

18 December 2015

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

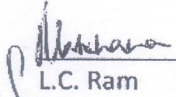
Dear Minister:

Re: Special investigation into financial operations and functioning of the Scrap Metal Unit.

With reference to our engagement to carry out a special investigation into the financial operations and functioning of the Unit, 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 Unit for the cooperation received during our investigation.

Yours faithfully,

  
L.C. Ram  
Managing Partner



# SCRAP METAL UNIT

Special investigation into financial operations and functioning

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Ram & McRae

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## Executive Summary

This Executive Summary contains the principal findings of the review carried out by Ram & McRae, Chartered Accountants pursuant to the terms of reference set out in Appendix A to this report. It is intended as a quick reference and does not take the place of the full report which contains additional findings and recommendations.

1. The Unit has its origin in the Old Metal Dealers Act Cap. 91:08 first promulgated in the year 1900. Supervisory responsibility for the Unit was transferred from the Ministry of Tourism, Industry and Commerce to the Central Housing and Planning Authority (CHPA) by virtue of the 2012 Cabinet Paper dated January 31, 2012.
2. The CHPA is conferred with specific statutory powers and duties which do not include the regulation of the business of dealers in Old Metals, as described in the long-title of the *Old Metal Dealers Act 91:08*.
3. Contrary to laid down procedures, we noted instances where containers were packed in yards not legally approved. We also noted that there is no inspection by any engineer attached to the Unit.
4. The requirement that the movement of scrap metal from collection yards to licensed yards be observed is not being complied with. Inspectors and enforcers would visit unlicensed yards but we were informed that they do not observe the transfer of metals to licensed yards.
5. Cabinet on January 31, 2012 approved the purchase of one (1) vehicle for the operation of the Scrap Metal Unit. Without requesting further approval from Cabinet, the CHPA Board of Directors approved the purchase of an additional vehicle for \$6.5 million.
6. We were unable to physically verify a motor vehicle listed on the asset register **PPP 12**. Management indicated that this vehicle is at Office of the President.
7. In a strict sense no audit of the Unit has ever been properly authorised by the Auditor General as required by the Audit Act nor was a proper audit executed.
8. On March 31, 2015 the Unit paid Impression \$2.6M for Mashramani items no Tender Board approval was seen for this activity. As far as we are aware, the Scrap Metal Unit did not participate in the Mashramani Celebrations and the expenditure may at best have been for the Ministry of Housing. This expenditure would therefore have been in violation of the Appropriation Act.
9. The Customs Act does not specifically exempt from Export Duty any export of scrap metal in which case the Act requires that the general rate of 1.5% should be applied. However, while the Guyana Revenue Authority is involved in the process of facilitating export, it did not collect "export duty" on scrap metal exported during the period under review. Had the rate of 1.5% been applied, the export duty for the period would have been \$70.5M.
10. Apart from the uncertainty about the basis and nature of fees and charges there was also no agreement between the shipments made as reported by the Ministry of Trade (the licensing agency), the GRA and Guyana Metal Recyclers Association (GMRA) for each and every year under review. Mention the range of the differences.
11. During the period of operation the Unit made monthly payments to Inspectors, Enforcement Officers, Administrator and Drivers totalling \$43.1M without any deduction of PAYE and NIS contributions. It is the obligation of the employer to deduct and remit the taxes and NIS contributions payable.

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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 Scrap Metal Unit. 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.

## 2 Scope

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

The scope of our engagement was not limited in any way by the entity or any individual but several documents and clarification were not provided as detailed in this report. The availability of that information could have an impact on our audit.

We reserve the right, but are under no obligation, to supplement or amend our report upon the receipt of additional information.

## 3 Findings and Recommendations

### 3.1 Statutory framework

#### 3.1.1 Applicable legislation

The Unit appears to have its history in the Old Metal Dealers Act Cap. 91:08 first promulgated in the year 1900. The purpose of the Act is to regulate the business of Dealers in Old Metals. The Act was amended on three occasions: in 1949 by Act No 26, in 1972 by Act No 4 and in 1991 by Act No 27. The Act has no subsidiary legislation.

Despite several requests we have not been able to obtain information to enable us to determine when the Unit was first established, the period it has been in operation, the rationale for its establishment and whether general or specific legal advice was obtained.

That Unit was transferred from the Ministry of Tourism, Industry and Commerce to the Central Housing and Planning Authority (CHPA) by virtue of the 2012 Cabinet Paper dated January 31, 2012.

#### 3.1.2 Role of the Minister

Currently, the Scrap Metal Unit is administered under the Central Housing and Planning Authority which falls under the Ministry of Communities. The Act itself does not specify a subject-Minister and it is therefore within the power of the President, acting through the Cabinet, to assign it to a particular Minister.

The CHPA is conferred with specific statutory powers and duties which do not include the regulation of the business of dealers in Old Metals, as described in the long-title of the *Old Metal Dealers Act 91:08*.

The roles of the Minister as set out under various sections of the *Old Metal Dealers Act 91:08* are:

- Minister may suspend export of old metal.
- The Minister may by order prohibit all old metal, or any specified kind or description of old metal, from being shipped or otherwise exported from Guyana for a specific period of time not exceeding one year, if the Minister considers it necessary or expedient in the interest of preventing or curbing any illegal activity.

#### 3.1.3 Functions

The function of the Scrap Metal Unit is not set out in any legislation. An unsigned, undated copy of a document outlining the following functions of the Unit was provided to us during the audit:

(a) Conducting daily inspection on scrap metal yards. Inspection entails:

- That all scrap metal yards are licensed;
- That all scrap metal acquired is recorded in a register;
- That scrap metal yards are properly secured at all times;
- Identifying any material that may have been illegally acquired;
- Making note of any shipping containers that may be present at the location at the time of inspection.



- (b) Observing the loading process of scrap metal into containers to ensure that there is no illegal materials or substance is stuffed into containers for export.
- (c) Along with the Guyana Police Force and officials from GMRA, conducting investigations into vandalism, theft of scrap metal.
- (d) Verifying the type of metal being exported i.e. Ferrous & Non-Ferrous metals.
- (e) Checking for suspected vandalised metals e.g. manhole covers, electrical and telephone cables etc.
- (f) Ensuring containers that are packed in the legally approved yards, under inspection of the scrap metal unit are the said ones being shipped.
- (g) Checking on “collection yards” for any suspected vandalised metals.
- (h) Observing the movement of scrap metal from collection yards to licensed yards.

*Ram & McRae’s Comments on the execution of the functions*

<b>Functions</b>	<b>Compliance</b>	<b>Remarks</b>
Conduct daily inspection on scrap metal yards.	Partially	The Chief Inspector, an Enforcement Officer and a Driver would rotate the visits to scrap metal yards on the East Bank, East Coast and Georgetown, e.g. Monday - East Bank, Tuesday East Coast and Georgetown in no particular order. This responsibility is given to the Guyana Police Force in section (11) of the Old Metal Dealers Act: “Any member of the Police Force above the rank of constable may visit at any time the places of business and inspect the goods and books of dealers, and each superintendent or sub-officer shall, and is hereby empowered to, record, in the book hereinafter required to be kept by every dealer, the day and hour of his visit, and to place opposite the entry of every article examined by him his name or initials in attestation thereof”.
Observe the loading process of scrap metal into containers to ensure that there is no illegal materials or substance is stuffed into containers for export.	Partially	The team from the Unit only does spot checks on the containers and metal being loaded into the containers, 100% is done for non-ferrous metal along with representatives from GTT, GPL and GMRA. This function was carried out by the Enforcement Officers.
Along with the Guyana Police Force and officials from GMRA, conduct investigations into vandalism, theft of scrap metal.	Unable to state	During the period of operation of the Unit there was one instance when manholes belonging to GWI were found at a dealer on the East Bank, the information of the dealer and his customer was handed over to GWI and the Guyana Police Force.
Ensuring containers that are packed in the legally approved yards, under inspection of the	Partial	There were instances where licensed dealers packed their containers in unlicensed yards e.g. when Joseph Persaud loaded containers at Parika.

Scrap Metal Unit are the said ones being shipped.		<p>Section 12 (1) (f) provides for inspection as follows: “he shall not ship or export from Guyana any old metal unless it has been inspected in its original form by an engineer approved by the Minister who shall make out and deliver to the Commissioner- General of the Revenue Authority a detailed description of the article comprising such old metal, giving the weight, kind and variety of same”. The Guyana Revenue Authority responded that “as it relates to Section 12 (1) of the Old Metal Dealers Cap. 91:08, it has been the Standard Operating Procedure for exporters of Old Metals to be issued with a letter of approval from the Central Housing and Planning Authority (CH&amp;PA) prior to the loading of container”.</p> <p>We have ascertained that contrary to the requirement of the Act, there is no inspection by any engineer.</p>
Observing the movement of scrap metal from collection yards to licensed yards.	No	This function was never carried out by the Unit. Inspectors and enforcers would visit unlicensed yards but we were informed that they do not observe the transfer of metals to license yards.

Administrator’s Comment

The CH&PA Scrap Metal Unit utilised the same procedure in relation to the operation of the scrap metal trade inherited from Ministry of Tourism, Industry and Commerce (MTIC) in the day to day management of the scrap metal trade. In fact, the Chief Scrap Metal Inspector was the only staff that was with the Unit when the trade was transferred to the CH&PA in January 2012. The said officer is still employed with the Unit to date.

3.2 Systems of internal control

There are no documented standard operating procedures SOPs and there were no formal accounting policies and procedures in place for the Unit.

Administrator’s Comment

When the trade was transferred from MTIC in January 2012, there was no SOPs, accounting policy and procedure, financial records, audited financial statements, etc. that were handed over to CH&PA.

3.2.1 Motor Vehicles

Cabinet on January 31, 2012 approved the purchase of one (1) vehicle for the operation of the Scrap Metal Unit and payment of motor vehicle expenses when the Unit was transferred from the Ministry of Trade.

1. Without requesting further approval from the Cabinet the CHPA Board of Directors approved the purchase of an additional vehicle as per board minutes dated 2013.01.31.

**We recommend that in future any change in policy to have more than one vehicle or a different type of vehicle must be approved by Cabinet.**

Administrator's Comment

No comment.

2. The Unit's non-current asset listing does not have any identification number to identify the assets. The purpose of any such record is to record and control the assets which will help to laid in the physical verification of such asset.

**We recommend that the Company adequately maintain its non-current asset register and affix separate identification number on all assets.**

Administrator's Comment

The Unit has a list of **only sixteen (16) items in its non-current assets register.** All the said assets in the non-current assets register were made available to the forensic auditors for physical verification, with the exception of the Motor Vehicle PPP 12.

3. We were unable to physically verify a motor vehicle listed on the asset register **PPP 12.** Management indicated that this vehicle is at Office of the President.

**We recommend that the necessary steps be taken to return this vehicle to the Unit or have the vehicle transferred to the Ministry of the Presidency and removed from the Unit books.**

Administrator's Comment

Motor Vehicle PPP 12 was transferred to the Ministry of Presidency in early 2015, without the knowledge of the Administrator of the Unit. The Human Resource Department of the CH&PA facilitated the transfer of the said vehicle and to date no paper work on the said transfer was made available to the Administrator for presentation to the forensic auditors.

### 3.2.2 Audit and Financial Statements

The Auditor General is by virtue of section 4 of the Audit Act, the external auditor of the public accounts of Guyana. The Act gives the Auditor General the power to contract out audits of the firms of Chartered Accountants on a contractual basis for limited engagements and subject to the guidelines provided for under the Act.

The first effort at any audit of the financial records of the Unit was not made until three years after Cabinet had transferred the Unit to the CHPA. By way of a verbal approval the Auditor General approved Parmesar, Chartered Accountants, as independent auditor of the Unit. See letter dated August 24, 2015 from Auditor General to Minister Jaipaul Sharma. Such an oral appointment is not only unprecedented but is in violation of the Audit Act.

Moreover, a review of the opinions of Parmesar, Chartered Accountants for the years 2012, 2013 and 2014 suggests that proper statements of accounts compliant with International Financial Reporting Standards (IFRS) were not prepared by the Unit.

We wish to highlight the following:

- Comparative figures for the preceding year were not stated in any of the financial statements for the three years;
- The financial statements were not prepared on the accruals basis of accounting. The Unit did not prepare an Income Statement but a Statement of Receipts and Payments. Accordingly expenditure on fixed assets including the purchase of a Motor Vehicle was included in the Statement of Receipts and Payments, along with stationery, fuel and lubricants;
- For the year ended December 31, 2013, treat the \$142.8M transferred from the account held with the Bank of Guyana as export fees. The correct treatment should have been to restate the accumulated fund in the statement of financial position;
- There is no Depreciation charge since this is not a cash item;
- The Unit presents a Statement of Financial Position which includes only bank and cash balances. A complete Balance Sheet (Statement of Financial Position) must include not only bank and cash balances but also fixed assets and current and no-current liabilities;
- The financial statements were never approved by the directors of the CHPA;
- A review of the opinion issued by Parmesar suggests that the engagement did not amount to an audit.

**In a strict sense no audit of the Unit has ever been properly authorised by the Auditor General as required by the Audit Act nor was a proper audit executed.**

Administrator's Comments:

- The Auditor General gave consent to Parmesar, Chartered Accountants to conduct an audit of the Scrap Metal Unit for the years 2012 to 2014.
- A completed set of accounts was prepared for the Unit for the years 2011 to 2014.
- Parmesar, Chartered Accountants, completed the audit of the years 2011 to 2014 and issued an opinion on same.
- All financial records of the Unit were properly maintained over the years and are available for scrutiny or re-examination, if necessary.

### 3.2.3 Approvals for Goods and Services

Adequate approvals were not seen for the following purchases of Goods and Services:

<i>Date</i>	<i>Cheque #</i>	<i>Supplier</i>	<i>Item</i>	<i>Amount \$</i>	<i>Remarks</i>
2013.04.03	340262625	AINLIM	One (1) Nissan Navara	6,500,000	No cabinet approval seen
2013.04.16	340262627	L. Mohamed	Accessories for Nissan Navara	285,000	Only two quotations seen
2013.07.22	340262642	Starr Computer	Two (2) Computers	304,064	Only two quotations seen
2013.09.03	321702571	Office Plus and More (Diamond)	One (1) Photocopier	425,000	No tender board approval seen
2014.09.26	321702745	Cellphone Shack	iPhone 6	229,999	No quotation seen
2013.10.28	321702578	Autofashion	Door visor and canopy	499,000	No tender board approval seen
2014.02.04	321702628	Starr computer	Two (2) Lenovo laptops	198,000	Only two quotations seen
2014.12.18	321894685	Natasha Singh	Beverage for Minister	500,000	No tender board approval seen
2014.12.29	321894686	Natasha Singh	Social Event hosted by Minister	300,000	No quotation seen
2015.03.31	321894720	Parmesar	Audit fees – 2011-2014	1,000,000	No tender board approval seen
2015.03.31	321894721-22	Impression	Mashramani stuff	2,600,000	No approval seen

**As far as we are aware, the Scrap Metal Unit did not participate in the Mashramani Celebrations and the expenditure may at best have been for the Ministry of Housing. This expenditure would therefore have been in violation of the Appropriation Act.**

**The expenditure of \$500,000 on December 18, 2014 and \$300,000 on December 29, 2014 may constitute the misuse of public funds and the Minister and public official who authorised the expenditure acted in violation of section 48 of the Fiscal Management and Accountability Act.**

Section 49 of the Act provides that if a loss of public moneys occurs and that a Minister or official has caused or contributed to that loss through misconduct or through deliberate or serious disregard of reasonable standards of care, that Minister or official shall be personally liable to the Government for the amount of the loss.

Section 49 (2) provides for some mitigation where the misconduct or disregard of the person is not the sole cause of the loss. In such circumstances, the person is liable to pay only so much of the loss as is just and equitable having regard to the person's share of the responsibility for the loss.

### 3.2.4 Bank Balances

The **Unit** bank account is maintained at Republic Bank (Guyana) limited the year end balances were as follows:

December 31, 2012	\$ 41, 178,739
December 31, 2013	\$188,603,203
December 31, 2014	\$189,731,132

No transfer was made to the Consolidated Fund at the end of the years.

### 3.2.5 Budget

The Unit is part of the public accounts of Guyana and should comply with the Fiscal Management and Accountability Act, including the requirement for annual budgets.

Failure to prepare annual budgets is a violation of the Act. Section 85 of the Act makes it an indictable offence for any official to knowingly permit any other person to contravene any provision of this Act.

## 3.3 Significant commercial and financial transactions

### 3.3.1 Collection of Export Fees

There is no provision in the Old Metal Dealers Act 91:08 for the collection of export fees. However, the financial statements describe the Unit's income as a line item Export Fees. In February 2013 an accumulated sum of \$142.8M was transferred from an account in the name of the Ministry of Trade and Industry and Commerce held at the Bank of Guyana account to a new account at Republic Bank Limited in the name of the Unit. This amount was incorrectly reported as export fees in the 2013 Financial Statements.

Collections by the Unit for the period December 2011 to May 2014 amounted to \$131.7M and was accounted for as Export Fees.

The balance on hand at May 31, 2015 was \$196.4M (**Appendix B**). As stated by Attorney-at-Law Christopher Ram in an opinion dated June 15, 2015, the balance held in the account of the Central Housing and Planning Authority Housing Fund Scrap Metal Unit should be paid into the Consolidated Fund.

### 3.3.2 Export Duty

The Customs Act does not specifically exempt from Export Duty any export of scrap metal in which case the Act requires that the general rate of 1.5% should be applied. However, while the Guyana Revenue Authority is involved in the process of facilitating export, it did not collect "export duty" on scrap metal exported during the period under review. We have further reviewed the Customs Act Cap 82:01 and found no exemption from export duties payable under that act.

Had the rate of 1.5% been applied, the export duty for the period would have been:

Year	Customs Value	Rate %	Uncollected Export Duties
Dec. 2011	60,991,765	1.5	914,876
2012	1,153,366,726	1.5	17,300,501
2013	1,392,169,573	1.5	20,882,544
2014	1,435,808,765	1.5	21,537,131
Jan.-June 2015	659,789,811	1.5	9,896,847
<b>Total</b>	<b>4,702,126,640</b>		<b>70,531,900</b>

The Customs Values are derived from detailed information provided by the Guyana Revenue Authority and the value for each shipment can be computed from those records. In all probability there may have been significant understatement of the Customs Value since the mistaken belief is that no export duty was collectible and that declared values were for information purposes only.

It is not recommended that the GRA seek to recover these sums since any such effort is likely to meet with legal challenges. We recommend however all revenues eligible are collected and the law applied.

### 3.3.3 Collection on Exports

Scrap Metal dealers are required to a charge for each container of Ferrous (Copper and Aluminium) Metal and No-Ferrous (Iron) Metal shipped as follows:

Size of Container	Non-Ferrous \$	Ferrous \$
20 Feet	50,000	30,000
40 Feet	60,000	35,000

*The receipts issued to dealers for export fees were incomplete; the following were not included:*

- Type of metal being exported;
- Number and size of container (s) being shipped;
- The containers serial numbers.

The rates are not statutorily determined or prescribed but are administratively set by the Finance Director of CHPA who has been appointed Administrator of the Unit.

Apart from the uncertainty about the basis and nature of fees and charges there was also no agreement between the shipments made as reported by the Ministry of Trade (the licensing agency), the GRA and Guyana Metal Recyclers Association (GMRA) for each and every year under review.

We are unable to verify the export fees reported in the financial statements. The number of containers reported as exported see below for differences.

Metal Shipped	2012			2013			2014		
	Ministry of Trade	GRA	GMRA	Ministry of Trade	GRA	GMRA	Ministry of Trade	GRA	GMRA
Total Containers - 20FT	551	791	495	423	556	389	673	668	569
Rate	25,625	25,625	25,625	25,625	25,625	25,625	30,000	30,000	30,000
Export fees	14,119,375	20,269,375	12,684,375	10,839,375	14,247,500	9,968,125	20,190,000	20,040,000	17,070,000
Total Containers - 40FT	1,187	424	1,239	672	643	656	396	597	398
Rate	30,750	30,750	30,750	30,750	30,750	30,750	50,000	50,000	50,000
Export fees	36,500,250	13,038,000	38,099,250	20,664,000	19,772,250	20,172,000	19,800,000	29,850,000	19,900,000
Ministry of Tourism Payments	10,567,575	-	-	-	-	-	-	-	-
Total Export Fees	61,187,200	33,307,375	50,783,625	31,503,375	34,019,750	30,140,125	39,990,000	49,890,000	36,970,000
Export Fee as per FS	55,605,805	55,605,805	55,605,805	30,503,940	30,503,940	30,503,940	34,051,537	34,051,537	34,051,537
Difference	5,581,395	(22,298,430)	(4,822,180)	999,435	3,515,810	(363,815)	5,938,463	15,838,463	2,918,463

### 3.3.4 Banking of Export Fees

Cheques totalling \$7,354,000 received for export fees during the period September to December 2014 were only deposited on January 7, 2015.

**Proper financial controls require that receipts be deposited promptly.**

### 3.3.5 Inspectors and Enforcement Officers

The **Unit** employed Inspectors and Enforcement Officers who are required to visit the scrap metal dealers to conduct an inspection of Scrap Metal identified for shipment. An oral or written report would usually be prepared based on the inspection conducted and the Minister of Housing and Water gives the final approval or non-approval for export of the scrap metal.

During the period 2011 to 2015 the following persons were employed:

Name	Designation	Start Date	End Date	Total Amount \$
Muneshwar Singh	Chief Scrap Metal Inspector	2011.10.13	Current	8,074,071
Andre Ian Wills	Scrap Metal Inspector	2011.11.21	2015.02.27	6,429,496
Ravindra Teekaram	Driver/Enforcer	2011.12.01	2012.11.30	1,233,410
Gladwin Stuart	Driver/Enforcer	2012.11.01	Current	4,238,673
Quadir Khan	Scrap Metal Inspector	2013.02.11	2015.05.31	4,233,747
Solomon Merai	Scrap Metal Inspector	2013.04.15	2015.04.30	5,783,235
Rajput Narine	Enforcement Officer	2013.04.15	2013.09.30	933,150
Dharmendra Lackan	Driver/Enforcer	2013.09.23	Current	2,362,512
Richard Baldie	Enforcement Officer	2013.10.10	Current	3,089,270
Wayne Adams	Enforcement Officer	2014.04.01	2014.05.31	343,700
Mitchel Schwiers	Scrap Metal Inspector	2013.04.15	2015.05.31	2,617,300
Taslim Baksh	Adminsitrator	2011.01.01	2015.05.31	3,140,000



Clause 12 of the employees contracts is “the person engaged shall be responsible for the payment of his/her NIS and PAYE deductions; hence no deduction was made.

**Solomon Merai** is the former controversial Assistant Commissioner of the Guyana Police Force who retired December 31, 2011.

**Rajput Narine** was named as a former bodyguard of Mr. Anil Nandlall, Attorney General in the PPP/C Administration 2011 – 2014.

**Monthly payments to Inspectors and Enforcement Officers were paid without any deduction of PAYE and NIS contributions. It is the obligation of the employer to deduct and remit the taxes and NIS contributions payable.**

### 3.3.6 Funds transferred

Cabinet on January 31, 2012 approved the transfer of all monies held at the Bank of Guyana Official MTIC Scrap Metal Trade Account No. 01639003150 to the Central Housing and Planning Authority Scrap Metal Unit Current Account No. 670-424-1, held at Republic Bank (Guyana) Limited.

One year after on February 1, 2013, the sum of \$142,809,046 was transferred (**Appendix D**).

We requested copies of the Bank of Guyana statements for the periods January 31, 2012 to February 28, 2013 from the Permanent Secretary Emil McGarrell to verify the balances and amount transferred but these were not provided.

## 4 Conclusion and Recommendations

1. There is far too much uncertainty surrounding this trade and the law governing it is severely outdated.
2. There appears no consistent policy towards the trade with the Government opening and closing the trade at will.
3. It is unclear why responsibility for the trade was transferred to the Central Housing and Planning Authority and why no Export Duty is paid under the Customs Act. In our opinion there is a high probability of revenue leakage but because of the inadequate reporting, any estimate is merely speculative.
4. There seems a total lack of coordination between and among the four agencies involved: the Guyana Police Force, the Ministry of Business, the Scrap Metal Unit and the Guyana Revenue Authority.
5. The law and the trade need to be completely revamped after consultation with key stakeholders. However, the Government needs to put interim measures in place as the trade is at a standstill while export is temporarily banned.

## 5 Appendices

### 5.1 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 Scrap Metal Unit (hereinafter referred to as the “entity”).

##### **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."

5.2 Appendix B  
**Bank Reconciliation**

CENTRAL HOUSING AND PLANNING AUTHORITY  
 Bank Reconciliation for the month May,2015  
 Republic Bank Current Account # 670-424-1

	Balance as per Bank Statement as at 31/5/2015	196,839,927
<i>Add</i>	Deposits not on Statement	
<i>Less</i>	Unpresented Cheques	474,934
	<b>Balance</b>	<b>196,364,993</b>

	Balance as per Cash Book as at 31/5/2015	196,364,993
<i>Add</i>	Deposits not on Cash Book	
	<b>Balance</b>	<b>196,364,993</b>

Prepared By: Mohamed Amir

Date: 19/06/2015

Checked By: [Signature]

Date: 2015/6/19

**List of Unpresented Cheques**

Date	Cheque	Payee	Particulars	Amount (\$)
23/3/2015	321894718	Taslim Baksh	Stipend for February & March,2015	\$ 200,000
21/5/2015	321894736	BNS	Salary for May,2015	\$ 109,536
21/5/2015	321894739	Digicel	Charges for April,2015	\$ 9,998
27/5/2015	321894741	Solomon Merai	Vacation all. & Gratuity for 2015	\$ 155,400
				<b>\$ 474,934</b>

5.3 Appendix C

**Central Housing & Planning Authority (Guyana) Limited**

78-80 CAMP & ROBB STREETS  
 GEORGETOWN  
 TEL: 592-226-4911 / 223-7433

CENTRAL HOUSING & PLANNING  
 AUTHORITY HOUSING FUND  
 LOT 41 BRICKDAM AND UNITED  
 NATIONS PLACE, STABROEK  
 GEORGETOWN  
 GUYANA

FORM NO. 1825(04-11)

BRANCH

06295 PERIOD ACCOUNT# PG#

01 MAY 15 670-424-1 1

29 MAY 15 CURRENCY

GUYANA DOLLAR

ENCLOSURES DESIGNATION

SCRAP METAL UNIT ACCOUNT OFFICER

MR. SHERWYN GREAVES

**STATEMENT OF ACCOUNT**

	DESCRIPTION	DEBITS	CREDITS	BALANCE
	CURRENT ACCOUNTS			
		BALANCE FORWARD		196,362,412.00
07	MAY 15 CHEQUE 321894733	100,000.00		196,262,412.00
08	MAY 15 CHEQUE 321894732	16,500.00		196,245,912.00
18	MAY 15 CHEQUE 321894734	63,000.00		196,182,912.00
21	JAY 15 CASH & CHQ DEP		1,462,040.00	197,644,952.00
22	MAY 15 CHEQUE 321894738	202,186.00		197,442,766.00
25	MAY 15 CHEQUE 321894735	131,945.00		
25	MAY 15 CHEQUE 321894737	270,894.00		197,039,927.00
29	MAY 15 CHEQUE 321894718	200,000.00		196,839,927.00

NO. OF DEBITS	NO. OF CREDITS	TOTAL DEBIT AMOUNT	TOTAL CREDIT AMOUNT

"We're the One for You"

*[Signature]*  
 06/02/2015

5.4 Appendix D

**Bank Statement**



110 CAMP & REGENT STREETS  
LACYTOWN  
GEORGETOWN

CENTRAL HOUSING & PLANNING  
AUTHORITY HOUSING FUND  
HOLD MAIL

FORM NO. 0283(04-11)

BRANCH  
06295  
PERIOD ACCOUNT# PG#  
01 FEB 13 670-424-1 1  
28 FEB 13  
CURRENCY  
GUYANA DOLLAR

ENCLOSURES 5  
SCRAP METAL UNIT DESIGNATION  
MR. SHERWYN GREAVES ACCOUNT OFFICER

STATEMENT OF ACCOUNT

DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
D. M. Y.				
	CURRENT ACCOUNTS			BALANCE FORWARD 40,550,093.00
01 FEB 13	AUTOMATED PAYROLL CR		42,809,047.00	
01 FEB 13	AUTOMATED PAYROLL CR		99,999,999.00	183,359,139.00
04 FEB 13	CHEQUE 340262617	55,459.00		183,303,680.00
17 FEB 13	DEPOSIT		1,240,250.00	
18 FEB 13	DEPOSIT		1,255,625.00	
18 FEB 13	DEPOSIT		1,893,864.00	
18 FEB 13	RETURNED ITEM	315,364.00		
18 FEB 13	RET'D ITEM CHG.	1,500.00		187,376,555.00
27 FEB 13	CHEQUE 340262618	155,000.00		187,221,555.00
28 FEB 13	CHEQUE 340262620	116,450.00		
28 FEB 13	CHEQUE 340262619	126,461.00		186,978,644.00

770,234.00 147,198,785.00 186,978,644.00