



GEORGETOWN PUBLIC HOSPITAL CORPORATION

Special investigation into financial operations and functioning

21 July 2016

Ram & McRae

21 July 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 Georgetown Public Hospital Corporation.

With reference to our engagement to carry out a special investigation into the financial operations and functioning of the Georgetown Public Hospital Corporation, we are pleased to submit herewith our draft report which includes our findings and recommendations.

We extend our thanks to the staff of the Ministry and the Georgetown Public Hospital Corporation for the cooperation received during our investigation.

Yours faithfully,

L.C. Ram
Managing Partner

Executive Summary

Audit approach

Ram & McRae was appointed to carry out a special investigation into the financial operations and functioning of the Georgetown Public Hospital Corporation over the period January 2012 to May 2015. For a substantial part of the period of the audit, the Chief Executive Officer, Mr. Michael Khan, was sent on leave to facilitate the audit.

Our approach was to identify risk areas in the Corporation by summarising the Financial Statements from the estimates of expenditure and addressing these in our report. In this regard Partners and staff of Ram & McRae met with key Hospital personnel; including the CEO, Internal Auditor, members of the Finance Department, the Pharmacy Manager, Facilities Management staff and Human Resource Manager; we also visited the various bonds used by the Hospital and health centres managed by the Hospital. We also met and interviewed senior management on the National Procurement and Tender Administration Board and the Auditor General's office.

The Statutory Framework

It should be noted that the Boards are effective from 1 July to 30 June of each year. Since the Hospital has a December 31st year end, we believe that the life of the Board should be changed to January 1 to December 31 of each year. We note that a new Board of Directors was appointed from December 1, 2015 to November 30, 2016.

The Board operated without a representative from the Guyana Nurses Association for the period January to June 2012. During 2012, Ms. Chandrawattie Persaud and Mr. Kempton Alexander were the Guyana Public Service Union representatives. As of 23 January 2015, a representative for the Guyana Medical Association was not named.

The GPHC was established by an Order under the Public Corporations Act as a body aggregate and is licenced under the Health Facilities Licensing Act. Operations are mainly in Georgetown with offsite storage of drugs and responsibility extending to the Enmore Polyclinic and the Kitty, Industry and Campbellville Health Centres. The Minister currently assigned responsibility for the GPHC is the Minister of Health and a 10-member board is required under the Order.

The GPHC is funded mainly by the Government through releases from the consolidated fund. Revenues and expenses are reported in the National Estimates and audited by the Auditor General. Financial Statements, in compliance with International Financial Reporting Standards, were not prepared and we found no evidence that reports on operations were submitted to the National Assembly by the Minister over the last 17 years.

Income earned by the GPHC from January 2012 to May 2015 amounted to \$42,948,423. Based on recommendations by the Audit Office, the Hospital commenced depositing all earnings into the consolidated fund in 2012. The Hospital has taken the decision to go back to the previous practice of using the income earned by the Hospital to fund projects from September 2015.

Governance

Theoretically the structure of the Hospital should be adequate for the proper, albeit complex nature of its operations. Order No. 1 of 1999 under the Public Corporations Act Cap. 19:05 gives to the holder extensive powers, the evidence suggests that the strict lines are often bypassed and communication and decisions made by the CEO.

We did not examine whether this is also true of the other Departments of the Hospital but recommend that policies and guidelines be established to ensure that the lines of communication and authority are properly observed.

Under the Order, all proposals made by the Executive Director (CEO) to the Board are considered approved unless rejected by a majority of the Board and all other proposals are considered rejected unless approved by a majority of the Board. We find these provisions unusual and recommend immediate review of the role and functions of the Minister, Board, CEO and Board Committees in relation to the Hospital.

Decisions of the Board were found not to be implemented by management or followed-up by the Board itself. We found that reporting to the Board was inadequate and major decisions, actions and contracts were not routinely reported to the Board. Meetings of the Board were held monthly in 2013 but were less frequent in 2014 and 2015.

Administration

No manual of administrative procedures is maintained as required by the Health Facilities Licensing Act. An accounts handbook could not be found during our review and staff were found not to be fully aware of the employee handbook. A draft human resource management policy manual was comprehensive but incomplete.

Attached to the GPHC and operating rent-free from part of the hospital building is the Caribbean Heart Institute (CHI), a privately owned entity but in which the GPHC holds a 10% stake. Dr. Madan Rambarran, Director, Education was also reported as having a 4% stake in CHI. The agreement between the GPHC and CHI remains unchanged from 2005 despite repeated requests by the Hospital's CEO for amendments.

The hospital had a total of four hundred and seventy three (473) vacant positions and during our audit, the key positions of Director of Finance and Assistant Director of Finance had both been vacant. These situations reflect poorly on the management of the hospital by the CEO and the Board. Refer to section 3.2.5 for a list of senior positions which were vacant, the date the position became vacant and reason for the position being vacation at the time of our audit.

An internal audit function is present and well resourced. However, unresponsiveness of the CEO and department heads to reports submitted, and administrative hurdles, reduce the effectiveness of the internal audit function.

The financial statements are audited by the Auditor General in keeping with Section 5 of the Audit Act, while contracting out the audit is permitted by that Act the Corporation has never engaged private auditors. The report of the Auditor General on the audit of the Hospital is set out in his annual "Report of the Auditor General".

We were informed by the Auditor General that four of his staff are assigned to the Hospital audit for the Period January to June, which gives approximately a 100 auditor weeks. Additionally there are seven staff members, including the Director of Internal Audit, in the Internal Audit Department which amounts to over 300 auditor weeks.

On the face of it therefore, the Corporation is well served by Audit. However, the effectiveness of the Department has been compromised by the relationship between the Chief Executive Officer and the Director of Internal Audit. We found no evidence in the Finance and Audit Committee and Board Minutes that the adversarial and confrontational relationship between the two parties were raised. We did however note that the Board minutes reported several occasions on which the CEO advocated for the head of Internal Audit to be answerable to him.

Summary financials

Expenditure of the Hospital over the period of the audit is as follows:

Year	Current expenditure \$	Capital expenditure \$
2012	4,452,898,968	127,912,906
2013	4,894,963,797	225,374,514
2014	5,289,269,886	413,491,405
May 2015	2,175,485,414	-

Key costs shown as a percentage of Current expenditure is as follows:

	2012		2013		2014		May 2015	
	\$ '000	%	\$ '000	%	\$ '000	%	\$ '000	%
Wages & Salaries	1,510,087	33.9	1,731,263	35.37	1,990,904	37.6	896,433	41.2
Contract wages (as a % of wages and salaries)	735,681	48.7	880,502	50.9	1,015,459	51.0	473,895	52.9
Drugs & Medical Supplies	1,670,892	37.5	1,826,936	37.3	1,968,936	37.2	744,119	34.2
Electricity Charges	381,240	8.6	308,285	6.3	148,100	2.8	61,708	2.8
Dietary	64,151	1.4	67,189	1.4	67,252	1.3	22,451	1.0

Staffing

At the date of the audit the Hospital had between 1,511 staff in 2012 including 216 contract employees and 1,627 in 2015 including approximately 275 contract employees or 16.9% and 51% of wages and salary. Among these, doctors were 139 in 2012 to 173 in 2015.

Expenditure as total wages and salaries were \$1,510 million in 2012 and \$1,991 million in 2014. The percentage of wages and salaries paid in contract wages average 50% over the 3 years as follows; 2012 - 49% and 2013 and 2014 - 51%.

Doctors in Private Practice

A list of thirty four (34) senior doctors persons presented to us shows that only six of them have requested and been granted permission.

The accuracy of this information should be clarified by the Board and procedures put in place to ensure that the conditions under which permission is granted for personnel to engage in private practice are adhered to.

Drugs and medical supplies

Drugs and medical supplies purchased over the three years 2012 to 2015 totalled \$5.5 billion with the internal auditor reporting expired drugs of over \$419 million. A significant amount of drugs are purchased from the New GPC Inc. following pre-qualification of this entity to supply drugs to the GPHC by the Government, an evaluation panel on which the CEO of the Hospital was a member. Certain drugs and medical supplies are purchased based on the preference of individual doctors and the hospital does not maintain a standardised list.

The second largest supplier to the GPHC is DOCOL (now Massy Gas Products) followed by K.D. Enterprise, an entity which at the time of our review was not known to the Food and Drug Department and had not registered the drugs it supplied. Drugs supplied by this entity over the period 2012 to June 2015 totalled \$833 million. Checks with the Department found similar situations with other suppliers.

A manual system of bin cards and stock ledger is utilised for the management of inventories and postings could be as much as six months in arrears. Two offsite bonds were utilised over the period of review and unconfirmed allegations have been made that Staff were requested by the CEO not to disclose information about one of the bonds to the Auditor General. No indication was given by the Staff as to why the CEO would have given such instructions.

Other specific issues

During the period of the audit, a number of persons, including the CEO, were paid substantial amounts in responsibility allowance. Indeed, the CEO received a responsibility allowance from January 2011 to September 2014 which was paid without the deduction of taxes in contravention of the Income Tax Act. Total such allowances collected by the CEO was \$4,400,000 attracting taxes of approximately \$1,413,240.

During 2013, allegations of fraud by a Cashier were investigated by the Auditor General who found misappropriation totalling \$5.1 million. We were unable to find evidence that the findings were pursued by the CEO, Board, Guyana Police Force or the Director of Public Prosecutions. During the October 24, 2013 Board meeting, Directors debated on action against the CEO, however, no decisions were made or actions taken.

With respect to fixed assets, the master register is not adequately maintained and differences in excess of \$472 million were noted between additions stated in IFMAS (higher) and the register over the years 2012 to 2014.

Other issues noted include delays in posting cash receipts, onerous banking arrangements, excessive unclaimed and over-claimed leave and lack of vehicle log books.

Recommendations are made in the report for a review of the systems of the hospital in respect of the above areas.

Records and Computerisation

The Corporation, and especially the finance department, is overwhelmed by the extent of manual records and the corresponding absence of digitisation and computerisation.

Manual records are susceptible to manipulation, misplacement and recreation. As a Corporation operating by way appropriation the Hospital was required to maintain accounting records manually. Now that the Corporation is a subvention agency we recommend that the Hospital embark on a process of progressive computerisation within a period of two (2) to three (3) years.

Conduct of the CEO

During the course of the audit we were presented with a Paper containing several serious allegations against the CEO Mr. Michael Khan, including that instructions had been given by him to withhold information from auditors and procurement. As far as possible we pursued those allegations both within and, outside of the Corporation. We either wrote or spoke to the person who provided the Paper to us, the Auditor General, the Secretary to the National Procurement and Tender Administration Board and a former Chairman of the St. Joseph's Mercy Hospital where Mr. Khan had been previously employed. No person we contacted in this connection corroborated or provided any information to support the allegations.

In respect of the payment of a responsibility allowance to Mr. Khan, it is a breach in the law for failure to deduct taxes.

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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 Georgetown Public Hospital Corporation (GPHC). 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.

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.

The scope of our engagement was not limited in any way by the entity or any individual but several documents and clarification were not provided as detailed in this report. Further, the entity does not prepare a complete set of financial statements which would normally include a Statement of Financial Position, Statement of Financial Performance, Statement of Cash flows and other explanatory notes. Consequently, we relied on information presented in the Estimates of the Public Sector as presented to the National Assembly and such other internal documentation that was available.

We reserve the right, but are under no obligation, to supplement or amend our report upon the receipt of additional information.

3 Findings and recommendations

3.1 Statutory framework

3.1.1 Applicable legislation

The GPHC which comprises the Georgetown Public Hospital Board and its employees was established by Order No. 1 of 1999 under the Public Corporations Act Cap. 19:05. For purposes of the Act, the GPHC is a body aggregate. It is also subject to the provisions of the Health Facilities Licensing Act, Cap. 33:03 which provides for the licensing of health facilities and regulates their operations.

The licence is renewable annually on the anniversary date.

Role of the Minister

The Minister currently assigned responsibility for the GPHC is the Minister of Health.

The Minister may give to the GPHC directions of a general character as to the policy to be followed by the Corporation in the exercise and performance of its functions. The Corporation is required to comply with and give effect to every such direction. The Minister is also empowered to give specific directions to the Corporation for the disposal of capital assets and the disposition of the proceeds, including their payment into the Consolidated Fund. *Proceeds from assets disposed throughout the years under review were deposited into the Consolidated Fund.*

The GPHC is also accountable to the National Assembly through the Minister. We found no evidence that reports on operations were submitted to the National Assembly by the Minister.

In respect of the GPHC, the Minister has the twin roles of licensor under the Health Facilities Licensing Act as well as ministerial responsibility for the entity. This poses a potential conflict of interest and the Government should consider whether there should not be a separate body responsible for the licensing and regulating of such facilities.

Financial provisions

There is some uncertainty whether the GPHC is permitted to charge fees for its services. The funds of the GPHC may consist of appropriations by the Parliament, borrowings, allocations from loan funds, and interest and capital repayment of loans made. A literal interpretation of the Act suggests that the funds of the GPHC do not include fees charged by the GPHC. With effect from September 1, 2015 following Budget 2015, the Corporation moved from being an appropriation agency to a subvention agency.

Attached to the GPHC and operating rent-free from part of the hospital building is the Caribbean Heart Institute (CHI), a privately owned entity but in which the GPHC holds a 10% stake. The current fee structure of the CHI does not appear to have been approved by the Board of the GPHC or by the Ministry of Health.

The Agreement under which the CHI operates was first entered into on December 9, 2005 and despite repeated requests by the CEO of the GPHC over the period August 17, 2009 to June 16, 2015 and addressed to Dr. Leslie Ramsammy, Dr. Bheri Ramsaran, Dr. Roger Luncheon and Dr. George Norton, the position has remained unchanged and the CHI continues to operate under a long-expired contract.

We strongly recommend that a renegotiation of the Agreement with the CHI be undertaken as soon as possible, addressing all the concerns expressed by Mr. Michael Khan in his letter dated April 02, 2012

addressed to Dr. Roger Luncheon and taking account of the changed circumstances and conditions since the Agreement was signed in 2005. Copies of the 2005 Agreement and Mr. Khan's letter of April 02, 2012 are attached as Exhibit 1.

Opportunity may also be taken to undertake a price comparison of the services offered by the CHI and similar services offered by other private medical facilities in Georgetown.

Payment of expenditure

The Corporation may from its funds make payments to meet all such expenses as are properly incurred by it for the purpose of the exercise or discharge of its functions including the meeting of expenses properly incurred by it, or properly incurred or accepted by it in pursuance of its functions and for capital expenditure.

See section 3.5.1 below for details on expenditure.

The whole or part of the surplus for each year specified by the Minister is required to be transferred to a reserve fund. The balance not placed in the reserve fund is required to be transferred to the Consolidated Fund. The reserve fund may be used to make good the net loss made in any year or invested in securities approved by the Minister. The current Director of Finance is not aware of such a reserve fund having been established.

The Corporation may also make loans in the exercise or discharge of its functions.

Limitation of action

The Statute of Limitation does not apply to a claim by the GPHC or in respect of movable or immovable property owned by it. Any sum due to the GPHC is recoverable by parate or summary execution.

Taxation

Section 47 of the Public Corporations Act provides that there is no exemption from liability from any tax, duty, rate, levy or other charge but the Minister responsible for Finance may, subject to negative resolution, grant exemption, in whole or in part, from any tax, duty, rate, levy or other charge.

The Corporation has not received any exemption from Corporation or Property Taxes but does not prepare financial statements that would facilitate the preparation of tax returns and has not filed tax returns. Given that the GPHC is a public facility which cannot refuse patients or charge for its services, the question of taxable income does not arise.

We therefore recommend that legislation be introduced to exempt the hospital from Corporation Tax, Income Tax, Capital Gains Tax and Property Tax.

Report

The GPHC is required to submit to the Minister within six months of the end of the calendar year an account of its functioning in such detail as the Minister requires together with a copy of its audited financial statements and the audit report thereon.

The Minister is required to lay these in the National Assembly no later than nine months after the end of the financial year.

The GPHC has annual audits of the current and appropriations account conducted by the Audit Office of Guyana but no formal and complete set of financial statements are prepared by the Corporation. A report is submitted to the Chief Executive Officer by the Audit Office after the conclusion of each audit in respect of items included in the current appropriations account. As of May 17, 2016, the 2014 audit was completed and the audit report submitted to the Chief Executive Officer.

However, the GPHC does not prepare its financial statements in accordance with International Financial Reporting Standards nor is the audit report issued by the Auditor General carried out under International Standards on Auditing. Our interpretation of the law is that the Corporation is required to prepare a full set of financial statements for audit and that the Minister of Health is required to table the audited financial statements to the National Assembly.

The annual Report of the Auditor General on the Public Accounts of Guyana and on the Accounts of the Ministries/ Departments/Regions generally contains the findings of his audit and an End of Year Budget Outcome and Reconciliation Report – Current Expenditures of the Government of Guyana which includes the GPHC. In addition, the Estimates of the Public Sector presented to the National Assembly by the Minister of Finance to support the annual Appropriation Bill contains a one page statement of the Annual Budget of the Hospital which includes a column for the Budget of the current year and the Budget and Latest Estimates for the preceding year.

The records of the National Assembly show no report of the operations of the Hospital or its financial statements tabled as required by the Public Corporations Act.

We recommend that the Board give urgent consideration to the preparation of the required statements and reports and that these be tabled in a timely manner in the National Assembly.

Health Facilities Licensing Act 2007

The Act details the licensing and operating regulations for all health care facilities. Part II section 11(e) of the Health Facilities Licensing Regulations mandates that such entities shall “have an updated Manual of Administrative Procedures (including operational routine, procedures and standards’). Based on enquires this has not been complied with and as far as we are aware there is no updated manual as required by the legislation. We recommend in the public interest that this manual be located and updated so that the Hospital would be in compliance with the Act.

3.1.2 Role of the Minister

Refer to section 3.1.1 above for comments on the Role of the Minister.

The role of the Minister in relation to the GPHC was not defined in Order No. 1 of 1999. Based on our audit we are of the opinion that there has been a consistent absence of formal oversight by the Minister although there is evidence that Ministers often engage the senior management of the Hospital. In our opinion, while such engagement may be necessary, communication from the Minister should be through the Chairman of the Board.

Ram & McRae recommends that the legislative framework governing the GPHC ought to be reviewed and consideration given to removing it from the Public Corporations Act and making it a separate statutory body. Should that recommendation not be accepted, as an alternative, the Order establishing the GPHC should be reviewed and updated to ensure clear lines of reporting are highlighted, responsibilities defined and systems put in place to ensure the roles are executed by the respective individuals.

3.1.3 Functions

The functions of the GPHC as set out in section 4 of Order No. 1 of 1999 and limited comments on these are as follows:

1. The Board shall:

Functions	Compliance	Remarks
(a) Operate a curative and disease management service;	Yes	
(b) Operate an accident and emergency service including a service for other Hospitals;	Yes	Only transportation of patients from other hospitals.
(c) Manage a medical library for use by doctors, students and other medical personnel;	Yes	
(d) Operate a pharmacy to facilitate physicians in the management of patient and clients;	Yes	
(e) Operate a laboratory and radiology service to provide adequate support services required for the optimal functioning of the medical programme;	Yes	
(f) Operate a medical reference service, which shall also be available to other Hospitals;	Yes	
(g) Provide in-service and external training for medic and allied health services;	Yes	
(h) Function as the primary medical in-service training facility for the University of Guyana and health education institutes;	Yes	
(i) Function as the primary centre for fulfilling candidate requirements for medical licensures of qualified candidates;	Yes	
(j) Perform peripheral services as may be deemed necessary for the proper operation of the Hospital;	Yes	
(k) Facilitate an ambulance service to assist people in accessing available medical help;	Yes	
(l) Facilitate the admission of patients whose health care is supervised by private medical practitioners;	No	Previously Doctors would have their patients admitted to the Hospital and used the drugs and medical supplies of the Hospital to treat their patients. Hence, the Hospital no longer provides this service.
(m) Carry out related activities to improve health care approved by the Board.	Yes	

2. The Board shall have power:
 - (a) To accept grants, gifts and loan funds from any person in or outside Guyana; and
 - (b) To submit to the concerned Minister reports on the activities of the Corporation on a timely and regular basis.
3. There shall be an Executive Director appointed by the Board for a period of three years or such shorter period as may be determined by the Board.
4. The Executive Director shall be the Chief Executive Officer of the Board and shall, subject to the general direction and control of the Board, be responsible of the affairs and activities of the Corporation.
5. Without prejudice to the provisions of paragraph (4), the Executive Director shall be responsible for the activities and functions referred to in the First Schedule to the Order.
6. All proposals made by the Executive Director to the Board shall be considered approved, unless rejected by a majority of the Board and all other proposals shall be considered rejected, unless approved by a majority of the Board.

The GPHC manages the Enmore Polyclinic which was established in 2003. It also manages the Kitty, Industry and Campbellville Health Centres.

Our review indicates that the Board and the Hospital generally meets the mandate set out in the Order. However, in respect of 1 (f) above, we recommend that the GPHC enter into a written agreement with private medical facilities and establish Standard Operating Procedures for the execution of this function.

Sub-section 6 above should be reviewed. Not only is it most unusual, but it is also silent on what constitutes a proposal which is required for submission to the Board, on the procedures to be followed and the notice requirement for such proposals and on the effect of a proposal submitted but not yet considered by the Board. Moreover, the first part of the sub-section implies that if the Board makes no decision on a proposal by the Executive Director (the CEO) or does not reject it by majority decision then it is considered approved while a plain reading of the provision refers to other proposals which can only mean proposals not submitted to the Board.

It appears that the uncertain meaning of this provision has led to much confusion and dysfunction between the Board, the Chairman and the CEO. We therefore recommend that the provision be rewritten and the role of the CEO and his/her relationship with the Board be defined along with a detailed Job Description and Terms of Reference of the position.

3.2 Governance

3.2.1 Mission

The mission of the entity is as follows:

“To provide a comprehensive range of quality health care services in an efficient, equitable and caring manner together with teaching and research activity designed to ensure excellence in patient care, education and research“.

The vision of the entity is as follows:

“An efficient, well managed, caring and compassionate Hospital comparable to the very best in the Caribbean in patient care, education and research”.

In view of the situation with the incumbent Chief Executive Officer we could not determine the interpretation and execution of the mission of the GPHC. We are not aware of any specific areas of research and education that the Hospital is involved in or whether there is any Unit in the Hospital responsible for research or provision in the Budget for the carrying out of this broadly defined goal.

3.2.2 Board of Directors

Members of the Board appointed by the Cabinet were as follows:

		2012	2013	2014	2015
1	Chairman	Omar Shariff	Mark Phillips	Neermal Rekha	Neermal Rekha
2	Member	Hydar Ally	Shamdeo Persaud	Shamdeo Persaud	E. Hamilton
3	Member	Wendy Granada	Trevor Thomas	Bibi Zaheeda Hack	Bibi Zaheeda Hack
4	Member	Marva Hawker	Renata Chuck A Sang	Renata Chuck A Sang	Cleopatra Barkoye
5	Member	Kwame Gilbert	Kwame Gilbert	Dalgleish Joseph	Dalgleish Joseph
6	Member	-	Valdim Persaud	Mahendra Carpen	-
7	Member	-	Kempton Alexander	Kempton Alexander	Kempton Alexander
8	Member	-	Norma Semple	Norma Semple	-
9	Member	-	-	Ghansham Singh	Ghansham Singh
10	Ex Officio	Michael Khan	Michael Khan	Michael Khan	Michael Khan
11	Ex Officio	Sheik Amir	Sheik Amir	Sheik Amir	Sheik Amir

It should be noted that the Boards are effective from 1 July to 30 June of each year. Since the Hospital has a December 31st year end, we believe that the life of the Board should be changed to January 1 to December 31 of each year. We note that a new Board of Directors was appointed from December 1, 2015 to November 30, 2016.

The Board operated without a representative from the Guyana Nurses Association for the period January to June 2012. During 2012, Ms. Chandrawattie Persaud and Mr. Kempton Alexander were the Guyana Public Service Union representatives. As of 23 January 2015, a representative for the Guyana Medical Association was not named.

All members received a fee of \$7,500 for each meeting of the Board while the Chairman receives a fee of \$10,000. No additional fees are paid for membership of Board sub-committees.

The Hospital was functioning without a Board of Directors between the period May 2015 and November 30, 2015. In the circumstances, the CEO was able to operate without any accountability, a situation which we consider inconsistent with the standards of governance required of such a nationally important public body. .

The number of persons sitting on the Board in 2012 was below 10 persons and the number of persons sitting on the Board in 2014 exceeded 10 persons. Section 7 of Order No. 1 of 1999 provides for the appointment of 10 persons by the Minister as follows:

- Two persons, one representing the Ministry of Health and one the Ministry of Finance;

- Three members appointed by the Minister of Health;
- Three members, one each nominated by the Medical Association, the Nurses Association and the Public Service Union.
- Two ex officio members: the Executive Director and the Director of Medical and Professional Services of the Hospital.
- The chairman is elected by members of the Board, subject to the approval of the Minister.
- All members, excluding the ex officio members hold office for a period of one year, but are eligible for re-appointment.

While the range of bodies eligible for nominating members to the Board is quite representative, it does not guarantee that there is necessarily a right mix of persons with the range of relevant skills.

We recommend that active consideration be given to the nomination and appointment process.

Implementation of Board decisions

We examined the minutes of the Board of Directors and its sub-committees. While there were regular meetings of the Board, at least every quarter, there is evidence that there was inadequate follow-up by the Board of its decisions taken, many of them critical to the effective functioning of the Hospital. Outlined below are some examples of decisions of the Board which were not implemented and showing our comments in italics.

- January 30, 2013: Automation of the Central Medical Laboratory was to be pursued. ***Not done.***
- January 30, 2013: PAHO to assist with inventory management system. ***While the CEO wrote PAHO seeking assistance, the exercise was not completed.***
- February 26, 2013: Implementation of ACCPAC or SAP to be considered for Hospital's accounting functions. ***This situation continues because funds are not available to finance the hardware and software cost involved.***
- March 26, 2013: Arrangement with New GPC for storage of drugs "precarious" and alternatives should be pursued. ***We were advised that negotiations with New GPC were generally carried out by the Ministry of Health.***
- Finance and Audit Committee April 22, 2013: Internal Audit Charter to be approved. ***Not done.***
- April 23, 2013: Internal Audit Charter to be amended then submitted for approval. ***No action taken.***
- Sept 4, 2013: SOP for stores to be prepared by Director of Fin. & Gen. Services. Disposal policy drafted but Fixed Asset policy to be reviewed, GPHC Tender Board to be reactivated. ***None of these carried out.***
- October 24, 2013: Report in the press about a fraud but neither Board nor Internal Audit notified by management. ***Board debated on action against CEO but no action taken.***
- Jan 22, 2014: GAP analysis to be carried out to evaluate suitability of persons for positions. Audit Office report: Finance Department utilises revenue account when Ministry of Finance fails to issue

releases for building maintenance. Computerisation of hospital system and accounting system were discussed. ***None of these items have been addressed.***

All of the issues noted represent initiatives to improve the internal control environment of the Hospital. While some of the decisions may have been made without sufficient consideration being given to the financial implications of the proposals and the human and other resources required for implementation, the absence of follow up by the Board is troubling since it permitted effective override or non-performance by management to go undetected.

On the other hand, we considered the reporting to the Board by the CEO to be inadequate and major decisions made, actions taken and contracts entered into not routinely reported to the Board. Clear documentation, better communication between and among departmental heads and the timely notification to the Board would have almost certainly avoided the several disputes over factual matters between the Pharmacy Manager and the CEO discussed below.

The most significant of these matters was an allegation that the Pharmacy Manager was instructed by the CEO to withhold information from the Auditor General, an accusation stoutly denied by the CEO when presented with the relevant section of our draft report. In retort, the CEO suggested in his written response to our draft that the “unfounded allegations” were made by “an employee who was told by the CEO that based on her poor performance, her contract will not be renewed”.

Our review of the employee’s personal file did not reveal any letter to the Pharmacy Manager which would suggest termination of her contract due to poor performance. We were however, provided with copies of letters from the Human Resources Department to the CEO requesting him to ratify his decision on not renewing the Pharmacy Manager’s contract. We also received letters to the Pharmacy Manager from the Human Resources Department stating the benefits to be received upon the termination of contract. The Pharmacy Manager’s contract was subsequently renewed for three years by the acting CEO on September 17, 2015, following the instruction to the substantive CEO to proceed on administrative leave.

According to the Director of the Human Resources Department the reason for dismissal of the Pharmacy Manager was due to the CEO not being satisfied with the Manager’s performance. However, the Director is unable to provide any documentation on this since the reason for dismissal was communicated verbally.

The CEO also rejected the suggestion that he failed to notify the Board of the decision to utilise the two New Guyana Pharmaceutical Corporation’s (New GPC) offsite bonds to store the Corporation’s drugs and pharmaceutical products.

While the CEO explained to us that that decision was made by the Ministry of Health, it remains our opinion that it was significant enough for the Board to be notified and to ensure that proper systems were established to secure and safeguard the Hospital’s property.

These matters were addressed by the Pharmacy Manager in a Memo to the then Chairman, Mr. Neermal Rekha, on March 27, 2015 but despite the serious allegations made by the Pharmacy Manager against the CEO, the CEO was adamant that the Chairman never discussed the Memo with him or brought it to the attention of the Board.

It seems clear to us that the relations between and among key staff and the CEO as well as the CEO and the Chairman were unhealthy and marred by poor communication among the management staff. In the circumstances we are unable to identify any single person as responsible for the state of relations in the

upper echelons of the Hospital although on organisational principles, it was the responsibility of the most senior persons – the Chairman and the CEO – to address the problems.

We also recommend that greater use be made by the Board of the work of the Internal Audit Department, its role in the governance structure be strengthened and its relationship with the Board through the Chairman clarified.

The judgement and capability of a former Board appears to be called into question by reference to the minutes of November 14, 2013, when the Chairman, Neermal Rekha, referred to the 2012 Auditor General's report stating that there were queries on expired drugs and expressed the view that the Board needed to deal with "bigger issues".

The Hospital's expenditure on Drugs and medical supplies for the period under review was as follows¹:

2012:	\$1,670,892,000
2013:	\$1,826,936,000
2014:	\$1,968,936,000
Total:	\$5,466,764,000

Expired drugs identified by the Internal Audit Department that had to be destroyed for those periods amounted to:

2012:	\$49,494,858
2013:	\$243,863,389
2014/2015:	\$125,957,936
Total:	\$419,316,183

The Chairman's remarks are unfortunate under any circumstances and certainly in the context of the Hospital's operations and the limited resources available for its operations. It ignores the fact that of the \$15,402 million spent on the Hospital for the three years 2012 to 2014, 35.5% or \$5,466 million was expended on drugs and medical supplies. It also means that 7.7% of the expenditure on drugs and medical supplies was completely wasted. Additional comments on expired drugs are contained in section 3.4.2 of this report.

We recommend that the Board of Director meet on a monthly basis to discuss the operations of the Hospital and make decisions as they see fit.

3.2.3 Sub-committees of the Board of Directors

While neither the Public Corporations Act nor Order No. 1 of 1999 authorises the Board to delegate any of its functions to Committees, the Board has appointed two such Committees, namely a Human Resources and a Finance and Audit Committee.

Discussions with the Directors of Internal Audit and Human Resources who sit on the Finance and Audit and Human Resources Committees respectively revealed that they were both unaware of there being any Terms of Reference for the various committees.

¹ Estimates of Expenditure 2014 – 2016

We recommend that greater use be made of Committees to support the work of the Board and that the Board be represented on each Committee, though not necessarily as Chairperson. We recommend, at a minimum, the establishment of the following additional Committees:

1. **Hospital Management Committee** with responsibility for overseeing on behalf of the Board the overall management of the Hospital;
2. **Medical Committee** responsible for patient care; developing and implementing policies and processes related to patient safety in the hospital; reviewing hospital risk reduction activities; creating patient safety education programmes; medical ethics; medical research, etc.
3. **Resource Management Committee** responsible for the optimal use of all the resources at the Hospital.

We also recommend that in addition to developing the Terms of Reference of the existing Committees that the Human Resources Committee be given the additional mandate of reviewing the compensation, including salaries and benefits paid to all levels of staff and that scales be adopted. Once this is done, the practice of discretion in the setting of salaries and allowances will cease.

We recommend that the Sub-committees meet at least on a quarterly basis.

3.2.4 Chief Executive Officer

The Executive Director is appointed by the Board for a period of three years or such shorter period determined by the Board. The Executive Director is the Chief Executive Officer of the Corporation and is subject to the general direction and control of the Board for implementing its decisions and the management and activities of the Corporation. The activities are set out in the First Schedule to the Order:

Responsibilities of Executive Director

1. *The Executive Director shall be responsible –*
 - (a) for directing –
 - (i) the overall planning, implementation and internal evaluation of the projects, programs and activities of the Board and the Corporation;
 - (ii) The financial activities of the Board and the Corporation including fundraising and the coordination of the flow and use of funds by the Board and the Corporation;
 - (b) for proposing for the consideration and approval of the Board, regulations, policies and procedures, the projects, programmes and activities to be financed, and the budget;
 - (c) except where specifically prohibited by the Board, for hiring and dismissing the officers and employees necessary for carrying out the functions of the Board and the Corporation, for determining their remuneration and the other terms and conditions of employment in accordance with the budget, and honouring established industrial relations practices and existing union agreement; and
 - (d) for keeping the Board informed on a timely and regular basis of all the activities of the Corporation.

2. *The Executive Director, or such other officers of the Corporation as may be designated by him shall be responsible for the following –*
- (i) the establishment of contracts with Government Ministries, external agencies, local authorities and community groups as the Executive Director may deem necessary to carry out the objectives of the Corporation;
 - (ii) the use of all appropriate means to promote public awareness of the work of the Corporation and the assistance it can provide; and
 - (iii) the making of presentations of the Corporation’s activities to potential donor organisations and providing them with activity reports and statements on the use of funds provided by them.

As noted earlier, all proposals submitted to the Board by the Executive Director are considered approved unless rejected by the Board and all other proposals are considered rejected, unless approved.

Michael H. Khan

Mr. Michael H. Khan was appointed Chief Executive Officer (CEO) of the Georgetown Public Hospital Corporation by the Board of Directors with effect from 1 March 2000.

Most recently, the CEO entered into a contract of employment with the Hospital from 1 August 2014 for a fixed period of three years. The CEO receives a monthly salary of \$869,946 which is subject to salary increases given to public servants. The agreement stipulates a vacation leave of 42 days per year and bi-annual gratuities of 22.5% of his basic salary. As at July 2015 Mr. Khan had accumulated unused vacation of approximately seven months (over 10 years) but there is no evidence on file of either applications for leave for the years for which the leave is outstanding or approval for deferral of leave for those years. Mr. Khan was asked to take his accumulated leave during the period of the audit.

Allowances received by the CEO include the following:

- Vacation 1 month’s basic salary (payable on the anniversary of employment)
- Entertainment \$5,000 per month
- Duty Free Concession Subject to approval from the relevant authority
- Provision of vehicle, fuel and the entire maintenance cost of the vehicle
- Subsidised housing
- Telephone and Internet Service

According to the Director of the Human Resources Department the CEO:

- Was not granted any duty free concession;
- A vehicle was provided to the CEO for his use; and
- Subsidised housing was provided.

Responsibility allowance

At a meeting of the Board of Directors of the GPHC the directors considered a Request by Mr. Michael Khan, CEO, to be paid a responsibility allowance of \$200,000 per month for managing the department of Administrative Services after the transfer of Mr. Leslie Cadogan to the New Amsterdam Regional Hospital.

The Minutes of the Meeting record that the Board considered the substantial level of responsibility the CEO had been carrying on since 2009 and also considered the Public Service policy on allowances and granted approval for the CEO to be paid a responsibility allowance of \$100,000 per month with effect from January 1, 2011. The payment of this allowance ended in September 2014 giving total paid of \$4,400,000 attracting taxes of approximately \$1,413,240.

Such a payment falls within the definition of gains or profits from employment and is therefore taxable under the Income Tax Act on the Pay as You Earn basis. However, in breach of the law, in a handwritten note subscribed to the Memo to the Director, Financial and General Services (see Exhibit 2), Mr. Khan instructed him that the allowance should be paid tax-free.

Mr. Khan must have been aware that the Board made no decision on the tax implications of the payment to him of a responsibility allowance, that the payment by law is subject to PAYE, and that tax is deducted from responsibility allowances paid to other members of staff of the Corporation.

We consider this action by the CEO as a serious breach of the law and an abuse of his authority warranting some sanction by the Board of the Corporation.

According to the Public Service Rules responsibility allowances should be paid for performing higher duties than those attached to the employee's current position whereas "A Public Servant who is required to perform additional work temporarily attached to the position which he/she holds may, with the approval of the Permanent Secretary, Public Service Ministry, be paid duty allowance." Please refer to section 3.4.6, finding 34 for comments on approval of responsibility allowances in accordance with the Public Service Rules.

Report on the CEO

During the course of our engagement we were provided with a copy of an unsigned nine page paper sharply critical of the CEO Mr. Michael Khan and strongly suggesting criminal intent on his part. Unfortunately, we never had the opportunity to meet with the writer or to communicate with him/her to obtain any evidence to support the allegations. To the extent that we could check the allegations, we found no evidence of wrongdoing on Mr. Khan's part or support for some of the assertions.

However, we did find a number of the recommendations in the paper quite useful, supporting many of the recommendations in this Report. These include a complete overhaul of the statutory form of the Corporation, establishment of an array of Policy and Procedures for all functions and departments, the computerisation of the Finance Department and Materials Management.

We have decided against reproducing the paper to avoid any accusation of defamatory conduct by any person.

3.2.5 Organisation chart

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

The Staff list provided by the Manager of Planning, Research and Industrial Relations, Human Resources, Ms. Odessa Wickham as at July 31, 2015 contained a total of 1,511 employees. Included in the 1,511 are 216 contract employees.

The earliest contract employee was employed on 15 March 1969. According to Ms. Wickham, when the GPHC transitioned from under the Ministry of Health to a Corporation, staff not meeting the relevant qualifications of the positions held were not made permanent staff. These staff were told to meet the required qualifications and they would then be made permanent Staff. However, we noted that a number of those staff members are currently being employed on contract and other permanent employees have been converted to contract employees.

At the date of the audit, there were 423 vacancies at the GPHC, consisting mainly of 217 nursing assistants and 128 staff nurse/ midwife positions. Nursing assistants are supplied by the Ministry of Health via the nursing school and the supply of persons to fill staff nurse /midwife positions is dependent on the completion of the midwifery training by staff nurses. A total of 23 positions were vacant because the Hospital has been unable to find qualified personnel to fill them.

The 23 vacant positions were:

Designation	Number of vacant positions
<i>Medical and Professional Services</i>	
Pharmacist	4
Radiographer	7
X-Ray Technician	1
Infection Control Officer	1
Administrative Assistant	1
<i>Nursing Services</i>	
Director, Nursing Services	1
Assistant Director, Nursing Services	1
Theatre Supervisor	1
Junior Department Supervisor	4
Staff Nurse/ Midwife	128
Midwife	45
Nursing Assistant	217
<i>Administrative Services</i>	
Manager, Personnel	1
Human Resources Officer	1
Driver	1
<i>Facilities Management</i>	
Maid Services & Laundry Coordinator	1
Biomedical Maintenance Technician	2
<i>Audit</i>	
Senior Audit Clerk	1
Audit Clerk	1

Designation	Number of vacant positions
<i>Finance Department</i>	
Director, Finance	1
Assistant Director, Finance	1
Purchasing Coordinator	1
Storekeeper	1

We noted the following senior positions were vacant:

Designation	Date position became vacant	Reason position vacant to date
Director, Nursing Services	15 June, 2015	Contract of previous Director was not renewed upon expiration.
Assistant Director, Nursing Services	31 July, 2015	Awaiting Board approval for vacancy to be advertised.
Theatre Supervisor	31 July, 2014	Interviews are currently being conducted. The GPHC looked internally, however, no one with the required skills could be found.
Manager Personnel	31 December, 2013	CEO indicated there will be some restructuring done in the HR Department before the matter is taken to the board. Duties are currently split between the HR Managers of Training and Development and that of Planning, Research and Industrial Relations.
Maid Service & Laundry Coordinator	April 2015	Awaiting approval from CEO to advertise position.
Director, Finance	April 2014	Matter ongoing in court, awaiting an outcome before the Board can make any decisions. The previous Director claimed he was wrongfully dismissed.
Assistant Director, Finance	1 July, 2015	Awaiting board approval for vacancy to be advertised.
Purchasing Coordinator	July, 2011	No word has been given by either the CEO or the Director of Finance (of that time) about replacing the Coordinator.
Storekeeper	September, 2010	Approval to advertise the position was only given in August, 2015 by the CEO.

The reasons for positions being vacant were provided by Ms. Wickham.

During our audit, the key positions of Director of Finance and Assistant Director of Finance had both been vacant. We noted a letter dated 16 July 2015, was delivered on August 11, 2015 to the Receipts and Payment Supervisor appointing her as Acting Director of Finance effective April 13, 2015. In view of the responsibilities associated with the two positions we do not believe that the reasons they remain vacant are satisfactory or that adequate attempts have been made to fill these positions.

It is our opinion, given the powers and duties imposed on the CEO by the First Schedule of Order No. 1 of 1999, it was his duty to address the staffing situation in a more timely manner by bringing it to the attention of the Board. The extended time during which the vacancies for these critical positions not only reflected poorly on the Board and the CEO but had the effect of increasing the risk of losses and improper and inaccurate accounting.

The CEO explained that the workload that goes with the position was excessive and that he relied on the directors to provide support and to take greater responsibility for their departments. It is clear too that the failure to ensure that the absence of proper and clear documentation, scope of duties and contractual obligations contributed to the unsatisfactory state of the Hospital's operations.

For example, whether, to what extent and from which date the Pharmacy Manager was responsible for the several bonds at which drugs and supplies were stored has become a major area of controversy between the CEO and the Pharmacy Manager. The Pharmacy Manager insists that she only learnt of the existence of a Bond at Farm after it had been operating for some indefinite time. Equally, she claims that no proper records were maintained of the Ruimveldt and Farm Bonds and that all decisions in connection with these [two Bonds] bonds were made by the C.E.O who did not ensure that the inventory was properly secured and not controlled (sic)."

The C.E.O. admits that on March 27, 2015 he wrote the Pharmacy Manager to take over responsibility of the Farm Bond from Mr. Robbie Rambarran², whose substantive position was Assistant Director of Finance (ADF), which suggests that the responsibility may have been entirely that of the ADF. On the other hand, the Job Profile of the Pharmacy Manager lists among the Key Outputs required of the position, "Inventory of Drugs" and among the Range of Activities, "Maintain an inventory of drugs and pharmaceuticals in supply at the Pharmacy and initiates reorders when reorder levels are met."

Similar poor drafting appears in the standard Employment Contract with Consultants which in respect of the potentially controversial issue of outside employment simply but ambiguously provides that "Employee would need to seek and obtain permission of Management to be engaged in any other employment." See 4.6 of Exhibit 4.

Since "Management" exists and operates at several levels and since permission can, not unreasonably, be sought and obtained orally, it would be difficult to enforce this provision against a Consultant or other staff who engages in the activity.

We are unable to determine whether specific statements made by the Pharmacy Manager against the CEO are accurate but it cannot be argued that given the importance of drugs and supplies to patient care and the huge sums of money involved, the CEO should have acted promptly and decisively in resolving the uncertainties.

² Response by Mr. Khan to draft report.

3.3 Systems of internal control

3.3.1 Standard operating procedures

Internal controls are the procedures and policies implemented by management to protect the validity of business transactions, the accuracy of accounting and business records and protection of assets. Internal controls are also designed to detect and prevent errors, fraud and misappropriation of assets.

An active and effective Board of Directors, or committees thereof, provides an important oversight function and, because of management's ability to override system controls, the Board plays an important role in ensuring effective internal control.

The responsibility for establishing and implementing internal control procedures rests with management but we saw no evidence of any serious attempt by management or the Board of Directors to ensure that effective controls were put in place.

In support of this assertion we draw attention to Section 3.4 Significant Commercial and Financial Transactions, in which we highlight major control deficiencies.

There are no documented standard operating procedures (SOPs) in effect. The GPHC does not have an internal control manual and all functional internal controls are largely based on ad hoc practices in the hospital.

The absence of systems and approved SOPs for departments, especially Finance and Pharmacy, is a major weakness in internal controls for which the Board and the CEO each bears responsibility and permits management override by the CEO who is thus placed exercises complete approval authority over even the most insignificant transactions in the Hospital.

This absence of key controls has also led to the micromanagement of the GPHC by the CEO:

- all payments (petty cash, payroll, payment to suppliers, etc.) are approved by the CEO;
- all contracts are signed by the CEO;
- the CEO handles the purchasing and mailing of bank drafts to Overseas suppliers;
- the CEO approves all requests for purchases.

3.3.2 Accounts Handbook

The acting Director of Finance Department, Ms. Vijay Balgobin, informed us that she is aware of the existence of an accounts handbook but she was unable to locate and provide us with a copy. We were concerned about the extent to which the financial and stores information are manually maintained which not only can cause a significant levels of errors but allow for manual intervention into the system.

We recommend that every effort be made to computerise the records of the Hospital within a clearly defined timetable. The Board may wish to consider seeking outside assistance to ensure that there is no slippage in the progress as line staff are otherwise engaged in deadline driven activities.

3.3.3 Human Resources Management Policy Manual

An employee handbook was supplied to us, which represents a summary of the Human Resources manual. During discussions with the Acting Director of Human Resources, Ms. Wickham, we were informed that the then Director of Human Resources had given each department an employee handbook and in 2013

discussions were held with the Staff. Our discussions with the staff revealed that not everyone is aware of the existence of the handbook.

We were also provided with a Human Resource Management Policy Manual (Draft). We found the Draft comprehensive but incomplete with a number of pencilled amendments that suggest that the draft represents a work-in-progress.

We recommend that the CEO oversee the timely completion of this Manual and for its early submission to the Board for approval.

We also recommend that the HR function which is currently paper and files based be computerised as a priority and thus reduce the need for space in the cramped conditions in which the HR Department operates.

3.3.4 Internal Audit

The internal audit function is a critical component of an effective system of internal controls and provides a number of important services to company management. These include detecting and preventing fraud, testing internal control, and monitoring compliance with company policy and government regulations.

The GHPC has one of the better resourced Internal Audit functions in the public sector with a well-qualified professional as its head and an adequate complement of support staff. The Internal Audit Department of the Hospital comprises seven employees with the Director of Internal Audit heading the Department. Refer to Exhibit 5 for the organisational chart of the Internal Audit Department.

The internal auditors shall, to the maximum extent possible, have no authority over, or responsibility for, any of the activities audited, and shall not perform accounting or other operational functions.

According to the draft Audit Charter “The internal auditors shall have direct access to the board of directors without censorship by internal management. The Audit Committee of the board of directors shall have private meetings with the Director of Internal Auditing, during which the committee shall ask for comments on:

- (a) management support of the internal audit activity;
- (b) quality of the internal audit effort;
- (c) quality of the internal controls; and
- (d) other areas of concern that the Director of Internal Auditing feels appropriate. The Director of Internal Auditing shall report directly to the Board chairman.”

Responsibilities of the Director of Internal Auditing include, but are not necessarily limited to, the following:

1. Audit of the means used to identify, measure, classify, and report financial and operating information to ensure its integrity and conformance to generally accepted accounting principles.
 - Appraise internal controls giving attention to both financial and operating controls;
 - Promote effective internal control subject to reasonable cost benefit considerations;
 - Evaluate the accuracy, reliability, and completeness of management data developed within GHPC;

- Call to the attention of the Board of Directors or audit committee any indication of a deviation in implementing an approved policy or decision of the board of directors or audit committee.
2. Determine the degree of compliance with those policies, plans, procedures, laws, and regulations that have or could have a significant impact on operations and reports.
 - Evaluate compliance with company policies and procedures;
 - Review compliance with governmental laws;
 - Review compliance with new accounting rules and standards.
 3. Assess the economy and efficiency with which resources are employed and assets are safeguarded.
 - Provide counsel in implementing new systems and procedures;
 - Provide Advice on internal control matters.
 4. Determine whether operating and financial objectives, goals, associated control procedures, and reported results are accurately and effectively prepared.
 5. Assess compliance with established standards of business ethics and the procedures for reporting violations or probable violations of GPHC policies. Report all potential conflicts of interest that come to his/her attention to the Board of Director.

The Director of Internal Auditing will ensure that:

1. GPHC is audited at appropriate intervals. These audits will review the adequacy of operational and administrative procedures used to carry out responsibilities of planning, custody, control and accounting in accordance with policies and instructions, and to determine that:
 - These procedures are consistent with company objectives and high standards of administrative practice;
 - Providing higher management with accurate and properly prepared accounting and operating data, budget proposals, etc.
2. Internal audits of contracts are conducted in keeping with management's evaluation of risks associated with large project expenditures. Contract audits will also be conducted as needed to ensure compliance with GPHC policies.
3. The findings of the examinations by internal auditors, their opinions and recommendations are reported promptly to management. Reports of such matters are to be designed to promote expeditious action by those concerned."

However, the effectiveness of the Department has been compromised by the adversarial, confrontational relationship between the Chief Executive Officer and the Director of Internal Audit. The Board minutes report several occasions on which the CEO advocated for the head of Internal Audit to be answerable to him.

In meetings with us, the Director of Internal Audit, Ms. Pavita Ramkissoon, expressed frustration with the unresponsiveness of the CEO and departmental heads to reports submitted and believes that the IAD has

not received the support of management for its efforts and benefits. She also complained that her exclusion from monthly management meetings reflected the CEO's disrespect for the internal audit function.

The CEO has denied the suggestion that he has been uncooperative and responded to the accusations by the Director of Audit by claiming that she was collaborating with the Chairman to make his life difficult. In the absence of the Chairman we have been unable to substantiate the allegations and cross allegations, none of which contributes to the harmonious and effective operation of the Internal Audit Department.

In any case, our view, based on best practice, is that Internal Audit is not part of the Hospital's operations and was properly excluded from management meetings. However, it should be the responsibility of the CEO to ensure that both internal and external audit issues are addressed at every management meeting and the internal and or external auditors invited where these matters are being discussed.

Specifically on the Special Audit of the offsite bonds, Ms. Ramkissoon referenced delays in receipt of responses from the CEO and the Department of Finance (for which he had assumed responsibility until the recent appointment of an acting Assistant Director of Finance) to the significant issues raised. At the time of our audit, the Report remains in draft pending responses.

The following were noted based on discussions with the Director of Internal Audit, and from reading the reports of the Internal Auditor:

- The Director of Internal Auditor sits on the panel for interviewing potential staff but does not have a decisive say in decisions to hire IA Staff. According to the Director, the other two individuals who sits on the panel would score the potential staff higher than her and secure a the individual's employment;
- The Human Resources Department has failed to deal with complaints of non-performance of IAD staff and on recommendation of promotion of staff;
- The IAD has faced difficulties in executing surprise audits e.g. IAD does not have a vehicle available for transportation to offsite locations, appointments must be made to visit a Department and requests must be made in advance for records;
- The annual audit plans are not coordinated with or reviewed by the External Auditors;
- Audit reports do not always contain responses from Management on findings noted.

We believe that the duties and responsibilities identified for the Director and the Department are appropriate and adequate but that the Department's effectiveness is hampered by the actions of the CEO.

3.3.5 Fraud

A special audit was requested by the then Finance Director, Mr. Mohamed Karimullah, via a letter dated September 26, 2013. The letter requested the Audit Office to conduct an audit into the apparent irregularities surrounding the cashier payments in the Corporation's Finance section. The audit covered the period January 1 to September 30, 2013.

Summary of findings

There were one hundred and fifty nine instances where monies amounting to \$5.1Mn were apparently misappropriated by the Cashier and possible other persons unknown up to the time of the investigation.

The apparent misappropriation occurred whereby cash and cheques payments were not made to the respective payees and the related sums were unaccounted for. The transactions surrounded three bank accounts, as summarised below:

Account Number	Description	No. of vouchers	Amount
3181	Salaries	30	1,902,000
3192	Revenue	14	1,015,000
407	Consolidated Fund	29	2,198,000
Total		73	5,115,000

The misappropriated sum related to salaries, stipend, gratuity and other allowances payable to employees and refunds to suppliers.

Recommendations

- The necessary officers be disciplined for facilitating the fraud;
- The GPHC should review its current practices, with a view to avoid any recurrence;
- The Guyana Police Force be called in to conduct an in-depth investigation and institute charges where necessary;
- That GPHC implement systems to adequately monitor and supervise the operations of the Cashier's cage and ensure they are maintained; and
- The necessary Officers to be disciplined for the poor supervision of the Cashier.

There was no mention of the fraud in the Audit Office report for the year ended December 31, 2013.

According to the minutes of meeting of the Board of Directors held on January 22, 2014, the Audit Office report was forwarded to the Guyana Police Force by the Chief Executive Officer. Refer to Exhibit 6 for a copy of the Audit Office Report.

According to the minutes of meeting of the Board of Directors held on December 17, 2014, an investigation was executed by the Guyana Police Force, however, the report submitted by the Force did not include a conclusion, summary or recommendations. The inconclusive report was forwarded to the Director of Public Prosecutions for further advice.

It was subsequently agreed that based on the availability of Board Members, a special meeting would be convened on December 22, 2015 to deal with the Auditor General's Report. It was suggested that Mr. Khan should write the Commissioner of Police requesting an update of their investigations, conclusions and recommendations.

We were unable to locate further mention of the following:

- the report prepared by the Audit Office and the special meeting of the Board;
- the report by the Guyana Police Force and subsequent follow up by the CEO ;and
- advice by the Director of Public Prosecutions after the submission of the Guyana Police Force report.

3.4 Significant commercial and financial transactions

3.4.1 Fixed Assets

1. A Fixed Asset Master Register is maintained in Excel but the accuracy of this record is at best questionable since significant discrepancies were noted when we tested the additions in the IFMAS

system for each year under review to the Master Register (see item 4 below). Discussions with Ms. Balgobin revealed that she could not recall the last time a physical verification of fixed assets was carried out by the GPHC. An annual verification exercise is conducted by the State Auditors; for the 2014 audit 100% verification of additions was conducted while in the previous years, samples of additions were verified. The Fixed Asset Coordinator, Ms. Nandevi Maraj, uses this opportunity to update her Master Register.

The main purpose for the physical verification of assets is to ensure that assets exist and are at the location stated on the Master Register. Without carrying out a verification exercise it is not possible to accurately establish the location of all assets.

2. We were informed by Ms. Maraj that assets are often moved around departments without any notification or documentation of the transfers.

We recommend an immediate physical verification of all the Hospital’s fixed assets in order to determine their existence, condition and location. On completion of the exercise, each item should be assigned a unique number, the asset register should be updated to record all serviceable assets and a fixed asset policy should be documented and communicated to the staff responsible for control of fixed assets.

Each department should be provided with a list of assets in their department for which the individual in charge is responsible. Any movements of assets should be documented and the persons with responsibility for the asset register notified immediately.

3. A review of the Master Register revealed that assets therein are not depreciated. This is in direct contradiction with the Fixed Asset Control policy which was provided in hardcopy to us by the Ms. Maraj and states that fixed assets are to be depreciated on a reducing balance basis as follows:
 - Building and land 5%
 - Medical equipment 20%
 - Non-medical equipment 20%
 - Office fixture & fittings 10%
 - Vehicle 15%

Although the Corporation has a policy in place, management had failed to ensure that it was implemented and adhered to.

4. Differences were identified when comparing the values of capital expenditure as per IFMAS to additions on the Master Register. Below is a comparison by year:

Years	Additions balance as per:		Difference
	IFMAS ³	Master Register	
2012	127,912,906	146,661,680	(18,748,774)
2013	225,374,514	93,376,665	131,997,849

³ See section 3.5.1.

Years	Additions balance as per:		Difference
	IFMAS ³	Master Register	
2014	413,491,405	53,902,532	359,588,873

No reconciliation is done between IFMAS and the Master register, hence, management was not aware of the differences between the two records.

According to Ms. Maraj, differences are due mainly to the following:

- Costs such as freight and installation are not capitalised on the Master Register;
- Costs for assets are recorded on IFMAS when payments are made whereas assets are recorded on the Master Register when received. Payment and receipt may not necessarily occur in the same years;
- Ms. Maraj not being notified of new assets purchased or constructed, e.g. buildings and vehicles.

The Fixed Asset Coordinator should obtain a report from IFMAS detailing all capital expenditure for the month. This report should then be reconciled to the record of assets received for the month and on the Master Register. Items paid for but not received should be investigated and cleared promptly.

5. A review of the Master Register revealed that items are capitalised which do not meet the definition of an asset. The IASB framework states that an asset is “a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity”. Hence, the GT&T phones stated on the Master Register do not meet this definition, since they are owned by and can be repossessed by the Guyana Telephone and Telegraph Company. Refer to Exhibit 7.

According to IAS 16: “Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.”

Items are capitalised, such as garbage bins, which fit neither of the requirements above. Expenses are being capitalised incorrectly resulting in the overstatement of assets listed on the Master Register.

The current capitalisation policy should be reviewed and updated to ensure that items which should be expensed are not capitalised by the establishment of a capitalisation limit and other considerations.

6. Our review of condemned assets for the period January 2012 to May 2015 revealed that a number of assets were either disposed without approval or Staff were unable to locate the assets. Investigations indicated that there is no policy for the disposal of assets. According to Ms. Maraj there were no procedures implemented to ensure authorisation of assets to be disposed and no documentation of disposed assets was retained.

Condemned assets during the years under review were as follows:

Year	Cost
2012	3,352,963
2013	3,838,814
2014	650,000
2015	*

* A condemned assets list for 2015 was not prepared as of 14 October 2015.

The lack of proper procedures increases the risk of assets being misappropriated or disposed of for the personal benefit of employees.

Formal procedures should be implemented which address Board approval and documentation of assets to be disposed. Appropriate approval levels should be set for the Director of Finance, CEO and Board of Directors.

7. A review of the Master Register and physical verification conducted revealed the following:

a. Asset on Master Register not in working condition or were disposed:

Acquisition Date	Asset ID	Description	Cost	Comments
1 February 2004	100-05-0001	Car- Nissan Almera– PJJ 1082	3,200,000	Not working
11 April 2010	503-14-0230	Centrifuge- Labofuge	4,538,197	Disposed

We were informed by the Transport Officer, Mr. Andrew Gomes, that the Hospital has no intention of repairing the Nissan Almera and according to Ms. Maraj, the Centrifuge was disposed in 2014. According to the CEO in his response to the draft report, the decision to condemn the centrifuge was made by the Biomedical Department.

The Fixed Asset Coordinator should be informed when asset disposals occur so that the Master Register can be updated.

b. A group of assets – Act 5 Dif. with peripherals, 17” LCD monitor, printer- Lexmark reader and a PCB barcode reader, were purchased for a gross amount of \$8,858,000 on 30 January 2013 from Scientific Supplies & Technologies. On the Master Register these assets were each recorded with a cost of \$8,858,000, resulting in the Master Register being overstated by \$26,574,000.

The Master Register should be reviewed monthly by the Assistant Director of Finance to ensure that accurate information is recorded and that errors found are corrected promptly.

c. The Master Register was not properly completed and was inaccurately updated with relevant details. The following were noted:

- Acquisition dates for a number of assets were not stated;
- Assets were recorded without values, inadequate descriptions ,serial and model numbers; and
- Assets were recorded at the foreign currency values instead of converted to GYD values.

Refer to Exhibit 8.

We recommend that the Hospital source an Accounting package with a Fixed Asset module so that accurate records of assets could be maintained. All acquisition dates should be updated on the fixed asset register to facilitate correct calculation of depreciation. All assets should be labelled and relevant asset, model and serial numbers recorded in the fixed assets register. All necessary information should be inputted onto the fixed asset register when being updated.

8. We were provided with Fixed Asset Registers for 2012 to 2015 recorded in ledger books. The books were relatively new with those for the earlier years appearing to be newer than the book for 2015. We also noted that the colour of ink used to update the books was very similar throughout the years.

We do not believe the books provided for our review was real and regular.

3.4.2 Inventories

Pharmacy Bond

The Pharmacy Department is headed by Ms. June Barry, Chief Pharmacist who indicated that the policies and procedures of the Pharmacy Department are updated continuously. In responding to our draft, the CEO indicated that a proposed draft had been sent to the Assistant Director of Finance. However, discussions with the Pharmacist, Ms. Sunita Tikaram (the junior pharmacist), revealed that she was not aware of the existence of the documented procedures.

Ms. Barry did produce a proposed draft of departmental Standard Operating Procedures which she had submitted to the CEO for review and approval but she was unable to say how that draft was treated by the CEO.

The Department consists of 45 staff including Pharmacists. Ms. Barry indicated that many of the staff have neither the requisite skills nor experience to carry out their functions efficiently. She also noted that there is a problem with attitudes to work, punctuality and absenteeism because of childcare issues with some of the female staff. However, the CEO informed us that Ms. Barry is a part of the Interviewing Panel for the recruitment of the relevant staff and that he himself is not part of that panel.

In addition to her duties as Chief Pharmacist of GPHC, Ms. Barry also has responsibility for all bonds where drugs and pharmaceuticals are stored and for the issuance of drugs to the Health Centres under the control of GPHC. She is also responsible for management and control of the Hospital's entire inventory of drugs and pharmaceuticals.

The inventory system is entirely manual and bin cards and Stock Ledgers are used to record movement of inventory and quantities on hand but no values are recorded on the cards and ledgers. Staff of the Pharmacy Department are required to update the bin cards but at the time of our audit we noted that postings to bin cards were as much as six months behind. Ms. Barry indicated that she realised this when she was attempting to reconcile some inventory items with the bin cards and trying to prepare her Monthly Consumption reports. She expressed the view that she had little confidence in the ability of her

staff to maintain the inventory records and has been working on trying to update the bin cards herself. She believe that there are adequate staff in the department to ensure that records are up-to-date.

According to the CEO he wrote PAHO in 2013 for assistance with the management of Pharmaceuticals and in August 2015 signed a maintenance contract with Infosys Inc.

We recommend that the efforts to upgrade the management of pharmaceuticals be pursued in collaboration with the Ministry of Health and the Region 6 Health Authority.

Farm Bond

There has been considerable controversy over the establishment and operation of this Bond with strong assertions and accusations by Ms. Barry and equally strong denials by the CEO. For example, Ms. Barry indicated that during the first half of 2014 she was advised by the CEO that infusion Inventories were being stored at the Farm Bond until space became available at the Ruimveldt Bond. The CEO denies this.

At a subsequent meeting with the CEO, Ms. Barry asked whether the Farm Bond should be audited since the State Auditors were auditing the Ruimveldt Bond. In a report to the Chairman of the Board of Directors, Ms. Barry stated that the response from Mr. Khan was: “do not say anything to the auditors about it.” Again, Mr. Khan denies this.

On 2 February 2015 Ms. Barry raised the question of the non-existence of Bin Cards with Mr. Javid Khan, a Clerk II who had indicated that he was given responsibility by the then Assistant Director of Finance, Mr. Robbie Rambarran, to “supervise” the bond, and was advised that none existed. He further stated that there was a computerised database for that purpose. This was found to be untrue. Ms. Barry subsequently notified the Director of Internal Audit and the CEO that there were no Bin Cards. According to the CEO Bin Cards for items temporarily stored in the Farm Bond had been opened and “no reason can be found for Mr. Barry discontinuing the count.”

Ms. Barry informed us that on 3 February 2015, she notified the CEO that she was going to the Farm Bond, and on arrival with two other staff members reconfirmed with Mr. Javid Khan that there were no Bin Cards and commenced a count of the infusion Inventories. This count was never completed but on 4 February 2015 Ms. Barry requested a meeting with Mr. Khan to discuss the bond but the meeting never materialised.

The CEO admitted in his response to the Draft Report that there were no bin cards at the Farm Bond but there were bin cards at the Pharmacy Bond (Hospital) and there was a computerised list in the procurement department. The CEO went on to state in his response that on one of his visits at the Finance Department he witnessed Mr. Javid Khan entering data from a movement note and on inquiry was told that “he was keeping track of the inventory at the Farm Bond.”

On 11 February 2015, Ms. Barry again raised her concerns with the CEO about a Junior Clerk being in charge of the bond receiving and distributing supplies, and was advised to write the Assistant Director of Finance, which she did. Mr. Rambarran responded that he had heard the CEO instruct Ms. Barry to take over control of the Farm Bond which Ms. Barry stated in her report was untrue.

On 27 March 2015 after several meetings on the issue Ms. Barry received a letter from the CEO instructing her to take responsibility of the Farm Bond from Mr. Rambarran effective immediately. Ms. Barry requested that there should be proper hand over/ take over procedures with an internal auditor present. While the CEO agrees with this assertion, he argues that he had no direct role in the day-to-day operations of the bonds. He also pointed out that while Ms. Barry claims to have had no knowledge of the Farm Bond he was able to produce a movement note dated November 2, 2014 bearing her signature.

According to Ms. Barry, she was aware of the Bond prior to November 2014 and did use the movement notes to request inventories from the Bond.

On the issue of bin cards, a special audit carried out by the Internal Audit reported that “As it relates to the Offsite Farm Bond, GPHC, no Bin Cards and Inventory Count Sheets were found for the period under review (January 3, 2014 to April 16, 2015) even though GRNs and Movement Notes seen by the IAD would have indicated the existence of the Bond in January 2014.”

Crucially, the report of the Internal Audit⁴ concluded as follows:

“It should be noted that the IAD is unable to determine the exact value of the loss to the GPHC since it is almost impossible to make that determination because of the time elapsed since the discovery of the suspected irregularity and the time of the audit and also because of the numerous limitations of scope as outlined above (not reproduced), such as Bin Cards not being made available from the commencement of the two Offsite Bonds and the possibility of receipts and issues being skewed.”

Ruimveldt Bond

During our audit we made a number of enquiries about the Ruimveldt Bond and it appears that no member of staff including the Director of Internal Audit and the Pharmacy Manager was aware of the date of first use of the bond. The Internal Audit Department (IAD) has indicated that Movement Notes for 2011 in relation to the moving of stocks from the Off-site Ruimveldt Bond, GPHC to the Pharmacy Bond were seen, hence the conclusion that the bond was possibly in use prior to 2011. Despite enquiries the IAD has been unable to confirm the actual date the bond began its operations.

The Pharmacy Manager, Ms. Barry, indicated that when she was given responsibility of the Ruimveldt Bond in May 2013, she noted that no Inventory records existed. She indicated that she brought this to the attention of the CEO and it was agreed that a count should be done and Bin Cards established. We were informed by Ms. Barry that that exercise was done after she took over the management of the bond.

In responding to the draft of this report Mr. Khan noted that the CEO had no direct role in the day-to-day management of the bonds and also drew attention to a Form “New GPC to GPHC Transform Form” on which Ms. Barry signs as “Requisitioned by....”

⁴ No date is stated on the Report.

We are unable to quantify the value of Inventories sent to these bonds over time since values are not included in the Inventory records.

9. During our visits to several Hospitals in July 2015, we noted drugs and medical supplies were being borrowed from the GPHC. The Hospitals visited were Diamond, Suddie and Linden Hospital Complex, none of which falls under the management of the GPHC.

The individuals in charge of the bond/ store where items are loaned from are responsible for following up on the return of Inventories. Our reviews revealed that often drugs and medical supplies loaned by the Hospital are not returned. Refer to Exhibit 9.

All loans of drug are approved by the CEO and manually recorded in a ledger called the Loan Tracker. We noted that loans are recorded as normal issues on the Stock Ledger and Bin Cards by the Pharmacy Bond staff. In response, the CEO noted that it is a policy and practice of the Government for public hospitals to assist other public hospitals during periods of technical and materials shortage. According to the CEO, "it is the responsibility of the Pharmacy Manager and store keeper to ensure that items are returned."

It appears that this policy may have fallen into desuetude and needs to be revived. We also recommend that this policy be documented and approved by the Board. This policy should embrace not only public but also private institutions for which there should be a formal arrangement so that there is a legal basis for action to recover the cost of items borrowed and not returned.

10. On the 13, 20 and 28 August 2015, we visited the offsite bonds at Ruimveldt and Farm which are both owned by the New GPC, to conduct test counts of inventory and to assess the adequacy of security for the bonds and access to the GPHC inventories.

Farm

Security of bond

At the Farm Bond we noted there was inadequate security. There were no systems or cameras in place to ensure that unauthorised individuals are not given access to the bond. At the commencement of our visit the Guard was informed that the visitors were from the GPHC but he did not ask to see any identification or letter authorising access to the bond.

According to the CEO security of the Farm Bond is organised and managed by New GPC.

Access to inventories

The GPHC inventories are stored in a padlocked storeroom, keys to which are in the custody of Ms. Barry. When staff are transferring inventory to and from the bond, they are given the key and can easily make a copy of the key without knowledge of management.

Ruimveldt

Security of bond

Our visit to the Ruimveldt Bond revealed that stricter controls were in place to gain access to the bond. Approval had to be communicated to the Manager of the bond via the CEO of the Hospital and records were maintained of the individuals entering the bond.

Access to inventories

At this bond, GPHC inventories are stored in the open next to racks allocated to the Ministry of Health (MOH) and Health International Inc. During our visit we were informed by the Senior Pharmacist of the Pharmacy Bond, Ms. Merecia Blenman, that GPHC was currently utilising part of the MOH racks due to limitation of storage space allocated to the GPHC.

The situation at the bond allows anyone access to the GPHC inventories and items can easily be misplaced, swapped or moved intentionally. There are no functioning security cameras that would help with identification of any individual who illegally accesses the GPHC inventory.

Storage of inventories at both locations

- Inventories are not stored according to high/ low value;
- Inventories of the same type are not stored together;
- There were no expired drugs at the Farm Bond. Inventories expired at the Ruimveldt Bond were separated from other inventories. Expired inventories were marked "Expired" on the bottle in bold letters printed on white paper;

According to Ms. Barry, the expired drugs will be destroyed upon completion of the state audit.

We recommend that the GPHC construct a bond where all inventories owned by the Hospital could be stored and that management implement appropriate security measures designed to control access to that facility.

11. Our review of security at the Pharmacy Bond and Central Stores located in the GPHC compound revealed the following:

Security and access to inventories

Both locations are secured with padlocked doors and grills and the keys are lodged at the end of the day with the security guards on duty. There are cameras situated at both locations, however, these cameras have not been in operation since 2014. According to the Chief Security Officer, Mr. Mark Lewis, who commenced employment at the Hospital in 2014, four cameras were in operation at that time. The monitors for these cameras were subsequently disconnected by the Security Officer because he was of the opinion that it made no sense to have 4 out of 32 cameras in operation. It is unclear who gave Mr. Lewis the authority to turn off the monitors. There were also no smoke detectors in any of the locations.

CEO's response: Efforts were made to have the contractor who installed the cameras initiate repairs.

Storage of inventories

- Inventories are not stored according to high/ low value;
- Inventories of the same type are not stored together;
- The volume of expired drugs is low at the Central Store while it is high at the Pharmacy Bond. All expired drugs from the wards and health centres and polyclinic are forwarded to the Pharmacy Bond. Expired inventories are stored separated from other inventories however, they are not labelled;

Cameras at GPHC should be repaired immediately and smoke detectors installed in both locations. Items of same type should be stored together to ensure usage of stock with the shorter life.

12. A Ledger Book in which inventory movements are recorded is maintained by Staff of the Central Stores. The Hospital has a Material Management Unit which is located in the Finance Department. This unit is responsible for updating the Central Stores' Bin Cards and a second Ledger Book using the goods received notes and internal stores requisitions. These records contain both receipts and issues. It is our opinion that maintenance of the Ledger Books and Bin Cards results in unnecessary duplication of the inventory records. In response, the CEO stated that the apparent duplication "is necessary as the Ledger books are required by State auditors."

It should be noted that the Stores Regulation 1993 only recommends usage of Bin Cards and one Stores Ledger. The following is extracted from the Regulation:

"The Permanent Secretary shall ensure that a Stores Ledger in form 7 is maintained and kept up-to-date...."

The Central Stores does not use the documents prepared by the Materials Management Unit and no reconciliation is done between the two sets of records prepared. Instances were noted where the records of the Unit show negative balances on the Bin Cards and Stock Ledgers. According to the Bin Card Supervisor, Ms. Denise Fernandes, the negative balances could be a result of the unit not receiving the Stores Received Notes to update the records so the inventory balances on hand would be inaccurate Refer to Exhibit 10 for a stock ledger with negative balance.

We believe that a computerised inventory system should be implemented by the Hospital since no controls are present in the current inventory system.

We have considerable concerns whether the existing arrangements, in space, personnel and quality of record keeping adequately meet the needs of the Hospital. The Pharmacy Manager and the Pharmacy operate in extremely cramped conditions, space for the storage of drugs is limited and the operating temperature appears less than ideal. The method of record keeping and ordering is entirely unsuitable for the range and types of products necessarily maintained for patient care.

We recommend that the Board urgently review its entire policy on the ordering, receiving, storage and issue of drugs and consider the construction of a better and more suitable facility. We also recommend the acquisition of an appropriate inventory management software that not only records inventory balances but that provide information when the minimum balance is reached, provide guides for economic re-order quantities and helps in the management of expiry dates.

Finally on this matter we recommend that the duties and functions of all the staff be reviewed to enable the Pharmacy Manager to focus on the principal task of the position while someone with knowledge of inventory management procedures and with adequate support staff should be employed and assigned responsibility for the Hospital's entire inventory system.

13. The following were noted during our review of the Internal Audit reports prepared by the IAD and the reports submitted by the Audit Office to the CEO.

An audit was conducted by the IAD based on a request from the Minister of Health as a result of findings noted in the Auditor General Report as at May 2012. From the report prepared by the IAD we extracted the quantities and costs of items expired which were identified during the audit. **Expired drugs as at May 2012 amounted to \$49,494,858.** Refer to Exhibit 11.

During the period 19 December 2013 to 29 January 2014 the IAD conducted an Inventory count at the Central and Dietary Stores and the Ruimveldt Bond. From the report prepared by the IAD we extracted the quantities and costs of items which were identified as expired and damaged during the audit. **Expired and damaged drugs and medical supplies found during the 2013 year-end Inventories count amounted to \$243,863,391.** Refer to Exhibit 12.

Between 10 February and 11 March 2015, the IAD conducted a special audit by physically verifying expired/ damaged drugs and medical supplies. Verifications were conducted at the Ruimveldt, Pharmacy and Infusion Bonds. **Expired and damaged drugs and medical supplies found during the special audit amounted to \$125,957,936.** Refer to Exhibit 13.

The audit report submitted by the Audit Office to the CEO contained the following:

- 2012 audit – A physical verification exercise was conducted at the GPHC off-site bond at Ruimveldt and the Pharmacy bond. It was revealed that as at June 2013 there were 504 instances of expired drugs totalling \$194,741,062. Refer to Exhibit 14.
- 2013 audit - A physical verification exercise was conducted at the Pharmacy, Infusion and Off-Site (Ruimveldt) Bonds. It was revealed that as at July 2014 there were 167 instances of expired drugs totalling \$60,178,750. Refer to Exhibit 15.

We should point out that there were unexplained discrepancies between the quantities shown as expired drugs by the Audit Office and the Internal Audit Department. We believe that these

differences were the result of the different methodologies used to arrive at the cost of the inventory which, as noted earlier, is not recorded in the inventory records. A combination of available historic invoice cost and current invoice cost was used by the two auditors depending on what information was available at the time of the audits.

According to Ms. Barry and the Store Coordinator, Mohan Seepersaud, the excessive quantity of expired and unusable drugs and medical supplies is due to the following:

- Over projection due to lack of information – according to Ms. Barry a number of factors are taken into consideration when forecasting the usage of Inventories for the coming year. Some of the information used may be incorrect such as the quantities stated on the Bin Cards, projection of demand and demand of Health Centres;
- Poor stock rotation – Inventories are stored in more than one location and all locations are not checked to see which has the shortest life span before Inventories are issued;
- The Hospital has a policy of only accepting goods with a life span of two years or more, however, it was alleged that Staff sometimes accept inventories with shorter life span although they were told not to do this by the Pharmacy Manager;
- Donated items are sometimes received in large quantities which the Hospital is not able to utilise before the expiration date;
- Doctors’ preference – Inventories are purchased based on the preference of the Doctors. The Doctors are then rotated from the Hospital and other Doctors would not want to use the same drugs, resulting in them not being used before the expiration date;
- Improper management – Items not being handled with care and stored properly.

A fully integrated computerised inventory managements system should be employed at the GPHC which would allow for improved management and control. This will result in significant reductions in the wastage and abuse present under the current inventory system and reduce the huge volume and value of expired drugs.

Other improvements needed are:

- **Proper storage of inventories, handling with care and storing in clean and dry areas;**
- **Standardisation of drugs used by the Hospital to eliminate individual preferences which results in wastage.**

14. Part of our testing included tracing purchases made through to the Bin Cards and Ledger Books. Variances were identified when comparing the items purchased to the Bin Cards and Ledger Books. Upon investigation, we noted the variances were due to the records not being updated. Refer to Exhibit 16.

Management of Inventory levels is integral to the operations of the Hospital. If records are not updated accurately and in a timely manner, incorrect information will be used to make decisions that can result in over purchasing and consequently large quantities of expired drugs.

15. A review of the policy and procedures of the Pharmacy Department in relation to the issuance of drugs to Wards and to patients via prescriptions revealed the following:

- a. The Pharmacy's Policy & Procedures requires that patient's diagnosis be stated on the prescription before drugs are dispensed. However, of the sample of four prescriptions selected, no diagnosis of the patient was stated on three of these.

Numerous audits conducted by the IAD over the years 2012 to 2014 reflected that prescriptions were not stamped, relevant signatures omitted and variances between drugs issued and that stated on the prescription.

- b. 50% of our samples selected for Par Stock Control Forms (PSCFs) used for the issuance of drugs to Wards revealed that the attached ISRs were not signed "Approved by" by the relevant personnel.
- c. 100% of the samples selected for testing did not state the quantity on the PSCF under the on hand column. The Policy & Procedures requires the issue clerk to count stock on hand in the Ward and complete the stock on hand column on the PSCF.

It appears to us that the requirement for the patient's diagnosis be stated on the prescription may breach doctor/patient confidentiality. We therefore recommend that this requirement be reviewed applying medical ethics before any further action is taken.

The par stock issue clerk should ensure that the PSCF is properly filled out and the related ISR is signed approved by the relevant personnel.

16. During the period under review stock counts were conducted by the IAD of the GPHC along with Staff of the Bonds/ Stores, the State Auditors and Ram & McRae. The following were noted:

- a. An inventory count was conducted by the IAD on 2 June 2012 at the Dietary Stores. IAD had the following findings:
 - Bin Cards were not fully updated and were not found at the respective Bins at the time of the count;
 - Of 119 items counted there were 105 instances or 88% of items which had differences when comparing bin cards to actual counts;
 - There were 4 instances where bin cards were not provided for items counted.
- b. An impromptu count was conducted during the period 3 – 5 April 2012 at the Medical Outpatient Department's (MOPD) Satellite Pharmacy and Injection Room. IAD noted the following:
 - Records were not maintained by the MOPD Injection Room, hence physical quantities counted could not be compared to any records to verify their accuracy;
 - There were 17 vials for 3 different types of injections within the MOPD Injection Room that were expired;

- The quantities recorded in the Cupboard Count Books matches the actual quantity on hand at both the Main Pharmacy and the MOPD Satellite Pharmacy.
- c. The IAD took part in the annual inventory counts at the Pharmacy and Infusion bonds for the year ended December 2012 during the period 26 to 31 January 2013. The following were noted in the IAD report:
- There were expired and damaged items among the good inventories at the bonds;
 - The balance stated on the Bin Card for Ciprofloxacin 500mg tablets was 117,600; however, IAD physically verified 116,700, a variance of nine hundred 900.
- d. IAD was involved in the 2013 year-end Inventory Count of Pharmaceutical supplies at the Pharmacy and Ruimveldt Bonds during the period 2 January 2014 to 24 January 2014. The main findings were:
- A total of 1,073,516 items of varying descriptions that were expired/ damaged were found (Incorporated into Exhibit 12);
 - Bin Cards were not placed at the bins at the Ruimveldt Bond to enable a comparison of physical count to bin card balances;
 - Variances between the physical quantities counted and the Bin Cards balances for 7 items at the Pharmacy Bond and 1 item located at the Infusions Bond.
- e. The 2013 annual inventory count at the Central and Dietary Stores and the Ruimveldt Bond (Medical Supplies) was conducted during the period 19 December 2013 to 29 January 2014. The following were noted by the IAD:
- Expired/ damaged items found at all stores;
 - Bin Cards were not placed at the bins at the Central Stores, Dietary Stores and Ruimveldt Bond (Medical Supplies) to enable an immediate comparison of physical counts to bin card balances.
- f. A review of the count sheets used by the Hospital revealed that approximately 90% of the items counted had variances. According to Staff, recounts are done to clear variances, however, the recounts were a fruitless exercise since the level of variance remained high even after the recount. Several instances were noted on the variance report where items were physically counted and, the inventory records reflected zero balances.
- g. A verification exercise was conducted by the State Auditors during the 2012 audit. The locations counted included the Medical, Dietary, Radiology, Ophthalmology, Orthopaedic and Biomed stores.

The following were noted by the state auditors:

Store	Observations
Medical	The Corporation received and issued items of stores without recording the receipt and issues on bin cards. In addition, the bin cards reflected 'Nil' balances as at 31December 2012 although large quantities of inventories were on hand.

Store	Observations
Dietary	<p>Contrary to Section 20 of the Stores Regulations, the storekeeper failed to issue items of stores on the strength of duly authorised Internal Stores Requisitions.</p> <p>In addition, the bin cards reflected 'Nil' balances although there were large quantities of items on hand. It was noted that the storekeeper continued to receive and issue items of stores without recording the issues on bin cards.</p>
Radiology	A physical count of 29 items of stores revealed excesses in 28 instances.
Ophthalmology	Efforts to physically verify a sample of items in the stores proved futile since the description of the items on the stores sheets did not match the items on the shelves.
Orthopaedic and Biomed	Bin cards were not presented for audit examination.

- h. Validation exercises were carried out by the Stated Auditors during the 2013 audit on a sample of 142 items inclusive of pharmaceutical and other medical supplies. Overall, shortages were identified in 43% of the instances examined, compared to 14% overage. Validation exercises carried out on a sample of 48 items of stock at the Orthopaedic Stores, Hardware Bond and Central Stores revealed negative balances on bin cards even though items were physically in stock.
- i. Ram & McRae stock counts were conducted on the 20 & 28 August 2015 at the Ruimveldt Bond and on the 04 September 2015 at the Pharmacy Bond and the Central Stores. A number of variances were identified when the actual quantities counted were compared to the quantities on the bin cards/ stock ledgers. Refer to Appendix B.

We noted that there is no variance column on the stock count sheets which were used by the Pharmacy, Ruimveldt and Farm Bonds. Hence, there is no column to facilitate the difference between actual quantities counted compared to that stated on the bin cards/ stock ledgers.

All bin cards and stock ledgers should be promptly updated in order to reduce or rectify differences between actual quantities and bin cards/ stock ledgers. Variances discovered during stock counts should be reconciled and reasons should be given which will be used to avoid recurrence of these errors.

A variance column should be included on the stock sheet to record the differences between the actual quantities counted and that stated on the bin cards/stock ledgers. There should also be a remarks column where reasons for differences will be recorded.

Adequate measures should be put in place by Management to reduce/ eliminate variances between actual inventories counted compared to records. Systems should also be put in place to discipline the individual accountable for inventories when variances are noted.

17. Our review carried out on a sample of bin cards and stock ledgers revealed the following:
- several bin cards were completed using pencils;
 - all relevant fields were not completed on the bin cards e.g. the entry clerk did not sign as updating;
 - at the beginning of the year, bin cards and stock ledgers are updated with the physical count balances. Reasons are not stated for variances between the balance previously stated on the bin cards and the balances from the physical count;
 - bin cards and stock ledgers are either incorrectly updated or not updated;
 - variances were noted when comparing the balances stated on the stock ledgers to bin cards.

All details of inventory movements should be clearly and accurately recorded on the relevant bin cards and stock ledgers using pen. All fields on the records should be completed by the relevant Staff.

Variances between actual quantities on hand and what are stated on the bin cards/ stock ledgers should be reconciled and adequate explanations given so that areas of weakness could be identified and addressed.

All ISRs and GRNs should be forwarded to the Material Management Unit on a daily basis in order to facilitate the timely updating of bin cards and stock ledgers. The descriptions on ISRs and GRNs should be legible in order to reduce the likelihood of errors being made on the bin cards and in the stock ledgers.

18. Donations

We conducted walkthrough procedures in the Pharmacy Bond and Central stores for the receipt and recording of donated items. The following were noted:

- Staff of the Pharmacy Bond and Central Stores were not aware of the Guyana Public Health Commodities and Equipment Donations Policy which, according to Ms. Barry, was established by the Ministry of Health. The policy provides guidelines for the receipt of donated medicine, medical supplies and new or used equipment. Please refer to Exhibit 17 for a copy of the policy;
- Large quantities of drugs with short shelf life are accepted by the GPHC. The Hospital's inability to utilise all donated drugs before the expiration dates results in large quantity of unused expired drugs;
- Adequate records are not maintained for individuals who make donations to the Hospital. There were instances whereby donated drugs were either left at the CEO's office or in the Central Stores and no information was taken of the Donor;
- Goods received notes are not prepared for donated items received;
- Receipt of donated items are not related to the Material Management Unit, hence, stock ledgers are not updated with donated items.

Management should ensure the Guyana Public Health Commodities and Equipment Donations Policy is circulated amongst the Staff in the Pharmacy Bond and Central Stores and adequate training is done on the best practices for receiving donated items.

Detailed records should be kept of the individual making donations and of the items donated. A list of medical supplies received should be forwarded to the Material Management Unit to update the stock ledgers.

19. During discussions with the Stores Coordinator, we were informed that the hospital utilises sterile medical items at least six months after the expiration date. Please refer to Exhibit 18 for a list provided by management.

Management should ensure this practice is ceased immediately. The Hospital should not be using any items after the expiration date.

20. On May 19, 2016 we visited the four off-site satellites which fall under the control of the GPHC. These include the Enmore Polyclinic, the Campbellville, Kitty and Industry Health Centres. While at these locations we accessed the security of drugs and medical supplies and performed documentations on the process for requesting and receiving drugs from the GPHC. Based on our reviews we noted the following:

- Most drugs are stored in the Pharmacy which has limited access only to the Pharmacy Staff;
- The rooms where the drugs are stored are secured with locks;
- Regular counts are performed by the Health Centres;
- Internal Stores Requisition (ISR) books are used to request drugs from the Hospital, these are prepared by the Pharmacy Staff and approved by the Doctor in charge;
- Requests are done on a weekly basis and supplies are received every Wednesday from the GPHC;
- Upon receipt of supplies, these are checked off against the quantities stated on the ISR. Two copies of the ISR are returned to the GPHC and one copy retained in the book at the Health Centre.

Records do not permit the quantity and values of supplies to the Health Centres to be ascertained. The Pharmacy Bond does not maintain separate records for issues to different health centres, internal pharmacy, etc. Also, issues are not valued by the Pharmacy Bond.

3.4.3 Disbursements

21. All payments (petty cash, payroll, payment to suppliers etc.) are required to be approved by the CEO or in his absence the acting CEO (if one is appointed). This is because the vouchers used by the Hospital requires the signature of the Accounting Officer to approve all payments. This places an additional burden on the CEO when there are senior officers to whom such responsibility can be delegated.

We recommend that the Authority to approve payments should be passed to Assistant Director and Director of Financial Services who are in charge of the department. The CEO or acting CEO should be more concerned about the general management of the Hospital, rather than approving each payment voucher.

22. From our review of payment voucher #4600825 paid to New GPC of \$50,000,000, it was noted that contract #1579/13 expired on the 14th July 2014, yet goods were still being received from New GPC until the 24th November 2014. Discussions with the Pharmaceutical coordinator, Ms. Anisah Khan, revealed that she is not aware of any approval of contract extensions being granted to New GPC or any other supplier but that it is common practice to accept items if a contract has not been fulfilled. Refer to Exhibit 19.

There should be documented guidelines on how items delivered on expired contracts should be dealt with.

23. Payments made on contracts to the New GPC are not in line with the payment terms stated in the contracts. The contracts stated that payments can be made 100% in advance upon receipt of a bank guarantee or upon full completion of contract. However, instances were seen where the CEO authorises part payments to be made to the New GPC, based on the value of the delivery notes received. Refer to Exhibit 20.

24. A comprehensive review was conducted on a sample of thirty (30) contracts between the Georgetown Public Hospital Corporation and various suppliers as shown in Appendix C. These contracts were reviewed at the National Procurement and Tender Administration Board and the Georgetown Public Hospital Corporation.

Contracts were selected based on the value and the nature of the supplies. We reviewed contracts, payment vouchers, evaluation reports and supporting bid documents or quotations to ensure that the procurement guidelines were being followed and that the contracts were awarded to the suppliers who were able to meet both the technical and financial requirements.

Our findings are as follows:

- On contract 415/12, for \$9,900,000, bidder Bryan Parris failed to meet the minimum technical requirements for the contract and should have automatically been considered non-responsive. Mr. Parris also failed to provide records of past performances, qualifications, experience of key personnel and list of equipment for the project as required by the bidding document. He was nevertheless awarded the contract. This was the only bid submitted for the tender.
- NPTAB Board members failed to make recommendations as to whom contracts should be awarded to on the recommendation form maintained on file. Also, the recommendation forms were not signed on behalf of the Ministry of Finance.
- The former Assistant Director of Finance indicated that the Hospital had in place a policy for procurement with tendering limits as follows:
 - \$1 to \$150,000: Single Source (Quotation)
 - \$150,000 to \$300,000: 3 or more quotes

\$300,000 to \$6,000,000: GPHC Tender Board

\$6,000,000 to \$15,000,000: NPTAB

\$15,000,000: Cabinet approval needed.

Upon our review we noted a number of contracts which did not follow the above policy. Examples of these are listed below:

- On contract 936/12 a motor car was procured from Beharry Automotive Ltd. at a cost of \$4,814,406 via the request for quotation method, which is above GPHC's policy for the quotation system.
- On contract 1145/12 a specialised laser was procured from Alcon at a cost of \$9,901,500 via sole sourcing although this is above GPHC's policy.
- On contract 236/13 drugs were procured from New GPC Inc., IPA, K.D Enterprise and Geddes Grant at a cost totalling \$22,037,771 via GPHC tender Board, which is above GPHC's policy.

- For contract 1145/12 mentioned above adequate justification for sole sourcing was not provided. A quotation for the equipment was directly sourced by the CEO, Mr. Khan, who in his letter to the NPTAB noted that GPHC has previously had two Alcon lasers that were donated by the Chinese doctors that are no longer in working condition. He further noted that justification for sole-sourcing was a memo from Dr. Shailendra Sugrim but this memo was dated after the CEO had already sought and received the quote. Permission was granted by Mr. De Clou, Chairman of the NPTAB three days later.

- For contract 1497/13, completion of GPHC inpatient facility, bid prices were mixed up for Aura Engineering Company and R. Bassoo and Sons Construction Company in the bid evaluation report. At different points in the report the bids were stated at: Auara Engineering \$111,800,556 and \$93,503,441 and R. Bassoo \$93,503,441 and \$111,800,556. We were not provided with the bids to confirm the correct figures.

- No evaluation reports were provided/seen for contracts 2288/13, 2657/13, 3376/13 and 960/15.

- The Procurement Act section 27 (a) states that "before awarding a contract under this section, the procuring entity shall obtain and compare quotations from as many qualified suppliers or contractors as feasible, but not fewer than three." GPHC is in breach of this as they failed to obtain at least 3 quotations on contracts 3376/13, 2757/14 and 299/15.

- Quotations reviewed for K.D Enterprise reflected that the bidder failed to provide expiry dates for the supply of drugs or medical items.

- Contract 2657/13 was awarded to K.D Enterprise at a cost of \$14,935,000, which was \$5Mn above New GPC Inc.'s quotation. Justification given for the selection was that poor quality is supplied by New GPC and that KD Enterprises supplies the surgeon's preference. However, no specified brand

was stated in the request for quotation and therefore this justification is not considered sufficient as GPHC could have requested New GPC to provide quotations for the brand of the surgeon's preference. For this contract request for approval was sought by Mr. Khan via a letter dated September 9, 2013 to Mr. De Clou. NPTAB approval was granted by Mr. De Clou via a letter to the CEO on September 19, 2013 and it should be noted that the Recommendation by Members of the Board was not signed by anyone.

- When reviewing the bids for contract 2210/13, it was noted that the bid for Vision General Construction Services was missing.
- Bids were not seen for contracts 876/12, 877/12, 936/12, 236/13, 1497/13, 3074/13, 1280/14, 4091/14 and 4236/14.
- Technical assessments were not seen for contract 403/12 and 3594/12.

The above findings indicates that the Georgetown Public Hospital Corporation, in many instances, failed to follow the procurement guidelines outlined in the Procurement Act, as well as their own policy on the tendering limits.

It is also not clear whether the full National Procurement and Tender Administration Board sanctioned the contract awards.

25. In the course of our engagement we reviewed the transactions with Mr K. D. Singh, a sole trader registered a business name, K.D. Enterprise with the Deeds Registry on 17 December 2014. This entity is second in value of drug purchases after New GPC. Purchases from this entity grew significantly from 2012 as follows:

Year	Amount
2012	\$97,729,410
2013	\$317,969,638
2014	\$329,815,110
2015 Jan-June	<u>\$107,278,265</u>
Total	\$852,792,423

We were informed by letter dated September 14, 2015 from the Food and Drug Department that K.D. Enterprise does not have an import permit for prescription drugs nor has ever been issued with a marketing authorisation for prescription items supplied to the GPHC.

We recommend that GPHC carry out a review of the status of all of its suppliers of drugs and other supplies and confirm with the Food and Drug Department that the proposed supply has been approved for importation into Guyana. The GPHC should cease doing business with entities which are not compliant with the laws of Guyana.

26. During our audit a list of drugs sold to the GPHC by International Pharmaceutical Agency, Health International Inc. and Global Healthcare Supplies Inc. and a list of drugs purchased overseas by the GPHC were submitted to the Food & Drug Department for advice on whether the items on the lists required approval by the Department for importation into Guyana and whether they were approved.

From the list at Appendix D, the Food & Drug Department indicated that only drugs manufactured by Intas Pharmaceuticals Limited were registered with the Department. The registered drugs manufactured Intas Pharmaceuticals Limited was supplied by International pharmaceutical Agency and Global Healthcare Supplies Inc. However other drugs supplied by both these companies, Health International Inc. and purchases by the GPHC were not registered the Food & Drug Department.

A list of approved drugs, by Suppliers, should be obtained from the Food & Drug Department by the GPHC. This list can be used to source approved drugs within Guyana. Other drugs to be imported into Guyana by the GPHC should be approved by the Food & Drug Department prior to purchasing.

27. New GPC Inc. was the consistently largest supplier of drugs and supplies to the Hospital. In each case, the procurement was cleared by a No Objection decision from Cabinet. The following were the annual purchases of drugs and supplies:

Year	Total	New GPC	%
2012	1,670,892,000	1,160,109,807	69.4
2013	1,826,936,000	967,194,579	52.9
2014	1,968,936,000	1,033,553,736	52.5

Please refer to Appendix E for the top 5 suppliers for 2012 to 2014.

A central feature of the proposals submitted by New GPC was the number of items – indeed the overwhelming majority – for which “no price indicated as per required specification”. Equally significantly, the proposals submitted by the New GPC did not specify any information whether the drugs were branded or generic. During the course of the engagement we sought to compare the prices of the products supplied by New GPC and two other hospitals operating in Georgetown which import drugs and supplies.

In both the case of New GPC and the comparator importers, the items are imported from India. We noted however, that a significant number of the items brought in by the comparator entities are branded products while the opposite is true of New GPC. This makes comparison extremely difficult since branded products are expected to be far more expensive than the generic counterparts. Despite this, we found several products supplied by the New GPC that were priced both higher and lower than the prices provided to us for similar items. For a sample of such items please see Appendix F.

Moreover, the contracts entered into with New GPC were favourably framed in their interest with full payment on confirmation of the order and practically no penalties for late deliveries. As the Auditor General noted in his report, each year the company delivers more than it has been paid for. Here are the comments by the Auditor General in relation to the years 2012 to 2014:

Another hidden cost in procurement arises where purchases have to be made at very short notice because of inefficient ordering procedures. For example, for the supply of drugs on Purchase Orders 49494 and 49495, the successful bidder, Health International Inc. quoted a price of \$5,308,520 while the only other bidder quoted a price of \$4,848,940, a difference of \$459,980. In the case of the item Augmentin, the price quoted by the successful bidder was \$742,800 compared with a price of \$287,840 by the unsuccessful bidder, a difference of \$454,960 or 62% less.

However, the documentation indicates that the decisive criterion was the time for delivery with the successful bidder supplying immediately while New GPC required a lead time of four to six weeks.

3.4.4 Cash receipts

28. Receipt vouchers written for payment of birth/death certificated, lab tests, etc. are not entered into IFMAS on a timely basis. Receipt vouchers, approximately 20 per month, are prepared and entered into IFMAS twice a month resulting in timing difference between bank deposits and the receipts recorded in the IFMAS system. Reconciliations are only performed when the Ministry of Finance sends a statement of difference to the GPHC.

Receipt vouchers should be entered into IFMAS promptly and reconciliations should be done monthly and not when Ministry of Finance finds differences.

3.4.5 Banking Arrangements

29. Discussions with one of the Accounts Clerk III, revealed that there are six (6) Bank signatories, two of whom (the CEO and the Director of Medical & Professional Services) have the authority to sign, countersign and endorse cheques. The remaining four signatories, Assistant Director of Nursing service, Manager of Planning, Research and Industrial Relations, Human Resources, Head of Administrative Assistant and Director of Institute Science Education, only have the authority to countersign and endorse cheques. These signatories were given no signing limits.

In the absence of the CEO and Director of Medical and Professional Services, payments are delayed until one of these individuals' returns. It should also be noted that although the Corporation had both an Assistant Director and Director of Finance Services during the period under review, these individuals did not have the authority to sign cheques.

As the Corporation is very large and payments are being made constantly, we suggest that Management establishes different levels of cheque signing authority. We do not believe it is appropriate for the CEO and Director of Medical and Professional Services to be signing cheques for small insignificant amounts.

30. Money is deposited by an Account Clerk II on a daily basis on behalf of the GPHC. The deposits are made up of daily sales and cheques received from the Consolidated Fund averaging below \$500,000. The Clerk is not accompanied by a security guard or other members of Staff a situation that exposes the Staff to the risk of being robbed.

Adequate security measures should be put in place to protect the staff making bank deposits.

3.4.6 Human Resources

31. The HR department has 20 staff members and 6 computers and is currently headed by Ms. Rohmena Chung, Director of Human Resources. While the Director was on leave, Ms. Wickham was appointed Acting Director. The entire Human Resources system is manual. Ms. Wickham indicated that she has been employed with the GPHC longer than the Director, and as such, the Director depends heavily on her. Ms. Wickham, however, was unable to provide answers or documentation in response to the following issues raised:

- The basis for which employees are hired on contract;
- The reason why individuals who were permanently employed were transferred to contract;
- The basis for which allowances are given or who authorised them to be given;
- How Doctors with private practices are monitored;
- Letter from Minister of Public Works stating that employees working in the Mortuary should be given a non-taxable duty allowance.

We believe that The Human Resources Department should have documentation on file to support actions taken or decisions made.

We recommend that the HR department be given extensive training at all levels in personnel management procedures and systems. Detailed records should be kept by the Department for all decisions made and this system should be computerised. The existing system is manual and takes a very long time to generate information requested.

Systems should also be put in place to monitor Doctors with private practices and the time they spend at the hospital since we were advised that there is abuse even at the highest levels.

32. The job descriptions for all positions available in the Financial Services Department were obtained and reviewed for adequacy. Our reviews revealed the following:

- There are no job description for the Bin Card Supervisor and Pharmaceutical Coordinator, however, both these positions are occupied;
- The range of activities listed on the job descriptions are not fulfilled by the employees, e.g. the Accounts Clerk III Cashier is responsible for balancing of cash and cheques against receipts and bank deposits on a daily basis, however, discussions revealed that this is actually done by a Clerk II;
- The activities listed on the job descriptions do not match the job title, e.g. the job description of the Accounts Clerk III Payroll states that the Clerk should prepare bank reconciliations, this is actually done by the Accounts Clerk III Cashier;

- Staff do not meet the qualification requirements stated on the job description, e.g. the Accountant - Examination Clerk should have a Diploma in accounting, however, a review of the personnel file indicated at the time of appointment he had only completed 7 out of 9 CAT papers. The Fixed Asset Coordinator did not meet any of the requirements.

The Job Descriptions indicated approval by the CEO prior to 2010. We recommend that a detailed review be conducted and all job descriptions be updated as necessary. The HR Department should ensure that all positions have a job description, otherwise employees would not be clear on the expectations of the positions they occupy. Only applicants meeting the necessary qualification requirements should be hired.

33. Our examination, as at 20 August 2015, of the employees' personnel records revealed that senior employees were not taking annual leave in accordance with their terms of employment. The table below shows the employees with significant amounts of accumulated leave:

Name	Designation	Number of days entitled	Leave outstanding at the anniversary date	Comments by Director of HR
Sudhir Bahadur Sharma	Consultant – Ear, Nose and Throat	28 working days	29 working days	All entitled leave was not requested within the respective year.
Clive Bowman	Consultant – Paediatric	42	84	
Seepersaud Chatterdeo	Senior Registrar	42	162	
Ramsundar Doobay	Consultant – Internal Medicine	42	253	
Kamal Haricharran	Director – Facilities Management	42	81	
Bhiro Harry	Consultant – Psychiatry	42	43	
Fawcett Jaffery	Consultant – Orthopaedics	42	74	
Sandra Johnson	Manager – Dietary	21	35	
Hydar Khan	Senior Registrar	42	77	
Michael H. Khan	Chief Executive Officer	42	222	
Shawn Legall	Senior Registrar	42	92	
Abiola Nelson-Holder	Manager – Radiology	28	54	
Kishore Persaud	Senior Registrar	42	48	
Edward Peters	Manager – Plant Maintenance & Operations	14	81	

Pavita Ramkissoon	Director – Internal Audit	42	48
David Samaroo	Consultant – General Surgery	42	289
Akintunde Watson	Senior Registrar	28 working days	119 working days
Oddesa Wickham	Manager – Planning, Research/ Industrial Relations	42	44.5

Even though the employment agreements state that leave days are annual, it is evident that outstanding leave days were rolled forward indefinitely.

As consequence of not utilising the leave entitled within the respective year, we recommend that all outstanding leave be forfeited unless there is evidence on file of approval for deferral.

The following employees took more leave than they were entitled to:

Name	Designation	Number of days entitled	Leave outstanding at the anniversary date	Comments by Director of HR
Nerica Bassoodeo	Manager – Health Management Information Systems	28	-1	Leave records not updated in a timely manner and Staff given leave days which they did not have available.
Rohmena Chung	Director – Human Resources	28	-0.5	
Adeila Jaggernauth	Quality Manager	28	-15	
Marisa Seepersaud	Consultant – Paediatric Surgery	28 working days	-4 working days	

It is unacceptable that the HR department did not keep records updated. For failure to discharge their duty, the individual(s) responsible for updating records should be disciplined. Employees who exceed their entitled leave days should either pay the Hospital for excess days taken or reduce the number of days entitled for the next year.

34. We noted several instances of the payment of acting allowances and of Responsibility Allowance involving both junior and senior staff. We wish to draw attention to the following:

1. For acting allowances, the amount is computed at the full difference between the salary at employee's substantive rate and the salary of the position in which s/he is acting.
2. In the case of Responsibility Allowance, the rate used was 50% of the difference, although the sum involved can be considerable. For example, Mr. R. Rambarran, Assistant Director of Finance,

was paid a responsibility allowance of \$239,057 per month while performing the function of the Director while Mr. Soogrim Singh, Manager (ag.) Personnel, and Ms. Odessa Wickham, Manager, Planning/Research Industrial Relations, were each paid \$128,224 of responsibility allowance for their acting positions. We noted that the Memo for Mr. Singh was signed by Ms. Wickham while the Memo for Ms. Wickham was signed by Mr. Singh. This was explained as being a result of the absence of an HR Director and the allowances were approved by the CEO.

3. A Memo dated April 27, 2015 from Ms. R. Chung, Human Resources and addressed to the CEO recommended additional remuneration for Ms. Vijay Balgobin of 75% for performing the function of the Finance Director and a 30% for Ms. Vijay Balgobin, Mr. Mohan Seepersaud and Ms. Anisah Khan for a responsibility allowance in lieu of an acting allowance. These were approved by the CEO.
4. An unsigned Memo dated May 6, 2015, issued under the name Ms. Rohmena Chung, advised that approval was given for the payment of the sum of \$92,723 effective from April 13, 2015 to Ms. Vijay Balgobin for sharing the responsibilities of Assistant Director, Finance and specifically requiring the performance of additional duties. Unsigned Memos of the same date to Ms. Balgobin also approved responsibility allowances for Mr. Mohan Seepersaud and Ms. Anisah Khan. However, the calculations attached to separate Memorandum to each of these persons differed from the amount stated in the Memo by \$43,499 in the case of Ms. Balgobin and \$29,269 for Mr. Mohan Seepersaud and Ms. Anisah Khan. Based on our review, the memo included incorrect information and the correctly calculated amounts were paid to the individuals.

With respect to Ms. Balgobin, she received two sets of responsibility allowance. One for the position of Director, Finance Department where she was paid \$470,606 representing 75% of the difference between Ms. Balgobin's salary and that of the Director. The second responsibility allowance of \$92,723 was paid to Ms. Balgobin for acting in the position of Assistant Director, Finance Department.

5. A Memo dated July 16, 2015 issued under the name Ms. Rohmena Chung, but unsigned, and directed to the Payroll Supervisor (ag.), instructed a payment of \$470,606 effective April 13, 2015 as the difference between the salary of Ms. Vijay Balgobin and that of the Director, Finance for Ms. Balgobin to act in that position.

The responsibility allowance was not approved in accordance with the Public Service Rules. The Rules state the following:

"A19 Acting Appointment

(4) A Public Servant who is required to perform higher duties of a position not specified in the Schedule to Appendix K1 may, with the approval of the Permanent Secretary, Public Service Ministry, be paid a responsibility allowance in accordance with Rule K3."

A20 Recommendation for acting appointment

(1) The Permanent Secretary/Head of Department/Regional Executive Officer shall submit, well in advance, recommendations for acting appointments to permit their consideration by the Public Service Commission before the dates on which the acting appointments are intended to become effective, but the Commission may waive the provisions of this Rule where the necessity to submit recommendations has been occasioned by sudden illness or other circumstances which the Commission may consider appropriate.

(2) No Public Servant should be assigned the duties of a higher position in an acting capacity without the prior approval of the Secretary, Public Service Commission. However, should it become necessary for an acting appointment to be made to such a post as a matter of urgency, the Permanent Secretary/Head of Department/Regional Executive Officer concerned shall consult with and obtain the oral approval of the Secretary, Public Service Commission before assigning the duties to any Public Servant. If such approval is given, the recommendation as per paragraph (1) must follow at the earliest opportunity.

(3) In submitting recommendations for acting appointment to the Public Service Commission, Permanent Secretaries/leads of Departments/ Regional Executive Officers shall state the reasons why Public Servants, if any, are being Superseded....”

We recommend that the necessary approval be requested from and received from the Public Service Commission before payment of responsibility allowances.

Also, instructions by senior official should only be executed when signed approval has been received.

3.4.7 Doctors' Private Practice

A list of thirty four (34) senior doctors persons presented to us shows that only six of them have requested and been granted permission. They are:

Dr. Clive Bowman	Consultant – Paediatrics	June 23, 2004 from 16:30 to 2:00 Hrs.
Dr. David Samaroo	Consultant – General Surgery	June 27, 2004 between 16:00 and 18:00 Hrs.
Dr. Madan Rambarran	Director – Medical Education	Off duty days
Dr. Lucio Pedro	Consultant – OBG	No condition stated
Dr. Marisa Seepersaud	Consultant – Paediatric Surgery	No condition stated
Dr. Sudhir Bahadur Sharma	Consultant – ENT	16:00 Hrs to 18:00 Hrs.

Dr. Madan Rambarran, Director, Medical Education, also holds 4 shares in the Caribbean Heart Institute.

3.4.8 Others

35. Vehicle Log Books

Our review of the GPHC's Land and Transport Log books revealed that they were incomplete. Full details of journeys undertaken and their purpose were not recorded as required. Typical examples of this would be lack of "signature of Officer authorising journey", "Driver's or Captain's signature" and "Signature of checking Officer". The poor quality of the information on vehicle usage may be indicative of unauthorised use of the Corporation's property.

We recommend that strict controls be placed over the usage of the Corporation's vehicles. No vehicle should be able to leave the compound without proper approval and the mileage for each trip and the fuel consumption should be recorded.

36. Contract with Caribbean Heart Institute (CHI)

Over the years the CEO has written to the current and two previous Ministers of Public Health and the previous Head of Presidential Secretariat expressing his dissatisfaction with the conduct of the CHI and breaches of the contract with the CHI. For our recommendation on addressing this long-standing problem see section 3.1.1 above.

Since signing of the agreement between GPHC and CHI, CHI has made two payments of dividends to GPHC of \$1,000,000 in 2010 and \$1,224,000 in 2011.

The current fees charged by the CHI do not appear to have been approved by the Board of the GPHC or by the Ministry of Health. The Service and Fee Schedule agreed to in the 2005 contract is shown below:

Services	Cost for Government Patients ⁵ (US\$)
Diagnostic Cardiac Catheterization	1,000
Angioplasty and stenting (Non-Diabetic)	1,800
Angioplasty and stenting (Diabetic)	2,800
Coronary Artery Bypass Grafting	3,200
Replacement of Heart Valve	4,200
Cardiac Pacemaker Insertion	2,500
Paediatric Surgery	3,000

For the period January to May 2015 the amount receivable from the CHI was \$9,505,697. A breakdown of this balance is shown below:

Receivable from CHI	Amount
Drugs & Medical Supplies	1,023,464

⁵ No cost is specified for non-Government patients

Receivable from CHI	Amount
Lab Supplies	71,300
Nurses' Salaries	8,410,933
Total	9,505,697

As noted earlier, we strongly recommend that a renegotiation of the Agreement with the CHI.

37. Contract with Biomedical Technologies Limited

During our review of contracts we noted the following:

- Equipment received on contracts and which are to be installed by the supplier is not removed from its crate until it is time for installation. Goods received notes are not prepared until these items are installed and the dates recorded on the GRN are the dates of installation.
- Contract #1184/13 between the GPHC and Biomedical Technologies was signed on 18 July 2013. The contracts states "The seller is being given Ninety Days (90 Days) from the time of order confirmation to delivery, install and commission the equipment at the GPHC". We noted the purchase order for this equipment (x-ray machine) was dated 18 June 2013, 90 days from this date would have been 15 September 2013, however, the delivery note was dated 29 November 2013. This equipment was urgently need because the Hospital was using a portable x-ray machine at the time. This is a breach of the contract.
- According to several contracts with Biomedical Technologies, the payment terms were "All invoices for payment shall be in US dollars and shall include the contract number Invoices for payment not including such information may be returned to the Seller without payment". Invoices were seen attached to payment vouchers although they did not include the contract number. Refer to Exhibit 21.
- It was noted that purchase orders, payment vouchers and cheques were prepared long before the contracts were signed with Biomedical Technologies.
- We noted no delivery note was attached to contract #2446/14 dated 25 August 2014 which was signed on the 10 February 2015. Discussions with the Pharmaceutical coordinator on 26 August 2015 revealed that the equipment was received, however, a goods received note was not prepared as Biomedical Technologies had not installed the equipment to date. The contract costing \$61,699,500 was paid in full. As of 14 October 2015 installation of this equipment was in progress. Current management was unable to say why there was a delay in the supply and installation of the equipment, what actions were taken against the supplier and why payment was made in full. Refer to Exhibit 22.

38. Contract with Ms. Jaya Manickchand

The Corporation's Legal Counsel is Ms. Jaya Manickchand. During the period under review Ms. Manickchand was paid a retainer of \$100,000 per month despite not having a retainer contract. Further, we note that Ms. Manickchand was paid separately for legal work done and from a sample

of transactions, we noted that for many periods, the charge for legal work exceeded the cost for the retainer. The following were the transactions for 2013:

Date	Retainer	Services	Period
	<u>\$000</u>	<u>\$000</u>	
February 11	500	740	September 2012 to January 2013
May 14	300	380	February to April
July 11	200	375	May and June
September 10	300	580	July to September
December 20	300	350	October to December

Outstanding and pending legal issues

We wrote Ms. Manickchand and had a number of telephone conversations with her in connection with pending legal issues. Ms. Manickchand indicated that professional rules require that she obtain permission from the Hospital before she could provide us with the requested information.

Accordingly, we are unable to determine the pending legal issues and indeed whether Ms. Manickchand is still the Attorney-at-Law for GPHC.

3.5 Financial systems

The Hospital makes little use of Information Technology with all the critical areas of Finance, Pharmacy Bond and Central Stores relying on cumbersome, inefficient, manual systems which are incapable of providing reliable management information. We believe that an institution of this complexity and size should be operating in a fully functional integrated computerised environment. The Hospital should engage a competent and qualified consultant to undertake a complete evaluation of all its Information Technology needs in order to arrive at an acceptable solution.

3.5.1 Financial statements

Financial Statements are not prepared by the Hospital but the IFMAS system is used to keep track of allocations and expenditure. Reports are readily available for income, expenses and bank balances. However as pointed out in the earlier sections of this report, it would be impossible to produce accurate inventory and fixed asset balances. The only resolution to the problems inherent in the existing system is the implementation of a fully integrated computerised accounting system.

Total current expenditure

Year	Budgeted (B)	Released (R)	Expenses (E)	Balance (B – E)	Balance (R – E)
2012	4,466,047,000	4,465,946,972	4,452,898,968	13,148,032	13,048,004
2013	4,917,960,000	4,917,960,000	4,894,963,797	22,996,203	22,996,203
2014	5,309,867,000	5,309,764,373	5,289,269,886	20,597,114	20,494,487
2015 ⁶	5,964,763,000	5,956,524,000	5,915,106,952	49,656,048	41,417,048

Please refer to Appendix G for further details.

Total capital expenditure

Year	Budgeted (B)	Release (R)	Expenses (E)	Balance (B – E)	Balance (R – E)
2012	128,000,000	127,914,406	127,912,906	87,094	1,500

2013	280,560,000	226,098,306	225,374,514	55,185,486	723,792
2014	414,000,000	414,000,000	413,491,405	508,595	508,595
2015 ⁶	379,770,000	379,769,715	320,029,773	285	59,739,942

The budgeted figures for 2015 are the estimates for the entire year; this was not apportioned to the 5 months.

All balances remaining at the year-end remain in the consolidated fund and are not available for use by the GPHC in the following year.

Income earned by GPHC

Year	Total deposits into the Consolidated Funds
2012	9,569,504
2013	12,263,480
2014	17,175,596
May 2015	3,939,843

All income earned by the Hospital is deposited into the Consolidated Fund. Transfer of income to the Consolidated Fund was recommended by the Audit Office and commenced in 2012. The Hospital has taken the decision to go back to the previous practice of using the income earned by the Hospital to fund projects from September 2015.

According to Ms. Balgobin she was advised by the CEO that approval of the subvention was granted by the Minister of Finance, following a meeting the two parties had. She was advised by the CEO's Administrative Assistant that a formal letter was sent on 27 July 2015 to the Budget Director by Mr. Khan requesting a letter to this effect. Refer to Exhibit 23.

We do not believe that funds should be used in this manner since it can result in unauthorised expenditure of significant sums and it is the policy of Government.

3.5.2 Use of information technology

The systems used by the Hospital are:

- Integrated Financial Management Accounting System (IFMAS);
- FastPay;
- TMA WorkGroup 8.1.0.5 as the Maintenance Management System;

Payment vouchers and receipts are processed in IFMAS; a Government Accounting System which was implemented in 2004.

Once a payment voucher is entered into the System, an examination is conducted by the Accountant, Mr. Vickram Jhillu, before a cheque is received from the Ministry of Finance. Errors found are reported to the Director of Finance and authorisation is given by the Director to prepare a journal voucher to reverse the

⁶ Eight months as a Budget agency and four months as a Subvention agency.

error discovered. The journal voucher is then sent to Ministry of Finance to process the necessary changes. Currently approval is given by Ms. Balgobin.

It was indicated by Mr. Jhillu that changes can be made to the invoice date, invoice number, references number and description by the Accounts Clerks II and III who are responsible for entering data into the system. Reports pulled after the changes have been made would reflect the original information before the change.

IFMAS does not allow accounting for balance sheet items because the system does not have a roll over feature; at the year end all accounts are cleared. Other files are maintained in Excel by the Finance Department Staff e.g. bank reconciliations and Fixed Asset Master register.

TMA is used by the Facilities Department to manage its maintenance records. Requests made to the Facilities department are booked into the system and a work order printed. The work order is given to the maintenance worker who has to update the form when the job has been completed. The order is then returned it to the facilities department and the system is updated.

Regular maintenance work is saved to the system and will appear when a list of jobs for the month is requested.

The Hospital uses the FastPay software for the preparation of its payroll.

Discussions with Ms. Balgobin and Ms. Wickham on their IT systems revealed the following:

1. Information stored on their servers is not backed up offsite.
2. Ms. Wickham indicated that their systems crash continuously and she does not believe that any of the information stored onto the system is being saved to the server, since they are unable to retrieve information when the systems crash.

We recommend that in the short-term an IT specialist should be engaged to ensure that information can be saved to the Hospital server until a permanent IT solution can be arrived at.

Also, the Hospital should implement a system for offsite backup in the event of a catastrophic event or damage to the server.

4 Conclusions

The review revealed a number of issues, primarily in the areas of management of the hospital, awarding of contracts, and lack of proper internal controls and maintenance of adequate financial systems.

In our view, Management did not allocate the necessary resources to curb deficiencies which could have been easily corrected. Instead the deficiencies continued and cost the Hospital millions of dollars which could have been out to better use.

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

5 Appendices

5.1 Appendix A

Terms of reference

The terms of reference established the scope of our engagement as follows:

“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 Georgetown Public Hospital Corporation (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 all areas including budgeting, financing, expenditure, management of revenue inflows, trade terms, procurement or purchase decisions and supply chain management;*
 - e. Examine the entity’s assets management system including its fixed assets, their disposal, management or deployment;*
 - f. Examine the entity’s marketing, production and commissioning policies, systems and agreements to determine their integrity, efficacy and responsiveness;*

- g. Examine 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."

5.2 Appendix B

Ram & McRae Stock Count Sheet

Description	Measure	Physical Qty. (A)	Qty. as per bin card (B)	Variance (A-B)	Qty. as per ledger (C.)	Variance (A-C)
Central Stores:						
Ophthalmology:						
Intraocular lens 19 (PC) - non-foldable	Each	29	67	(38)	47	(18)
Radiology:						
Film, X-Ray 35*35	Box/100*5	13	21	(8)	8	5
Suture:						
Silk 3/8circle cutting 24-30mm, 45-cm #3/0	Each	720	24	696	24	696
Prolenemesh 6"*6"	Each	15	31	16)	-	15
Polyglycolic acid/polycryl/ vicryl, 1/2 circle cutting 35-40mm, 70-75cm #0	Box 12	504	792	(288)	792	(288)
Laboratory Supplies:						
Chemistry control set 20*5ml	Each	140	32	108	32	108
Petri dish 100*15mm	Each	15,500	22,460	(6,960)	20,460	(4,960)
Haemoglobin a1c program 1.5ml sample vials	Btl	2	6	(4)	6	(4)
Easylyte sample cup for atac 8000	Pk/1000	47,000	619	46,381	55,300	(8,300)
Oxalate tube purple cap 3ml	Each	9,200	71,050	(61,850)	76,950	(67,750)
Dextrose 500g sabouraud (agar)	Btl	2	2	-	1	1
Medical/ surgical supplies:						
Examinations gloves small	Each	25,200	548,100	522,900)	N1/Q	N1/Q
Surgical knife blades 12	Each	1,400	10,619	(9,219)	11,169	(9,769)
Surgical knife blades 15	Each	22,100	2,373	19,727	3,346	18,754
Chemical indicator (comply test strips)	Pack	23,520	26,400	(2,880)	26,400	(2,880)
Autoclave tape 1/2 * (55m)	Each	200	600	(400)	600	(400)
Orthopedic:						
Partial hip prosthesis 51mm	Each	2	1	1	4	(2)
DHS 130o plate 8 holes	Each	19	35	(16)	35	(16)
K-nail 12mm * 42cm	Each	48	52	(4)	52	(4)
K-wire 1.00mm*32mm	Each	45	48	(3)	48	(3)
S1 anterior cervical plate 60mm	Each	2	6	(4)	6	(4)

5.3 Appendix C

Review of contracts

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
1.	403/12	Procurement of Drugs and supply for the Georgetown Hospital	IDA New GPC Inc.	\$2,511,184 \$1,319,756,856	Michael H. Khan CEO- GPHC. Mr. M. Karimullah - Director of Finance – GPHC Mr. R. Rambarran - Assistant Director of Finance – GPHC	IDA and New GPC Inc. as pre-qualified suppliers were invited, through a Restricted Tendering to provide quotations for a list of drugs and medical supplies. The recorded quoted prices (exclusive of freight, handling and auxiliary charges are: <u>Drugs:</u> IDA - \$82,744,557.50 New GPC Inc. -\$922,011,018 <u>Medical Supplies:</u> IDA - \$0 New GPC Inc. -\$316,106,028 Bid was awarded as follows (inclusive of freight, handling ad auxiliary charges): <u>Drugs:</u> IDA - \$\$2,511,184.50 New GPC Inc. - \$1,003,650,828 <u>Medical Supplies:</u> New GPC Inc. -\$316,106,028.	➤ Award for contract stated that there were 3 bids, whereas evaluation report states that only 2 suppliers were requested to provide quotations. ➤ No technical competence assessment seen. ➤ There was no approval of the NPTAB members’ recommendation sheet by both NPTAB and the Ministry of Finance. ➤ Only one member of NPTAB gave a recommendation.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
2	415/12	Provision of maintenance services for the mortuary refrigeration system	Brian Parris	\$9,900,000	<p>Michael H. Khan CEO- GPHC</p> <p>R. Rahaman - Ministry of Public works - Maintenance Engineer</p> <p>Mr. Akram Hussain – Guyana Water Inc. - Electrical Engineer</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 27 March, 2012.</p> <p>Only one bid was purchased and submitted.</p> <p>The evaluation committee recommended that the award be granted to Brian Parris for the Provision of maintenance services for the mortuary refrigeration system based on complete commercial, technical responsiveness and an acceptable market rate based on competitive cost for the provision of this critical service which was not in line with the bid submitted or the evaluation report.</p>	<ul style="list-style-type: none"> ➤ Bidder failed to meet the minimum technical requirements and should have been considered non-responsive. ➤ Bidder failed to provide record of past performances, list of qualifications and experience of key personnel, list of equipment proposed for the project and sworn statement of 100% compliance of all contracts executed for the last 3 years. ➤ Review of bid revealed that there were no supporting documents attached. (Business registration, VAT certificate, Proof of financial capacity). ➤ Recommendation was only given by one NPTA board member. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance. ➤ The bidder did not qualify for the award according to

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
							Procurement Act 2003 section 5(1)
3.	874/12	Provision of Attendant services	Mr. Clean Services	\$18,800,800	Mr. Michael H. Khan - CEO- Georgetown Public Hospital Corporation. G. Munroe- Administrative Officer – Ministry of Education. Kevin Cruickshank– Administrative Officer – Budget Office	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 29 May, 2012. The bids submitted were: 1. Universal Janitorial Services - \$24,518,672 2. Mr. Clean Services - \$18,800,000 The evaluation committee recommended that the award be granted to Mr. Clean Services on the basis that they attained the highest overall passes based on the Evaluation criteria, provided the most suitable staff compliments based on the hospital allocation and being the most responsive an lowest bidder	➤ We were not provided with NPTAB’s file on this contract or any of the relating bids.
4.	876/12	Supply & Installation of Mortuary Refrigeration System	Total Solutions	\$28,000,000	Michael H. Khan - CEO- Georgetown Public Hospital Corporation. R. Rambarran – Asst. Director of Finance –	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board	➤ Temperature specifications for the mortuary refrigeration system was -16 ⁰ c to -10 ⁰ c Orkon Construction offered -16 ⁰ c to -30 ⁰ c whereas

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					Georgetown Public Hospital Corporation Mr. Dwight Parris – Mechanical Engineer, Ministry of Public Works	(NPTAB), not later than 9:00 hrs. 29 May, 2012. The bids submitted were: 1.Orkon Construction – \$22,000,000 2.Total Solution - \$28,000,000 3.International Pharmaceutical Agency - \$21,650,000 The evaluation committee recommended that the bid be awarded to Total Solutions based on its conformity and responsiveness to technical specifications.	Total Solutions offered 16 ⁰ c to 30 ⁰ c, evaluation committee commented that Orkon Construction was not compliant with temperature specifications and that Total solutions was. ➤ 6 suppliers purchased bid documents namely (Orkon Construction, Total Solution, International Pharmaceutical Agency, Auto Supplies, Brian Parris and General Marine Company) only 3 submitted bids. ➤ No actual bids seen. ➤ Recommendation was not signed approved by NPTAB or by the Ministry of Finance. Recommendation sheet was only signed by 2 board members.
5.	877/12	Supply & Installation of washer & Dryer for the laundry	Total Solutions	\$37,000,000	Michael H. Khan - CEO- Georgetown Public Hospital Corporation. R. Rambarran – Asst. Director of Finance –	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 29 May, 2012.	➤ No actual bids seen. ➤ Award stated 6 bidders whereas evaluation report states only 5. ➤ Recommendation was not signed approved by NPTAB or by the Ministry of Finance.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					Georgetown Public Hospital Corporation Mr. Dwight Parris – Mechanical Engineer, Ministry of Public Works	The bids submitted were: 1. The Hardware Depot- \$51,805,637. 2.International Pharmaceutical Agency - \$43,700,000 3.General Marine Company - \$36,649,000 4.Orkon Construction – 30,000,000 5.Total Solution - \$37,000,000 The evaluation committee recommended that the bid be awarded to Total Solutions, although General Marine Company complied with all the specification and offered the lowest price because it failed to provide evidence that its company was an established industrial/ commercial equipment supplier, its experience and the technical capacity, Manufacturers Authorisation, a warranty and a guarantee.	Recommendation sheet was only signed by 2 board members.
6.	936/12	Procurement of one new motor car	Beharry Automotive Ltd.	\$4,814,406	Michael H. Khan - CEO- Georgetown Public Hospital Corporation. R. Rambarran – Asst. Director of Finance –	The following suppliers were invited through Request for Proposal and Quotation to submit quotations for the Procurement of one motor car: The recorded quoted prices were:	➤ No actual bids seen. ➤ Georgetown Public Hospital has a policy of using the request for quotation method for the procurement of items costing between \$150,000 and \$300,000.

File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
				Georgetown Public Hospital Corporation Andrew Gomes – Transport Office – Georgetown Public Hospital Corporation.	1. Associated Industries Ltd (Ainlim) - \$ 6,000,000 2. Beharry Automotive Ltd. - \$4,814,416 3. Marics & Company Ltd. - \$7,357,460. Associated Industries Ltd (Ainlim) and Marics & Company Ltd. both failed to meet the spare parts availability on purchaser's country criteria. Beharry Automotive Ltd. was able to comply with all requirements as well as was the lowest bidder. Evaluation committee recommended award on this basis.	This is not in line with their policy. ➤ Beharry Automotive Ltd's GRA compliance was invalid but yet was given a pass in the Evaluation criteria. ➤ NPTAB Recommendation sheet was only signed by 2 members of the board. ➤ NPTAB approval sheet was not signed approved by NPTAB or the Ministry of Finance.
7.	1145/12	Procurement of specialized Laser for the Department of Ophthalmology	Alcon	\$9,901,500 (US \$48,000)	The following supplier was invited through Sole Sourcing to submit quotations for the Procurement of specialized Laser for the Department of Ophthalmology: 1. Alcon - \$9,901,500 (US \$48,000).	➤ This was directly sourced by Mr. Khan, on the basis that GPHC has previously had two Alcon lasers that were donated by the Chinese doctors that are no longer in working condition. ➤ Adequate justification for sole sourcing the equipment was not given. ➤ The hospital has a policy of sole sourcing

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
							<p>items below \$150,000, this is not in line with their policy.</p> <ul style="list-style-type: none"> ➤ NPTAB approval sheet was not signed approved by NPTAB or the Ministry of Finance. ➤ NPTAB Recommendation sheet was only signed by 2 members of the board.
8.	1294/12	Procurement of one new enclosed truck.	Car Clean Enterprise	\$6,150,000	<p>Michael H. Khan - CEO- Georgetown Public Hospital Corporation.</p> <p>R. Rambarran – Asst. Director of Finance – Georgetown Public Hospital Corporation</p> <p>V. Bhookmohan - Ministry of Education - Procurement officer</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 26 June, 2012.</p> <p>The bids submitted were:</p> <p>1.General Equipment Guyana Ltd. - \$8,645,387</p> <p>2.Orkon Construction - \$13,950,000</p> <p>3.Car Clean Enterprise - \$6,150,000</p> <p>Evaluation report stated that only 2 bidders were eligible. General Equipment Guyana Ltd. failed to provide evidence of financial capacity. Car clean</p>	<ul style="list-style-type: none"> ➤NPTAB recommendation sheet not signed approved by NPTAB or the Ministry of Finance.

File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					Enterprise offered the lowest bid and was awarded the contract.	
9.	3594/12	Procurement of Laboratory Supplies	<p>K.D Enterprise \$8,200,000</p> <p>International Pharmaceutical Agency \$14,359,779.92</p> <p>Meditron Scientific Sales \$11,418,100</p> <p>Health International Inc. \$9,130,853</p>	<p>Michael H. Khan - CEO- Georgetown Public Hospital Corporation.</p> <p>G. Munroe- Administrative Officer – Ministry of Education.</p> <p>T. Naraine</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 4 December, 2012.</p> <p>The bids submitted were:</p> <ol style="list-style-type: none"> Orkon Construction- 32,865,377 K.D Enterprise - \$13,400,000 International Pharmaceutical Agency- \$67,190,360 Meditron Scientific Sales - \$90,867,500 Health International Inc. - \$51,341,793 <p>Based on examination of bids by the evaluation committee Orkon Construction's bid was disqualified on the basis that it fail the Experience and Technical Capacity assessment.</p>	<ul style="list-style-type: none"> ➤ No technical capacity assessment was seen. There was no details showing how Orkon Construction failed the Technical capacity assessment. ➤ New GPC Inc. purchased a bid but made no submission. ➤ NPTAB awarded stated that there was only 4 bids whilst evaluation stated that 5 bids were received. ➤ Evaluation Report dated 2 months after the opening of bids. ➤ No NPTAB recommendation sheet in file.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
10.	236/13	Procurement of drugs	New GPC Inc. International Pharmaceutical Agency K.D Enterprise Geddes Grant	\$13,519,821 \$125,550 \$8,273,000 \$119,400	R. Rambarran – Asst. Director of Finance – Georgetown Public Hospital Corporation June Barry- Pharmacy Manager - Georgetown Public Hospital Corporation Anisah Khan – Pharmaceutical Coordinator - Georgetown Public Hospital Corporation	Suppliers were invited by method of restrictive/selective tendering to submit bids to the Procurement Department of the Georgetown Public Hospital Corporation , before 15:00hrs 18 January, 2013. The bids invited & submitted were: 1. New GPC Inc. - \$48,760,328 2. IPA - \$17,623,200 3. KD Enterprise- \$9,240,000 4. Geddes Grant - \$73,086,050 5. Pharmagen Enterprise - \$nil. Based on the Evaluation it was recommended the bid be awarded to New GPC, IPA, KD Enterprise and Geddes Grant on the basis of specifications, responsiveness and lowest bids.	<ul style="list-style-type: none"> ➤ Items were selected at higher prices due their immediate availability as they were urgently needed. ➤ GPHC has set a tender limit for their tender board at \$6,000,000. This tender carried out at GPHC is not within their specified limit. ➤ Bids not seen. ➤ No NPTAB recommendation sheet in files.
11.	1497/13	Completion of GPHC in patient facility	R. Bassoo and Sons Construction Company	\$93,607,691	Michael Khan – CEO – Georgetown Public Hospital Corporation I. Indarjit – CH&PA - Project Engineer J. Braithwaite - Ministry of Public	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 18 June, 2013. The bids submitted were:	<ul style="list-style-type: none"> ➤ Bid evaluation report incorrectly states the bid prices of Aura Engineering Company and R. Bassoo and sons construction company, one time stating that the bid for Auara Engineering is \$ 111,800,556 and R.

File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
				Works - Project Engineer, WSG	<p>1. Aura Engineering Company - \$111,800,556</p> <p>2. R. Bassoo and Sons Construction Company - \$ 93,607,691</p> <p>Based on the Evaluation it was recommended that the bid be awarded to R. Basso and sons' construction company for \$93,607,691 based on complete commercial and technical responsiveness and an acceptable market rate based on competitive work.</p>	<p>Bassoo \$93,503,441 and the next stating the bids as Auara Engineering \$93,503,441 and R. Bassoo \$111,800,556. We were not provided with the bids to confirm the correct figures.</p> <p>➤NPTAB recommendation sheet was not signed approved be NPTAB or the Ministry of Finance.</p>
1498/13	Supply & installation of water purification system	Total Solution	\$30,000,000	<p>Michael Khan – CEO – Georgetown Public Hospital Corporation</p> <p>I. Indarjit – CH&PA - Project Engineer</p> <p>J. Braithwaite - Ministry of Public Works - Project Engineer, WSG</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 18 June, 2013.</p> <p>The bids submitted were:</p> <p>1. Total Solution – \$30,000,000</p> <p>Based on the Evaluation it was recommended that the bid be awarded to Total Solutions based on conformity and responsiveness to technical</p>	<p>➤Recommendation was not signed approved by NPTAB or by Ministry of Finance</p>

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						specifications and it was the only bid received.	
12.	2210/13	Construction of Perimeter Fence	Bhola Nauth Ramraj General Contracting and Maintenance	\$6,074,500	Michael H. Khan CEO- GPHC B. Murli - Ministry of Public Works - Design Engineer F. Khan- Ministry of Home Affairs - Superintendent of Works	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 20 August, 2013. The bids submitted were: 1. SB Plumbing, Welding and General Construction - \$6,501,000 2. JPM's General Construction and Engineering Services- \$7,081,100 3. Vision General Construction Services- \$7,409,170 4. R. Bassoo and Sons Construction Company - \$12,754,600 5. Linton Nicholls Enterprise - \$7,573,000 6. Bhola Nauth Ramraj General Contracting and Maintenance - \$6,074,500 7. Eric Bess Construction - \$5,878,500. SB Plumbing, JPM's and Eric Bess were considered non-responsive as they failed to obtain passes in the	➤ When reviewing the bids, it was noted that the fid for Vision General Construction Services was missing. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						<p>Administrative and Technical assessments.</p> <p>Based on the evaluation, it was recommended that the bid be awarded to Bholu Nauth Ramraj General Construction and Maintenance on the basis of its complete financial and technical responsiveness and the lowest evaluated bidder.</p>	
13	2288/13	Procurement of 3,200 boxed glucometer strips	R.P Medical Import	\$12,800,000		<p>5 Suppliers were invited by Request for Proposal Quotation to submit quotations to Georgetown Public Hospital Corporation: Only 2 quotations submitted were:</p> <p>1. R.P Medical Import - \$12,800,000 2. New GPC Inc. - \$14,112,000</p>	<ul style="list-style-type: none"> ➤ No evaluation Report seen- there was no documented process of how the supplier was awarded the bid. ➤ Bid was awarded to supplier based on price alone, no technical, administrative or financial assessment seen. ➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000. ➤ Recommendation was not signed approved by

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
							NPTAB or by Ministry of Finance
14.	2657/13	Procurement of Sutures	K.D Enterprise	\$14,935,000		<p>4 Suppliers were invited by Request for Proposal/Quotation to submit quotations to Georgetown Public Hospital Corporation: Only 2 quotations submitted were:</p> <ol style="list-style-type: none"> 1. K.D Enterprise - \$14,935,000 2. New GPC Inc. - \$9,678,906 	<ul style="list-style-type: none"> ➤ No evaluation report seen. ➤ Detailed examination revealed that KD enterprise failed to provide expiration dates when quoting for the requested item. ➤ Justification given for the selection of the supplier quoting a higher price is that poor quality is supplied by New GPC and that KD Enterprises supplies the surgeon's preference, however no specific brand was requested. This justification is therefore not sufficient as GPHC could have asked New GPC to provide quotations for the brand of the surgeon's preference. ➤ NPTAB members failed to provide a recommendation on their recommendation sheet.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
							<ul style="list-style-type: none"> ➤ Recommendation sheet was not given approval by NPTAB or the Ministry of Finance. ➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000.
15.	3074/13	Procurement of drugs for Georgetown Public Hospital	New GPC Inc. Medpharm	\$41,777,215 \$2,100,000	<p>Michael H. Khan – CEO – Georgetown Public Hospital</p> <p>Anisah Khan-Pharmaceutical Coordinator-Georgetown Public Hospital</p> <p>Terrence Nariane-Procurement Specialist - Georgetown Public Hospital</p>	<p>3 prequalified suppliers were invited by method of restrictive/ selective tendering to submit bids to the Procurement Department of the Georgetown Public Hospital Corporation: The bids invited & submitted were:</p> <ol style="list-style-type: none"> 1. New GPC Inc. - \$41,777,215 2. IDA - \$894,638.18 3. Medpharm - \$2,100,000 <p>Based on the prequalification of supplier NPTAB#1793/2010, it is recommended that award is given to New GPC and Medpharm.</p>	<ul style="list-style-type: none"> ➤ 3 Prequalified suppliers were invited to provide quotations. Minutes only record 2 suppliers. ➤ No bids seen. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
16.	3376/13	Procurement of Medical Supplies	K.D Enterprise IPA	\$8,192,000 \$509,000		<p>4 Suppliers were invited by Request for Proposal Quotation to submit quotations to Georgetown Public Hospital Corporation: Only 2 quotations submitted were:</p> <p>1. K.D Enterprise - \$8,942,000 2. IPA - \$1,128,680.</p> <p>Items were on contract from New GPC Inc. but were not in stock at the requested time, stock was urgently needed. Bid was award for items on the earliest ETA basis.</p>	<ul style="list-style-type: none"> ➤ No evaluation report seen. ➤ Failure of New GPC Inc. to fulfil contracts on a timely basis ➤ GPHC is in breach of the Procurement Act 2003 section 27 (a) Before awarding a contract under this section, the procuring entity shall obtain and compare quotations from as many qualified suppliers or contractors as feasible, but not fewer than three. ➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance
17.	1280/14	Construction of decontamination facility	Simcon Engineering Company	\$7,113,712	Michael H. Khan CEO- GPHC	Suppliers were invited by Public Advertisement to submit sealed bids to the	<ul style="list-style-type: none"> ➤ No bids seen. ➤ Recommendation was not signed approved by

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					<p>D. Ramsingh- Ministry of Public Works - Senior District Engineer</p> <p>M. October - Ministry of Agriculture - Civil Engineer</p>	<p>Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 10 June, 2014.</p> <p>The bids submitted were:</p> <ol style="list-style-type: none"> 1. A & J Contracting Services -\$7,732,225 2. Alvin Chowramootoo Construction Services- \$9,396,035 3. Simcon Engineering Company - \$7,113,712 4. Bhola Nauth Ramraj General Contracting and Maintenance -\$7,149,588 5. Aura Engineering Company - \$7,608,508 <p>Based on evaluation it was recommended that the bid be awarded to Simcon Engineering Company, based on complete financial and technical responsiveness and being the lowest bidder.</p>	NPTAB or by Ministry of Finance
18.	1552/14	Enclosing of waste processing facility	A & J General Contracting Services	\$8,002,234	<p>Michael H. Khan - GPHC CEO</p> <p>D. Ramsingh- Ministry of Public Works - Senior District Engineer</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board</p>	<p>➤ Due to an incorrect calculation and an incorrect correction of Simcon's bill of quantities, A & J General Contracting services was awarded</p>

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					M. October - Ministry of Agriculture - Civil Engineer	<p>(NPTAB), not later than 9:00 hrs. 10 June, 2014. The bids submitted were:</p> <ol style="list-style-type: none"> 1. Bhola Nauth Ramraj General Contracting and Maintenance -\$9,835,705 2. Alvin Chowramootoo Construction Services-\$11,774,070 3.Simcon Engineering Company - \$7,556,626 4. A & J General Contracting Services - \$ 8,309,070 5.Aura Engineering Company - \$9,768,880 <p>Based on evaluation it was recommended that the bid be awarded to A & J General Contracting Services, based on complete financial and technical responsiveness and being the lowest bidder.</p>	<p>the bid as the lowest bidder.</p> <p>➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance</p>
19.	1553/14	Provision of the floor care and janitorial services	Cleaners R US	61,521,852	<p>Michael H. Khan - GPHC CEO</p> <p>D. Ramsingh- Ministry of Public Works - Senior District Engineer</p>	<p>Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 10 June, 2014. The bids submitted were:</p> <ol style="list-style-type: none"> 1. Cleaners R Us - 61,521,852 	<p>➤ No evaluation done for sole sourcing</p> <p>➤ GPHC did not adhere to their policy for the use of sole sourcing procurement method, which was only to be used for items costing up to \$150,000.</p>

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					M. October - Ministry of Agriculture - Civil Engineer		➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance
20.	1737/14	Procurement of one generating set 1250kva (100kw) 480 volts prime for the Georgetown Publication Inc.	Machinery Corporation of Guyana Limited	(US)\$ 219,074 \$46,443,688		The following supplier was invited through Sole sourcing to provide a quotation for the procurement of one generating set 1250kva (100kw) 480 volts prime for the Georgetown Publication Inc. 1. Macorp – (US) \$219,074	➤ Justification given for sole sourcing - Macorp has been maintaining the backup electrical system and has supplied the various electrical equipment for the past several years. ➤ No evaluation done for sole sourcing ➤
21.	2444/14	Procurement of one ultrasound system	Biomedical Technologies Ltd.	(USD) \$88,349		The following supplier was invited through Sole sourcing to provide a quotation for the Procurement of one ultrasound system. 1. Biomedical Technologies Ltd – (US) \$ 88,349	➤ No evaluation done for sole sourcing ➤ GPHC did not adhere to their policy for the use of sole sourcing procurement method, which was only to be used for items costing up to \$150,000. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance
22.	2757/14	Procurement of Sutures	K.D Enterprise	\$14,873,000		4 Suppliers were invited by Request for Proposal Quotation to submit quotations to Georgetown Public Hospital Corporation: Quotations submitted were:	➤ Under the procurement act 2003, using the request for quotations "Before awarding a contract under this section, the procuring

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						1. K.D Enterprise - \$14,873,000 2. New GPC Inc. – No quote 3. Pharmagen Enterprise –nil 4. IPA – No response.	entity shall obtain and compare quotations from as many qualified suppliers or contractors as feasible, but not fewer than three." GPHC only obtained one quotation. ➤Compliances not seen. ➤No evaluation report or technical assessment seen. ➤GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000. ➤Recommendation was not signed approved by NPTAB or by Ministry of Finance
23	3883/14	Procurement of surgical equipment	Skylar Instruments Andar International Inc. Bryden pi Limited	\$5,142,443 \$2,203,980 \$7,578,298		4 Suppliers were invited by Request for Proposal Quotation to submit quotations to Georgetown Public Hospital Corporation: Quotations submitted were: 1. Skylar Instruments- (US) \$82,299.72	➤GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						2.Andar International Inc. – (US) 60,992 3.Bryden pi Limited - (US) \$87,485.26	➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance
24	4091/14	Extension to the Maternity Building, South Block, GPHC	P. D Contracting	\$235,963,806	Michael Khan - CEO – GPHC G. Gilkes – Project Coordinator, GSWMP – Ministry of Local Government and Regional Development D. Ramsingh Senior District Engineer – Ministry of Public Works	Suppliers were invited by Public Advertisement to submit sealed bids to the Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 2 December, 2014. The bids submitted were: 1. R. Bassoo and Sons Construction Company - \$241,905,989 2. P.D Contracting - \$235,963,806 3. Nabi Inc. - \$293,249,289. Engineer’s estimate of \$258,039,438 was given. Based on the evaluation, it was recommended that the bid be awarded to P.D Contracting based on its complete financial and technical responsiveness and being the lowest bidder evaluated.	➤ 7 other suppliers, namely General Contractors Company Ltd, Ivor Allen, RP Construction Agency, Gupta Contracting Agency, Kares Engineering, M & P Investment and Akbar Construction purchased, bid documents but did not submit. ➤ Bids were not seen. ➤ No NPTAB recommendation sheet seen.
25	4236/14	Rehabilitation of Nursing School	Deokie Construction Company	13,396,740	Michael H. Khan - GPHC – CEO	Suppliers were invited by Public Advertisement to submit sealed bids to the	➤ Bids outstanding.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
					<p>S. Rahim - CHPA - Engineer</p> <p>S. James - GWI - Procurement Officer.</p>	<p>Chairman, National Procurement and Tender Administration Board (NPTAB), not later than 9:00 hrs. 2 December, 2014.</p> <p>The bids submitted were:</p> <ol style="list-style-type: none"> 1. Nabi Construction Inc.- \$22,262,394 2. General Constructions Company Ltd.-\$21,880,005 3. Simcom Engineering Company - \$17,769,948 4. Barron Exclusive - \$15,196,755 5. R. P Construction Agency - \$19,023,047 6. KV Contracting Services – 16,436,994 7. M & P Investment - \$13,264,056 8. Deokie Construction Company - \$13,396,740 9. Ayeni Hatton Construction Company - \$14,829,575 <p>Based on the evaluation it was recommended that the bid be awarded to Deokie Construction Company being the lowest bidder with adequate administrative, financial and technical responsiveness.</p>	<ul style="list-style-type: none"> ➤ XL Engineering also purchased a bid but did not submit any. ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
26	299/15	Procurement of Chemwell Reagents	Caribbean Medical Supplies Inc.	4,500,764		<p>Quotations were requested from 2 suppliers who are both representatives for the manufacturer.</p> <p>Quotations received: 1.Caribbean Medical Supplies Inc. - \$4,500,764 2.Antillean Clinical Lab Support Inc. - \$5,776,934.40</p> <p>Contract was awarded to the cheapest vendor.</p>	<ul style="list-style-type: none"> ➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000. ➤ GPHC is in breach of the Procurement Act 2003 section 27 (a) Before awarding a contract under this section, the procuring entity shall obtain and compare quotations from as many qualified suppliers or contractors as feasible, but not fewer than three.
27	960/15	Procurement of insulin and Eye Drop	K.D Enterprise Ansa McAl Trading	11,400,000 1,630,000		<p>The following suppliers were invited through Request for Proposal and Quotation to submit quotations for the procurement of insulin and Eye drop:</p> <p>Quotations submitted: 1.K.D Enterprise - \$11,400,000 2.New GPC Inc. - \$16,605,500</p>	<ul style="list-style-type: none"> ➤ K.D Enterprise offered no expiry date on their quotation. ➤ No evaluation report was seen assessing the eligibility of the suppliers. . ➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance.

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						<p>3. Ansa McAl Trading - \$14,530,000/ 4. Pharamagen Enterprise – nil 5. Health International Inc. – no response 6. IPA – No response 7. Global Healthcare – No response</p> <p>Items were urgently needed and therefore those immediately available were purchased.</p>	<p>➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000.</p>
28	1065/15	Procurement of pharmaceuticals	Health International Inc.	7,293,135		<p>The following suppliers were invited through Request for Proposal and Quotation to submit quotations for the procurement of pharmaceuticals: Quotations submitted: 1 Global Healthcare - \$26,405,900 2. New GPC Inc. - 3. IPA - 4. Health International Inc. – \$53,702,500</p> <p>Only items that was available immediately were purchased.</p>	<p>➤ IPA and New GPC Inc. were disqualified for the submission of expired compliances. ➤ Letter to NPTAB stated that procurement of pharmaceuticals was done by request for quotations whereas bid evaluation report stated it was done by open tendering. ➤ None of the bidders were present for the opening of the bids only staff members of GPHC. ➤ Bid was awarded to supplier who could supply immediately, there was no statement</p>

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
							<p>of urgency and this resulted in the contract being awarded for some items at higher prices.</p> <p>➤ GPHC did not adhere to their policy for the use of the request for quotation procurement method, which was only to be used for items between the cost \$150,000 and \$300,000.</p> <p>➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance.</p>
29	1099/15	Procurement of Laboratory Supplies	Global Healthcare Supplies Meditron Scientific Supplies Caribbean Medical Supplies	\$417,406 \$1,414,288 \$4,055,500		<p>The following suppliers were invited through Request for Proposal and Quotation to submit quotations for the procurement of pharmaceuticals:</p> <p>Quotations submitted:</p> <p>1 Global Healthcare - \$11,689,526</p> <p>2. Meditron Scientific Supplies -\$18,707,439.73</p> <p>3. Caribbean Medical Supplies- \$6,663,304</p> <p>4.New GPC Inc. –no bid</p>	<p>➤ Georgetown Public Hospital has a policy of using the request for quotation method for the procurement of items costing between \$150,000 and \$300,000. This is not in line with their policy.</p> <p>➤ Recommendation was not signed approved by NPTAB or by Ministry of Finance.</p>

	File #	Description of work	Contractor (s)	Contract Price	Evaluation Committee	Brief Notes	Findings
						<p>5.K.D Enterprise – no response 6.IPA - no response 7. Pharmagen Enterprise – no response.</p> <p>Contract was awarded to bidders with the lowest prices for individual items.</p>	
30	1745/15	Procurement of immunoglobulin injection	New GPC Inc.	6,301,200		<p>The following suppliers were invited through Request for Proposal and Quotation to submit quotations for the procurement of pharmaceuticals: Quotations submitted: 1. Global Healthcare – \$4,193,900 2.New GPC Inc. - \$7,495,000 3.Ansa McAl Trading - \$6,301,200</p> <p>Items were urgently needed for patients and therefore bid was awarded to the supplier who could supply immediately.</p>	<p>➤Georgetown Public Hospital has a policy of using the request for quotation method for the procurement of items costing between \$150,000 and \$300,000. This is not in line with their policy. ➤Recommendation was not signed approved by NPTAB or by Ministry of Finance.</p>

5.4 Appendix D

Importation of Drugs

Description	Manufacturer
<i>International pharmaceutical Agency:</i>	
Povidone Iodine Solution	New GPC Inc.
Infant Formula Stage 2 LAILAC	LAILAC
CIDEX Solution	Johnson & Johnson
Furosemide Injection	Ciron Drugs Pharmaceutical Pvt. Ltd
Isosorbide Mononitrate Tablet	Intas Pharmaceuticals Limited
<i>Health International Inc.:</i>	
Sterile Water Injection	Claris Life Science Ltd
Benzotropine Mesylate Injection	Labdhi Pharmaceuticals
Fluphenazine Injection	Rotexmedica GmbH Arzneimittelwerk
Benzathine Penicillin	CSPC Zhongnuo Pharmaceutical
Furosemide Injection	Ciron Drugs Pharmaceutical Pvt. Ltd
Gentamicin Injection	Guilin Pharmaceutical Co. Ltd
<i>Global Healthcare Supplies Inc.:</i>	
Cefuroxime Injection	Reyoung Pharmaceutical Co. Ltd
Clindamycin Injection	Terrace Pharmaceutical spvt Ltd
Isosorbide Tablets	Intas Pharmaceuticals Limited
Haloperidol Injection	Pharmafabrikan, Tamil Nadu
70/30 Insulin Injection	Eli Lilly & Company
Furosemide Injection	Ciron Drugs Pharmaceutical Pvt. Ltd
Furosemide Tablets	Medopharm, Maluri, India
Augmentin Injection	Kwality Pharmaceuticals Pvt. Ltd
Heparin Injection	Gland Pharmaceuticals Ltd.
<i>Overseas purchases:</i>	
Ac T 5diff Diluent	Beckman Coulter Inc.
Potassium	Pointe
DiaClon and Diluent	Diamed
Albumin	Reliance Life Sciences Pvt. Ltd

5.5 Appendix E

Top 5 suppliers for 2012	\$	%
New GPC Incorporated	1,150,226,269	69
Massy Gas Products Guyana Limited (DOCOL)	203,429,006	12
K D Enterprise	88,204,410	5
International Pharmaceutical Agency (IPA)	58,625,011	4
Antillean Clinical Lab Support Inc.	32,290,904	2
Total for drugs and medical supplies for 2012	1,670,892,000	

Top 5 suppliers for 2013	\$	%
New GPC Incorporated	957,832,119	52
K D Enterprise	286,170,638	16
Massy Gas Products Guyana Limited (DOCOL)	268,165,122	15
International Pharmaceutical Agency (IPA)	43,124,465	2
Inor Orthopaedics	26,815,763	1
Total for drugs and medical supplies for 2013	1,826,936,000	

Top 5 suppliers for 2014	\$	%
New GPC Incorporated	1,027,493,449	52
Massy Gas Products Guyana Limited (DOCOL)	345,802,800	18
K D Enterprise	280,073,350	14
Global Healthcare Supplies Inc.	70,779,601	4
International Pharmaceutical Agency (IPA)	37,260,001	2
Total for drugs and medical supplies for 2014	1,968,936,000	

5.6 Appendix F

Price comparison

GENERIC NAME OF DRUGS	DOSAGE FORM	STRENGTH	PACK SIZE	Unit Price GYD		
				GPHC	Comparator 1	Comparator 2
TABLETS/CAPSULES						
Amlodipine	Tablets	10mg	1000	11,836	7,140	6,602
Amoxicillin	Tablets	250mg	1000	2,524	5,200	4,338
Atorvastatin	Tablets	10mg	10	458	200	142
Atorvastatin	Tablets	20mg	20	1,262	404	382
Azithromycin	Tablets	250mg	6	184	400	246
B Complex	Tablets	17mg	1000	1,700	1,000	1,698
Bisacodyl	Tablets	5mg	1000	920	1,880	1,840
Bromocriptine	Tablets	2.5mg	10	904	430	566
Carisoprodol	Tablets	350mg	100	3,948	2,070	2,028
Cephalexin	Tablets	250mg	100	5,380	3,995	3,774
Cetirizine	Tablets	10mg	10	38	70	142
Diclofenac sodium	Tablets	50mg	100	122	270	306
Dimenhydrinate	Tablets	50mg	1000	13,448	5,000	4,246
Daflon	Tablets	500mg	30	7,020	1,900	1,628
Furosemide	Tablets	40mg	1000	758	3,500	3,708
Gliclazide	Tablets	80mg	200	2,320	3,512	1,754
Hydrochlorthiazide	Tablets	25mg	1000	652	4,500	4,236
Isosorbide dinitrate	Tablets	10mg	500	1,954	2,500	2,062
Omeprazole	Tablets	20mg	28	74	168	224
Paracetamol	Tablets	500mg	1000	830	1,480	1,406
Prochlorperazine	Tablets	5mg	1000	3,164	2,480	2,340
Ramipril	Tablets	5mg	10	566	120	114
Ranitidine	Tablets	150mg	60	218	420	284
Tramadol	Tablets	50mg	10	568	478	108
INJECTIONS						
Amikacin	Injection	500mg, 2ml	Each	718	200	264
Amoxicillin/Clavulanic acid	Injection	600mg/10ml	Each	392	460	278
Ciprofloxacin	Injection	200mg/100ml	Each	732	242	306
Depo-Medrol	Injection	40mg/vial	Each	896	595	656
Hydralazine	Injection	20mg	5	4,778	2,500	2,358

GENERIC NAME OF DRUGS	DOSAGE FORM	STRENGTH	PACK SIZE	Unit Price GYD		
				GPHC	Comparator 1	Comparator 2
Hyoscine butylbromide	Injection	20mg/2ml	100	2,464	6,000	5,660
Noradrenaline	Injection	4mg	Each	1,132	73	920
Streptokinase	Injection	1.5mu	Each	18,242	15,500	14,622
PARENTERAL INTRAVENOUS SOLUTIONS						
Dextrose Saline	IV Infusion	5% + 0.9% 1000ml	Each	462	270	278
LIQUIDS/SOLUTIONS/OINTMENTS/CREAMS						
Azithromycin	Suspension	200mg/5ml, 15ml	Each	164	295	278
Co-trimoxazole	Suspension	240mg/5ml, 100ml	Each	98	165	156
EYE-DROPS/EYE OINTMENTS						
Pilocarpine	Eye Drop	2%, 5ml	Each	480	1,175	1,108
NEUROPSYCHIATRIC DRUGS						
Chlordiazepoxide	Tablets	10mg	1000	9,024	10,950	12,264
Fluoxetine	Tablets	20mg	10	66	163	151
Phenytoin sodium	Injection	100mg/2ml	Each	1,830	200	189
ANTI-CANCER DRUGS						
Ondansetron	Injection	4mg/2ml	Each	270	164	58
INJECTIONS						
Amiodarone	Injection	150mg/3ml	Each	1,104	639	1,226
Propofol	Injection	200mg/20ml	Each	2,038	1,630	1,142
Vecuronium	Injection	4mg/2ml	Each	442	850	679
SOLUTIONS/LIQUIDS						
Halothane	Solution	250ml	Each	4,780	8,409	6,604
Morphine	Injection	10mg/ml	Each	96	250	189
PARENTERAL/ IV SOLUTIONS						
Mannitol	IV Solution	20%, 500ml	Each	442	255	830
INJECTIONS						
Calcium gluconate	Injection	100mg/ml, 10ml	Each	34	67	32
Depo- Provera	Injection	150mg/ml	Each	2,236	495	656
Hyoscine butylbromide	Injection	20mg/2ml	100	2,464	6,500	5,660
Imipenem	Injection	500mg	Each	4,114	3,748	3,399

A rate of exchange of \$200 GYD to \$1 USD was used to convert priced stated in US dollars.

5.7 Appendix G

Actual current expenditure

		2012	2013	2014	2015 May
6111	Administrative	4,456,193	4,473,176	4,683,738	1,957,010
6112	Senior Technical	107,796,636	125,537,055	159,819,651	68,109,863
6113	Other Tech. & Craft Skill	247,736,723	273,051,285	308,225,218	138,675,094
6114	Clerical & Office Support	107,157,181	114,422,514	133,876,065	58,372,896
6115	Semi-Skilled Operat&Unski	307,259,005	333,276,772	368,839,652	155,422,972
6116	Contracted Employees	735,681,219	880,502,009	1,015,459,258	473,895,175
6131	Other Direct Labour Costs	110,119,415	138,494,088	189,083,943	83,204,406
6133	Benefits & Allowances	113,935,428	122,947,715	131,569,997	110,140,726
6134	National Insurance	85,398,941	100,419,794	120,623,993	53,119,263
6221	Drugs & Medical Supplies	1,670,892,000	1,826,936,000	1,968,936,000	744,119,009
6222	Field Material & Supplies	850,640	1,033,775	1,078,292	132,636
6223	Office Materials & Supplies	9,817,411	10,208,802	14,792,014	3,095,113
6224	Print & Non-Print Material	10,720,364	12,000,000	13,600,171	4,465,618
6231	Fuel and Lubricants	68,917,490	89,037,803	114,769,063	22,686,539
6241	Rental of Buildings	18,238,548	20,985,810	16,532,284	6,882,340
6242	Maintenance of Buildings	35,945,165	39,960,313	34,545,913	8,729,771
6243	Janitorial & Cleaning Supplies	29,893,969	34,305,479	31,497,639	5,380,728
6255	Maint of Other Infrastructure	4,043,912	4,027,081	4,039,844	561,978
6261	Local Travel & Subsistence	771,960	544,790	868,745	283,840
6263	Postage Telex & Cablegram	39,040	36,000	40,803	-
6264	Vehicle Spares & Maintenance	6,441,618	6,212,182	6,687,298	2,256,060
6271	Telephone Charges	6,516,231	7,414,073	7,036,150	2,931,729
6272	Electricity Charges	381,240,000	308,285,000	148,099,781	61,708,242
6273	Water Charges	31,711,000	34,687,000	34,960,000	7,000,000
6281	Security Services	18,997,533	1,058,400	22,538,200	9,754,800
6282	Equipment Maintenance	119,716,292	138,414,502	146,211,161	42,262,760
6283	Cleaning & Extermin Svcs	40,076,540	41,138,621	52,260,000	26,042,664
6284	Other	95,105,224	127,581,387	132,554,889	47,664,587
6291	National & Other Events	784,858	1,664,833	1,386,382	565,887
6292	Dietary	64,151,058	67,188,742	67,251,891	22,451,314
6293	Refreshment and Meals	3,409,471	4,154,453	3,907,729	864,836
6302	Training (incl. Scholar's)	15,077,903	24,964,343	33,494,122	12,747,558
	Grand Total	4,452,898,968	4,894,963,797	5,289,269,886	2,175,485,414

6 Exhibits