 2008 and 2009, reporting timelines for the audit process, the status of a finalized fraud policy as at September 30, 2010, adherence to procurement guidelines in place as at September 30, 2010, dates of establishment of the procurement and tenders policies, increases in salaries and wages in 2010 by approximately \$2 million, and the employment of staff during the period 2009 to 2010.

From the examination of the EFCL, following that, this Committee by letter dated May 18, 2012, requested of you additional information and gave a deadline of May 30 in order to provide that information. We received a letter from you dated May 29, 2012 in which and by which you requested a one-month extension of time to meet with the deadline that we had set. At a meeting held on May 29, 2012, this Committee agreed to grant that month's extension, and you, the EFCL, was informed of this new deadline of June 30, 2012, and you were so informed in writing.

On November 05, 2012, this Committee wrote to you requesting a response within two weeks and we indicated that if we did not get that response we would bring you here in public and treat with the matter. On November 06, 2012, you the EFCL submitted a response to our questions in a very voluminous document you will recall. At a meeting of this Committee held on January 08, 2013, we reviewed your responses and this Committee was not satisfied with the responses received and agreed again to write to you requesting specific details on the same questions that we had previously asked as early as May 2012.

On Friday last, that is to say Friday May 10, 2013, we heard from you and you provided us with this voluminous package responding to the questions that we had asked approximately one year previously, at least, in May 2012. Having regard to the quantity of information that you provided last Thursday or Friday, and this Committee's inability to peruse these documents and to garner from it the information that you have sent in response to the questions, this Committee considers that it is this morning unable to treat with the matters, of course, because of constraints of time given that we received these only last week Friday. As a result, we are unable to sensibly and meaningfully conduct the interrogation of the EFCL that we had proposed to do today.

It is quite unimpressive that this Committee and Members of the Committee have shared the view that it took roughly one year before we can have possession of these documents in order to do our work as a Public Accounts (Enterprises) Committee, as delegated so to do by the Parliament of the Republic of Trinidad and Tobago, on behalf of all of the people of Trinidad and Tobago, but regretfully we cannot.

As a consequence, we would want some time to consume the contents of the pile that you have provide us on Friday, and we would want to indicate to you that you will have to return. We want to propose Friday 07 June, 2013 for your return at 10.00 a.m., by which time we would have studied these documents and be able, as I said, to speak meaningfully and sensibly to them.

**12.10 p.m.**

**Mr. Chairman:** I have noticed as Chairman, and I am sure my members would have noticed, that a lot of faces representing the board and the management would have changed since you were last here. One of the questions we raised had to do with the whole issue of employment and so on. These are matters we will get to.

But, Mr. Chairman, this is where we are at for the time being; therefore we would like to urge you to be with us, as I indicated, on June 07 at 10.00 a.m., so we could continue the interrogation that we had started. Thank you very kindly.

**Ms. Coudray:** Mr. Chairman, before we end this meeting, I would like to find out from the Chairman or the board whether there is any explanation as to the reasons for the delay in the submission as requested by the committee.

**Mr. Chairman:** Thank you very much.



**Mr. Applewhite:** Well, Mr. Chairman, as you were recently just a few moments saying, due to the voluminous amount of information which was asked of us to provide, and assimilating such, was the main reason that the management would have taken some time to provide such for you. I have taken note of all the times you have set and the letters that were sent back and the deadlines. I humbly apologize on behalf of the board and the management for such delays, but I know that the work and the information that had to be put into this were quite voluminous. It did take quite some time from our normal day-to-day business activities to put such together.

**Mr. Imbert:** Mr. Chairman, I do not know if the new Chairman is aware that two very important questions were asked of Education Facilities right from the beginning, and those were: what are your tender rules and do you have a fraud policy. Those were not voluminous questions and they did not require voluminous answers. EFCL has taken one year to confirm what their tender rules are, whether the tender rules are approved by the Ministry of Finance, whether they have a fraud policy. It is entirely unacceptable.

The other answers and detailed particulars of contracts I could see that maybe two or three months might be required, certainly not 12. But to tell this committee whether you have tender rules, whether these tender rules were approved by anybody, and whether you have a fraud policy and whether it was approved, to take a year to do that is ridiculous.

I wish to say that it is my personal view that the most troublesome state enterprise we have had to examine is the Education Facilities. Some of the larger entities that deal in billions of dollars give us answers in two weeks. This little company is taking a year to give us answers, some of which are unsatisfactory.

**Mr. Chairman:** Thank you very much, Mr. Imbert.

**Mr. Karim:** Mr. Chairman, I want to share the sentiments of Mr. Imbert, a member of this committee, in the words “not voluminous”. I agree it could not be voluminous, because in 2008 the mandate was for 100 early childhood centres and nine were delivered. In 2009, the mandate was for 53 and three were delivered. There was a similar pattern for 2008, 2009 and 2010 in all the remits of the ECC, primary and secondary. So I want to support Mr. Imbert in that those accounts should have been here long before now, because they certainly were not voluminous.

**Mr. Chairman:** Mr. Chairman, I have no doubt that having heard the comments of my colleagues and my own comments, you as Chairman must be very, very clear of the extent of the dissatisfaction that the public must hold on the basis of the facts that have been outlined and expressed through us. Of course we work on behalf of the public. We have accepted your apology, and we would hope going forward there is no need for any further apology. But we are determined to do our work as mandated by the Parliament and by the law in this respect. So we will resume on Friday, June 07, at 10.00 a.m.

I thank you.

**Mr. Applewhite:** Thank you very much Mr. Chairman.

12.14 p.m.: Meeting adjourned.

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN  
J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, INTERNATIONAL  
WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, JUNE 07,  
2013, AT 10.55 A.M.**

**PRESENT**

Mr. Fitzgerald Hinds	Chairman
Ms. Marlene Coudray	Member
Mr. Rudranath Indarsingh	Member
Mr. Colm Imbert	Member
Mr. Fazal Karim	Member
Mrs. Paula Gopee-Scoon	Member
Miss Keiba Jacob	Secretary
Miss Khisha Peterkin	Assistant Secretary
Miss Candice Williams	Research Assistant
Mr. Ian Mural	Parliamentary Intern

**ABSENT**

Mr. Herbert Volney	Member ( <i>Excused</i> )
Mr. Embau Moheni	Member ( <i>Excused</i> )
Mr. Errol Mc Leod	Member
Dr. Rolph Balgobin	Member

**OFFICIALS FROM THE MINISTRY OF FINANCE AND THE ECONOMY**

Mr. Inshan Mohammed	Senior Audit Analyst
Mr. Ryan Maharaj	Business Analyst

**OFFICIALS OF EDUCATION FACILITIES COMPANY LIMITED**

Mr. Lester Applewhite	Chairman
Dr. Raphael Sebastien	Director
Mr. Chanan Mahabir	Director
Mrs. Christina Rodriguez-Stewart	Director
Mrs. Patricia Ramgoolam	Director
Mr. Anil Samaroo	Director
Mr. Richard Batchasingh	Director
Mr. Kiran Shah	Chief Operations Officer
Ms. Lindy-Ann Mitchell	Corporate Secretary
Mr. Ria Narinesingh	Divisional Manager, Finance
Mrs. Cheryl-Ann Simmons	Programme Manager-Primary Schools
Mrs. Julia Warner-Etienne	Programme Manager-Secondary Schools
Mr. Deva Sharma	Programme Manager-Early Childhood Care and Education Centres
Ms. Cavelle Joseph	Human - Human Resources & Administration

**Mr. Chairman:** Thank you very much, ladies and gentlemen. Let me welcome one and all to this twentieth meeting of the Public Accounts (Enterprises) Committee meeting. Again, we welcome the representatives of the EFCL, and let me say that the purpose of this meeting is to continue an examination of our audited financial statements of our company, EFCL, for the year ending 2008, and I would like, in the normal way, to begin with some introduction. I would like to ask the members of the board first of all to introduce yourselves starting with you, Chairman, and you will introduce the officials of the company. Shall we?

**Mr. Applewhite:** Thank you, Chairman. Thank you all of the Committee, the members are seated from the back.

*[Introductions made]*

**Mr. Chairman:** Thank you very much. First observation is that when we began—well, first of all let me say that we first met with you, EFCL, on April 17, 2012, in public. Subsequent to that meeting, we received written responses from you and we received on November—sorry, one second please—06, 2012.

We met again with you in public on May 15, 2013, and when we did, we had good reason to express grave dissatisfaction with the length of time that you had taken—we worked it out to be roughly a year to respond to our questions. So you are again before us today. I have noticed from my own part that the constitution of the board is markedly different from what it was when we first interfaced with each

other, and I am not unaware, the public is not unaware that there had been several resignations of members of the board of the EFCL, but of course there are some persons who have been with us from the very start.

I did not see Ms. Verity Bynoe here today; she is not here? She was here on the last occasion, she is not here today?

**Mr. Applewhite:** Mr. Hinds, Chairman, Sir, if you would recall, Ms. Bynoe was sitting in the back because she is currently a consultant. Her contract has come to an end and she is now on contract as a consultant with the company.

**Mr. Chairman:** Okay, but she was the Corporate Secretary from the beginning?

**Mr. Applewhite:** Correct.

**Mr. Chairman:** Yes. All right. So with those matters behind us I would like to invite Members of my committee to raise questions in relation to the audited financials as I have described them. Members?

**Mrs. Gopee-Scoon:** Chairman, members of the EFCL, the concern is for the timely submission of financial statements and the timely completion of the audited financial statements as well, and whether or not the board does its exercises, its oversight with regard to the timely completion of these audited financial statements for EFCL.

**Mr. Applewhite:** The answer to that question is yes. The board is fully aware of its statutory obligations in submitting of its financials, and the executive of the company, through the Finance Manager and through the CEO, is always appraised by the board of making sure that these statutory directors are filed and done in a timely manner. Unfortunately, sometimes their circumstances are beyond the control of the company due to the amount of work it is engaged in that these things may not sometimes always occur in the most timely fashion.

**Mr. Chairman:** Who is the CEO of your company?

**Mr. Applewhite:** Presently we are without a Chief Executive Officer.

**Mr. Chairman:** Who was the last CEO?

**Mr. Applewhite:** The last CEO of the company was Mr. Ashram Beharry.

**Mr. Chairman:** And when did he demit office?

**Mr. Applewhite:** Approximately two and a half weeks ago, from my best recollection, or possibly three.

**Mr. Chairman:** I understand that you all had a resignation again this week, some key person in the company's management?

**Mr. Applewhite:** As much as I am aware of, no; a director, yes.

**Mr. Chairman:** A director this week?

**Mr. Applewhite:** Correct.

**Mr. Chairman:** Which director was that?

**Mr. Applewhite:** Ms. Lisa Murray Daniel.

**Mr. Chairman:** She was here on the last occasion?

**Mr. Applewhite:** No she was not. She was absent, she was ill, and I did make an excuse for her.

**Mr. Chairman:** Oh, that is correct. That is correct. Thank you very much. Thank you very much. Now, who is the internal auditor at the EFCL, or who are the internal auditors who perform that function inside of the company?

**Mr. Shah:** The internal auditor, her name is Ms. Lesley Caesar, and she has an assistant, Patricia Williams.

**Mr. Chairman:** The EFCL used to be a profitable entity, was it not? It used to earn profit, and up the recently, I think up to 2010, you had even retained earnings, is that not correct?

**Mr. Applewhite:** Chairman, our—excuse me, I am going through the flu for the last couple of days so pardon my voice from time to time. Yes, in 2008, for the period that we have been brought here to examine the financials.

**Mr. Chairman:** Yeah.

**Mr. Applewhite:** Yes, from 2008 right up to 2010.

**Mr. Chairman:** Yes.

**Mr. Applewhite:** There were some minor profits that was realized by way of the financial statements you would have gotten from our auditors, PKF, and it does not, if analyzed properly, when you analyze the proper internal workings of the company and all the situations, really reflect a real genuine profit in terms of where we get profit from through our management fees. So that has to be carefully examined.

**Mr. Chairman:** So are you saying to this committee that the audited financials that we got which showed that the company was profitable was not in fact profitable? That is what you are saying? And that the retained earnings which those accounts showed did not really exist? Is it that you are saying, Mr. Chairman?

**Mr. Applewhite:** No, I am not.

**Mr. Chairman:** What then are you saying?

**Mr. Applewhite:** What I am saying is in theory and in practical in what has been presented, and what has been presented over those financials would show a profit, however, I am saying, if it is you are to go into the financial aspects of the company deeper you would realize how the profits were generated, and that is what we are here today to explain further to you.

**Mr. Chairman:** I would really like to do that—*[Interruption]*—just hold on a second. I would really like to do that, and I think what would assist me or this Committee in doing that, we have not had the benefit. Your internal auditors issue reports, of course, for the periods under examination today; is it not? Your internal auditors having done their work they too would have issued reports, is it not?

**Mr. Applewhite:** Yes, you are correct. Yes. Sorry.

**Mr. Chairman:** We have not had the sight of those just yet, have we?—This committee.

**Mr. Applewhite:** I am not fully aware that was sent in the package.

**Mr. Chairman:** Good. So in order to look more closely as you have just recommended, I want to make a request on behalf of this committee that the internal auditors reports for 2008, 2009 and 2010—and since we have your 2011 account's we will come to that later—and 2011 be made available to this committee. How soon can we expect those?

**11.05 a.m.**

**Mr. Applewhite:** Well, I would have to ask the internal auditor that or through the CEO I will—  
[*Interruption*]

**Mr. Chairman:** That is history. If it was already done, it is just a matter of packaging and dispatch to this committee.

**Mr. Applewhite:** Well, I would agree.

**Mr. Chairman:** Well then could I hear, on behalf of my committee, how soon case we can expect those?

**Mr. Applewhite:** As soon as possible, and we will make sure that it comes to you as speedily as possible. I do not want to set an exact time, but as speedily as it can be generated, it would be sent to your committee, as soon as possible.

**Mr. Chairman:** How long, Mr. Chairman, do you think, reasonably, that would take?

**Mr. Applewhite:** I would say within a week.

**Mr. Chairman:** Thank you very much. So we will expect that in a week, and that would assist us in looking more closely, as you have recommended, at the accounts of the company. Just a sec. Yes, Mr. Karim.

**Mr. Karim:** Mr. Chairman, since you raised the aspect of retained earnings and profitability, is it possible for us to hear from you what you would have seen over the period under review 08, 09, 10 that, in your opinion, may be circumstances that would have mitigated against an increased level of profitability and performance? In other words, did you notice during that period of time projects which were being carried on continuously? Number one. Secondly, whether there were increased carrying costs? Number two. And if so, what are some of those areas of overburdening cost what you would have experienced during that period of time that may have impacted upon what the Chairman is asking, in terms of the profitability of the organization?

**Mr. Applewhite:** Thanks for the question. Firstly, what I would like to say in continuance from where I was trying to explain to Chairman Hinds of that situation. When you delve into the accounts, the financial accounts, of the company, and you would find some of it, it is listed right here in 2008 to 2011 accounts, you would see a trend that was started in 2008 whereby the Ministry of Education, who is our

main and only client, forwarded sums for particular projects. These projects would have been large projects, mainly the projects of the secondary schools, a lot of which commenced in 2007 and were fully off the ground in 2008. During the period 2008 to two thousand—[*Interruption*]

**Mr. Indarsingh:** Mr. Chairman, not to—I am breaking Mr. Applewhite's trend of thought, but I am doing it for a reason. Based on his opening remarks and so on and the following up on what Minister Karim alluded to and he himself would have indicated that there are some deeper issues that he would identified from a board point of view, if he could be a little more specific as he goes on to make his presentation.

**Mr. Chairman:** Well I am confident, you know, Mr. Applewhite has been at the heart of EFCL's operations for a very long time, and I am confident that he can do that. Please.

**Mr. Indarsingh:** And point us to some of the specifics and so on.

**Mr. Chairman:** Please. He has been there at the core for a very long time.

**Mr. Applewhite:** Okay. Thanks. As I was saying, from the period 2008 to 2010 in particular, our client, the Ministry of Education would have advanced to us, the EFCL, fairly huge sums of moneys for the construction of secondary schools. Now as you should know, Chairman Hinds, EFCL's portfolio, its mandate as project managers, we manage the construction of early childhood care centres, primary schools, secondary schools, school districts offices, and we also procure furniture, textbooks and so on.

Secondary schools however, have been our biggest spend, hence the reason as early as 2008, which is just about three years after our inception from 2005, the Ministry of Education possibly through the Ministry of Finance and the Economy, decided to advance for some of these long-term projects which are the secondary schools which would normally take anywhere between two to three years to be built, they advanced a certain amounts of sums of money to EFCL on a yearly basis or on a regular basis throughout the years 2008 to 2010.

This was to cater through whatever budgetary allocations that the projects would be able to continue, probably unhindered, or as quickly as they need to get resources, there should be resources already there and allocated for such. As you know, the construction and most of you all should be aware, how construction goes in Trinidad and Tobago, nothing is ever built to time, and this has been to the demise of the public because there are gross cost involved in the types of contracts.

**Mr. Chairman:** We understand that. Let me ask a specific question. So is it the case, notwithstanding what you have said, that since 2010 EFCL no longer records any profit? Is that the case?

**Mr. Applewhite:** I have not said that.

**Mr. Chairman:** I am asking?

**Mr. Applewhite:** Well the last financials from—the financials up to 2010, there was a profit on the financials.

**Mr. Chairman:** And we have the 11, we are dealing with them today, but the 11, just in passing, show a profit?

**Mr. Applewhite:** No. It did not.

**Mr. Chairman:** Thank you. Now let me ask another question—just a second—let me ask another question. The retained earnings that were reflected up 2010, are they still reflected in the accounts of 2011?

**Mr. Indarsingh:** Mr. Chairman—

**Mr. Chairman:** Just a second.

**Mr. Indarsingh:** If you are—

**Mr. Chairman:** Just a moment—

**Mr. Indarsingh:**—not going to allow Members to fully participate, then I may be forced to reconsider—*[Interruption]*

**Mr. Chairman:** Mr. Indarsingh—*[Interruption]*

**Mr. Indarsingh:**—what I am doing here.

**Mr. Chairman:** I am in the process of asking a question. If you would be—

**Mr. Indarsingh:** And my colleague has been trying to gain your attention, and you are not taking her into—

**Mr. Chairman:** I have recognized her, but I was mid-sentence.

**Mr. Indarsingh:** No. No. I want to make the point, that while you have the prerogative to chair, you have a responsibility to listen to Members and to allow them to make an intervention where necessary.

**Mr. Chairman:** That is very clear, however, Mr. Indarsingh, I recognized the Member, but I was mid-sentence when I did, and when I am through with my question, of course, I will allow her a chance to ask hers; of course. So I was asking Mr. Applewhite whether the retained earnings that were reflected up to 2010 still exists or if it does not.

**Mr. Applewhite:** I will have my Finance Manager answer that question.

**Mr. Chairman:** Please, please. I will recognize you, come in. Let the lady speak.

**Ms. Narinesingh:** The retained earnings was reduced by the loss that was made in 2011.

**Mr. Chairman:** Say again.

**Ms. Narinesingh:** The retained earnings was reduced by the loss that was made in 2011.

**Mr. Chairman:** Okay.

**Mr. Chairman:** So there are still some returned earnings, but it is considerably less.

**Ms. Narinesingh:** Yes.

**Mr. Chairman:** Let me recognize Mr. Karim. Let me recognize Ms. Coudray. Please.

**Mr. Karim:** Mr. Chairman, you want to go first.

**Ms. Coudray:** No you can go ahead.

**Mr. Chairman:** You give way?



**Mr. Karim:** Mr. Chairman—

**Mr. Chairman:** Just a second. Just a second. You give way to Mr. Karim?

**Ms. Coudray:** Yes, I do.

**Mr. Chairman:** Thank you, Mr. Karim.

**Mr. Chairman:** Mr. Chairman, as far as I recall, and we would like to go in this—I do not want us to confuse the executives in terms of answering a question in eight and then going to 11, then coming back to nine, then going to 10. Let us have this—I want to suggest we do this in a very clinical and organized way. I want to go back to my original question which you sought to go into 11 and retained earnings and “all that kinda thing”.

I just wanted to fine out, I go back to repeat; when you would have looked at the accounts in 08, 09, 10—that is what is in front of us—those are the accounts as far as I am concerned, I am focusing now on. I asked, whether, for you to tell us what are some things that you inherited? For example, you were saying recently that some schools normally will take two to three years to build. Do you have a situation where they went beyond that time? What are these concerned areas of over-expenditure that would have impacted upon the question that the Chairman raised in terms of the profitability of the organization? I want you to focus on those, and as Minister Indarsingh indicated, give some specifics. Tell us what we need to know that we will be able to make sense in disaggregating the report, or else if we are going here, there, and everywhere, I will never be able to follow this thing sequentially.

**Mr. Applewhite:** Well I was getting there, and it was more or less of an education for the Members and the public at large that they would have understood clearly the scenarios. I was trying to answer both questions from the both hon. gentlemen, Chairman Hinds and Mr. Karim, which I was going to get to eventually. Both questions would have been fully answered. Anyway, getting back to the format that I was applying, and it will engage—it would result, sorry, in the answers that you so require.

During the period 2008—2010, we received large sums of disbursements from the MOE for the purpose, main purpose, these large sums were for secondary construction, an area where the EFCL has its biggest spends, hundreds of millions of taxpayers’ dollars. Right. Going back to the case of the profit, the company from 2008 to 2010, while these projects had delays—which I am going to speak about—delays and problems the company took good advice—I guess from its directors and management back then—to invest some of those moneys that was “en crow”, waiting there, for these projects to move from stage to stage, they reinvested them into bonds and stocks and investments. And when you look carefully—

**Mr. Indarsingh:** Mr. Chairman, can we—

**Mr. Applewhite:**—when you look carefully—

**Mr. Indarsingh:** If I could ask again—

**Mr. Chairman:** Would you just permit the Chairman to continue?

**Mr. Indarsingh:** Yeah. But I am hearing about large sums and so on, but—

**Mr. Chairman:** But could you permit the Chairman to address us?

**Mr. Indarsingh:** But if I want to get some information, do I not have a right—*[Interruption]*

**Mr. Chairman:** Well you can clarify that after.

**Mr. Indarsingh:**—to intervene? I have a right to intervene. If you want to behave like a dictator here, tell me.

**Mr. Chairman:** Make your intervention.

**Mr. Indarsingh:** I have already asked the question. I am hearing about large sums and so on and I am just trying to—if Mr. Applewhite could give a figure and so on. That is all I am seeking here this morning, you know.

**Mr. Karim:** Mr. Chairman.

**Mr. Chairman:** Just a second, please. Mr. Applewhite.

**Mr. Applewhite:** That question I can answer immediately.

**Mr. Chairman:** Mr. Applewhite, I know you are a professional, you are the Chairman of the entity—

**Mr. Applewhite:** Thank you.

**Mr. Chairman:**—and I will allow you to speak so that you can share with us the information. Please, proceed.

**Mr. Applewhite:** Those figures would have been anywhere between 30 to 40—30 to \$60 million—according to the particular periods and times and that they were disbursed, and the information is contained within those financials and within our accounting systems.

As I was saying, those sums of moneys while sitting there waiting on delays, delays that were caused by bad, poor designs, delay that were caused by all sorts of problems with the particular contractors that were selected to do those projects, resulted in EFCL having this money for periods of time, but I am going to tell you there was serious penalty to the public for that also, ah; a very serious penalty because we are governed by fidic contracts which are very stringent.

**Mr. Chairman:** On that point, let me just ask a quick question; you of the EFCL you have in place a procurement policy?

**Mr. Applewhite:** Yes, we do.

**Mr. Chairman:** And you have a programme, a tender rules policy. Is that not correct?

**Mr. Applewhite:** Yes, we do.

**Mr. Chairman:** And how long have they been in existence?

**Mr. Applewhite:** They have been there before my time.

**Mr. Applewhite:** But you just mentioned, based on problems with contractors and so on, what happened, the tender rules and the procurement rules have not been strong enough, good enough to ensure quality contractors to do your work?

**Mr. Applewhite:** No.

**Mr. Chairman:** They have not been.

**Mr. Applewhite:** No.

**Mr. Chairman:** That is a matter to which we should return.

**Mr. Applewhite:** Compliance.

**Mr. Chairman:** That is a matter to which we should return. Let me ask in particular. You said that large amounts of money was allocated for the construction of secondary schools. According to you, in satisfaction of Mr. Indarsingh's quest for specificity, you said somewhere between 30 and 60 million depending on the situation.

**Mr. Applewhite:** Correct.

**Mr. Chairman:** Now, in 2010 is it correct that the EFCL raised money by way of a bond, some \$400 million?

**Mr. Applewhite:** Incorrect.

**Mr. Chairman:** I am asking.

**Mr. Applewhite:** Well, I just answered. [*Crosstalk*]

**Mr. Chairman:** Yes. Yes.

**Ms. Coudray:** Mr. Chairman, I do not like where this is going. I do not like where this is going.

**Mr. Indarsingh:** Really I mean Mr. Applewhite in his capacity as Chairman is responding to you and I think you are attempting to badger the Chairman, just as you are trying to badger Members around this table here today.

**Mr. Karim:** Mr. Chairman.

**Mr. Chairman:** Just a second, Mr. Karim. Did the EFCL raise moneys by way of a bond in 2010?

**Mr. Applewhite:** No, Sir. That process began in 2011.

**Mr. Chairman:** In 2011. Thank you very much. Mr. Karim.

**Mr. Karim:** Mr. Chairman, again I am afraid I have to do this for the third time this morning.

**Mr. Chairman:** Do not be afraid, do it.

**Mr. Karim:** No because it seems to be that there is a deliberate approach to deny the continuity of my question. Mr. Chairman, I want to ask the question again. I had asked repeatedly for the EFCL and for the Chairman to identify what were some of these challenges you faced in 08, 09 and 10? I am not interested in the bond issue at this stage. "I ain't get there." When I get there, we will deal with bond issue. I was going on the premise of your initial question of the profitability and the whole context of retained earnings. You did indicate that some schools should take or schools generally should take two to three years to be constructed.

I want to locate my question in the context of 08, the first period of the financial review. If you can tell us what are some of these disbursements that were made in 08? If you can give me an example. Let me give you an example; maybe I should help.

If we take for example the Couva Junior Secondary School which is now called the Couva West Secondary School. Can you tell us when that school began construction? Can you tell us what is the kind of capital outlay for that school? Can you tell us the cost overruns? Can you tell us the state or readiness? You made mention of the selection of a contractor. Can you tell us who that contractor was? You made mention in fact about the design and poor design. Could you tell us if there were poor designs? I think the country needs to know that, and I want to know—I want to start back again from 08, and I want to know that if we continued until 10—2010. You say that the school normally takes two to three years, so it should have been finished in 2010. Did it complete in 2010? What is status of it?

**11.20 a.m.**

**Mr. Karim:** I want to know some of these things. Again, I want to ask an additional question, or should I say an associated question. Can you tell us or give us an idea of the penalties, whether it is in terms of dislocation costs for the students, which would be difficult to measure in terms of quantifiable figures? Could you tell us some of the other costs associated with these overruns? What is it?

I want to go back to my original question, and I hope, Mr. Chairman, we would be able to focus. Let us start on 2008, it is the only way we can track the accounts, and we will eventually get to 2010 and 2011 and whatever have you. But I want to get to the state where I can see—give me some examples of schools? I am aware of the schools. I used to be in the education system, so I know what I am asking.

I know that there are some schools that were earmarked for demolition at a figure of \$10 million. You need to tell us if that is true. People were building new schools and playgrounds on the play fields of existing schools at the time and they continue to stand up there. So what happened in 08, 09, 010? Tell us.

**Mr. Chairman:** There was a school built in Rio Claro that had to be demolished. You will tell us about that as an example as well.

**Mr. Karim:** But, Mr. Chairman, you do not need to tell us about why the Biche High School was not opened for 10 years. I am not asking that question. I want you to go back during the period of your review. I am not interested whether they found gas or they did not find gas, and whether there was a deliberate policy, or whatever have you, during the former years. Please let us have some of the facts, and I am sure my colleagues would be happy to hear.

**Mr. Indarsingh:** Up till now nobody has inhaled gas at that school, and it is functioning properly.

**Mr. Chairman:** Let the Chairman answer the question, Mr. Indarsingh.

**Mr. Applewhite:** Chairman—Mr. Hinds, am I allowed to speak now?

**Mr. Chairman:** If Mr. Indarsingh would permit you.

**Mr. Applewhite:** Well as far as I could recollect, if one can digest what I was saying before the little interruptions, it would have been clear where your question, Mr. Hinds, would have already been

answered, where the profitability would have come from through the investments for those lump sums. So that question has been answered. I move to Mr. Karim's question now.

You want an example of schools—Couva West he has identified; I have that information before me. As I said to the committee here a while ago, two to three years was the normal time. If you look at our contracts, it is probably well stated within what I have said. Couva West Secondary was contracted to Broadway Properties Limited in June 08, 2007. It is to date 2013 June, 98 per cent complete—six years—may I clarify that—six years thereafter. What has it resulted in? It has resulted in claims.

**Mr. Karim:** Can you also tell us through the Chairman who are the principals, who is Broadway? I know about Broadway before in Champ Fleurs, but could you tell us who the principals are?

**Mr. Applewhite:** The principals of the company you said? Now, I have met with one; I do not know if he is the chief principal, but it is Mr. Rahael of Broadway Properties Limited, Mr. Anthony Rahael.

Can I continue in terms of the—? The claims resulting from the six years and ongoing, because we have not completed 98 per cent. If the Chief Operations Officer might remind me—was that job recently stopped?

**Mr. Shah:** Yes, the job has recently stopped because of overdue payments to the contractor not being paid.

Chairman Hinds, I could just have the attention of the full committee. The claims thus far resulting from delays of that school which was supposed to take approximately two to three years, which has now been six years in the making: first claim, \$4,935,448.75; second claim, \$18,171,977.06. Now, I am sure your maths may be as good or probably even better than mine, but that is a total—

**Mr. Imbert:** Mr. Chairman, Mr. Chairman, Mr. Chairman, we are examining the 08, 09 and 010. Are these matters relevant to 08, 09 and 010?

**Mr. Applewhite:** Very relevant, extremely relevant—extremely relevant.

**Mr. Imbert:** What is the date of these claims?

**Mr. Applewhite:** Pardon?

**Mr. Imbert:** The date of these claims.

**Mr. Applewhite:** The date of these claims?

**Mr. Imbert:** Um-hmm.

**Mr. Applewhite:** These claims have been going on from last year 2012.

**Mr. Imbert:** So these claims were not made in 08, 09 or 010?

**Mr. Applewhite:** Pardon?

**Mr. Imbert:** These claims were not made in 2008, 2009, 2010? These are matters that are currently engaging the attention of the company?

**Mr. Applewhite:** I will have that verified by my Programme Manager for secondary schools, Mrs. Etienne-Warner.

**Mr. Imbert:** Mr. Chairman, through you, I would not like us to get into 2011, 2012 and 2013 matters until we have settled 2008/2009, because if we do that then I think we will end up in a free for all in this meeting.

**Mr. Applewhite:** Mr. Imbert, as you would know, the claims could not just—*[Interruption]*

**Mr. Imbert:** Mr. Chairman, through you—

**Mr. Applewhite:** Sorry, my apologies, my apologies.

**Mr. Imbert:** Mr. Chairman, through you, could you just get clarification from the Education Facilities Company whether the matters that the Chairman is speaking about are current matters that they are addressing in 2012, 2013?

**Mr. Chairman:** You mean did they arise in 2008, 2009 or 2010?

**Mr. Applewhite:** My Divisional Manager, Mrs. Etienne-Warner, will be able to accurately answer those questions. I turn you over to Mrs. Etienne-Warner.

**Mr. Imbert:** We would be able to get the answer rather than waste time.

**Mrs. Etienne-Warner:** Good morning, committee. The piling claim at Couva West the issue commenced in November 2008.

**Mr. Imbert:** No, no, not the issue. When did the expenditure come into the company? When did it become a claim? Not when the event occurred. We are examining accounts.

**Mrs. Etienne-Warner:** It became a claim around February 2009.

**Mr. Imbert:** 2009? The claim was made in 2009?

**Mrs. Etienne-Warner:** Yes.

**Mr. Applewhite:** Should I continue?

**Mr. Chairman:** Of course.

**Mr. Imbert:** But, Mr. Chairman, just ask the Chairman to confine his remarks to claims that occurred up to 2010.

**Mr. Chairman:** I think he knows that.

**Mr. Imbert:** “You sure?”

**Mr. Chairman:** We are keen to go on with 2011, but we are not there as yet. Continue.

**Mr. Applewhite:** Well then, would you like me to “re-specify” which particular claims were related to the specific period of time?

**Mr. Chairman:** Yes.

**Mr. Applewhite:** Mrs. Etienne-Warner.

**Mrs. Etienne-Warner:** We had subsequent claims at the Couva West Secondary School, but those claims would have arisen in the latter half of 2010.

**Mr. Chairman:** Just for some clarity—you can proceed. Mr. Applewhite, proceed.

**Mr. Imbert:** One more question: were any payments made on those claims in 2008, 2009 and

2010?

**Mrs. Etienne-Warner:** No, Mr. Imbert.

**Mr. Imbert:** Therefore they are not reflected in the 2008, 2009, 2010 accounts?

**Mrs. Etienne-Warner:** [*Silence*]

**Mr. Imbert:** “Is a yes/no answer.”

**Mrs. Etienne-Warner:** No.

**Mr. Imbert:** Well all right, so we are examining the items of expenditure in 2008, 2009, 2010. I am sure we will come to 2011. We can always go back into history and see what the origin of this expenditure was, but these items are not included in the accounts for 2008, 2009. Is there any provisioning for them? Is it there as an item in the accounts? Simple questions, you know.

**Mrs. Coudray:** Before the answer, Mr. Chair, can I please make a—

**Mr. Chairman:** You are welcome, of course.

**Mrs. Coudray:** I will just like to know what date those accounts for 2008, 2009, 2010 were prepared. When were they done?

**Ms. Narinesingh:** I cannot say for sure. I would have to check it and get back to you. You mean like after it is audited?

**Mrs. Coudray:** Yes.

**Ms. Narinesingh:** Okay, I will have to get back to you on that.

**Mrs. Coudray:** So my question relates to whether at the time or before preparation of those statements you had that information in terms of claims against those years, and it is very relevant to this whole issue.

Mr. Chair, while I have the floor, in terms of the profitability—if you would listen, Sir—  
[*Interruption*]

**Mr. Imbert:** Mr. Chairman, I still have a question, you know.

**Mr. Chairman:** Yes.

**Mr. Imbert:** And I just want to be specific.

**Mrs. Coudray:** Well wait in line please, Sir.

**Mr. Imbert:** No, but I asked my question—

**Mrs. Coudray:** But I deferred to—

**Mr. Imbert:** Okay, agreed?

**Mrs. Coudray:** All right, yes.

**Mr. Indarsingh:** [*Inaudible*]

**Mrs. Coudray:** Yes, and you know they kept—but we are just beating around the bush in terms of this whole hearing this morning. We are talking about profitability, and I had asked the question at our committee stage when I noted in 2008 and 2009 savings were expressed on the statements. My question was: Are these real, genuine savings? Because it appeared to me that the releases were based on

estimates and not on the cost of contracts. It appeared that moneys were released to the company before contracts were issued.

I would like to know if that is so, because if that is so, we cannot talk about any profits or profitability, and we need to make that very clear from the onset. This is what we noted, and this question was asked. I think in the summation of these documents I am not seeing an answer to that, but that was one of the first questions asked on examining the 2008 statements. We need to know if that is so and whether that still exists; whether funds are released based on estimates rather than contract costs.

**Mr. Imbert:** My question is—I mean, there is a deafening silence coming from the company, but I know the answer. These claims are not in the 2008, 2009 or 2010 accounts. I would just like the company to say so. It is obvious; I have looked at the accounts. [*Interruption*]

No, no; the reason is that if we are looking at income and expenditure, profit and loss, which is what we are about, and the causes of all of that, then we cannot examine something that has not occurred. The claims were not provisioned for; there was not allowance made for them—unless I am wrong—and they did not come into the books prior to 2010.

**Mrs. Coudray:** Yes, but in 2013 we are dealing with claims from 2008, and the notation must be made that we have claims against these years, and I think it is a simple question.

**Mr. Imbert:** Accepted, but when we start to look at the 2011 and 2012 accounts, you would then begin to see the impact of the claims which go back to the previous years.

**Mrs. Coudray:** You would only see that if payment is made within those years.

**Mr. Imbert:** But I assume they are going to be.

**Mrs. Coudray:** We cannot assume, we have to get the facts. We cannot assume.

**Mr. Imbert:** Okay, but you see then that takes us into the—Mr. Chairman—

**Mr. Chairman:** Yes.

**Mr. Imbert:** [*Laughter*] We are having a discussion here, but, you see, the problem I am having is that we have made a decision not to examine 2011 and 2012.

**Mrs. Coudray:** Not to examine the accounts for that period, but there are issues that are arising, as we would say. They received correspondence or whatever, claims against years that we are examining now; so the information must be brought to the table. It must be.

**Mr. Imbert:** We are having a little trouble here, Mr. Chairman, because—[*Laughter*]

**11.35 a.m.**

**Mr. Imbert:** We are having a little trouble here Mr. Chairman because am—all right.

**Mr. Chairman:** Well, I think it is pretty straightforward. We are looking at the accounts for 2008, 2009, 2010. The question is, we are hearing about claims made on the company. While the occurrences or the incidents may have taken place during those years, Mr. Imbert is suggesting or asking whether, and for clarity, those issues affected the accounts of those three years, whether it is reflected



either by way of provisioning for it, or whether it is reflected either by way of settlement in those accounts and we heard from the company the answer to that is no.

On the other hand, Member Coudray is saying that these things or these matters, as I understood you to be saying, notwithstanding the fact that the claims have been made in 2011, which is outside the period under review, because they have roots in that period, they are relevant. That is what you are saying?

**Ms. Coudray:** Definitely so, Mr. Chairman. Because, you know, if they come back next year to deal with 2011 and 2010 and tell us they have these claims from 08, the question I would ask is: Why did you not let us know that when you came here doing the 2008 or 2009 accounts?

**Mr. Chairman:** Well, you may not have to ask because we suspected, if they would come back later, as you have said, not if when then, certainly, those matters may now be reflected in the accounts for 2010 and 2011.

**Ms. Coudray:** I am saying that only if they represent an expenditure, only so they will be reflected in the accounts. They cannot be. Those years have passed and we are dealing with income and expenditure during the year and accounting—

**Mr. Chairman:** What we would probably do is allow Mr. Applewhite, unless if other members have any other questions on the matter.

**Ms. Coudray:** Well I still have my question on the table.

**Mr. Chairman:** Yes, yes, you would like to put it now?

**Ms. Coudray:** I just did.

**Mr. Chairman:** Okay, so you can proceed Mr. Applewhite, yes the question of the profitability you were addressing.

**Mr. Applewhite:** Excuse me, Ms. Coudray, can you just repeat that question one more time, please?

**Ms. Coudray:** Sir, what I noted in the accounts, when we looked at 2008 and 2009, there was a column identifying amount of savings and I had asked the question to be sent to the company asking how did the savings arise, because it appeared to me then, when I looked at it, that the money was being released to the company based on estimates rather than the contract values.

**Mr. Applewhite:** Correct.

**Ms. Coudray:** And I needed to clear that up because what the Chairman saying is that the company was profitable then and I am saying that could not be profit if you answer the question, in terms of did you have releases, that the company get releases based on the estimates. It could not be profits.

**Mr. Applewhite:** Correct. Those releases were sent as estimates and I am glad Ms. Coudray has probably simplified it what apparently goes—not understand what I was trying to say quite earlier. The fact of the matter is we are here to examine basically—if we examine profitability from 2008—2010, this should be 10-minute meeting. It should be very short.

**Ms. Coudray:** I was going to ask you the question: Is this company in existence to make a profit? What is the purpose of this company? Does it exist to make a profit? Because you said the Ministry of Education is your only client and, therefore, we need to examine the purpose of this company.

**Mr. Applewhite:** Well I can answer. It could never be. With one client who has constrained finances to the company and suppressed the company with large grandiose projects which are always under-budgeted when requests are made from EFCL and we always lack funding, it has created, from 2005, since its inception, problems and what has clouded all of this is these budget estimates between the period 2008—2010 that were sent to buffer the company and at the end of the day, the company did things, as I said, like investing in the Unit Trust Corporation and whatever the case might be. And if you look at the return on those investments, you will see it clearly represents the same profit margins that are being identified from 2008—2010, so they are not real profits from project management work.

**Mr. Karim:** Mr. Chairman.

**Mr. Chairman:** Mr. Karim.

**Mr. Karim:** Mr. Applewhite, I would go back again to, this is about the fifth time this morning, I will continue until we end the meeting if I do not get the results. I was asking about some of the areas, in your view, that were extensive expenditures which went in excess of what would have been catered for and budgeted for and if you could give us—if you do not have, let me help you one area, can you tell us what is HVAC and whether there was any extended expenditure with respect to that item or what that is about, and if you can give us some specifics during the period of time under review?

**Mr. Applewhite:** Well I am no engineer, but HVAC, as far as I know is heating, ventilation, and air conditioning, which is basically the systems that we use to keep the place cool or heated accordingly throughout buildings, homes, et cetera.

If I go back to the secondary schools, which we were just talking about as an example, the secondary schools have taken the biggest bite of the economy's budgets within the period 2008—2010 with ridiculous HVAC systems which we have here on file. A breakdown of HVACs cost from 2010—2013, but I know we are not studying 2011 or 2013 at this particular point in time.

But let us look at schools that were built in the period 2008—2010 and HVAC costs. I would just call, one, two, three, I would call three for now, starting at Couva West, the school we were just speaking about. Couva West, five blocks, cost of HVAC system, \$20,070,680; Aranguez North, again built between the period 2008—2010, HVAC cost, \$17,896,128.79, five blocks; Marabella South, five blocks, total HVAC cost, \$16,0752,045.67.

Now, the reason there is a period span here up to 2013, is because some of the secondary schools that were commissioned to be built during that same period, as we said, they have been running over, due to all these particular delays and lack of funding and “so forth and so fifth”. St. Augustine, however, was reviewed in 2011, under the direction of the new board, eight blocks—this is the biggest amount of blocks

so far, I have called the other schools with five blocks—HVAC cost \$1,564,375.67; Pleasantville, five blocks, HVAC cost/total cost, \$2,114,000.

**Mr. Imbert:** Mr. Chairman, what period is the chairman referring to, that this review took place?

**Mr. Chairman:** The review, Mr. Imbert wants to know when did that review take place?

**Mr. Applewhite:** The review? The review was done in 2011.

**Mr. Imbert:** Okay. So is not in 2010 then?

**Mr. Chairman:** Mr. Imbert, are you finished?

**Mr. Karim:** Mr. Chairman, can I ask through you, the schools that you were talking about in 08, 09, and 10, like, for example you spoke about Aranguéz and Couva and so on. If you said that Couva had an HVAC cost of \$16 million or somewhere around there—

**Mr. Applewhite:** Twenty million.

**Mr. Karim:** Twenty million. What would have been the cost of the construction of the school without that HVAC cost?

**Mr. Applewhite:** Miss Etienne. I have the information but I would like to have my technocrat speak as my voice. I may lose it soon and I do not think the Chairman might be pleased.

**Mr. Chairman:** I certainly would not. You will need it.

**Mr. Karim:** There is water in case.

**Mr. Chairman:** You will need it.

**Mr. Karim:** If you could give us a sense of the schools. I think you called about five, Mr. Applewhite or four.

**Mr. Applewhite:** She has the information. She has the information.

**Mr. Karim:** If you can tell us the HVAC cost, versus the construction cost without the HVAC.

**Mrs. Etienne-Warner:** Okay. For Couva West, the original contract sum is \$172.8 million, VAT exclusive, so minus \$20 million takes you down to 152.8; Marabella South, the construction cost is \$126.4 million, VAT exclusive, minus \$16.8 million, would take you down to about \$110 million; Aranguéz, the construction cost was \$130.4, VAT exclusive, minus 18 million would take you down to \$12.4 million.

**Mr. Imbert:** Mr. Chairman I have a question on that—

**Mr. Chairman:** Sure indeed.

**Mr. Imbert:**—same set of schools, well in one in particular. Mr. Chairman, you said that the Couva West, I believe, Secondary School is 98 per cent complete, am I correct?

**Mr. Applewhite:** Yes.

**Mr. Imbert:** What was the percentage completion in 2010?

**Mr. Applewhite:** Miss Etienne.

**Mrs. Etienne-Warner:** In 2010, it would have been about 80 per cent complete.

**Mr. Imbert:** Fine, so it took three years to do 80 per cent and three years to do 18 per cent? “I just doing maths”. If it was 80 per cent complete in 2010 and it is now 98 per cent complete and it started

in 2007, it took three years to do the first 80 per cent. It has taken the last three years to do the second 18 per cent. Could you explain that?

**Mr. Applewhite:** Yes, there were stoppages during the period 2008/2009 that resulted in such.

**Mr. Imbert:** No, no, no, Mr. Chairman, you are misunderstanding my question. I was just told 80 per cent of that school was completed in 2010, it is now 98 per cent complete. Therefore, between 2010 and 2013, another 18 per cent was completed. So it took three years to do the first 80 per cent and it has taken the last three years to do another 18 per cent. That is my question and I want an explanation.

**Mr. Applewhite:** And I repeat again, stoppages also from that period.

**Mr. Imbert:** No, no, no, no, no, we are dealing with simple Mathematics here. Mr. Chairman, please I think you are—*[Interruption]* no, no, I am not getting into the algebra. I am just saying that it took three years to do 80 per cent of that school. You are saying the school is 98 per cent complete now. Therefore, the last 18 per cent of work has been done in the last three years. So the first three years, 80 per cent was done and in the second three years, less than 20 per cent has been done. What is the reason for that?

**Mrs. Etienne-Warner:** The slow progress at that school has resulted from underfunding there were—

**Mr. Imbert:** No problem. Thank you.

**Mr. Chairman:** Mr. Indarsingh.

**Mr. Indarsingh:** Just to clarify on the question that was raised by Minister Karim on the schools: Couva West, the Marabella, I cannot seem to recall the names at the moment, and this technical term HVAC and the air condition system, I heard the Chairman indicate to this meeting that the sums he found to be ridiculous. Could he elaborate on why the sums were found to be ridiculous?

**Mr. Applewhite:** Starting with the three schools with the rather high cost for HVAC systems, all three of those schools were using an HVAC system which was designed to use natural gas, fired broad absorption chillers, with air handler units, chill beans and associated chill water piping systems. Now, these schools, geographically, as they are located, some of them, from what we discovered on the board and by the technocrats giving us the information accordingly, were not even in the proximities where they would have been able to get natural gas supplies. So, we went out. Our requests, our designs came out for elaborate, as I said, ridiculously cost systems, using natural gas where natural gas was not even available.

**11.50 a.m.**

**Mr. Applewhite:** This is a system that is extremely elaborate and it is almost senseless for a school, unless they are in some sort of commercial business, if they were making money to get a return on investment. As you recall, the two schools that I mentioned that were way considerably lower at \$1.5 million and \$2 million, these schools used docketed split units, packaged mini splits, which is the conventional type of air conditioning normally seen in buildings and homes throughout Trinidad and

Tobago, and as obvious by the cost, costs way less.

**Mr. Karim:** Mr. Chairman, through you, are you saying that the moneys you have identified like the 12, 15, \$17 million, they have already been expended to contractors?

**Mrs. Etienne-Warner:** Yes, that is correct. These sums that we have mentioned here have already been paid to the contractors.

**Mr. Karim:** For work that is delivered?

**Mrs. Etienne-Warner:** Yes, the Marabella school has been handed over, the Aranguetz school is in operation and the Couva West school, we are currently commissioning the air conditioning system.

**Mr. Chairman:** I mentioned Rio Claro school a while ago, was that constructed during—or at least begin—did its construction begin during the period now under review, 2008, 2009, 2010? A school that had to be demolished in Rio Claro—are you familiar with it, Mr. Chairman?

**Mr. Applewhite:** No.

**Mr. Chairman:** Thank you. A school that was built—

**Mr. Applewhite:** Yes, Mr. Chairman, that is the Rio Claro Presbyterian Primary School.

**Mr. Chairman:** Rio Claro Presbyterian, thank you.

**Mr. Applewhite:** That commenced in 2011.

**Mr. Chairman:** Or, 2011.

**Mr. Applewhite:** Correct.

**Mr. Chairman:** And it was eventually demolished?

**Mr. Applewhite:** Before completion it was demolished, Mr. Chairman.

**Mr. Chairman:** Oh, we will come to that.

**Mr. Indarsingh:** I will come to that.

**Mr. Chairman:** Now, let me deal with—[*Interruption*] We had asked that you tell us something about the PSNC, the Public Sector Negotiating Committee's salary guidelines, and you have responded to those.

**Mr. Imbert:** Mr. Chairman, sorry to interrupt you. I had some questions specifically about construction matters rather than HR and so on.

**Mr. Chairman:** Go right ahead, Mr. Imbert.

**Mr. Imbert:** Could I—

**Mr. Chairman:** Go ahead, since we are dealing with construction, I will come to HR after.

**Mr. Imbert:** I am particularly interested in the Haji problem with the early childhood centres. Now, I observed that the contract with Haji was terminated and subcontractors originally engaged by Haji were contracted to complete the centres, and I am told that EFCL entered into separate contracts with subcontractors to complete these centres. Is this true, after determination of the Haji contract for the early childhood centres that EFCL entered into sub-contracts or separate contracts with the original subcontractors? Could you just tell me yes or no if that is true?

**Mr. Shah:** From the record yes, it would indicate they were.

**Mr. Imbert:** All right. The reason I am raising this is I have received a number of complaints from subcontractors who worked for Haji and also worked for EFCL afterwards to complete the centres that they have not been paid, and this dates back to 2010 work. Is this so? Are there disputes, complaints and so on from subcontractors for work done in the 2010 period on these early childhood centres?

**Mr. Shah:** What I can say about that the subcontractors that were employed by Haji, from what we have heard and the information we have received, Haji did not fulfill their obligations to the subcontractors. When EFCL took over the subcontractors, as far as I am aware, EFCL has fulfilled all of the obligations under that separate contract.

**Mr. Imbert:** As you know?

**Mr. Shah:** Yes.

**Mr. Imbert:** Is there any intention on the part of EFCL to make ex gratia payments or any other kind of payment to the subcontractors who worked for Haji?

**Mr. Shah:** Well, what we are doing at the moment, in fact it is in the hands of our lawyers, we are trying to call in on the bond from Haji. It is a bit of complex situation but our lawyers are dealing with it at present.

**Mr. Imbert:** What is the amount of that bond?

**Mr. Shah:** \$15 million.

**Mr. Imbert:** \$15 million. Would that cover the expenses of—these are local subcontractors, that is my understanding. This is foreign contractor who failed to perform, the contract was terminated, local subcontractors did a lot of work, were not paid, are now out of pocket. You have any idea of the amount of money involved, would the bond cover that?

**Mr. Shah:** I really “cyar”—I would not hazard a guess of that.

**Mr. Imbert:** Okay, we can write you on that.

**Mr. Karim:** Mr. Chairman, following up on what Mr. Imbert is asking, could you give us some more details about Haji during the period under review? What would they have been contracted to do? How much money would they have been afforded this privilege to do what they were contracted to do? What was their rate and the status of completion? What was the cost to the taxpayer of this incomplete or whatever works you would have had in the work? Give us some details so that the country can know a little more about the details. Because the original question this morning was in terms of profitability. I am using that in the context of the return on the investment of the taxpayer dollar to the children of this country. Give us some full details about Haji? And if you do not have that, we would like to have those details.

**Mr. Indarsingh:** And before—through you, Chairman—the Chairman responds, because I am hearing or I would have heard from Mr. Imbert that the contract with Haji was terminated, why was this

contract terminated? Is it a question that, as you rightly said Minister Karim, did Haji fulfil its contractual obligation in Trinidad and Tobago?

**Mr. Karim:** You could also tell us where this company is from and also if they are still around anywhere? We would like to get some information about this company.

**Mr. Applewhite:** For information for the committee and the public at large, I just give you a very short, brief report from the CEO and 2010 on his remarks about Haji, so you would get a better idea, and then I would let the technical person Mrs. Simmons answer the other parts of the questions.

On February 17, 2009, the Education Facilities Company Limited signed a letter of acceptance with joint venture partnership Haji Engineering and Construction Limited and Byucksan Engineering Company Limited to complete the design and construction of 50 Early Childhood Care Education Centres for a total cost of TT \$150 million VAT exclusive. The completion date for the project was set at December 24, 2009. That is about nine months thereafter. The contracted construction period for Haji elapsed on December 24, 2009, however, due to the untimely handover of sites, the contractor was awarded an extension of time to April 07, 2010. Despite this extension, the contractor's performance deteriorated and on February 26, 2010, Haji was served with a notice of termination which became effective on March 12, 2010. And in closing, only one site was completed by Haji; EFCL has since completed and handed over a few of those ECC Centres utilizing local subcontractors.

**Mr. Karim:** Through you, Mr. Chairman, you are saying that out of the 50 schools Haji only delivered or completed one?

**Mr. Applewhite:** Correct.

**Mr. Karim:** What was the cost of that school and, therefore of the total allocation of \$150 million? What is the amount of money that is not accounted for based on the contractual arrangements and if there are any penalties associated with that and if those penalties were in fact enforced and collected?

**Mr. Applewhite:** Well, I was just informed by the Programme Manager, well, she was the Programme Manager at the time that the ECC Centres Division, that the approximate cost of that centre would have been around \$3.2 million. Is VAT exclusive? VAT exclusive.

**Mr. Karim:** I had asked originally where this company is from.

**Mr. Applewhite:** I have been informed that it is a South Korean company.

**Mr. Karim:** Are any attempts being made to recover?

**Mr. Applewhite:** As the CEO indicated, we have presently engaged our attorneys to look into that matter.

**Mr. Karim:** You said to date and this is not in terms of the accounts, I just want to get a sense of comparison: one ECC Centre three point something million dollars and you are now building some more ECC Centres, could you tell us what is the comparative cost?

**Mr. Indarsingh:** If I could—

**Mr. Chairman:** Let him answer the question.

**Mr. Applewhite:** I will have Mr. Sharma, my ECC Divisional Manager currently, answer that question.

**Mr. Sharma:** Mr. Karim, the total cost was just about \$6.1 million and that is VAT inclusive to outfit, completely construct and outfit our design fees including EFCL fees, \$6.1 million.

**Mr. Karim:** Per centre?

**Mr. Sharma:** Per centre.

**Mr. Imbert:** It is more now?

**Mr. Chairman:** Yes.

**Mr. Applewhite:** Because he has given the total cost including furniture and fixtures.

**Mr. Imbert:** That is okay, but can I conclude that it is either a similar price or more?

**Mr. Applewhite:** Well, I can ask—I should ask Mr. Sharma to give the construction cost only, because the cost I gave for Haji was construction cost only, VAT exclusive.

**Mr. Sharma:** The construction cost is at \$4.1 million.

**Mr. Imbert:** Okay, so it is a “lil bit” more. Okay.

**Mr. Chairman:** Let me ask—*[Interruption]* Go ahead, Mr. Indarsingh.

**Mr. Indarsingh:** I just want to refresh my memory a bit. Mr. Applewhite you indicated, was it \$150 million allocated to Haji Construction to construct how many schools?

**Mr. Applewhite:** Fifty schools.

**Mr. Indarsingh:** And you further indicated that one school was delivered to the cost or to the value of—a construction cost—of \$3.2 million?

**Mr. Applewhite:** Approximately.

**Mr. Indarsingh:** So, therefore, that leaves approximately \$146 million unaccounted for?

**Mr. Imbert:** He could not pay them \$150 million.

**Mr. Indarsingh:** All right, I just—

**Mr. Chairman:** The answer is no.

**Ms. Coudray:** You will have several other schools, so how much the company paid?

**Mr. Indarsingh:** Yes, how much?

**Ms. Coudray:** The question is, how much was the company paid in advance?

**Mr. Chairman:** Pardon?

**Mr. Indarsingh:** How much was the company paid in advance, Haji Construction?

**Mr. Karim:** Did they get the \$150 million?

**Mr. Applewhite:** Okay, yes, there was an advance payment to Haji of TT \$15 million.

**Mr. Karim:** One, five.

**Mr. Applewhite:** One, five, yes, correct.



**Mr. Imbert:** That is the normal 10 per cent. They received \$15 million.

**Mr. Applewhite:** Well, I guess that is about a 10 per cent advance payment.

**Mr. Imbert:** That is the normal 10 per cent.

**Mrs. Gopee-Scoon:** Well, you tell me there was one completed school but were there other schools that were partially completed? What is the value of the work done by Haji?

**Mr. Applewhite:** Mrs. Simmons.

**Mrs. Gopee-Scoon:** What is the value of total works done by Haji? You said you had one completed school but I would imagine there were several schools under construction. What was the value of the work completed by Haji?

**Mr. Applewhite:** Mrs. Simmons would answer that question.

**Mrs. Simmons:** Good afternoon Committee Members. Haji was paid by the time their contract was terminated, \$51.7 million, and there were indeed at least 29 schools that had been started. They were in various stages of completion, but one was completed.

**Mrs. Gopee-Scoon:** Then I ask you the question, do you have an idea of the value of works completed by them? In other words, schools in construction, schools partially completed, completed, total works, value of the total works done by Haji?

**Mrs. Simmons:** I would have to ask the Quantity Surveyors to provide that information.

**Mrs. Gopee-Scoon:** Please.

**Ms. Coudray:** Chairman, I am surprised that the company does not have that information yet though. I am surprised that you do not have that information because if you awarded further contracts, if you awarded contracts to others to complete those projects, it means that you have to total the cost, whatever the additional cost might be. Because if they started, you need to know the quantum, you know, the value of the work done and if the contractor who has taken over charges you whatever, then the difference has to go to Haji's account in terms of what it cost the company to complete the unfinished work as per contract. I am surprised you do not have this information yet.

**Mrs. Simmons:** This information is still being finalized, however the last certificate that was certified by the consultant was a certificate that indicated the amount of work was worth \$55.9 million.

**Mr. Imbert:** Mr. Chairman, can I just get clarity?

**Ms. Coudray:** I am not finished, because that same point—

**Mr. Imbert:** Yes.

**12.05 p.m.**

**Ms. Coudray:** I am not finished.

**Hon. Member:** That one point—

**Ms. Coudray:** That same point.

**Hon. Member:** Yeah.

**Ms. Coudray:** If the amount of work finished, total \$55 million, how much did it cost the

company to complete those 29 projects? And that is, you know, you cannot say they delivered more work than they got paid for. It could never be, because they are liable for any increase in cost as a result of their non-completion and that is how you quantify the work.

**Mr. Karim:** In any event they were terminated for non-performance.

**Mrs. Simmons:** Yes they were.

**Mr. Imbert:** I had a question, I am being ambushed here.

**Mr. Karim:** Sorry.

**Mr. Imbert:** So that \$51 million was paid to them and the professionals certified the value was \$55. Is that what I am hearing?

**Mrs. Simmons:** Yes, that is what—

**Mr. Imbert:** All right, I think Minister Coudray has a valid point, though. What did it cost to complete the schools, and in terms of their original budget and their original scope and the actual money spent both to Haji and the sub-contractors that is something that we should be looking at.

**Mrs. Simmons:** The company had spent a further \$63.9 million—

**Mr. Imbert:** Yes.

**Mrs. Simmons:**—to complete the 29, well the 28 additional schools.

**Mr. Imbert:** Okay.

**Mrs. Simmons:** Sixty-three point eight, seven million.

**Mr. Chairman:** Mr. Chairman, in respect of the projects undertaken during those years under review, have all the contactors who performed work been paid?

**Mr. Applewhite:** The Haji contractors?

**Mr. Chairman:** No, generally speaking. The contracts performed up until 2010, for that period.

**Mr. Applewhite:** No, as far as—

**Mr. Chairman:** They have not been paid?

**Mr. Applewhite:** There are still outstanding payments.

**Mr. Chairman:** What is the approximate sum of money outstanding to contractors as we speak, from that period?

**Mr. Applewhite:** Ms. Narinesingh?

**Ms. Narinesingh:** What happened is that we only have what is outstanding as at today's date or we could say what is outstanding as at September 30 any year end, but to say what is outstanding in that period currently I will have to separate it. So I will have to get back to you on that. I will have to separate only the invoices dated.

**Mr. Chairman:** I am not with you. The question was—

**Mr. Applewhite:** Just excuse me, Mr. Chairman. Mr. Chairman, I think I have than answer here, sorry, my—

**Mr. Chairman:** Just let me refresh your memory. My question was, whether there are moneys due and owing to contractors who performed during the period under review here this morning.

**Mr. Applewhite:** Yes, and I will give you a breakdown of those liabilities up to the period November 17, 2010.

**Mr. Chairman:** Year by year?

**Mr. Applewhite:** No, I cannot give it to you year by year. I can just give you up to 2010 which is the final period in review.

**Mr. Chairman:** Go right ahead.

**Mr. Applewhite:** Repairs and Maintenance: \$67,714,008.13. New Construction: \$58,364,901.49.

**Mr. Chairman:** How much is that?

**Mr. Applewhite:** Fifty-eight million—

**Mr. Chairman:** Yes.

**Mr. Applewhite:**—three hundred and sixty-four thousand—

**Mr. Chairman:** Yes.

**Mr. Applewhite:**—nine hundred and one dollar and forty-nine cents for new construction. Do you need for me to repeat the repairs?

**Mr. Chairman:** No, no I got that. So these are moneys still due and owing by the EFCL to contractors who have performed.

**Mr. Applewhite:** Yes, these are only—may I add, these are only construction contractors. We also had at that particular point in time moneys owed for furniture and text books. Would you like to get those figures too?

**Mr. Chairman:** Sure.

**Mr. Applewhite:** That figure would be \$13, 976,943.77. A total of \$140 million—

**Mr. Chairman:** Would you like to indicate why as at today these moneys are still outstanding to persons who would have performed services for you?

**Mr. Applewhite:** One moment. Well, Chairman, the majority of these moneys that are indicated here, would have been paid to date.

**Mr. Chairman:** Paid. I was very clear; I asked whether moneys were still due and owing by EFCL for the periods under review.

**Mr. Applewhite:** Most of these moneys here that I identified were at that time, but to date most of these bills would have been paid, there are probably a few of these outstanding. We would have to pull that from our actual running current accounts to let you know which particular bills. They are just—

**Mr. Chairman:** Then my question will be, what moneys are now due and owing? What moneys are now due and owing to contractors for works performed during the period under review?

**Mr. Applewhite:** My finance manager just advised me that she will have to pull that information

separately because it is just a few contractors here and there.

**Mr. Chairman:** Mr. Imbert has a question.

**Mr. Imbert:** Based on the information available to me, I am looking at payments made to contractors for work done for the period up to September 2010. I noticed that Phillips General Contractors worked on the North Oropouche School, owed money from a 2010 invoice and were paid in 2012. Another one CAJON Construction worked on La Seiva RC, owed money from a 2010 invoice, paid in 2012, and so on. CAJON Construction again, St. Margaret Boys A.C., the invoice came in March 2010, they were paid in April 2012. So I am seeing about seven or eight schools here where contractors were owed money for the work done in the period under review, and the payments were made to them around the middle of 2012. But then I saw work done on the Belview Early Childhood Centre an invoice came in September 2009. It is among the largest of the numbers here and it was not paid. Why?

**Mr. Shah:** These projects we will have to look into. We have a number of projects from the past which we are going through to ensure that the paperwork is in place.

**Mr. Imbert:** Let me be specific. This was in response to a question. We had asked a question as at September 30, 2010 how many contractors who had delivered on their contracts were still owed? How much each contractor was owed? What were the contract details and so on. We got answers from you. And there is a table that gives answers and I looked at the table and I noticed that most of the contractors had been paid in 2012, one particular contractor DAWI Services did work in September 2009 and is not yet paid four years later. I just want to know why. “What so special about this contractor?”

**Mr. Karim:** Mr. Chairman, while they are looking for the answer, could you give us a sense of the total liabilities of the company during the period?

**Mr. Imbert:** Mr. Chairman, I do not want them to answer, Mr. Karim, a question before mine. I would like to know why all these other contractors were paid in 2012 and DAWI Services is still waiting for money for work done in 2009.

**Mr. Chairman:** Could you provide this answer?

**Mr. Shah:** No I would be hazarding a guess if I did I would imagine it—

**Mr. Chairman:** Take a note of it and I would like you to forward that information to the committee. Hopefully by next week, as well Mr. Shah? Mr. Karim you had a question?

**Mr. Karim:** I asked it just now.

**Mr. Chairman:** You asked it. Now, I have noticed here in your response to our question 10, we had asked during the accounting period 2008—2010 how many projects were delivered on time and within budget, and how many were not? And I see you presented us with a table here showing about six projects, ECCEC projects where you had contracted amounts—

**Mr. Indarsingh:** What document?

**Mr. Chairman:** Page 18 of our summary. You highlighted six early childhood centres where the

contracted amounts varying from \$3.8 million up to \$4.2 million and the projects came in at actual cost in all cases less and there were savings. Okay. Those are in your responses to us. The Salybia, Santa Flora, Strange Village, North Trace, Model Nursery on Monroe Road ECCE Centres. And my question is how could we have had those sums as contracted awards of contracts and they are considerably different from the actual cost.

**Ms. Coudray:** Mr. Chair, this is what I think had generated my question at committee stage—

**Mr. Chairman:** Say again.

**Ms. Coudray:** I think this is what—a similar figure had been what generated my question in our committee—

**Mr. Chairman:** Yes.

**Ms. Coudray:** And I asked whether these are contacted sums or estimated sums because it was improbable, if not impossible.

**Mr. Chairman:** Yes. Are you able or ready to answer?

**Mr. Applewhite:** Mrs. Simmons will answer that, address that question, Sir.

**Mr. Chairman:** Sure.

**Mrs. Simmons:** In some instances the contracts contained what we called provisional sums. And provisional sums are sums that you utilize if maybe you haven't quite completed part of a design or if there is some difficulty that you are considering may occur in the project, so you put provisional sums and attach it to particular parts of the contracts. In these instances whatever activities were associated with those provisional sums those activities when measured did not come up to the full price of the provisional sums. In other instances, because the contract was the Trinidad and Tobago Institute of Architects it allowed for re-measurement of some of the works. And in some instances that is exactly what was done. The works were re-measured, they were found to be less than what was actually stated in the bill of quantities and that is why we ended up with final costs that were less than what was contracted.

**Mr. Chairman:** Substantially less in all those cases.

**Mrs. Simmons:** In some instances yes.

**Mr. Chairman:** But let me ask another question in relation to that, you said Mr. Chairman, that the Ministry of Education is your only client.

**Mr. Applewhite:** Correct.

**Mr. Chairman:** And that they pay large sums of money whether it is for secondary school or early childhood centre projects. What is the procedure for getting this money from the, because we picked up earlier in the discussion that you may get moneys from the Ministry of Education after contracts are awarded or in some cases before contracts are award, what is the procedure? How to you get money and determine the sum you get from the Ministry of Education and how eventually are these contactors paid?

**Mr. Applewhite:** A very good question and one that has baffled me since my installation in 2010 myself.

**Mr. Chairman:** Before you go, I rather suspect all the questions this morning were good questions, and before you go further since it has baffled you since your coming to the company and you now hold the office as Chairman, when you answer you will tell us as well what you would have done to remove that the state of bafflement. Thank you, go ahead.

**Mr. Applewhite:** Yes, those funding has never from my investigations from as early of 2010, coming into the board, they have never seemed to present itself as a direct process that shows that there is a direct process in terms of a system of how it is done.

**Mr. Chairman:** In other words let me just intervene to ask, you as Chairman are not satisfied with the process that now exists for obtaining or getting moneys from the Ministry of Education. That is what you are saying?

**Mr. Applewhite:** No.

**Mr. Chairman:** Please, tell us then.

**12.20 p.m.**

**Mr. Applewhite:** As I was saying, the system which seems to be very much up in air and as it previously existed, it has not existed, from what I was informed by the then CEO from as early as 2010. These sums of money that we mentioned before stopped in 2010—as early as 2010. And I have a little note here which would actually solidify this matter. I am reading from a report from the 2010 entrance of the new Board given to us by the then CEO:

“Funding has been a major constraint as the allocation for the 2010 financial year was TT 220 million, which is well below the TT \$600 million required. This delayed crucial decisions which involved significant financial outlay and in the end delayed the projects. Consequently, progress of work has been reduced substantially as severe problems are being experienced by EFCL in making payment to contractors.”

I do not know if that may have answered part, or all of your question.

**Mr. Imbert:** I gathered from an earlier discussion about profitability that previously the EFCL was given large sums of money which you put in the bank, made some interest, which then reflected itself in your balance sheet and caused our discussion about whether those were real profits or not. But in the past you got advances which were more than you required. Are you saying that since 2010 this has changed and you no longer receive these large advances and now you are out of pocket?

**Mr. Applewhite:** I would like to correct that information. It was never more than required. It was just an advance that came before the payment certificate to the contractors would have been due.

**Mr. Imbert:** Well, all right—

**Mr. Applewhite:** But it was never sufficient and it was never more than is required.

**Mr. Imbert:** Mr. Chairman, through you, it is impossible to bank money unless you have more than you require, so let us not argue about that. But in the past, large sums of money were advanced to the

company to pay their bills and there was additional money because it was put in the bank and earned interest. Are you saying that now the funding is not coming in that way? In other words, the funding that and you are getting is less than you require?

**Mr. Applewhite:** I clearly stated by the report that from as early as 2010, it stopped. So 2010 is before now.

**Mr. Imbert:** Yes. That was around September/October 2010, not so? Is that not when the new Board came in? My memory tells me—

**Mr. Applewhite:** Correct, end of October.

**Mr. Imbert:** All right. So from October 2010 or thereabouts, it became apparent there was a funding problem with respect—

**Mr. Applewhite:** Prior to the Board's installation.

**Ms. Coudray:** Mr. Chairman, was it a funding problem, or is it an accountability problem in terms of the Treasury was just prepared not to release funds until the proper documents were received? Because what we saw was that moneys were advanced based on estimates and not contract costs.

**Mr. Imbert:** No, problem. I am not arguing that point at all. I am just clearing up—

**Ms. Coudray:** I have to argue the point based on the question you are asking.

**Mr. Imbert:** Mr. Chairman, I am just clearing up a point here.

**Mr. Chairman:** Sure.

**Mr. Imbert:** Prior to October 2010, the company got money and it got more money that is required at the point in time. After October 2010, are you saying that you did not get enough money and as a result you were not able to do work at the rate that you would have liked?

**Mr. Applewhite:** Again, I read from the CEO's report to the Board at that point in time.

“The company continues to suffer cash flow problems due to late receipt of payments from the Ministry of Education.”

**Mr. Imbert:** Right, you have answered my question. The answer is yes.

**Mr. Chairman:** You had a question, Ms. Coudray?

**Ms. Coudray:** No, I had a statement which I made, in terms of the irresponsible—the apparent irresponsible release of funding without documentation stopped in 2010. This is how I see it.

**Mr. Chairman:** Mr. Chairman, I got the impression from my study of the documents that the way the thing works is that you, the EFCL, would send to the Ministry of Education the contracts and the contract prices—a total contract price, so to speak, as well as the—and when you send that along with a status report, which would have demonstrated to the Ministry the actual work from your perspective that was done, and then they release the money. Is that correct?

**Mr. Shah:** Yes, Chairman. You are talking about interim payments, I took it, during the contract, not budgets.

**Mr. Chairman:** Yes, and how you obtain money from the Ministry of Education these large

sums.

**Mr. Shah:** The works are quantified on site normally by—

**Mr. Chairman:** What do you give to the Ministry of Education to prove to them that you should get this money? What do you do?

**Mr. Shah:** Payment certificates from our supervisory consultants or project managers, along with invoices from contractors and signed off by our divisional managers, that is forwarded to the Ministry for payment.

**Mr. Chairman:** And what are status reports? EFCL issued status reports to the Ministry?

**Mr. Shah:** Yes. We should be issuing monthly status reports. That is separate to payments, but status reports, yes.

**Mr. Chairman:** You do that on a monthly basis?

**Mr. Shah:** Yes.

**Ms. Coudray:** Mr. Chairman—

**Mr. Chairman:** Just one second. So you have—and forward these status reports to the Ministry of Education?

**Mr. Shah:** Not for payments, no. If you are asking about payments, we do not use status report for payments. That is for information to the Ministry.

**Mr. Chairman:** Okay. And you do that on a monthly basis?

**Mr. Shah:** Yes. We are meant to do it on a monthly basis, yes.

**Mr. Chairman:** And you are current as we speak?

**Mr. Shah:** We are not current at the moment.

**Mr. Chairman:** How other than current are you?

**Mr. Shah:** I believe that at present we are three months behind.

**Mr. Chairman:** All right. I would like some clarification on that, because that is a very important part of the process of accountability when you are using public money. Would you agree with that?

**Mr. Shah:** Yes, I would.

**Mr. Chairman:** So we would also like to know when the last of your status reports was submitted to the Ministry of Education.

**Mr. Shah:** Yes.

**Mr. Chairman:** Someone had a question?

**Mr. Karim:** Mr. Chairman, can I just ask—

**Mr. Chairman:** Let me allow Madam Gopee-Scoon. She has not been on her legs for a while.

**Mrs. Gopee-Scoon:** Yes, but this is separate and apart, so if any of these questions are connected to what he was just speaking of, I am going to allow them to go before me.



**Mr. Chairman:** All right. Go right ahead, Mr. Karim. The lady is giving way.

**Sen. Karim:** I know you said Mrs. Gopee-Scoon was not on her legs, but she just walked in.

Mr. Chairman, I just want to go back to the whole aspect of—I am going back to the beginning. You were asking about profitability and, in my view, you will compromise profitability if you go on the basis of asking for money on estimates as opposed to final contract price. You will always be in a situation of uncertainty. And, therefore, am I to assume that that was the norm during the period of 2008 to 2010? And if so, I come back to the question to ask—if you cannot give us the answer today, when next you come, because you will have to supply some more answers—what is the total contingent liability of the company on the basis of, maybe, one of these aspects and an accumulation of practices like these?

**Mr. Applewhite:** Well, most of what Mr. Karim has asked and said at the same time is exactly how it is. In terms of the actual— [*Pause*]

**Mr. Chairman:** Please proceed, Mr. Chairman.

**Mr. Applewhite:** I humbly believe it is improper that you receive money based on estimates and not the actual cost. It is going to affect your bottom line greatly, and it has affected the bottom line of the EFCL from its inception, that is from 2005, onwards to present.

**Mr. Chairman:** Madam Gopee-Scoon?

**Mrs. Gopee-Scoon:** If I could deviate, Chair, you spoke about a question of performance, in particular with secondary schools but, of course, judging from the other questions which followed and from what we know as well, there have been problems with ECCE schools as well and also primary schools. I raise this, in particular, because it speaks to a problem of monitoring on the side of EFCL as well, and their monitoring systems. I speak in particular to the Fanny Village Government Primary School in Point Fortin which started in 2008, so it is the subject of what we are speaking here. By 2010, it should have been completed. It still is not completed between 2010 according to the project, 2008—2010, but still not much success and obviously there is a problem there with performance on the one hand and monitoring on the other hand. Could you tell me again what is the problem with that school, in particular, and then, again, your monitoring systems as well? Obviously there is a serious problem with performance in that peculiar case.

**Mr. Applewhite:** Thank you, Mrs. Gopee-Scoon. Mrs. Simmons would answer the intricacies of the problems with that school. However, on coming on board in 2010, the new Board instituted a Programme Monitoring Division which was formally not a part of the EFCL structure before 2010, and that division was headed actually by our current CEO, Mr. Shah, whose main responsibility is to monitor all these problems that were occurring before—the periods before. In terms of the intricacies—

**Mr. Chairman:** And he was assisted by Mr. Frank Mahabir. Was he ably assisted by Frank Mahabir?

**Mr. Applewhite:** No.

**Mr. Chairman:** Okay. Go ahead.

**Mr. Applewhite:** Mrs. Simmons would not tell you about the intricacies in particular of that particular—

**Mrs. Gopee-Scoon:** But before you go, you said the Performance Monitoring System. Is it really working? Because in this particular case there—are you saying that there is a problem that is peculiar to this school? But is your new Performance Monitoring System working?

**Mr. Shah:** Yes, the Performance Monitoring System is working efficiently. Of course, in every project you do have problems, nothing as major now. But the Fanny Village project that you are talking about, there are particular problems that did plague that school and Mrs. Simmons could explain that to you.

**Mrs. Simmons:** Good afternoon, again. The Fanny Village Government Primary School has been plagued with problems, from what I can gather, from the start. The contractor, when he entered—before he was given the site, he was told that he would have the entire site, which included that part of the site where the current school is operating from. So it appeared that his methodology was based on having the entire site. Unfortunately, when the contract started, the Ministry will unable to find an adequate place to decant the school and, therefore, the school was never decanted. So right away, what was originally assumed in terms of a methodology had to be changed.

Secondly, the consultant on the project engaged by the Ministry of Education apparently provided information on the levels for excavation that did not quite fit the topography of the area and that caused what, in effect, is now a bowl—almost. So water from all of the surrounding areas, all the houses around, collects in this area. Now, it used to collect before, yes, but it was made worse by the excavation. Unfortunately, the particular consultant, we asked for him to be removed. He was removed from the job and we engaged the services of other consultants to complete the school. However, the damage was already done in that aspect.

The contractor, therefore, started late. He had to stop while redesigns were being done because of the major excavation that occurred—that he was asked to do. So it started off with huge retaining structures having to be constructed even before the school could be constructed. In the midst of all of this, he still was having water intrusion from the old school that should have been removed and—well, of course, from the surrounding areas.

**12.35 p.m.**

Intermixed with all of this was the fact there was always a delay in payment. Up to now, he has not been paid for the last six or seven months. So that also affected his progress on the site. Then on top of all of that, we have gone in now and we have discovered that there are areas where we would probably have to have any—oh, sorry. I forgot to mention that the contract was terminated not by us, but by the actual contractor due to nonpayment. Now that it is terminated and we have gone to view the structure, we have found areas of poor construction which the consultant, VIKAB, is currently dealing with. They

will be coming up with a plan to allow for amelioration of what has happened before we can go out to tender for a new contractor.

**Mrs. Gopee-Scoon:** So the works are in abeyance?

**Mrs. Simmons:** So the works are now in abeyance.

**Ms. Coudray:** Mr. Chairman, I will just like to find out what was the start date of that contract, please? That is my first question.

**Mrs. Gopee-Scoon:** 2008. I think it was sometime in 2008, if I can help you.

**Mrs. Simmons:** The contract was let in 2008, I believe, but I will get the exact date for you.

**Ms. Coudray:** I just want to have a sense of how long this problem has been occurring and what has happened to the children of that particular school, if they had not been decanted with all that collection, the basin you talked about, the water collecting and all that, and the possibilities of, you know, diseases. I need to find out what has—

**Mrs. Simmons:** The children are currently in the existing school.

**Mrs. Gopee-Scoon:** They are not affected.

**Mrs. Simmons:** They were never decanted. They are not affected any more than they were affected previously, because previously water did collect in that area.

**Ms. Coudray:** Not at the volume. I would need some specialist to tell me that. Once we have children in a school you are talking about dust from excavation, you are talking about the possibility, the water, mosquitoes and that kind of thing. So we need to ensure that measures are put in place to protect the children in that school.

**Mr. Karim:** Mr. Chairman, this is one of the problems we were identifying earlier on. If EFCL behaves like a project manager which in fact would have been your major remit to make sure that these things are done properly, you would be getting your fees on the basis of what you are contracted to deliver. It appears to me just listening to this I am not sure whether it was a school or a retention pond you were constructing, but if that is so—we know it is a school; I am just being facetious—I think the question we will want to ask is: since 2008 to now, what would have been the liabilities that you would have incurred as a result of all of these misguided, unmonitored, poor contracting? This is what Mr. Applewhite talked about before. So let me get the specific question: can you tell us since 2008—you said that is when it started construction, what are the—

**Mrs. Gopee-Scoon:** When the contract was awarded.

**Mr. Karim:** Contract awarded—what are the cost implications for us to date that we could have avoided based on the contract cost at the time that we would have considered? Now if you are going to put up a school for \$10 or \$10 million as a result of what happened to date, how much moneys would have incurred? What are the liabilities?

**Mr. Chairman:** Would you be able to answer that?

**Mrs. Simmons:** I will have to get back to you with respect to the actual liability.

**Mr. Chairman:** Let me ask a question.

**Mrs. Gopee-Scoon:** Before that, on the same point, you had promised the way forward you would put something in writing as to where we are and where we are going with this in terms of cost and in terms of completion of it as well, in terms as the Member raised as it affects the children and the schools performance as well. We will want all of that addressed.

**Mr. Chairman:** Thank you. Now, Mr. Chairman, keeping an eye on the clock, you had a south branch of EFCL, is that correct—south office?

**Mr. Applewhite:** The company has had south offices from, I think, since its inception.

**Mr. Chairman:** You still do?

**Mr. Applewhite:** Yes.

**Mr. Chairman:** At some point did you close down one of your south offices, I am informed?

**Mr. Applewhite:** Yes, but I think that was in 2012.

**Mr. Chairman:** 2012?

**Mr. Applewhite:** 2011 possibly, and possibly 2012.

**Mr. Chairman:** Off hand, do you know when you took occupation of that building?

**Mr. Applewhite:** We moved from one to a next.

**Mr. Chairman:** I am talking—let me see if I can get the exact very quickly here for you.

**Ms. Coudray:** Relevance, Mr. Chairman.

**Mr. Chairman:** Very, very much so. This is what I want to work out here now. I am talking about a building owned by a Mr. Narinesingh in south. Do you know the one I am talking about?

**Mr. Applewhite:** I have no recollection of any building that we have from any Mr. Narinesingh.

**Mr. Chairman:** Uh!

**Mr. Applewhite:** I have no memory of any building that the EFCL would have rented from anybody with that name.

**Mr. Chairman:** Okay then. Okay. All right. Did the EFCL—

**Mr. Applewhite:** Would you like to get—

**Mr. Chairman:** Just now! Just now! Did the EFCL—

**Mr. Indarsingh:** Mr. Chairman—

**Mr. Chairman:** Just a moment, please. Let me just ask my question. Be courteous. Did the EFCL expend moneys to repair or to improve a building that it occupied in south, in San Fernando?

**Mr. Applewhite:** Currently, we have spent moneys on buildings we currently just moved in to. We have spent money on the ones before that. Are you pertaining to the specific time period?

**Mr. Chairman:** Yes, I am talking about—

**Mr. Applewhite:** No! At 2010, we were—I cannot remember the exact name of the landlord, but the property then would have been on Keate Street in San Fernando. Nobody seems to have the

proprietor's name at that particular time.

**Mr. Chairman:** All right. We will communicate to you. We will communicate to you and we will get some clarity on that. But in any event, you are saying that that may have happened after 2010.

**Mr. Applewhite:** That particular building?

**Mr. Chairman:** Yes.

**Mr. Applewhite:** Yes, we would have vacated that after 2010.

**Mr. Chairman:** And you would have taken occupation after 2010 as well?

**Mr. Applewhite:** Somewhere possibly between 2011, yes we would have.

**Mr. Chairman:** All right. Thank you. We would get to that. We have time enough. A question, Mr. Indarsingh?

**Mr. Indarsingh:** Well, in the context of—what was the name of the contractors that relate to if I could find out on the Fanny school project?

**Mrs. Simmons:** The contractor is Ashana Civil and Mechanical Limited, and the consultants who were supervising the works on behalf of Education Facilities Company Limited were VIKAB Limited.

**Mrs. Gopee-Scoon:** And the principals?

**Mrs. Simmons:** The principal of Ashana is Mr. Phillip Whiteman and the principal of VIKAB is Mr. Hardit Punwasi. Also, sorry, you need to know that VIKAB, we engaged VIKAB services to take over from the original consultant, Mr. Benjamin, who the Ministry removed from the site on our request.

**Mrs. Gopee-Scoon:** So there are no new contractors as yet?

**Mrs. Simmons:** Not as yet. No.

**Mrs. Gopee-Scoon:** Right. I need to see where you are and then move on.

**Ms. Coudray:** I just want to refer—I know we have to meet again, but I have the document burning me this morning in terms of the centres completion and in that document, the colour coded one—

**Mr. Chairman:** It is in this document?

**Ms. Coudray:** It is in the binder, yes, and it listed in 2008, 2009 and 2010 the centres awarded, the contractors' name; and under "Status" I was alarmed to read that out of the 42 plus—well the 50 centres are in here as well. In 2009, only two centres were completed during that entire period. This is what this document says and it is very alarming, and I need to know what is the status of these centres.

**Mr. Sharma:** Specific to the Haji centres and the 29 that the EFCL had inherited and attempted to complete—

**Ms. Coudray:** There were 29 of them.

**Mr. Sharma:** It was 29 out of the 50—most of those were completed. Six were done in 2010; five in 2011, and 12 in 2012. There are six of those centres that are in the handing over phase with the Ministry. One still has some construction works ongoing; that is in Cuche.

**Ms. Coudray:** Okay. So they are well advanced?

**Mr. Sharma:** They are well advanced. Most of those have been completed and operational.

**Ms. Coudray:** Operational? Thank you very much. So you have six more to complete?

**Mr. Sharma:** Yes, six more in the completion phase. Two of those the Ministry is actually doing orientation and registration at this time, which is Lower Cumuto and Union Hall.

**Ms. Coudray:** Okay. Thank you very much.

**Mrs. Gopee-Scoon:** You know the good point about this is in terms of the—we have had a hiccup with regard to the ECC centres in 2010 with Haji, but given the work done by Haji and the new contractors, based on the moneys paid by you for the 29 completed schools, I think at the end of the day we got value for money and we have had 29 ECC centres coming at just over \$4 million it seems to me if I do the math quickly. So, yes, you may have had a problem during 2010, but based on the fact of the value of work done then and to complete, at the end of the day we have had a good result and you do have schools that had come in within budget. Yes?

**Mr. Sharma:** Yes.

**Mrs. Gopee-Scoon:** Within the revised budget, that is, at \$4.1.

**Mr. Sharma:** Yes.

**Mr. Chairman:** All right. Folks, time has run. We were aiming at 12.45 p.m. It is now 12.46 p.m. approaching 12.47 p.m. I would like to urge the EFCL to make available your audited financial statements for 2011 and 2012 because, as you know, you have a window of four months, post September 30, in order to make them available to us for our purposes.

So we are due to receive 2011 and 2012. Is that correct? We have 2011, we are expecting 2012. I would like to advise you that we will resume our contact and interface in this very important exercise and we are looking at a date in July, the 16<sup>th</sup> of July. Is that convenient to Members?

**Mr. Indarsingh:** What day is that?

**Mr. Chairman:** A Tuesday, generally. But that is the tentative date we are aiming at, so you can take that into account. [*Interruption*] We will advise you accordingly. I would like to thank you all, the board, and members of the EFCL for your attendance here today and for responding to the questions in the way we have presented them.

I want to recognize our colleagues from the Ministry of Finance and the Economy, our apologies for not recognizing you as silent partners at the top of this exercise. We respect your presence and we understand the value of your work in this regard. So, I would like to thank each and every one of you for being here and thank the media for its presence to dispense this information to the national community. And with that, I would like to say, we wish you the very best as we call this meeting to a close.

Thank you.

**12.48 p.m.:** *Meeting adjourned.*

# **APPENDIX III**

## **Attendance**

## Members Attendance Register

MEMBERS	11 <sup>th</sup> Meeting 17.04.12	12 <sup>th</sup> Meeting 23.04.12	13 <sup>th</sup> Meeting 15.05.13	14 <sup>th</sup> Meeting 07.06.13
Mr. Fitzgerald Hinds	✓	✓	✓	✓
Mr. Rudranath Indarsingh	✓	✓	✓	✓
Mr. Errol McLeod	Exc	✓	✓	Exc
Mr. Herbert Volney	Exc	✓	✓	Exc
Mr. Colm Imbert	✓	✓	✓	✓
Mrs. Paula Gopee-Scoon	✓	✓	Exc	✓
Ms. Marlene Coudray	-	-	✓	✓
Mr. Fazal Karim	✓	✓	✓	✓
Mr. Embau Moheni	✓	✓	Exc	Exc
Dr. Rolph Balgobin	-	-	Exc	Exc
Mr. Basharat Ali	Exc	Exc	-	-
Dr. Bhoendradatt Tewarie	Exc	✓	-	-



## Entity Attendance Register

### Tuesday April 17, 2012

Mr. Lester Applewhite	-	Deputy Chairman
Kiran Shah	-	Chief Executive Officer
Wazeer Aleem	-	Chief Operating Officer
Carmen Aquan	-	Divisional Manager Finance and Corporate Services
Cheryl-Ann Simmons	-	Divisional Manager Project Management - Primary Schools
Julia Ettienne	-	Divisional Manager Project Management- Secondary Schools Construction
Tessana Ramkisson	-	Financial Accountant
Verity Bynoe	-	Corporate Secretary
Lindy Ann Mitchell	-	Legal Officer
Lyndon Bayne	-	Divisional Manager-Project Management Technical Support
Sherry Mc Millan	-	Programme Manager

### Monday April 23, 2012

Mr. Ronald Phillip	-	Chairman
Mr. Lester Applewhite	-	Deputy Chairman
Dr. Raphael Sebastien	-	Director
Mr. Stanley St. Omer	-	Director
Mr. Shaffiat Ali	-	Director
Mr. Chanan Mahabir	-	Director
Mr. Rudy Narinesingh	-	Director
Mr. Stephen Young	-	Director
Ms. Sharon Ramkissoon	-	Director
Ms. Lisa-Marie Daniel	-	Director
Mrs. Christina Rodriguez- Stewart	-	Director
Mr. Kiran Shah	-	Chief Executive Officer (Ag.)
Mr. Wazeer Aleem	-	Chief Operating Officer (Ag.)
Mrs. Cheryl-Ann Simmons	-	Divisional Manager Project Management-Primary Schools
Mrs. Julia Etienne	-	Divisional Manager –Secondary Schools
Ms. Tessana Ramkisson	-	Financial Accountant
Mr. Lyndon Bayne	-	Divisional Manager – Project Management Technical Support

Ms. Sherry Mc Millan - Programme Manager

**Wednesday May 15, 2013**

Mr. Lester Applewhite - Chairman  
Ms. Sharon Ramkissoon - Deputy Chairman  
Dr. Raphael Sebastien - Director  
Mr. Chanan Mahabir - Director  
Mrs. Christina Rodriguez-Stewart - Director  
Mrs. Patricia Ramgoolam - Director  
Mr. Anil Samaroo - Director  
Mr. Richard Batchasingh - Director  
Mr. Kiran Shah - Chief Operations Officer  
Mr. Ria Narinesingh - Divisional Manager, Finance  
Ms. Lindy-Ann Mitchell - Corporate Secretary

**Friday June 7, 2013**

Mr. Lester Applewhite - Chairman  
Dr. Raphael Sebastien - Director  
Mr. Chanan Mahabir - Director  
Mrs. Christina Rodrigues-Stewart - Director  
Mrs. Patricia Ramgoolam - Director  
Mr. Anil Samaroo - Director  
Mr. Richard Batchasingh - Director  
Mr. Kiran Shah - Chief Operations Officer  
Ms. Lindy-Ann Mitchell - Corporate Secretary  
Mr. Ria Narinesingh - Divisional Manager, Finance  
Mrs. Cheryl-Ann Simmons - Programme Manager, Primary Schools  
  
Mrs. Julia Warner-Etienne - Programme Manager, Secondary Schools  
Mr. Deva Sharma - Programme Manager, Early Childhood  
Care and Education Centres  
Ms. Cavelle Joseph - Head, Human Resources and  
Administration

# **APPENDIX IV**

## **Responses**

## Responses received by correspondence dated November 6, 2012 from EFCL

### a. Minutes of meetings of the Finance Committee for the period 2008 to present;

These Minutes were presented to the Committee on November 6, 2012.

### b. With respect to Professional Fees for 2008 and 2009 –

- 1) Explain what accounted for the increase in Professional Fees in 2008 to present.
- 2) How many consultants were hired?
- 3) What were the amounts paid to each consultant?
- 4) What were the details of each contract?

The line item for Legal and Professional consisted primarily of payments of Legal fees for the operations of the EFCL.

In 2008 those fees amounted to TT\$372,149 and is broken down as per Table I below.

The 267% increase in expenses in 2009 from \$372,149 to \$994,788 was largely due to extraordinary expenses incurred due to the UFF Commission of inquiry into the Construction Sector; the production of the EFCL Corporate Policies and Procedures Manual for Core Processes; and completion of the Corporate Strategic Plan. A detailed breakdown of these expenses is at Table II.

**Table I Legal and Professional Fees 2008**

Date	Ref #	Payee	Particulars	Amount
<b>PROFESSIONAL</b>				
<b>31-Oct-08</b>	4688	Price Waterhouse Coopers	Payment for mobilization fee for professional services rendered – development of policies & procedures manual	176,500
<b>10-Nov-08</b>	4736	Laurence Chin Chuck	Consultancy services for work done for EFCL for the period 29/9/08 – 31/10/08	38,000
<b>15-Dec-08</b>	5002	Paralegal & Real Estate Invest	Company search with respect to Exeqtech Ltd	350
<b>23-Dec-08</b>	5104	Kathleen Thomas	Reimbursement	3,432
<b>29-Dec-08</b>	5111	Paralegal & Real Estate Invest	Payment for file searches for 3 companies for EFCL	900
<b>30-Dec-08</b>	5134	Price Waterhouse	Professional services provided for EFCL for	152,967

Coopers	development of policies & procedures manual
<b>TOTAL FOR PERIOD</b>	
<b>372,149</b>	

**Table II Legal and Professional Fees 2009**

Date	Ref #	Payee	Particulars	Amount
<b>LEGAL FEES</b>				
21-Jan-09	5218	Paralegal & Real Estate Invest	Payment for company file search for hanbook Jungsoo Industries	250
29-Jan-09	5290	Andre Des Vignes	Fees for Commission Of Enquiry into the construction sector	75,000
29-Jan-09	5291	Keston D. McQuilkin	Fees for Commission Of Enquiry into the construction sector	25,000
29-Jan-09	5292	Anand R. Singh	Fees for Commission Of Enquiry into the construction sector	50,000
30-Jan-09	5310	Bibi Ruhanna Muzaffarr-Jamad	Legal fees for contractual agreement for BII warehouse at Boundary Road	15,370
2-Apr-09	5742	Andre Des Vignes	Fees for Commission Of Enquiry into the construction sector	75,000
2-Apr-09	5743	Anand R. Singh	Fees for Commission Of Enquiry into the construction sector	50,000
2-Apr-09	5744	Keston D. McQuilkin	Fees for Commission Of Enquiry into the construction sector	25,000
9-Jun-09	868	J.D. Sellier & Co.	Professional services rendered for Oh My Construction	8,870
9-Jun-09	868	J.D. Sellier & Co.	Professional services rendered for Sebastian Smith & Co. Ltd.	8,870
9-Jun-09	869	Anabelle Sooklal	Legal fees for Sebastian Smith & Co. Ltd.	7,500
9-Jun-09	869	Anabelle Sooklal	Fees for Commission Of Enquiry into the construction sector	6,500
9-Jun-09	870	Keston D. McQuilkin	Consultancy fees for construction of Bon Air GPS	2,500
9-Jun-09	870	Keston D. McQuilkin	Professional services for COE for package of fifty ECCEs	24,000
9-Jun-09	871	Anand R. Singh	Fees for Commission Of Enquiry into the construction sector	36,000
16-Jul-09	6069	Keston D. McQuilkin	Fees for design/build tender for Mon Repos RC and New Grant GPS	3,500
30-Sep-09		Keston D. McQuilkin	Counsel's Fees for Tranquility GPS and Lopinot ECCEC	5,500
	<b>6831</b>			
<b>Sub Total - Legal</b>				<b>418,860</b>

<b>PROESSIONAL</b>				
27-Jan-09	5261	Laurence Chin Chuck	Consultancy services provided on 5/11/08 – 30/12/08	5,000
12-Mar-09	5566	Ulrick Bascombe	Payment on contract for service (Peachtree implementation)	13,000
25-Mar-09	5669	Paralegal & Real Estate Invest	Payment for company search for Prime Project Managers	400
25-Mar-09	5670	Gillian Rigsby	Business name search for oh-My Construction & Sebastien Smith & Co. Ltd.	450
2-Apr-09	5741	Lennox H. Sealy	Payment for strategic outline plan for EFCL	38,000
7-Apr-09	5764	Ulrick Bascombe	Peachtree Implementation service for 11/3/09 – 24/3/09	6,000
27-Apr-09	5855	Ulrick Bascombe	Peachtree implementation	13,000
30-Apr-09	0613	Price Waterhouse Coopers	Preparation for Policies and Procedures Manual	294,167
19-May-09	0735	Lynette Guiseppi	Data Entry Services for fifteen days	3,450
20-May-09	0740	Price Waterhouse Coopers	Workshop for Policies and Procedures Manual	117,666
26-May-09	0772	Ulrick Bascombe	Peachtree Implementation for the period 25/04/09 – 24/05/09	13,000
9-Jun-09	866	Lennox H Sealy -	Completion of strategic plan for the period 2009-2012	35,000
10-Jun-09	882	Ulrick Bascombe	Peachtree Implementation services for the period 11/02/09 – 10/06/09	4,635
16-Jul-09	6076	Lennox H Sealy	Preparation of the operational plan for 2009/2010	18,500
10-Aug-09	6274	Price Waterhouse Coopers	Profession fees for submission of tax return for year 2006	4,635
19-Aug-09	6369	Lynette Guiseppi	Data Entry in Peachtree for 12 days	2,760
11-Sep-09	6616	Pannel Kerr Forster	Calculation of deferred tax for EFCL for year ended 30/09/09	500
25-Sep-09	6753	Pannel Kerr Forster	Professional services for Corporation Tax Return 2007	3,000
<b>Sub Total - Professional</b>				<b>575,928</b>
<b>TOTAL FOR PERIOD</b>				<b>994,788</b>

The Committee further requested a detailed list of all Legal and Professional Fees for the year 2008 and was provided with the following table:

<b>Glenda Edwards – Re: Attorney’s fees/Legal Services</b>	<b>770,000</b>
<b>Lennox Sealey – Preparation of Strategic Plan 2008-2012</b>	123,616
<b>M.G. Daly &amp; Partners – Re: Attorney’s fees/Legal Services</b>	4,800
<b>C Technologies – IT Services</b>	48,649
<b>Kamaria Thomas – Accounting services</b>	8,550
<b>Roland Baptiste – consultancy service</b>	5,000
<b>PriceWaterhouse Coopers – Audit service</b>	43,763
<b>Eastman &amp; Associates – employment cost</b>	1,809
<b>E-volve New Media Systems Ltd – Creation of website</b>	11,600
	<b>1,017,787</b>

- c. *With respect to the cost of school construction, provide comparative details of the construction cost of any particular school in fiscal 2008 and similar details for a school of like manner in 2009.*

The Table below provides information on the relative cost of a school fiscal 2008 vs 2009. The schools are not equal in size or capacity however, the selected schools have contractors and consultants as a constant. Environmental conditions e.g. Soil conditions, delays based on wells to cap at Palo Seco and increasing cost of material amongst others vary.

#### **Comparatice Cost of a School Fiscal 2008 vs. 2009**

2007/2008	2008/2009
<b>ST. MARY'S GOVERNMENT PRIMARY SCHOOL</b> St. Mary's Village Moruga Road via Barackpore	<b>PALO SECO GOVERNMENT PRIMARY SCHOOL</b> Corner SS Erin Road & Fourth Street, Los Charros, Palo Seco
Ministry of Education	Ministry of Education
Education Facilities Company Limited (EFCL)	Education Facilities Company Limited (EFCL)
Forum A&D Architects	Forum A&D Architects
APR Associates Limited	APR Associates
QES & Associates Ltd	QES & Associates Ltd
Sharoz Enterprises Limited	Sharoz Enterprises Limited
November 26 <sup>th</sup> 2007	July 01 <sup>st</sup> 2009
\$33,993,505.20 (VAT Exclusive)	\$39,885,890.00 (VAT Exclusive)
2,334.85m <sup>2</sup> (Building)	3,207.0m <sup>2</sup> (Floor)
20,974.69 m <sup>2</sup>	8,654.25m <sup>2</sup>
3,750m <sup>2</sup>	
540 students	420 students

**The Committee asked for clarification of the above Table:**

- Clarify the information listed in the Table as it appears to be incomplete (e.g. A comparison is made between the square meters of a building and a floor which seems inconsistent. Also what do the measurements 20,974.69 m<sup>2</sup>, 8,654.25m<sup>2</sup> and 3,750m<sup>2</sup> refer to?)
- Provide details of the amount of monies paid for each item listed and what were these payments for?

EFCL advised that:

- 2,334.85m<sup>2</sup> refers to the size of the entire building



- 3,207.0m<sup>2</sup> also refers to the size of the entire building
- 20,974.69m<sup>2</sup> refers to the site area
- 8,654.25 refers to the site area
- 3.750m<sup>2</sup> should be disregarded

The monies paid for each item listed in the said Table represents the VAT Exclusive contract sum for the schools listed i.e.

St. Mary's Government Primary School - \$33,993,505.20 VAT Exclusive

Palo Seco Government Primary School - \$39,885,890.00 VAT Exclusive

- d. Provide a copy of the policy and procedure for dealing with evidence of suspicion of fraud approved by the Board of Directors of EFCL in September 2010.***

A copy of this policy and procedure was presented to the Committee:

# **POLICY & PROCEDURE FOR DEALING WITH EVIDENCE OF SUSPICION OF FRAUD**

## **Company's Philosophy**

Education Facilities Company Limited is committed to remaining at the forefront of best practices in the area of good governance and will protect itself and its resources from fraud and other similar malpractices. In so doing it is the intention of the Education Facilities Company Limited (EFCL) to create an "anti-fraud" culture and heighten fraud awareness in the Company.

## **Scope**

The policy applies to any suspected fraud involving Employees as well as Consultants Vendors, Contractors and any other parties with business relationship with EFCL

## **Definition:**

Fraud is defined as the intentional false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.

Actions constituting Fraud will include the following but are not limited to;

Any dishonest or fraudulent act namely:

- a. Misappropriation of funds, securities, supplies or other assets
- b. Impropriety in the handling or reporting of money or financial transactions
- c. Destruction, removal or inappropriate use of records, furniture, fixtures and equipment
- d. Any similar or related irregularity

## **Policy Statement:**

Education Facilities Company Limited will not accept any level of fraud or corruption and consequently all cases will be investigated and dealt with as deemed appropriate regardless of the position, title and length of service, or relationship with Education Facilities Company Limited of any parties who might be involved.

### **Related Policy:**

This is a corporate policy designed to augment other corporate policies and is not intended to replace or preclude them. Should an overlap arise between the application of this policy and any other policy, the policy most specific to the situation will apply.

### **Investigation Responsibilities:**

#### **Fraud or Suspicion of Fraud With Respect to Employees**

It is the responsibility of the Internal Auditor under the authority of the Chief Executive Officer to manage the investigation of any alleged fraud or corruption and where necessary liaise with the police or other outside authorities.

Before conducting such investigations, the Internal Auditor must consult with the Manager Human Resources. The Manager Human Resources and the Internal Auditor will work collaboratively to ensure that all aspects of the investigation are properly planned and communicated to the relevant stakeholders.

It is the responsibility of the Manager Human Resources to manage all aspects of the disciplinary process inclusive of recommending disciplinary action to the Chief Executive Officer. Where the action is with respect to the Manager Human Resources, the next appropriate level will manage all aspects of the disciplinary process.

Where the action is with respect to fraud or suspicion of fraud in the Office of the Chief Executive Officer, the Internal Auditor having knowledge must report immediately to the Chairman of the Audit Committee. The Chairman of the Audit Committee will communicate with the Chairman of the Board of Directors in ensuring that all aspects of the disciplinary process inclusive of recommending disciplinary action are properly managed.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the Corporate Secretary and the Audit Committee.

#### **Fraud or Suspicion of Fraud with respect to Vendors, Consultants and Persons with Business Relationships with EFCL**

Where the action is with respect to Vendors, Consultants and persons with business relationships, it is the responsibility of the Internal Auditor under the authority of the Chief Executive Officer to manage the investigation of any alleged fraud or corruption.

## **Procedure:**

- (1) In the event of a fraud or suspicion of fraud, the employee who discovers or suspects fraudulent activity should report the matter immediately to his line manager. If there is concern that the line manager is involved, the matter should be reported to the next appropriate level or to the Chief Executive Officer.
- (2) The line manager must undertake an initial fact finding exercise. This inquiry should be carried out as speedily as possible and certainly within Twenty-four (24) hours of the first report. He must ensure that information supplied is treated confidentially and will discuss only with those who need to know – Chief Executive Officer, Corporate Secretary and the Manager Human Resources.
- (3) If the preliminary enquiry confirms that a fraud has not been attempted or perpetrated, however internal controls are deficient, the Internal Auditor in collaboration with the line manager should review the relevant control systems with a view to ensuring they are adequate and effective.

If the suspicion is confirmed that a fraud has been attempted or perpetrated, the manager must ensure that all original documentation is preserved in a safe place for further investigation. The manager should report the facts immediately to the Divisional Head/Chief Executive Officer. The Chief Executive Officer will request the Internal Auditor to conduct investigations and report accordingly to the Chairman of the Audit Committee. It is expected that Management will support and co-operate with the Internal Auditor, other involved divisions and law enforcement agencies in the investigation of all fraudulent acts including the prosecution of offenders.

- (4) Upon conclusion of an investigation, the Internal Auditor will make recommendations to the Audit Committee where appropriate. The results will be reviewed by the Chair of the Audit Committee and actioned by the Chief Executive Officer or the Chairman of the Audit Committee in the case of the Chief Executive Officer who may be guided by the Corporate Secretary and the Manager Human Resources where relevant.

**DATED: September 15<sup>th</sup> 2010**

The Committee sought clarification on whether the EFCL is in compliance with this document which was approved by the previous board in 2010.

EFCL confirmed compliance with the document, “Evidence of suspicion of fraud.”

- e. Provide a copy of the Tender Rules currently in effect together with evidence supporting the approval of those Tender Rules by the relevant authority.*

A copy of the Tender Rules was submitted to the Committee.

- f. Provide the date on which the Tenders Policy, as inherited by the current Board, was originally established.***

“The Rules and Procedure for the invitation and consideration of tenders and for the award of contracts for the supply of goods and services and the execution of works” were duly approved by the Board of Directors of EFCL on October 24, 2005.

- g. Provide the date on which the procurement policy, as inherited by the current Board, was established.***

In June 2005, the Ministry of Finance (MOF) issued a document entitled ‘Standard Procurement Procedures for the acquisition of goods, services to be provided and works to be undertaken and for the disposal of unserviceable item in state enterprises/statutory bodies (state agencies)’ (referred to “MOF Standard Procurement Procedures”)

On the 24th October 2005, the Board of Directors of EFCL approved the “Rules and Procedures for the invitation and consideration of tenders; and for the award of contracts for the supply of goods and services and the execution of works’ (referred to as “EFCL Rules and Procedures”). On the 21st November 2005, EFCL forwarded its said Rules and Procedures to the Ministry of Finance.

On November 25, 2005 and February 2, 2007, two (2) amendments to the EFCL Rules and Procedures were approved by the Board of Directors of EFCL.

By letter dated January 5, 2006 EFCL notified the Ministry of Finance and the MOE of the first amendment. Under cover of a letter dated April 4, 2007, EFCL supplied the MOE with the minutes of the meeting of the Board of Directors held on February 2, 2007 which inter alia approved the second amendment. These amendments relate to the limits of authority of the Board Tenders Committee, the Management Tenders Committee, the Chief Executive Officer and the Corporate Secretary.

- u. What accounted for the increase in Salaries and Wages of \$2million during 2009-2010; How many persons were hired in the latter half of the period October 2009 – September 2010, what was the nature of the employment and in what positions were these persons hired?***

EFCL responded that there was a \$2,434,079.00 increase in the sum in the account, Salaries and Wages of \$2 million between fiscal 2009 and 2010:

At the end of the fiscal year 2009 - \$18,086,400.00

At the end of the fiscal year 2010 - \$20,520,479.00

Difference - \$ 2,434,079.00

This was due to:

- i. Increase in staff/redesign of jobs consistent with the realignment of the organization dealt with under Section 16 on Human Resource. This realignment included the staffing of the decentralized Repairs and Maintenance Department; and incorporated the new areas of procurement management, Information Systems Management and Corporate Performance. Twenty five (25) new persons were hired overall whilst other qualified staff would have been upgraded to new positions.
- ii. Increase in salaries and allowances
- iii. End of Contract gratuities

The number of vehicles rented remained the same, 35.

### Positions of Persons Hired in the Latter Half of Fiscal 2010

NEW EMPLOYEES – MARCH 1, 2009 – SEPTEMBER 30, 2010							
EDUCATION FACILITIES COMPANY LIMITED							
NO	NAME	POSITION	DIVISION/ DEPARTMENT	BENEFITS	DATE OF EMPLOYMEN T	STATUS OF EMPLOYMENT	REMARKS
1	Karen Newallo-Silman	Administrative Assistant	Project Management – Furniture & Equipment	N/A	01/03/2010	On Probation	Contract employment
2	Mokeba Baker	Administrative Assistant	Project Management – R & M – Chaguanas	N/A	06/04/2010	On Probation	Contract employment
3	Majeed Mohammed	Senior Project Manager	Project Management – ECCE Schools	Company car & cell phone	12/04/2010	On Probation	Contract employment
4	Kamau Haynes	Project Manager	Project Management – ECCE Schools	Company car & cell phone	26/04/2010	On Probation	Contract employment
5	Emile Enightoola	Legal Officer	Legal	N/A	03/05/2010	On Probation	Contract employment
6	Stephen Myers	Clerical Assistant	Project Management – Furniture & Equipment	N/A	17/05/2010 26/08/2010	Temporary	Vacation employment
7	Johann Rampersad	Trainee	Project Management – ECCE Schools	N/A	12/07/2010 03/09/2010	Temporary	Vacation employment
8	Kisa Edwards	Trainee	Procurement & Contracts	N/A	19/07/2010	Temporary	Vacation employment; continued as trainee after vacation employment
9	Veda Ramnath	Trainee	Procurement & Contracts	N/A	13/09/2010	Temporary	Temporary

**v. What accounted for the item labeled as “other income” to the amount of \$3.3million?**

EFCL presented the following explanation:

Miscellaneous Income:

Tender Fees	\$ 395,817
Gain on disposal of Fixed Assets	\$1,002
Supervision expenses recoverable	\$3,355,000
	<b><u>\$3,751,819</u></b>

In the previous year 2009, the Ministry of Education had advised that they would not be reimbursing the EFCL for the Supervision Consultants’ fees for the construction of ECCE Centres. As such, all supervision expenses were borne by the company. The then CEO, Mr. Paul Taylor was persistent in his claim that it was normal practice in the industry for companies such as EFCL to be reimbursed for the supervising consultant charges.

The Ministry of Education finally agreed and the amount previously expensed in 2009 was credited in the accounts for 2010. This resulted in a credit balance in the Supervision Expense Account which was reflected under miscellaneous income.

**w. What measures have been employed to ensure the timely and regular completion of Bank Reconciliations?**

EFCL was unclear as to what specifically the Ministry of Finance was referring to regarding bank reconciliations not being undertaken on a regular and timely basis so a Ministry of Finance official was contacted, who indicated that they were referring to the management letter for the year 2010.

The external auditors’, PKF Chartered Accountants and Business Advisors (PKF) concerns was not the timely preparation of the bank reconciliation but with the review in one month, September 2010. PKF’s comments and EFCL’S response follows:

*PKF’s comment:* The reconciliation of the Republic Bank Account #090014062001 for the month of September 2010 was not reviewed until more than two months after it was prepared.



Although this appeared to be an isolated incident, the practice should be discouraged since it reduces the effectiveness of the reconciliation as an internal control tool. Failure to review bank reconciliations in a timely fashion can result in errors permeating the financial systems in possible inappropriate decisions being made by management.

*EFCL's Response:* As explained to the Ministry of Ministry of Finance official, at the time of the audit, the bank reconciliation was first prepared on October 5, 2010 and was signed off by the Financial Accountant. A subsequent adjustment was done and it was reprinted on December 21, 2010 and approved on the said date. However, the date prepared on October 5, 2010 was not changed on the summary, therefore appearing that the approval was not done in a timely manner. Unfortunately, the first bank reconciliation was not kept. Reconciliations are approved in a timely fashion as evidenced by the following details:

MONTH	DATE PREPARED	DATE APPROVED
<b>October 2009</b>	13-Nov-09	13-Nov-09
<b>November 2009</b>	21-Dec-09	28-Dec-09
<b>December 2009</b>	20-Jan-10	20-Jan-10
<b>January 2010</b>	22-Feb-10	22-Feb-10
<b>February 2010</b>	09-Mar-10	09-Mar-10
<b>March 2010</b>	21-Apr-10	21-Apr-10
<b>April 2010</b>	18-May-10	09-Jun-10 (Financial Accountant was on leave)
<b>May 2010</b>	14-Jun-10	18-Jun-10
<b>June 2010</b>	08-Jul-10	08-Jul-10
<b>July 2010</b>	20-Aug-10	20-Aug-10
<b>August 2010</b>	08-Sep-10	08-Sep-10
<b>September 2010</b>	05-Oct-10	Bank Reconciliation was not kept
	Subsequently revised 21-Dec-10	21-Dec-10

- x. *During the accounting periods from 2008-2010, how many projects were delivered on time and within budget and how many were not?*

EFCL's response included the following table:

ECCE CENTRE PROJECT ACHIEVEMENTS					
NO	SCHOOL	CONTRACTOR	CONTRACTED AMOUNT	ACTUAL COST	SAVINGS
1	Salybia ECCEC	Amalgated Engineering Services Ltd	\$3,821,136.00	\$3,218,461.03	\$602,674.97
2	Santa Flora ECCEC	Ashana Civil Mechanical Contractors Ltd	\$4,274,692.00	\$3,444,808.56	\$829,883.44
3	Strange Village ECCEC	Ashana Civil Mechanical Contractors Ltd	\$4,353,388.00	\$3,931,752.55	\$521,635.45
4	North Trace ECCEC	Ashana Civil Mechanical Contractors Ltd	\$4,366,388.80	\$4,085,794.84	\$280,593.96
5	Model Nursery ECCEC	Mootilal Ramhit & Sons Ltd	\$4,812,753.42	\$2,581,098.41	\$2,231,655.01
6	Monroe Road ECCEC	Mootilal Ramhit & Sons Ltd	\$4,289,451.00	\$2,932,593.61	\$1,356,857.39

### **Primary School Construction**

#### ***Project Achievements***

The number of projects brought in on time or within budget for the period 2008-2010:

- iv. Icacos GPS
- v. Arima West GPS
- vi. Penal Rock SDMS PS
- vii. Palo Seco GPS
- viii. Riversdale Presbyterian PS
- ix. St Barbara's SSBPS – Phase 1

**Referring to the above Table 'ECCE Centre Project Achievements,' the Committee requested additional information as follows:**

- Clarify the term 'contracted amount' and state the difference from the 'estimated amount'.
- Provide an explanation for the term 'Savings'.
- Provide a detailed breakdown of what accounted for the 'savings' of each ECCE Centre.
- Indicate whether funds are released to contractors before or after the contracts are awarded?  
Provide evidence to support same.

- Provide a detailed list of all projects that were not delivered on time and projects that were not delivered within the budget.

EFCL informed that ‘contracted amount’ signifies the contract sum. Whilst the subject table does not detail an ‘estimated amount’, the table indicates that the actual monies expended for completion of the project/s were less than the respective contract sums, thus resulting in the ‘savings’ as indicated.

With respect to Salybia, Santa Flora, Strange Village and North Trace, savings resulted from redesigns to the foundations. EFCL received completed designs from the Ministry of Education. No geotechnical tests were conducted. Designs were for soils that had a low bearing capacity. After sites were grubbed and test pits conducted, it was discovered that the soils had a greater bearing capacity. Consequently, foundations were re-designed, resulting in the savings shown.

With respect to Model Nursery and Munroe Road, savings were due (in part) to the fact that the provisional sums in the Bills of Quantities were not fully utilized. The contracts for these two schools were Trinidad and Tobago Institute of Architects Form of Contract and were subject to re-measurement. Upon re-measurement savings were achieved. A copy of the respective Bills of Quantities for Model Nursery and Munroe Road was provided to the Committee.

With respect to Model Nursery ECCEC shown as item number 5 in the table above, this revised information indicates savings of \$80,005.11 and not \$2,231,655.01

The release of the funds to Contractors is pursuant to the terms and conditions of the particular contractual arrangement. In this context, funds are released to Contractors upon or after award of contract. Letters of Award/Contract, copies of ‘Project Payments for Period Made’ and ‘ECCE Centres Completion-Budget/Time’ were provided to the Committee as evidence.

With respect to the ECCE Programme for the period 2010, Centres constructed under the Haji Contracts were not completed on time or within budget. EFCL entered into post award

negotiations with Haji which resulted in a reduced contract sum at the request of the Ministry of Education. The Contractor was unable to execute adequately within the original time frame or at the original quality requirement (duration of six months for construction). There were design issues regarding sites/locations and/or adverse site topography and/or soil types. Seventeen (17) of the fifty (50) original sites were changed after Letters of Award were issued and this resulted in an increased number of templates having to be finalized by the Contractor; 8 or 9 templates as opposed to 3 or 4 templates originally planned by the Contractor.

The contract with Haji was terminated and the sub-contractors originally engaged by Haji were contracted to complete the works. EFCL entered into separate contracts with the sub-contractors for completion of works.

With respect to ECCE Programmes in the year 2008/2009, the Centres were not completed on time or within budget as a result of the following issues:

- A duration of three (3) months for completion of construction of a Centre. This short time frame was intended to allow EFCL to fulfill Ministry of Education mandate requirements. The three (3) months period proved to be inadequate
- Scope creep came about due to varying site condition; larger sites were thus able to facilitate playgrounds, laybys, parking area. In some instance, external works were increased with the addition of retaining walls.
- Extensions of time for varying periods of four (4) to twelve (12) months were necessitated by additional works.

*y. As at September 30, 2010, how many contractors who had delivered on their contracts were still owed, how much each contractor was owed, what were the contract details and provide copies of those contracts.*

EFCL provided the following information:

#### **Outstanding Payments – Finance**

**For the period as at 20 September 2010**

CONTRACTOR	SCHOOL	INVOICE DATE	AMT. VAT INC.	REMARKS
<b>Construction Services &amp; Supplies</b>	Salybia GPS	15 <sup>th</sup> June 2009	79,511.46	Awaiting further documentation from R&M epartment
<b>Dawi Services &amp; Company Ltd.</b>	Belvue ECCE	29 <sup>th</sup> Sept 2009	214,485.09	Processing in FD
<b>Phillips General Contractors Ltd</b>	North Oroupouche GPS	19 <sup>th</sup> June 2010	1,339.00	Pd chq #16036 d.d. 08-Jun-12
<b>Ka John Construction</b>	La Sieva RC	11 <sup>th</sup> March 2010	40,800.45	Pd chq #16043 d.d. 11-Jun-12
<b>Ka John Construction</b>	St. Margaret's Boys RC	12 <sup>th</sup> March 2010	31,349.86	Pd chq #15912 d.d. 30-Apr-12
<b>Cutech Services Ltd</b>	St Joseph GPS	3 <sup>rd</sup> May 2010	1,084.45	Pd chq #16006 d.d. 24-May-12
<b>Dadex Construction Co</b>	Five Rivers SDMS Primary	27 <sup>th</sup> Aug 2010	147,545.00	Pd chq #16007 d.d. 24-May-12
<b>CAG 2K Industrial Services Ltd</b>	Gasparillo Secondary	1 <sup>st</sup> Sept 2010	28,750.00	LOA to be signed by CEO
<b>Conaft Ltd</b>	Basse Terre RC	3 <sup>rd</sup> Sept 2010	5,686.75	Pd chq #16005 d.d. 24-May-12
<b>Kazim Khan Construction Co</b>	Hardbargain RC	8 <sup>th</sup> Sept 2010	5,446.40	Processing in FD
<b>Southern Maintenance Services Co. Ltd</b>	St Thomas RC	22 <sup>nd</sup> Oct 2010	10,524.19	Pd chq #16052 d.d. 11-Jun-12
<b>GRAND TOTAL</b>			<b>566,522.65</b>	

EFCL also provided a seven page list with 133 items entitled ‘Outstanding payments prior to September 2010’.

The details and copies of the contracts were not seen.

**Referring to the above Table, the Committee requested a detailed list of all the contractors that were employed by EFCL and at which stage the project is at (whether it is completed or still in progress and the expected date of completion). Copies of contracts to support same were requested.**

EFCL provided the following tables along with copies of Letters of Award for all projects.

ECCE CENTRES				
YE A R	NO.	ECCE CENTRE	CONTRACTOR	STATUS OF PROJECT
2 0 0 8	1	Tacarigua Government	Tripple Bique Company Ltd.	Completed
	2	Ortoire Roman Catholic	Skylon Construction Ltd.	Completed
	3	El Socorro North Gov't	Crown J's Ltd	Completed
	4	Santa Flora Gov't	Ashana Civil Mechanical Contractors Ltd	Completed
	5	Salybia Gov't	Amalgated Engineering Services Ltd	Completed
	6	Strange Village Gov't	Ashana Civil Mechanical Contractors Ltd	Completed
	7	Chinapoo Gov't	Double H Construction & Supplies Ltd	Completed
	8	Little Gems Gov't	United Supplies & Services Ltd.	Completed
	9	North Trace Gov't	Ashana Civil Mechanical Contractors Ltd	Completed
2 0 0 9	10	Lopinot Gov't	R2k	Completed
	11	Munroe Road Gov't	Mootilal Ramhit & Sons Limited	Completed
	12	San Fernando Anglican, Model Nursery	Mootilal Ramhit & Sons Limited	Completed
	13	Design-Build Package of 50 ECCE Centres	HAJI – Byuncksan Joint Venture	Completed
2 0 1 0	14	Arranguez GPS	CKID	Completed
	15	Bon Air West	MOOSAI	Completed
	16	Cashew Gardens, Carlsen Field	RAMBO	Completed
	17	Caura Royal Road	MOOSAI	Completed
	18	Clarks Rochard	Chitties Hardware and General Contractor	Completed
	19	Cushe	Shasac Engineering and Construction Ltd	To be completed by April 30, 2013
	20	Edinburgh South	Watts Electrical	Completed
	21	Egypt Trace	RBI General Contractors Ltd	Completed
YE A R	22	Golconda	RBI General Contractors Ltd	Completed
	23	Harmony Hall	JCM	Completed
	NO.	ECCE CENTRE	CONTRACTOR	STATUS OF PROJECT

2 0 1 0	24	La Horquetta South GPS	CKID	Completed
	25	Lisas Gardens	Edward Caesar	Completed
	26	Lower Cumuto	CKID	To be completed by March 28, 2013
	27	Malabar (Phase 1) GPS	WATT	Completed
	28	Maloney Gardens #1 – East GPS	Multibuilt – under Haji	Completed
	29	Maraj Hill	Multibuilt	Completed
	30	Maraval	Multibuilt	Completed
	31	Milton	Construction King	To be completed by April 15, 2013
	32	Morvant, Coconut Drive	Multibuilt	Completed
	33	Oropune Gardens	Multibuilt	Completed
	34	Phoenix Park GPS	Construction King	Completed
	35	Raghunanan Road	RAMBO	Completed
	36	Retrench	O&G Contractors Ltd	Completed
	37	Roystonia	AHRE – under Haji	Completed
	38	St Augustine	MOOSAI	Completed
	39	St Mary’s Village	Shasac	Completed
	40	Union Hall	Construction King	Completed
	41	Valencia	Energy Based Resources	Completed
	42	Wellington Road Debe	Chitties Hardware and General Contractor	Completed

PRIMARY SCHOOL DIVISION

NO.	PRIMARY SCHOOLS	NAME OF CONTRACTOR	EXPECTED DATE OF COMPLETION	REMARKS
1	Penal Rock Hindu PS	NH International (Caribbean) Limited	Completed April 15 <sup>th</sup> , 2011	

2	Arima New GPS	Moosai Development construction (Caribbean) Limited	May 2013	
3	Lengua Presbyterian PS	Kee Chanona Limited	Completed January 10 <sup>th</sup> , 2012	
4	Monkey Town GPS	Ashanan Civil Mechanical Contractors Limited	June 30 <sup>th</sup> , 2013	Contract terminated on July 18, 2011. Construction Services & Supplies Limited awarded on July 24, 2012
5	Enterprises GPS	Pace Construction Services Limited	April, 2013	
6	Fanny Village GPS	Ashana Civil Mechancial Contracting Limited	July 30 <sup>th</sup> , 2013	
7	Palo Seco GPS	Sharoz Enterprise Limited	Completed January 13 <sup>th</sup> , 2012	
8	Tranquility GPS	Uniform Building Contractors		Contract terminated on July 18, 2011
9	Salybia GPS	Ice Connection Industries Limited	Completed in 2009	
10	Rousillac Presbyterian PS	CPML Contractors Limited	Completed in 2009	
11	St Mary's GPS	Sharoz Enterprise Limited	Completed in 2010	
12	Cumana SDA PS		Completed in 2010	
13	Cunaripo Presbyterian PS	Ice Connection Industries Limited	Completed in 2010	
14	Malabar RC PS	Thernal Plus Industries Limited	Completed in 2010	
15	Cunapo St Franic RC PS	GGI Limited	Completed in 2010	
16	Brasso Seco RC PS	IERE Concepts Limited	Completed in 2010	
17	St Stephens PS		Completed in 2010	
18	Balmain Presbyterian PS		Completed April 15 <sup>th</sup> , 2011	

**SECONDARY SCHOOL DIVISION**

<b>NO.</b>	<b>SECONDARY SCHOOLS</b>	<b>NAME OF CONTRACTOR</b>	<b>EXPECTED DATE OF COMPLETION</b>	<b>REMARKS</b>
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1	Marabella South	China Jiangsu International Corporation T&T	Completed 2011	
2	Couva West	Broadway Properties Limited (BPL)	May 2013	
3	Aranguez North	Beijing Lujain Construction Corporation T&T Limited	August 2013	Phases 1 and 2 completed January 2012
4	Five Rivers	Beijing Lujain Construction Corporation T&T Limited	August 2013	
5	Barataria North	Broadway Properties Limited	August 2013	
6	St Joseph (Curepe)	China Building Technique Group	August 2013	
7	Mt. Hope	Envirotec Limited	August 2013	
8	Carapichaima West	China Jiangsu International Corporation T&T	August 2013	
9	St. Augustine	Kee Chanona Limited	Phase III to be completed in April 2014	Phase I & II completed on September 2010 and September 2011
10	Pleasantville	Broadway Properties Limited	September 2014	Contract with BPL terminated
11	Princess Town East	China Zhejiang Ningbo Construction Group Company Limited	August 2013	Contract Terminated. NH (International) Caribbean Ltd contracted in February 2011 to complete school
12	Siparia East	China Zhejiang Ningbo Construction Group Company Limited	October 2014	Contract terminated. BLCCTTL contracted in February 2013 to complete school

*z. Provide a list as at September 30, 2010, of those contractors who had not met their contractual obligations, whether any litigation action existed based on what was outstanding.*

CONTRACTOR NON PERFORMANCE ECCE CENTRES								
No.	Period	Contractors	Project	Contract Price	Final Payments Made (VAT Excl)	Pending litigation	Action Taken Against Contractor	
1	2006	Tripple Bique Company Ltd	Tacarigua Gov't ECCEC	\$1,952,134.80	\$1,980,698.35	None	None	
2	2006	Skylon Construction Ltd	Ortoire RC ECCEC	\$1,450,315.30	\$1,245,985.82	None	None	
3	2006	Crown J's Ltd	El Socorro North Gov't ECCEC	\$1,878,920.00	\$2,425,333.23	None	None	
4	2006	Double H Construction & Supplies Ltd	Chinapoo Gov't ECCEC	\$2,387,757.85	\$1,646,190.57	None	None	
5	2006	United Supplies & Services Ltd	Little Gems Gov't ECCEC	\$1,748,163.00		None	None	
6	2006	R2K	Lopinot Gov't ECCEC	\$2,550,185.06	\$1,892,266.09	None	None	
7	2009-2010	Haji Engineering & Construction Ltd (Joint Venture with Byucksan Engineering Co Ltd)	Design Build Package of Fifty (50) ECCE Centres	\$150,000,000.00	\$51,668,092.55	None	None	

EFCL'S Mandate for the period 2008-2010 – Secondary School Construction Ongoing Projects								
No	Name of Project	Contract sum (TT\$) (VAT Excl)	Contractor	Planned Completion Date	Actual Completion Date	Publicly Tendered %	Projects managed by EFCL 2008, 2009, 2010	Outstanding payment prior Sept 2010
Contracts terminated Secondary School Construction						Amount outstanding to Contractor	Pending Litigation	Action Taken
13	Princes Town East	\$151304,347.83	China Zhejiang Ningbo Construction Company Ltd	03-Oct-09	Project was terminated on Sept 9, 2009 due to non-performance of contractor	NONE	✓	EFCL claimed against the contractor's performance bond. Currently being dealt with legally
14	Siparia East	\$153043,478.26	China Zhejiang Ningbo Construction Company Ltd	03-Oct-09	Project was terminated on Sept 9, 2009 due to non-performance of contractor	NONE	✓	EFCL claimed against the contractor's performance bond. Currently being dealt with legally

## Primary School Construction

### Contractor Non Performance

- **Uniform Building Contractors Limited – Tranquility GPS \$33.62 mn**

Payments to date for UBCL - \$22,312,153.31 (VAT inclusive) Payments owed unknown.

Bond Guarantors have been contacted with the view towards recovery of last advance payment and performance bond. However, the Final Accountant is still to be finalized by the Consultants Reynald Associates Limited whose contract was with MOE and who have a balance of \$117,673.75 owed to them. Until this is settled, EFCL cannot retrieve the Final Account and therefore cannot further the applications for bond recovery.

- **Ashana Civil Mechanical Contractors Limited – Monkey Town GPS \$30.22 mn**

Payments made to date for Ashana - \$7.30mn. No payment outstanding. Services of Contractor terminated.

- **Outstanding payments for Tranquility GPS**

Payments to date for YBCL - \$22,312,153.31 (VAT inclusive). Payments owed unknown.

Bond Guarantors have been contacted with the view towards recovery of last advance payment and performance bond. However, the Final Account is still to be finalized by the Consultants Reynald Associates Limited whose contract with MOE and who have a balance of \$117,673.75 owed to them. Until this is settled, EFCL cannot retrieve the Final Account and therefore cannot further the applications for bond recovery.

**REPORT 1**  
**EDUCATION FACILITIES COMPANY LIMITED (EFCL)**  
**LIST OF LITIGATION FROM 2010 TO PRESENT**

	DEFENDANT	YEAR REFERRED	CAUSE OF ACTION	LEGAL COUNSEL FOR CLAIMANT	LEGAL COUNSEL FOR EFCL	STATUS OF ACTION	REMARKS
fred	EFCL	2010	Breach of contract of employment	Ms. Christlyn Moore	Mr. Andre Jessamy	Adjourned to July 31 <sup>st</sup> , 2012	
	EFCL	2010	Debt collection	Mr. Wilston Campbell	J.D. Sellier & Co.	Matter withdrawn by the Claimant on judicial advice	
h and	EFCL	2010	Debt Collection	Mr. Wilston Campbell	J.D. Sellier & Co.	Matter withdrawn by the Claimant on judicial advice	
tharaj	EFCL	2009	Access to information under FOIA (CV)	Previously Mr. Anand Ramlogan now Mr. Kent Samlal	Mr. Elton Prescott	EFCL ordered by the Court in 2011 to pay cost and furnish disclosure of the information	Request for resume under FOIA
arine	EFCL	2011	Termination of Service	Banking Insurance and General Workers Union	Ms. Deborah Thomas Felix	Matter adjourned to the 31 <sup>st</sup> October, 2012	

**Referring to the Table Non-Performer ECCE Contract, the Committee requested further information as follows:**

- **Provide a detailed list of all contractors who have not completed EFCL projects from 2008 to present and the amount of monies owed to the state.**
- **Clarification on what the term ‘non-performance’ means to EFCL.**
- **Provide an explanation as to why no action was taken against the contractors and no litigation is pending.**

EFCL provided detailed lists of all contractors who have not completed EFCL’s projects from 2008 to present and the amount of monies owed to the state.

They further clarified that in the context of ‘Non Performer ECCE Contract’ and with respect to Contractors who have not completed ECCE Projects from 2008 to present, there are no incomplete building works and thus no monies owed to the state. There are however, statutory approvals outstanding for six (6) ‘Haji ECCE Centres’.

EFCL also informed that there are no on-going building works in progress within the said period under the IDB funded ECCEC Programme.

They further clarified that the term ‘non-performance’ refers to failure to comply with condition of work contracts mainly in the area of quality assurance, time management, cost controls, insurances/statutory requirements.

With respect to table entitled ‘Contractor Non-Performer ECCE Centres’ indicating no pending litigation/no action against contractor, a revised table entitled ‘Contractor Non-Performance ECCE Centres – REVISED’ was provided to the Committee.

***aa. During the accounting period 2008-2010, what additional responsibilities were added to the EFCL’s portfolio; when were they added; who were the contractors associated; what were the sums contracted and what percentage of those contracts were publicly tendered?***

## **EFCL's Portfolio During the accounting period 2008 – 2010**

The Education Facilities Company Limited (hereinafter referred to as "EFCL") was incorporated on March 11 2005 as a special purpose company of the Government of Trinidad and Tobago.

Its Articles of Incorporation do not include any restrictions on the nature of operations of the company. Copies of EFCL's Articles of Incorporation and Certificate of Incorporation are attached as Annex 1 and 2 of this section. The shareholders of EFCL are the Corporation Sole and two (2) other senior officials of the Ministry of Finance.

EFCL commenced operations in August 2005.

By Cabinet Minute No 566 of March 3rd 2008 EFCL was mandated to implement projects assigned by the Ministry of Education (hereinafter referred to as "MOE").

The MOE, by Terms of Reference (hereinafter referred to as "TOR") dated September 14th 2005 and updated June 9 2006 outlined the responsibilities of EFCL. These responsibilities include inter alia, the management of projects assigned by the MOE, including the design, construction, maintenance, equipping and outfitting of all Government Early Childhood Care and Education (ECCE) Centers, Primary and Secondary Schools and Education District Offices in Trinidad.

Pursuant to the said Cabinet Minute/TOR, EFCL reports to the MOE.

Since the commencement of its operation the MOE has identified, either orally or in writing, to EFCL its deliverables. By letter dated March 28, 2008, the MOE advised EFCL of the schedule of deliverables for year 2007/2008. A Copy of letter dated March 28, 2008 is attached as Annex 3 of this section.

EFCL receives its funding for this programme entirely from the MOE, through requests for draw-downs within the stipulated budgetary framework.

By Cabinet Minute No. 14 dated January 3, 2008, responsibility for the repair and maintenance of all Government Early Childhood Care and Education (ECCE) Centers, Primary and Secondary Schools and Education District Offices was added to the original mandate of EFCL.

The TOR was supplemented by the provision of an additional document entitled "Handover of Repair and Maintenance Portfolio to Education Facilities Company Limited" dated March 2008, which outlined the additional responsibilities of EFCL in relation to the Repairs and Maintenance Portfolio.

The Tobago House of Assembly is responsible for the overall schools development programme in Tobago.

The Furnishing and Equipment Programme was introduced from January 1st 2009. By February 9th 2010 the procurement of textbooks was added to EFCL's Portfolio.

**NB: please note that no information was seen for questions (c), (d) and (e).**

***bb. What projects were operational during 2008, 2009 and 2010; when were those projects started; when were they completed or whether they are still operational?***

**A list of projects were presented to the Committee outlining ECCE Centre Projects, Primary School projects, Secondary School projects and Repair projects for the period 2008-2010.**

Referring to 'EFCL's Portfolio during the accounting period 2008-2010, the Committee requested the following:

- Define the term ‘repairs and maintenance’ (Cabinet Minute No. 14.) Explain the difference between ‘maintenance’ referred to here and ‘maintenance’ referred to in the MOE Terms of Reference.
- Provide a detailed list of:
  4. the contractors associated with the additional responsibilities that were added to EFCL’s portfolio;
  5. the contracted sums; and
  6. The percentage of the contracted jobs which were tendered publicly.

EFCL indicated that Cabinet Minute No. 14 of January 3<sup>rd</sup> 2008 defines ‘maintenance and repair of primary and secondary schools and ECCE Centres and places such works into:

- General Repairs
- Electronic Upgrades
- Maintenance and repairs to sewerage and septic systems

MOE Terms of Reference Repair Programme fiscal year 2007/2008 dated April 17, 2008 page 4 states that the purpose of the project is to ‘complete a programme of repairs and maintenance to schools and ECCE Centres aligned to Cabinet decisions and budgets so as to maintain a safe and enhance educational environment and physical facilities.

There is no significant difference between the words ‘maintenance’ in each instance. However, it may be noted that the said MOE Terms of Reference defines ‘Out of Scope’. The scope of works excludes:

- New construction works
- Expansion of schools and ECCE centres and
- Works not approved by the Permanent Secretary

An extract of MOE Terms of Reference was provided.

EFCL also provided detailed lists in respect of contractors/suppliers associated with the additional responsibilities with EFCL’s portfolio and indicated that with respect to the Repairs and Maintenance Portfolio, a pre-qualification list is utilized for the award of contracted jobs.

EFCL further clarified that the pre-qualification process was an exercise open to the public at large, through advertisements in the local newspapers.

***cc. State the number of persons employed during 2008, 2009 and 2010 by the EFCL. State the number of vehicles rented/leased during 2008, 2009 and 2010.***

### **Human Resource**

One of the major challenges facing EFCL over the period 2008 – 2010 was its inability to attract and retain highly qualified and competent staff based on the levels of remuneration offered in relation to market prices.

From October 1st 2008 to September 30th 2010 our staffing increased as follows:

2008	69
2009	93
2010	105

The EFCL's Corporate Structure was redesigned to closely align it to the Organizations Strategic Plan and its planned implementation of the Government's mandate over the period 2008 – 2010. Alignment focused on the organization's strategic choices by maintaining focus on:

- i. People
- ii. Structure and Processes
- iii. Performance Management
- iv. Organizational Culture

It therefore embraced the strategic imperatives in the plan and incorporated the new areas of procurement management, Information Systems Management and Corporate Performance.

The organization also expanded in 2009 to include Repair and Maintenance Division and decentralised its repair operations into four regions, North, North-Eastern, Central and South.

That revised structure (2009) was primarily a redesign of jobs to better suit our mandate with minor reallocation of resources.

- The 2010 Establishment	130
- Numbers budgeted for 2010	115
- 2010 Establishment Actual	105

***dd. Were any guidelines negotiated between the EFCL and the Public Sector Negotiating Committee, with respect to the remuneration packages for company officials?***

The EFCL provided evidence that the Public Sector Negotiating Committee and the Chief Personnel Officer approved remuneration packages for the following positions at EFCL:

- o Chief Executive Officer



- Divisional Manager – Project Management
- Divisional Manager – Finance
- Legal/Corporate Secretary
- Chief Project Manager

*ee. For the present as well as the previous Boards of Directors during the period 2008-2010, list the expertise and qualifications of the Board Members.*

Curriculum Vitae for previous and present Boards Members were presented to the Committee.

## Responses received by correspondence dated June 18 and July 15, 2013.

**a. Provide a copy of the Internal Auditors' Reports from 2008 to 2011.**

A copy of these Reports were submitted

**b. When was the last Status Report of works under EFCL's purview submitted to the Ministry of Education?**

EFCL most recently submitted Status Reports of Works under EFCL's purview to the Ministry of Education and Ministry of Finance on June 18, 2013 representing the months of January, February and March 2013.

**c. What is the procedure in acquiring the disbursement(s) from the Ministry of Education and how is this figure determined?**

### **Procedure for disbursement of funding**

#### **CONSTRUCTION**

1. Contractor prepares his valuation of "Value of works done to date" and this is submitted to the Supervising 1 Consultant This marks day 1 of the 56 day process
2. The Supervising Consultant (S.C.) evaluates and certifies the "Value of works done to date" after assessing the contractors' submission An Interim Payment Certificate (IPC) is generated, stamped and signed off by the S.C. and submitted to the relevant division of EFCL within 10-12 days
3. Once received, EFCL will affix their stamp and date the receipt of the document EFCL's Project Manager to perform their checks and balances to ensure reasonableness of valuation The certificate is checked for compliance with EFPPD Checklist Once this is done, it is signed off and dated by the Project Manager and the Divisional Manager. A duration of 4 to 6 days is allowed for this process
4. The Certificate is then forwarded to EFCL's Finance Division. Finance will affix their stamp and date of the receipt of the document "Project Accounting" checks are done together with another verification of the EFPPD Checklist. The IPC is signed off once there is full compliance An EFCL invoice is generated for the certified sum along with an invoice for EFCL's fees

The EFCL invoice for the certified sum is stamped with "Services Satisfactorily Performed" and sent to the divisional manager for sign off Once returned, 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 2 and 4 days

**MOE PROCESSING & MOF PROCESSING** Maximum of 30 days is allocated for processing

5. Cheque received (from MOE to pay the contractor)and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

## **REPAIR AND MAINTENANCE**

1. Upon completion of works, EFCL'S Clerk of Works will prepare a Certificate of Completion (CoC). The Project 1 Manager will certify that the works have been performed in accordance with the scope issued. This marks day 1 of the 56 day process
2. The Principal and School Supervisor will sign the CoC, date and stamp If the scope is above \$50,000, EFPPD will be contacted to review the works and will sign off on the CoC The contractor signs the CoC, date and stamp . He provides a "Tax Invoice" for works done

The Divisional Manager signs and dates the CoC A duration of 10 days is allowed for this procedure

3. The Project officer prepares an Interim Payment Certificate and attaches the scope of works, the signed letter of award, the contractor invoice and the CoCare complied. The EFPPD checklist is attached and the documents verified as per the checklist The IPC is signed by the Internal Quantity Surveyor, the Project Manager and the Divisional Manager this is a 5 to 6 day process
4. The IPC and all supporting documents are then forwarded to EFCL's Finance Division. Finance will affix their stamp and date of the receipt of the document "Project Accounting" checks are done together with another verification of the EFPPD Checklist. The IPC is signed off once there is full compliance

An EFCL invoice is generated for the certified sum along with an invoice for EFCL's fees The EFCL invoice for the certified sum is stamped with "Services Satisfactorily Performed" and sent to the divisional manager for sign off.

Once returned, 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 4 to 6 days

## **MOE PROCESSING & MOF PROCESSING** Maximum of **30** days is allocated for processing

5. Cheque received (from MOE to pay the contractor)and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for th is process which would also allow for cheque clearance by the bank

## **OUTFITTING**

1. A letter of award is issued to the sucessful tenderer
2. Performance Bond is received from contractor and the Letter of Award is signed Delivery Schedule is presented to EFCL for review

3. A copy of the letter of award is received by Finance. An EFCL invoice is generated for the 60% of the contract sum along with an invoice for EFCL's fees 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 4 to 6 days

#### **MOE PROCESSING & MOF PROCESSING**

Cheque received (from MOE to pay the contractor) and deposited Once the supplier has completed his delivery and installation, the delivery notes are passed to Finance Department. These are checked off against the invoice and the payment will be prepared for 60% of the value of the contract sum

Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque

2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

An EFCL invoice is generated for the balance 40% of the contract sum along with an invoice for EFCL's fees

#### **MO' PROCESSING & MO' PROCESSING**

Cheque received (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

#### **TEXTBOOKS**

1. A letter of award is issued to the successful tenderer
2. Performance Bond is received from contractor and the Letter of Award is signed Delivery Schedule is presented to EFCL for review
3. A copy of the letter of award is received by Finance. EFCL invoice is generated for the 20 % of the contract sum along with an invoice for EFCL's fees 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 4 to 6 days

#### **MOE PROCESSING & MOF PROCESSING**

Cheque received for the first 20% of billings (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

Once the supplier has completed 60% of his delivery, the delivery notes are passed to Finance Department and copies are forwarded to the Textbook Management Unit (TMU) These delivery notes are checked off against the manifest and confirmed

EFCL invoice is generated for the 40 % of the contract sum along with an invoice for EFCL's fees 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 4 to 6 days

## **MOE PROCESSING & MOF PROCESSING**

Cheque received for the 40% of billings (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

Once the supplier has completed 100% of his delivery, the delivery notes are passed to Finance Department and copies are forwarded to the TMU unit. These delivery notes are checked off against the manifest and confirmed

EFCL invoice is generated for the 30 % of the contract sum along with an invoice for EFCL's fees 4 copies are prepared of the package and it is hand delivered to Ministry of Education Planning and Procurement department (EFPPD)

A log is signed and dated for receipt of the package by EFPPD. This process is to take between 4 to 6 days

## **MOE PROCESSING & MOF PROCESSING**

Cheque received for the 30% of billings (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

Once the supplier has completed 100% of his delivery, the delivery notes are passed to Finance Department and copies are forwarded to the TMU unit. These delivery notes are checked off against the manifest and confirmed Cheque received for the 30% of billings (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

A final check is done to ensure that the supplier has satisfactorily completed all of his deliveries Cheque received for the final 10% of billings (from MOE to pay the contractor) and deposited

The package is retrieved from the files and an EFCL cheque payable to the contractor is prepared and signed. Contractor is contacted and the cheque is collected, the contractor signs for receiving the cheque 2 to 3 days are allowed for this process which would also allow for cheque clearance by the bank

No time frames have been noted as the timing of deliveries by suppliers is a function of availability of textbooks

### **d. With reference to outstanding payment(s) to contractors, could EFCL indicate the reasons Davi Contractors were not paid outstanding monies?**

On November 27, 2012 funds were received in full and final settlement from the Ministry of Education for Davi Services Limited for the construction of the Belle Vue ECCEC. It was confirmed that payment was made in full to Dawi Services Limited for the contract sum of \$229,485.09

**e. With reference to the construction of the Fanny Village Primary School, could EFCL:**

**i. list the liabilities incurred on the project;**

To date this contact has incurred additional cost greater than \$4,000,000.00 as a result of additional retaining structures, revised drainage designs and a sewerage disposal system. With respect to the contactor's termination of the contract, EFCL is assessing the quantum of payment due to the contractor as his final payment.

**ii. indicate the cost of the project to date**

To date the works have been certified at \$12,960,000.00 vat inclusive.

**iii. the cost to complete the said project?**

The initial project cost \$21,658,726.16 vat exclusive. However, with the increased costs due to additional retaining structures and revised drainage and sewerage designs it is projected that the project will cost approximately \$26,000,000.00 vat exclusive.

**f. Submit a copy of the Audited Financial Statements for the year 2012**

The Audited Financial Statements for the year 2012 are not completed. EFCL is currently awaiting the first draft from the Auditors. Once received, the Statements will be reviewed by the Audit Department. Upon the finalization by the Auditors the accounts will then be signed off by the Board of Directors. In collaboration with the Ministry of Finance, the Annual General meeting will be held and thereafter the accounts will be laid in Parliament. This exercise is expected to be completed within a period of 3 to 4 months.