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**Summary of Proceedings  
Public Hearing**

**Joint Select Committee on Local Authorities, Service Commissions and  
Statutory Authorities (including the THA)**  
held on Wednesday November 22<sup>nd</sup>, 2017

**Subject Matter:** Inquiry into Internal Controls Systems and Corporate Social Responsibility Policies of the National Lotteries Control Board (NLCB)

**Objectives of the Inquiry**

The objectives of the inquiry are as follows:

- i. To examine the internal control systems within in the NLCB;
- ii. To assess the current arrangement in place to oversee/monitor the operations of the NLCB;
- iii. To examine the policy framework for Corporate Social Responsibility of the NLCB.

**Venue:** The hearing was held on Wednesday November 22<sup>nd</sup>, 2017 from 10:34 a.m. to 12:31 p.m. in the J. Hamilton Maurice Room, Mezzanine Floor, Office of the Parliament, Tower D, The Port of Spain International Waterfront Centre, 1A Wrightson Road, Port-of-Spain.

**Committee Members**

The following Members were present:

- Mr. H.R Ian Roach (Chairman)
- Mr. Darryl Smith, MP
- Mr. Nigel De Freitas
- Ms. Khadijah Ameen

**Witnesses who Appeared**

The following officials of the Ministry of Finance appeared before the Committee:

- Ms. Lisa Phillips      Permanent Secretary (Ag.)
- Mr. Lester Herbert      Director, Central Audit Committee

- Ms. Seeta Beedasia Business Analyst (Ag.)

The following officials of the National Lotteries Control Board (NLCB) appeared before the Committee:

- Mr. Marvin Johncilla Chairman
- Mr. Michael Jogee Director
- Mr. Ricardo Borde Deputy Director
- Ms. Leslie Ann John Chief Accountant
- Ms. Sharlene Lewis Grant Auditor II
- Mr. Stafford Wheeler Coordinator Sponsorships & Promotion
- Ms. Yana Mollino Human Resource Assistant

### **Key Issues Discussed**

The following are the key subject areas/issues discussed during the hearing:

#### **The Profitability of the NLCB**

- i. The NLCB's revenue for fiscal 2016/2017 was \$2.96 billion;
- ii. The increase in sales in 2016 following a decline in 2015 was credited to the implementation of new initiatives such as the increase in retail expansion and the introduction of the Mega Ball;
- iii. 70% of NLCB's sales were paid out in prizes;
- iv. Under statutory obligation, monthly transfers are made to the Sports and Cultural Fund (7%) and the Comptroller of Accounts (93%).
- v. The NLCB is unable to operate online gambling/games because this form of the game is illegal in Trinidad and Tobago;
- vi. Mobile gaming is an initiative to be pursued by the NLCB.

#### **The Role of the Financial Comptroller at the NLCB**

- i. The inability of the NLCB to offer competitive remuneration packages has resulted in the organisation encountering challenges in retaining a Financial Comptroller;
- ii. The management of NLCB advised that the reason the organisation has failed to produce its Annual Reports and Audited Financial Statements for the period 2012 to 2016 is due to its inability to retain a Financial Comptroller;
- iii. The NLCB committed to complete and submit the outstanding Financial Statements and Annual Reports within 9 months.

### **The Absence of an Audit Committee**

- i. The current NLCB Board discontinued the Audit Committee in September 2015;
- ii. The absence of an Audit Committee was attributed to the lack of technical expertise among the Board Membership;
- iii. The Permanent Secretary, Ministry of Finance informed the Committee that the Ministry was not aware that the NLCB was operating without an Audit Committee until earlier this month when the Ministry reviewed the NLCB's written submission to the Joint Select Committee;

### **Illegal Operators**

- i. The NLCB indicated that over the last few years there has been an increase in the number of illegal 'NLCB' operators;
- ii. An illegal operator is anyone who is not legally contracted to operate online games that are offered by the NLCB;
- iii. Some of these illegal operators use the results of NLCB's *Play-Where* draws to operate their own games and usually offer more lucrative cash prizes;
- iv. The NLCB indicated that it has used the following methods to combat the increase in illegal operators:
  - o public awareness campaigns;
  - o collaboration with the Trinidad and Tobago Police Service; and
  - o the expansion of gaming content.

### **Internal Controls at the NLCB**

- i. The role of the Chief Personnel Officer in determining the remuneration packages of certain employees of the NLCB;
- ii. The employment of persons who are not Cabinet approved but are engaged in a service provision arrangement;
- iii. The lack of a fixed limit on the amount that can be disbursed by the NLCB in sponsorship;
- iv. The existing internal controls of the NLCB, have proven to be inadequate;
- v. An examination of the Pay-For-Results and Management Performance System for Managerial staff;

### **Human Resources Practices at the NLCB**

- i. The co-existence of the positions of *Secretary to the Board* and a *Secretary of the Board* i.e. the Corporate Secretary;
- ii. The lack of transparency in advertising for the position of *Secretary of the Board*.

### **Venue of the Online Gaming Draw**

- i. The Committee sought to ascertain the rationale for the relocation of the draw from a state-owned television studio to the premises of Media 21, a private entity;
- ii. The integrity of the draws since its relocation;
- iii. The international standards employed to ensure the integrity of results;
- iv. The cost of this relocation on tax payers;
- v. The value and the period of the contract between Media 21 and the NLCB;

### **NLCB Tobago Operations**

- i. The role of the Tobago office of the NLCB, includes providing cash winnings and support to Tobago winners;

### **Online Games**

- i. A service provider called 'ITT' provides the technical platform for the games. ITT's contract expires in 2021;
- ii. The lack of a local service provider to supply the required technical platform for the local NLCB games;

### **Stock Inventory**

- i. The NLCB's failure to adhere to the Last-In-First-Out (LIFO) system in relation to the management of its food stock.

The hearing can be viewed on our YouTube channel via the following link:  
<https://youtu.be/ZB4Bx2bmteA>

### **Contact the Committee's Secretary**

You may contact the Committee's Secretary at [jsclasasc@tpparliament.org](mailto:jsclasasc@tpparliament.org) or 624-7275 Ext. 2283

*Joint Select Committee on Local Authorities, Service Commissions and Statutory Authorities  
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*Committees Unit  
December 05, 2017*