

18 December 2015

Mr. Winston Jordan
Minister of Finance
Ministry of Finance
49 Main & Urquhart Streets,
Georgetown

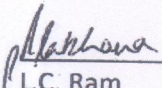
Dear Minister:

Re: Special investigation into financial operations and functioning of the E-Government Project.

With reference to our engagement to carry out a special investigation into the financial operations and functioning of the E-Government Project, we are pleased to submit herewith our final report which includes our findings and recommendations.

We extend our thanks to the staff of the Ministry and the E-Government Project for the cooperation received during our investigation.

Yours faithfully,



L.C. Ram
Managing Partner



E-Government Project

Special investigation into financial operations and functioning

18 December 2015

Ram & McRae Chartered
Accountants

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Executive Summary

Ram & McRae, Chartered Accountants, pursuant to the terms of reference set out in an appendix to our report, carried out a special investigation into the financial operations and functioning of the E-Government Project launched by the Government of Guyana in 2012.

Our review was limited by the non-availability of critical information and explanations, including documents which should have been available for a project of this nature, size and value.

The Project was administered by persons in and contracted by the Office of the President. The project contained two distinct components. The first was the E-Government Dense Wavelength Division Multiplex (DWDM) Project which involved the laying of a fibre optic cable from Lethem to Georgetown, and the second was the E-Government (LTE) Project which is a joint venture between the Government of Guyana and Huawei Technologies Co. Ltd (China) for the construction of LTE sites and laying of fibre optic cables along the coast. The project costs were estimated at US\$5Mn and US\$32Mn for the two components respectively.

The Project was executed without appropriate project management documentation including a Project Initiation Document setting out the purpose, objectives, scope, deliverables, constraints, assumptions, etc. Interim and final progress reports were also not available. The subcontractor for the second component, Huawei, prepared a project document but its scope is limited, i.e. not extended to the full project being undertaken by the Government.

This project is listed in the 2012 Estimates of the Public Section as one of the elements under Information and Communications Technology (ICT), which includes provision for:

1. Construction of wireless and terrestrial networking systems from Moleson Creek to Anna Regina.
2. Installation of communication fibre optic networking systems from Lethem to Georgetown.
3. Continuation of the One Laptop per Family (OLPF) programme.
4. Procurement of software, equipment, vehicles and materials.

The total ICT project cost amount to \$13,167,652,000, of which 2,927,652,000 was budget to be financed by central government while \$10,240,000,000 was budgeted to be financed by foreign loans grants. The foreign loan grants can be further broken down into aspects:

1. The \$6,560,000,000 or US\$32,000,000 loan from the EXIM Bank of China used to finance Huawei's E-Gov contract, and;
2. A grant of \$3,680,000,000 which was used to acquire laptops for the OLPF project.

The Estimates do not clearly define the specific amounts budgeted for administrative expenses and for the DWDM component of the E-Government project. However, the actual expenses of the project are as follows:

Expense	Actual \$
Administrative	278,342,518
Amount spent on DWDM's component	1,096,777,737
Amount spent on Huawei's component	6,560,000,000
Total	7,935,120,255

As at May 31, 2015, the total expenditure on the OLPF and the Fibre Optic Cable components are as follows:

E- Government - \$7,935,120,255

One Laptop per Family - \$6,088,907,715

Our meetings with contractors from the E-Government Project suggest that there may be outstanding payments of unspecified sums payable for work completely. We estimate that exclusive of any payment to Dax Contracting Services, the outstanding amounts would range between \$35 million and \$50 million.

Aspects of the DWDM Project were subcontracted to nine major suppliers and in several cases the appropriate tender procedures prescribed by the Procurement Act were not followed. We were also unable to determine the current status of each aspect based on the documentation available to us. A summary of each contract is as follows:

Supplier/Contractor	Main purpose	Cost	Remarks
1. Corning Cable Systems LLC	Provision of fibre optic cables	Contract sum: US\$1,020,321 Paid: \$500,000 (verified) and \$500,000 (unverified)	Uncertain whether all cables were received and the reasons for not paying full contract sum. Bank Advice was seen for the sum of US\$500,000 but no debit was recorded on the bank statement.
2. HUAWEI (Small contract)	Provision of equipment, software and training	Contract sum: US\$1,071,880 Paid: US\$970,892	Uncertain whether all equipment and services were received and the reasons for not paying full contract sum.
	Supervisory and consultancy services	Contract sum: US\$54,720 Paid: US\$32,832	Uncertain whether all services were received and the reasons for not paying full contract sum.
3. Fiber Optic Solutions (FOS)	Provision of supervisory services	Contract sum: US\$61,168 Paid: US\$61,168	Contract appears to have been extended for a further sum of US\$61,168 but no payments were made and the contract terminated. Only three reports from FOS received.

Supplier/Contractor	Main purpose	Cost	Remarks
4. Ivor Allen	Constructing of repeater stations	Contract sum: \$29,828,525 Paid: \$30,708,837	Reason for overpayment of \$880,312 due to additional works.
5. Cummings Electrical Company Limited	Electrical installation at repeater stations	Contract sum: \$100,358,435 Paid: \$102,031,824	Original contract was extended and payments were lower than total contract sum by \$4,777,801.
	Extension of fences	Contract sum: \$6,451,190	
	Construction of bases	Contract sum: \$1,519,975 Paid: \$1,521,275	Small variance of \$1,300
	Security charges	Paid: \$4,108,033	No tender or contract in respect of security costs.
		Total contract:\$108,329,600 Total Paid: \$107,661,132 Difference: \$668,468	Did not pursue the balance but hopes a settlement can be reached.
6. Mekdeci Machinery and Construction	Installation of fibre optic cable – lot 1	Contract sum: \$76,966,400 Paid: \$35,460,600	Work was not completed in Lot 1. Later contracted to G. Bovell.
	Installation of fibre optic cable – lot 2	Contract sum: \$76,332,500 Paid: \$39,468,612	Payment included security charges of \$812,000 which were not tendered.
	Installation of fibre optic cable – lot 3	Contract sum: \$76,086,200 Paid: \$0	Work was not completed in Lots 2 & 3. Later contracted to G. Bovell.
7. Dax Construction Services	Installation of fibre optic cable – lot 4 Lot 4 extension	Contract sum: \$61,828,000 Paid: \$49,863,043	The extensions were at a cost per Km of \$2,000,000 compared to a cost per Km on the original contract of \$618,280. Penalties and retention instituted for defective work were released following a letter to the Project Manager by his Deputy.
	Lot 4 extension	Contract sum: \$20,000,000 Paid: \$20,000,000	
	Lot 4 extension	Contract sum: \$58,724,000 Paid: \$57,696,278	

Supplier/Contractor	Main purpose	Cost	Remarks
Dax Construction Services			Entered into a contract with the PPP/C Administration to take over the entire project, fix the defects and operate it for forty years but all government full use. Contract on hold or suspended but not discharged.
8. Dynamic Engineering Company	Installation of fibre optic cable – lot 5	Contract sum: \$117,170,000 Paid: \$95,290,753	Contract was terminated by E-Gov because the Company did not finish on time.
	Recovery and reinstallation	Contract sum: \$2,661,000 Paid: \$2,661,000	No tender was done and approval was granted by Mr. Willis and Mr. Ramotar.
9. G. Bovell Construction Services	Installation of fibre optic cable	Contract sum: Not provided Paid: \$101,327,100	No contract was provided. No tendering done.

In our discussions with Project Manager, Mr. Alexei Ramotar prior to his being sent on leave, we were advised that the DWDM Project was abandoned in 2013. Mr. Ramotar made no reference to the March 2015 agreement between the Government of Guyana and Dax Contracting Services Limited for the rehabilitation of the “cable and related structures”. There was a press report that that agreement has been cancelled but in an interview with Ram & McRae, the contractor disputed this.

The E-Government (LTE) Project was executed by Huawei under a contract with the Government of Guyana. The funding was provided by the EXIM Bank of China and payments were made directly from the Bank to the contractor. As of May 25, 2015, Huawei had completed over 90% of the project costing US\$30.4 million of the total contract sum of US\$32.0 million.

The Government was however required to undertake, provide and finance certain elements of work in connection with the Huawei project. This was done by way of five contractors as follows:

Supplier/Contractor	Main purpose	Cost	Remarks
1. Tels Engineering Services	Supply a frequency converter	Cost: \$17,357,976 Paid: \$12,150,583	The Accounts Department at Tels confirmed that there is an outstanding balance of \$5,207,393. There was no contract and no evidence of approval by Cabinet.

Supplier/Contractor	Main purpose	Cost	Remarks
2. NT Computeac	Supply a fibre optic cable splicer	Cost: \$21,556,425 Paid: \$21,556,425	There was no contract and no evidence of approval.
3. Massy Technologies	Supply, install and commission video surveillance cameras	Contract: \$90,675,364 Paid: \$90,676,664	Approved by Cabinet.
4. U-Mobile (Cellular) Inc.	Supply, install and commission fuel tank monitoring systems	Contract: \$25,746,704 Paid: \$3,862,006	Approved by Cabinet. We have been informed by U-Mobile that this work is continuing.
5. Dynamic Engineering Company Limited and Dax Construction Services	Support services to E-Government employees	Paid \$742,770 and \$796,300 respectively.	Approved by Project Manager.

Other findings from our review include weak or inadequate systems and procedures to adequately govern the project, and account for its finances, significant non-compliance with the Procurement Act and inadequate hiring practices. Recommendations have been included in our report to address these deficiencies.

There is considerable uncertainty surrounding the state of the work done on the Fibre Optic Cable Project, the remedial work and issues arising out of a contract signed by the previous Administration intended to fix the problems. These matters require immediate and high level attention by the Cabinet under whom the Project falls.

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1 Introduction

Ram & McRae was appointed by the Ministry of Finance to carry out a special investigation into the financial operations and functioning of the E-Government Project. Under the terms of reference, Ram & McRae was required to carry out procedures in areas such as governance, compliance with laws and regulations, contracts with related parties and internal control and financial systems. Ram & McRae was also required to recommend statutory, legal or organisational changes and a revised business model.

The E-Government project aims to provide the necessary ICT infrastructure for the various regions and also to improve the efficiency of government offices in their service delivery to the public. The project began in November 2009 and is operated out of the Office of the President (now Ministry of the Presidency). The Project was established and managed by the Project Manager, Mr. Alexei Ramotar, the Deputy Project Manager, Mr. Anil Singh and the Technical Advisor, Mr. Walter Willis.

The project had two distinct components as follows:

1.1 E-Government Dense Wavelength Division Multiplex (DWDM) Project

The first part of the Project was called the E-Government Dense Wavelength Division Multiplex (DWDM) Project which involved the installing of a fibre optic cable and five repeater stations from Lethem to Providence. The DWDM project was fully funded by the Government of Guyana at an actual cost of over US\$4.5 million. The Project's execution works were awarded to nine local contractors who were deemed responsible for their prescribed duties. During the last quarter of 2013, the E-Government DWDM was abandoned by the Project team and contractors.

Mr. Alexei Ramotar mentioned during an interview that the reason for ceasing operations was due to damages to fibre optic cables and equipment after they were installed. He also indicated that the damages were a result of vandalism and the East Bank road expansion Project executed by the Ministry of Public Works.

On March 16, 2015, the Government of Guyana and Dax Contracting Services Limited entered into an agreement for the rehabilitation of the "cable and related structures". The Agreement was put on hold after a meeting with the Minister of State and the Contractor following adverse publicity of the terms of the Agreement. No public comment has been made as to the final status of the agreement.

1.2 E-Government (LTE) Project

The second part of the Project was simply called E-Government. The Project is a joint venture which was defined by a contract signed on October 27, 2010 between the Governments of Guyana and China. The agreed contracted cost being US\$32 million was funded via a Loan facility granted by the EXIM Bank (China). This part of the project included the installation of fibre optic cables and the construction of Long Term Evolution (LTE) sites from Corriverton to Charity. The project was planned and implemented by Huawei Technologies Co. Ltd.

The 54 LTE sites were to be constructed in the following areas:

- Georgetown – 5 LTE sites
- East Coast Demerara – 14 LTE sites
- East Bank Demerara – 4 LTE sites
- West Coast Demerara – 8 LTE sites
- West Bank Demerara – 2 LTE sites
- West Coast Berbice – 3 LTE sites
- East Berbice Corentyne – 8 LTE sites
- Linden – 3 LTE sites
- Essequibo Coast – 6 LTE sites
- Lethem – 1 LTE site

Based on a progress report dated May 25, 2015, Huawei had completed over 90% of the project costing US\$30.4 million or CNY¥203,412,473. The outstanding works at the report date consisted mainly of testing 3 of the 54 LTE network sites and installation of a video conferencing facility at the University of Guyana.

2 Scope

Our engagement was performed in accordance with terms of reference (see appendix A) issued pursuant to our agreement with the Ministry of Finance dated 9 June 2015.

The scope of our engagement was limited as the Project Manager, Mr. Alexei Ramotar was sent on leave during our review. Additionally, as detailed in this report, a number of uncertainties remained as several documents and clarifications sought were not provided.

As a consequence of the Project Manager being sent on leave, our draft report was not submitted to him for comments. Instead, the draft report was submitted directly to the Ministry of Finance on 13 October 2015.

3 Findings and Recommendations

3.1 Statutory framework

3.1.1 Applicable legislation

The Project was not governed by any specific legislation. During the opening interview held on July 13, 2015 the Project Manager, Mr. Alexei Ramotar confirmed that there was no Project Document for the E-Government DWDM Project. Nevertheless, Mr. Ramotar provided the Project Document prepared by Huawei International Ltd prior to their undertaking of the second component of the E-Government Project.

3.1.2 Role of the Minister

The Project was executed under the Office of the President (OP) creating the possibility of a conflict relationship between execution and direction.

3.2 Governance

3.2.1 Mission

The Project does not have a mission statement.

The absence of a project document with defined objectives prevented any evaluation between plans and outcomes at any stage of the project.

3.2.2 Management

E-Government's management team consist of two employees who were hired by Office of the President and one individual from the Ministry of Public Works:

1. Mr. Alexei Ramotar - Project Manager
2. Mr. Anil Singh - Deputy Project Manager
3. Mr. Walter Willis - Technical Advisor

Mr. Ramotar was hired by the Government of Guyana on August 19, 2009. The initial agreement stipulated that Mr. Ramotar would be paid a monthly basic salary of US\$2,000 along with bi-annual gratuities of 22.5% of his basic salary. Mr. Ramotar was granted a salary increase on March 31, 2014 carrying his basic salary to US\$3,000 per month. The signed employment agreement specified the following duties:

1. Manage implementation of all components of the project concerning development and operation of the E-Government Network with a view to ensuring timely and efficient implementation of the project.
2. Keep the Head of the Presidential Secretariat (HPS), Director of Telecommunications and any other officer designated by HPS, advised on all material aspects of the Project.
3. Consult with HPS, Director of Telecommunications and any other officer designated by HPS on policy and material decisions to be made concerning implementation of the Project.
4. Advise OP on implementation of the Project related to establishment and operation of ICT Parks.
5. Undertake such other tasks related to the development of ICTs as may be assigned by OP.

Based on interviews conducted with eight of the contractors (**Appendix E**), the incomplete state of the E-Government DWDM Project was primarily due to ineffective planning and management, and inadequate oversight. The contractors responsible for the installation of the fibre optic cables were not adequately supervised; acts of negligence resulted in damage to fibre optic cables and equipment which were expensive

to replace. Contractors expressed mixed views on the performance of the Project Manager Mr. Ramotar but were largely unanimous about the communications and other difficulties they experienced with Mr. Walter Willis, the Technical Advisor.

Mr. Anil Singh signed an employment agreement with the Government of Guyana on September 9, 2009 to accept the position of Deputy Project Manager. The employment agreement specified that Mr. Singh will be paid a sum of US\$1,800 per month along with bi-annual gratuities of 22.5% of his basic salary. On March 31, 2014 Mr. Singh's basic salary was increased to US\$2,000 per month.

The duties of the Deputy Project Manager generally entailed assisting the Project Manager in the execution of his responsibilities in relation to the overall objective of the Project. Mr. Anil Singh submitted his resignation during April, 2015.

Mr. Walter Willis played a significant management role in procurement, approval of payments relating to civil engineering and monitoring the works linked to the installation of fibre optic cable from Lethem to Georgetown. The employment cost of Mr. Willis was not borne by the Project.

His role involved advising the Project Manager on all civil engineering aspects of the Project. As a Technical Advisor, he was responsible for monitoring the work done by the contractors under the E-Government DWDM project. It is therefore inescapable that Mr. Willis is partly responsible for the failure of the Project.

During HUAWEI's engagement on the much larger E-Government (LTE) Project, Mr. Ramotar, Mr. Singh and Mr. Willis played a less significant role but they continued to be remunerated in accordance with their initial agreements.

We requested the employees' personal files from the Project Manager on July 15, 2015. Subsequent requests for the personal files were made to the current Project Manager, Mr. Floyd Levi and the Permanent Secretary of the Ministry of the Presidency, Mr. Omar Shariff. However, these files were not provided for our review.

The Government needs to undertake a technical evaluation of the Project and decide on the steps to complete it. Ram & McRae considers that notwithstanding the principle that sunk costs are irrelevant, this Project should be continued to completion. This will require a detailed Plan to Completion, a new management team to execute the remaining work and the employment of a Technical Expert to oversee the work done.

3.2.3 Organisation chart

A copy of the organisation chart designed and implemented by HUAWEI during the E-Government Project is included as Appendix D. There was no organisation chart which clearly defines roles and responsibilities during the lifespan of the E-Government (DWDM) Project or the showing HUAWEI's engagement with the project personnel.

The E-Government DWDM Project was staffed by eight employees, three of whom were attached to the project through a work study programme with the Public Service Ministry (PSM). The three employees (two ICT Engineers and one Systems Development Co-ordinator) are members of the technical team which was responsible for monitoring and maintaining the fibre optic cables. The other five employees were:

- Mr. Alexei Ramotar – Project Manager
- Mr. Anil Singh – Deputy Project Manager
- Mr. Avinash Ramraj – Entry Level Fibre Optic Technician

Ms. Nalissa Mathoo – Administrative Assistant
Ms. Gracelyn Niewenkerk – Janitor

Despite the size of the project's budget an Accounting Officer was not assigned to the project and all accounting functions were performed by the Project Manager and the Deputy Project Manager who are not qualified or experienced in that area. As a result, standard obligations such as the maintenance of a proper fixed asset register, a comprehensive inventory listing and preparation of bank reconciliation statements were disregarded. These issues are highlighted in Section 3.3.1 below.

It is recommended that a suitably qualified Accounting Officer be recruited to prepare and maintain proper financial statements and records, and to perform all other related duties.

3.3 Systems of internal control

3.3.1 Standard operating procedures

There are no documented standard operating procedures (SOPs) and there were no formal accounting policies and procedures in place.

We noted the following weakness in internal controls:

1. Project Expenditure – Microsoft Excel was used by E-Gov to maintain the records of payments made to contractors and suppliers. Based on our review, it was established that there was no control over input of information into the accounting records since a number of transactions (**See appendixes C**) were not recorded in the Excel documents provided. Upon consultation with the Project Manager, Mr. Alexei Ramotar on July 15, 2015, he advised that the omissions were an oversight.
2. Inventories – The listing provided by the Project Manager did not include cost, the most significant element of an inventory listing. Additionally, there was no documentation of movements in inventories. We were therefore unable to determine the total quantity of inventories received and the items issued for maintenance or other purposes at the various sites. There was no method that could be used to match the inventories purchased and utilised with the limited records maintained.
3. Property, Plant and Equipment – No periodic exercise is conducted by the project staff to verify the physical existence of fixed assets and there were no records or listings of all fixed assets owned and controlled by the Project. There are no controls governing property, plant and equipment which increases the risk of assets purchased for administrative or operational use being misappropriated without their loss being detected in a timely manner.
4. Banking – Mr. Ramotar advised that he was never in possession of any bank statements and no bank reconciliations were performed even though the bank account was used on a regular basis to pay contractors. This appears to indicate that the control of funds was not considered a priority.

It is therefore recommended that the Project employ the use of an appropriate accounting software, such as QuickBooks to maintain records in relation to expenses, inventories, assets and banking.

3.3.2 Internal audit

The Project did not have an internal audit department.

Accordingly, the only significant independent examination was the annual audit of the Auditor General. In his 2012 report the Auditor General describes the appropriation made by Parliament and how the amount was expended. And in his 2013 report, dated September 30, 2014 the Auditor General states: "At the time of reporting the project was reportedly 95% completed. However, an independent assessment was done and it was reported that damages occurred at various locations within the project area due to poor installation and handling by contractors, washing away of interior roads and during the four-lane expansion road project."

Neither the 2012 nor the 2013 report addresses the Huawei executed project. The report for 2014 is still outstanding.

3.4 Significant commercial and financial transactions

3.4.1 Review of budget presentations

The Project was a regular theme in Budget Speeches from 2010 to 2014 by Finance Minister Dr. Ashni Singh but none of these gave any indication of the problems that were later to surface.

3.4.2 E-Government DWDM project

In November 2009, the Information and Communication Technologies (ICTs) E-Government DWDM project was launched. Operations were directed by Mr. Alexei Ramotar with the aim of improving and/or enhancing the efficiency and effectiveness of service delivery in the public sector. The project entailed the installation of fibre optic cables from Lethem in Region 9 to Providence in Region 4.

The DWDM Project was subcontracted to local contractors. Mr. Ramotar advised Ram & McRae that the Project encountered a number of delays which were attributed to the improper handling and installation of the fibre optic cables. Responses to our enquiries indicated that additional delays resulted from road erosion, the building of the new 4-lane road on the East Bank of Demerara and vandalism. It seems that the only area where road works could have affected the Project was in the Diamond to Providence passageway and that the more fundamental reason for the substantial and costly failure was the inadequate planning, execution and supervision.

Nine major suppliers/contractors were involved in the E-Government DWDM project. These are:

Supplier/Contractor	Main purpose
1. Corning Cable Systems LLC	Provision of fibre optic cables
2. HUAWEI (Small contract)	Provision of equipment, software and training
3. Fiber Optic Solutions	Provision of supervisory services
4. Ivor Allen	Constructing of repeater stations
5. Cummings Electrical Company Limited	Electrical installation at repeater stations
6. Meckdeci Machinery and Construction	Installation of fibre optic cable
7. Dynamic Engineering Company	Installation of fibre optic cable
8. Dax Construction Services	Installation of fibre optic cable
9. G. Bovell Construction Services	Installation of fibre optic cable

3.4.2.1 Corning Cable Systems LLC

Supplier/Contractor	Main purpose	Cost	Remarks
Corning Cable Systems LLC	Provision of fibre optic cables	Contract sum: US\$1,020,321 Paid: \$500,000 (verified) and \$500,000 (unverified)	Uncertain whether all cables were received and the reasons for not paying full contract sum. Bank Advice was seen for the sum of US\$500,000 but no debit was recorded on the bank statement.

Corning Cable signed an agreement with the E-Government Project on May 19, 2010 to supply fibre optic cables and accessories for the DWDM project for a contract sum of US\$1,020,321.

Based on the contracted amount, the Procurement Act 2003 stipulates that Cabinet's approval should be sought. However, an approval letter was sent to Corning Cable from Mr. Alexei Ramotar on May 19, 2010 without Cabinet's approval. We were provided with no documentation evidencing his authority to enter into this contract.

On August 20, 2010 and November 30, 2010 two payments were made to Corning Cable (Brazil Telecoms Subsea Systems) totalling US\$300,000 and US\$200,000 respectively. We noted a letter dated June 3, 2010 and sent to Demerara Bank Limited from the Office of the President requesting a wire transfer of US\$500,000 to Corning Cable for the purchase of equipment. However, there was no document confirming that the wire transfer was executed and the Bank statements did not reflect such a payment.

All payments to Corning Cable were approved by Mr. Alexei Ramotar and Dr. N. K. Gopaul, Permanent Secretary at the Office of the President.

We are unable to determine the procurement method used to contract Corning Cable, whether all fibre optic cables and accessories were provided and the reason why the full contract sum was not remitted to the contractor.

We sent a letter to Corning on September 28, 2015 but have so far not had any response. We have been advised by one of the contractors that it is holding six sets of cables, suggesting but not confirming that all the cables paid for were received. We have also sought unsuccessfully to obtain any information from the Guyana Revenue Authority which could provide confirmation.

3.4.2.2 Huawei International PTE Ltd (Huawei)

Supplier/Contractor	Main purpose	Cost	Remarks
HUAWEI (Small contract)	Provision of equipment, software and training	Contract sum: US\$1,071,880 Paid: US\$970,892	Uncertain whether all equipment and services were received and the reasons for not paying full contract sum.

On June 24, 2010 E-Government DWDM contracted Huawei International PTE Ltd to provide OSN 3800 equipment and spare parts, a Mini-Shelter and the iManager T2000 software. Huawei was also required to provide services relating to site survey and design and training for optical network system operation and maintenance. The contract price amounted to US\$1,071,880.

The following payments were made to Huawei in relation to the contractual agreement:

Date	Details	US \$	ROE	GY \$
20-08-10	Payment on account	321,564	204.85	65,872,385.40
29-08-11	50% of DWDM Equipment Cost	535,965	204.85	109,792,430.25
12-10-12	Payment on account	113,363	206.50	23,409,409.94
	Total	970,892		199,074,225.59

We were offered no explanation for the difference of US\$100,988 between the contract sum and the payments made.

Huawei Technologies (T&T) Ltd was given a second contract on January 1, 2011 by E-Government to provide supervisory and consultancy services at a total cost of US\$54,720. An amount of 70% or US\$32,832 was remitted to this company on March 15, 2011; the balance of 30% was never disbursed to the contractor. Once again, the reason for this was not communicated to us by management.

With regard to the Procurement Act, the method of this contractor's selection was unclear since no Cabinet Decision or documentation to support a tendering process was provided. Based on the contracted amount, a Cabinet decision was required.

3.4.2.3 Fiber Optic Solutions/ Peter James

Supplier/Contractor	Main purpose	Cost	Remarks
Fiber Optic Solutions	Provision of supervisory services	Contract sum: US\$61,168 Paid: US\$61,168	Contract appears to have been extended for a further sum of US\$61,168 but no payments were made and the contract terminated. Only three reports from FOS received.

Fiber Optic Solutions (FOS) situated at lot 277 English Road, Block X Liliendaal, ECD, Guyana is an establishment owned and managed by Mr. Peter James. FOS entered into a contract with E-Government DWDM on April 1, 2011 to execute the following according to Article 2 of the agreement:

1. Supervise project construction quality control, interpret plans and drawing fibre optic lines, specification of splices and communications equipment;
2. To inspect, detect and confirm quality of materials, equipment and finished products;
3. To review the construction plan and quality control plan submitted by the contractor and provide proper recommendations against non-conformance existing in the design;
4. To observe the project process to keep track of the current status, ensuring immediate discovery and handling of quality non-conformance which may have occurred or existing ones;
5. To evaluate maintenance, construction and service installation, and to submit weekly reports of detailed installation progress and maintenance requirements to client.

According to Article 3 of the agreement signed by both parties, the total contract price was US\$61,168 payable in Guyana dollars at the Bank of Guyana exchange rate for the US\$ prevailing on the date of payment. Under the terms of the contract, US\$10,528 was payable monthly by the project. However, based on our review of the records provided, no monthly payments were made to FOS. A payment for the full sum of US\$61,168 was made on May 22, 2012.

Article 6 of the Agreement clearly states that in addition to the requirements set out in Article 2, FOS shall send to the Government of Guyana DWDM a service progress report at the end of each month. These reports were required to be discussed one week after submission if there were comments or questions. FOS was also obligated to provide a final service summarisation report at the end of the final month before final payment is disbursed. However, upon request, Mr. Alexei Ramotar provided five weekly reports for our review. These spanned from April 29 to May 19, 2011 and May 27 to June 16, 2011. The required monthly reports and the final report were not submitted to us.

Cabinet decision (CP(2012)2:3:RR) signed on February 22, 2012 stated that, "the Cabinet granted no-objection to the waiver of NPTAB procedures to facilitate the award of the contract, through sole sourcing, for the procurement of a supervising consultant for the installation of fibre optic cables from Lethem, Region No. 9, to Georgetown, East Bank Demerara, Region No. 4 being made to Fibre Optic Solutions (FOS) to continue to supervise the works at the same monthly cost of US\$10,528 for six months." The National Procurement Tender Administration Broad (NPTAB) approval was granted based on the Cabinet's decision. However, Mr. Ramotar indicated that the Project was dissatisfied with the work performed by FOS and the contract was subsequently terminated.

Perusal of the NPTAB file revealed that, prior to selecting FOS to supervise the Project, supervision services were provided by Huawei for a monthly cost of US\$18,240. The Project Manager, Mr. Alexei Ramotar wrote a letter to Chairman, NPTAB Mr. De Clou citing the following reasons why FOS should be selected via sole sourcing:

1. Huawei subcontracted FOS to supervise the Project under their contract with E-Gov.
2. Huawei's contract period has expired.

3. FOS had already completed significant work and was aware of what is needed to complete the project.
4. Huawei's monthly supervision cost was US\$18,240, as opposed to FOS's monthly cost of US\$10,528.

On March 22, 2012 the Project made a payment of US\$61,168 or \$12,975,201 which was deemed full payment in settlement of the supervisory work provided according the signed agreement. This payment was made by the National Frequency Management Unit (NFMU). Mr. Ramotar was unable to offer any reason why the payment was made by the NFMU and not from its own resources.

On October 13, 2015 we met with Mr. Peter James concerning his role in the supervision of the E-Government Project, his assessment of the performance and quality of work done by the contractors as well as general discussions on the project as a whole. During the interview, Mr. James expressed his opinion and confirmed the following:

1. He was hired to work as a technical supervisor. He was responsible for ensuring that all fibre optic cables were installed by the contractors in accordance with specified depth and through the correct route. He did not supervise the splicing activities.
2. The Project encountered a number of hiccups owing to inadequate conceptualisation and planning. As far as he knows, there were no drawings, blueprints or project plans explaining the installation requirements were given to the contractors.
3. In Mr. James' opinion all the contractors did a fairly good job. He rated Dax Contracting Services the best equipped and performing contractor who was paid the highest rate and who had also received a reasonable advance. However, performance was affected by the terrain encountered with the most difficult being Lots 1 – 3. In his view, the Project would have been better executed if the management had responded in a timely manner to recommendations and requests from him and the contractors. Mr. James also mentioned that all contractors were asking for an increase rate due to the level of work required. However, only Dax was granted an increase rate by the Cabinet.

Mr. Peter James is currently working for Claro which is a sister company of Digicel group. He is currently supervising installation of cables in Barbados and Trinidad & Tobago. His contract will end July, 2016 and he is willing to work with E-Gov in the future to complete the fibre optic project which he believes can be salvaged.

3.4.2.4 Ivor Allen

Supplier/Contractor	Main purpose	Cost	Remarks
Ivor Allen	Constructing of repeater stations	Contract sum: \$29,828,525 Paid: \$30,708,837	Reason for overpayment of \$880,312 due to additional works.

Mr. Ivor Allen of lot 10 Camp Street, Georgetown was contracted by the Office of the President in November 2011 to execute the construction of repeater stations at Lethem, Annai, Kurupukari, Mabura and Linden for an agreed total amount of \$29,828,255. The process of selection used by the National Procurement & Tender Administration was National Competitive Bidding (NCB).

On December 30, 2011, the Project disbursed a partial payment of \$7,458,357 to Ivor Allen. On March 9, and May 3, 2012 two additional payments were made of \$7,053,418 and \$9,759,104 respectively and the final payment of \$6,437,958 was remitted to Mr. Allen on March 1, 2013.

We wish to highlight that total payments made to Mr. Ivor Allen amounted to \$30,708,837 which is \$880,582 above the contracted amount. Works performed by Mr. Allen were reported as being done in accordance with the contractual agreement. Our discussion with Mr. Allen revealed that additional work was executed which resulted in additional charges.

3.4.2.5 Cummings Electrical Company Limited

Supplier/Contractor	Main purpose	Cost	Remarks
Cummings Electrical Company Limited	Electrical installation at repeater stations	Contract sum: \$100,358,435 Paid: \$102,031,824	Original contract was extended and payments were lower than total contract sum by \$4,777,801. Small variance of \$1,300.
	Extension of fences	Contract sum: \$6,451,190	
	Construction of bases	Contract sum: \$1,519,975 Paid: \$1,521,275	

Cummings Electrical Company signed an agreement with the Permanent Secretary of the Office of the President, Mr. Omar Shariff on May 31, 2012 to execute the electrical works for the repeater stations at Lethem, Annai, Kurupukari, Mabura and Linden. The contract amounted to \$100,358,435 and all works were projected to be completed by July 10, 2012. The process of selection used by the National Procurement & Tender Administration was National Competitive Bidding (NCB).

The following payments were disbursed by the Project to Cummings Electrical Company:

Date	Payment Details	Amount \$
04-Jun-12	Advance payment - 25% for electrical works	25,086,606
28-Aug-12	Partial payment for electrical installation at DWDM Sites	20,430,427
12-Mar-13	Partial payment for electrical installation at DWDM Sites	25,581,806
08-May-13	Purchase and Installation of Solar power for repeater sites	20,636,822
06-Sep-13	Security for Linden Jan-June 2013	1,575,894
10-Dec-13	Retention fees - Repeater stations	5,148,082
10-Dec-13	Security – July to September 2013	1,254,346
28-Jan-14	Retention fees - Repeater stations	5,148,081
28-Jan-14	Security – October to December 2013	1,277,793
02-Mar-15	Construction of solar bases and extending the fence	1,521,275
Total		107,661,132

We noted the following based on examination of the contract and contractor's file:

1. Cummings Electrical was contracted to execute the electrical works at the repeater stations built by Mr. Ivor Allen. The contract was later amended to extend the existing fences and installation of support structures for solar panels.
2. On November 22, 2012 the NPTAB granted approval to extend the scope of the contract at an increased contract price to \$106,809,625 (an increase of \$6,451,190). This was for the "Extension of existing fence to enclose Solar Panel Support Structures" for five sites.
3. Payments made in accordance with that contract amounted to \$102,031,824 which is \$1,673,389 above the initial contract price (\$100,358,435).
4. An additional contract was awarded to Cummings Electrical on December 31, 2014 to construct concrete bases for solar Panels and extend fencing with NPTAB approval. This amounted to \$1,521,275 and was paid in full after completion of the job. It is unclear why the NPTAB approval referred to fencing. The quotation received for the five sites totalled \$3,039,950 and it is unclear why the contract was entered into for a reduced sum.
5. With reference to the table above, the first two payments (\$25,086,606 and \$20,430,427) were made by the NFMU. Mr. Ramotar was unable to provide a reason why those payments were not made by the Project since an average of \$125 million was held in the Project's Bank account during that period. According to Cabinet Decision CP(2010)11:4:U (**Appendix B**) the NFMU was authorised to pay administrative expenses for the Project and the payments to Cummings Electrical were capital in nature.
6. Cummings Electrical received three payments totalling \$4,108,033 for the provision of security services at the repeater stations between the periods January to December, 2013. The payments for security services were approved by Mr. Ramotar. Mr. Ramotar advised that no tendering process was executed by the NPTAB and no contract was signed by either party for the provision of security services. This was done on an ad-hoc basis.

According to the Procurement Act 2003, the Project was obligated to administer an "Internal Tender" as the basis of selecting a security firm with an estimated cost ranging from \$300,000 to \$6,000,000. Based on this provision, Mr. Ramotar's decision to select Cummings Electrical to provide security services appeared outside the scope of his authority.

All payments to Cummings Electrical were approved by Mr. Willis and Mr. Ramotar.

We conducted an interviewed with the CEO of Cummings Electrical, Mr. Michael Cummings on October 6, 2015. The following occurrences were confirmed by Mr. Cummings:

1. Initially, electrical works were executed at the five repeater stations. Cummings Electrical was then contracted to construct solar panel bases and fences at the repeater stations to prevent vandalism.
2. Payment of \$1,528,675 with regard to the construction of the solar panel bases was not approved by Mr. Willis.
3. There was neither tendering nor contractual agreement for the provision of security services. The approval to provide security services was granted by Mr. Ramotar on an ad-hoc basis.

4. Mr. Willis was responsible for the approval of all works completed by Cummings Electrical; there were no adverse reports on the work done.

During the interview, Mr. Cummings (who was also a bidder for the installation of fibre optic cables) expressed his opinion in relation to the failure of the project. Mr. Cummings believe the main reason for the damaged cables was due to the fact that the cables were not buried at 6 feet or 1.8 metres and they were not installed in conduits.

Mr. Cummings is convinced that the Project cannot be salvaged based on the fact that there may be too many broken sections and that remedial work by joining will reduce signal strength.

Installation of Fibre Optic Cables

Three Companies were contracted by the Project to execute the installation of the Fibre Optic Cable from Lethem to Providence. These entities were: MMC, Dynamic Engineering Company and Dax Constructions Services. The zone between Lethem and Providence was separated into 5 lots:

1. Lot 1, Lethem to Annai Bush Mouth
2. Lot 2, Annai Bush Mouth to Kurupukari
3. Lot 3, Kurupukari to Mabura
4. Lot 4, Mabura to Block 22 Wismar
5. Lot 5, Block 22 Wismar to Providence

The five lots above were separately advertised and twelve prospective bidders were invited to submit bids via selective tendering at the National Procurement Tender Administration Board. Each lot had a specified distance (measured in kilometres) and required a unique bid price. The NPTAB specified the awardees as follows:

Lot	Contractor	Bid Price	Negotiated Price	Final Price	Distance
Lot 1	MMC	106,996,400	57,866,400	76,966,400	140km
Lot 2	MMC	110,032,500	60,332,500	76,332,500	100km
Lot 3	MMC	115,496,200	59,481,200	76,086,200	120km
Lot 4	Dax	134,410,000	54,250,000	61,828,000	100km
Lot 5	Dynamic	525,993,100	107,320,000	117,170,000	110km
Total			339,250,100	408,383,100	570km

Following receipt and review of the bids, a Negotiating Team comprising Messrs. Walter Willis and Tarachand Balgobin held a meeting with the bidders for a renegotiation of the bid prices. See Cabinet Amendment CP (2010) dated March 10, 2010. As a result of the renegotiation the new contract prices for the five lots were reduced from \$525,993,100 to \$339,250,100, a reduction of 36%.

This was achieved mainly by the following:

- 1) Removal of contingency sums from all Bills.
- 2) Placing the cables the closer to the road and removing all costs for bush clearing.
- 3) Depth of burial of cable 1.0 metre instead of 1.5 metres;
- 4) Waiver of taxes and duty on equipment purchased for use on the execution of the project, subject to prior approval by the Executing Unit.

Three weeks later, on April 1, 2010 Cabinet again returned to the matter, increasing the depth to 1.5 metres and increasing the contract price to \$408,383,100, representing a 20% increase in the contract values agreed earlier.

3.4.2.6 Meckdeci Machinery and Construction (MMC)

Supplier/Contractor	Main purpose	Cost	Remarks
Mekdeci Machinery and Construction	Installation of fibre optic cable – lot 1	Contract sum: \$76,966,400 Paid: \$35,460,600	Work was not completed in Lot 1. Later contracted to G. Bovell.
	Installation of fibre optic cable – lot 2	Contract sum: \$76,332,500 Paid: \$39,468,612	Payment included security charges of \$812,000 which were not tendered.
	Installation of fibre optic cable – lot 3	Contract sum: \$76,086,200 Paid: \$0	Work was not completed in Lots 2 & 3. Later contracted to G. Bovell.

Of the five lots demarcated, Meckdeci Machinery and Construction won Lots 1 to 3 and successfully received the relevant contract awards from the NPTAB. The contracts totalling \$229,385,100 were awarded on April 23, 2012.

On April 29, 2011 MMC was paid an amount of \$39,468,612 for fibre optic cable installed in Lot 2. However, included in that payment was a sum of \$812,000 for security services provided by MMC for the period November 16th to December 13th, 2010. Total payment was approved by the Permanent Secretary who is also a signatory to the Project’s Bank account. A balance of \$37,675,888 remains unpaid on this contract.

On May 18, 2011, \$22,990,600 was paid to MMC for 70km of fibre optic cable laid in Lot 1. The last payment of \$12,470,000 was disbursed to MMC on the March 26, 2012 for the burying of cables installed in Lot 1. Invoices submitted by MMC did not indicate the distance of fibre optic cable installed. A balance of \$41,505,800 remains unpaid on this contract.

The provision of security services by MMC was approved by Mr. Willis and Mr. Ramotar. Under the Procurement Act 2003, the Project was required to administer an “Internal Tender”. Based on this provision, the decision to select MMC to provide security services was outside the scope of authority of Mr. Ramotar and Mr. Willis.

According to Project Supervisor, Mr. Peter James, MMC encountered a number of difficulties during their work in the Lot 1-3 areas. Mr. James indicated the MMC did not have the necessary equipment to install fibre optic cables in the area which consisted of a number of large rocks.

Mr. James also stated that the unfinished segments of Lots 1-3 was later contracted to G. Bovell construction services. It should be noted that G. Bovell was selected by Mr. Willis and Mr. Ramotar, there was no tendering procedures and no contract was provided for our review.

3.4.2.7 Dax Contracting Services (DAX)

Supplier/Contractor	Main purpose	Cost	Remarks
Dax Construction Services	Installation of fibre optic cable – lot 4	Contract sum: \$61,828,000 Paid: \$49,863,043	The extensions were at a cost per Km of \$2,000,000 compared to a cost per Km on the original contract of \$618,280. Penalties and retention instituted for defective work were released following a letter to the Project Manager by his Deputy.
	Lot 4 extension	Contract sum: \$20,000,000 Paid: \$20,000,000	
	Lot 4 extension	Contract sum: \$58,724,000 Paid: \$57,696,278	

Dax Construction Services (Dax) is a trade name for Mr. Faisal Mohamed. The office is located at Lot 163 Ixora Avenue, Eccles, East Bank Demerara while its operations are located at the Eccles Industrial Site. Dax was contracted by the Project to execute the installation of Fibre Optic Cable in Lot 4. The letter of acceptance was issued on April 23, 2010 and the agreement was signed on April 27, 2010.

On September 15, 2010 Dax received an advance payment of \$15,000,000 from the Project and the contractor thereafter commenced operations. During the period March 31, 2011 to April 29, 2011 three additional payments totalling \$29,770,900 were disbursed to Dax for the installation of 100km of fibre optic cable in lot 4.

According to the signed agreement, Dax was only contracted to install 100km of fibre optic cable in Lot 4. However, we noted that on May 18, 2011 a payment of \$18,000,000 (full invoice amount of \$20,000,000, with difference of \$2,000,000 being retention) was disbursed to Dax for the installation of an additional 10km of fibre optic cable in Lot 4. In a letter dated May 16, 2011 Mr. Willis stated that “In accordance with a decision made by the Office of the President, Dax was instructed to continue laying buried fibre optic cable beyond the contract length of 100km at a rate of \$2,000 per meter.”

Documents also indicated that Dax proceeded to lay an additional 29.362km of fibre optic cable in Lot 4. On April 29, 2011, Dax invoiced the Project for \$58,700,000 being payment for 29.35 Km at \$2,000,000 per Km. Report written by Fibre Optic Solutions (Peter James) confirmed that Dax laid a total of 139.362km in Lot 4.

The records seen by us indicated that the sum of \$20,422,842 was withheld from payment to Dax. This was made up of \$12,757,932 as retention and \$7,644,910 as penalty. This penalty was set by the Project due to the fact that Dax was required to perform remedial works on fibre cable not properly installed. On March 7, 2012 Mr. Willis approved the payment of \$6,378,966 being 50% of the retention leaving an equivalent sum outstanding as retention.

On June 10, 2013 the Deputy Project Manager, Mr. Anil Singh wrote a letter to the Project Manager, Mr. Alexei Ramotar indicating that the remedial work had been completed and requesting the release of the balance of the retention (\$6,378,966) as well as refund of the penalty (\$7,644,910). This was approved by Mr. Ramotar and paid to Dax by way of a bank instruction.

Our understanding is that the payment was made without the approval of Mr. Willis.

In our view, Dax was not entitled to a refund of the penalty.

It should be noted that no Cabinet Decision was provided to verify the approval of additional work performed by Dax. These were not only at a much higher cost than the original contract but represents the most expensive stretch of cable that was laid by any of the contractors. No explanation was obtained for this extremely high cost per kilometre for each lot is shown in the following table:

Contractor	Lot	Location	Contract Price	Distance (Km)	Cost per Km
MMC	Lot 1	Lethem to Annai Bush Mouth	76,966,400	140	549,760
MMC	Lot 2	Annai Bush Mouth to Kurupukari	76,332,500	100	763,325
MMC	Lot 3	Kurupukari to Mabura	76,086,200	120	634,051
Dax	Lot 4	Mabura to Wismar	61,828,000	100	618,280
Dax	Lot 4	Mabura to Wismar (additional)	20,000,000	10	2,000,000
Dax	Lot 4	Mabura to Wismar (additional)	58,724,000	29.362	2,000,000
Dynamic	Lot 5	Wismar to Providence	117,170,000	110	1,065,182

Overall, Dax's contract was extended to install a total of 139.362km of fibre optic cable costing \$127,560,621, being 39.362km or \$65,732,621 above the contracted amount. As stated above, Mr. Willis indicated that the decision to pay Dax at an increased rate was approved by Office of the President but no documentation was made available to us for verification.

We conducted an interview with Mr. Mohamed on October 6, 2015 to discuss the issues surrounding his contract and payments. The following points are the opinion of Mr. Mohamed:

1. The 100km measured in Lot 4 was an estimate and not the correct distance from Mabura to Wismar. The distance from Mabura to Wismar is approximately 125km.
2. Approval to continue beyond the contracted 100km was granted by the Cabinet and Mr. Willis.
3. No duty free concessions were received by Dax for any vehicles or equipment imported.
4. Fibre cables were installed by Dax at a depth between 1.3 to 1.5 metres. Approximately 20% of the cables were laid at the roadside while the other 80% was laid 5 feet from the road. There were no adverse reports by Peter James with regard to the cables installed by Dax.
5. Peter James did not continuously supervise the work executed by Dax. Mr. James ceased supervision at Lot 4 for a short period because of the failure by the Project to pay him monthly as stipulated in the contract for his services.
6. The previous administration entered an agreement with Dax dated March 16, 2015 to salvage all fibre optic cables and recover the E-Government Project (**Appendix F**). The contract allowed Dax to use and maintain the said fibre optic cable, repeater stations and equipment for a period of twenty five (25) years, plus an option to renew for an additional fifteen (15) years. The Agreement also provided for a number of tax exemptions and duty free concessions. This agreement was discussed at a meeting of Mr. Mohamed and the Minister of State in the Ministry of the Presidency. It was later reported in the media that Dax was instructed by the Minister to cease all works in accordance with that agreement. Mr. Mohamed advised Ram & McRae that the Rehabilitation Agreement was put on hold and not terminated and that approximately 30% of the rehabilitation work has been completed.
7. The fibre optic cables did not need to be laid in conduits since they are protected in "armoured" casing.

Mr. Mohamed also shared his views and reasons for the Project’s failure due to damaged cables. He affirmed that the primary reason for the Project’s failure is due to poor installation of the fibre optic cables mainly by two other named contractors. He volunteered that one of these contractors did not have the appropriate equipment to install fibre optic cables and sought to do so manually. He also indicated that some of the cables installed in Linden were laid on the ground and covered with sand, instead of installing the cables 1.5 metres below the ground.

3.4.2.8 Dynamic Engineering Company Limited

Supplier/Contractor	Main purpose	Cost	Remarks
Dynamic Engineering Company	Installation of fibre optic cable – lot 5	Contract sum: \$117,170,000 Paid: \$95,290,753	Contact was terminated by E-Gov because the Company did not finish on time.
	Recovery and reinstallation	Contract sum: \$2,661,000 Paid: \$2,661,000	No tender was done and approval was granted by Mr. Willis and Mr. Ramotar.

Dynamic Engineering was contracted by the Project to execute the installation of Fibre Optic Cable in Lot 5. The letter of acceptance was issued on April 23, 2010 and the contract was signed by both parties on May 14, 2010.

Between August 26, 2010 and December 10, 2011 a total of \$95,290,753 (including a 30% advance of \$35,151,000) was disbursed to Dynamic Engineering for the installation of fibre optic cable in Lot 5. Dynamic Engineering did not provide any report of the estimated amount of work completed nor was the actual distance of cable laid included in the invoice submitted to E-Government.

Owing to the East Bank road expansion, Dynamic Engineering was required to suspend the installation of fibre optic cable during the second half of 2012. As a result of construction works, Dynamic Engineering was instructed by the Project to re-cover and re-install fibre optic cable on the East Bank between Farm and Providence. A total cost of \$2,211,000 was borne by E-Government for this exercise.

It should be noted that those activities were not a part of the initial contractual agreement and no other agreement was signed. Payments relating to recovery and reinstallation of fibre optic cable were approved by Mr. Willis and Mr. Ramotar. We do not believe that this approval was within their scope of authority.

In addition Dynamic Engineering requested payment via invoice number #56 for “the recovery and re-installation of 300 meters of fibre optic cable from Durban Street and Vlissengen Road to Princess Street and Vlissengen Road and 700 meters from Durban Street and Vlissengen Road to Home Stretch Avenue costing \$450,000.”

We highlight this because based on the 5 Lots demarcated and on our reviews of the contractors’ documents and other related information provided. We are of the opinion that no fibre optic cable was installed under this part of the Project on Durban Street, Princess Street, Vlissengen Road and Home Stretch Avenue.

It was the contractual obligation of Fiber Optic Solution (FOS) to supervise the installation of the Fibre Optic Cables from Lethem to Georgetown. FOS was required to provide reports outlining the quantity of fibre optic

cables laid by each contractor within the specified period. Mr. Willis was tasked with the responsibility of examining and reconciling the reports with the contractors' invoices before disbursements were made.

We met with Mr. Lloyd Rose on October 6, 2015 to discuss issues relating to the tenure with E-Government. During the interview, Mr. Rose communicated the following:

1. Approximately 60% of the cables installed in lot 5 were done aerially, while 40% of the fibre optic cables were buried.
2. Of the 110km of fibre optic cables which Dynamic was contracted to install, 90% of the work was completed.
3. Dynamic's contract with E-Gov was terminated because the job was not completed in the specified time. An additional four weeks was requested by Dynamic but no approval was granted by E-Gov.
4. G. Bovell Construction Service completed the works outstanding in Lot 5.
5. Total staff used by Dynamic during the engagement was roughly 25.
6. Fibre optic cables installed by Dynamic were buried at 1.2 metres; this was due to collapsing of sand in the Linden area. There were no objections or adverse reports by Mr. Peter James or Mr. Willis.
7. All payments were received for measured works completed by Dynamic.
8. The cables were well protected and they were no need for conduits.

Mr. Rose volunteered that the job specification was not clear at the beginning. There was no document detailing the depth at which cables should be installed, the distance from the roadways etc.

Also, one of the principal causes for the Project's deficiencies was poor planning and supervision by the E-Government team. Mr. Rose also highlighted that the fibre optic cables were not properly installed in the interior locations (Mabura to Wismar). The cables were subsequently exposed as a result of erosion and were damaged by vehicles.

Mr. Rose believes that the Project Manager, Alexei Ramotar was technically skilled in the areas of fibre optic cables installation and testing. However, Mr. Ramotar was not the appropriate individual to supervise the Project.

Mr. Rose considers the Project recoverable. He believes that the level of damages communicated to the public was exaggerated.

3.4.2.9 G. Bovell Construction Services

Supplier/Contractor	Main purpose	Cost	Remarks
G. Bovell Construction Services	Installation of fibre optic cable	Contract sum: \$ Paid: \$101,327,100	No contract was provided. No tendering done.

Despite numerous requests, management failed to provide the contractual agreement(s) and procurement document(s) for G. Bovell Construction Services. Mr. Bovell was asked by Ram & McRae to provide a copy of the contract but so far has not done so.

G. Bovell was paid over \$93,827,100 for the installation of fibre optic cables. Since there was no agreement and the submitted invoice did not indicate where the fibre optic cables were installed, it is not possible to comment on the correctness and propriety of those payments. Also, \$7,500,000 was disbursed to G. Bovell for the construction of 60 splice boxes.

During a meeting held with Mr. Willis on September 14, 2015, he indicated that the contract to install cables from Providence to Castellani House was executed by G. Bovell Construction Services.

We met with Mr. Bovell on October 2, 2015 to discuss matters relating to the works performed by his entity and his relationship with the E-Government Project. G. Bovell Construction Services was contacted directly by Mr. Willis who was aware of their experience with fibre optic cables. Mr. Bovell assured that his company was contracted to install fibre optic cables in Lot 5, since Dynamic Engineering was unable to complete work in that area.

Mr. Bovell mentioned that all works performed by him were done in accordance with his contractual agreement. However, he was also unable to provide us with a copy of his agreement. Mr. Bovell also confirmed that his company was not selected via any tendering procedures. He indicated that all payments were made by E-Gov for the installation of fibre optic cables in Lot 5 and from Providence to Castellani House. However, works regarding the construction of the 60 splice boxes was abandoned by Mr. Bovell after some disagreement with Mr. Willis. Again, we are unable to determine whether the \$7,500,000 paid to G. Bovell Construction Services represents the full amount due to him since there was no contractual agreement.

During our interview, Mr. Bovell confirmed that all cables installed by his Company in Lot 5 were buried at a depth of 48 inches or 1.2 metres. According to Cabinet Amendment CP(2010) dated April, 2010 the approved burial depth of the cables was 1.5 metres. Mr. Bovell mentioned that even though he buried the cables at 1.2 metres instead of the official 1.5 metres, there were no objections or adverse reports by Mr. Peter James or Mr. Willis.

Mr. Bovell expressed his belief that the primary reason for the damaged cables is the fact that the contractors were a) not experienced in fibre optic cables installation, and b) due to the cables not being installed in fibre optic conduits to protect them from such damages. Mr. Bovell also indicated that he believes the Project can be salvaged but he does not consider the Dax correction contract was justified.

The relationship between G. Bovell and the Project is obscure. The E-Government management team ignored the Procurement Act 2003 and selected G. Bovell Construction Services without conducting tendering procedures.

3.4.3 E-Government (LTE) Project

A contract was signed between the Government of Guyana and Huawei Technologies Co., Ltd on October 10, 2010. The scope of the contract entailed “the supply of equipment, software package, services, spare parts, and documentation as set out in Annexes 1 & 2” that is, the E-Government system design and the price schedule.

The contract price amounted to CNY¥214,118,400 or US\$32,000,000 and was funded via a loan facility from the EXIM Bank (China). Huawei Technologies was contracted to execute the new E-Government project which is divided into three parts; Datacentre, OSP (Fiber link) and Microwave/LTE data access network. A number of departments were established (**Appendix D**) and suitable employees were hired by Huawei to undertake the project, most of whom were citizens of China.

Huawei provided the Project with a detailed project plan that included the organization chart and the specific responsibility according to departments, a project implementation plan, quality control, delivery and testing procedures and an outline of who was responsible for which aspects of the Project.

According to progress report dated May 25, 2015 Huawei in collaboration with the Project completed over 90% of the project costing US\$30.4 million or CNY¥203,412,473. The outstanding works consisted mainly of testing 3 of the 54 LTE network sites and installation of a video conferencing facility at the University of Guyana. According to the progress report, Huawei and the Project encountered power issues during the implementation stage.

Power issues was experienced at various LTE sites. This was due to Guyana Power and Light (GPL) being unable to supply reliable power at the rated voltage. These power issues affected the LTE sites across the grid of Linden, Essequibo, West Demerara and the Corentyne Coast. It was subsequently recommended by Huawei that Transient Voltage Surge Suppressors (TVSS) should be installed at the LTE sites. We were not provided with estimated cost of the TVSS systems but that cost will be borne by the Project. Mr. Ramotar was unable to explain why TVSS technology was not considered or used at the beginning of the Project. A number of entities were hired to provide products and services during the implementation by Huawei Technologies. These entities are as follow:

Supplier/Contractor	Main purpose
1. Tels Engineering Services	Purchase of frequency converter
2. NT Computeac	Purchase of Splicer
3. Massy Technologies (Guyana) Inc.	Supply and installation of cameras
4. U - Mobile (Cellular) Inc.	Supply and installation of fuel tank monitors
5. Dynamic Engineering Company Limited	Support services during splicing
6. Dax Construction Services	Support services during splicing

3.4.3.1 Tels Engineering Services

Supplier/Contractor	Main purpose	Cost	Remarks
Tels Engineering Services	Supply a frequency converter	Cost: \$17,357,976 Paid: \$12,150,583	The Accounts Department at Tels confirmed that there is an outstanding balance of \$5,207,393. There was no contract and no evidence of approval by Cabinet.

The Project purchased a frequency converter from Tels Engineering Services costing \$17,357,976. A total of \$12,150,583 or 70% was paid to the supplier on February 13th and June 6th, 2014. The balance representing the remaining 30% was not paid as at October 12, 2015. There was no contractual agreement with Tels Engineering Services and there was no evidence of any form of approval. We are of the opinion that this supplier was selected by project management with no reference to the Procurement Act.

3.4.3.2 NT Computeac

Supplier/Contractor	Main purpose	Cost	Remarks
NT Computeac	Supply a fibre optic cable splicer	Cost: \$21,556,425 Paid: \$21,556,425	There was no contract and no evidence of approval.

A fibre optic cable splicer was purchased from NT Computeac. The equipment cost a total of \$21,556,425 which was paid by the Project in two equal instalments to the contractor on January 29th and July 3, 2014. There was no contractual agreement with NT Computeac and no documentation of any form of approval for this purchase.

A fibre optic cable splicer is a machine used to join two fibre optic cables together. Based on our understanding of the agreement with Huawei, this machine was not needed as Huawei was contracted to install (join) all fibre optic cables using their own equipment.

We were also unable to confirm the existence of this machine since there were no records of fixed assets owned and controlled by the Project and its location could not be determined.

3.4.3.3 *Massy Technologies (Guyana) Inc. / CCS Guyana Limited*

Supplier/Contractor	Main purpose	Cost	Remarks
Massy Technologies	Supply, install and commission video surveillance cameras	Contract: \$90,675,364 Paid: \$90,676,664	Approved by Cabinet.

CCS Guyana Limited signed a contract with the Office of the President on September 8, 2014 to supply, install and commission video surveillance cameras at thirty (30) of E-Government LTE sites. The total contract price amounted to \$90,675,364 which was approved by Cabinet Decision #CP(2014)8:1:HH on August 6, 2014.

The surveillance cameras were installed in accordance with the contractual agreement and a sum of \$90,676,664 was remitted to Massy Technologies.

3.4.3.4 *U-Mobile (Cellular) Inc.*

Supplier/Contractor	Main purpose	Cost	Remarks
U-Mobile (Cellular) Inc.	Supply, install and commission fuel tank monitoring systems	Contract: \$25,746,704 Paid: \$3,862,006	Approved by Cabinet. We have been informed by U-Mobile that this work is continuing.

An agreement was signed between the Office of the President and U-Mobile (Cellular) Inc. on February 1, 2015. U-Mobile agreed to supply, install and commission fuel tank monitoring systems at E-Government LTE sites at a cost of \$25,746,704. Cabinet Decision (CP(2014)12:3:M) was granted on December 17, 2014.

An advance payment of \$3,862,006 or 15% was disbursed to U-Mobile on February 18, 2015. To the date of our review, no other payments were made to the contractor.

NPTAB contract award was granted to U-Mobile since they were the only bidder who satisfied the technical requirements of the bidding document.

3.4.3.5 *Dynamic Engineering Company Limited and Dax Construction Services*

Supplier/Contractor	Main purpose	Cost	Remarks
Dynamic Engineering Company Limited and Dax Construction Services	Support services to E-Government employees	Paid \$742,770 and \$796,300 respectively.	Approved by Project Manager.

The subject entities provided support services to E-Government employees during the splicing and testing of fibre optic cables. Dynamic and Dax were paid \$742,770 and \$796,300 respectively for the services provided.

There were no contractual agreements nor was there any documented justification of the need for those support services. No documentation was available to indicate the process used for selection of these contractors. Payments to both suppliers were approved by the Project Manager, Mr. Alexei Ramotar.

We noted that Project employees, Dynamic and Dax were involved in the splicing of fibre optic cables despite Huawei having contractual responsibility for the installation of all fibre optic cables. We were later informed by Mr. Mohamed, the CEO of Dax Construction Services that the contractors were hired to lay the fibre optic cables and not join the cables. During early 2013, the E-Government team hired both Dynamic and Dax to splice and join the fibre optic cables between the five Lots.

3.4.4 *Salvaging the Fibre Optic Cables and the E-Government Project*

As stated above, we conducted interviews with a number of the contractors who were responsible for the installation of the fibre optic cables. These discussions highlighted numerous matters with regard to the failure and possible recovery of the fibre optic cables and E-Gov Project.

It is therefore our opinion that the primarily reason for the Project's failure was due to poor management and supervision, along with execution of the works by inexperienced contractors. It is a matter of accepted fact that cables were installed at less than the agreed depth of 1.5 metres. We saw no evidence of the issue of incorrect depth installation being flagged by Peter James or Mr. Willis.

Based on the fact that majority of the contractors believe that the fibre optic cables can be salvaged, we hereby advice the government to evaluate the works required to achieve the possible recovery.

3.5 **Financial systems**

The financial systems of the E-Government Project were generally inadequate. Due to the nature of the project, those charged with governance were not legally obligated to prepare and publicise financial statements on a periodic basis. However, we have examined the financial and non-financial reports prepared for management accounting purposes.

3.5.1 *Financial records*

The financial records were prepared and maintained by the Project and the National Frequency Management Unit. Nevertheless, we are of the opinion that the combination of records did not adequately capture or maintain the transactions in each financial system. For example, there are no proper records of inventory and their values held at any given time.

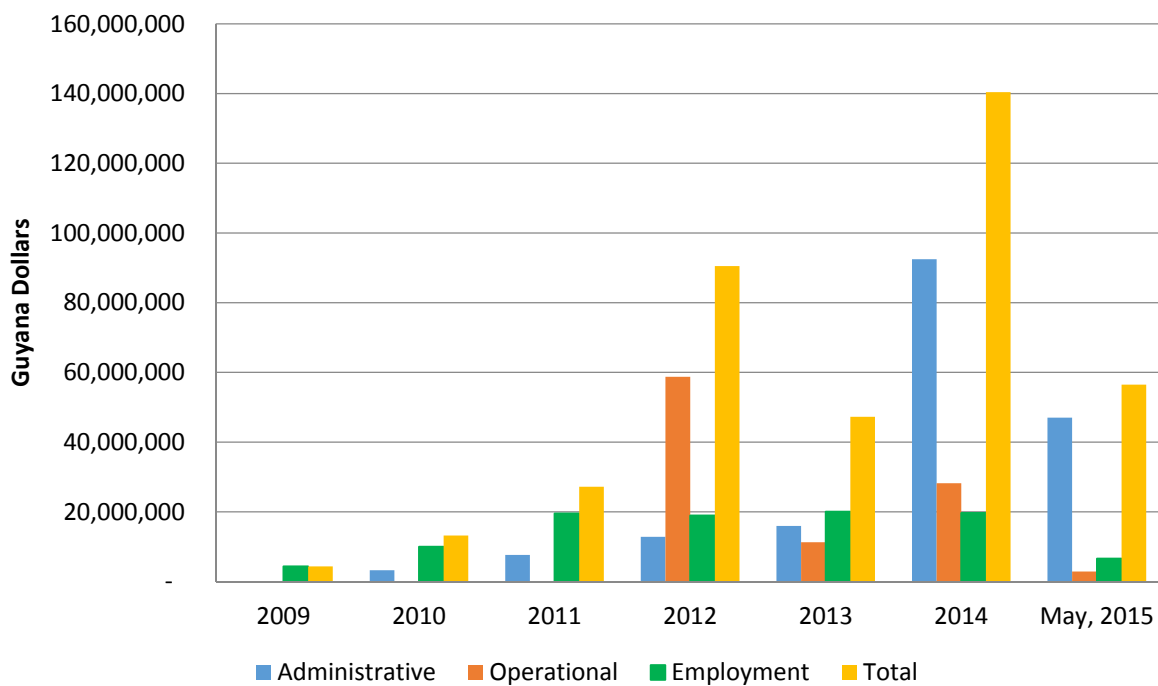
Weaknesses identified in the financial systems were as follows:

3.5.1.1 Records of expenses

All administrative expenses incurred by the Project were paid by the NFMU (**Appendix B**) but no records were maintained by the Project with regard to those payments. The NFMU accounted for the payments made on behalf of the Project using the QuickBooks accounting software. However, based on the fact that the Project failed to maintain records of all invoices sent to the NFMU for disbursements, the two entities were unable to perform any kind of reconciliation in relation to administrative payments. Correspondingly, no reports representing periodic administrative payments were prepared by the NFMU and submitted to E-Gov. In the absence of such information, it was not possible for the Project Manager to exercise proper control over administrative costs.

We conducted detail substantive testing and performed an expenditure analysis based on the financial records held at the NFMU. Based on the results of our examinations, there were no errors regarding the records of expenditure transactions held at the NFMU. Our analysis revealed that \$379,419,044 was paid by the NFMU for the expenses incurred by E-Gov during the period October 1, 2009 to May 31, 2015. These expenses were further broken down and analysed as follow:

Expenses by Type



Expense	2009	2010	2011	2012	2013	2014	May, 2015	Total
Administrative	-	3,242,084	7,660,080	12,850,783	15,962,769	92,476,742	47,018,859	179,211,317
Operational	-	-	-	58,719,791	11,266,061	28,216,192	2,874,482	101,076,526
Employment	4,347,059	9,982,554.0	19,532,902	18,945,205	20,044,743	19,687,175	6,591,563	99,131,201
Total	4,347,059	13,224,638	27,192,982	90,515,779	47,273,573	140,380,109	56,484,904	379,419,044

Total administrative cost amounted to \$179,211,317 or 47% of the total payments made on behalf of E-Gov. Administrative expenses primarily consist of utility and rental charges, travel and accommodation expenses, security charges and general office expenses. The administrative expenses were higher in 2014 and 2015 due to the fact that a warehouse was rented during that period to store inventory and equipment. Also, NM security services was hired during 2014 to provide security services at 17 LTE sites at a monthly cost of over \$7 million.

The NFMU was not authorised to pay the operational cost on behalf of E-Gov. However, \$101,076,526 or 27% of the total payments relate to cost of an operational nature. These included: payments to Peter James and Cummings Electrical Company Limited (section 3.4.2); purchases and transportation of fuel for the LTE sites; rental of GPL poles; and payments for the use of excavators.

It is recommended that a record of all transactions relating to administrative expenses is maintained and all supporting documents are filed and kept by the Accounting Officer at the E-Government Project.

3.5.1.2 Records of Property, Plant and Equipment

There was no record of property, plant and equipment. During an interview held on July 13, 2015 Mr. Ramotar indicated that the fixed asset register is maintained by the National Frequency Management Unit (NFMU). However, Ms. Shaneeza St. Aubyn, Accountant of the NFMU advised that no fixed asset register was maintained by the Unit since they were not required to do so. Based on our review of the bank transactions, over \$110 million was spent to purchase of fixed assets for operational use. No document was provided to verify the purchase of office furniture and equipment.

It is recommended that a fixed asset register is developed and maintained to represent all assets owned and controlled by the Project.

3.5.1.3 Budget and Actual Report

The budget and actual report submitted by the Project Manager, was not completed. According to the document, the Project budgeted to spend \$1,246,846,352 on operational expenses which includes the purchase of fibre optic equipment, payments for the installation of fibre optic cables, the building of splice boxes and the provision of training services. The actual expenditure report labelled “expenditure to date” depicted a total actual cost of \$592,460,452 which does not correspond with the bank transactions records and the bank statements of E-Gov. Also, there was no budget or actual cost for the administrative expenses paid by the NFMU. In addition, the budget and actual report prepared by Mr. Alexei Ramotar bore no evidence of review or approval.

It is therefore recommended that future budgets and actual reports are prepared by a qualified Accounting Officer.

3.5.1.4 Records of operational expenses

Mr. Alexei Ramotar and Mr. Anil Singh maintained a Microsoft Excel document to record all payments made to the contractors and all grants received through the E-Government bank account. The record only indicated the date, the payee, a description of the payment or income and the amount received or paid. Based on those records only, it was impossible to determine the outstanding amounts payable to any given supplier at a specific time. During our reviews of the contracts and payments, there were a number of questions with reference to outstanding payments and job completion which could not be answered from scrutinising the accounting records. Hence, a comprehensive payables system did not exist.

It is recommended that adequate records are maintained to track payments and outstanding payables to contractors and suppliers. This should be done via an appropriate accounting software such as QuickBooks.

3.5.1.5 Financial Analysis

We performed an analysis of the financial transactions of the Project. The summary below details a year by year comparison of cash inflows and outflows. These cash flows are directly related to E-Gov’s bank account (Demerara Bank Limited Account #1240969) and the related supporting documents.

Year	2010	2011	2012	2013	2014	April, 2015	Total
Government Deposits	839,235,798	-	170,000,000	-	129,589,765	25,746,704	1,164,572,267
Interest Income (Bank)	-	6,257,062	2,687,744	2,642,605	2,688,621	1,272,055	15,548,087
Withholding Tax Charges	-	(1,251,412)	(537,549)	(528,521)	(537,724)	(254,411)	(3,109,617)
Operational Expense	(241,550,664)	(434,074,756)	(69,612,927)	(97,468,059)	(133,901,743)	(19,093,062)	(995,701,211)
Opening balance	-	597,685,134	168,616,028	271,153,296	175,799,321	173,638,239	
Closing Bank Balance	597,685,134	168,616,028	271,153,296	175,799,321	173,638,239	181,309,526	181,309,526

Note: the total operational expenses in the table above do not include the administrative cost incurred on a monthly basis. The total administrative cost amounted to over \$408 million during the period January 1, 2010 to May 31, 2015 and was borne by the NFMU. Administrative expenses were not included in E-Gov’s budget.

3.5.2 Use of information technology

The entity uses Microsoft Excel for its accounting systems. Microsoft Excel is a spread sheet application developed by Microsoft for Microsoft Windows, Mac OS X, and iOS. It features calculation, graphing tools, pivot tables, and a macro programming language called Visual Basic for Applications.

Based on our review of the Project’s financial systems and procedures, we consider the exclusive use of Microsoft Excel inadequate. The spread sheet application is unable to provide programmed reports or summaries of the information required to efficiently and effectively manage a project of this magnitude; for example, a summary of suppliers’ balances or an analysis of work done by each supplier.

It is therefore recommended that a suitable account software such as QuickBooks or Peachtree is installed and used by the Accounting Officer.

4 Other Recommendations

4.1 Governance

1. E-Government should design and implement an organisational chart and mission statement.
2. It is important for the Project Manager to possess strong managerial skills in addition to technical competence. We believe Mr. Alexei Ramotar failed to properly manage the DWDM Project.

4.2 Business model

Sound principles of project accounting should be implemented and the project should be required to produce complete financial statements showing expenditure, work-in-progress, assets and liabilities. All expenses related to the project should be accounted for fully in the financial statements and should not be concealed within the expenditure of any other agency. Procedures should also be put in place for monitoring of the technical aspects of the project to ensure that work is completed in accordance with specifications prior to payments being disbursed.

Expenditure Reduction Measures

1. Management should implement a system of recording and analysing monthly administrative expenses to facilitate cost reduction measures.
2. Improve planning before executing sub-projects. For example, the TVSS technology should have been implemented from the inception of the Project.
3. Increase training to improve staff efficiency at all levels.
4. Recruit staff with appropriate skills.
5. Set up and implement the use of accounting software, for example, QuickBooks.

4.3 Organisation

1. An accountant is required to execute related task and provide management with adequate information for decision making.
2. On the job supervision should not be outsourced; efficiency is likely to be achieved if supervision works are performed by staff that will be held accountable.
3. Ensure there is a comprehensive Project plan with a clear objective and defined strategies to achieve the objective.

4.4 Systems of internal control

1. Document administrative expenses and perform monthly reconciliations with the NFMU.
2. Prepare and maintain a fixed asset register.
3. Perform physical verification of assets on a periodic basis to prevent loss or theft.
4. Prepare and maintain a proper inventory movement data base. The data base should be complimented by internal controls documentation such as Goods Received Notes (GRNs), Requisition Notes (RNs) and Good Dispatched Notes (GDNs).
5. Perform inventory counts on a periodic basis.
6. Prepare bank reconciliations on a monthly basis.

5 Conclusion

The review revealed a number of issues, primarily in the areas of planning, management and supervision of contractors, payments to contractors above the contract amount and the lack of proper internal controls and maintenance of adequate financial systems.

In our view, the failure of the E-Government DWDM Project was primarily due to the fact that no research and analysis was conducted prior to the implementation of the project. There was no project document detailing the technical specification with regard to the installation of the fibre optic cables. Also, based on reviews of the procurement documents provided, the contractors hired to execute the installation of fibre optic cables had no prior experience in this respect. Consequently, the fibre optic cables were not properly installed and were damaged as a result of the above stated.

Implementation of the recommendations contained in this report should enhance the functioning of the Project.

6 Appendices

6.1 Appendix A

Terms of Reference

The terms of reference established the scope of our engagement as follows:

“Background

The Government of Guyana is reviewing the performance and efficiency of publicly-owned entities, statutory bodies, projects and activities financed by or through public funds. In this regard, the Government of Guyana has commissioned this audit of the financial and other operations of the E-Government Project (hereinafter referred to as the “E-Gov”).

Aim and Scope of the audit

The audit should include such procedures as necessary to:

- 1. Determine the entity’s adherence to and fulfilment of principles of corporate governance in all aspects, including its interpretation of its mission, adherence to legal or statutory and policy instruments and good practices;*
- 2. Assess and test systems and detect any instances of corporate malfeasances and inefficiency for remedial and/or judicial interventions and systems realignment;*
- 3. Determine the authenticity and validity of significant commercial and financial transactions entered into by the entity with related parties, suppliers and customers and measure the extent of potential prejudice the entity may have suffered through such dealings, if any;*
- 4. Carry out a comprehensive financial systems audit which should look at all systems, decisions and practices which have underpinned the entity’s finances and test and assess financial discipline at all levels. Without limitation, the auditor should:*
 - a. Review and examine all financial books and records of the entity as required to undertake such review and to obtain such clarifications and explanations as may be required in relation to such books and records;*
 - b. Review all contract administration and approval processes in relationship to the expenditure of funds during the period;*
 - c. Review all material expenditures and contracts made by the entity during the period and obtain all necessary information and explanations relating to such expenditures and contracts;*
 - d. Examine at all areas including budgeting, financing, expenditure, management of revenue inflows, trade terms, procurement or purchase decisions and supply chain management;*
 - e. Examine at the entity’s assets management system including its fixed assets, their disposal, management or deployment;*
 - f. Examine at the entity’s marketing, production and commissioning policies, systems and agreements to determine their integrity, efficacy and responsiveness;*

- g. Examine at the entity's archiving policy both by way of records keeping and as a performing asset that yields revenue for the entity.*
- 5. Recommend statutory, legal or organisational changes required to identify and prevent any recurrence of improprieties.*

Specialised areas

The auditor should also:

- 1. Recommend a business model, development and innovativeness which should help a restructuring exercise by gauging the entity's capacity to align itself with and keep adjusting to the larger macro-environment through periodic strategic interventions;*
- 2. Gauge the entity's readiness to do business in an environment characterised by open competition locally, regionally and globally and the removal of statutory sources of revenue including subsidies.*

Cooperation

The auditor shall be afforded every opportunity to access such records, meet such personnel and visit such places as s/he considers necessary for the achievement of the audit's objectives.

The auditor should immediately report any instances of non-cooperation of staff, customers, suppliers or other persons or entities to the Financial Secretary, Ministry of Finance.

Where the auditor has reasonable reason to believe that the records of the entity are under threat, the auditor shall, on behalf of the Government of Guyana, immediately take steps to secure such records and report the matter forthwith to the Financial Secretary, Ministry of Finance.

Eligibility

Consultants or Firms that provided audit or accounting services to the entity are not eligible for appointment as a forensic auditor. The forensic auditor must disclose all transactions with the entity during the period covered by the audit.

Reporting

No later than seven days after the completion of the field work, the auditor shall submit to the entity, copied to the Financial Secretary and the Minister of Finance, a draft report for comments and shall conduct an exit interview with the management of the entity or key persons responsible for providing information for purposes of the engagement.

The comments and feedback are to be provided to the auditor within fourteen days of the exit/closing meeting.

No later than fourteen days thereafter, the auditor shall submit a comprehensive report to the Minister of Finance, highlighting his/her findings, recommendations on corrective action to be taken and specific recommendations geared towards greater and better financial management, accountability and corporate governance.

Without prejudice to the requirements set out in the three preceding paragraphs, the auditor is required to submit a monthly update, where the engagement extends beyond one month."

6.2 Appendix B

Cabinet Decision



CABINET OFFICE
Office of the President
Visseringen & South Roads
Georgetown, Guyana

SECRET

THIS DOCUMENT IS THE PROPERTY OF THE CABINET

CP(2010)11:4:U


(MEETING HELD ON 2010-11-23)

CABINET DECISION

OPERATIONALISING THE ICT PROJECT TEAM

Cabinet considered the abovementioned memorandum CP(2010)11:4:U submitted by the Head of the Presidential Secretariat and approved the following:-

1. NFMU meeting the expenditure to be incurred on establishing the location of project team;
2. NFMU meeting the expenditure to be incurred in equipping the ICT project team; and
3. NFMU meeting the recurrent costs of resourcing the project team in meeting its deliverables.



.....
ROGER F. LUNCHEON, M. D.
SECRETARY TO THE CABINET
NOVEMBER 29TH, 2010

DISTRIBUTION

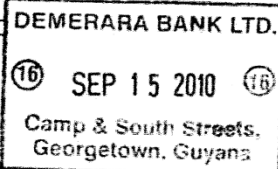
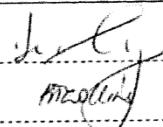
- Permanent Secretary, OP
- Managing Director, NFMU

6.3 Appendix C


Transactions not recorded

 DEMERARA BANK LIMITED 230 Camp & South Streets, Georgetown, Guyana	Debit	1240969
		FOREX
	Date	15-Sep-2010

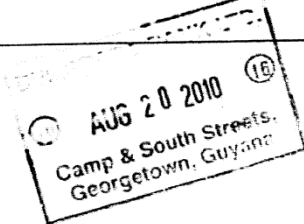
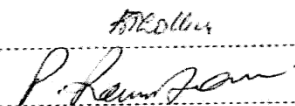
Please note that we have Debited your Account with details as follows :-
 RE: AS PER LETTER DD 15.09.2010 BEING DRAFT ISSUED IFO DAX CONTRACTING SERVICES FOR GYD15,000,000.00 PLUS BANK CHARGES OF \$1,200.00

Office Of The President FIBER OPTIC PROJECT-ESCROW ACC New Garden Street Bourda Georgetown		Amount: GYD15,001,200.00 FIFTEEN MILLION ONE THOUSAND TWO HUNDRED DOLLARS AND NO CENTS  AUTHORIZED SIGNATURES
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DUPLICATE

 DEMERARA BANK LIMITED 230 Camp & South Streets, Georgetown, Guyana	Debit	1240969
		FOREX
	Date	20-Aug-2010

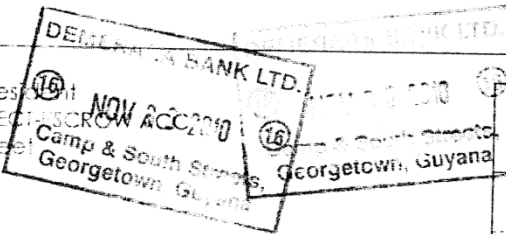
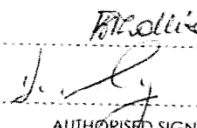
Please note that we have Debited your Account with details as follows :-
 RE: AS PER LETTER DATED 17.08.2010 BEING TELEXES ISSUED IFO BRASIL TELECOM SUBSEA CABLE SYSTEM FOR USD300,000.00 @ 204.85 + IFO HUAWEI INTERNATIONAL PTE LTD FOR USD321,564.18 @ 204.85 PLUS GYD10,200.00 BANK CHARGES

Office Of The President FIBER OPTIC PROJECT-ESCROW ACC New Garden Street Bourda Georgetown		Amount: GYD127,337,622.00 ONE HUNDRED TWENTY SEVEN MILLION THREE HUNDRED THIRTY SEVEN THOUSAND SIX HUNDRED TWENTY TWO DOLLARS AND NO CENTS  AUTHORIZED SIGNATURES
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DUPLICATE

 DEMERARA BANK LIMITED 230 Camp & South Streets, Georgetown, Guyana	Debit	1240969
		FOREX
	Date	30-Nov-2010

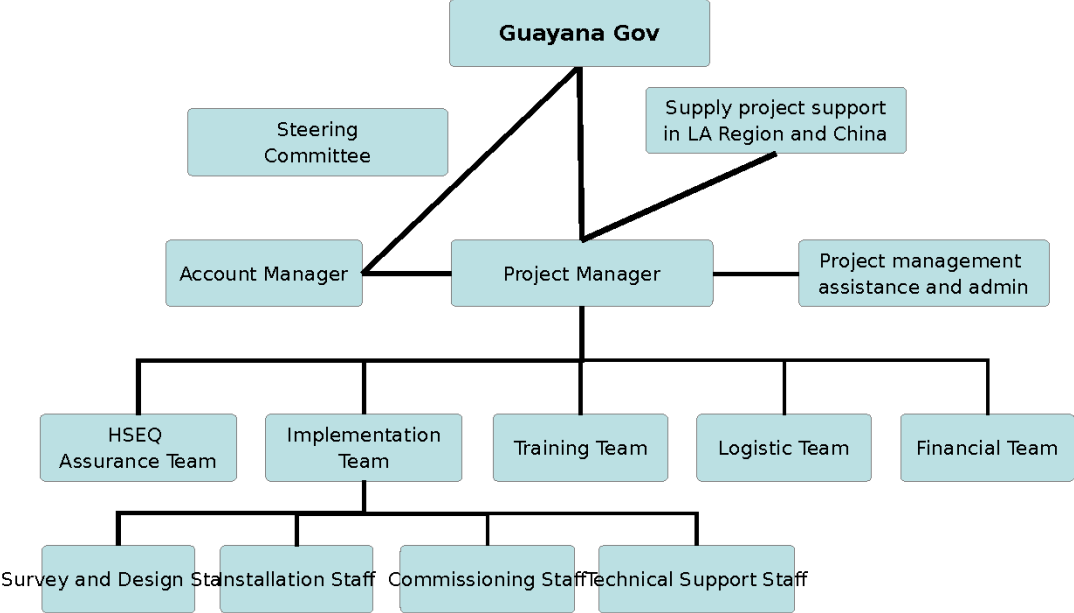
Please note that we have Debited your Account with details as follows :-
 RE: AS PER LTR DD 2010, 11.23 BEING TELEX IFO BRASIL TELECOM SUBSEA CABLE SYSTEM FOR USD200,000.00 @ 205.00 PLUS BANK CHARGES OF \$5,200.00

Office Of The President FIBER OPTIC PROJECT-ESCROW ACC New Garden Street Bourda Georgetown		Amount: GYD41,005,000.00 FORTY ONE MILLION FIVE THOUSAND DOLLARS AND NO CENTS  AUTHORIZED SIGNATURES
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DUPLICATE

6.4 Appendix D

The organisational chart below was designed and implemented by Huawei International Ltd.



6.5 Appendix E

List of contractors interviewed by Ram & McRae.

Contractor	Representative	Date of Interview
Mr. Ivor Allen	Mr. Ivor Allen	September 26, 2015
Cummings Electrical Company Limited	Mr. Michael Cummings	October 2, 2015
Dynamic Engineering Co. Ltd	Mr. Lloyd Rose	October 6, 2015
Dax Construction Services	Mr. Faisal Mohamed	October 6, 2015
G. Bovell Construction Services	Mr. Bovell	October 2, 2015
Tels Engineering Services	Accounts Department	October 12, 2015
U- Mobile (Cellular) Inc.	Mr. Dennis Norman	September 2, 2015
Fiber Optic Solutions	Mr. Peter James	October 13, 2015

6.6 Appendix F

Government of Guyana and Dax, Rehabilitation and Maintenance Agreement

GOVERNMENT OF GUYANA AND DAX CONTRACTING SERVICES

REHABILITATION, USE AND MAINTENANCE OF

FIBRE OPTIC CABLE: LETHEM TO GEORGETOWN

This agreement made on the 16th March, 2015 between the Government of Guyana as represented by the Head, Presidential Secretariat and Mr. Faisal Mohamed on behalf of Dax Contracting Services Ltd. of plot 41 Eccles Industrial Estate, East Bank, Demerara is as follows:

1. Dax Contracting Services will rehabilitate the Government of Guyana owned fibre optic cable and related structures from Lethem Region 9 to Castellani House Compound, Georgetown Region 4 according to international internet transmission standards.
2. In consideration, the Government of Guyana agrees to DAX Contracting Services to use and maintain the said fibre optic cable, repeater stations and equipment for a period of twenty-five (25) years from the date of signing of this agreement with the option of renewal for an additional fifteen (15) years.
3. (A) The Government of Guyana will provide Dax Contracting Services with the necessary support, according to the law, in obtaining licences to transmit and receive data via the fibre optic cable.

(B) The Government of Guyana will grant Dax Contracting Services access to and approval for use of the Government of Guyana owned fibre optic structure equipment including road access, access to poles, access to repeater stations and other.
4. Dax Contracting Services will be provided with tax exemptions and incentives including but not limited to:
 - a. Applicable Tax holidays
 - b. Applicable Remissions
 - c. Applicable Waivers
 - d. Duty-free concession on importation of equipment, spares, tools and vehicles specifically -
 - i) 2 SUV's
 - ii) 3 4-door pick-ups

6.7 Appendix F – Cont.

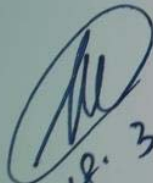
2.

6. Dax Contracting Services will be free to enter into a joint venture agreement with any other company or entity so as to execute this agreement which includes the use of the cable to transmit and receive data and information from any part of the world, according to the laws of Guyana.
7. Dax Contracting during the life of this agreement agrees to provide maintenance service of the cable from Lethem to Georgetown.
8. The Government of Guyana undertakes to contribute financially to the cost of specific maintenance service of an emergency nature according to an approved formula that takes into account the Government of Guyana's provision of duty free concession for equipment, spares and tools.
9. Dax Contracting undertakes to provide routine maintenance services according to specified international Transmission Standards.
10. Dax Contracting agrees that it would accept being the sole operator for the Cable and being granted an Operator Licence or its equivalent issued by the Government of Guyana under the following two (2) conditions:

- i) 2 SUV's
- ii) 3 4-door pick-ups

renewable every three (3) years during the life of the agreement for the maintenance of the fibre optic cable.

5. The Government of Guyana will retain possession and use of bandwidth as agreed to between the two (2) parties.


18.3.15


OFFICE OF THE PRESIDENT
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6.8 Appendix F – Cont.

... agrees that it would accept being the sole operator for the Cable and being granted an Operator Licence or its equivalent issued by the Government of Guyana under the following two (2) conditions:

- (1) Dax Contracting fully and willingly accepts the risks involved in accepting and using an Operator Licence prior to the enactment of the applicable Legislation.
- (2) Dax Contracting will fully and timely support the Government of Guyana in any response that the Government of Guyana has to legally undertake in the likelihood of intervention by GT&T/ATN with regards to the granting and use of the Operator Licence.

Signed:

Mr Faisal Mohamed
On behalf of Dax Contracting Services

18. 3. 15

Signed:

Head, Presidential Secretariat
On behalf of the Government of Guyana

18. 3. 15