**APPENDIX 3**

**Contract to wash and paint the GA 2000 Hangar including removal of trees and bushes and pressure washing of the Building - $2,810,200**

**Backgroun**d

A contractor who was initially given minor contracts to do work more of a handyman nature was awarded a contract on 13 November, 2013 by the CJIAC Tender Board for the sum of $ 2,810,200 to ‘Clean and paint the GA 2000 Hangar including removal of trees, bushes and pressure washing of building – 140 ft x 160 ft x 35 ft in September 2013.

During the course of the forensic audit, a whistle blower sent a photograph of the GA 2000 Hangar with a message that a staff from the Engineering and Maintenance Department did the work on the Hangar but a Contractor’s name was used to receive payments and it should be checked out. A photograph of the condition of the Hangar was also received by the Auditor.

On a visit to the airside to verify the Exec Jet Club Hangar on November 4, 2015, photographs were taken of the southern side of the GA 2000 Hangar which matched with a photograph received from the whistle blower.

It was not convenient for a physical verification of the GA 2000 Hangar to be done at that time since that was a planned visit which included security personnel from the Guyana Police Force and Special Organised Crime Unit (SOCU) to visit the Exec Jet Club Hangar.

To ascertain who actually did the work on the GA 2000 Hangar it would entailed some detailed checking such as the Security Register to see how many times the contractor passed through the Security gate, the ID pass issued to the contractor, the quantity of paint issued from the stores for use, who supervised and certified the work and the dates and work completed as stated on the invoices submitted for payment. This information was requested at short notice and is expected to receive same prior to the finalization of the report.

This contract is included at **Table 1** at **Page 42 -Labour Contracts awarded between January 2012 and May 2015.**

Prior to the finalization of the Forensic Audit Report request was made to the CJIAC for the following information:

1. The dates recorded in the Security Register when the contractor passed through the security gate number 4.
2. Copy of the ID Pass issued to the Contractor
3. The expected date of completion of the Project
4. Copies of the bills of quantity – material used for the project certified by an officer/engineer
5. Copies of the invoices submitted for payment
6. Copies of the payment vouchers.
7. Internal Stores Requisition for all paints issued to the Contractor
8. Logbook for Gate Number 4 for January 2014 to February 2015.
9. Logbooks for 13 November 2013 to 27 January 2014.

**Findings**

An examination of the scope of work, engineer estimate and abovementioned documents and information provided in the response to the draft report disclosed the following unsatisfactory features:

* The engineer’s estimate only stated the details of works to be done and the total cost. It also stated that the work involved setting up of scaffolding.
* The Scope of work which was in the exact format of the engineer estimates submitted by the prospective contractors did not indicate the quantities of materials required for the works, manpower and the time to complete the works.
* There appear to be an incorrect estimation for one aspect of the work **‘cut and remove all trees and bushes from the Hangar including the trees on the building itself’.** While the entire surface area could be pressure washed and painted, it appeared that the entire surface area (42,080 sq. ft.) was covered with trees and bushes.
* There was no setting up of scaffolding since the CJIAC hydraulic ladder was used instead to do the work.
* The Engineer’s estimate did not indicate who prepared the estimates and also it was not approved by the Head of Department. See attached **Exhibit15.**
* The Contractor did not fulfill its obligations to pay taxes and social security contributions of its employees.Refer to Section 5 (1) (i, ii &iv) of the Procurement Act 2003.
* The Contractor requested the sum of three hundred thousand dollars ($300,000) as a mobilization advance on an invoice dated **12 November 2014**, while the award of the contract was approved by the CJIAC Tender Board on **13 November 2014**. It appears that the contractor was aware that he has won the award in advance. It is not clear why a mobilization advance was requested since all materials and equipment was supplied by the Corporation.
* The dates recorded in the Security Register (Logbook) when the contractor passed through the security Gate Number 4 was requested. Copies of the pages of the books submitted to the Auditor could not be relied on since the dates started from 27 January 2014 while payments made to the contractor suggested that work was done prior to that date. Further request was made for the Logbooks which covered the period 13 November 2013 to 27 January 2014 but it was not facilitated. As a result it cannot be verified that work was actually done during that period.
* An examination of the Security Logbook for the period 27 January 2014 and the completion date of 6 March 2014 indicated that at least ten (10) persons worked on various days on the GA 2000 Hangar during that period including the Contractor who was recorded as worked approximately ten (10) days during that time.
* It could not be determined how many days the staff from the Engineering and Maintenance Department who worked along with the Contractor and his employees was present at the GA 2000 Hangar. It was observed that the Logbook did not always record the entry and exit times for this employee but in few instances it was recorded when he accessed the GA 2000 Hangar.
* Internal Stores Requisitions prepared by the Engineering and Mechanical Department indicate that materials were requested and issued on 13 January 2014, 22 January 2014, 27 January 2014, 30 January 2014 and 3 March 2014. This is clear indication that the Contactor and his team took approximately two (2) months (13 November 2013 to 13 January 2014) to cut trees and pressure wash the GA 2000 Hangar.
* There was no record in the Security Logbook that the Senior Maintenance Foreman or the Electrical Engineer (Senior) visited the GA 2000 Hangar to inspect the work done by the Contractor. Both of these senior officers confirmed that they did not supervise the work of the Contractor. However, they did not indicate who was responsible for the supervision.
* The quantities of paint used for repainting of the GA 2000 Hangar were requested from the CJIAC Stores. The analysis showed that 45 gallons of Silver Brite, 40 gallons of grey emulsion and 168 gallons of roof green paint was issued. It was observed that the person who signed for all materials issued for works on the Hangar was not the Contractor.
* An observation on the roof green paint issued showed that 40 gallons was issued on 24 July 2014 while the contract works were completed on 6 March 2014.
* Payments to the Contractor were made in five (5) instalments which were recommended by the Senior Maintenance Foreman although he did not supervise the work as shown below:

|  |  |  |
| --- | --- | --- |
| **DATE** | **DETAILS** | **AMOUNT $** |
| 12.11. 2013 | Mobilization advance | 300,000 |
| 19.11.2013 | Second Advance | 300,000 |
| 17.01.2014 | Third advance | 500,000 |
| 28.01.2014 | Fourth advance | 800,000 |
| 06.03.2014 | Final advance | 910,000 |
|  | Total | **2,810,000** |

Schedule of all payments made to the contractor is shown at **Appendix 4**

**Management Response**

Management explained that during the execution of the GA2000 work, an Electrical Assistant (name provided) was responsible for the use of the Hydraulic Ladder since he was one of few staff who could have operated the ladder at that time. Later on a number of other staff was trained on the use of the ladder. CJIA monitors these projects for safety as they had a contractor falling and died from a ladder at the same GA 2000 Hanger.

**Auditor Comments**

Management explanation is not totally accurate since the Electrical Assistant was not the only employee who could have operated the Hydraulic Ladder in November 2013. This was confirmed by the Senior Maintenance Foreman and the Electrical Engineer.

The audit could not verify that the Electrical Assistant actually did work on the contract since the Security logbook for the period 13 November 2013 to 27 January 2014 was not submitted for audit checks while the period 27 January 2014 to 6 March 2014 did not indicate that this employee spent any significant time at the GA 2000 Hangar. His visits to the Hangar suggest that he was supervising the work.

Management was not able to give a complete response to the findings since the audit of this contract was done after the draft report was submitted.

***Recommendations:***

1. ***The CJIAC Board to request a full report on this contract from the Engineering and Mechanical Department with explanations for all the findings mentioned above in particular***

* ***Who prepared the Engineer’s Estimates?***
* ***Why was the Security logbook for the period 13November 2013 to 27 January 2014 not submitted for audit checks?***
* ***How many days did the contractor actually worked?***
* ***How many support staff accessed the worksite?***
* ***Evidence that police background checks were done before passes were issued.***
* ***Why it took the contractor and his team two(2) months to wash and clean and cut bushes on the Hangar?***
* ***What exactly was the role of the Electrical technician on the contract?***
* ***Howmany days the Electrical technician was present on the worksite to operate the hydraulic ladder.***
* ***Who actually supervised the work done onthe GA 2000 Hangar?***
* ***Who actually collected the materials from the CJIAC Stores?***
* ***What records exist to show the quantities of materials required for the work and which engineer monitor the use of the materials?***
* ***Why the security logbook at Gate #4 did not record all entry and exit time for the Electrical Technicians?***
* ***The Invoices submitted for payments did not indicate what works or percentage of the contract was completed.***
* ***Why there was no duration for the contract?***

1. ***Management is encouraged to give correct information at all times***.

* ***The Electrical Engineer(Senior) and the Senior Foreman – Maintenance to confirm that the Electrical Technician referred to was not the only person who could have operated the hydraulic ladder***.

1. ***The Senior Foreman – Maintenance to give explanations why he recommended payments for the Contractor while he never visited the worksite to verify the work completed.***
2. ***The Electrical Engineer(Senior) to explain how he was able to loan his best electrical technician to work on a building maintenance contract to operate the hydraulic ladder.***