



INTERNAL AUDIT DEPARTMENT

INVESTIGATION REPORT

To: Mr. Ramesh Dookhoo - **Chairman, Board of Directors**
From: Manager, Internal Audit
Date: June 3, 2015
Subject: Alleged irregularities

As requested, we have conducted checks into a list of alleged irregularities within the company. We herein submit our findings, comments, and recommendations.

Objective

To establish and/determine the accuracy of the allegations.

Scope

Our examination was conducted in accordance with standard fraud examination techniques, which included the examination of records, interviews with relevant personnel, and any other such evidence-gathering procedures as necessary under the circumstances.

Overview

During an emergency meeting held on May 28, 2015 by the Chairman, Board of Directors, other board members and Senior Management officials several reports of irregularities regarding the conduct of the Chief Executive were raised. These include misappropriation of cash advances for sites visits, abuse of authority in using the company assets, overriding company policies etc.

Allegation 1 - Misappropriation of Cash Advance for site visits and unauthorized Cash Refunds
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Site Advances for undertaking official trips (Account #1603) are granted to an employee for defraying expenses for meals, boarding, etc. while on official duties away from base.

Procedure:

An employee must present a “**Request for Advance**” form approved by the relevant Head of Department (HOD) to the finance department stating the requestor’s name, amount, purpose, clearance date and an expense budget. Cash Advances below and above \$15,000 are paid via Petty Cash and Cheque respectively. No advance is issued to any person who has an advance outstanding unless approved by the Finance Director.

Advances must be cleared on the date specified; however, if more time is needed then proper explanation should be provided by the respective HOD. Supporting bills or in special cases honor certificates with adequate details are required to substantiate expense claims. Cash Receipts are issued in cases where cash are returned. Data entry of transaction into Oracle EBS is done by the Accounts Clerk and rechecked by the Assistant Accountant. Final posting of transaction to General Ledger is done by the General Accountant.

Findings:

For the period January 2014 – May 2015 a total of \$3.9Mn (**See appendix 1**) was issued to the *Chief Executive* and employees performing duties as his *Executive Assistant* to facilitate official field trips.

- i) The legitimacy of expenses and field trips could not have been verified since bills produced did not provide any contact information for the persons issuing same; no other official from GWI was stated accompanying the *Chief Executive* on the claimed official visits; and the purpose of the visits were not stated. **Refer to Exhibit 1.**
- ii) The following were observed from bills presented to substantiate expenses incurred. **Refer to Exhibit 2.**
 - ✓ Like hand writings and formation of letters on bills “supposedly” issued by different individuals.
 - ✓ Bills issued from different persons in different locations which showed signs of being from the same book since the receipts contained one of the above if not both and had the same designs.
 - ✓ Individuals who “supposedly” issued the receipts from one location issued another at a different location.
- iii) Cash receipt of US\$400 equivalent to GY\$84,000 (Ex. Rate @210) dated 05/09/14 written to S. Baksh from M. Ramgoolan for “hire of taxi Piarco – POS San Fernando Chaguanas/ POS” was presented to clear advance of \$105,000 taken on 04/09/14 for a visit to the Water Authority of Trinidad and Tobago. **See exhibit 3.** We were informed that neither the board of directors nor senior management was aware of this visit.

- iv) Bills dated December 4, 2014 totaling \$200,000 were proven to be fictitious as security logs showed that the Chief Executive was at head office instead of the locations claimed. Refer to the below table for the details:-

Date Prepared	Advance Voucher			Cheque #	Cheque		Date	Bills	
	Prepared By	Date Approved	Approved By		Oracle AP Module Creation date & Time	Approved By		Details	Value (\$)
04/12/14	Onika Holder	04/12/14	Shaik Baksh	950013014	04-Dec-2014 12:02:29	N. Niles & S. Tiwari	04/12/14	Hire of speed boat from Parika – Moruka on 4/12 and return Morika – Parika on 6/12	160,000
								Hire of speed boat from Parika / Supenaam / Parika	40,000

Head Office Security “vehicle log book” showed following logs for the Chief Executive’s vehicle:-

Date	Driver’s Name	Time		# of persons in the vehicle	Remarks
		In	Out		
December 4, 2014	Gavin Anderson	11:15	-	3	CEO
		-	13:25	2	CEO
		15:55	-	3	CEO / Family
	Baksh	-	17:25	1	CEO

See exhibit 4

- v) Advance of \$300,000 was issued on April 30, 2015 for visits to Upper Pomeroun region and Santa Rosa and Villages in Morika sub region, however, one of the bill presented totaling \$245,000 for hiring of speed boat from Charity to Santa Rosa, Santa Rosa to Moruka return and Santa Rosa to Mabaruma return was dated May 11, 2015 – Elections Day which was declared a public holiday. **See exhibit 5 for bill and appendix 2 for media article**
- vi) Advance of \$220,000 was requested on May 22, 2015 by Demallea Benjamin, Communication Assistant (acting in the capacity of the Executive Assistant to the Chief Executive at the time) for visits to communities along the upper and lower Mazaruni River and Bartica. **See exhibit 6.**

- A cheque was prepared and approved on the mentioned date. The Communications Assistant indicated that she collected the cheque, changed same and gave the cash to the CEO on May 25, 2015.
- On May 29, 2015, IAD was informed by the Director of Finance that the money was refunded by the Chief Executive and a receipt #80324 was issued for same. *The reason provided for the cancellation of the trip was that the cash was received too late.*

Refunds

- vii) Table below show instances where refunds were made to the Chief Executive by GWI for entertainment of Officials from other Water Entities across the region. We were unable to determine whether other GWI officials were present on these occasions. **See exhibit 7.**

Date	Details	Amount	Remarks
29-Apr-2015	Entertainment of team from T & T	\$27,095	This was coded to <i>GWI's Entertainment and Hospitality</i> expense code and not the <i>CE's Entertainment Allowance</i>
16-Oct-2014	Purchase meals for team from Brazil	\$32,893	
19-Dec-2014	Entertainment of team Solaris Barbados	\$13,200	

- viii) The Chief Executive's employment contract dated September 17, 2012 does not provide for compensation for medical expenses; however, an instance was noted where monies were reimbursed for a "claimed" on the job accident. This accident was never reported to the Occupational Health and Safety Officer or the Human Resources Department nor was there any accident report prepared to justify payments. The total value amounted to \$29,000 which was approved by the Management Accountant, S. Tiwari and paid on April 24, 2015. **See exhibit 8.**

- Apart from the above mentioned three (3) other claims for medical treatments were found:-

Date	Details	Amount	Remarks
19-Mar-2015	Medical Expenses	\$20,000	
04-Mar-2015	Payment for medical treatment	\$50,000	Claims of on the job injury, yet no report was made to the Occupational Health & Safety Officer or HR.
03-Feb-2015	Refund to Mr. Baksh MRI cervical spine	\$85,000	

Allegation 2 – Financial irregularity reference made to unaccounted deposits system breakdowns

Copy of the investigation report on unaccounted deposits is provided for guidance. With regards to system breakdowns this was evident in routine audits done in the latter part of 2014 for Accounts Payable, Fixed Assets & WIP, and Bank Reconciliations and was discussed at various Audit Sub-Committee meetings including the last held.

Allegation 3 – Payment of unknown security personnel for the Chief Executive

The Chief Executive is entitled to 22 hours security services at lot 16 Ixora Avenue, Eccles; EBD according to clause 3.3.5 of his is Employment Contract.

Two (2) private security personnel were employed by the Chief Executive despite being informed by the Director of Human Resources – Gale Doris that the company (GWI) has a contracted security firm which provides this service.

- The creation of these two positions was not approved by the board.
- The recruitment process was carried out solely by the Chief Executive who instructed the Human Resources department to create personnel files, prepare employment contracts and make necessary arrangements for salary payment. *It should be noted that the two (2) security personnel were paid a basic salary of \$44,000 and \$16,000 to compensate for overtime (\$120,000 per month). This was cost effective (savings of \$118,700 per month) compared to \$238,700 (2 Baton Security 22hrs@\$350 per hour for 31 days) that would have been incurred using the contracted security firm.*
- Although these positions were not on the company’s regular payroll or approved contracted positions approval was granted by the Chief Executive to pay salary increases for 2014.

Refer to appendix 2 for details

Allegation 4 – Unapproved Enforcement Unit and solicitation of bribes by Officers

At the request of the Chairman, Board of Directors – Ramesh Dookhoo, an investigation was carried out in September 2014 and a report was submitted. *Refer to attached email.*

At the time of the above mentioned investigation, two (2) Enforcement and Investigation Officers were recruited. Two (2) others Koushall Layne and Tyrone Williams were employed in December 2014 and February 2015 respectively.

- The recruitment process was carried out solely by the Chief Executive who instructed the Human Resources department to create personnel files, prepare employment contracts and make necessary arrangements for salary payment.

Our concerns as reported remain same regarding this matter. With regards to allegations of bribery this could not be substantiated.

Allegation 5 – Procurement of Service for construction of billboards

A detailed investigation report was provided on this.

Allegation 6 – Abuse of authority usage of Vehicle allocated to the Chief Executive

On March 28, 2012 a contract was entered into between GWI and S. Jagmohan Hardware Supplies and Constructing Services and Nabi Construction Inc., Joint Venture/Consortium for the Georgetown Sanitation Program – Priority Works for the Installation of Force Mains.

Under the contract's Special Conditions of Contract, the Contractor was required to provide a specific list of facilities for the Engineer's location which included one *(1) Double Cab Pickup (new or reconditioned)*. The Contractor tendered a quoted price of \$4,700,000 from Associated Industries Limited (AINLIM) for a Nissan Frontier 4x4 Double Cab Pickup – 'DX' – Diesel.

This pickup was to be utilised for the sole purpose of site visits and verification of works done by GWI's Project Manager and Engineer on the contract.

A decision was taken to allocate the double cab pickup to be supplied under the contract to the Chief Executive's (CE) full use to fulfil item 3-3.3-3.3.3 as stated in his employment contract under Salary and Benefits.

The following observations were made regarding the above arrangement:-

- The decision was taken despite GWI making available two (2) other vehicles to the CE which he deemed as unsuitable. The Director of IPID - Ramchand Jailall who is ultimately responsible for the overall management of the contract stated that it was his understanding that the CE would have discussed this decision with the Chairman of the Board of Directors of GWI and the previous Minister of Housing and Water, Mr. I. Ali and approval would have been received.
- The double cab pickup acquired differed to the one tendered by the contractors by Manufacturer and cost. The double cab pickup acquired was an upgrade in the form of a Toyota Hilux Vigo Double Cab Pickup (brand new), 2012 Year Model, Diesel, 2982cc and cost \$7,500,000 which was \$2,800,000 more than the Nissan Frontier. The Toyota Hilux Vigo carried plate # PPP 9050. *The additional cost of the Toyota Hilux Vigo was borne by GWI and recorded in the Asset Register – Vehicles and Mobile Plant Account #1107 with an acquisition cost of \$3,899,865 and date 01-Jan-07.*
- Vehicle PPP 9050 was never used on the contract under which it was acquired. The Project Manager and Engineer had to resort to the use of an assigned vehicle from GWI's vehicle pool, which is shared throughout the company on a first come first serve basis. This significantly hampered the work of the Project Manager and Engineer throughout the duration of the contract.
- The persons authorized to operate vehicle PPP 9050 are the GWI assigned driver and the CE. The vehicle was under the purview of the Administrative Manager along with all other vehicles in the pool. GWI has an approved mechanic under contract to effect general maintenance and repairs to GWI's vehicle pool.
- The CE made a unilateral decision to have all general maintenance and repairs to vehicle PPP 9050 done by an unauthorized mechanic. All costs attached to this were processed through Purchase Orders. This unilateral decision was taken by the CE despite being shown by the Administrative Manger that the costs were higher when general maintenance and repairs were done by the unauthorized mechanic than if it was done by the GWI approved mechanic. Table below shows maintenance to date.

Sum of Net Category	2013	2014	2015	Grand Total
Entertainment/Hospitality		2,000		2,000
Fuel & Lubricants MV	660,861	1,172,690	382,718	2,216,269
Hired/Outside Services			65,500	65,500
Insurance	12,515			12,515
Licences	6,000	6,000		12,000
Other supplies and servic	8,950	22,381	40,316	71,647
Other Transport Costs	4,000	21,500		25,500
Repair & Maintenance -B&E	20,500	319,906	116,000	456,406
Repairs - Vehicles	197,536	154,800	9,315	361,651
Tyres & Tracks		343,640		343,640
Grand Total	910,361	2,042,917	613,849	3,567,127

- In addition to vehicle PPP 9050, the Administrative Manager was required to provide additional vehicles to complete personal trips and errands for the CE. This impacted the ability of the Administrative Manger to fulfil requests for vehicles from other departments to complete official GWI work.
- Vehicle PPP 9050 subsequently met with an accident on the 3rd May, 2015. The damages sustained deemed the vehicle to be a complete write-off. At the time of the accident the CE was out of the country and the vehicle was driven by his son who is not an authorized operator of the vehicle. **Refer to appendix 4 for media report and condition of vehicle.**

Allegation 6 – Payment of Gratuity to the Chief Executive without approval from the Board

According to clause 3.2 of the Chief Executive Employment contract “*gratuity should be paid subject to satisfactory performance*”. We saw no evidence that performance appraisal was done and were informed that gratuity payments are programmed in the Payroll Software to be processed when due. The Directors and Senior Manager’s payroll with statutory and applicable deductions are prepared by the Finance Director and checked by the Human Resources Director prior to payment through designated banks. Gratuity payments via payroll to the Chief Executive from the date of employment September 17, 2102 to current were as follows:-

Year	Amount Paid	Duration
2013	\$1,917,000	12 months
2014	\$2,012,850	12 months
2015	\$1,056,719	6 months

Conclusion

In several instances the Chief Executive breached established company policies and procedures and abuses his authority while executing his functions.

Recommendation

Disciplinary action should be taken against the Chief Executive and other officers where applicable in accordance to GWI policy and procedures.

Acknowledgement

We thank Management and staff for their co-operation during the course of this investigation.

Not signed as sent electronically

Anand Bharat

Cc: Nigel Niles, Executive Director Corporate Services and Company Secretary

APPENDIX 1 – Advances taken by the Chief Executive and Executive Assistants

Refer to spreadsheet below:



Advances Details

APPENDIX 2 – Chief Executive – Shaik Baksh mentioned in the media working on elections day – May 11, 2015.



Source: <http://www.stabroeknews.com/2015/news/stories/05/12/essequibo-coast-vote-goes-smoothly-despite-hiccups/>

APPENDIX- 3 Details of Security Personnel and summary of payments made to date.

Rahaman Rahamat	Amount	Himlall	Amount	Jairam Deonarine	Amount
DOE. Sept. 2012		DOE. Oct. 2012		DOE. April 2013	
Nov-12	\$ 60,000	Nov-12	\$ 60,000	Apr-13	\$ 60,000
Dec-12	\$ 60,000	Dec-12	\$ 60,000	May-13	\$ 60,000
Jan-13	\$ 60,000	Jan-13	\$ 60,000	Jun-13	\$ 60,000
Feb-13	\$ 60,000	Feb-13	\$ 60,000	Jul-13	\$ 60,000
Mar-13	\$ 60,000	Mar-13	\$ 60,000	Aug-13	\$ 60,000
Apr-13	\$ 60,000	Jan-14	\$ 60,000	Sep-13	\$ 60,000
May-13	\$ 60,000	Feb-14	\$ 60,000	Nov-13	\$ 60,000
Jun-13	\$ 60,000	Mar-14	\$ 60,000	Dec-13	\$ 60,000
Jul-13	\$ 60,000	May-14	\$ 60,000	Jan-14	\$ 60,000
Aug-13	\$ 60,000	Jun-14	\$ 60,000	Feb-14	\$ 60,000
Sep-13	\$ 60,000	Jul-14	\$ 60,000	Mar-14	\$ 60,000
Oct-13	\$ 60,000	Aug-14	\$ 60,000	May-14	\$ 60,000
Nov-13	\$ 60,000	Sep-14	\$ 60,000	Jun-14	\$ 60,000
Dec-13	\$ 60,000	Nov-14	\$ 60,000	Jul-14	\$ 60,000
	\$ 840,000	Dec-14	\$ 60,000	Aug-14	\$ 60,000
		Jan to Dec Retro		Sep-14	\$ 60,000
		2014	\$ 36,000	Oct-14	\$ 60,000
Resigned Jan 01-2014		Jan-15	\$ 63,000	Nov-14	\$ 60,000
		Feb-15	\$ 63,000	Dec-14	\$ 60,000
		Mar-15	\$ 63,000	Jan Dec Retro	
		Apr-15	\$ 63,000	2014	\$ 36,000
		May-15	\$ 63,000	Jan-15	\$ 63,000
			\$ 1,251,000	Feb-15	\$ 63,000
				Mar-15	\$ 63,000
				Apr-15	\$ 63,000
				May-15	\$ 63,000
					\$ 1,491,000

APPENDIX 4- Condition of vehicle after the accident



Source: <http://www.kaieteurnewsonline.com/2015/05/05/shaik-bakshs-son-writes-off-govt-vehicle/>

Table of contents

Acronyms and Abbreviations.....	2
1. The objective and scope of the audit.....	3-4
2. Mission Statement.....	4
3. Vision.....	4
4. History.....	4
5. Profile-Division Facilities.....	4-5
6. Governance.....	5-6
7. GWT's Licence.....	7-8
8. Strategic Business Plan (SBP) 2012-2016.....	9-11
9. Water Production vs. Usage and Potential Revenue Loss.....	11-14
10. Billing System and Data Verification.....	15-18
11. PUC's Order #2/2013 increase Tariff-impact on revenue.....	18-19
12. Revenue & Trade receivables.....	19-22
13. Revenue based on audited financial statements and adjustments.....	22-28
14. Non-Revenue Water.....	29-32
15. Georgetown Sanitation Improvement Programme (GSIP).....	32
16. Hinterland.....	32-33
17. Linden Water Treatment Plants & Linden Water Supply Rehab (LWSRP).....	33-39
18. Contracts.....	40-68
19. Financial Statements Presentation 2012-2014.....	68-69
20. External funding.....	69-72
21. Revaluation reserve.....	73
22. Taxation payable.....	73
23. Contingent liabilities.....	73-74
24. Additional paid in capital.....	74
25. Inventory.....	74-76
26. Tangible Fixed Assets.....	76-81
27. Information and Communication Technology.....	81-82
28. Human Resources.....	83
29. Chief Executive.....	83-87
30. Advances.....	87
31. Conclusion.....	88

Acronyms and Abbreviations

AWWA-American Water Works Association

BM – Billings Manager

CE – Chief Executive/ Chief Executive Officer

CIPD – Capital Investment and Planning Department – Renamed IPID

CS – Company Secretary

CSM – Customer Services Manager

DF – Director of Finance

DO – Director of Operations

DOCS – Director of Corporate Services/ Company Secretary

DP – Director of Procurement

ED – Executive Director

GWITC – Guyana Water Inc. Tender Committee

D, HR – Director, Human Resource

IAD – Internal Audit Department

IA- Internal Auditor

IPID – Infrastructure Planning and Implementation Department

IWA-International Water Association

MA – Management Account

MTC – Management Tender Committee

NPTAB – National Procurement Tender and Administration Board

PA – Project Accountant

PD – Procurement Department

PM – Project Manager

PRO – Public Relations Officer

May 18, 2016

Ms. Sophie Makonnen
Representative, IDB
Inter-American Development Bank
47 High Street
Kingston, Georgetown

Dear Ms. Makonnen,

Re: Guyana Water Incorporated-Forensic Audit

We have been contracted by the Inter-American Development Bank to carry out a forensic audit of the Guyana Water Incorporated, a public company registered under the Companies Act of Guyana and owned by the Government of Guyana. Our audit focused on the period January, 2012-May, 2015.

1. The objectives and scope of the audit:

- a) To 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 instructions and good practices;
- b) Assess and test systems and detect any instance of corporate malfeasance and inefficiency for remedial and /or judicial interventions and systems realignment;
- c) 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 dealing, if any;
- d) Carry out comprehensive financial systems audit which should look at all systems, decisions and practices which have underpinned the entity's finances test and assess the financial discipline at all levels. Without limitation, the Consultant/firm should;
 - i) 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;
 - ii) Review all contract administration and approval processes in relation to the expenditure of funds during the period;
 - iii) Review all material expenditure and contracts made by the entity during the period and obtain all necessary information and explanations as may be required in relation to such books and records;

- iv) Examine all areas, including budgeting, financing, expenditure, management of revenue inflows, trade terms, procurement or purchase decisions and supply chain management;
 - v) Examine the entity's assets management system, including its fixed assets, their disposal, management or deployment;
 - vi) Examine the entity's marketing, production and commissioning policies, systems, and agreements to determine their integrity, efficacy and responsiveness;
 - vii) Examine the entity's archiving policy both by way of record keeping and as a performing asset that yields revenue for the entity.
- e) Recommend statutory/legal or organizational changes required to identify and prevent and recurrence of improprieties.

2. Mission Statement

"To deliver safe, adequate and affordable water and to ensure safe sewerage systems for improved public health and sustainable economic development"

3. Vision

"To ensure an efficient, sustainable and financially viable water and sewerage sector delivering a high quality service to customers"

4. History

GWI formed with the merger of Georgetown Sewerage and Water Commission (GSWC) and the Guyana Water Authority (GUYWA) on May 30, 2002. Its objectives are:

- a) The supply of potable water to the citizens of Guyana.
- b) The provision of sewerage disposal services to the residents of Central Georgetown.
- c) Operation and maintenance of the water and underground sewerage systems in Guyana.
- d) Customer billing and collection of tariff for the services provided.

5. Profile-Division Facilities

GWI's head office is on Vlissingen Road and Church Street, Georgetown and has five Divisions with each Division covering a number of localities.

It currently employs approximately six hundred and forty-one (641) staff and produced over one hundred and twenty-two (122) million cubic metres of water in 2015 from about one hundred and twenty-seven (127) bore holes of which twenty seven (27) supply nineteen (19) treatment plants. In addition, GWI operates twenty-four (24) sewerage pumping stations in Georgetown. Further, the company's water treatment plants are located in Georgetown, Mon Repos, Pouderoyen, Fellowship,

Golden Grove, Queenstown, Cotton Tree, Lima, Vergenoegen, Better Hope, Covent Garden, Eccles, Bartica, Sophia, Central Ruimvedlt and Number 56 Village.

Corentyne has the most boreholes-26, followed by West Coast, Demerara- 22, East Coast, Demerara- 21, Georgetown-18, East Bank, Demerara-13, Essequibo including Wakenaam-12, Region5-12 and Linden-3.

6. Governance

Water sector governance, at the micro level, is defined by Global Water Partnership (GWP) and UNDP as: "...the range of political, social, economic and administrative systems that are in place to develop and manage water resources and the delivery of water services, at different levels of society".

Good governance depends on the quality of leadership, the strength of the institutions and how efficiently, effectively, sustainably, and transparently the resources are managed by sector institutions and main stakeholders.

The Guyana Water Incorporated has always had a Board of Directors (BOD) appointed by the Government except for delays in their-appointments. However, having a BOD is only one aspect of good governance. In reviewing the minutes of the Directors' meeting for the period under investigation, we can say without prejudice that the contents do not always reflect the significant activities which have occurred over the last four years and the many decisions that may have been taken. The activities may have been discussed at Sub-committees and decisions agreed on but the reports still had to be presented and ratified at the BOD meetings and this has not always been the case in terms of documentation. In addition, the following are noticeable shortcomings and or non-occurrence:

- a) The company last held its Annual General Meeting (AGM) in 2009 contrary to Section 107 (1) of the Companies Act which requires that an AGM must be held annually after the first year.
- b) In addition, the Directors did not exercise the option allowed under Section 107 (2) that is to seek the Minister's approval for an extension. The Director of Corporate Services/ Company Secretary informed us that efforts were made to get the BOD to hold AGMs but he did not receive a positive response.
- c) The 2012 and 2013 audited financial statements were issued on September 17, 2013 and September 22, 2014, respectively. Audited financial statements for 2014 were issued on February 12, 2016 by the Auditor General. This is a clear indication that the Directors were not concerned with the company's statutory responsibility to present to the shareholders, audited financial statements within the statutory time frame, annually.
- d) Annual Returns, as prescribed under Section 153 (1) have not been filed; this is a breach of the Companies Act which could cause the company to be removed from the Registry of Companies.
- e) Matters of substance including approval of contracts and other important decisions taken were not always seen as approved and recorded in the BOD's minutes even though submissions were received from Sub-committees. The purposes of the minutes are to record important action points, decisions taken and by whom, who is responsible to follow up on these decisions and by when, whether the company's planned objectives are addressed and

met and where there are adverse outcomes how they are being addressed. Sub-committee reports should be recorded as received and approved or amended as necessary.

- f) BOD's minutes were not signed by the Chairman and Company Secretary (CS) once corrected. The minutes are kept electronically and the CS relayed to us that he found it difficult to get the Chairman to sign the minutes which he himself did not sign.
- g) The company has not filed Income and Property Tax returns with the Guyana Revenue Authority. This is a breach of the Income tax Act which carries penalty and interest on outstanding taxes. The Director of Finance (DF) confirmed that preparation and filing of income and property tax returns have not been done.
- h) The many directives approved in the Public Utility Commission's (PUC) Order No. 3 of 2005 and the tariff increases in Order 2/2013 were not implemented.

Management's response

a,b) *"Annual Reports for the years 2010, 2011 and 2012 are prepared. 2013 and 2014 are in draft. Efforts are being made to have those AGM's convened."*

c) *"2012, 2013 and 2014 were all received late from the Auditor General's Office. GWT has presented Audited Financials up to 2013 to the Public Accounts Committee of the National Assembly. The subject Minister at the time through the Permanent Secretary was aware of the factors surrounding the late submissions."*

d) *"Returns from 2002 to 2013 are prepared. The Registrar of Companies has requested only original copies of the Audited Financial Statements. This is being addressed."*

e,f) *"Corporate Services department has a Board decisions file which is updated after meetings."*

g) *"The issue is acknowledged. The Filing of Income and Property Tax returns with the Guyana Revenue Authority will be done in 2016."*

h) *"GWT's monthly report is sent to the PUC every month immediately after the board meeting."*

Recommendations

- 1) The current BOD must endeavour to develop and sustain a strong culture of good governance in the shortest possible time.
- 2) Review the functions of key management personnel to determine whether they are effectively engaged and whether their scope of work need to be revised. Also, whether they need further training.
- 3) Ensure that the non-compliance of the issues listed from (a) to (f) above are addressed as soon as possible; some can be done immediately and the others within a short time.
- 4) Minutes of the BOD must be carefully prepared to reflect the subject of the matters discussed and the decisions taken. They must be verified by the Chairman before being circularised to directors. At the following meeting, they are signed by the Chairman and CS after they are corrected. Printed copies must be filed for future records.
- 5) An action sheet must be circulated within two days after the BOD meeting so that directors are aware of their responsibilities for the next meeting.

7. GWI's Licence

GWI operates under licence from the Government of Guyana through the Ministry of Housing & Water.

Under the licence granted, the Public Utilities Commission (PUC) is to oversee the issues of price and quality of service of a public utility in the public interest. The PUC also has responsibility for the monitoring, regulating, enforcing service quality and dealing with consumer complaints and the fixing of rates to be charged from time to time.

The PUC Order #3 2005 states on page 4 paragraph 9 'schedule 1 of the licence requires that **GWI Tariffs should be so determined as to allow GWI to recover 100% of its operation and maintenance costs as well as its depreciation expenses.**'

In addition, page 5 (13) states "the licence also provide certain service standards but they are not in any way to limit the scope of GWI's obligations. By the licence GWI is required to achieve the following:

- a) Coverage: It is required to provide 90% of the coastal population with safe water whether through connection to the network, standpipes, licenced borehole or other means, by no later than 5 years from 2002; and by that same period of time it shall ensure that safe water is available to or supplied to 80% of all settlements in the Hinterland, through sustainable and cost effective locally appropriate means as developed by GWI.
- b) By no later than four years from the effective date (2002) GWI is required to provide 24 hour continued service of pressurised water supply at a minimum of five meters of consumers' premises to the coastal population including Georgetown.
- c) GWI is to produce and distribute safe water that will meet the WHO standards.
- d) Further, page 9, paragraph 34 of the Order states 'that the percentage of non-revenue water is alarming and much effort must be put in place to arrest the slide'.
- e) The Order approved the following:
 - i) 10% increase on unmetered consumers; 5% on metered consumers on their existing tariffs effective July 1, 2005.
 - ii) In return, GWI was to reduce non-revenue water to 39.45% as stipulated in the licence.
 - iii) Ensure debt collection efficiency of 80.6% as set out in the licence.
 - iv) Complying with licence standard of metering coverage of 52.7% of consumers.
 - v) All unmetered consumers to be billed one year in advance.
 - vi) Submit monthly financial statements to the PUC along with other critical financial information as set out in the Order.

The Order also sets out other critical obligations on GWI which must be reported to the Commission.

In 2013, PUC issued Order No 2/2013 which states 'As a condition in granting the increased tariff rates effective July 1, 2013 for the various categories of users GWI will be required to meet the following targets and to report its performance to the Commission bi-annually commencing from 14th January, 2014:

- a) Consumer database should be sanitized to reflect legitimate debtors. This should be accomplished no later than 31th December 2013.

- b) Meters should be read once per quarter and estimated billings would cease.
- c) Collection rates should increase incrementally each year to 2016; correspondingly bad debt provision should be reduced.
- d) Non-revenue water should be reduced by 3-4 percentage points annually to 2016.
- e) GWI by 2016 will maintain the level of at least 95% of services having functioning meters.
- f) All disconnected consumers that have not been legitimately connected should be revisited within 60 days of being disconnected and outstanding balances should be pursued to the full extent of the law.

Based on discussions with the Director of Finance (DF), the Management Accountant (MA), Customers Services Manager (CSM) and Billing Manager (BM), none of the foregoing conditions have been met or in some cases not implemented particularly the new tariffs effective from July 1, 2013.

Subsequent to the issuing of the PUC Order, the Secretary to the PUC wrote to the then Chief Executive (CE) Mr Shaik Baksh on November 8, 2013 advising the CE that 'on the Commission's regular review of various sectors' operations and billings, the PUC has noted that some of the changes issued to customers by GWI are not in sync with Order 2/2013 and wishes to be advised on same'. The CE responded on November 28, 2013 advising the Secretary that due to the unavailability of the 'Hi-Affinity' Billing System provider based in the UK, the rates could not have been changed. Unfortunately, the CE's response of November 28, 2013 was not factual as GWI's personnel in the Billing and Customer Service Department informed us that Managers can make certain changes to the 'Hi-Affinity' system including changes to the tariffs. On January 15, 2015 the Secretary of the PUC wrote the CE of GWI referring to his letter of November 28, 2013 advising that the PUC has not had an up-date on the implementation of the PUC Order No 2/2013. **Please refer to Appendix I for PUC's correspondence.**

In addition, the Secretary of the PUC has advised us that GWI has been in default of its mandatory reporting to the PUC unless management is reminded.

Comments

It is very clear that the BOD and management, after having presented both oral and written evidence to justify the conditions approved by PUC via Order 2/2013, did not implement them. The former BOD must be held responsible for failure to implement the Order. The PUC Act 1999 Sections V11-Enforcement of Orders and V111-Offences and Penalties set out the possible consequences for failure to follow an Order.

Management's response: *No comments or responses were provided.*

Recommendations

- 1) The BOD must urgently address the non-compliance with Order 2/2013 to ensure compliance. If they feel that the conditions approved, as documented in the Order, are not practical to implement at this point, they must inform the PUC with a view to amend the conditions. Otherwise, they should be implemented immediately.
- 2) Failure to implement the increase tariffs means loss of revenue to the company which it cannot afford at the present time as it depends heavily on Government subvention to offset electricity costs.

8. Strategic Business Plan (SBP) 2012-2016

‘Strategic planning is a management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and **other stakeholders** are working toward common goals, establish agreement around intended outcomes/results, and assess and **adjust the organization's direction in response to a changing environment**. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful’

The BOD approved of GWI’s Strategic Business Plan (SBP) for the period 2012 to 2016. Listed as its Key Objectives are the following:

- a) *Financial Break Even by Year 2015 as a result of efficiency measures and a capital investment plan that will enhance revenue earning measures (e.g. increased meter coverage)*. Instead, the audited financial statements for 2014 showed that the company made a net operating loss of \$3.1B; audited financial statements for 2013 and 2012 showed losses of \$3.5B and \$3.9B respectively. Accumulated net operating losses over the last three years amounted to \$10.5B whereas total reported income from water revenue for the same period was \$10.1B.
- b) *Reduction of Non-Revenue Water (NRW) from an existing baseline of 70% to 35% by 2016*. Again this has not been achieved. Currently, there is no specific data to show to what extent NRW has been reduced but based on studies now being done by the Coordinator-NRW, the situation could still be close to 70% of production based on analysis using billing information for 2013 from ‘Hi-Affinity’ software. Currently, it still averages about 65% as reported in the SBP’s Committee’s meeting on January 20, 2015 which was the last minutes available to us. The NRW varies depending on the Division. However the Director (ED)-Infrastructure Planning and Implementation (IPI) explained that management is working to achieve a gradual reduction annually so by 2020 NRW should be reduced significantly. This goal has been set since 2005 and again in the SBP but it seems to be a real challenge to bring the NRW levels in all divisions down to an acceptable average.

The latest forecast to reduce NRW:

NRW Reduction Targets	Baseline 2013	2014	2015	2016	2017	2018	2019	2020
Unbilled Authorized Consumption	15%	14%	13%	12%	11%	9%	7%	5%
Water Losses	Apparent	31%	29%	27%	25%	23%	21%	17%
	Real	25%	23%	21%	19%	17%	16%	14%
	Total Water Losses	56%	52%	48%	44%	40%	37%	31%
Total NRW	70%	65%	60%	55%	50%	45%	40%	35%
NRW Reduction Costs (GYM)			2,500	2,500	2,500	2,500	2,500	2,500

Source: NRW Department

- c) *A simpler and clearer Tariff Structure that should allow for an overall increase of 5% as operating costs of GWI.* The company was approved to use such a Tariff Structure by the PUC in 2013 but to date has failed to implement it.
- d) *Move to 100% metering by 2015 compared to just 36% in 2011.* This has not been achieved. Currently, the company's customers' base is 183,000 of which 84,900 are metered representing 46%. During 2012 to 2015, 35,223 meters have been installed based on confirmation from Executive Director (ED)-Infrastructure Planning and Implementation (IPI). Still, this has not had any marked change to unmetered customers' numbers because the installation of these 35,223 meters could not have been verified.
- e) Introduce Regulatory and Enforcement mechanisms in the new licence to be issued in November 2012.

What the SBP did not articulate adequately is how these objectives would have been achieved. In addition, we did not get the impression from reviewing the annual budgets that they were prepared consistent with the SBP.

The SBP's financial parameters targets were:

FINANCE AND COMMERCIAL	2011	2012	2013	2014	2015	2016
Revenue (G\$ Billions)	4.7	3.8	4.4	6.3	6.3	6.6
Collection Efficiency	70%	75%	80%	85%	90%	90%
Cash Collected (G\$ Billions)	3.3	2.85	3.5	5.35	5.67	5.94
O&M Cost (G\$ Billions)	9.9	6.2	6.1	6.1	6.2	6.3
Depreciation (G\$ Billions)	1.5	1.6	1.7	1.8	1.9	2.0
O&M Cash Expenses (G\$ Billions)	4.6	4.6	4.5	4.3	4.3	4.3
Operating Deficit (G\$ Billions)	5.2	2.4	1.8	-0.2	-0.1	-0.3
Government Subvention (G\$ Billions)	1.3	0.25	0.25	0	0	0
Remaining Deficit (G\$ Billion)	3.9	2.14	1.55	0	0	0

It was reported that the main facilitator of the SBP is the Capital investment program which had the following targets:

- Improved Level of Service
- Increased Treated Water Coverage
- Increased Metered Coverage
- Increased Coverage (New Customers)
- Reduce NRW

Regarding a simpler and clearer tariff structure that should allow for an overall increase of 5% as the operating costs of GWI rise, no progress has been made in this regard. In fact, the tariffs approved by PUC have not been implemented.

The core financial targets set out in the SBP have not been achieved including increases in revenue, reduction of costs, increase in metered customers, and reduction Non Revenue Water etc. Based on all the information available to us and consultation with the DF and other key managers, none of the goals outlined in the SBP has been achieved in a significant way. To date, the SBP has not been amended nor has another SBP been prepared.

The idea of the SBP was well intended and forms part of the company's requirement to the PUC and the IADB. In addition, the BOD set up a Sub-committee to discuss and analyse the progress of the key objectives set out in the SBP. Over the last four years there were ten meetings and in reviewing the minutes of the meetings, we found that NRW featured the most, yet it remains the 'Achilles heel' of GWI.

Management's response: *"Management concurs with comments made from (a) through (e) and the Financial and Commercial table. The SBP was monitored by a Strategic Committee of the Board and all performance indicators were being evaluated."*

Recommendations

- 1) The current SBP should undergo a comprehensive review and changes to reflect the aims and objectives which the new BOD intend to implement during the period 2016-2020.
- 2) A Sub-committee of the BOD must be tasked with ensuring the SBP objectives form the basis of the annual budget and must be monitored quarterly. Deviation from intended objectives must be analysed and corrective actions taken so they are achieved.
- 3) Like the minutes of the BOD, those of the SBP must be documented and reported to the BOD.

9. Water Production vs. Usage and Potential Revenue Loss

Over the last four years 2012-2015, production of water in all Divisions was as follows:

Production is measured in cubic meters; that is 1 cubic meter of water is equivalent to 220 imperial gallons or 1,000 litres:

Summary of water production in Guyana

	2012	2013	2014	2015	Total
Bartica	890,524	821,449	900,263	798,468	3,194,077
Division 1-Essequibo Coast	3,890,336	3,856,302	3,601,515	4,785,799	14,083,711
Div 2-West Dem/West Bank	19,305,394	18,423,843	18,118,271	17,995,859	60,604,508
East Bank	13,381,410	13,258,708	13,553,890	14,936,443	49,358,994
East Coast	23,517,947	22,064,792	21,524,569	22,888,239	70,321,000
Georgetown	27,404,633	28,953,993	26,893,007	22,774,953	102,368,311
Linden	5,968,044	5,861,049	5,801,356	5,724,864	21,885,696

Div. 4-West Coast Berbice	11,160,446	10,862,728	9,621,482	10,925,095	39,060,649
Div. 5-East Berbice	21,257,830	21,284,794	20,442,843	21,914,109	78,301,838
Total production-Cubic meters	126,776,564	125,387,658	120,457,196	122,743,829	495,365,247

Source of information: Head of Field Services

We were unable to determine what is the actual water usage billed monthly because the Hi-Affinity billing system does not provide the information and this is compounded by the fact that the number of unmetered customers is more than those metered. Currently, metered customers numbered about 84,500 and unmetered 99,000 a total of 183,500.

GWI currently uses tariffs that were approved by the PUC in 2005 and these are classified based on rates that were charged by GUYWA and GS&WC, the two entities that were merged to form GWI. The tariffs vary for domestic metered customers who are charged \$60.90 per cubic meter for metered customers in rural areas and urban low and medium customers and \$94.5 per cubic meter for high-tariffed customers. Metered commercial customers are charged \$96.60 whereas unmetered domestic and non-domestic customers are charged fixed and variable tariffs based on bands.

We computed actual revenue to volume of water produced and came up with average tariff rates of \$25 to \$31 per cubic meters for the years 2012 to 2015 or an average of \$28.14 for the four years.

	2012	2013	2014	2015	Total
	\$	\$	\$	Unaudited	\$
Actual revenue as per financial statements	3,182,111,051	3,331,148,853	3,631,529,899	3,794,464,237	13,939,254,040
Volume of water in cubic meters produced as confirmed by the Head of Field Services	126,776,564	125,387,658	120,457,196	122,743,829	495,365,247
Average \$ rate per cubic meter based on revenue and volume produced	25.10	26.57	30.15	30.91	28.14

In the PUC Order #3/2005 page 8 paragraph 29- it was pointed out that the unmetered consumers pay on average \$25 per day for water whereas the metered ones would pay about three times that amount.

The actual tariffs currently in use are significantly higher as reported above. The Head-NRW Unit, has computed a very detailed analysis, based on data taken from the Hi-Affinity system, and has determined that the weighted average dollar value per cubic meter of water is \$78. This higher rate is because of the high volume of NRW. We then used \$78 as determined by the NRW Unit as the weighted average tariff per cubic meter of water to determine the volume actually billed. The computation shows that the average volume of billed water based on actual revenue reported.

Volume actually billed using \$78 per cubic meter

	2012 \$	2013 \$	2014 \$	2015 Unaudited	Total \$
Actual revenue as per financial statements	3,182,111,051	3,331,148,853	3,631,529,899	3,794,464,237	13,939,254,040
Using a weighted average \$78 per cubic meter as determined by the Non-revenue Water Unit for 2013	78	78	78	78	78
Assumed volume of water billed (m3)	40,796,296	42,707,037	46,558,076	48,646,977	178,708,385

If GWI had billable volume of 35% of the actual production over the last four years revenue would have been higher by \$416M.

Possible revenue using 35% of volume produced

	2012 \$	2013 \$	2014 \$	2015 Unaudited	Total \$
Volume of water in cubic meters produced	126,776,564	125,387,658	120,457,196	122,743,829	495,365,247
If GWI had billable volume of 35% of production which is:	44,371,797	43,885,680	42,160,019	42,960,340	173,377,836
Using a weighted average \$78 value per c3 as determined by the Non-revenue Water Unit for 2013	78	78	78	78	
Possible revenue	3,461,000,197	3,423,083,063	3,288,481,451	3,350,906,532	13,523,471,243
Actual revenue as per financial statements	3,182,111,051	3,331,148,853	3,631,529,899	3,794,464,237	13,939,254,040

Variance (net of lost revenue)	(278,889,146)	(91,934,210)	343,048,448	443,557,705	415,782,797
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Further, if billable volume had been 40%, then revenue would have been \$1.5B higher than total revenue over the last four years

Possible revenue using 40% of volume produced

	2012	2013	2014	2015	Total
	\$	\$	\$	Unaudited	\$
Volume of water in cubic meters produced as confirmed by the Head of Field Services	126,776,564	125,387,658	120,457,196	122,743,829	495,365,247
If GWI had billable volume to 40% of production which is:	50,710,626	50,155,063	48,182,878	49,097,532	198,146,099
Using a weighted average \$ value per cubic meter as determined by the Non-revenue Water Unit for 2013	78	78	78	78	78
Possible revenue	3,955,428,797	3,912,094,930	3,758,264,515	3,829,607,465	15,455,395,706
Actual revenue as per financial statements	3,182,111,051	3,331,148,853	3,631,529,899	3,794,464,237	13,939,254,040
Variance (of lost revenue)	(773,317,746)	(580,946,077)	(126,734,616)	(35,143,228)	(1,516,141,666)

Comments

It is clear that the BOD and managers were not presented with analytical information by the DF/MA to better understand the revenue possibilities if billable volume of water had been 5% and 10% above the average 30% as shown above. GWI has potential to increase revenue but it must quickly improve its billing systems, significantly reduce unmetered consumers, and reduce line inefficiencies. In addition, the DF/MA needs to work closely with the NRW Unit Manager to understand how information from Hi-Affinity can be used to produce analytical information that can support and enhance decision making.

Production hours in each Division differ but water is pumped between 8 and 24 hours per day of which Georgetown is almost continuous. In 2015, production was reduced as one of the measures to reduce non-revenue water but there is no conclusive evidence to prove this. In fact the new CE has been publicly stating that GWI is moving towards achieving the targets set by the PUC.

10. Billing System and Data Verification

Management is well aware of the many deficiencies within the system, some of which are as follows:

- Estimations when meters are not read
- Duplication of accounts
- Empty and abundant properties being billed for which receipts will never be received
- Incorrect tariffs being used
- No water supplied but bills still issued
- Incorrect meter readings
- Missed billing period
- Illegal connections eventually fixed but charges back dated at current tariffs

The BOD set about to address these problems by engaging in data verification exercises in 2013. The Project Manager who oversaw this exercise issued a report on the background and outcome of it. A summary of the outcome is as follows:

The Data Verification Exercise started in February 2013 with GWI staff then an external Project Manager was contracted in mid May 2013. The project covered all the Divisions and the core Data Verification was completed in July 2014 but was extended to November 2014 to address further verifications.

Objectives of the Project:

1. The database will accurately reflect customer and property information.
2. Correct database with information about a customer's service as it exists in the field.
3. The bills will accurately reflect the customer type and charges.
4. Increase in revenue collection – at the conclusion of this project the number of active customers' accounts in the divisions will increase resulting in accurate bills and increased revenue.
5. Improved collection efficiency – with the accurate billings and increase revenue, the collection efficiency will improve.
6. Improved customer service - with accurate billings there will be less complaints by customers and improved customer service.
7. Reduction in NRW by reduction of apparent losses via:
 - Identification and update of connections for which no billing is made
 - Identification of illegal connections so that these can be addressed by having the service regularized or legal action instituted by GWI.
 - Identification and elimination of duplicated accounts from the database which would eliminate unnecessary billings and adjustments.
 - Identification of metered customers in the field currently listed as unmetered in the GWI database and update database accordingly. This would improve the revenue water amount and reduce the unbilled authorized consumption figures due to reduction of unmetered customers on the database.
 - Reduction of billing adjustments due to accurate information in the GWI database.

Actual recurring expenditure for the project amounted to \$43.7 million whilst capital expenditure was budgeted at \$1.2 million used to acquired furniture and equipment.

Due to the large number of some categories of records considered invalid, only 71% (126,878) of the database of 179,532 customer records were validated as part of the core Data Verification Exercise. Management considered this sample verified as acceptable given the size, complexity, money expended and time allocated to the project. The remaining 29% or 52,654 records were examined later to rectify and make corrections to the database.

The exercise found that the Customer Information System has thousands of records that were not reflective of existing customers in the field and vice versa. The primary reasons for those not existing in the field but are on the database are:

- Duplicated accounts and properties that could not be found in the field.
- Poorly trained staff and turnover of staff responsible for adding records to the system also contributed to these problems.
- There were a large number of accounts relating to abandon buildings on the database.

Based on analysis of the 179,532 accounts checked 19,442 accounts were found to be invalid and these consisted of the following categories.

Abandoned	2,468
Duplicated	2,124
Closed	3,987
Empty Lot	2,178
No Property	6,099
Removed	2,586
Total	19,442

The report also addressed the remaining 160,090 customers after deducting the invalid accounts.

Focusing on the remaining 160,090 valid accounts on the database, are thousands of records where no payments were made prior to 2006 and between the period 2006 to 2013.

This table provides this information by division and years when payments were last made.

Customers by Division and Last Payment Date

	Bartica	Division 1	Division 2	Division 3 - EBD	Division 3 - ECD	Division 3 - GT	Division 3 - Linden	Division 4	Division 5	Grand Total
No Payments Pre 2006	187	353	2,261	2,191	5,706	7,755	1,022	885	2,093	22,467
2006	32	21	36	21	68	175	13	26	66	472
2007	37	89	137	211	223	349	153	105	332	1,651

2008	26	70	135	144	225	400	78	82	279	1,454
2009	71	73	175	153	376	392	106	102	354	1,816
2010	61	96	287	275	347	437	175	100	332	2,124
2011	60	109	257	237	422	723	185	60	433	2,500
2012	59	157	384	317	536	887	243	147	547	3,291
2013	195	365	816	608	1,070	1,491	414	410	1,427	6,808
Cumulative Pre 2006 to 2013	728	1,333	4,488	4,157	8,973	12,609	2,389	1,917	5,851	42,583
Paying customers 2014	1,208	9,217	20,825	11,670	19,491	20,098	4,166	9,764	21,068	117,507
Grand Total	1,950	10,564	25,327	15,841	28,478	32,721	6,569	11,695	26,945	160,090

The report further stated that there are 22,467 customers that may not have made any payment since Hi-Affinity was implemented in 2006. A total of 42,583 customers have not paid prior to 2006 and at the end of 2013. The Data Verification project confirmed these customers existed. The largest numbers of defaulters are from Georgetown and on the East Coast Demerara.

Of the 160,090 accounts on the database, 26,594 are disconnected accounts on the database. These customers may be connected in the field, either by illegal reconnections or a lapse in the management mechanism resulting in some of these customers not being updated. This resulted in a loss of revenue since these customers are not being billed for water consumed.

Disconnected Customers by Division and Meter Status

	Metered	Unmetered	Total
Bartica	147	277	424
Division 1	376	857	1,233
Division 2	1,223	2,883	4,106
Division 3 - East Bank Demerara	711	2,528	3,239
Division 3 - East Coast Demerara	1,105	2,597	3,702
Division 3 – Georgetown	3,639	5,077	8,716
Division 3 – Linden	283	412	695
Division 4	129	1,166	1,295
Division 5	1,243	1,941	3,184
Grand Total	8,856	17,738	26,594

At the time of this audit, the customer database in Hi-Affinity remained without any significant changes that were recommended in the report. Also, at the time of the audit, the BOD has retained the services of a Consultant to review the Billing's database and to work with the department with a view to ensure that over a given time period, the database is sanitised to represent accurately customers who are receiving services. This will impact positively on revenue and the company's plans to achieve its 95% billing accuracy.

11. PUC's Order #2/2013 increase Tariff-impact on revenue

As reported under '7. GWI's Licence' above, GWI never implemented the approved tariffs issued in 2013 by the PUC. Had management implemented these tariffs, revenue would have been significantly higher and would have certainly impacted on the company's overall performance. This is a clear case that the revenue base of the company was not a priority whilst management continues to apply for and receive significant subvention from the Government to offset electricity cost. Had management implemented the new tariffs, perhaps the subvention may have been much less or not needed. A summary of the likely revenue that would have been earned had the new tariffs been implemented compared with actual revenue reported is as follows:

Revenue by segments	No of Customers	2013 Using new tariffs	2014 Using new tariffs	2015 Using new tariffs
Fixed charged		1,046,677,200	1,046,677,200	1,046,677,200
Water service charges		4,149,191,038	4,207,053,487	4,387,157,563
Total	184,478	5,195,868,238	5,253,730,687	5,433,834,763
Actual revenue		3,331,148,853	3,631,549,899	3,762,742,468
Additional revenue		1,864,719,385	1,622,180,788	1,671,092,295
% of additional revenue to actual		56%	45%	44%
Government subvention		800,511,454	2,470,133,090	1,738,615,541

Revenue for 2015 was taken from DF's December's management report

This analysis shows that over the last three years, additional revenue of \$5,157,992,468 would have more than compensate for the Government subvention of \$5,009,260,085 by \$148,732,383.

Comments

There is no verifiable evidence to confirm why the previous BOD did not implement the PUC 2013 Order. We understand, **without confirmation**, the Government then was not in favour of increasing the tariffs.

Recommendations

- 1) Implement PUC 2013 Order or seek to revise it if the tariffs are not consistent with the BOD plans but increased tariffs are necessary to sustain the company's objectives and performance.
- 2) Communicate with the PUC to ensure that the company is fully in compliance with its mandates to the Commission.

12. Revenue & Trade receivables

Receivables balances over the last three years as a % of revenue were:

TABLE 1

	2014	2013	2012
Trade receivables	6,093,664,333	6,008,408,525	7,459,605,948
Less: provision for bad	(3,393,556,121)	(4,039,222,312)	(4,401,642,849)
Net receivables	2,700,108,212	1,969,186,213	3,057,963,009
Revenue	3,631,549,899	3,331,148,853	3,182,111,051
Receivables as a % of revenue	74%	59%	96%

During the audit, the issue of trade receivable was contentious because of the different balances we received. We then sought from the Management Accountant (MA) the reconciliation for trade receivables and received the following:

TABLE 2

	2014	2013	2012
Opening balance	6,152,579,330	7,551,297,232	7,839,754,793
Add: revenue	3,631,549,899	3,331,148,853	3,182,111,051
	9,784,129,229	10,882,446,085	11,021,865,844
Less: Receipts	(3,023,445,715)	(2,984,123,954)	(3,026,837,413)
Bad debts	(118,779,670)	0	0
: prior year adjustments	(634,828,143)	(1,101,084,076)	(443,731,199)
	6,007,075,701	6,152,579,330	7,551,297,232
As per FS	6,093,664,333	6,008,408,525	7,459,605,948
Differences	(86,588,632)	144,170,805	91,691,284

Source: MA's reconciliation

It is very clear from these balances that the financial statements balances are not in agreement with the MA's reconciliation. These are major differences, which the DF must explain. This is an indication that the receivable ledger, as the BOD so rightly recognised, was never correct yet there is no evidence that they did anything that would have caused these deficiencies to be corrected.

The continuous accumulation and adjustments to provision for bad and doubtful debts does not make any accounting sense given that management has been ineffective in recovering debts and managing the receivable ledger. The company suffered because management, during the audit period, did very little to improve collections especially amounts in arrears; develop a strategy to improve collections and to sanitise the billing system. Only from November 2015 a Debt Recovery Department was set up and to date, we were advised by the Head, it has been able to recover significant amounts which were long overdue.

Except for one instance when the BOD discussed how they intended to address the issue of bad debts when they reported under Financial Performance **‘during 2015 the company will look at reducing estimated billings and also write off of debts after the data cleansing is concluded’**. This is an indication that the BOD, while its members would have discussed revenue and receivables, has failed to ensure that the receivable data-base was sanitised and balances over one year were written off.

The fact that at December 31, 2014 only \$285,974,576 was reported as ‘recoverable’ within one year means that the net balance of \$2,414,133,636 was potentially not recoverable plus the amount that is repeatedly coming forward as provision for bad debts of \$3,393,556,121. These are figures from schedules presented to us by Finance and Billing departments.

In addition, the presentation of receivables in the financial statements is not in compliance with IAS 32, 39, and particularly IFRS 7 which defines receivables as being a financial instrument. In this regard, IFRS 7 detailed specific and extensive disclosures for financial assets (receivables) to enable users to have a fair assessment of the risks attached to the instrument and the possible consequences or impact to the company of those risks if they do materialize.

We highlight some of the elements of the disclosures as follow:

- (a) Disclosures of credit risk – IFRS 7.36 to 38
 - (i) Information on credit quality of financial assets that are past due or impaired.
Analytical disclosures are required
 - (ii) Information on credit quality of financial assets that are neither past, due nor impaired.
- (b) Qualitative disclosures:
 - (i) Risk exposures of the financial instrument
 - (ii) Management objectives, policies, and processes for managing those risks
 - (iii) Changes from prior period
- (c) Quantitative disclosures

The Quantitative disclosures provide information on the extent to which the company is exposed to risks, based on information provided internally to the company’s key management personnel. These include:

- (i) Summary quantitative data about exposures to the risk at the reporting date
- (ii) Disclosures on credit risk and how the risk are managed
- (iii) Concentration of the risk

Comments:

Because of the weaknesses mentioned above management and stakeholders cannot determine, when reading the financial statements, the underlying risks associated with receivables including recoverability of most of the balances. In addition, we were unable to determine whether the amounts disclosed as net receivables are materially correct in the absence of consistent reconciliations and aged reports and in the absence of adequate disclosures in the financial statements.

Our conclusion is that the receivable balances shown in the financial statements for years 2012-2014 may be overstated. In addition, no evidence was presented to us to support why provisions for bad debts were not written off as bad debts earlier since it is highly unlikely most will ever be recovered.

The previous BOD and CE, along with the DF must take full responsibility for the state of affairs of receivables, which at the end of 2014 was 74% of revenue, and the potential effect on the financial statements based on the limitations mentioned above. This state of affairs is unacceptable in any company especially when it seeks large sums of money as subvention from Government to off-set electricity cost.

It is very surprising that the auditors did not recognise some of the deficiencies noted above which may have caused them to include a qualifying paragraph in the audit reports over the last three years.

Management's response

- (a) Management agrees to Table 1 above
- (b) Response to Table 2 is as follow:

"The reconciliation provided by the Management Accountant (MA) at the time of the review was incomplete. The auditor has accepted the reconciliation and drawn a conclusion (Auditor's Comments in paragraph 4, page 12 "it is very clear from the balances that the financial statements balances are not in agreement with the MA's reconciliation") without substantiating the details that may have contributed to the numbers provided. Complete reconciliation is now presented."

Our response: We have reviewed the complete reconciliation provided by the DF (see Appendix XVIII) and noted that the amount for Ancillary Billings differed from the schedule which was provided to us during the audit (See appendix XIX).

- (c) Our comments on disclosure requirement in accordance with IAS 32, 39 and IFRS 7 were agreed with by management.

Recommendations

- 1) The BOD should identify one of its members to oversee the Debt Recovery Department.
- 2) Sanitise the existing receivable listing. This task had started in 2013 but the findings were never implemented. Each Division, must sanitise its own customers' database and the BOD must ensure that this exercise is completed within a given time-say six months. Those involved must be independent of the Billing department.
- 3) Consider rotation staff in the Billing department at Head Office and Divisions periodically.

- 4) The DF must prepare monthly aged reports of receivables for review by the BOD.
- 5) All adjustments must be verified by the Divisions' managers (or senior staff designated) to ensure that they are correctly done and the opportunity must be taken to up-date customers' database if the information is incorrect.
- 6) Establish policies to improve recoverability of current balances, not exceeding three months, and ensure that the Debt Recovery Department is properly staffed to pursue debts long overdue.
- 7) Ensure the payment period do not exceed two weeks from billing date. For Key customers, receivables should be collected at least quarterly.
- 8) Send reminders or include a statement on customers' bills 'if payments are not received their services will be disconnected'.
- 9) Consider once a year incentives for customers who pay on time.

13. Revenue based on audited financial statements and adjustments

	2012	2013	2014	2015
Metered	1,801,071,131	1,905,643,581	2,277,320,835	1,986,467,050
Un-metered & ancillary	1,381,039,920	1,425,505,272	1,354,229,064	1,776,275,418
	3,182,039,920	3,331,148,853	3,631,549,899	3,762,742,468

**2015 revenue was taken from the billings summary and include Key customers adjusted for metered customers billed in January 2016*

Revenue information issued by the Billing Department differs significantly from those reported in the financial statements because of adjustments which are done every month. We have reviewed the monthly and year to date adjustments for the years under review and found that the adjustments were significant as follow:

TABLE 1

	2012	2013	2014	2015
Current year	(113,670,437)	(31,860,309)	(72,745,130)	(19,285,960)
Prior year	(445,048,319)	(1,082,008,642)	(634,828,143)	(948,896,257)
	(558,718,756)	(1,113,868,951)	(707,573,273)	(968,182,217)

Source: Billing Adjustment summary for each year January to December

These adjustments represent the net effect of all transactions from each division for each year. These balances are debit which means that revenues were overstated each year because of the reasons stated below but not limited to these. The credit balances, which were insignificant and represent customers' underpayments, were netted off from the debits.

- Estimations when meters are not read
- Duplication of accounts
- Empty and abundant properties being billed for which receipts will never be received
- Incorrect tariffs being used
- No water supplied but bills still issued

- Incorrect meter readings
- Missed billing period
- Illegal connection eventually fixed but charges back dated at current tariffs

The adjustments are posted monthly to account code 5606–‘**Adjustment Previous Year**’ in ORACLE as the summaries are submitted by the Billing Department. At the end of the year, further adjustments are made for bills issued in one accounting period but relate to the prior period mainly for the month of January.

We were able to verify that the current year adjustments were included in revenue for the current year but the prior years were charged to expenses described as impaired receivables in 2014 and bad debts write off. A reconciliation of revenue revealed that there are unaccounted differences. **Please see Appendix II**

In response to the above are as follows:

“The revenue reconciliation prepared in Appendix 4 was done in a crude form; it has not taken all of the parameter of how billings and adjustments are treated in the financial statements. The auditor highlighted differences between billing and adjustments compared with the financial statements. Refer to table 2 below and table 3, (a) through (d) for the reconciliation for revenue and adjustments respectively.”

We have reviewed the DF’s adjustments for the year 2012 which was done monthly and noted the net effect of the monthly adjustments was \$517,732,735. This was arrived at by taking the current month’s balance and deducting the prior month’s balance throughout the year. Our source of information is attached (see appendix XX for adjustments summary for 2012 by Division). Regardless, both were supposed to give the same reconciled balance. DF’s reconciled balance was \$517,732,735 and Billing Department reconciled balance was \$558,718,756.

When we asked the DF why the prior year adjustments were not done by restating prior year financial statements, he explained that the amounts were expensed in current year. We pointed out to him that, in our opinion, prior years’ adjustments had to be addressed in accordance with International Accounting Standard 8- Accounting Policies, Changes in Accounting Estimates and Errors as follows:

Recognition, accounting treatment and disclosures of prior period error

IAS 8.42

Subject to paragraph 43, an entity shall correct material prior period error retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- b) If the error occurred before the earliest prior period presented restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

IAS 8.46

Limitations on retrospective restatement

The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated at far back as is practicable.

IAS 8.49

Disclosure of prior period errors

In applying paragraph 42, an entity shall disclose the following:

- a) the nature of the prior period error;
- b) for each prior period presented, to the extent practicable, the amount of the correction:
 - I. for each financial statement line item affected; and
 - II. if IAS 33 applies to the entity, for basic and diluted earnings per share;
- c) the amount of the correction at the beginning of the earliest prior period presented; and,
- d) If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has corrected.

Financial statements of subsequent periods need not repeat these disclosures.

In fact, GWI's policy on revenue states- turnover comprises billed sales of water and sewer services to customers. Tariffs payable by customers are determined by reference to the Company's Licence. Income is measured at fair value of the consideration received or receivable. **Income is reduced for estimated invoices by issuance of adjustments as appropriate.**

This policy seems to contradictory what is actually happening as the DF did not follow the last sentence.

With regards to the adjustments posted through account '5606' in the general ledger, the amounts were charged as follow:

	2012	2013	2014	2015
Impaired receivables	(113,670,437)	(31,860,309)	(72,745,130)	(19,285,960)
Bad debts written off	(445,048,319)	(1,082,008,642)	(634,828,143)	(948,896,257)
	(558,718,756)	(1,113,868,951)	(707,573,273)	(968,182,217)

A summary of adjustments made over the last four years are as follow:

	Current Year	Prior year	Charged as exp.	Difference
	\$M	\$M	\$M	\$M
2012	(113,670,437)	(445,048,319)	(494,131,151)	(49,082,832)
2013	(31,860,309)	(1,082,008,642)	(399,121,156)	(682,887,486)

2014	(72,745,130)	(634,828,143)	(516,048,473)	*(118,779,670)
2015	(19,285,960)	(948,896,257)	draft FS not available	

Source of information: Adjustment Summary-Billing Department

*This amount was written off as bad debts in the profit and loss statement in 2014.

Had these adjustments been correctly treated in accordance with the reporting standard, the income statements would have been different from the audited financial statements.

In our discussions with the Billing Manager (BM), she has advised us that the number and value of bills as extracted from Hi-Affinity monthly are forwarded to the Finance Department along with adjustments. This information is then posted to ORACLE-the accounting software.

Adjustments to current and prior years billings are made based on customers querying their bills and GWT's meter readers and billing staff identifying prior months' corrections. Daily corrections are made in each Division whenever meter readings are corrected, duplication identified or incorrect tariffs corrected and whenever customers query their bills. These corrections are effected immediately in Hi-Affinity and printed. It is these adjustments which are summarised and sent to the Finance Department for posting to the ORACLE software.

We were advised by the Customer Relations & Commercial Services Manager (CR&CSM), BM, DF and other managers that the billing database needs to be sanitised because there are over 30,000 incorrect transactions caused by some of the reasons listed above. Several attempts were made in the past and as late as in 2013/2014 to sanitise the database and management confirmed that this is an ongoing exercise. We reported on this under 10 above.

These adjustments were posted in the general ledger account code 5606 described as 'adjustments previous years'. The trial balance available to us over the last four years 2012-2015 showed the following **net debit** balances under '**adjustments previous years**'.

	\$M	
2012	1,138,793,876	-\$494,131,151 in P&L: difference \$644,662,725
2013	399,122,439	- profit & loss as expense
2014	516,048,473	- profit & loss as expense
2015	948,896,257	- no FS to date

These balances do not match the net amounts in the adjustment reports submitted by the Billing Department and we are unsure how the difference in 2012 was accounted for.

Management's comments: 'difference of \$644,662,725 was prior year adjustment posted to the earliest year at the time of the financial statement preparation. The financial year 2012 was the most recent year which was opened in Oracle general ledger and the error was posted in that period'

Our responses is that the amount should have been adjusted to the earliest prior period-2011

Management's comments: 'the receivable analysis was based on a report generated from the Hi Affinity billing software in January 2015 and not as of December 31, 2014 which may have contributed to the difference between the numbers noted'

'it is acknowledged that there have been movements of \$118,779,670 for bad debts written off and \$516,779,670 written off as prior year adjustments'

'the presentation in accordance with LAS 32,38 and IFRS 7 will be presented as far as practicable in the 2015 financial statements as there are limitations that inhibited and the quality and types of reports that are generated from the Hi Affinity software'

In addition, we noted that receivables account code 1401 and provision for bad debts code 1402 as shown in the trial balance when compared with the financial statements had differences as follow:

	Trial balance	Financial Statements	Difference
2012			
Receivables	6,814,943,223	7,459,605,948	644,662,725
Provision for bad debt	(4,401,642,849)	(4,401,642,849)	-
2013	there was no difference		
2014	6,093,664,333	6,093,664,333	-
Provision for bad debt	(4,039,222,313)	(3,393,556,121)	*(645,666,191)

The 2014 difference was treated as other income in the profit and loss. This amount was taken from trade receivable aged listing in a very ingenious way as shown below.

The 2014 financial statements- statement of profit and loss-page 5 reported 'Reduction in the Provision for Bad Debts' of \$645,666,191. This balance was arrived at using an aged receivable analysis which showed balances owed by customers from all Divisions. The summary of balances by age is as follows:

Divisions	Not due at 31/12/2014	0-365 days	366-730 days	731-1080 days	1081 days and above	Total
Total	285,974,576	2,591,774,964	819,713,245	279,378,982	2,126,221,522	6,103,063,288
Bad debts provision % written back		25%	50%	75%	100%	
Value	Nil	647,943,741	409,856,622	209,534,237	2,126,221,522	3,393,556,122
Prov. In GL 1.1.2014		556,604,126	362,220,810	572,290,335	2,548,107,042	4,039,222,313
Increase/ (decrease)		(91,339,615)	(47,635,812)	362,756,098	421,885,520	645,666,191

- We were unable to verify the basis of how the aging was arrived at.
- Whether the amount of \$645,666,191 was discussed with the BOD and approved to be recognised as 'Reduction in the Provision for Bad Debts' at a time when it is almost certain

that these amounts would not be recovered. This appears to be window dressing of the financial statements.

- Who approved the write back of 'provision for bad debts'?
- Receivable balance at December 31, 2014 in the trial balance was \$6,093,664,333 and not \$6,103,063,288 as is reported in the aged analysis, a difference of \$9,398,955. Again, receivables balance in the reconciliation provided by the MA was \$6,007,075,701. So, clearly, there seems to be a lot of issues with receivables' balances. **Please see appendix III&IV for both the aged listing and receivable reconciliation.**
- The provision for bad debts at January 1, 2014 remained unchanged during 2014 as per the trial balance. The only movement during the year was \$118,779,670 which was the difference between the prior year adjustment and the amount of \$516,048,473 which was written off as impaired receivables in the statement of profit and loss.
- Receivables presentation and reporting have not been in compliant with IAS 32, 38 and IFRS 7.

Management's response:

"The basis of arriving at the provision for bad debts of \$645,666,191 have been done in earlier reported periods in 2007 and 2008. The quality of the customer database, the design of the system and the lack of acceptable reports inhibits from making a more realistic and prudent provision that would reflect the risk profile of the trade receivables portfolio. To note a few limitations that would impede a more acceptable methodology of arriving at write off and provisioning; pertaining to aging of receivables is that the design of the system applies all payments to the oldest balance at all times instead of allocating to intended invoice(s) and the volume and value of high estimated billings absorbed overtime in the trade receivables and are only discovered overtime and adjusted and the level of collections efficiency, amongst other limitations.

The creation of the provision (general) for bad debts has been debited to the profit and loss accounts over time and it is only logical that once there is a decrease in provision the amount be recognised as other income. Attempts would be made to provide for bad and doubtful debts on a specific basis based on a risk profile of customers or groups.

As it relates to the application of determining to write back the provision the methodology was based on percentages used in 2007 and 2008 audited financial statements prepared by a reputable Audit firm during a consultancy in 2007-2008. I used the methodology because of the limitation of the Hi Affinity billing software."

In fact, considering that management has always struggled to collect outstanding balances and that a significant portion may be incorrect because of a highly flawed receivable ledger, receivables over 365 days should have been written off as bad debts a long time ago. If bad debts are subsequently recovered then the amounts should be treated as other income just as overstatement of revenue is reported monthly as prior year adjustments.

At the time of our audit, the new BOD has set up a Debt Recovery Department and from November 2015 to March 2016 a significant amount of receivables in arrears has been reported as being recovered from a balance of over \$6B. But there are still significant balances that have been coming forward which would not be recovered and should be written off as bad debts.

In reviewing the DF's financial reports for the month of December 2012 to 2015, the reporting information and to some extent the format has not changed in a meaningful way. Perhaps the BOD did not request more details including segmental/divisional reporting nor have they requested

financial ratio analysis which are used to measure and evaluate the company performance such as its efficiency, liquidity, current ratios etc.

The first paragraph of the report mentioned about the SBP as follows:

*‘The Financial Year 2015 represents the fourth year implementation of the company’s Strategic Business Plan 2012-2016 (SBP). For the month of December 2015, the company made an operating loss of G\$131M and a profit of G\$1.08B after a subvention of G\$1.21B was allocated by the Ministry of Finance to the Guyana Power & Light Inc. The subvention is recognized as other income **and impacted positively on the financial results of the company.** The operating loss for the year before electricity subvention of G\$1.74Bln was G\$2.21B and a loss of G\$472M after subvention.*

What the opening paragraph did not report is that the company’s performance against the SBP’s projection; it only reported against budget for the year. Had the SBP projected revenue been matched against the actual, the variance would have been less by \$2.5B plus. It is clear management had abandoned the SBP and instead prepared annual budgets but the DF superficially mentioned the SBP in his report.

Management’s response:

“ The reports reviewed are standard reports generated by Oracle Business Suites Financial Modules which is used to prepare management accounts and have significantly being improved compared to the no base period of 2012. There are detailed reports at company, divisional and departmental levels which are available to review. Like any other organization, other reports are also requested on an ‘ad hoc basis’.”

GWI continues to have many problems with revenue generation and collection of outstanding customers’ balances. Some of the reasons advanced were:

- a) Company is not managed with a view to breakeven at a minimum.
- b) All metered customers may not be included in the data base.
- c) Field study was done to determine whether data base is accurate but information gathered was not used to adjust/correct data base.
- d) Unmetered customers are still higher (54%) than metered customers even though SBP plan had targeted 100% by 2015.
- e) The Billing Manager estimate that the current billing list includes duplications of customers the number of which cannot be determined, customers who no longer live at the address but are issued with bills monthly, customers who requested services but have not used it and are being billed fixed amounts since their meters are not read.
- f) Limited number of meter readers thirty four (34) in all currently.

The financial statements for 2014 reported on page 4 that ‘the Board of Directors approved these financial statements for issue on 17 December, 2015’. We verified the BOD’s minutes of December 17, 2015 and noted that the directors reported ‘the financial statements were approved and signed off and the company received a clean opinion’.

What we are uncertain about is whether the directors had the benefit of thoroughly reviewing and questioning the balances and presentation of the financial statements which in our opinion have severe limitations as reported below under ‘Financial Statements’. The current Chairman explained to us that the BOD relied on the DF to ensure that the financial statements were in order.

14. Non-Revenue Water

NRW has been an ongoing issue with GWI to the extent management has set about to reduce the percentage since incorporation. Included in the PUC Order 3/2005 was **‘the percentage of non-revenue water is alarming and much effort must be put in place to arrest the slide’**.

Based on information available and discussions with the Head-NRW Unit, NRW is still very high-close to 70% of actual production. There are many reasons for this including:

- leakages in water mains and home connections
- illegal connections
- legal connections but not billed
- over 50% of customers still not metered resulting fixed billings
- mains connected to the water system not identified and therefore water not accounted for
- main valves not recording water passing through them correctly

Over the last four years, the ED-CIP Department have been reporting significant improvements to existing transmission and distributions mains. ED-CIPD informed us that 35,223 meters have been installed over the last four years yet there has been no significant change to the metered customers in the billing system. The BM could not have confirmed whether the additional metered customers as reported by the ED-CIPD have been reported for inclusion in the Hi-Affinity system but she is certain that the numbers have not increased significantly. We were unable to verify evidence that indeed 35,000 new meters have been installed

Year	2012	2013	2014	2015	Totals
Grand Total	1,738	7,072	19,827	6,586	35,223

The following are extracts from the IPID’s report for 2014 issued in April 2015.

‘The 2014, Capital Investment Programme focussed on the state of Non-Revenue Water and the consolidation of all efforts and investments while being consistent with goals set out in the Poverty Reduction Strategy Paper (PRSP), Millennium Development Goals (MDG) and Low Carbon Development Strategy (LCDS). Additionally, considerations were made to the objectives set out in the five (5) years Strategic Business Plan’

In reviewing the Strategic Planning Sub-committee’s minutes of **January 4, 2013** we extracted the following, which gives an idea of how the Committee was addressing the company’s most pressing issue-NRW. The Committee included four (4) directors including the Chairman, ED and most managers.

Non-Revenue Water (NRW)

‘It was noted that there is no agreement in the company on the figure for NRW. A team tried to address the matter but got nowhere. A task team is now set up with a TOR (copy circulated at meeting) to address this matter. A report will be submitted by month end. It

was explained that part of the problem in calculating the figure is the information available in Hi-Affinity?

'Concern was raised that representation would have been made by the utility to cabinet and donors on the NRW figure and that it was troubling to now hear that there is no settled position on the matter. It was mentioned that the company is in possession of much more information now than ever before and that a fresh look can be taken at NRW. It was noted that the inconsistencies have been around for a while but it is time that the numbers be reviewed to come up with a realistic figure. It was agreed that at the next meeting the CE's report on this matter will be presented. Full establishment of the M&E Unit was noted as critical to the implementation of this plan'

'It was noted that the formula used to calculate the baseline figure for the strategic plan should also be used in calculating the 2012 figure for NRW. It was explained that the previous calculations for NRW included an estimate for consumption by unmetered customers. It was also explained that with the TOR in place and a fresh look at this matter an explanation can be provided to stakeholders at all levels about the changes in computation and that a more superior methodology was used'

'It was suggested that with the adoption of the new methodology the numbers submitted over the last 5 (five) years should be re-examined. It was further suggested that the Matrix be amended to include the actual figures for 2012'

'Inaccurate Accounts – physical verification will begin in Georgetown and Division 2 and that the staff in the Division will be used to do this. It was indicated that there needs to be a section of the company identified for accounts maintenance. The challenge seems to be verifying and maintaining accounts. It was suggested that this exercise should be completed this year'.

In reviewing their minutes of May 20, 2014, which is over a year later, we extracted the following, which gives an idea of how the Committee continued to address the issue. Again the Committee included four (4) directors including the Chairman, ED and most managers.

'Presentation on GWI Measures to tackle Non Revenue Water'

The IWA and AWWA definition of NRW was explained including a breakdown of each component. With respect to commercial losses a member asked that the indicators be ranked in order of importance. It was noted that the technical losses may be easier to identify and assess. It was explained that theft and billing adjustments are mostly responsible for commercial losses. The challenges faced in estimating NRW were highlighted including data entry errors in inputting production figures and accurately calculating water billed. A member noted that challenges present opportunities that can lead to strategic interventions and queried whether the presentation will address the interventions needed. It was explained that getting data which is verifiable is another challenge and that the Linden consultancy presented opportunities to address NRW. A member also queried whether the presentation will address NRW as a whole for the company or for the purposes of the strategic plan target. It was explained that NRW is becoming the heart of the utility and will be

transitioned to the divisional level. The establishment of the NRW committee is the start of the process. It was suggested that after the challenges were established that a SWAT should have been done to determine the strategic way forward. It was explained that the strategic interventions are in the latter part of the presentation and include universal metering, DMA installations and network modelling. It was further explained that the current focus of the Committee is to establish a baseline by the end of July, since the SBP has an estimate of 69%. Proposed solutions were presented to address some of the challenges with NRW. With respect to Data Entry Flow Chart, the presentation highlighted a two-tier level of validation for information. A member queried the need for a second level of validation. It was explained that the M&E Unit will check the information being inputted and raise concerns with the relevant Manager. Concern was raised that this maybe too much layering and that accountability should be upheld. It was suggested that different reports should be designed for different levels of managers. The presentation also highlighted the NRW reduction measures and the action plan from 2014 to 2016. It was agreed that performance indicators should be developed so that there is a tool to measure the implementation of the plan. A member suggested that the risks should also be assessed.

In reviewing their minutes of **January 20, 2015**, another year later, we extracted the following,

‘A presentation was made highlighting the 2013 baseline of 70% and the methodology used to calculate NRW. 2014 water balance is still to be completed since all the data is not available. It was noted that the monitoring of unmetered customers revealed that their consumption averages 28m³ per month. **Based on the numbers for 2014 so far it appears that NRW may be down to 65%.** Computation used to arrive at the baseline followed the methodology used by the Consultant in Linden. **A plan has to be developed to address NRW to bring it down to 55% by 2016 by increments of 5% each year.** It was noted that from the presentation that the technical losses were not as high as expected, **losses are mostly on service connections as a result of poor contractors, supervision or materials.** A member noted that reduction in NRW should decrease incrementally each year as systems improve and more work is done. It was further noted that GWI is capable on the engineering side and that more attention should be focused on the non-technical side. It was mentioned that the IDB Linden consultancy contained a report on Customer Services making recommendations on institutional strengthening, training and the use of GIS. It was noted that the position of Director of Customer Services has been vacant for some time and this should be addressed. It was further noted that future investments should concentrate on the non-technical in order to further address NRW. Committee asked that a soft copy of the presentation be circulated to the Board.’

It is very clear that the BOD and management were still struggling to determine a way forward to address NRW although four years earlier it was included in the SBP how it would be addressed.

Comments

We understand that GWI has retained a consultant who is carrying out studies on how to address NRW, particularly in reducing wastages through the mains and locating mains that are connected to the system but have not been previously identified. With GWI's in-house engineers and the NRW

Department in place, we believe a plan must now be implemented and acted on to reduce NRW to achieve the desired reductions over the next five years.

Recommendations

- 1) It is imperative that the new BOD take steps to reduce NRW and to ensure that over the next five years to 2020, it is reduced from 70% or thereabout to 45% as Mr Ramchand Jailall emphasised to us. This would require a comprehensive plan which should be reviewed monthly; any positive change must be supported by verifiable evidence so that the BOD can confirm the reduction.
- 2) Divisions with high NRW must be given priority to fix their problems such as line losses and the misuse of water by those not metered etc.
- 3) Ensure that the customers are metered at least to 80% of a sanitised data base of customers in the next few years.
- 4) Replace aged pipes, some of which may be very old and leaking.
- 5) Leakages must be minimised which is an important way to identify and account for non-revenue water.
- 6) Identify main lines which have not been previously identified.
- 7) Ensure that the customers are metered at least to 80% of a sanitised data base of customers in the next few years
- 8) DF to work along with Manager-NRW to obtain details of analysis that has prepared using Hi-Affinity data. In addition, DF should present a special report on the effect of the decrease in NRW on the financial performance of the company quarterly.

15. Georgetown Sanitation Improvement Programme (GSIP)

The works have been completed on the rehabilitation of the sewer system in Georgetown and the distribution of medication for the reduction of diseases related to poor sanitation continued in 2015. The progress under the GSIP in 2014 was 100% completed with a disbursement of \$521.8M. This resulted in improvement in the performance of the Georgetown sewer system after the works have been completed.

16. Hinterland

The Hinterland program has been undertaken to the value of \$190M which has resulted in the increase in the Hinterland coverage to 84% of the population. Works were completed in Waikerabi, Haimakabra, Cabroira and Santa Rosa- Region 1, Arau and Kaikan – Region 7, Taruka and Kanapang- Region 8 and Aishalton, St Ignatius, Kathur and Pipang – Region 9. Works are continuing in Region 1 at Mabaruma, Port Kaituma and Matthew's Ridge so as to improve the service being provided to the customers. Also works are planned for the drilling of a new well at Culvert City, Region 9 so as to improve the capacity of Lethem to provide service to the new housing areas.



It should be noted that water produced in the Hinterland has not been billed since 2008. We were unable to determine who made the decision to stop the billing except for Key Customers-Government Agencies who are billed ‘on average’ for billing purposes.

***Management’s response** – “GWI is advancing a plan to improve the service being provided in the Hinterland communities first and has a plan to commence billing in the small towns, including Government once the services provided are deemed satisfactory.”*

Recommendation

- 1) The BOD need to consider a special tariff for the Hinterland to offset operational costs. Customers having to pay for the service may very well prevent its misuse.

17. Linden Water Treatment Plants & Linden Water Supply Rehab (LWSRP)

The construction of two new Water Treatment Plants (WTPs) was completed and handed over in March 2015. The preparation of the Dakoura Creek Watershed Management Plan is ongoing and continued in 2015. These Plants are expected to last for 40-50 years once they are not affected by construction defects.

There are currently five (5) aged WTPs-Amelia Ward, Linden Power Company, Wisroc, West Watooka and Mackenzie; three (3) are being retained plus the two (2) new ones until such time when all the distribution systems are remedied of their existing defects to significantly reduce NRW.

NRW in Linden is due to leakages, unmetered customers, illegal connection and unknown water mains laid by SIMAP in the past, damaged and isolated mains which cannot be located because of sand based conditions.

We visited Linden to verify progress on the two Water Treatment Plants (WTPs) which were constructed at a total cost of US\$12.3M. The contract to construct these new Plants was awarded to

UEM Inc. a Trinidad based company via competitive bidding in 2012. The supervising consultant appointed was Egis EAU of France. The design of the Plants was done by HYDEA Srl of Italy.





New infrastructure at Amelia's Ward WTP

With the construction of these two WTP, it was expected they will service the entire Linden while the existing McKenzie and West Watooka WTPs will be used as back-ups. In addition, the overall intention was to reduce the operating cost associated with the treatment of surface water from the Demerara River consistent with the World Health Organisation standard. The Plants were completed in March 2015 and are now in the defects liability period until March 2016 which we understand has since been extended.

We understand that all deviations from the original designs were approved by GWI after recommendations from the supervising Consultant, Egis Eau/SRKN Consortium and also received a no objection from IDB who has funded the project.

At the time of our visit, the South Amelia' Ward Plant was working but the Wisroc Plant was still under testing. Before the construction of these Plants, Linden was serviced by five treatment plants and one booster station and these were intended to be decommissioned once the new plants become operational, while two plants (McKenzie and West Watooka) would have been maintained as backups.

Based on Mr Jailall, ED-IPID, who is an engineer by profession, it appears that the designs for the Plants had issues/shortcomings from the inception. These issues were also identified and reported on by the contracting engineers, UEM Inc. in a detailed letter dated January 3, 2013, a copy of which is attached at **Appendix V**. The Consulting Engineers responded to the report on June 13, 2013, which is also attached as **Appendix VI**. The Consulting Engineers did not support some of the critical findings identified by the contractor and concluded that the HYDEA's designs are adequate and should be followed.

We do not possess the necessary engineering skills to draw conclusion from these reports; however, the ED-IPID issued a report on October 12, 2015 which highlighted the weaknesses and possible remedies except that the report did not quantify the likely cost to GWI to carry out the remedial works.

The ED in his December 2015 report to the BOD, stated 'that the Linden Water Supply Rehabilitation Programme has resulted in the construction of two (2) new WTP, transmission and distribution mains. However, GWI is currently experiencing several challenges with the water supply systems in ensuring continuous delivery of service to all customers as a result of inefficient performance of the new treatment plants and high water losses within the system. GWI has continuously requested the support and patience of the Linden community with an undertaking to improve the service and address defects on the plants. At present, GWI is advancing a leakage reduction program and mobilising some Engineers with labour, tools and equipment to explore all areas so as to repair leaks and decommission old mains that may be causing significant losses within the system in order to address the distribution system challenges. In addition, the defective filter media is expected to be replaced by the end of February 2016 along with the installation of a geotextile membrane to improve the performance of the filter. This was one of the major weaknesses identified by the contractor which the consulting engineers advised that there was no need to modify the design.

In addition to the foregoing, we physically visited the Plants and noted that the one at Wisroc had remedial structural works done. The background to this was that GWI's requested the Guyana Association of Professional Engineers to serve as adjudicator regarding faulty concrete that was poured by the contractor. Excerpt from the Adjudicator's report:

The Issues 'concrete poured on March 7 2014 have defects in the form of honeycomb, cold joints and cracks. The consultant and contractor initially discussed the repairs of the concrete and the contractor was asked to submit a method statement. This was submitted. The consultant subsequently issued instructions to the contractor to demolish the walls. They claimed that they suspect that the defects at the joints went through the thickness of the wall and as such repairs cannot guarantee the integrity of the structure on a long term basis. It was also claimed by the consultant that the proposed method of repairs were not applicable because of the extent of the defects.

The contractor is claiming that since the concrete reached the required strength they should be allowed to carry the repairs as originally discussed. They are contending that the instruction to demolish the works was based on the suspicions of the consultant rather than any engineering approach and

analysis. The consultant claimed that their decision to demolish was not based on suspicions but rather on observations.

Cracks were observed on opposite faces of the walls at the same depth.

The contractor referred to the relevant clauses in the contract which allows for repairs to the concrete rather than demolition.

The consultant expressed concerns during the pouring of concrete on 7 March 2014 when the batching plant broke down and also when the line pump malfunctioned. The consultant contends that the extent of the defects is such that the 50 years expected life of the structure cannot be guaranteed if repairs are carried out. There are concerns that the surface treatment could later develop small cracks which would leak, thereby negating the repairs. The depths of the defects observed from the chipping of the concrete did not take into consideration the actual depths that would be required to get the patching materials beyond the reinforcement. The consultant referred studies done in the North America and Europe showing that 50% of all repaired concrete fails within the first five years.

The consultant reported a much larger area of concrete with defects as compared to that reported by the contractor.

Actions taken by the Adjudicator

Contract between parties was reviewed. Particular attention was paid to the technical issues. A meeting was held between the parties and the adjudicator; after extensive discussions it was decided that alternative corrective methods should be considered.

Decisions taken:

- 1) An additional layer of concrete is to be placed on the inner and outer faces of the walls affected*
- 2) This layer of concrete is to be 150mm thick*
- 3) The concrete for the additional layer must be of the same mix design the original wall*
- 4) The additional layer of concrete should extend to a minimum of 200mm into the second lift*
- 5) The reinforcement and other construction details should be agreed upon between the parties*
- 6) Consideration should be given to increasing the overall height of the reservoir in order to maintain the same capacity as the original design*
- 7) The cost of these works is to be borne by the contractor*

During our visit, we noticed the storage tank walls have what looks like seepages/sweating of the outer walls. See pictures below. The ED who accompanied us, explained that these seepages will stop in due time as the concrete matures. We are not sure whether these seepages/sweating would have a long term impact on these walls. We were informed that the BOD and management are looking at the issues which are affecting these Plants to ensure that GWI takes them over structurally sound before the end of the defects liability period.



Seepage/sweating of the outer walls

The issue of fixing the NRW in Linden is challenging because of the following:

- a) The area is sand terrain, therefore leaks cannot be easily identified;
- b) The mains have been laid by several organisations including SIMMAP, Basic Need Trust Fund and there are no drawings to identify where they were laid. This makes it difficult to determine whether they are affected by leakages, broken, damaged or completely abandoned resulting in loss of water and pressure;
- c) The terrain is undulating and this compounds the points at 1 & 2.

Comments

The Government of Guyana through loans from the IADB have invested over US\$12M to construct these Plants with a view to significantly improve the water supply and distribution systems in Linden. It seems at this stage that the Plants and distribution systems are not fully operational because of several defects and existing problems with the entire water distribution systems. Currently, another contractor has been engaged to identify and provide recommendations on how to improve the distribution systems with a view to significantly reduce NRW.

Because of the issues reported above, the existing five water treatment plants and wells, some of which were to have been de-commissioned because of age, will continue to be used at high costs.

Management's response:

"The two new plants have been designed to provide a combined supply of 10,000 m³ of treated water per day. At present the existing demand in the entire Linden is around 16,000 m³ per day. This requires the other WTPs to be in operation to provide the additional demand. A non-revenue water consultant has been engaged by GWI to provide assistance with the objective of reducing wastages/losses so that the demand can be reduced. Based on the outcome of this consultancy, a decision will be made on the decommissioning of other plants."

"The replacement filter media has been sourced and is presently in the country. GWI has approved a modified filtration system to be installed and the replacement media will be installed upon completion of the modification to the filters."

"...it mentions that seepage/sweating were observed on the outer walls of the Wisroc tank. Inspections were undertaken in April 2016 and a significant lower number of sweats were observed but not to the level that it can be measured. This tank is continuously being monitored as there is an extended warranty of 6 years to the defects liability period and a performance bond has been provided for this warranty covering the total value of the reservoir."

Recommendations

Because we do not have engineers' services at our disposal, we offer the following limited recommendations:

- 1) BOD must ensure that the two Water Treatment Plants are structurally sound and fully operational before being hand over.
- 2) The BOD should seek legal advice on how they should proceed based on the terms and conditions of the contract as defects are still being addressed even after the defects liability period has ended and now extended. Failure to protect the interest of GWI may cost the company later.

18. Contracts

During the period under review, the volume and value of minor and major contracts issued were:

	Minor		Major	
	Volume	Value \$M	Volume	Value \$M
2012	228	452	38	5,894
2013	240	492	36	1,271
2014	352	746	60	1,827
Total	820	1,690	134	8,992

Source of information: Procurement Director

A sample of contractors was selected for the period under review and the volume and value of contracts awarded to them were:-

	Minor		Major	
	Volume	Value \$M	Volume	Value \$M
S. Jagmohan	3	31	12	2,182
% of total stated above	0.37	1.83	8.96	24.
R. Kissoon	33	64.80	13	174.60
% of total stated above	4.02	3.83	9.70	2
N. Lachman	0	0	6	205.40
% of total stated above	0	0	4.48	2.2
A. Chowramootoo	1	2.29	14	360.90
% of total stated above	0	0	10.45	4.0
Faldhari Singh	3	8.03	7	97.44
% of total stated above	0.37	0.48	5.22	1.0

Source of information: Procurement Department – Contract Register

Our primary objectives were to determine whether contracts were issued in accordance with Tender Board Rules, National Procurement Act No.8 of 2003, and all other rules and policies governing the award of contracts.

Samples of contracts issued for the period under review were selected from the 'Project Tracker Workbook' which is maintained in EXCEL by the Procurement Department (PD). Additional information on contracts examined was requested from the Capital Investment and Planning Department (CI&PD or the IPID both refer to the same department).

For minor contracts, copies of the contracts are maintained by the PD and files are also maintained by the CI&PD which show the progress of work, correspondences with contractors and valuation of work done. Files are maintained by both the PD and CI&PD for major contracts; the PD's files include details such as the advertisement for the contracts, evaluation reports and award of contracts. The CI&PD's files include progress of work, correspondences between GWI and contractors and evaluation of work done.

All minor contracts are awarded internally in accordance with Tender Board Rules which clearly identify the 'limitations of awards of contracts by the Management Tender Committee' as follow:

The Management Tender Committee (MTC) shall award contracts where the value of works and /or services to be acquired are more than ten million (G\$10M) but less than fifteen million (G\$15M) dollars, except for contracts over G\$2M for consultancy services which will be awarded by the National Board for Procurement and Tender Administration.

Limitations of awards for contracts for the GWI Tender Committee

They shall award contracts when the value of works, goods and or services to be acquired is more than fifteen million (\$15M) but not more than twenty million (\$20M)

All contracts outside of these amounts **must** be awarded by the National Procurement Tender and Administration Board (NPTAB).

Summaries of the major findings for contracts examined:-

Contract 2012/032 valued \$113,997,762 – N. Lachman Business Establishment and Civil Works - Service connection upgrade/metering and upgrade of filters of Rose Hall Water Treatment Plant, Region 6

- Section GCC 19.1 of the Special Conditions of the Contract states that "... the winning Bidder shall prepare a Safety Plan for inspection and approval by GWI's Health and Safety Officer...Failure to adhere to this clause shall result in the rescinding of the Award of Contract and the forfeiture of the Contractor's Bid Security." The safety plan was stamped '**received**' on the 3rd July, 2012 by the PD and CI&PD; this was also the same date the contract was signed. There was no evidence from the Health and Safety Officer that the safety plan was reviewed and approved. This shows that Section GCC 19.1 was not complied with and therefore the contract should not have been awarded even though the NPTAB had approved the award of the contract to N. Lachman. GWI's representatives clearly ignored this section in signing the contract along with the contractor.

Management's response:

"It is customary for Mr. C. Cathro, the sole Health and Safety Officer to review and approve the safety plan submitted for the project which is included in the contract document. Mr. Cathro was out of the jurisdiction at the time hence, did not append his signature to the plan. This should have been corrected upon his return.

Contract 2012/033 valued \$108,796,562. – N. Lachman Business Establishment and Civil Works - Upgrade of Pouderoyen and Fellowship Water Treatment Plant

- Again, Section GCC 19.1 was not followed. The safety plan was stamped 'received' on the 3rd July, 2012 by the PD and the CI&PD the same date the contract was signed by all parties. There was no indication from the Health and Safety Officer that the safety plan was reviewed and approved. Again, GWT's representatives clearly ignored this section in signing the contract along with the contractor. In addition, there was no evidence of an evaluation report from the evaluation team appointed by NPTAB to confirm the awarding of this contract. On 22nd June, 2012, the Secretary of the Cabinet, Dr Roger Luncheon advised that Cabinet approved a 'no objection' to the award of this contract to N. Lachman Business Est.
- Evidence in the CI&PD's file indicated that the contractor encountered 'hiccups' in gathering resources and materials to complete the project in a timely manner. Liquidated damages were applied and the contractor was written to on February 10, 2014 to repay outstanding amounts of \$5,689,760 to GWI which has not been paid to date. We were advised by the Director of Cooperate Services/Company Secretary (DOCS) that GWI has taken the Contractor to Court to recover the amount. The DOCS stated that the case is still in court and no settlement has been reached to date. **Please refer to Appendix VII-letter from GWI's PM informing Mr Narindra Lachman of his indebtedness to GWI.**
- A partial completion certificate was issued by the GWI's engineer, Mr. Riaz Zalil, but no final completion certificate for the work done was issued. In effect the contract was not completed.

Management's response:

"The safety plan for this project was received by Mr. Cathro who gave his approval on 6th July, 2012 via the review of the Health and Safety plan memo. The evaluation report for this project was subsequently placed in the project file."

"GWI took legal actions against the contractor to recover outstanding balances as a result of the application of Liquidated damages under this contract as such this contract ended up in a legal dispute. Several defects that were identified during the defects liability period were corrected by contractors assigned to divisional office. A final completion certificate was not issued for this contract as a result of the legal dispute with the contractor which is still to be resolved."

Contract 2013/675 valued \$13,214,000 – N. Lachman Business Establishment and Civil Works - Installation of transmission mains - Belvedere

- On the 1st February, 2013 the GWI's evaluation committee awarded N. Lachman the contract on the basis that he had more experience in works of a similar nature and a lower bid price. We observed that the evaluation report- 'Evaluation of the Technical Capacity of Responsive Bidders' showed that 'Satar Mohamed possessed more experience and had less outstanding projects at the time'. Subsequently, the Executive Director of CI&PD recommended to the Evaluation Committee to select a contractor that has no outstanding jobs. The project was then retendered. On the 26th April 2013, the Evaluation Committee again awarded N. Lachman the contract on the basis that he was the lowest responsive bidder. N. Lachman scored the lowest points based on the threshold for responsiveness but at the same time had more than four outstanding projects. The report of the Evaluation Committee was not signed by one of the appointed members, Mr Deslyn Griffith; no reason was stated. The MTC which comprised of the CE, DF & DO approved the award of the contract on the 6th May, 2013 to N. Lachman.
- Verification of work progress and correspondences for this contract **was not** available to us as CI&PD indicated that the file was misplaced and could not be located.
- Information was also not available to determine if the project was advertised or if selected contractors were invited to tender.

Management's response:

"The adverts for are placed in the "Advertisement file" for the respective year."

"It is acknowledged, the original file for this project was misplaced during the period when the renovation works were being executed in IPID (CIPD) in August 2014. A substitute file was soon after created by the project engineer to enable him to complete the supervision of the project since it was still ongoing."

Contract 2013/1059 valued \$35,765,120 – N. Lachman and Business Establishment and Civil Works - Service connection upgrade and metering, Hope/ Mon Repos Plant Area.

- The Evaluation Committee signed its report on the 19th February, 2013 awarding the contract to R. Kissoon on the basis that he had no outstanding contract at the time and his bid amount was lower than the engineer's estimate. The report also stated that the contract was not awarded to the lowest bidder, N. Lachman, since he had three to four projects outstanding for GWI at the time. The report was however re-signed by the Committee on the 6th March, 2013 recommending the contract be awarded to N. Lachman as his bid was lower than the engineer's estimate. This recommendation was approved by Cabinet Decision on the 21st June, 2013. The contract was awarded to N. Lachman on the 3rd July, 2013 and terminated by GWI on the 11th August, 2014 on the basis that his work was not satisfactorily done and the contractor stopped works without authorization. **Please refer to Appendix VIII for recommendations of award of contract first to R. Kissoon and subsequently to N. Lachman.**

- GWI made a claim from CARICOM General Insurance Company against the 'Performance Guarantee' for \$3,576,512 but the claim has not been received to date. When we enquired about the loss suffered by GWI, Mr. Riaz Zalil, Project Engineer, advised us that the company did not lose any money and rather than losing, GWI would benefit from whatever work the Contractor would have done.
- The DOCS has advised that GWI is still following up with the insurance company to recover the performance guarantee.

Management's response:

"The evaluation criteria required award to the lowest responsive bidder hence, N. Lachman was awarded. This is not always the best approach as the past performance and the contractor suitability for the particular project in relation to the resources to execute the works can be under estimated resulting in poor implementation rate and delayed services to customers. More emphasis needs to be placed on past performance and outstanding works in the evaluation criteria."

"Legal action was taken against the Insurance Company and judgement was granted in favour of GWI to recover monies under the Bond/Guarantee."

Contract 2013/004/007 valued \$29,013,394– R. Kissoon Contracting Services - Remedial works to Kwakwani Water Supply System, Lots 1&2

- Sufficient information was not in the PD's file to determine whether the contract was advertised or selected contractors were invited to tender.
- This contract was eventually awarded to R. Kissoon on the 19th February, 2013 for a total amount of \$29,013,390 for remedial works to be done on the Kwakwani Water Supply System Lots 1 & 2. The Evaluation Report did not state by whom the evaluation team was appointed. On the 6th February, 2013, the Evaluation Team recommended Pioneer General Construction to be awarded the contracts for an amount of \$28,088,350. However, a handwritten note from the DOCS on the 8th February, 2013 indicated that the contract should be awarded to R. Kissoon since Pioneer General Contracting had outstanding work and was in liquidated damages. The MTC which comprised of the CE, DF and DO approved R. Kissoon on the 8th February, 2013. The 'Approval of the Evaluation Report' page in the PD's file was then invalidated since the MTC is not authorized to sign contracts above \$15m. The signature page of the Approval of the Evaluation Report was again prepared by the DOCS on the 28th February, 2013 stating that the evaluation team had recommended R. Kissoon but there was no evidence of approval by the Evaluation Team to be awarded Lot 2 of the contract for an amount of \$16,294,640 whilst no approval was seen for Lot 1 which also went to R. Kissoon. Approval was sought from the Chairman of the GWT's Sub-Committee for Tenders and three other directors since the amount was beyond the limit of the MTC, but approval was received from two members only.
- Sub-rule 7(ii) of the Tender Board Rules states that "The GWI Tender Committee shall not for the purpose of giving itself authority to act under sub-rule 7(i) subdivide the quantity of Goods and/or Services to be acquired in two or more portions so that the value of one portion is less than twenty million dollars..."

- A final completion certificate for neither contract was in the CI&PD's file. We confirmed that they were not issued by the Project Engineer, Mr Richard Hoyte, to confirm that works were satisfactorily done.
- Request for the original contract 2013/007-Lot 2 was made to the PD but only a copy was received.

It appears that this project was intended to be awarded as one contract divided into Lots 1&2 but the MTC and GWI's TC decided that the contract should be split contrary to Section 7 (ii) of the Tender Board Rules since all bid amounts submitted were in excess of \$20M. The divided contracts were then issued to the same contractor for amounts of \$12,718,750 for Lot 1 and \$16,629,464 for Lot 2. This contract should have been initially referred to NPTAB. **Please refer to Appendix IX for correspondences on Award of Contract, Invalidated Page and Recommendation of the Evaluation Committee.**

Management's response:

"Two members of Board Tender Committee are considered a quorum according to the rules."

"This project was designed by IPID to be done in two lots with distinctly different scope of works...Hence, the project was tendered as two lots which could have been implemented by two contractors. Notwithstanding the above, this award should have been made by NPTAB as the total of the lots exceeded 20M. This will be carefully scrutinised before tender by procurement dept. in the future so that based on the estimates the appropriate board is requested to receive the tenders."

"This is acknowledged since only the practical completion certificate is in the project file. The final completion certificate has been issued and is currently in the project file."

Contract 2013/003 valued US\$796,156 – UTECO - Procurement of 28,485 water meters

- It was noted that requests for sole sourcing of water meters from UTECO has been a norm prior to the award of this contract by the NPTAB on the 14th February, 2013. Sole sourcing request was made by the DP for UTECO to be awarded this contract on the basis that the meters are of the required quality set out by GWI and that it is also less costly to procure them from UTECO. The National Procurement Act 2003 sub-section 28 (a) and (b) states that "The procuring entity may engage in single-source procurement when – the goods are available from a particular supplier or contractor...and no reasonable alternative or substitute exists...the services, by reason of their highly complex nature, are available from only one source...". The most recent request for approval to be granted to sole source meters from UTECO was done on the 14th April, 2015.
- A letter was submitted to NPTAB on the 3rd December, 2012 requesting the approval for 10,000 water meters and boxes from UTECO at a cost of US\$796,183. Approval to supply these items was given by NPTAB on the 28th December, 2012. On the 23rd January, 2013, a subsequent request was submitted to the Chairman of the NPTAB to amend the approval to allow UTECO to supply 28,485 water meters only for a cost of \$796,156 and also to source the water meter boxes from Jiaying Eastron Electrical Instruments Co. Cabinet considered and approved this variation on the 7th February, 2013. All 28,485 meters were supplied and GWI has since continued to directly procure water meters from UTECO.

- There was no evidence that GWI advertised this contract and therefore we could not have determined whether UTECO was the best source. We have received a letter of protest addressed to the Hon Mr Joseph Harmon, Minister in the Office of the Presidency signed by Mr Darshanand Manohar and dated June 3, 2015 who states ‘...the water meter itself is sole sourced from a company, “UTECOS” for twice the price that what other meters with superior quality can be supplied at.’ The Hon Minister then forwarded the letter to Minister of Finance who then referred it to GWI to be addressed. GWI wrote Mr. Manohar on June 15, 2015. **Please refer to Appendix X for the letter.**

Management’s response:

“A comprehensive response was provided by GWI in relation to the allegations of Mr. Manohar.”The response is attached as Appendix XXI:

“The GWI Strategic plan 2012-2016 included a comprehensive metering program that had specific targets for the supply of these measuring instruments in a timely manner to facilitate the achievement of the annual targets. The public tender route for supply and installation of meters in 2011-2012 had the following pit falls:

- *Single contractor won bids to supply and install 3000-4000 meters and service connection materials but lacked the capacity to procure the instruments in a timely manner and install the meters.*
- *New brands of meters were introduced in the various regions which were different to the preferred quality and type adopted by the utility in 2006.*
- *Cheap connectors, poly female adaptors and stop cocks entered the distribution system resulting on many leaking service connections.*
- *Divisional contractors were repairing leaking, meters on a regular basis...*

As a result of the foregoing management sought to procure all materials for metering program and issue installation contracts to install the meters in lots of 500 meters to the contractor’s who were repairing leaks and installing new services in the divisions.

Contract 2014/4177 \$54,000,000– Dax Contracting Services - Supply and delivery of 10,000 water meter boxes

- Request was made by DP to the Chairman of NPTAB to sole source 10,000 water meter boxes from Dax Contracting Services on the 4th April, 2014. It would appear that NPTAB subsequently approved Dax Contracting Services to supply the boxes and Cabinet issued a ‘no objection’ approval via letter dated 22nd May, 2014. We saw evidence that Dax Contracting Services was awarded a contract to supply water meter boxes via public tender in 2013, yet requests were subsequently made by the DP to sole source their services even though Manohar had bid and subsequently requested a review ‘into the evaluation and recommendation of award of contract’. Prior to the award via public tender, a request was made on the 23rd January, 2013 by the DP to sole source water meter boxes from Jiaying Eastron Electronic Instruments Co. Approval for this request was given on the 7th February, 2013 by NPTAB. We were informed by the DP that GWI did not go head to procure the boxes from Jiaying since they were not in agreement with the Terms of Reference set out by GWI. In fact, correspondences between the Procurement Officer and Jiaying seem to indicate that Jiaying had difficulties with sending a sample of the meter box because GWI did not have a FEDEX account. After GWI was reluctant to open a FEDEX account, Jiaying referred another source to GWI for the supply of the boxes.

The National Procurement Act 2003 sub-section 28 (a) and (b) states that “ The procuring entity may engage in single-source procurement when – the goods are available from a particular supplier or contractor...and no reasonable alternative or substitute exists...the services, by reason of their highly complex nature, are available from only one source...”. There is no evidence to confirm that Dax Contracting Services was the only supplier of the meter boxes since the contracts were not advertised and Manohar had protested the awarded via letter dated June 21, 2013.

- Again, we quote from Mr Darshanand Manohar’s letter of protest to the Hon. Mr Joseph Harmon as follows: ‘In April 2013, Dax contracting was among two companies that tender a bid to supply 20,000 pcs of water meter boxes under IFB: GWI-GOG-P106-2013. Despite being almost \$10M higher than the other bidder and with no previous experience as a supplier in this sector, he was awarded the contract. Several objections were made to the award but to no avail. Within a few weeks of that contract, the GWI’s Procurement Director recommended DAX to be sole sourced to supply an additional 10,000 pcs of the water meter box at the same price.’ Please refer to **Appendix X**.

The most recent request for approval to be granted to sole source meters from Dax Contracting Services was done on the 14th April, 2015 which was granted by the NPTAB.

The direct procurement with Jiaxing Eastron Electronic Instruments Co. Was cancelled since our due diligence with the Chinese Embassy could not provide a vote of confidence in the firm and its authenticity...This reality lead to the public tender in 2013. There were three bids and only one bidder provided an appropriate box that met the specifications and match the water meters and boxes that were adopted as the standard meter for the customer’s services and connections...Public tender annually for the procurement of water meter boxes would have delayed the metering program since the water meters were procured by the direct contracting method. The box and meter had to be compatible hence, changing the box each year would not allow for standardisation of the meters used for meter installations...This particular programme has been a successful procurement for GWI between 2013-2015 with timely supply of goods and great saving to the state’s resources since this program is funded by the Government of Guyana mainly...In relation to the letter sent by Mr. Darshanand Manohar referred in the report,...a comprehensive response dated 15th June, 2015 was submitted to GWI’s Board and Minister of State – Mr. Harmon. Mr. Manohar’s missive and grievances highlighted is an acute case of “sour grapes mentality”. He continues to enjoy business relation with GWI even after such callus allegations against GWI and its officers. This would never be condoned in the private sector.”

Contract 2014/2534 valued \$14,290,000 – AAV Ragoobee General Construction - Supply of materials, equipment, plant, transportation and labour for the drilling of two wells

- This contract was awarded on the 2nd January, 2014 based on recommendations from the GWI’s Hinterland Engineer. A tendering process was not carried out neither were contractors invited to tender. The contract was prepared and signed by the Contractor along with the DP and DOCS on the 2nd January, 2014. It was later signed by the Director of CI&PD and the CE on the 3rd and 6th January, 2014, respectively. This contract was awarded for an amount of \$14,290,000 and payments were made to the contractor totalling \$9,825,000. The contractor was unable complete the project stating that the areas selected to

drill were too rocky to complete the project. The Hinterland Engineer confirmed that no equipment, plant etc. was supplied.

- On the 12th November, 2015 the Hinterland Engineer informed the DF that all works done on the site should be considered exploratory and that there **were no assets on site** and the contract should be **exempted** from the work in progress list. The DF informed us that the amount is still shown as work-in-progress while he seeks clarification from the CIPD about this cost. **Please refer to Appendix XI-Request from Engineer to sole source and letter to DF that all works should be treated as exploratory.**

It appears that this contract was abandoned and GWI did not apply any penalty as stipulated in the contract. Instead, the Hinterland Engineer wrote the CE through the ED-IPI on February 15, 2015 stating that he sought legal advice from DOCS and that GWI should pay the contractor.

Please refer to Appendix XII for this letter and memorandum dated 26th January, 2015.

Management's response:

"The pilot hole at Mabaruma settlement was drilled to a depth of 120ft and granite rocks were found, another pilot hole was drilled at Hosororo stretch to a depth of 180ft and no productive sand zone was found. Based on a legal review of the contract and the activities that were achieved, the contract was closed and payment was approved for the contractor for works that were undertaken based on the contract."

Contract 2014/3608 valued \$4,782,800– S. Jagmohan Hardware Supplies & Construction Services - Supply and installation of 200mm PVC Transmission Mains at Coldigen

- This contract was awarded to S. Jagmohan on the 7th May, 2014. Approval from the MTC requires signatures from the CE, DF and DO; however, no approval was seen from the CE. A memorandum issued by the DOCS dated 18th March, 2014 stated that the contract should be awarded to Y2K Construction for the sum of \$4,422,220. On the 10th April, 2014 the same DOCS included a handwritten note on the memorandum stating 'Award to S. Jagmohan Committee noted that recommended bidder was awarded projects in excess of \$50M and a capacity issue may arise, project awarded to next responsive bidder'.
- There was no evidence that the Evaluation Committee agreed to the change for S. Jagmohan to be awarded this contract. The National Procurement Act 2003 sub-section 39 (3) states that "If the procuring entity does not agree with the Evaluation Committee's determination, the procuring entity shall issue an advisory recommendation to the Evaluation Committee regarding which bidder shall be the lowest evaluated bidder, which recommendation the Evaluation Committee shall observe." **Please refer to Appendix XIII for hand written notes from the DOCS to award contract to next bidder**

Management's response:

"...The last line of the section does not require input or approval by the evaluation committee and makes it mandatory for the evaluation committee to adhere to the award. In both instances highlighted by the Auditor, DOCS, recorded the reasons for the Committee's decision."

Contract 2014/3565 valued \$8,108,050– S. Jagmohan Hardware Supplies & Construction Services - Supply and installation of Trench crossing at EBD, Region 4

- This contract was awarded to S. Jagmohan on the 6th May, 2014. Approval from the MTC requires signatures from the CE, DF and DO; however no approval was seen from the CE. A memorandum issued by the DOCS dated 18th March, 2014 stated that the contract should be awarded to Y2K Construction for the sum of \$8,068,200. On the 10th April, 2014 the same DOCS included a handwritten note on the memorandum stating ‘Award to S. Jagmohan! Committee noted that recommended bidder was awarded projects in excess of \$50M and a capacity issue may arise, project awarded to next responsive bidder’. There was no evidence that the Evaluation Committee agreed to the change for S. Jagmohan to be awarded the contract. The National Procurement Act 2003 sub-section 39 (3) was not followed. **Please refer to Appendix XIV for hand written notes from the DOCS to award contract to next bidder**

Management’s response:

“...The last line of the section does not require input or approval by the evaluation committee and makes it mandatory for the evaluation committee to adhere to the award. In both instances highlighted by the Auditor, DOCS, recorded the reasons for the Committee’s decision.”

Contract 2014/3918 valued \$26,451, 500 – S. Jagmohan Hardware Supplies & Construction Services - Supply and installation of materials for the interconnection of components within the Water Supply System, Linden

- The bid advertisement stated that the bids would be opened on the 25th March, 2014 according to the evaluation report prepared by the Evaluation Committee. The bids were opened on the 18th March, 2014, six days prior to the announced date. The appointment of the Evaluation Committee was approved by the NPTAB on the 18th March, 2014 and the Committee prepared the evaluation report on the same day the contract was awarded to S. Jagmohan who was the only bidder at the time. Approval was given by the NPTAB to award the contract on the 19th May, 2014. **Please refer to Appendix XV for letter to NPTAB to bring forward the opening date of the contract contrary to the advertised closing date, evaluation report and no objection letter.**
- It is very clear that the early opening of the bids was disadvantageous to other bidders since they would have anticipated the closing date to be 25th March. A request to bring forward the opening date of the bid was made by the DP but a reason for doing so was not stated.

Management’s response:

No comments/responses were provided.

Contract 2014/3569 valued \$12,123,000– S. Jagmohan Hardware Supplies & Construction Services - Replace of distribution network

- On the 25th February, 2014, the Evaluation Committee appointed by the NPTAB recommended that this contract be awarded to Y2K Construction for an amount of \$15,030,600. At the time of the Evaluation Committee's recommendation, S. Jagmohan was considered a non-responsive bidder as he had submitted an invalid business registration. On the 6th March, 2014, a request was made by the DP to review the evaluation appendix and make appropriate amendments in the evaluation report on the basis that S. Jagmohan had subsequently submitted a valid business registration expiring until the 21st January, 2015. On the 12th March, 2014 the Evaluation Committee recommended the contract to be awarded to S. Jagmohan for an amount of \$12,123,000. Approval of the bid evaluation report was signed on the **3rd March, 2014**, by Chairperson and directors Mr Emil Mc Garrell and director Mr. Seepaul Narine three days prior to the request made by the DP and six days prior to the Evaluation Committee recommending the award to S.Jagmohan. The National Procurement Act 2003 sub-section 39 (4) states that "No change in a matter of substance in the tender, including changes in price and changes aimed at making a non-responsive tender responsive, shall be sought, offered or permitted."**Please refer to Appendix XVI-email from DP to make changes to recommendation and evaluation report.**

Management's response:

No comments/responses were provided.

BK International drilling of wells at Hope, Mon Repos and Eccles

The following are extracts from the BOD minutes discussing the progress of well projects awarded to BK International:

- BOD's 106th meeting held on December 20th, 2012 - Mention was made of the wells awarded to BK Intl. It was noted that 3 (three) are 10% complete. It was explained that materials should arrive in January. It was noted that the contracts were awarded in 2011 and that these projects should have been completed by August 2012. All the projects are in liquidated damages. It was suggested that the evaluation criteria should be reviewed so that the evaluation committee can be aware of all other works being undertaken by a bidder. It was suggested that GWI should develop its well drilling capacity internally, however it was indicated that this would not be feasible at this time and that the focus is on well maintenance. Disappointment was expressed at the delays in completing these projects and the effect on the customers not being able to get a service.
- BOD's 107th meeting, January 31st, 2013 - With respect to the Wells projects, BK Int'l has indicated that the casings have arrived and the screens should be here by February 15th. It was suggested that a final warning letter be sent to BK Int'l on this matter.
- BOD's 108th meeting, February 28th, 2013 - Casings and screens are in the country. Contractor to submit to a revised work programme.
- BOD's 112th meeting, July 4th, 2013 - The Board was asked to consider extending the contracts awarded to BK Int'l to the end of the year. It was explained that the liquidated damages period has expired and that it would not be feasible to terminate the contracts now. It was agreed that the contracts can be extended but a meeting must be held with Mr Tiwarie soon.

- BOD's 113th meeting, July 25th, 2013 - Projects – The Eccles well is progressing and the object still remains in the Hope well. A meeting was held with the contractor and the situation appears hopeless. An attempt would be made with a crane to remove the object failing which the contractor will be approached to drill another well.
- BOD's 114th meeting, September 5th, 2013 - Good progress has been made at Eccles; contractor is placing the screens and casings and will start development within a day.
- BOD's 120th meeting, March 27, 2014 - A member queried what the issue is with BK Int'l. It was reported that the contractor has not completed any of the wells awarded to it. It was suggested that GWI move to the next level and terminate. It was noted that there isn't anyone else to do the work and the company is working along with the contractor to complete the wells.
- BOD's 124th meeting, July 31st, 2014 - Board was updated on the status of the well drilling projects. With respect to the wells awarded to BK Int'l, the Hope well is progressing, another borehole will be drilled at Mon Repos at the Contractor's expense and at Eccles there is an obstacle in the well that has to be removed. The contractor was written to giving an extension up to August 31st to complete the well failing which the process for termination will begin.
- BOD's 125th meeting, September 30th, 2014 - With respect to the wells, BK is moving slowly with the Hope and Eccles wells, no progress has been made with the Mon Repos well.
- BOD's 126th meeting, October 30th, 2014 - Mon Repos- BK Well inspection report by GWI showed the screen collapsed possibly due to poor development of the well. Hope-BK International-The screen and casings installed and well was in the development stage in August. However, the contractor moved from the location and proceeded to Eccles Well site without GWI authorization. He was written on this matter. Eccles-BK International-Contractor removed two of three pipes that were dislodged in the well. A further Camera inspection is to be conducted to identify location and possible effect on performance of well. Query was made as to why all the projects given to this contractor has issues. It was mentioned that it is not necessarily the contractor but the Supervision of the project and the enforcing of compliances.
- BOD's 127th meeting, November 27th, 2014 - Mon Repos – there is a kink in the screen and the camera cannot go pass a certain depth. Contractor wrote proposing that GWI accept the well since it was meeting expected production. A meeting was subsequently held with the contractor who further proposed a 5 (five) year defects liability period. This was not accepted. Opinions were sought on the matter and it was suggested to the contractor that the well be plugged. Contractor agreed to this suggestion and is attempting to contact an expert from Trinidad. A member noted that where there is a structural defect the risk involved must be assessed.
- BOD's 128th meeting, December 18th, 2014 - A meeting was held with contractor and a decision was reached on the way forward for this well.
- BOD's 132nd meeting, April 30th, 2015 - Mon Repos – nothing much has been done in the last month since contractor has been focusing on Hope
Hope – the electrical work is almost complete. The well is producing and is in operation.
Eccles – more developing has to be done.

The contracts for these wells were awarded to BK International in 2011 and were to be completed in August, 2012. These contracts have not been completed to date and the contractor has not been faced with any penalties.

The problem with these contacts was that the BOD procrastinated and allowed the contractor to determine when the contracts would be finished. In addition, the delays, time spent by management and cost to resolve issues with the contractor has compromised the BOD as can be seen from the extracts of the Board minutes above. Further, stakeholders who were hoping for improved water service continue to wait. The contracts have not been completed as there are still major components and works to be done to complete the wells.

The current status of these contracts, after five (5) years are as follow:

Project	Contract sum G\$	Amount paid to Contractor G\$	Status	Activities to be completed	Remarks
Hope, East Coast Dem.	92,627,315	60,893,531	completed		Well in production
Eccles, East Bank, Dem.	84,202,840	53,197,086	60%	Construction of well head base and plate; installation of transformers, soft starter, wiring of facility; installation of pump; installation of discharge pipes & valves ; installation of pipe networks; retrieving of pump which fell into well	Presently, ongoing exercise to retrieve the submersible pump; BK Int. was given notice of termination; project file is currently with DOCS for legal action
Mon Repos, East Coast, Dem.	75,542,924	49,208,864	60%	Construction well head base and plate The installation of transformers, soft starter and wiring of the facility Installation of pump and to existing networks Installation of Well discharge pipes and valves Installation of motor Installation of pipe network Interconnection of pipe networks	Well was constructed and developed, unable to further proceed because of crush screen. BK Int. has proposed sleeving this well, but is yet to submit a methodology for carrying out the works. The pump testing exercise was completed on this well. The contractor has also proposed to put the well into production as is, GLDA has expressed that will not be accepting the well and GWI has informed the contractor of this decision.

Management's response:

"These contracts were awarded by the National Procurement and Tender Administrative Board based on their evaluation of a contractor that had no experience in well drilling. These contracts were consistently discussed at the level of the GWI Board and there has been consistent agreement to allow the contractor to complete the three wells. The maximum liquidated damages have been applied under each contract which is 10% of the value of works for each of the contract to the total value of G\$ 18.6 million for the three contracts. At present the respective status of the contracts are provided in which one well (Hope) is completed, the contractor has been issued an ultimatum to complete remedial and development works on Eccles by April 30, 2016 and they are required to recommence drilling of a replacement well for Mon Repos by April 30, 2016 or the contract will be terminated and legal actions taken against the contractor."

Contract No. GWI 2011/C091 – Drilling of Potable Water Well at No. 47 Village – Awarded to Nabi Construction.

During our audit, we reviewed an internal report which was commissioned by the CMT to investigate the failure of the No. 47 Well which was contracted to Nabi Construction. A Committee comprising the following persons: Marlon Daniels-Divisional Manager, Division 5, Ian Cole-Contracts Engineer and Twidle Trim-Legal Officer were identified by CMT to carry out the investigation and submitted a report, the essence of which is highlighted below:

The Committee concluded that it was beyond the ability of its members to determine what specifically caused the well to collapse. The Committee believed that there were procedural and contractual breaches which occurred during the supervision of the project which could be contributory factors to the failure. The Committee reported the following points determined to be contributory factors:-

- There was no evidence that the verification of materials used on the job was inspected by GWI. The contractor did not submit progress reports, quality assurance documents and test results. Clerk of works could not verify if the materials used on site were specified in the contract. The Water Resources Manager and Engineer along with the Project Development Manager testified that the sampling techniques used in the execution of the project were less than desired.
- Pressure testing was supposed to be carried out before the insertion of the screen. The contractor admitted to not carrying out this procedure and there was also no measure put in place by GWI to ensure this was done.
- There were no systems put in place to ensure sufficient monitoring and evaluation of the project.
- Clerk of works had little or no knowledge of the contractual requirements.
- The Engineer or any senior personnel were not present on site for the placing of screens into the well.
- There were times when the site was left unmonitored both in authorized and unauthorized cases.
- The Project Management team failed to ensure that the contractor carried out his obligations as per the contract.
- The contract did not adequately cover the testing stages of the project and the responsibilities of both parties were not clearly outlined.

The Committee did not identify any action to be taken against any party. We discussed this matter with Ms Trim who has advised that she is not aware that GWI took any action to recover damages from the contractor instead the contractor may have made a claim against GWI because the contractor was not issued with a cease order, to stop works. We understood that GWI settled with the contractor but we were unable to determine the settlement details because the file was not available to us. The ED – IPI informed us that an amount of \$121,800,000 was capitalized on this contract.

Recommendations were made to correct these flaws and weaknesses in the system and contract documents. During our review, we noted that contract documents were revised to cover these areas that were previously flawed. There are still instances where project files are not updated with daily reports from the clerk of works.

Reported in the 103rd meeting of the BOD-‘it was noted that the Audit Manager did not have the permission of the Board to write to the Auditor General on this matter. Board was informed that the AG may start looking into other wells drilled by the contractor in question’. The Audit Manager confirmed that he wanted to seek independent technical support from the Auditor General Office.

At the 106th meeting of the BOD, Board was informed that the No. 47 Well was saved and now functioning at no additional cost, which in effect closed the investigation.

Management’s response:

“The file is available for review and the final valuation has been prepared for the sum of \$109,660,201 against a contract sum of \$111,834,000. A structural failure was encountered within this well where the screens failed, as such GWI and the contractor agreed to a methodology to undertake remedial works, which was successfully completed by the contractor with GWI supervision. Reference to the clerk of works reports, in most instances, the reports are placed in individual files since these reports include daily and weekly sheets and are very bulky to place in the project files which are used continuously to manage projects.”

In addition to the above findings, the following were noted:-

- Section 14 (ii) of the Tender Board Rules states that “Reports of meetings of each committee shall be prepared and submitted for **approval** at the next meeting of the Board.” We have reviewed the BOD’s minutes for the period 2012 to 2014 and only saw that the minutes of the Management Tender and Technical Committees were acknowledged and read as taken. There was no definitive approval by way of signatures or acknowledgement that these minutes now form part of the BOD minutes. Minutes are import records for both current and future use and therefore the Chairman and Company Secretary must ensure that they are signed and included as an attachment to the BOD minutes.
- At the 106th meeting of the BOD Management was advised to review the tender documents as complaints were received at the National Board concerning ambiguity in GWI tender documents. The Tender/Technical Committee was asked to follow up on this matter.
- Contracts were being issued based on recommendations from Divisional Managers; this ruled out the process to allow for competitive bidding and also to give a fair chance to other contractors.

- Safety plans submitted by contractors for different types of work were of a standard format and not specific to the description of the contract. In some cases, safety plans were not approved but contracts were still signed. During a discussion with the Health and Safety Officer, Mr Christopher Cathro, he indicated there are instances where safety procedures were not followed by some contractors and this would eventually result in stoppages until the necessary precautions were corrected.
- Clerk of works and site supervisors are required to submit daily and weekly reports on the progress of works. During our review of files from the CI&PD it was noted that some of the files were not updated with the progress reports on a weekly basis and in some cases there was no report. A sample of the files are listed below:-

Contract #	Contractor	Project
2013/004	Rudolph Kissoon Contracting Services	Remedial Works to Kwakwani Water Supply and Distribution System
2013/007	Rudolph Kissoon Contracting Services	Remedial Works to Kwakwani Water Supply and Distribution System
2013/756	N. Lachman Business Establishment	Upgrade of Shelterbelt Water Treatment Plant, Design of Sludge System
2013/1950	Global Hardware Inc.	Supply and Installation of 200mm Transmission Mains at Bushlot to Eversham.

Management's response:

Clerk of work reports – “It is customary that all the reporting on the daily activities of the project is done by a Clerk of Works. As such the daily reports for these works are within the file held by IPID for each individual Clerk of Works. Except in the case of the Upgrade of the Shelterbelt Water Treatment Plant, Upgrade of Sludge System, where this project never commences and the contract was subsequently terminated. Hence, a Clerk of Works was not assigned to the project. The department is also in the process to revise a standard operating procedure document which will be implemented and provides for all field reports, especially from Clerk of Works, to be filed in a weekly basis.

- Between 2012 and May 2015 the following contractors were most favoured having received contracts as listed as follow:-

Contractor	Date	Contract#	Amount (G\$)	Category
S. Jagmohan	2-Apr-12	2012/C007	1,299,139,491	Major Works
	17-Sep-12	2012/C042	156,109,500	Major Works
	17-Sep-12	2012/C043	319,289,600	Major Works
	17-Feb-12	2012/004	72,389,000	Major Works
	14-Oct-13	2013/1835	8,070,000	Major Works
	9-May-13	2013/C1058	95,636,090	Major Works
	24-Mar-14	2014/2956	2,356,000	Minor Works

	5-Jun-14	2014/3831	3,030,000	Minor Works
	18-Jun-14	2014/3918	26,451,500	Minor Works
	23-Jan-14	2014/2693	107,538,640	Major Works
	12-May-14	2014/3572	8,889,000	Major Works
	12-May-14	2014/3565	8,128,050	Major Works
	12-May-14	2014/3608	4,782,800	Major Works
	13-May-14	2014/3569	12,123,000	Major Works
	13-May-15	2014/3609	9,254,000	Major Works
	9-Jul-14	2014/4047	89,995,000	Major Works
	27-Feb-15	2015/6275	1,299,800	Minor Works
	6-May-15	2015/6956	629,000	Minor Works
Total			2,225,110,471	

Contractor	Date	Contract#	Amount (GS)	Category
R.Kissoon	3-Feb-12	2012/020	1,200,000	Minor Works
	3-Feb-12	2012/026	2,000,000	Minor Works
	20-Feb-12	2012/043	1,001,300	Minor Works
	29-Feb-12	2012/044	1,200,000	Minor Works
	24-Apr-12	2012/049	1,841,400	Minor Works
	6-Jul-12	2012/112	1,200,000	Minor Works
	25-Sep-12	2012/174	2,000,000	Minor Works
	19-Nov-12	2012/215	1,200,000	Minor Works
	6-Jun-12	2012/C012	16,960,340	Major Works
	20-Jun-12	2012/C021	7,996,060	Major Works
	7-Jan-13	2013/004	1,200,000	Minor Works
	20-Jun-15	2013/081	1,259,762	Minor Works
	23-May-13	2013/090	3,140,100	Minor Works
	16-Jun-13	2013/099	1,200,000	Minor Works
	4-Sep-13	2013/1479	2,000,000	Minor Works
	8-Nov-13	2013/2005	1,200,000	Minor Works
	1-Mar-13	2013/C004	12,718,750	Major Works
	6-Mar-13	2013/C007	16,294,640	Major Works
	26-Jun-13	2013/C522	8,909,800	Major Works
	28-Jun-13	2013/C521	10,757,000	Major Works
	13-Jan-14	2014/2588	2,000,000	Minor Works
	13-Jan-14	2014/2540	3,102,300	Minor Works
	4-Apr-14	2014/2747	2,000,000	Minor Works
	29-Jan-14	2014/2747	2,000,000	Minor Works
	22-Apr-14	2014/3424	1,200,000	Minor Works
	5-Jun-14	2014/3792	2,000,000	Minor Works
	13-Jun-14	2014/3879	2,000,000	Minor Works
	16-Jun-14	2014/3898	2,000,000	Minor Works
	16-Jun-14	2014/3873	4,518,550	Minor Works
	30-Jul-14	2014/4295	2,000,000	Minor Works
	6-Aug-14	2014/4356	1,200,000	Minor Works
	18-Aug-14	201/4441	4,518,550	Minor Works
	20-Oct-14	2014/5144	2,000,000	Minor Works
	20-Oct-14	2014/5145	2,000,000	Minor Works
	21-Oct-14	2014/5175	4,518,580	Minor Works

	31-Oct-14	2014/5287	2,000,000	Minor Works
	27-Nov-14	2014/5518	1,450,165	Minor Works
	29-Dec-14	2014/5695	1,500,000	Minor Works
	29-Dec-14	2014/5696	1,200,000	Minor Works
	13-May-14	2014/3563	12,215,000	Major Works
	20-May-14	2014/3655	11,308,000	Major Works
	9-Jul-14	2014/4045	5,507,000	Major Works
	15-Jul-14	2014/4082	20,745,000	Major Works
	15-Jul-14	2014/3931	26,088,930	Major Works
	30-Jul-14	2014/3773	17,325,000	Major Works
	30-Dec-14	2014/5784	7,806,800	Major Works
	21-Jan-15	2015/5976	2,000,000	Minor Works
	29-Jan-15	2015/6022	1,200,000	Minor Works
	6-May-15	2015/6973	2,000,000	Minor Works
	19-May-15	2015/7124	1,200,000	Minor Works
Total			245,883,027	

Contractor	Date	Contract#	Amount (GS)	Category
N. Lachman	3-Jan-12	2012/C001	3,757,000	Major Works
	8-Jul-12	2012/C032	13,997,776	Major Works
	8-Nov-12	2012/C033	108,796,562	Major Works
	28-Jun-13	2013/C756	29,873,800	Major Works
	24-Jun-13	2013/C675	13,214,000	Major Works
	17-Jul-13	2013/C1059	35,765,120	Major Works
Total			205,404,258	

Contractor	Date	Contract#	Amount (GS)	Category
A. Chowramootoo	18-Jul-12	2012/127	2,290,200	Minor Works
	12-Jun-12	2012/C020	12,237,440	Major Works
	5-Jul-12	2012/C025	11,419,940	Major Works
	5-Jul-12	2012/C026	9,659,440	Major Works
	5-Jul-12	2012/C027	7,588,765	Major Works
	6-Jul-12	2012/C031	20,721,850	Major Works
	25-Sep-13	2013/871	70,053,400	Major Works
	23-May-13	2013/C013	39,924,200	Major Works
	24-May-13	2013/C014	56,779,565	Major Works
	10-Jul-13	2013/C871	70,053,400	Major Works
	8-May-14	2014/3532	12,892,600	Major Works
	8-May-14	2014/3644	12,392,600	Major Works
	15-May-14	2014/3636	13,391,600	Major Works
	30-Jul-14	2014/4148	20,817,000	Major Works
	30-Jul-14	2014/4139	2,984,000	Major Works
	22-Jan-15	2015/6007	12,640,000	Major Works
Total			375,846,000	

Contractor	Date	Contract#	Amount (GS)	Category
Dax Contracting Services	7-Jun-12	2012/C014	21,866,000	Procurement of Goods
	7-Jun-12	2012/C019	19,455,000	Procurement of Goods
	9-May-13	2013/C971	108,000,000	Procurement of Goods
	22-Jul-14	2014/C4177	54,000,000	Procurement of Goods
	30-Jul-14	2014/4137	27,040,000	Procurement of Goods
	30-Jul-14	2014/4136	23,175,000	Procurement of Goods
	22-Jan-15	2015/5948	23,800,000	Procurement of Goods
	Total			277,336,000

Contractor	Date	Contract#	Amount (GS)	Category
Faldhari Singh and Sons Contracting Services	25-Jan-13	2013/020	569,000	Minor works
	8-Aug-13	2013/1084	3,971,000	Minor works
	28-Jun-13	2013/C718	9,707,200	Major Works
	13-May-14	2014/3522	11,458,900	Major Works
	14-May-14	2014/3612	9,995,800	Major Works
	15-May-14	2014/3613	12,393,000	Major Works
	30-Jul-14	2014/4245	19,932,200	Major Works
	30-Jul-14	2014/4246	19,970,800	Major Works
	30-Jul-14	2014/4247	13,984,000	Major Works
	18-May-15	2014/7054	3,490,600	Minor works
	Total			105,472,500

Termination of contracts - The following contracts were terminated for the period under review: -

Contract #	Contractor	Description	Value	Date of award/signing	Date of termination	Reason for termination
2012/023	Pioneer Contracting Services	Supply and installation of 300mm Transmission - Providence to Mocha	\$83,162,400	6/25/2012	6/24/2013	Contractor failed to carry out works within the agreed time period, extensions were also granted but the contractor still failed to complete works accordingly. Liquidated damages were applied. The claim for the advance and performance bonds was made after the end of the defects liability period. The Director of Corporate services stated that actions were filed against Pioneer Contracting in court on the 16 th March, 2015. The Insurance Company has agreed to pay GWI the sum of \$20M. This amount is still to be received by the Insurance Company.
2012/024	S.Lorick Contracting Service	Supply and installation of 300mm Transmission – Eccles to Providence	\$85,106,405	6/21/2012	6/24/2013	Contractor failed to carry out works within the agreed time period, extensions were also granted but the contractor still failed to complete works accordingly. The contractor also failed to provide updated and revised work plans for review by GWI. The DOCS advised claims were made on both the Advance Guarantee and Performance Bond and that he requested information from the overseas reinsurer of NAFICO. No payment was received and legal proceedings will be filed.
2013/756	N.Lachman Business Est.	Upgrade of Shelterbelt water treatment plant; design and construction of sludge system, Region 4	\$29,873,800	6/28/2013	6/23/2014	Contractor failed to submit designs and reports for approval and review by GWI, he also kept applying for time extensions on the basis that he needed additional information from GWI. Failure to submit reports after 1 year lead the Project manager and engineer to conclude that the contractor was incapable of carrying out the works stipulated in the contract. An amount of \$2,984,393 was claimed and received on the Performance Bond from CARICOM General Insurance in addition to an amount of \$6,328,450 claim and received from GBTI on the Advance Payment bond.
2013/1059	N.Lachman Business Est.	Service connection upgrade and metering, Hope/Mon Repos Plant Area.	\$35,765,120	7/25/2013	8/11/2014	Work was not satisfactorily done, contractor stopped works without authorization. Contractor also failed to maintain the required Advance Payment Guarantee until full repayment of the advance granted. Claims were made on the Advance payment bond from GBTI and an amount of \$13,037,724 was received on the 9 th June, 2015. Legal action was taken against CARICOM General Insurance for an amount of \$3,576,512 and judgment was granted in favour of GWI.

2014/4271	George Torrington	Supply of labour, transportation and equipment to upgrade service connections within Div 3 – ECD	\$4,518,550	7/24/2014	10/28/2014	Breach of contract, contractor failed to rectify defects of work done within the stipulated defects liability time period.
2014/4272	Jane Ann Robinson	Supply of labour, transportation and equipment to upgrade service connections within Div 3 – ECD	\$4,518,550	7/24/2014	10/28/2015	Contracted terminated as contractor failed to rectify defects within the defects liability period.
2014/3550	Y2K Construction	Extension of Distribution Mains at Vergenogen – EBD	\$7,648,440	5/7/2014	8/11/2014	GWI stated that the contractor laid the pipes incorrectly and failed to contact the respective Public Bodies in order to gather relevant information before laying the pipes. The contractor stated that it was based on the plan and designs that GWI provided that he did the work. The contractor made efforts to negotiate with GWI to rectify works done but at costs exceeding the original contract price which was unacceptable to GWI. The contractor stopped works and failed to resume at GWI's instructions to do so. Assuria Life and General Insurance Company was contacted to receive payments for Advance and Performance bonds. Y2K got an injunction against GWI on the basis that the engineer was neglectful of his duties and did not stop the contractor when he was continuing works that should not have been done. An agreement was made between GWI and the contractor for GWI to pay the contractor an amount of \$2M. This payment was made in January, 2016.
2014/4454	Michael Andrews	Service connection upgrade, Division 3; EBD	\$4,518,550	8/13/2014	10/13/2014	One month after the Order proceed was issued, there was no feedback from contractor neither were reasons for delays to commence work communicated to GWI.

Internal Audit Department-reports

During this engagement, we met with the Chief Internal Auditor (CIA) and reviewed samples of his reports which were issued. We found that the findings in many of his reports highlighted breaches in internal procedures and policies. He advised us that very often he did not receive responses to the reports and subsequent audits in the areas revealed that many of the weaknesses still persisted. He went on to explain that, in his opinion, ‘the BOD then did not do enough to ensure that his audit findings were followed up and corrected, where necessary’.

In consultation and approval from him, we include reports’ findings which we believe should be included in this report except for minor changes for clarity:

a) Alleged Procurement of Billboards Elections Campaigning 2015

‘Alleged Procurement of Billboards Elections Campaigning 2015’

The following points were highlighted in the report:

- Claims were made by Mr Neil Sooklall, Managing Director of Impressions Advertising that his company designed, printed and erected billboards for GWI and his payments were outstanding.
- He also claimed that his original works for the billboards did not include the PPP/C logo and it might have been placed there by unknown individuals from the respective party.
- Officials from GWI, who initiated the project, claimed that the billboards were erected to enable residents across the country to be reminded of the progresses that were being made in the various constructions undertaken by GWI.

Initiation and Approval

Included in a memorandum dated April 10, 2015 to the DF from the ED of the IPI through the Chief Executive the following was proposed:

- 20 Billboards be constructed to enhance the company’s public image countrywide and educate the general public about all the proposed, completed and on-going works undertaken by GWI in both the water sector and sanitation improvement program.
- Supplier - Impressions should be used “for the construction of these billboards at a unit cost of G\$300,000 each (a total of G\$6,000,000) which is deemed reasonable.”
- Supplier - Impressions was chosen due to the reasonableness of the cost. An invoice dated *March 13, 2015 from the supplier* was attached.

The ED of IPI stated that through discussions and instructions from the Chief Executive, the above mentioned memorandum was approved by the Chief Executive on April 16, 2015

Approval for sole sourcing was given by the MTC on April 17, 2015 using the memorandum and invoice from Supplier – Impressions as justification. At this time, the DP was on vacation and the Procurement Officer in charge stated that she did not agree with the procurement method of sole sourcing and sought advice from DP who in turn instructed via emails that she should in accordance with the Financial Regulations, gather at least two more quotations from other suppliers

The MTC comprises of CE (Chairman), DO and DF. The approval for sole sourcing Impressions for the construction of 20 billboards valued at G\$6,000,000 was done without obtaining/ comparing quotations from at least three similar entities that provide the same service. This is a breach of GWT's Financial Regulations 2014 and deviation from standard procedures

An interview with the DF disclosed the following:

- The Director of IPI had visited the entity in question and verified their modernised equipment and facilities; this enabled him (DF) to confidently sign off on the Evaluation Report as endorsing the sole sourcing of the billboards in question.
- Did not see any other comparison of costs from any other entity prior to and after approving the request to sole source.

The Procurement Officer was advised by the Director of IPI to seek information requested from the Public Relations Officer who indicated that Impressions had the specifications and provided contact information for same.

The Public Relations Officer (PRO) stated that he was asked by the CE to provide the Managing Director of Impressions with the required texts and pictures to be inserted on the billboards which were sent via outlook on April 9th, 2015. He was not a part of formulating the designs. Further, during his discussions with the Managing Director- Impressions, he had requested that the finished product be sent to him for the CE's approval. This was never done.

Purchase Requisition #6240 for the billboards was created in Oracle I Procurement module on April 17th, 2015 and approved on April 20th, 2015 by the Director of IPI. This was after the Managing Director, Impressions was contacted by Director of IPI, CE, and PRO which is a breach of the procurement process. Added to this, no Purchase Order (PO) was processed in the Oracle Purchasing as required for the transaction.

None of the above mentioned individuals knew of the actual date the billboards were erected at the respective locations, however, the DP indicated that after constant requests were made to the Director of IPI for the specifications and designs for the billboards proved futile; he refused to sole source same since the financial regulations called for at least three (3) quotations from entities of the same nature for purchases of \$2m to \$10m.

The original design of the billboards were set to be affixed with Guyana's Coat of Arms and the GWI logo, however, upon verification of the billboards located at Covent Garden and Eccles revealed that they were instead originally created with the VOTE PPP/C logo.

On May 8th, 2015, the CE stated on the justification for the billboards location and designs that "the designs were reviewed by me and PR Unit and are in conformity with GWT's Water Infrastructural Projects and Community Awareness Programme, Proceed early". This was contrary to statements given by the DF and the PRO on designs/specifications and funding source.

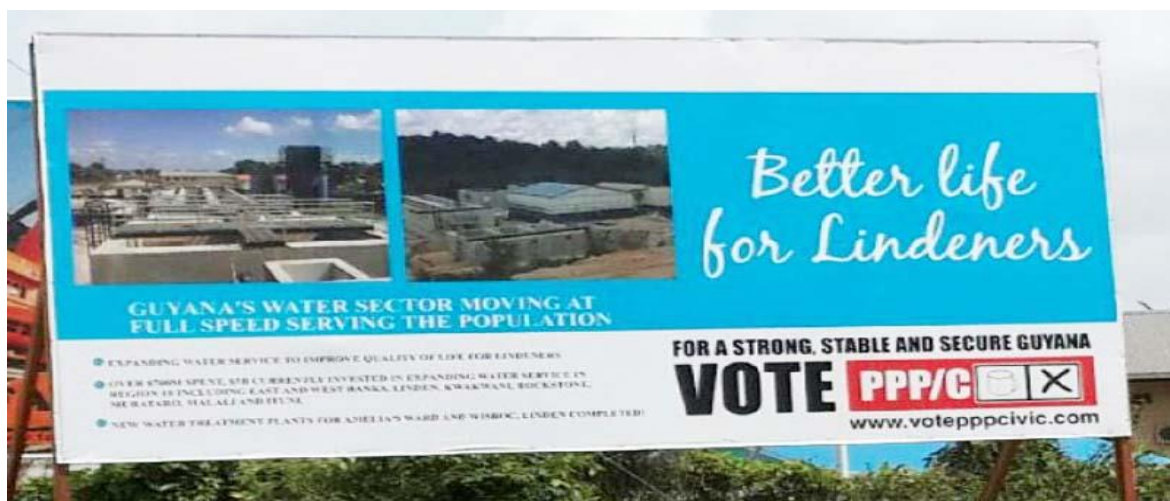
Email dated May 8, 2015 sent to the DP from the Director of IPI showed that the entire procurement process was disregarded since the Director of IPI was requesting that a Purchase Order (PO) be prepared for the Finance Department to process the payment to Supplier – Impressions for the already erected billboards.

Conclusions

1. The Director of IPI along with members of Management Tender Board (MTB) breached GWI's procurement policy and procedures to engage the services of Supplier – Impressions to construct of Billboards for corporate awareness.
2. Billboards were not done in accordance to original designs and specifications.
3. No evidence was found to substantiate that the Supplier – Impressions was instructed to affix the PPP/C party logo on billboards, however, it was possible that this could have been done unofficially.

Recommendations

1. Disciplinary action should be taken against the Director – IPI and members of MTC in accordance with GWI's Conditions of employment.
2. The Supplier – Impressions should not be paid since he was found to be dishonest and works were not to the standard required.



We have verified that a Committee including the D, HR carried out an internal investigation resulting in the DF and ED-IDI being issued with warning letters. No further actions were taken. In addition, this matter was discussed at BOD meeting on June 25, 2015 and the CE resigned on the same day. The BOD agreed to accept payment of \$4.5 for the damaged vehicle.

Management's response:

See Appendix XXII for response in the form of a memorandum dated 2015-06-05.

b) Internal Audit Reports – Procurement 2014

GWJ award a contract 2014/3613 to Mr Zulfikar Khan on 2014-04-17. However, after an appeal by a Contractor, Punraj Singh (Faldhari Singh & Sons Contracting services), a second evaluation was done and the contract was awarded to Mr Singh. Mr. Singh was awarded on the point that his bid was 8% less than the contractor's estimate whilst Mr Khan's bid was 6% less than the estimate.

After the second evaluation, the evaluation committee along with the approval of the Management Tender Committee rescinded its award to Mr Khan and awarded it to Mr Singh.

Mr Singh submitted a letter from the Guyana Bank for Trade and & Industry Limited, dated March 19, 2014, which indicated that his savings and current account amounted to \$23.2M

The evaluation which was completed on March 25, 2014, indicated in the evaluation of the Technical Capacity of Responsive bidders, that Mr Singh was at the time executing more than 4 projects of which Internal Audit Department (IAD) was able to ascertain the value of the projects which amounted to \$51M or 120% more than his financial capacity at that time.

IAD also noted that the current job status was not stated in the contractor's record of past experience. Apart from it not being stated, there was no record to show exactly how the evaluation committee was made aware of outstanding projects by Mr Singh.

IAD therefore concluded, based on the evidence received that neither the Evaluation Committee nor the Management Tender Committee had done a complete evaluation.

Procurement 2013 Major Contracts and Purchase Orders

IAD noted an instance where Contract #2013/C521 for the Supply and Installation of 200mm Transmission Upgrade #76 to #78 Villages, East Berbice, Region #6 was signed six (6) months after being awarded.

Bids for this contract closed on October 23, 2012 whilst the Evaluation Report was signed on November 21, 2012 and the letter of Award of Contract was sent on January 25, 2013.

On May 7, 2013 R. Kissoon informed GWI that he could no longer proceed to carry out works because of significant price increases that would impact the bid amount since they were only then being asked to sign the contract; five (5) months after the letter of award which was far beyond the bid validity period.

A meeting was held on May 16, 2013 with the contractor where it was decided that GWI would approach the other two (2) bidders.

On June 18, 2014 the contract was signed with R. Kissoon for the same amount as per the initial bid. There were no other correspondences to show how R. Kissoon was awarded the contract after Mr Kissoon made the decision to decline the award of the contract and a decision to approach two other bidders was made.

Management's Response

LAD was informed by the Director of Procurement that CIPD had made a request for procurement of works but did not realise that it was an IDB funded project. When GWI realised the funding agency was IDB, it took a few months to get IDB to agree to GWI's recommendation for the contract. After IDB had agreed to the recommendation, rather than GWI having to go over the entire bidding process again, verbal negotiation (which was not documented in the contract file) was done between Mr Kissoon and the DP (date not given) after which Mr Kissoon agreed to execute the works for the original contract sum.

In another finding, the LAD's review of the 2013 submissions for prequalification of Lot 'A' Major Works revealed that S. Lorick Contracting Services had submitted letters from Toolsie Persaud Limited and Citizens Bank related to credit facilities which were dated 13th January, 2011 but subsequently had the dates written over to 03th January, 2013. Mr Lorick should not have been included on the pre-qualification list since he presented forged documents.

“Such extensive checks into the pre-qualification documents submitted were not done. This will be taken into consideration for future reference.”

Procurement – Award of Minor Contracts 2013

Contracts for Works (New Service Connections, Disconnections/Reconnections, Leak Repairs, Meter Reading,) and Services (Welding, Transportation, Weeding, etc) at Divisions continued to be awarded based on the recommendation of the respective Divisional Managers. IAD noted correspondences to this effect.

‘In our opinion, this practice can encourage favouritism and discrimination by the managers in awarding contracts to persons which ultimately eliminates the atmosphere of competitiveness and fairness. Further, the duration of these contracts are for short periods and the services are retained upon renewal of contracts. This again eliminates competitiveness and fairness to other contractors.

It would also create a risk of familiarity with the contractors and customers which may result in contractors bending the system to suit the customers upon requests’

Recommendation

There should not be automatic renew of contracts but instead there should be a request for quotations so as to exercise a competitive environment.”

IAD further noted that a recommendation was made by the Procurement Officer – Shellon James for Mr Jones, a former employee, to conduct work as a disconnection / reconnection contractor although he had expressed interest in conducting works for general maintenance and meter installation contracts. The Procurement Officer stated that her recommendation was based on directive given by management for which there was no paper trail to confirm this.

At the time, Mr Jones was being investigated based on allegations made by his co-worker for presenting falsified expense bills via the Petty Cash and Advance system. During the investigation, Mr Jones was granted annual Leave and he subsequently resigned. Ms Latoya Blackman did not co-operate further with the investigation which was halted.”

Management’s response:

“The award of contracts is not solely done on Divisional Manager’s requests. Contractors are identified from the prequalification list from the regions also. The minor works maintenance, disconnection contracts are all standardised rate hence, the competitive process for these types of standard rate contracts is not necessary. The costs are budgeted by the divisions annually. The use of the same contractor is advantageous as it relates to institutional knowledge of the network customers, payment process, and procedures for accounting for materials etc. A suggestion was made to rotate contractors biannually which can be considered. The risk of former contract workers tampering with services that are disconnected may increase if this is implemented.”

Procurement of galvanized pipes

A procurement of service connection materials was undertaken by the Procurement Department. This was done in four (4) lots with the procurement of galvanized pipes being lot three (3) via contract # GWI 2012/C035 for the sum of **\$18,900,000 (7000 Units @\$2,700)**. This contract was awarded to Nabi Construction Inc. The contractually agreed pipe to be delivered by the contractor was as follows:-

“32mm diameter light weight galvanized coated steel pipes having a nominal length of 5.8 meters, wall thickness of 2.6mm, must be male threaded ends with a coupling, and should be capable of being used for sleeving 25mm HDPE tubing. Outer diameter must be approximately

42mm. Pipe must not bend easily and must be in accordance with BS 1387/ASTM A – 120 standards.”

There was a delay in the delivery of the pipes by the contractor. The contract end date was stated to be 17th October, 2012, but the pipes were not delivered to LBI Central Store until 10th November, 2012. The contractor did however share with GWI communications between himself and the shipping agency which indicated there was some difficulty of arrival being experienced by the vessel from Trinidad to Guyana on which the pipes were loaded.

The delay caused GWI to procure pipes locally to address the demand for service connections.

Source Document	PO Date	Qty. Ordered on PO	Receipt date	Item #	Detail	Qty.	Unit Price	Total
PO 22044	10-Jul-12	2,000	July 16, 2012	1835	1 1/4" Galvanized Pipe	500	\$4,400	\$ 2,200,000
PO 22044	10-Jul-12		July 16, 2012	1835	1 1/4" Galvanized Pipe	200	\$4,400	\$ 880,000
PO 22044	10-Jul-12		July 20, 2012	1835	1 1/4" Galvanized Pipe	700	\$4,400	\$ 3,080,000
PO 22044	10-Jul-12		September 12, 2012	1835	1 1/4" Galvanized Pipe	600	\$4,400	\$ 2,640,000
PO 23132	10-Oct-12	1,000	October 12, 2012	1835	1 1/4" Galvanized Pipe	500	\$4,200	\$ 2,100,000
PO 23132	10-Oct-12		October 18, 2012	1835	1 1/4" Galvanized Pipe	500	\$4,200	\$ 2,100,000
PO 23439	23-Nov-12	1,000	November 27, 2012	1835	1 1/4" Galvanized Pipe	550	\$4,300	\$ 2,365,000
PO 23439	23-Nov-12		November 30, 2012	1835	1 1/4" Galvanized Pipe	450	\$4,300	\$ 1,935,000
PO 24502	22-Feb-12	1,000	February 28, 2013	1835	1 1/4" Galvanized Pipe	200	\$4,300	\$ 860,000
		5,000				4,200		\$ 18,160,000

All of the above pipes were supplied by Gafsons Industries Ltd. with the exception of the last PO # 24502 which was supplied by Dalip Trading Ltd.

The purchase at point 2 above (PO 23132) were made from Gafoors, who had initially tendered for contract # GWI 2012/C035 but was unsuccessful on the Administrative Requirements. The Administrative Requirements not met were failure to supply the following:-

- Evidence of Bidder’s financial capacity
- Warranty on the pipes with a minimum of five (5) years

The specification of the pipes finally delivered to GWI by Nabi Construction Inc. was not what was contractually agreed to be supplied. The pipes supplied were smaller and it was the general opinion of the end users that they were of an inferior quality.

All the pipes supplied locally to meet the demand were of the quality and standards required by the contract. They were delivered in an expeditious manner and primarily by the same supplier who was deemed **NOT** to have the Administrative Requirements during the evaluation of tenders by the Tender Evaluation Committee.

ALL the pipes delivered by the contractor did not meet the contractual requirements and standards and were initially rejected via a memorandum sent to the contractor on 14th November, 2012 for the following reasons:-

“The pipe supplied is not consistent with the specifications stated in the contract since the internal diameter is less than 32mm and the external diameter is less than 42mm.

The wall thickness is also less than 2.6mm. The pipes are slender and will bend easily thus not confirming to the specification”

A collective agreement was arrived at by management (*Director of Procurement, Director Corporate Services and Chief Executive*) to accept the pipes without meeting the specifications and standards of the contract at a reduced unit price of \$2,164 against the Contracted unit price of \$2,700. Further, an addendum was done to reflect the change of the specifications and standards to accommodate the pipes delivered by the contractor but this proved to be contradictory in its composition of the wording in the addendum. Refer to the excerpt from the addendum below:

“32mm diameter light weight galvanized coated steel pipes having a nominal length of 5.8 meters, wall thickness of 2.6mm, must be male threaded ends with a coupling, and should be capable of being used for sleeving 25mm HDPE tubing. Outer diameter must be approximately 42mm. Pipe must not bend easily and must be in accordance with BS 1387/ASTM A – 120 standards and REPLACE THE ABOVE UNDERLINED with OD (outer diameter) 32mm, thickness, 2.6mm, length 5.8m.”

GWI subsequently accepted **ALL 6,971** pipes from the contractor citing a high discount received from the contractor when compared to the current market rate for the pipes despite being advised by the Operations Department to only accept **1,000**.

We discussed these findings with two GWI’s engineers, who did not want us to refer to them by name; they confirmed that indeed the pipes were not of the standard and sized as per the contract but they were used for shorter connections and may not last the time they were intended. In addition, the flexible hose that the pipes serve to protect was fitted with much difficulty. This was physically demonstrated to us.

The decision by management to accept the alternative specification of Galvanised Pipes and not the approved specifications and standards which was available on the local market was not the best option based on findings above.

Management’s response:

“The decision to procure the pipes at a reduced cost was also influenced by the fact that between November 2012 and January 2013 local suppliers of the galvanised pipes were exhausted and would have resulted in a reduction in the number of new services supplied to the prospective customers between November and January...The pipes were suitable for use on services across small drains and where there were no drains. It should be noted that all pipes were used hence, did not become dead stock.”

Conclusion

We conclude that based on the audit work done, including reports issued by the IAD to determine whether contracts were issued in accordance with Tender Board Rules, National Procurement Act No.8 of 2003, and all other rules and policies governing the award of contracts, that contract was not awarded consistent based on these rules.

Recommendations

- 1) BOD must review the Tender Board Rules and up-date them to ensure that weaknesses highlighted above do not recur.
- 2) Ensure that a board member who is technically qualified sits with MTC when discussing and approving contracts or the complete file of the processes is submitted to the BOD's Sub-committee before the contract is approval. An up-date check list of all the requirements must also be included in the contract file.
- 3) Contractors must be made to provide NIS & PAYE compliances quarterly and guarantee or confirm from a financial institution that the contractor has financial resources to complete the contract on time.
- 4) BOD must approve the qualifying terms and conditions for contracts to ensure that those seeking to be included in the pre-qualification list are eligible.
- 5) GWI must maintain up-to-date files of all contracts including the names of the key management staff, qualification, description of the machinery and equipment and vehicles they owned by copies of registration or any form of ownership.
- 6) BOD must consider rotating staff to prevent familiarity treats. During the period 2012 to 2015, four contractors were the principal recipients of contracts even though some were already involved with more than two contracts and as reported about not fit to carry out the contracts.
- 7) Even though the NPTAB may approve a contract because the contractor may seem to be the best of the lot, the BOD should intervene if BOD feels, based on experience, the contractor is not 'fit and proper' to carry out the contract.
- 8) GWI's engineers need to be more diligent to prevent/minimise delays by contractors.
- 9) Management must write contractors as soon as it appears that delays are inevitable. If the contract works continue to be affected by delays for reasons that, in the opinion of the management are avoidable, then the penalty clause must be enforced and losses recovered from the Performance Bond as soon as possible.
- 10) More contractors should be considered for minor contracts and the BOD should have a more effective oversight over these contracts.
- 11) Where contracts are issued for goods and services but the contracted suppliers seek to modify the specifications of the goods/services management must consider the impact of the modification before approval is given.

19. Financial Statements Presentation 2012-2014

The company has adopted the International Financial Reporting Standards (IFRSs) in the preparation of its financial statements. These standards require financial statements to meet certain qualitative features:

Understandable: The information must be readily understandable to users of the financial statements. This means that information must be clearly presented, with additional information supplied in the supporting footnotes as needed to assist in clarification.

Relevance: The information must be relevant to the needs of the users, which is the case when the information influences the economic decisions of users. This may involve reporting particularly relevant information, or information whose omission or misstatement could influence the economic decisions of users.

Reliability: The information must be free of material error and bias, and not misleading. Thus, the information should faithfully represent transactions and other events, reflect the underlying substance of events, and prudently represent estimates and uncertainties through proper disclosure.

Comparability: The information must be comparable to the financial information presented for other accounting periods, so that users can identify trends in the performance and financial position of the reporting entity.

In our review of the 2014 audited financial statements which were issued by the Auditor General on February 10, 2016 we found that there were a number of areas that need to be improved as discussed in sections 20-26. Most of these findings also apply to the years 2012 and 2013 as well.

Management's response – *Agrees with notes.*

20. External funding

The company had \$25.2B external funding as stated in the Statements of Financial Position which represents 74% of total assets. There is no note in the financial statements which explains the terms and conditions of these external funding in accordance with IAS 20.39 which requires the following disclosures:

- a) The accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements,
- b) The nature and extent of government grants recognised in the financial statements and an indication of other forms or government assistance from which the entity has directly benefited: and
- c) Unfilled conditions and other contingencies attaching to government assistance that has been recognised.

Effect of non-compliance

In the absence of the above information, users of the financial statements will be unable to determine the following:

- (a) What was the funding used for;
- (b) The disclosure of the terms and conditions as they relate to the fund;
- (c) What is the timing of the repayment if at all and the interest being charged, if they are not grants;
- (d) Policies on how the grants are amortized, calculations and presentation of the quantitative effect of the amortization to the statements of other comprehensive income;
- (e) Disclosures of the assets to match the outstanding funds in the balance sheet.

During our review of the trial balance and the financial statements for 2014, we noted the following differences. The MA informed us that the adjustments were made but we were unable to verify them in the financial statements:

Funding Source	Balance as per TB 2014	Balance as per FS 2014	Difference
External Funding – GOG	14,249,095,442	14,212,308,578	36,786,864
External Funding – DFID	1,975,234,215	527,937,565	1,447,296,650
External Funding - World Bank	3,942,876,676	2,676,691,666	1,266,185,010
External Funding – IDB	2,971,805,694	5,675,938,456	(2,704,132,762)
External Funding – EIB	336,636,672	0	336,636,672
External Funding – CDB	1,338,975,603	0	1,338,975,603
External Funding – EU	190,000,000	10,581,894	179,418,106
External Funding – JICA	2,986,935,270	2,132,251,428	854,683,842
Total	27,991,559,572	25,235,709,587	2,277,849,985

For the period under review, GWI through the Government of Guyana had three ongoing projects funded by the Inter-American Development Bank, as follow:-

1. Georgetown Sanitation Improvement Program – Project cost- US\$ 10,000,000. Signed on December 8, 2010
2. Linden Water Supply Rehabilitation Program – Project cost – US\$ 12,300,000. Signed on July 13, 2011
3. Water Supply and Sanitation Infrastructure Improvement Program – Project cost – US\$ 31,676,500. Signed on October 10, 2014

An amount of \$5,675,938,456 is shown in the 2014 financial statement for ‘External Funding-IDB’, this amount does not correspond with the trial balance which shows an amount of \$2,971,805,694 giving rise to a difference of \$2,704,132,762. We discussed this difference with the MA and she informed us that adjustments were made to the balances and gave the following breakdown: -

T.B. balance 31.12.2014	2,971,805,964
Reclassification from deferred income	
Add: external funding	2,267,352,055
External Contract Payable-TB	1,704,604,343
Less: Deferred income amortization	<u>(1,267,823,638)</u>
Balance reported in Financials	<u>5,675,938,455</u>

We were unable to verify the origin or the basis for the amounts stated under ‘deferred income’ and ‘deferred income amortization’. The MA presented to us an EXCEL schedule of the deferred income but the details of the origin of the amounts could not be verified. The MA further explained to us that the balance of \$2,267,352,055 was transferred to the External Funding-IDB account but the nature of the amount she couldn’t have explained as the balance has been lying in the Deferred Income account for several years. She was unable to provide any further details on this matter.

Management's response:

"Acknowledged journal entries have been booked to classify the amount stated as \$5,675,938,455."

During our review of the 'cashbook' of IDB's funding maintained by the Project Accountant (PA), we compared the balances with the 2014 financial statements and noted the following:

	GSIP		LWSRP	
	2014	2013	2014	2013
Amount stated in FS's statements Statements of cash flows	418,603,573	533,957,305	795,580,048	637,121,781
Amount Stated in Cashbook	<u>418,603,573</u>	<u>575,244,000</u>	<u>815,315,270</u>	<u>389,500,000</u>
Difference	0	(41,646,695)	(19,735,222)	247,621,781

The differences could not have been verified as both the PA and MA were still trying to determine the reason/s why these differences arise.

All expenditure incurred under these projects is maintained by the Project Accountant who resigned recently. The PA maintained records on all funds received for projects and she has provided the following breakdown for the period under review:

	2012	2013	2014
Funding received:			
GSIP	576,664,029	575,244,000	418,603,574
LWSRP	890,893,834	389,500,000	815,315,271
Total funds received	1,467,557,863	964,744,000	1,233,918,845
Expenditure:			
GISP	511,288,186	528,281,620	515,971,926
LWSRP	585,815,755	637,288,108	672,140,110
Total expenditure	1,097,103,941	1,165,569,728	1,188,112,037

**Source of information – Project Accountant.*

The Project Accountant informed us that these balances are not reflected in the financial statements since adjustments would be made to them by the DF and MA. The MA advised us that she cannot provide to us any further clarification of these balances in the absence of the PA.

We are requesting the DF to provide to us the working papers or detailed schedules of all fund balances for the years ended December 31, 2012-2015 to determine how the balances in the financial statements were arrived at. In addition, the DF must also provide to us the details of

how deferred income has been arrive at as the ‘Note to the financial statements’ is inadequate and does not provide an understanding of how deferred income of \$177,533,346 was arrive at.

It is our firm belief that the funds received have not been properly stated and may not have been amortised against the assets that relate to the fund. In addition and based on exhaustive discussions with the PA and MA, we are convinced that the amount shown as deferred income may not be correct.

Management’s response – *“The Company adopted the International Accounting Standard 30 (IAS 30) in 2013 and in 2014 substantial substantially comply with the standard. It is acknowledged, however, that more disclosure would be necessary and this will be done in the 2015 Financial Statement. It has to be acknowledged that the application of the standard has been relaxed for some years and it was not possible at the time of 2014 to complete the full implementation.*

Funding Source	Balance as per TB 2014	Balance as per FS 2014	Difference	Finance Response
External Funding – GOG	14,249,095,442	14,212,308,578	36,786,864	
External Funding – DFID	1,975,234,215	527,937,565	1,447,296,650	Deferred income 2004-2014
External Funding - World Bank	3,942,876,676	2,676,691,666	1,266,185,010	Deferred income 2004-2014
External Funding – IDB	2,971,805,694	5,675,938,456	(2,704,132,762)	Acknowledged – journals to reclassify
External Funding – EIB	336,636,672	0	336,636,672	Deferred income 2004-2014
External Funding – CDB	1,338,975,603	0	1,338,975,603	Deferred income 2004-2014
External Funding – EU	190,000,000	10,581,894	179,418,106	Deferred income 2004-2014
External Funding – JICA	2,986,935,270	2,132,251,428	854,683,842	Deferred income 2004-2014
Total	27,991,559,572	25,235,709,587	2,277,849,985	

“The amounts booked as deferred income has been determined based on the funding sources stated in the Statement of Financial Statement. The amount stated as External Funding has been accumulated since the Company’s incorporation in 2002. Depreciation has been calculated over the years, however, the income aspect of these funding sources have not been recognized consistently and the matter was discussed with the Board in 2014 which and the implementation of the accounting standard was done given that the amounts stated as External Funding is material and cannot be allowed to accumulate indefinitely. It must be acknowledged that there is limitation of records that relates to some of the older funding and the Project Accounting unit cash book and project files were used as a basis to recognize the deferred income decision was taken.”

“While the cash flow statement may have not represented the cash flows accurately for 2013 for GSIP and 2013 and 2014 for LWSRP. The general ledger has accounted for all transactions for the period 2012-2014. All the general ledger accounts including bank accounts and work in progress have been reconciles. The Project Accountant has made an erroneous statement of figures were being changed by the MA and FD without substantiating the entries that were posted to the general ledger.”

21. Revaluation reserve

We are uncertain why the company has a revaluation reserve of \$1.8B since it has not adopted the revaluation model of measuring fixed assets. This leaves doubts in the mind of the stakeholders in the absence of a note to the financial statements explaining the background to the revaluation. However, if the revaluation arose years back then the amount should have been amortized in accordance with IAS 16.41 which states that the amount should be amortized to retained earnings by the excess depreciation as the assets are being used.

Management's response: *"Your comment is noted as it relates IAS 16.41 and will be implemented. This was a revaluation done in a consultancy over six years ago. It must be noted that the basis and working papers of this revaluation is not available but nevertheless revaluation would have to be done on assets and the revaluation reserve will be adjusted accordingly."*

22. Taxation payable

Taxation payable to GRA at December 31, 2014 was \$1.4B. We understand from management that this amount relates to property tax which is under consideration by the BOD.

In accordance with the Income Tax Act chapter 81:01 Section 99(1(d), the company is liable to 5% penalty per month for not paying taxes when due.

Further in accordance with Section 60(1) and (2) and Section 99(3), failing to file returns when due will give rise to a penalty of 2% or 5% if the Commissioner demands returns.

Considering the number of years the amounts that are owed, the interest and penalty could surpass the principal amounts owed. Given the materiality of this balance, the audit report did not draw attention to this matter. In addition, the financial statements do not include any note relating to this matter and the consequences of the company failing to file returns with the Guyana Revenue Authority.

In addition and in the absence of any explanation, the recognition and disclosure requirements of IAS 12-Taxation was not followed.

Management's response: *"All of the five sub sections are noted and would be pursued. And IAS 12 has been partially implemented and additional disclosure will be followed in 2015 financial statements."*

23. Contingent liabilities

Included in trade and other payables is provision for legal settlements which amounted to \$66.8M. This component is governed by IAS 37. IAS 37.85 specifies the following disclosures:

- (a) Nature of the event
- (b) Timing of the event
- (c) Uncertainties that surround the event
- (d) Assumptions made by management in assessing the event
- (e) Reimbursement, if any

There are no disclosures in the financial statements to explain any of these requirements. Further, we received a list of pending legal matters against GWI from the Company Secretary.

These matters were discussed with him and based on his explanations it is likely that only one matter may give rise to a potential liability.

The trial balance at December 31, 2014 has a balance payable of \$40,045,189 for 'legal settlement' which we could not have determined the basis while the financial statements on page 30 Note 8.2 showed provision for legal settlement of \$66,824,363 a difference of \$26,779,124.

Management's response: *"Concur with (a) to (e). The existing notes to the financial statements will include additional disclosure require in the next financial statements."*

24. Additional paid in capital

Additional paid in capital is a term which means that the existing shareholders have invested additional sums in excess of their share par value. The balance sheet includes \$3.3B as paid in capital. However, there is no note to the financial statements which explains the circumstances under which the company received the amount.

The foregoing are major short comings and based on other findings as described under Tangible fixed assets, revenue and receivables, we are uncertain whether the financial statements for the last three years 2012-2014 are materially presented since these findings apply to 2012 and 2013. At the time of this audit-March 2016, the DF was not in a position to provide to us a draft of neither 2015 financial statements nor a trial balance.

Management's response: *"The \$3.3B has been stated in the balance sheet since the Company's incorporation in 2002. Efforts have been made to obtain all details pertaining the additional 'paid in capital' without any success. However, as a reference point to note is that the Audit Office of Guyana has verified the amount stated as "additional paid in capital" in 2006 Audited Financial Statements of the Guyana Water Incorporated for the Year Ended 31 December 2006."*

25. Inventory

In reviewing the financial statements, we noted that the Notes on inventory provide inadequate details on the policy and the details of the inventory balances. The policy explains briefly the method of valuation and another note showed the composition of the balance including goods-in-transit and an insignificant provision for obsolescence. There is no information on the composition of the balance for spares, materials, meters etc. In the case of goods-in-transit, no details were provided as to when they were received subsequent to the balance sheet dates and the basis on which the amount was recognised as goods-in-transit.

The Oracle's module for Inventory Management was not fully utilised which resulted in the Internal Audit Department unable to pronounce on the accuracy of the company's inventory value and variances declared for all areas for the 2013 stock count. The primary shortcomings were as follows:

- ✓ Oracle EBS Snapshot was not performed as required for a Physical Count Exercise.
- ✓ The management of all inventory holding areas was unsure of how to treat items in Sub-inventories despite being adequately addressed in a memorandum circulated by the Management Accountant on the December 6, 2013.
- ✓ Reconciliation of closed balanced periods between Oracle EBS and the General Ledger was not up-to-date due to technical problems experienced with the Inventory Module since October 2013.

Completeness of the process in Oracle E-business suite (EBS) to perform the year-end stock count was not followed through. There was a significant amount of transactions (Issues, Receipts, and Work Orders) not processed prior to commencement of the stock count exercise.

At the end of 2013 slow moving items valued \$367,163,220 were compiled but the BOD did not deliberate and instruct on this matter further. A majority of these items still remain on site. In fact during our visit in January 2015 at the GWI's largest and most significant Store at LBI, the Inventory Manager confirmed that there are significant amounts of items which are slow moving, obsolete or damaged that need to be removed, sold or destroyed in order to better organise the limited available space at the Store. In 2015, about \$3M of items were disposed by sale which was a grossly inadequate and a poor attempt to address the slow moving, damaged and obsolete inventory.

The financial statements did not provide any note on the composition of supplies and services; that is what portion relates to goods directly consumed, issued from Store and the description of services. The amounts reported in the financial statements for 2014 and 2013 respectively were \$651,140,531 and \$812,458,592.

We were unable to obtain an extraction of the receipts and issues of inventories to carry out analytical and audit tests.

A sample of inventory was selected for testing and the following were noted:

Item ID	Item description	Unit price	Unit	Rough stock sheet	System report	System value	Variance	Variance value
190029	Photocopy paper 11x17"	2,300	Each	60	6	13,800	54	124,200
110428	Coupling maxi-fit 4"	15,580	Each	1	2	31,161	(1)	(15,580)
110514	Self-tapping ferrule strap 6x25M	7,195	Each	3539	3536	25,441,635	3	21,585
150001	Aluminium sulphate	4,036	Each	1	0	-	1	4,036
170002	Milk 1800g	3,585	Each	2	3	10,754	(1)	(3,585)
170005	Tea bags 100	1,030	Each	2	1	1,030	1	1,030
170006	Coffee	1,031	Each	5	4	4,123	1	1,031

The following were also observed:-

- Damaged items were counted as inventory. We noted that these items were in a deplorable state and they cannot be used.

- Movements to inventory are recorded in the Inventory module in ORACLE but there was no evidence that periodical physical counts are done and matched against records and vice versa. The DF/IAD needs to be more proactive to ensure that independent checks are done for inventory. These checks must be documented for audit verification purposes.
- A report of the balance of inventory is only sent to the Finance Department when an inventory count is done. In cases where there are variances between ORACLE and the stock sheets, the Store Manager informed us that depending on the size of the variance only then would the Finance Department make enquires. At most times, balances are adjusted in ORACLE to reflect the amounts shown on the physical count sheet.

We are still to receive a detailed listing including slow moving, obsolescence and damaged inventory for the years 2014 and 2015.

Management’s response – *“The oracle E-Business suite was implemented in June 2013. This process took almost a month to migrate the data to the new Management Information System (MIS). It was also a learning period as it was the first time was being expensed after the work order by operations staff in divisions had a negative impact on the balances. The repairs to mains and the installation of service do not stop during the count hence, materials are always being used. There was a count of the contractor materials on hand on the last day of the year for finalization of the balances as at December 31st each year. Perpetual inventory done weekly on selected items, half year stock counts done (on items with movements 2014/2015). Internal Audit Department does routine and that includes sample checks). June 2014, January – March 2015.”*

26. Tangible Fixed Assets

The company’s financial statements reported total assets value for the years 2012-2014 as follow:

Value	2012	2013	2014
	\$B	\$B	\$B
Gross	33.8	35.1	36.7
Net	21.0	25.3	20.8
Work-in-progress	2.5	4.4	5.8

We requested schedules of the details for work-in-progress for each year from the Asset Accountant but they were not provided. Therefore, we are unable to determine the validity of the assertions for assets-existence, valuation, classification, occurrence etc. Further, we are unable to determine whether the amounts shown as work-in-progress are materially correct and are classified based on state of the assets.

The company adopted the cost model of measuring fixed assets as per IAS 16.30. However, there is no disclosure in the financial statements to explain whether any impairment review was carried out and the effect it would have on the financial statements in accordance with IAS36.9.

In addition, given the nature of the company’s assets, its risk and stakeholders interest, it is important that the financial statements present a fair assessment of the company’s assets value. Therefore, the company should have opted for the revaluation model for measuring fixed assets in an effort to achieve this.

Effect of non-compliance

Due to the non-compliance of disclosures of IAS 16 and 36, the users of the financial statements will be unable to determine the following:

- (a) Whether the fixed assets are reflected at their carrying amount;
- (b) When was the last assessment done, if any;
- (c) What are the fair values of the fixed assets given that the revaluation model of measurement is not being used?

During our meetings and discussions with the DF and the MA, they both agreed that the financial statements are deficient in many areas and that efforts will be made to remedy these deficiencies.

Management maintains a fixed assets register in 'ORACLE' which is up-loaded periodically into EXCEL from which the assets are reviewed and used to carry out physical counts. We have received copies of certain Divisions, as requested and have concluded that the fixed assets register in its present state cannot be relied on and may not a true reflection of the company's physical assets. The Division received in EXCEL format are: Georgetown, LBI and Linden.

The major findings are: Georgetown listing

- a) While assets do have fixed assets codes (fixed assets identification number), as are shown on the EXCEL printout, we were unable to physically identify many of the assets because the assets themselves do not have the codes e.g. many of the buildings and other assets in Georgetown cannot be identified by reference to a code or description since the description in the assets register makes reference to 'wooden building, office buildings, sign board, security lights, halogen lights etc at 'Shelter Belt' in Georgetown. The codes are not on the assets and therefore we could not have determined the correct identity of the assets.
- b) While carrying out the physical verification for the generators, we noted that there were three large new generators two of which were still to be installed. These are not as yet recorded in the assets register. The Fixed Assets Supervisor who is responsible for the maintenance of the fixed assets register explained to us that 'certain procedures' must be followed before they are included in the register.
- c) Improvement works to buildings and other related components are listed as line items as if they are identifiable assets whereas the improvements had to do with existing assets. The improvement works are described as concrete works, halogen lights, security lights etc.
- d) Electrical works valued in excess of \$180m at various stations in Georgetown should have been included as part of the assets-buildings etc., rather than described as 'electrical works'. Or, since there may have been major components such as transformers, generators, cables etc, they should have been described as specific items or as fixtures to buildings, Workshop, Water Treatment Plant etc.
- e) Land is listed under Shelter Belt, Georgetown instead of the Divisions e.g. La Bonne Intention, Tucville, Kingston. Ownership documents such as titles are still to be issued in the company's name.
- f) Assets acquired during the merger of GS&WC and GUYWA have all been included in a few significant values in 2005. Unfortunately, even though attempts to carry out a fixed assets count in 2015 were made, the amounts still remained in the fixed assets register. This is because the approach used to carry out the physical count was flawed. Instead of doing a 100% physical count and record all assets by their description, location, condition, serial/manufacture identification #, the existing register was used as the basis. This has led to the assets register still not nearing being correct.

- g) Fixed assets have not been revalued/appraised over the last five years which is contrary to accounting Standard, IAS 16-Property, Plant & Equipment prescribes that assets ‘*After initial recognition, the asset should be measured at cost less accumulated depreciation and impairment losses or at a revalued amount, which is its fair valueless subsequent depreciation and impairment losses. Revaluations must be made with sufficient regularity to ensure that the carrying amount is not materially different from fair value.*’
- h) In addition, the Property Tax Act was amended in 2013 to include changes approved through the National Budget. ‘*The valuation date for land and buildings for the purposes of property tax will be revised from January 1, 1991 to January 1, 2011.* In addition, all assets have to be assessed at least annually to determine whether their existing values have changed since the last accounting period after taking depreciation into effect.
- i) Water connections to customers are described in the fixed assets register as ‘service connection’. The gross value of these connections at present is \$3.1B and net \$2.7B. These connections are depreciated over 40 years except in a few cases 20 years. Further investigations and subsequent discussions with the Director of Capital Investment & Project Development revealed that these connections have several components all with have different useful lives and are expected **NOT** to exceed ten (10) years because of their compositions, weather and environmental conditions, and their constant misuse and internal rust because of the ironized water. These components include galvanise pipes, polyurethane hose, poly fittings, saddles meters, PVC pipes and stop corks. Therefore, it is very clear that the useful lives of ‘service connections’ is grossly overstated. **Please refer to Appendix XVII for sample from the fixed assets register.**
- j) List of motor vehicles that are not working for various reasons:

Details	Acquisition Date	Location
Toyota Hilux PHH 578	-	Division 1 Bartica
Nissan Pick-up PGG 6343	7/01/1999	Shelter belt
Toyota Pick-up PGG 8765	2/11/2000	Operation
Nissan X Trail 4x4 6370	7/08/2002	Head office
Nissan Frontier PHH 6331	7/08/2002	Div. 4 Onverwagt
Nissan Patrol Station wagon PJJ 7385	8/25/2005	Head office
Nissan Patrol wagon PJJ 7386	8/01/2005	Head office

These vehicles have not been used for over a year; therefore they should be considered as impaired if management do not intent to repair them.

- k) Vehicles cannot be traced to the assets register because the registration numbers are not included. Therefore, we cannot confirm whether all the company’s vehicles are included the assets register.
- l) Assets acquired in 2005 and described as Fixture, Furniture Office equipment and Hardware & software are recorded at values of \$41,034,320 and \$53,373,480 respectively. It appears that the assets were not recorded separately but as a block figure. These assets could not have been physically verified and may have been susceptible or already impaired due to obsolescence, usage and or no longer working.
- m) Mouse, keyboard, CPU and monitor were being listed on the assets register instead of a complete unit. Each item carried a separate code.
- n) Generator on trailer (P150E) was not physically labelled; however, in the assets register it was labelled. This made it difficult to determine whether the item in the register is the same as the physical.
- o) Klimaries Air condition units acquired on December 31, 2008 for \$5,993,688 have been damaged beyond repairs but are still recorded in the assets register.

- p) The assets transfer files for the years 2012 to 2014 were not available for our verification.

LBI location

- q) Based on the assets listing extracted from the assets register, only a few items could have been verified. Assets have not been labelled at this location, thus making it difficult to verify and compare to the assets listing.

Two assets that came to our attention which are not listed in the assets register are:

Descriptions	Conditions
2 Pallet jack	Working condition
Forklift CAT	Not working

Linden

- r) When we visited Linden, a sample of assets could not have been easily verified to the assets register because although a physical count was done in late 2015, the register was not brought up-dated.

Comments

Based on the foregoing findings on the financial statements components including inventory and fixed assets and based on finding reported earlier on receivables and income, we strongly believe that the financial statements for the last three years are materially incorrect.

Management's response:

“Concur with table of total value of assets provided for 2012-2014.”

“We do not agree with the comment as the work in progress schedule was provided at the beginning of the audit by the Financial Accountant to the audit staff. Such qualification of validity noted for limitation of asset assertion is not accurate. The schedules are, however, available to determine the validity of assertions for non-current assets. The Finance Director is not aware that there would have been a verification of work in progress. What has been communicated to the Director of Finance was that checks were carried out at the following locations – Georgetown, Linden Water Treatment Plants and LBI Central Stores for fixed asset verification and not work in progress. Subsequent to the asset verification a discussion with the lead Auditor were held in the Finance Director's Office (Asset Accountant was present) and no mentions were made of work in progress but other asset verifications of the locations mentioned above. Attached are details of work in progress schedules for the periods under review 2012-2014 in Appendix 2”

Our comments: We reviewed the schedules attached in the management's response for work in progress and noted that the schedules are the same that were presented to us at the beginning of the audit. Our aim was to verify the composition and validity of the balances in the work in progress schedule but we were informed by the Asset Accountant that it was unlikely for him to trace the composition of these balances.

“The DF and MA noted that there have been improvements in the financial statements but nevertheless acknowledged that efforts would be made to further improve it, including evaluating the practicability of fully complying with IAS 16 and 36.”

- (a) *“It is acknowledged that buildings and the sign boards in Shelter Belt, Georgetown were not labelled with a code description and this has been corrected in 2016, except the sign boards.”*
- (b) *“The three FG Wilson new generators were purchases under the Shelterbelt Frequency Conversion program and are work in progress as other components needs to be installed before it is moved to the asset register.”*
- (c) *“Concrete works described in the assets register is directly traceable to the individual Sewer Sanitation in Georgetown. With regards to halogen lights, security lights, etc. are practice in the past (up to 2005) and such are no longer classify as fixed assets (except for security and flood lights which are high value assets are classify as a sub category in the asset register under the location are for accountability and separate depreciation rate); instead a revenue expenditure.”*
- (d) *“A sewer station consists of a panel with wiring and an enclosure (concrete). The concrete element is described as building in the asset register and the electrical works in the register is categorized as mechanical & electrical for accountability and depreciation as both categories carry different depreciation rate.”*
- (e) *“The given lands are listed to the shelterbelt location because they are recognized and labelled under departments that fall under the Head Office.”*
- (f) *“The Company’s fixed asset register was done by a consultancy in 2006. There are a number of assets categories that were brought into the register at “block” values meaning that the components that relate to those item were not segregated which resulted a net book value of \$314m as of December 2015. Asset verifications are done 100% per locations and all assets not only those on the register are taken into consideration when reconciling. At verification assets that relate to the locations where those block values are brought into the register at a nominal value of \$1. However, efforts will be made to the value those assets that are brought into the register at a nominal value to a more realistic value. Assets were acquired during the merger of (GSWC & GUYWA) was done by a consultant in 2006 (and entered the register in Dec, 2015). Asset Verification is done by using the Asset Register as a guide. Items found that were not included in the fixed asset register are recorded as misplaced assets and also damaged assets are reconciled to the register for action.”*
- (g) *“The comment is noted and would be explored.”*
- (h) *“The comment is noted and would be explored.”*
- (i) *“These depreciation rates have been in force the incorporation of the Company in 2002. It is premature to just conclude that the depreciation rated used are not realistic and the assets are grossly overstated taking into consideration a comment made by the Director of Capital Investment. These are highly technical engineering matter that requires detailed research and study.”*
- (j) *“It is the practice of the company to sell unserviceable/ impaired motor vehicles. The vehicles in questions would be sold be Public Tender (1 of the 7 was already sold). These vehicles are fully depreciated.”*
- (k) *“Not in agreement that the registration numbers of motor vehicles are not included in the fixed asset register. All motor vehicles asset numbers are uploaded under the serial number content in the asset module. The asset register report that was provided does not include the motor vehicle registration numbers and was requested urgently without specifying or discussing the report use. The asset module export does not facilitate the serial numbers but there is a report that is available for asset verification that has all serial numbers and can be provided.”*
- (l) *“Acknowledged that the assets acquired in 2005 were as a result of a consultancy that was done in 2006 that resulted to the limitation of the block figure. This would be addressed by matching the items in the register that were subsequently verified and brought in the register.*
- (m) *“This was the practice of the past which have been corrected; a desktop computer is now entered in the fixed asset register as one unit.”*
- (n) *“The generator on the trailer was subsequently re-labelled February 2016.”*
- (o) *“The Klimaries Air Conditioning units that are unserviceable and will disposed of and taken off the register in 2016.”*

- (p) *“This query is noted and Asset Transfer files were done for 2015. The Fixed Asset Policy will be reviewed in 2016.”*
- (q) *“Acknowledged that the asset listing provided include LBI & Procurement asset which are merged and will be corrected in 2016. A request was made to have an Asset Clerk to assist with the verification exercise but the exercise was carried out without the Asset Clerk.”*
- (r) *“Acknowledged that a physical verification was done in the last quarter in 2015 and the register was not updated at the time of the Auditor’s verification. The asset register was however updated.”*

Recommendations

The BOD needs:

- 1) To set up a Committee to carry out a comprehensive review of all the major components of the financial statements to determine whether the accounting policies used are adequate and are consistent with the reporting accounting framework adopted.
- 2) To determine whether revenue and expenditures have been reported correctly over the last four years.
- 3) Whether all the balance sheets component balances are materially correct and have been disclosed in accordance with the accounting framework.
- 4) Ensure that the company complies with its statutory obligations to file corporation and property tax returns and to pay outstanding taxes.
- 5) Reorganise the finance department to ensure that the Billing department forms part of it or there is a direct link to ensure that billing information are linked to the ORACLE system.
- 6) Ensure that the key personnel within the department are experienced enough to carry out their responsibilities including the preparation of high quality financial statements, management accounting and analytical reporting for the monthly BOD meetings.
- 7) Carry out a 100% physical verification of assets and ensure that the fixed assets register is brought up to date within a given time-say six months.
- 8) Review depreciation and capitalisation policies to ensure that immaterial items are expensed rather than ‘burden’ the fixed assets register with their entries.
- 9) Carry out a comprehensive review and assessment of the inventory system to ensure that slow moving, obsolete and damaged items are disposed of and removed from all stores. Then ensure that the balances in the ORACLE module are correct.
- 10) Review the company’s insurance policies for assets and inventory to ensure that the coverage is adequate.

27. Information Communication Technology (ITC)

Recently, the HEAD ITC resigned before an investigation was about to be carried out on alleged unethical practices management suspected he was involved in.

The current Head of the Department has determined that GWI needs to do the following:

- a) Up-grade existing hardware and software and at the same time to utilise all the features and modules available in both ORACLE and Hi-Affinity.
- b) She has informed us that the locations where all the equipment are housed is very cramped which we verified.
- c) Management needs to invest more in human resource development to ensure a higher level of skilled staff base available to the department to ensure maximum usage can be made of ORACLE and Hi-Affinity. Presently, this is not the case.

- d) The department is under staffed; it currently has a staff complement of 12 technical + 1 administrative staff. GWI does not attract the personnel with the level of skill needed because of the compensation package.
- e) Storage of data is done in-house; this poses a huge risk in the event of fire or any natural disaster. Head explained that efforts are being made to move the office and to store data off-site.
- f) Network needs overhauling because it is 10 years old. All locations need to be re-cabled. Of the 24 servers, 10 need replacing, upgrading of firewalls etc

28. Human Resource Department (HRD)

We carried out general reviews and interviews with the HR Director (HRD) and noted the following:

HRD is responsible for all employment except those at Executive Levels which is done by the BOD.

We reviewed a sample of personal files of employees and found that they were generally in order. The salaries paid through the payrolls matched the amounts recorded in the personal files.

However, employees have not been subject to annual appraisals since 2013. Currently, the HRD is in the process of completing appraisals for 2015 but, in our opinion, it will take a long time or may never be completed unless they are done within a given time before year end. The forms have been sent out and HRD is now awaiting their return, before March 31, 2016.

29. Chief Executive

During the period under review, the chief executive was Mr Shaik Baksh who was employed by the BOD on September 17, 2012 and resigned on June 25, 2015. His contract of employment states that he was employed for a period of three years with the following benefits:

- a) Gross salary of \$710,000 per month
- b) Gratuity of 22.5% payable at the end of every six months of satisfactory service (there was no evidence of an evaluation of his service)
- c) Rent of \$120,000 per month plus electricity (to live in his own home)
- d) Twenty hours security
- e) Entertainment allowance of \$70,000
- f) Duty allowance of \$30,000
- g) All telephone charges including approved overseas calls (no body verified the legitimacy of the overseas calls or who authorised them)

Based on these benefits, the CE should not have earned more than \$930,000 inclusive of rent of \$120,000 per month. The security and gratuity, we understand, were paid separately. The financial statements for 2012 did not comply with IAS 24-Related party disclosures; therefore we could not have verified whether the benefits he received in that year were consistent with his contract. We were unable to get this information from the finance department even though we requested the information from the DF. In 2013 and 2014, the total benefits he received were \$14,177,500 and \$14,791,650 respectively as stated in the financial statements

The BOD approved rent for the CE to live at his own home at Lot 16 Ixora Avenue, Eccles, East Bank, Demerara which was in effect a non-taxable allowance contrary to the Income Tax

Act. The other allowances were also intended for him not to pay income tax as all expenses he incurred on behalf of the company were refunded to him.

In addition, the CE was entitled to twenty (20) hours of security services at lot 16 Ixora Avenue, Eccles, according to his contract of employment. The IAD reported in one of their reports that two (2) private security personnel were employed by the CE despite the company has a contracted security firm which provides this service. There is no evidence to confirm that the BOD approved the CE's appointment of independent security personnel. It should be noted that the two (2) security personnel were paid a basic salary of \$44,000 and \$16,000 to compensate for overtime (\$120,000 per month) at a time when these positions were not in the company's staff complement.

In addition, **we reviewed an IAD's report dated June 3, 2015** which highlighted certain irregularities committed by the CE. The investigation that led to this report originated from a special meeting of the BOD on May 28, 2015 which dealt with allegation of irregularities committed by the CE. In addition, we carried out our own verification of the findings to ensure the validity of the report. With the IA's approval, details of the report are reproduced except for certain changes and **the full report is attached as an appendix.**

Report of June 3, 2015 -Overview

During an emergency meeting held on May 28, 2015 by the Board of Directors and Senior Management several reports of irregularities regarding the conduct of the Chief Executive were raised. These include misappropriation of cash advances for sites visits, abuse of authority in using the company assets, overriding company policies etc.

Misappropriation of Cash Advance for site visits and unauthorized Cash Refunds

Findings:

During the period January 2014 – May 2015 a total of \$3.9M was issued to the CE and employees performing duties as his Executive Assistant to facilitate official field trips. However, the following were noted:

- 1) The legitimacy of expenses and field trips could not have been verified since bills produced did not provide any contact information for the persons issuing same; no other official from GWI was stated accompanying the CE on the claimed official visits and the purpose of the visits were not stated. **Refer to Exhibit 1.**
- 2) The following were observed from bills presented to substantiate expenses incurred.
Refer to Exhibit 2.
 - ✓ Liked hand writings and formation of letters on bills “supposedly” issued by different individuals.
 - ✓ Bills issued from different persons in different locations which showed signs of being from the same book since the receipts contained one of the above if not both and had the same designs.
 - ✓ Individuals who “supposedly” issued the receipts from one location issued another at a different location.
- 3) Cash receipt of US\$400 equivalent to GY\$84,000 (Ex. Rate @210) dated 05/09/14 written to S. Baksh from M. Ramgoolan for “hire of taxi Piarco – POS San Fernando Chaguanas/ POS” was presented to clear advance of \$105,000 taken on 04/09/14 for a

visit to the *Water Authority of Trinidad and Tobago*. **See exhibit 3.** There is no evidence to confirm that the BOD or senior management was aware of this visit.

- 4) Bills dated December 4, 2014 totalling \$200,000 were proven to be fictitious as security logs showed that the Chief Executive was at head office instead of the locations claimed. Refer to the below table for the details:-

Date Prepared	Prepared By	Date Approved	Approved By	Cheque #	Oracle AP Module Creation date & Time	Approved By	Date	Details	Value (\$)
04/12/14	Onika Holder	04/12/14	Shaik Baksh	950013014	04-Dec-2014 12:02:29	N. Niles & S. Tiwari	04/12/14	Hire of speed boat from Parika – Moruka on 4/12 and return Morika – Parika on 6/12	160,000
								Hire of speed boat from Parika / Supenaam / Parika	40,000

Head Office Security “vehicle log book” showed following logs for the Chief Executive’s vehicle:-

		In	Out		
December 4, 2014	Gavin Anderson	11:15	-	3	CEO
		-	13:25	2	CEO
		15:55	-	3	CEO / Family
	Baksh	-	17:25	1	CEO

See exhibit 4

- 5) Advance of \$300,000 was issued on April 30, 2015 for visits to Upper Pomeroon Region and Santa Rosa and Villages in Moruka Sub Region, however, one of the bills presented totalling \$245,000 for hiring of speed boat from Charity to Santa Rosa, Santa Rosa to Moruka return and Santa Rosa to Mabaruma return was **dated May 11, 2015 – Elections Day which was declared a public holiday**. **See exhibit 5 for bill**
- 6) The Chief Executive’s employment contract does not provide for compensation for medical expenses; however, an instance was noted where monies were reimbursed for a “claimed” on the job accident. This accident was never reported to the Occupational Health and Safety Officer or the Human Resources Department nor was there any accident report prepared to justify payments. The total value amounted to \$29,000 which was approved by the Management Accountant and paid on April 24, 2015. **See exhibit 6.**

Missed use of Vehicle PPP9050 used by the Chief Executive

On March 28, 2012 a contract was entered into between GWI and S. Jagmohan Hardware Supplies and Constructing Services and Nabi Construction Inc., Joint Venture/Consortium for the Georgetown Sanitation Program – Priority Works for the Installation of Force Mains.

Under the contract's Special Conditions of Contract, the Contractor was required to provide a specific list of facilities for the Engineer's location which included one **(1) Double Cab Pickup (new or reconditioned)**. The Contractor tendered a quoted price of \$4,700,000 from Associated Industries Limited (AINLIM) for a Nissan Frontier 4x4 Double Cab Pickup – 'DX' – Diesel.

This pickup was to be utilised for the sole purpose of site visits and verification of works to be done by GWI's Project Manager and Engineer on the contract.

A decision was taken to allocate the double cab pickup to be acquired under the contract to the CE's full use to fulfil Clause 3.3-3.3.3 of his contract of employment under Salary and Benefits. There was no evidence to confirm who made the decision to allow the CE to use the vehicle since he was already allocated a vehicle.

The IAD reported the following regarding the above arrangement:-

- 'The decision was taken despite GWI making available two (2) other vehicles to the CE which he deemed as unsuitable. The Director of IPID - Ramchand Jailall who is ultimately responsible for the overall management of the contract stated that it was his understanding that the CE should have discussed this decision with the Chairman of the Board for approval to use the vehicle instead of the one allocated to him'
- 'The double cab pickup acquired differed to the one tendered by the contractors by manufacturer and cost. The double cab pickup acquired was an upgrade in the form of a Toyota Hilux Vigo Double Cab Pickup (brand new) 2012 Year Model, Diesel, 2982cc and cost \$7,500,000 which was \$2,800,000 more than the Nissan Frontier. The Toyota Hilux Vigo carried plate # PPP 9050. The additional cost of the Toyota Hilux Vigo was borne by GWI and recorded in the Asset Register – Vehicles and Mobile Plant Account #1107 with an acquisition cost of \$3,899,865 and incorrectly dated 01-Jan-07'
- 'Vehicle PPP 9050 was never used on the contract under which it was acquired. The Project Manager and Engineer had to resort to the use of an assigned vehicles from GWI's vehicles pool, which is shared throughout the company on a first come, first serve basis. This significantly hampered the work of the Project Manager and Engineer throughout the duration of the contract.'
- 'The persons authorized to operate vehicle PPP 9050 were assigned driver and the CE'
- 'The general maintenance and repairs to vehicle was done by an unauthorized mechanic instead of GWI's approved mechanic. All costs for the repairs and maintenance were processed through Purchase Orders. Table below shows maintenance to date'

Sum of Net Category	Column Labels			
	2013	2014	2015	Grand Total
Entertainment/Hospitality		2,000		2,000
Fuel & Lubricants MV	660,861	1,172,690	382,718	2,216,269
Hired/Outside Services			65,500	65,500
Insurance	12,515			12,515
Licences	6,000	6,000		12,000
Other supplies and servic	8,950	22,381	40,316	71,647
Other Transport Costs	4,000	21,500		25,500
Repair & Maintenance -B&E	20,500	319,906	116,000	456,406
Repairs - Vehicles	197,536	154,800	9,315	361,651
Tyres & Tracks		343,640		343,640
Grand Total	910,361	2,042,917	613,849	3,567,127

The vehicle was involved in an accident on the 3rd May, 2015. At the time of the accident, the CE was out of the country and the vehicle was driven by his son who was not authorized to drive the vehicle.

We met with the Director HR and the Health and Safety Office (H&SO) to determine whether an investigation was done. The H&SO confirmed to us that he did attempt to carry out an investigation of the accident and discovered that:

- 1) The vehicles was not owned by GWI; and,
- 2) That no GWI's employee was involved in the accident, therefore, there was no need to carry out an investigation.

In fact, the H&CO is wrong; the vehicle although registered in Suresh Jagmohan's name was never in his possession; it was always used by GWI's CE and was paid for by GWI. Screen shots of the Assets Register in ORACLE showed that the vehicle was registered at values of \$4,700,000 which was recovered from the contract and \$2,800,000 which was the additional amount paid by GWI because a different vehicle was acquired instead of the one quoted for \$4.7m. The H&CO would have seen that the vehicle was used by the CE daily and therefore should have made proper enquiries about the ownership and why it was being used by the CE.

After the accident, the vehicle is a complete write off and is sitting in the compound of GWI, Shelterbelt. The CE resigned on June 18, 2015 and the BOD acknowledged his resignation letter on June 24, 2015. The Company Secretary wrote to him on behalf of the BOD on June 26, 2015 advising him that the BOD has agreed to waive the required three (3) months' notice and accepted his resignation with immediate effect. In the letter, the BOD also agreed with the CE's request to pay GWI \$4,500,000 for the vehicle which was paid by deducting benefits owed to him and the balance of \$2,651,494 to be repaid in twelve monthly instalments of \$220,958 each. We have verified that the CE was up-to-date with the payments.

Payment of Gratuity to the Chief Executive without approval from the Board

According to clause 3.2 of the Chief Executive Employment contract "*gratuity should be paid subject to satisfactory performance*". We saw no evidence that performance appraisal was done as there was no evidence in his personal file. We were informed that gratuity payments was programmed in the Payroll Software to be processed when due. The Directors and Senior Manager's payroll with statutory and applicable deductions are prepared by the Finance Director and checked by the Human Resources Director prior to payment through designated banks. Gratuity payments via

payroll to the Chief Executive from the date of employment September 17, 2102 to current were as follows:-

2013	\$1,917,000	12 months
2014	\$2,012,850	12 months
2015	\$1,056,719	6 months

Conclusion

It appears that the CE used his position to override policies and procedures and overstepped his authority with or without the approval of the BOD. There is no evidence in the BOD's minutes to confirm that the CE was authorised to use vehicle PPP 9050 which was intended to be used by the Project Manager-Georgetown Sanitation Programme.

Recommendation

The new BOD should review the contract of the previous CE to determine whether benefits paid were consistent with his contract of employment. If not, they should pursue all over payments

30. Advances

In addition to the matters reported under the heading '**Chief Executive**' above, we investigated account **1603 'Staff Advances for Site Visits'** and noted that the company's policies on advances were not followed and are still not being followed. All most all the advances were cleared after the three days period during which they should have been cleared. If not, the departments' manager must write the DF to advice that there will be delays to clear the advances. Only the IAD department seems to have followed this policy. The advances were eventually cleared, except for the two below.

We had requested the monthly reconciliation of these advances but only received them for 2015 and part of 2014; the earlier years we were told were stored in a container and could not have been retrieved quickly.

Included in outstanding advances of \$89,324,312 at December 31, 2015 were two as follow:

- 1) C&N Trading Company Limited was advanced on August 31, 2011 \$8,775,000 for the supply of transformers, which were never supplied. GWI took the company to Court and obtained judgement in its favour. The execution of the judgement could not have been done and the money is still to be recovered
- 2) Lynwill International Trading Ltd was advanced in December 2011 \$4,930,681 for the supply of chlorine gas, which was never supplied. The matter is before the Court.

These are clear evidences that proper due diligence was not done before funds were advanced to companies that could not or were never in a position to deliver the goods. Based on the fact that judgement had been awarded in favour of GWI and the advance could not be recovered, it is also likely that the other advance may not be recovered after four years.



PUBLIC UTILITIES COMMISSION

298 Church Street, Queenstown, Georgetown

*Regulating utilities for efficient services
and protecting consumers' interests.*

Chama

13/11

11

November 8, 2013

Chief Executive Officer
Guyana Water Inc.
Shelter Belt
Georgetown

Dear Sir

Order 2/2013

On June 10, 2013 the Commission on an application by Guyana Water Inc (GWI), issued Order 2 of 2013 in the matter of tariff harmonisation, and the said order was to take effect from July 1, 2013.

On the Commission's regular review of various sectors' operations and billings, the PUC has noted that some of the charges issued to customers by GWI are not in synch with Order 2/2013 and wishes to be advised of same.

With best wishes.

Yours sincerely

.....
Vidiahar Persaud
Secretary

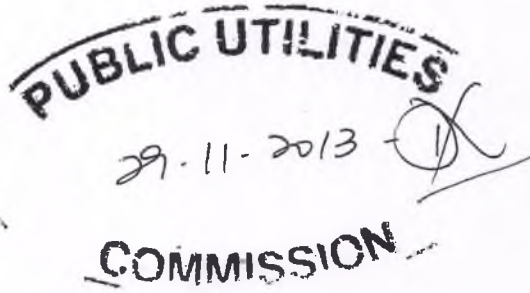


Guyana Water Inc.

Corporate Complex, Vlissingen Road and Church Street, Bel Air,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; Email: pro@gwi.gy

November 28, 2013

Mr. Vidiahar Persaud
Secretary
Public Utilities Commission
298 Church Street
Queenstown
Georgetown



Dear Mr. Persaud,

Re: PUC Order No 2/2013

I refer to your letter dated November 8, 2013 and reminder dated November 25, 2013.


I wish to inform you that tariffs approved via PUC Order 2/2013 have not been implemented due to the unavailability of the HiAffinity Billing System Provider based in the United Kingdom.

A new programme has to be developed to accommodate the change in the tariff structure and this requires specialised skills of the software provider whose personnel is required to be at GWI for the development testing and implementation.

GWI has already advanced payment for this service and the provider is scheduled to arrive in Guyana at the end of January, 2014.

Consequently, GWI has not issued charges to any customer in accordance with PUC Order No 2/2013.

Yours sincerely,


Shaik Baksh
Chief Executive



PUBLIC UTILITIES COMMISSION

Lot 106 New Garden Street, Queenstown, Georgetown

*Regulating utilities for efficient services
and protecting consumers' interests.*

14

January 15, 2015

Chief Executive Officer
Guyana Water Inc
Corporate Complex
Vlissengen Road and Church Street
Georgetown

Dear Sir

Re: PUC Order No2/2013

Pursuant to your letter dated November 28, 2013 on the matter at caption you advised the Commission that the tariffs approved by us had not been implemented due to the unavailability of the Hi-Affinity Billing System Provider based in the United Kingdom. You indicated to us that personnel from the software provider were scheduled to arrive in Guyana at the end of January, 2014 to make the requisite alterations to the system.

The Commission has not had an update on this matter and requests to be advised of same.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vidiahar Persaud', is written over the typed name.

Vidiahar Persaud
Secretary

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SECRETARY'S OFFICE
PUBLIC UTILITIES COMMISSION

Appendix 4

GWI

Revenue Reconciliation

	2012	2013	2014	2015
	\$	\$	\$	\$
Revenue as per Billing reports	2,866,780,193	2,759,653,279	3,085,387,866	3,149,592,203
Add: Bills issued in following year but relate to current year	331,080,437	261,834,607	190,069,902	139,737,221
:Ancillary services	182,324,755	100,460,960	94,026,823	72,745,197
:Key customers	625,498,420	678,506,389	619,898,099	510,115,932
	4,005,683,805	3,800,455,235	3,989,382,690	3,872,190,553
Less: Bills issued in current year but relate to prior year	- 292,280,193	- 331,080,437	- 261,834,607	- 190,069,902
: Current year adjustments	- 113,670,437	- 31,860,309	- 72,745,130	- 19,285,960
	<u>3,599,733,175</u>	<u>3,437,514,489</u>	<u>3,654,802,953</u>	<u>3,662,834,691</u>
Revenue as per audited financial statements except 2015	<u>3,182,111,051</u>	<u>3,331,148,853</u>	<u>3,631,549,899</u>	<u>3,762,742,468</u>
Difference	<u>417,622,124</u>	<u>106,365,636</u>	<u>23,253,054</u>	<u>- 99,907,777</u>
Prior year adjustments	- 445,048,319	- 1,082,008,642	- 634,828,143	- 948,896,257
Charged to income statement as an expenses-Impaired receivables	494,131,151	399,121,156	516,048,473	???
Difference	<u>49,082,832</u>	<u>- 682,887,486</u>	<u>118,779,670</u>	
Written off as bad debts	<u>-</u>	<u>- 270,085,096</u>	<u>- 118,779,670</u>	

Guyana Water Inc**Aged Analysis as at 31 December 2014****PROVISION FOR BAD DEBTS**

Division	t Due As 31/12/2014	0-365 Days	366-730 Days	731-1080 Days	1081 Days and Above	Total
Bartica	6,019,506	30,434,509	4,788,257	903,469	7,098,291	49,244,032
Bulk Water Sales	635			7,801		8,436
Division 1	6,098,254	49,209,355	7,080,945	4,721,546	17,752,627	84,862,726
Division 2	51,347,027	328,653,249	86,774,407	43,187,258	215,801,572	725,763,514
Division 3 - East Bank Demerara	19,769,186	174,711,680	54,189,551	18,920,663	183,322,983	450,914,062
Division 3 - East Coast Demerara	65,029,221	420,322,842	142,798,785	70,357,131	656,571,567	1,355,079,546
Division 3 - Georgetown	59,186,590	755,921,516	369,486,587	81,071,304	632,467,208	1,898,133,205
Division 3 - Linden	13,165,393	187,639,307	17,033,331	8,377,773	62,665,996	288,881,800
Division 4	9,291,204	121,193,140	25,270,554	9,871,426	60,075,402	225,701,726
Division 5	56,067,560	521,823,056	112,255,236	41,960,612	290,465,876	1,022,572,339
Division Hinterland		1,866,310	35,593			1,901,903
Grand Total	285,974,576	2,591,774,964	819,713,245	279,378,982	2,126,221,522	6,103,063,288
Bad Debt Provision %		25%	50%	75%	100%	
Bad Debt Provision		647,943,741	409,856,622	209,534,237	2,126,221,522	3,393,556,122
Provision in General Ledger 1.1.2014		556,604,126	362,220,810	572,290,335	2,548,107,042	4,039,222,312
Increase(Decrease)		(91,339,615)	(47,635,813)	362,756,098	421,885,520	645,666,191

Division	t Due As 31/12/2014	0-365 Days	366-730 Days	731-1080 Days	1081 Days and Above
Grand Total					
Bad Debt Provision %		25%	50%	75%	100%

RECEIVABLES RECON			
	2012	2013	2014
Opening Gross Receivables Balance -FS	7,839,754,793	7,551,297,232	6,152,579,330
Income for year reported	3,182,111,051	3,331,148,853	3,631,549,899
Collections for year	(3,026,837,413)	(2,984,123,954)	(3,023,445,715)
Adjustments -prior year	(443,731,199)	(1,101,080,076)	(634,828,143)
		(644,662,725)	
Bad debts written off			(118,779,670)
Closing Balance Computed	7,551,297,232	6,152,579,330	6,007,075,701
Balance as per Financials	7,459,605,948	6,008,408,525	6,093,664,333
Variance	91,691,284	144,170,805	(86,588,632)

INCOME BREAKDOWN			
	2012	2013	2014
Billings as per revenue report	2,866,780,193	2,860,114,239	3,179,414,689
Less Billings related to previous year	(351,157,559)	(331,080,437)	(261,834,607)
Add Billings for year done subsequently	331,080,437	261,834,607	190,069,902
Less Ancillary billings (reported separately)	(182,324,755)	(100,460,960)	(94,026,823)
Key Accounts billings	624,181,300	672,601,713	692,643,229
Less Current Year billing adjustments	(113,670,437)	(31,860,309)	(72,745,130)
Tariff Income calculated	3,174,889,179	3,331,148,853	3,633,521,260
Tariff Income reported in FS	3,182,111,051	3,331,148,853	3,631,549,899
Variance	(7,221,872)	-	1,971,361



UEM Inc.

Our Reference: TRIHJS028/LWSSR/2012/007

Date : 03rd -Jan-2013

Project Manager,
Capital Investment and Planning Division
Guyana Water Incorporated,
Corporate Complex,
Vlissengen Road and Church Street,
Bel Air Park,
Georgetown, Guyana,

Attention: Mr. David Merell

Subject : Submission of Complete Design package- Reg.

Ref: Linden Water Supply Rehabilitation Program- Construction of Treatment Plants, Storage and Booster Stations – (GWI 2012 / C048)

Dear Sir,

Captioned to the above subject, please find our submittal of complete design package inline with Article 2.3, 3.2 of Section V1. Specification & performance requirements (Page number 57 to 58). Since the Design documentation and drawings were provided by the Employer, we prepare a detailed construction drawings for execution purposes' for your approval. While preparing the detailed construction drawings the following observations made from the design, process, operation & maintenance point of view;

1. Both water treatment plants, HYDEA's design provided filter backwashing pump flow rate is 50 Ltr/sec (180 M3/hour), which is equals to backwash flow rate 10 M3/M2/hour. Water works, "Ten state standards clause" recommended that minimum backwash flow rate 30 M3/M2/hour to achieve "Point of Fluidization expand the media beds" and prevent mud fall formations. Please refer the attached filter backwash calculation in the Annexure-1. In order to achieve effective and efficient backwashing, we hereby provide the following options; it requires process design change approval.
 - a. Option no: 1 – To change filter backwashing pump flow rate to 150 Ltr/sec (540 M3/hour), which will meet the recommended minimum backwash flow rate 30 M3/M2/hour, which provides long filter run between two subsequent back-washings.
 - b. Option no: 2 – To introduce Air blower system to facilitate 60 M3/M2/hour. It is recommended that 10 M3/M2/hour backwash flow rate and 60 M3/M2/hour air scouring should be done in together for a certain period for effective backwash to achive "Point of Fluidization".



•22 Crawford Street, Vistabella • San Fernando • Trinidad & Tobago W.I. •
• Phones: 868 652 9713/9714 • Fax: 868 652 0258 •
•E-Mail: uemtrinidad@uemgroup.com •
•Web: www.uemgroup.com•

2. Both water treatment plants, HYDEA's design provided the floating floor filter under drain system, which filter medias are supported by a perforated concrete slab with the insertion of 15mm polyethylene nozzles over the filtration water collection chamber. There are numerous disadvantages in this design, listed as follows:
 - a. Complicated design & execution of perforated 400mm thick concrete slab spanning between the walls.
 - b. Removal of form work is quite difficult after the casting of concrete slab.
 - c. Minimum concrete cover between reinforcement cannot be maintained, it cause corrosion of the reinforcement and it leads to collapse of the slab after certain period.
 - d. Hence, we propose to use Ortho's under drain system with nozzle details as described in the attachment Annexure 2. The under drain system will be placed on a schedule 80 PVC header with lateral arrangement, and the complete system will be embedded as false floor in the 30 N/mm² grade ready-mix concrete. Similar system was designed, installed & commissioned by UEM Inc for Guyana Water Inc in various projects such as Ruimveld, Sophia, Vergenoegen, Cotton Tree & Lima. All are working successfully.
 - e. Most of the Water and Sewerage Authority (WASA, Trinidad), water treatment plants are facing the difficulties of the floating slab under drain system because of it's floating designs, which similar to HYDEA's design & drawing. WASA awarded couple of contracts to UEM Inc to dismantle floating slab under drain system in the existing water treatment plants and construct Ortho's under drain system with nozzle, such as Las lomas Water Treatment plant, Hollis Water Treatment plant, Penal Water Treatment plant.
3. Both water treatment plants, HYDEA's design provided all the unit operations inter connected with inverted siphoning pipes, which will allows the solids to deposit on the pipeline and over the period of time it will reduce effective pipe cross sectional areas.
4. Both water treatment plants, HYDEA's design provided Flocculation and sedimentation tanks are located 5 meter apart, it's connected with approximately 20 meter long 300mm dia pipe. When the flocks are moving from flocculation tank to sedimentation tank through the above mentioned interconnected pipe there are major possibilities to tear the flocks due to self cleaning velocity more than 1.5 m/sec. Based on Guyana Water Inc approval UEM Inc would like to bring the structure nearby to achieve effective sedimentation process.
5. Both water treatment plants, HYDEA's design drawings and Bid Bill of quantities are not corresponding to each other, the following items are eligible to treated as a variations under the Article 37 to 40 of General Conditions of the contract (page number 21-22), and it shall be paid as per the contractual unit rates.
 - a. Amelia WTP's, RCC C30 grade concrete qty as per Bill of quantity = 628.01 M3 , Design drawing quantities=1051.14 M3 ,
 - b. Amelia Reservoir's, fill material requirement as per Bill of quantity = 166.70 M3, Design drawing quantities= 937.19 M3 ,



UEM Inc.

- c. Wisroc WTP's, RCC C30 grade concrete qty as per Bill of quantity = 628.2 M3 , Design drawing quantities=1079.98 M3 ,
- d. Wisroc Reservoir's, fill material requirement as per Bill of quantity = 166.70 M3, Design drawing quantities= 727.38 M3 ,

UEM Inc provides following options for your comments and approval to handle the above situations;

- i. HYDEA's design was over conservative; UEM Inc structural design experts can redesign the structure to accommodate the concrete quantities closer to bill of quantities, to avoid the significant variations. Decide to choose this option UEM Inc will provide the project impacts in terms of scope, schedule, design cost.
 - ii. Approve the additional cost, time as per the contractual clause 37 to 40 of Section-IV-General Conditions of the contract (page number 21-22) to execute HYDEA's design.
6. Both water treatment plants, HYDEA's electrical design requirements and Bid Bill of quantities are not corresponding to each other, the following items are eligible to treated as a variations under the Article 37 to 40 of Section-IV-General Conditions of the contract (page number 21-22), and it shall be paid as per the contractual unit rates.
- a. Amelia WTP's, Transformer capacity as per Bill of quantity = 80 KVA, Design requirement needs 250 KVA,
 - b. Wisroc WTP's, Transformer capacity as per Bill of quantity = 250 KVA, Design requirement needs 350 KVA,
 - c. To operate 40HP pump at Amelia northern well filed requires 1000 meter-long 4 core x 120 square mm cable to acquire the power from Amelia WTP's, but Bid bill of quantities consider only 1000 meter-long 4 core x 25mm cable.
 - d. To operate 40HP pump at Amelia southern well filed requires 700 meter-long 4 core x 120mm cable to acquire the power from Amelia WTP's, but Bid bill of quantities consider only 700 meter-long 4 core x 25mm cable.
7. Installation of Amelia ward well field pump locations need to be clarified, either northern well field or southern well filed.
8. All Booster pump station locations, and their electricity supply arrangement needs to be clarified.
9. Both water treatment plants, HYDEA's design drawing Gate valve, check valve requirements and Bid Bill of quantities are not corresponding to each other. This will be recalculated and treated as a variation after the drawings approved.

Please go through the attached drawings and provide your comments to proceed further.

All the above mentioned option of design changes requires change of Design approval as per Article 3.4(b) of Section V1.Specification & performance requirements (Page number 60 to 61).



•22 Crawford Street, Vistabella • San Fernando • Trinidad & Tobago W.I. •
• Phones: 868 652 9713/9714 • Fax: 868 652 0258 •
•E-Mail: uemtrinidad@uemgroup.com •
•Web: www.uemgroup.com•



Name: P S Lubo
Tel+
Fax:
Mobile: + 592 6392621
Street
E-mail: pslubo@yahoo.com
Project N°: EUR120864T
Our Ref: EUR120864T/2013/059

Mr Merell
Project Manager
Guyana Water Inc.
Vlissengen Road & Church

Bel Air Park
Georgetown, Guyana

Linden, June 13th, 2013

Subject: LWSRP – Outstanding issues on UEM Inc. Project.

Dear Mr Merell,

The contractor UEM Inc. and the consultant have discussed the above project matter and solutions have been made on the following items as per UEM Inc. emails:

1. The BOQ was review and evaluation has been done, and agreed upon by the contractor. All deficiencies in the quantities indicated in the BOQ has been calculated and shown in the attached revised BOQ.
2. Procurement and installation of backwash pump is not considered to be upgraded. In Consultants view the HYDEA design provides two (2) pumps in parallel, and then it is quite possible for the two (2) pumps operating in parallel to achieve the backwash rate. Therefore no variation is considered on the backwash pumps. As for the gravity filter system (floating floor system), UEM Inc. proposed the ORTHO system which is advantageous for the UEM Inc. constructability. The design provided by HYDEA is the same at GWI West Watooka plant and no maintenance problem have been experienced. The ORTHO system proposed by UEM Inc. does have advantages over the HYDEA design and maybe approved if provided at no additional cost to GWI (client). For the above item, no variation cost is considered. Additional cost for electrical Equipment such as Transformer, Cables and Generators are considered to have the plant workable in a satisfactory manner. UEM Inc. specified that the advantages of ORTHO's under drain system is long filter run, more production, less operation and maintenance cost as compared to HYDEA designs, which will benefit the project. The negotiation has been made by the contractor to execute the ORTHO's under drain system for 65% of their original proposed cost, which is additionally 2,365,200 for each Water Treatment Plant. Negotiation for the changes in the design as proposed has to be approved by GWI.
3. Extension of days recommended for completing the entire requirement as per the BOQ inadequacy calculation, final contract cost, delays encountered, etc. is 75 days.
4. UEM Inc. accrued shipment storage/demurrage cost due to delayed approval of VAT & Duty exemption letter. Please see attached submission for reimbursement.
5. Duty and VAT exemption letter for the car of UEM Inc. has not acted upon to date by GWI and this has to be undertaken soon to resolve the issue.
6. Due to the unavailability of the 18mm dia reinforcing bar in Guyana, it has been agreed upon to replace same with 20mm dia and the spacing has been check to its requirement of "Euro code 2" standard and bonding stress. The consultant and the contractor agreed that instead of 18mm dia space at 100mm, it will be 20mm dia space at 120mm dia and instead of 18mm spaced at 250mm, it

Head Office

78, allée John Napier – 34965 – Montpellier cedex 2 – Tél. : 33 (0)4 67 99 23 82 – Fax. : 33 (0)4 67 65 66 38 – www.egis-eau.fr
SA au capital de 1 595 795 euros – RCS Montpellier 493 378 038 – TVA FR68 493 378 038 – Code APE 7112B
Etablissement de Montnellier – SIREFT 493 378 038 000 50





will be 20mm spaced at 305mm. The integrity of the structure with regards to crack was checked at first by the consultant. Delayed encountered as mentioned should have been considered.

In view of the above your comments and approval is highly appreciated.

Yours faithfully,

Pablo S. Lubo

Team Leader – LWSRP

Cc: R Jailal – Project Director - GWI
Y Williams – Project Engineer – GWI
D Chod – Project Director – EGIS/EAU
Dr Naraine – Managing Director – SRKN
G Howard – Representative – EGISEAU
J Jafferally – Administrative Manager - SRKN
S Mahendran – Project Manager – UEM Inc.



The Water Guardian

Guyana Water Inc.

Vlissengen Road & Church Street, Bel Air, Georgetown, Guyana.
Tel: 225-0471/6; Fax: 225-0478; Website: www.gwiguyana.com

2014-02-10

Mr. Narindra Lachman
Managing Director
Narindra Lachman Business Establishment
122 Logwood Enmore
East Coast Demerara.

Dear Mr. Lachman,

CONTRACT: UPGRADE OF POUDEROYEN AND FELLOWSHIP WATER TREATMENT PLANT SYSTEMS, REGION # 3. CONTRACT No. GWI - 2012/CO33

OUTSTANDING BALANCE

Reference is made to the above captioned project and our correspondence dated 2013-10-30 and the attached assessment. You are hereby informed that based upon the current assessment of works completed to date and the outstanding materials delivered to GWI, the sum of **G\$5,689,760** is outstanding to be repaid to GWI.

For your reference, we have attached the most recent valuation of works done.

Summary:

Money owed to GWI	G\$20,188,880
Less Materials delivered to GWI	G\$9,479,585
Less Retention to be paid	G\$9,295,435
<i>Add Liquidated Damages</i>	<i>G\$4,275,900</i>
Net Total due to GWI	G\$5,689,760

All for your information and action.

Regards,

Carlos Rodrigues
Project Manager

Cc: Mr. Ramchand Jailal, Executive Director, CIP
Mr. Nigel Niles, Director of Corporate Services

EVALUATION REPORT

Procurement of Works – Service Connection Upgrade – Betterhope/ Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)



This has revised report.

GUYANA WATER INCORPORATED
EVALUATION REPORT – GWI Management Tender Committee

Procurement of Works – Service Connections Upgrade – Betterhope/Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)

Date: January 29, 2013

1. The Project

This project is funded by the Government of Guyana through the Coastal Water Supply Program for 2013. The project at caption was advertised on December 30, 2012 and January 8th, 12th, 15th and 20th 2013 in the daily Chronicle news paper. It was also advertised between December 29, 2012 and January 22, 2013 on the E procure website.

It was opened at the National Procurement and Tender Administration Tender Board on January 22, 2013 and six (6) firms submitted bids which are summarized below.

Table 1 - Summary of Bids

Bidder No	Contracting Firm	Currency	Tender	Corrected
1	Faldhari Singh & Sons	GYD	38,130,850	-
2	Linden Holding Inc.	GYD	67,015,600	-
3	Alvin Chowramootoo Construction Services	GYD	43,864,200	-
4	N. Latchman Business Establishment & Civil Services	GYD	35,765,120	-
5	R. Kissoon Contracting Services	GYD	37,724,900	-
6	H. J Contracting Services	GYD	34,560,245	-
Engineer's Estimate: 40, 055,700				

2. Route of Bidders

Public

3. Preliminary Examination

Preliminary examinations of all bids were done as per the Mandatory Administrative Compliance and three (3) bidders were responsive. Note: Submission of VAT Certificate (If applicable) was considered not applicable for this project.

Failed bidders were not evaluated further.

EVALUATION REPORT

Procurement of Works – Service Connection Upgrade – Betterhope/ Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)

The technical criteria of bidder No. 3, 4 and 5 namely Alvin Chowramootoo Construction Services, N. Latchman Business Establishment & Civil Services and R. Kissoon Contracting Services was further evaluated and points gained were 83, 73 and 87 % respectively.

The minimum point threshold for the project is 64%

4. Evaluation Committee

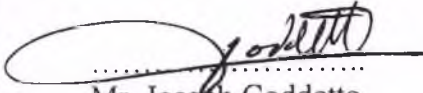
The Evaluation Committee appointed was

Mr. Joseph Coddette	Coordinator
Mr. G. Gilkes	Member
Mr. Maitland Stewart	Member

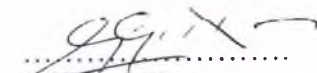
5. Recommendation of Contract Award

Based on the evaluation of the bids for the **Procurement of Works – Service Connections Upgrade – Betterhope/Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)** the committee is recommending that the project be issued to Bidder No. 5 (R. Kissoon Contracting Services) because he currently has **no outstanding project work with G.W.I** while his bid is lower than of the Engineer's estimate.

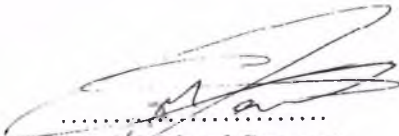
The lowest bidder N. Latchman Business Establishment & Civil Services however currently has 3 or 4 outstanding projects with GWI and hence he was not selected.


.....
Mr. Joseph Coddette
Coordinator

19/02/13
.....
Date


.....
Mr. G. Gilkes
Member

19/2/2013
.....
Date


.....
Mr. Maitland Stewart
Member

20/02/13
.....
Date

EVALUATION REPORT

Procurement of Works – Service Connection Upgrade – Betterhope/ Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)



73/13
Resubmitted
2013/06/29

GUYANA WATER INCORPORATED
EVALUATION REPORT – GWI Management Tender Committee

Procurement of Works – Service Connections Upgrade – Betterhope/Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)

Date: January 29, 2013

1. The Project

This project is funded by the Government of Guyana through the Coastal Water Supply Program for 2013. The project at caption was advertised on December 30, 2012 and January 8th, 12th, 15th and 20th 2013 in the daily Chronicle news paper. It was also advertised between December 29, 2012 and January 22, 2013 on the E procure website.

It was opened at the National Procurement and Tender Administration Tender Board on January 22, 2013 and six (6) firms submitted bids which are summarized below.

Table 1 - Summary of Bids

Bidder No	Contracting Firm	Currency	Tender	Corrected
1	Faldhari Singh & Sons	GYD	38,130,850	-
2	Linden Holding Inc.	GYD	67,015,600	-
3	Alvin Chowramootoo Construction Services	GYD	43,864,200	-
4	N. Latchman Business Establishment & Civil Services	GYD	35,765,120	-
5	R. Kissoon Contracting Services	GYD	37,724,900	-
6	H. J Contracting Services	GYD	34,560,245	-
Engineer's Estimate: 40, 055,700				

2. Route of Bidders

Public

3. Preliminary Examination

Preliminary examinations of all bids were done as per the Mandatory Administrative Compliance and three (3) bidders were responsive. Note: Submission of VAT Certificate (If applicable) was considered not applicable for this project.

Failed bidders were not evaluated further.

EVALUATION REPORT

Procurement of Works – Service Connection Upgrade – Betterhope/ Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012)

The technical criteria of bidder No. 3, 4 and 5 namely Alvin Chowramootoo Construction Services, N. Latchman Business Establishment & Civil Services and R. Kissoon Contracting Services was further evaluated and points gained were 83, 73 and 87 % respectively.

The minimum point threshold for the project is 64%

4. Evaluation Committee

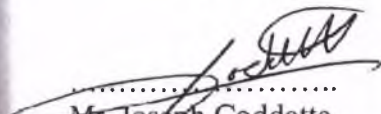
The Evaluation Committee appointed was

Mr. Joseph Coddette
Mr. G. Gilkes
Mr. Maitland Stewart

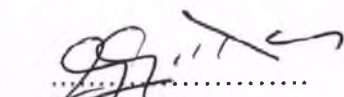
Coordinator
Member
Member

5. Recommendation of Contract Award

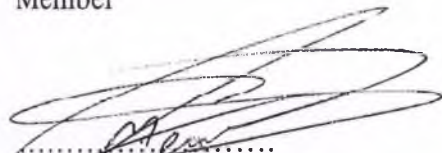
Based on the evaluation of the bids for the Procurement of Works – Service Connections Upgrade – Betterhope/Mon Repos Plant Area, Region No. 4 (NCB No. GWI - GOG - W049 - 2012) the committee is recommending that the project be issued to Bidder No. 4 (N. Latchman Business Establishment & Civil Services) because he was the lowest responsive while his bid is lower than of the Engineer's estimate.


.....
Mr. Joseph Coddette
Coordinator

05/06/13
.....
Date


.....
Mr. G. Gilkes
Member

3/6/2013
.....
Date


.....
Mr. Maitland Stewart
Member

2013/06/04
.....
Date



CABINET OFFICE

Office of the President

Visseringen & South Roads

Georgetown, Guyana

TRC

SECRET

THIS DOCUMENT IS THE PROPERTY OF THE CABINET

CP(2013)6:3:Z

(MEETING HELD ON 2013-06-18)

CABINET DECISION

**CONTRACT FOR SERVICE CONNECTION UPGRADE BETTER HOPE/
MON REPOS PLANT AREA, REGION 4,
(FS:NPTAB:73/2013) GUYANA WATER INC.
MINISTRY OF HOUSING AND WATER**

Cabinet considered the abovementioned memorandum CP(2013)6:3:Z submitted by the Minister of Finance and **approved:-**

The grant of its No-objection to the award of the contract for the service connection upgrade Better Hope/Mon Repos plant area, Region No. 4, being made to **TENDERER NO. 4, N. LATCHMAN BUSINESS ESTABLISHMENT AND CIVIL WORKS**, in the tendered sum of **thirty five million, seven hundred and sixty five thousand, one hundred and twenty Guyana dollars (G\$35,765,120.00)**.

SECRETARY TO THE CABINET
[Signature]

.....
ROGER F. LUNCHEON, M. D.
SECRETARY TO THE CABINET
JUNE 21ST, 2013

DISTRIBUTION

- **Minister of Finance**
- **Minister within the Ministry of Finance**
- **Minister of Housing and Water**
- **Permanent Secretary,
Ministry of Housing and Water**
- **Finance Secretary**
- **Accountant General**
- **Auditor General**
- **Chairman, NPTAB**
- **Director, Office of the Budget**
- **Chief Planning Officer,
State Planning Secretariat**



Guyana Water Inc.

Corporate Complex, Vlissengen Road and Church Street, Bel Air Park,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; E-mail: pro@gwi.gy

February 19, 2013

Rudolph Kissoon
R. Kissoon Contracting Services
Lot 687, Foulis Housing Scheme,
East Coast Demerara.

Dear Sir,

AWARD OF CONTRACT

Procurement of Works – Remedial Works to Kwakwani Water Supply System, Lots 1 and 2, Region No. 10

The contract for the Procurement of Works – Remedial Works to Kwakwani Water Supply System, Lots 1 and 2, Region No. 10 have been awarded to your company for the sums of Twelve Million, Seven Hundred and Eighteen Thousand, Seven Hundred and Fifty Guyana Dollars (G\$12,718,750.00) for Lot 1 and Sixteen Million, Two Hundred and Ninety Four Thousand, Six Hundred and Forty Guyana Dollars (G\$ 16,294,640.00) for Lot 2.

Prior to the signing of the contract, unconditional performance guarantees in the sums of One Million, Two Hundred and Seventy-One Thousand, Eight Hundred and Seventy-five Guyana Dollars (G\$1,271,875.00) for Lot 1 and One Million Six hundred and Twenty Ninety Thousand, Four Hundred and Sixty Four Guyana Dollars (G\$1,629,464.00) for Lot 2 must be submitted to the Director of Procurement, Guyana Water Inc. no later than three (3) days after receipt of this letter and must be issued by a Bank or Insurance Company acceptable to GWI. Failure to meet this requirement may result in the rescinding of the award.

You are required to submit a Safety Plan for approval before signing of the contract.

Please be reminded that a request for remission of Customs Duty, Excise Tax, and Value Added Tax (VAT) must be submitted to the Director of Procurement, Guyana Water Inc. within seven (7) days of the signing of the Contract.

Regards

Aubrey Roberts
Director of Procurement

Rudolph Kissoon

19-02-2013

**GUYANA WATER INCORPORATED
MEMORANDUM**

To: Mr. Shaik Baksh, Chief Executive
Mr. Jaigopaul Ram, Director of Finance
Mr. Joseph Codette, Director of Operations

From: Director of Corporate Services/Company Secretary

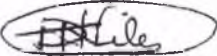
Subject: Approval of Bid Evaluation Report

Please find attached Evaluation Report for **Remedial Works to Kwakwani Water Supply, Lots 1 & 2**

The Committee has recommended that this project be awarded to Pioneer General Construction for the sums of Twelve Million, nine hundred and forty-five thousand, four hundred and fifty dollars (\$12,945,450.00) - **Lot 1** and Fifteen thousand, one hundred and forty-two thousand, nine hundred dollars (\$15,142,900.00) **Lot 2**.

Kindly review the Evaluation Report and indicate your approval or otherwise for the process to move forward.

Kind regards,



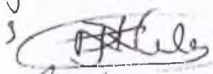
Nigel Niles
Director of Corporate Services/
Company Secretary

6th February, 2013

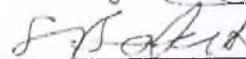
Mr. Shaik Baksh
Chief Executive

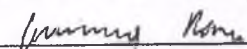
Jaigopaul Ram
Director of Finance

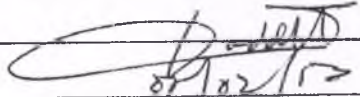
Joseph Codette
Director of Operations

Committee agreed to award to
Rudolph Kisson Contracting Services
based on outstanding work being
undertaken by Pioneer General
Contracting which is in liquidated
damages 

08/02/2013






08/02/13



GUYANA WATER INCORPORATED
EVALUATION REPORT
Remedial Works to Kwakwani Water Supply System, Lots 1 & 2
February 5, 2013

1. The Project

This project is funded by the Guyana Water Incorporated through the Government Capital Investment Programme for 2013. The project at caption was opened at the GWI Board/Tender Sub Committee on January 25, 2013. Five firms submitted bids which are summarized below.

Table 1 - Summary of Bids

Bidder No	Contracting Firm	Currency	Tender	Corrected
1	R.P Construction Agency	Guy	\$39,650,500	\$39,550,500
2	DAX Contracting Services	Guy	\$37,587,500	\$37,612,500
3	Pioneer General Construction	Guy	\$28,088,350	-
4	S. Lorick Contracting Services	Guy	\$43,327,500	-
5	Rudolph Kissoon Contracting Services	Guy	\$29,013,390	-
	Engineer's Estimate	Guy	\$29,436,500	

2. Preliminary Examination

Preliminary examinations of the bids were done as per Appendix 1. All Five Bidders were considered responsive for satisfying the Administrative requirement.

The technical evaluation was then done on the responsive bid, as per Appendix 2. The bidders passed the qualifying score as such their tendered/ corrected prices were then considered.

Table 2 - Summary of Responsive Bids

Bidder No	Contracting Firm	Currency	Tender/ Corrected
1	R.P Construction Agency	Guy	\$39,550,500
2	DAX Contracting Services	Guy	\$37,612,500
3	Pioneer General Construction	Guy	\$28,088,350
4	S. Lorick Contracting Services	Guy	\$43,327,500
5	Rudolph Kissoon Contracting Services	Guy	\$29,013,390

EVALUATION REPORT

Remedial works to Kwakwani water supply system, Lots 1&2

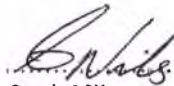
3. Evaluation Committee

The Evaluation Committee appointed is as follow as detailed in Appendix 3.

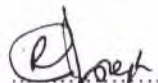
Mr. Curtis Niles	Coordinator
Mr. Rensford Joseph	Member
Ms. Deslyn Griffith	Member

4. Recommendation of Contract Award

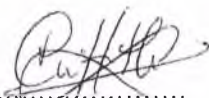
As per the evaluation criteria set out in the tender document, the evaluation team recommends that the contract for the **Remedial Works to Kwakwani Water Supply System, Lots 1 & 2**, be awarded to the lowest responsive bidder, **Pioneer General Construction** for the amount of **twenty eight million, eighty eight thousand, three hundred and fifty dollars (\$28,088,350)**.


.....
Curtis Niles
Coordinator

...2013/02/06
Date


.....
Rensford Joseph
Member

...2013/02/06
Date


.....
Deslyn Griffith
Member

...2013/02/06
Date

**Guyana Water Incorporated
Memorandum**

To: Mr. Emil McGarrell, Chairperson
Mr. Dharamkumar Seeraj, Director
Mr. Tarachand Balgobin, Director
Mr. Seepaul Narine, Director

From: Director of Corporate Services

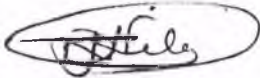
Subject: Approval of Bid Evaluation Report

Please find attached Bid Evaluation Report for Remedial Works to Kwakwani Water Supply, Lots 2.

The Committee has recommended the bid be awarded to bidder #5- Rudolph Kissoon Construction for the sum of Sixteen Million, two hundred and ninety four thousand, six hundred and forty dollars. (\$16,294,640.00)

Kindly review the Evaluation Report and indicate your approval or otherwise for the process to move forward.

Kind regards,



Nigel Niles
Director of Corporate Services/ Company secretary

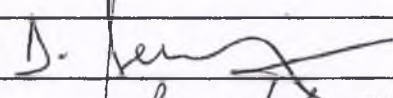
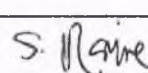
February 28, 2013

Mr. Emil McGarrell,
Chairperson

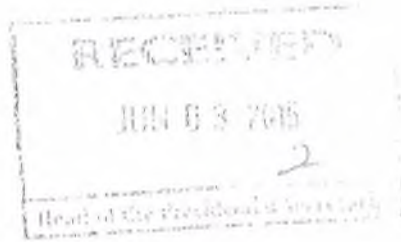
Dharamkumar Seeraj
Director

Tarachand Balgobin
Director

Mr. Seepaul Narine
Director

	
	Reminded for Approval
	- Approved.

Wednesday, June 3, 2015



Hon. Mr. Joseph Harmon
Minister of State
Cooperative Republic of Guyana
Georgetown
Guyana

Dear Mr. Harmon,

It is an honour to offer my congratulations as our Nation has elected the APNU/AFC coalition as government of our great country Guyana.

As you prepare for the responsibilities and challenges of your new office, I encourage you to reflect on the extraordinary moment we are living in - our Nation faces the most challenging economic crisis in a lifetime. We have an economy to improve, a workforce to rebuild, a people to protect and defend, an environment to protect, and a future to secure for our children.

I believe we will only renew Guyana if we all work together. Individuals, the private sector, and the government must combine efforts to make a real and lasting change so that each person has the opportunity to fulfill his or her potential. Hence, I am committing my services as a former government of Canada construction quality assurance inspector to your government

As a remigrant businessman, my family and I are confident that with your government, Guyana's best days lie ahead.

As your government embarks on an overhaul of the country's procurement process, I hope that the attached information would help to end favouritism at the procurement office of the Guyana Water incorporated.

Regards

Darshanand Manohar
Tel: 626 2910

16/06/15
Alonso Cruz
A Minister Jordan

FS
H, CT B

pp. Investigate + report to me by Tuesday June 9
Manohar
5/6/15

(4)

The Guyana Water Incorporated procurement office has handed more than 80% in value of its materials supply contract to the Dax Contracting Services (controversial Fibre Optic Cable contractor) who was also blacklisted by the very same utility in April 2009 (see Stabroek News link: <http://www.stabroeknews.com/2009/archives/04/13/gwi-blacklists-six-contractors/>)

Dax became the most popular supply contractor for GWI after Mr. Aubrey Roberts became procurement director. In April 2013, Dax contracting was among two companies that tender a bid to supply 20,000 pcs of water meter boxes under IFB: GWI-GOG-P016-2013. Despite being almost \$10M higher than the other bidder and with no previous experience as a supplier in this sector, he was awarded the contract. Several objections were made to the award but were to no avail. Within a few weeks of that contract, the GWI's Procurement Director recommended DAX be sole sourced to supply an additional 10,000 pcs of the water meter box at the same price.

In April 2014, a IFB - GWI - P043 - 2014 was advertised for the supply of various service connection materials. The specifications for Item - Poly Fittings was changed to reflect the following; " Item must possess a push fit end that is moulded as a single unit". It is known that this single moulded type of fittings is far more expensive than the screw type that is traditionally supplied to GWI. Following an enquiry, the Procurement Director, Mr. Aubrey Roberts confirmed this is the new specification and type of fittings they want. Following the bid opening, DAX Contracting was awarded the contract. He subsequently delivered to GWI the screw type fittings that were according to the old specifications and not as per the new specifications as laid out in the bid document. When asked why GWI accepted these materials, the procurement director said DAX price was the lowest (his price was according to the old specifications that other suppliers could have beaten). It was then realized that the specifications were changed to distract other bidders to price for the more expensive fittings and Dax price for the lower version that was accepted by GWI.

DAX was also awarded another lot under the same Bid to supply 20,000 pcs of Stop Valves. In this case his price was higher than other bidders. When asked about this award, the procurement director indicated that DAX valves were better quality. When asked why this was not the case with the Poly fittings, he could not answer.

The point here is better quality would always be more expensive. A supplier can supply a valve that is ten times better but the price will also be ten times higher.

More recently, prior to the general elections the procurement director has recommended that Dax be sole sourced for all water meter boxes henceforth for GWI. He justified that the company does not have time to advertised tender all the time for water meter boxes. DAX is currently engaged to supply an additional 20,000 pcs of water meter boxes for the current IDB water and sanitation programme GY - L1040.

Given all of the above, an audit into recent procurement of materials at GWI since Mr. Aubrey Roberts took office would show that Dax Contracting has been selected for significant amounts of supply contracts that does not reach the public. Many of these items can be sourced for a much lower price if it goes to public tender.

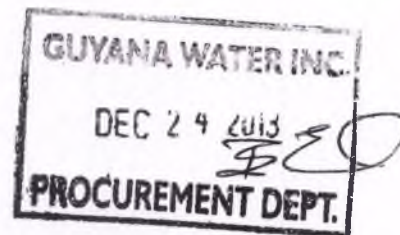
Additionally, the water meter itself is sole sourced from a company, "UTECOS" for twice the price than what other meters with superior quality can be supplied at.

There are many other irregularities at GWI procurement office that are too much to write. I am hopeful that your audit team can look into these issues and make changes for a more inclusive and transparent procurement process at GWI and put an end to nepotism.

Guyana Water Incorporated

Memorandum

To: Aubrey Roberts – Director of Procurement
Thru': Ramchand Jailal – Executive Director, CIP
Shaik Baksh – Chief Executive
From: Afraz Ally – Hinterland Engineer
Date: 12/20/2013
Subject: Request to sole source well drilling works in Mabaruma, Region 1



We hereby request your approval to utilize the services of AAV Ragoobeer General Construction to undertake the drilling of two (2) potable water wells in Mabaruma, Region 1.

The wells are to be drilled utilizing 6" PVC screens and casings and to cater for 8" casings in the upper portion. Additionally, the wells are to produce a minimum of 20m³/hr.

These works are required to improve the service being provided in Mabaruma where we do not have an adequate source of water to supply the community.

The request for sole sourcing this firm is as a result of Monarch Well Drilling who has been awarded the contract for a well in Mabaruma not being able to execute the works due to limitations with their drilling equipment and has been forced to abandon the works. Given the fact that AAV Ragoobeer General Construction is currently drilling a well in Port Kaituma, Region 1 and has been making progress drilling through the fragmented rocks which has limited Monarch, I would recommend that the contract be awarded to AAV Ragoobeer General Construction in order to complete our objective of achieving new and improved fresh water sources in the Mabaruma Sub-Region.

Attached are the quotations from the contractor along with the Scope of Works / Terms of Reference and Well Report Form. The costs of the wells are \$7,195,000 for the well at Hosororo Stretch and \$7,095,000 for the well at Mabaruma Settlement. The total cost for both wells being \$14,290,000.

The works are proposed to be funded from the Hinterland Capital Programme 2013.

Prepared by:
Afraz Ally
Hinterland Engineer

Recommended by: 13-12-20
Ramchand Jailal
Executive Director, CIP

Approved by:
Shaik Baksh
Subject to the rigid enforcement of Contract

GUYANA WATER INC.
INFRASTRUCTURE PLANNING & IMPLEMENTATION DEPARTMENT
MEMORANDUM

To: Mr. Jaigopaul Ram, Executive Director, Finance Department, GWI

From: Gadeshwar Ishwardeen, Hinterland Engineer, IPID

Thru': Osei Manifold, Hinterland Manager, IPID *AM*

Subject: **Drilling of Well, Lot 1: Hosororo Stretch, Lot 2: Mabaruma Settlement**
Contract #: GWI 2014/ 2534

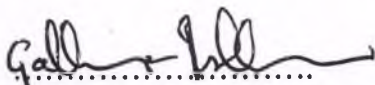
Date: 2015-11-12

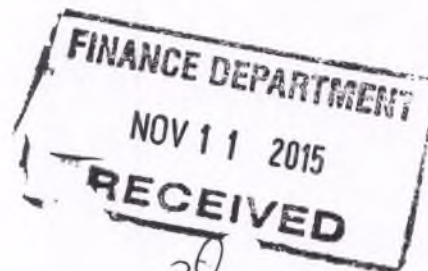
30/11/15

Please be informed that the contractor, AAV Ragoobee General Construction has made several attempts to construct water wells in Hosororo, Mabaruma Settlement and Kumaka region #1 without any success. Therefore, the following works should be considered exploratory and no asset is currently on site for the above mentioned well drilling sites. As such, it is requested that the contract at captioned be exempted from the work in progress list.

Kindly see attached the relevant documentation for your information and guidance.

Yours Sincerely,


Gadeshwar Ishwardeen
Hinterland Engineer, IPI



cc. Ramchand Jailal, Executive Director, IPI

**GUYANA WATER INC.
CAPITAL INVESTMENT & PLANNING DEPARTMENT
MEMORANDUM**

To: Mr. Nigel Niles – Director of Corporate Services, GWI
Thru': Mr. Ramchand Jailal, Executive Director, IPI
From: Mr. Gadeshwar Ishwardeen, Engineer
Subject: Drilling of Well, Lot 1: Hosororo Stretch, Lot 2: Mabaruma Settlement.
Date: 2015- 01-26

*Bond
15-1-26*

Please be informed that the contractor, AAV Ragoobee General Construction has made several attempts to construct water wells in Hosororo Stretch, Mabaruma Settlement and Kumaka without any success. The contractor has submitted samples and well drilling logs for these areas and also requesting a final payment to bring closure to the contract.

In light of the above, we are seeking your legal advice on the way forward to bring closure to this project.

Please find attached, drillers log and contractor's claim for work for your information.

*Dear Mr Niles
27-01-15*

Yours sincerely,

Gadishwar Ishwardeen
Gadishwar Ishwardeen,
Engineer, IPI

- ① Contract sum is \$14,290,000
 - ② 50% paid against an advance bond which is still valued.
 - ③ Contract for drilling of 2 new wells,
 - ④ none were successful by contractor, none can be utilised.
 - ⑤ Contract closure is required
- Bond . 26*

Guyana Water Inc.

Infrastructure Planning and Implementation Department

Memorandum

To: Mr Shaik Baksh - Chief Executive
Thru: Mr Ramchand Jailal - Executive Director, IPI
From: Mr Gadeshwar Ishwardeen - Engineer
Subject: **Drilling of Well, Lot 1: Hosororo Stretch, Lot 2: Mabaruma Settlement**
Date: 5th February, 2015

After having consultations and reviews of the contractor effort to provide potable water for Mabaruma, legal advised were sought ^{relating to} with contractor submitted claims.

Given the foregoing the attached documentation to verify contractor's claims; it was advised that GWI pay the contractor for works completed.

The contract sum is \$ 14,290,000.00 for which \$ 7,145,000 fifty percent (50%) was paid as advance.

Please find attached, drilling log and contractor's claim for work for your information.

Yours sincerely

Gadeshwar Ishwardeen
Engineer

① Dear CE
your approval is requested
to process final valuation on
this project which is a WIP.
Brent
15-2-15

② M. Jailal

How much is recommended
to be paid to the
Contractor. Provide details
of work completed etc.

15-02-15

total payment
needed is

**GUYANA WATER INCORPORATED
MEMORANDUM**

To: Mr. Shaik Baksh, Chief Executive
Mr. Jaigopaul Ram, Director of Finance
Mr. Joseph Codette, Director of Operations

From: Director of Corporate Services/Company Secretary

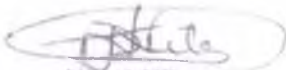
Subject: Approval of Bid Evaluation Report

Please find attached Evaluation Report for **Supply and Installation of 200mm PVC Transmission Mains at Coldigen, East Coast Demerara, Region #4.**

The Committee has recommended that this project be awarded to Bidder No. 5, Y2K Construction for the sum of Four Million, four hundred and twenty-two thousand, two hundred and twenty dollars (\$4,422,220.00)

Kindly review the Evaluation Report and indicate your approval or otherwise for the process to move forward.

Kind regards,



Nigel Niles
Director of Corporate Services/
Company Secretary

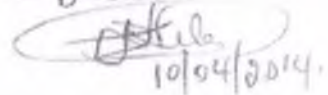
March 18, 2014

Mr. Shaik Baksh
Chief Executive

Jaigopaul Ram
Director of Finance

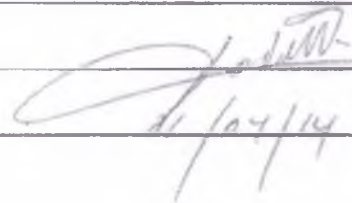
Joseph Codette
Director of Operations

AWARD TO S. JASMOHAN
COMMITTEE NOTED THAT RECOMMENDED
BIDDER WAS AWARDED PROJECTS IN
EXCESS OF \$50M AND A CAPACITY
ISSUE MAY ARISE. PROJECT AWARDED
TO NEXT RESPONSIVE BIDDER.



10/04/2014

Handwritten signature



11/04/14

**GUYANA WATER INCORPORATED
MEMORANDUM**

To: Mr. Shaik Baksh, Chief Executive
Mr. Jaigopaul Ram, Director of Finance
Mr. Joseph Codette, Director of Operations

From: Director of Corporate Services/Company Secretary

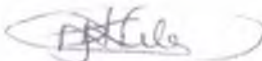
Subject: Approval of Bid Evaluation Report

Please find attached Evaluation Report for **Supply and Installation Trench Crossing at East Bank, Region 4.**

The Committee has recommended that this project be awarded to Bidder No. 3, Y2K Construction for the sum of Eight Million, and sixty-eight thousand, two hundred dollars (\$8,068,200.00)

Kindly review the Evaluation Report and indicate your approval or otherwise for the process to move forward.

Kind regards,



Nigel Niles
Director of Corporate Services/
Company Secretary


March 18, 2014

Mr. Shaik Baksh
Chief Executive

Jaigopaul Ram
Director of Finance

Joseph Codette
Director of Operations

AWARD TO - S. JAGMOHAN
COMMITTEE NOTED THAT RECOMMENDED
BIDDER HAS AWARDED PROJECTS IN
EXCESS OF \$ 50m AND A CAPACITY
ISSUE MAY ARISE. PROJECT AWARDED
TO NEXT RESPONSIVE BIDDER


10/04/2014

Jaigopaul Ram

Joseph Codette
11/04/14



Guyana Water Inc.

Corporate Complex, Vlissengen Road and Church Street, Bel Air Park,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; E-mail: pro@gwi.gy

March 13, 2014

Mr. D. De Clou
Chairman
National Procurement and Tender Administration Board
Ministry of Finance
Main & Urquhart Streets
Georgetown

Dear Mr. De Clou,

Re: Request for Opening of Bids

Guyana Water Inc hereby requests the Board's permission for bid opening of the following projects on the **18th March 2014 at 9.00am.**

Enclosed are copies of the documents for your approval.

- 1. NCB No. GWI — W037 - 2014**
Water Supply Improvement at St. Ignatius, Region No. 9
- 2. NCB No. GWI — GOG – W042 - 2014**
Supply and Installation of Materials for Interconnection of Components within the Water Supply System, Linden, Region 10

Regards,

Aubrey Roberts
Director of Procurement



Invitation for bids

Guyana Water Incorporated (GWI) invites Tenders for the following projects:

1. **NCB No. GWI — GOG – W037 - 2014**
Supply and Installation – Water Supply Improvement at St. Ignatius, Region No. 9
2. **NCB No. GWI — GOG – W042 - 2014**
Supply and Installation of Materials for Interconnection of Components within the Water Supply System, Linden, Region No. 10

A complete set of Bidding Documents can be purchased from **Wednesday, March 05, 2014**, from the Cashier: **Guyana Water Inc.**, Vlissengen Road and Church Street, Bel Air Park, Georgetown, **Tel: 592 223 7263, 592 227 1399 Fax: 592 227 1311**, for a nonrefundable fee of **G\$5,000**.

Bids must be deposited into the **Tender Box located at the National Procurement and Tender Administration Board, Ministry of Finance, Main and Urquhart Streets, Georgetown, Guyana on or before Tuesday, March 25, 2014, at 9:00hrs (9:00am)** at which time they will be opened in the presence of the bidders or bidders' representatives who wish to attend.

Director, Procurement
Guyana Water Inc.
Tel Nos.: 227 1399, Fax 227 1311
Email: procurement@awi.gy, awiprocurement@gmail.com
Visit us at www.gwiguyana.com

GWI RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS AT ANY TIME DURING THE PROCUREMENT PROCESS.

Supply and Installation of Material for Interconnection of Components within
the Water Supply System, Linden, Reg. #10

**Guyana Water Incorporated
Evaluation Report**

**Supply and Installation of Material for Interconnection of Components within
the Water Supply System, Linden, Reg. #10**

NPTAB Ref No: 570/2014

1 The project

Supply and Installation of Material for Interconnection of Components within the Water Supply System, Linden, Reg. #10

2 Prequalification of Bidders

There was no pre-qualification of bidders. The project was administered through public tender.

3 Invitation for Bids

A) Bids were advertised in the National Newspapers and on the E-Procure website. The bid opening took place on 18/03/2014 at the National Procurement and Tender Administration Board.

B) A total of two (2) received bidding documents.

C) The last date for bid submission was 18/03/2014 at 9am.

D) Bids were submitted by :

Tender # 1- S. Jagmohan Hardware & Supplies Construction Services

4 Bid Opening

On 18th March 2014, one (1) bid was received with the bid price indicated below:

Bidders		Tendered Price	Corrected tendered Price
1	S. Jagmohan Hardware & Supplies Construction Services	26,451,500	
Engineer's Estimate: \$ 25,793,071			

- Details on corrected tendered price attached.

5 Evaluation Committee

On 18/03/2014 the National Procurement and Tender Administration Board appointed the following persons as members of the Evaluation Committee:

Supply and Installation of Material for Interconnection of Components within
the Water Supply System, Linden, Reg. #10

1. Mr. Nigel Niles, Coordinator
2. Mr. Kevin Samad - Member
3. Ms. Melissa October- Member

6 Clarifications

No clarifications were sought.

7 Evaluation Criteria

The tender was evaluated on the following criteria:

**Evaluations of Bids- Supply and Installation of Material for Interconnection of Components
within the Water Supply System, Linden, Reg. #10**

Criteria for responsiveness		Bidder # 1
1	Submission of VAT Certificate (not applicable)	NA
2	Submission of Valid Business Registration	P
3	Bid Security in Required Amount	P
4	Submission of Valid Certificate of Compliance - Guyana Revenue Authority (<i>applicable to Companies registered in Guyana</i>)	P
5	Submission of Valid Certificate of Compliance - National Insurance Scheme (<i>applicable to Companies registered in Guyana</i>)	P
6	Completed Form of Tender (signed)	P
7	Submission of an Organizational Structure	P
8	Detailed Work Programme (Insert requirements specific to the Project)	P
9	Record of Past Experience or Similar Works	P
10	List of Equipment intended for employment on the Project (Including affidavit of commitment for the period necessary)	P
11	List of Key Personnel to be employed on this Project. (including Curriculum Vitae)	P
12	Financial Capacity (Evidence of Liquid Assets or line of credit not less than thirty percent (30%) of the bid price obtained from a registered Financial Institution, Audited Financial Statements for the last 3 fiscal years, 2010,2011& 2012).	P
13	Declaration (signed statement) of the list of terminated projects in the last (3) years. (If none, please state also)	P
14	Declaration (signed statement) of the list of ongoing Litigation against the Company or non otherwise (If none, please state also)	P
15	Completed Priced Bill of Quantities (signed)	P
RESPONSIVENESS		YES

Supply and Installation of Material for Interconnection of Components within
the Water Supply System, Linden, Reg. #10

NA- Not Applicable

F- Fail

P- Pass

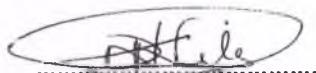
Bidder No. 1 was responsive after the Administrative evaluation and as such qualified for the technical evaluation. See attached.

8. Recommendation

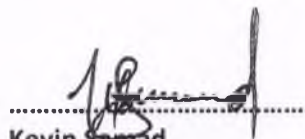
The sole Bidder met the threshold for responsiveness after the Technical evaluation, therefore the Committee recommends that the project be awarded as follows to the lowest evaluated bidder:

(i) Supply and Installation of Material for Interconnection of Components within the Water Supply System, Linden, Reg. #10 to S. Jagmohan Hardware & Supplies Construction Services for the sum of **\$26,451,500.00 (twenty-six million, four hundred and fifty-one thousand, five hundred dollars)** or

(ii) Alternatively the Procuring Entity be permitted to negotiate with the Bidder to perform the works at the Engineer's Estimate since there is only one (1) bidder and the bid price is \$658,429.00 (six hundred and fifty-eight thousand, four hundred and twenty-nine dollars) or 2.5% above the Engineers Estimate.



.....
Nigel Niles
Co-coordinator


.....
Kevin Samad
Member

.....
Melissa October
Member



**MINISTRY OF FINANCE
NATIONAL PROCUREMENT TENDER ADMINISTRATION
MAIN & URQUHART STREETS
GEORGETOWN
GUYANA**

AWARD OF CONTRACT

DATE: 19/05/2014
NPTA Ref Number: 570/14
No of bids: 1

CABINET "NO OBJECTION"

TO: Chief Executive Officer
Guyana Water Inc.

[Handwritten signature]
2014/05/22

Dear Sir/Madam,

Please be advised that Cabinet has given its "No Objection" for the contract **Supply and Installation of Materials for the interconnection of components within the Water Supply System, Linden, Region No. 10** to be awarded to Tender Number **1** from **S. Jagmohan Hardware Supplies & Construction Services** in the tendered/corrected sum of **G\$26,451,500.00**

You are reminded that as per the Procurement Act No. 8 of 2003, Section 11 (1), details of the Contract Award should be forwarded to the National Procurement and Tender Administration immediately so as to facilitate publishing on its website www.nptaguyana.org within five (5) days of the signing.

These details can be forwarded using the attached document, or emailed to the NPTA at admin@nptaguyana.org.

YOUR AGENCY MUST ENSURE SPECIFIC CLEARANCE FROM THE RESPECTIVE DONOR FOR FOREIGN FUNDED PROJECTS.

Regards.

Yours sincerely,

[Handwritten signature]
.....

**Chairman,
National Procurement and Tender Administration Board**

cc Accountant General
Auditor General

Data for Publication of the Contract Award on the NPTA Website

Once the contract between **Guyana Water Inc.** and **S. Jagmohan Hardware Supplies & Construction Services** has been signed, please insert the date of signing below, and return this sheet to the National Procurement and Tender Administration Board immediately so as to facilitate publishing on the NPTA website www.nptaguyana.org within five (5) days of signing.

1. Name of Procuring Entity: **Guyana Water Inc.**
2. Contract Description: **Supply and Installation of Materials for the interconnection of components within the Water Supply System, Linden, Region No. 10**
3. Procurement Method: **National Competitive Bidding Process**
4. Number of Bids Received: **1**
5. Date of NPTA Award: **19/05/2014**
6. Date Contract was Signed: **..../..../....**
7. NPTA Reference Number: **570/14**
8. Name of Awardee: **S. Jagmohan Hardware Supplies & Construction Services**
9. Contract Value: **G\$26,451,500.00**



In replying Quote Date
Hereof and No.

Ministry of Finance
Main & Urquhart Streets,
Georgetown
Guyana.

18th March, 2014

Chief Executive Officer,
Guyana Water Incorporated

Note: You should use the NPTAB No.
Included in this letter when dealing with
any further issues for this project.

Dear Sir/ Madam,

Ref. No. [REDACTED] & 570/2014

Re: Evaluation of tenders for: **(1) Supply Improvement at St. Ignatius, Region No. 9 (2) Supply and Installation of Materials for Interconnection of Components within the Water Supply System, Linden, Region No.10**

Approval has been given for the persons named below to constitute the Committee for the evaluations of tenders for the above named project:

- | | |
|--|--|
| 1. <u>Mr. Nigel Niles,</u>
<u>Coordinator</u> | <u>Corporate Secretary,</u>
<u>Guyana Water Incorporated</u> |
| 2. <u>Mr. Kevin Sumad,</u>
<u>Member</u> | <u>Chief Sea & River Defence Officer,</u>
<u>Ministry of Public Works</u> |
| 3. <u>Ms. Melissa October,</u>
<u>Member</u> | <u>Engineer, ASDU</u>
<u>Ministry of Agriculture</u> |

By copy this letter members of the Evaluation Committee are informed that the meeting has been scheduled for **9:00 (9 AM.)** hours on **25th March, 2014** at the Ministry of Finance where they will be requested to present their individual score sheets (where applicable).

All tender documents and copies to Evaluation Reports must be returned to the Chairman National Procurement and Tender Administration Board (NPTAB) not later than **25th March, 2014**

Evaluation reports not accompanied by all bid documents, copies of the bid securities and individual score sheets will not be accepted. The Coordinator must ensure that all mathematical errors are corrected, where appropriate, prior to the submission of the Evaluation Report.

Regards,
Yours sincerely,

Chairman,
National Procurement & Tender Administration Board

Date of Dispatch
Date report submitted
Late yes/ no

NB: IN THE EVENT OF ANY CORRECTION TO THE TENDERED AMOUNT, A DETAILED BREAKDOWN MUST ACCOMPANY THE EVALUATION REPORT.

NB:

1. EVERY MEMBER OF THE EVALUATION COMMITTEE **MUST** COMPLETE AND SIGN THE ATTACHED **DECLARATION OF IMPARTIALITY AND CONFIDENTIALITY FORM**, WHICH WILL FORM PART OF THE EVALUATION REPORT.
2. IN THE EVENT OF ANY CORRECTION TO THE TENDERED AMOUNT, A DETAILED BREAKDOWN MUST ACCOMPANY THE EVALUATION REPORT.

*Attn Ms Beryl... Please prepare letter
forward to these project
and allow 14 days
submit bonds*

**Guyana Water Incorporated
Memorandum**

To: Mr. Emil McGarrell, Chairperson
Mr. Dharamkumar Seeraj, Director
Mr. Tarachand Balgobin, Director
Mr. Seepaul Narine, Director

From: Director of Corporate Services

Subject: Approval of Bid Evaluation Report

*APSC
16/4/2014
2014/17*

Please find attached Bid Evaluation Report for Procurement of Works: Replacement of Distribution Network, Christianburg, Linden, Region 10.

The Committee has recommended the bid be awarded to bidder #2- **Suresh Jagmohan Hardware Supplies & Construction Services for the sum of Twelve Million, one hundred and twenty-three thousand Guyana dollars (\$12,123,000.00).**

Kindly review the Evaluation Report and indicate your approval or otherwise for the process to move forward.

Kind regards,

[Signature]
Nigel Niles
Director of Corporate Services/
Company Secretary

March 3, 2014

Emil Mc Garrell
Director

Dharamkumar Seeraj
Director

Tarachand Balgobin
Director

Mr. Seepaul Narine,
Director

GUYANA WATER INC.
APR 02 2014
PROCUREMENT DEPT.

[Signature]

S. Narine

Approved



GUYANA WATER INCORPORATED
EVALUATION REPORT – GWI Management Tender Committee

Replacement of Distribution Network, Christianburg, Linden, Region 10

*Submitted¹⁶
to GTC for
approval
2014/31/25*

1. The Project

This project is funded by the Government of Guyana - Guyana Water Incorporated through the Government Capital Investment Programme for 2014. The project at caption was opened at Guyana Water Incorporated Tender Board on February 25, 2014. Three (3) bids were submitted as summarized below.

Table 1 - Summary of Bids

Bidder No	Contracting Firm	Currency	Tender	Corrected
1	Future Tech Construction	Guy	\$17,658,500	\$17,680,000
2	Suresh Jagmohan Hardware Supplies and Construction Services	Guy	\$12,123,000	-
3	Y2K Construction	Guy	\$15,030,600	-
Engineer Estimate: \$17,499,820				

2. Prequalification of Bidders

There was no pre-qualification of bidders for this bidding process.

3. Preliminary Examination

Preliminary examinations of the bids were done as per Appendix 1. Bidder # 3 satisfied the requirements and was considered responsive.

The technical evaluation was then done on the responsive bid (bid #3) and the lowest bid (bid #2), as per Appendix 2, both Bidders, i.e., Bidder # 2 & 3 passed the qualifying score of 58 points out of 90 points. The tendered/ corrected prices were then considered for the responsive bid.

Table 2: Tendered/ Corrected Prices for Responsive Bids

Bidder No	Contracting Firm	Currency	Tender	Corrected
3	Y2K Construction	Guy	\$15,030,600	-
Engineer Estimate: \$17,499,820				

EVALUATION REPORT
Replacement of Distribution Network, Christianburg, Linden, Region 10

4. Evaluation Committee

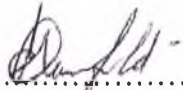
The Evaluation Committee appointed is as follow as detailed in Appendix 3.

Mr. Osei Manifold – Engineer	Coordinator
Mrs. Wendy Henry – Hinds – Management Accountant	Member
Mr. Dwayne Shako – Head of Technical	Member

5. Recommendation of Contract Award

As per the evaluation criteria set out in the tender document, the evaluation team had recommended that the contract for the **Replacement of Distribution Network, Christianburg, Linden, Region 10** be awarded to the lowest responsive bidder, Bidder #3 – **Y2K Construction** for the amount of **Fifteen Million and Thirty Thousand Six Hundred Dollars (\$15,030,600)**. However consequence to supplementary submission and a request from the Procurement Director (see attached), the committee made the necessary adjustments to appendix #1, hence Bidder # 2 was responsive.

In light of the foregoing the evaluation committee recommends that the contract be awarded to **Suresh Jagmohan Hardware Supplies and Construction Services** for the amount of **Twelve Million One Hundred and Twenty Three Thousand Dollars (\$12,123,000)**.


.....

Osei Manifold
Coordinator

2014/03/12

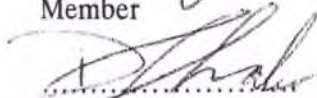
Date


.....

Wendy Henry - Hinds
Member

2014/03/13

Date


.....

Dwayne Shako
Member

2014/03/13

Date

Osei Manifold

From: Aubrey Roberts
Sent: Thursday, March 06, 2014 9:53 AM
To: Osei Manifold
Cc: Nigel Niles
Subject: Review of evaluation reports

Dear Mr. Manifold,

I refer to our conversation in relation to the following evaluation reports:

1. Replacement of Distribution network, Christianburg Linden Region 10
2. Replacement of Transmission/ distribution Mains and service connection upgrades at West Watooka Region 10.

It was noted that the lowest bidder was non responsive due to invalid business registration in the respective evaluation reports. Further examination of the copy presented revealed that the reverse side of the registration was plain. In such a case clarification could be sought to determine the validity or otherwise. As a result, the bidder was requested to provide the reverse side of the registration when it was observed that the registration is valid until 21st January 2015.

In view of the above a copy of the registration has been provided and the committee is requested to review the evaluation appendix 1 and make the appropriate amendments in the reports.

Regards,

Aubrey Roberts
Director of Procurement
Guyana Water Inc
Vlissengen Rd. & Church St.
Bel Air Georgetown.
Guyana,
South America

TEL 2271399

FAX 2271311

Email aubrevr@gwi.gy or gwiprocurement@gmail.com

Guyana Water Inc.
Fixed Assets Register as at 31st Dec, 2014

Asset Number	Serial Number	Description	category	Sub-Catg	Useful Life	Date	Initial Cost	NBV	Depreciation	Division	Dept	Location	Sub-Location
340101F4000025		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	101	Bachelor's Adventure P. S.	Well Distribution line
340101F4000026		250mm Gate Valve	F	4.1	40	31-Dec-05	55000	42625.03	12374.97	340	101	Enmore Pump station	Distribution line
340101F4000027		250mm None Return Valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Enmore Pump station	Distribution line
340101F4000028		100mm Gate Valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Enmore Pump station	Distribution line
340101F4000029		250mm Butterfly Valve	F	4.2	40	31-Dec-05	55000	42625.03	12374.97	340	101	Enmore Pump station	Distribution line
340101F4000030		Air release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	101	Enmore Pump station	Distribution line
340101F4000031		200mm Gate valve	F	4.1	40	31-Dec-05	50000	38749.97	11250.03	340	101	Coldigen Pimp station	Well Site
340101F4000032		200mm butterfly valve	F	4.2	40	31-Dec-05	55000	42625.03	12374.97	340	101	Coldigen Pimp station	Well Site
340101F4000033		Air release valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	101	Coldigen Pimp station	Well Site
340101F4000034		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000035		150mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000036		150mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000037		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000038		200mm Gate valve	F	4.1	40	31-May-10	70000	61979.19	8020.81	340	101	Friendship Water T. P.	Distribution Line
340101F4000039		150mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000040		150mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000041		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000042		200mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000043		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000044		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000045		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000046		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000047		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000048		Air release valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	101	Friendship Water T. P.	Distribution Line
340101F4000049		50mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Distribution Line
340101F4000050		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank Area
340101F4000051		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank Area
340101F4000052		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank line
340101F4000053		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank line
340101F4000054		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank line
340101F4000055		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank line
340101F4000056		75mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Friendship Water T. P.	Filter tank line
340101F4000057		400mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000058		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000059		Air cla valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000060		100mm gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000061		100mm gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000062		100mm gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000063		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000064		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000065		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000066		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000067		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000068		Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000069		75mm non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000070		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000071		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000072		Air release valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000073		200mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000074		200mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000075		200mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000076		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000077		250mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000078		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000079		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000080		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000081		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000082		75mm air cla valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Water T. P.	Distribution Area
340101F4000083		300mm Gate valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Well	Well Site
340101F4000084		300mm Non-return valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	101	Mon Repos Well	Well Site

Guyana Water Inc.
Fixed Assets Register as at 31st Dec, 2014

Asset Number	Serial Number	Description	category	Sub-Catgeg	Useful Life	Date	Initial Cost	NBV	Depreciation	Division	Depar	Location	Sub-Location
330101C1000005		distribution booster pump with motor	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Distribution network area
330101C1000006		Perking generator engine	C	1.4	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Generator Room
330101C1000007		Shaft rotation pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Lime room
330101C1000008		chlorine pump with motor	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Chlorine storage area
330101C1000009		Air blower motor & tank	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Filter tank area
330101C1000010		Booster baldor pump with motor	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Distribution Area
330101C1000011		Booster baldor pump with motor	C	1.1	10	4-Nov-10	196135	116046.53	80088.47	330	101	Grove WTP	Distribution Area
330101C1000012		submersible pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Grove Well	Well Site
330101C1000013		Air blower Motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Blower Room
330101C1000014		lime dosing Motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Lime dosing room
330101C1000015		Shaft rotation lime dosing pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Lime dosing room
330101C1000016		Chlorine pump with motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Chlorine room
330101C1000017		perkins generator	C	1.4	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Electrical Room
330101C1000018		Booster Motor	C	1.1	10	31-Dec-05	500000	49999.97	450000.03	330	101	Timehri #4 Pump station	Pump House
330101C1000019		Booster Pump & Motor	C	1.1	10	31-Dec-05	800000	79999.97	720000.03	330	101	Timehri #4 Pump station	Pump House
330101C1000020		Booster Pump & Motor	C	1.1	10	31-Dec-05	1798300	579150.03	1219149.97	330	101	Timehri #4 Pump station	Pump House
330101C1000021		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	CAD Pump station	Compound
330101C1000022		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	Yarrowkabra Pump station	Compound
330101C1000023		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	Kuru Kururu Pump station	Compound
330101C1000024		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	Soesdyke Well	Compound
330101C1000025		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	Timehri #5 Well site	Compound
330101C1000026		Submersible Pump	C	1.1	10	31-Dec-05	1800000	15000	1785000	330	101	Caledonia Well	Compound
330101C1000027		Submersible Pump	C	1.1	10	31-Dec-05	1375519	137551.89	1237967.11	330	101	New Hope Pump station	Compound
330101C1000028		Mobile Generator	C	1.4	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Electrical Room
330101C1000029		Booster Pump & Motor	C	1.1	10	13-May-09	1500000	662500	837500	330	101	Covent Garden Water T. P.	Distribution Area
330101C1000030		Booster Pump & Motor	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Distribution Area
330101C1000031		Air Blower Motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Compound
330101C1000032		Submersible Pump	C	1.1	10	19-Jan-10	1980000	1006500	973500	330	101	Covent Garden Water T. P.	Well Site
330101C1000033		submersible Pump	C	1.1	10	30-Dec-11	1310835	917584.46	393250.54	330	101	Diamond-Grove Well	Outside
330101C1000034		Lime Pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Lime Room
330101C1000035	CD6068C0485	Mobile Generator	C	1.4	5	18-Oct-10	7063865	1177310.86	5886554.14	330	101	Covent Garden Water T. P.	Lime Room
330101C1000036		Chlorine Pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Chlorine Storage Room
330101C1000037		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Lime room
330101C1000038		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Lime room
330101C1000039		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Chlorine room
330101C1000040		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Chlorine room
330101C1000041		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Lime dosing room
330101C1000042		Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Grove WTP	Lime dosing room
330101C1000043		Electric Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Chlorine Storage Room
330101C1000044		Electric Actuator	C	1.5	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Chlorine Storage Room
330101C1000138		pumps 6853844 I	C	1.1	10	31-Jul-14	654170	626912.92	27257.08	330	101	Grove Well	Well Site
330101C1000139		pumps 6565077 I	C	1.1	10	31-Dec-14	630375	630375	0	330	101	Mocha Pump station	Compound
330101C1001138		pumps 6570093 I	C	1.1	10	31-Dec-14	485379.56	485379.56	0	330	101	Kuru Kururu Pump station	Compound
330101C1010033		Lime Pump	C	1.1	10	30-Apr-13	1	0.84	0.16	330	101	Covent Garden Water T. P.	Lime Room
330101C1033001		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Soesdyke Well	Compound
330101C1033002		Submersible Motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Yarrowkabra Pump station	Compound
330101C1033003		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Kuru Kururu Pump station	Compound
330101C1033004		Submersible motor	C	1.2	10	20-Aug-12	1102337	845125.05	257211.95	330	101	Caledonia Well	Compound
330101C1033005		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	New Hope Pump station	Compound
330101C1033006		Submersible pump	C	1.1	10	31-Dec-05	1375518.96	137551.89	1237967.07	330	101	Mocha Pump station	Compound
330101C1033007		Submersible motor	C	1.2	10	1-Jan-09	1500000	612500	887500	330	101	CAD Pump station	Well Building
330101C1033008		Electrical cable 1/0, 3core with ground-50m	C	10.	-1	30-Dec-11	351373	245961.09	105411.91	330	101	Diamond-Grove Well	Outside
330101C1033009		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Timehri #5 Well site	Well Building
330101C1033012		Booster pump	C	1.1	10	31-Dec-05	300000	30000	270000	330	101	Timehri #4 Pump station	Pump House
330101C1033014		All Mechanical/ Electrical plant	C	1.1	10	31-Dec-05	21000000	21000000	18900000	330	101	Covent Garden Water T. P.	Compound
330101C1033015		All Mechanical/ Electrical plant	C	1.1	10	31-Dec-05	21000000	21000000	18900000	330	101	Grove WTP	Outside
330101C1033016		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Eccles Water Treatment Plant	Eccles well site
330101C1033017		All Mechanical/ Electrical plant	C	1.1	10	31-Dec-05	222395070	29971286	192423784	330	101	Eccles Water Treatment Plant	Filter tank area
330101C1033018		150mm Well Master-50m	C	10.	-1	30-Dec-11	50650	38831.69	11818.31	330	101	Diamond-Grove Well	Outside
330101C1133006		Submersible motor	C	1.2	10	30-Apr-13	1	0.84	0.16	330	101	Mocha Pump station	Compound

Guyana Water Inc.
 Fixed Assets Register as at 31st Dec, 2014

Asset Number	Serial Number	Description	category	Sub-Catego	Useful Life	Date	Initial Cost	NBV	Depreciation	Division	Depar	Location	Sub-Location
340101F2134407		340 - Service Connection 340-148628	F	2.2	40	31-Dec-14	20331.43	20331.43	0	340	:01	Division 3 ECD	Service Connection
340101F2134408		340 - Service Connection 340-148819	F	2.2	40	31-Dec-14	21490.28	21490.28	0	340	:01	Division 3 ECD	Service Connection
340101F2134409		340 - Service Connection 340-148833	F	2.2	40	31-Dec-14	35653.25	35653.25	0	340	:01	Division 3 ECD	Service Connection
340101F2134410		340 - Service Connection 340-148871	F	2.2	40	31-Dec-14	37863.65	37863.65	0	340	:01	Division 3 ECD	Service Connection
340101F2134411		340 - Service Connection 340-148882	F	2.2	40	31-Dec-14	37590.49	37590.49	0	340	:01	Division 3 ECD	Service Connection
340101F2134412		340 - Service Connection 340-148891	F	2.2	40	31-Dec-14	36321.74	36321.74	0	340	:01	Division 3 ECD	Service Connection
340101F2134413		340 - Service Connection 340-148902	F	2.2	40	31-Dec-14	40005.39	40005.39	0	340	:01	Division 3 ECD	Service Connection
340101F2134414		340 - Service Connection 340-148912	F	2.2	40	31-Dec-14	36418.04	36418.04	0	340	:01	Division 3 ECD	Service Connection
340101F2134415		340 - Service Connection 340-149963	F	2.2	40	31-Dec-14	36776.25	36776.25	0	340	:01	Division 3 ECD	Service Connection
340101F2134416		340 - Service Connection 340-149875	F	2.2	40	31-Dec-14	20985.49	20985.49	0	340	:01	Division 3 ECD	Service Connection
340101F2134417		340 - Service Connection 340-149877	F	2.2	40	31-Dec-14	22842.95	22842.95	0	340	:01	Division 3 ECD	Service Connection
340101F2134418		340 - Service Connection 340-149991	F	2.2	40	31-Dec-14	27123.45	27123.45	0	340	:01	Division 3 ECD	Service Connection
340101F2134419		340 - Service Connection 340-149918	F	2.2	40	31-Jul-14	27686.45	27398.05	288.4	340	:01	Division 3 ECD	Service Connection
340101F2134420		340 - Service Connection 340-149971	F	2.2	40	31-Dec-14	600	600	0	340	:01	Division 3 ECD	Service Connection
340101F2134421		340 - Service Connection 340-149900	F	2.2	40	31-Dec-14	22812.73	22812.73	0	340	:01	Division 3 ECD	Service Connection
340101F2134422		340 - Service Connection 340-149903	F	2.2	40	31-Dec-14	22606.72	22606.72	0	340	:01	Division 3 ECD	Service Connection
340101F2134423		340 - Service Connection 340-149904	F	2.2	40	31-Dec-14	19656.51	19656.51	0	340	:01	Division 3 ECD	Service Connection
340101F2134424		340 - Service Connection 340-149882	F	2.2	40	31-Dec-14	19155.57	19155.57	0	340	:01	Division 3 ECD	Service Connection
340101F2134425		340 - Service Connection 340-149886	F	2.2	40	31-Dec-14	6126.16	6126.16	0	340	:01	Division 3 ECD	Service Connection
340101F2134426		340 - Service Connection 340-149895	F	2.2	40	31-Dec-14	37853.26	37853.26	0	340	:01	Division 3 ECD	Service Connection
340101F2134427		340 - Service Connection 340-151745	F	2.2	40	31-Dec-14	33674.4	33674.4	0	340	:01	Division 3 ECD	Service Connection
340101F2134428		340 - Service Connection 340-151657	F	2.2	40	31-Jul-14	48245.92	47743.36	502.56	340	:01	Division 3 ECD	Service Connection
340101F3000001		ground storage tank	F	3.1	40	31-Dec-05	8000000	17999999.97	62000000.03	340	:01	Friendship Water T. P.	Distribution Line
340101F3000002		Filter tank	F	3.1	40	30-Apr-13	1	0.97	0.03	340	:01	Friendship Water T. P.	Filter tank line
340101F3000003		Diesel storage tank	F	3.1	40	30-Apr-13	1	0.97	0.03	340	:01	Mon Repos Water T. P.	Generator room
340101F3000004		ground storage tank	F	3.1	40	31-Dec-05	10000000	77500000.03	22499999.97	340	:01	Mon Repos Water T. P.	Distribution Area
340101F3000005		Filter tank	F	3.1	40	30-Apr-13	1	0.97	0.03	340	:01	Mon Repos Water T. P.	Distribution Area
340101F3000006		Ground storage tank	F	3.1	40	31-Dec-05	12000000	27000000	9300000	340	:01	Better Hope Water T. P.	Filter Tank Area
340101F3000007		Diesel Storage tank	F	3.1	40	30-Apr-13	1	0.97	0.03	340	:01	Better Hope Water T. P.	Distribution Area
340101F3000008		Filter Tank	F	3.1	40	30-Apr-13	1	0.97	0.03	340	:01	Better Hope Water T. P.	Filter Tank Area
340101F3000009		Over head storage tank	F	3.1	40	31-Dec-05	8000000	6199999.97	1800000.03	340	:01	Annandale Reservoir	Compound
340101F3000010		Over head Storage tank	F	3.1	40	31-Dec-05	8000000	6199999.97	1800000.03	340	:01	Sparendam Pump station	Compound
340101F3000011		Over head Storage tank	F	3.1	40	31-Dec-05	15000000	11625000	3375000	340	:01	LBI Overhead tank	Compound
340101F3000012		Underground metal storage	F	3.1	40	31-Dec-05	2000000	1549999.97	450000.03	340	:01	Coldigen Pimp station	Well Site
340101F3034005		Overhead storage	F	3.1	40	31-Dec-05	8000000	6199999.97	1800000.03	340	:01	Unity Pump station	Compound
340101F3034021		Contact tank	F	3.1	40	31-Dec-05	84000000	18900000	65100000	340	:01	Mon Repos Water T. P.	Compound
340101F3034022		Contact tank	F	3.1	40	31-Dec-05	105000000	23625000	81375000	340	:01	Better Hope Water T. P.	Compound
340101F4000001		150mm Gate Valve	F	4.1	40	31-Dec-05	55000	42625.03	12374.97	340	:01	Cane Grove Well	Distribution Line
340101F4000002		150mm Butterfly valve	F	4.2	40	31-Dec-05	100000	77500.03	22499.97	340	:01	Cane Grove Well	Distribution Line
340101F4000003		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Cane Grove Well	Distribution Line
340101F4000004		150mm Gate Valve	F	4.1	40	31-Dec-05	60000	46500	13500	340	:01	Helena Pump Station	Distribution line
340101F4000005		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Helena Pump Station	Distribution line
340101F4000006		150mm Gate Valve	F	4.1	40	31-Dec-05	60000	46500	13500	340	:01	Unity Pump station	Distribution line
340101F4000007		150mm Butterfly valve	F	4.2	40	31-Dec-05	100000	77500.03	22499.97	340	:01	Unity Pump station	Distribution line
340101F4000008		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Unity Pump station	Distribution line
340101F4000009		200mm Gate Valve	F	4.1	40	31-Dec-05	55000	42625.03	12374.97	340	:01	Clonbrook Well	Distribution line
340101F4000010		200mm Butterfly valve	F	4.2	40	31-Dec-05	100000	77500.03	22499.97	340	:01	Clonbrook Well	Distribution line
340101F4000011		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Clonbrook Well	Distribution line
340101F4000012		250mm Gate Valve	F	4.1	40	31-Dec-05	50000	38749.97	11250.03	340	:01	Victoria Pump station	Distribution line
340101F4000013		250mm Butterfly Valve	F	4.2	40	31-Dec-05	55000	42625.03	12374.97	340	:01	Victoria Pump station	Distribution line
340101F4000014		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Victoria Pump station	Distribution line
340101F4000016		250mm Gate Valve	F	4.1	40	31-Dec-05	50000	38749.97	11250.03	340	:01	Haslington Pump station	Distribution Line
340101F4000017		250mm Butterfly Valve	F	4.2	40	31-Dec-05	55000	45375.03	5624.97	340	:01	Haslington Pump station	Compound
340101F4000018		Air Release Valve	F	4.3	40	31-Dec-05	28159	6335.82	21823.18	340	:01	Haslington Pump station	Distribution Line
340101F4000019		200mm Gate Valve	F	4.1	40	30-Apr-13	1	0.97	0.03	340	:01	Enmore Pump station No. 2	Distribution Line
340101F4000020		200mm Strainer	F	4.4	10	30-Apr-13	1	0.84	0.16	340	:01	Enmore Pump station No. 2	Distribution Line
340101F4000021		Air Cla Valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	:01	Enmore Pump station No. 2	Distribution Line
340101F4000022		Air Release Valve	F	4.3	40	30-Apr-13	1	0.97	0.03	340	:01	Enmore Pump station No. 2	Distribution Line
340101F4000023		250mm Gate Valve	F	4.1	40	31-Dec-05	60000	46500	13500	340	:01	Bachelor's Adventure P. S.	Well Distribution line
340101F4000024		250mm Butterfly Valve	F	4.2	40	31-Dec-05	100000	77500.03	21499.97	340	:01	Bachelor's Adventure P. S.	Well Distribution line

Table 1

GWI			
Reconciliation of Trade Receivables			
	2014	2013	2012
Opening balance January 1	6,008,408,524	6,814,943,222	7,839,754,793
Add: Revenue per General Ledger	3,631,549,900	3,331,148,853	3,182,111,051
Ancillary Billing per General Ledger	94,026,823	100,460,960	182,324,755
	9,733,985,247	10,246,553,035	11,204,190,599
Add: Receipts	(3,005,492,771)	(3,206,515,452)	(2,636,269,215)
Prior year adjustment done in 2012 to collect previous years to correct receivables			(644,662,725)
Bad debts per Profit & Loss account	(118,779,669)	-	-
Prior year adjustments per Reconciliation of Receivables -Table 1	(516,048,473)	(399,121,156)	(494,131,151)
Bad Debt written off in Nov 2013		(176,768,275)	-
Bad Debt written off in Dec 2013		(455,737,358)	-
Incorrect Posting	-	(987)	(1,298,278)
Unreconciled Difference		(1,283)	-
Correction to Billings for 2010 per journal done in 2012		-	(212,886,008)
Guyana Power & Light payment on behalf of the Government of Guyana -per journal done		-	(400,000,000)
Balance per Trial Balance	6,093,664,334	6,008,408,524	6,814,943,222
As per Financial Statements	6,093,664,333	6,008,408,525	7,459,605,948
Difference	1	(1)	(644,662,726)

Page 13**Paragraph 1**

Response: Require some clarification of line 1 and 2, paragraph 1. The provision for bad debts of \$3,393,556,121 is correctly stated in the paragraph.

Noted Financial Statements Disclosure IAS 32, 39 and IFRS 7 and further efforts would be made to comply fully with the standards.

Page 14**Paragraph 1, Revenue based on audited financial statements.**

	2012	2013	2014	2015
Metered	1,801,071,131	1,905,643,581	2,277,320,835	1,986,467,050
Unmetered & ancillary	1,381,039,920	1,425,505,272	1,354,229,064	1,776,275,418
	3,182,039,920	3,331,148,853	3,631,549,899	3,762,742,468

*2015 revenue was taken from the billing summary and include Key customers adjusted for metered customers billed in January 2016

Response: The revenues for 2012-2014 are audited whereas 2015 is unaudited. The table content above is misrepresented; ancillary charges are included in other income and not in unmetered revenues as per table. The total income in 2012 should have read \$3,182,111,051 instead of \$3,182,039,920; a difference of \$71,131. The numbers for 2013-2015 are acknowledged as correct.

Paragraph 2, Revenue information issued by the Billing Department differs significantly from those reported in the financial statements because adjustment which are continuous and contentious. We have reviewed the monthly and year to date adjustments for the years under review and found that the adjustments were significant as follows:

Guyana Water Inc**31 December 2012 - 2014****Schedule of Other Income**

Description	2012	2013	2014
GPL Subvention	2,952,301,298	880,051,454	2,470,133,090
Sale of Bottled Water and Water Connection	7,850,100	8,054,806	9,266,188
Sale of Materials	1,740,827	1,234,140	559,600
Ancillary Billings	175,931,337	92,371,111	85,605,482
Repayment by Contractor /Settlement		11,782,107	15,400,000
Write off of Retentions,Stale Dated Cheques & Payables long outstanding balance	17,328,608	-	31,566,659
Other Deposit	-	-	10,000,000
Reduction in Legal Settlement Provision	-	-	40,181,104
Other Non Operating Income -4407	3,268,231	11,914,691	10,513,462
Stock Adjustment	34,774,325	-	-
Other Operating Income -4308	2,590,163	-	-
To: Other Income as per FS/GL	3,195,784,889	1,005,408,309	2,673,225,584

Checked by:.....Approved by:.....

Table 3(a)

Reconciliation of revenues

Table 3

Reconciliation of Receivables for 2012 A/c#1401

Revenue Reconciliation	2012
Revenue as per Financial Statements	3,182,111,051
Revenue posted to General Ledger	
Key Accounts included in adjustments	517,732,735
Other Billings	2,664,378,316
Total per General ledger	3,182,111,051
Difference	-

Key Accounts Billing and Adjustments- 2012

General Ledger Extracts

		Debit	Credit	Net	Current year billin	Prior Year adjustments
January	Current Year			-	-	
January	Prior Year	5,210,342	66,044,311	(60,833,969)		(60,833,969)
February	Current Year	3,072,294	1,789,953	1,282,341	1,282,341	
February	Prior Year	3,778,201	88,935,647	(85,157,446)		(85,157,446)
March	Current Year	1,618,710	3,267,435	(1,648,725)	(1,648,725)	
March	Prior Year	2,570,650	50,861,713	(48,291,063)		(48,291,063)
April	Current Year	10,399,734	573,239	9,826,495	9,826,495	
April	Prior Year	18,170,650	23,830,760	(5,660,110)		(5,660,110)
May	Current Year	142,681,076	5,382,470	137,298,606	137,298,606	
May	Prior Year	8,558,104	97,256,870	(88,698,766)		(88,698,766)
June	Current Year	67,243,758	2,525,765	64,717,993	64,717,993	
June	Prior Year	3,215,457	38,109,158	(34,893,701)		(34,893,701)
July	Current Year	24,834,202	9,116,013	15,718,189	15,718,189	
July	Prior Year	2,700,267	36,600,024	(33,899,757)		(33,899,757)
August	Current Year	80,074,299	16,902,536	63,171,763	63,171,763	
August	Prior Year	3,059,680	33,727,185	(30,667,505)		(30,667,505)
September	Current Year	2,016,833	6,079,276	(4,062,443)	(4,062,443)	
September	Prior Year	2,103,351	45,795,197	(43,691,846)		(43,691,846)
October	Current Year	60,051,396	63,290,052	(3,238,656)	(3,238,656)	
October	Prior Year	35,736,703	10,715,605	25,021,098		25,021,098
November	Current Year	244,564,108	13,665,161	230,898,947	230,898,947	
November	Prior Year	19,757,488	30,559,114	(10,801,626)		(10,801,626)
December	Current Year	11,751,499	7,983,274	3,768,225	3,768,225	
December	Prior Year	16,812,732	94,667,470	(77,854,738)		(77,854,738)
	Total	769,817,828	745,731,745	22,303,306	517,732,735	(495,429,429)

Award of Service Connection Materials Procured by Public Tender 2012 - 2014

Item No.	Materials	2012	Supplier	2013	Supplier	2014	Supplier
1	Poly Hose	18,000	David Persaud Investments	28,620	David Persaud Investments		
2	Stop Cocks	5,010	Manohar Services	9,200	Manohar Services	16,800	Dax Contracting Services
3	Galvanized Pipes	18,900	Nabi Construction	14,490	David Persaud Investments	30,800	Manohar Services
4	Water Meter Boxes	100,319	UTECO				
5	Meter Boxes			108,000	Dax Contracting Services		
6	Poly Male Adaptors					6,375	Dax Contracting Services
7	Poly Connectors			11,520	Manohar Services		Dax Contracting Services
8	Poly Female Adaptors				Manohar Services		
9	Ferrule Strap			66,527	David Persaud Investments		
	TOTAL G\$M	142,229		238,357		53,975	

Table 2 Procurement of service connection materials by public tender

The data presented above demonstrates that five contractors have been awarded contracts for the supply of service connection materials over the last three years via public tender. It should also be noted that Mr. Manohar won more tenders (5) than any other bidder in the period under review. There were also as many as eight bidders that would have made submissions hence, the procurement of materials is very competitive and above board.

There has been a recent award for the water meters and boxes in 2015 for the WSSIIP materials. There has also been public tender for the supply and delivery of service connection materials under the Water & Sanitation Sector Infrastructure Improvement Programme (WSSIIP) funded by the IDB GYL1040 loan. The evaluation process is awaiting the Bank's 'no objection' and NPTAB award. These tenders were received in April 2015.



Guyana Water Inc.

Corporate Complex, Vlissingen Road and Church Street, Bel Air Park,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; E-mail: pro@gwi.gy

15th June, 2015
Mr. Ramesh Dookhoo
Chairman
Guyana Water Inc.

Dear Mr. Dookhoo,

Re: Response to Mr. Darshanand Manohar Complaint of Corruption in Procurement at GWI.

Procurement Policy

Mr. Manohar's allegations suggested that Mr. Aubrey Roberts awarded contracts. On the contrary, the Evaluation Committees are appointed by the receiving tender board and they are charged with the responsibility to evaluate the tenders and submit a report with recommendations based on the evaluation criteria. The appropriate board makes the award. I can only sign the notification of award letters after awards are done by Management Tender Board, GWI's Tender Board or the National Procurement and Tender Administration Board (NPTAB). Hence, it is not a "one man show" as he purports it to be. The procurement department prepares contracts after the approvals are had from the relevant authority including the cabinet 'No objection' for awards that exceed G\$20M.

A review of procurement actions during my tenure are presented below.
Metering programme 2011 – 2015

- Public Tender for Supply and Installation of Water Meters 2011-2012.

Public Tender	Supplier	No. of Meters	Total Cost G\$	Unit Cost G\$	Remarks
Rosehall	N. Lachman	4500	113,997,776	25,332	Contractor supplied all materials
Johns to Port Mourant Gaypark to Fort Canje	A. Chowramoo too	3000	70,053,400	23,351	
Pouderoyen	N. Lachman	3500	108,796,562	31,084	GWI supply materials.
East Coast Dem.	N. Lachman		35,765,120	10,218	
Linden	Dax Construction	400	21,866,000	54,665	New services with meters
Total		11,400	350,480,858	30,743	Average cost

Table 1 Contractors engaged in the installation of water meters via public tender process

Sole Sourcing of Water Meters and Meter Boxes

The water meter and boxes were procured by Public Tender in 2012 from UTECO as shown in Table 2 item 4. The unit cost was USD 80 or G\$16000. The meters came assembled in the boxes. The Elster S130 (now replaced with the S150) and the V100 are the approved meter for customers' premises and were adopted for GWI as far back as 2005 and for the current metering programme.

The advantages to this approach are as follows:

1. To reduce stocking spares for multiple meters in the future.
2. The meters were also competitive, durable and accurate.
3. Reduce the number of options for managing meter data in the Hi-Affinity data base. In 2003 there was a survey which showed that GWI had inherited from the two merged companies twenty five different types of water meters on the networks. A decision was made then to standardise the meters. The multiple meter types was a result of weak specification that procured the cheapest meters in the market at the time of the tender thus year on year the bands changed.
4. The repair teams become experts in servicing and maintaining the two types selected.
5. The meter boxes are all branded GWI (a special mould was designed to achieve same) and has a special key to allow for disconnection of the service without excavating to the main thus reducing cost and time for this activity.

Our market research showed that the price for the meters and boxes was projected to increase to USD 104 each from UTECO (authorised distributor for the American Water Meter Company (AMCO)). This 25% increase would have increased the cost of meter installation and thus have a negative impact on the roll out of the programme. Hence, GWI explored the alternative to buy water meters and boxes separately. The meter (only) cost was USD 27.95 for the Elster AMCO S150 meters. Cabinet's no objection was sought for the Direct Contracting method of procurement for the reasons highlighted above.

Public Tender was done for water meter boxes in 2012 and Dax Contracting Services presented the best design and was awarded a contract for the supply of 20,000 boxes at a unit cost of G\$5400 (USD27). The cost of the water meter and boxes was reduced from USD 104 to USD 54.95 almost 50% of the anticipated increase and 30% of the cost in the previous year. This allowed for the procurement of 28,485 water meters in 2013 and 20,000 water meter boxes. It should be noted that the assembly of the boxes is now done in Guyana which created more than 100 jobs while saving GWI USD 25.00 per water meter required since 2013.

Given the significant saving and the successful match of the meter boxes supplied by Dax Contracting and the water meters supplied by UTECO, Sole Source Procurement of these items at the same price was requested by GWI and awarded by NPTAB in 2013 and 2014.

The procurement of water meters for the WSSIIP programme has adopted the similar approach was recently awarded by NPTAB. The Bank gave its no objection for this procurement method

after thorough consideration of the justification provided and its application in keeping with the Bank's procurement policy and the future management of our metered customer services.

To date, UTECO has supplied 48435 water meters and Dax Contracting Service has supplied 40,000 meter boxes by the Direct Contracting method between 2013 and 2015. These goods were delivered on time and without any variations or any quality issues.

Mr. Manohar has alleged that Dax Contracting was awarded 80% of materials contracts.

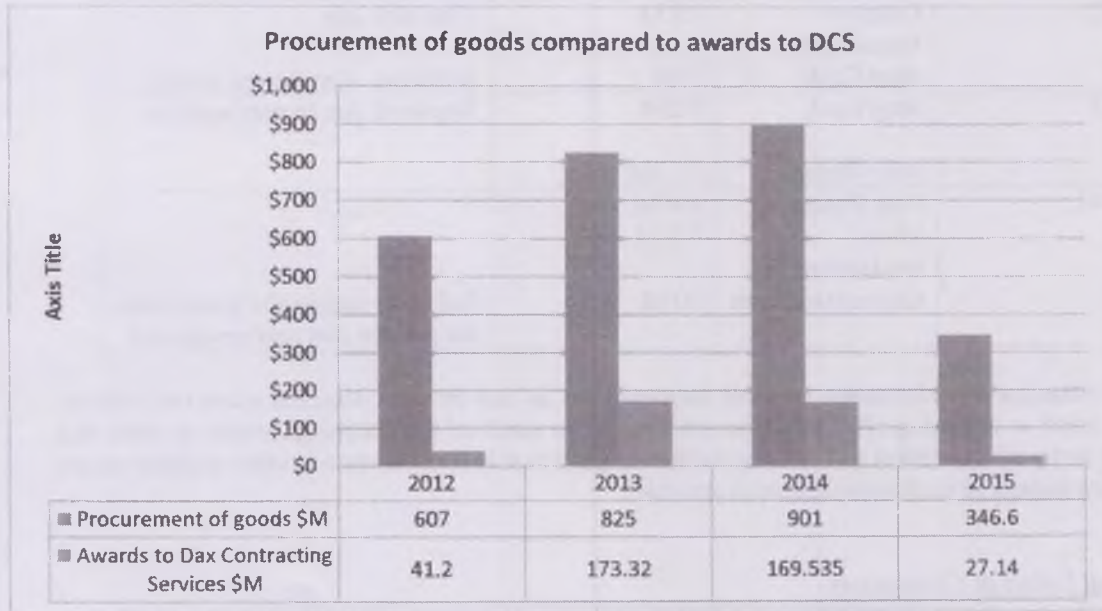


Figure 1. Bar chart showing a comparison of contracts awarded to Dax Contracting Services to total goods purchases between 2012 and 2015 by GWI.

Based on the information above the awards are all less than 21% of our total purchases. Table 1 and two would also show the participation of many bidders including Mr. Manohar in the supply of service connection materials.

Supplies by Mr. Manohar

I wish to record the performance of Mr. Manohar's supplies (Manohar Services and General Construction & Supply) to GWI during my tenure.

Year	Procurement	Value	Remarks
2012	Calcium Hypochlorite	15 M	6 months late
	Stop Cock	5 M	Replaced due to poor quality
2013	Stop Cock	9.2M	Replaced due to poor quality
	Poly fittings	11.2M	
2014	Poly Fitting	1.6 M	Failed to supply the goods after six months and was terminated
	Meter Installation	4.5 M	
	Galvanised Pipes	30 M	

Mr. Manohar's performance requires improvement as can be seen from the score card above. His retort to attacking GWI procurement may be as result of his declining awards in what is a very competitive market and not any deliberate ploy to side line him or any other supplier as we do not engage in such unprofessional activities.

Black listing of Contractors

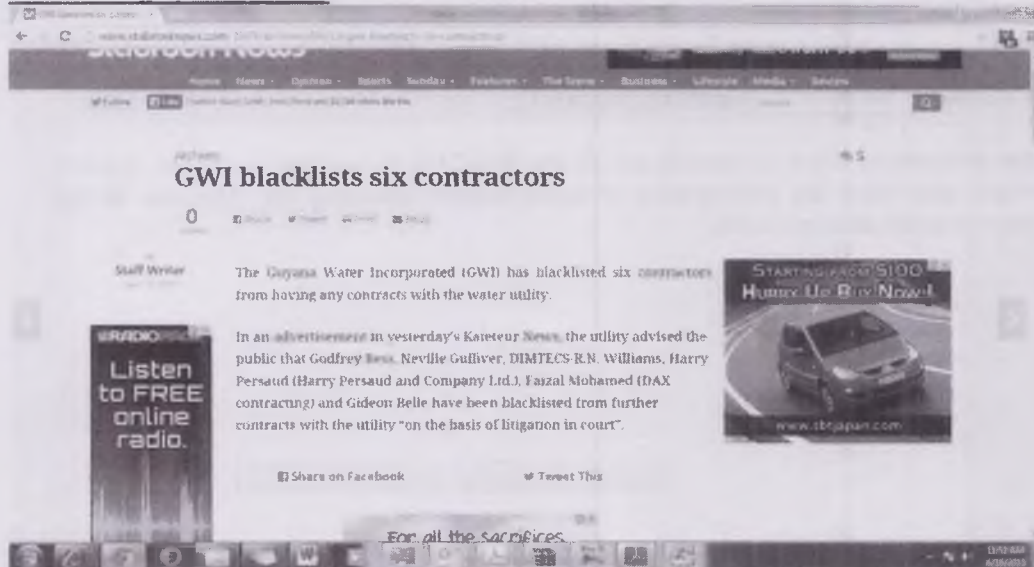


Figure 2 Screen shot of Stabreak News article published on April 13th 2009

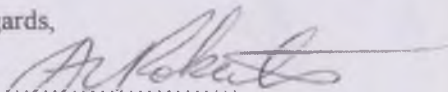
The black listing of contractors is not permanent in a public procurement process but for a period. Bidders are required to provide a declaration of any litigation against the company for each tender. If there are none, then this mandatory requirement would be given a pass. Hence, Mr. Faizal Mohamed has no current litigation with the company for the period that he was awarded contracts.

Summary

- Dax Contracting has no litigation against GWI.
- There are multiple suppliers of goods and services to GWI via competitive bidding. There is no domination of the supply chain by any particular supplier.
- The push fit poly fitting supplied by DCS were evaluated by GWI's technical team and met the specification hence, its recommendation for award. The materials were fit for purpose and have been used successfully on thousands of customer services.
- The stop cocks were evaluated by our technical team at GWI and DCS's sample met the specifications. The sample submitted by Mr. Manohar did not meet the specifications. These valves were found to deteriorate in the fields and had to be replaced within two (2) years of installation. Hence, it could not be procured given its limited life span.
- The procurement of water meters and boxes by direct contracting was justified, efficient and cost effective for GWI's metering programme which started in 2012 and is on target to be completed in 2016. The procurement of these goods for the WSSIIP programme commenced in February 2015 and not just before elections as Mr. Manohar stated. It would be interesting to know the source of his information in this regard and how it was obtained.
- The price of the S150 meter is a fair price for a world class measuring instrument which is durable, accurate and has the maintainability that meets our business needs and processes.
- The GWI procurement is reviewed by the Management and Board of Directors of GWI, NPTAB for procurement above 20M and IDB where applicable. There are also frequent audits of our operations by the Internal Audit Department (IAD) and the External Auditors. These audit reports are available and are used for our continuous improvement.
- Mr. Manohar had often made similar allegations when he does not win tenders. Copies of the correspondences are attached along with our responses.
- I am available for any additional information required in relation to the allegation of corruption in Procurement of Goods and Services at GWI.

All for your information and guidance.

Regards,



Aubrey Roberts
Director of Procurement

8 June 2013

Mr. Aubrey Roberts
Executive Director - Procurement
Guyana Water Incorporated
Bel Air Georgetown

Dear Mr. Roberts,

**Re: Supply & Delivery of Service Connection Materials Lot 1 – 5
ICB No: GWI – GOG – P042 – 2013
OBJECTION TO AWARD OF CONTRACT LOT 5**

In accordance with Section 52 of the Procurement Act, I hereby make a protest of objection to the award of contract, Lot 5 Self Tapping Ferrule Strap of the captioned IFB.

We are seeking explanation and cause why Cabinet's award of contract to us on the 21st February 2013 was withheld by the procuring entity for more than three months before changes were made to the bidding documents to favour a revised award to another contractor.

Additionally, we are seeking reasons and basis as to why our bid, which satisfied all the technical and bidding requirements, including the lowest tendered price and a sample of an **all brass** Self Tapping Ferrule Strap (which exceeds other suppliers' plastic banjo type) was not awarded the above contract and what prompted a re-evaluation more than three months after cabinet's initial award.

Sincerely

Darshanand Manohar
MANOHAR SERVICES

cc: Hon. Irfaan Ali – Minister of Housing & Water
Mr. Shaik Baksh – CEO GWI
Mr. D. De Clou – Chairman NPTAB
Mr. E. Mc Garrel – Permanent Secretary, Ministry of Housing & Water
Corporate Management GWI (N.Niles, R.Jailal, J.Codette, J.Ram, G.Doris, E.Aaron
Board of Directors GWI (R.Dookhoo, D.Seeraj, S.Narine, D.King-Tudor, T.Balgobind,
D.Dyal)

Guyana Water Inc.

Corporate Complex, Vlissengen Road and Church Street, Bel Air Park,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; E-mail: pro@gwi.gy

Mr. Darshanand Manohar
Manager
Manohar Services,

Dear Mr. Manohar,

RE: SUPPLY & DELIVERY OF SERVICE CONNECTION MATERIALS LOT 1-5

ICB NO: GWI - GOG - P042 - 2013 OBJECTION TO AWARD OF CONTRACT LOT 5

I refer to your letter dated 8th June, 2013 that was received on June 10th via email.

Please be informed that the evaluation report that guided the Cabinet No objection that you referred to dated February 21, 2013 had an error. This error was corrected and a revised Cabinet No Objection was issued on May 30th, 2013.

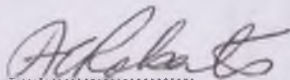
There was only one letter of award issued for this procurement on June 7th, 2013. The bids were awarded to the lowest responsive bidders in each lot as per the evaluation criteria.

I have noted the alleged tampering of bids. Please see attached the minutes of the tender opening of January 22nd, 2013 for your reference that reflects the bids received by NPTAB for this procurement.

You are welcome to visit us for any further clarification.

All for your information and guidance.

Regards,



Aubrey Roberts

Director of Procurement

cc: Hon. Irfaan Ali - Minister of Housing & Water
Mr. Shaik Baksh - CEO GWI
Mr. D. De Clou - Chairman NPTAB
Mr. E. Mc Garrel - Permanent Secretary, Ministry of Housing & Water
Corporate Management GWI (N.Niles, R.Jailal, J.Codette, J.Ram. G.Doris, E.Aaron
Board of Directors GWI (R.Dookhoo, D.Secraj, S.Narine,
D.King-Tudor, T.Balgobind, D.Dyal)

Works And Goods - Bidders/Contract Awards
Tender Details

Tender Number	Procuring Entity	Reference Number	Tender Description	Bidder Number	Bidder Name	Tender Submitted	Financial Bid Opened	No Of Copies	Eng/Cost Estimate	Quoted Price Bid Amount	Currency	Bid Security Amount	Currency	Form of Tender	NIS	IRD	Drawn On Institution
1	Guyana Water Inc.	75/13 Lot 1	Supply and Delivery of Service Connection Materials	1	Dax Contracting Services	Yes	Yes	0	13,282,500	40,250,000	G\$	230,000	G\$	Yes	Yes	Yes	Caricom
0				2	National Hardware Investment Inc	Yes	Yes			30,130,000	2,500,000	G\$	Yes	Yes	Yes	Demerara Bank	
0				3	Manohar Services	Yes	Yes	2		9,200,000	230,000	G\$	Yes	Yes	Yes		
0				4	David Persaud Investment	Yes	Yes			10,304,000	2,420,000	G\$	Yes	Yes	Yes	Demerara Bank	
0				5	N Lachman Business Establishment & Civil Works	Yes	Yes	2		12,650,000	2,420,000	G\$	Yes	Yes	Yes	Caricom Insurance	
				5	5	5		9,200,000									
2		75/13 Lot 2	Supply and Delivery of Service Connection Materials	1	Dax Contracting Services	Yes	Yes	0	20,790,000	32,400,000	G\$	360,000	G\$	Yes	Yes	Yes	Caricom
0				2	National Hardware Investment Inc	Yes	Yes			61,200,000	0	G\$	Yes	Yes	Yes		
0				4	David Persaud Investment	Yes	Yes			28,620,000							
0				5	N Lachman Business Establishment & Civil Works	Yes	Yes			25,280,000							
				4	4	4		25,280,000									
3		75/13 Lot 3	Supply and Delivery of Service Connection Materials	1	Dax Contracting Services	Yes	Yes	0	19,200,000	26,400,000	G\$	330,000	G\$	Yes	Yes	Yes	Caricom
0				2	National Hardware Investment Inc	Yes	Yes			4,092,000	0	G\$	Yes	Yes	Yes		
0				3	Manohar Services	Yes	Yes			11,520,000	330,000						
0				4	David Persaud Investment	Yes	Yes			14,928,000							
0				5	N Lachman Business Establishment & Civil Works	Yes	Yes			24,600,000							
				5	5	5		4,092,000									
4		75/13 Lot 4	Supply and Delivery of Service Connection Materials	1	Dax Contracting Services	Yes	Yes	0	15,120,000	40,500,000	G\$	250,000	G\$	Yes	Yes	Yes	0
0				2	National Hardware Investment Inc	Yes	Yes			15,300,000	250						
0				4	David Persaud Investment	Yes	Yes			14,490,000							
0				5	N Lachman Business Establishment & Civil Works	Yes	Yes			25,200,000							
				4	4	4		14,490,000									
5		75/13 Lot 5	Supply and Delivery of Service Connection Materials	1	Dax Contracting Services	Yes	Yes	0	71,750,000	84,200,000	G\$	1,250,000	G\$	Yes	Yes	Yes	Caricom
0				2	National Hardware Investment Inc	Yes	Yes			78,774,200							

Works And Goods - Bidders/Contract Awards
Tender Details

Tender Number	Procuring Entity	Reference Number	Tender Description	Bidder Number	Bidder Name	Tender Submitted	Financial Bid Opened	No Of Copies	Eng/Cost Estimate	Quoted Price Bid Amount	Unit	Bid Security Amount	Currency	Form of Tender	NIS	IRD	Drawn On Institution
0		75/13 Lot 5		3	Manohar Services	Yes	Yes			78,300,000	G\$	1,250,000	G\$	Yes	Yes	Yes	Caricom
0				4	David Persaud Investment	Yes	Yes			66,000,377	G\$						
0				5	N Lachman Business Establishment & Civil Works	Yes	Yes			128,720,000	G\$						
				5		5	5			66,000,377							

October 14, 2014

Mr Aubrey Roberts
Executive Director - Proverement
Guyana Water Incorporated
Vlissengen Road, Bel Air
Georgetown

A 2014/10/15

Dear Mr. Roberts,

RE: Contract GWI 201/C4210 - Galvanized Pipes

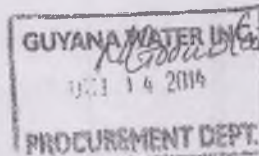
We regret to inform you that we are unable to meet our obligation under the above contract. This is a result of a false Bill of Laden being presented to our bank by our supposed supplier in an attempt to fraudulently uplift payments for pipes that were never shipped.

Given the above, we are hereby requesting a termination of contract without prejudice. Attached is a managers cheque refunding the advance payment.

Again, I deeply regret not being able to supply the above pipes and the inconvenience it has caused.

Regards,


Darenanand Manohar
MANOHAR SERVICES


GUYANA WATER INC.
OCT 14 2014
PROCUREMENT DEPT.



Guyana Water Inc.

Corporate Complex, Vlissengen Road and Church Street, Bel Air Park,
Georgetown, Guyana. Tel: 225-0471/6; Fax: 225-0478; E-mail: pro@gwi.gy

16 October 2014

Mr. Darshanand Manohar
Manohar Services General Construction and Supply
Suite 2026 700 Humberwood BLVD,
Etobicoke, Ontario
M9W 7J4
Canada

Dear Mr. Manohar,

Re: Procurement of Service Connection Materials, Lots 1-4
(Lot 1 – Galvanized Pipes)

This letter serves as a termination to the above mentioned contract. It is in the interest of the company to take this action in accordance with General Conditions Contract (GCC 10.1 a).

Guyana Water Inc. hereby acknowledge receipt of your letter dated 14 October, 2014 with an attached Manager's Cheque payable to GuyanaWater Inc for the sum of fifteen million four hundred thousand (Guyana) Dollars (G\$15,400,000) refunding the advance payment for Contract 2014/4210 – Galvanised Pipes.

Yours truly,

A handwritten signature in black ink, appearing to read 'Nigel Niles', is written over a dotted line.

Nigel Niles
Director of Corporate Services/Company Secretary

2014/10/16.
[Handwritten signature]

C. Aubrey Roberts – Director of Finance
Shaik Baksh – Chief Executive



21 June 2013

Mr. Donald De Clou
Chairman

National Procurement and Tender Administration Board
Main & Urquhart Streets, Georgetown, Guyana

Dear Mr. Donald De Clou,

Re: Supply & Delivery of Water Meter Boxes
ICB No: GWI – GOG – P016 – 2013
OBJECTION TO AWARD

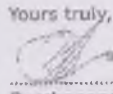
In accordance with Section 52 of the Procurement Act, I hereby make request for a review into the evaluation and recommendation of award of contract for the captioned IFB.

Despite our bid satisfying all of the technical and bidding requirements at the lowest tendered price, we have noted cabinet's no objection dated 20 June 2013 to a recommendation of award of contract to a bidder whose tendered price is almost G\$9M above ours. We were informed that this decision was made on the premise that their proposed box is equipped with a more superior valve. Not only does our meter boxes meet the **minimum** requirements, but almost 6000 are currently being installed under Guyana Water Inc. metering projects in Rosehall and Pouderoyen.

It is also alleged that our box was not supplied with a special anti fraud valve and key according to the specifications which states *"High quality three-way trickle flow ball valve made from brass or bronze to be fitted in the meter box on the upstream side of the water meter. This valve must be controlled by a special key which is to be supplied under the contract and must form a composite with the key for the lid."* Please see attached a delivery note of our sample submitted to the procurement entity signed by GWI's Ms. Shelton James showing all components of our box including valve and key. Additionally, a sample of our this same box was presented to GWI, Mr. S. Baksh, Mr. D. Shako and Mr. A. Roberts on March 05, 2013 who indicated approval of our meter box meeting the entity's requirements.

Given all of the above, we are seeking a review of the evaluation and recommendation of award taking into consideration our price and our meter box meeting all of the requirements

Yours truly,


MANOHAR SERVICES
Suite 2026 - 700 Humberwood Blvd.
Etobicoke, ON Canada M9W 7J4
Tel: 416-292-4598 Fax: 416-292-0427

Darshanand Manohar
General Manager

cc: Hon. Irfan Ali – Minister of Housing & Water
Mr. Shaik Baksh – CEO GWI
Mr. E. Mc Garrel – Permanent Secretary, Ministry of Housing & Water
Corporate Management GWI (N.Niles, A.Roberts, R.Jailal, J.Codette, J.Ram, G.Doris,
E.Aaron
Board of Directors GWI (R.Dookhoo, D.Seeraj, S.Narine, D.King-Tudor, T.Balgobind,
D.Dyal)

To: Mr. Nigel Niles - Director of Corporate Services/Company Secretary
From: Executive Director, IPI
Subject: **Response to letter dated June 4, 2015- Procurement of Billboards**
Date: 2015-06-05

Your letter dated June 4, 2015 refers.

Kindly note that I was advised by the Chief Executive (CE) that the Minister of Housing had requested the erection of twenty (20) billboards across the country about the infrastructural works done within GWI. It was also mentioned that the Printery firm (Impressions) provide the service, based on a quotation that was submitted. Based on the request of the CE, I prepared a memorandum requesting the service to be obtained. This was subsequently processed through the Procurement Department for Management Tender Committee approval.

I had no involvement in the procurement process thereafter and it is my belief that due diligence should have been executed to ensure that the GWI Tender Board rules are followed in all procurement process.

My recommendation in the initiation document was based on an instruction received from the CE and I did not thought it necessary at that time to look for compliance in the Tender Board Rules, since the procurement process would have been required to be followed.

I wish to record that my initiation was never an intentional act to breach the Tender Board Rules and express my apology for any inconvenience this has caused to GWI.

Yours sincerely,

Ramchand Jailal
Executive Director, IPI

Exhibit 1

✓ No contact information of issuing personnel

CASH RECEIPT

NO.

Date 17/01/15

Received from S. Baksh

The Sum of Twenty thousand Dollars

Being Paid For Hire Speedboat - Charity to

Upper Pomerom

Thank You

Krishna Narine
SIGNATURE

\$ 20,000

CASH RECEIPT

NO.

Date 18/01/15

Received from S. Baksh

The Sum of Forty thousand Dollars

Being Paid For Hire of Speed boat Parika / Supenam /

Parika on 17/1/15 and 18/1/15

Thank You

M. Jethoo
SIGNATURE

\$ 40,000

↑
No contact information provided
on the bills above.

Cash Receipt

Date 7/2/15

Received from S. Baksh
The Sum of One hundred & Twenty Thousand Dollars
Being Paid For Hire Vehicle Lethem / Bon / Vista
Lethem for one day

\$ 120,000

Thank You

Sig. R. Ramcharan

CASH RECEIPT

NO.

Date 6/2/2015

Received from S. Baksh
The Sum of Twenty Thousand Dollars
Being Paid For Hire of Vehicle Lethem / KATHER / Baiton / shulinah /
Potarinas / Lethem

\$ 20,000 00

Thank You

G. Conach
SIGNATURE

CASH RECEIPT

NO.

Date 5/2/2015

Received from S. Baksh
The Sum of one hundred & Forty Thousand Dollars
Being Paid For Hire of Vehicle Lethem / Achawib / Aishaton / Lethem

\$ 140,000 00

Thank You

G. Conach
SIGNATURE

No contact information provided on the bills above

Exhibit 2



✓ Like hand writing and formation of letters

CASH RECEIPT

NO.

Date 21/8/14

Received from
The Sum of
Being Paid For

S. Baksh
Sixty Thousand Dollars
Use of special part worked to charity

\$ 60000

Thank You

M. H. ...
SIGNATURE

CASH RECEIPT

NO.

Date 12/01/15

Received from
The Sum of
Being Paid For

S. Baksh
Twenty Thousand Dollars
Use of special part Baksh / Subramaniam

\$ 20000

Thank You

M. H. ...
SIGNATURE

CASH RECEIPT

NO.

Date 20/11/14

Received from
The Sum of
Being Paid For

S. Baksh
Thirteen thousand Dollars
Meals & accommodation

\$ 13000

Thank You

M. Neelam
SIGNATURE

CASH RECEIPT

NO.

Date 23/10/14

Received from
The Sum of
Being Paid For

S. Baksh
one hundred & Twenty Thousand Dollars
hire of vehicle - to them - AUNAI - KATHUR - AICHALDIN

\$ 120000

\$120000 Thank You

Nobendra Bhatia
SIGNATURE

Nobendra
SIGNATURE

✓ Bills issued from different persons in different locations but from same bill book

CASH RECEIPT

NO.

Date 5/12/14

Received from S BAKSH

The Sum of Eighty thousand Dollars

Being Paid For Hire of Speedboat Santa Rosa -
Waramun return for one day

\$ 80 000

Thank You

K Ramlall
SIGNATURE

CASH RECEIPT

NO.

Date 6/12/14

Received from S BAKSH

The Sum of Eighty thousand Dollars

Being Paid For Speed Boat Motuka / Waikerabi /
Cattota / Hainacaba return

\$ 80 000

Thank You

K Ramlall
SIGNATURE

CASH RECEIPT

NO.

Date 4/12/14

Received from S BAKSH

The Sum of one hundred & sixty thousand Dollars

Being Paid For Hire of Speed Boat Panika -
Motuka on 4/12 and return Motuka - Panika on 6/12

\$ 160 000

Thank You

K Ramlall
SIGNATURE

CASH RECEIPT

NO.

Date 4/12/14

Received from D. Baksh

The Sum of forty thousand Dollars

Being Paid For Panika / Supernam / Panika
hire of speed boat

\$ 40 000

Thank You

Gauri Singh
SIGNATURE

CASH RECEIPT

NO

Oct 17/61 1913

Received from

S. Baska

The Sum of

Five Dollars and

Dollars

Being Paid For

Here Standard Charities

with Receipt

\$ 5.00

Thank You

Richard Jensen
SIGNATURE

CASH RECEIPT

NO

Oct 18/61 1913

Received from

S. Baska

The Sum of

Five Dollars and

Dollars

Being Paid For

Here Standard Charities

with Receipt

\$ 5.00

Thank You

H. Jensen
SIGNATURE

✓ Issuing Individuals who “supposedly” issued the receipts from one location issued another at a different location

CASH RECEIPT

NO.

Date 4/12/14

Received from

S. Baksh

The Sum of

forty thousand

Dollars

Being Paid For

Panika / Supercam / Panika

hire of speed boat

\$ 40,000

Thank You

Gavin Singh

SIGNATURE

NO.

Cash Receipt

Date 18/6/14

Received from

S Baksh

The Sum of

Eighty thousand

Dollars

Being Paid For

Hire of speed boat to Urcalla and Siparuta

\$ 80,000

Thank You

Sig. Gavin Singh

Exhibit 3

✓ Bill submitted for the hire of taxi in T&T

15831

GUYANA WATER INC.
PETTY CASH / ADVANCE VOUCHER

URGENT

Payee: NASHETA GORUDAT

Details: Visit to
Water Authority
Trinidad & Tobago

Advance amt. (in words): Five hundred
US Dollars

Prepared by [signature]: [Signature]
[Name-block letters] N. GORUDAT [Date] 2014/09/04

Voucher number		
GS Advance		
Advance date	Proposed clearance date	Actual clearance date
	8.9.14	

Approved by [signature]: [Signature]
[Name-block letters] E. RAMGOOLAN [Date]

Received by [signature]:
[Name-block letters] [Date]

Shaded areas are to be completed by the Finance Department

CASH RECEIPT

No:

Date: 05/09/14

Received From S. Bakth
the sum of Four hundred U.S. dollars

Being paid for Hire of Taxi from P.O.S. - San Fernando
Chaguaramas P.O.S.

\$U.S. 400.00

Thank You

Signature N. Ramgoolan

Exhibit 4

✓ Proven fictitious bills

GUYANA WATER INC.

Villegaignon Road, Church Street, Bel-Air Park, Georgetown, Guyana.
Tel: (892) 227-1399, 227-1311

REMITTANCE ADVICE

Cheque No. 950013014

950013014

Invoice Date	Invoice No.	Description	Invoice Amount	Payment Amount
	17259	Advance for site visit	360,000	360,000
Totals				

GUYANA WATER INC.
FINANCE DEPARTMENT
PAID

2014/04/27

DETACH AND BE PRESENTING TO THE PAYEE

2014 - DMC #31 - Adv - clearance.

codes

out side
HMC

360,000 (5305)

Apply
prepayment

[Signature]

CASH RECEIPT

NO.

Date 4/12/14

Received from

S. BAKSH

The Sum of

forty thousand

Dollars

Being Paid For

Panika / Supernaam / Panika

hire of speed boat

\$40000

Thank You

K Ram Lal
SIGNATURE

CASH RECEIPT

NO.

Date 4/12/14

Received from

S BAKSH

The Sum of

one hundred & fifty thousand

Dollars

Being Paid For

Hire of Speed Boat Panika

Motuka on 4/12 and return Motuka - Panika on 6/12

\$150000

Thank You

K Ram Lal
SIGNATURE

CASH RECEIPT

NO.

Date 5/12/14

Received from

S BAKSH

The Sum of

Eighty thousand

Dollars

Being Paid For

Hire of Speed Boat Santa Rosa

Waikarabi return for one day

\$80000

Thank You

K Ram Lal
SIGNATURE

CASH RECEIPT

NO.

Date 6/12/14

Received from

S BAKSH

The Sum of

Eighty thousand

Dollars

Being Paid For

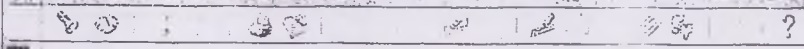
Speed Boat Motuka / Waikarabi /

Calota / Hamalaha return

\$80000

Thank You

K Ram Lal
SIGNATURE



0 SFK 2/1

Type	Operating Unit	Trading Partner	Sub	Number	Supplier Site	Trading Partner Address
	GWL Operating Unit	GAIKA HOLDER	1300		SITE ADVANCE	Incare of Guyana Water

Invoice Number	Invoice Date	Amount	Invoice Type
17259	04-DEC-2014	360,000.00	ADVANCE

Created By: AINSHANALLY
 Creation Date: 04-DEC-2014 12:02:29
 Table Name: AP_CHECKS_V
 Updated By: SSAMAD
 Update Date: 11-FEB-2015 17:26:29

OK

Advance for site visit

Invoice Overview

Processed

Payment Overview

Exhibit 5

✓ Bills produced for election day



Cash Receipt

Date 9 / 5 / 15

Received from S. BAKSH

The sum of FIFTY FIVE Thousand ~~55000~~ dollars

Being payments for HIRE of Speed Boat - Parikya / Suranaam / Parikya return

\$ 55000 ~~00~~

Hyda Ikhana
With Thanks

THIS IS OUR ONLY OFFICIAL RECEIPT

CASH RECEIPT

NO.

Date 11 / 5 / 15

Received from S. Baksh

The Sum of Two hundred and forty five thousand Dollars

Being Paid For : Hire of speed boat in charity to Santa Santa Rose, Moruta return (2) Santa Rosa to Mahanuma return

\$ 245,000

Thank You

Rohit Persaud.
SIGNATURE

Exhibit 6

- ✓ Reimbursement of unauthorized medical claims



GUYANA WATER INC.

Vilssengen Road & Church Street, Bel-Air Park, Georgetown, Guyana.
Tel: (592) 227-1399, 227-1311

①

REMITTANCE ADVICE

Water Meter No. 111

Water Meter No. 111

Payment Date: 2015-04-24

Vendor No. 111

ESTHARIC BAKSH

Cheque No. 950014986

950014986

24 April 2015	19559	Refund to CE	29,000	29,000
Totals			29,000	29,000

Handwritten signature and date: 24/4/15

PLEASE DETACH BEFORE PRESENTING FOR PAYMENT

Payee:

Shaik Baksh

Details:

Referred for X-ray
same physiotherapy for
same referred patient
which is due

FINANCE DEPARTMENT
APR 24 2015
RECEIVED

Advance amt. (in words):

Actual amt. (in words):

Two and dollar

Refund receipt number: 9965

Prepared by (signature): *Omika Hemder*

[Name-block letters] Omika Hemder [Date]

April 24, 2015

Checked by (signature):

[Name-block letters] [Date]

Voucher number

GS Advance	GS	Account code
	2000	
\$	\$	
Advance date	Proposed clearance date	Actual clearance date

Approved by (signature): *Mr. Daigopaul/Ram*

[Name-block letters] MR. DAIGOPAUL/RAM [Date]

Received by (signature):

[Name-block letters] [Date]

St. Joseph Mercy Hospital

9965

-Receipt for Cash Payment-

Name: Shek Baxsh

Date: 23.09.2015

Address:

Department

Particulars

Charges

X-Ray

Four thousand

4000

TIN 010083745

RECEIVED PAYMENT with Thanks
The Catholic Hospital

Signature:

B. Khan

Guyana Orthopedic Clinic

349B East Street, North Cummingsburg, Georgetown.
Phone: 231-9934

Care: Shek Baxsh Date: 22/4/15

Birth: _____

Please acknowledge patient is PT

Lasix
Paracetamol
Phonofrenin &
exercises

Sessions - \$25,000

Thanks

TUTE
Glen E. Del Toro Physician
Signed: _____
No. 0000

3-3-15 - Director of Finance's Signature.

BILL TO: SHAIK BAKSH
 ATTENTION: THE ACCOUNTANT.

PAYMENT TO: DR. GISEL DEL TORO PLACIDO INVOICE: SB 02/15
 GUYANA ORTHOPEDIC CLINIC
 349 B EAST STREET AMOUNT DUE: \$50,000
 N/C/BURG, GEORGETOWN
 TEL: 231-9934 DATE DUE:

DATE:	PATIENT NAME	CERT	TOTAL
-------	--------------	------	-------

28/02/15
 DIAGNOSIS: CALCIFIC BURSTITIS LT SHOULDER/ CERVICAL DISCS PROLAPSED

FINANCE DEPARTMENT
 MAR 04 2015
 RECEIVED

TREATMENT: PHYSIOTHERAPY
 10 Sessions- TENS-I, Laser Phonophoresis
 Each session is \$5,000 \$50,000

TOTAL \$50,000

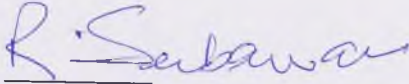
Dr. Gisel E. Del Toro Health
 No. 2008.

Gisel Del Toro
 for payment Medical
 treatment for injury
 sustained on return
 GWS trip from Letham
[Signature]
 2/17/15

Conclusion

We thank the Chairman and members of the new BOD, management and staff who have provided support to us this audit.

Yours sincerely,



R. Seebarran