

# **MINISTRY OF FINANCE AND THE ECONOMY**

## **INVESTMENTS DIVISION**

### **Central Audit Committee**



## **FINAL REPORT OF THE CENTRAL AUDIT COMMITTEE ON THE COMPREHENSIVE AUDIT OF THE PAYMENT SYSTEM OF THE LIFESPORT PROGRAMME**

**July 25, 2014**



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**1.0 OVERVIEW OF CONCLUSIONS**

1.1 The review indicates that:

- (i) There were widespread breaches of proper procurement practices;
- (ii) The approval given by Cabinet was not strictly adhered to;
- (iii) Persons at the coordinating level may have been involved in criminal activity;
- (iv) There were several instances of fraudulent activity by suppliers to the Programme;
- (v) There may have been widespread theft of equipment from the Programme;
- (vi) There may have been breaches of the Proceeds of Crime Act;
- (vii) Exorbitant and questionable payments were made in several instances; and
- (viii) There was poor control and monitoring of the Programme by the Ministry of Sport.

1.2 Given the widespread nature of the breaches, it is difficult to understand how they went unnoticed by the Ministry of Sport. Consideration has to be given to whether there was complicity by officers of the Ministry. For example, the entire payment of \$34 m to EBeam Interact Limited was made notwithstanding that external attorneys advised that there may have been grounds to contest and resist the final payment.

1.3 It is recommended that the entire matter be turned over to the Director of Public Prosecution and the Commissioner of Police to prosecute the several breaches identified.

## **2.0 ENTITY**

2.1 The Ministry of Sport designed the LIFE-Sport (LS) Programme to induce unemployed young men to get involved in sport, in order to redirect their lives into productive activities and positive engagements. Cabinet by Minute No. 2312 of August 30, 2011 agreed to the implementation of the LS Programme by the Ministry of Sport (MOS) through the Sport Company of Trinidad and Tobago (hereinafter referred to as 'SporTT' or 'the Sport Company'). This Programme which was launched on June 18, 2012, commenced August 6, 2012. It is currently being conducted in forty three (43) centres throughout Trinidad for young men between the ages 16-25.

2.2 The objective of this Programme is to reduce crime in Trinidad. The intention is to bring about social transformation in the lives of young men joining the Programme by strengthening their cognitive, personal and interpersonal abilities. It is expected that these young men will then be able to make informed decisions, manage their finances, communicate effectively and build healthy relationships.

## **3.0 MANDATE**

3.1 Based on recent negative media reports about the LS Programme, the Central Audit Committee was mandated by the Permanent Secretary of the Ministry of Finance and the Economy on directive from the Minister of Finance and the Economy to conduct an operations audit of the LS Programme with emphasis on the payment system.

## **4.0 AUTHORITY**

4.1 The Central Audit Committee, which was established by Cabinet Minute 1266 dated September 2001 and is also empowered by same as well as by Section 4(2) of the Exchequer and Audit Act.

## **5.0 ASSIGNMENT**

5.1 To conduct an audit of the operations of the LS Programme with emphasis on the payment system from its inception to the present.

## **6.0 SCOPE**

6.1 The audit included but was not limited to the examination of all relevant books and records of the LS Programme from its inception to the present time.

## **7.0 METHODOLOGY**

7.1 Central Audit reviewed all available documents and records with respect to payments made from the inception of the programme. **Most of the documents from February 2014 to present have not been yet seen even though numerous requests have been made.** Further, to substantiate and reconcile the level of activities to the payments made, the following Centres were selected for review during the period June 11, 2014 to June 13, 2014:-

- (i) June 11, 2014 – Marabella, Pleasantville (previously Embacadere), La Romain, Penal, Siparia, Santa Flora, Point Fortin and La Brea Centres;
- (ii) June 12, 2014 – John John, St Paul Street, Beetham Gardens, Barataria, Malabar Train Line 1 and Malabar Train Line 2 Centres, Carapo and Valencia; and
- (iii) June 13, 2014 – Carenage, Cocorite, Four Roads, Bagatelle, Covigne Road, River Estate, Enterprise and Tabaquite Centres.

7.2 Additionally, the Barataria, Maloney, Malabar, Pinto Road and La Horquetta Centres which were also visited prior to June 2014, were revisited on Wednesday June 18, 2014.

7.3 The following persons were interviewed:

- (i) Mr Theodore Charles, Assistant Programme Director (Administration); also in attendance were Mr. Ronnell Barclay, Project Manager, Mr. Cyril Berkley and Junior Barrack from the Programme's Placement Unit;
- (ii) Mr. Cornelius Price, Programme Director;
- (iii) The Board of Directors of SporTT;
- (iv) Mr. John Mollenthiel, Ex-CEO SporTT;
- (v) Mr. Anil Roberts, Honourable Minister of Sport;
- (vi) Mr. Ashwin Creed, Permanent Secretary, MOS;
- (vii) Mr. Adolphus Daniell, President / CEO of EBeam Interact Limited;
- (viii) Several unsuccessful attempts were made to interview Ms Ruth Marchan the Deputy Programme Director; and
- (ix) In addition several relevant documents were presented to the Auditors by the Honourable Minister of National Security.

## **8.0 OBJECTIVES**

8.1 To ensure adequate controls, accountability and transparency exist in the LS programme and to ascertain whether expenses incurred were accurate and in accordance with the approved payment system.

## **9.0 EXECUTIVE SUMMARY**

### **9.1 *Payment Process***

**Initial payments were paid in cash to participants. This meant that there could be little verification or control over the payments.**

9.1.1 When the LS Programme officially started in August 2012 it was initially overseen by SporTT. This changed with effect from January 1, 2013 when full control of the programme was transferred to the MOS. SporTT however was retained to facilitate payment or as a 'payment provider'.

9.1.2 Payments were made either by cheques or via the Automated Clearing House (ACH) System. Central Audit was informed that during a short period in 2012 cash payments were made to participants.

9.1.3 The decision to pay in cash was taken after it was discovered that numerous participants had no bank accounts and/or any form of identification to cash cheques. It was possible that major discrepancies could have occurred between those who should have been paid and those who were actually paid. The problem was subsequently resolved and Central Audit verified that participants have been receiving payments since October 2012 either via the ACH system or by separate cheques. However, Central Audit was not able to verify if the list of participants to be paid was consistent with the list of participants actually paid through the ACH system.

### **9.2 *Centres***

**The Ministry of Sport increased the number of LS Centres without Cabinet's approval. Several of these Centres could not be located.**

9.2.1 Cabinet by Minute No. 2312 of August 30, 2011 agreed to the implementation of the LS Programme in thirty-three (33) centres throughout Trinidad by the Ministry of Sport (MOS) through the Sport Company of Trinidad and Tobago (SporTT). Subsequently, ten (10) centres were added to the programme. Central audit was informed that of the ten (10) centres added, three (3) existing centres were downsized to thirty (30) participants each to accommodate three (3) additional centres, also with thirty (30) participants each. Of the other seven (7) centres, two (2) were introduced with sixty (60) participants each, and five (5), with thirty (30) participants each.

9.2.2 Central Audit was informed that the decision to start a LS Centre in a community was based on the recommendation of residents within the communities via their respective parliamentary representatives. However, no correspondence to this effect was seen.

9.2.3 It was discovered that some of the recently introduced centres do not have a fixed or proper place to operate. For example, Central Audit discovered that the Four Roads and Cocorite Community Centres, out of which the Four Roads and Cocorite LS Centres were supposed to be operating, have never been used.

9.2.4 Similarly, Central Audit was unable to locate Malabar Train Line 1 and 2, Beetham Gardens and Covigne Road LS centres when a visit was made to the listed addresses. It was also discovered that some of the older centres are still operating out of churches, pan-yards and savannahs.

### 9.3 *Coordinators*

**The Coordinators seem to have criminal records which made them unsuitable as role models for the participants.**

9.3.1 One (1) coordinator was contracted for each of the forty three (43) LS Centres with specific responsibilities for the operations of the LS Programme. Central Audit was informed that individuals in the communities who would have significant influence over the target group of young men were recommended by their respective communities. These individuals were subsequently contracted as coordinators. However from the list at Appendix 2 the contracts were given to contracting firms which was not as envisaged when the programme was first conceptualised and approved by Cabinet.

9.3.2 During the field visits, personnel from the police service who provided protective escort to officers of the Central Audit Committee expressed concern about certain individuals who were contracted as coordinators for specific centres. **These officers have alleged that a few such individuals in the East/West corridor are currently under police surveillance for illegal activities in their relevant areas.**

9.3.3 The police officers were also very apprehensive whether such individuals can reform the participants under their watch when they themselves may still be involved in criminal behaviour. One of the officers strongly believed that the Cocorite, Four Roads and Covigne Road centres may have some sort of allegiance with the Carapo centre. Central Audit could not verify whether any such allegiance exists.

#### 9.4 *Coaches*

**The number of coaches being paid is greater than the actual number of coaches who are actually working on the programme which suggest a real possibility of fraud.**

9.4.1 From the inception of the Programme, it was agreed that four (4) coaches would be hired for each of the centres that has an approved enrolment of sixty (60) participants. A minimum of one (1) coach was to be contracted for each of the three (3) sporting disciplines of football, cricket and basketball with an additional coach in each centre to assist in the sporting discipline that holds the interest of the largest number of participants. Centres with an enrolment of thirty (30) participants on the other hand should have two (2) coaches (one (1) each for football and basketball) with the exception of River Estate Centre which has three (3) coaches.

9.5 Discrepancies were discovered with respect to the number of coaches performing the duties and the number of coaches actually being paid. According to the accounting records the full complement of coaches has consistently been paid but what was discovered during the site visits was that several coaches were not actually performing the duties for which they were hired.

#### 9.6 *Participants*

**The review of attendance reveals several irregularities. There is a high possibility that the total number of participants being paid was significantly higher than the number of participants who actually attended the programme.**

9.6.1 The LS Programme which was launched on June 18, 2012 and commenced August 6, 2012 started in thirty-three (33) centres throughout Trinidad for young men between the ages 16-25. At that time, all the centres were approved to have an intake of not more than sixty, giving a maximum total enrolment of 1,980 participants.

9.6.2 Subsequently the total enrolment increased to 2,250 participants without Cabinet's approval.

9.6.3 Examination of the payment documents for June revealed several instances where stipends were made to participants without proper approvals and supporting documentation.

9.6.4 Additionally, during the visit to centres, it was noted that the number of participants present was less than the number of participants who signed the daily attendance register and even less than the number of participants submitted for the

monthly stipend. In many instances participants were signing on behalf of other participants.

## 9.7 *Catering Services*

### **A number of irregularities were observed involving catering services.**

9.7.1 As at June 2014, forty-three (43) caterers were contracted to provide meals to participants at a cost of twenty-five dollars (\$25.00) per breakfast and forty-five dollars (\$45.00) per lunch.

9.7.2 During the visits to various LS centres it was discovered that in most cases the amount of meals catered far exceeded the amount of the average daily attendance of participants. In one instance Central Audit actually observed the delivery of the lunches. The caterer delivered the lunches without beverages in small lunch boxes, which normally retail for less than thirty dollars (\$30.00) each in most fast food shops. Checks however revealed that the caterer claimed and was paid for the full sixty-five breakfasts and sixty-five lunches for nineteen days in the month of June 2014. What was more instructive was that the invoices submitted by the majority of the caterers were almost always equal to the full participants' enrolment, notwithstanding the level of absenteeism observed in the programme.

9.7.3 It was discovered that this was encouraged by both the past and current Directors of the LS Programme, Mr Henry Charles and Mr Cornelius Price respectively. They both insisted that the caterers must be paid for the number of meals as per the contracts.

## 9.8 *Janitorial Services*

### **Payment of the janitorial services appeared exorbitant, questionable and fraudulent in many cases.**

9.8.1 Mr. Theodore Charles, the current LS Assistant Programme Director (Administration), informed that contracts were awarded for janitorial services from a pre-qualified list of contractors provided by the MOS. This resulted in a finite number of contractors being used throughout the Programme, with contractors being awarded contracts for more than one centre. It should be noted that contractors were hired to conduct janitorial services for almost all the centres. Commencing January 2014 contractors were awarded Janitorial Service Contracts for nine (9) months at \$45,000.00 per month VAT exclusive.

9.8.2 Invoices showed the purchase of large quantities of janitorial supplies for the Programme. Discussions with Mr. Ronnell Barclay, LS Project Manager revealed

that janitorial supplies were purchased and distributed to the various LS Centres prior to the engagement of janitorial contractors.

9.8.3 Examination of invoices revealed that the scope of works submitted by these contractors were the same regardless of the dissimilarity of the individual state of affairs of the Centres. **Examination of the items claimed for works performed appeared to be inflated and duplicated.** For example, an invoice from Kardian Construction and Property Management was paid \$113,330.00 by cheque #2892. An extract, which suggest that the invoices from Kardian may be padded, is shown as follows:

<b>Particulars</b>	<b>Carapo</b>	<b>Pinto</b>	<b>La Horquetta</b>
Empty all trash containers, <u>replace all garbage bags</u> , remove from centre	2,700.00	2,750.00	2,700.00
<u>Replace all garbage bags</u> in all bins also wash sanitize and clean all bins as required	3,000.00	2,850.00	2,850.00

9.8.4 The description suggests duplication in the service with two separate prices invoiced.

9.8.5 In addition, examination of the above revealed an invoice related to cleaning services at Carapo Community Centre in the amount of \$37,900.00. It should be noted that these participants are housed under tents, and as such, the provision of cleaning services needs further investigation as these cost may be exorbitant and questionable.

9.8.6 A site visit on June 11, 2014 to Point Fortin revealed that the programme has been operating from the Fanny Village Pavilion since August 2013 (9 months) which is located next to the community centre.

9.8.7 Despite this, substantial payments were made to Richie's General Contractors Limited for janitorial services in the amount of \$51,750.00 on two occasions. Taking into account the location (a pavilion) it is questionable as to the relevance of the janitorial payments.

9.8.8 Renaissance Developers Limited (RDL) submitted two (2) invoices dated August 2013 for janitorial services at the Maloney Centre. Both invoices had the same invoice number (#0103) and were for works provided during the same period that is

August 2013. However, the amounts billed were different and were subsequently paid by cheques #3170 and #3322 dated September 2 and 12, 2013 respectively.

9.8.9 It was observed during visits to various centres that basic janitorial services were required with usually one (1) classroom, the washroom area and in some instances an office area to be cleaned. Further, in some centres, it was observed that there was very little if any need for janitorial services which cost the Programme over one (1) million dollars per month. At one centre, Central Audit was informed by a cleaner that she was hired by an official from the LS Programme and gets paid monthly in cash from said official.

#### 9.9 *Maintenance of Recreation Grounds*

**Similar to janitorial services, several instances of exorbitant, questionable, and possible fraudulent payments were observed.**

9.9.1 Mr. Theodore Charles, the current LS Assistant Programme Director (Administration), informed that contracts were awarded for maintenance works from a pre-qualified list of contractors provided by the MOS. This resulted in a finite number of contractors being used throughout the Programme, with contractors being awarded contracts for more than one centre. Central Audit noted several instances where companies contracted to provide maintenance works did not submit tax invoices. Commencing January 2014 contractors were awarded nine (9) month contracts for Field Maintenance Works at a cost of \$68,000.00 per month VAT exclusive.

9.9.2 The scope of works and costs relating to the maintenance of recreation grounds appears to be excessive and may have been overstated. These concerns were confirmed when the various centres were visited; major discrepancies were observed with respect to invoices submitted by these contractors.

9.9.3 For instance, refurbishment, upkeep and maintenance contracts were awarded to Reno Energy Company Ltd (Reno). It was observed payments were made to Reno for \$199,582.50 on three occasions; however no invoices were provided to support these payments.

9.9.4 The review of payments for maintenance works revealed that even though the award of contracts was based on the lowest price submitted several contractors won awards even though their bids were not the lowest.

9.9.5 Several invoices from Reno were signed by Jolene Legere and affixed with the Company's stamp. Central Audit noted that Jolene Legere was also a contracted caterer attached to the Enterprise LS Centre. The signature on the Reno invoice and the signature from a catering invoice submitted by Jolene Legere appeared identical. This

defeated the stated purpose of encouraging many small entrepreneurs to be involved in the Programme.

9.9.6 Central Audit also noted numerous invoices submitted by Reno and SOS (West Indies) Ltd. (SOS) dated February 28, 2013 and March 31, 2013 which shared similar invoice numbers even though the periods being invoiced, the grounds being maintained and amounts charged were all different. Further, both companies shared a common director, Mr James Dedier, the same fax number and had a similar pattern of invoice numbering.

9.9.7 Nasser Khan Construction and Engineering Ltd (NKC) was paid for maintenance works conducted during July 2013 at the La Brea Recreation Ground. However, Mr. Ronnell Barclay, LS's Project Manager stated the company had no contract for conducting said works. Apparently NKC was maintaining a ground at the wrong location.

9.9.8 Both Lenco Construction Ltd and SOS (West Indies) Limited were paid for painting/maintaining all lines to the Sobo Village Basketball Court for July 2013.

9.9.9 Discussions with LS Programme Coordinators/Supervisors during the various site visits revealed that recreations grounds used by the centres are maintained by the respective Borough/Regional Corporation. However, invoices/payments were seen from contractors for maintenance works at the said grounds.

#### 9.10 *Refurbishment of Community Centres*

**A number of irregular payments were observed for the refurbishment of community centres.**

9.10.1 HartStone Construction Company Ltd and Agro Aggressive Business Organisation and Maintenance Services Limited submitted invoices for the refurbishment of two (2) Centres. VAT registration numbers were not seen on both invoices although VAT was computed on the invoiced amounts.

9.10.2 Mr. Kieron Edwards was reimbursed \$10,493.00 for building materials purchased for the refurbishment of the Pinto Road Centre. However, the invoice submitted in support of the reimbursement appeared questionable as it was not dated and stamped as being "PAID".

9.10.3 The Point Fortin LS Programme operates out of the Fanny Village Community Centre. The Centre was refurbished during August/September 2013. However, even though the refurbishment works was completed over nine (9) months

ago the Programme continues to operate out of the Fanny Village Recreation Ground Pavilion as the Community Centre does not have electricity.

#### 9.11 *Rental / Purchases*

**There is evidence of theft and fraud in a number of instances where the rental and purchase of items were concerned.**

9.11.1 A documented cost benefit analysis was prepared regarding buying or rental of chairs and tables. The purchasing option was the more economical option and in some instances the relevant purchases made. However, it is believed some centres were not in receipt of the total number of pieces of furniture allocated to them and they continued to rent from other sources.

9.11.2 The providers of tables, chairs, tents and portables were D.C. Tent Rentals (Davoughn Cummings) and Densil Collins Auto Repairs and Rental (Densil Collins) who had no formal contracts.

9.11.3 Value for money was not being achieved as exorbitant amounts are being paid monthly for the rental of these items when it was abundantly clear that purchasing the items was the more economical option. In addition, transparency was lacking as it was difficult to verify the services for which payments were being made. Weaknesses in the approval and payment processes were also evident.

9.11.4 On April 30, 2014 Davoughn Cummings was reimbursed \$98,000.00 for items which he claimed were destroyed during a Police raid in February 2013.

9.11.5 It should be noted that cheque #9919 for \$98,000.00 was originally prepared on April 24, 2013 and was cancelled and re-issued on April 30, 2014. However, the invoice was dated and certified on April 30, 2014. This shows a weakness in the internal controls as a cheque was prepared prior to the invoice date.

9.11.6 It should also be noted that the reimbursement was not formally authorised. Mr. Price was advised by the Minister's Advisor to approve the payment. He also indicated that there was a police report. However, no report was presented to Central Audit.

9.11.7 On November 11, 2013 Mr Cummings was paid \$50,000.00 for the supply of eight (8) twenty-five (25) seater maxi-taxis and two hundred (200) meals (breakfasts, lunch and drinks) for a trip from Malabar to Guayaguayare. The cost of a meal supplied

by Mr Cummings was \$40.00 higher than what was being paid to caterers of the LS Programme.

9.11.8 It is noteworthy that the review of the General Ledger revealed that for the periods 2012 to 2013 and 2013 to 2014, payments of \$3,416,900 and \$2,173,325 respectfully were paid to Davoughn Cummings of D.C Tent Rentals. For both periods the payment totalled \$5,590,225.00. Given that these payments are for the rental of tents, chairs and portable toilets, they appear to be very excessive.

9.11.9 The second supplier for rental of table and chairs was Densil Collins. For the period August 2012 to October 2013, sixty (60) chairs and twenty-five (25) tables were rented to Angostura Centre. Substantial amounts were being paid for rental however a field visit to this centre revealed that the number of chairs and tables located at the centre were significantly less than what was invoiced and paid for. In addition, Densil Collins submitted invoices related to Barataria, Morvant and Mt. Dor centres.

9.11.10 Cheque #2444 valued \$232,760.00 was received, as part payment, by Tropical Tent Rentals Ltd for the supply of tables and chairs (purchased) for the LS Programme. The invoice submitted totalled \$465,520.00. The allocation of these items could not be ascertained as a result of incomplete and/or lacking records.

9.11.11 Cheque #5156 valued \$2,379,605.00 was received by Going All Out Event Planners as payments for rental of high tech surveillance equipment for the period May 2013 – Sept 2013. Over the period August 2013 – October 2013 this same company rented billboards, PA systems, and conducted mini community competitions. In addition a number of invoices were also submitted for consultancy and video production totalling \$376,300.00. The practical value of these expenses could be not be ascertained.

9.11.12 The invoices neither detailed which centres the service pertained too nor displayed any VAT registration number. Given the value of these contracts the companies exceeded the legal VAT threshold. Additionally, no documentation relating to the tender and award of the contracts stated above was seen.

9.11.13 Interior Concepts Limited was paid \$820,900.00 to supply heavy duty multi-function photocopiers and ninety-seven (97) desktop computers for the LS Programme, 2013. However, it was discovered on the site visits that the centres had no such computer equipment. Discussions held with Mr Theodore Charles to ascertain the existence of these desks tops computers, revealed that only three could be accounted for.

9.11.14 21st Century Computers Inc Limited was paid \$998,500.00 for the supply of two hundred (200) laptop computers for the LS Programme 2013. No computers

and/or equipment were physically located at the centres visited. Enquiries with Mr Theodore Charles revealed that seventy (70) laptops were accounted for.

9.11.15 Lewide Company was paid \$986,866.55 for the supply of Computer Repair Kits for thirty-nine (39) LS Centres. However, the site visits conducted revealed that no such equipment existed at any of the centres visited.

9.11.16 Cheque #9918 valued \$48,500.00 was paid to Rishazz Marketing related to the provision of communication and marketing services for the month ending April 2014. An invoice for the month ending June 2014 was also submitted valued \$48,500.00.

9.11.17 The details of the invoice relate to the following:

- Collection of Data & Achievement of LS Programme;
- Local Community Advertising;
- Published Positive Achievements of Participants; and
- Site Visit to Various Centres.

9.11.18 Examination of summary reports submitted on a monthly basis brought to the forefront the question of whether value for money was being achieved as no substantial work was evident. The reports were also lacking in detail and contained photographs which were photocopied and repeated as images from different centres.

9.11.19 It appeared that proper tendering and procurement procedures were not followed in the selection of Epic Sports Plus (ESP), Kadeem & Associates, Hercules Enterprise Caribbean Ltd. and All U Need Ltd., for the provision of goods and supplies. Also, from the invoices submitted it appeared that the aforementioned companies were not VAT registered, although the value of the contracts exceeded the legal VAT threshold.

9.12 *Vocational Training (Trade Component)*

**Payments were made for services not received and these may constitute a breach of the Proceeds of Crime Act.**

9.12.1 An amount totalling \$5,619,250.00 was paid to Allsnorth General Contractors, Re Construction and Repairs Limited, Scobex Tech Limited, Kadeem & Associates Ltd. and McKain Enterprises Ltd for the provision of vocational training. Mr. Theodore Charles, Mr. Ronnell Barclay and Mr. Cyril Berkeley could not provide any details on the tender and award processes. Centres visited revealed that the Vocational Training Component was never implemented.

9.12.2 All the companies listed above submitted invoices which did not have VAT registration numbers displayed. Based on the value of the said invoices, they all exceeded the legal VAT threshold and it is mandatory that they are registered with the Board of Inland Revenue. This constitutes a violation of the Proceeds of Crime Act.

9.12.3 Both Mr. Theodore Charles and Mr. Cyril Berkeley stated vocational training was implemented at the Larry Gomes Stadium.

9.12.4 It was stated by Mr Theodore Charles that currently fibre optics, security camera installation and electrical installation classes were being conducted at the Larry Gomes Stadium. These classes were allegedly attended by participants of the Malabar, Samaroo Village, Valencia, Carapo and Pinto LS Centres.

9.13 *EBeam Interact Limited*

**A payment of Thirty Four Million Dollars (\$34,000,000.00) was made to EBeam Interact Limited although no services were rendered and the external attorneys suggested that the matter should be contested.**

9.13.1 On December 6, 2012, by signed agreement, the Sports Company of Trinidad and Tobago Limited (SporTT) retained the services of EBeam Interact Limited (EBeam) to provide, by way of integrated interactive technology, the numeracy and literacy component to the participants of the LS Programme. The contract amount was agreed at TT \$34,000,000.00 with a planned commencement date of December 6, 2012 and a projected completion date of September 30, 2014. To date that component of the programme has not started. However, the payment of \$34,000,000.00 was made to EBeam.

9.13.2 Central Audit was informed that E-Beam was sole selected mainly because of the company's President/CEO, Mr Adolphus Daniell's track record as an educator with respect to individuals who have struggled academically.

9.13.3 According to the contract, it was agreed that SporTT shall pay to EBeam the sum of seventeen million dollars (TT \$17,000,000.00) which represented fifty per cent (50%) of the fee, contemporaneously with the signing of the agreement and the remaining fifty per cent (50%) on September 2, 2013. Central Audit confirmed however that the first payment was made by cheque number 2185 dated June 14, 2013 and the second payment by cheque number 7997 dated February 11, 2014.

9.13.4 Ms Dawn Mohan, current Corporate Secretary of SporTT, however stated that since the Numeracy and Literacy Component had not started by EBeam, for which it was contracted, legal advice on whether to pay EBeam the second payment as per the terms of the contract was sought. Two pieces of legal advice were received, one from Ms Lisa Solomon, the then Head of Legal of SporTT and the other from J.D. Sellier & Company. The opinion from J. D Sellier suggested that measures, including arbitration be explored to avoid having to make the payments (appendix 23-1)

## **10.0 Other Matters**

10.1 A number of other matters have been reported in the media but, given limited resources and time constraints, these were not all investigated. However, the investigation provides enough information to allow definitive conclusions on a number of irregularities.

## **11.0 Conclusion**

11.1 From the review it is clear that the LS Programme has a number of irregularities judging from the widespread absenteeism, absence of proper procurement practices, overpayment for goods and services and possible criminal activities ranging from fraud (where money has been invoiced and paid but goods and services not supplied) to theft and possible breaches of the Proceeds of Crime Act. In addition, statements from members of the Police Service with whom the auditors interacted during the audit of the programme suggest that there may be criminal elements in positions of supervision and coordination within the Programme.

11.2 Given the substantial breaches identified, it is recommended that this matter be referred to the Director of Public Prosecutions and the relevant law enforcement agencies.

# REPORT

## 12.0 PAYMENT PROCESS

12.1.1 When the LS Programme officially started in August 2012 it was initially overseen by the SporTT. This changed with effect from January 2, 2013 when full control of the Programme was transferred to the MOS. SporTT however was retained to facilitate payments or as described by some as a ‘payment provider’.

12.1.2 Payments are made either by cheques or via the Automated Clearing House (ACH) System. Central Audit was informed that during a short period in 2012 payments were made to participants in cash.

12.1.3 A number of weaknesses were observed in the payment process most of which were observed in the initial stages of the Programme; over time some have been rectified. It was observed, for example, that invoices mainly from coordinators and caterers did not appear genuine. Mr Corneluis Price, LS Programme Director stated that this was observed and in an attempt to avoid such inconsistencies, invoices were standardized; one (1) was designed for use by the coordinators and another for the caterers. What was significant to note however was that based on the accounting records examined no evidence was discovered to suggest that payments made to coordinators and caterers were duplicated.

12.1.4 It was also observed that most claims submitted were authorised for payment by the Programme Director and /or the Assistant Programme Director. Authorisation by the Regional Managers, and the coordinators where applicable, were almost non-existent. These were the individuals who were charged with the responsibility for directly supervising the actual operations of the centres to which they were assigned. It would appear therefore that the Programme Director and/or the Assistant Programme Director were authorising documents for payment without full knowledge of what checks and balance, if any, were conducted

## 12.2 *Payment by Cheque*

12.2.1 Payments by cheque are made mainly to goods and service providers on submission of invoices. Separate cheques may also be made to coordinators, caterers, coaches and participants who for one reason or another may not have bank accounts. With respect to payments by cheques, documents submitted for payment were certified for payment by the Chairman or Vice Chairman of the Implementation Committee from inception to December 15, 2012 and from January 2, 2013 up to the current time by the LS Programme Director. The Chief Executive Officer, SporTT would then approve the documents for payment after the authorised signatures and authority levels were verified.

12.2.2 A cheque payment voucher, which may include more than one invoice from the same payee, was prepared for each cheque. The cheque together with the payment voucher and supporting documents were then forwarded to the relevant authorised personnel for signature and subsequently for distribution. Initially cheques with respect to the LS Programme were distributed from SporTT head office but from late 2012 and up to the present time distribution took place from the Ato Boldon Stadium, Couva.

### 12.3 *Automated Clearing House (ACH) Payment System*

12.3.1 Similar approvals and authorisations, as per the cheque payment system, were required for payments under the ACH system. However under this system no cheque payment vouchers or cheques were required. Instead payments were processed directly from the LS Programme's bank account into the payees' bank accounts.

12.3.2 The process required the accounting staff of the Programme to check all relevant documents submitted and to send an email to the CEO and the Financial Accountant of SporTT confirming that the information uploaded was accurate. The CEO and the Financial Accountant then approved and released the online transactions.

### 12.4 *Cash Payment*

12.4.1 Central Audit was informed that in the initial stage of the programme, for not more than three (3) months, a number of participants were paid in cash. The decision to pay in cash was taken after it was discovered that numerous participants had no bank account and/or form of identification to cash cheques.

12.4.2 In the circumstance, cash was withdrawn, counted in stacks of \$1,500.00, the amount of participants' monthly stipend, and placed in envelopes. Lists with the relevant participants' names by centre and region were prepared. The cash together with the related lists were then handed over to members of the Implementation Committee with armed security for distribution. They together with the respective coordinators distributed the cash to the participants of the different centres. Each participant was required to sign the list, mentioned above, as evidence of receipt of his stipend.

12.4.3 Central Audit was told that this was a very unusual situation and a solution had to be found immediately hence the decision to pay the participants in cash. Special arrangements were subsequently made with the First Citizens Bank to have the requirement of two (2) forms of identification waived which allowed participants with only one form of identification to open bank accounts. The problem was resolved and Central Audit verified that participants have since been receiving payments either via the ACH system or by separate cheque. However, Central Audit was not able to verify if the list of participants to be paid was consistent with the list of participants actually paid through the ACH system.

## 12.5 ***Recommendation***

12.5.1 It is recommended that no payment be made on duplicate documents or any document that does not appear genuine.

12.5.2 All changes to documents must be initialled by all relevant persons authorising the change. A replacement document, on the other hand, must go through the same stringent verifications and authorisations as the initial document.

12.5.3 It is also recommended that all claims originating from the centres, after verifying the authenticity, must be signed by the coordinators.

12.5.4 After further verification all claims must also be authorised by the respective Regional Managers. Based on what appears to be inflated claims, especially from centres in the East/West Corridor, the use of this control mechanism must be emphasised. Due to the history of some of the coordinators, the Regional Managers become the first and most important control. It is therefore imperative that they start performing the duties for which they are paid or be replaced.

## 13.0 **CENTRES**

13.1 A review of payment documents revealed that ten (10) LS Centres were added to the Programme making it forty-three LS Centres in total. A list of all the forty-three centres is included as ***Appendix I***. Central Audit was informed that three (3) of the existing centres were downsized, Fyzabad, Mayaro and La Horquetta, to thirty (30) participants each to accommodate the three (3) new centres, Beetham, Malabar Trainline 1 and Malabar Trainline 2, also with thirty (30) participants each. Of the other seven (7) centres, two (2), Cocorite and John John were introduced with sixty (60) participants each, and the last five (5), Basilon Street, Covigne Road, Four Roads, River Estate and YTC, each with thirty (30) participants.

13.2 Central Audit was informed that the decision to start a LS Centre in a community was based on recommendations from the residents within the community via the respective parliamentary representatives. Arising out of the field visits conducted by Central Audit to selected LS Centres it appeared that due diligence exercises were not conducted on the implementation of the new centres and to a lesser extent some of the older centres.

13.3 It was discovered, for example, that the Community Centre from which the Barataria LS Centre was supposed to have functioned has been under construction for quite a number of years and is still incomplete. Residents in close proximity to the building indicated that no work has been conducted for a number of years and hence continues to be unutilized. Mr Theodore Charles when contacted said that the Ministry of Community Development would have given the assurance that all community centres, which were requested for use by the LS Programme, including the Barataria Community Centre, would have been ready within a 'short period of time'. He however claimed that he was unable to find the relevant documentary evidence to substantiate this statement.

13.4 In addition, Central Audit discovered that the Four Roads and Cocorite Community Centres, out of which the Four Roads and Cocorite LS Centres were supposed to be operating, have never been used for the LS Programme. Furthermore, the coordinator for the Four Roads Centre stated that the centre has been operating from his home while some older centres are still operating out of churches, pan-yards and savannahs.

13.5 Central Audit was also unable to locate Malabar Train Line 1 and 2, Beetham Gardens and Covigne Road LS Centres during the visits made to the listed addresses. Residents in Beetham Gardens who were contacted claimed they were unaware of the existence of such a centre.

13.6 Notwithstanding what Mr Theodore Charles stated, it is quite apparent that proper planning was not conducted in the introduction of certain centres, especially some of the new centres. It was discovered that from the start some centres did not have a fixed or proper place from which to operate.

### 13.7 ***Recommendation***

13.7.1 It is therefore recommended that all the relevant stakeholders meet to find short term solutions or alternatively temporarily close the centres that do not have fixed places from which to operate.

13.7.2 It is also recommended that an urgent meeting be arranged with the Ministry of Community Development to arrive at a permanent solution to the readiness of the community centres for which the LS Programme have been granted permission to use but for some reason are still not in a condition for occupation.

13.7.3 To avoid a repeat of this, it is recommended that before setting up any new centre that due diligence checks be conducted on the location / centre to be used. If the main objective is to be achieved, that is the reformation of participants; a safe and secure environment conducive to learning must be created. The situation that is unfolding in certain centres cannot be allowed to continue if the programme is to achieve its objective.

## **14.0 COORDINATORS**

14.1 There was one (1) Community Coordinator, hereinafter referred to as Coordinators, for each of the forty three (43) LS Centres (*Appendix 2 refers*) with specific responsibilities (referred to as “Services” in Appendix A to their agreements) for the operations of the LIFE-sport Programme. Central Audit was informed that the coordinators are individuals in the communities who have significant influence over the target group. All agreements were on short term basis, not exceeding four (4) months at a time, with the option for extensions subject to compliance with established responsibilities.

14.2 It was agreed that a total monthly sum of \$30,000.00 be paid to each coordinator assigned to centres with an approved enrolment of sixty (60) participants. Of this sum it is expected that \$2,000.00 be used on a monthly basis to cover the cost of incidentals. It was also agreed that each coordinator shall hire two supervisors and one secretary to assist in the performance of their duties. The two supervisors were to receive \$5,000.00 per month each and the secretary \$3,000.00 per month out of the \$30,000.00 paid to these coordinators.

14.3 It was also agreed that a total monthly sum of \$15,000.00 be paid to each coordinator assigned to centres with an approved enrolment of thirty (30) participants. Of this sum it is expected that \$3,500.00 be paid to one (1) assistant on a monthly basis.

14.4 Central Audit was unable to verify whether the coordinators were in fact hiring the relevant staff as per the agreement. There also was no evidence that the Sport Company or the Ministry of Sport verified that the required staff were engaged before making the full payment.

14.5 During the field visits, personnel from the police service who provided protective escort to officers from the Central Audit Committee were concerned that certain individuals were contracted as coordinators for certain centres. They alleged that a few individuals in the East/West corridor were currently under police surveillance for illegal activities in their relevant areas. The officers were very apprehensive as to whether such individuals can reform the participants under their watch if they themselves are still involved in criminal behaviour.

14.6 One of the officers claimed that Cocorite, Four Roads and Covigne Road Centres may have allegiances with the Carapo Centre. Central Audit could not verify whether any such allegiance exists. It appears therefore that no character background checks were conducted on some of the coordinators.

14.7 ***Auditor's Comment***

14.8 Based on the history of some coordinators, the decision to give such persons the power to manage, control and authorise payments without proper supervision was ill-conceived.

14.9 Based on circumstantial evidence it appears that some coordinators are in collusion with certain providers of goods and services, some participants and maybe even officers from the LS Programme.

14.10 According to the police officers there is a real concern that some questionable individuals are entrusted with the reformation of the participants.

14.11 ***Recommendations***

14.11.1 It is therefore recommended that, with the assistance of the relevant unit of the Ministry of National Security, detailed investigations be conducted on all coordinators of the LS Programme. It is expected, based on the nature of the programme, that a number of the coordinators may have criminal records. However, the objective of the exercise is to rid the Programme of the coordinators who may still be involved in unlawful activities.

14.11.2 It is also recommended that all coordinators, who are found to have joined the Programme mainly for financial gains, should be replaced.

14.11.3 All coordinators must submit status reports to their respective Regional Managers on a monthly basis on all aspects of the LS Centres to which they are

contracted. It is also essential for the Regional Managers to start performing the duties for which they are paid.

## **15.0 COACHES**

15.1 From the inception of the Programme it was agreed that four (4) coaches would be hired for each of the centres that has an approved enrolment of sixty (60) participants. A minimum of one (1) coach was to be contracted for each of the three (3) sporting disciplines of football, cricket and basketball with an additional coach in each centre to assist in the sporting discipline that holds the interest of the largest number of participants. Centres with an enrolment of thirty (30) participants on the other hand should have two (2) coaches (one (1) each for football and basketball) with the exception of River Estate Centre which has three (3) coaches. *See Appendix 3* for a list (reformatted for presentation) of the coaches as provided by the LS Human Resource Manager.

15.2 During the site visits discrepancies were discovered with respect to the number of coaches performing the duties and the number of coaches actually getting paid. For example it was found that even though basketball coaches are assigned to the La Brea and Point Fortin Centres they have never reported for duty. However, according to the accounting records payments have already been made to Mr Sam Monbodh and Mr Gerald Garcia, the basketball coaches for La Brea and Point Fortin respectively, for the month of June 2014.

15.3 Currently it is the responsibility of the coordinators to recommend the coaches for payment; however Central Audit found that proper monitoring by other officials from the LS Programme was almost non-existent.

### **15.4 Recommendations**

15.4.1 It is recommended that a complete verification exercise be conducted on all LS Centres to determine the current need for coaches by the type of sport.

15.4.2 The problem again seems to be a lack of supervision. It is therefore necessary that the persons who are hired to supervise start supervising or be replaced.

## **16.0 PARTICIPANTS**

16.1 The LS Programme which was launched on June 18, 2012 and commenced August 6, 2012 started in thirty-three (33) centres throughout Trinidad for young men between the ages 16-25. At that time, all the centres were approved to have an intake of not more than sixty participants, giving a maximum total enrolment of 1,980.

16.2 Subsequently, due to requests from other communities, ten (10) more centres were added to the programme. Of the ten (10) centres added, three (3) existing centres were downsized to thirty (30) participants each to accommodate to the Programme three (3) additional centres, also with maximum intake of thirty (30) participants each. Of the other seven (7) centres, two (2) were introduced with sixty (60) participants each, and the last five (5), were approved for thirty (30) participants each. This would have resulted in eleven (11) centres with an approved total enrolment of thirty (30) and thirty-two (32) with an agreed maximum intake of sixty (60), which would have increased the total enrolment to 2,250 participants.

16.3 On examination of the summary of payment document submitted it was revealed that for the month of June 2014, 2,059 participants were submitted for payment. (*Appendix 4 refers*). The following is a breakdown of the number of participants submitted by region and community:

<b>REGION</b>					
<b>EAST</b>		<b>NORTH WEST</b>		<b>NORTH CENTRAL</b>	
<b>COMMUNITY</b>	<b>ROLL</b>	<b>COMMUNITY</b>	<b>ROLL</b>	<b>COMMUNITY</b>	<b>ROLL</b>
Carapo	60	Bagatelle	58	Angostura	60
Malabar	56	Belmont	60	Barataria	58
Malabar TL 1	30	Basilon Street	60	Beetham Gardens	30
Malabar TL 2	28	Carenage	60	John John	60
Pinto	59	Cocorite	60	La Horquetta	59
Samaroo Village	56	Covigne Road	30	Maloney	60
Sangre Grande	59	Four Roads	30	Mt Dor	60
Valencia	59	Maraval	58	St Joseph	60
		Morvant	58	YTC	38
		River Estate	30		
		St Paul Street	60		
<b>Sub-total</b>	<b>407</b>	<b>Sub-total</b>	<b>564</b>	<b>Sub-total</b>	<b>485</b>
<b>REGION</b>					
<b>SOUTH EAST</b>		<b>SOUTH WEST</b>		<b>CENTRAL SOUTH</b>	
<b>COMMUNITY</b>	<b>ROLL</b>	<b>COMMUNITY</b>	<b>ROLL</b>	<b>COMMUNITY</b>	<b>ROLL</b>
Mayaro	30	Fullerton	22	Embacadere	11
Morne Diablo	55	Fyzabad	24	Enterprise	59
Moruga	60	La Brea	58	La Romain	57
Penal	57	Point Fortin	30	Marabella	16
Siparia	46	Santa Flora	54	Tabaquite	24

<b>Sub-total</b>	<b>248</b>	<b>Sub-total</b>	<b>188</b>	<b>Sub-total</b>	<b>167</b>
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(**ROLL** = *Nu(*Number of Participants Enrolled and Submitted for Payment*)*)

16.4 A comparison of the payments made as per the above table and what was noted during the visit to the centres revealed that the average number of participants observed on the daily attendance registers differed from the number of participants actually paid for the majority of centres.

16.5 Unsubstantiated claims by some coordinators were that this was as a result at a meeting held at the Ato Boldon Stadium last year where they were informed to only submit a list of names of the participants to be paid the stipend. Proper time sheets and/or attendance registers were not required to be submitted with the lists for payment. As a result payments were made without the relevant approvals and supporting documentation. This decision would have created serious weaknesses in internal control with respect to accurate payment of stipend to participants. This needs to be rectified with some urgency if the programme is to continue.

16.6 Proper registration and accurate attendance of participants remain a key area of concern. Another area of concern is the lack of proper monitoring by the Regional Managers. This is evident by the lack of proper records of participants in some centres such as fully completed registration forms, photographs, copies of birth certificates and identification cards.

16.7 It was noted that in some centres the attendance registers were completed by “ticking” a timesheet rather than the participants signing a register. Due to the fact that anyone can insert a “tick” there is the risk that participants can be put as present even though they were absent. It was noted in the attendance register at the Barataria Centre that a few persons were signing the names of other participants on the register. So that even signing the register was not without risk.

16.8 It was noted that in most of the centres visited, on the days of the visits the number of participants present differed from the number of participants that signed the daily attendance register. Subsequent checks revealed that these also differed from the number of participants submitted for the monthly stipend. For example, at Point Fortin, La Brea, La Horquetta, Angostura, Maloney, Pinto Road and a few other centres the daily attendance averaged between twelve (12) and thirty (30) participants but in almost all instances payments were made to the number of participants enrolled and not according to attendance. Other centres, for example at Covigne Road, Cocorite, Beetham Garden, Train Line 1 and 2 no activities were observed and again in almost all instances payments

were made to the approved number of participants enrolled. At Beetham Garden, Train Line 1 and 2 residents of the respective areas were unaware of the existence of these centres.

16.9 Mr Cornelius Price, at a recent meeting at the MOS with Central Audit Committee insisted that there is no 75 or 80 per cent minimum attendance requirement of participants for payment. This was at variance to what was mentioned in a previous audit, by Mr Henry Charles, Ms Ruth Marchan and others.

16.10 For the months of January 2014 to May 2014, it was observed that two (2) centres, Basilon Street and Carapo, submitted names for stipends that were more than the maximum number approved for the centres and these were paid. Basilon Street was approved for thirty (30) participants but more than 30 names were submitted for each of the five months. Carapo on the other hand was approved for sixty (60) participants and also submitted more than 60 names for each of the five months. For the months of April and May more than 80 names were submitted and for January and March the amount of names submitted exceeded 90.

16.11 Central Audit noted at the Santa Flora Centre that even though all participants were being paid a stipend there were twenty-four (24) incomplete participant registration forms. In addition, Shaquille Coutain a participant at the Malabar LS Centre received two (2) stipend payments of \$1,500.00 for the month of October 2013. A check of the month of November 2013 bank statements revealed that both cheques were cashed on November 12, 2013.

16.12 The following are the major risks the programme faces with respect to the participants:

- That some participants are not interested but register just to collect the monthly stipend and the daily meals.
- That some participants may not be the full beneficiary of the stipends, especially in areas where gang violence is rampant.
- That some participants are forced to join the programme.
- That some participants returned to a life of crime at the end of the programme if they are not successful in obtaining sustainable employment.

16.13 *Auditor's Comments*

16.13.1 In most instances, enrolment was close to the total approved number of participants. It was noted that although attendance averaged around fifty per cent (50%) all participants were paid with the full blessing of the coordinators and the Director of LS.

16.13.2 A number of arguments were put forward by officials of the LS Programme for this payment strategy, especially in the 'hot spots'. Most officials said that these youths, according to the local saying, 'must eat and if they have nothing to eat someone will feel it.'

16.13.3 The reasons put forward for the low attendance was that some of the participants have casual jobs and/or have court appearances and will join and attend part time because they need the food and money. Others may have returned to prison while some in the 'hot spots' may want to attend but due to gang and border-wars were afraid.

16.13.4 These concerns may be real, but even if all these arguments were accepted it indicates that someone was failing in his/her duty. If the objective of the Programme was the reformation of individuals and the individuals were absent, how can they be reformed?

16.13.5 In addition, why would the coordinators enrol participants who resided out of the area if they know in advance, from the address given, that attendance will be difficult if not impossible due to the border-wars?

#### 16.14 ***Recommendations***

16.14.1 It is imperative that better controls with respect to the registration of participants be implemented. For example, it should be compulsory for participants to submit their birth paper, one (1) form of identification and/or a recent passport photograph before they are registered.

16.14.2 A signed registration form must be completed for all registered participants and a personal file created and maintained for each participant by the relevant persons at the centres.

16.14.3 An attendance register be created and maintained for the participants to sign on a daily basis to record their attendance. It is recommended that a single sheet with the participants' name pre-printed be used so that they can sign next to their names and if necessary, this can then be compared to the signature on the registration form for accuracy.

16.14.4 Using the attendance register, prepare a time sheet, which must be authorised by the coordinator and the regional manager and together with copies of the

signed attendance register, submit to the relevant person for final authorisation and payment..

16.14.5 Require all participants to open bank accounts. This together with the proper maintenance and monitoring of attendance will effectively eliminate the possibility of ghost participants.

16.14.6 The formulation and strict implementation of standardised rules and regulations to promote discipline in the lives of the participants.

## **17.0 CATERING SERVICES**

17.1 As at June 2014, forty-three (43) caterers were contracted to provide meals to participants at a cost of twenty-five dollars (\$25.00) per breakfast and forty-five dollars (\$45.00) per lunch. A list (reformatted for presentation) is included as *Appendix 5*.

17.2 After visits to various LS Centres it was discovered that in most cases the amount of meals catered far exceeded the amount of the average daily attendance of participants. As a matter of fact, Central Audit observed in the Barataria Centre, the delivery of only eighteen (18) lunches without a beverage. The lunches were in small lunch boxes, which normally retail for less than thirty (\$30.00) in most fast food shops. Checks however revealed that the caterer claimed and was paid for the full sixty-five breakfast and sixty-five lunches for nineteen days in the month of June 2014 (*Appendix 6 refers*). At the time of the visit at the Barataria Centre only about eight (8) participants were present and they shared the extra lunches among themselves. The participants and the supervisors complained about the quality and quantity of the food from the current caterer. They stated that the previous caterer was much better.

17.3 On a site visit to Point Fortin and La Brea, the actual number of participants present was twelve (12) and twenty six (26) respectively, however payments for June 2014 revealed that 65 lunches were catered and paid for both centres.

17.4 On a site visit to Beetham Community Centre, there was neither a physical location nor any life sport activity located at the address provided for Beetham Community Centre. Residents of the area were unaware of the existence of any such centre. However, payments for June 2014 revealed that 30 lunches were catered and paid. *Appendix 7 which refers to paragraphs 17.3 to 17.4.*

17.5 Mr Henry Charles stated that caterers were encouraged as entrepreneurs and therefore saw this as a business opportunity. At a recent meeting at the Ato Boldon Stadium, Mr Price echoed similar sentiments and further insinuated that caterers must be

paid for the maximum number of meals contracted regardless of the amount of participants present.

17.6 Furthermore, during the visits to the centres, it was discovered that the number of meals supplied in most instance were equivalent to or slightly greater than the average daily attendance. However, what was most instructive was that the invoices submitted were almost always equal to the full participant's enrolment.

17.7 On July 31, 2013 Ms. Alicia Mohammed wrote to the Director of the LS Programme regarding an outstanding payment of \$20,300.00 for meals (breakfast and lunch) provided to the Fyzabad Centre during October 2012 Ms. Mohammed claimed that on October 8, 2012 she entered into a verbal agreement with Mr. Forbes Persaud to supply approximately forty-five (45) meals to the Fyzabad Centre. Further, that she liaised with the Centre's Coordinator regarding the amount of meals needed. On October 9, 2012 she stated that the Coordinator requested that fifty (50) meals be provided. She acceded to the request in good faith (*Appendix 8 refers*).

17.8 Invoice #AM-0003 for \$92,750.00 was submitted for payment on October 31, 2012. However, said invoice showed that during the month in question, Ms. Mohammed supplied sixty-five (65) meals for six (6) days and fifty-five (55) meals for seventeen (17) days. This differs from the fifty (50) meals she claimed she was requested to supply. On November 16, 2012 \$72,450.00 (representing forty-five (45) meals) was paid via cheque #475. The outstanding balance of \$20,300.00 was eventually paid by cheque #4223 on October 16, 2013. No explanations and/or documents were seen regarding the increase in the number of meals supplied. Further, all efforts to contact Mr. Forbes Persaud to verify Ms. Mohammed's claims were futile.

#### 17.9 ***Recommendations***

17.9.1 It is recommended that all catering contracts be renegotiated such that the number of meals to be supplied is based on the average daily attendance and not according to total enrolment.

17.9.2 It is also recommended that more stringent measures, with respect to monitoring and properly recording the number of meals supplied daily.

17.9.3 Measures be put in place to ensure that all meals provided meet the stated standards of quality, quantity and variation.

17.9.4 Additionally, it is recommended that an alternative option for catering purposes be pursued.

## **18.0 JANITORIAL SERVICES**

18.1 It was observed that a few companies and / or individuals operating under trading names have been awarded contracts to render janitorial services to a number of the LS Centres. Mr Theodore Charles, the current LS Assistant Programme Director (Administration), informed that contracts were awarded for janitorial services from a pre-qualified list of contractors provided by the MOS. This resulted in a finite number of contractors being used throughout the Programme, with contractors being awarded contracts for more than one centre. It should be noted that contractors were hired to conduct janitorial services for almost all the centres. Commencing January 2014 contractors were awarded Janitorial Service Contracts for nine (9) months at \$45,000.00 per month VAT exclusive.

18.2 Central Audit noted several instances where companies contracted to provide janitorial services did not submit tax invoices. It appears that these companies may not be VAT registered even though, based on the value of this contract alone, the threshold for VAT registration by these companies would have been exceeded.

18.3 Invoices also showed the purchase of large quantities of janitorial supplies (toiletries, brooms, mops etc.) for the Programme. Mr Theodore Charles stated that janitorial contractors were engaged to provide both labour and supplies and therefore he could not explain why said purchases occurred. Subsequent discussions with Mr Ronnell Barclay, LS Project Manager revealed that janitorial supplies were purchased and distributed to the various LS Centres prior to the engagement of janitorial contractors.

18.4 Examination of invoices revealed that the scope of works submitted by these contractors were the same regardless of the dissimilarity of the condition of the centres. Examination of the items claimed for works performed appeared to be inflated and duplicated. For example an invoice from Kardian Construction and Property Management paid by cheque #2892 (*Appendix 9 refers*). An extract from Kardian Construction and Property Management indicated the following:

<b>Particulars</b>	<b>Carapo</b>	<b>Pinto</b>	<b>La Horquetta</b>
Empty all trash containers, replace all garbage bags, remove from centre	\$2,700.00	\$2,750.00	\$2,700.00

Replace all garbage bags in all bins also wash sanitize and clean all bins as required	\$3,000.00	\$2,850.00	\$2,850.00
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18.5 The description suggested duplication in the service with two separate prices invoiced.

18.6 In addition, examination of the said invoice listed cleaning services at Carapo Community Centre in the amount of \$37,900.00. It should be noted that these participants are housed under tents; as such, the provision of cleaning services cost needs further investigation as they may be exorbitant and/or even questionable.

18.7 A site visit to Point Fortin revealed that the programme has been operating from the Fanny Village Pavilion since August 2013 (9 months) which is located next to the community centre.

18.8 Despite this, substantial payments were made to Richie's General Contractors Limited for janitorial services in the amount of \$51,750.00 on two occasions. Taking into account the location (a pavilion) it was questionable as to what the janitorial payments were made for.

18.8.1 Renaissance Developers Limited (RDL) submitted invoices for janitorial services at various LS Centres for July and August 2013:-

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Details</b>	<b>Amount (\$)</b>
31.07.2013	0085	Cleaning Services for Marac Community Centre for July 2013	37,190.00
31.07.2013	0086	Cleaning Services for Samaroo Village Community Centre for July 2013	39,030.00
<b>30.08.2013</b>	<b>0103</b>	<b><i>Cleaning Services for Maloney Village Community Centre for August 2013</i></b>	<b>35,600.00</b>
Paid on September 9, 2013 by cheque #3170			111,820.00

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Details</b>	<b>Amount (\$)</b>
30.08.2013	0101	Cleaning Services for Marac Community Centre for August 2013	37,190.00
30.08.2013	0102	Cleaning Services for Samaroo Village Community Centre for August 2013	39,030.00
<b><i>30.08.2013</i></b>	<b><i>0103</i></b>	<b><i>Cleaning Services for Maloney Village Community Centre for August 2013</i></b>	<b><i>35,550.00</i></b>
Paid on September 12, 2013 by cheque #3322			111,770.00

18.9 Invoice #0103 dated August 30, 2013 regarding janitorial services at the Maloney Community Centre was submitted twice. Further, both invoices had different totals, suggesting that either an error was made by the contractor or said contractor deliberately attempted (and succeeded) in defrauding the LS Programme. After perusing documents regarding these transactions, it appears that no queries were made regarding these irregularities as both invoices were subsequently paid. Central Audit noted that the invoices submitted listed Mr Joseph Pitt and Mr Christopher Mars as directors of RDL.

18.10 It was observed during visits to various centres that basic janitorial services were required with usually one (1) classroom, the washroom area and in some instances an office area to be cleaned. Further, in some centres there was very little if any need for janitorial services which was costing the Programme more than one (1) million dollar per month. At one centre, Central Audit was informed by a cleaner that she was hired by an official from the LS Programme and got paid monthly in cash from the said official.

#### 18.11 ***Recommendations***

18.11.1 An approved qualification list is needed. A qualification exercise should be conducted to ascertain the technical capacity of contractors to provide services. It should be ascertained whether sufficient tools, equipment, personnel, VAT compliance, etc. are available to contractors. In addition due to previous years' experience with the contractors, it is more likely for LS to determine the quality of services and the level of past performance of contractors.

## **19.0 MAINTENANCE OF RECREATION GROUNDS**

19.1 Similar to the janitorial services, it was observed that a few companies and/or individuals operating under trading names have been awarded contracts to maintain recreation grounds used by a number of the LS Centres. Mr. Theodore Charles informed that contracts were awarded for maintenance of recreation grounds from a pre-qualified list of contractors provided by the MOS. This resulted in a finite number of contractors being used throughout the Programme, with contractors being awarded contracts for more than one centre. It should be noted that contractors were hired to conduct maintenance works for almost all the recreation grounds. Commencing January 2014 contractors were awarded nine (9) month contracts for Field Maintenance Works at a cost of \$68,000.00 per month VAT exclusive.

19.2 The scope of works and costs relating to the maintenance of recreation grounds appeared to be excessive and may have been overstated. In addition, the issue also existed of whether the contracted services were in fact performed, especially in the dry season when even less maintenance was required. These concerns were confirmed when the various centres were visited; major discrepancies were revealed with respect to invoices submitted by these contractors.

19.3 For instance, refurbishment, upkeep and maintenance contracts were awarded to Reno Energy Company Ltd (Reno). It was observed payments were made to Reno for \$199,582.50 on three occasions; however no invoices were seen. (*Appendix 10 refers*).

19.4 Reno also submitted two (2) invoices dated July 31, 2013 for maintenance work carried out during July 2013:-

- Invoice #1013-13 re: Maloney Recreation Ground for \$137,988.50; and
- Invoice #1014-13 re: Samaroo Village Recreation Ground for \$137,988.50.

19.5 Both invoices which totalled \$275,977.00 were paid on September 2, 2013 by cheque #3172. The payments were supported by a “Tender Evaluation Note” to the Permanent Secretary of the Ministry of Sports (*Appendix 11 refers*). For both recreation grounds in question it was recommended that the lowest tender be accepted. From the table below it can be seen that Reno did not submit the lowest tender.

<b>Company</b>	<b>Maloney (\$)</b>	<b>Samaroo Village (\$)</b>
Reno Energy Co. Ltd.	137,988.50	137,988.50
A Reliable Team of Professionals	119,460.00	N/A
Kensyl Properties Ltd.	119,640.00	N/A
Roamfort Enterprises Co. Ltd	N/A	120,300.00
B and R Distributors Ltd	N/A	142,036.50

19.6 Mr. Theodore Charles stated that due to the finite number of contractors used in the programme one contractor would be engaged to maintain approximately three (3) or four (4) recreation grounds. It is therefore apparent that the contractor's bid price was not the only factor used in the award of contracts.

19.7 Further, in accounting for the payment the Accounts Department at SporTT debited the Community Clean & Janitorial Account (General Ledger #8265) instead of the Maintenance & Upgrade Projects Account (General Ledger #8260).

19.8 Several invoices from Reno were signed by Jolene Legere and affixed with the Company's stamp. Central Audit noted that Jolene Legere is a contracted caterer attached to the Enterprise LS Centre. The signature on the Reno invoice and the signature from a catering invoice submitted by Jolene Legere appeared identical (*Appendix 12 refers*).

19.9 Central Audit also noted numerous invoices submitted by Reno and SOS (West Indies) Ltd. (SOS) dated February 28, 2013 and March 31, 2013 which shared similar invoice numbers even though the periods being invoiced, the grounds being maintained and amounts charged were all different. Further, both companies shared a common director Mr. James Dedier, the same fax number and had a similar pattern of invoice numbering.

19.10 Nasser Khan Construction and Engineering Ltd (NKC) submitted invoice #0026 dated July 31, 2013 for maintenance works conducted during July 2013 at the La Brea Recreation Ground (LBRG). The invoice which totalled \$133,170.00 (VAT Inclusive) was paid on September 2, 2013 by cheque #3173. The transaction raised concern as there was only one (1) LS Centre in La Brea which operated out of the Sobo Village Community Centre and utilised the Sobo Recreation Ground (SRG); said ground was maintained in July 2013 by SOS (West Indies) Ltd.

19.11 At a meeting on July 3, 2014 Mr. Ronnell Barclay, LS's Project Manager indicated that the LBRG and the SRG are two different grounds. Further, that the LBRG was maintained in July 2013 by NKC due to an address error. Subsequent discussions revealed that for July 2013 NKC was supposed to maintain the Cedros Recreation Ground. When asked whether the La Brea LS Centre ever made use of the LBRG Mr. Barclay answered yes; during the period mid-July 2013 to mid-September 2013 while the Sobo Village Community Centre was being refurbished. Mr. Barclay was also asked if NKC had a contract to maintain the LBRG to which he responded in the negative.

19.12 Mr. Len Smith, Managing Director of Lenco Construction Ltd (Lenco), submitted invoice #SOB-1 dated July 12, 2013 in the amount of \$115,517.50 for "*Paving Sobo Village Basketball Court*". Documents revealed that said works were completed in July 2013. Further, that the scope of works also required Lenco to "*paint all lines on basketball court.....*" This invoice was paid in full by cheque #3182 dated September 2, 2013. However, SOS in their July 2013 invoice for maintenance of Sobo Recreation Ground, included a charge of \$2,800.00 for maintaining all lines on the Sobo Village Basketball Court.

19.13 Central Audit questioned the \$2,800.00 charge for maintaining basketball lines as the said ground was just paved and painted. Mr. Ronnell Barclay, Project Manager, LS stated that the nature of the maintenance contracts was that the scope of works was "as needed" and that a contractor did not actually have to perform a specific task to be paid for that task.

19.14 Discussions with LS Programme Coordinators/Supervisors during the various site visits revealed that recreations grounds used by the centres were maintained by the respective Borough/Regional Corporation. Central Audit noted the following:

- Point Fortin Centre – Fanny Village Recreation Ground is maintained by the Point Fortin Borough Corporation. Invoices for maintenance works at said ground were seen from SOS (\$406,134.00) and Reno (\$234,600.00).
- Santa Flora Centre – Only a basketball court was seen. The supervisor stated that the centre used the Petrotrin Santa Flora Recreation Ground for inter-centre activities. Further, that no maintenance work was ever carried out on the basketball court. However, Mr. Ronnell Barclay stated the centre does not use the Petrotrin Santa Flora Ground but the Subnight Recreation Ground.

- Siparia Centre – The coordinator indicated that the said centre did not use the ground since January/February 2014. This was due to the construction of a new ground where the old one was located. Notwithstanding, Mr. Barclay refuted this by saying the centre had use of a ground located a short distance away. However, he could not provide the name of the ground in question.

19.15 When asked to explain why LS was maintaining grounds that appear to be already maintained, Mr. Theodore Charles and Mr. Ronnell Barclay stated that LS had an arrangement with the relevant Borough/Regional Corporations to maintain grounds used by LS. Further, that generally LS contractors would maintain a ground only on the request of a centre and usually prior to a sporting activity.

19.16 Letters from the Sangre Grande Regional Corporation (SGRC) and the Mayaro-Rio Claro Regional Corporation (MRCRC) were presented to support the claims of Mr. Charles and Mr. Barclay. The letters which were dated November 2012 and addressed to Ms. Ruth Marchan never mentioned the LS Programme. In fact, both letters referenced the “Taking Sport to the Rural Areas” initiative. The letter from the SGRC gave the Ministry of Sport permission to maintain the Lawrence Woods, Matura, Cumana, Matelot and Grande Rivere Recreation Grounds. The letter from the MRCRC only granted permission to use the Biche, Rio Claro, Mayaro, Newlands and Cushe Recreation Grounds. Further, permission was conditional pending the submission of a schedule.

19.17 There were forty-three (43) LS centres which cover the fourteen (14) Borough/Regional Corporations. Only three (3) LS Centres namely Sangre Grande, Valencia and Mayaro fell within the purview of the SGRC and the MRCRC. Correspondence from the remaining twelve (12) Borough/Regional Corporations regarding the maintenance of grounds used by the other forty (40) LS centres was not seen.

19.18 ***Recommendations***

19.18.1 The scope of works and cost allocation needs to be reassessed.

19.18.2 The maintenance services being contracted have to be monitored to ensure that the services being paid for are received.

19.18.3 Ensure strict adherence to the approval and payment process which includes the submission of proper documentation.

19.18.4 Determine the maintenance arrangement with the Borough Corporation to avoid wastage of funds paid to contractors, who would be duplicating the service.

19.18.5 If the contactor with the lowest bid was not selected due to the number of contracts already awarded, then the second lowest bidder should be selected. The rationale for not selecting the lowest bidder must be clearly stated so as to avoid ambiguity in the tender process.

19.18.6 The accounting department should have a proper chart of accounts. In addition, journal entries should be sufficiently reviewed by the Accountant prior to posting to the general ledger. This would allow for consistent classification of accounts and allow for meaningful monthly comparisons.

## **20.0 REFURBISHMENT OF CENTRES**

20.1 Invoice #102 dated February 26, 2013 from HartStone Construction Company Ltd (HSC) (Director, Mr. Sean Hart) for the refurbishment of the Mt Dor Community Centre displayed no VAT registration number although VAT was computed on the invoiced amount (*Appendix 13 refers*). Further, the tender amount of \$783,929.28 submitted by HSC was interestingly identical to the in-house estimate of the Project Management Unit.

20.2 Contractor Walter Alibey of Agro Aggressive Business Organisation and Maintenance Services Limited (Agro) was awarded the contract to carry out refurbishment and maintenance work on the Valencia Community Centre. The cost of the contract was \$832,703.50 (VAT inclusive). Agro submitted two invoices numbered MCL 0006 for payment. The first invoice for \$132,356.00 (VAT inclusive) was paid on July 5, 2013 by cheque #2453. The second invoice for \$253,000.00 (VAT inclusive) was paid on September 6, 2013 by cheque #3259.

20.3 It was observed that an invoice date was absent from both invoices. Also, even though VAT was being charged the invoices did not contain a VAT registration number that is these were not tax invoices. A recent visit to this centre revealed that the centre was still incomplete. It is not certain what refurbishment work was actually conducted since the centre was closed on the date of the visit. Central Audit was subsequently informed that both the power and water was disconnected from the centre just the day before for outstanding bills.

20.4 Mr. Kieron Edwards was reimbursed \$10,493.00 (cheque #1233) on February 8, 2013. The payment related to the purchase of building materials used in the refurbishment of the Pinto Road Centre, located at the Simple Sounds Pan Tent #42 Pinto Road Arima. An invoice (#2038) from Bowen's Lowprice Hardware (BLH), which requested LS to "*make cheque payable to Kieron Edwards*", was seen in support of the aforementioned payment (*Appendix 14 refers*). However, the invoice did not have a date; was not a tax invoice (which is highly irregular within the hardware industry); did

not bear a resemblance to normal cash/charge invoices seen/received from local hardware stores; and was not stamped “PAID”.

20.5 Central Audit tried to ascertain whether or not Kieron Edwards is the owner of BLH. An internet search revealed that one Nigel Bowen is the Managing Director of BLH. Further, on BLH’s Facebook page the word “*Lowprice*” as seen on the invoice is actually “*Low Price*”. Documents perused showed that Kieron Edwards is a member of the LS Implementation Committee. Mr Ronnell Barclay confirmed that the refurbishment works (casting the floor at the Simple Sounds Pan Tent) conducted at the Pinto Rd. LS Centre was completed.

20.6 The Point Fortin LS Programme operates out of the Fanny Village Community Centre. The Centre was refurbished by Esperanza Construction Co. Ltd. during August/September 2013 at a cost of \$485,900.30 (VAT inclusive). During the refurbishment exercise the programme operated out of the Fanny Village Recreation Ground Pavilion. However, even though the refurbishment works was completed over nine (9) months ago the Programme continues to operate out of the Fanny Village Recreation Ground Pavilion as the Community Centre does not have electricity.

## 20.7 ***Recommendations***

20.7.1 Companies bidding for contracts should be VAT registered, as the value of all the refurbishment works surpassed the VAT threshold of \$360,000.00.

20.7.2 Companies charging VAT and not remitting it to the Board of Inland Revenue should be reported to the relevant authority.

20.7.3 Persons approving payments based on invoices submitted must ensure that all invoices contain basic information i.e. a date, an invoice number, a VAT registration number and company stamp (where applicable). Also, invoices submitted for a claim of reimbursement must be stamped “PAID” by the supplier.

## 21.0 **RENTALS/PURCHASES**

21.1 A cost benefit analysis was carried out to determine whether it was more economical to purchase or rent tables and chairs for use in the LS Programme. The analysis concluded that purchasing rather than renting was more cost effective. According to the then CEO of SporTT relevant purchases were subsequently made. Further, that some centres were not in receipt of the total number of pieces of furniture allocated and as a result furniture was rented to meet the shortfall.

21.2 A review of rental payments for tables, chairs, tents, portables etc. revealed that these items were being rented from D.C. Tent Rentals (Davoughn Cummings) and Densil Collins. According to Mr. Cornelius Price and Mr. Theodore Charles there were no formal contracts regarding the engagement of these two suppliers.

21.3 Value for money was not achieved as exorbitant amounts were being paid monthly for the rental of these items when it was abundantly clear buying was the more economical option. In addition, transparency seemed to be lacking, as verification of the services being paid for was difficult. Weaknesses in the approval and payment processes were also evident.

21.4 Cheque #10272 in the amount of \$203,000.00 was paid to Davoughn Cummings on April 30, 2014. The sum of \$98,000.00 related to invoice #RI001 dated April 30, 2014 (*Appendix 15 refers*). It related to the reimbursement of the listed items in the table below. Mr. Cummings claimed that these items were destroyed in February 2013 during a police raid.

Quantity	Items	Amount (\$)
2	Portable toilets	15,000.00
2	20X20 Tents	30,000.00
6	20Ft Sidewalls	11,000.00
2	Port a Cool Unit	36,000.00
1	Port a Hand Sink	6,000.00
<b>TOTAL</b>		<b>98,000.00</b>

21.5 The transparency of the entire reimbursement transaction was questionable. It should be noted that the items purchased by DC Rentals from the funds reimbursed were subsequently rented back from them as noted in invoices dated June 30, 2014 for Evergreen Carapo and Valencia in the sums of \$39,000 and \$12,000 respectively.

21.6 It should be noted that cheque #9919 for \$98,000.00 was originally prepared on April 24, 2013 which was cancelled and re-issued on April 30, 2014 when the invoice was dated. Mr Price certified it on 30<sup>th</sup> April 2014. The question arose as to how a cheque could be prepared for payment prior to the invoice being prepared and submitted. Further inquiry revealed that the assistant accountant Ms Beckles stated the cheque was printed on April 24, 2014 in error; when she observed the invoice was dated on April 30, 2014 the cheque was voided and reissued with the correct date. How the accountant knew the cheque had to be issued prior to receiving the invoice remained unanswered.

21.7 It should be noted that the reimbursement was not authorized formally. Mr. Price was advised by the Minister's Advisor, Mr. Keryl Keller to approve the

payment. He also indicated that that there was a police report however no report was presented to Central Audit.

21.8 On November 11, 2013 Mr. Cummings was paid \$50,000.00 (cheque #4092) regarding invoice #0641 dated September 5, 2013 (*Appendix 16 refers*). The payment relates to the provision of eight (8) twenty-five (25) seater maxi-taxis and two hundred (200) meals (breakfast, lunch and beverages) for a trip from Malabar to Guayaguayare. It would appear from the number of maxi-taxis and meals provided that several centres were enlisted to make the trip. However, the invoice submitted did not contain any information regarding the centre/s involved nor on what day the trip occurred.

21.9 The invoice showed that Mr. Cummings charged \$110.00 per meal. This differs significantly from the amount currently being paid (\$70.00) by LS for a meal (breakfast and lunch). LS personnel indicated that field trips would normally take place between Monday and Friday. If this trip took place on a week day then participants would have already been provided a meal from the authorised caterer/s for the centre/s involved. Therefore, there would be no need for Mr. Cummings to supply any meals. Further, if the trip occurred on a weekend then a contracted caterer/s should have been used to supply the meals. This could have resulted in a savings of \$8,000.00 (\$40.00 x 200 meals).

21.10 It is noteworthy that the review of the General Ledger revealed that for the periods 2012 to 2013 and 2013 to 2014, payments of \$3,416,900 and \$2,173,325 respectfully were paid to Davoughn Cummings of D.C Tent Rentals. For both periods the payments totalled \$5,590,225.00.

21.11 The second supplier for rental of table and chairs was Densil Collins. The following payments were made to him:

- Cheque #6984 in the amount of \$132,520 related to the rental of 25 tables and 60 chairs for the period 01/06/2013 – 30/06/2013 to Angostura Centre.
- Cheque #830 in the amount of \$23,140.00 related to the rental of 25 tables and 60 chairs for the period 06/08/2012 – 31/08/2012 (26) to Angostura Centre.
- Cheque #831 in the amount of \$26,700.00 related to the rental of 25 tables and 65 chairs for the period 01/09/2012 – 30/09/2012 (30) to Angostura Centre.
- Cheque #832 in the amount of \$27,590.00 related to the rental of 25 tables and 65 chairs for the period 01/10/2012 – 31/10/2012 (31) to Angostura Centre.

21.12 A field visit to this centre revealed, the chairs and tables located there were less than what were invoiced and paid for. In addition, Densil Collins submitted invoices related to Barataria, Morvant and Mt Dor.

21.13 Cheque #2444 valued \$232,760.00 was received, as part payment, by Tropical Tent Rentals Ltd for the supply (purchase) of tables and chairs for the LS Programme. The invoice submitted totalled \$465,520.00. The allocation of these items could not be ascertained as a result of incomplete and/or lacking records.

21.14 Cheque #5156 valued \$2,379,605.00 was received by Going All Out Event Planners as payments for:

- Rental of high tech surveillance equipment for the period May 2013 – September 2013
- Rental of Billboards, mini community competition, rental of PA system, for the period August 2013 – October 2013.

21.15 A number of invoices were submitted by Goin All Out Event Planners as listed below:

<b>Date</b>	<b>Particular</b>	<b>Cost</b>
31.05.2014	Professional Consultancy services at 10 centres for May 12th – 23 <sup>rd</sup> , 2014	90,000.00
30.06.2014	Professional Consultancy services at 10 centres for May12th – 23 <sup>rd</sup> , 2014	90,000.00
30.06.2014	Video production fees	28,700.00
30.06.2014	Video production fees	81,500.00
31.05.2014	Video production fees	28,700.00
30.04.2014	Video production fees	28,700.00
31.03.2014	Video production fees	28,700.00
<b>TOTAL</b>		<b>376,300.00</b>

21.16 The invoices neither detailed which centres the services pertained to nor displayed any VAT registration number. Additionally, no documentation relating to the tender and award of the above was seen.

21.17 It should be noted that no documentation relating to the tender and award of the above was seen. Also the invoices displayed no VAT registration number.

21.18 Cheque #5161 valued \$820,900.00 was paid to Interior Concepts Limited for the supply of computers and photocopiers. Perusal of the invoice submitted showed that ninety-seven (97) desk tops computers in the amount of \$658,630.00 were procured. However, during the site visits no computers were seen at the various centres.

Discussions held with Mr Theodore Charles to ascertain the existence of the desks tops computers, revealed that only three (3) could be accounted for.

21.19 21st Century Computers Inc Limited was paid \$998,500.00 via cheque #5159 for the supply of 200 laptop computers which was invoiced to the Director, LS Programme at Ato Boldon Stadium. No computers and/or equipment were physically located at the centres visited.

21.20 Enquires with Mr Theodore Charles revealed that seventy (70) laptops were accounted for. The risk of theft and misappropriation of funds in the absence of proper internal controls was again highlighted.

21.21 Lewide Co was paid \$986,866.55 via Cheque #5157 for the supply of Computer Repair Kits for 39 Life Sport Centres. However, the site visit conducted revealed that no such equipment existed at any of the centres visited.

21.22 Cheque #9918 valued \$48,500.00 paid to Rishazz Marketing related to the provision of communication and marketing services for the month ending April 2014. An invoice for the month ending June 2014 was also submitted valued \$48,500.00.

21.23 The details of the invoices relates to the following:

<b>Particulars</b>	<b>Cost (\$)</b>
Collection of Data & Achievements of Life Sport Programme;	<b>10,650.00</b>
Local Community Advertising;	<b>13,200.00</b>
Published Positive Achievements of Participants; and	<b>14,450.00</b>
Site Visit to Various Centres	<b>10,200.00</b>
<b>TOTAL</b>	<b>48,500.00</b>

21.24 Examination of summary reports submitted on a monthly basis brought to the forefront the question of whether value of money was being achieved as no substantial work was verified. The report was also lacking in detail; it contained photographs which were repeated as representing different centres. However, the photographs were clearly copied and created a false representation.

21.25 Epic Sports Plus (ESP) (a little known company) was engaged to supply Football, Basketball and Cricket Kits and Equipment for the LS Programme without going through a tendering process. In August 2013 the following four (4) invoices totalling \$2,553,210.00 were seen:-

<b>Invoice No.</b>	<b>Invoice Date</b>	<b>Details</b>	<b>Amt. (\$)</b>
02082013-A	02.08.2013	Football jerseys, shorts and balls.	664,950.00
28082013-A	28.08.2013	Football boots, socks, shin guards, goal posts and goal post nets.	880,110.00
28082013-B	28.08.2013	Basketball tops, shorts, nets and balls.	513,150.00
28082013-C	28.08.2013	Cricket shirts, pants, wickets, bats and balls.	495,000.00

Central Audit could not verify that these items were delivered and properly distributed

21.26 The invoices seen were not tax invoices that is they did not contain a VAT registration number even though the above sale (singular and in total) was above the VAT threshold of \$360,000.00. Similar invoices were seen from Kadem & Associates, Hercules Enterprise Caribbean Ltd. and All U Need Ltd. Central Audit also noted that the cost of items purchased appeared to be exorbitant.

21.27 Mr. Cornelius Price and Mr. Theodore Charles were asked about the criteria used in selecting the aforementioned companies and the exorbitant prices being paid. However, both individuals were unable to provide adequate answers to the issues raised.

#### 21.28 ***Recommendations***

21.28.1 All companies exceeding the VAT threshold (\$360,000.00) have to be registered with the Board of Inland Revenue as law and the number has to be displayed on all invoices submitted for payment.

21.28.2 Invoices submitted should detail the centres, participants names, service provided, and any other support.

21.28.3 All personnel, involved in the requisition to payment stages, who authorized the purchase of these equipment, who signed off as the service being provided satisfactorily, who certified as correct and the receipt and use of the goods and services procured ought to be held answerable, accountable and responsible as they were duty-bound to do such.

## 22.0 VOCATIONAL TRAINING (TRADE COMPONENT)

22.1 The *Vocational Training* aspect of the LS Programme was awarded to several companies in 2013 as follows:

- **Allsnorth General Contractor:** Air conditioning, Refrigeration & Electrical Installation.
- **Re Construction and Repairs Limited:** Building Construction and Welding.
- **Scobex Tech Limited:** Aquaculture, Basic gym equipment maintenance, Physical Education, Fundamentals of Catering/Food Preparation, Physiotherapy & Fundamentals of Fabric design.
- **Kadeem & Associates Ltd:** Computer Repairs, Introduction to Photography & Videography, Radio & Television/Disc Jockey presentation & Print Media Layout & Script Writing.
- **McKain Enterprises Ltd:** Basic Bartending, Automobile detailing, Auto mechanics, Landscaping & Barbering.

22.1.1 Cheque stubs, payment vouchers, invoices and letters from the Ministry of Sport related to the *Vocational Training* were seen (*Appendix 17 refers*). Details of the cheques are listed below.

Chq. No.	Company	Invoice Date	Cost (\$)	Centres	Contact Hours
5194	Allsnorth General Contractor	27.09.2013	928,000.00	16	60
5193	Re Construction and Repairs Limited	27.09.2013	981,250.00	25	75
5192	Scobex Tech Limited	26.09.2013	935,000.00	20	60
6983	Scobex Tech Limited	26.09.2013	935,000.00	20	60
5191	Kadeem & Associates Ltd	25.09.2013	935,000.00	20	60
6982	Mc Kain Enterprises Ltd	24.09.2013	905,000.00	15	75
	<b>TOTAL</b>		<b>5,619,250.00</b>		

*NB: Mc Kain Enterprises submitted an invoice dated June 25 2014 in the amount of \$70,000.00 for the provision of videotaping services. This related to 10 LS Centres during the period May 12<sup>th</sup> -23<sup>rd</sup>. This invoice was separate to the vocational training invoice.*

22.2 Mr Theodore Charles, Mr Ronnell Barclay and Mr Cyril Berkeley could not clarify to Central Audit anything regarding the award and tender process. It is apparent that transparency and accountability is lacking as \$5,619,250.00 was paid to these companies and no answers could have been furnished.

22.3 Centres visited revealed that the vocational training component was never implemented. It is therefore questionable as to how invoices could have been signed off as “service provided satisfactorily” and “certified correct” and subsequently paid for.

22.4 The LS Programme has two sessions each day. The class session commences at 9am and ends 12 noon. The sporting session commences at 3pm. It should be noted that invoices for the vocational training covers contact hours for tuition for 60 and 75 contact hours per centre.

22.5 No company submitting invoices had VAT registration numbers displayed. Based on the value of the said invoices, they have all exceeded the VAT threshold and it is mandatory that they are registered with the Board of Inland Revenue.

22.6 Mr Theodore Charles stated training was implemented at the Larry Gomes Stadium as follows:

<b>Vocational Training</b>	<b>Centres</b>
Fibre Optics	Malabar
Camera Installation	Samaroo Village
Electrical Installation	Valencia
	Carapo
	Pinto

22.7 Mr Cyril Berkeley commenced as Assistant Programme Director, Operations in March 2014. He also could not provide any information regarding the selection and works conducted for the above listed companies.

22.8 He indicated, in April 2014 vocational training was implemented at Larry Gomes Stadium, however, he was not involved in the selection of service providers but only in the implementation. The three areas selected are listed below:

- Cable and security camera installation was currently being conducted at Larry Gomes Stadium with thirty (30) participants in attendance.
- Air condition and refrigeration was currently being conducted at Barataria with twenty five (25) participants in attendance.

- The welding aspect was awaiting commencement at the Neal and Massy Industrial Centre.

22.9 Mr Berkeley was requested to provide details of service providers, names of the participants, course outline with attendance register and any relevant reports related to the training at Larry Gomes Stadium. However, to date no documentation has been received.

#### 22.10 ***Recommendation***

22.10.1 The award and tender process used to select the companies should be re-examined. This needs to be adhered to by all persons involved in the process to ensure accountability and transparency is observed.

22.10.2 The companies should be VAT registered.

22.10.3 Listing of centres to show which centres the trade components relates to and the participants in attendance to be accompanied with invoices submitted.

22.10.4 Course outlines with monthly reports to be submitted.

### **23.0 E-BEAM INTERACT LIMITED**

#### 23.1 ***The Agreement***

23.1.1 On December 6, 2012, by signed agreement, the Sports Company of Trinidad and Tobago Limited (SporTT) retained the services of E-Beam Interact Limited (EBeam) to provide, by way of integrated interactive technology, the Numeracy and Literacy Component (N&LC) to the participants of the LS Programme. The contract amount was agreed at TT \$34,000,000.00 with a planned commencement date of December 6, 2012 and a projected completion date of September 30, 2014. To date however that component of the programme has not started

23.1.2 Central Audit was informed that E-Beam was sole selected mainly because of the company's President/CEO, Mr Adolphus Daniell's track record as an educator with respect to individuals who have struggled academically.

23.1.3 The justification, dated November 23, 2012, (***Appendix 18 refers***) stated that the sole selection method was used due to the sensitive nature of the LS Programme. An overview of the crime situation in Trinidad and Tobago, the objective of the LS Programme, the criteria for the selection of prospective participants and a brief description of the Programme's main components were also included as support for the justification for sole selection. As a result of the above together with the fact that the

recommendation came from the Permanent Secretary, MOS to the CEO SporTT, the Board of SporTT at a meeting held on March 8, 2013 ratified the decision made on December 6, 2012 to award the contract for the N&LC of the LS Programme to EBeam Interact Limited. (*Appendix 18A refers*).

23.1.4 Ms Dawn Mohan Corporate Secretary SporTT claimed that following the decision to award the contract she reviewed the draft, which was prepared by MOS Legal Unit, and pointed out to MOS numerous shortcomings, (*Appendix 19 refers*). However, Central Audit saw the faxed response dated *January 21, 2013*, some six (6) weeks after the date of the contract, (*Appendix 20 refers*) sent by a Ms Judith Joseph from MOS to Ms Mohan. She further claimed that against advice from his Legal Unit and with no change to the MOS draft, the CEO SporTT signed the agreement. It appeared from the faxed response the advice came after the contract was signed.

23.1.5 Mr John Mollenthiel, ex CEO SporTT at a meeting on July 9, 2014, informed Central Audit that he signed the contract mainly to avoid any undue delays in the implementation of the N&LC of the Programme. He said he did not consider the suggested changes to the shortcomings of the contract identified by SporTT Legal since he was told that the contract should be ‘loose’, a word he coined as he could not recall the actual word used. He denied that prior knowledge of Mr Daniell’s track record as an educator influenced his decision to sign a ‘loose’ contract. He said another reason for signing was that he always believed Mr Daniell would deliver since he felt that he had an international image to maintain. In hindsight however he believes that he may have been set up and regretted signing the contract. He said he is also astonished at Mr Daniell’s current ‘nit-picking’ behaviour.

## 23.2 *EBeam’s Position*

23.2.1 Central Audit was informed that Mr Adolphus Daniell, President/CEO of EBeam Interact Limited has always maintained that he would start the N&LC of the programme only when all the centres are ready according to the conditions stated in the contract. Inspections of eighteen (18) centres with EBeam officials and LS representatives were conducted between March 26 and 27 and April 9 and 10, 2014 to assess the readiness to conduct the N&LC. Arising out of the inspection Mr Daniell submitted a report which summarises the outstanding issues highlighted by EBeam officials as to the un-readiness of the centres. (*Appendix 21 refers*). The appendix also lists other issues, which according to Mr Daniell continue to frustrate the start of the N&LC of the programme.

### 23.3 *Justification for Second Payment*

23.3.1 According to the contract, it was agreed that SporTT shall pay to EBeam the sum of seventeen million dollars (TT \$17,000,000.00) which represents fifty per cent (50%) of the fee, contemporaneously with the signing of the agreement and the remaining fifty per cent (50%) on September 2, 2013. Central Audit confirmed however that the first payment was made by cheque number 2185 dated June 14, 2013. EBeam subsequently submitted an invoice for the payment of the remaining seventeen million dollars as per the contract.

23.3.2 Ms Dawn Mohan, Corporate Secretary of SporTT, stated that since the N&LC, for which EBeam was contracted never got started, legal advice on whether to pay EBeam the second payment as per the terms of the contract was sought. Ms Lisa Solomon, the then Head of Legal of SporTT after examining the contract, by letter dated November 11, 2013 advised that the second payment be made to EBeam. (*Appendix 22 refers*). She also advised that a robust reporting mechanism be introduced in order to properly monitor and evaluate EBeam's performance.

23.3.3 J.D. Sellier & Company from whom a second legal opinion was sought also advised that based on the contract according to Clause 8 of the contract SporTT was obligated to make all payments to EBeam within the specifications and terms of payment under the agreement. However, there appeared to be sufficient grounds to challenge this payment. This course of action carried inherent risks which could have left SporTT exposed if the matter went to court. Legal Counsel advised that some degree of arbitration could be entered into to resolve the situation. SporTT ignored the latter portion of the advice and proceeded to make the payment. The main reason given was that payment of the remaining fifty per cent (50%) was linked to the date September 2, 2013 and not upon certain services being completed within a certain timeframe. (*Appendix 23 refers*).

23.3.4 Based on the two legal opinions SporTT made the second payment by cheque number 7997 dated February 11, 2014. Central Audit was informed that SporTT is currently awaiting legal advice from Senior State Counsel, Mr Russel Martineau, on a way forward or what actions, if any, can be taken against EBeam.

#### 23.4 *Auditor's Comments*

23.4.1 It is obvious that SporTT was a party to this contract mainly because the contract was above the authorised limit of the Permanent Secretary, MOS. It is evident that the 'mind and management' of this contract has always been and continues to be the MOS. The contract was drafted by MOS Legal, and all the conditions necessary to satisfy the readiness of the centres for the start of the N&LC were always the responsibility of the MOS.

23.4.2 Central Audit noted that most of the centres visited were not in a state of readiness to accommodate the N&LC. To name a few, Covigne Road, Four Roads, Cocorite, Bagatelle, River Estate, St Paul Street, Morvant, Barataria, Carapo, Pinto Road, Malabar Train Line 1 and 2, etc.. Furthermore, a number of participants have indicated their interest in pursuing vocational training instead of learning Mathematics and English. These factors together with the significant reduction in attendance, may have further reduced the number participants interested in the N&LC of the programme.

23.5 ***Recommendation***

23.5.1 The current position of this contract requires expert legal advice which Central Audit cannot provide. It is therefore recommended that SporTT await the advice of the Senior Counsel, which it has sought, and which hopefully would assist in determining a way forward.

23.5.2 In the meantime it is recommended that MOS move with haste to have the centres ready or alternatively in the short term explore the option of setting up a few centralised centres that already have the necessary facilities and security and have the interested participants attend the centre closest to them.

23.5.3 Central Audit also recommends that a formal request be sent to the Inland Revenue Division (IRD) to examine whether or not E-Beam Interact Limited filed a Corporation Tax Return for the year 2013. The objective is for IRD to verify that the company declared the seventeen million dollars (TT \$17,000,000.00) it received in 2013 as well as to keep in mind the 2014 Corporation Tax Return due in 2015 for the declaration of the other seventeen million dollars received in 2014.

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Lester Herbert  
Director, Central Audit Committee

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Inshan Mohammed  
Senior Audit Analyst

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Varuna Ramdial

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Khemkaran Kissun

Senior Audit Analyst

Senior Audit Analyst

**24.0 LIST OF APPENDICES**

**APPENDICES**