**REPORT ON SPECIAL AUDIT OF GINA**

**FOR THE PERIOD 1 NOVEMEBR 2011 TO 31 MAY 2015**

**INTRODUCTION**

The Government of Guyana is reviewing the performance and efficiency of Publicly owned entities, Statutory Bodies, projects and activities finances by or through public funds. In this regard, the Government of Guyana has commissioned this Special Audit and Review of the operations of the Government Information Agency (GINA).

**SCOPE OF WORK**

a) 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.

b) Assess and test systems and detect any instances of corporate malfeasance and inefficiency for remedial and / or judicial interventions and systems realignment.

c) Determine the authenticity and validity of significant commercial and financial transactions entered into by the entity with related parties, suppliers and customers and measure the extent of potential prejudice the entity may have suffered through such dealing, if any.

d) Carry out a comprehensive financial systems audit which should look at all systems, decisions and practices which have underpinned the entity's finances test and assess financial discipline at all levels.

e) Recommend statutory, legal or organizational changes required to identify and prevent any recurrence of improprieties.

**INCORPORATION**

The Government Information Agency (GINA) was established on 15 October 2001 via a Cabinet Decision as a subvention agency under the Office of the President and served as a replacement for the Ministry of Information and the Guyana Information Services.

The vision of GINA is to present a vital and significant contribution with the Government for an enhanced quality of life for all Guyanese through fulfilling the Government and the public's information needs.

**EXECUTIVE SUMMARY**

* There is poor management structure in place at GINA
* There was poor oversight over trade receivables with a balance of $134,356,820 outstanding as at 31 May 2015.
* Payments of $2,395,000 were made to employees not performing work for GINA.
* GINA produced and paid for government development project advertisements and flyers totalling $44,645,558 during the period 2011 to May 2015
* An amount of $800,000 was overspent on a visit to Columbia by Mr. Kwame McCoy and Mr. Neaz Subhan
* Non compliance with Tender Board Procedures for repairs to building.
* Loss of revenue for Guyanese newspaper and television and radio program distributed and aired in New York City
* All documents were not available for audit inspection.

**METHODOLOGY**

The audit was carried out during the period 14 July to 30 October 2015. The methodology used included:

* Discussions with the following:
* Chief Executive Officer - Ms. Beverly Alert
* Accountant - Ms. Natalie Brhamdeow
* Inspection of documents and records of Government Information Agency (GINA)

**RESULTS OF FORENSIC AUDIT**

**(1) MANAGEMENT STRUCTURE**

The success of any organisation is significantly dependant on the management structure established.

GINA was being managed by Mr. Neaz Subhan.

We were unable to determine the management structure and reporting requirements of GINA. We understand that GINA was reporting to the Office of the President. No management reports was available for the period under review.

**(2) RECEIVABLES**

**(a) Credit Control**

An effective credit control system should ensure that orders are accepted from customers who are able to pay within a time period which is acceptable to the company. Once a sale has been made it is the duty of credit control to monitor the accounts to ensure that payment is commenced within the normal credit period and that any accounts which are not settled promptly are investigated and appropriate action taken.

Credit sales to customers should be approved by authorised personnel of the company based on approved credit established.

The GINA have large receivable balances outstanding for all years as follows:

**Period end G$**

31 December 2011 103,197,895

31 December 2012 105,538,406

31 December 2013 121,287,932

31 December 2014 137,427,514

31 May 2015 134,356,820

We set out below an analysis of the top 20 balances outstanding:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **31.12.2011** | **31.12.2012** | **31.12.2013** | **31.12.2014** | **31.05.2015** |
|  | **G$** | **G$** | **G$** | **G$** | **G$** |
| Ministry of Culture, Youth & Sports | 9,522,800 | 10,511,724 | 11,005,203 | 17,640,773 | 17,640,773 |
| Guyana Revenue Authority | 1,273,267 | 3,677,631 | 4,529,049 | 8,118,659 | 8,502,585 |
| Ministry of Agriculture | 7,649,023 | 7,649,023 | 7,649,323 | 7,649,323 | 7,649,323 |
| Ministry of Tourism | 4,882,427 | 4,829,359 | 4,237,822 | 8,050,164 | 7,630,298 |
| Ministry of Home Affairs | 1,144,829 | 2,942,794 | 6,442,027 | 7,759,658 | 7,037,880 |
| Guyana Sugar Corporation Inc. | 6,049,655 | 3,611,437 | 7,105,825 | 5,505,560 | 6,366,877 |
| Ministry of Agriculture - PS | 5,558,753 | 5,649,406 | 5,875,153 | 6,524,718 | 6,449,742 |
| Ministry of Education - PS | 2,154,028 | 3,132,073 | 3,378,812 | 3,549,438 | 6,258,998 |
| Ministry of Health | 4,045,961 | 4,224,996 | 4,711,542 | 6,504,575 | 5,865,152 |
| Guyana Defence Force | 4,792,791 | 4,797,817 | 5,681,625 | 5,664,556 | 4,946,406 |
| Office of the President | 3,736,601 | 4,457,734 | 4,848,972 | 4,932,942 | 4,932,942 |
| Ministry of Labour & Human Services | 10,266,262 | 4,041,891 | 4,123,827 | 4,080,080 | 4,154,374 |
| Ministry of Local Government | 1,920,877 | 3,291,743 | 2,084,916 | 3,700,327 | 3,748,130 |
| Region 6 | 2,729,229 | 2,572,875 | 2,928,887 | 2,838,590 | 2,851,642 |
| Ministry of Public Works | 3,262,534 | 3,562,714 | 2,950,936 | 2,659,745 | 2,829,912 |
| Material Management Unit | 2,968,044 | 2,490,925 | 3,190,928 | 2,342,336 | 2,342,336 |
| Environmental Protection Agency | - | 281,200 | 2,177,244 | 2,120,763 | 2,219,913 |
| National Drainage & Irrigation Authority | 2,192,646 | 3,534,602 | 2,578,045 | 1,741,087 | 1,904,444 |
| New Guyana Marketing Corporation | 1,968,402 | 1,968,402 | 1,968,402 | 1,968,402 | 1,968,402 |
| Ministry of Natural Resources & Environment | 12,269 | 62,707 | 1,937,191 | 1,830,976 | 1,852,787 |

The GINA sent letters to the above organisations in June 2015. There is no evidence to confirm efforts were being made to collect these balances prior to June 2015.

**Due to poor collectability of debts, GINA is unable to pay suppliers on a timely basis. Example, the balance owing to Guyana National Newspapers Limited as at 31 May 2015 was $74,091,147.**

 **(3) MEDIA MONITORING EMPLOYEES**

Three (3) media monitors were employed by GINA during the year 2014. A total of $2,395,000 was expended on media monitors for the year.

These employees were contracted by GINA to Monitor the transmission of television programmes and articles in newspapers for content and provide a report on the same.

While employees were contracted by GINA, they were not located at GINA neither did they perform any duties for GINA or report to any official at GINA. They were working at the Office of the President and reporting to Mr. Kwame McCoy.

On a monthly basis all employees were required to submit an invoice for payment to GINA. Employees were required to uplift payments from GINA.

**(4) PROMOTION OF GOVERNMENT DEVELOPMENT PROJECTS**

GINA produced and paid for government development projects advertisements and flyers to the electronic and print media to the sum of $44,645,558. These included full page advertisements in all newspapers and airtime on television stations.

During the period 2011 to May 2015 GINA expended $24,634,587 on government development projects advertisements and a balance of $20,010,971 was brought forward from prior years.

**(5) OVERSEAS TRAVEL**

Guyana was invited to attend the launch of Express Series South Film Festival held on 17 March 2014 in the City of Cartagena de Indias, Columbia.

Mr. Neaz Subhan and Mr. Kwame McCoy were selected to represent Guyana for this event. The invitation stated that the host will provide accommodation, meals and internal transfers.

However the following amounts were still expended by GINA:

Details Amount

Accommodation overnight in Panama $102,690

Per diem $210,000

Airfare tickets - Guyana to Columbia $569,316

Additional cash for trip $120,000

**(6) REPAIRS TO BUILDING WITHOUT FOLLOWING TENDER BOARD PROCEDURES**

The following outlines the procurement limits and identifies the various persons and bodies that shall have jurisdiction over procurement of GINA:

 $250,000 - Permanent Secretary

 $250,000 - $600,000 - Ministerial Tender Board

 $600,001 and above - National Tender Board

During the period 2011 to May 2015 GINA expended $16,342,840 on repairs to the building. The project was awarded to Rameshwar Sookdeo without following Tender Board Procedures. Payments were supported by a hand written invoice and estimates. Payment vouchers were signed by Rameshwar Sookdeo and Tameshwar Sookdeo (son of Rameshwar Sookdeo).

**(7) GUYANESE NEWSPAPER, TELEVISION AND RADIO PROGRAM IN NEW YORK**

During the period October 2014 to May 2015 GINA paid $20,074,797 to Rajiv Sanchara for printing and distributing “The Guyanese” newspaper in New York.

No revenue was received by GINA for the sale of these newspapers.

Also GINA paid $8,373,355 for television and radio program in New York. These programs started in September 2014.

No revenue was received by GINA for advertisements during these programs.

**(8) RECORDS UNAVAILBLE FOR UNIT INSPECTION**

Invoices and orders for the period 2011 to 2013 were unavailable for audit inspection. These

documents could not be located by GINA.

**RECOMMENDATIONS**

* The GINA should establish a clearly defined management structure with both financial and non financial reporting requirements.
* GINA should establish a debt collection committee with specific responsibility to collect all outstanding debts within six (6) months.
* Action should be taken to recover the amount of $2,395,000 paid to media monitors.
* Systems should be implemented to ensure that excess amounts are not expended for overseas trips.
* Management should ensure that procurement procedures are complied with.
* Efforts should be made to recover revenue from the sale of the Guyanese Newspaper in New York.
* Management should ensure that all records for the organisation are kept for a minimum of seven (7) years.