

**A SPECIAL REPORT OF THE
AUDITOR GENERAL OF TRINIDAD AND TOBAGO
ON THE**

FIFTH SUMMIT OF THE AMERICAS

OFFICE OF THE PRIME MINISTER



**A Special Report of the
Auditor General of Trinidad and Tobago
on the Fifth Summit of the Americas
Office of the Prime Minister**

**THIS REPORT HAS BEEN PREPARED
UNDER SECTION 116
OF THE CONSTITUTION OF
THE REPUBLIC OF TRINIDAD AND TOBAGO
AND SECTION 9(2)(C) OF THE
EXCHEQUER AND AUDIT ACT, CHAPTER 69:01**



*Sharman Ottley
Auditor General
2011 February 04*

Contents	Page
Acknowledgement and Appreciation	6
Executive Summary	8
Chapter One - Introduction	12
- Background	12
Chapter Two - Planning and Organisation of the 5th Summit of the Americas	14
- Preliminary Planning	14
- Monitoring and Delivery Structures for the 5 th Summit	16
- Ministerial Steering Committee	17
- The Double Secretariat	17
- Organisational Structure of the Double Secretariat	18
- Planning at the Strategic Level	19
- Consultation with previous Summit hosts	19
- The process of using Sub-Committees failed	21
- The Partnership with Support Agencies was not adequately managed	23
- Budgetary Planning and Funding for the 5 th Summit	24
- Management of Risk	25
- Operational Planning for the 5 th Summit	26
Chapter Three - Procurement for the 5th Summit	32
- Major Procurement	32
- Procurement Function at the Double Secretariat	34
Chapter Four - Accounting for Summit Expenditure and Revenue was Inadequate	38
- Financial Statements were not presented.....	38
- Approved Expenditure	38
- Actual Expenditure Incurred	38
- Revenue	40
- Revenue earned from the accommodation of delegates	41
- Revenue from Post Summit Cruises	41
Chapter Five - Lessons Learned and Conclusion	44
- Lessons Learned	44
- Conclusion	45
Chapter Six - Agency's Comments	46
Appendix 1	48
- Functions and actions of the Double Secretariat.....	48

ACKNOWLEDGEMENT AND APPRECIATION

The Auditor General gratefully acknowledges the kind assistance and co-operation given to staff of the Auditor General's Department during the conduct of this audit by the following:

- The management and staff of the Double Secretariat of the Fifth Summit of the Americas and Commonwealth Heads of Government Meeting (CHOGM)
- The Permanent Secretary to the Prime Minister, the Deputy Permanent Secretary and accounting staff of the Office of the Prime Minister
- The heads of Sub-Committees appointed for the Fifth Summit of the Americas, and
- Officers of Ministries, Departments and Statutory Boards who responded to our requests for information, financial and otherwise, on the participation of their organisations in the Fifth Summit of the Americas.

Many thanks are also expressed to Mr. Robert Reeve of the National Audit Office (NAO) of the United Kingdom for his insightful inputs/comments on the process and the content of this Report.

The Auditor General extends appreciation also to the staff of the Auditor General's Department for their contributions.

EXECUTIVE SUMMARY

INTRODUCTION

The Fifth Summit of the Americas (5th Summit) was held in Trinidad and Tobago during the period 2009 April 17-19. The Heads of State and Government of the 34 democratic member countries in the hemisphere met to seek common solutions to identified priorities and devise strategies through the drafting of a Summit Declaration of Commitment. The estimated budget for the event was TT\$503 million. The level of resources involved thus warranted that particular effort be invested by the Government of the Republic of Trinidad and Tobago to ensure that the value for money objectives of economy, efficiency and effectiveness be central to the planning and execution of this event.

Several critical activities were necessary to enable the successful hosting of the 5th Summit. The timely planning and execution of these activities was needed to facilitate the achievement of the value for money objectives. Our audit while assessing the planning and the organizing of the 5th Summit also sought to extract learnings that could guide the planners and implementers of future large-scale events.

STRATEGIC PLANNING

We found that the majority of activities involved in planning the 5th Summit occurred during the period 2008 March to 2009 April in spite of the fact that Cabinet gave its approval to host the event in 2006 April.

A Double Secretariat for the 5th Summit and the Commonwealth Heads of Government Meeting (CHOGM) was established during 2006 June in the Ministry of Foreign Affairs and was subsequently transferred to the Office of the Prime Minister with effect from 2006 August 17. The Double Secretariat was responsible for the coordination and realization of all aspects of the 5th Summit. However, there was no evidence that a structured and well-planned approach to the delivery of the 5th Summit as evidenced by a formal plan at the strategic level, was developed and used to guide the implementation of activities.

With the help of the Canadian Government which hosted the 3rd Summit of the Americas in 2001, a formal assessment of needs to facilitate delivery of the 5th Summit was undertaken. The resulting report was accepted by a Ministerial Steering Committee during 2008 April and gave some strategic direction and added impetus to the operational planning and its activities.

MANAGEMENT OF RISK AND OPERATIONAL PLANNING

Due to the short time-frame and the resultant drive to implement a myriad of activities, the process was plagued with many problems. Thus the risk associated with delivery of the 5th Summit was heightened in several critical areas. We found that there was no structured mechanism in place to manage this risk. Risk was not planned for and managed in a strategic manner.

A primary area of risk identified was that of Procurement. We found that this area was not given sufficient priority in light of the major inherent risks and the potential impact on value for money. There was a last minute rush to procure major goods and services. The late start to procurement invariably weakened the government's negotiating position particularly in light of the use of the Sole Selective Tendering Process in some instances to shorten the time needed for acquisition. Contracts awarded by this method included telecommunication services and conference facilities and services for which expenditure of TT\$67million and TT\$15million respectively was incurred.

We found that insufficient time was allotted to effectively execute the various activities in a cost effective manner. Some of the other effects of inadequate planning and coordination were as follows:

- The dates of the 5th Summit had to be shifted from 2009 April 16-18 to 2009 April 17-19 to enable timely arrival of cruise ships leased to provide accommodation for delegates.
- The funding requirements to host the 5th Summit, estimated at TT\$503 million, were not known until 2008 June, less than one year before the event.
- The methodical development and preparation of the budget of TT\$503 million for the 5th Summit by experts in the field was not seen. This budget was prepared by one individual.
- There was insufficient time to properly assess the proposal from a provider of telecommunication services at a cost TT\$70 million; the proposal was nonetheless accepted due to time constraints.
- Certain specialized security equipment could not have been acquired because of the necessary lead time for ordering.

GOVERNANCE

Key elements of the governance framework were formulated too late in the process to provide the optimum benefit from their activities. For example, the Ministerial Steering Committee (MSC) set up to provide an oversight and coordinating mechanism for the 5th Summit was only established in 2008 March. In addition, Sub-Committees, set up to support the Double Secretariat in specialist areas were established during 2008 August, seven months before the 5th Summit. As such, these Sub-Committees generally failed to fulfill their mandate effectively.

ACCOUNTING FOR EXPENDITURE

We found that despite the significant level of expenditure to be incurred for the 5th Summit, a system was not put in place to capture the overall cost. As a result, the total cost of hosting the 5th Summit was not determined and the net financial cost of the event is not known.

However, the following expenditure was confirmed by the agencies listed below:

Ministry/Government Agency	Expenditure TT\$
Office of the Prime Minister (Double Secretariat)	273,772,312
Ministry of Tourism	120,102,278
Urban Development Company of Trinidad and Tobago Limited (UDECOTT)	61,484,804
Port Authority of Trinidad and Tobago	55,682,657
Ministry of National Security	37,693,264
Airports Authority of Trinidad and Tobago	9,800,000
Ministry of Local Government	3,110,785
Trinidad and Tobago Electricity Commission	597,268
Trinidad and Tobago Hospitality and Tourism Institute	405,775
Ministry of Foreign Affairs	385,183
Ministry of Public Administration	162,000
Ministry of Energy and Energy Industries	25,000
Ministry of Education	3,500
Total	563,224,826

REVENUE

The Double Secretariat recorded revenue from the 5th Summit as being TT \$22,185,869.

LESSONS FOR THE FUTURE

The successful execution of major events requires the following:

- early planning at strategic and operational levels;
- continuous assessment of risks;
- functional structures staffed by persons with the appropriate skills;
- an effective procurement strategy and function;
- clearly defined roles for support agencies;
- early inclusion of support agencies in the process;
- a properly constituted budget, and
- a proper system of accounting and internal control.

GENERAL

In spite of the planning and organizational weaknesses identified in this Report, the Fifth Summit of the Americas took place in Trinidad and Tobago without major incident. This speaks to the indomitable spirit of citizens who will rally around to ensure the successful completion of an event such as this.

CHAPTER ONE

INTRODUCTION

1.1 The Fifth Summit of the Americas (5th Summit) was held in Trinidad and Tobago during the period 2009 April 17-19 and was by far one of the largest events to be hosted by this country. Given that significant levels of the country's resources were being utilized to host this event, there was a tremendous amount of interest and concern from all sectors of society as to the value to be attained by the citizens of Trinidad and Tobago from such an undertaking. The Auditor General considered that in order to achieve the best possible use of the country's resources and by extension 'value for money', a significant level of planning and preparation at all levels would have been essential to host an event of this magnitude. Our audit was conducted to assess:

- the effectiveness of the planning and organisation that went into the delivery of the 5th Summit, and
- the structures and systems implemented to achieve this goal.

This Report provides lessons learned that will serve as good practice for future large-scale activities in Trinidad and Tobago.

BACKGROUND

1.2 According to the website of the Organization of American States (OAS) the Summit of the Americas is "a high level forum where Heads of State and Governments of the 34 democratic member countries in the hemisphere deliberate and agree on the main challenges confronting the region". The Summit of the Americas is not just a single event but "a process involving the interplay of a variety of actors, including governments, international organizations and civil society, necessary to discern and negotiate those themes and challenges deemed as priorities for the region."¹

1.3 The theme developed for the Fifth Summit of the Americas was "Securing our Citizens Future: Promoting Human Prosperity, Energy Security and Environmental Sustainability".

1.4 The objectives of this multilateral process are to seek common solutions to those identified priorities and to devise strategies through the drafting of a Summit Declaration of Commitment (combination of the past declaration and Plan of Action).²

1.5 At the 4th Summit of the Americas which was held during 2005 November 4-5 in Argentina, the Prime Minister of Trinidad and Tobago offered to host the Fifth Summit of the Americas and on 2006 April 13, Cabinet gave its approval.

¹ Source: Website of OAS

² Source: Website of OAS

1.6 The offer to host the Fifth Summit of the Americas was accepted by the member states of the Organisation of American States (OAS) on 2006 June 03 and on 2006 September 12, Trinidad and Tobago assumed Chairmanship of the Summits of the Americas Process.

CHAPTER TWO

PLANNING AND ORGANISATION OF THE 5TH SUMMIT OF THE AMERICAS

Preliminary Planning

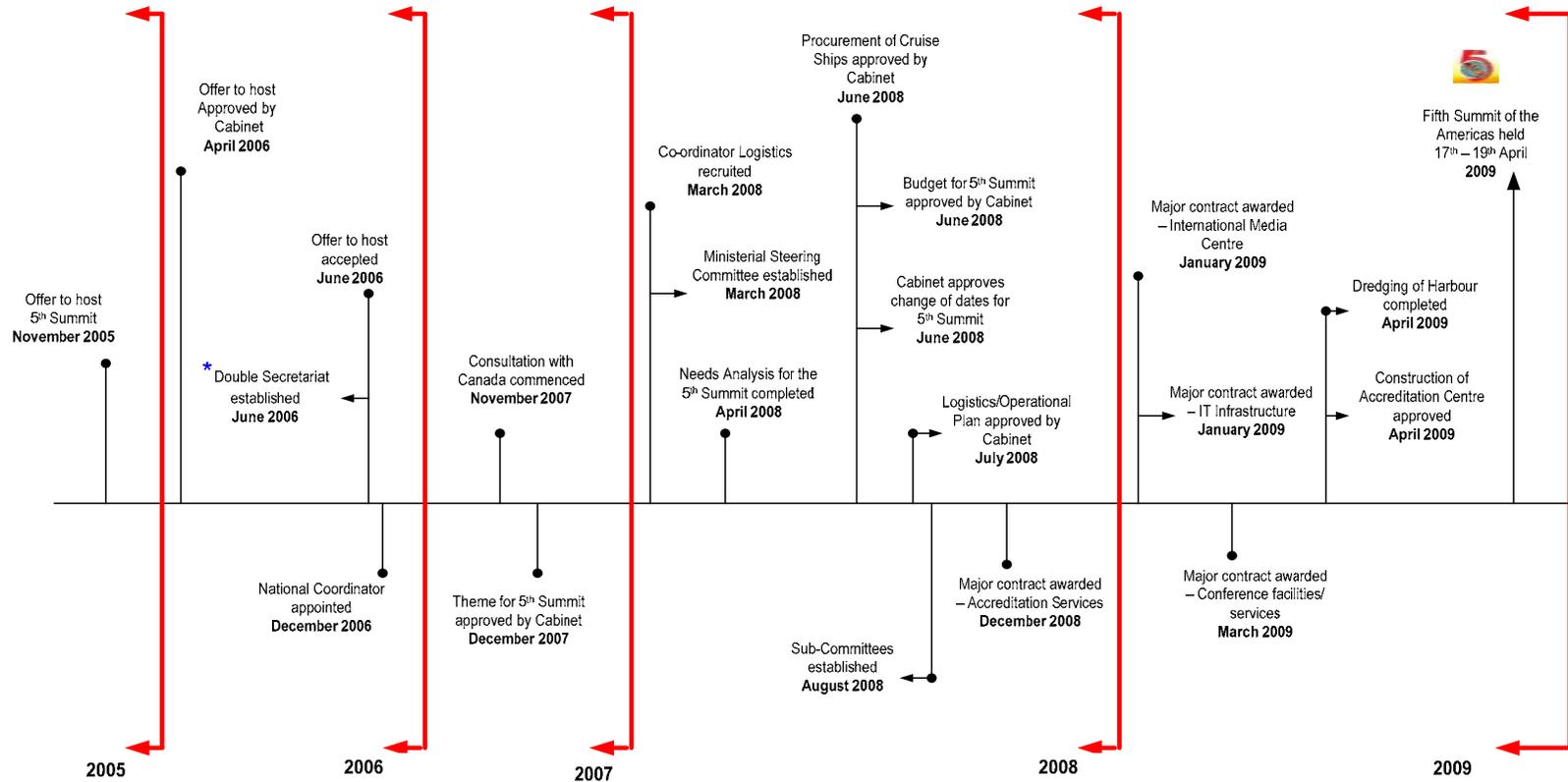
2.1 A key component of planning for an international event such as the Fifth Summit of the Americas (5th Summit) is the requirement for a measure of pre-assessment and planning including cost-benefit and risk analyses and funding estimates. This evaluation helps to inform the decision-making process and should precede the commitment to host an event. For example, costing and funding estimates for the Olympic Games to be held in London, England in the year 2012 commenced in 2002 prior to the organizer's bid in 2004 to host the event.

2.2 Despite the cost and logistical requirements necessary for the hosting of the 5th Summit, we did not see evidence that such an evaluation was undertaken or considered by the Government of Trinidad and Tobago before the offer to host the 5th Summit was made in 2005 November.

2.3 A timeline of major activities undertaken relative to the 5th Summit is depicted in Diagram 1 which follows:

Diagram 1

TIMELINE OF MAJOR 5TH SUMMIT ACTIVITIES

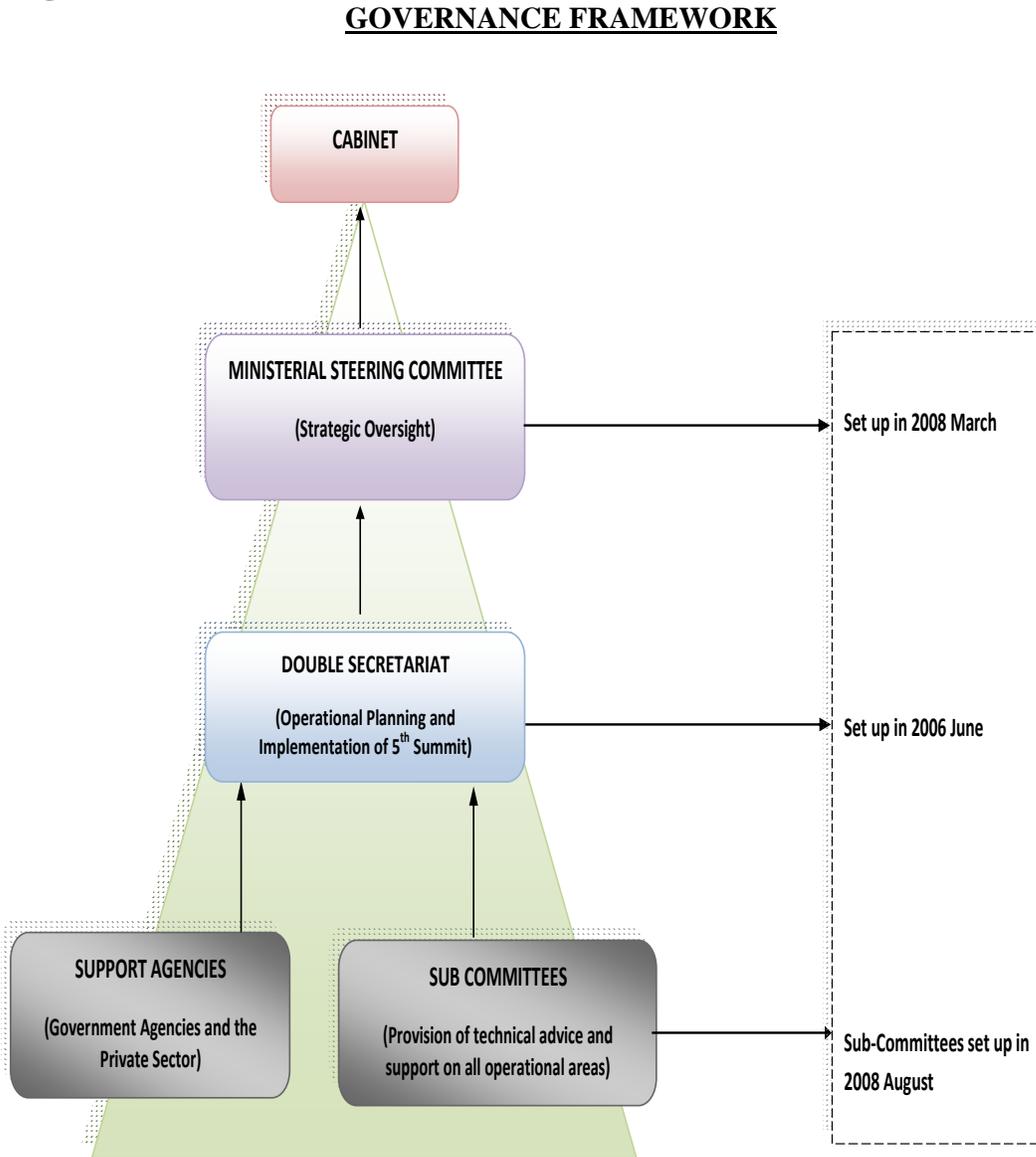


* The Double Secretariat was established to manage both the 5th Summit and the Commonwealth Heads of Government Meeting (CHOGM)

Monitoring and Delivery Structures for the 5th Summit

2.4 A governance framework for the 5th Summit evolved over time with the creation of the Double Secretariat in 2006 June as well as a Ministerial Steering Committee in 2008 March and Sub-Committees during 2008 August. A diagrammatic representation of this structure is shown below:

Diagram 2



2.5 There was no evidence to indicate that a mechanism to manage the process for the hosting of the 5th Summit was established early as part of a strategic planning framework.

Ministerial Steering Committee

2.6 The Ministerial Steering Committee was established by Cabinet on 2008 March 20 and was set up to provide an oversight and coordinating mechanism for the 5th Summit. This Committee was directly accountable to the Cabinet on the status of implementation of all arrangements for the event. Its function included the provision of guidance to the Double Secretariat and overseeing the planning and implementation of all operational aspects of the 5th Summit.

2.7 The Ministerial Steering Committee comprised ten members as follows:

- Minister in the Ministry of Finance (Chairman)
- Minister of Public Utilities
- Minister of Foreign Affairs
- Minister of Works and Transport
- Minister of Education
- Minister of Information
- Minister of Tourism
- Minister of National Security
- Minister of Local Government
- Minister in the Office of the Prime Minister.

2.8 The first meeting of the Ministerial Steering Committee was held on 2008 April 06, approximately one year before the 5th Summit was due to convene. The formation of the Ministerial Steering Committee, for an event the size of the 5th Summit, was late. This level of intervention and strategic direction should have been instituted at the initial planning stage.

The Double Secretariat

2.9 In 2006 June, Cabinet agreed to the establishment of a Double Secretariat in the Ministry of Foreign Affairs to co-ordinate the technical work as well as the logistics, security, protocol and transportation arrangements for the 5th Summit and the Commonwealth Heads of Government Meeting (CHOGM). On 2006 August 17, the responsibility for the Double Secretariat was transferred to the Office of the Prime Minister. This change resulted from a review of the role to be played by the host Government and the “critical input to be made by the Head of Government in all the arrangements.”

2.10 The functions and responsibilities of the Double Secretariat relative to the 5th Summit were “to coordinate all aspects of the preparation and realization of the 5th Summit of the Americas in cooperation with the various public bodies of the national Host Government” and other parties. To fulfill this responsibility the Secretariat was required to:

- be responsible for coordinating the 5th Summit of the Americas, in cooperation with the OAS Summits of the Americas Secretariat, and
- designate the Chairman/National Coordinator of the 5th Summit to be accountable and responsible for the process of the preparation for the 5th Summit.

2.11 The Double Secretariat was established approximately three years before the 5th Summit and was responsible for the overall planning, coordination and execution of the 5th Summit. The head of the Double Secretariat assumed duties in 2007 January, seven months after the Double Secretariat was established. He was accorded the rank of Ambassador during the period of his responsibility.

2.12 The contracted period of employment for the head of the Double Secretariat commenced from the date of his assumption until 2010 March 31, when all activities of the Double Secretariat were expected to be completed. We noted that the operations of the Double Secretariat were extended for a further period of two months until 2010 May 31 to facilitate the closure of operations.

Organisational Structure of the Double Secretariat

2.13 After its establishment in 2006 June, the Double Secretariat's organizational structure comprised a complement of five staff positions. This structure was subsequently amended several times as shown below:

- In 2006 December, Cabinet agreed to vary the staff structure based on advice from the National Coordinator and 15 positions were created;
- The structure was further varied by Cabinet in 2007 June to include an amended mix of staff positions with the total complement of 15 being unchanged;
- In 2008 January, the structure was expanded to include eight new positions, resulting in a total complement of 23 staff positions, and
- In 2008 November, the structure was further expanded to included 37 additional posts resulting in a total of 60 staff positions.

2.14 It was stated that the original structure was designed to ensure that all key areas of the Double Secretariat were covered to begin preparatory work for its activities and it was envisaged that there would be a need to adjust the structure periodically as dictated by the intensity of the preparatory work. However, we found that despite the imperative for an adequate structure to support the activities of the Double Secretariat, there was insufficient planning in this area.

2.15 The Double Secretariat commenced operations in early 2007 with two officers: the National Coordinator and the Deputy National Coordinator. Their focus was on developing the policy aspect of the 5th Summit. No staff was initially assigned to manage and ensure implementation of operational details.

2.16 During 2008 April, the Ministerial Steering Committee indicated that key Ministries would be required to provide dedicated resources as support to the Double Secretariat to enable delivery of the 5th Summit. Two of the support Ministries sampled informed us that they were not given adequate notice of the requirement to provide human resources.

2.17 At a meeting of the Ministerial Steering Committee held on 2009 March 25, it was indicated that a Needs Assessment was undertaken by the Double Secretariat which revealed that their staffing arrangements were inadequate. Arrangements were only then formulated to provide staffing as personnel were needed in the Communications, Protocol, Logistics and Transportation units. As part of the arrangement, each ministry was required to assign one of their Communication Officers and Drivers to the Double Secretariat. On 2009 March 26,

Cabinet agreed to the assignment of one communications professional from the Communications Unit of each Ministry to the Double Secretariat.

2.18 For an event of the size and importance of the 5th Summit, the last minute drive to institute staffing arrangements to support the activities of the Double Secretariat is indicative of a lack of planning and administration.

Planning at the Strategic Level

2.19 Planning for the 5th Summit focussed on the four key areas of Policy, Logistics, Security and Protocol. We were informed that each of these elements had their own strategic direction and each was given differing levels of importance at various stages of the planning process. However, we did not find evidence that a formal plan at a strategic level was developed and in place to guide the operational planning and implementation of the 5th Summit and its related activities.

Consultation with previous Summit hosts

2.20 The Double Secretariat did not consult and seek to learn lessons from the previous Summit host, Argentina, but chose to collaborate with Canada, host of the Third Summit of the Americas. However, there would have been undoubted benefits for Trinidad and Tobago as the next Summit host to draw from the lessons learned in Argentina so as to ensure that any mistakes made were not repeated and any successes could be built upon.

2.21 Members of the Double Secretariat visited the Department of Foreign Affairs and International Trade Canada in Ottawa in early 2007 November, to initiate discussions on the logistics for the Third Summit which was held in Quebec City in 2001 and to explore possible areas of support to Trinidad and Tobago. However, this was two years after the offer to host the 5th Summit was made by Trinidad and Tobago.

2.22 As a result of the visit to Canada, a formal request was made to the Government of Canada to provide assistance and guidance to the Government of Trinidad and Tobago. A Government of Canada Observation Team visited Port of Spain during the period 2008 March 3-7, to undertake a Needs Assessment and to share their experiences and expertise in planning and managing an event of this nature with local officials. At this point, there was only one year remaining to ensure delivery of the 5th Summit to an immovable deadline.

2.23 The Government of Canada provided numerous documents pertaining to Summit organization in the areas of facilities and installations, organizational charts, critical paths and security operational manuals, in order to assist the Double Secretariat in its planning process. The services of a Logistician were also provided for a two-week period from 2008 June 08 to continue the work started by the Canadian Observation Team.

2.24 This team undertook a logistical assessment and submitted a report with findings and recommendations to the Double Secretariat. Prior to this there was no evidence that the magnitude of the endeavour to be undertaken was assessed in detail. The failure to invest the necessary time and effort to adequately plan for the 5th Summit at an early stage resulted in the late realization of the challenge required for successful delivery of the event.

2.25 The report dated 2008 April 01 provided a ‘Needs Analysis’ for the 5th Summit and indicated some of the immediate priorities. The Ministerial Steering Committee accepted the report and the recommendations of the Canadians on 2008 April 06. With less than a year to go for the 5th Summit, it was recommended that plans in the following areas should be prepared by 2008 June:

- Budgetary
- Human Resources
- Facilities
- Accommodation
- Transportation
- Accreditation
- Hospitality
- Health.

2.26 At the first meeting of the Ministerial Steering Committee held on 2008 April 06, members proposed the establishment of Sub-Committees in the 10 areas identified below. It was seen that the undermentioned 11 Sub-Committees were established and actually functioned.

Sub-Committees Proposed	Sub-Committees Established
1. Security and Accreditation	1. Security
2. Information and Communication Technology and Media Centre (ICT)	2. Information and Communication Technology and Media Centre (ICT)
3. Marketing and Communications	3. Communication, Information and Media Relations
4. Emergency Services	4. Marketing
5. Essential Services	5. Emergency Services
6. Facilities Management	6. Essential Services
7. Accommodation and Hotels	7. Conference Facilities and Services
8. Special Events	8. Accommodation
9. Transportation	9. Special Events
10. Protocol/Liaison/Hospitality	10. Transportation
	11. External Sites and Attractions

2.27 The Terms of Reference of the Sub-Committees included the requirement to produce operational plans. The Chairmen of six Sub-Committees were interviewed, five of whom indicated that they had developed such plans. However four of those plans were not seen.

The process of using Sub-Committees failed

2.28 The Chairmen of the six Sub-Committees selected were interviewed to determine whether the Sub-Committees functioned effectively and achieved their mandates. In addition, minutes of the meetings of eight Sub-Committees were examined for the same purpose. Details are shown below:

Sub-Committees of which Chairmen were Interviewed	Sub-Committees for which Minutes of Meetings were examined
<ol style="list-style-type: none"> 1. Conference Facilities and Services 2. Marketing 3. Information and Communication Technology and Media Centre (ICT) 4. Special Events 5. Communications, Information and Media Relations 6. Emergency Services 	<ol style="list-style-type: none"> 1. Conference Facilities and Services 2. Marketing 3. Accommodation 4. Special Events 5. Communications, Information and Media Relations 6. Emergency Services 7. External Sites and Attractions 8. Essential Services

2.29 Minutes for the Security, the ICT and the Transportation Sub-Committees were not provided for audit examination.

2.30 We found that the overall process of utilizing the Sub-Committees to assist in specialist areas generally failed due to the following factors:

Findings	No. of Sub-Committees affected
1. Chairpersons and members of Sub-Committees were only notified of their appointments during the period 2008 June to August.	11
2. Prior to the appointment of the Sub-Committees, the activities relating to each Sub-Committees' mandate had already been initiated by the Double Secretariat.	6
3. During 2008 November, the Secretariat amended the Terms of Reference of the Sub-Committees and advised them that their functions were more consultative/advisory. This led to confusion on the part of some Sub-Committees as to their exact functions and the parameters of their responsibility.	6
4. The members of one Sub-Committee resigned as a result of the breakdown in communication and the confusion regarding their roles and responsibilities.	1
5. Certain Sub-Committees were disbanded and/or became redundant after a short period of time due to an inability to effectively integrate their functions with the work of the Double Secretariat.	2
6. Sub-Committees complained of insufficient support from the Double Secretariat in terms of information and provision of resources.	6
7. The decision-making process through the Double Secretariat was very slow and hindered the Sub-Committees' ability to implement plans in a timely manner and thus function effectively.	5
8. Sub-Committees complained of plans being constantly changed and amended by the Double Secretariat.	3
9. The Terms of Reference of the Sub-Committees required monthly reporting. However reports were only generated as required by the Double Secretariat.	5
10. Sub-Committees indicated that they were not given a budget within which to operate.	5
11. The Accreditation area was not properly managed. Initially, this function was the responsibility of the Security and Accreditation Sub-Committee. However, the Double Secretariat decided that accreditation should remain one of its functions in order to streamline the process to fulfill international requirements. Consequently this area was excised from the functions of the Security and Accreditation Sub-Committee.	1
12. Sub-Committees complained that staff were unable to receive accreditation in a timely manner. One Sub-Committee described the process as a "major failure".	4
13. There was no evidence that the Protocol/Hospitality/Liaison Sub-Committee was ever operational. The Ministry of Foreign Affairs (MFA) indicated that it was not approached to actively advise and participate in this Sub-Committee and this caused a hindrance in the MFA's performance as the country's official protocol agency. The MFA further stated that the Double Secretariat did not specifically request what assistance was needed from their Protocol Division nor did the MFA have a principal role in protocol arrangements. We noted that members were not appointed to this Sub-Committee indicating the lack of importance attached to this key function.	1

The Partnership with Support Agencies was not adequately managed

2.31 Several government agencies were co-opted to assist with the planning and implementation of projects that were integral to the successful delivery of the 5th Summit. These included Ministries, Departments, Statutory Boards and State Enterprises. A sample of nine agencies was selected and through a series of interviews and document analysis the effectiveness of the planning, coordination and cooperation between these agencies and the Double Secretariat was assessed.

2.32 Five of the agencies sampled stated that their role was not documented and clearly communicated to them. Of the remaining four agencies, all indicated that they understood their roles, however only two of these reported that there was adequate documentation.

2.33 In addition, four agencies complained that sufficient time and advance notice was not given for the respective projects to be undertaken. For example in early 2008 December the Tourism Development Company Limited (TDC) was given responsibility for the Post-Summit Cruise and in 2009 February the Airports Authority of Trinidad and Tobago was notified of its responsibility for establishing an Accreditation Centre.

2.34 One agency complained that significant funding from their budgetary allocation for the financial year 2008/2009 had to be utilized for the project to be realised but this expenditure was not incorporated into their annual budget.

2.35 Two agencies that provided human resource support complained that they were not informed in advance that these resources would be required.

2.36 Liaison officers from the government agencies were usually designated to communicate with the Double Secretariat on various issues. However, there were complaints of insufficient communication and information provided by the Double Secretariat. In addition, delays in decision-making by the Double Secretariat and the Ministerial Steering Committee affected the timely implementation of certain projects.

2.37 We were informed that monitoring was undertaken by the respective agencies through weekly meetings and site visits with their contractors. The Double Secretariat and the Ministerial Steering Committee were also notified of progress through meetings and reports. Evidence of weekly monitoring was also observed upon perusal of the minutes of the meetings of the Ministerial Steering Committee. A monitoring mechanism was not formally instituted between the TDC and the Double Secretariat regarding the procurement of cruise ship accommodation.

2.38 A penalty of US\$1 million arose as a result of missing the deadline date for submission of the request for a charter agreement to Carnival Cruise Lines. This is a clear indication of a lack of proper monitoring and the substantial financial consequences that can result.

2.39 In addition, the deadline given by Carnival Cruise Lines to book the ship for the Post-Summit Cruise was not met. It was reported that as a result of this, the company issued a letter stating that it would only allow the cruise liner to be used for the Post-Summit Cruise if an assurance was given that they would be used for a subsequent event.

2.40 Some of the agencies reported that they managed risk through their own in-house methods. One agency opined that risk was not effectively managed as there was no overall plan for this.

2.41 We found that the Double Secretariat failed to prepare a strategic plan and to effectively manage the governance framework to ensure that all requirements and activities necessary for effective delivery of the 5th Summit were completed in a timely and efficient manner.

Budgetary Planning and Funding for the 5th Summit

2.42 On 2008 June 25, with the 5th Summit scheduled to take place in less than one year, Cabinet agreed to a budgeted figure of TT\$632 million for the 5th Summit (See Table 1 below). Prior to this, there was no evidence that the level of resources and thus the funding requirements for the 5th Summit had been previously estimated. This figure of TT\$632 million was subsequently reduced to a budgeted amount of TT\$503 million.

Table 1

Category of Expenditure	TT\$ Million
Cruise Ship Accommodation	128
International Media Centre	100
Security Systems	85
Conference Facilities and Services	70
Vehicles	63
Accreditation System	60
Information Technology Infrastructure	30
Minor Equipment	29
Interpretation Services	20
Administrative and Human Resource Cost	15
Procurement Agent Fee	12
Sub total	612
Contingencies	20
TOTAL	632

2.43 The initial budget was based on the ‘Needs Analysis’ developed by the Canadian Observation Team and preliminary discussions held with suppliers of goods and services. However, we were unable to obtain a detailed breakdown of this budget. Also, we were not provided with information concerning the underlying assumptions and judgments on which the budget was based. Similarly, the basis on which the revised budget of TT\$503 million was developed was not obtained.

2.44 Given the high level of cost and the risk inherent in an event such as the Fifth Summit of the Americas, it was necessary that a rigorous and robust budget be established. The judgments and assumptions on which the budget was based needed to be informed by detailed analysis, advice and comments from experts in costing major projects. However, despite the sums involved, the budget was not subject to any expert review or testing. We found no evidence that consultation was sought with other government agencies and/or experts in the field in developing the budget for the 5th Summit. In fact, we were informed

that this aspect of the planning process was actually managed and prepared by one individual, the Coordinator Logistics at the Double Secretariat.

2.45 The budget also needed to be complete so as to enable stakeholders to plan and establish baselines against which to assess progress and performance. We found that the initial budget for hosting the 5th Summit did not cater for the provision of emergency health services and a cultural programme. These activities were later estimated to cost approximately TT\$19 million each.

2.46 The timing and arrangements for delivery of funding should also have been defined. However, this information was not detailed in the budget examined. Effective management of the timing of funding is essential so that funds are available when needed. An example of this failure in budget preparation was noted in that as at 2008 May, with less than a year to go for the 5th Summit, the Double Secretariat had not been allocated the funds necessary to carry out its responsibilities. As a consequence it had not been determined how the various Ministries would fund their Summit-related activities.

2.47 The 5th Summit was funded primarily by the Government of the Republic of Trinidad and Tobago. A minimal level of support was seen to be provided from other external agencies through funding as follows:

- (i) The payment of salaries for certain key officers of the Double Secretariat was met by the Corporación Andina de Fomento. However, details of payments made and the total costs incurred were requested but not provided for audit examination.
- (ii) The Inter-American Development Bank agreed to provide funding to a maximum value of US\$300,000 as technical support for the Special Advisory Group, as well as translation and interpretation services for the Summit Implementation Review Group meetings. We saw that drawdowns totalling TT\$271,887.72 were requested from this facility. However, neither the reimbursements received nor expenditure incurred could be verified as the Cash Books provided for examination were not up to date at the time of audit.

Management of Risk

2.48 In the absence of an overall plan, there was no structured mechanism in place to manage the overall risk associated with delivering an event of this magnitude. The Double Secretariat, as the implementation body for the 5th Summit had a clear responsibility and accountability for risk and its management to ensure that risk was proactively managed and effectively monitored.

2.49 We found that risk management was incorporated into the terms of reference for Sub-Committees. For example, they were required to undertake a comprehensive risk analysis of the areas within their purview, as well as to elaborate a plan of action for the mitigation and management of the risks identified. However, this aspect of the governance process did not function well in practice in that there was no evidence that comprehensive risk analyses were undertaken by the Sub-Committees. The risks associated with the 5th Summit were not effectively addressed at the Sub-Committee level nor at the level of the Double Secretariat.

2.50 In fact, the approach to risk employed by the Double Secretariat was reactive at best. The lack of a proactive approach to risk resulted in crisis management as the mode used for dealing with problems as they occurred. This resulted in a restricted set of options being available to the Double Secretariat when a problem occurred, which negatively affected the potential to achieve value for money. This is highlighted in the following case examples:

Case Example 1 - Aircraft Parking

It was reported at the 17th meeting of the Ministerial Steering Committee (2009 January 21) that the parking arrangements for the visiting aircraft may not be completed in a timely manner and there was a risk of insufficient parking. The utilization of spaces in other CARICOM countries was suggested as a contingency measure. A concern was that the participating countries would have to be notified well in advance. In fact, the Ministerial Steering Committee was advised at the meeting held on 2009 February 11, that a team would go to Barbados to assess their airport facilities. The 5th Summit was due to convene two months later.

Early risk assessment and planning would have ensured that aircraft parking and support services were in place well in advance of the 5th Summit.

Case Example 2 – Cruise Ship Security

In 2009 January, Cabinet agreed that the National Insurance Property Development Company Limited (NIPDEC) invite a sole selective tender for the “Supply, Delivery, Installation and Commissioning of X-Ray inspection machines and metal detectors...”. Subsequently in 2009 March, NIPDEC approved the purchase of four baggage scanners (two scanners per cruise ship). At the 28th Ministerial Steering Committee meeting (2009 April 08), it was revealed that the number of new scanners was insufficient. As a result of the potential security risks, last minute and reactive contingency measures identified certain agencies as possible sources for the additional scanners. Removal of the scanners from the locations identified would have left them with a weakened security position at a time of heightened security requirements.

2.51 Effective risk management was needed to enable proper planning for potential risk issues which would have included the development, implementation and monitoring of plans to address the issues long before they could adversely affect cost, performance and schedule.

Operational Planning for the 5th Summit

2.52 A Coordinator Logistics was first assigned to the Double Secretariat during 2008 March to facilitate collaboration of logistical matters with the Canadian Observation Team. This was approximately twelve months before the 5th Summit was due to convene. A Logistics Plan was prepared by this officer during 2008 June and included the procurement process, critical timelines and budgeted costs. This was the first attempt at developing a framework for the operational aspect of the Summit process and it was in this context that a budgeted cost of TT\$632 million was determined. The Logistics Plan was presented to the Ministerial Steering Committee on 2008 June 25 and noted by Cabinet on 2008 July 31. At this point, there was less than nine months to the 5th Summit.

2.53 The exceptionally late start in the development of an operational/logistical plan for the 5th Summit contributed to the Double Secretariat's inability to co-ordinate effectively the myriad projects and activities essential for the delivery of the 5th Summit in a structured and coherent manner. Some examples are given below:

Accommodation

2.54 During the first half of 2008 the Double Secretariat estimated that 4,200 rooms would be required for the 5th Summit, however, an inventory of the rooms in both the primary and secondary hotels in the Port of Spain area revealed that there were only 1,770 rooms available, resulting in a shortfall of 2,430 rooms. However, it was not until 2009 January that Cabinet approved an upgrade of room stock at the Hyatt Regency Trinidad for the 5th Summit, at a cost of TT\$4,663,925. The timeframe for the manufacture and delivery of the furniture and fittings to upgrade these suites was two months.

2.55 The approval to upgrade was given two months before the 5th Summit and there was concern that the accommodation would not be available for viewing by Advance Teams who were arriving to evaluate accommodation facilities at the Hyatt Regency Trinidad. The Double Secretariat arranged for a model suite to be constructed as a reactive solution to this problem.

2.56 The Double Secretariat's late arrangements for hotel accommodation impacted negatively on the delegation from the USA. The delegation requested approximately 400 rooms at the Hilton Trinidad and Conference Centre by 2009 March. Unfortunately, the Double Secretariat could only deliver 230 of the 400 rooms required. The 230 promised were dependent upon refurbishment being completed and being of a sufficient standard in time for the 5th Summit. The Presidential Suites, although refurbished, were still found to be inappropriate to the specific needs of the delegation from the USA.

2.57 In the absence of sufficient accommodation, the Double Secretariat proposed the leasing of cruise ships to serve as floating hotels. This proposal was accepted by Cabinet on 2008 June 20. However, to facilitate the arrival of the cruise ships, the planned date of the 5th Summit had to be shifted from 2009 April 16-18 to 2009 April 17-19.

2.58 In its proposal of 2008 May 22, Carnival Cruise Lines stipulated a deadline of 2008 June 13, for requesting the charter agreements for the cruise ships at the prices quoted. Despite this stipulated deadline, a decision to proceed was not approved until 2008 June 20. A letter of request was issued by the Chairman of the Ministerial Steering Committee on 2008 June 23, ten days after the deadline date. The failure to submit the request for the charter agreement by the stipulated deadline date, resulted in an increase of US\$1 million in the cost quoted by the cruise line (See Figure 1).

Figure 1 – Projected Cost of Cruise Ship Accommodation

Cruise Ship Accommodation	Original Price Quoted (US\$)	Increased Price (US\$)	Additional Charge (US\$)
Carnival Victory	8,708,000	9,308,000	600,000
Carnival Valor	9,879,000	10,279,000	400,000
Total	18,587,000	19,587,000	1,000,000

2.59 On 2008 June 20, Cabinet agreed to the engagement of Landry and Kling Cruise Event Services - on the basis of sole selective tendering to manage the provision of cruise accommodation vessels for the 5th Summit at a cost of US\$150,000.

2.60 The Charter Agreements for the vessels from Carnival Cruise Lines was received by the Double Secretariat on 2008 July 08. However, there was a marked difference in the arrival time of one vessel (the Carnival Valor) which differed from the original time previously agreed upon. This delay was unacceptable, as it would have resulted in the ship being unavailable for the arriving delegations.

2.61 As a result, the Double Secretariat was forced to make alternative arrangements and an alternative vessel (the Caribbean Princess), was chartered from Princess Cruise Lines at an additional cost of US\$531,704. We noted that the Caribbean Princess was a bigger ship with 200 additional rooms. However, the benefits of this additional investment was not assessed and appeared to have been undertaken out of necessity rather than through a value for money analysis.

2.62 The total cost for the charter of the two cruise ships was US\$19,926,569 or TT\$125,537,381 as detailed at Figure 2 below.

Figure 2 – Actual Cruise Ship Costs

Nature of Cost	US\$	TT\$
Hire Amount	19,385,566	122,129,066
Loan Charges	373,726	2,354,472
Broker	150,000	945,000
Overdraft Interest	17,277	108,843
Total	19,926,569	125,537,381

2.63 The total sum released to the Tourism Development Company Limited (TDC) for this project was TT\$122,512,947 and total expenditure incurred was TT\$125,537,381 resulting in a shortfall in funding of TT\$3,024,434.

2.64 The Ministerial Steering Committee also agreed to reimburse the cruise lines for the cost of extra fuel utilized to allow for earlier arrival of the ships. The cost associated with this was not provided to us.

2.65 The figure of TT\$3,024,434 represents unplanned expenditure for the TDC and as at 2010 March 05 we found no evidence that this money was refunded. This is a reflection of the poor planning that went into the event as agencies were forced to utilize resources from their normal allocation for the period to fulfill 5th Summit obligations.

Information and Communication Technology (ICT)

2.66 In the minutes of the Ministerial Steering Committee meeting dated 2008 December 03, it was noted that neither the Ministerial Steering Committee nor the Double Secretariat had the technical expertise needed to ensure that the proposal submitted for telecommunication services valued at TT\$70 million was adequate and there was a concern that critical items may have been left out of the proposal. The Double Secretariat indicated that reliance was placed on the expertise within the Ministry of Public Administration who advised that at least the minimum ICT requirements were included in the package. However, due to time constraints and in spite of its uncertainty, the Ministerial Steering Committee gave approval for the Double Secretariat to order the equipment on the basis of the proposal submitted by the provider.

2.67 At the same meeting, a decision was also taken to have the supplier, who was contracted to supply and manage media facilities, advise on the adequacy of the telecommunication services proposal. As a result of this review, the Ministerial Steering Committee was informed of activities included in the package that did not need to be undertaken. However, the Ministerial Steering Committee was advised that the provider's position was that the Double Secretariat should pay for the infrastructure necessary to provide the extra capacity.

Security

2.68 On 2009 February 10, two months before the 5th Summit, a case was made for the Ministry of National Security to act as 'Procurement Agent' for critical security items for the 5th Summit in light of the time constraint for acquisition of these items.

2.69 Some divisions of the Ministry of National Security had to utilize their budgetary allocation for fiscal 2009 to acquire items, due to the lead time needed for delivery. Cabinet was advised that these Divisions would need to be refunded these amounts to meet their commitments.

2.70 In spite of this, it was noted that certain specialized pieces of security equipment could not be sourced in time for the 5th Summit as these items needed to be ordered 12 months in advance.

Other Projects

2.71 A review of the minutes of the Ministerial Steering Committee revealed that several significant projects listed below were completed on a very tight schedule between the period 2009 April 8-13, mere days before the commencement of the 5th Summit on 2009 April 17. However the information provided to us by two executing agencies revealed dates of completion as follows:

Port Authority of Trinidad and Tobago

- Dredging of the Port of Spain Harbour - 2009 April 13

- Security Systems and Infrastructure
 - (Basic) - Before Summit.
 - (Final) - 2009 June

Airports Authority of Trinidad and Tobago

- Accreditation Centre - Circa 2009 April 11
- East Ramp Heavy Haul Road - 2009 April 16
- East and West Ramp Expansion - 2009 May 20
- Taxiway Rehabilitation - 2009 July 02

2.72 With respect to the ramp expansion and taxiway rehabilitation projects at the Piarco International Airport it was indicated that there were problems in obtaining sufficient quantities of asphalt from the supplier to complete these projects. It was noted that this situation arose one month before the 5th Summit was due to commence.

CHAPTER THREE

PROCUREMENT FOR THE 5th SUMMIT

Major Procurement

3.1 In 2008 June, the Double Secretariat indicated to the Ministerial Steering Committee that the key area of procurement was becoming a challenge, since the nature of preparations for the 5th Summit required processes to move at a faster rate than was possible given the system in which the Double Secretariat functioned.

3.2 To treat with this problem, on 2008 July 31 Cabinet agreed that the Office of the Prime Minister should enter into a contract with NIPDEC to procure all goods and services for the 5th Summit.

3.3 Under this agreement, NIPDEC was to be paid a procurement agent fee of 2.5 per cent of the contract value, estimated at TT\$12 million as well as reimbursable expenses such as fees associated with obtaining legal and specialist consultant services.

3.4 As part of its functions the Ministerial Steering Committee was also required to provide oversight of the procurement of goods and services. The procedure to be followed was that the Tender Evaluation Team at NIPDEC would submit their recommendations to the Ministerial Steering Committee on the preferred tender and Cabinet approval would then be obtained for award of the contract.

3.5 We found that negotiations for procurement commenced at a very late stage. In fact, the matter became so urgent that the timing of the award of certain contracts became critical to the hosting of the 5th Summit. It was therefore necessary to significantly accelerate the award of the major contracts for the acquisition of essential goods and services to ensure that the undermentioned critical dates established were met.

Figure 3 - Critical Dates

Description	Critical Completion Date
Award of contracts to international suppliers	2008 September 01
Award of contracts to local suppliers	2008 October 10

3.6 However, from a sample of ten contracts awarded it was noted that these critical dates were not met as shown below:

(a) International Suppliers

Area of Procurement	Supplier	Date of Award by Cabinet	Contract Price TT\$
International Media Centre (for 5 th Summit and CHOGM)	Globecast Africa	2009 January 08	65,844,752
Accreditation Services (for 5 th Summit and CHOGM)	Excellium Technologies Inc.	2008 December 30	20,810,213
Conference Facilities/ Services	AVW-TELAV	2009 March 05	15,182,696
Security Equipment	Secure Solutions Inc.	2009 February 12	3,496,310

(b) Local Suppliers

Area of Procurement	Supplier	Date of Award by Cabinet	Contract Price TT\$
IT Infrastructure (for 5 th Summit and CHOGM)	Telecommunications Services of Trinidad and Tobago Limited	2009 January 08	77,923,080
Accommodation, meals etc. for delegates and hosting of 5 th Summit	Hyatt Regency Trinidad	2009 April 09	16,290,356 (actual expenditure 16,338,487)
Design, Production and Event Coordination Services	Mc Farlane's Design Studios	2009 April 02	19,123,408
Local Broadcasting Services	Caribbean New Media Group	2009 March 05	4,499,916
Rental of Buses	Public Transport Service Corporation	2009 April 02	5,334,390 (invoiced amount 7,833,800)
Marketing and Communication Services	Collier Morrison Belgrave Limited	2009 February 26	4,157,777

3.7 The Ministerial Steering Committee agreed that the procurement methodology used should allow for the fast-tracking of procurement while still maintaining transparency and accountability. We noted that a Sole Selective Tendering process was adopted in some instances due to the fact that other forms of tender required at least 3-6 months before a tender could be awarded, whereas that process would allow activities to be completed within 1-2 months.

3.8 A sample of three contracts awarded using the Sole Selective Tendering Process is shown in the following examples:

Example 1 – Conference Facilities and Services

A contract was awarded for the supply and operation of audio-visual equipment and simultaneous interpretation system for the 5th Summit via the Sole Selective Tendering process at a cost of TT\$15,182,696 (Can\$1,956,363 plus Can\$750,000 for reimbursable items). It was indicated that the Open Tender method was not used because of the time involved for the award of the contract, mobilization and shipping. It was further stated that since the 5th Summit was less than four months away, any method that would have involved “excessive time” was not “feasible”.

Example 2 – Telecommunication Services

A contract to provide telecommunication services was awarded “on the basis of sole selective tenders” at a cost of TT\$67,759,200 (VAT exclusive). This method of procurement was viewed as the more feasible option since the use of selective or open tender methods would have necessitated that the required works be split among multiple suppliers since no single company other than the selected contractor could have provided all the requirements in time for the 5th Summit. It was stated that the use of multiple suppliers would “present too many administrative challenges and that the time and effort that would be required for successful execution would not merit any savings that could be derived.”

Example 3 – Design, Production and Event Coordination Services

In 2008 December, Cabinet agreed that the Double Secretariat should engage in discussions with a specified supplier for the provision of design, production and event coordination services for the 5th Summit. Subsequent to these discussions a contract was awarded to the supplier at a cost of TT\$19,123,408 in 2009 March. However, the justification for the use of the Sole Selective Tendering process in this case was not seen.

3.9 We found that due to a lack of adequate advanced planning, the Double Secretariat was forced into using the Sole Selective Tendering process as the method of procurement. As such, the opportunity to utilize the optimum procurement methods to ensure that the best value for money was achieved could not be realized.

3.10 The central objective of achieving value for money in the procurement process was not given sufficient priority. The late planning for the 5th Summit which did not allow sufficient time to employ the most efficient and economical procurement methods invariably weakened the negotiating position of the Government of Trinidad and Tobago and placed it in a disadvantageous position.

Procurement Function at the Double Secretariat

3.11 Our examination revealed that there were no documented procedures to guide the procurement activities of the Double Secretariat until 2008 September when a Procurement Specialist assumed duties. This was six months before the 5th Summit was due to convene. We further noted that Cabinet agreed to the creation of the post of Procurement Specialist on 2008 November 27, that is, after the officer had already assumed duties.

3.12 The post of Procurement Specialist was a key function which included the following responsibilities:

- Technical specifications for contracts and the co-ordination and evaluation of reports;
- Preparing procurement documentation and procurement record-keeping as well as liaising with key stakeholders;
- Providing strategic advice, and
- Establishing, contributing to and continuously improving an efficient cost effective process designed to assist the Double Secretariat in the procurement of goods and services.

3.13 The procurement and payment systems were tested through examination of 97 transactions as follows:

Procurement System	-	31 transactions
Payment System	-	66 transactions.

3.14 The following systemic weaknesses were observed:

- (i) Procurement records were not properly maintained in that:
 - Correspondence contained in procurement files did not carry folio numbers.
 - Evaluation reports seen were not signed by the entire Evaluation Committee.
 - Recommendations to the Ministerial Steering Committee of the preferred tender were not seen on file.
 - Documented requests for goods and services from user departments were not seen. It was explained that some requests were verbal while others arose in meetings and via the Intranet.
 - Evidence was not seen that the procedures of the Central Tenders Board were strictly adhered to. From the sample selected, quotations were not seen on file for 15 transactions.
 - Goods Received Notes were not seen for 26 transactions.
 - Delivery Notes were not seen for 12 transactions.
- (ii) A company was contracted by NIPDEC to provide security services at a cost of TT\$507,840. However, four additional payments totalling TT\$963,608 each valued under TT\$500,000³ were made directly to the company. The approval of Cabinet for the payment of the additional sums was not seen.
- (iii) Payments for goods and services were effected using the supplier's invoices. However, there was no indication on the bills/invoices that a payment was made, i.e. they were not stamped 'Paid' neither were the cheque number and date of payment inserted on the bills/invoices.
- (iv) There was no segregation of duties in certain areas of the payment process in that one officer was responsible for the following:
 - certifying that funds were available
 - signing cheques
 - maintaining the cash books, and
 - preparing bank reconciliation statements.

³ Limit for a Permanent Secretary to act on behalf of the Central Tenders Board

- (v) There was no evidence of internal audit checks on the records examined at the Double Secretariat.

3.15 Due to the inherent risks involved in the procurement process and the potential for leakage of resources, it was incumbent on the Double Secretariat to ensure that there was adequate staffing and that proper internal control systems and procedures were instituted in this area.

3.16 However, we found that the Double Secretariat in its role as implementation agency did not develop an effective mechanism for the administration and management of the procurement function. In addition, the lack of a clear audit trail negatively impacted our ability to assess the transparency with which transactions were executed.

CHAPTER FOUR

ACCOUNTING FOR SUMMIT EXPENDITURE AND REVENUE WAS INADEQUATE

Financial Statements were not presented

4.1 Annual Financial Statements were not presented by the Accounting Officer of the Office of the Prime Minister. This contravenes instructions issued by the Comptroller of Accounts in a memorandum dated 2007 December 31 which states in part “The Permanent Secretary to the Prime Minister is charged with the responsibility for ... the preparation of annual financial statements which must be submitted to the Comptroller of Accounts and copied to the Auditor General.”

4.2 A document entitled “A statement of expenditure as at September 30, 2009” was presented. However, this statement only reflected the expenditure of the Double Secretariat.

Approved Expenditure

4.3 Expenditure for the 5th Summit totalling TT\$445,823,599 was seen to have been approved by Cabinet in various Cabinet Minutes. A request for a complete listing of all Cabinet Minutes relating to the 5th Summit was made to both the Double Secretariat and the Cabinet Secretariat. A comparison of the lists received revealed that 23 Cabinet Minutes were not included on the list from the Cabinet Secretariat. As such, there was a level of uncertainty as to the total expenditure approved by Cabinet for the 5th Summit.

Actual Expenditure Incurred

4.4 Funding for the Double Secretariat came through a separate vote established under the Office of the Prime Minister (OPM). From an examination of the Vote Book, total expenditure for the three-year period 2007-2009 was TT\$448,178,185.21 which also included expenditure related to the Commonwealth Heads of Government Meeting (CHOGM).

4.5 It was difficult to ascertain the total cost of the 5th Summit due to the following factors:

- Financial Statements for the 5th Summit along with the relevant supporting schedules were not presented for audit;
- Expenditure relating to the 5th Summit was not recorded separately from that of CHOGM, and
- The lack of a clear audit trail.

4.6 In addition, there was no evidence that systems and processes were implemented to accurately capture all costs related to the 5th Summit. Further, there was no formal definition of ‘Summit costs’ to ensure proper classification of expenditure.

4.7 The statement presented by the Permanent Secretary, Office of the Prime Minister showed expenditure for the 5th Summit totalling TT\$273,772,312. However, there are concerns as to the accuracy of this statement due to the following:

- the omission of Administrative Expenditure such as staff salaries, stipends, honoraria and rental of office accommodation, and
- the uncertainty as to whether commitments were included.

4.8 The Statement also included a category identified as Legacy Items. We were advised that these costs included “items which continue in use by the Government after the Summit and CHOGM have ended”. However, we saw no definition of these costs at the planning stage of the 5th Summit. As such, we could not determine if these items were properly classified. For example, this section included flags, banners, flagpoles, medical equipment and the Development of Port of Spain (Phase 1).

4.9 A sample of 36 Government agencies were circularized to ascertain expenditure incurred by them relating to the 5th Summit. Twenty-seven agencies responded to our request for information, 10 of which submitted ‘Nil’ returns. Also some agencies reported that they did not include expenditure on Summit-related activities, the cost for which was met out of their regular allocation. Responses were not received from the following 9 agencies:

- Ministry of Trade and Industry
- Ministry of Works and Transport
- Ministry of Health
- Ministry of Finance
- National Insurance Property Development Company Limited
- Office of Disaster Preparedness and Management
- Telecommunications Authority of Trinidad and Tobago
- Evolving Tecknologies and Enterprise Development Company Limited
- North Central Regional Health Authority.

4.10 The following expenditure has been reported by the undermentioned agencies as having been incurred in respect of the 5th Summit:

Figure 4 - Expenditure by certain Government Agencies

Ministry/Government Agency	Expenditure Incurred TT\$
Office of the Prime Minister (Double Secretariat)	273,772,312
Ministry of Tourism	120,102,278
Urban Development Company of Trinidad and Tobago Limited (UDECOTT)	61,484,804
Port Authority of Trinidad and Tobago	55,682,657
Ministry of National Security	37,693,264
Airports Authority of Trinidad and Tobago	9,800,000
Ministry of Local Government	3,110,785
Trinidad and Tobago Electricity Commission	597,268
Trinidad and Tobago Hospitality and Tourism Institute	405,775
Ministry of Foreign Affairs	385,183
Ministry of Public Administration	162,000
Ministry of Energy and Energy Industries	25,000
Ministry of Education	3,500
TOTAL	563,224,826

Revenue

4.11 Information received from the Double Secretariat identified the following five areas of revenue:

Figure 5 – Revenue Identified

Description	TT\$
The Summit Village	9,519
Private Sector Forum (Registration Fees)	236,831
Private Sector Forum (Sponsorship)	774,817
Accommodation of Delegates (US\$1,527,430) ⁴	9,623,116
Post Summit Cruise (Net)	<u>11,971,597</u>
	<u>22,379,049</u>

4.12 The statements in respect of the Post Summit Cruise were provided by the TDC and revenue statements for the cruise ship accommodation of delegates were prepared by Experient Inc. (the company sub-contracted by Landry and Kling Inc. to provide housing reservation services).

⁴ Conversion rate: US\$1.00 = TT\$6.3002

Revenue earned from the accommodation of delegates

4.13 A statement prepared by Experient Inc. dated 2009 July 17 was provided by the TDC and included the following summary:

	US \$
Due from Experient Inc. (total collected less fees/expenses)	828,355.25
Payments and deposits on site	122,700.00
Payments being paid directly to VSOA ⁵	<u>576,375.00</u>
	<u>1,527,430.25</u>

4.14 Examination of the statement revealed that the accommodation of delegates on the cruise ships generated net revenues totalling US\$1,527,430.25. Of this amount, the sum of US\$828,355.25 was due to the TDC from Experient Inc. A sum of US\$851,512 was seen to be deposited to the TDC's bank account on 2009 November 03, which is 6 months after the Summit concluded. According to the terms of reference, a wire transfer of all monies collected and due to the Government was to be done two weeks after the official end date of the 5th Summit. The reason for the delay in submission of this income was not determined.

4.15 The figures of US\$122,700 and US\$576,375 representing 'Payments and deposits on site' and 'Payments being paid directly to VSOA' respectively could not be traced or verified. Officers at the Double Secretariat indicated that all records relating to income from the cruise ships were housed at the TDC. However the TDC indicated that it had no knowledge of these monies collected or related documents. We noted that an audit firm was contracted on 2009 July 02 to audit the accuracy, completeness and classification of income in respect of accommodation. This report was requested but not provided for audit examination.

Revenue from Post Summit Cruises

4.16 A Business Analysis for the Post Summit Cruises was prepared and submitted by TDC on 2008 December 16, and on 2008 December 18, the Ministry of Tourism advised TDC to proceed with the arrangements. We noted that this was after the contractually agreed option period had expired. The option was eventually extended by the cruise lines after further negotiation by the broker, Landry and Kling Inc.

4.17 Foster and Ince Cruise World were contracted on 2009 February 03 to market and sell the cruises which took place during the period 2009 April 20-24.

4.18 The Statement provided for examination revealed that the net income earned from the Post Summit Cruises was TT\$11,971,597. The sum of TT\$8,142,349 was received by the TDC in 2009 April and as at 2009 November 11 was still held in the TDC's bank account. It was not determined why the revenue collected as well as interest earned had not been handed over to the relevant authority by the TDC in a timely manner.

⁵ VSOA = 5th Summit of the Americas

4.19 A review of correspondence revealed that the requirement to pay withholding tax to the Government of Barbados on revenue earned on the cruise that emanated out of Barbados had not been considered initially by the TDC. A waiver of this tax was obtained in 2009 May from the Government of Barbados.

4.20 A firm of external auditors was engaged in 2009 May to perform an audit of the Post Summit Cruises with specific reference to 'revenue and sales verification'. The Auditors' Report dated 2009 June 30 indicated in part, that "all income was accurate, correctly classified and properly accounted for."

CHAPTER FIVE

LESSONS LEARNED AND CONCLUSION

Lessons Learned

Planning and Organisation

- 5.1 The four-year period given for planning is necessary and planning should commence when the commitment to host is made and approved by Cabinet.
- 5.2 It is necessary to seek guidance from previous hosts as early as possible.
- 5.3 A comprehensive plan at the strategic level is required.
- 5.4 Establishing Sub-Committees in specialist areas is a good idea but should be done at an early stage to facilitate the planning process.

Management of Risk

- 5.5 An assessment of risk at the planning stage should be undertaken to prevent a reactive approach to dealing with risk and the resultant diversion of critical resources.

Funding

- 5.6 It is important that funding and budgetary requirements be identified early in the planning phase of the project to ensure the availability and timeliness of funding to carry out the activities.

Ministerial Steering Committee

- 5.7 The establishment of a strategic oversight body is important at the initial planning stage in order to facilitate effective strategic direction.

Organisational Structure

- 5.8 An appropriate organisational structure should be prepared based on the assessment of needs at an early stage as part of the strategic planning process.

Sub-Committees

- 5.9 The lines of authority and responsibility of Sub-Committees should be clear to ensure the effective co-ordination of activities.
- 5.10 Sub-Committees should be given the resources required to function effectively and also the authority to carry out their functions.

Support Agencies

- 5.11 The roles of support agencies should be clearly defined.
- 5.12 Early planning and inclusion of resources in the budget of the agencies would prevent disruption of their planned programme of activities.
- 5.13 Proper project management including scheduling and monitoring would avoid costly mistakes.
- 5.14 Government agencies will rise to the occasion when projects such as the 5th Summit are undertaken.

Procurement

- 5.15 An effective strategy for management of the procurement process must ensure that sufficient time is allocated for negotiations to take place so that the acquisition of goods and services can be obtained on the best terms and conditions.
- 5.16 A strong internal control environment should be developed to ensure that proper procurement practices are followed at all times.

Operational Planning

- 5.17 Lack of adequate planning results in the inability to foresee critical needs in the environment at an early stage which can lead to increased costs and ultimately a waste of resources.
- 5.18 Inadequate planning will also cause existing resources to be strained in order to meet objectives on a timely basis.

Accounting for Revenue and Expenditure

- 5.19 A proper system of accounting will enable the net financial impact of the event to be known.
- 5.20 A strong internal control environment would promote compliance with the relevant financial guidelines as well as ensure that the financial resources used to achieve objectives are properly managed and protected.

Conclusion

The detailed planning, including budgetary requirements, for the Fifth Summit of the Americas was started in early 2008. This resulted in staff and volunteers having to operate in very tight time-frames and as a consequence the planning and execution of the relevant activities may not always have achieved value for money. It is to be noted however that the Fifth Summit of the Americas was held without major incident or negative consequence and provided an opportunity for learning and growth in the planning, organizing and managing of international events.

CHAPTER SIX

AGENCY'S COMMENTS

6.1 The Draft Report of the Auditor General on the Fifth Summit of the Americas was submitted to the Permanent Secretary, Office of the Prime Minister on 2010 October 26 for written comments on the findings contained therein.

6.2 At the date of this Report, comments had not been received by the Auditor General.

FUNCTIONS AND ACTIONS OF THE DOUBLE SECRETARIAT

The functions and actions of the Double Secretariat as outlined in the Note to Cabinet in 2006 December included the following:

- (i) Define the main topic of dialogue among the Heads of State and Government the policies to be agreed upon at the Fifth Summit of the Americas, and the mandates to be implemented by the Governments;
- (ii) Address, within the national Host Government, all business matters related to the Fifth Summit of the Americas in terms of budget, logistics and human resources coordination;
- (iii) Coordinate and be accountable to the Office of the Prime Minister of the Host Government on all matters related to the Fifth Summit of the Americas;
- (iv) Coordinate with the Host Government's public bodies and departments on all matters related to the preparation and realization of the Fifth Summit of the Americas;
- (v) Cooperate with the Member States of the OAS to coordinate all matters related to the preparation and realization of the Fifth Summit of the Americas;
- (vi) Convene and coordinate the participation of civil society organizations, the media, academia and the private sector in the Fifth Summit of the Americas;
- (vii) Define, in cooperation with the OAS Summits of the Americas Secretariat, the agenda and program of the Fifth Summit of the Americas, the documents to be discussed by the OAS Member States at the Summit, and the strategy for following up on the mandates emanating from the Summits of the Americas Process;
- (viii) Chair the Committee on Inter-American Summits Management and Civil Society Participation in OAS Activities (CISC) of the Permanent Council of the OAS;
- (ix) Chair the Summit Implementation Review Group (SIRG);
- (x) Coordinate the participation and contributions of the partner institutions of the Joint Summit Working Group (JSWG), which is chaired by the OAS Summits of the Americas Secretariat;
- (xi) Instruct the Permanent Mission of the Host Government to the OAS to act as Chair of the CISC from the period beginning September 2006 until the Chairmanship of the Summit Process is transferred to the Host Government of the Sixth Summit of the Americas; and
- (xii) Allocate the necessary resources for holding the meetings of the SIRG as well as the Special Sessions of the CISC.

FUNCTIONS AND ACTIONS OF THE DOUBLE SECRETARIAT (Continued)

- (xiii) Convene meetings in preparation for the Fifth Summit of the Americas with the SIRG, CISC, civil society organizations, indigenous and afro-descendants, the media, academia and the private sector.
- (xiv) Provide support to facilitate three annual meetings of the Joint Summit Working Group (JSWG), prior to the convening of the Fifth Summit of the Americas.
- (xv) Promote the Fifth Summit of the Americas and participate in, and follow up on the mandates emanating from the Summit of the Americas Process in the meetings of Ministers and High Level Authorities, to be held on topics related to the Inter-American agenda in preparation for the Fifth Summit of the Americas.
- (xvi) Elaborate and disseminate the national and institutional reports in follow up of the Summit of the Americas Process and in preparation for the Fifth Summit of the Americas.

