

# **The Investigation of the National Conservation Authority (NCA)**

## ***Executive Summary***

This report addresses the following terms of reference:

### Terms of Reference

#### **Inquiry into the Management & Operations of the National Conservation Authority**

1. The investigator will conduct a comprehensive management audit of the National Conservation Authority from the period 2001 to present.

The Investigator shall:

- (a) Investigate allegations of mismanagement and improper conduct levelled against, the General Manager of the National Conservation Authority, Mr. Henry Charles.
- (b) Determine whether the Board of Directors of the National Conservation Authority has effectively exercised its mandate in accordance with the provisions of the National Conservation Authority (NCA) Act, No.16 of 1999.
- (c) Investigate how confidential information from the NCA became public.

Chapter 1, the first part of the report, gives a historical background of the National Conservation Authority and also its outlined functions and mandate.

Chapter 2 deals with the methodology used in doing this research, which is as follows:

(i) The examination of the available financial records of the NCA for the periods April 1, 2000 to March 31, 2001; April 1, 2001 to March 31, to 2002; April 1, 2002 to March 31, 2003; April 1, 2003 to March 31, 2003; and April 1, 2004 to December 31, 2004.

(ii) The examination of the minutes of meetings of the Authority and other management reports.

(iii) Face to face interviews were conducted with the following:

- The National Conservation Authority Board
- The Chairman of the NCA Board
- The Staff of the National Conservation Authority
- The Former Permanent Secretary of the Ministry of Social Transformation
- The Permanent Secretary of the Ministry of Social Transformation
- The General Manager of the NCA
- The Senior Accountant, Ministry of Social Transformation
- Nineteen Members of the Public
- Mr. Claudius Francis at a Public Hearing

(iv) A telephone interview with a Royal Bank employee in St. Kitts

In chapter 3 allegations of mismanagement and improper conduct levelled against the General Manager were addressed. Included in these allegations were a list of findings, which the Accountant submitted as a result of an internal investigation commissioned by the NCA Board and allegations coming from the general public. The investigating team,

however, treated these as simply allegations. Thus, all allegations, which spanned a period of four years from April 2000 to December 2004, were thoroughly investigated chronologically on a financial year basis.

### **Financial Year 2000/2001**

This chapter also examined the accounts with a view to determine whether the principles of accounting were adhered to. The adherence to the dictates of the NCA Act was also carefully examined.

It was observed that there were no financial statements prepared for 2000/2001. Cheques were not written sequentially which resulted in extreme difficulty in the determination of missing cheques, if any. It was also difficult to arrive at a true cash balance for the following reasons:

- (i) Bank reconciliation was not done for the period
- (ii) Some records were incomplete and/or missing.

In summary the findings for 2000/2001 suggest that there needs to be a reconciliation of the funds allocated from Government to the NCA and what is reported in the NCA's accounts.

A summary of the key recommendations to address the above deficiencies include:

That bank accounts be reconciled monthly so that the true cash balance can be determined at all times. Cheques should be issued sequentially.

That the Board and management comply with the requirements of Section (14)1 Part IV of the National Conservation Authority Act.

With respect to the allegations applicable to the period 2000/2001, there were not sufficient evidence to give credence to some allegations; however, there were some cases, which warranted specific recommendations.

- **Allegation involving the awarding of two contracts to Ms. Cepal for a sum in excess of what is normally paid**

With respect to the allegation involving the awarding of two contracts in the amount of \$2,600.00 each to Ms. Cepal, which were far in excess of what is normally paid, the findings did not suggest that there was an over payment to Ms. Cepal. However, it appeared that the proper accounting procedure was not adhered to.

The following recommendation will seek to address this lapse in the application of proper accounting procedure:

### **Recommendation**

That the Accounts Department satisfy itself that accompanying and relevant documentation is presented before cheques are written or payments made. An authorized person should certify accompanying documents before payment is processed. It is the responsibility of management to effect control mechanisms to minimise the incidence of fraud and error.

- **The sale of used Gym equipment to the National Conservation Authority by Ms. Cepal**

The findings indicate that the sale was legitimate; however, there was a lapse in the application of standard procedures in effecting the purchase.

## **Recommendation**

There should be a policy governing the purchase of equipment or any capital expenditure of a specified limit. For the purchase of used equipment, management should present a recommendation to the Board for its consideration and approval.

For the purchase of any equipment, in excess of an amount to be determined by the Board, at least three quotations should be secured from established dealers. This will safeguard the integrity of any purchase and rule out any possible element of partiality.

- **The issue of granting advances to Board members and members of staff**

The findings revealed that advances are granted to Board members and staff of the NCA. However, the system of recovery of these advances is non systematic and ineffective. A recommendation to that effect follows:

## **Recommendation**

It is not unusual for advances to be granted to employees of an organization; however, there should be a policy governing the granting of advances, for consistency and the prevention of abuse.

A section of the monthly management reports should include the current status of advances and balances outstanding to the NCA. A proper system of recovery should be in force to protect the Authority's cash resources.

The outstanding advance of \$4000.00 since 2001 should be recovered from the Chairman, Mr. Antonious Gibson.

- **The issue of nepotism on the part of management**

The findings did not reveal any clear case of nepotism. However, the following recommendation should be noted.

### **Recommendation**

There should be a system where there is greater involvement of the Human Resource Committee in the employment of persons on the programme to ensure that there is objectivity and non-partiality.

### **Financial Year 2001/2002**

For financial year 2001/2002 there were similar issues with the accounts, like the non-preparation of financial statements, the need to reconcile the cash contributions received from Central Government and what is reported by the NCA.

The following allegations and issues are applicable to this financial year:

- **The payment to Daniel Louis for the procurement of radios for the use of the Rangers**

The findings revealed that Daniel Louis was paid by bank draft #61944 on January 17, 2001 (*Appendix 7*) the sum of USD11,357.46, local equivalent EC\$30,857.08.

The ordered items on one invoice for the sum of USD425.25 (*Appendix 8*) were confirmed received by the NCA office. However, the radios and accessories have not been received to date.

## **Recommendation**

There was a judgement lapse by management on this transaction. It is recommended that a sight draft facility be used so that both importer and exporter can get the requisite protection when orders are made from overseas.

The recovery of the amount of USD10,491.46 from Mr. Daniel Louis should be pursued.

- **The purchase of cellular phones from a company that is non-existent and a company's cheque cashed by General Manager**

The findings revealed that a company registered under the name H&M Holding existed in 2001. The cellular phones were purchased from the Company. The proceeds of the cheque went into the Company's account and was not cashed by the General Manager.

A bank official by letter dated 10th February 2005 confirmed that the proceeds of this cheque was actually deposited in the H&M Inc. account at the Royal Bank (*see appendix 12*).

- **The allegation of Mr. Joseph Sylvester working on the General Manager's estate and paid as an employee of the NCA**

The findings revealed that Mr. Joseph Sylvester is now dead. Consequently, the investigation into this allegation proved to be inconclusive due to Mr. Sylvester's unavailability as a result of him being deceased.

- **Celia Moise who it is alleged, works at the South-East Constituency Office and paid by the NCA**

The investigation revealed that Celia Moise is an employee of the NCA. Management confirmed that she is employed as a coordinator in the South East constituency. She coordinates ongoing projects in that constituency.

- **It is alleged that gaming licence application forms for a prospective Jamaican hotelier was paid for, using NCA funds but has not been refunded to date.**

The findings revealed that a \$500.00 cheque in favour of St. Lucia Gaming Authority was issued by the NCA for the payment of forms for a prospective hotelier to be reimbursed (*see appendix 15*).

### **Recommendation**

**Part 4 Section 12 (1) of the Act states: “The Authority shall apply its fund towards the discharging of its obligations or performing its functions under this Act.”**

It does not seem that this was an appropriate application of the National Conservation Authority’s funds. It is recommended that the Authority comply with Part IV, Section 12 (1) of the Act.

### **Financial Year 2002/2003**

Similar issues as obtained in previous years existed in 2002/2003. Financial statements were not prepared; however, one acknowledges the improvement shown in the preparation of reconciliation statements for the main account.

- **It is alleged that during the financial year 2002/2003 the General Manager borrowed \$600.00 from the cash on hand; the amount was never returned**

The investigation revealed that there were missing receipts books; consequently, it was difficult to determine the accuracy of any missing cash.



There is no written record of an advance to the General Manager. The General Manager denied any knowledge of this advance and stated that this had never been brought to his attention.

### **Recommendation**

That handing-over statements be prepared and signed by both parties, i.e. the officer handing over and the officer taking over. The handing over document must also be witnessed and signed by a member of management or anyone appointed to play the role of witness.

- **It is alleged that an employee of the NCA undertook duties at a restaurant owned by the General Manager, Henry Charles in 2003 during working hours and paid for by the NCA**

The findings confirmed that Mr. Henry Charles owned and operated a restaurant in 2003. There were two cooks employed at the Restaurant. The records revealed that Miss Helen Jeremy is on the NCA payroll. Miss Jeremy stated that she held on for one of the cooks during banana harvesting days. The cook in question confirmed that Miss Jeremy held on for her at the restaurant on harvesting days.

### **Recommendation**

**Part IV Section 12 (1) of the Act states: “The Authority shall apply its fund towards the discharging of its obligations or performing its functions under this Act.”**

The Manager should seek to refund the Authority the four harvesting periods, which is equal to four working days that the cook confirmed Miss Jeremy held on for her at Mr. Charles’ restaurant.

**Financial Year 2003/2004**

For the financial year 2003/2004 Bank reconciliation statements for the main account were prepared.

Management reports were available for that period, however, like the other years financial statements were not prepared for the period. There were no reconciliation statements for the Beautification Account.

- **The issue of phantom employees relating to a case of seven persons paid by cheque**

The Electoral Office confirmed that there were names that were not listed as electors. While the letter from the Electoral Office indicated that some names were not listed as electors, there were valid contracts for the employees.

The findings revealed that there were contracts and it would appear that the payees endorsed all the cheques.

### **Recommendation**

Persons at all times must have valid I.D cards before contracts are issued to them.

### **Accounting Period April-December 2004**

There is an improvement in the daily cash receipt reporting system. The immediate banking of monies received is noted for the period April to December 2004. In particular, an imprest system for petty cash has been established. The Authority has also prepared a Draft Financial Procedures Manual to guide its financial operations.

- **The allegation that Annette Christopher who was relieved of her job at the NCA for embezzlement was re-employed later by the Authority**

The investigation confirmed that Ms Annette Christopher was dismissed by the NCA for embezzlement in April 2004. She was, however, re-employed on the Beautification Programme in November 2004.

There is no policy governing the re-employment of any individual who has been dismissed for embezzlement at the NCA.

### **Recommendation**

Section 6 (1) of the NCA Act states that the Board may, with the approval of the Minister, appoint staff at remuneration and upon terms or conditions as it thinks necessary for the proper carrying out of the functions of the Authority under this Act.

According to public policy no officer who has been dismissed from the public service, shall be re-employed in any capacity without prior approval of the appropriate Service Commission.

It is therefore recommended that there be established policies at the Board level on the re-employment of dismissed officers.

- **Allegations and issues emanating from Mr. Claudius Francis' submission**

Two new allegations were brought to the attention of the investigating team relating to:

- (a) Sabina Leonce George
- (b) Magna points rewards

The findings on the Sabina Leonce George issue indicated that Miss Leonce George was paid from the Beautification Account.

The Manager, interviewed on March 1, 2005, expressed that he has no knowledge of who Sabina Leonce George is. He also stated that there are over one thousand persons employed on the STEP Programme, and for obvious reasons he would not know every individual employed under the STEP/Beautification Programme.

He further explained that there is a process by which persons are employed on the Programme. That is, the Parliamentary Representatives are the ones who submit their quota of names to the NCA after which contracts are drawn up for each individual employee.

Mr. Francis stated that he has in his possession a statement from Magna's Regional Head Office showing thousands of dollars in payments to Mr. Charles over the past few years. He further stated that his investigations revealed that whenever a vehicle of the Authority had to be supplied with petrol the card presented to the service station was Mr. Charles'.

The investigation revealed that Mr. Charles, the General Manager, is in possession of a Magna card.

The Accounts Section confirmed that there is a system whereby the driver is given a fuel voucher denomination of \$40.00 depending on the need for refuelling.

Ms. Doreen Gustave, a member of the investigating team, got in touch with Mr. Francis with a view to obtain copies of the documents relating to the two above issues, but to no avail. Mr. Francis then spoke with the Lead Investigator and promised to deliver copies of the documents relating to Sabina Leonce George, but declined making available documents on the Magna claims.

Copies of cheques relating to Sabina Leonce were delivered under confidential cover from the Office of Mr. Francis to the Lead Investigator. No documentation on the Magna card was received.

A letter received from the Manager, Magna Rewards St. Lucia Ltd. dated March 3, 2005, confirmed the Magna transactions from the inception of the Magna program in St. Lucia. The bulk of the spending was done at one of the participating supermarkets. The Magna card has not been in use since May 2003. The total value of cheques redeemed was \$115.10 (*see appendix 19A*).

Chapter 4 addresses the remaining objectives of the report and that include the following:

- **Determine whether the Board of Directors of the National Conservation Authority has effectively exercised its mandate in accordance with the provisions of the National Conservation Authority (NCA) Act, No.16 of 1999**

According to the NCA Act, the Board is supposed to undertake certain responsibilities to fulfil its mandate under the Act.

Reference may be made to section 1.1 of the report for a detailed listing of the specific responsibilities under the Act.

The Board's mandate is very clear in the Act. As regards the functions under the Act, which was mentioned earlier in the report, the Board did execute part of its mandate as is evident in the conservation of the natural beauty, and the topographic features of Saint Lucia by the planting of flowers and roadside landscaping.

Discussions with the Board, suggest that there were efforts in attempting to exercise its mandate in accordance with the Act. However its efforts, it is claimed, were frustrated by the management deficiencies of the General Manager.

However, the Board may not have been too successful in:

- (i) The provision of lifeguard service on a beach in St. Lucia.
  
- (ii) Advising the Minister on the recreational facilities at certain locations in the country.

Board members of the NCA also openly expressed that the Board had no power.

- **Determine how confidential information reached the public domain**

In summary one should first establish the authorised holders of keys to the building and offices. The next step was to work through a process of elimination. While one may not find any hard-core evidence as to how documents left the Accounts Section; however, there is circumstantial evidence.

The Accountant and the Senior Assistant Accountant are the only holders of keys to the Accounts Section and the Accountant's Office; consequently, they are ultimately responsible for any missing documentation. While they may not be solely responsible for disseminating information verbally to the public, however, for the accounting documents, they are responsible for its security and safety.

In a meeting on February 28, 2005 with Mr. Dylan Bourne and Ms. Anthia Bernadine, they agreed and established that they were the only ones privy to the information involving the cheque about Sabina Leonce George, which subsequently appeared on Mr. Francis' submission.

Mr. Bourne confirmed that he made the discovery during the course of the Ministry's appointed investigation.

Ms. Bernadine admitted that she gave the cheque to Mr. Bourne on his instruction, but no report accompanied the cheque. Whatever update made on his list of findings with this particular information was done by himself.

- **General recommendations for the effective and efficient operation of the National Conservative Authority**

Some general observations and recommendations may be made for the effective and efficient operation of the NCA as follows:

(1) Consideration may have to be given to the present composition of the NCA Board with a view to having a more balanced and focused Board. Some of the NCA Board members should be retained on the proposed reconstituted Board because of their demonstrated competence.

(2) The role of the Board should be clearly defined. The Board should not get unduly involved in the operational aspects of the Authority. The Board should concentrate its efforts on policy direction.

(3) The post of the General Manager should be retained in the proposed new NCA structure. The General Manager should be responsible for the overall management of the Authority and should report to the NCA Board.

(4) The day to day operational activities of the NCA has to be overseen by a competent Administrative Officer, with this person serving as Board Secretary. He/ she will report to the General Manager.

(5) An Operations Manager should be added to the proposed structure of the NCA. The Operations Manager should have responsibility for, inter alia, the development of parks, management of beaches, clearing activities etc. He should report to the General Manager.

(6) A qualified and competent Accountant should supervise the Accounts Section. The Accountant should be capable of implementing the necessary controls and accounting procedures to minimise the incidence of fraud and error. Persons appointed to the Accounts Department should be carefully selected. These officers should also have an appreciation for confidentiality where accounting documentation and information are concerned.

(7) The development of a proper public awareness programme is paramount to dispel negative notions about the NCA. The public should be made aware of the benefits derived from the Authority. The role of the NCA in the development process of the country should be enunciated.

(8) It is recommended that a Restructuring Committee be set up with the Permanent Secretary of the Ministry of Social Transformation as chairperson. This Committee should seek to reform the National Conservation Authority to meet its mandate under the Act.

(9) It is further recommended that the restructuring be immediately commenced and that all employees at the NCA's Head Office be severed, after which suitably qualified persons be employed in accordance with the requirements of the Act. A process of advertising the different positions at the Authority should be adopted and applications invited.

(10) It is recommended that a three-man Interim Committee be put in place to oversee the operations of the NCA during the restructuring. This Committee should be mandated to report to the Minister of Social Transformation.



(11) The operational activities of the NCA should continue while the restructuring is being undertaken. It will be necessary to retain some officers in position to facilitate the transition.