**APPENDIX 6**

**Poor system in hiring Petty Contractor and inadequate accounting system resulted in an alleged fraud on 14 September, 2012**

 **Work requested by Engineering and Maintenance Department-**

‘Cleaning and applying one(1) coat of reflective yellow road marking paint on the edge lines, centre lines and holding lines respectively on Taxiway Golf between Runway 11 to the International Apron on the Aerodrome at Timehri totalling at 11,778 square feet of line’.

**Scope of Work** for labour charges was given to three (3) petty contactors who submitted their quotes as follows:

1. Mr. Rudolph Sumner, Fire Station Area ,Timehri,
2. Mr. SasenarineParasram, 70 Belmont, Mahaica, E.C.Dem and
3. Mr. TotaramPersaud, AnandaleMarshon, East Coast Dem.

 Electrical Engineer attached to the **Engineering and Maintenance Department** on **13 September, 2012** selected quote for the sum of **$215, 560** from **Rudolph Sumner** who was the lowest bidder.

 He approved the request of work to be done and submitted same for approval from the Commercial and Administrative Managerand the Chief Executive Officer. Approval was granted.

 A petty contract was prepared on 13 September 2013 for the sum of $215,560 and signed by the Petty Contractor, the Chief Executive Officer and two (2) witnesses.

 The work was certified as satisfactory completed on **13 September 2012** by the Electrical Engineer who had requested the work and who had also signed as Head of Department certifying that the work was necessary.

 A cheque was prepared on **14 September 2012** in the name of Rudolph Summer for the sum of $215,560 and signed by the Commercial and Administrative Manager and the Chief Executive Officer.

 On **14 September 2012**, Mr. Colbert Allen, a regular contractor at the CJIAC went to the cashier and uplifted the cheque written in the name of Rudolph Sumner from the cashier who paid the cheque without asking for the ID for both Colbert Allen and Rudolph Sumner.

 Mr. Colbert Allen took the cheque to Bank of Guyana and made a telephone call to Mr. FazalJhaman, an employee of CJIAC who does purchasing in Georgetown to come to the Bank to identify him.

 Bank of Guyana at that time had a system where ‘If a presenter has no form of acceptable identification, another individual present in the Bank may identify the presenter. The individual must have acceptable identification and must endorse the cheque. The cash must be paid to the Presenter’.

 Mr. Jhaman identified Mr. Colbert Allen as Mr. Rudolph Sumner and endorsed the cheque and Mr. Colbert Allen received the cash

 The counter clerk at Bank of Guyana recalled that Mr. Jhaman had identified the same individual as Mr. Colbert Allen on a previous occasion. The cash teller recording was reviewed and the images of the cheques were retrieved and the counter clerk observation was verified.

 Director of Operations at Bank of Guyana, Mr. Joseph Lall, made a call to the Accountant at CJIAC and requested to see Mr. Jhaman, Mr. Allen and Mr. Sumner.

 The Bank turned the three parties over to the police and changed it’s policy regarding third party identification.

 In a written Statement, Mr. Allen admitted endorsing a cheque as Rudolph Sumner and cashing it with the explanation that he was asked to do so by Mr. Sumner who was going to Linden that day.

 Mr. Sumner in his interview denied knowledge of the cheque saying that he works for Mr. Allen and was only paid $15,000 for the job.

 The Accountant at CJIAC said that Mr. Sumner has a contract with the airport and signed for receiving the cheque for $215,560.

 Mr. Jhaman said he thought he was identifying Mr. Allen as he did once before. He did not hear the name ‘Rudolph Sumner’ mentioned by the teller.

 A decision was taken by the Manager Commercial and Administration to suspend the Driver/Expeditor, the Contractor until he was able to have an identification card and the cashier was given a warning.

**Observations**:

1. There was no segregation of duties for the hiring of the Petty Contractor.
2. The Petty Contractors except for (TotaramPersaud whose address seem irregular never did any petty contract work for the airport.)
3. Date scope of work was requested from petty contractors not known.
4. The Electrical Engineer made a request for work, certified as Head of Department that the work was necessary and certified that the work was completed according to the Scope of Work.
5. The identification of Rudolph Sumner was clearly not known to the officials of the Engineering and Maintenance Department. Signatures were irregular on the Scope of Work and on the Contract.
6. The Scope of Work and Petty contract was not signed by Mr. Rudolph Sumner. The signature on the contract is not the same as the one signed on the Statement given at Bank of Guyana.
7. The authorisation and the receipt appeared to be signed by Mr. Rudolph Sumner as compared with the signature on the statement given at Bank of Guyana. He had indicated he was given a piece of paper to sign but never read what was on it. He also indicated in his statement that an Indian female who he earlier had a meeting with told him to tell the bank if they asked that he had signed the contract.
8. The authorisation and the receipt were not prepared by Mr. Sumner. The Findings of the Investigation report by CJIAC indicated that ‘the cashier neglected to request for an Identification Card or authorization from Mr. Sumner when Mr. Allen presented himself for payment, as per her SOP. This confirms Sumner’s statement at bank of Guyana that someone pushed a paper for him to sign, hence his signature appeared on an authorization.
9. The payment voucher was prepared in the name of Rudolph **Summer** and not Rudolph **Sumner**. Signatories on the cheque should have observed this. It was not verified what name was written on the cheque since returned cheques are kept by the Ministry of Finance but are made available if requested by the Corporation in the event of an investigation.
10. The Cashier paid the cheque to Mr. Allen and did not request an authorization. There is a contradiction in the investigation report (Evidence by Ms. Aaron- Cashier) ‘ Mr. Allen collected a cheque for Mr. Sumner, however signed not as Colbert Allen, but as Rudolph Sumner. She did not recognize this until after the issue was raised by Ms. Glasgow’. This is not a correct statement since Mr. Allen signed his name on the payment voucher.
11. The findings indicated that ‘The Petty Contract is being given to the Contractors and EMD Officials to sign separately. EMD official could not verify if the Contractor indeed signed these documents.’ This is considered very poor practice since it is the Head of Department/ person certifying the work who should ensure that the Petty Contract’ is properly signed.
12. There were improvements in the Accounting System for Identification Cards to be produced before a cheque is paid. For payment by authorization, the Identification Card and an authorization from the Payee to be produced along with the authorization of the person authorized to uplift the cheque. The cashier is also required to record the IDs on the Payment vouchers. This system was not in place before.
13. A decision was taken by Management to suspend the Driver/Expeditor, the Contractor until he was able to have an identification card and the cashier was given a warning.
14. No proper system was recommended for the hiring of Petty Contractors.
15. No report was seen from the Engineering and Mechanical Department
16. There was no evidence that this matter was reported to the CJIAC Board.
17. This matter was reported by Bank of Guyana to Finance Secretary and the Accountant General (ag).
18. Management of Bank of Guyana expressed their disappointment that this matter was not properly dealt with and treated it as an incomplete issue.
19. BOG has since changed their third party policy since that incident.

 **Management Response:**

1. This incident was brought to management’s attention by the Bank of Guyana. The bank handed over both the contractor and the employee to the Guyana Police Force. CJIAC is unaware of the outcome of the situation since the Bank never sought to provide an update on the issue.
2. CJIAC also conducted its own investigation and took action was taken as deemed fit, based on the information which was provided by the Bank of Guyana in the initial report received via telephone. The employee Mr. FazilJhaman was suspended for one month and was not allowed to conduct any further transactions with the bank. The contractor was also suspended and the cashier involved was issued with a warning letter
3. Mr. TotaramPersaud provided services for painting of several areas of the Airport, with the last work being done in September 2013. His ID is 126295747 while Mr. Parasram’s ID is 126295941 – please see attached **Exhibit G**
4. A complete review of the systems and procedures was done since the incident and corrective action taken.
5. The matter was reported to the former chairman of the board, Mr Ramesh Dookhoo and to the former Minister of Public Works, Mr. Robeson Benn.

***Recommendations:***

1. ***Contract to be reviewed***
2. ***The New CJIAC Board to communicate with the Bank of Guyana with the aim of bringing this matter to a closure.***
3. ***Contractor’s performance for all painting contracts to be reviewed.***