



# GUYANA GOLD BOARD

Special investigation into financial operations and functioning

08 March 2016

Ram & McRae

08 March 2016

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

Dear Minister:

Re: Special investigation into financial operations and functioning of the Guyana Gold Board.

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

Unfortunately, we did not receive a response from management to the draft report sent on 26 January 2016, in this regard the report was finalised without management's comments.

We extend our thanks to the staff of the Department of Natural Resources and the Environment in the Ministry of the Presidency and the Guyana Gold Board for the co-operation received during our investigation.

Yours faithfully,



L.C. Ram  
Managing Partner

## Executive Summary

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

### ***Losses and financial position***

1. Over the three years 2012 to 2014 the Board made losses totaling \$10,077.6Mn. Of this the Board recorded a gross loss of \$9,716.6 million (96.4%) in 2013 compared with a gross loss of \$281.4 million in 2012 and \$79.6 million in 2014.

Because of the significance of the loss in 2013 we carried out an extensive month-by-month analysis for the year in an effort to identify the source of the year's loss. Matters taken into account were: opening and closing inventory, purchases and sales of gold, and price movements. That exercise shows that losses as a result of the fall in gold prices amounted to \$9,994.1Mn while other stock losses and exchange gains totaled \$345Mn and \$624.1Mn respectively, a net position of \$9,715.4Mn. Difference can be due to a number factors including rounding and was therefore not further investigated. The other stock losses reported here is a result of averaging of purity factors used in purchasing.

From our inquiries, the Board seemed uncertain how to respond to changing market conditions and continued to hold large quantities of gold even as the price declined further. **(See section 3.5.1)**

2. At May 2015, the Gold Board owed the Ministry of Finance \$8,731.6 million for advances received in September 2012. At the same date the balance on the Gold Board's current account with the Bank of Guyana was an overdraft of \$8,820 million, making a total of \$17,552 million. **(See section 3.5.1)**

At the same date, the Gold Board had gold valued at weighted average cost of \$7,775 million which exceeded market value by approximately \$72 million. **(See section 3.5.4)**

3. It does not seem that the Gold Board would be able in the foreseeable future to discharge its obligations to the Ministry of Finance or to liquidate its overdraft with the Bank of Guyana. Moreover, the Gold Board Act is silent on how permanent losses are to be dealt with and consideration needs to be given for a re-capitalisation of the Gold Board.

### ***Governance***

4. We noted a number of governance issues over the period of the audit. These included:
  - The Guyana Gold Board Act provides for a maximum of seven directors. During the year 2012 and 2013 there were ten directors and in 2014 and in 2015 there were nine. **(See section 3.1.1)**
  - The Chairman of the Board is also the Governor of the Bank of Guyana which is a customer of the Gold Board. We suggest that a person independent of the Gold Board be appointed Chairman.

- Copies of the Board and Sub-Committee minutes received either carried one or no signatures. Accordingly, we are unable to pronounce on the reliability and accuracy of the Minutes presented to us. **(See section 3.1.1)**
  - Our understanding is that following the elections in May 2015, the Board has been put on hold and consequently has not held any meeting.
  - We think this is an unsatisfactory state of affairs and that the Board either be replaced or re-constituted so that the business of the Gold Board can be conducted. **(See section 3.2.2)**
  - The Board has three Sub-Committees – Technical, Audit and Finance and Human Resources. Our inquiries and review of records suggest that the Sub-committees did not execute all of their roles in accordance with the TORs. **(See section 3.2.3)**
5. The Board has failed to meet its obligations for the years under review with regards to submission of annual reports under Section 17 of the Act, while the subject Ministers have failed to meet their obligations since the last annual report we obtained from the Parliamentary Library was for 2008. **(See section 3.1.1)**

Such a situation is inexcusable and every effort made to ensure that the requirements of the law are complied with.

#### ***Appointment of the General Manager***

6. In January 2015 Ms. Lisaveta Ramotar, the daughter of then President Ramotar, assumed the position of General Manager following a process involving among other things, a telephone interview. While the scores awarded by the individual members of the interview panel suggested some skewering against one of the applicants, one of the interviewers Mr. Jeffrey Thomas who is not known to be sympathetic to President Ramotar or his Party told us that he had in fact awarded Ms. Ramotar the highest points on the scale.

Notwithstanding, it does appear that the scores were loaded against the applicant Dr. Yog Mahadeo and he ought to have been rated higher. **(See section 3.2.4)**

#### **The role of the Ministry of Natural Resources and the Environment**

7. The Gold Board Act vests in the Minister the power to give directions of a general or special character as to the policy to be followed by the Board and also requires the Minister to approve the appointment of and the remuneration payable to the General Manager, Secretary and such other officers and other employees.

Contrary to such powers, the Ministry:

- Appointed Mr. Bobby Gossai, Senior Policy Analyst/Adviser in the Ministry of Natural Resources and the Environment as Secretary to the Board. **(See section 3.1.2)**
- Advised the Gold Board through its appointed Secretary that the termination package of the General Manager was notified to the Board and “that the package cannot be negotiated by the Board”. **(See section 3.2.4)**
- Caused to be signed by the Gold Board employment contracts for several individuals engaged by the Ministry of Natural Resources and to pay their salaries. **(See section 3.4.1)**
- Caused the Gold Board to make payments on expenditure for the Ministry amounting to \$63,190,148 which were treated as Guyana Gold Board’s expenditure and thereby overstating the losses of the Board by an equivalent sum. **(See section 3.4.1)**

#### **Improper conduct by the Secretary**

8. During the course of our engagement, we were advised that the Board Secretary improperly lifted the signature of the Chairman from one document and improperly used it in a letter purportedly from the Chairman to the then General Manager. This information was confirmed by the Chairman and the then General Manager. **(See section 3.2.4)**

#### **Bartica**

9. On April 4, 2014, there was a report of impropriety in the purchase of gold at the Bartica Branch following the discovery of yellow coated metal among gold purchased. The matter was reported to the Police and investigations were conducted both by the Gold Board and the Police.

The final report was submitted to the Director of Public Prosecutions who advised that while there was evidence of negligence, the evidence was not sufficient to charge anyone and that more investigations were required.

No other reports were received detailing any further actions taken after the recommendations were made by the office of the DPP. **(See section 4.3)**

The value of the loss was put at approximately \$10 million.

10. During the course of the audit rumours persisted that one dealer habitually sold his gold to the Gold Board’s operation at Bartica delivering his gold late in the afternoon. Responding to that rumour we tested several transactions by the dealer from the computer records maintained by the Gold Board. The records contain the name of the dealer, time and date, quantity, gross value and net amount of the transaction as well as the purity level of the gold sold.

Our tests showed that purchases were made around mid-morning on each day around which time price declared by the Gold Board would change. What was interesting however is that the dealer invariably received the higher of the two prices for the day which raises the possibility that he had information from inside the Gold Board.

The value of the transactions with the Gold Board by the dealer during the years 2012 to 2014 was as follows:

Year	Value of purchases \$
2012	26,069,020,191
2013	15,926,565,423
2014	324,560,539

It should be noted that sales by this individual to the Bartica office were the highest of the top sellers in both 2012 and 2013 with 82,459 ozs. and 58,511 ozs. respectively based on the list of top sellers. These amounts vary slightly from that shown by the GPMS systems of 80,265 ozs. and 58,487 ozs. for 2012 and 2013 respectively.

Significantly, once the Bartica branch was closed following the incident referred to in paragraph 9, the dealer ceased doing business with the Gold Board. For further information of transactions carried out by the dealer, please **see section 3.5.3.**

### **Curacao**

11. On November 30, 2012 there was a report of four hundred and seventy six pounds of gold seized by the authorities in Curacao. A team from the Guyana Geology and Mines Commission visited Curacao and reports persist that the gold may have originated from Guyana. The Curacao authorities reported receiving electronic documentation from Guyana on the intended shipment of gold.

The report was provided to the Minister of Natural Resources and the Environment and it appears that recommended actions were not pursued, reducing the chances of identifying and prosecuting the shipper.

We believe that the occasion provided an opportunity for the Gold Board and the Police to carry out visits to the business places of the larger gold dealers in Guyana. We are surprised that this was not done by any of the regulatory or enforcement agencies. **(See section 4.1)**

Our recommendation is that this investigation should be pursued with such regional and international assistance considered necessary. The objective is to bring this matter to a conclusion, ascertain how it was perpetrated, punish the wrongdoers and put safeguards in place to avoid any recurrence.

## ***Anti-Money Laundering***

12. Under the Anti-Money Laundering and the Combating the Financing of Terrorism Act the Guyana Gold Board is both a reporting entity as well as an appointed Supervisory Authority. We have had a number of discussions with the Director of the Financial Intelligence Unit (FIU) who is also a director of the Gold Board.

It appears from those discussions that the Gold Board is failing to carry out its functions in both capacities which can result in money laundering going undetected in what is generally seen as a high risk sector. **(See section 4.4)**

Gold is widely considered to be one of the means of laundering money and facilitating other criminal activities in Guyana. In our opinion, the Gold Board will need to strengthen its capacity to undertake its dual obligations as a reporting entity and appointed Supervisory Authority.

We therefore recommend:

- that the Board undertake, in consultation with the Financial Intelligence Unit of the Ministry of Finance and such other bodies as it considers appropriate, a thorough evaluation of its obligations under the Anti-Money Laundering and Combatting the Financing of Terrorism Act;
- establish procedures for discharging those obligations; and
- recruit such staff as is necessary.

## ***VAT Fraud***

13. Two major suppliers to the Gold Board during 2014 and 2015 were Safewatch Inc. and New Technologies Enterprises. During the period payments to these entities totalled \$35,535,956 and \$38,611,083 respectively. For Safewatch Inc. total payment of VAT amounted to \$6,459,750.

Our investigation indicates that certainly in the case of Safewatch Inc. there is evidence of VAT fraud as Safewatch Inc. is not registered for VAT and cannot therefore charge VAT. In the case of Mr. Mangar, no invoices were seen by us but according to an extract of his contract with the Gold Board "Value-Added Tax shall be imposed on the goods in Guyana". Mr. Mangar is also not registered for VAT. **(See section 3.4.4 and 3.4.5)**

We recommend that the transactions involving Safewatch Inc. and Mr. Mangar be referred to the Guyana Revenue Authority with a view to recovering such revenue improperly charged and appropriated and consideration be given to criminal proceedings taken as appropriate.

We also recommend that the practice of making payments based on pro forma invoices be discontinued immediately.

### ***Purchase and sale of gold***

14. Section 5 of the Gold Board Act provides the mechanism for the purchase price and the selling price for gold used by the Gold Board and requires notification in the Gazette. However, there has been non-compliance with this requirement since 1983. **(See section 3.1.1)**. In practice, the Board uses the London Bullion Market Association which fixes the price per troy ounce twice daily for sales and purchases. In the event of a price increase or decrease between the timing of the fixes, the Board would be buying gold at a lower or higher price than the market. **(See section 3.1.1)**

The rate of exchange from USD to GYD used by the Board for gold purchases is based on an average of the six commercial banks less GY\$4.25. We were advised that this is based on an agreement between the Guyana Gold & Diamond Miners Association (GGDMA) and the Gold Board. Management was however, unable to provide us with a copy of the agreement. **(See section 3.4.2)**

We recommend that the law be amended to set the purchase price at the real time price on the international market. This will require a change in the law and the subscription to an international online market service. To avoid any manipulation in the computation of the price paid, the software being used would have to be modified to include the price prevailing at the time of purchase.

With respect to the agreement with the GGDMA we recommend that the GGDMA be approached for a copy. In the unlikely event that they too are unable to locate their copy, that a new agreement be entered into based on prevailing conditions.

### ***Bank of Guyana***

15. The Secretary of the Board advised that discussions were held between the Minister of Natural Resources and the Environment and the Governor of the Bank of Guyana authorising three transfers of gold to the Bank of Guyana during the period. This is not only a usurpation of the functions of the Board by the Minister but also placed the Governor of the Bank of Guyana in a conflict of interest position since he is also Chairman of the Gold Board. **(See section 3.4.2)**
16. On 30 December 2013, the prices of gold according to Kitco on this day were US\$1,201.5 and US\$1,204.5 per ounce while the actual transaction price was US\$1,200 which appears to have been a rounded sum. If the sale of 60,000 ounces to the Bank of Guyana was calculated at the two prices quoted by Kitco, the Gold Board would have received either GY\$18,200,340 or GY\$55,231,740 more than the actual transaction price. **(See section 3.4.2)**

We recommend that the transactions between the Bank of Guyana and the Gold Board be reviewed and the Gold Board paid for any underpayment.



## ***Non-Enforcement***

17. Our audit revealed that key provisions of the Act are not complied with. These include:

- Section 8 which requires that subject to section 9, all gold must be sold to and purchased from the Gold Board;
- Section 9 which gives the Board the authority to grant licences to hold, sell or export gold. (**See section 3.1.1**)

Our audit also indicates that the Board has consistently failed to monitor compliance with the conditions under which licences are issued to dealers. According to the General Manager the Gold Board does not have systems in place to monitor section 8 and 9. (**See section 3.1.1**).

These are two key enforcement provisions in the Gold Board Act and the Board should ensure that it has the capacity to enforce the Act. We therefore recommend that steps be taken to ensure that the Board can enforce both provisions.

18. Section 21 of the Act authorises the Gold Board to carry out searches of persons and premises. This is an important enforcement provision in the Act and with the suspected widespread violations of the Act, it is curious that the Gold Board has not availed itself of the provision to search premises. This culture of inaction may have been interpreted by violators as a licence to carry out further and more serious violations. (**See section 3.1.1**)

This is another key enforcement provision in the Act and the Board which requires vigorous enforcement. We therefore recommend that steps be taken to ensure that management is provided with the requisite resources to enforce this provision.

19. The Internal Auditor advised that recommendations made upon the review of the Standard Operating Procedures were not implemented by Management. (**See section 3.3.3**)

20. A review of the recommendations by Parmesar, Chartered Accountants based on their systems reviews revealed that a number of recommendations were either partially implemented or not implemented. (**See section 3.3.4**)

## ***Agreements***

21. During the period under review gold was stored at both Citizens Bank (Bartica & Charity) and Bank of Guyana. The quantities of gold stored at Citizens Bank ranged between 164 Ozs to 20,078 Ozs at Bartica and 120 Ozs to 5,001 Ozs at Charity. The Gold Board does not have any agreements with the Bank of Guyana and Citizens Bank for the storage of gold. (**See section 3.4.2**)

22. During the period under review the Gold Board was involved in two lease contracts. One contract was with Shawn Hopkinson for the property at Bartica while the other was with Alfro Alphonso for the

property at Charity. It is our opinion after the review of both contracts that they were not executed according to the terms of the agreement. **(See section 3.4.3)**

23. Royal Canadian Mint and Guyana Gold Board (GGB) entered into Contract #LS2006 096 in August, 2006 for a term of five years with an option to extend an additional one year. This contract was not renewed upon expiration but transactions between the two entities continued. **(See section 3.4.6)**
24. The agreement with Mitsui & Co. Precious metals Inc. appears to have worked without any disagreement or controversy but it is open to question whether it has operated to the greatest possible benefit to the Gold Board. In our opinion the Gold Board does not have the expertise to operate and give instructions on gold transactions in a commodity with a history of volatility. **(See section 3.4.7)**

#### ***Audit Issues***

25. A quotation is not an invoice and no payment should be made on such a document. During our review we noted several payments which were made on quotations. This increases the risk of payments being made for goods and services which were not actually received or payments being made more than once for items. **(See section 3.4.3)**
26. Although the Gold Board was and is involved in several contracts, only one tender evaluation report was received for the contract with JPM's General Construction and Engineering Services for the extension of the Guyana Gold Board Office Space. Evidence suggest that the Gold Board has failed to comply with the requirements of the Procurement Act 2003. **(See section 3.4.3)**
27. There were nine employees of the Gold Board whose accumulated annual leave exceeded the number of days they were entitled to per annum. Of the nine employees, eight requested to take leave, however, this was not approved by the then General Manager. **(See section 3.4.9)**
28. A review conducted on the Dealers' files revealed that licences were issued to Dealers although they had not complied with all the requirements of the Dealership Application Register such as submitting Tax and NIS compliance and recommendations. It was also noted that the Dealership Application Register was incorrectly completed with items marked as submitted although they were outstanding. **(See section 3.5.3)**
29. The following were noted based on discussions with the Internal Auditor and on our reviews:
  - Internal audit staff were recruited by the Ministry with the Internal Auditor playing no part;
  - There are no procedures in place for dealing with conflicts of interest of internal audit staff;
  - The annual audit plans are not coordinated with or reviewed by the External Auditors;
  - The Audit and Finance Sub-Committee does not conduct a periodic review of the work of the Internal Audit Department;
  - A register is not maintained of all audit engagements;

- Internal audit reviews gold sales and expenditure on a monthly basis. Other areas such as payroll and fixed assets were also reviewed;
- The proposed audit plan for 2015 does not state specifically the areas to be tested, staff allocation, budget of time and cost, starting date and deadline of each job and projected date of submission of reports; and
- The reports do not always contain responses from Management on findings noted.  
(See section 3.3.5)

30. Our review of the fixed asset register also revealed the following:

- Misclassification of assets amongst the various categories;
- Insufficient information on register;
- Acquisition dates are not stated;
- No asset numbers stated;
- Related costs not grouped together; and
- Depreciation of assets using the incorrect rates.  
(See section 3.4.8)

**Licensed Dealers**

31. During the period under review the following Entities and Individuals were issued with a Dealer's licence:

Name	2015	2014	2013	2012
Adamantium Metals	✓	✓	✓	-
Ahmad Trading	✓	✓	-	-
Azeem Baksh and Ramnarine	-	-	✓	✓
Dinar Trading	✓	✓	✓	✓
El Dorado Trading	✓	✓	✓	✓
Excel Mineral Inc.	✓	✓	✓	✓
GBTI Property Holding Inc.	✓	✓	-	-
Gold Nugget Run	✓	✓	✓	✓
Hope's Trading And Merchandise	✓	-	✓	✓
K.A.B Investments Inc.	-	-	✓	-
Miramar Investment Inc.	-	-	✓	✓
Mohamed Enterprise	✓	✓	✓	✓
National Gold Trust	-	-	✓	✓
Osaka Resources Limited	✓	✓	✓	✓
Pure Diamond Incorporated	✓	✓	✓	✓
Rong-An Inc.	-	✓	✓	-
<b>Total</b>	<b>11</b>	<b>11</b>	<b>14</b>	<b>11</b>

32. The records show that these dealers engage in volumes of transactions that may exceed those of the Gold Board. However, a significant portion of their exports is done by way of purchase and sale, i.e. trading. Assuming that this is correct, those transactions would be subject to Income Tax, if trading as

individuals under their natural or business names or Corporation Tax/Minimum Corporation Tax if trading as a company.

We recommend that the Gold Board undertake an analysis of the exports of all dealers separately identifying exports into own production and purchases. Each of these requires separate tax treatment and once the information is available, it should be forwarded to the Guyana Revenue Authority for their consideration and action. In our estimation, this could involve hundreds of millions of dollars in taxes.

We also recommend that the Act be amended to require that licences be granted only to incorporated entities which by law require an independent audit. Alternatively, if the Board decides to allow the continuation of the system whereby licences are issued to individuals, the requirement for an independent audit should be mandatory.

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## 1 Introduction

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

The Guyana Gold Board was established in 1991 under the Guyana Gold Board Act Cap. 66:01 primarily to carry on the business of trading in Gold and regulate the purchase and sale of Gold in Guyana. Under the Act, all gold produced in Guyana must be sold to the Board or an authorised dealer. The Board issues annual licences to a number of dealers to allow them to purchase, possess, sell and export gold. The purchase price for gold is fixed twice per day based on the price fixed by the London Bullion Market Association.

During the review period, the Board operated from its head office in Guyana and from branches in Bartica and Charity. The Board has had an oral agreement with Citizens Bank (Guyana) Inc. for the storage of gold in Bartica and for the transportation of gold to the Bank of Guyana.

The Board also has agreements with the Royal Canadian Mint for refining services and with Mitsui and Co Precious Metals Inc. for the sale of gold.

The Act provides for a Board of Directors while the Board itself has appointed Audit and Finance, Technical, and Human Resources sub-committees. The Gold Board is managed by a General Manager who reports to the Board of Directors. An Internal Audit function is also in place.

Over the period January 1, 2012 to December 31, 2014, the Board purchased and sold in excess of \$230 billion in Gold. However, losses were recorded in every year and for the three year period totalled over \$10.5 billion. Unaudited financial statements at May, 2015 show accumulated losses of \$9.4 billion and inventory of gold and silver of \$7.8 billion. These are financed by overdraft with the Bank of Guyana of \$8.8 billion and advances from the Ministry of Finance of \$8.7 million.

It appears that for the foreseeable future the Gold Board will not be able to clear its overdraft with the Bank of Guyana or repay the advances from the Ministry of Finance.



## 2 Scope

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

While the scope of our engagement was not limited, we were not provided with several documents and clarifications which might have provided additional information relative to the audit. We reserve the right, but are under no obligation, to supplement or amend our report upon the receipt of additional information.

Our draft report was submitted for comments from the General Manager on 26 January 2016, however, no comments were received as at 08 March 2016.

## 3 Findings and Recommendations

### 3.1 Statutory framework

#### 3.1.1 Applicable legislation

##### 3.1.1.1 *Guyana Gold Board Act*

The Guyana Gold Board was established under the Guyana Gold Board Act, Chapter 66:01, a summary of which is provided in Appendix B. The Act, being Act 12 of 1981, was amended in 1987 in respect of amnesties, and in 1994 to strengthen the requirement to sell gold to the Guyana Gold Board, to extend the meaning of officer, increase penalties and to address other matters.

Our comments on individual sections of the Act follows and should be read in conjunction with Appendix B.

#### *Section 3. Establishment of the Board.*

The following persons sat on the Board during the period under review:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Chairperson	Gobind Ganga	Gobind Ganga	Gobind Ganga	Saisnarine Kowlessar
Secretary	Bobby Gossai, Jr	Bobby Gossai, Jr	Bobby Gossai, Jr	Bobby Gossai, Jr
Directors	Pavita Ramkissoon Jacques Foster Dabria Markus Jeffrey Thomas Paul Geer Nareshwar Harnanan	Pavita Ramkissoon Jacques Foster Dabria Markus Jeffrey Thomas Paul Geer Patricia Bacchus	Pavita Ramkissoon - Andron Alphonso Jeffrey Thomas Paul Geer Patricia Bacchus	Pavita Ramkissoon - Andron Alphonso Jeffrey Thomas Paul Geer Patricia Bacchus
GGMC Commissioner	Karen Livan	Rickford Vieira	Rickford Vieira	Rickford Vieira
General Manager	Anantram Balram	Anantram Balram	Anantram Balram	Lisaveta Ramotar
Number of persons	10	10	9	9

The Compliance Officer was present on the Board as an observer in 2014 while the Assistant General Manager was present as an observer from 2013 to 2015. The Assistant General Manager acted in the capacity of the General Manger during his/ her absence on the Board.

The number of persons sitting on the Board exceeded the maximum of 7 persons specified under section 3. All members, except those who are GGB employees, received fees of \$6,000 and allowances of \$6,000 for each meeting of the Board or a sub-committee attended in 2015.

The Board has appointed three Committees, namely Audit and Finance, Technical and Human Resources. Several minutes of meetings of the Audit and Finance Committee were received and the Committee appeared active. However, minutes of only two meetings in 2014 of the Technical Committee were presented to us while we did not receive any minutes of meetings of the Human Resources Committee for the period under review.

#### *Section 4. Functions of the Board.*

The functions of the Gold Board are set out in section 4 of the Act. Additionally, section 21 of the Act vests in the Board certain regulatory functions which are not included in or referred to in section 4. Our review indicates that the Board discharges the functions set out in section 4.

#### **Section 4 of the Act should be revised as necessary in accordance with section 21.**

#### *Section 5. Fixing the price of gold.*

The Act requires the Board, with the approval of the Minister, by notice in the Gazette, fix the price at which it purchases and sells gold. Notices were issued in 1983, with the last notice being that issued on 5 September 1983 as follows:

“Notice is hereby given that in accordance with section 5 of the Guyana Gold Board Act, with effect from Monday September 5 1983, the Guyana Gold Board, with the approval of the Minister, has fixed the prices at which it shall **purchase** burnt raw gold in Guyana to be: –

The Guyana dollar equivalent of 4.9 times the daily US Dollar noon price fixed by the London Gold Market plus 25%.”

Contrary to the law, in practice, gold is purchased at the Guyana dollar equivalent of the US Dollar price based on the 8:00am and 10:15am (Guyana time) prices fixed by the London Bullion Market Association. We were not provided with any authority or explanation for the price fixing mechanism in operation.

Further we note that the gold price on the international market is constantly updated, information on which is available online. The astute or dishonest producers and dealers may therefore be able to “play the market” by selling gold to the Board at a price higher than that of the market for that particular time when the sale is made. For example, if the price at 8 AM is say US\$1,200 but drops to \$1,100 at 8:30 am, the Gold Board would still be purchasing at the higher price up to 10:15 AM. The situation is potentially worse for gold bought between 10:15 AM and 4:15 PM.

**There are several methods which can be used by the Gold Board to secure itself against losses. These are listed below:**

- **Instead of buying gold at prices fixed at two points during the day, the Gold Board should buy gold at real time prices using the internet-based on real time prices;**
- **Avoiding any build-up of gold stocks by disposing of the commodity on the international market or to the Bank of Guyana weekly or fortnightly. This will reduce losses in times of falling prices but reduce profits in times of price increases;**
- **Hedging contracts.**

#### *Section 7: Producers to sell gold to the Gold Board*

Producers have a period of twenty-eight days within which to sell their gold to the Gold Board or to any agent authorised by the Board in writing, and within twenty-four hours of conveying such gold to Georgetown or any other place determined by the Minister by notice in the Gazette.

If the office is closed, the gold must be sold on the next working day.

*Section 8. Gold to be sold to and purchased from the Gold Board*

This is a general exclusivity provision which forbids any person from selling gold to or purchasing any gold from any person other than the Gold Board or its agent duly authorised in writing, or from exporting any gold, unless authorised by the Board under section 9.

The General Manager is of the view that this section of the Act is widely ignored and violated, and indeed is unenforceable.

**The Gold Board should ensure that the Act is enforced and carry out such inspections as is necessary to gather evidence to prosecute those who are in breach of the Act. At the same time, the Act should be referred to the Attorney General's office for review.**

*Section 9. Exemptions.*

Subsection (1) of section 9 empowers the Gold Board to authorise applicants to have in their possession, or to sell or export such quantity of gold as the Board may allow, subject to any conditions the Board thinks fit to impose. A total of eleven persons and entities were licensed in 2015 to possess, sell or export gold.

Form 2 to the Schedule to the Guyana Gold Board (Dealers) Regulations 4/1997 comprises the authorisation and states that the "authorisation shall be subject to the provisions of the Act, the regulations made [t]hereunder and the conditions specified in the Appendix to this authorisation." Please refer to Exhibit 2 for a copy of a Form 2.

In our opinion, the Board is guilty of dereliction of duty in failing to monitor compliance with the conditions set out in Form 2 to the Schedule to the Guyana Gold Board (Dealers) Regulations 4/1997 and to impose and enforce such other conditions it may think fit.

Subsection (2) of section 9 does not prohibit any person who holds a licence issued by the Geology and Mines Commission under section 58 of the Tax Act from advancing or supplying credit to a miner in consideration of payment being made by gold and precious stones. Such facility is however subject to the condition that the trader must within ten days of receipt notify the Board and on demand sell to the Board all gold so received.

The licensee is required to maintain in a book available for inspection by the Gold Board a record of all the transactions, including the money or goods advanced and the gold received by him in payment thereof.

The General Manager advised that the Guyana Gold Board does not have systems in place to monitor compliance with provisions of section 9 (2) of the Act.

**The role of the Board in the monitoring of licensees should be reviewed. Licensees should be strictly monitored and sanctions should be imposed where licensees are found to be in breach of the Act.**

*Section 10. Authority to purchase gold.*

This section modifies sections 7 and 8 and authorises any person who holds a shop licence referred to under section 9 to purchase gold subject to the condition that the licensee must notify the Gold Board of the purchase within fourteen days of the purchase and must, on demand by the Gold Board, sell to it the gold at the price fixed under section 5. According to the General Manager the Gold Board does not have

any systems in place to monitor licences issued by GGMC to traders. As of 2015 there were approximately 704 licences issued to traders. The Gold Board is currently in the process of developing procedures for visiting traders to examine their records to test their compliance with the Act.

**This section of the Act should be reviewed against section 9 and appropriate amendments made.**

*Section 11. Disclosure of interest by member of the Board.*

The Board Secretary noted that the conditions under this section were disclosed to all members of the Board at the first sitting of each year. This was however not noted from a review of the minutes.

There was no evidence from the minutes that Mr. Andron Alphonso, who is a Partner in Adamantium Metals, a gold dealer, and a Board member during the period covered by this audit, disclosed his interest to the Board at the first meeting at which he was present. However, the potential conflict of interest was noted by the Board in the meeting prior to Mr. Alphonso's appearance on the Board and the Board was therefore aware of his interest.

**Disclosure of interest is not adequate or satisfactory in these circumstances. The Government should ensure that no person is appointed to be Board who has any direct or indirect interest in the production, trading or export of gold.**

*Section 16. Audit and accounts of the Board.*

TSD Lal & Co. have been the appointed auditors of the Gold Board by the Audit Office for the years under review.

*Section 17. Annual report.*

The Board is required to submit to the Minister, within six months of the year end, audited financial statements and a report containing an account of its transactions throughout the preceding calendar year in such detail as the Minister may direct. In turn the Minister is required to lay the two documents before the National Assembly but does not specify any deadline within which this is to be done.

The Audited financial statements for the years ended 31 December 2012 and 2013 were approved by the Board of Directors on 3 October 2013 and 31 December 2014 respectively. The 2014 audit was in progress as at 8 July 2015.

The Board has therefore failed to meet its obligations for the years under review while the subject Ministers have failed to meet their obligations since the last annual report we obtained from the Parliamentary Library was for 2008.

**The failure to table financial statements and reports in the National Assembly for six years is a grave breach of the Gold Board Act. This is a collective responsibility of the management, the Board and the subject Minister.**

*Section 21. Search of premises and persons.*

Officers of the Board may, with the authorisation of a Magistrate or Justice of the Peace, enter into any premises at any hour of the day or night and using such assistance and force as may be necessary to carry out a search of premises where the officer has reasonable cause to suspect that an offence against section

7 (possession of gold), section 8 (sale or purchase from the Gold Board), section 9 (exemptions) and 10 (authority to purchase gold) are being committed.

This is an important enforcement provision in the Act and with the serious violations of the Act that are suspected to be carried out, it is strange that the Gold Board has not availed itself of the provision to search premises. This culture of inaction may have been interpreted by violators as a licence to carry out further and more serious violations.

**As noted in respect of sections 4 and 9 above, the roles and functions of the Board should be reviewed. The procedures in place to search the premises of dealers and miners in particular should be developed and implemented.**

*Section 22. Power to order amnesty.*

There were three amnesty orders issued under the Act, in 1987, 1990 and 1991, in addition to the provisions of section 22 under which an amnesty was granted in 1986.

*Section 23. Offences and penalties.*

This section provides for a penalty of \$75,000 on a first conviction and for a fine of a similar amount and imprisonment for five years for a failure to comply with sections 6 to 10 inclusive, for obstruction of any officer in the performance of any functions under the Act and breaches of the conditions under section 9 (1) of the Act.

We understand that no charge was brought under this Act and hence there was no conviction.

*Section 24. Power to accept compensation for offence.*

In view of our understanding under the preceding section, there has been no need for the Minister to invoke his powers under section 24.

*First Schedule: Constitution*

A request was made to the General Manager for all minutes from January 2012 to May 2015, required to be maintained under section 4 of the Schedule. We noted inconsistencies based on the number stated on the front page of the minutes and the dates of the next meeting stated in the minutes.

The Assistant General Manager advised us that there were several instances where there was no quorum and that minutes are not recorded for the last meeting of the year which is done at a luncheon. However, we noted that minutes were taken for the meeting held at the New Thriving Restaurant on 20 December 2012 and that the minutes of the meeting held on 18 March 2014 stated that the Chairman noted that the minutes of the meeting held on 5 December 2013 had not been submitted. These minutes were not submitted for our review.

Copies of the Board and Sub-Committee minutes received either carried one or no signatures. Accordingly, we are unable to pronounce on the reliability and accuracy of the Minutes presented to us.

The quality of the minutes presented were of poor quality; detailed minutes were not documented and the minutes did not state which comments were made by which Director/ the Chairman.

**We recommend greater emphasis be placed on the recording and retention of Board minutes to signal to management the importance of issues of governance.**

#### *3.1.1.2 Guyana Gold Board (Dealers) Regulations*

The Guyana Gold Board (Dealers) Regulations 4 of 1997, the only Regulations issued under the Act, set out the requirements for an application to be a dealer, “a person authorised ... to possess, sell or export gold”. The forms in use by the Gold Board and the fees levied are not in line with the Regulations.

Under Section 4, Fee, Form of authorisation, a fee of two hundred thousand dollars is payable for the grant of an authorisation. The current fee charged by the Gold Board is one million dollars but no authority was presented to us to support this charge.

#### *Schedule: Forms*

The schedule to the Regulations clearly sets out the contents of the Form 1 and 2 to be used by the Board. Upon inspection it was noted that the Forms being used by the Board contained additional requirements which are not stated in the Schedule. Copies of the forms in use are shown in Exhibits 1 to 2.

**The Regulations should be updated to reflect the current positions in respect of forms and fees.**

#### *3.1.2 Role of the Minister*

For the period December, 2011 to May 2015 the Guyana Gold Board fell under the Ministry of Natural Resources and the Environment, the appointed Minister of which was Mr. Robert Persaud. Following the elections in May 2015, that Ministry was downgraded to a Department under the Ministry of the Presidency. The Official Gazette of June 6, 2015 Constitutional Appointments identifies as the Minister Mr. Joseph Harmon, Minister of State within the Ministry of the Presidency but it appears that political oversight is exercised by Mr. Raphael Trotman, Minister of Governance.

The Minister has both general and specific powers under the Act and may, after consultation with the Board, give to the Board directions of a general or special character as to the policy to be followed by the Board. It is evident that the Minister and his Ministry may have misinterpreted this section and has have on occasions given or transmitted instructions to management on operational issues, such as in matters relating to contracts.

We understand from discussions with management and members of the Board that instructions came by way of Mr. Bobby Gossai, Senior Policy Analyst/Advisor in the Ministry of Natural Resources and the Environment who was named by the Minister as Secretary to the Board. In our opinion, the Act does not give the Minister the power to name or nominate the Secretary to the Board and the Minister’s action amounted to a usurpation of the Board’s authority.

Appendix C summarises the powers and functions which the Minister is authorised to exercise under the Act.

## 3.2 Governance

### 3.2.1 Mission

The mission of the entity is as follows:

*The Guyana Gold Board aims to be an organisation of the highest standards and integrity, recognised for:*

- *Providing outstanding service to its customers;*
- *Developing and marketing gold of international accepted quality, through the utilisation of environmentally sound technical practices and modern information technology;*
- *The engagement of well qualified staff, and their continued growth; and*
- *Its increasing contribution to all stakeholders, the community and the economy at large.*

The individual points were discussed with the General Manager and Assistant General Manager to obtain an understanding of how the Mission is interpreted and applied. The following summarises their views on each of the four points respectively:

- Done by offering reasonable prices for purchases and the provision of assay testing which is done both locally and overseas;
- Does not know how this is applied by the Gold Board;
- Well qualified staff are employed and training is provided to all staff; and
- Accomplished by selling gold at a profit.

In our opinion, the mission statement is too wide and is not clear. The mission statement also fails to align with the functions stated in the Act.

**Following a review of the functions under the Act, the Mission Statement of the Board should be revised.**

### 3.2.2 Board of Directors

Please see section 3.1.1.1 above for comments on the Board of Directors.

Discussions with two Directors, Mr. Thomas and Ms. Ramkissoon on 2 and 5 October 2015 respectively, revealed that a Board meeting has not been held or called since the last meeting in April 2015. Ms. Ramkissoon noted that a letter was not issued to her by the Chairman documenting the suspension of the Board. The term of the Board is from January to December of each year.

**It goes without saying that no organisation can function effectively while its principal organ is in abeyance and action needs to be taken to ensure continuity of management.**

### 3.2.3 Sub-committees of the Board of Directors

There were three sub-committees of the Board during the period under review. These are the Audit and Finance, Technical and Human Resources. Please refer to Appendix D for a summary of the Terms of Reference of the Sub-Committees.

We examined by way of minutes and enquired by way of emails with the Board Secretary of the workings of these Committees. Our assessment and conclusions are as follows:



#### 3.2.3.1 *Human Resources Sub-Committee*

- As noted earlier, no minutes were seen by us. The Assistant General Manager further advised that all Human Resources matters are discussed at the level of the full board whenever necessary;
- No evidence was seen in respect of the review and approval of remuneration strategy, policies and practices, recruitment and appointments of Senior executives and annual performance and development review of the General Manager;
- The Chairperson of the 2015 Sub-committee, Mr. Jeffrey Thomas, indicated that the committee did not serve its purpose according to the TOR. He said the committee only conducted interviews for the employment of staff;
- No evidence was seen in respect of the evaluation of the Committee's performance against the Terms of Reference;
- No annual reports to the Board were seen in respect of the performance evaluation of executives and senior employees.

#### 3.2.3.2 *Technical Sub-Committee*

- As noted earlier, only two minutes of meetings of this Committee for the period under review were provided. The Assistant General Manager advised that the minutes of the second one was not circulated as there were insufficient members present for an official meeting;
- The Sub-Committee did not meet as often as required by the Terms of Reference;
- A full evaluation report on the appointment of Ms. Lisaveta Ramotar was submitted for our review but no evidence that this was considered by the Committee. No evidence was seen in respect of the Committee fulfilling its other responsibilities.

#### 3.2.3.3 *Audit and Finance Sub-Committee*

- There is no evidence in the Minutes of any consideration by or acceptance of the Annual audited financial statements for the years under review;
- The Board Secretary advised that the Terms of Reference was the guiding document for the Committee. No other document is available on the scope and roles of the Committee. There is no Planning and Development Committee as referred to in the terms of reference;
- The Committee is responsible for ensuring the Gold Board meets its statutory obligations and conducts its affairs in accordance with legal and regulatory requirements. As noted in 3.1.1 above the Gold Board failed to submit audited financial statements within the period specified by the Act;
- Report to the Board on emergency General Manager succession. However, we did not notice any mention of the resignation of the previous General Manager and the employment of the current General Manager.

Please see section 3.1.1.1 above for comments on the Sub-committees of the Board of Directors.

#### 3.2.4 *General Manager*

During the period under review the position of General Manager was held by two persons.

##### **Anantram Balram**

Mr. Anantram resigned his position as General Manager effective November 4, 2014. On October 20, 2014 there was a Special Meeting of the Board, the nature of which meeting "was related to the General

Manager's status." According to Agenda item 2 of the meeting "the meeting was told that Minister Robeson Benn called the Chairman concerning the General Manager's issue."

At the meeting Director Alphonso is reported to have stated that the General Manager has been on leave for a significant amount of time and suggested that while there was no evidence of the General Manager's participation in fraud, he may have been guilty of negligence.

Significantly, the Board Secretary Mr. Bobby Gossai is reported in the Minutes to have said that notice was given by the Permanent Secretary to the Board and that the package cannot be negotiated by the Board. He stated that the Board has to fulfil the mandate of the Cabinet. He also voiced his disapproval in bringing back the General Manager for a week to "save face" and stated that this suggestion should be turned down.

He noted that no minutes were available as yet on the Permanent Secretary's communication to the Board due to the fact that he was otherwise occupied.

When asked for the documentation of the notice mentioned above, Mr. Gossai indicated that communication was done verbally to the Chairman of the Board via a telephone call. There is no hard-paper detail of this communique.

The records of the Gold Board do not permit us to arrive at any conclusion regarding the resignation of Mr. Balram from the Board. The records do indicate however that there was ministerial intervention in the matter.

As noted elsewhere, the authority for the appointment and recommendation of the General Manager rests with the Board, subject to the approval of the Minister. Accordingly the notification conveyed by the Board Secretary to the Board that "notice was given to the Permanent Secretary to the Board and that the package cannot be negotiated by the Board" was unlawful, improper and ultra vires the Cabinet, the Minister, the Permanent Secretary and the Ministry.

In our view disciplinary action ought to be taken against the Board Secretary Mr. Bobby Gossai and the Permanent Secretary Mr. Joslyn McKenzie.

In the course of our reviews we were presented with a letter bearing the signature of the Board Chairman addressed to Mr. Balram. The letter allows the General Manager to proceed on his remaining annual leave for 2014 which amounted to forty-nine days. Mr. Balram was required to resume full duties with the Gold Board on 04 November 2014 and was therefore on leave since May 2014.

Acting on information provided to us, we confirmed that the signature of the Board Chairman was lifted from another document. This is a gross act of forgery that should be pursued by the appropriate authorities.

#### **Ms. Lisaveta Ramotar**

Ms. Lisaveta Ramotar was appointed General Manager of the Guyana Gold Board with effect from 2 January 2015. Despite the significance of this appointment there appears to have been little discussion at the level of the Board on the recommendation from the Committee that conducted the interview.

We were provided with copies of applications received for the post along with an evaluation report prepared by Mr. Bobby Gossai Jr., Secretary to the Board.

The methodology set out in the Evaluation Report included the following:

1. Advertising for the position;
2. Preparation of terms of reference with evaluation criteria and dispatch of this with applications from potential candidates to the evaluation team; and
3. Meetings of the evaluation team to interview and decide on the most suitable candidate.

Interviews were carried out on a total of three days in December 2014. The evaluation team comprised Dr. Gobind Ganga, Mr. Jeffrey Thomas and Mr. Bobby Gossai, Jr. A fourth member, Mr. Paul Geer, did not attend any interview sessions.

In a conversation with Mr. Geer, he explained that he “opted not to get involved in the process” but despite our efforts to elicit further information from him, Mr. Geer elected not to elaborate.

A total of thirteen candidates applied for the position but two withdrew their application before the start of the interview process. The top four ranked candidates were Ms. Lisaveta Ramotar (L.R.), Mr. Parmeshwar Budhu (P.B.), Dr. Yog Mahadeo (Y.M.) and Mr. Karan Singh (K.S.), in that order. Ms. Ramotar was ranked the number one candidate by all three evaluators.

The evaluation criteria and average scores recorded by the interviewing panel for the four top candidates were presented under the following four major headings as follows (numbers rounded to nearest whole):

	Max	L.R.	P.B.	Y.M.	K.S.
Academic Qualifications	25	25	20	20	12
Experiences	25	25	20	20	25
Competencies	30	22	21	21	19
From the Interview Evaluation	20	16	14	14	15
<b>Total</b>	<b>100</b>	<b>88</b>	<b>75</b>	<b>75</b>	<b>71</b>

To obtain a score of 25 in the first two categories required the achievement of the following:

**Academic Qualifications:** A post-graduate degree in economics, business management, administration or other relevant field and at least eight (8) years of relevant experience. We are uncertain and surprised at the requirement for ‘at least eight (8) years of relevant experience’ under the Academic Qualifications category.

We requested and have examined the CV’s of all the candidates of whom Dr. Mahadeo was arguably the candidate with the strongest CV. While Ms. Ramotar is the holder of two Master’s Degrees, Dr. Yog Mahadeo holds both a Master’s in Business Administration and a Doctorate in Finance.

In our opinion, Ms. Ramotar ought not to have been rated above Dr. Mahadeo under the heading Academic Qualification. Indeed in our opinion, on a relative basis, the points rating ought to have been reversed.

**Experiences:** Proven experience in program management, and/or experience in management/executive positions in the private or public sector for at least eight (8) years.

Both Dr. Mahadeo and Mr. Budhu had in excess of eight (8) years relevant experience. Dr. Mahadeo had a number of years’ experience at the CEO level at Guyana Telephone and Telegraph Company Limited

(GT&T), one of Guyana's largest companies from which he had parted in highly public circumstances. There was nothing in the records to suggest that this was a factor in the interview.

Again, our opinion is that the relative weightings appear skewed against Dr. Mahadeo and that he ought to have been rated higher.

While it is not our intention to cast any aspersions on the interview panel, our assessment is that Dr. Mahadeo ought to have scored higher than Ms. Ramotar and should have been offered the position in preference to Ms. Ramotar.

We should emphasise however that in an interview with Mr. Thomas who is considered an independent director, he restated his assessment of Ms. Ramotar and noted that in fact, he gave her the highest rating.

According to a letter dated 23 December 2014 from the Chairman of the Board of Directors, Dr. Gobind Ganga, to Mr. Ramotar, she was presented an initial offer to work with the GGB for one year, thereafter, her contract could be extended for three years, on mutually agreed terms.

A contract of employment was signed by Dr. Ganga and Ms. Ramotar on 30 December 2014. The following were extracted from the contract between Ms. Ramotar and the GGB:

## **2. COMMENCEMENT AND DURATION**

"2.1 This Contract shall become effective on the 1st day of January 2015, for a period of one (1) year, subject to Clause 3 herein, and subject to annual renewals thereafter, should the Employer deem the retention of such services necessary for the prudent administration and management of the Organisation.

2.2 Subject to the provision of this Agreement the term of engagement of the person engaged is for the period of three (3) years, resident service, from January 01, 2015 to December 31, 2017."

Clauses 2.1 and 2.2 appear to be in conflict in so far as 2.1 states that the contract will be for a period of one year while 3.2 states that the term of the engagement is for three years.

## **3. STATUS**

"3.1 The Employee's status under this Contract shall be that of a full-time staff and shall not carry on, or be engaged in any other engagement/employment, either gratuitously or for reward on her own account and those specifically related to the gold trade.

3.2 The Employee's shall receive compensation outlined in Clause 5 of this Agreement.

3.3 The Employee is expected to work beyond the regular hours of employment, and will be expected to travel to the various locations of the Employer's offices and remain for periods necessary to facilitate the prudent management and administration of the Employer."

Clause 5 refers to the salary, allowances and vacation leave the employee is entitled to.

Termination

Clause 4 of the Contract of Employment provides as follows:

## 4. TERMINATION

“4.1 This Agreement may be terminated by either party giving one month notice in writing within the contract period. The period will not be applicable during the time of annual leave.”

### 3.2.5 Organisation chart

A copy of the organisation chart of the entity is included as Exhibit 3.

The Guyana Gold Board currently has twenty four employees, made up of thirteen permanent employees and eleven contract employees. All employees are paid a monthly salary with contract employees also receiving bi-annual payments of gratuity. One employee who is employed by the Ministry of Natural Resources and the Environment is paid a stipend for compliance work done for the Guyana Gold Board.

Based on the Board’s organisational chart, there are currently four employees reporting directly to the General Manager: the Assistant General Manager, Internal Auditor, Compliance/ Legal Officer and the Confidential Secretary. Discussions held with the Finance Manager revealed that she also reports directly to the General Manager and not the Assistant General Manager as shown on the organisational chart. We comment on the reporting relationships of the Internal Auditor in 3.3.5 below.

The Board Secretary advised that there are currently no vacancies at the Guyana Gold Board. However, we noted that the position of the Laboratory Supervisor was not filled following the dismissal of the previous supervisor in 2014 and there was a request by the Audit and Finance Sub-Committee for a Head of Internal Audit to be employed. The General Manager advised that the position of Head of Internal Audit was advertised and that the Board was awaiting appointment of a new Board of Directors to move this process forward.

## 3.3 Systems of internal control

### 3.3.1 Accounts handbook

The Board has in place an accounts handbook but in discussions with Accountant, it did not appear that she was familiar with this document or that the Handbook is part of the formal process.

It is good practice for every organisation to have approved Accounting Manuals addressing every aspect type of transactions. Accordingly, the Accounts Handbook should be reviewed, revised, approved and implemented.

### 3.3.2 Standard operating procedures

The Board has standard operating procedures (SOPs) which cover the areas set out in Appendix E.

All Standard Operating Procedures were updated in September 2014 with exception of the last two (covering investigations) which were drafted for approval in January 2015. LGS21-00 Procedure for Approval of Standard Operating Procedures requires that all existing Standard Operating Procedures be reviewed in January of every year, with the aim of ensuring that:

1. Practices are in keeping with approved procedure; or
2. Preferred practices are agreed upon and procedures amended accordingly.

For 2015 we saw no evidence of a review being conducted or subsequent amendments to the existing Standard Operating Procedures.

The Standard Operating Procedures with exception of the last two relate to the operating of the Laboratory.

During our review of the Standard Operating Procedures the following were noted:

1. The Board uses the London Bullion Market Association which fixes the price per troy ounce twice daily for sales and purchases. Prices are not set on days designated as UK bank holidays, therefore, the last price set by the London Bullion Market Association is used. In the event of a price increase or decrease between the timing of the fixes, the Board would be buying gold at a lower or higher price than the market.

**Refer to 3.1.1 for recommendations on the method of setting gold prices.**

2. Information recorded by the attending security includes Date, Name, Arrival time, Assigned tag number by colour, departure time and remarks. No checks are made to verify that the correct name is given by the individual.

**We believe that the individual's ID or passport should be provided and the number should also be recorded.**

### 3.3.3 Review by Internal audit

A review of the Standard Operating Procedures was carried out by the Internal Audit Department following the discovery of "tainted" gold on 4 April 2014 among the gold stock purchased. In the report submitted to the Chairman and Board of Directors on 24 April 2014 the following recommendations were made:

- The security should be equipped with a metal scanner and all persons accessing the laboratory (Client and Staff) shall be subject to a scan.
- The Staff assigned to burn the Client's gold should not have access to the burning area before the first transaction; all access must be accompanied by the Supervisor.
- No Staff, including the Audit Staff shall be allowed to enter the burning area without the knowledge of the laboratory Manager or Supervisor.
- The door leading to the processing area should be fitted with a "window and tray" to place the worksheets, thus eliminating the Staff from accessing the processing area.
- The Client should be given their gold after burning and asked to either, sit and wait in the accommodation area or proceed to the processing area. The Staff should remain in the burning area.
- Implementation of a "No Phone" policy in the laboratory. All cell phones should be stored in the locker provided.
- The Technician should verify the weight before inputting the same and processing the transaction.
- A proper log book should be implemented that requires both Technicians to sign as verifying a weight.
- The scale used for weighing should be linked to the Gold Purchase Software so that weight are automatically update/ entered into the system.
- Gold should not be tossed but placed in the safe and turned over at the end of every transaction.
- Lockers should be checked daily and only items relating to the employees work (coats, hats, gloves, etc.) should be stored in the locker: personal belongings should be authorised by lab Management.

- Employees should be subject to random body and belongings search once they are within the confines of the laboratory.
- Approval must be given before the laboratory Staff are allowed visitors; further the Technician burning should not entertain visitors.
- A visitor log book should be implemented to allow for proper monitoring.
- Senior personnel should be allowed to physically inspect gold, however, this must be done in full view of the Technician and Head of Laboratory/ Supervisor.
- Replace all padlocks leading to the building and those of the canister after Staff are sent on Administrative leave.
- The density report detailing all transactions for the stock check period should be printed and placed in the stock check bag. The density report should state: total weight, actual weight and difference, any difference should be explained and the sheet signed by the Technicians working the counter and the payment advice.
- The Management of the Branch should carry out routine checks to ensure the vault contains only gold stock.
- All wrapping materials should be removed from the vault.
- Technicians should not have access to safe four and the Accounts Department should be given dual custody of the keys.
- The Staff assigned to smelting operations shall only access the smelt area under strict supervision from the Head of Laboratory of the Laboratory Supervisor.
- All Staff smelting should remain in the smelt area and any movement to another section of the lac will required all persons moving together or the Supervisor must be informed.

The Internal Auditor advised that the above mentioned recommendations were not implemented by Management.

**We consider this process fundamental to the operations and the finances of the Guyana Gold Board and the failure of management to ensure compliance is a major weakness. We therefore recommend that they be implemented pending any review and approval by the Board.**

### 3.3.4 Reviews by Parmesar, Chartered Accountants

System reviews were carried out by Parmesar, Chartered Accountants during 2012 and 2014. In the 2014 report, a status update was provided on recommendations made in the 2012 report. The areas covered and the status of implementation of the recommendations are summarised as follows:

Area	Implemented	Partially implemented	Not implemented	Total
Smelting gold	-	1	2	3
Bartica risks	-	1	2	3
Gold stock	-	-	1	1
Gold Purity/Gold Purchase Price	2	-	-	2
Locations for purchase of Gold	1	-	-	1
Sale of Gold	-	-	2	2
Operations / Finance Manual	3	-	-	3
Accounting Software	1	-	3	4
Segregation of duties	4	-	1	5

Petty cash system	2	-	2	4
Internal Audit	3	-	1	4
Information technology	3	-	1	4
Training	-	-	3	3
Fuel Consumption	2	-	1	3
Total	21	2	19	42

**We consider this process fundamental to the operations and the finances of the Guyana Gold Board and the failure of management to ensure compliance a major weakness. We therefore recommend that they be implemented pending any further review and approval by the Board.**

### 3.3.5 Internal audit

Internal audit comprises of three employees, the Internal Auditor and two Audit Clerks. Internal audit reports to the Finance and Audit Sub Committee and the Board of Directors. Refer to Exhibit 4 for the organisational chart of the Audit Department.

The Internal Audit Charter however stated that the department is independent of all functional management and is answerable solely to the General Manager and Board of Directors.

The Draft Audit Handbook stated that the Department reports functionally to the Board of Directors to maintain the necessary independence for the internal audit function. The Handbook also states that the Department reports administratively to the General Manager for day to day activities and that the Internal Auditor meets with the Finance Sub Committee and the Board of Directors once monthly to discuss internal audit issues and reports.

Internal audit work will include but is not restricted to:

- Reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and determining whether the organisation is in compliance;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of the assets;
- Reviewing operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned; and
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.

The Internal Auditor is responsible for the Department's operation which includes conducting assigned audits and overseeing the work of the Internal Audit Clerks. The Internal Auditor has been employed by the Guyana Gold Board since May 2005, and has over 20 years' experience in Auditing and Accounting.

The Internal Auditor has completed both Association of Accounting Technicians (AAT) and Certified Accounting Technician (CAT) examinations and is currently pursuing the Institute of Internal Auditor (IIA) examination. The Internal Auditor is also a member of the local chapter of the IIA.

The following were noted based on discussions with the Internal Auditor and on our reviews:

- The Internal Auditor plays no part in the recruitment of the Department's employees. For the period under review, this is done fully by the Ministry;



- There are no procedures in place for dealing with conflicts of interest of internal audit staff;
- The annual audit plans are not coordinated with or reviewed by the External Auditors;
- The Audit and Finance Sub-Committee does not conduct a periodic review of the work of the Internal Audit Department;
- A register is not maintained of all audit engagements;
- Internal audit reviews gold sales and expenditure on a monthly basis. Other areas such as payroll and fixed assets were also reviewed;
- The proposed audit plan for 2015 does not state specifically the areas to be tested, staff allocation, budget of time and cost, starting date and deadline of each job and projected date of submission of reports; and
- The reports do not always contain responses from Management on findings noted.

**The reporting lines of the department to the General Manager, Finance and Audit Sub-Committee and/or the Board of Directors are inconsistently stated in the Department’s Organisation Chart, Audit Charter and draft Audit Handbook and should be clarified.**

**We do not believe that the scope of the work of internal audit covers all aspects of the entity’s activities or that sufficient attention is placed on the work of internal audit by the Audit and Finance Sub-Committee. The Committee should immediately review this position.**

**We further recommend that the Internal Audit Functions of the Department of Natural Resources, the Guyana Gold Board, the Guyana Geology and Mines Commission and all other agencies falling under the Department of Natural Resources be merged as one independent unit.**

### 3.4 Significant commercial and financial transactions

We review in this section our findings in respect of significant contracts and transactions.

#### 3.4.1 Relationship with Ministry

1. Included in the expenses paid by the Guyana Gold Board are payments made on behalf of the Ministry of Natural Resources and the Environment which totalled \$63,190,148 for the period 1 January 2012 to 31 May 2015.

Included in the above amount are mainly payments for salaries, gratuity, leave passage allowances and entertainment expenses. A breakdown of these expenses can be seen below:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Salaries	7,952,475	11,292,719	12,625,756	4,915,007
Leave Passage	-	875,100	527,206	60,197
Gratuity	893,700	2,545,100	2,856,381	2,031,054
Allowances	-	90,000	96,000	145,000
Entertainment	752,501	357,867	2,487,889	-
Travel expenses	-	1,625,388	387,390	-
Office expenses	3,708,241	440,400	1,589,106	108,966
Miscellaneous	585,714	104,812	1,057,240	-
Repairs and maintenance	1,549,239	1,321,500	208,200	-
<b>Total</b>	<b>15,441,870</b>	<b>18,652,886</b>	<b>21,835,168</b>	<b>7,260,224</b>

The Ministry of Natural Resources and the Environment is a budget agency for which appropriations were made in each of the years 2012 – 2014, and by virtue of Article 219 of the Constitution, for the period in 2015 up to the point of the Budget.

The payments are clearly a means of circumventing the Appropriation Act and action should be taken against those responsible for the payments. However, the Directors of the Gold Board cannot escape culpability for the payments which were not proper expenses of the Board.

It should be noted that the Guyana Gold Board has not been reimbursed for any payments made on behalf of the Ministry. These payments were treated as expenses of the Board and not recorded as a receivable.

**The Board should consider restating the financial statements for 2012 to 2014 to ensure correct treatment of the payments made on behalf of the Ministry. Additionally, the Board should seek to have all payments reimbursed by the Ministry.**

2. The Guyana Gold Board is the registered owner of three vehicles, two of which are being used by other entities.

GPP 3396 – This is used by the Board Secretary who is an officer of the Ministry. GGB pays for fuel and maintenance of this vehicle. This vehicle, a Vigo 4x4 Pick-up, purchased in April 2012 for \$8.8Mn.

PGG 3766 – We were initially advised that this vehicle was being used by the Guyana Forestry Commission. However, upon enquiry, we found the vehicle is currently being used by an Advisor to the Minister of Governance. The GGB pays for maintenance of this vehicle. This vehicle is a Toyota Rav 4, purchased in September 1998 for \$8.1Mn.

**All vehicles owned by the Guyana Gold Board that are surplus to its needs should be properly transferred in accordance with approved procedures. The Gold Board should be paid the market value of the vehicles and reimbursed for all expenses paid by the Board since the physical transfer of the vehicle.**

3. The employment contracts of several individuals engaged to undertake duties at the Ministry of Natural Resources are entered into between the Guyana Gold Board and those persons. In the event of a dispute between the Ministry and the employee, the Board may face certain legal consequences as the employer of record. As noted earlier, we were unable to obtain any legal justification for the Guyana Gold Board to be funding costs of the Ministry without provision for reimbursement. Refer to Exhibit 5 for a copy of a contract.

**The Guyana Gold Board should not be a party to contracts on behalf of other entities. The Board should terminate all current contracts for employees of the Ministry and have the Ministry issue such contracts directly.**

4. We noted instances where employment contracts for current employees were not signed and in one case was expired. For example, the contract with Doodmattie Maraj was not signed and the contract for Colin Young has expired and not signed. Both individuals are currently assigned to the Ministry. Refer to Exhibits 5 – 6 for copies of these contracts.

**All expired contracts should be renewed as necessary to avoid any legal action.**

### 3.4.2 Gold purchases and sales

5. In the years 2013 and 2014, 101,000 ounces of gold was sold to the Central Bank.

Date	Ounces	USD Price	USD Value	GYD Value	ROE
30 Dec 2013	60,000	1,200.00	72,000,000	14,812,875,360	205.73
09 Sept 2014	25,000	1,259.00	31,475,000	6,483,338,531	205.98
31 Dec 2014	16,000	1,199.25	19,188,000	3,894,852,192	202.98
Total	101,000		122,663,000	25,191,066,086	

We checked the USD price to confirm that these were the actual spot rates for the respective dates. According to Kitco website the USD values for 2014 were accurate. However, the AM and PM price for gold on 30 December 2013 were \$1,201.5 and \$1,204.5 respectively.

Using the rates of exchange provided for the December 30, 2013 transaction, the values for 2013 would result in the following variances:

Ounces	USD Price	ROE	GYD Value	Actual sales price	Variance \$
60,000	1,201.5	205.73	14,831,075,700	14,812,875,360	18,200,340
60,000	1,204.5	205.73	14,868,107,100	14,812,875,360	55,231,740

By using a different USD Price the loss incurred by the Gold Board would be either \$18,200,340 or \$55,231,740, depending on the time the sale of gold was made to the Bank of Guyana.

The Secretary of the Board advised that discussions were held between the Minister of Natural Resources and the Environment and the Governor of the Bank of Guyana authorising this transfer. This is not only a usurpation of the functions of the Board by the Minister but also placed the Governor of the Bank of Guyana in a conflict of interest position since he is also Chairman of the Gold Board.

During discussions with the Finance Manager and the General Manager a request was made for the credit advices received from Bank of Guyana for the above transactions. The Gold Board was unable to provide us with these advices.

**The transfer of gold to the Bank of Guyana should only be done after ensuring that all statutory requirements are satisfied. A clear policy on sales to the Bank of Guyana should be place including steps to ensure that the appropriate approvals are in place.**

**The variances in transactions noted above should be thoroughly reviewed and any losses recovered from the Bank of Guyana.**

6. The rate of exchange from USD to GYD used by the Board for gold purchases is based on an average of the six commercial banks less GY\$4.25. This is based on an agreement between the Guyana Gold & Diamond Miners Association (GGDMA) and the Board. The Board was unable to provide us with a copy of the agreement.

**Contact should be made with the GGDMA to obtain a copy of the agreement concerning the calculation of the rate of exchange by the Guyana Gold Board for payments of gold. This arrangement should be reviewed for reasonableness based on current circumstances.**

7. For Individuals who request payment in US dollars, the average of rates stated by the six commercial banks less GY\$4.25 is used as the ROE to convert the cost per ounce of gold to Guyana dollars. Royalty and Taxes are deducted from this amount. A maximum of ten percent of the amount payable is allowed to be paid in US dollars.

The amount to be paid in US dollars is posted to the general ledger and subsequently changed after the actual amount paid by the Bank of Guyana is received. This amount varies due to differences in the exchange rate. Exchange gains/ losses are not recorded by the Gold Board, hence not reflected in the financial statements.

8. During the years under review gold was stored at the Citizens Bank (Bartica & Charity) and at Bank of Guyana. The Board does not have agreements with either of these Banks. From the period January 2012 to August 2014, Citizens Bank Bartica held between 164 Ozs to 20,078 Ozs of gold; while from the period December 2012 to June 2014, Citizens Bank Charity held between 12Ozs to 5,001zs of gold.

A yearly charge of \$6,500 is paid to Citizens Bank.

**Formal agreements should be entered into with these entities detailing security and access rights, movement of gold, physical verification of the gold, responsibility for losses, insurance, etc.**

### 3.4.3 Procurement and other contracts

9. A quotation is not an invoice and no payment should be made on such a document. We noted instances where the Board made final payments on quotations rather than invoices. This increases the risk of payments being made more than once for an item (once on the quotation and another on the invoice) or payment being made on a quotation for an item or service not received. Refer to Exhibit 7 for a quotation on which full payment was made.

**The Board should ensure that the terms of delivery and payment are clearly established and ensure that all final payments are made after receipt and evaluation of the goods or services, and on original invoices.**

10. During the years under review the Board was involved in two lease agreements with Mr. Shawn Hopkinson and Mr. Alfro Alphonso for the properties at Bartica and Charity respectively.

We noted the following during our review of the contracts:

(i) Shawn Hopkinson – Bartica (Refer to Exhibit 8)

- The contract received states that the term is for a period of 24 months commencing on 1 February 2006. No renewed contract was seen, hence, it would appear that the Board has been operating without a contract since February 2008.
- The contract specifies that a sum of \$210,000 is payable per quarter which is equivalent to \$70,000 per month. We noted monthly payments of \$292,360 were made during the years under review. Monthly payments of \$292,360 from January 2012 to May 2015 amounted to \$11,986,760, while monthly payments of \$70,000 for the same period would amount to \$2,870,000, a difference of \$9,116,760.
- Although operations ceased on April 04, 2014, the Board continued to make monthly payments to Mr. Hopkinson due to the assets used at the premises not being removed after operations ceased. The total of the payments made from May 2014 to May 2015 amounted to \$3,800,680. This can be seen as a non-revenue generating unit which is incurring expenses.
- Contract received is missing page 5.

(ii) Alfro Alphonso – Charity (Refer to Exhibit 9)

- The contract received states that the term is for a period of 36 months commencing on 1 December 2012 and ending on 30 November 2015. The Board ceased operations at this location on 30 June 2014, 17 months before the expiration of the contract.
- Based on the contract a sum of \$300,000 is payable per month. We noted that monthly payments increased to \$348,000 from May 2013, \$48,000 representing 16% of \$300,000. There is no mention in the contract of the \$300,000 being VAT exclusive. Total rental payments from December 2012 to June 2014 amounted to \$6,372,000, while monthly payments of \$300,000 over this period would have amounted to \$5,700,000, a difference of \$672,000, or 14 months at \$48,000.
- The contract received from the Accountant between the Board and Mr. Alphonso was not signed by either party.
- Assets used at this location were not removed after operations ceased. Mr. Alphonso has taken the responsibility over security of the assets. The net book value of these assets as at 31 March 2015 was \$5.7Mn. The Assistant General Manager advised that the Board Secretary and Mr. Alphonso are in discussion on selling the assets to Mr. Alphonso.

- Based on the contract the utility services supplied to the premises are to be metered in the Tenant's name. The Accountant advised that this was not done and utility charges are billed to the Board by Mr. Alphonso.

**The Board should review its intentions in respect of the Bartica and Charity offices and the current status of the contracts with the two vendors. The Board should make further attempts to obtain documentary evidence of the increased rates.**

11. Although the Board was and is involved in several contracts, only one tender evaluation report was received for the contract with JPM's General Construction and Engineering Services for the extension of the Guyana Gold Board Office Space. The Board Secretary advised that during January 2012 to May 2015 only two tenders were carried out, however, we were not provided with the tender evaluation report for the contract that was won by Safewatch Inc.

Contracts not tendered included:

Supplier/Contractor	Main purpose	Cost	Start date/Period
Athmaram Mangar	Installation of Sage ACCPAC Accounting System – single sourcing	\$25,977,630	21 Jan 2015
Athmaram Mangar	Development of a New Gold Purchasing Management System	\$18,047,790	23 Sept 2014
Safewatch Inc.	Service contracts: Computers and server	\$450,000 \$260,000	Nov 2014 to Jan 2015 Feb 2015 to present
	Phone system	\$280,000 \$180,000	Nov 2014 to Jan 2015 Feb 2015 to present
	Security camera systems	\$380,000 \$240,000	Nov 2014 to Jan 2015 Feb 2015 to present
RW Electrical Co. & Building Contractors represented by Rudyard White	Complete rewiring of the office area and new section at the Guyana Gold Board	\$7,868,208	16 June 2014

12. The Assistant Accountant advised that the Board utilises the three-quote system but was unable to provide evidence that this system was actually utilised during the process of acquiring assets.
13. The contracts with Athmaram Mangar and Rudyard White state that the Purchaser invited bids for certain goods and ancillary services despite such procedures not be carried out.

#### 3.4.4 Athmaram Mangar

14. The contract with Athmaram Mangar for the installation of the Sage ACCPAC accounting system stated the earliest and latest completion dates as 100 days and 120 days respectively after signing of the

supply contract. The contract was signed on January 21, 2015 and was not fulfilled as at 13 July 2015. We were subsequently advised that the system was installed as of August 8, 2015.

The contract with Athmaram Mangar for the Development of a new Gold Purchase Management System stated the earliest and latest completion dates as 100 days and 120 days respectively after signing of the supply contract. The contract was signed on September 23, 2014 and was not fulfilled as at July 13, 2015. As of 5 October 2015 the contract was completed.

Mr. Mangar/New Technologies Enterprises has signed two contracts for the supply of software to the Gold Board. The Gold Board payment vouchers were either supported by letters or extracts of the contracts. Also, receipts received after payment by the Gold Board are not pre-printed in the name of the business but ostensibly authenticated by a rubber stamp.

The goods and/or services supplied by the two contracts are not VAT exempt and both contracts exceed the threshold for VAT registration. A review of the five payments made to Mr. Mangar revealed that invoices were not submitted, thereby eluding any attempt to enforce the VAT Laws. The extract of the contract supporting Cheque Payment Voucher No. D 77460 dated 04 February 2015 has a clause GCC 16.1, 16.2 and 16.3 which states that "Value-Added Tax shall be imposed on the goods in Guyana" but in the absence of an invoice it is unclear whether VAT was actually charged. Mr. Mangar/New Technologies Enterprises is not registered for VAT and is therefore in breach of the legislation for either collecting VAT without being registered or failing to register and collect VAT.

The extract from the contract names the Government of Guyana as a contracting party and represented by the General Manager of the Guyana Gold Board. The Gold Board is a statutory body created by an Act of Parliament. We are not aware that it has the capacity or the authority to enter into any contract on behalf of or to bind the Government of Guyana. The contract appears therefore to be ultra vires both the General Manager of the Gold Board as well as the Gold Board itself.

**We therefore recommend that the transactions be referred to the Guyana Revenue Authority and the Police for full investigations into this Company.**

#### 3.4.5 Safewatch Inc.

15. One of the major suppliers to the Gold Board during the years 2014 and 2015 is Safewatch Inc. which is incorporated in Guyana and whose registered office is located at lot 46 'F' Boyle Place, Stabroek, Georgetown. Payments to Safewatch Inc. in 2014 and 2015 amounted to \$35,535,956 and \$10,852,143 respectively. Payments included monthly expenses for service contracts, purchasing and installing a server, security cameras and telephone equipment.

The following were noted during our review of the payments made to Safewatch Inc.:

- Of twelve payments made to Safewatch Inc. during 2014, three of these amounting to \$16,021,120 were made on quotations. One payment of \$4.3Mn for the purchase and installation of a Dell server was approved for payment by Mr. Gossai. Another payment of \$3.3Mn for the installation of a digital IP camera Security system (for the General Manager's Office) was approved

for payment by Mr. Balram. We were unable to identify who approved the payment of \$8.5Mn for the installation of a digital IP camera security system with NVR (for the Laboratory) since this was not indicated on the voucher.

- Two of the quotations mentioned above for the Dell server and IP camera system for the General Manager carried addresses at Lot 35 Main Street, Georgetown, Guyana, the same address of Palm Court, and P.O. Box 300554, JFK Airport Station, Jamaica, NY 11430, USA, a postal but not physical address. Refer to Exhibit 10.

**According to company documents filed with the Deeds and Commercial Registry, the Secretary of Safewatch is Mr. Ravindra Prashad, who is also connected with the Original Palm Court Inc. where Mr. Prashad serves as a Director. The Original Palm Court Inc. is located at the Main Street address mentioned above.**

- The contract with Safewatch for servicing of the phone system at a cost of \$180,000 plus VAT per month is signed by the Assistant General Manager. Ms. Seelochan indicated that she was acting on the direction of the Company Secretary when the contract was signed. No evidence was noticed of the Board authorising or ratifying this contract which, in our view, is unnecessary.

**On our advice, this contract has now been cancelled. We believe that steps should be taken to recover the amount of \$2,436,000 paid for this fraudulent service.**

- VAT was included on the total invoice value of all Invoices and quotations submitted by Safewatch Inc., including that for the supply of computer items. Computer equipment such as the server purchased are zero rated for VAT purposes but VAT was still applied. Refer to Exhibit 10.

In any case, our enquiries confirmed that Safewatch Inc. is not registered for VAT in Guyana and cannot charge VAT on any goods/services provided, regardless whether goods or services would otherwise be subject to VAT.

The amounts charged as VAT by Safewatch to the Gold Board in 2014 and 2015 were \$4,962,903 and \$1,496,847 respectively. There were two invoices and two quotations in 2014 which stated that shipping and customs fees were charged but no details were provided. The shipping and customs fees on two the invoices and one quotation amounted to \$1,388,235. The excluded quotation did not provide a breakdown of cost.

It is apparent that these transactions contained elements of VAT fraud for which the Value-Added Tax Act imposes serious penalties.

**We therefore recommend that the transactions be referred to the Guyana Revenue Authority and the Police for full investigations into this Company.**

**Management should ensure that adequate information is obtained from suppliers to establish tax status in Guyana including tax compliance certificates and TIN and VAT Certificates.**



**Management should also ensure that Staff are trained to recognise items which attract VAT and which do not.**

- With regard to the purchase of the server, we noted that the invoice included both an installation fee and labour charges, which effectively charges the Board twice. In our view, Management was negligent in failing to detect these issues. Refer to Exhibit 10.

**Attention should be paid to the details of invoices to ensure payments are made for goods actually purchased and services rendered to the Board.**

- Invoice number 12312014 dated 31 December 2014 stated the unit price for service contract for computers and servers from November and December 2104 was \$500,000. Based on the contract with Safewatch Inc. the unit price should have been \$450,000. Including VAT, the Board over paid \$116,000. Refer to Exhibit 11.

**Payments which are made on contracts should be checked to ensure the agreed prices are charged. Management has since requested that Safewatch Inc. address this error.**

- The Board Secretary advised that a tender was done for the goods/services supplied by Safewatch Inc. (provision and installation of the surveillance and telephone system and server). However, we were not provided with any documentation on the tender or the tender evaluation. Additionally, a contract was not provided for these goods/services.

**The Guyana Gold Board is subject to the requirements of the Procurement Act and as such should adhere to the requirements contained therein when procuring goods and services.**

- According to correspondence with the Board Secretary, a three quote method was used to select Safewatch for the supply of the security camera system costing \$11,732,126. Mr. Gossai indicated that the evaluation of the quotes and eventual awarding of the contract was done by Directors Paul Geer and Patricia Bacchus. Mr. Geer has denied that he was involved in any such tender evaluation. There was no contract with Safewatch for the supply of the camera system.

**We are of the opinion that disciplinary action should be taken against Mr. Gossai for negligence in fulfilling his duty as Board Secretary.**

**We recommend that all contracts with Safewatch be cancelled immediately and independent reviews should be conducted on the camera and server systems which are serviced by Safewatch. Also, all passwords to the systems should be changed with immediate effect.**

#### 3.4.6 Royal Canadian Mint

16. The Royal Canadian Mint provides refining services to the Guyana Gold Board. As of 31 May 2015 both entities continued business with each other.

Royal Canadian Mint and Guyana Gold Board (GGB) entered into Contract #LS2006 096 in August, 2006 for a term of five years with an option to extend an additional one year. This contract was not renewed upon expiration. Upon our inquiry, the General Manager informed us that during the course of our engagement, she contacted RCM and was advised that representatives of the RCM had visited Guyana in November 2014 with a contract which was never signed. According to the General Manager, they further advised that they have been dealing with Board Secretary Bobby Gossai and that he is familiar with the contract issues.

While RCM has been honouring the terms of the expired contract we consider it unwise for a major Government entity to operate with an expired contract. There is a danger that RCM may withdraw its services without giving notice to Guyana Gold Board. Should this occur, time would be needed to source a new refinery and finalising a contract. During this time it may not be possible for the Board to sell its holdings of gold until that process is concluded.

**The contract with the Royal Canadian Mint should be renewed as soon as possible to prevent any possible disruption to the operations of the Board. The Board should also consider an international tender for refinery services.**

#### 3.4.7 Mitsui & Co. Precious Metals Inc.

17. The Guyana Gold Board has a long standing relationship with Mitsui & Co. Precious Metals Inc. whose head office is in Tokyo, Japan, for Bullion Spot, Forward and Option Transactions. These transactions are performed under a Master Agreement dated 8 July 2002 and backed by a current Guarantee for US\$5 million signed by Mitsui on 1 September 2009.

The guarantee is governed by the laws of Japan. The Master Agreement provides for the following types of transactions set out in Article 6:

- Standing Instructions (Article 2) for Spot Transactions;
- Forward Transactions;
- Fixed forward Transactions;
- Daily Rollover Spot and Defer Transactions; and
- Option Transactions.

The parties to the Agreement may amend its standing instructions upon two Business days' notice to the other party.

The pre-amble to the Master Agreement provides that Mitsui is desirous of entering into spot, forward and/or options transactions with the Gold Board for the purchase and sale of gold. Under the Agreement Mitsui is not acting as an agent of the Gold Board but like the Gold Board it "engage(s) in the Transactions contemplated ..... solely as principal for its own account". Article 9 (vi).

The agreement appears to have worked without any disagreement or controversy but it is open to question whether it has operated to the greatest possible benefit to the Gold Board. In our opinion

the Gold Board does not have the expertise to operate and give instructions on gold transactions in a commodity with a history of volatility.

We were provided with evidence of an offer for consulting advisory services to the Board in this area but no action was taken on the offer.

### 3.4.8 Fixed Assets

Assets are stated at cost less accumulated depreciation and any recognised impairment loss.

18. There is no formal procedure for the disposal of assets. The Assistant Accountant advised that there were no procedures implemented that ensured authorisation for the disposal of assets for the years under review and no documentation of the disposed assets was retained.

Disposals during the years under review were as follow:

Year	Cost	Net book value
2013	2,980,430	7,872
2014	11,896,954	2,612,809

According to the Accountant, there were no disposals in 2012 and for the period January to May 2015.

The lack of proper procedures increases the risk of assets being pilfered or disposed of for the personal benefit of an employee.

**Formal procedures should be put in place for the approval and documentation of assets to be disposed. Appropriate approval levels should be set for the General Manager or Assistant General Manager and evidence should be retained of the asset disposal. In certain cases, the Board is required to seek approval from the Finance Secretary at the Ministry of Finance.**

19. Acquisition dates for a number of assets were not stated on the Fixed Assets Register (FAR) for the years under review. Refer to Exhibit 12 for a sample of assets where the acquisition date was not stated on the Assets Register.

Without an acquisition date, the accuracy of depreciation charges cannot be verified and other decisions such as disposal based on the age of an asset would not be possible.

**All acquisition dates should be updated on the fixed asset register to facilitate correct calculation of depreciation.**

20. A small number of assets were labelled with an asset number. However, no asset numbers were stated on the fixed asset registers.

Without assigned asset numbers and tags, and recording the asset, model and serial numbers in the Register, it is difficult for Management to accurately keep track of all assets. This increases the risks of loss to the entity.

**All assets should be labelled and relevant asset, model and serial numbers recorded in the fixed assets register.**

21. Related costs on the fixed assets registers for single assets were not grouped together.

This increases the risk that the entity will be unable to identify the full value of the asset in the event of disposal or change in depreciation rates.

**All costs relating to an asset should be grouped together. Upgrades to assets should be added to the original item so as to ensure that these are accounted for and depreciated over the remaining useful life of the asset.**

22. Our review of the fixed asset register also revealed the following:

- Misclassification of assets amongst the various categories;
- Insufficient information on register; and
- Depreciation of assets using the incorrect rates.

Refer to Exhibits 13 – 15.

**Attention should be paid to items being capitalised and the category assets are stated under. All necessary information should be inputted onto the fixed asset register when being updated. Depreciation rates should be reviewed for adequacy and necessary changes made. The asset register should be reviewed by a knowledgeable person to ensure it is correctly updated.**

### 3.4.9 Other matters

23. Bank Signatories

Two signatories are required for every cheque disbursement but there is no approved limit on transactions. The authorised signatories for the respective accounts are shown in Appendix F. A summary of the number of signatories on each account is as follows:

	2012	2013	2014	2015
Republic Bank	4	4	6	5
Citizens Bank	4	4	4	2
Bank of Guyana:				
Sign, Countersign and/or Endorse:	6	8	4	5
Countersign and/or Endorse:	3	3	1	2

No documentation was received of signature changes in 2014 when the former General Manager resigned or when the Laboratory Supervisor was dismissed.

During the years 2012 and 2013, one Staff who whose designation was Lab Technician/General Clerk/Accounts Clerk was included a signatory on the Bank of Guyana account. The staff had the authority to countersign and endorse cheques. This was not noted on the 2015 list of signatories.

**While we understand that miners may demand immediate payment for sales to the Board, we believe that the Guyana Gold Board should implement appropriate authorisation limits. Signatories should be limited to Senior Management personnel with Clerical level staff only being allowed as signatories jointly with a Senior personnel.**

#### 24. Annual Leave

Personnel records revealed that employees were not taking annual leave in accordance with their terms of employment. As at 31 May 2015, the table below shows the employees with significant amounts of accumulated leave:

Name	Designation	Number of days entitled per annum	Leave outstanding as at 31 May 2015	Reason for leave roll forward
Eondrene Thompson	Finance Manager	28	31	Leave was rolled over from the prior year.
Ajodhiaram Ramcharran	Internal Auditor	42	136	Leave was requested but not approved by the former GM.
Dawn Shepherd	Head of Laboratory	42	170	
Rosanna Ramnarine	Accountant	42	77	
Keith Dyer	Accounts Clerk	28	31	Leave was requested but not approved for Staff in their first year of appointment, hence, the rollover.
Bhumini Jaisingh	Accounts Clerk	28	30	
Shivraj Goptar	Accounts Clerk	28	30	
Ronald Singh	Laboratory Technician	35	38	
Leon Kyte	Driver	28	108	Leave was requested but not approved by the former GM.

Even though the employment agreement state that leave days are annual, it is evident that outstanding leave days were rolled forward indefinitely. Measure have been put in place by the General Manager to have all excess leave utilised by early 2016 for employees who had requested leave but it was not granted.

**As consequence of not utilising the leave entitled within the respective year, we recommend that Ms. Thompson's outstanding leave from the prior year be forfeited.**

### 3.5 Financial systems

The financial statements have been prepared under the historical cost convention as modified for revaluation of fixed assets and the statements and audit reports state that accounting policies conform to International Financial Reporting Standards.

We conducted a detailed review of the financial statements and financial records and noted the following:

### 3.5.1 Financial overview

#### *Financial performance*

A comparative summary of the Statement of Comprehensive Income for the years 2012 to 2014 is shown in Appendix G. The entity recorded net losses of \$481.3Mn, \$9,938.6Mn and \$339.9Mn in the three years respectively, bringing total losses to \$10,759.8Mn over the period.

The primary reason for the losses is the fall in the world market prices for Gold which peaked at US\$1,791.75 per oz. in October 2012 and closed 2012, 2013 and 2014 at US\$1,664.00, US\$1,201.50 and US\$1,199.25 respectively.

We reviewed the month-by-month totals for the year 2013 in an effort to show where the losses occurred. In our calculations, losses as a result of the fall in prices totalled \$9,994.1Mn while other stock losses and exchange gains totalled \$345Mn and \$624.1Mn respectively, a net position of \$9,715.4Mn. The difference between this amount and that shown in the financial statements of \$9,658.3Mn could be due to a number of factors including rounding and was therefore not further investigated. The other stock losses reported here is a result of averaging of purity factors used in purchasing.

The gross losses the Gold Board made over 2012 to 2014 amounted to \$10,077.6Mn, this was calculated by taking sales less cost of sales. This calculation is an indication that losses were based purely as a result of losses from trade before taking into account administrative expenses.

#### *Financial position*

A comparative summary of the Statement of Financial Position for the years 2012 to 2014 is shown in Appendix H. At 31 December 2014, an accumulated deficit of \$9,375.8Mn is reported.

Total assets were \$4,056.6Mn of which \$3,010.5Mn represents gold and silver inventories.

Total liabilities were \$13,323.7Mn of which \$3,870.0Mn represents an overdrawn balance in the Bank of Guyana account and \$8,731.6Mn represents advances from the Ministry of Finance.

#### *Financing*

	2012	2013	2014	2015
<b>Inflows:</b>				
Sale of gold	99,183,472,672	76,885,761,899	54,021,110,881	7,825,195,321
Other income	19,450,374	20,859,915	117,129,204	113,825,600
Net advances from Ministry of Finance	2,373,165,067	-	-	-
<b>Total inflows</b>	<b>101,576,088,113</b>	<b>76,906,621,814</b>	<b>54,138,240,085</b>	<b>7,939,020,921</b>
<b>Outflows:</b>				
Purchases	93,887,194,032	82,701,640,058	45,210,636,968	12,583,229,291
Expenses	332,511,770	301,102,958	332,198,982	84,048,176
<b>Total outflows</b>	<b>94,219,705,802</b>	<b>83,002,743,016</b>	<b>45,542,835,950</b>	<b>12,667,277,467</b>
<b>Net inflow/ (outflow)</b>	<b>7,356,382,311</b>	<b>(6,096,121,202)</b>	<b>8,595,404,135</b>	<b>(4,728,256,546)</b>

The Guyana Gold Board is a semi-autonomous entity, which means that the Board receives money from the government to fund operations and generates revenue for itself through the sale of gold and other income. During the years under review the Board did not receive any subsidy from the Government.

In March 2012 however, the Board received an advance of \$5,591,131,494 from the Ministry of Finance via the Consolidated Fund. Advances received were at the highest point in May 2012 with a sum of \$16,389,547,982. The Board was able to reduce this to \$8,731,630,794 in September 2012 after repaying a total of \$7,659,203,351 in August and September. This amount remains unchanged as of May 2015.

**We do not believe that the Board has the ability to repay this amount in the short term. Moreover, the Gold Board Act is silent on how permanent losses are to be dealt with and consideration needs to be given for a re-capitalisation of the Gold Board.**

From the table above we can see a significant decline in the sale of gold over the years. It should be noted that gold suffered a decline in prices in May/June 2013, which has not recovered to date. We noted that in 2012, the Board did not make any foreign sales in April, May and September. Current Management could not provide any explanation for this.

In 2014 and 2015 the Board saw significant increases in other income which was due to sales of silver. Income from sales of silver for the year to December 2014 and the five months to May 2015 amounted to \$99,490,151 and \$98,706,346 respectively.

Purchases also declined in line with sales albeit at a difference rate.

### 3.5.2 Payroll and Allowances

All employees of the Guyana Gold Board are paid a monthly basic salary and are entitled to taxable and/or non-taxable allowances which are specified in their employment agreements. Our examination of the Board's payroll and the related taxable and non-taxable allowances indicated that all allowances were not treated in accordance with the Income Tax Act as follows:

- The GRA's guidelines state that uniform allowances are deemed taxable. However, review of the Board's payroll showed uniform allowance was treated as a non-taxable benefit.
- A non-taxable Technical Support allowance of \$15,000 per month was paid to Mark Chan for the expansion and maintenance program from January 2013 to May 2015. This represents repairs for the Mercury Abatement system, the setting up of the Charity office and handling most of the small repairs for the equipment for in the Lab. This allowance should have been taxable.

**The Board should cease its current practice immediately and treat allowances in accordance with the GRA's guidelines.**

### 3.5.3 Dealers' licence fees

Dealers are charged a standard licence fee of \$1,000,000 per annum.

A comparison of the Dealers' files to the general ledger revealed a discrepancy between the number of licences issued and the income recorded. In 2015 there were two cases where licence fees were accounted for Dealers who were not issued with licences. A list was provided by Management on the number of licence holders for each year.

Dealer files were provided by management, based on our reviews, the following were noted:

- All Dealer files were not provided for the years under review;
- Licences were seen in file but were not recorded on the list provided by management.

The following comparison was done:

Year	Guyana Gold Board	Ram & McRae
2012	10	11
2013	12	14
2014	10	11
2015	13	11

Licences were seen in the following Dealers' files but their names were not stated on the list provided by Management:

2012 – Dinar Trading

2013 – National Gold Trust and Adamantium Metals

2014 – Adamantium Metals

An additional four million dollars in licence fees is therefore to be collected or has been collected and not accounted for.

Payments were received from the following Dealers but a licence was not issued to them:

2015 – Rong an Inc. and Mibra Trading Co. Ltd.

According to the General Manager, at the beginning of 2015, licences were issued only to Dealers who had a licence in the previous year. Hence, a licence was not issued to Mibra Trading who was not a dealer in the previous year. Although Rong an Inc. was a dealer in the previous year a licence was not issued in 2015 due to the Dealer exporting gold without making declarations to the Gold Board.

**Management should ensure that important files such as the Dealers' files are properly prepared and stored. The Board should seek to recover outstanding licence fees and established regulations in respect of which fees are repayable for licences not issued.**

A review of the Dealers' files also indicated that licences were issued to Dealers although they had not complied with all the requirements of the Dealership Application Register. There were also instances where the Dealership Application Register was incorrectly completed with items marked as submitted although they were outstanding. Refer to Exhibits 16 – 18 for copies of Dealers' licences.

**All Dealers should fulfil the requirements of the Dealership Application Register before a licence is issued.**



Quantities of gold exported by Dealers for the period January 2012 to May 2015:

	2012	2013	2014	2015
Dealer	Quantity (Ozs)	Quantity (Ozs)	Quantity (Ozs)	Quantity (Ozs)
Mohamed's Enterprise	123,917	132,124	140,393	60,794
El Dorado Trading	16,498	40,405	62,443	18,633
Osaka Resources Inc.	-	128	501	3,898
Ahmad Trading Inc.	-	-	-	68
Miramar Investments	-	19	-	-
KAB Investments Inc.	-	69	-	-
Ramnarine & Azeem Baksh	210	-	-	-

### ***Tamesh Jagmohan***

Mr. Jagmohan, trading as El Dorado Trading has been one of the major dealers in gold over the period 1999 to present. Mr. Jagmohan's Dealer Certificate shows him as having operations at 136 Young Street, Kingston, Georgetown. However, Mr. Jagmohan routinely sold his gold to the Bartica office as following table shows:

Year	Bartica	Georgetown	Total
2012	80,265 Ozs	-	84,931 Ozs
2013	58,487 Ozs	-	58,487 Ozs
2014	-	44,739 Ozs	44,739 Ozs
2015	-	-	-

Co-incidentally on the closure of the Bartica office in April 2014, Mr. Jagmohan ceased sell gold to the Guyana Gold Board and is reported to be engaged in the export of gold.

The Board has a duty to undertake a reconciliation between purchases and exports. The Act does not expressly state but implies that reconciliations should be done for every shipment. Since dealers are requested to maintain detailed records for five years it is therefore recommended that the Gold Board undertake a systematic review of dealers' records with a view to ensuring compliance with the law.

A review of gold sold to the Gold Board and declarations made to the Board by Dealers issued licences during the period January 2012 to May 2015 revealed the following:

- Declarations were made by the following Dealers and the necessary royalties and taxes paid. However, there were no sales to the Gold Board and no gold declared for exportation:

2015 – GBTI Property Holdings Inc. and Adamantium Metals

The General Manager considers that this is a grey area in the law. Once gold has been declared by the Dealer and payments were made for royalties and taxes the Dealer can wait to export it when they wish or sell to the Gold Board when there is a price increase.

- There were no gold declaration (for export or payment of taxes and royalties) and there were no sales to the Gold Board by the following Dealers:

2015 – Hope’s Trading

2014 – Hope’s Trading, Rong An Inc., GBTI Property Holdings Inc. and Adamantium Metals

2013 – Rong An Inc., Hope’s Trading & Adamantium Metals

2012 – Hope’s Trading, Dinar Trading & Miramar Investment

The General Manger does not plan to renew licences for Dealers who are not making sales to the Gold Board, declaring gold and making necessary payments or exporting gold.

**We recommend that the Gold Board undertake an analysis of the exports of all dealers separately identifying exports into own production and purchases. Each of these requires separate tax treatment and once the information is available, it should be forwarded to the Guyana Revenue Authority for their consideration and action. In our estimation, this could involve hundreds of millions of dollars in taxes.**

**We also recommend that the Act be amended to require that licences be granted only to incorporated entities which by law require an independent audit. Alternatively, if the Board decides to allow the continuation of the system whereby licences are issued to individuals, the requirement for an independent audit should be mandatory.**

### 3.5.4 Valuation of inventories

Significant differences were noted in the price at which gold inventories were stated in the financial statements and market rates as follows:

	Financial statements (US\$)	Market (US\$)	Difference (US\$)
31 December 2012	1,664.00	1,664.00	-
31 December 2013	1,619.05	1,201.50	417.55
31 December 2014	1,199.25	1,199.25	-
31 May 2015	1,202.61	1,191.40	11.21

	Closing inventory Balance (unaudited) a	Re-computed closing balance (Ram & McRae) b	Variance a-b	Audited financial statements c	Variance b-c
31 December 2012	15,439,779,806	15,439,780,196	(390)	15,451,600,263	(11,820,067)
31 December 2013	15,756,097,778	11,694,763,087	4,061,334,691	11,696,897,287	(2,134,200)
31 December 2014	2,911,951,984	2,911,952,559	(575)	-	-
31 May 2015	7,744,675,533	7,672,483,882	72,191,650	-	-

International Financial Reporting Standards require that inventories be valued at the lower of cost and net realisable value and common methods of arriving at cost include first-in first-out and weighted average cost. An alternative is to value all inventories at fair value less costs to sell.

The entity values gold at its weighted average cost but fails to take account of net realisable value. The effect of this is that inventories are overstated as prices higher than market prices were used. The entity did not take account of the estimated costs to sell its inventories.

**The Board should adopt a policy of valuing gold inventories at fair value less costs to sell. Should the Board wish to retain its current policy, it will have to ensure that the correct valuation and prices are used at the yearend.**

### 3.5.5 Payments made to the GGDMA

	2012	2013	2014	2015
January to June	8,175,475	2,123,088	2,301,196	-
July to December	3,486,775	1,248,827	1,375,421	-
Total	11,662,250	3,371,915	3,676,617	-

Silver is obtained from the refinery of gold done by RCM. Based on calculations done by the Gold Board 50% of the cost of silver is paid to the Miners and Dealers. Silver payments are made to the Guyana Gold & Diamond Miners Association (GGDMA) based on requests by several Miners and Dealers to have their payments donated to the GGDMA.

We were further advised by the General Manager, silver payments are made to the GGDMA based on the income received from the sale of silver. According to the Accountant, the Gold Board did not have any sale of silver in 2012 and 2013, however, we noted silver payments in both these years to the GGDMA.

The Finance Manager advised that the previous General Manager authorised payments to be made twice a year to the GGDMA although no sale of silver was done. The Finance Manager is not aware of the calculations used to arrive at the amount paid.

**Since the Board is unable to locate an agreement with the GGDMA with regards to silver payments, the GGB should cease all payments until such an agreement is signed. The basis of the payments noted above should be further reviewed with the GGDMA.**

### 3.5.6 Gold reconciliation

A gold reconciliation was attempted using the following information:

- Local stock: taking the opening inventory balance as at January 1, 2014, adding purchases and deducting shipments to RCM and local sales.
- Stock at RCM: taking the opening balance as at January 1, 2014, adding shipments from Guyana and deducting shipments to Mitsui.
- Stock at Mitsui: taking the opening balance as at January 1, 2014, adding shipments received from RCM and deducting sales.

Variances noted in our reconciliation were provided to the Internal Auditor and General Manager for comments on 03 August 2015. However, a response was not received.

Refer to Appendix I.

A test was conducted on the purity of the gold shipped to RCM compared to the purity of the Gold refined by RCM. At the end of December 2014 and May 2015, the net figure calculated indicated that overall a higher purity of gold was received by the RCM compared to the purity of the shipments as per records of the Gold Board.

The purity of the shipment from Guyana was calculated by taking the average of the purity of the opening stock and stock purchases for each month.

Using the purity factors we also calculated the expected loss on each shipment to RCM. The expected loss was compared to the actual loss on each shipment and a net figure calculated at the end of the period. At the end of December 2014 and May 2015 the expected loss calculated by Ram & McRae was higher than the actual loss recorded for shipments from Guyana.

Refer to Appendix J and K.

**Management should maintain stock movement records so as to be aware of the actual quantities of gold held at each location. This will facilitate the comparison between actual stock on hand compared to the estimated stock balance.**

### 3.5.7 Monthly stock holdings

A chart showing gold stocks at the end of each month compared to market prices is shown in Appendix L.

As noted in section 3.4.2, significant quantities of gold were transferred to the Bank of Guyana and in our view these transfers were intended to essentially reduce stock levels given falling prices. We have included on the chart the combined quantities held by the Board and transferred to the Bank of Guyana to show the true levels of gold retained during the period 1 January 2012 to 31 May 2015.

At the beginning 2012 gold stocks were 62,949.50 ozs with a market value \$20.9 billion. The highest closing stock quantity for 2012 was held at the end of May - 79,051.64 ozs with a market value of \$26.5 billion. As prices continuously rose to US\$1,776 per oz at the end of September, gold stocks fell to 23,073.07 ozs valued at \$8.2 billion. In 2013, as prices fell to a low of \$1,192.00 at the end of June, gold stocks increased to \$118,668.51 ozs. Gold stocks peaked at the end of May 2014 at 141,366.29 ozs, including stocks taken by the Bank of Guyana, a value of \$36.2 billion.

Stock holdings appeared to move in the opposite direction of prices, increasing as prices fell and reducing as prices increased. The Board was therefore exposed to higher losses in periods of falling prices and gains in periods of raising prices. However, with a maximum price of US\$1,791.75 being achieved in October 2012 and having constantly fallen since that date, it seems unlikely that the Board would recover the cost of stocks purchased over the period.

In our view, the Board failed to put mechanisms in place to protect itself, and the country, from falling gold prices.

The Board should consider hedging contracts and other mechanisms to ensure gold is disposed of at or above cost.

Given the large sums involved, the policy, or rather absence of any policy, needs to be addressed as a matter of urgency with participation and guidance coming from the Department of the Environment, the Ministry of Finance and the Bank of Guyana. At the wider Government level, the question that needs to be considered is the level of gold stocks which the Gold Board should hold and whether the national policy on gold should involve the Bank of Guyana holding gold as part of its reserves.

## 4 Other matters

### 4.1 Investigation into Curacao shipment

Further to a request to the Commissioner of Police and the Ministry of Finance, we were provided with a copy of a report into a heist which occurred in Curacao of approximately 476 pounds of gold aboard the vessel "SUMMER BLISS" on 30 November 2012. The vessel was registered at Port Georgetown as a cargo vessel in the name of Deosarran Shivpaul whose address was Lot 23, Tenze Firme, Canal #1, West Bank Demerara.

The Guyana Police Force was unable to trace this person at the address which on investigation was an empty plot of land.

Two officers from GGMC visited Curacao and submitted a report to the Ministry of Natural Resources and the Environment. The report was attached to a letter addressed to the Minister of Natural Resources and contained several statements and recommendations. However, the Board Secretary advised that checks at the Ministry showed no evidence that the report was indeed received. Refer to Exhibit 19 for a copy of the letter and Exhibit 20 for a statement from the Internal Auditor at GGMC.

Of particular concern, the report noted that the Curacao representatives stated that they would only provide further information requested by the visiting team if the request came from the Guyana Public Prosecutor to the Public Prosecutor in Curacao. A letter was sent to the Director of Public Prosecutions on 16 September 2015 enquiring as to whether the report was forwarded to that office for action. As of the 4 November 2015 a response was not received.

The reports presented to us suggest a less than serious attempt to pursue the investigations with a view to protecting persons who may have been involved in the unlawful shipment. We find it curious that the Guyana Gold Board, the principal regulator was not a party to the investigations. The Gold Board Act gives the Gold Board access to the premises and records of payments and inventory of dealers and that right ought to have been exercised with a view to determining any significant variances.

**A thorough inter-agency investigation into the delays in the investigations should be carried out to determine the cause of the delays or inaction. Further, efforts should be made to pursue the investigations with assistance from Curacao and other regional and international agencies as appropriate. The method of communication with foreign authorities of gold shipments should be reviewed to determine the safeguards necessary to prevent such shipments from going undetected.**

### 4.2 Losses incurred

As noted elsewhere in this report, the Board incurred significant losses in 2013 as a result of maintaining an unusually high level of gold inventories even as prices continued to decline. This matter is discussed under 3.5.1 of this report.

We believe that the Gold Board, in consultation with the Ministry of Finance and the Bank of Guyana should consider the appropriate level of gold stock which the Gold Board should maintain with the balance held by the Bank of Guyana or sold.

### 4.3 Bartica

We were provided with copies of reports submitted to the Commissioner and Deputy Commissioner of Police on the alleged simple larceny committed at the Guyana Gold Board (Head Office and Bartica Branch)

into the discovery of 25 pieces of yellow coated metal or silver instead of gold. The discovery was made on 4 April 2014 at approximately 2:30pm by the Assistant Head of Laboratory, Mr. Mark Chan.

A file on the on the above mentioned report was submitted to the Director of Public Prosecutions (DPP) for legal advice. Recommendations were made for further investigations to be conducted since there was insufficient evidence to charge anyone.

Difficulties encountered during the investigation were noted to be the following:

- Investigators were unable to determine who switched the gold;
- Non-existence of physical evidence to determine who committed the act; and
- Absence of useful footage from surveillance cameras (three of eleven cameras from Bartica was made available while at head office 8 of 11 was made available).

No other reports were received detailing any further actions taken after the recommendations made by the office of the DPP.

#### 4.4 Anti-Money Laundering Act

The GGB has been designated as the Supervisory Authority for dealers. The Compliance Department is a small unit established in 2014. It has prepared and circulated Dealers Profile Forms and has followed this up with site visits during which it has examine receipts of transactions. It has also prepared a Due Diligence Questionnaire for use as a Know Your Customer tool (KYC).

The Dealers Profile of Mr. Tamesh Jagmohan trading as El Dorado Trading was incomplete. While the Authorisation (Licence) is in the name of El Dorado, the Dealer's Profile is in the name of the individual. The Profile names four agents but it appears that no KYC was done for any of these persons who would be in the frontline of the buying operations.

Two files of some significance are:

1. Hope's Trading for which a site visit to the premises found that no business was being transacted.
2. Ahmad Trading for which a site visit to the premises found that no business was being conducted on the site and the yard was in disarray as though construction was in process. A security guard on location confirmed that no business was being conducted presently since the owners were out of the country.

Other visits include to well-known buyer Mohammed's Trading in Lombard Street.

Our observation is that the Gold Board needs to apply greater influence on Dealers by using the annual renewal process to impose and enforce discipline on exporters. In this regard the whole issue of the regulation of exports needs to be strengthened particularly as regards the use of the Seal and supervision and regulation over scrap gold.

We recommend that the Board:

- undertake, in consultation with the Financial Intelligence Unit of the Ministry of Finance and such other bodies as it considers appropriate, a thorough evaluation of its obligations under the Anti-Money Laundering and Combatting the Financing of Terrorism Act;
- establish procedures for discharging those obligations; and
- recruit such staff as is necessary.

## 4.5 The Gold Board Option

The Minister of Energy and Mines (Cde. Jack): Wednesday, 23rd December, 1981

*As far back as 1977 the Government, apprised of the situation, sought means of bringing under better control monitoring of gold production in this country. In 1978 a Bill was tabled in this House intituled the Guyana Gold Board Bill No. 18 of 1978, which was published on September 2, 1978.*

*But Gold and diamonds are difficult things to monitor and conscious of the delicacy of the industry in this country I decided to proceed with the greatest of caution and so around the middle of this year I caused, as a result of approaches to Cabinet, a committee to be set up.*

*Generally speaking, it is felt that we have been receiving royalty on approximately one-third or half of the gold which is actually being produced in this country so that out of approximately \$10 million worth of gold we have been able to trace less than one million.*

*During those three years no time had been made by persons who have been winning gold to give a true return on the gold that they have been getting. It is within these circumstances that the Guyana Gold Board becomes a necessity.*

*I wish to stress that the establishment of this Board is not intended primarily as a profit-making exercise. It is intended primarily to ensure that the foreign exchange which is the result of the selling of gold comes to the state, for it is no use having foreign exchange restrictions with regard to general foreign exchange and having a massive loophole with respect to gold.*

The Gold Board was established in 1981 when most gold mining was done by local artisanal and medium scale operators. The Gold Board at that stage had a complete monopoly on the gold trade and was seen as critical in mitigating the consequences of shortage of foreign exchange. The industry has witnessed some significant challenges and changes over the life of the Gold Board.

The Omai Mineral Agreement gave to the operator Cambior Inc. the right to export their entire production of gold. More recently the law was amended to permit the licensing of persons to purchase, hold and export gold, further reducing the share of the country's official gold production handled by the Gold Board. By way of example, the percentage of official gold production handled by the Gold Board has been as follows:

	Total production (ounces)	Gold Board (ounces)	%
1990	38,717	38,536	99.5
1995	269,807 (Non-Omai: 91,451)	91,461	33.9
2000	434,892 (Non-Omai: 105,289)	104,493	24.0
2005	262,528 (Non-Omai: 162,527)	161,683	61.6
2008	260,387	257,827	99.1



*Source: TOO BIG TO FAIL: A Scoping Study of the Small and Medium Scale Gold and Diamond Mining Industry in Guyana (draft), Professor Clive Y. Thomas, November 2009.*

By its own admission the Gold Board does not have the resources to carry out its statutory duties. And in its commercial operations the absence of a sufficiently cautious trading policy has caused it to suffer accumulated losses of over ten billion dollars (\$10 billion) from 2012 to 2014. Even if the gold price was to pick up in the short term the prospects of recouping the losses from existing stock are slim to impossible.

The chances are reduced even further as the Gold Board is set to deal in reduced quantities even as its costs increase. Losses then are likely to become an increasing feature of the Board's operations. This poses the question to the Government as to the role the Gold Board should play and whether it should come out of trading altogether.

In our view, such consideration should include the role of the Bank of Guyana in the purchase and holding of gold as part of its reserves held as long term assets and as an inflation hedge. Indeed, the Gold Board and the Bank of Guyana may wish to engage in immediate negotiations for the Bank of Guyana to take over some of the gold currently held by the Gold Board and apply the proceeds to the overdraft held at the Bank of Guyana.

For the future we recommend two options: continuing the existing model but matching sales and purchase with a view to avoiding any price decline or exiting the purchase and sale of gold and functioning as a licensing and regulatory body. We briefly look at these two options.

#### **Continuing the existing model**

The risks of continuing the existing model are twofold: it remains vulnerable on the purchase side to collusion and overstatement of the purity of the metal it buys, and on the sale side, on price swings. To reduce the potential for losses on purchases, the Board would have to implement measures of controls and redundancies that would be costly and which have no revenue potential other than the protection of such revenues. Result: increase in cost.

To reduce the potential for losses on the sale side, since the price of gold is determined by the international market, the only option is as far as possible to match the quantity sold with the quantity purchased on a daily basis. Result: smaller gain, if any.

#### **Exiting trading**

Under this model, the Gold Board will discontinue all purchases and sales of gold thus avoiding any risk of trading losses, or gains. Under this model all the costs of trading, including the purchase, holding and price risks are eliminated.

The Gold Board would then only be responsible for:

1. licensing traders and producers with direct export rights;
2. publishing daily the recommended price for the purchase of gold and the exchange rate with some allowance for the location of the purchase;
3. ensuring that licensees operate within the terms and conditions of their licence, including overseeing the export of gold;
4. the accurate collection of royalties and taxes; and

5. performing the function of the supervisory authority for purposes of the Anti-Money Laundering and Countering the Financing of Terrorism Act.

This model was recommended in Guyana's draft National Development Strategy released in 1997 (see part VI. B. of Chapter 32, Vol. 4)<sup>1</sup>. In fact, the document states that "it has been decided to replace the mechanism of that board with a system of licenced and bonded buyers of gold." The reasons advanced include the high transportation costs and royalties. Recommendations included:

- Submission of financial statements
- Provision of bonds against liabilities for royalty remittances
- Demonstration of a programme that involves a physical presence in the interior at least part of each year
- Preparation of invoices for all purchases and sales of gold
- Tight supervision by the GGMC
- Formation of cooperatives to buy gold by independent gold miners
- Determination of maximum number of buyers by Government, subject to a minimum of 10
- Reduction in royalty rate to 2%, phased in over two years, along with 11 other changes in the fiscal regime.

In Suriname, the Central bank of is responsible for the registration of gold that is exported and for making gold available to jewellers. Royalties are collected by the CBvS and gold for goldsmiths is refined by the Royal Canadian Mint (Canada). From 1994 to 2002, the CBvS was the only authorised buyer of unrefined gold. From 1996, several entities were licensed to purchase gold on behalf of CBvS. Since 2002, the buying and export of gold has been delegated to licensed entities. The number of licences issued have been kept at a minimum to aid in the supervision of these entities – in 2010 there were five gold buying entities with export licences and two without export licences.

In Ghana, like in Guyana, gold companies export their gold production while the Precious Minerals Marketing Company Limited (PMMC), a company owned by the Government, buys and sells gold from small miners, appoints licensed buyers and has other responsibilities in the sector. The company also operates several jewellery retail shops.

For exports, gold is delivered to PMMC for assaying and an Assay Invoice is issued indicating the weight and purity of the gold. The gold is then sealed and secured, customs documents are prepared, and the gold is transported and delivered to the airline. Fees and commissions are received by the PMMC.

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<sup>1</sup> <http://www.guyana.org/NDS/chap32.htm>

## 5 Conclusion

The review revealed a number of issues, primarily in the areas of procurement and management of gold stocks.

In our view, the losses incurred by the Board were due to the maintenance of high stocks of gold, presumably based on speculation by the Board as to the expected price movements. The Board has also failed to carry out its duties of monitoring dealers and making efforts to curb possible smuggling.

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

## 6 Appendices

### 6.1 Appendix A

#### Terms of Reference

##### **Background**

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

##### **Aim and Scope of the audit**

*The audit should include such procedures as necessary to:*

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

### **Specialised areas**

*The auditor should also:*

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

### **Cooperation**

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

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

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

### **Eligibility**

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

### **Reporting**

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

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

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

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

## 6.2 Appendix B

Guyana Gold Board Act, Cap. 66:01

### *Section 3. Establishment of the Board.*

Under the First Schedule of the Act, the Board is required to have not less than three and not more than seven persons, including the General Manager.

### *Section 4. Functions of the Board.*

The functions of the Guyana Gold Board are:

- (a) to carry on the business of trading in gold;
- (b) to secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices;
- (c) subject to this Act, to purchase all gold produced in Guyana;
- (d) subject to this Act, to sell all gold in Guyana and to sell gold outside Guyana;
- (e) to engage in other related commercial or industrial activities.

### *Section 5. Fixing the price of gold.*

The Gold Board, with the approval of the Minister, is required to fix the price to purchase or sell Gold and publish this by notice in the *Gazette*.

### *Section 6. Producers to sell gold to the Board.*

This section provides for producers to sell all gold to the Board or an authorised agent within twenty-eight days of obtaining or winning such gold and within twenty-four hours of conveying such gold to Georgetown or any other place determined by the Minister by notice in the *Gazette*. The Act allows the Board to extend the period or to authorise the producer to hold gold for personal use and not for trade.

### *Section 7. Other persons in possession of gold.*

This section makes it unlawful for persons other than producers, goldsmiths and dentists to possess gold<sup>2</sup> obtained in Guyana.

Other sections of the Act permit agents and other persons to purchase and possess gold.

### *Section 8. Gold to be sold to and purchased from the Board.*

Restricts purchases and sale of Gold to the Board or authorised agent.

### *Section 9. Exemptions.*

Provides for the Board to authorise persons to possess, sell or export gold.

This section also allows persons licenced under the Tax Act to obtain payment in gold and provides for reporting by such persons and other matters.

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<sup>2</sup> Defined in the Act as “raw gold, and includes unrefined gold amalgam, slimes and scrapings containing gold, and smelted gold that is not manufactured into any article of commerce.”

*Section 10. Authority to purchase gold.*

Also allows persons licenced under the Tax Act to purchase gold and provides for reporting by such persons and other matters.

*Section 11. Disclosure of interest by member of the Board.*

Requires members of the Board to disclose the nature of any interest which may be affected directly or indirectly by a decision of the Board. The interest may be by the member, parents, spouse or children.

*Section 12. Employment of officers and other employees of the Board.*

Allows the Board, with the approval of the Minister, to appoint persons and fix their remuneration.

*Section 13. Funds of the Board.*

Provides for the Board to maintain a fund from monies received and to pay expenses from such fund.

*Section 14. Borrowing powers of the Board.*

Provides for the Board to borrow monies to meet its obligations or discharge its functions.

*Section 15. Investments.*

Allows the Board to invest monies in securities approved by the Minister.

*Section 16. Audit and accounts of the Board.*

Provides for the Minister to appoint an auditor.

*Section 17. Annual report.*

Requires submission of an annual report including audited accounts to the Minister within six months of the year end and for this report to be laid in the National Assembly.

*Section 18. Power of the Minister to give directions to the Board.*

Allows the Minister to give the Board directions.

*Section 19. Exclusion of application of Limitation Act.*

Provides that the Limitation Act does not apply to proceedings by the Board.

*Section 20. Parate execution.*

Provides for monies to be recovered by Parate execution.

*Section 21. Search of premises and persons.*

Allows an officer to enter, under warrant, any premises or other place to conduct a search where he has reasonable cause to suspect that an offence against section 6, 7, 8, 9 or 10 has been or is being committed. Persons therein or persons whom he has reasonable cause to believe to have recently left, may also be searched.

An officer may also stop and search any person or vehicle or any other conveyance where he has reasonable cause to suspect that any person is unlawfully in possession of, or removing, any gold.

Officer is defined to mean “every justice of the peace, customs officer, officer of the Department of Geological Surveys and Mines or of the Geology and Mines Commission, every member of the Police Force, every mines officer under the Mining Act and every person employed by the Board and authorised in writing for the purpose of this section by the General Manager of the Board.”

*Section 22. Power to order amnesty.*

Amnesty orders may be granted under section 22 of the Act to allow persons with gold in their possession to sell such gold to the Gold Board without prosecution.

*Section 23. Offences and penalties.*

Provides for fines on first offence, and fines and imprisonment for subsequent offences for breaches of the provisions of section 6, 7, 8, 9 or 10 or for obstructing any person performing functions under the Act or for breaching conditions of the Board.

*Section 24. Power to accept compensation for offence.*

Allows the Minister to receive, on behalf of the Board, compensation in lieu of proceedings under section 23.

*Section 25. Regulations.*

Provides for the Minister to make regulations for the purpose of carrying out the provisions of this Act

*First Schedule: Constitution*

The first schedule contains several provisions regarding the Board of Directors. Section 4, Meetings of the Board and the procedure thereat, requires *inter alia* that minutes in proper form of every meeting of the Board shall be kept by the Secretary.



## 6.3 Appendix C

### Roles of the Minister and Ministry

The role of the Minister as set out under various sections of the Guyana Gold Board Act is as follows:

- Approving the price at which the Board may purchase or sell gold in Guyana;
- Revoking the appointment of any Board member who contravenes or fails to comply with the provisions of section 11 of the Act regarding disclosure of interest;
- Approving the appointment of a General Manager, a Secretary and such other officers and other employees;
- Approving the retention of services of expert and other professional persons;
- Approving investment in securities and sale of such securities;
- Appointing the Auditor;
- Approving specific or general investments by the Board of surplus funds;
- After consulting with the Board, giving general or specific policy directions to be followed by the Board in the performance of its functions as appears to the Minister to be requisite in the public interest;
- Accepting on behalf of the Board money by way of compensation from any person reasonably suspected of a contravention of the Act or any regulation made thereunder;
- Making regulations for the purpose of carrying out the provisions of this Act;
- Determining remuneration and allowances payable to Board members.

The power to borrow is vested in the Minister responsible for Finance.

The functions of the Ministry as stated in the annual report for 2012 include the following:

- Coordinate, promote and monitor environment and natural resources activities;
- Provide informed guidance on sustainable management, utilisation, and conservation of the environment and natural resources;
- Promote capacity building to ensure that all MNRE agencies and the sectors are well resourced;
- Upgrade the capacity for unified and enhanced environmental data, its analysis and information coverage and application;
- Develop a policy framework to harmonize environmental-related laws and institutions, and promote the capacity for collective enforcement of environmental standards; and promote the effective implementation of same;
- Promote the capacity for collective monitoring and enforcement of environmental standards;
- Strengthen multi-sectorial planning and strengthen linkages between institutions of planning and environmental and natural resources management;
- Establish a baseline on the state of the environment for future environmental planning;
- Establish a mechanism for information sharing among natural resources agencies;
- Strengthen negotiating capabilities through top talent development and compliance with Multilateral Environment Agreements (MEAs).

## 6.4 Appendix D

### *Human Resources Committee*

#### *Accountability*

The committee is to report to the Board following each Committee meeting.

The Board Secretary advised that the reports of each Committee meeting were presented to the full Board of Directors in the form of the minutes of the meeting and a verbal highlight was also given by the Chair of that Committee.

#### *Meetings*

The Committee is to meet at a minimum quarterly and may meet more frequently.

The Board Secretary advised that the Committee meets as often as was required by directives of the full Board of Directors.

#### *Scope and Role of the Committee*

- Review and approve employee/industrial relations strategies including the enterprise bargaining agreement;
- Guide the planning and implementation of organisational development and change programs;
- Review and approve remuneration strategy, policies and practices;
- Review and approve senior executive recruitment and appointments;
- Liaise with the Ministry of Natural Resources and the Environment and other agencies, as necessary, or refer matters to the Board as appropriate;
- Consider any other human resources, or industrial relation matter that maybe referred to the Committee by the Board;
- Conduct an annual performance and development review of the General Manager.

The Board Secretary advised that the terms of reference was the guiding document for the Committee. No other document is available on the scope and role of the Committee.

#### *Mandate review and self-evaluation*

On an annual basis, the Committee is to review the Terms of Reference and evaluate the Committee's performance against them. The results of the review and self-evaluation, and appropriate recommendations, are to be submitted to the Board of Directors.

The Board Secretary advised that the terms of reference were standard. However, they evolved every year based on the development of the organisation. Every year a new Committee was selected based on the members of the Board of Directors.

#### *Reporting on performance*

The Committee is to ensure that the Board receives an annual report:

- i) from the Chair, regarding the performance of the executives;
- ii) from the Executive Director, regarding the performance of the Senior Managers

The Board Secretary advised that the annual report of the Guyana Gold Board would contain a message from the General Manager and the Chairman would detail the performance of the organisation in general. The Guyana Gold Board has all records of performance evaluation for the senior personnel.

#### *Technical sub-committee*

##### *Accountability*

The Sub-Committee is to report to the Board following each Committee meeting.

The Board Secretary advised that the reports of each Committee meeting were presented to the full Board of Directors in the form of the minutes of the meeting and highlights were also verbally presented by the Chair of that Committee.

##### *Meetings*

The Sub-Committee is to meet at a minimum of quarterly and may meet more frequently.

The Board Secretary advised that the Committee met as often as was required based on directives of the full Board of Directors and all minutes were submitted.

##### *Information Technology*

On an annual basis, the Committee is to review and report to the Board in respect of key information technology.

We note that two system reviews were carried out for the Guyana Gold Board in 2012 and 2014 by Parmesar, Chartered Accountants. These considered the use of information technology. See section 3.3.4 above.

##### *Management Performance*

The Committee is to:

- Provide annual input to the General Manager on the performance of the workings of the Guyana Gold Board;
- Review the appointment or exit of General Manager;
- Monitor the out-of-province travel expenses of the General Manager and Executives in the order to ensure reasonableness consistency with policies set by the Board. (As part of the annual report of payments).

##### *Other Duties*

- Review other projects or developments as directed by the Board of Directors;
- Provide formal evaluation in writing on the performance of the Sub-Committee and Individual members on an annual basis;
- Review and recommend creation of Branches;
- Review and recommend policy and revenue retention strategies.

The Board Secretary advised that every year a new Committee was selected based on the members of the Board, as with all Committees. The Budget for each year would determine the programme performance and revenue management of the organisation.

### *Key functions of the Technical Sub-Committee*

- Set and review the Board's standards for responsible mining in a specific metal or mineral product;
- Advise the Board on all matters regarding the content of the standards;
- Agree on the process for standard development;
- Overview the standard setting and testing procedures;
- Provide technical input for this development;
- Approve final draft of standards;
- Review the proper stakeholder involvement during public consultations;
- Provide advice to the Board of Directors on relevant supply chain, downstream and commercial issues.

The Board Secretary advised that the terms of reference was the guiding document for the Committee. No other document is available on the scope and roles of the Committee.

### *Audit and Finance Sub-Committee*

#### *Functions and Responsibilities*

- The Audit and Finance Committee is review and recommend to the Board:
  - The appointment of external auditors
  - The annual budget and financial forecasts
  - Jointly with the Planning and Development Committee, the capital plan
  - Changes in user charges
  - Financial policies
  - Financing proposal
  - Acceptance of the annual audited statement
- The Audit and Finance Sub-Committee shall review the draft annual report prior to presentation to the Board
- The Audit and Finance Sub-Committee shall ensure that the Guyana Gold Board meets its statutory obligation and conduct its affairs in accordance with legal and regulatory requirements (for example, safety regulation, environmental laws, regulations, employment and labour laws) and Board approved policies
- The Audit and Finance Sub-Committee shall monitor the following Board approved policies and report to the Board:
  - The financial plan
  - The financial condition
  - Compensation and benefits
  - Asset protection
  - Environmental protection
  - Emergency General Manager succession
- The Audit and Finance Sub-Committee shall ensure the General Manager is in compliance with reporting requirements as set out in the General Operating By-Laws of the Guyana Gold Board
- The Audit and Finance Sub-Committee shall act as the Board's liaison with external auditors
- The Audit and Finance Sub-Committee shall provide oversight of the environmental related activities of the Guyana Gold Board:

- Review Board and Management policies and associated due diligence procedures
- Review Management plans, strategies and outcomes regarding significant environmental issues, environmental risk and liabilities and the impact of changes in environmental legislation and regulations
- Receive reports, including operational and environmental performance reports, from management and exercise appropriate methods of inquiry and examination with respect to the information presented
- In situations involving the hiring of third parties to review the environmental practices and procedures of the Board, the committee will review the terms of reference and have an opportunity to receive reports directly from the third party
- Receive and review Management's annual report to the Board regarding environmental due diligence matters

The Board Secretary advised that the terms of reference were the guiding document for the Committee. No other document is available on the scope and roles of the Committee. There is no Planning and Development Committee as referred to in the terms of reference.

#### *Accounting Policy*

Review and report to the Board of Directors any changes in accounting policies or significant transaction which impact the financial statements in a significant manner.

The Board Secretary advised that these were presented in the respective annual reports, as well as the monthly financial and audit reports.

#### *Internal Controls*

- Monitoring the effectiveness of the Board's system of internal controls to ensure compliance with accounting and financial reporting and policies
- Monitor the effectiveness of the Board's compliance with regulations and legislation
- Monitor the General Manager certification process and results

The Board Secretary advised that the system review reports detailed several measures which should have been implemented over the respective periods of 2012 and 2014.

## 6.5 Appendix E

### Standard Operating Procedures

- Client reception
- Burning procedure
- Sampling and payment preparation
- Density determination
- Sample coding and labelling
- Determination of payout factor
- Stock checks
- Banking operations
- Dispatching of samples for assay at Guyana Geology and Mines Commission
- Dispatching of referees to Royal Canadian Mint
- Smelting procedure
- Preparation for export shipment
- Handling of returned samples
- Processing of Guyana Geology and Mines Commission assay results
- Processing of Royal Canadian Mint assay results
- Returning referee samples to stock
- Procedure for selling gold locally
- Gold recoveries
- General security
- Procedure for approval of Standard Operating Procedures
- Investigation of information alleging criminal activity connected to the operations of the Guyana Gold Board
- Investigation of information on criminal activity allegedly committed by employees of the Guyana Gold Board

## 6.6 Appendix F

### List of authorised signatories

#### *Republic Bank (Guyana) Limited*

General Manager – Anantram Balram	2012 – 2014
Assistant General Manager	2014 – present
Finance Manager	2012 – present
Accountant	2012 – present
Assistant Accountant	2014 – present
Accounts Supervisor	2012 – present

#### *Citizens Bank*

General Manager– Anantram Balram	2012 – 2014
Laboratory Supervisor	2012 – 2014
Assistant Head of Laboratory	2012 – present
Accounts Supervisor	2012 – present

#### *Bank of Guyana*

##### Sign, Countersign and/or Endorse:

General Manager – Lisaveta Ramotar	2015
General Manager – Anantram Balram	2012, 2013
Assistant General Manager – Andrea Seelochan	2013, 2014, 2015
Finance Manager – Eondrene Thompson	2012, 2013, 2014, 2015
Accountant – Rosanna Ramnarine	2012, 2013, 2014, 2015
Head of Laboratory – Dawn Shephard	2012, 2013, 2014, 2015
Station Manager – Bartica – Tannis Gomes	2012, 2013
Assistant Head of Laboratory – Mark Chan	2012, 2013
Branch Coordinator – Tracy Stephens	2013

##### Countersign and/or Endorse:

General Manager – Lisaveta Ramotar	2015
Assistant Accountant – Totaram Sooknanan	2015
Accounts Supervisor – Stanwick Rose	2012, 2013, 2014, 2015
Laboratory Supervisor – Rodwell Phillips	2012, 2013
Lab Technician/General Clerk (2012)/	
Accounts Clerk (2013) – Carolyn Gilkes	2012, 2013
Assistant Head of Laboratory – Mark Chan	2013

## 6.7 Appendix G

### Statement of Comprehensive Income

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Turnover	54,021,110,881	76,885,761,899	99,183,472,672	67,247,009,647
Cost of Sales	54,145,932,567	86,544,106,091	99,351,714,296	66,926,910,926
<b>Gross Profit</b>	<b>(124,821,686)</b>	<b>(9,658,344,192)</b>	<b>(168,241,624)</b>	<b>320,098,721</b>
Other Income	117,129,204	20,859,915	19,450,374	105,950,641
<b>Operating Income</b>	<b>(7,692,482)</b>	<b>(9,637,484,277)</b>	<b>(148,791,250)</b>	<b>426,049,362</b>
Administrative Expenses	332,198,982	301,102,958	332,511,770	300,474,259
<b>Net Income for the year</b>	<b>(339,891,464)</b>	<b>(9,938,587,235)</b>	<b>(481,303,020)</b>	<b>125,575,103</b>

The Information above is based on the financial statements provided by the GGB.



## 6.8 Appendix H

### Statement of Financial Position

	2014	2013	2012	2011
<b>Non-Current Assets</b>	113,242,863	77,719,091	93,210,677	83,743,717
<b>Current Assets</b>				
Inventory	3,010,529,880	11,868,498,302	15,579,229,982	20,926,936,155
Accounts Receivable and Prepayments	46,708,358	59,622,905	362,035,903	37,893,143
Cash on hand and at Bank	886,072,544	1,115,244,882	44,270,208	44,189,157
<b>Total current assets</b>	<b>3,943,310,782</b>	<b>13,043,366,089</b>	<b>15,985,536,093</b>	<b>21,009,018,455</b>
<b>Total Assets</b>	<b>4,056,553,645</b>	<b>13,121,085,180</b>	<b>16,078,746,770</b>	<b>21,092,762,172</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Bank overdraft	3,869,961,932	12,456,155,743	5,157,190,359	12,508,205,008
Advance from Ministry of Finance	8,731,630,794	8,731,630,794	8,731,630,794	6,358,465,727
Accounts Payable	722,157,030	860,603,290	1,178,643,029	733,505,643
<b>Total liabilities</b>	<b>13,323,749,756</b>	<b>22,048,389,827</b>	<b>15,067,464,182</b>	<b>19,600,176,378</b>
<b>Equity</b>				
Government Contribution	108,577,100	108,577,100	108,577,100	108,577,100
Accumulated Surplus	(9,375,773,211)	(9,035,881,747)	902,705,488	1,384,008,694
<b>Total Equity</b>	<b>(9,267,196,111)</b>	<b>(8,927,304,647)</b>	<b>1,011,282,588</b>	<b>1,492,585,794</b>
<b>Total Liabilities and Equity</b>	<b>4,056,553,645</b>	<b>13,121,085,180</b>	<b>16,078,746,770</b>	<b>21,092,762,172</b>

The Information above is based on the financial statements provided by the GGB.

## 6.9 Appendix I

### Gold Reconciliation

#### Local Stock

#### 2014

	Opening Stock	Purchases	Shipment	Sale	Estimated Closing stock	Actual Closing Stock	Difference
January	8480.72	13,921.32	(14,786.16)	(61.00)	7,554.88	7,534.82	20.06
February	7,534.82	24,594.04	(17,274.50)	(23.00)	14,831.36	14,854.00	(22.64)
March	14,854.00	18,468.22	(24,152.77)	(20.75)	9,148.70	9,155.22	(6.52)
April	9,155.22	14,888.40	-	(38.50)	24,005.12	23,802.53	202.59
May	23,802.53	14,382.95	(24,835.39)	(30.00)	13,320.09	13,341.14	(21.05)
June	13,341.14	14,363.00	-	(10.50)	27,693.64	27,693.98	(0.34)
July	27,693.98	16,946.97	(21,488.85)	(20.16)	23,131.94	24,394.96	(1,263.02)
August	24,394.96	13,442.00	(23,436.90)	(22.50)	14,377.56	14,360.40	17.16
September	14,360.40	13,970.00	-	(46.50)	28,283.90	28,255.58	28.32
October	28,255.58	12,909.00	(21,555.50)	(62.50)	19,546.58	19,498.95	47.63
November	19,498.95	12,100.59	(23,125.87)	(62.50)	8,411.17	8,395.58	15.59
December	8,395.58	12,653.94	(11,688.89)	(90.20)	9,270.43	9,269.84	0.59

#### 2015

January	9,269.84	8,487.57	(9,623.88)	(20.90)	8,112.63	8,092.99	19.64
February	8,092.99	9,924.66	(12,330.71)	(35.00)	5,651.94	5,648.15	3.79
March	5,648.15	11,812.29	(11,440.71)	(57.00)	5,962.73	5,965.15	(2.42)
April	5,965.15	12,452.14	(14,083.83)	(4.00)	4,329.46	4,333.10	(3.64)
May	4,333.10	10,895.33	(10,841.00)	(5.00)	4,382.43	4,377.36	5.07

**Royal Canadian Mint****2014**

	Opening Stock	Shipment	Transfers to Mitsui	Sample Credit	Estimated Closing stock	Actual Closing Stock	Difference
January	29,766.89	13,823	(29,764.47)	-	13,825.19	13,846.50	(21.31)
February	13,846.50	15,994.79		-	29,841.29	29,841.31	(0.02)
March	29,841.31	22,337.78	(10,000.00)	-	42,179.09	42,179.09	-
April	42,179.09	-	-	-	42,179.09	42,277.06	(97.97)
May	42,277.06	-	-	-	42,277.06	42,245.29	31.77
June	42,245.66	23,123.02	(30,000.00)	-	35,368.68	35,389.26	20.58
July	35,389.26	20,007.19	(30,000.00)	29.30	25,425.75	25,430.33	(4.58)
August	25,430.33	21,820.77	(20,000.00)	-	27,251.10	27,670.95	(419.85)
September	27,670.95		(20,000.00)	-	7,670.95	7,702.62	(31.67)
October	7,702.62	20,244.87	(20,000.00)	-	7,947.49	7,947.49	-
November	7,947.49	21,770.57	(20,000.00)	43.50	9,761.57	9,761.57	-
December	9,761.57	11,017.77	(20,000.00)	20.66	800.00	800.00	-

**2015**

January	800.00	9,020	(9,800.00)	-	19.82	19.82	-
February	19.82	11,641.65	(10,000.00)	29.40	1,690.87	1,690.86	0.01
March	1,690.86	10,768.39	-	-	12,459.25	12,459.25	-
April	12,459.25	13,299.23	(12,000.00)	-	13,758.48	13,758.48	-
May	13,758.48	10,239.99	(13,000.00)	-	10,998.47	10,998.47	-

**Mitsui****2014**

	<b>Opening Stock</b>	<b>Transfers from RCM</b>	<b>Sales</b>	<b>Estimated Closing stock</b>	<b>Actual Closing Stock</b>	<b>Difference</b>
January	10,045.53	29,764.47	(14,000.00)	25,810.00	25,810.00	-
February	25,810.00	-	(13,000.00)	12,810.00	12,810.00	-
March	12,810.00	10,000.00	(9,000.00)	13,810.00	13,810.00	-
April	13,810.00	-	(6,000.00)	7,810.00	7,810.00	-
May	7,810.00	-	(4,000.00)	3,810.00	3,810.00	-
June	3,810.00	30,000.00	(28,000.00)	5,810.00	5,810.00	-
July	5,810.00	30,000.00	(12,000.00)	23,810.00	23,810.00	-
August	23,810.00	20,000.00	(13,000.00)	30,810.00	30,810.00	-
September	30,810.00	20,000.00	(38,800.00)	12,010.00	12,010.00	-
October	12,010.00	20,000.00	(13,300.00)	18,710.00	18,710.00	-
November	18,710.00	20,000.00	(14,400.00)	24,310.00	24,310.00	-
December	24,310.00	20,000.00	(42,000.00)	2,310.00	2,310.00	-

**2015**

January	2,310.00	9,800.00	(9,210.00)	2,900.00	2,900.00	-
February	2,900.00	10,000.00	(500.00)	12,400.00	12,400.00	-
March	12,400.00	-	(6,600.00)	5,800.00	5,800.00	-
April	5,800.00	12,000.00	(4,000.00)	13,800.00	13,800.00	-
May	13,800.00	13,000.00	(10,800.00)	16,000.00	16,000.00	-

## 6.10 Appendix J

### Purity of shipment

2014

	Purity of				
	Opening stock	Purchases	Shipments from GGB	Shipment received by RCM	Difference
January	93.05	91.66	92.35	93.48	(1.13)
February	94.25	92.59	93.42	92.59	0.83
March	92.59	92.49	92.54	92.49	0.06
April	-	-	-	-	-
May	92.49	92.49	92.49	93.11	(0.61)
June	-	-	-	-	-
July	93.11	93.11	93.11	93.11	-
August	93.11	94.04	93.57	93.10	0.47
September	-	-	-	-	-
October	94.17	93.93	94.05	93.92	0.13
November	93.93	94.15	94.04	94.14	(0.10)
December	94.15	94.25	94.20	94.26	(0.06)
<b>Higher purity on shipment recorded by RCM</b>					<b>(0.41)</b>

2015

	Purity of				
	Opening stock	Purchases	Shipments from GGB	Shipment received by RCM	Difference
January	94.25	93.73	93.99	93.72	0.27
February	93.73	93.61	93.67	94.41	(0.74)
March	94.42	93.46	93.94	94.12	(0.18)
April	94.12	93.46	93.79	94.43	(0.64)
May	94.43	93.79	94.11	94.46	(0.35)
<b>Higher purity on shipment recorded by RCM</b>					<b>(1.64)</b>

## 6.11 Appendix K

### Expected loss on shipment

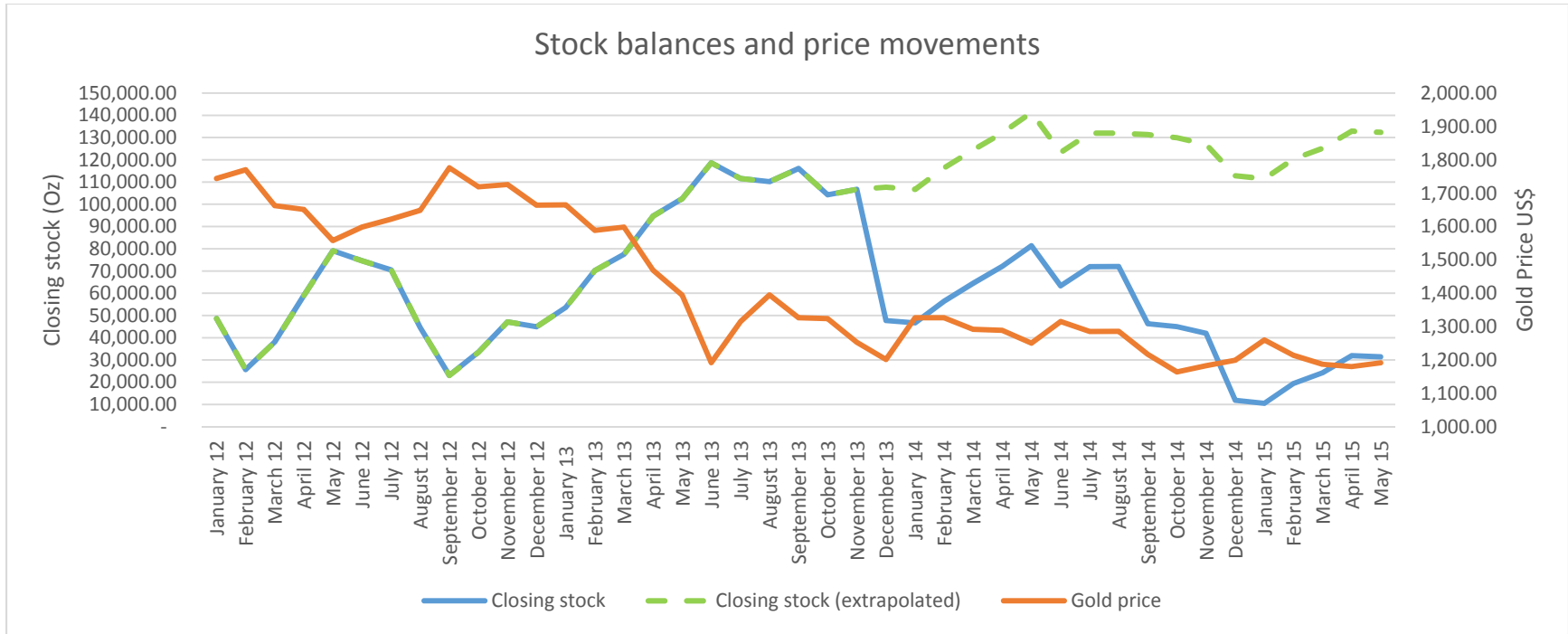
#### 2014

	Expected loss	Actual loss	Variance
January	1,130.48	963.39	167.09
February	1,136.23	1,279.71	(143.48)
March	1,800.83	1,814.99	(14.16)
April	-	-	-
May	1,864.14	1,712.37	151.77
June	-	-	-
July	1,481.66	1,481.66	-
August	1,506.52	1,616.13	(109.60)
September	-	-	-
October	1,282.23	1,310.63	(28.40)
November	1,378.42	1,355.30	23.12
December	677.90	671.12	6.78
Expected loss was higher than actual loss			<b>53.12</b>

#### 2015

	Expected loss	Actual loss	Variance
January	578.20	604.06	(25.86)
February	780.35	689.06	91.29
March	693.25	672.32	20.93
April	874.61	784.60	90.01
May	638.53	601.01	37.52
Expected loss was higher than actual loss			<b>213.89</b>

## 6.12 Appendix L



7 Exhibits  
7.1 Exhibit 1  
Form 1

**APPLICATION FOR AUTHORISATION TO POSSESS,  
SELL OR EXPORT GOLD**

**GUYANA GOLD BOARD ACT 1981  
(No. 12 of 1981)**

1. Applicant's name in full and, whether application is made in the capacity of individual, partnership, company or other body corporate.
2. If application is made in the capacity of individual, the following is required.
  - (a) Address of Applicant
  - (b) National ID Card
  - (c) Age
  - (d) Occupation
  - (e) Copy of business registration
3. If the application is in the capacity of a partnership, the following is required –
  - (a) Address of Applicant
  - (b) Copy of business registration
  - (c) Names and Addresses of the persons who are partners of the firm.
  - (d) A certified copy of the resolution of the partnership authorisation
4. If application is made in the capacity of company or body corporate.
  - (a) Address of its registered or principal office
  - (b) Nature of Business
  - (c) List of Officers showing names, addresses and designations
  - (d) Certificate and articles of incorporation, in the case of a company
  - (e) A certified copy of the resolution of the company or body corporate authorising the application for authorisation or renewal of authorisation.
5. Two recommendations
6. Proof of financial capability
7. Tax compliance certificate
8. NIS compliance certificate
9. Business plan
10. Declaration indicating willingness to lodge a performance bond.

Dated this                      day of                      20\_\_\_\_

Signature of applicant (s)

**NOTE:** This application must be accompanied by a fee of fifty thousand dollars.





## GUYANA GOLD BOARD

UPPER BRICKDAM, GEORGETOWN, GUYANA

P.O. BOX 12204, Telex 3042, Cable Address: GUY GEOL  
Telephone Nos.: 225-3139, 225-3148, 225-3173 Fax: 225-4963  
Email Address: ggb@gol.net.gy

Branch at Bartica: Tel: 455-0072 Fax: 455-0073

Bankers  
Bank of Guyana

Republic Bank  
(Guyana) Ltd.

Citizens Bank Ltd.

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### GUYANA GOLD BOARD ACT 1981 (No. 12 of 1981)

#### DEALER'S AUTHORISATION TO POSSESS, SELL OR EXPORT GOLD

#### AUTHORIZATION NO. B

1. Authorization /renewal of authorization is hereby under Section 9 (1) of the Act granted to \_\_\_\_\_ of \_\_\_\_\_; to possess, sell or export gold.
2. The premises at which the authorized business shall be carried on are specified below.
3. This authorization shall be subject to the provisions of Act, the regulations made thereunder and the conditions specified in the Appendix to this authorization.
4. Required to pay both royalty and taxes on all gold purchased by the 3<sup>rd</sup> day of the following month.
5. This authorization, which shall be attested to by the signature of the dealer, shall be valid from the date hereof until the expiry of \_\_\_\_\_.

#### AUTHORISED PREMISES

\_\_\_\_\_  
\_\_\_\_\_

Dated this 2<sup>nd</sup> day of January 2015

Official Stamp

\_\_\_\_\_  
Guyana Gold Board

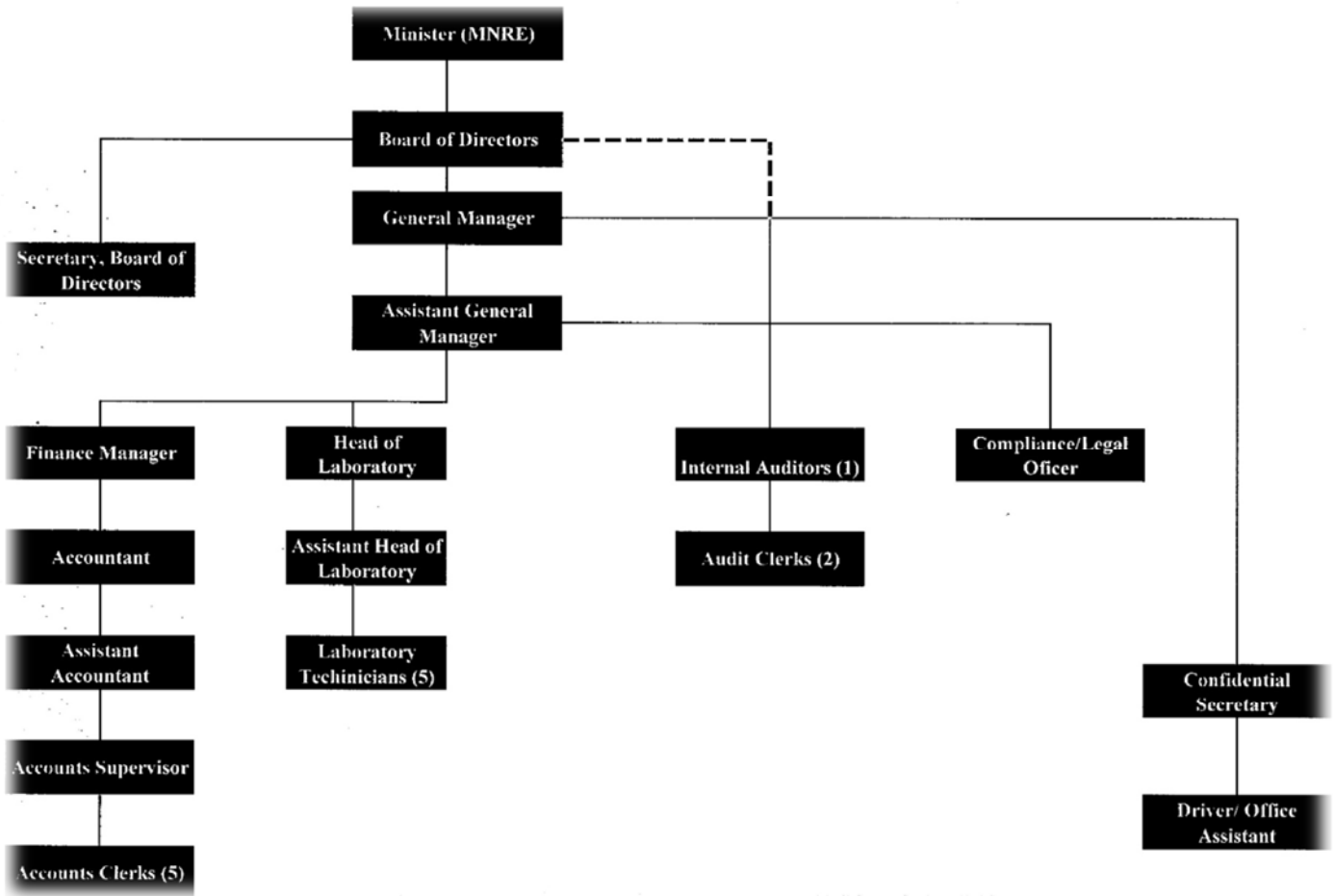
\_\_\_\_\_  
Dealer's Signature

**APPENDIX TO FORM 2  
CONDITIONS SUBJECT TO WHICH  
AUTHORISATION TO DEALER IN FORM 2 IS GRANTED**

- (a) Upon every purchase of gold a dealer shall deduct and pay royalty and income tax to the Board by-weekly except that a dealer shall not be liable to pay income tax in respect of gold purchase from a company.
- (b) A dealer shall maintain proper records of every transaction in a book kept by him for that purpose stating the date of the transaction, the amount of gold purchased, the price thereof and the amount exported, the name of the person from whom the purchase was made, his dredge number or shop keeper's licence number, as the case may be claim number, gross value of gold, royalty and taxes deducted and such records shall be kept for a period of five years and shall be produced for inspection by any person authorized by the Board.
- (c) A dealer shall at least bi-weekly submit to the Board an extract of the dealers, transactions in the Form in Schedule II.
- (d) Royalty and income tax shall be calculated on the prevailing price of gold as based on second London fix on the date of purchase, which may be made available by the Board or may be available from other sources.
- (e) Calculation of royalty shall be bases on an average purity of 92%.
- (f) Subject to the prior certification of the approval of Customs documents by the Board of every export that royalty and income tax have been paid in respect of gold to be exported, a dealer shall in exporting gold comply with all customs laws and procedure.
- (g) For each dealer, the Board shall undertake periodic reconciliation between purchases made, holdings, and sale to the Board.
- (h) Every dealer shall observe proper occupational health and safety standards in the conduct of his business.
- (i) Every dealer shall permit a duly authorized officer to enter the premises of the authorized dealer at reasonable times to inspect records referred to in paragraph (b).
- (j) Every container with gold for export shall be constructed in accordance with the specification of the Board and shall be sealed at the Cheddi Jagan International Airport or other port of entry of Board shall issue a certificate specifying the weight of the gold in the container.
- (k) Prior to the export of any gold the Board shall through its authorised representative inspect the authenticity of the seal and no gold shall be exported before it has been inspected and written approval given for its export.
- (l) Any gold to be exported shall be sealed within the preceding twenty-four hours period after the presentation of the relevant documents to Customs and Immigration authorities for the loading of the gold on the aircraft.
- (m) Within the period hereinafter specified, in respect of gold to be exported , each dealer shall submit to the Board the following documents-
  - (i) all customs form, within seven days;
  - (ii) memorandum of out turn from refinery, within one month;
  - (iii) bill or certificate of sale or sworn affidavit that the gold has not yet been sold, within one month.
- (n) Export of gold shall not be approved and gold shall not be exported until royalties and taxes in respect thereof have been paid.
- (o) Gold may be sold by a dealer to the Board at the Board's prevailing price at the time of the sale provided that the gold sold is smelted gold.

### 7.3 Exhibit 3

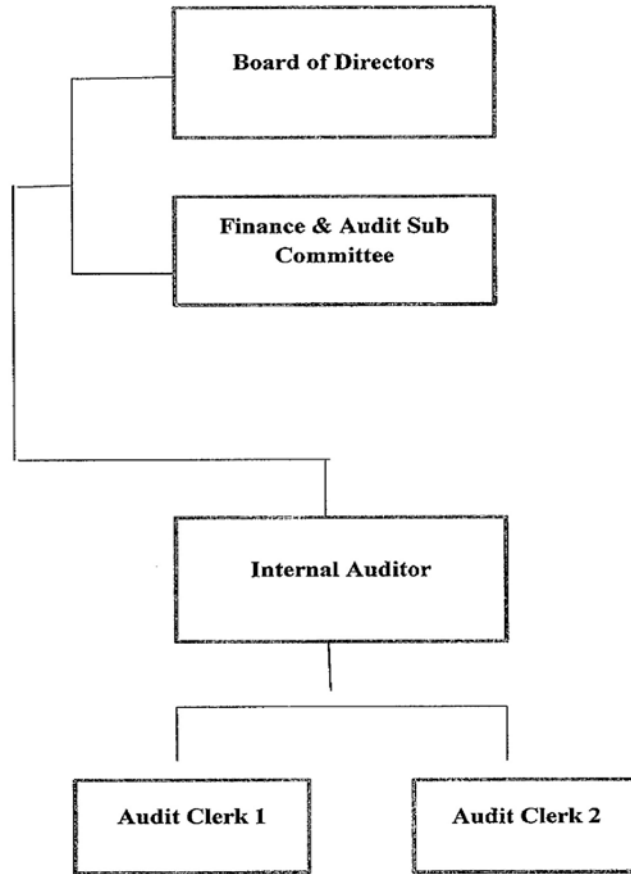
#### Organisation chart - GGB



7.4 Exhibit 4

Organisation chart – IAD

**Organizational Chart of the Guyana Gold Board Audit Department**



7.5 Exhibit 5

Employment contract and contract not signed

**GUYANA**

1. **AGREEMENT** made this 16<sup>th</sup> day of January, 2013 **BETWEEN** the **General Manager, Guyana Gold Board**, acting on behalf of the Government of Guyana (hereinafter called the "Government") and **Ms. Doodmattie Maraj** (hereinafter called "the person engaged").
  
2. The person engaged undertakes that he/she will diligently and faithfully perform the duties of **Confidential Secretary** being assigned from the Guyana Gold Board to the Office of the Minister within the Ministry of Natural Resources and the Environment, for the term of his/her engagement, and will act in all respects according to the instructions and direction given to him/her by the Government through the Minister of Natural Resources and the Environment or any other duly authorized officer.
  
3. This agreement is subject to the conditions set forth in the scheduled hereto annexed, and schedule shall be read and construed as part of the Agreement. Nothing in this agreement shall impose any liability on the Permanent Secretary of the Ministry of Natural Resources and the Environment in his personal capacity.

As witnesses our hands the day and year above written.

Signed by:.....

**General Manager  
Guyana Gold Board  
On behalf of the Government of Guyana**

.....  
**Signature of the person engaged**

**In the presence of**

**Signature:**.....

**Address:**.....

**Occupation:**.....

7.6 Exhibit 6

Contract not signed and contract expired

**GUYANA**

**AGREEMENT** made this 1<sup>st</sup> day of February, 2012 **BETWEEN** the **General Manager, Guyana Gold Board**, acting on behalf of the Government of Guyana (hereinafter called the "Government") and **Mr. Colin Young** (hereinafter called "the person engaged").

The person engaged undertakes that he/she will diligently and faithfully perform the duties of **Driver/Office Assistant** being assigned from the Guyana Gold Board to the Office of the Minister within the Ministry of Natural Resources and the Environment, for the term of his/her engagement, and will act in all respects according to the instructions and direction given to him/her by the Government through the Minister of Natural Resources and the Environment or any other duly authorized officer.

3. This agreement is subject to the conditions set forth in the scheduled hereto annexed, and schedule shall be read and construed as part of the Agreement. Nothing in this agreement shall impose any liability on the Permanent Secretary of the Ministry of Natural Resources and the Environment in his personal capacity.

As witnesses our hands the day and year above written.

Signed by:.....

**General Manager  
Guyana Gold Board  
On behalf of the Government of Guyana**

.....

**Signature of the person engaged**

**In the presence of**

**Signature:**.....

**Address:**.....

**Occupation:**.....

*Handwritten signature and date: 2012/02/01*

**SCHEDULE**

1. Subject to the provision of this Agreement the term of engagement of the person engaged is for the period of three (3) years, resident service, from **February 01, 2012 to January 31, 2013**, which may be extended. *Term of engagement*
  
- b. The term of the Agreement shall be deemed to be completed on the date on which any leave granted to the person engaged in respect of such tour of service expires.
  
2. During the period of engagement hereunder, the person engaged shall *Duties*
  - (a) perform the usual duties and exercise such powers in relation to the office for which he/she was engaged and devote substantially the whole of his/her time and attention during working hours to discharging his/her duties hereunder.
  - (b) in the discharge of such duties and exercise of such powers, observe and comply with all lawful directions from time to time made or given by the Government.
  - (c) not carry on, or be engaged in any other engagement/employment whatever either gratuitously or for reward on his/her own account except with the written consent of the Government.
  - (d) confirm to the Public Service Rules, Regulations, Circulars Departmental rules and such other conditions of service applicable to the Public Service as may be in force from time to time.
  - (e) not at any time during his/her engagement make public or disclose to any person any information as to the practice of as to any other matters concerning the Government's business which may come to his/her knowledge in the course of his/her engagement.
  
3. (a) The person engaged shall be paid basic salary at the rate of **G\$75,000.00** with effect from February 01, 2012 *Salary/emoluments*
  
4. (a) If the person engaged shall be compelled by reason of ill-health (not caused by his/her misconduct) to resign his/her office or if at anytime it shall be certified by a duly qualified medical *Ill-Health*





# Quotation

Quotation: EDS/111

Quotation to:

**Guvana Gold Board**

For:

**Preliminary Design of a Dilution Ventilation System to Remove Hot Air from Room Spaces and to Dilute Toxic Gases at the Guvana Gold Board Lab Facilities**

LOCATION/MATERIALS/INSTALLATION/MISCELLANEOUS	UNIT COST \$ (GYD)	AVG. COST \$ (GYD)
<b>Client Accomodation Room</b>		
4 Automatic door lock/Installation	9500.00	38000.00 (paid)
1 A. C. Unit 12000 BTU Cooling Capacity	108000.00	108000 (paid)
1 Installation A. C. Unit 12000 BTU Cooling Capacity	47000.00	47000 (paid)
4 Rubber seal bottom door/Installation	3000.00	12000 (paid)
<b>Burning Room-1</b>		
10 10 ft. Duct/Construction	1500.00	15000.00
1 90 Degree Elbow/Construction	9500.00	9500.00
1 Cap Two-Fan-Connection	3000.00	3000.00
14 14 ft Galvanise-alum sheet (26 gauge)/material	700.00	9800.00
1 Automatic door lock/Installation	9500.00	9500.00
1 Rubber seal bottom door/Installation	3000.00	3000.00

2	15" Exhaust Fan (48 m <sup>3</sup> /hr)	25500.00	51000
2	15" Makeup Air Fan (48 m <sup>3</sup> /hr)	25500.00	51000
2	Vent to be sealed	1000.00	2000
1	Installation Duct and Fans	55000.00	55000
<b>Burning Room 2</b>			
9	9 ft. Duct	1500.00	13500.0
1	90 Degree Elbow	9500.00	9500.0
1	Cap Two-Fan-Connection	5000.00	5000.0
13	13 ft Galvanise-alum sheet (26 gauge)	700.00	9100.0
1	Rubber seal bottom door/Installation	3000.00	3000.0
2	15" Exhaust Fan (48 m <sup>3</sup> /hr)	25500.00	51000.0
2	15" Makeup Air Fan (48 m <sup>3</sup> /hr)	25500.00	51000.0
3	Industrial silicone	3000.00	9000.00
200	Bolt and nut	40.00	8000.00
1	Installation Duct and Fans	55000.00	55000.00
<b>Work Room</b>			
1	A. C. Unit/ Inspection	0	0
2	Vent to be sealed	1000.00	2000.00
1	Door to be sealed	700.00	700.00
1	Rubber seal bottom door/Installation	3000.00	3000.00
1	Automatic door lock/Installation	9500.00	9500.00
<b>Office Room</b>			
1	Automatic door lock/Installation	9500.00	9500.00
<b>Smelt Room</b>			
25	25 ft. Duct/Construction	1500.00	37500.0
1	Cap Four-Fan-Connection	7000.00	7000.00
28	28 ft Galvanise-alum sheet (26 gauge)/Material	700.00	19600.00
4	15" Exhaust Fan (48 m <sup>3</sup> /hr)	25500.00	102000.00
4	15" Makeup Air Fan (48 m <sup>3</sup> /hr)	25500.00	102000.00

1	Installation Duct and Fans	70000.00	70000.00
<b>Miscellaneous</b>			
1	Design, Supervision, Construction and Installation	160000.00	160000.00
<b>TOTAL COST</b>			<b>1,152,700.00</b>
<del>Balance to pay</del>			<del>947,700.00</del>

By:

Isidro Ubaldo Espinosa (Design/Supervision)

[isidro\\_eem@yahoo.com.mx](mailto:isidro_eem@yahoo.com.mx)

[eesguyana@gmail.com](mailto:eesguyana@gmail.com)

Phone: (592) 6500373

7.8 Exhibit 8

Tenancy agreement with Shawn Hopkinson

**REPUBLIC OF GUYANA  
COUNTY OF ESSEQUIBO**

**AGREEMENT OF TENANCY**

**AN AGREEMENT OF TENANCY** made and entered into in the County of Essequibo, this 1st day of February, 2006, **BY AND BETWEEN SHAWN HOPKINSON**, of 9 First Avenue, Bartica, (hereinafter referred to and called the 'LANDLORD') of one part **AND THE GUYANA GOLD BOARD**, a statutory body established pursuant to the provisions of the Guyana Gold Board Act 1981, of 68 Upper Brickdam, Georgetown, (hereinafter referred to and called 'THE TENANT') of the other part.

**NOW THIS AGREEMENT WITNESSETH** in consideration of the rent hereinafter reserved and to the LANDLORD'S covenants hereinafter contained, it is hereby declared as follows:

1. The LANDLORD hereby rents to the TENANT the premises known and described as :  
Unfurnished – lower flat business premises situate at Lot 9 First Avenue Bartica, Essequibo (hereinafter referred to and called the said 'premises'); to hold same unto the TENANT for a period of twenty-four months commencing on the 1<sup>st</sup> day of February 2006 (hereinafter referred to and called 'the said term') with an option to renew in writing for a further period at the end of the said term, yielding and paying thereof during the said term a sum of Guyana Dollars two hundred and ten thousand dollars (G\$210,000.00) per quarter payable (which is the equivalent of seventy thousand Guyana Dollars (G\$70,000.00) per month) to the LANDLORD on or before the 1<sup>st</sup> of every new quarter until the Agreement expires or is terminated'.
2. The TENANT covenants as follows :
  - (a) To pay the rent in the aforesaid manner to the New Modern Hotel situate at 9 First Avenue Bartica.

- (b) To pay an advance sum of Guyana Dollars Two hundred and ten thousand (G\$210,000.00) being payment of the first and last month's rent as well as security deposit which shall be surety against any damage to the said premises.
- (c) To keep the said premises so far as the LANDLORD shall not be liable, in good tenantable repair and condition (fair wear and tear excepted) at all times during and said term and yield same up in such condition and repair at the expiration or sooner determination of the term.
- (d) To be liable for any damage or loss to the premises due to the TENANT'S own negligence.
- (e) Not to use or permit the use of the said premises or any part thereof otherwise than for the purpose of carrying on the business and operations of the GUYANA GOLD BOARD.
- (f) Not to use or permit anything to be done which may make void or voidable any policy for insurance of the building against fire, explosion or any inevitable force or cause an increase in premium payable for such insurance.
- (g) Not to do or permit anything to be done which would unreasonably disturb the peace and quiet of the immediate neighbourhood.
- (h) To pay all charges in respect of electricity, telephone and water supplied to the said premises during the said term and to take steps as may be necessary to ensure payment of such charges in a timely manner.
- (i) To ensure that the utility services are metered in the Tennant's name.

- (j) Not to sublet or part with possession of the said premises or any part thereof or assign any rights under this agreement except with the LANDLORD'S express consent in writing obtained beforehand.
  - (k) Not to erect or install any fixtures or make any structural alterations and/or improvements to the said premises except with the express consent of the LANDLORD in writing obtained beforehand and such alterations and/or improvements shall become the property of the LANDLORD.
  - (l) To give notice to the LANDLORD of any outbreak of fire, damage by explosion or like occurring in the said premises within twenty-four hours of such incident.
  - (m) To permit the LANDLORD or his duly appointed representative to inspect the premises monthly and in particular during the final month of the said term.
  - (n) To yield up quietly and peacefully, at the expiration or sooner determination of this Lease, the said premises in good and tenantable repair and condition, fair wear and tear excepted and to deliver up to the LANDLORD vacant possession of same.
3. Nothing in the foregoing clauses shall be deemed to impose any liability upon the TENANT to insure the said premises or any part thereof against fire or any other risk whatsoever, but the TENANT shall be responsible for insuring its own property against any loss or damage including damage caused by acts of nature and to provide security for same. In the event of the said premises or any part thereof being destroyed or rendered not habitable by fire or any other cause the TENANT shall immediately have

cessation of rent, providing only that such damage can be attributed to the LANDLORD'S negligence.

4. The LANDLORD hereby covenants with the TENANT as follows :-

- (a) To pay and discharge all rates, taxes and assessments and other outgoings (other than any rates or charges payable by the TENANT as aforesaid), which now or during the said term shall be levied, imposed or charged in respect of the said premises.
- (b) To keep the said premises including the sanitary and water system, equipment and fixtures in good condition and repair and in all respects reasonably fit for habitation in accordance with the provisions of the Landlord and Tenant Act Cap. 61:01 except whatever and whenever rendered unfit by misuse occasioned by the negligence of the TENANT.
- (c) To allow, the TENANT from time to time during the said term to make such alterations and/or improvements to the said premises as the tenant may give prior notice in writing thereof to the LANDLORD and as the LANDLORD may expressly approve in writing in every case to the TENANT, at the TENANT'S expense, restoring the said premises to the "status quo ante" and otherwise making good such alterations and/or improvements at the end or sooner determination of the said term to the satisfaction of the LANDLORD.
- (d) To allow the TENANT to peacefully and quietly hold and enjoy the said premises during the said term without interruption and disturbance upon the TENANT paying the rent hereby reserved and otherwise observing and performing the several covenants, conditions and agreements herein contained.

and then immediately upon the expiration of such notice the present demise and everything herein contained shall come to an end but without prejudice to the rights and remedies of either party against the other in respect of any antecedent claims or breach of covenant.

10. The TENANT shall, at all times during the said term, at its sole costs, keep, replace and maintain in proper condition and repair, the said premises as determined by the LANDLORD, acting reasonably.
11. The LANDLORD will not be responsible for storage or disposing of the TENANT'S property in the event the TENANT abandons the demised premises during the period of this agreement.

IN WITNESS WHEREOF, the parties hereto set their hands this 01<sup>st</sup> day of March 2006, and in the presence of the subscribing witnesses.

*Shawn Hopkinson*  
.....  
**LANDLORD**

.....  
**LANDLORD'S REPRESENTATIVE**

*[Signature]*  
.....  
**TENANT**  
General Manager  
**GUYANA GOLD BOARD**

**WITNESSES:-**

1. *D. Bourgeois*
2. *[Signature]*

*S.H*



## 7.9 Exhibit 9

### Tenancy agreement with Alfro Alphonso

#### REPUBLIC OF GUYANA

#### COUNTY OF ESSEQUIBO

#### AGREEMENT OF TENANCY

AN AGREEMENT OF TENANCY made and entered into in the County of Essequibo, this 1<sup>st</sup> day of December 2012, by and between **MR. ALFRO ALPHONSO**, (hereinafter referred to as the '**LANDLORD**'), of Lot 98-99 Charity Waterfront, Charity, Essequibo Coast, of one part, and **THE GUYANA GOLD BOARD**, a statutory body established pursuant to the provisions of the *Guyana Gold Board Act 1981*, of 68 Upper Brickdam, Georgetown, (hereinafter referred to as the '**TENANT**') of the other part.

**NOW THIS AGREEMENT WITNESSETH** in consideration of the rent hereinafter reserved and to the LANDLORD'S covenants hereinafter contained, it is hereby declared as follows:

The LANDLORD hereby rents to the TENANT the premises known and described as:

Unfurnished second-floor business premises situate at Lot 98-99 Charity Waterfront, Charity, Essequibo Coast, Essequibo (hereinafter referred to as the '**premises**') measuring 580 square feet; to hold same unto the TENANT for a period of 36 months commencing on the 1<sup>st</sup> day of December 2012 (hereinafter referred to and called 'the said term'), and ending on November 30, 2015, with an option to renew in writing for a further period at the end of the said term, yielding and paying thereof during the said term a sum of GYD\$300,000.00 (three hundred thousand Guyana Dollars) per month to the LANDLORD, on or before the 1<sup>st</sup> of every new month until the Agreement expires or is terminated in accordance with the terms of this Agreement.

1. The TENANT covenants as follows :

- (a) To pay the rent in the aforesaid manner to the LANDLORD.
- (b) Upon the execution of this Agreement, to pay a security deposit of GYD\$300,000.00, receipt of which is acknowledged by the LANDLORD herein, as security for any damage caused to the premises during the term of this Agreement. Such deposit shall be returned to the TENANT, less the cost for any damage to the premises, excepting fair wear and tear, upon the termination of this Agreement.
- (c) To keep the said premises in good tenantable repair and condition, fair wear and tear excepted, at all times during and said term and yield same up in such condition and repair at the expiration, or sooner determination of the term.
- (d) To be liable for any damage or loss to the premises due to the TENANT'S own negligence.

- (e) Not to use, or permit the use of the said premises or any part thereof otherwise than for the purpose of carrying on the business and operations of the GUYANA GOLD BOARD.
- (f) Not to use, or permit anything to be done which may make void or voidable any policy of insurance for the premises and/or building against fire, explosion or any inevitable force or cause an increase in premium payable for such insurance.
- (g) Not to do, or permit anything to be done which would unreasonably disturb the peace and quiet of the immediate neighbourhood.
- (h) To pay all charges in respect of electricity, telephone and water supplied to the premises during the said term and to take steps as may be necessary to ensure payment of such charges in a timely manner.
- (i) To ensure that the utility services supplied to the premises are metered in the TENANT'S name.
- (j) Not to sublet or part with possession of the said premises or any part thereof, or assign any rights under this agreement except with the LANDLORD'S expressed consent in writing, obtained beforehand.
- (k) Not to make structural alterations and/or improvements to the premises, save and except in the erection and/or construction of the TENANT'S offices, and/or the installation of equipment to be used in the furtherance of the TENANT'S course of business, provided that any damage suffered to the premises shall be repaired at the cost of the TENANT.
- (l) To give notice to the LANDLORD of any outbreak of fire, damage by explosion or like occurring in the said premises within 24 (twenty-four) hours of such incident.
- (m) To permit the LANDLORD, or his duly appointed representative, to inspect the premises monthly, and in particular during the final month of the said term, provided that in either case notice must be given to the TENANT, at least 24 (twenty-four) hours before the intended inspection.

2. Nothing in the foregoing clauses shall be deemed to impose any liability upon the TENANT to insure the said premises or any part thereof against fire or any other risk whatsoever.

3. The TENANT shall be responsible for insuring its own property against any loss or damage including damage caused by acts of nature and to provide security for same.
4. In the event of the said premises or any part thereof being destroyed or rendered inhabitable by fire, or any other cause, the TENANT shall immediately have cessation of rent, providing only that such damage is attributed to the LANDLORD'S negligence.
5. The LANDLORD hereby covenants as follows :-
  - (a) To pay and discharge all rates, taxes and assessments and other outgoings (other than any rates or charges payable by the TENANT as aforesaid), which now or during the said term shall be levied, imposed or charged in respect of the said premises.
  - (b) To keep the said premises including the sewerage and water system, equipment and fixtures in good condition and repair and in all respects reasonably fit for habitation in accordance with the provisions of the Landlord and Tenant Act Cap. 61:01 except whatever and whenever rendered unfit by misuse occasioned by the negligence of the TENANT.
  - (c) To allow, the TENANT from time to time during the said term to make such alterations and/or improvements to the said premises as the tenant may give prior notice in writing thereof to the LANDLORD, and as the LANDLORD may expressly approve in writing in every case to the TENANT, at the TENANT'S expense, restoring the said premises to the "status quo ante", and otherwise making good such alterations and/or improvements at the end, or sooner determination of the said term, to the satisfaction of the LANDLORD.
  - (d) To allow the TENANT to peacefully and quietly hold and enjoy the said premises during the said term without interruption and disturbance, upon the TENANT paying the rent hereby reserved and otherwise observing and performing the several covenants, conditions and agreements herein contained.
  - (e) To provide 24 hours security services to the building through video surveillance and security personnel.
  - (f) To allow the TENANT to view 24 hours simultaneous feed of real time security footage of surveillance cameras mounted in areas occupied by the tenant.
6. If the rent hereby reserved or any part thereof shall at any time be in arrears and unpaid as provided for in this Agreement, after a demand thereof in writing shall have been served on the TENANT; or if by reason of any act, omission or commission, a serious threat to the safety and preservation of the aforesaid premises results; the LANDLORD shall be entitled to enter into the said premises, or any part thereof, and peaceably

retake possession, as if this Agreement had not been made, without prejudice to or any right or antecedent breach of its covenants herein contained.

7. Rental fees shall remain fixed for the duration of the term of this Agreement, and if the option to renew is exercised, the rental fees may be revised upon the expiration of this agreement.
8. Before, or within a reasonable time after the end, or sooner determination of this Agreement, the TENANT, whether or not in possession of the said premises, shall have the right to remove any apparatus installed by the TENANT, who shall make good any structural damage occasioned thereby to the satisfaction of the LANDLORD.
9. If the LANDLORD desires to terminate this Agreement, 6 (six) months' notice in writing shall be given to the TENANT of such intention, and immediately upon the expiration of such notice, the present demise and everything herein contained shall come to an end, but without prejudice to the rights and remedies of either party against the other in respect of any antecedent claims or breach of covenants.
10. If the TENANT desires to terminate this Agreement, 6 (six) months' notice in writing shall be given to the LANDLORD of such intention and immediately upon the expiration of such notice, the present demise and everything herein contained shall come to an end, but without prejudice to the rights and remedies of either party against the other in respect of any antecedent claims or breach of covenants.
11. Both the TENANT and the LANDLORD agree that liquidated damages in the amount of the equivalent of three (3) months' rent shall be paid by the party, who terminates the Agreement herein, to the other Party, in lieu of the required notice for termination as stated in Clauses 9 and 10 herein.

12. The LANDLORD will not be responsible for storage or disposing of the TENANT'S property in the event the TENANT abandons the premises during the period of this Agreement.

IN WITNESS WHEREOF, the parties hereto set their hands this xx day of November 2012, and in the presence of the subscribing witnesses.

.....  
**LANDLORD**

**Mr. Alfro Alphonso**

.....  
**TENANT**

**Mr. Anantram Balram**

**WITNESSES:-**

1.

2.

7.10 Exhibit 10

USA & Guyana address on quotation

VAT charged on computer items

Installation and labour costs charged on the same invoice



**USA**  
 P.O. Box 300554, JFK Airport Station  
 Jamaica, NY 11430  
 (718) 851-3030  
 (718) 341-5050

**Guyana**  
 35 Main Street  
 Georgetown, Guyana  
 (592) 679-7565  
 (592) 623-7590

*Approved  
 Payment for*

Estimate Prepared For: **Guyana Gold Board**

Date: **6/4/2014**

**GUYANA GOLD BOARD  
 GGMC COMPOUND**  
 68 Upper Brickdam, Georgetown

Proposal is for the Installation of Server

**PRICING**

Server	Qty	Price	Total
Dell Server	1	6,800.00	6,800.00
APC Rack Mount UPS	1	600.00	600.00
Server Equipment Rack	1	800.00	800.00
Rack Mount Monitor and Keyboard	1	750.00	750.00
Shipping and Custom Fees		2,000.00	2,000.00
Installation & Programming, Hardware, Software		2,500.00	2,500.00
		<b>Material</b>	<b>13,450.00</b>
		<b>Labor</b>	<b>4,500.00</b>
		<b>Subtotal</b>	<b>17,950.00</b>
		<b>Tax (16%)</b>	<b>\$ 2,872.00</b>
		<b>TOTAL (USD)</b>	<b>\$ 20,822.00</b>

*Total amount please arrange  
 payment F10 SAFEWATCH Inc.  
 pls. advise on the exchange rate  
 applied  
 E014/08/26*

*@ 205.98375*

• All equipment quoted is new and carry a full manufacturer warranty.

**Safewatch Inc.** (718) 851-3030

<http://www.sdsnyc.com> [info@sdsnyc.com](mailto:info@sdsnyc.com)

7.11 Exhibit 11  
 Incorrect unit price

**Safewatch Inc.**

**INVOICE**

SOLD TO:  
 Guyana Gold Board  
 Upper Brickdamn  
 Georgetown

*Resama please  
 arrange payment  
 Thompson  
 2015/01/09*

INVOICE NUMBER | 12312014  
 INVOICE DATE | December 31, 2014

Sales Tax Rate: 16.00%

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
2	Service Contract for computers and server s from November 2014 to December 2014	500,000.00	\$1,000,000.00
		SUBTOTAL	1,000,000.00
		TAX	160,000.00

**MAKE ALL CHECKS PAYABLE TO:**  
 Safewatch Inc.

\$1,160,000.00
PAY THIS
AMOUNT

**THANK YOU FOR YOUR BUSINESS!**

## 7.12 Exhibit 12

### Assets without acquisition dates on FAR

Date of Acquisition	QTY	Description	Cost	Accumulated Depreciation	Current Year Depreciation	Accumulated Depreciation	Net Book Value
				31/12/2014		31/03/2015	
<b>Fixture and Fittings 10-2000</b>							
	1	Air Condition Unit Serenity	124,000	124,000	-	124,000	-
	1	Air Condition Unit AMMA	57,000	57,000	-	57,000	-
	1	Air Condition Unit AMMA	124,000	124,000	-	124,000	-
		PWU-018 Window Type Unit 18000	115,000	115,000	-	115,000	-
	1	Semi Executive Chair	25,000	25,000	-	25,000	-
	1	Ordinary Chair	11,000	11,000	-	11,000	-
	1	Ordinary Chair	11,000	11,000	-	11,000	-
	1	Workstation	153,470	153,470	-	153,470	-
	1	Air Condition Unit Serenity	125,000	125,000	-	125,000	-
	1	Carpet Industrial	262,715	262,715	-	262,715	-
<b>Laboratory &amp; Office Equipment 10-2005</b>							
	1	Gateway Computer	436,000	436,000	-	436,000	-
	1	Daytek Computer	190,792	190,792	-	190,792	-
	1	Multi Sync 4D Computer	198,788	198,788	-	198,788	-
	1	Compaq Computer	465,830	465,830	-	465,830	-
	1	Compaq Computer	278,070	278,070	-	278,070	-
	1	Dell PowerEdge 1600 SC Server	921,823	921,823	-	921,823	-
	1	Inter Windows CAL 2000- 15 USE	106,575	106,575	-	106,575	-
	1	Power Ware Mode 3KVA PW9120	223,875	223,875	-	223,875	-



### 7.13 Exhibit 13

#### Misclassification of assets amongst the various categories

Date of Acquisition	QTY	Description	Dep. Rate	Cost	Accumulated Depreciation	Current Year Depreciation	Accumulated Depreciation	Net Book Value
			%		31/12/2014		31/03/2015	
<b>Fixtures and Fittings</b>								
	1	Split Air Condition Unit 24000 BTU PEAKE	10	255,000	184,875	6,375	191,250	63,750
28/12/2005	1	Air Condition Unit - Split	10	141,750	131,657	3,544	135,201	6,549
	12	Armless Stacking Chair	10	138,000	138,000	-	138,000	-
3/12/2007	2	Black Leather Executive Chairs	10	45,037	31,528	1,126	32,654	12,383
	1	Filing Cabinet 3 Drawer Wooden	10	5,012	5,012	-	5,012	-
12/22/2009	1	Filing Cabinet	10	48,720	29,232	1,218	30,450	18,270
	1	Carpet Industrial	10	97,520	97,520	-	97,520	-
07/28/2008		Industrial Carpet	10	595,422	416,794	14,886	431,680	163,742
	1	Wooden Cupboard	10	52,880	52,880	-	52,880	-
6/27/1905	1	Coffee Cupboard	10	15,995	14,398	400	14,798	1,197
<b>Laboratory &amp; Office Equipment</b>								
22/08/2014	7		12.5	1,019,784	127,473	31,868	159,341	860,443
13/02/2015		Air Condition Unit (LAB)	12.5	249,864	-	7,808	7,808	242,056
	1	Carpet Protector	12.5	22,375	22,375	-	22,375	-
<b>Lab &amp; Smelting Room Renovation</b>								
9/4/2009	1	Chair	25	6,383	6,383	-	6,383	-
	1	Cupboard	25	30,000	30,000	-	30,000	-
<b>Charity</b>								
12/17/2012		Chairs	12.5	430,128	-	53,766	53,766	376,362
12/19/2012		Filing Cabinet	12.5	141,752	-	17,719	17,719	124,033

## 7.14 Exhibit 14

### Insufficient information on register

<b>Date of Acquisition</b>	<b>Quantity</b>	<b>Description</b>	<b>COST</b>
20-Nov-12	-	Reimbursement	60,734
22-Nov-12	-	1st Installment	71,065
23-Nov-12	-	bin.etal	29,000
28-Nov-12	-	Reimbursement	166,638
7-Dec-12	-	Balance	3,677,000
1-Dec-12	-	Reimbursement	3,000
3-Dec-12	-	Flight For Minister	280,000
3-Dec-12	-	Reimbursement	232,031
5-Dec-12	-	Overnight in Charity	12,000
5-Dec-12	-	Balance of payment	258,000
7-Dec-12	-	Charity Office	112,200
7-Dec-12	-	Flight -Charity	400,000
7-Dec-12	-	Reimbursement	76,908
14-Dec-12	-	Reimbursement	100,943
19-Dec-12	-	Reimbursement	113,869
-	-	-	88,873
5-Feb-13	-	Reimbursement	16,285
23-Jul-13	-	Reimbursement	2,160
			<b>5,700,706</b>

## 7.15 Exhibit 15

### Depreciation of assets using the incorrect rates

Date of Acquisition	QTY	Description	Cost	Accumulated Depreciation 31/12/2014	Current Year Depreciation	Accumulated Depreciation 31/03/2015	Net Book Value
<b>Fixture and Fittings were depreciated at 10%</b>							
	1	Air Condition Unit AMMA	124,000	124,000	-	124,000	-
	1	Semi Executive Chair	25,000	25,000	-	25,000	-
	1	Computer Desk	48,000	48,000	-	48,000	-
	1	Wall Painting	7,500	7,500	-	7,500	-
	1	Filing Cabinet 4 Drawer Metal	46,000	46,000	-	46,000	-
	1	Carpet Industrial	262,715	262,715	-	262,715	-
	1	Ceiling Fan	6,016	6,016	-	6,016	-
Oct-11	-	Office Renovation – Accounts	1,147,008	458,801	28,675	487,476	659,532
Oct-11	-	Office Renovation – Accounts	764,672	305,866	19,117	324,983	439,689
Aug-14	4	L-shape Cubicles 24X54X72 (Audit)	691,824	69,183	17,296	86,479	605,345
<b>Laboratory and Office Equipment were depreciated at 12.5%</b>							
	1	Typewriter Olivett Manual	19,950	19,950	-	19,950	-
	1	Currency Counter Kobel	300,000	300,000	-	300,000	-
	1	UPS	92,950	92,950	-	92,950	-
	1	Gateway Computer	436,000	436,000	-	436,000	-
	1	Dell PowerEdge 1600 SC Server	921,823	921,823	-	921,823	-
	1	Photocopying machine	512,000	512,000	-	512,000	-
	1	Fumehood	970,721	970,721	-	970,721	-
	1	Electric Scale Accula	914,611	914,611	-	914,611	-
	1	Iron Safe	676,500	676,500	-	676,500	-

Date of Acquisition	QTY	Description	Cost	Accumulated Depreciation	Current Year Depreciation	Accumulated Depreciation	Net Book Value
				31/12/2014		31/03/2015	
<b>Laboratory and Smelting Room Renovation were depreciated at 25%</b>							
Dec.2002	-	Additions to Smelt Room	1,674,063	1,674,063	-	1,674,063	-
Jun-05	-	Lab & Smelt Room Renovation	3,383,247	3,383,247	-	3,383,247	-
	-	Materials	15,760	15,760	-	15,760	-
	1	Cupboard	30,000	30,000	-	30,000	-
Oct-98	2	Trolley Metal	65,000	65,000	-	65,000	-
May-08	-	Office Renovation	693,504	693,504	-	693,504	-
Sep-09	1	Chair	6,383	6,383	-	6,383	-
Oct-10	1	Security System	296,090	296,091	-	296,091	(1)
Nov-11	1	Jaw Crusher	606,670	606,670	-	606,670	-
<b>Equipment at Charity were depreciated at 12.5%</b>							
Nov-12	-	Repairs to scrubber(Charity)	77,800	-	9,725	9,725	68,075
Nov-12	-	Cleaning of mercury scrubber	5,000	-	625	625	4,375
Nov-12	-	Reimbursement	60,734	-	7,592	7,592	53,142
Nov-12	-	OptiPlex Computers	396,000	-	49,500	49,500	346,500
Nov-12	-	Scrubber. incorrect allocation	135,548	-	16,944	16,944	118,605
Dec-12	-	Balance	3,677,000	-	459,625	459,625	3,217,375
Dec-12	-	Balance of payment	258,000	-	32,250	32,250	225,750
Dec-12	-	Charity Office	112,200	-	14,025	14,025	98,175
Dec-12	-	Flight -Charity	400,000	-	50,000	50,000	350,000
Dec-12	-	Plaque for Charity	12,000	-	1,500	1,500	10,500
Dec-12	-	Chairs	430,128	-	53,766	53,766	376,362

7.16 Exhibit 16

All requirements of Dealership Application Register not complied with

*Ahmad*  
2014.12.15

DEALERSHIP APPLICATION REGISTER

Ahmad Trading Inc

	Items Required	Items Submitted	Items Outstanding
1	a) Address of registered or principal office b) Nature of Business c) List of Officers showing names, address and designation d) Certificate and articles of Incorporation e) A certified copy of the resolution of the company or body corporate authorising the application for authorisation or renewal	yes yes yes yes NA	no no no no NA
2	Two recommendations	yes ✓	no
3	Proof of financial capability	yes ✓	no
4	Tax compliance certificate	no	yes
5	NIS compliance certificate	no	yes
6	Business plan	yes ✓	no
7	Indication of willingness to lodge performance bond	yes ✓	no

Notes

1 A site visit will be necessary to inspect the equipment and the Occupational Health and Safety issues as well as the reporting requirements

7.17 Exhibit 17

All requirements of Dealership Application Register not complied with

DEALERSHIP APPLICATION REGISTER

*Abraham*  
2018.12.15

GBTI PROPERTY HOLDINGS INC

	Items Required	Items Submitted	Items Outstanding
1	a) Address of registered or principal office b) Nature of Business c) List of Officers showing names, address and designation d) Certificate and articles of Incorporation e) A certified copy of the resolution of the company or body corporate authorising the application for authorisation or renewal	yes yes yes yes NA	no no no no NA
2	Two recommendations	no	yes
3	Proof of financial capability	yes	no
4	Tax compliance certificate	no	yes
5	NIS compliance certificate	no	yes
6	Business plan	yes	no
7	Indication of willingness to lodge performance bond	yes	no

Notes

1 NIS and PAYE compliances are outstanding

7.18 Exhibit 18

Dealership Application Register incorrectly completed

DEALERSHIP APPLICATION REGISTER

*Handwritten signature*  
2018-12-15

Adamantium Metals

	Items Required	Items Submitted	Items Outstanding
1	a) Address of registered or principal office b) Nature of Business c) List of Officers showing names, address and designation d) Certificate and articles of Incorporation e) A certified copy of the resolution of the company or body corporate authorising the application for authorisation or renewal	yes yes yes yes NA	no no no no NA
2	Two recommendations	yes	no
3	Proof of financial capability	yes	no
4	Tax compliance certificate	yes	no
5	NIS compliance certificate	yes	no
6	Business plan	yes	no
7	Indication of willingness to lodge performance bond	yes	no

Notes

- 1 A site visit will be necessary to inspect the equipment and the Occupational Health and Safety issues as well as the reporting requirements

2 The processing fees of \$50,000 is outstanding

3 The NIS and PAYE compliances are outdated

4 Detailed explanation of the following are outstanding:

- .- how will the business deal with the emission of mercury?
- .- has guidance/approval received from the Environmental Protection Agency and the Guyana Fire Service
- .- Compliance and Reporting



7.19 Exhibit 19  
Letter to MNRE

Minister  
Ministry of Natural Resources and Environment  
Office of the President  
Shiv Chandrapaul Drive  
December 31, 2012

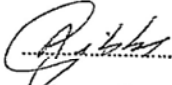
RECEIVED  
1860/2013  
FEB 4 2013  
OFFICE OF THE  
MINISTER, MINISTRY OF HOME AFFAIRS


cc- of Mr. Robert  
Mr. Good  
Mr. Sweeney  
↑  
↑

REPORT ON FACT FINDING MISSION ON THE INCIDENT INVOLVING THE VESSEL "SUMMER BLISS" ON FRIDAY 30-12 2012 IN CURACAO

Reference to the above captioned subject; please find attached a copy of the team's report which is inconclusive, however the team observed some weaknesses in the maritime systems and operation that call for closer collaboration among agencies as highlighted in the report.

Respectfully submitted for your information and possible action.

  
Arthur Gibbs  
Manager Internal Audit

  
Malcolm Mc Andrew  
Head Special Inspectorate

3  
2013-01-04 10:00:00

mm

## 7.20 Exhibit 20

### Statement from Mr. Gibbs

Ram & Mc Rae Chartered Accountants

157 Waterloo Street

North Cummingsburg

Georgetown

September 21, 2015

Dear Sir,

A team comprising myself- Arthur Gibbs, Audit Manager at the GGMC and Mr Malcolm – Head of Special Inspectorate, GGMC was instructed by then Minister of Natural Resource and the Environment - Mr Robert Persaud to travel to Curacao to enquire into illegal smuggling of gold involving a Guyanese vessel the Summer Bliss that was reportedly attacked and robbed of approximately 476 pounds of gold.

The team departed Guyana on December 12, 2012 and returned December 15, 2012.

A Report was prepared by the team and submitted directly to the Honourable Minister - Robert Persaud and Commissioner of the GGMC – Mr. Rickford Veira.

For your information and guidance.



**Arthur Gibbs**

**Manager, Internal Audit**

**CC. Commissioner**