

NINETEENTH

REPORT
FROM

THE PUBLIC ACCOUNTS
(ENTERPRISES) COMMITTEE

EXAMINATION
OF

the audited accounts, balance sheets and other financial statements of the Urban Development Corporation of Trinidad and Tobago Limited, (UDeCOTT), for the financial years 2016 to 2018, and follow up on the implementation of the recommendations contained in the Committee's first report of the 12th Parliament.

Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street Port of Spain
Republic of Trinidad and Tobago



Public Accounts (Enterprises) Committee

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

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

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

Current membership

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

Committee Staff

The current staff members serving the Committee are:

Ms. Hema Bhagaloo	Assistant Secretary
Mr. Darien Buckmire	Assistant Secretary
Ms. Rachel Nunes	Research Specialist
Ms. Anesha James	Clerk Typist I
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Publication

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Table of Contents

Members of the Public Accounts (Enterprises) Committee	4
Executive Summary	4
Introduction	8
Establishment.....	8
Mandate	8
Ministerial Response.....	8
State Enterprises Performance Standards.....	8
Election of the Chairman and Vice-Chairman	9
Establishment of Quorum.....	9
Change in Membership	9
Determination of Date and Time of Regular meetings.....	10
Methodology.....	11
Determination of the Committee's Work Programme Third Session	11
The Inquiry Process.....	12
Company Profile	13
History	13
Core values.....	14
Board of Directors	14
Line Ministry – Office of the Prime Minister	15
Issues and Recommendations	16
Conclusion.....	23
Appendix 1: Meeting Minutes.....	25
Present were:	25
Appendix 2: Verbatim Notes	31

MEMBERS OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE



**Mr. Wade Mark
Chairman**



**Mr. Rushton Paray
Vice-Chairman**



**Mrs. Hazel Thompson-Ahye
Member**



**Mr. Fitzgerald Hinds
Member**



**Mr. Keith Scotland
Member**



**Mr. Stephen Mc Clashie
Member**



**Mrs. Renuka Sagrarsingh-Sooklal
Member**



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

EXECUTIVE SUMMARY

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee conducted **an examination of the audited accounts, balance sheets and other financial statements of the Urban Development Corporation of Trinidad and Tobago Limited, UDeCOTT, for the financial years 2016 to 2018, and follow up on the implementation of the recommendations in the Committee's first report of the 12th Parliament** and produced this report. This report details the issues, endorsements and recommendations made by the Committee to improve UDeCOTT's performance.

The Report focuses on the following issues:

1. Status of Outstanding Financial Statements
2. Disclaimers of Opinion in UDeCOTT's Financial Statements
3. Collection of outstanding receivables
4. Integration of Project Performance Markers
5. Development of Templates for Service Creep and Risk Identification and Mitigation
6. Settlement of UDeCOTT's Project Management Fee Structure

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

- *The UDeCOTT should submit to Parliament by January 3, 2025 an update on strategies that will be taken to address the challenges experienced which have resulted in the delay of the submission of the Audited Financial Statements for 2016 -2020;*
- *The UDeCOTT should submit to Parliament a status report on the audited financial statements for the periods 2019-2023 by January 3, 2025.*
- *UDeCOTT must abide by the provisions of the Company's Act (sec. 189) regarding company records, whereby "a company or its agents shall take reasonable precautions:*
 - a. to prevent loss or destruction of;*
 - b. to prevent falsification of entries in; and*
 - c. to facilitate detection and correction of inaccuracies in, the records required by this Act to be prepared and maintained in respect of the company."*

- d. and submit an update on the steps taken to restore lost data and to abide by the provisions of the Company's Act (sec. 189) to Parliament by January 3, 2025.*
- *The UDeCOTT should provide Parliament with the status of the valuation exercise by January 3, 2025;*
 - *The UDeCOTT should take a proactive approach to data retention by establishing backup systems and cloud-based record storage for critical documents and submit a status update on this matter by January 3, 2025.*
 - *The UDeCOTT should work closely with the Inland Revenue Division to reconcile VAT amounts and ensure accurate records of any amounts owed to it and provide to the Parliament, a status update on this matter by January 3, 2025;*
 - *The UDeCOTT should provide Parliament with a status update on the progress of verifying the cost used in the valuations for construction and other property, plant, and equipment as per IAS 16 by January 3, 2025;*
 - *The UDeCOTT should provide to the Parliament a status update by January 3, 2025 on the adoption of the following actions with respect to supporting the valuation of accounts payable and accruals:*
 - a. cross-verification of the valuations with historical data, contracts, and invoices to ensure accuracy; and*
 - b. receipt of confirmations from suppliers and creditors to verify the amounts recorded as accounts payable and accruals.*
 - *The UDeCOTT should submit to Parliament by January 3, 2025 the following:*
 - a. a detailed breakdown of the accounts receivable for the years 2019, 2020, 2021, 2022, and 2023 disaggregated by debtors and dollar amount;*
 - b. settlement of debts owed to it by clients, inclusive of the status of its efforts to close any queries by entities concerning the amount owed;*
 - c. a report on its present receivables and further actions to be taken to remedy its debt situation.*
 - *While UDeCOTT is piloting EVPM techniques, the Committee recommends adopting a full Earned Value Management System (EVMS) framework, which would allow better integration of cost, schedule, and scope in a comprehensive and measurable way. UDeCOTT should submit to Parliament by January 3, 2025 clear timelines for testing and full implementation.*

- *The UDeCOTT should provide Parliament with the status of the following:*
 - a. *the development of the EVMP techniques;*
 - b. *the results of the testing of the EVMP techniques on their projects;*
 - c. *the decision following the completion of testing regarding the implementation of the EVMP techniques in its day to day operations; and*
 - d. *the status of the development of the companywide policy document by January 3, 2025.*
- *UDeCOTT should conduct stakeholder consultations, particularly with the Ministry of Finance, OPM, client ministries, the External Auditor, and Office of the Procurement Regulator to discuss the barriers preventing effective performance as well as strategies to improve collaboration and provide an update by January 3, 2025.*
- *The UDeCOTT should submit to Parliament by January 3, 2025, the status of the following:*
 - a. *the review and approval of the Scope Creep and Risk Identification and Mitigation templates;*
 - b. *the adoption of process maps for the Scope Creep and Risk Identification and Mitigation templates;*
 - c. *the development of the policy procedures which will govern the usage and implementation of the templates; and*
 - d. *given the challenges with scope creep and risk identification, an independent risk management oversight body comprised of technical experts should be established to supervise and review projects with high financial and operational risks.*
- *The UDeCOTT should submit to Parliament by January 3, 2025, a status update of the Project Management Fee Structure review, which commenced in October 2021, including a breakdown of the findings and proposed recommendations for implementation.*
- *UDeCOTT should take initiatives to improve the communication between the Line Ministry and its clients regarding a realistic and improved fee structure and provide an update on this initiative to Parliament by January 3, 2025.*
- *UDeCOTT should engage formal negotiations with Stakeholders and client Ministries regarding fees at the early stages of the project as to encourage Stakeholders and client Ministries to agree to appropriate project fees and provide an update to Parliament by January 3, 2025.*

INTRODUCTION

Establishment

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

Mandate

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

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

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

Ministerial Response

The Standing Orders¹ provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

State Enterprises Performance Standards

The (PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The

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

Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximize value for money for the national stakeholders and shareholders²

Election of the Chairman and Vice-Chairman

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

Establishment of Quorum

The Committee is required by the Standing Orders³ to have a quorum in order to exercise the powers granted to it by the House. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting held on November 17, 2020.

Change in Membership

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

² State Enterprise Performance Monitoring Manual – Ministry of Finance Website accessed on March 30, 2022 <https://www.finance.gov.tt/2017/05/19/state-enterprise-performance-monitoring-manual-2011/>

³ Standing Order 87(2) of the Senate and 97(2) of the House of Representatives

Determination of Date and Time of Regular meetings

The Committee is required by the Standing Orders⁴ to sit notwithstanding any adjournment of the House. At its Second Meeting, the Committee agreed to meet on the First and Third Wednesday of each month at 9:30 a.m.

⁴ Standing Order 101(b) of the Senate and 111(b) of the House of Representatives

METHODOLOGY

Determination of the Committee's Work Programme Fourth Session

At the Committee's Twelfth meeting held on Wednesday November 15, 2023, the Committee identified the following entities for examination during the Fourth Session of the 12th Parliament:

- Urban Development Corporation of Trinidad and Tobago Limited
- Vehicle Management Corporation of Trinidad and Tobago Limited Trinidad and Tobago
- National Export Facilitation Organisation of Trinidad and Tobago;
- National Petroleum Marketing Company Limited;
- Trinidad Petroleum Holdings Limited;
- National Flour Mills Limited; and
- Trinidad and Tobago Mortgage Finance Company Limited.

The Inquiry Process

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

- I. The Committee conducted a review of the responses provided to the First Report of the PA(E)C from the Twelfth Parliament. Based on the responses provided, the Committee wrote to the entity for a status of the implementation of the recommendations.
- II. The Committee also conducted a review of UDeCOTT's Audited Financial Statements for the Financial Years ended September 30, 2016 to 2018. Based on an analysis of the financial statements, issues were identified and questions for written response were generated.
- III. Questions for written response were forwarded to UDeCOTT, on November 28, 2023. UDeCOTT's responses were received on January 16, 2024.
- IV. Preparation of an Issues Paper, which identified and summarised matters of concern in the responses provided by the UDeCOTT. Based on the responses received and the issues identified, the Committee agreed to have a public hearing.
- V. A public hearing was held on November 15, 2023. Representatives from UDeCOTT, the OPM and MOF-ID were invited.
- VI. Questions were sent for additional information to the UDeCOTT after the public hearing on November 16, 2023. The UDeCOTT's responses were received on February 6, 2024.
- VII. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry. The Report will be transmitted to the OPM as the Minister with oversight of the UDeCOTT for written response within sixty (60) days in accordance with Standing Order 110(6) of the House of Representatives and 100(6) of the Senate.
- VIII. Carry out follow-up to monitor progress in the implementation of recommendations.

COMPANY PROFILE⁵

History

The Government of the Republic of Trinidad and Tobago created in 1994 a special purpose company, the Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT), with responsibility for managing projects and facilities in the urban spaces of Trinidad and Tobago. UDeCOTT is a company that is wholly owned by the Government of the Republic of Trinidad and Tobago. UDeCOTT's primary objective is to deliver projects that meet our clients' objectives using the highest quality project management and development services.

Over the last three years the UDeCOTT's thrust has been on the development of social infrastructure projects in Trinidad and Tobago, which fall within the following portfolios:

1. Health
2. National Security
3. Industrial
4. Community Development, Culture and Arts
5. Accommodation
6. Ports and Infrastructure; and
7. Sports and Recreation

Within the broader context, however, UDeCOTT is responsible for developing the urban renewal of the capital city, Port of Spain and the city of San Fernando. Finally, UDeCOTT has been tasked with developing 13 major urban centres as identified in the National Development Strategy 2016-2030.⁶

⁵ The Urban Development Corporation of Trinidad and Tobago Limited website accessed on July 03, 2024: <https://udecott.com/about-us/company-overview/>

⁶ The Urban Development Corporation of Trinidad and Tobago website accessed on July 03, 2024: <https://udecott.com/about-us/company-overview/>

Core values⁷

The company's core values form the foundation on which work is performed and how people conduct themselves. The Core Values underlie work, how people interact with each other, and which strategies will be employed to fulfill the Mission. The Core Values are divided into six main areas:

- **Good Governance**

Strict adherence to the principles of transparency and accountability in all operations, decision – making and policy- setting. Following the rule of law for the benefit and protection of stakeholders.

- **Integrity**

The Board of Directors, Management and Staff are guided by sound moral judgement, honesty, trustworthiness and the highest ethical standards in all facets of operations.

- **Transformative**

Commitment to using innovation and creativity to transform the landscape for the optimal benefit of communities.

- **Service Driven**

The company staff are purposely geared to use gold standards in its core competencies with a view to continuously providing service excellence to clients.

- **Cost Efficient (value driven)**

Performance of activities in the most economical manner to produce the optimum result in all operations.

- **Results Oriented**

A purpose driven organization focused on the timely delivery and cost effective execution of its mandate to satisfy all stakeholders.

Board of Directors⁸

- | | |
|-----------------------|------------|
| • Mr. Noel Garcia | - Chairman |
| • Ms. Janelle Berkley | - Director |

⁷ The Urban Development Corporation of Trinidad and Tobago website accessed on July 03, 2024: <https://udecott.com/about-us/missioncore-values/>

⁸ The Urban Development Corporation of Trinidad and Tobago website accessed on July 03, 2024: <https://udecott.com/about-us/ourteam/>

- Ms. Maureen Braveboy - Director
- Mr. Jade Brown - Director
- Mrs. Jacqueline G Ganteaume-Farrell - Director
- Ms. Vashti Phekoo - Director
- Mrs. Kimberly Carr-Hamilton - Corporate Secretary
- Ms. Tamica Charles - Chief Executive Officer

Line Ministry – Office of the Prime Minister

- **Permanent Secretary** - Mr. Maurice Suite
- **Deputy Permanent Secretary** - Mrs. Vashti Maraj

ISSUES AND RECOMMENDATIONS

2. Status of Outstanding Financial Statements

Accountability to Parliament for the use of public funds has been weakened by the failure of the corporation to submit their audited accounts in a timely manner. The Ministerial Response of the Office of the Prime Minister to the Committee's First Report of the Twelfth Parliament on the audited financial statements of the UDeCOTT for the financial years 2014 and 2015, laid in the Senate on July 6, 2021 and in the House of Representatives on July 9, revealed that an Annual General Meeting (AGM) was held on May 12, 2022 to adopt the company's audited financial statements for the year ending December 31, 2016. The statements were finalised by UDeCOTT's auditor, KPMG Trinidad and Tobago in March 2022. At this AGM, approval was granted by the UDeCOTT's Shareholders to appoint PKF Chartered Accountants and Business Advisors as the new auditors for the audits of the financial statements for the years 2017 to 2022. During the public hearing, which was held on November 15, 2023, UDeCOTT's Chairman informed the Committee that the change in auditors was needed after KPMG voluntarily withdrew from the engagement due to staffing challenges as well as the firm's decision to take a different strategic direction regarding its business model.

The Ministerial Response of the Office of the Prime Minister further stated that, the newly appointed auditors finalised the audited financial statements for the years 2017 and 2018 in March 2023. Furthermore, it was disclosed that the financial statements for the periods ending December 31, 2019, and December 31, 2020, were carded for finalisation in May 2023 and September 2023 respectively. However, UDeCOTT's Chairman shared that the previously stipulated deadlines were unable to be met and as such new deadlines were established for the completion of the audited financial statements as follows:

- December 31, 2019 – November 2023,
- December 31, 2020 – January 2024,
- December 31, 2021 – April 2024, and
- December 31, 2022 – July 2024.

UDeCOTT's Chairman further indicated that once neither UDeCOTT nor its auditors experienced any unforeseen circumstances, its Board and Management would commit to utilise all of its power to ensure that the Corporation's accounts are updated in the 2024 financial year.

Recommendations:

- *The UDeCOTT should submit to Parliament by January 3, 2025 an update on strategies that will be taken to address the challenges experienced which have resulted in the delay of the submission of the Audited Financial Statements for 2016 -2020;*
- *The UDeCOTT should submit to Parliament a status report on the audited financial statements for the periods 2019-2023 by January 3, 2025.*

3. Disclaimers of Opinion in UDeCOTT's Financial Statements

The Corporation lacks the systems and data it needs to improve its accountability and efficiency. During the period 2016 to 2018, the auditors, KPMG and PKF, issued Disclaimers of Opinion owing to UDeCOTT's inability to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion on these financial statements. The auditor's Basis of Disclaimer of Opinion indicated that UDeCOTT was unable to provide the required evidence to allow the auditors to confirm or verify, by alternative means, the existence, completeness, valuation, ownership and disclosure of construction in progress, investment properties, value added tax recoverable, accounts payable and accruals and contributed capital as of 31st December 2016, 2017, and 2018.

Officials from UDeCOTT indicated that the inability to provide these disclosures originated when the UFF Commission of Enquiry into the Construction Sector was established on September 9, 2008. The documents had to be submitted to the UFF Commission of Enquiry and the Anti-Corruption Investigations Bureau to enquire about the public construction sector with a special focus on UDeCOTT. The probe into UDeCOTT occurred from 2008 to 2010 when all of UDeCOTT's physical records were taken from the Corporation and were not returned. As a result of the lack of documentation to support financial transactions, UDeCOTT's past and current auditors have been unable to substantiate the carry-forward figures of UDeCOTT's financial records. Furthermore, all financial paperwork and data relating to UDeCOTT's assets

and liabilities outside of what was taken by the Commission of Enquiry had been supplied when requested by the auditors.

UDeCOTT's Chairman advised the Committee that the Corporation was actively working to resolve the Disclaimers of Opinions issued by its auditors to ensure they become a non-issue by the completion of the audit of the 2022 financial statements. This would be achieved by:

- approaching the Ministry of Finance - Valuation Division to resolve the valuation concerns of all UDeCOTT's properties;
- maintaining communication with the Ministry of Finance - Inland Revenue Division to ascertain the amount of money owed to UDeCOTT by the Board of Inland Revenue as it concerns value added tax;
- verifying the costs used in the valuations for construction and other property, plant and equipment as required by the International Accounting Standard (IAS) 16 - Property, Plant, and Equipment; and
- providing sufficient and appropriate evidence to support the valuation of accounts payable and accruals.

Recommendations:

- *UDeCOTT must abide by the provisions of the Company's Act (sec. 189) regarding company records, whereby "a company or its agents shall take reasonable precautions:*
 - e. to prevent loss or destruction of;*
 - f. to prevent falsification of entries in; and*
 - g. to facilitate detection and correction of inaccuracies in, the records required by this Act to be prepared and maintained in respect of the company."*
 - h. and submit an update on the steps taken to restore lost data and to abide by the provisions of the Company's Act (sec. 189) to Parliament by January 3, 2025.*
- *The UDeCOTT should provide Parliament with the status of the valuation exercise by January 3, 2025;*
- *The UDeCOTT should take a proactive approach to data retention by establishing backup systems and cloud-based record storage for critical documents and submit a status update on this matter by January 3, 2025.*

- *The UDeCOTT should work closely with the Inland Revenue Division to reconcile VAT amounts and ensure accurate records of any amounts owed to it and provide to the Parliament, a status update on this matter by January 3, 2025;*
- *The UDeCOTT should provide Parliament with a status update on the progress of verifying the cost used in the valuations for construction and other property, plant, and equipment as per IAS 16 by January 3, 2025;*
- *The UDeCOTT should provide to the Parliament a status update by January 3, 2025 on the adoption of the following actions with respect to supporting the valuation of accounts payable and accruals:*
 - a. cross-verification of the valuations with historical data, contracts, and invoices to ensure accuracy; and*
 - b. receipt of confirmations from suppliers and creditors to verify the amounts recorded as accounts payable and accruals.*

4. Collection of Outstanding Receivables

The audited financial statements for the periods 2016 to 2018 indicated that the Corporation's Accounts Receivables averaged approximately \$1 billion. Following the completion of the audit of the 2018 financial statements, UDeCOTT made concerted efforts to settle debts owed with the Ministry of Finance (MOF) as well as with its client Ministries. This involved holding individual meetings with client Ministries to clarify any queries or invoices. UDeCOTT indicated that at the end of the financial year (December 2023), the company's Accounts Receivables was approximate \$500 million. Following the public hearing, held on November 15, 2023, the Committee requested a detailed breakdown of UDeCOTT's Accounts Receivables for the years 2019, 2020, 2021, 2022 and 2023 of the amount owed by each debtor. However, by letter dated January 16, 2024, UDeCOTT informed the Committee that 'Given that the Financial Accounts for these periods are still in the process of being audited, UDeCOTT will submit the final position to this question upon completion of that exercise.'

Recommendations:

- *The UDeCOTT should submit to Parliament by January 3, 2025 the following:*

- d. a detailed breakdown of the accounts receivable for the years 2019, 2020, 2021, 2022, and 2023 disaggregated by debtors and dollar amount;*
- e. settlement of debts owed to it by clients, inclusive of the status of its efforts to close any queries by entities concerning the amount owed;*
- f. a report on its present receivables and further actions to be taken to remedy its debt situation.*

5. Integration of Project Performance Markers

Earned Value Project Management (EVPM) techniques assess project progress and completion against the work plan. In response to the Committee's recommendation that UDeCOTT should adopt EVMP techniques, UDeCOTT stated that it was currently exploring mechanisms/avenues to integrate this type of project performance marker into its current project reporting mechanisms. During the public hearing, held on November 15, 2023, officials from UDeCOTT, stated that UDeCOTT was testing EVPM techniques on a number of their projects. Once a final decision has been made, the Corporation intends to develop a companywide policy document. The current project performance assessments involve measuring activity completion dates and actual expenditure against the actual schedule and the cost expected expenditure for the period of the project.

Recommendations:

- While UDeCOTT is piloting EVPM techniques, the Committee recommends adopting a full Earned Value Management System (EVMS) framework, which would allow better integration of cost, schedule, and scope in a comprehensive and measurable way. UDeCOTT should submit to Parliament by January 3, 2025 clear timelines for testing and full implementation.*
- The UDeCOTT should provide Parliament with the status of the following:*
 - a. the development of the EVMP techniques;*
 - b. the results of the testing of the EVMP techniques on their projects;*
 - c. the decision following the completion of testing regarding the implementation of the EVMP techniques in its day to day operations; and*
 - d. the status of the development of the companywide policy document by January 3, 2025.*

- *UDeCOTT should conduct stakeholder consultations, particularly with the Ministry of Finance, OPM, client ministries, the External Auditor, and Office of the Procurement Regulator to discuss the barriers preventing effective performance as well as strategies to improve collaboration and provide an update by January 3, 2025.*

6. Development of Templates for Scope Creep and Risk Identification and Mitigation

In response to the Committee's recommendation that UDeCOTT should develop a comprehensive risk identification/mitigation plan, and change management plan (by project), to allow for swift responses to changes in project scope and avoid incidences of scope creep, UDeCOTT stated that templates for Scope Creep and Risk Identification and Mitigation were developed. Roll out would be undertaken upon completion of process maps and their subsequent review and approval. The roll out was expected to be completed before the close of the second quarter of 2023. During the public hearing, held on November 15, 2023, officials from UDeCOTT stated that the target was not met. It was also stated that the templates were currently in draft and would be forwarded to UDeCOTT's Construction Committee followed by its Board for approval for the development of policy procedures. UDeCOTT indicated that the roll out of the templates should be implemented by December 31, 2023.

Recommendation

- *The UDeCOTT should submit to Parliament by January 3, 2025, the status of the following:*
 - a. the review and approval of the Scope Creep and Risk Identification and Mitigation templates;*
 - b. the adoption of process maps for the Scope Creep and Risk Identification and Mitigation templates;*
 - c. the development of the policy procedures which will govern the usage and implementation of the templates; and*
 - d. given the challenges with scope creep and risk identification, an independent risk management oversight body comprised of technical experts should be established to supervise and review projects with high financial and operational risks.*

7. Settlement of UDeCOTT's Project Management Fee Structure

The review of UDeCOTT's Project Management Fee Structure and process for payment of fees (i.e. invoicing against works completed on the Project) which commenced in October 2021 has been an ongoing process. Some of the preliminary findings from the review showed that UDeCOTT was unable to net a profit on projects with contract sums of \$20 million or less. However, when UDeCOTT executed projects of a larger scale such as those \$500 million or above, the fees generated allowed the company to offset the losses incurred on the smaller projects.

UDeCOTT's Chairman informed the Committee that while the Corporation may suggest a fee, invariably the Cabinet sets the fee on a project-by-project basis. To this end, when UDeCOTT meets with clients, the client is shown the cost the Corporation would incur to undertake the project, and thereafter attempts are made to suggest and negotiate a fee commensurate with the effort and the returns. With Cabinet's continued imposition of a project management fee of 4.5%, UDeCOTT approached its line Ministry for assistance on solutions to correct the fee structure, which would improve its financial position. Ideally, the Corporation stated that this would involve including more realistic fee structures in its fee proposals to the Client for consideration. UDeCOTT added that given that the implementation of same requires the input and approval of various stakeholders, strategies are being developed on the way forward.

Recommendations:

- *The UDeCOTT should submit to Parliament by January 3, 2025, a status update of the Project Management Fee Structure review, which commenced in October 2021, including a breakdown of the findings and proposed recommendations for implementation.*
- *UDeCOTT should take initiatives to improve the communication between the Line Ministry and its clients regarding a realistic and improved fee structure and provide an update on this initiative to Parliament by January 3, 2025.*
- *UDeCOTT should engage formal negotiations with Stakeholders and client Ministries regarding fees at the early stages of the project as to encourage Stakeholders and client Ministries to agree to appropriate project fees and provide an update to Parliament by January 3, 2025.*

CONCLUSION

In light of the above, the Committee notes that UDeCOTT is addressing significant challenges related to financial documentation, project management practices, and fee structures. Through strategic initiatives, such as implementing EVPM, developing risk mitigation plans, and negotiating better fee structures, UDeCOTT aims to enhance its operational efficiency and financial stability.

The Committee is optimistic that the company will continue to ensure its efforts to collaborate with various stakeholders, including the Ministry of Finance and Office of the Prime Minister, as such is crucial for the achievement of these goals and ensuring the organization's long-term viability.

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

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

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

Sgd.

**Mr. Wade Mark
Chairman**

Sgd.

**Mr. Rushton Paray, MP
Chairman**

Sgd.

**Mrs. Hazel Thompson-Ahye
Member**

Sgd.

**Mrs. Renuka Sagramsingh-Sooklal
Member**

Sgd.

**Mr. Fitzgerald Hinds, MP
Member**

Sgd.

**Mr. Stephen Mc Clashie, MP
Member**

Sgd.

**Mr. Keith Scotland, MP
Member**

APPENDIX 1: MEETING MINUTES

**THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE –
FOURTH SESSION, TWELFTH PARLIAMENT
MINUTES OF THE EIGHTEENTH MEETING HELD ON
WEDNESDAY, NOVEMBER 15, 2023 AT 9:40 A.M IN THE J. HAMILTON MAURICE
MEETING ROOM, GROUND FLOOR, CABILDO BUILDING, PARLIAMENTARY
COMPLEX, ST. VINCENT STREET, PORT OF SPAIN**

Present were:

Mr. Wade Mark	-	Chairman
Mr. Rushton Paray	-	Vice-Chairman
Mrs. Renuka Sagrarsingh-Sooklal	-	Member
Mrs. Laurel Lezama-Lee Sing	-	Member
Ms. Keiba Jacob Mottley	-	Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Darien Buckmire	-	Research Specialist

Excused were:

Mr. Stephen Mc Clashie	-	Member
Mrs. Hazel Thompson-Ahye	-	Member
Mr. Keith Scotland	-	Member

Absent was:

Mr. Fitzgerald Hinds	-	Member
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CALL TO ORDER

- 1.1 At 9:40 a.m., the Chairman called the meeting to order and welcomed those present.

INTRODUCTION OF THE NEW COMMITTEE MEMBER

- 2.1 The Chairman announced that Mrs. Hazel Thompson-Ahye replaced Ms. Amrita Deonarine with effect from October 24, 2023.
- 2.2 The Chairman welcomed the new Member to the Committee and thanked the former Member for her service.

THE EXAMINATION OF THE MINUTES OF THE SEVENTEENTH MEETING

- 3.1 The Committee examined the Minutes of the Seventeenth (17th) Meeting held on June 7, 2023.
- 3.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Rushton Paray and seconded by Mrs. Renuka Sagrarsingh-Sooklal.

MATTERS ARISING FROM THE MINUTES OF THE SEVENTEENTH MEETING

- 4.1 With reference to item 3.1, page 1, the Chairman informed Members that the responses to the request for additional information were received from the National Infrastructure Development Company Limited (NIDCO) on July 21, 2023 and used to draft the Committee's report.
- 4.2 With reference to item 7.2, page 3, the Chairman informed Members that the responses to the request for additional information were received from the Tourism Trinidad Limited and the Ministry of Tourism, Culture and the Arts on July 10, 2023 and July 5, 2023 respectively and used to draft the Committee's report.
- 4.3 The Chairman informed Members that the Committee's Tenth, Eleventh and Twelfth Reports were presented in the Senate on November 7, 2023 and thereafter at the next sitting of the House of Representatives.

CONSIDERATION OF THE COMMITTEE'S REPORTS

- 5.1 The Chairman invited Members to review the draft Thirteenth, Fourteenth and Fifteenth Reports of the Committee which were circulated to Members via email and uploaded to Rotunda for comments and suggestions.
- 5.2 The Chairman invited Members to make any comments and /or suggestions. A discussion ensued. It was agreed that Members would review the Draft Thirteenth, Fourteenth and Fifteenth Reports and provide comments to the Secretariat by Friday November 17, 2023.
- 5.3 The Chairman instructed the Secretariat to submit the signed and completed Reports for laying in the respective Houses of Parliament. It was agreed that the Reports would be presented by the Chairman in the Senate and the Vice- Chairman in the House of Representatives

CONSIDERATION OF WORK SCHEDULE AND COMMITTEE CALENDAR FOR THE FOURTH SESSION, TWELFTH PARLIAMENT

- 6.1 The Chairman invited Members to review the proposed work schedule and calendar for the Fourth Session, Twelfth Parliament prepared by the Secretariat and circulated for Members consideration.
- 6.2 The Chairman invited Members to make any comments and/ or suggestion. A discussion ensued.

The Committee agreed to the following Work Programme for the Fourth Session, Twelfth Parliament in this order:

- Urban Development Corporation of Trinidad and Tobago Limited (UDECOTT)
- Vehicle Management Corporation of Trinidad and Tobago Limited (VMCOTT)
- National Export Facilitation Organisation of Trinidad and Tobago (exporTT)
- Trinidad Petroleum Holdings Limited (TPHL)
- Trinidad and Tobago National Petroleum Marketing Company Limited (NP)
- National Flour Mills Limited (NFM)
- Trinidad and Tobago Mortgage Finance Company Limited (TTMF)

PRE-HEARING DISCUSSION RE: URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED (UDeCOTT)

- 7.1 The Chairman reminded Members that the purpose of the public hearing was to conduct an examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT) for the financial years 2016-2018 and follow-up on the implementation of the recommendations in the Committee's First Report of the 12th Parliament.
- 7.2 Members discussed the areas of concern and the general approach for the public hearing.

SUSPENSION

- 8.1 There being no further business for discussion in camera, the Chairman suspended the meeting at 10:06 a.m. to reconvene in public.

AN EXAMINATION OF THE AUDITED ACCOUNTS, BALANCE SHEET AND OTHER FINANCIAL STATEMENTS OF THE URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED (UDECOTT) FOR THE FINANCIAL YEARS 2016-2018 AND FOLLOW-UP ON THE IMPLEMENTATION OF THE RECOMMENDATIONS IN THE COMMITTEE'S FIRST REPORT OF THE 12TH PARLIAMENT.

- 9.1 The Chairman called the public meeting to order at 10:10 a.m.
- 9.2 The following officials joined the meeting:

Urban Development Corporation of Trinidad and Tobago Limited (UDeCOTT)

- | | | |
|-------------------------------------|---|----------|
| • Mr. Noel Garcia | - | Chairman |
| • Mrs. Jacqueline Ganteaume-Farrell | - | Director |
| • Mr. Jade Brown | - | Director |

- Mr. Burton André Hinkson - Chief Executive Officer (Ag),
Divisional Manager - Finance
- Ms. Sarah Scoon - Divisional Manager - Construction
- Mrs. Cavelle Joseph-St. Omer - Divisional Manager - Human
Resources
- Ms. Kashka Andrews - Divisional Manager - Facilities
- Mr. Christin Tahal - Legal Officer

Office of the Prime Minister (OPM)

- Mr. Maurice Suite - Permanent Secretary

Ministry of Finance – Investments Division (MoF-ID)

- Mrs. Michelle Durham Kissoon - Permanent Secretary
- Ms. Sharon Mohammed - Director Agro-based, Manufacturing
and Services Sector
- Mr. Ryan Maharaj - Senior Business Analyst

9.3 Key Issues Discussed:

1. The status of UDeCOTT's outstanding audited financial statements for the years 2019, 2020, 2021 and 2022 and the timelines for submission to the MoF;
2. The reasons for KPMG's voluntarily withdrawal as UDeCOTT's external auditors;
3. The challenges that hindered UDeCOTT's ability to submit its outstanding financial statements at the recommitted deadlines;
4. The basis for PKF's inclusion of a Disclaimer of Opinion in UDeCOTT's 2016 to 2018 audited financial statements and the possible implications;
5. The reasons for UDeCOTT's inability to disclose its Construction in Progress Schedule to its external auditors;
6. The responsibilities of the Valuation Division, MoF ;
7. The amount of Value Added Tax recoverable to UDeCOTT by the Board of Inland Revenue;
8. The resolution of the valuations of UDeCOTT's accounts payables and accruals;
9. The ownership and disclosure of UDCOTT's Construction in Progress projects and other items classified under Property, Plant and Equipment;
10. The UDeCOTT's accumulated Accounts Receivable figures between 2016 to 2023 and whether the outstanding receivables affected UDeCOTT's financial stability;
11. The major debtors owing UDeCOTT monies for projects executed on their behalf and the debt recovery measures actioned by UDeCOTT;
12. The human resources capacity of UDeCOTT's Construction/Engineering and Finance Divisions;

13. The rationale for the exchange of 476 acres of land at Las Cuevas Bay Estate in 1998 between the Government and Las Cuevas Resorts Limited;
14. The vesting of the 476 acres of land at Las Cuevas Bay Estate in 1999 to UDeCOTT through its subsidiary Rincon Development Limited to oversee the development and regularisation of 139 leased lots and homesteads in the area;
15. The status of the rate determined by the Integrity Commission regarding leased land occupied by the squatters and the role of the Commission in compiling a list of eligible persons;
16. The regularisation process executed by Rincon Development Limited and the implementation of payment schedules for the collection of monies owed by persons in possession of regularised and developed lots;
17. The measures in place by UDeCOTT ensures that the funds under restricted cash of its Hotel operations are safeguarded against any possible misuse or financial mismanagement;
18. The UDeCOTT's maintenance of a register that tracks the purchase, movement and disposal of all fixtures, furniture, furnishings, equipment and any other qualifying expenditure related to its hotel operations;
19. The status of the completion of the:
 - a. Arouca Fire Station,
 - b. Carenage Police Station,
 - c. Lady Hailes San Fernando Fire Station,
 - d. Penal/Debe Fire Station, and
 - e. Woodbrook Fire Station
20. The Status of the implementation of recommendations contained in the Committee's First Report of the Twelfth Parliament;
21. The status of the Commission of Enquiry into UDeCOTT's continued possession of the Corporation's physical financial documents;
22. The status of UDeCOTT's preparation of a Strategic Plan that goes beyond 2024 and whether UDeCOTT met the timelines of the objectives stipulated in its 2021-2024 Strategic Plan;
23. The status of UDeCOTT's total comprehensive income in 2018
24. The existence of deferred tax liabilities due to UDeCOTT;
25. The current total amount borrowed by UDeCOTT as at October 30, 2023 via Government guaranteed loans
26. The status of UDeCOTT's 4.5% Project Management Fee increase;
27. The factors that were taken into consideration when determining whether value for money was achieved on the completion of the Parliamentary Complex;
28. The hiring of 24 locally registered contractors to complete the restoration and refurbishment works at the Parliamentary Complex;
29. The status of the completion and opening date of the Central Block of the Port of Spain General Hospital and whether the \$1.2 billion budget would be adhered to; and
30. The changes made by the contractor on the construction of the Central Block of the Port of Spain General Hospital and the separation of the project into different packages.

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

10.1 The Chairman thanked the officials for attending the meeting and they were excused.

10.2 The Committee agreed that additional questions would be sent to UDeCOTT.
[Please see Appendix 1]

SUSPENSION

11.1 At 12:30 p.m., the Chairman suspended the public meeting to resume in-camera for a post-mortem discussion with Members only. A discussion ensued.

11.2 There being no other business, the Chairman thanked Members for their attendance. The Committee agreed that the next meeting of the Committee will be held on **December 6, 2023 at 9:30 a.m.** at which time the Committee will conduct an examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Vehicle Management Corporation of Trinidad and Tobago (VMCOTT) for the financial years 2015 and 2016 and follow-up on the implementation of the recommendations in the Committee's Second Report, 12th Parliament.

ADJOURNMENT

12.1 The adjournment was taken at 12:34 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

NOVEMBER 15, 2023

APPENDIX 2: VERBATIM NOTES

VERBATIM NOTES OF THE EIGHTEENTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD (IN PUBLIC) IN THE J. HAMILTON MAURICE ROOM, GROUND FLOOR, CABILDO PARLIAMENTARY COMPLEX, OFFICE OF THE PARLIAMENT, ST. VINCENT STREET, PORT OF SPAIN, ON WEDNESDAY, NOVEMBER 15, 2023, AT 10.10 A.M.

PRESENT

Mr. Wade Mark	Chairman
Mr. Rushton Paray	Vice-Chairman
Mrs. Renuka Sagrainsingh-Sooklal	Member
Mrs. Laurel Lezama-Lee Sing	Member
Ms. Keiba Jacob Mottley	Secretary
Mr. Darien Buckmire	Graduate Research Assistant

ABSENT

Ms. Hazel Thompson-Ahye	Member [<i>Excused</i>]
Mr. Fitzgerald Hinds	Member
Mr. Keith Scotland	Member [<i>Excused</i>]
Mr. Stephen Mc Clashie	Member [<i>Excused</i>]

URBAN DEVELOPMENT CORPORATION OF TRINIDAD AND TOBAGO LIMITED (UDeCOTT)

Mr. Noel Garcia	Chairman
Mrs. Jacqueline Ganteaume-Farrell	Director
Mr. Jade Brown	Director
Mr. Burton André Hinkson	Divisional Manager – Finance CEO (Ag)
Ms. Sarah Scoon	Divisional Manager – Construction
Ms. Kashka Andrews	Divisional Manager – Facilities
Mr. Christin Tahal	Legal Officer
Mrs. Cavelle Joseph-St. Omer	Divisional Manager, Human Resources

OFFICE OF THE PRIME MINISTER

Mr. Maurice Suite

Permanent Secretary

MINISTRY OF FINANCE – INVESTMENTS DIVISION

Mrs. Michelle Durham Kissoon

Permanent Secretary

Ms. Sharon Mohammed

Director, Agro-based,
Manufacturing & Services Sector

Mr. Ryan Maharaj

Senior Business Analyst

Mr. Chairman: Good morning to all and may I, on behalf of the Public Accounts (Enterprises) Committee warmly welcome all officials present at this time from the Ministry of Finance, Investments Division, Office of the Prime Minister and, of course officials from the Urban Development Corporation of Trinidad and Tobago, UDeCOTT.

My name is Wade Mark, and I am the Chairman of the Public Accounts (Enterprises) Committee. Let me indicate from the very outset, to allow everyone to be comfortable, what we do. Our Committee, the Committee known as the Public Accounts (Enterprises) has a mandate constitutionally to consider and report to the House of Representatives on the following: the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the state. We are also mandated through the Auditor General's report to examine balance sheets and other financial statements coming from that department, and we are also charged with the responsibility of determining whether policy is being carried out effectively, efficiently and economically and whether expenditure conforms to the authority which governs it.

Now, the purpose of our meeting this morning of the Public Accounts is to conduct an examination of the audited accounts, balance sheets and other financial statements of the Urban Development Corporation of Trinidad and Tobago Limited, UDeCOTT, for the financial years 2016 to 2018, and follow up on the implementation of the recommendations in the Committee's first report of the 12th Parliament. Our Committee is desirous of hearing from you, particularly UDeCOTT, the challenges faced by the key stakeholders at the Urban Development Corporation of Trinidad and Tobago Limited, in an attempt to determine some of the possible solutions to these challenges, which of course, you will share with us.

Now, our role is to help, may I emphasize, our role as a Committee is to help UDeCOTT improve its delivery of services. May I emphasize this so that everyone in this room would

understand what our role is, to help improve UDeCOTT's delivery of services in an efficient, effective and economical manner.

The meeting that is taking place today is being held in public and is being broadcast live on Parliament's Channel 11 and *Radio 105.5 FM* and the Parliament's YouTube Channel *ParlView*. Viewers and listeners can send their comments related to today's topic via our email, which is parl101@ttparliament.org, on our Facebook account at facebook.com/ttparliament and on Twitter, [@ttparliament](https://twitter.com/ttparliament). These are all devices that you can use to link up with our proceedings.

Now, at this point in time I will ask members of our Committee, who are present with us, to introduce themselves thereafter, I shall call on the other officials in the following order to introduce themselves. After our members, we go to the representatives of the Ministry of Finance, Investment Division, then to the Office of the Prime Minister and finally to the Urban Development Corporation of Trinidad and Tobago. So, I now invite our members to introduce themselves.

[Introductions made]

10.20a.m.

Mr. Chairman: We have no one else from UDeCOTT, right? Thank you. Okay. At this time, may I invite the representative of the Ministry of Finance, Investments Division, to make a brief opening remark or statement no more than a minute and a half. So can I ask the representative of the Ministry of Finance, Investments Division, to proceed.

Mrs. Durham-Kissoon: Good morning, Chairman, members of the Committee and ladies and gentlemen of the viewing audience. The Ministry of Finance, the Investments Division acts on behalf of the Minister of Finance in his capacity as Corporation Sole and carries out the corporate function for state enterprises. This includes representation of the Minister at shareholders' meetings, incorporation of new state enterprises, and where necessary, divestment of state enterprises when it becomes feasible to do so. I thank the Chairman and the members for this hearing this morning and we look forward to facilitating and responding to any of the queries that you have. Thank you very much.

Mr. Chairman: Thank you. May I now invite the Permanent Secretary in the Office of the Prime Minister to make a brief opening statement. Mr. Suite.

Mr. Suite: Good morning, Chair, and other members. Well, I just want to, on behalf of the Office of the Prime Minister, thank you for the opportunity to appear before the Committee, and we are here in whatever capacity we can to provide any assistance in deliberations of UDeCOTT and its financial audited statements. Thank you.

Mr. Chairman: Thank you very much, Mr. Suite. I will now invite either the Chairman of UDeCOTT and/or the CEO—I will leave that up to you all to determine—to make a few brief opening remarks.

Mr. Garcia: Thank you, Mr. Chairman. UDeCOTT is pleased to be present here this morning to provide clarification and explanations as it relates to the accounts for 2016, '17 and '18. UDeCOTT's primary objective is to deliver projects that meet our clients' objectives using the highest quality project management and development services. Its critical focus over the last few years, that is 2016, '17 and '18, has been on social infrastructure projects, including hospitals, police stations and fire stations. Within the broader context, however, UDeCOTT is responsible for the development of the urban renewal of the capital city, Port of Spain, into a business and financial sector, and San Fernando for positioning Trinidad and Tobago's energy capital.

Finally, UDeCOTT has been tasked with developing 13 major urban centres as identified in the National Development Strategy 2016-2030. Thank you, Mr. Chairman.

Mr. Chairman: Well, thank you, Mr. Garcia, and welcome to all of the officials from UDeCOTT, the Office of the Prime Minister and the Ministry of Finance, Investments Division, once again. May I begin by seeking some clarification. The first area I would like to clarify has to do with the status of outstanding financial statements. Now, based on the documentation that has been submitted, we have discerned a commitment by UDeCOTT through their external auditors to submit to the Ministry of Finance, and through the Ministry of Finance to the House of Representatives, outstanding financial statements for 2019 and 2020, respectively, by May of 2023, and for 2021 and 2022, no later than December 31st, and I am being generous here—I think it is before that, but I may be wrong, but by the end of December 2023, the financial audited accounts for '21 and '22.

So the first area of clarification is: what is the status of the May 2023 submission of audited financial accounts for 2019 and 2020? And after that bring us up to speed with whether you all are on track to have those reports, audited financial reports, submitted for 2021, 2022, by December 31st. So I do not know, Mr. Garcia, who will take that round.

Mr. Garcia: Well, Mr. Chairman, I would take the first pass. Unfortunately, we did not keep the deadlines that you outlined, and one of the principal reasons is that we had a change in auditors. KPMG who were our auditors in 2016 voluntarily withdrew, not only from UDeCOTT but from a number of state corporations as the auditors. So we had a change in auditors and I think we went to PKF. So the new dates—and that created some challenges for the organization and as a result we were unable to keep those timelines.

I am advised that the new timelines are as follows: for the accounts of 2019, we are expected

to deliver that sometime towards the end of November; for 2020, we are looking somewhere in January 2024; for 2021, we are looking at April 2024; and for 2022, we are looking at July 2024. That is on the basis that we do not run into any unforeseen circumstances, but we are committed to having our accounts up to date, and that is the board and the management would do all in its power to ensure that UDeCOTT's accounts are up to date in this financial year.

Mr. Chairman: Mr. Garcia, as you are on the floor, would you be kind enough to inform this Committee, any reasons were given to UDeCOTT for the voluntary withdrawal of your previous external auditors? Did they put it in writing as to why they chose to voluntarily sever relations with UDeCOTT? Was that provided in writing?

Mr. Garcia: No. But—

Mr. Chairman: So they just left?

Mr. Garcia: No. They met with the management and the board because we had a number of challenges in terms of their completion of the audits, and the explanation they gave us is, one, they had challenges with staffing, and, two, they were taking a different strategic direction in terms of their business model. We were not in a position to verify or to counter that argument and, as a result, we had to go out and look for new auditors.

Mr. Chairman: Okay. Can you tell us these new dates that you have provided: 2019, by the end of November; 2020, by the end of January; 2021, by the end of April; 2022, by July—end of July, 2024. Is that a commitment or, as you said, we could have this thing not being met when those times have arrived, challenges outlined by yourself?

Mr. Garcia: As I have said previously, the management and the board are committed so I would take it as a commitment, but from time to time there are challenges that arise that we had not catered for. But all things being equal, we anticipate that we will meet these dates.

Mr. Chairman: Okay. Well, we look forward to receiving those financial audited accounts as stated. Let me seek some further clarification. Mr. Garcia, you would be familiar with the 31st of December, 2018, PKF Consolidated Financial Statements, would you be?

Mr. Garcia: Yes, Chairman.

Mr. Chairman: I want you to go to page—the page entitled, Independent Auditors Report, and for purposes of our discussion, I would say this is page 2 of the report just for discussions. I am not seeing a number. And I also want you to join me on page 3 of this report.

Mr. Garcia: I am seeing, Independent Auditors Report, it should be page 14.

Mr. Chairman: That is page 14?

Mr. Garcia: It seems so to me. On your left in the middle, you will see 14 and on the next page on your right, you will see 15.

Mr. Chairman: Okay. All right. Okay. All right. All right. Well, we can go with what you have.

Mr. Garcia: Right.

Mr. Chairman: That is no problem. Explain to this Committee, why would PKF put in its report a disclaimer of opinion and provide also the basis for the said disclaimer. Now, from my humble understanding, and you can guide me if you wish, my understanding of when you have a disclaimer, it could be for maybe two or three reasons. One, the external auditors are requesting information, documentation from UDeCOTT which are not forthcoming, so they cannot conduct their affairs properly and cannot provide the company with an unqualified opinion, or it could be that UDeCOTT is in such a chaotic state that it is unable to locate appropriate documents required and/or requested by the external auditors to facilitate their work, or maybe a combination of both, or there could be additional reasons that I have not identified.

Now, I would like to get from your good self, or from anyone you would like to assign the responsibility, to explain to our Committee what are the implications for UDeCOTT and for the taxpayers of Trinidad and Tobago given such a statement in this report. Can anyone clarify for me what this means and what this entails?

Mr. Hinkson: Good morning. I will see if I could add some insight into it. Yes, our opinion was the disclaimer but they also stated the reasons why. In somewhere they highlighted the valuations of our properties and plant and equipment. They also highlighted our inability to state the reimbursable figure they got from VAT, and also they highlighted what we call, contributed capital. If you will see throughout the three-year period, '16, '17 and '18, those are the prevailing reasons why our opinion has remained as a disclaimer.

Getting into it, we at UDeCOTT are of the opinion that these are fixable and we have taken the steps to address it; namely, one, the evaluations. We have engaged, via the Ministry of Finance, the Valuation Division to assist us in valuating all of our assets and land; two, we are in communications with VAT to be able to resolve what is the figure that we need to put into our financials; and, three, concerning contributed capital, we are also liaising with the Ministry of Finance for us to do some sort of reconciliation so we can both agree and be happy with that figure that is stated in our financials. Those are the reasons why we have been given a disclaimer. The dollar value attached to each basically carries it into the billions. That is why the auditors are unable to given an opinion based on those three main reasons and due to the quantum attached to each.

Mr. Chairman: And how long has this been going on, this is the 2018 report? What was the situation like prior?

Mr. Hinkson: Prior—

Mr. Chairman: Did you have a similar kind of circumstance, or were you on course in terms of addressing these matters, or did this suddenly arise, or it is something that has been recurring or occurring, or it is just a one-off experience?

Mr. Hinkson: No. These issues have always been there and we have been working towards cleaning up our financials, as you would see from our previous submissions. The only change would have been the opinion. That changed in '16 to a disclaimer. The previous years it was not a disclaimer.

Mr. Chairman: But when you tell this Committee this has been going on for some time now, why is UDeCOTT unable to address these issues? For example, based on Mr. Garcia's identification of numbers—I think it is on page 15 of his document, we have:

The failure—

—these are my words:

—of UDeCOTT to disclose to the external auditors, construction in progress.

Now, I do not understand. I am a layman, you are an engineer maybe, and Mr. Garcia might be an engineer, but I do not understand. If I am an external auditor and I am auditing your accounts, you cannot provide me with disclosure of construction projects in progress, why is that? What is causing—is it that you have a million projects that are taking place and you are so confused that you cannot share that with the external auditor?

Why is it something as basic and simple as disclosing to your external auditors the construction projects that are in progress for the particular financial year under consideration? In fact, I want to ask you, Mr. Garcia, and your CEO, can you identify for this Committee how many projects, the names of the projects, the values of those projects that were in existence in the financial year of 2018? So give us an account, give us a detailed understanding, one project, three projects, 10 projects, the names of the projects and the values attached to those projects. Can we have that now from you for 2018, Mr. Garcia, or whoever you will like to assign the responsibility to?

Mr. Garcia: We can provide it but we will have to provide that in writing. From my recollection, it would be approximately 141 projects.

Mr. Chairman: “Mm-hmm.”

Mr. Garcia: The values, the type of projects, we will provide that and we can do that within a few days, but for me to be able to recite 141 projects—

Mr. Chairman: Okay. Understood. But all I am asking, Mr. Garcia, is what could have been responsible, is it incompetence? Is it a lack of resources? What is causing UDeCOTT to be unable to provide your external auditors with an account? It is not like the external auditor is before us today and you have two hours to outline. I am saying, the Auditor General, the external auditor would be there for a period of time. So I am just trying to ask you to explain to this Committee what you consider to be the reasons, the factors driving this inability of UDeCOTT to provide these disclosures, and what can we do to help you.

Remember, I made the point very early, and may I re-emphasize, this is not an inquisition. We are here to try to help UDeCOTT to become more efficient, more effective, more economical in the delivery of your services. That is what we are here about. So I would like you to share with us and this Committee, what were some of the factors that detained UDeCOTT from sharing and disclosing information to the external auditors as it relates to construction projects in progress? Mr. Garcia, anybody could help us with that?

Mr. Hinkson: Concerning the construction schedule, this issue, as I said, was a longstanding one. We have to look at this in context. A lot of our projects span many fiscals, highlighting the Government Campus Plaza, Chancery, a lot of these are longstanding projects that take five, six, seven, many years to produce. If I could take you back, if you remember the commission of enquiry and they had some issues where documentation was taken from the corporation, a lot of those documentation is what is needed to go in to provide the support for the construction in progress.

So while we have cleaned it up and we continue to make it work, it is some of the longstanding projects that would have affected the schedule, and you would realize those are some of the larger ones. So for a period of time, in the earlier years, we may not have been able to substantiate all of the paperwork the auditors would have requested, but in our latter projects that is not the case.

Mr. Chairman: Okay. So we could expect going forward in 2019, 2020, 2021, 2022, for example, a cleaner bill of health from your external auditors because you would have learnt lessons from the past, from the present period, so that as we head into the future we do not expect UDeCOTT to come back to this Committee with these disclaimers and qualifications. Can you give this Committee the undertaking that you are going to put your house in order, clean up your act so when you appear before our Committee, the Public Accounts (Enterprises) Committee, in the not too distant future, you will have a cleaner bill of health, Mr. Garcia, or your CEO?

Mr. Garcia: I would take that. We are under a state management and the Board of UDeCOTT working towards getting what we would term, a clean bill of health, from the auditors, no disclaimer.

As the acting CEO and Divisional Manager - Finance pointed out, there were four main reasons why we had the disclaimer. The first was the valuation of properties. UDeCOTT has properties, I think, in excess of what?—\$7 billion—[*Confers with Mr. Hinkson*]*—*that are scattered throughout Trinidad. One of the problems we had was getting a valuator to do the valuation and the cost of that valuation because the valuers charge a percentage of the estimated value of the property. We think we have resolved that now by approaching the Ministry of Finance, the Valuation Division to assist us, so we anticipate that that issue would, at least going forward, would become less and less an issue, and by 2021, 2022, we would have all of UDeCOTT's properties valued by the Valuation Division of the Ministry of Finance.

The other big issue we had was the valuation of the value added tax recoverable by UDeCOTT. We are working with the Ministry of Finance, the Board of Inland Revenue to ascertain how much money the Inland Revenue owes UDeCOTT in respect of value added tax. We are hopeful again, going forward, that that issue would be resolved. The other two issues, the valuation of the accounts payable and accruals, we are working on resolving that, and the ownership and disclosure of CPI, and other property, plant and equipment, we are also working on resolving that. So it is our expectation that as we move forward we will be reducing the areas that the auditors have concerns and at somewhere between 2021 and 2022, we will get a clean audited statement without any disclaimer.

Mr. Chairman: And, Mr. Garcia, I hope for the sake of that, you are right. I hope that a company that has been in existence, from my calculation, for close to 28 years, founded in 1995, we are in 2023, and you are saying, Mr. Garcia, in going forward we intend to overcome these things.

10.50 a.m.

I wish UDeCOTT luck, but I want to tell UDeCOTT this is not only luck you know. Put your house in order. This is a warning. Put your house in order.

I want to just deal with one other matter before I ask my other colleagues and I want to welcome my colleague the hon. Laurel Lezama-Lee Sing. But before I turn you over to Mr. Rushton Paray, then Mrs. Sagramsingh-Sooklal, and then Laurel Lezama-Lee Sing, let me just ask another question, two questions.

Receivables. Receivables. Give this Committee an understanding of the size of your receivables and over what period of time they have accumulated and what steps, what action, what measures are being taken to reduce those receivables and finally, how is this impacting your stability, stability as an organization going forward. So that is the first area, I want to get some guidance on

and clarification. Then I want to go to borrowings, which is the second one, but I would not want to clutter what I have to say.

So, could we deal with receivables? Explain to this Committee what is the size of your receivables, has it been going up, going down, extending, expanding, growing? What are you doing to collect those outstanding receivables? Who is owing UDeCOTT these receivables? Who? Who? You have to collect that from somebody? So we just want to get clarification from UDeCOTT so that this Committee will be more apprised so we will know how we can intervene, to help you collect those outstanding receivables. Remember our Committee is here to help UDeCOTT, to improve your delivery of services to the people of the Republic of Trinidad and Tobago.

So tell us, tell this Committee what is the state of play with those receivables, what is the size, value, and quantum. Who owes you, how much they owe you, when you intend to collect them, and how we can help you achieve your objectives.

Mr. Hinkson: Through you, Chair. For the period of '16, '17, and '18, our receivables averaged about \$1 billion.

Mr. Chairman: Just repeat that for us.

Mr. Hinkson: For the period of '16, '17 and '18 our receivables averaged TT\$ 1 billion. Since that date of '18 we have been making concerted efforts to work with the Ministry of Finance and also with our variant client Ministries. As you know we work for basically every Ministry that we have. We have made concerted efforts, we have had meetings with them, clarified any queries or documentation and we have brought that figure significantly down. As of the end of this current fiscal that figure is about, roughly about \$500 million.

So we have made efforts to continually address and bring down the receivables by doing our part of meeting the clients, having an open discussion, and ensuring that documentation is set in order to allow them to process and remit funds to us when available.

Mr. Chairman: Alright. Mr. CEO, that is up to 2018, \$1 billion down to half a billion, \$500 million.

Mr. Hinkson: Correct.

Mr. Chairman: Can you tell us what has happened between 2019 to 2023, has it been reduced or have you grown in terms of receivables?

Mr. Hinkson: Just to clarify, that half a billion is as of the end of this current fiscal that just finished.

Mr. Chairman: So could you clarify for this committee between 2016 to 2023 your total outstanding receivables tallied \$1 billion, am I right?

Mr. Hinkson: No. For some clarification, for '16 it was \$1.043 billion, for '17 it was slightly over

\$700 million and for '18 it was \$1.1 billion.

Mr. Chairman: Right. What was it for '19?

Mr. Hinkson: Unfortunately, for '19, '20 and '21 I do not have that information in front of me but I can supply that to the committee.

Mr. Chairman: Who are the people, organizations, or entities that are delinquent in meeting their commitments to your services that you have put out?—because UDeCOTT borrows money you know, and that is another issue that is of concern to our Committee. Borrowings, because I do not think UDeCOTT has the financial health and strength to pay back this money on their own. So UDeCOTT will have to explain to this Committee. To us UDeCOTT received Government support and guarantees for these humungous loans and I am saying this in the context of those delinquent entities that continue to owe you, UDeCOTT, hundreds of millions of dollars. So that is the issue, who are these entities? Can you give us it briefly, and then give us it in writing in a more comprehensive way? But the leading culprits, the leading delinquents in this outstanding scenario would be who, Mr. Garcia? Who would be the entities that are owing UDeCOTT half a billion dollars as we speak?

Mr. Garcia: Okay.

Mr. Chairman: The leading ones, “doh” give me all, put the rest in writing. Just give us now, the three leading delinquents.

Mr. Garcia: Okay. Mr. Chairman, I would not use the word “delinquent”. What we have is a number of projects that are “works in progress,” so UDeCOTT is paid on the basis of work done, not work promised to be done. So we would have works in progress and we would have to attribute the cost to the various Ministries. As the Acting CEO confirmed we have worked both with the Ministry of Finance—

Mr. Chairman: Right, Mr. Garcia let me stop you. I want to get my colleagues in. Could you put in writing for this Committee the following?

1. All projects completed by UDeCOTT 100 per cent, have they been paid for by the respective Ministries, have they not been paid for? What percentage of payment has been received by UDeCOTT?
2. Projects in progress, what percentage completed, what percentage paid, and what percentage not paid.

So we at this level will have an appreciation on an overarching basis what is the state of play with outstanding moneys owed to UDeCOTT. So put that in writing and submit it to us in the next

few days. I will pause at this time and invite Mr. Rushton Paray, to be followed by Mrs. Sagrarsingh-Sooklal, to be followed Mrs. Laurel Lezama-Lee Sing and I am coming back to UDeCOTT because I have several concerns. So, Mr. Rushton Paray.

Mr. Paray: Thank you very much, Chair. Good morning again to our guests. Mr. Garcia, I have two broad open questions to ask. Does UDeCOTT have a fully functioning project management office and a fully functioning accounting office staffed adequately with the persons of the competency level that is needed to run these two departments?

Mr. Garcia: I will ask the Divisional Manager of Human Resources.

Mrs. Joseph-St. Omer: Good morning, Mr. Paray. To answer your question yes, we do have a construction and engineering division and a finance division and they are both staffed with qualified and competent employees.

Mr. Paray: So there is no shortage of manpower in either of these departments?

Mrs. Joseph-St. Omer: No, there is not.

Mr. Paray: Does either of these two departments or both of them, are they paper-driven organizations or are they run electronically using modern-day accounting systems, software, project management tools, utilizing electronic systems or is it a paper-based system in both of these organizations?

Mrs. Joseph-St. Omer: It is hybrid. We do have technology to support the work that we do in both areas. Specific to the question of course that you have asked, and naturally because of the nature of our operations, we do have to maintain physical records for legal purposes and otherwise, so it is hybrid.

Mr. Paray: The reason why I am asking is based on Mr. Garcia's response earlier on in UDeCOTT's inability to identify progress in terms of construction progress, because that is the question the Chairman asked, when the disclaimer—the reasons for the disclaimer by the accounting team, the accounting report, that they were not able to adequately identify works in progress, et cetera, that is my understanding, you can correct me if I am wrong. I am asking if these departments are properly tooled with an adequate number of staff with the requisite training and so on and my understanding of these tools as well, because I mean I use charts and so on every week in terms of projects. I can tell you at a moment's notice, how far along any one project is, the resources that are being expended at any one point in time.

So I find it a little hard to agree or to accept that, you know, UDeCOTT would have been unable to present some of the data that was identified in the disclaimer that they claim that UDeCOTT

was unable to provide, hence the disclaimer. Taking into consideration that we have these departments that are staffed, adequately staffed, have electronic systems. How could we end up there when you do have the tools, you do have the people, and you do have the electronics systems? I am trying to understand why would we still be in that position, unable to give the accounting firm updates on those things taking into consideration that there is no resource and competency issue in these two departments.

Mr. Garcia: Let me take that. First of all, Mr. Paray, I think you misunderstood what I was saying in terms of work in progress. I never said that we could not identify the progress or what stage the project was in. It was a financial explanation in terms of what the Chairman termed “delinquent Ministries.” We do have competent staff, I think we have the best project management staff in the construction industry, in Trinidad, and dare say in this part of the hemisphere, and our record in terms of delivery stands second to none, so I clear that up.

In terms of the disclaimer by the auditors in respect of projects under construction, the acting CEO explained that it was a matter of brought forward. In accounting, it is a question of the figures brought forward from one financial year to the other financial year, and because of the Commission of Enquiry certain information that was required to verify those figures, in particular, the Government Campus, was not available, and as a result, the auditors were unable to substantiate the carry-forward figures. So it is not a question of incompetence on our part of what I will say is one of the best project management departments in this hemisphere. It is an accounting issue and carrying forward. Okay. So, I hope that my explanation clears that up.

Mr. Paray: Thank you for clearing that up and at no time did I even mention the word incompetence of anyone, just to be clear. And I just wanted to be sure because I have a fair enough understanding of how project management software operates, how accounting software operates and I deal with banks, I deal with auditors and if they want something as of yesterday I press a button and I can get numbers and I am sure it is the same software that all of us are using.

So this issue about “carrying forward” and “brought forward” and “pelted forward,” you know, I cannot accept and I will not accept that this data, if it is done, it is inputted correctly in a timely fashion that when any auditor—if my accountant calls me in the morning and says look we have an audit coming and I want a balance, as of the 30th October, 2023, I go on the system and I punch in the report, the statement and I put in the date from when to when. So, perhaps you operate a little differently. This is why I am saying that I find it hard to believe that UDeCOTT as an organization like yours using tools, using systems with the appropriate people would be unable to give

data that is inside the system in a timely fashion. So for whatever it is and just—I will leave that there.

So I have one or two questions that I just want to raise before my cycle of time finishes and one of them has to deal with the 2018 audited financial statements under investment properties. We spoke about the challenges of valuations, the fact that there is a cost to go with valuations and there would have been some pushback from what I gather in terms of the cost because I know there is a percentage fee as Mr. Garcia identified and you have now hitched your wagons on the Ministry of Finance Investments Division to do the job. Outside of the issue of cost, if you had independent valuers doing the valuations, is there any other reason why you are now depending on the Ministry of Finance Valuation Division to get those valuations up to speed and is it up-to-date in terms of the valuation of your properties from the Ministry of Finance, is that the status right now?

Mr. Hinkson: To answer your question, it is cost. That is the main reason why we have chosen to go with the Ministry of Finance and concerning the progress, we are making progress, and I know we are probably about 50 to 60 per cent completed. So we are hoping to get all those reports in before the end of the year so we can then incorporate it into our financials.

Mr. Paray: What percentage of these properties, and valuations have been completed, if you can give us an idea?

Mr. Hinkson: Specifically, I know we have finished most of the land, so right now they are tackling land and buildings which would be larger projects as in Chancery, the Government Campus Plaza, and the Waterfront. So those would be the heavier items they are currently engaged in.

Mr. Paray: And because it is Ministry of Finance there will be no cost to UDeCOTT?

Mr. Hinkson: Correct.

Mr. Paray: Okay. Just a follow-up on the issue of inventory and land. There was a purchase of 476 acres of land at Las Cuevas Bay at some point in time. Can you identify when this purchase was made, because I could not get it from the data that was before me? And who did UDeCOTT acquire this 476 acres of land at Las Cuevas—who did you acquire it from?

11.10 a.m.

Mrs. Ganteaume-Farrell: If I may, through you, Chairman, in 1998 Cabinet had agreed to an exchange of lands between a company called Las Cuevas Resorts Limited and they exchanged an equivalent parcel of land with that company. In 1999 Cabinet established Rincon Development Limited as a subsidiary of UDeCOTT that acquired the land from the State. There was no direct purchase of the parcel by UDeCOTT, it was an exchange. The State acquired it from this company, they exchanged the land and they vested the land in Rincon Development as a subsidiary of

UDeCOTT, and that is the 475.67 rounded to 476 acres. And with that parcel there were about 139 or so or more squatters and Rincon was charged with the regularization of those squatters by giving them 199-year leases. Rincon itself has the parcel under a 999-year lease.

Mr. Paray: What was the purpose for acquiring that property, the long-term purpose for that exchange and acquisition?

Mrs. Ganteaume-Farrell: It was part of a North Coast development that the Government was undertaking and they wanted—the land that Las Cuevas Resorts owned was on the south side of the North Coast Road, and they gave them state lands on the north side in exchange so that they could develop the north side as resorts, as part of North Coast development, resort development as part of Trinidad and Tobago development plan at the time. And Rincon got the south part and the squatters on both parcels. There were squatters on both the north and south, Rincon is charged with the regularization of those squatters by giving them 199-year leases.

Mr. Paray: But in terms of the development, what is the division for that area? I mean, has anything been done in terms of the development, whether it is for our tourism product, whether it is for our entertainment—

Mrs. Ganteaume-Farrell: Well, that does not—sorry, Chair, Mr. Paray, that does not fall under UDeCOTT or Rincon, so that the details of what has happened to the north are not in our remit.

Mr. Paray: Okay, you just acquire.

Mrs. Ganteaume-Farrell: Yes. We acquired the south in exchange for the north. The north is where the private or whatever development is to take place, we are not concerned about that, we are concerned about the south and developing the south and regularizing the people who were there as at 1999.

Mr. Paray: Okay. Any valuations have been done on that entire estate so far recently?

Mrs. Ganteaume-Farrell: Partially, what has happened is that in order to—I need to go back a bit. Of the 139 people who were squatting on the parcel at the time, they approached the Integrity Commission and the Integrity Commission determined the rate at which the land should be sold to them or leased to them. And those rates varied from \$1 per square foot to \$4.50 per square foot. The Integrity Commission also verified and gave UDeCOTT, well, Rincon, a list of those persons to be regularized at those prices.

The variation in price, depending on how long they could have proven to the Integrity Commission that they were in occupation of the parcel. The rest of the lands are being surveyed as we speak, because, of course, we had to first of all survey the parcels to regularize the 139 people and

we are in the process of giving them leases, some of them have paid and have gotten their leases, some of them are on various stages of payment and that process is ongoing with those 139 people.

The rest of the land UDeCOTT, Rincon has a mandate to develop and in so doing we have to survey, we have to—but the entirety of the 476 acres has been approved by Town and Country for residential/commercial uses, homesteads, farmsteads. There is an area of communal spaces, there is a large nature reserve and there are two recreational areas.

Mr. Paray: Okay.

Mr. Chairman: Ma'am just trying clarify in my own mind the Integrity Commission, as I understand the Integrity Commission, they deal with submission of assets. We submit our assets and liabilities and income. I did not know that they were involved in the valuation of land to determine if it is a dollar per square foot. So could you explain to this Committee, how did the Integrity Commission—am I hearing right or was that an error?

Mrs. Ganteaume-Farrell: No, it is not an error, we met that—that happened in 1999.

Mr. Chairman: The Integrity Commission.

Mrs. Ganteaume-Farrell: Yes, the squatters who were affected by the exchange of land appealed somehow to the Integrity Commission; the Integrity Commission verified who were the persons to be given lands at those rates. That is long before Rincon existed, I dare say UDeCOTT—

Mr. Chairman: Is there a report on that?

Mrs. Ganteaume-Farrell: I am not able to say, but it is contained in a Cabinet decision.

Mr. Chairman: You have a copy of that note?

Mrs. Ganteaume-Farrell: We can get it.

Mr. Chairman: I am flabbergasted, but—

Mrs. Ganteaume-Farrell: So are we.

Mr. Chairman: Ministry—Office of the Prime Minister you can clear—well, I should ask the Ministry of Finance first. Ministry of Finance, Investments Division, can you clear the air for this Committee on this matter of the Integrity Commission being approached and being involved and making determinations? I am still confused over that matter. Can anyone clear the air for us on that matter, any member from the Ministry of Finance, Investments Division?

Mrs. Durham-Kissoon: Chairman, that is something that we would have to research a little more to understand what was the basis of their involvement. I believe the note that the Deputy Chairman is referring to may provide some clarity, but it is on the surface of it not understanding the role at this point, but there may have been some explanation in the note that was proposed.

Mr. Chairman: Okay. Mr. Suite you can give us any guidance here or you are in a state of—

Mr. Suite: Sorry, Chair, my reaction is the same as yours, so I have a note here to followup on it as well.

Mr. Chairman: Okay, okay, well, we look forward to some clarification from the Ministry, from the Urban Development Corporation of Trinidad and Tobago, as well as the Office of the Prime Minister. Something should be submitted in writing to us so we at our level can understand this matter. I do not want to leave it hanging. We need to get to the bottom of that so that we can be properly guided. I am sorry about that intervention, Mr. Paray, you can continue.

Mr. Paray: Sure, I just have two very quick questions before we move on to Sen. Sagrarsingh-Sooklal. The issue of value added tax, could you give us an indication of what as of today is the—or if there is value added tax due or payable back to UDeCOTT in terms of your filings?

Mr. Hinkson: We are of the opinion that it is in a reimbursable position and this is what we have been trying to clarify with the VAT—

Mr. Paray: You said, “trying to clarify”, and it gives me great concern when we have to try and clarify these things. Because I mean, VAT calculation is a running figure, right, and it runs every two months. So, again, as I tell you, I could tell you how much VAT the State is owing me today or how much I am owing the State today by the flip of a button. So, by not being able to tell me that today that the State is owing me \$1 billion or a half of a billion dollars in VAT returns or if I am indebted to the State for VAT, then it worries me about the ability in terms of your ability to manage these numbers.

What systems are in place to be monitoring these things, because I am sure like you, like me, I file every two months for my business and as I say it is a running. So on the excel sheets I have, I have these things running, I could tell you for the last 10 years, right. So, again if you could put in writing for us, get that figure in terms of what either you are owing the State or the State is owing you in terms of VAT and if over, probably the last, I know there has been some move by the State to pay VAT refunds via bonds and so on, if that is applicable to UDeCOTT as well. Because then, when you have to get cash your VAT returns really are your working capital and if that is stuck in the treasury, in the State, then you have less money to use in terms of your building out your capacity and so on. So that is something that would be very interesting to us to see where you are at on that.

And the final question I have is on this item No. 10 of restricted cash and up to 2018 there was a figure of \$52million and I think it is specifically dealing in terms of the notes here, in terms of the Hyatt. The question that I want to ask, the note tells me here that, if I could just read what it says:

Restricted cash: this relates to hotel operations of the group and includes the cash account

related to the fund for replacement of addition to fixtures, furniture, furnishing, equipment—and so on.

So the question that I have, how does UDeCOTT ensure that the funds that are held in this restricted cash section are safeguarded against any possible misuse of financial—if it is a substantial amount cash that is sitting inside there, what does UDeCOTT do to protect that?

Mr. Hinkson: I will start with the monthly reports that we get which that figure is monitored to access the funds. They must be signed by both parties which is UDeCOTT and also by the management of the Hyatt team. No one person can access those funds. So there must be signing off before any transaction passes through it.

Mr. Paray: And since this is dealing primarily with, what I would probably determine as something called the floating assets, assets that can move quite easily. Does UDeCOTT keep registers, assets registers in terms of these items for these organizations, and if you do have these registers, is there a system by which you can track disposals and so on, and who is it sold to as you write them off or you dispose them? Is there a record for those things or a system in place to do that?

Mr. Hinkson: Again there are monthly reports but for in cases of a disposal, addition or anything, Hyatt has to again come to our board, which is the UDeCOTT board and then a decision would be made. No party makes a unilateral decision concerning purchases or disposals.

Mr. Paray: And that system has been working fine in terms of guarding the funds inside that?

Mr. Hinkson: Yes.

Mr. Paray: Okay, thank you. I will pass on to Sen. Sagrarsingh-Sooklal.

Mrs. Sagrarsingh-Sooklal: Thanks, Chair, thanks, member. Well, again good morning everyone. You know, a lot has been said and questions put to the entire group relative to the financial statements and I am pleased to hear that Chairman Garcia indicated that at least based on measures that have been put in place UDeCOTT is hoping to have a clean bill of health, if I may quote the chairman, as it relates to your financial statements. Of course that is in the interest of protecting the public's purse, transparency, accountability. So I am pleased that at least internally measures are being put into place for that.

But, of course this enquiry is a follow-up enquiry and, you know, based on financial—you already appeared before this Committee for your financial statements 2014 to 2015, based on that report and based on that enquiry several recommendations were made. The line of questioning that I have for you would really be along the lines of some of the recommendations that the Committee would have made to you all on the previous occasion that you would have appeared and I would be

making a request for status updates on several recommendations that were made back then.

But before I get into that line of questioning at least just for the benefit of the listening and viewing public as well, you know, when questions were put to you, to the entity relative to financial statements, you did mention the implication and impact of previous or the lack of documentation for previous financial years, the impact, the negative impact that would have had on being able to put your house in order or have that clean bill of health as it relates to your financial position. Now, chair, remind me, you took chairmanship of UDeCOTT in 2015, correct?

Mr. Garcia: That is correct.

Mrs. Sagrarsingh-Sooklal: And you know based on, at least my reading of the report and recommendations and observations made on the last occasion that you all would have attended, you would have appeared before this Committee, you would have to agree with me—so you took chairmanship in 2015, you would have to agree with me because I know a lot—I believe that is what was being said this morning, there was a delay in the completion of audits for the period 2008—2013 due to the lack of documentation to support financial transactions associated with the relevant documents being provided to the UFF Commission of Enquiry and the anti-corruption investigation bureau for the years 2008 and 2010. So you would have to agree with me that that would have been your scenario when you would have taken chairmanship in 2015.

Mr. Garcia: Yes, I agree with you.

Mrs. Sagrarsingh-Sooklal: Chair, you would also have to agree with me that this delay would have caused a ripple effect on the completion of all future audit exercises which UDeCOTT has made a conscious effort to try to rectify.

Mr. Garcia: You are correct. When we came to office we hired at that time Ernst & Young and they were assisting us. We had a number of recommendations which the board rejected, one of which was just to, because of the lack of documentation, just start all over again. We said no, we are committed to cleaning up the accounts and taking the time and effort to get our house in order. And I am satisfied that since 2015 to now that we have worked consistently, comprehensively and we are getting there. And as I told the Chairman, that we hope in this financial year we would have up to 2022 ready and that our expectations are 2021 should come with a clean bill of health and going forward we would be consistent in having no disclaimers.

Mrs. Sagrarsingh-Sooklal: Right. And I guess it is because of that conscious effort made by UDeCOTT under your chairmanship that is why the record will reflect that on the 13th of May, 2016, the consolidated financial statement for the period ending 31st of December, 2008, were approved and

ratified at an annual general meeting and it would have been in 2016, under your chairmanship.

Mr. Garcia: Yes.

Mrs. Sagrarsingh-Sooklal: And therefore you would also have to agree with me that because of the conscious and conscientious effort made under your chairmanship to clean up the audited financial statements at UDeCOTT, that is why on the 9th of June, 2019, UDeCOTT was able to present the consolidated financial statements to the period ending and I have here 31 December, 2009, 2010, 2011, 2012, 2013, 2014, 2015, which were approved and ratified at your annual general meeting on June 09, 2019, again under your chairmanship.

Mr. Garcia: Yes.

Mrs. Sagrarsingh-Sooklal: And I had to place that on the record because, yes, I agree with our distinguished Chairman, that there is a lot to be desired as it relates to putting your house in order, but I must equally recognize that at least during your tenure as chairman a lot of effort has been made and the record reflects it as it relates to the timeliness during your tenure as chairman, those statements being, you know, or attempts being made to rectify the situation that you would have inherited in the entity.

So, that is the first place that I wanted to start, because as I said this is a follow-up on what would have previously occurred and that is as it relates to the financial statements. But, of course, again, just to endorse what the honourable Chairman would have stated and member Paray, we do hope that you all continue, as you have been doing and as the record reflects based on your tenure as Chairman, that you all continue to put that effort in the interest, of course, of protecting the public's purse, transparency and accountability in ensuring that you have that clean bill of health, your financial health is in order. So that is the question relative to those financial statements.

There were some projects—before I get into the recommendations there are a few questions relative to status updates on that, I noted for the period—so of course, we fast track and we are dealing with the period 2016—2018, that is what this particular enquiry relates to. But, however, I have a list of projects here that UDeCOTT would have embarked upon for the period 2016—2018. There were some projects, particularly that struck my interest under the Ministry of National Security, and the status of these projects that I am particularly interested in, are the ones that in this report that I have before me said that they were on hold. But I am not sure, I know this, as I said, this is for the period 2016—2018 and I am sure, perhaps, maybe it is just speculation that a lot probably would have happened since then to now, but if I can probably just get brief updates on where these projects are.

So, for example—the Parliament is testing our eyesight, “eh”, my age is showing—[*Laughter*]—

but there is a project that was on hold, the Arouca Fire Station, that was on hold. Is there—and that was a project that you all would have done during 2016—2019. Is there any status since then to now as it relates, because, of course, it is a matter of national security, protection of our citizens. Is there any updates on that project?

Ms. Scoon: Hi, Sarah Scoon, Divisional Manager, Construction. That project is still on hold.

Mrs. Sagrarsingh-Sooklal: It is still on hold?

Ms. Scoon: Yes.

Mrs. Sagrarsingh-Sooklal: Okay, there was a project that was on hold as it relates to the—well, I want to believe, I could remember that was completed but just for the record, the Carenage Police Station. That was 92 per cent completed, at least based on this record form 2016—2019. That has been completed.

Ms. Scoon: Yes, that is currently completed and occupied.

Mrs. Sagrarsingh-Sooklal: Correct. Well, I know that, yeah. There is also the Lady Hailes San Fernando Fire Station which is on hold.

Ms. Scoon: That one is still on hold.

Mrs. Sagrarsingh-Sooklal: That one is still on hold. The Penal/Debe Fire Station, that was also a project that was on hold. Is there a status, a current status on that?

Ms. Scoon: Just one minute.

Mr. Garcia: The Penal/Debe, if my memory serves me correct, I think that was completed and it was opened and occupied.

Mrs. Sagrarsingh-Sooklal: Okay, okay. And then the last project that I just wanted—there is the Woodbrook Fire Station which was also on hold. Since then to now has there been any traction with respect for that.

Ms. Scoon: No, the Woodbrook Fire Station is still on hold.

Mrs. Sagrarsingh-Sooklal: It is still on hold. Okay, well, I do not want to get too much into the reasons and all of that for these projects being on hold, but I just wanted a brief update on that. And now, Chair, of course, through you, I really just want to go back now to some recommendations that the Committee would have made to you all on the last occasion that you all would have appeared, the entity would have appeared and just to get some updates on that now. Recommendation 2, page 1 of the submissions it was stated that:

“UDeCOTT should submit a status update on the company’s appointment of a new external auditor and the timeframes it expects its financial statements for the periods ending 31st

December, 2017, 2018, 2019 and 2020 to be completed”

So that was a recommendation. I cannot recall if Chairman would have asked that question but UDeCOTT in its submission to Recommendation 2 stated:

“The Financial Statements for the period ending December 31 2019 is carded for finalisation in May 2023...”

And, Chair, I believe you would have mentioned that, Mr. Garcia:

“...and the Financial Statements for the period ending December 31 2020 is carded for finalisation by September 2023.”

So my question is: can you kindly provide an update as it relates to the preparation and finalization of financial statements for the period ending 31st of December, 2019 and 2020 respectively. I think you would have answered that already.

Mr. Garcia: Yes, we did. And for the records we said November for 2019, and January for 2020.

Mrs. Sagrarsingh-Sooklal: Okay, sorry for having you go back to that question. Recommendation 9, so there was a Recommendation 9 that was made by the Committee the last time that you appeared. It was stated that:

“UDeCOTT should submit a status on the following:

- its review of the implementation of a debt recovery policy to better aid the company in retrieving funds owed by state agencies;
- its review of the implementation of a debt recovery policy”—I know some questions were asked on that—“to better aid the company in retrieving funds owed by state agencies;
- setting standards for the collection of all debts;
- strengthening its internal processes to facilitate accurate reporting;”

So those were Recommendation 9 made by the Committee the last time you appeared. UDeCOTT in its submission to Recommendation 9 and if I may quote from your submission stated:

“The Receivables Management Policy and Procedures has received the approval of the Finance Steering Committee of the Board of Directors. It is expected...”—and this is on page 6 of your submission, for ease of your reference.

“It is expected to be approved by the Board of Directors in an upcoming Board Meeting. The Policy includes clear and specific steps as part of the strategy to reduce/settle the receivables and to minimise the risk to UDeCOTT’s liquidity.”

My question is, kindly provide an update with regard to the approval and implementation of the receivables management policy and procedure.

Mr. Hinkson: Yes, that policy was approved and it is actually in action now. As you said, I mentioned in my previous answer we decided to take a new approach in the Ministries where we set up meetings even through our project team which is our first line, they meet. For finance we also liaise closely, we have built a better relationship with the each one of our clients. We have a person in each one of the Ministries that we would liaise with, we send information and we also used to only send the information hard copy. We also now scan and we send emails so at least they get an update because you know paper takes a while to travel. So that is—we have built a relationship with them and we have seen some returns where queries are done, sometimes even before the original leaves, they will spot an issue they will highlight, we would be able to fix, address and you would be able to get information out to them in a more timely and efficient manner.

Mrs. Sagrarsingh-Sooklal: So you have put systems in place coming out of Recommendation 9 that was made to UDeCOTT.

Mr. Hinkson: Correct.

Mrs. Sagrarsingh-Sooklal: Recommendation 11 that was made, this is page 7 of your submission. The Committee then would have recommended the:

“Creation of a Lessons Learnt Report on various categories of project management services, scope creep, cost overruns, risk identification and mitigation, procurement and other critical areas of operations.

The report...”—and this is actually what the committee would have stated then—“The report should document all critical issues encountered on projects, how they were handled; the outcomes of actions taken (or not taken) and how similar issues could be managed on other projects.”

Now, in your—at page 7, UDeCOTT in its submission to Recommendation 11 stated:

“UDeCOTT has completed the Draft Policy, Procedure Notice and Lessons Learned Reporting Templates. The Draft is under review by the Construction Sub-Committee of the Board of Directors and would be submitted to an upcoming meeting of the Board of Directors for approval.

UDeCOTT expects to roll out the Lessons Learned Policy and its associated procedures and templates during the second quarter of 2023.”

That is what you said in your submission.

My question is: was this policy and procedure ruled out during the second quarter of 2023, as you would have stated in your submissions.

Ms. Scoon: Sarah Scoon, Divisional Manager, Construction. The policy was approved in September 2023, and we are actually rolling it out this month.

Mrs. Sagrarsingh-Sooklal: This month?

Ms. Scoon: Yes, it is actually rolling out this month.

Mrs. Sagrarsingh-Sooklal: Okay, thank you.

Ms. Scoon: Because we finally finished the policy.

Mrs. Sagrarsingh-Sooklal: Thank you for that update. Chair, I could continue right? On Recommendation 13 now, this is at page 8 again for ease of reference, the Committee then would have recommended:

“UDeCOTT should ensure that the Protect Management Team adopts Earned Value Management techniques to assess project progress and completion to be able to carefully assess impact of changes in cost, scope and time due to the multiple reasons identified.”

11.40 a.m.

Now, in your submissions—in UDeCOTT submissions to this Recommendation 13—this is at page 8 of your submissions—this is what the entity would have stated.

“UDeCOTT is currently exploring mechanism/avenues to integrate...”—earned value management techniques—“...into its current project reporting mechanisms.”

My question is: What avenues have been explored; has UDeCOTT so far found a way to integrate this type of project performance marker?

Ms. Scoon: We have been reviewing it as a test on a couple of our projects. We have not reached a final decision and the intention is to do a policy document similarly like what we would have done with the Lessons Learnt so that we can have a companywide policy with respect to how we measure the performance.

Mrs. Sagrarsingh-Sooklal: Because that was one of the questions, of course—

Ms. Scoon: Yes.

Mrs. Sagrarsingh-Sooklal:—that member Paray was concerned about rightfully so, being able to marker. All right?

Ms. Scoon: Like I said, on completion of the test would have to be created.

Mrs. Sagrarsingh-Sooklal: Okay. And what mechanisms has UDeCOTT put in place to assess project performance in its current project reporting? So, yes, we know this is what you are looking to for the future, but just to confirm.

Ms. Scoon: Currently what we do is we measure it against the actual schedule and the cost expected

expenditure for the period of the project. So right now we are measuring to get our expected schedule completions. So we are using the completion dates and we use the actual expenditure.

Mrs. Sagrarsingh-Sooklal: Okay. Thank you for that. Now, Recommendation 14, this was made by the Committee. It is page 8 of your submissions.

“UDeCOTT should go beyond the use of a findings log to develop a comprehensive risk identification/mitigation plan and change management plan (by project) to allow for swift responses to changes in project scope and to avoid incidences of scope creep. Such plans must be continuously reviewed and updated to reflect dynamic changes in the project environment.”

That was a recommendation. UDeCOTT in its submission to this recommendation which is at page 8 stated:

“Templates for Scope Creep and Risk Identification and Mitigation have been developed. Roll out will be undertaken upon completion of process for review and approval.

The roll out is expected to be completed before of close of”—the—“second quarter 2023.”

My question is: Was the roll out completed before the close of second quarter 2023; and if not, when was it completed; and then finally, if these templates have been rolled out, have they been in use up until now?

Ms. Scoon: No, we did not make that target. The templates are currently in draft. They will be going to a construction committee and then they will go to our board for the policy procedures similarly to the Lessons Learnt process.

Mrs. Sagrarsingh-Sooklal: Do you have a time frame—

Ms. Scoon: So we are hoping by the end of year actually to meet that deadline.

Mrs. Sagrarsingh-Sooklal: Well, 20—

Ms. Scoon: Yes, the end of 2023 is our current deadline for that.

Mrs. Sagrarsingh-Sooklal: Okay. Chair, and those are some of the questions I had for now based on some of the recommendations that were made.

Mr. Chairman: Thank you. Mrs. Laurel Lezama.

Mrs. Lezama-Lee Sing: Thank you very much, Chairman. Good morning to all of the representatives from UDeCOTT and the various Ministries. Let me begin by stating that I have a great appreciation for the work that UDeCOTT does and the service it provides to this country, and I want to thank you all very much for leading the developmental thrust over the past two-odd decades or so. So thank you very much. I want to begin my questioning by just going back to something.

Now, I joined in this meeting a little after opening statements were made. So I may have missed it, but I do need clarification before I proceed. Mr. Acting CEO, Mr. Hinkson, you stated that—and we are going back to the financials, the audited statements. You said that documentation was taken from earlier years. Can you please explain to me what you mean? “Taken” as in physically removed? Because you said they were then unable to substantiate all of the paper work. So can you please expand on that for me?

Mr. Hinkson: Correct. Documentation was physically removed from the corporation during these two exercises.

Mrs. Lezama-Lee Sing: During what, sorry?

Mr. Hinkson: During the Uff Commission and there was another—I cannot remember, that was mentioned before. But they were physically—the originals were taken from the organization.

Mrs. Lezama-Lee Sing: And never returned?

Mr. Hinkson: So no, the originals were never returned.

Mrs. Lezama-Lee Sing: Untraceable?

Mr. Hinkson: Correct. So a decision had to be made concerning going forward. And as I stated, that is what was used—that information is what auditors use to substantiate totals. Even though we would have a cost, they still want to see the actual physical invoice, and in some of those cases we are not able to provide that. So that contributes to our decision of a disclaimer.

Mrs. Lezama-Lee Sing: Okay, disclaimer. Because I noticed at a cursory glance of previous financials, in 2014 and 2015, your auditors provided qualified opinions and then we got to 2016 and 2017, and now 2018, and they all have disclaimers of opinion.

Mr. Hinkson: Correct.

Mrs. Lezama-Lee Sing: Can you tell me what has been the impact of this inability to have qualified opinions and the statements?

Mr. Hinkson: Well, luckily because our client is the State, most of our work is mandated to us, but it is our goal to be able to eventually go out and serve the public. Having a disclaimer as most would know, it brings a question to your finances. The average man would not really read past the term of a disclaimer to realize what exactly it is so. It does provide a negative stigma, but we actually believe that we are continually working and we will get from below this by addressing the major items that we highlighted, which is our valuations, VATs and the Contributed Capital. We will get from below this in a timely manner.

Mrs. Lezama-Lee Sing: Okay. And I appreciate the comments made by the Chairman in member

Sagransingh-Sooklal's line of questioning, where he stated that the decision to not terminate or not to start from scratch was one that was deliberately taken in order to keep the work of UDeCOTT going and to build or strengthen its brand and reputation. Yes? Okay. Thank you.

Now—and I appreciate as well that you have given a commitment to give us responses, to give us accounts rather for 2019, 2021 and '22 over a staggered period up until July 2024. So this Committee looks forward to receiving that. I also had a supplemental question regarding the—and I do not wish to belabour the point, but regarding the Integrity Commission's involvement in the 1999 decision of the Cabinet to switch the land, the north-south land with the Las Cuevas developers and what is now Rincon. Would we be able to get sight of that document?

Mrs. Ganteaume-Farrell: Thank you. Just for clarification, the Integrity Commission got involved because the squatters—because we now had a new landlord, they wanted to be sure that they would not be disadvantaged and penalized, and charged the land at open market rates. So apparently—this is 1999—some representation was made by the squatters to the Integrity Commission, who then conducted an exercise that tried to verify the length of time the various individuals were on either the parcel that was the State or the privately owned parcel, because all the squatters were now to be moved to the lands that now came unto Rincon. Cabinet took a decision to create Rincon Development Limited as a subsidiary of UDeCOTT to manage the estate. Cabinet did not take the decision to get the Integrity Commission involved.

Mrs. Lezama-Lee Sing: Yes.

Mrs. Ganteaume-Farrell: The squatters, from what we can discern, is who approached the Integrity Commission, I think through, it might have been Sou Sou Lands I am not sure. But the squatters took the initiative to have the Integrity Commission protect them as it were from now being charged, because outside of the lands that were to be regularized by squatters, the rest of the lands are to be sold on the open market. So the squatters did not want to have to pay open market prices because they had been there for sometimes generations.

So that is how the Integrity Commission got involved in determining the price at which those 139 approved squatters would benefit from the subsidized rate. And it also protected the State through Rincon from new persons claiming to have been there from back whenever, to benefit from the low rate. So that the squatters engaged the Integrity Commission as far as we can tell because there is no clear documentation of this, and the Integrity Commission said you have been there for 20 years, or 40 years, or whatever it is, you will pay \$1 a square foot. You have been there more recently, you will pay \$4.50 as the case may be. It was staggered.

Mrs. Lezama-Lee Sing: And Rincon's role was—

Mrs. Ganteaume-Farrell: Rincon's role is to regularize and develop the estate.

Mrs. Lezama-Lee Sing: Based on the findings of the Integrity Commission, or did Rincon undertake its own investigation subsequently?

Mrs. Ganteaume-Farrell: Upon acquisition of the parcel, 476 acres, Cabinet took a decision to swap the land between that—

Mrs. Lezama-Lee Sing: Yes.

Mrs. Ganteaume-Farrell:—and put the land that would now be acquired by the State under Rincon with a mandate to develop the estate and to regularize the squatters. In order to regularize the squatters, the parcels had to be notified, surveyed and priced for them to pay to get a long-term lease.

The rest of the estate because those squatters would only have—most of them were residential squatters so they would not have taken up a lot of the 476, and then there was an area, there was a nature reserve, there was an historical site, there is an old water wheel up there, there is the Rincon Waterfall and various areas. So that Rincon then went to Town and Country to have the areas demarcated for different uses, residential, homestead, farmstead, et cetera. So the role of Rincon Development Limited was to then survey the parcels, regularize those persons who were determined by the Integrity Commission to be on their approved list.

Mrs. Lezama-Lee Sing: So stick a pin. So Rincon took the guidance of the Integrity Commission there? That is my question.

Mrs. Ganteaume-Farrell: Yes, for their prices. Rincon at that time, in 1999, was not in a position or determined not to disregard the ruling of the Integrity Commission and, therefore, decided to give the persons who were on the approved list, the parcels they occupied at those prices. Other persons, subsequently, who were not on that list now have to pay the open market price for the parcels, and it is a question of having—the areas were surveyed but not the entirety of the estate have been surveyed up to now. And so, it is a work in progress going along in regularizing the persons and in selling parcels.

Mrs. Lezama-Lee Sing: So people are still being regularized?

Mrs. Ganteaume-Farrell: Yes, some of them are still being regularized because some of them have declared certain challenges with being able to pay even at \$1 a square foot. And, of course, some of them simply refuse to pay because they feel that because they had been there for a length of time that they ought to not pay. But over the period that we have been in office we have managed to reach quite a distance with a lot of them if not having paid off and received their leases, but in some progress

to pay. And for that we have established a payment schedule which is supported by an affidavit and in which they commit to pay a certain amount every month as the case may be and we followup and ensure that those amounts are paid. I must say that prior to this Rincon board, practically very little was done in terms of Cabinet's mandate from 1999. So that we started from 2015 to even create a staff for the estate to do this work.

Mrs. Lezama-Lee Sing: Excellent. Okay. Thank you very much for that. I am sure those affected are probably a little relieved to see that action is being taken to support them in their regularization process. So those were my back questions based on statements that I had heard earlier and I simply want to refer to Appendix II which would have been strat plan '21 to '24. I know that there is an accelerated strat plan that was submitted and I just want us to go very quickly to the Appendix I of that strat plan which speaks to the timelines of certain strategic goals, and I have noticed that we are well past some of the dates for some of the timelines. If we go to, for instance, page 22 of your strat plan, the first department construction and engineering and a number of things have been identified to take place between December '21 and February 2022, and I just wanted an update as to where we are in some of these things please because we have gone well past the timeline for the majority of the things in the strat plan and being fully cognizant of the fact that this strat plan ends in 20—well, it is projected for the coverage up to 2024.

Ms. Scoon: So with respect to the deliverables under construction—sorry. Sarah Scoon, Division Manager - Construction. So with respect to the deliverables under construction engineering, we would have covered the Lessons Learnt. So the Lessons Learnt policy was approval in September at the Board of Directors and it is being rolled out this month.

Mrs. Lezama-Lee Sing: Yes.

Ms. Scoon: With respect to the analysis of the cost structure and revenue streams, we had a little bit of delay on this item. I think we had covered it on the update with respect to the percentages of fees and there were some challenges with respect to, I guess, getting all our stakeholders involved and the percentages with respect to our fees. Then we had the development of the template—

Mrs. Lezama-Lee Sing: Sorry. Could you just say that last statement with the challenges?

Ms. Scoon: With respect to getting all our stakeholders on board with respect to the 4.5—well, our fee structure.

Mrs. Lezama-Lee Sing: Okay.

Ms. Scoon: Because our fee structure is considered by Cabinet with respect to the percentages of our fees. So it is just really to get the full buy-in of all our stakeholders with respect to any changes in

fee structure.

Mrs. Lezama-Lee Sing: And there are plans to get buy-in?

Ms. Scoon: Yes.

Mrs. Lezama-Lee Sing: Okay.

Ms. Scoon: Then we have the template for the feasibility study. Now, this is in draft and we hope to have something sent out or at least approved by the end of the year, 2023. With respect to the stakeholder consultation this is ongoing. Increased stakeholder consultation to ensure active communication, this is something that we are constantly ongoing and it will be something we continue to do throughout the life of all our projects.

Mrs. Lezama-Lee Sing: Okay. Thank you. If we just move down to Finance which is page 23 of the implementation schedule, and under Finance you have the billing structure, the analysis of the each project which is scheduled for '23, develop a debt recovery policy, is that completed? Yes? Excellent.

Mr. Hinkson: Yes, that was done and we are at the stage now where we are reaching out to our clients to familiarize them with some of the terms and get some buy-in as well.

Mrs. Lezama-Lee Sing: Is there anything under the Finance that you are not satisfied with, where you have reached in your work versus what was projected in your strat plan?

Mr. Hinkson: Well, I think the obvious one would be the financials. We have slipped, but I know it is something that cannot be rushed, and we understand the gravity of what happened, "accurate financials" means to the State and to the population. So we will continue to put that at the forefront. The rest of the stuff, the billing structure and stuff, those are things we are consistently working on and we are making ground on. So I would probably say the financials is the one area where we wish we were keeping to the timeline, but unfortunately that was not always in our direct control.

Mrs. Lezama-Lee Sing: Okay. And my final question to you is that this plan goes to 2024, naturally it can be negligible and expanded, but do you have plans to develop a new plan going forward or to build upon this one for a further period beyond '24.

Mr. Hinkson: I will ask the DM - HR to address this question.

Mrs. Joseph-St. Omer: Mrs. Lezama, in response to your question, we are in fact preparing to have the initial stages of developing our strategic direction for the period 2024 and beyond, and that will commence in the first quarter of 2024.

Mrs. Lezama-Lee Sing: Okay. Thank you. And anything that is outstanding from here you are going to take and roll over into the new plan and take it forward?

Mrs. Joseph-St. Omer: That is the intention. Similar to the approach that we took when we developed this one, we examined the accelerated plan before working on this current document that you are pursuing at the moment.

Mrs. Lezama-Lee Sing: Lovely. Thank you very kindly. Mr. Chair. That is it for me for my first rounds. Thank you.

Mr. Chairman: Thank you very much, members.

[Device goes off]

Mr. Chairman: Somebody's phone is on? Can I ask members to keep their phones on silent please? Okay. May I continue by asking for clarification again? Mr. Garcia, in the consolidated statement of the company's financial positions—I guess it is on page 5 of my document—under the Item assets, I saw an item called deferred tax liability. Is UDeCOTT given preferential treatment in owing taxes to the State? What does that mean? That you are owing and you cannot pay and there is some agreement that you would pay later on? I am not too clear on this item titled “deferred tax liability”. Can I seek clarification here?

Mr. Hinkson: Through you, Chair. First I have to say all our taxes are done by Ernst & Young so I can get a detailed answer. But to answer your question, no, we do not have a preferential agreement. As you could see for some of our financials we have made losses and you would know whenever losses are made—there are no taxes on losses. So we are allowed to roll those losses forward in case we are ever in a profit making position.

Mr. Chairman: Okay. So in 2018 you recorded a loss of how many millions?

Mr. Hinkson: For the period of 2018, our total comprehensive income was, I think, \$7.1 million. In 2018 on our console, there was a profit.

Mr. Chairman: Right. And what is the current—between 2019 and 2022 thus far, has UDeCOTT made a profit during that period at all between, let us say, 2019 to 2022, or is it a constant set of losses?

Mr. Hinkson: Well, those periods have not been audited as yet.

Mr. Chairman: Oh, all right. Cool. All right. Thank you. Listen, I just wanted to get some further clarification on your borrowings. May I ask—I think this is under what is called your Notes to the Consolidated Financial Statements. Under Financial Risk Management, liquidity risk, I have seen whereas at the 31st of December, 2017, carrying amount as \$7.6 billion, contractual cash flow \$9.1 billion, and then you have less \$2.1 billion, and more than one year but less than five years you have \$5.179 billion, and more than five years you have \$1.8 billion. Mr. Garcia could you tell us what is the reality as it relates to UDeCOTT borrowings as we speak, or as at the end of 2022 as far as you are

aware?

Mr. Garcia: Mr. Chairman, I will ask the Divisional Manager - Finance.

Mr. Hinkson: As of the end of October that figure for loans outstanding is approximately \$9 billion.

Mr. Chairman: And the \$9 billion would be broken down—how many entities will be involved here as it relates to loans amounting to \$9 billion? \$10 billion, \$15 billion, \$20 billion? And then maybe you can outline to us in writing the entities involved and the values associated?

Mr. Hinkson: Sure. That will come in writing. But just to address your question, all of our loans, bar probably one, is tied to a project. For instance, so they are all project loans and they are all paid. Those project loans are financed directly by either the Ministry of Finance or by the client itself.

Mr. Chairman: So all of these borrowings are state or government guaranteed?

Mr. Hinkson: Yes, Sir.

Mr. Chairman: Okay. I also wanted to get the issue of the 4.5 management fees. I know that there has been a struggle over the years involving UDeCOTT trying to improve their profitability, and the 4.5 per cent as I recalled you all were trying to increase that beyond 4.5 so that you all could, as I said, become more profitable. Can you give us a status report on that endeavour?

Mr. Garcia: Mr. Chairman, we at UDeCOTT do not set our fees. We will suggest fees, but invariably the Cabinet sets the fee on a project by project basis. So what we are doing is meeting with the stakeholders, showing them what is the cost to UDeCOTT to undertake their project, and trying to negotiate a fee that is commensurate with the effort and the returns. Because a 4.5 per cent fee on a billion dollar project may make sense, but a 4.5 fee on a \$5 million project represents a loss to UDeCOTT. So we are working with the various Ministries. We will be approaching the line Ministry to assist us in that endeavour to adjust and correct the fee structure so that UDeCOTT's financial position would improve.

Mr. Chairman: How optimistic are you in terms of that? You think that there will be some—*[Inaudible]*—in the future?

Mr. Garcia: I cannot anticipate the Cabinet. What we will do is to put forward and argue our case as professionally as possible and hope that we persuade the Cabinet by the arguments we put forward. Our expectation is that given the relationship that we have with the various client Ministries and our performance in terms of delivery, that that would be sufficient to persuade the Ministries and the Cabinet of the arguments that we put forward in terms of increasing our fees for some projects.

We are not asking for a blanket increase, because as I explained earlier, a 4.5 per cent fee on a hospital project or the San Fernando Waterfront may make sense, but a 4.5 on a \$5 million or \$3

million project does not make sense given the time and the effort this is required. But as I said, we will put forward our arguments. We will lobby our client Ministries and we will lobby our line Ministry and hopefully the Cabinet will be persuaded to adjust the fee structure.

12.10 p.m.

Mr. Chairman: Okay. I have a series of projects for the period 2016 to 2018/19, I think, involving the UDeCOTT. Some of them would have been completed I believe, and some of them might still be in progress. When I look at the list before me, the Parliament where we are in is among the list of projects, now I know that where we are, we know that the Parliament has been completed. But Mr. Garcia, I wanted to ask you in terms of this project, do you believe that the experiences that we are having at the Parliament, where whenever it rains we have to find buckets to catch water that is leaking from different parts of the building, do you get the impression that the \$441 million that would have been spent on this project, do you think that for instance, —that in itself is a minor distraction? Or do you think that for instance contractors that were involved here might have been a bit—they had given UDeCOTT and the Parliament by extension, we did not get value for our dollar. How would you respond to that?

Mr. Garcia: Mr. Chairman, let me start off by saying that we are extremely proud of the work that we did on the Parliament. I think it was a significant achievement, this board did what no other board could have done in the past 17 years. I am satisfied that we got value for money, I am satisfied that the question of the leaks have been resolved. We have a team that monitors the leaks. Some of the leaks were not caused by the roof but the leaks for instance in the North Chamber were caused by condensation, there was a defect in terms of the ducting that has been corrected. We are confident that we have overcome the leak problem, but it is an old building that was refurbished, and problems will arise from time to time.

If you live in a house, you know that in our house you have to change the bulbs, you have to change—correct the plumbing, because a house like a building at times could be equated to a living organism that you have ups and downs. But I would say that the public of Trinidad and Tobago got value for money, that the Red House and the restoration of the Parliament was a significant achievement done by nationals of Trinidad and Tobago, done by over 24 small and medium-sized contractors, done within budget and within time. A significant achievement that you, the parliamentarians, the people and the staff of UDeCOTT should feel very proud of.

Mr. Chairman: You caught my attention immediately when you talked about nationals. You said nationals were involved in this? Tell this Parliament and this Committee, what percentage of

foreigners were involved in the construction process? Because I recall seeing a lot of Spanish nationals or Venezuelans operating on this project, so when you say nationals were involved in this exercise, you are talking about on an overwhelming basis? Or you would say that there was a certain percentage, a mixture? How would you characterize that?

Mr. Garcia: As far as I am aware, all 24 companies are Trinidad registered companies. As far as I am aware the owners of those companies are nationals of Trinidad and Tobago, who they hire or—we as a policy in UDeCOTT do not get involved in contractual arrangements of our contractors because that has certain legal implications for us. So, as far as I am aware, all of the companies that did the work on the Red House are locally registered companies, owned and managed by locals who, as far as I am aware, are nationals of Trinidad and Tobago. If they employed Venezuelans, I do not know. We insisted that our companies follow the laws of Trinidad and Tobago, and as far as we are aware we had absolutely no problems with OSHA, with the factory inspectorate, with Immigration or Customs, or the Ministry of National Security. So, I cannot respond to that question about Venezuelans.

Mr. Chairman: You said that 24 companies were involved Mr. Garcia in the project?

Mr. Garcia: There were 24—

Mr. Chairman: Contractors and companies?

Mr. Garcia: It is 24 contractors.

Mr. Chairman: Okay. I am sure you would not have any objection to providing us with a listing of those 24 contractors and/or companies.

Mr. Garcia: In fact, Mr. Chairman, we had published the names in an advertisement in the newspapers, so we will resubmit that information to the Committee.

Mr. Chairman: And the last area on this listing I have here, I want you to clarify for me, can you gave us a status report? I would imagine this matter is in a state of progress, the Port of Spain hospital. Can you give the Committee a little status report on that? And is this—this is in progress right?

Mr. Garcia: Yes, Mr. Chairman, the Port of Spain project is known as the Central Block. We are on stream to complete that project by March of 2025, the first quarter to 2025. And when I say complete, I mean complete the physical building, outfit the building, train the staff in terms of the equipment, test and commission. To date, I think last month, we had the topping off ceremony which marked the completion of the building, the core of the building. That was done by a local contractor called Universal Construction, they had some minor challenges because it was an extremely complex piece of construction, but UDeCOTT in its quest to develop the local construction industry took the

opportunity to give Universal the opportunity to undertake the project. And I must say that they overcame the challenges and they successfully completed the core of the building. That was topped off, phase two of that is being undertaken now and we hope that that would be completed sometime in November—September of next year. And we have completed the tendering exercise for the outfitting, that is medical equipment, the ICT, and the furniture which we are in the process of drafting a Note to the Cabinet for the award of those contracts with the equipment. I think all of the proponents were local companies, with the furniture, again local companies and the ICT, it is a foreign company. So, the project is on-stream to be completed, commissioned and put into use by March 2025, with construction works to be completed September 2024.

Mr. Chairman: And Mr. Garcia, would you say that as it relates to the budget as you said earlier for the Red House came in within budget, for this Port of Spain hospital, would you anticipate a similar kind of development, or are we going to experience a cost overrun in terms of this project?

Mr. Garcia: Well, so far we are within budget, I cannot—we have gone out to tender for the medical equipment. As I said we are in the process of doing the notes for Cabinet for the approval. So, to date we are within budget, I cannot predict what the future would hold—

Mr. Chairman: What is the budget like, may I ask?

Mr. Garcia: \$1.2 billion.

Mr. Chairman: And how many, finally because I will put something in writing because I want us to close off, but as it relates to that project in progress, would you indicate to us in writing, the process? Because my understanding there was a Chinese company involved, they disappeared, then they had five local companies involved, I do not know if they are there or they have disappeared. Then my understanding is that another Chinese company is about to enter called China Railway Company, I am not too sure. I am hearing these things and I thought as you are here you might be able to clear my mind.

Mr. Garcia: Well, I can clear it now.

Mr. Chairman: Yes.

Mr. Garcia: The original contract was awarded to Shanghai. When COVID came, they experienced a number of issues and as a result we had a mutual termination of the contract. We then approached the Cabinet and it was agreed that we will break the project up into a number of packages to give the local construction industry the opportunity to participate in the project. To date, we awarded and completed one aspect of that package, this is package number one, which was awarded to Universal for their structural works. We awarded package two to China Railway for the finishing of the structure,

and we are about to award—how many packages for—

Ms. Scoon: It is seven altogether, we have Beston, the designs.

Mr. Garcia: Let me defer to—

Ms. Scoon: So the packages—sorry. The packages are package one, which is the structural works which is awarded to Universal. We have package two which is the design work which is awarded currently to Beston, then we have package three which is the builders' work which is currently awarded to China Railway, and they have commenced works already and started works within the buildings. And then we have package four, which is medical equipment, the medical equipment is separated into 12 sub-packages and those sub-packages are to allow for smaller packages to allow for local contractors to be able to bid on those jobs. Then we have package five; which is the movable furniture which has already gone through its tender process, that is one full package and we have the ICT which is also through the tender process. So, it has not been awarded as yet.

Mr. Chairman: Alright, Mr. Garcia and your team there are many other questions that we want to raise but time would not permit us. So, you can expect some further questions to the organization and we will get written answers. But before I begin to bring these proceedings to a close, I want to ask your good self and your CEO Acting, what are some of the recommendations or proposals you would like to put forward to this Committee to improve the efficiency, efficacy, economy as it relates to the delivery of services by UDeCOTT? So that UDeCOTT can continue to play its role as it has done but in a more, as I said efficient, effective, and economical manner since it was founded in 1995. Would you want to share with us your preliminary thoughts and you can then commit to paper, further recommendations for the improvement of the UDeCOTT operations? Mr. Garcia?

Mr. Garcia: Thank you, Mr. Chairman. I would want to ask that we be allowed to put those recommendations in writing. I would not like to make policy on the hoof as they say. I would want to meet with the management plus the board, and I would say give us about two or three weeks, and we would come back with a comprehensive document. Because in my view UDeCOTT as the leading implementation agency for the Government of Trinidad and Tobago has a responsibility to improve the construction sector as a whole and therefore I would want to have the input of the management, some of our stakeholders, that is the contractors because it is a two-way—well a number of streets, it is not a two-way street. We have the contractors, we have our client Ministries, we have the end users, so we would want to give it some consideration rather than be at the spur of the moment just put forward recommendations. I would want to engage in some consultation and come back to this Committee so that what we put forward can benefit the construction industry as a whole.

Mr. Chairman: Well, as a Committee and as the Chairman of this Committee, I look forward to receiving those suggestions, proposals and recommendations soonest. So, on behalf of the Committee, I would like to say in closing, that we look forward to receiving those reports, the financial audited reports, as outlined by your good self, and like all of us here, we look forward to a discontinuation of disclaimers, qualified audit opinions, external auditors' opinions, and we look forward to UDeCOTT addressing all those areas outlined in the 16th, 17th and the 18th reports. So, as we go forward to 2019 to 2022, we will see a cleaner bill of health from an auditing point of view coming forth so that UDeCOTT could join other state entities in addressing these efficiencies identified, overcoming those challenges, and we are helping UDeCOTT with your recommendations to make it a more efficient, effective and economical entity in the coming period.

So, once again we would like to extend on behalf of our Committee, our sincerest thanks for your presence, and we look forward to receiving shortly, you said within two to three weeks, the sooner the better. Because remember, we have to generate a report to the House of Representatives and time is of essence in these matters. So, I would urge you, as soon as is practically possible to put your thoughts together and have these things submitted to the Secretariat. We look forward to receiving same. So, thank you once again for being here, and this meeting is now suspended. Thank you very much.

12.31 p.m.: *Meeting suspended.*