**APPENDIX 5**

**Granting of the lease for Exec Jet Club Hangar at CJIAC was not recommended by the Board of Directors.**

1. **Background:**

On November 22, 2014, a Hangar known as the **Exec Jet Club Hangar**located on the premises of**the CheddiJagan International Airport** became public knowledge when it’s owner KhamrajLall, a pilot was arrested in Puerto Rico via a route to Guyana.

The Exec Jet Club Hangar was included in a Forensic Audit and review of the CheddiJagan International Airport Corporation (CJIAC) for the period January 2012 to May 2014.The main focus of the audit was to determinethe following:

1. the pilot was granted approvals to land at the CheddiJagan International Airport; and
2. due diligence was undertaken and Standard Operating Procedures was followed for the Construction of the Hangar on the Airport’s premises

**Findings:**

**2.1 Flights by Exec Jet Club was not properly recorded in the CJIAC System**

* All flights are required to have prior approvals from the Guyana Civil Aviation Authority (GCAA) before landing at the CheddiJagan International Airport.
* The Audit found that the Control Tower of the GCAA could not immediately verify that KhamrajLallthe owner of Exec Jet Club made his inaugural flight to Guyana on 18th August 2010. However, after sharing the date that was recorded in the Finance Department of the CJIAC, they subsequently agreed that the date of 18th August 2010 was correct.

**Management Response**

**Approval for landing**- Approvals to land are normally granted by the Guyana Civil Aviation Authority (GCAA) and not by the CJIA Corporation.

**Auditor’s Comments**

**Management Response is irrelevant.**

The focus should be on the fact that the GCAA could not immediately verify information on a flight but was able to do so when provided with a date that was originally obtained from their system and recorded in the CJIAC system.

Such confirmation was necessary from the GCAA because of two (2) significant reasons as follows:

1. The Manager, Commercial and Administrative who had responsibility for the CJIAC Finance Department had initially provided the Forensic Auditor with a **printout of a Statement of Account as at 31stOctober 2014 together with a Schedule of all Exec Jet Club Landings**.

These printouts showed that the first flight by the Exec Jet Club owner was on **31stAugust 2011 at 1.56 and departed on the same date at 18.29 while a** Schedule prepared by an Official from the GCAA recorded a departure date of **8th November 2010** but did not indicate the date the flight arrived in Guyana.

1. A letter dated 29th August 2010 written bya former Accounts Staff (DeolallGangadin) on behalf of KemLall (correct name is KhamrajLall) indicated that the Exec Jet Owner was in Guyana during the month of August 2010.

The Forensic Auditor subsequently visited the Control Tower to obtaininformation with regards to the arrival date of the flight that departed **on 8th November 2010.** The information was not readily available but a Supervisor promised to provide the information as soon as it becomes available.

During the waiting time for a feedback from the Control Tower with regards to the arrival date, the matter was brought to the attention of the Chief Executive Officer who agreed that there must be an arrival date to complement the departure date recorded by the Control Tower of the GCAA. He had promised to liaise with the Finance Department on the matter.

The Forensic Auditor was not able to locate the Printout and Statement of Account as at October 31, 2014 and relate the misplacement to the Accountant. A new printout for a Statement of Accounts as at October 31, 2014 together with a Schedule of all Exec Jet Club Landings was requested from the Accountant.

While scrutinizing the new print out it was observed that there were some changes on the new printout which indicated that the first flight by the AircraftRegistration N335VB arrived in Guyana on **18thAugust 2010and departed on 8th November 2010.**

After not receiving any further communication from the Control Tower to submit the first arrival date for the aircraft, a request was sent to the Director General (ag) of the GCCA to assist. The Director General (ag) made a telephone call to the Forensic Auditor to find out how she could assist and then assigned a staff to deal with the matter. The staff was requested to confirm the date of **18th August 2010** which was reflected in the new printout from the Finance Department. The date of 18th August 2010 was confirmed via telephone.

***Recommendations***

1. ***The Manager, Commercial and Finance Department to explain why she facilitated the Forensic Auditor with incorrect information on the printouts.***
2. ***The management to confirm that between August 2010 and October 2014, sums totalling $254,790 reflected on the Statement of Accounts was received from Executive Jet Club. Reliance was placed on the information provided by the Finance Department but with the subsequent changes observed this will necessitate a further reconciliation.***
3. ***There must be some coordination of flight information between the Control Tower and the GCAA periodically to avoid a reoccurrence of the issues arising in this particular case.***
4. ***Management of CJIAC should look at the possibility of liaising with GCAA to provide them with a monthly schedule of itinerant flights.***

**2.2**A representative from the Finance Division has the responsibility to verify all flights landed at the airport with the records maintained by the Control Tower of Guyana Civil Aviation Authority (GCAA). This is done by visiting the Control Tower and copy the information from a strip. This information is used to prepare invoices for landing fees to the Airlines/Aircrafts.

During the period **18th August, 2010 and 28th October, 2014**, a total of forty (40) flights made via two (2) aircraft types WW24(39) and LJ35(1) by Exec Jet Club were acknowledged by the Finance Division of the CheddiJagan International Airport Corporation (CJIAC).This included the inaugural flight on 18th August, 2010.

No record of invoices were verified as billed for Landings on **18th August, 2010**, 12th March 2014, 30th June 2014, 4th July 2014, 14th July 2014 and 18thJuly 2014. As a result all landing fees for the period were not verified as received by the Finance Department.

**Management Response**

**Statistics Collection**- There was improvement in the statistics collection from the control tower over the years. A weekly reconciliation of flights is done with the Control Tower.

**Record of invoices not verified as billed for Landings** on **18th August, 2010**, 12th March 2014, 30th June 2014, 4th July 2014, 14th July 2014 and 18thJuly 2014 - With the exception of August 18th 2012, all other flights mentioned were chartered for presidential flights and as such these were not required to be billed.

Regarding the flight on 18th August 2010, during the year 2010, there was a change in the personnel assigned to the receivables desk as well as the Senior Accountant. As mentioned the first flight was in August 2010, this would have been recorded as an itinerant flight. The flight did not depart until November 2010; it appears as if there was an oversight to connect the departing flight to the arriving flight. Management acknowledges this shortcoming and wishes to assure that corrective action was taken over the years in review of the system.

**Auditor Comments**

Two (2) flights on the GCCA Schedule of arrival on 30/3/2011 with departure date of 2/4/2011 and arrival on 26/7/2011 with departure date of 29/7/2011were not recorded on the CJIAC Schedule. On the other hand an arrival flight on 22/02/2014 at 1.20 with a departure time of 2.30 on the same date recorded on the CJIAC Schedule was not reflected on the GCAA Schedule. This information was omitted in error in the draft report.

The Audit was not aware that flights chartered for Presidential flights were exempted from paying landing fees. However, because of time constraint no verification was made of these presidential flights. August 18, 2012 should be August 18, 2010 as correction.

Third paragraph above in the **Management Response is irrelevant.**

Point to note is that the Senior Accountant resigned in September 2010 and the recordings were made in August 2010. There was no replacement of the Senior Accountant. The Accounts Supervisor was appointed to the position of Accountant in October 2011. The position of Senior Accountant no longer exists in the CJIAC system. There was no problem with the recording of 18th August 2010 in CJIAC system.

***Recommendations***

1. ***Finance Department should ensure that all flight information areproperly recorded.***
2. ***Management to give explanation for the omission of the two (2) flights on the GCCA Schedule of arrival on 30/3/2011 with departure date of 2/4/2011 and arrival on 26/7/2011 with departure date of 29/7/2011on the CJIAC Schedule***.
3. ***Regulations for the exemption of flights chartered for Presidential flights not paying landing fees to be reviewed by the new CJIAC Board.***

**2.3Granting of the lease for Exec Jet Club Hangar at CJIAC was not recommended by the Board of Directors**

* No Standard Operating Procedures were in place for granting of lease to build a hangar on the CJIAC premises.
* A perusal of the CJIAC Board Minutes during the period August 2010 and November 2014 did not indicate any discussion of an application by Exec Jet Club for land to construct a Hangar on the Airport premises.
* A proposal dated 1st September 2012 ‘**Application for Land to Construct Hangar at CJIAC’** was prepared by the **CJIAC** on behalf of **Exec Jet Club** and submitted to the Former Minister of Transport and Hydraulics Works/ Public Works.
* Cabinet gave its no objection on 11th September 2012.
* The former Chairman of the CJIAC Board confirmed that the granting of the lease for the Exec Jet Club was never discussed at Board level.

**Management Response**

**Procedure for granting of lease**- It is the practice for various individual/businesses to submit proposals to operate a service at the airport. These proposals are usually forwarded to the Board of Directors or the minister for further approval.

**Approval of Hanger** – Exec Jet Club submitted a proposal which was taken to Cabinet by Minister Benn; this was subsequently approved by Cabinet.

**Auditor Comments**

Granting of a lease to build a multimillion dollar hangar/executive office/apartment cannot be compared with businesses submitting proposals to operate a service at the airport. Refer to the Exec Jet Club Business Plan.

The Chief Executive Officer reports to the CJIAC Board. However, the proposal for the ‘**Application for Land to Construct Hangar at CJIAC’** on behalf of **Exec Jet Club** was not discussed with the former CJIAC Board instead it was submitted to the former Minister of Public Works.

***Recommendation***

1. ***The Chief Executive Officer to explain why the former CJIAC Board was not informed of the*** *‘****Application for Land to Construct Hangar at CJIAC and also of the Cabinet decision.This is considered withholding information from the Board.***

**2.4Adequate paper trail was not kept for granting of lease to build hangaron the CJIAC premises.**

* + The file for the **Exec Jet Club** which was kept by the Commercial Department did not contain significant necessary information such as copies of the registration of Exec Jet Club, Financial statements and Tax returns. As a result it is not known if due diligence was followed.
* No copy of any acknowledgement or response to Mr. KemLall’s (KhamrajLall) letters from CJIAC was seen.In this regard it is not known what form of communication existed between the CJIAC and KhamrajLall.
  + The Commercial and Administrative Manager handed over documents which were required to be kept in the file in a piecemeal manner. Such documents include included **three letters and a limited power of attorney**.
  + It was on the basis of the three (3) letters that a proposal dated 1st September 2012 ‘**Application for Land to Construct Hangar at CJIAC’** was prepared by the **CJIAC** on behalf of **Exec Jet Club** and submitted to the then Minister of Transport and Hydraulics Works.

**Management Response**

**Filing of documents** – copies of documents are usually kept by more than one office. In this instance, the documents were not all located in the same file, however all relevant documents were eventually presented to the auditor. Management is now moving to have a centralised filing room implemented.

**Auditor Response**

No proper explanation was given for copies of document relating to a particular business or event kept in several files. The Commercial Department was responsible to maintain a file with all documentation relating to the Exec Jet Club.

All relevant documents were not received by the Auditor. The auditor did not verify a single correspondence from management of CJIAC to the Exec Jet Club. Copies of the registration of Exec Jet Club, Financial statements and Tax returns were not made available for the audit.

***Recommendations:***

1. ***The Commercial Department should maintain proper files for all businesses operating on the premises of the CJIAC.***
2. ***The Exec Jet Club to be properly updated with all correspondences for information purposes and future reference***.

**2.5No documentation was seen granting KhamrajLall permission to park his aircraft on the premises of the CJIA and by extension in the GA2000 Hangar.**

According to the flight records maintained by the Finance Department and the GCAA, KhamrajLall’saircraft had a departure date of **8th November 2010 with the arrival date being 18th August 2010.** This information calculated a total of eighty one (81) days of the aircraft parked on the airport premises. It is not known what arrangements were in place for his aircraft to be parked on the premises of CJIAC since there is no record of parking fees or any other fees paid by him for that period.

A letter dated August 29, 2010 written on behalf of KemLall (correct name KhamrajLall), CEO of Exec Jet Club indicated that he was in Guyana during the month of August 2010. In the letter Mr. Lall also thanked the CEO of CJIAC for allowing him temporary parking in the Old GAC Hangar. It is not known why KhamrajLall did not sign the letter himself if he was actually present in Guyana for eighty one(81) days.

No official request by KhamrajLall was seen for parking in the GA2000 Hangar. During this period the GA2000 Hangar was in receivership.

**Management response**

**Permission for parking** - No official permission was granted to park in the hangar. The GA 2000 hangar was vacant and in previous instances Mr.Lall had made verbal complaints of the aircraft being damaged due to exposure to the elements.

**Auditor Comments**

The period of parking referred to was **18th August 2010 to 8th November 2010.**This information calculated a total of eighty one (81) days of the aircraft parked on the airport premises. No mention was made of the unpaid parking fees.

Management response implied that KhamrajLall was parking illegally in a hangar that was in receivership.

There was no evidence that the CJIAC Board was aware that the CEO granted permission to the Exec Jet Club aircraft to park in the GA2000 Hangar for eighty one(81) days. This is not a good management practice since the CEO reports to the CJIAC Board.

According to the records of both CJIAC and GCAA, this was KhamrajLall first visit with his aircraft to Guyana so it is not possible that he made any verbal complaint of the aircraft being damaged due to exposure to the elements while on the CJIAC premises.

***Recommendations***

1. ***Management to explain what they meant by ‘no official permission was granted to park in the hangar’.***
2. ***Permission for any type of aircraft to park on the airport premises for any significant period should be brought to theattention of the Board.***
3. ***Management is encouraged to give correct response based on facts.*** 
   1. **Several inconsistencies were observed during a scrutiny of the three (3) letters dated 29th August 2010, 20th December 2011 and 10th June 2012 as follows:**

* The letters were all signed by DeolallGangadin, an Accounts Clerk of the Finance Department of CJIAC on behalf of KemLall, CEO Exec Jet Club. His signature was first detected during examination of payment vouchers and later verified in his personal file at the CJIAC.
* It is not known whether DeolallGangadin and other senior management of CJIAC were familiar with the correct name of the CEO of Exec Jet Club which should read KhamrajLall and not KemLall.
* The letters could not be considered valid since they were signed by a staff of the Accounts Department of the CJIAC who had no legal authority at that time to sign such letters. In addition that was not the correct name of the owner of Exec Jet Club.
* The Limited Power of Attorney document is the only copy of a legal document submitted to the CJIAC with the signature of KhamrajLall and by extension the ‘Correct’ name of the Exec Jet Club Owner.

**Management Response**

**Signing of letters on behalf of KhamrajLall**- it is not unusual for officials within businesses to sign on behalf of their bosses or other personnel. Hence it was not an issue when Mr. Lall’s letter was signed by someone else, on his behalf.

**Auditor Comments**

While it is not unusual for officials within businesses to sign on behalf of their bosses or other personnel, this situation was quite different. DeolallGangadin was an employee of the CJIAC when he signed three letters on behalf of his part time employer and submitted same to his full time employer.

The Audit maintains that the three (3) letters signed by DeolallGangadin on behalf of KemLall were not valid. KemLall and KhamrajLall are two different names. This can be verified in any Court of Law.

It is obvious that both DeolallGanagdin and the Management of CJIAC who were involved in the communication process with KhamrajLall werenot aware of his correct name. This is clear indication that his true identity was not known.

As stated in findings above ‘The Limited Power of Attorney document is the only copy of a legal document submitted to the CJIAC with the signature ofKhamrajLall and can construed to be the ‘Correct’ name of the Exec Jet Club Owner.

The letters dated **August 29, 2010, December 20,2011 and June 10, 2012** were signed prior to the Limited Power of Attorney which was dated **20th September 2012.**

***Recommendations***

1. ***Management to give an explanation for accepting letters written by one of their staff on behalf of KemLallinstead of KhamrajLall and did not detect that the name used was not official.***
2. ***Management should ensure that all persons interesting to do business with the CJIAC must produce some form of identification and a copy be kept for information purposes.***
3. ***Management is also advised to be alert when in communication with third parties.***
   1. **Scrutiny of the contents of the letters highlighted interesting information which was not supported by any form of evidence as follows:**

* He (KemLall) has approval from GCCA and Former Minister ManniramPrashad to operate his business. GCCA has since denied giving Lall any such approval since all his flights have to be approved before he can land in Guyana. No approval was seen from former Minister ManiramPrashad.
* He (KemLall) met with former President Bharat Jagdeo and showed the former President his proposal who asked some questions about the rates to different locations. **No documentation to support this claim.**
* He has an interest in repairing the GA2000 hangar at his expense where one of the conditions was ‘I need a written agreement for 10 years lease with an option of 10 more’ among several other proposals.’
* His second letter **dated 20th December 2011** addressed to Mr. Ramesh Ghir (CEO of CJIAC) with a captioned ‘**Land for construction of hanger at CJIAC’. This was the first time he mentioned of his interest to build a hangar to house his aircraft in Guyana.**
* He also mentioned in his second letter, as you are aware, I have been doing private charters into and out of Guyana and when at home I am forced to park my aircraft in the open air, exposed to the elements’.
* No evidence that KhamrajLall made any requestto secure land to construct a hangar to house his aircraft in Guyana.
* According to GCAA records, he madefive (5) flights to Guyana in 2011 and the dates were30th March 2011 and departed on 2nd April 2011, 26th July 2011 and departed on 29th July 2011,31st August 2011 and departed on that same date, 4th November 2011 and departed on 5th November, 2011 and on 11th November, 2011 and departed on 14th November, 2011. So it is fair to conclude that his aircraft was not exposed to the elements for any significant period as he claimed.
* He expressed knowledge of the GA2000 hanger in dispute and requested to be leased a piece of land to build a hangar protect his aircraft.
* Indicated in his letter that he offered Government of Guyana special rates for charters. **There is no such letter of offer in the file.**
* He was available to start construction as soon as approval was granted and was prepared to share the hangar with the airport in the event that the need arise.
  1. **The third letter dated 10th June, 2012 was addressed to Mr. Ramesh Ghir, CEO, CJIAC with the captioned’ Land for Construction of hangar at CJIA’ indicated the following:**
* **Mr. KemLall**was coming to Guyana for an extended trip by the end of June 2012 and was once again seeking the CEO’s help to secure suitable parking for his aircraft.
* The record showed that Lall only made one (1) trip to Guyana in the month of June and that was on 23rd June 2012 and departed on 24th June 2012. His next flight to Guyana was on 15th July 2012 and departed on 16th July 2012. This meant that he did not stay in Guyana for any extended trip as was indicated in the letter.
* Lall indicated that in his previous letters he did explain how much damage was done to the aircraft when it is left exposed to the elements for extended periods**.** He mentioned that the last time he was in Guyana, it cost him US$25,000 to fix his aircraft upon his return to the United States as a result of corrosion from three weeks of exposure.
* It is not known which previous letters and period Lall was referring to when he indicated his aircraft was damaged.
* Again in his letter he requested to be leased a piece of land to erect a hanger to protect his aircraft. He indicated that his business in Guyana has increased significantly since Exec Jet commenced Medivac Operations. He was seeking to build a 100 x 160 hangar similar to the one he have in Florida.
* He again mentioned of the importance for him to have this hangar facility for his aircraft if he was to continue expanding his business operations in Guyana.
* He indicated that his earlier offer on the GA2000 hanger still remains.
* The three(3) letters are submitted as **Exhibits 17**

**No response from Management for the findings at 2.6 and 2.7 above.**

***Recommendations.***

1. ***Management to explain why correspondence/s from CJIAC to KhamrajLall was not made available to the Forensic Auditor.***
2. ***Management to make available all correspondence from CJIAC to KhamrajLalland vice versa. There are some aspects of the letters that suggests more than three (3) letters were submitted on behalf of KhamrajLall.***

**3.0 Conflict of Interest**

3.1 Reference is made to an **Administrative Manual** updatedby the Manager, Commercial and Administration – Page 13 of 54 – Outside Employment/Conflict of Interest which states ‘The CheddiJagan International Airport Corporation discourages outside employment. Before accepting other employment, employees are expected to discuss the extent of the responsibilities in advance with their Divisional Manager. If you do accept any outside employment in addition to your full-time work at the Corporation, it must not impinge upon your attendance, quality or quantity of work. It is expected that the employees of the Corporation exercise an obligation to avoid ethical, legal, financial and other conflicts of interest to ensure their outside activities do not conflict with their primary responsibilities at the CheddiJagan International Airport Corporation’.

The Manager, Commercial and Administration who has responsibility for the Commercial, Finance and Personnel Departments was in a position to determine whether a**‘Conflict of Interest’** situation existed in the Accounts Department during the period August 2010 to December 2014 under her supervision as follows:

* An Accounts Clerk/Supervisor (DeolallGangadin) of her department was working part time for one of KhamrajLall business (Kaylees Gas Station).
* The Manager Commercial and Administration was aware that the Accounts Clerk signed letters on behalf of KemLall (correct name KhamrajLall), CEO, Exec Jet Club.
* All invoices billed to Exec Jet Club for handling fees for flights made by KhamrajLall during the period 2011 to 2014 were received by the Accounts Clerk who was promoted to Accounts Supervisor in 2014.
* A limited Power of Attorney document dated 20th September, 2012 authorized the Accounts Clerk as an attorney for KhamrajLall’s Businesses- Kaylees Gas Station and Exec Jet Club. This document was placed by the Manager, Commercial and Administration in the Exec Jet file during the course of the audit.
* Land license agreement between CJIAC and Exec Jet Club was signed on 15 October, 2012 by the Manager, Commercial and Administration. Ms. DursattyDoodnauth- Mangru as the lessee and the Accounts Clerk, DeolallGangadin as the lessor. This is considered a serious act of Conflict of Interest.
* Accounts staff (DeolallGangadin) did the Brokerage and Aircraft Verification for the Accounts Department. This gave him access to the airside.
* Letter dated January 13th 2013 from the Exec Jet Club to the Manager, Commercial and Administration requesting a waiver in fees since their operations had not commenced as yet was signed by CJIAC Accounts Clerk, DeolallGangadin with designation of **General Manager.** See **Exhibit 18**
* It is not known whether DeolallGangadin being a staff attached to the Accounts Department was given any preferential treatment to visit the Hanger while it was under construction.

**Management Response**

1. **Conflict of Interest Policy** – management was aware that Mr.Gangadin was employed at Kaylees on a part time basis doing accounting work. At no time did we feel there was a conflict of interest since we are aware of several other staff performing such functions (book keeping, electrical, plumbing) outside of our official working hours.
2. Further Mr. Gangadin was a junior staff and had no influence on management and government’s decision to award the lease to Exec Jet Club.
3. Following the arrest of Mr. KhamrajLall, and in reviewing the matter in hindsight it was determined that the dual function performed by Mr. Gangadin was indeed an area of concern and as such a decision was made to terminate his services. Mr. Gangadin subsequently submitted his resignation.
4. **Preferential treatment of Mr. DeolallGangadin**- Mr. DeolallGangadinwas not granted any preferential treatment to visit the hangar while it was under construction as he was subjected to security searches and was required to follow protocol as everyone else.

**Auditor Response;**

The Audit maintains that the signing of the Land Licence agreement on 15 October, 2012 between by the Manager, Commercial and Administration, Ms. DursattyDoodnauth - Mangru as the lessee representing CJIAC and the Accounts Clerk, DeolallGangadin as the lessor representing Exec Jet Club is a serious act of Conflict of Interest.

The Manager, Commercial and Administration, Ms. DursattyDoodnauth–Mangru who has responsibility for Human Resources should have known it was a conflict of interest to be signing a legal document with one of her junior staff who was the representative for another company.

Management only recognized that Mr. DeolallGangadin dual function was a conflict when KhamrajLall was arrested.

Minutes of the CJIAC Board Meeting dated 5th December 2014 indicated that DeolallGangadin had some privileges since he was able to access the Arrival/Customs Area.

***Recommendations***

1. ***The Management should make effort to have a qualified an experienced Human Resources Manager who will be able to make proper assessment and decisions in Human Resources matters.***
2. ***The Manager, Commercial and Administration, Ms. DursattyDoodnauth – Mangru should give an explanation about signing of the lease with a junior staff under her supervision.***

**3.3**CJIAC has no records of credit facilities for Fuel with KayleesService Station during the period January 2010 to May 2015. However, payments were made for fuel via charge bills from Kaylees Service Station periodically prior to 2012. In the absence of a credit approval document, is not known who were the authorized persons and vehicles to uplift fuel from this gas station. Records showed that approximately G$14.5M was paid to Kaylees Service Station for fuel during the period January 2012 to May 2015.

**Management Response**

**Credit facility to uplift fuel** - a credit facility was established onxxxx, after the company wrote the Corporation on January 14th 2012, offering the service. The proposal was evaluated and it was decided that establishing the facility would have been beneficial to the Corporation since the Corporation has vehicles which travel along the East Bank Road. See attached Exhibit J for letter establishing credit facility

**Auditor Response**

**Management Response is inaccurate**

During the course of the audit, request was made for the Kaylees Service Station File to verify the Credit Facility arrangement. However, no file was in place. An unsigned copy of a letter dated August 7, 2008 which was intended for Kaylees Service Station was received from the Finance Department.

No letter from the Company dated January 14, 2012 was verified. However, it was verified that the CJIAC has been benefiting from credit facility with Kaylees Service Station prior to 2010.

Attached letter at Exhibit J is a copy of the unsigned letter submitted to the Auditor except that it now bears a signature.

Credit Facility is required to be updated on an annual basis and any changes during the year should be submitted to the Service Station. The vehicle numbers, names and signatures of the persons authorized to collect fuel should be included in the letter.

***Recommendations:***

1. ***The Management is again encouraged to give accurate responses.***
2. ***The CJIAC should be using the services of the RUBIS Service Station which is located on the premises of the Airport and sells diesel. Most vehicles belonging to the CJIAC use diesel, in addition the CJIAC has a credit facility with RUBIS.***
3. ***There is no need to continue to useKaylees Service Station on the Public Road since there is also a RUBIS in close proximity.***

**3.4**Land license agreement between CJIAC and Exec Jet Club commenced on15th October 2012 for a period of three (3) years concluding on 15th October 2015.

The Annual license fee was set at $1,610,000 payable in two (2) equal installments half yearly in advance without request. However, no annual license fee was verified as being paid at the time of reporting. Outstanding amounts did not appear on the Debtors Schedule.

**Management Response**

**Land lease fees** - Executive Jet Club was invoiced for land lease fees as follows:

Pro- rated 2012 invoicing, October 15th -31st December 2012-$338,908

January- September 2013- $ 1,207,500

In a letter dated January 13th 2013, Exec Jet Club wrote requesting a waiver in fees since their operations had not commenced as yet. Management reviewed the request and approved since this concession was granted to other operators such as Roraima Airways Inc, Inflight Duty Free etc. in the past. It is normal for a moratorium period to be granted during construction of businesses. Attached is a copy of the letter and copy of the credit note for perusal (Exhibit K).

**Auditor Comments**

The letter which should be attached at Exhibit K is not the correct letter. However, the corrected copy of the letter was subsequently submitted.

The land lease was signed on 15th October 2012 and three (3) months later it is obvious that their operations could not have started. It is not clear whether Exec Jet Club request for a waiver in fees was for the entire three(3) years since calculations and invoice is shown for one(1) year.

No indication that any matter relating to Exec Jet Club was discussed at the CJIAC Board level.

***Recommendations***

1. ***Explanation is required for how many years the waiver of fees were approved for and who gave the approval.***

**3.5**The correct address of Exec Jet Club is not known since the Land license Agreement refer to 2 addresses in the document (1) 85 Quamina& Carmichael Streets, Georgetown ,(2)CheddiJagan International Airport and in a Power of Attorney document it stated the address as (3) Lot 5 Coverden, East Bank Demerara.

**Management Response**

**Address of Exec Jet Club** - Exec Jet Club initially operated in Georgetown and subsequently relocated to Coverden, at the same address with the gas station.

**Auditor Comments**

In the land license agreement, the Exec Jet Club address is CheddiJagan International Airport. Refer to Article 3 in the land license agreement.See **Exhibit 19**

3.6 A model (drawing) of the business plan was not submitted. However, a business plan submitted was not endorsed by KhamrajLall. It is not known if the design of the interior of the hangar was taken into consideration when the proposal was submitted to Cabinet.

The hangar (building) was physically verified on 4th November 2015. No detailed check was done since this would need the services of a Civil Engineer.

* 1. It is important to note that the lease for the hangarexpired on 15th October2015.

**Expiration of the lease period** - The lease for the hangar expired on 15th October 2015. Exec Jet Club was written on September 30th 2015 and informed of the non-renewal of the license for air chartering service located at CJIA. They were given up to 14th October 2015 to vacate the licensed premises. The company responded with a civil lawsuit. The matter is currently engaging the court’s attention.

**4.0**Physical verification of ‘**TheExec Jet Club Hangar’** was carried out after on November 4, 2015 after obtaining permission from the Minister of Public Infrastructure. The Forensic Auditor was accompanied by representative from the Special Organised Crime Unit (SOCU), the Guyana Police Force and officials from the CJIAC.