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**MARKETING AND
NATIONAL IMPORTING
BOARD (MNIB)**

REDACTED REPORT

on the

**Management and Operations of the
MNIB for the Period 2012-2018**

DEC., 2021



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EXECUTIVE SUMMARY

This inquiry/investigation into the management and operations of the Marketing and National Importing Board (MNIB) by the Office of the Integrity Commission herein after referred to as “**Commission**” covers the period 2012-2018.

On August 2, 2018, following media reports in a local newspaper; namely, “THE NEW TODAY” published on June 29, and July 30, 2018, and captioned “Samuel Andrew removed as Head of MNIB” and “Samuel Andrew exposes Ruel Edwards on financial mess at MNIB” respectively, the Commission commenced its inquiry/investigation.

The MNIB is a state Trading Enterprise, established by an Act of Parliament, Marketing Board Act No. 40 of 1973 (The Act). The Marketing and National Importing Board is engaged in the marketing and trading of agricultural products. Its mandate was extended to include the importation and distribution of ‘specified imports’ (in accordance with section 13 (e) of the MINIB Act).

The MNIB inquiry/investigation sought to determine the following:

- i. Whether there were breaches of the “MNIB” Act No. 40 of 1973 Sections 13 (a) to (e), 14, 15, 18, 20, 22, 22A, 22B, 22C, 23 and any other relevant sections.
- ii. Whether there was proper oversight and management by MNIB’s line Ministries subject to the provisions of the MNIB Act and all other applicable legislation.
- iii. Whether there was proper oversight and management by the MNIB’s Board of Directors and Senior Management subject to the provisions of the MNIB Act and all other applicable legislation.



- iv. Whether there were Conflicts of Interest with respect to roles and responsibilities of all past and present accounting, accountable officers and management thereof.
- v. Whether there was nonpayment/delayed payment to farmers who supplied produce to the MNIB.
- vi. Whether the Board of Directors was in breach of the Public Procurement and Disposal of Property Act No. 39 of 2014 Section 55 (4) (a) (b) (c), (5) and (6).
- vii. Whether there were actions or activities, in relation to the MNIB which may be considered dishonest or conducive to corruption.
- viii. Whether the practices and procedures of the MNIB were conducted in accordance with section 12 (1) (f), and (B) to verify or determine the accuracy of any declaration(s) Pursuant to 12 (1)(c) of the Integrity in Public Life Act No. 24 of 2013 (IPLA).
- ix. What were the causes and circumstances of the fires at the MNIB, River Road building location between the dates of January 23 and 24, 2018, and January 27, 2018.

Methodology and Limitations

- I. The Commission determined its jurisdiction which is to ensure integrity in public life and to give effect to the Inter-American Convention Against Corruption, of which Grenada is a signatory. It is also mandated to examine complaints and to conduct investigations.



- II. The Commission engaged its relevant stakeholders in accordance with section 12 (2) (b) of the IPLA.
- III. The Commission employed the qualitative and quantitative methods of research, based on its inquiry /investigation Protocol and the Terms of Reference for this inquiry/ investigation.
- IV. The Terms of Reference allowed the inquiry/investigation to discover the status of the operations of the MNIB and to ascertain and corroborate information provided from various sources.
- V. Some limitations were experienced in regard to the state of requisite documents, the non-appearance of key persons at interviews, the lateness in response to requests for information and the filing of a Court injunction against the Commission.

Summary of Findings

Outlined below are some of the main findings following the determination and review of issues identified during the inquiry/ investigation:

- I. The inquiry/investigation found that although the Board Minutes and Reports of the MNIB seem to suggest there was active discussion and planning around improvements aimed at benefiting the producers/farmers, the farmers nevertheless generally felt disenfranchised and dissatisfied.



- II. The inquiry/investigation found that although the MNIB occasionally provided farmers with seeds, fertilisers and insecticides, this was not on a consistent basis.
- III. The Board Minutes similarly revealed discussions on the implementation of a Farmers' Desk with a Hotline, but the inquiry/investigation found no evidence of implementation of same.
- IV. The inquiry/investigation found stark variance between the information contained in the Board Minutes and the sentiments expressed by the farmers. The Board Minutes, indicated that there were discussions around paying greater attention to the grading of products in order to reduce spoilage, however, the inquiry/investigation did not find evidence of the implementation of any strategy to address spoilage in general, save and except a Standard of Soursop document dated sometime in 2015.
- V. The inquiry/investigation did not find any evidence indicating that the MNIB acted as commission agent for the disposal of produce, paid dividends to farmers or traded and dealt with food for livestock.
- VI. The inquiry/investigation determined that the circumstances surrounding the issues of non-payments/delayed payments were due to cash flow issues exacerbated by the garnishing of MNIB's account, a result of its court matter with CSME Commodity Traders Ltd.
- VII. The inquiry/investigation found that Annual Business Plans submission dates by the MNIB, during the period under inquiry/investigation, always fell outside of the four-month window stipulated by the Act.



- VIII. The inquiry/investigation found that MNIB did not keep its books of accounts in a way that is sufficient to record and explain the transactions, and to enable its financial position to be determined with reasonable accuracy at any time.
- IX. The lack of cooperation from the Management of the MNIB with the auditors resulted in significant delays in the preparation and submission of the annual Audited Reports to the Ministry of Finance for onward transmission to Parliament.
- X. While it was the responsibility of the Board and Management of the MNIB to make these entities viable through the products and services provided, more follow-up by the line Ministry was required to ensure the projects were being implemented as planned.
- XI. Following review of some of the MNIB's Financial and Operational Reports, as well as Reports from MNIB's independent auditor, the inquiry/investigation determined that MNIB was poorly managed.
- XII. The inquiry/investigation determined that MNIB was not compliant with some of the required policies, protocols, and procedures. Some of them did not exist or were not implemented during the period under the inquiry/investigation.
- XIII. The inquiry/investigation was also able to determine that, there is no Standard Operating Procedures (SOP) or Code of Conduct at the Ministry of Finance for persons on contract vis a vis requirements to declare any such activities outside the service.



Summary Recommendations

Based on the foregoing, the following recommendations are made among others for implementation; in the main Report each issue has identified specific recommendations.

- I. Conduct a full independent forensic examination, under the direction of the Department of Audit, into MNIB's financial operations for the period of the Commission's inquiry/investigation or a focused investigation for this period on the areas specifically identified in this Report.
- II. There should be mandatory training at the reconstitution of the Boards of Directors for new and continuing members on their Fiduciary Duties, roles and responsibilities in accordance with all applicable Acts and the training must be conducted by a professional with proficiency in the operations of statutory bodies.
- III. Board Directors along with the Management of Statutory Bodies should create and implement a Risk Treatment Plan that would mitigate against risks, conflict of interests and corrupt practices. This plan will be periodically revised as part of the Integrity Commission's Risk Management implementation.
- IV. Due consideration be given to a comprehensive review of the MNIB Act and specifically the composition of the Board. The Board membership should be representative of;
 - a. At least two (2) farmers;
 - b. At least two (2) Fisheries Cooperatives Representatives;



- c. A Chartered Accountant;
 - d. An attorney-at-law with at least five years standing;
 - e. Consumers Representative;
 - f. Bureau of Standards Representative;
 - g. Business community with an emphasis on marketing;
 - h. Ministry of Trade and/or;
 - i. The line Ministry.
- V. It is strongly recommended that the MNIB has an independent Secretary designated to the Board of Directors. This must also be applied to all Statutory Bodies.
- VI. Administrative and operational policies, procedures and practices must be developed, disseminated to staff and implemented to ensure the proper management of the MNIB.
- VII. The MNIB should provide farmers with more information on market fluctuations and also provide advice and consultations on what and when they should plant.
- VIII. It is strongly recommended that the Ministry of Trade and by extension all Ministries, implement Standard Operating Procedures that include a well-defined Code of Ethics, Conflict of Interest¹ and Code of Conduct, modelled by the IPLA and advise all appointees;

¹ See Annex B for Office of the Integrity Commission Recommendations for Conflict of Interest for the Grenada Public Service



- IX. It is strongly recommended that MNIB's Board of Directors ensure that they are in full compliance with the Public Procurement and Disposal of Public Property Act No. 39 of 2014; specifically Section 55 (4) a) b) c) and (5), (6).
- X. The Commission recommends that the RGPF should continue to investigate the fires.

Integrity Commission



1.0 INTRODUCTION

1.1.MNIB - Historical Background

1.2.The Marketing and National Importing Board, established by an Act of Parliament in 1973, has as its primary mandate, ‘to market produce of Grenada which are not marketed under statutory authority and for matters connected therewith and incidental thereto’². In 1979 its mandate was expanded to include the importation and distribution of “Specified Imports”³.

1.3.According to the Act, the Powers of the Board⁴ include, among other things:

1.3.1. Buying and selling specified produce⁵;

1.3.2. Processing and marketing produce to the benefit of producers;

1.3.3. Purchasing, handling, storage, exportation, shipping and marketing of all produce;

1.4.Assisting agricultural and fisheries co-operatives to dispose their produce; and

1.5.Making recommendations to the Minister on matters relating to specified produce.

1.6.In 2005, the Permanent Secretary of the Ministry of Finance, under which the MNIB falls, instructed the Ministry’s Internal Auditor to conduct a financial review of the entity, for the period March 15, 2002 to March 15, 2005. The request for the review, made through a Cabinet Submission, stemmed from

² See Exhibit 1 - The Marketing and National Importing Board Act No. 40 of 1973 (amended)

³ Specified Imports means any imported commodity specified in an Order made under section 16 of the MNIB Act

⁴ The Marketing and National Importing Board Act No. 40 of 1973 (amended) Section 14 Powers of the Board

⁵ *Specified Produce* means produce of a kind specified in an Order made under section 15 of the MNIB Act



“suspected improprieties at the Board” level⁶. (see appendix I Wilfred Hercules interview page)

- 1.7. The financial review revealed evidence of:-
- 1.8. Poor management of financial accounting systems/structures;
- 1.9. Financial and operational improprieties, thereby making the mode of operations unsustainable;
- 1.10. Abuse of the Staff Loan Facility;
- 1.11. Over use of “payment in lieu of earned vacation” and no evidence to suggest that the practice had the approval of the Board of Directors;
- 1.12. Severe breach of Accounting/Internal Controls, where the General Manager was solely responsible for performing and controlling activities such as negotiations, tendering, pricing, ordering, purchasing and payments in regard to overseas businesses;
- 1.13. Payments for overseas telephone calls unrelated to the business of the entity and made outside of stipulated working hours;
- 1.14. Purchase of airline tickets for non-MNIB personnel;
- 1.15. Leakages due to non-compliance with financial regulatory procedures; and
- 1.16. The Review recommended a full-scale audit into the MNIB, with a view to implementing corrective measures.

⁶ See Exhibit 2 – Wilfred Hercules Interview



2.0 BACKGROUND TO THE INTEGRITY COMMISSION'S INQUIRY/INVESTIGATION

2.1. The Commission's decision to undertake the inquiry/investigation was prompted by media reports in local newspapers; namely, "**THE NEW TODAY**" published on June 29, and July 30, 2018 and captioned "**Samuel Andrew removed as head of MNIB**" and "**Samuel Andrew exposes Ruel Edwards on financial mess at MNIB**", respectively.⁷

2.2. In the second named article, which piqued the interest of the Commission and prompted the initial inquiry, Andrew is quoted as saying:

2.2.1. *"Therefore, I want to make it emphatically clear and declare unambiguously that during my tenure as Chairman of the Marketing and National Importing Board that I was never involved in any misconduct or misdealing with respect to the financial affairs of the MNIB...Initially the parlous state of finances at the MNIB was only revealed to me when a colleague, telephoned to indicate that a foreign sugar supplier was seeking redress for the payment of outstanding amounts for sugar supplies after numerous successive undertakings to pay from the CEO was not honoured...These facts of financial exposè were previously concealed from the Board for almost two (2) full years."*

2.3. In an article written by The Barnacle Newspaper dated July 31st, 2018 and captioned "**Operations at the MNIB to be investigated**", the Prime Minister acknowledged that a lot has gone wrong at the MNIB... The article further quoted the Prime Minister as saying: *"The Marketing Board was established to help poor farmers, not satisfying the needs of a few...while some persons*

⁷ See Annexes C and D The New Today Articles published on June 29 and July 30, 2018 respectively



in the public service are working extremely hard to protect the resources of our country, others tend to engage in practices that seem to promote wastage and corruption...”⁸.

2.4. Following written and verbal correspondences between the Commission and the Ministry of Finance, and in keeping with the Commission’s mandate to receive and investigate complaints of alleged breaches to the Prevention of Corruption Act⁹, the Ministry provided a written complaint dated February 19, 2019 of matters of concern at the MNIB.¹⁰ The complaint requested that the Commission “conduct a review or assessment of the operations of the MNIB in accordance with Section 12(1)(f) and (g) of the Integrity in Public Life Act No. 24 of 2013”, citing concerns such as financial loss, high overtime, mobile phone and overseas travel expenditure, and exorbitant debt to international suppliers.

2.5. Based upon the review of, *inter alia*, the written statements and enclosed documentary evidence which were provided to the Commission by public officials/officers and other persons closely aligned to the MNIB, the Commission detailed, hereunder, a list of the key findings. Some of these findings are shown to be repeated issues which are dated prior to the investigation period. These issues were highlighted in the aforementioned Internal Audit that was done in 2005.

⁸ See Annex E The Barnacle Newspaper article dated July 31, 2018

⁹ Exhibit 3 Integrity in Public Life Act Section 12 Subsection (1)(d)

¹⁰ Exhibit 4 Letter from the Permanent Secretary, Ministry of Finance dated February 19, 2019



3.0 JURISDICTION

3.1. The Commission was setup to ensure integrity in public life and to give effect to the Inter-American Convention against Corruption, of which Grenada is a signatory¹¹. As part of its mandate, the Commission is responsible for receiving and investigating complaints regarding any alleged breaches of the provisions of its act or the commission of any suspected offence under the provisions of the Prevention of Corruption Act No. 15 of 2007. The Commission is also required to examine the practices and procedures of public bodies, instruct, advise and assist the heads of these bodies on necessary changes to reduce the occurrences of corruption. There is also the mandate to investigate the conduct of any person falling under the Commission's purview, which, in its opinion may be considered dishonest or conducive to corruption¹².

3.2. A "public body" is "a corporation established by an Act of parliament for the purpose of providing a public function and any subsidiary company thereof registered pursuant to the provisions of the Companies Act, Chapter 58A" and "any authority, board, commission, committee or other body...which is invested with or is performing functions of a public nature". A "public officer" is any person in the service of, or holding office under the government, whether such service or office is permanent, temporary, paid or unpaid. A "public function" is any activity by a person under the direction of a Ministry, Department of Government, a statutory body, local government authority or a government company"¹³.

¹¹ Grenada ratified the Inter-American Convention Against Corruption on 16th January, 2002

¹² Integrity in Public Life Act No. 24 of 2013, Section 12 Subsection (1) (d, e, f, g)

¹³ Integrity in Public Life Act Section 2, 'Interpretation'



3.3. The Commission is mandated to receive complaints and examine the operations of public bodies one of which is the Marketing and National Importing Board (MNIB). Therefore, the Integrity Commission has the jurisdiction and or legal authority to investigate the management and operations of the MNIB, public officers or persons performing public functions touching and concerning the MNIB.

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4.0 SCOPE OF THE INQUIRY/ INVESTIGATION

4.1. On August 2, 2018, the Commission, pursuant to Section 12 of the Integrity in Public Life Act No. 24 of 2013 (IPL), commenced an investigation into the management and operations of the MNIB for the period 2012 to 2018.

4.2. Through this inquiry/investigation, the Commission sought to determine whether there were any breaches of the IPLA, the Prevention of Corruption Act, the MNIB Act and any other Acts and legislation designed to guide the operations of the MNIB.

4.3. The inquiry/investigation sought to inquire into the management and operations of the MNIB aimed at determining what, if anything, contributed to the identified breaches, and who, if anyone, should be held accountable. Pursuant to its legal mandate, the Commission commits to working with the Board of Directors and management of the MNIB to create and implement a Risk Treatment Plan predicated on the outcome.



5.0 SUMMARY OF ISSUES

- 5.1. Whether there were breaches of the “MNIB” Act No. 40 of 1973 Sections 13 (a) to (e), 14, 15, 18, 20, 22, 22A, 22B, 22C, 23 and any other relevant sections.
- 5.2. Whether there was proper oversight and Management by MNIB’s line Ministries subject to the provisions of the MNIB Act and all other applicable legislation.
- 5.3. Whether there was proper oversight and Management by the MNIB’s Board of Directors and Senior Management subject to the provisions of the MNIB Act and all other applicable legislation.
- 5.4. Whether there were Conflicts of Interest with respect to roles and responsibilities of all past and present accounting, accountable officers and management thereof.
- 5.5. Whether there was nonpayment/delayed payment to farmers who supplied produce to the MNIB.
- 5.6. Whether the Board of Directors was in breach of the Public Procurement and Disposal of Property Act No. 39 of 2014 Section 55 (4) (a) (b) (c), (5) and (6).
- 5.7. Whether there were actions or activities, in relation to the MNIB which may be considered dishonest or conducive to corruption.



5.8. Whether the practices and procedures of the MNIB were conducted in accordance with section 12 (1) (f), and (B) to verify or determine the accuracy of any declaration(s) Pursuant to 12 (1)(c) of the Integrity in Public Life Act No. 24 of 2013.

5.9. What were the causes and circumstances of the fires at the MNIB, River Road building location between the dates of January 23 and 24, 2018, and January 27, 2018.

6.0 METHODOLOGY

6.1. The Commission determined its jurisdiction with respect to the inquiry and investigation; and employed the qualitative method of research in its conduct of this inquiry/investigation.

6.2. An oversight investigative supervisory team was established and the Commission engaged some of its stakeholders such as the Director of Public Prosecution, Director of Audit, and Law Enforcement Agencies (Section 11 of Prevention of Corruption Act and section 12 b) of the IPLA) to initiate the inquiry/ investigation with respect to the management and operations of the MNIB.

6.3. Advised the MNIB on the commencement of the inquiry/ investigation.

6.4. Advised the Line Minister/Ministry of the Commencement of the inquiry/ investigation.



6.5. Terms of Reference were created by a sub-committee of the Commission comprising of the Technical team and representatives of the Commonwealth Caribbean Association of Integrity Commissions and Anti-Corruption Agencies (CCAICACB).

6.6. Legal advice was sought to guide the conduct of the Commission's inquiry and subsequent investigations.

6.7. Gathered and analyzed data from Financial and Operational Records and Minutes of meetings of the Board of Directors of the MNIB.

6.8. Issued letters of invitation to persons of interest to be interviewed by the investigations team. Prospective interviewees were given the opportunity to have a legal representative present at the interview. They were also provided with a copy of the inquiry/investigation's Terms of Reference.

6.9. Letters of "Request for Urgent Information" were sent to entities associated and/or concerned with the MNIB pursuant to Section 12 (C) of the Integrity in Public Life Act No. 24 of 2013 where it states:

6.9.1. *"...the commission shall have the power to authorize investigations summon witnesses, require the production of any reports, **document or other relevant information** and to do all such things as it considers necessary or expedient for the purpose of carrying out its functions pursuant to the provisions of this Act."*



- 6.10. Conducted interviews with persons of interest in relation to the management and operations of MNIB. The said interviewees were informed at the start of the interview that the proceedings were being recorded and a transcript would be prepared for their signature following their perusal and verification.
- 6.11. Issued questionnaires to MNIB personnel and farmers, and visited places deemed to be connected to the operations of the MNIB.
- 6.12. Prepared affidavits and other documents for Court Sessions following appeals and injunctions filed by the appellant.
- 6.13. In the course of this inquiry/investigation, approximately 60 contacts were made with responses from no less than 55 persons, including, but, not limited to public officers in line Ministries and regulatory bodies; current and former members of the Board of Directors of the MNIB, Management and staff of MNIB; and farmers.



7.0 LIMITATIONS

- 7.1. The scope of the Commission's inquiry/investigation was impacted by the following limitations:
- 7.2. It was difficult to secure relevant/important financial and operational documents due to the state of disrepair of the said documents at the MNIB's Young Street Office. Storage, recordkeeping and the general maintenance of these important records limited the scope of our forensic investigation.
- 7.3. The desired approach would have been to speak to as many contract farmers as possible to determine the veracity of the claim as outlined in *Issue 5.5*. Only Twelve (12) farmers were interviewed, two (2) other farmers with whom contact was made declined our invitation to be interviewed. Three (3) farmers who indicated a willingness to participate in the interview failed to appear for the interview and were unable to be contacted after multiple attempts. Efforts were made to contact other farmers, however, some numbers were out of service and others were unanswered.
- 7.4. There were delays in responses to requests made to MNIB, for financial statements from their CIBC/FCIB Account which limited the speed at which the Commission was able to execute a comprehensive forensic audit.
- 7.5. While most Directors (former and current) of the MNIB Board were cooperative in the inquiry/investigation, there were some who agreed to participate in the interview, but failed to honour their promises. This in turn affected the corroboration of some of our findings and the proper determination of the validity of some of the allegations made against the CEO.



7.6. Former CEO Mr. Sandiford Ruel Edwards (Ruel Edwards), who served the MNIB during the period under inquiry/investigation, did not accept the multiple requests from the Commission, to be heard on the matter of his tenure.

7.7. The Commission could not adequately respond to *Issue ix*, due to lack of scientific material (reagent) in Grenada to determine the circumstances surrounding the cause (s) of the fires.

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8.0 CHALLENGES

- 8.1. The challenges faced by the Commission in the preparation of this Report, include but are not limited to:
- 8.2. Delays in responses from potential interviewees such as Directors of the MNIB Board for the period under review (2012 to 2018); and persons who had to return to verify and sign transcripts following their interviews.
- 8.3. Delays in the inquiry/investigation, due to Court action¹⁴ filed by former MNIB CEO, Sandiford Ruel Edwards.
- 8.4. The magnitude of the work to be undertaken slowed the process, but, did not affect the quality of the inquiry/investigation nor the findings.
- 8.5. Extensive delays in receipt of documents requested from MNIB. Some documents requested were received as late as August 2021.
- 8.6. Length of time that it took to receive data/corroborating evidence (documents requested) from third parties added to the challenges in completing this Report in a timely manner.
- 8.7. Delays emanating from periods of scheduled lockdown due to COVID19 Pandemic regulations.

¹⁴ See Exhibit 5 - Civil Appeal NO. 17 of 2019 – On 25th October 2019, Integrity Commission ordered to pause investigation into MNIB pending outcome of appeal. On 12th October 2020, Ruel Mr. Edwards withdrew his appeal and the Commission resumed its investigation.



8.8. The delays described above, including the pause by Court action, may have prevented the laying of possible charges for summary offences (Sec 533 and 536 of the Companies Act No 7 of 1997).

9.0 DISCUSSION OF FINDINGS

9.1. Issue

9.1.1. Whether there were breaches of the “MNIB” Act No. 40 of 1973 Sections 13 (a) to (e), 14, 15, 18, 20, 22, 22A, 22B, 22C, 23 and any other relevant sections.

9.2. Findings

9.2.1. **Section 13(a)** of the Marketing and National Importing Board (MNIB) Act No. 40 of 1973 (hereinafter referred to as “The Act”) provides that the duty of the Board is “*to buy specified produce and to sell the same*”. The inquiry/investigation found that the MNIB bought and sold a specified produce, namely soursop, since sometime in 2015. In this regard and in support of a massive soursop planting drive undertaken by the Ministry of Agriculture, the MNIB undertook the following activities/initiatives during the period 2015-2016:

9.2.2. Considered establishing a Soursop Advisory Committee

9.2.3. Engaged the services of one Mr. Maitland Coy who was their main propagation and soursop harvesting agent on the sister isle of Carriacou

9.2.4. Designed and imported new boxes specifically for the exportation of soursop



9.2.5. Considered the implementation of new technologies which were geared towards improving irrigation, enhancing propagation techniques and exploring the concept of hand pollination

9.2.6. The inquiry/investigation notes that the buying price for soursop increased from EC\$2.00 to EC\$2.50 per pound sometime in 2016. There is however, no information contained in any of the documentation made available to and perused by the Commission as to the quantity of soursop produced, bought or sold during that period.

9.2.7. **Section 13(b)** addresses the duty of the Board of Directors namely “*to improve, for the benefit of producers, by such means as it shall from time to time determine the processing and marketing of produce*”.

9.2.8. The inquiry/investigation found that although the Board Minutes and Reports of the MNIB seem to suggest there was active discussion and planning around improvements aimed at benefiting the producers/farmers, the farmers nevertheless generally felt disenfranchised and dissatisfied.

9.2.9. In an interview with the Commission, former Sales Manager of MNIB (2013-15), Mr. Devon Rachae expressed “I think one of the ways MNIB could better serve the farmers is by providing farmers with more information on what’s happening in the market”¹⁵.

9.2.10. In reviewing the available Minutes of the Board of Directors’ meetings during the period January to December 2015, the inquiry/investigation

¹⁵ See Exhibit 6 Mr. Devon Rachae Verbatim Report - page 24, paragraph 189



determined that there were plans discussed ostensibly to improve operations for the benefit of producers.¹⁶

9.2.11. The Minutes of the Board of Directors meeting held on the October 23, 2015 revealed at least six concerns of farmers which emanated from a Farmers Consultation. Board Chairman Mr. Samuel Andrew reported that among other things, farmers wanted:

- 9.2.11.1. MNIB to engage in more export and market development;
- 9.2.11.2. More services to be offered to them such as market intelligence;
- 9.2.11.3. Better prices for their produce;
- 9.2.11.4. More technical support from the Ministry of Agriculture;
- 9.2.11.5. More emphasis on “*value added*”¹⁷; products and
- 9.2.11.6. The institution of crop insurance.

9.2.12. The inquiry/investigation determined that during the period 2013 to 2015, the MNIB conducted limited market research and therefore was unable to adequately advise farmers about what they should be planting at any given time throughout the year in order to avoid a glut on the market.

9.2.13. It was also determined that too often farmers were left with excess produce because there was little or no demand on the market during that particular period. The farmers were therefore seriously disadvantaged,

¹⁶ Plans such as: farmer capacity building through the ridge-to-reef project; MNIB Export Development Plan, a Memorandum of Understanding with the Carriacou Farmers’ Association; Banana Industry Development Plan; Implementation of a Farmer’s Desk, and a Farmers’ education programme to teach farmers how to operate within a production planning system.

¹⁷ Value-added products are products that have been altered, added to, or otherwise enhanced during the production process to add value to the final product.



as this resulted in lower prices for their produce and significant spoilage.

9.2.14. It was observed that the available Board of Directors Minutes for the end of year 2015 and January to December, 2016, contained no Reports or evidence that most of the issues identified and discussed in 2015 were ever followed up on or implemented.

9.2.15. Sometime in 2016, the MNIB Board of Directors began the discussion and implementation of two (2) value-added products namely, the creation and sale of local fruit bowls and bottled coconut water. Farmers were specially contracted to produce the fruits to be used in the fruit bowls and seedlings were provided to them by the MNIB.

9.2.16. The inquiry/investigation found that in its attempt to improve the processing and marketing of produce for the benefit of producers, the MNIB failed in the “bottled coconut water” initiative but experienced some success with the “local fruit bowls”, which is still ongoing.

9.2.17. **Section 13(c)** of the Act provides that one of the duties of the Board is *“to secure the most favourable arrangement for the purchasing, handling, storage, export, shipping and marketing of produce and, in particular, to assist agricultural and fishery cooperative societies to dispose of their produce to the best advantage”*.

9.2.18. During the course of the inquiry/investigation, approximately twelve (12) farmers were interviewed regarding the benefits they received from their association with the MNIB. Seventy-five percent (75%) of the farmers interviewed opined that the MNIB rendered no assistance to agricultural societies with the effective disposal of their produce,



neither have the MNIB secured the most favorable arrangement for the marketing of their produce.

9.2.19. Most farmers were dissatisfied with the services provided and the benefits accrued to them from the MNIB.

9.2.20. In an interview with former Sales Manager of the MNIB, Mr. Devon Rachae, described the practice of the MNIB as visiting multiple farms on any given day, picking produce, weighing onsite, and leaving the farms with the selected produce. Following arrival and sorting at the MNIB's Pack House, farmers will then be informed that some of their produce was not suitable for export and consequently they did not receive any payment for same.

9.2.21. Mr. Rachae went on to describe this practice as unethical, since in his view, the MNIB had no system in place to properly trace which farm the unsuitable produce came from during his tenure at the MINIB. This resulted in both loss of produce and reduction in payments to farmers who were now left without any means of recourse¹⁸.

9.2.22. Sixty two percent (62%) of the farmers interviewed were not satisfied that the MNIB secured the most favorable arrangements for the handling and storage of their produce. Sometime in 2015, MNIB attempted to provide to the farmers what they considered to be better designed crates, however, the farmers found the crates were too small for the proper storage and transportation of their produce as they will often get squeezed or damaged between collection and transportation to their final destination.

¹⁸ See Exhibit 7 Mr. Devon Rachae Verbatim Report - page 13, paragraph 102



9.2.23. The concern regarding the improper handling and storage of produce was substantiated by the high levels of spoilage recorded between the period April 2015 to April 2016, during that year, approximately eight point one percent (8.1%) or Two million, twenty thousand, seven hundred and forty-seven Eastern Caribbean dollars (EC\$2,020,747.00) of farmers' produce, purchased by the MNIB, was recorded as spoilage.

9.2.24. Despite this significant impact on MNIB's profit margin, there was no recorded substantive discussions about the spoilage by the Board. Losses due to spoilage were referenced in the Minutes of two (2) Board meetings sometime in early 2016. Senior Management recommended that the Open Purchase Policy be reversed and that the MNIB should purchase produce only from registered farmers. The inquiry/investigation saw no reports in the Board Minutes of any decisions and/or actions taken in this regard.

9.2.25. The inquiry/investigation found stark variance between the information contained in the Board Minutes and the sentiments expressed by the farmers. The Board Minutes, indicated that there were discussions around paying greater attention to the grading of products in order to reduce spoilage, however, the inquiry/investigation did not find evidence of the implementation of any strategy to address spoilage in general, save and except a Standard of Soursop document dated sometime in 2015.

9.2.26. The Board Minutes similarly revealed discussions on the implementation of a Farmers' Desk with a Hotline, but the inquiry/investigation found no evidence of implementation of same.



9.2.27. A 2015 Financial Report submitted to the Board of Directors, by Senior Management, indicated that meetings were held with five (5) food outlets (restaurants and hotels) in order to garner sales for farmers produce, however, only two (2) entities (Radisson and Umbrellas) came on board and began making consistent purchases. The Board of Directors also discussed the implementation of a fruit bowl project in schools, however, the inquiry/investigation saw no evidence of the materialisation of this initiative.

9.2.28. In response to communication sent by the Commission to the then Permanent Secretary in the Ministry of Agriculture and Fisheries, an email was received by the Commission informing that the eight (8) functional Fisheries Cooperatives in the State of Grenada have never received assistance from the MNIB. The Commission was also informed that MNIB purchased a small amount of seamoss and corned fish from individual fishermen.

9.2.29. The inquiry/investigation found no evidence of assistance from MNIB to the fishery cooperative societies to dispose of their produce to the best advantage.

9.2.30. **Section 13 (d)** of the Act provides that another duty of the Board is *“upon being required by the Minister, to do so, to make recommendations on any matter directly or indirectly relating to or affecting any specific produce”*.

9.2.31. The inquiry/investigation did not reveal any specific request or requirement made by the Line Ministers of the MNIB during the



period under inquiry/investigation, relating to or affecting any specified produce.

9.2.32. Section 13(e) of the Act provides that one of the duties of the Board is *“to sell specified imports after bringing the same into Grenada”*.

9.2.33. The inquiry/investigation found that MNIB’s specified imports were namely rice, powdered milk, brown sugar and white sugar, all of which were sold in compliance with the Act.

9.2.34. Section 14 of the Act details the powers of the Board of Directors which includes performing such functions as:

9.2.35. buying and selling produce (other than specified produce) through contracts with farmers;

9.2.36. establishing and operating depots, mills, plants for preparation and processing of produce and cold storage;

9.2.37. entering transportation contracts relevant to the operations of producers;

9.2.38. establishing itinerant produce-purchasing systems;

9.2.39. prescribing and regulating grades and prices for produce;

9.2.40. operating as a shipping agent; and

9.2.41. packaging of all kinds of foods

9.2.42. The inquiry/investigation found that MNIB was generally compliant with most of the sub sections under section 14 of the Act, save and except the following:

9.2.43. The inquiry/investigation did not find any evidence indicating that the MNIB acted as commission agent for the disposal of produce, paid dividends to farmers or traded and dealt with food for livestock.



9.2.44. The inquiry/investigation found that although the MNIB occasionally provided farmers with seeds, fertilisers and insecticides, this was not on a consistent basis.

9.2.45. **Section 15** of the Act empowers the Minister to declare through an Order of Parliament, a “specified produce” which can only be bought, sold, handled, processed and exported by the MNIB or any person or entity licensed by the Board to so do.

9.2.46. The inquiry/investigation found that soursop was declared a “specified produce” under The Marketing and National Importing Board (Soursop as Specified Produce) Order, 2015.

9.2.47. **Section 18** of the Act provides that

9.2.48. *“The Minister may, after consultation with the chairperson, give to the Board directions concerning the policy to be followed by it in the exercise of its functions generally and, in particular, with reference to any matter within the scope of the Board’s authority which may appear to the Minister to affect the public welfare as a whole, and the Board shall comply with those Directions”.*

9.2.49. The inquiry/investigation found some evidence, in the available Board Minutes, of the Minister giving directions to the Board regarding policy to be followed in exercise of its functions.

9.2.50. The Board Minutes reflected occasional directives from the Minister. For example, the Board Minutes of February 2016 indicated that Minister Oliver Joseph instructed the Board to develop a Strategic Plan for coping with greater competition in the commodities sector. **Subsequent Minutes and other reports made no further reference**



to this directive and the inquiry/investigation found no information indicating that the directive was carried out.

9.2.51. In the Interpretation and General Provisions Act Cap 153 Section 5 provides-

9.2.51.1. "In every written law, except where a contrary intention appears, the word "may" shall be construed as being directory or empowering and the word "shall" or "must" shall be construed as being mandatory or imperative"

9.2.52. The provision that *'the Minister may give general directions to the Board'* while it cloaks the Minister with certain powers, it is directory, he is therefore not mandated by the Act to give any such directions.

9.2.53. **Section 20** of the Act enumerates the powers of the Board to make rules and regulations in relation to, among other things:

9.2.54. the grades and kinds of specified produce it will accept from producers;

9.2.55. the examination of produce and the fixing of prices to be paid to producers;

9.2.56. the setting and control of export prices and quantities of specified produce by licensed exporting agents; and

9.2.57. registration of producers of specified produce.

9.2.58. The inquiry/investigation found that the MNIB established a manual for the "Standard of Soursop" which detailed the general requirements of the "commercial varieties of soursop to be supplied fresh to the consumer". This document sets out the parameters for the classification of soursop which ranges from Grades I to V and also particularizes what deems a soursop unacceptable for export.



9.2.59. **Section 22** of the Act details the development, approval and implementation processes of Annual Business Plans of the MNIB. Annual Business Plans are to be prepared and submitted to the Line Minister at least four months prior to the start of each financial year.

9.2.60. The MNIB's financial year according to the Act (Section 21), is twelve months, beginning on January 1 and ending on December 31. By September 1 of every year, Business Plans should be sent to the Line Minister for approval. Former Permanent Secretary of the Ministry of Finance expressed that the Ministry of Finance was "*challenged consistently, to get even quarterly data, from the MNIB on a timely basis*".

9.2.61. **Records at the Ministry of Finance show that, during the period under review, MNIB was consistently late in the submission of its proposed business plans.** There were no records of Business Plans being submitted for 2012 to 2014. The Business Plan for 2015 was submitted on March 30, 2015. The Business Plans for 2016, 2017 and 2018 were submitted on October 29, 2015, November 22, 2016 and December 27, 2017, respectively.

9.2.62. **The inquiry/investigation found that the MNIB was pervasively noncompliant with this section of the Act. The Annual Business Plans submission dates by the MNIB, during the period under inquiry/investigation, always fell outside of the four-month window stipulated by the Act.**



9.2.63. **Section 22A** of the Act provides that the Board is obligated to implement a business plan for the financial year and establish a mechanism for monitoring the implementation of same.

9.2.64. **Though Business Plans were submitted past the stipulated date, based on the provided Minutes of the Board of Director's meetings held, there was no evidence to show that the MNIB established any mechanism for the efficient monitoring and implementation of Business Plans.**

9.2.65. **Section 22B** of the Act provides that the MNIB is required to keep proper books of account of its income, expenditures and other receipts. MNIB is responsible to ensure that all monies received are promptly brought to account, all payments are correctly made and properly authorised; and adequate control is maintained over property and the incurring of liabilities.

9.2.66. Its books of accounts must be kept in a way that is sufficient to record and explain the transactions of the entity, as well as to enable the Board's financial position to be determined with reasonable accuracy at any time. The books of accounts must also be sufficient to enable the preparation and audit of financial statements.

9.2.67. The inquiry/investigation determined that MNIB did not maintain proper books of accounts of its expenditures. The following examples illustrate MNIB's lack of proper accounting, book keeping and accounting practices/systems:



9.2.68. Flawed/unreliable accounting software

9.2.68.1. The inquiry/investigation found that MNIB did not keep its books of accounts in a way that is sufficient to record and explain the transactions, and to enable its financial position to be determined with reasonable accuracy at any time.

9.2.68.2. The inquiry/investigation determined that MNIB maintained two accounting systems, Counterpoint and PBS. The Counterpoint system is used for sales and receiving stock items and PBS is used for general accounting purposes, updating records and generating reimbursements and reports. Data collected through the Counterpoint system is batched and transferred monthly to the PBS system.

9.2.68.3. The PBS system generated only summary reports. Detailed transactional reports could be obtained only through the Counterpoint system. PBS was introduced several years ago to compliment the Counterpoint system. “WAGOS”, a company situated in Trinidad, is the service provider of the PBS system.

9.2.68.4. The PBS accounting system was introduced to MNIB with flaws which persisted without any significant remedial action taken by MNIB or the service provider. In an interview with the Integrity Commission, Senior Management informed the inquiry/investigations that MNIB began to experience the problem concerning incorrect accounts receivable balances in 2013.



9.2.68.5. Some of the accounts reflected balances in excess of EC\$999 million. MNIB contacted the service provider, WAGOS, when the problem was first observed. WAGOS reviewed the matter remotely and indicated that there is nothing they can do. Subsequently, MNIB contacted WAGOS twice via phone about the problem but got the same response. In 2021, the MNIB made a decision to revert to using QuickBooks accounting software.

9.2.69. Filing system

9.2.69.1. Reliable records are critical for MNIB or any organization to function effectively. Records are evidence of all important decisions taken by the Board and management and the activities of the MNIB. This allows stakeholders such as the citizens and the Government of Grenada to hold the Board and management accountable for their decisions and actions. As such, all records of continuing value should be properly maintained and secured. Those records which by Statute may be archived or disposed should be done properly as determined by policies and procedures.

9.2.69.2. The inquiry/investigation determined that MNIB had no filing system in place. The storage facility for records were inadequate, files were not kept securely, old and useless records were not disposed of and occupied valuable space.



- 9.2.69.3. Current and archived physical records were bound between pieces of cardboard¹⁹, fastened with strings and stored in cardboard boxes or plastic crates. There were no binders, folders or filing cabinets.
- 9.2.69.4. Senior Management informed the inquiry/investigations that the problem with filing is purely lack of vigilance on the part of staff and enforcement on the part of management.
- 9.2.69.5. In addition, some current business records were cut and used to generate other business documents. These records included sales invoices and Board Minutes. The destruction of original business records can have a detrimental effect on the recording and reporting of financial information and is conducive to corruption.²⁰
- 9.2.69.6. The inquiry/investigations determined that dates on a number of cheque payment vouchers were crossed off and substituted with hand written dates. It was further noted that these written changes were not initialed.²¹
- 9.2.70. The inquiry/investigation determined that the evident lack of attention to proper record management resulted in:
- 9.2.70.1. The loss or misplacement of important records;
 - 9.2.70.2. Time wasted trying to retrieve records;

¹⁹ See Exhibit 8 Photograph showing physical records bounded between pieces of cardboard

²⁰ See Exhibit 9 Current business records that were cut to generate other business documents

²¹ See Exhibit 10 Cheque Payment vouchers showing crossed dates and inserted new dates which were not initialed.



- 9.2.70.3. Missing financial and organizational records;
- 9.2.70.4. The Board not being able to recall and monitor effectively the implementation of decisions taken;
- 9.2.70.5. Unreliable reporting;
- 9.2.70.6. Lack of accountability for the actions of management and employees in general and,
- 9.2.70.7. The general dysfunction of MNIB.
- 9.2.71. Section 22C** (1) of the Act, provides that not later than three months after receipt of the financial statements and annual report from the Board, the Director of Audit shall audit the financial statements in accordance with the Audit Act, Chapter 22A.
- 9.2.72. The Audit Department conducts audits using ISSAIs (INTOSAI Standards for Supreme Auditing Institutions). These standards are internationally recognized and based on International Standards of Auditing (ISA) tailored for the public sector.
- 9.2.73. During the period under review, the Director of Audit, in applying his lawful discretion, contracted a private firm (W. R. Agostini & Company) to audit the accounts of the MNIB, for the period under review.
- 9.2.74. There were no reports from the Department of Audit that the contracted Auditor did not follow the ISA.**
- 9.2.75. The inquiry/investigation determined that audit exercises were not conducted annually. The Audit Department confirmed that MNIB**



was always extremely late in submitting reports for auditing and sometimes financial statements for multiple years were received by the Department for auditing at the same time.

9.2.76. The inquiry/investigation found that W.R. Agostini & Company (the auditor), consistently experienced delays in the completion of audit. In a letter dated July 7, 2017 from the auditor to MNIB's Board of Directors reads:

9.2.76.1. *“In the Management letter of 2015, we highlighted the lengthy delay in completing the audit based on the actions and non-actions of the Marketing and National Importing Board in relation to reconciliation of accounts and preparation of the appropriate schedules. The delay experienced appears to be an established trend and in our view is deemed worrying...”*

9.2.77. In speaking about delays in bank accounts reconciliations, the letter further states that:

9.2.77.1. *“These extensive delays are placing unnecessary strain on the operations of the Board and the processing of financial statements for annual audits”.*

9.2.78. On April 22, 2015, the auditor W.R. Agostini & Co. wrote to the MNIB, requesting information to complete the 2014 audit; reminding MNIB that the deadline for submitting the final Report which was March 31, 2015 had already passed and strongly urged them **“...to give this matter your immediate attention”**.



9.2.79. The inquiry/investigation also determined that in letters dated August 3, 2018 and October 23, 2018, the auditor again brought to the attention of the MNIB the continued delays in the provision of documents needed for the completion of audit exercises **and stated that this could result in the lack of internal controls and risk of fraud.**

9.2.80. In addition, documents in the Ministry of Finance, where audited reports are lodged for tabling in Parliament, showed that the reports for 2012 and 2013 were received in June 2014. The 2014 and 2015 reports were received in 2016. When this inquiry/ investigation began in August 2018, the Ministry of Finance had not yet received the Financial Reports for 2017 and 2018.

9.2.81. By letter dated September 25, 2019, the auditor stated that; “Financial statements for the year 2017 and 2018 are still outstanding. We are awaiting information from the Board”.

9.2.82. On July, 23 2021, Ministry of Finance confirmed receipt of the said reports to the Commission.

9.2.83. During the period under inquiry/investigation, the inquiry/investigation determined that the last audited statement received by the Office of the Director of Audit from W.R. Agostini & Co. was for the year 2014. The Office of the Director of Audit received Statements from W.R. Agostini & Co. for 2015 and 2016, which were incomplete. The Office of the Director of Audit informed the inquiry/investigation that the Department had not received audited Statements for the years 2017 and 2018.



9.2.84. MNIB's Finance Manager Elvis Young confirmed the Audit Department's statement on the delinquent reports, adding that a major contributing factor to the tardiness of the financial statements was a new and cumbersome accounting software, that the MNIB started using to facilitate integration of its operational and accounting activities. In a recent interview (2021) with the Commission, he has since indicated that the MINB is currently changing that accounting software.

9.2.85. The lack of cooperation from the Management of the MNIB with the auditors resulted in significant delays in the preparation and submission of the annual Audited Reports to the Ministry of Finance for onward transmission to Parliament.

9.2.86. **Section 23** of the Act makes provision for MNIB's exemption from paying Corporate Income Tax and Stamp Duties. However, MNIB is obligated to remit to the Inland Revenue Office, the monies collected under the Value Added Tax (VAT) regime and the Pay As You Earn (PAYE) collected on behalf of its employees.

9.2.87. The inquiry/investigation determined that the MNIB was up to date with its employee's monthly NIS contribution for the period under investigation.²² **However, has “outstanding balances for both tax types” for the period 2012 to 2018.** For the period January 2018 to July 2021, **the MNIB has since paid a total of Sixty three thousand, six hundred and twenty-six dollars and seven cents (EC\$63,626.07) with a balance of one hundred and ninety-one thousand, eight hundred and sixty-three dollars and forty-seven cents**

²² Exhibit 11 Table showing National Insurance Scheme (NIS) – MNIB contribution Data 2012 – 2016 – EC\$ and Letter from the Inland Revenue Department



(EC\$191,863.47) which includes penalty of thirty-six thousand, four hundred and twenty-nine dollars and sixty-five cents (EC\$36,429.65) and interest of one hundred and twenty-one thousand, six hundred and twenty-four dollars and forty-three cents (EC\$121,624.43).

9.2.88. Efforts made by the Commission to identify which tax type the payments and outstanding amounts referred to, were not fruitful.

9.2.89. RECOMMENDATIONS

9.2.90. The plans identified in the Board Minutes, geared towards assisting farmers and fisheries – for example a farmers desk; training; assistance with seeds and fertilizers and expansion of exportation should be implemented.

9.2.91. The MNIB must have a detailed and integrated plan to assist farmers with year round crop rotation. This will ensure year round availability of produce and a reduction of market glut and spoilage.

9.2.92. The MNIB Act should be reviewed and amended to include appropriate penalties/sanctions for non-compliance with the Act.

9.2.93. It is recommended that the Line Minister withhold the release of any subvention due to entities and or surcharge the entity and or members of its Board of Directors for significant delays in the preparation and submission of business plans and the annual audited reports to the Ministry of Finance for onward transmission to Parliament.



9.2.94. The MNIB must immediately develop and implement business policies and procedures that must incorporate appropriate and secure recordkeeping, proper accountability, and fraud mitigation policies among others. The relevant staff must be trained in these policies and procedures and have instant access to them online or hard-copied;

Integrity Commission



9.3. Issue

9.3.1. *ii. Whether there was proper oversight and management by MNIB's line Ministries subject to the provisions of the MNIB Act and all other applicable legislation.*

9.3.2. Findings

9.3.3. Table 1.

9.3.4. The MNIB reported to the following Ministries during the period of this inquiry/investigation:

PERIOD	LINE MINISTRY	LINE MINISTER
2012	Ministry of Finance	Hon. Nazim Burke
2013	Ministry of Trade	Hon. Oliver Joseph
2014 to 2015	Ministry of Trade	Hon. Oliver Joseph Hon. Roland Bhola
2016 to 2017	Ministry of Trade	Hon. Oliver Joseph
2018	Ministry of Finance	Hon. Oliver Joseph Dr. the Right Hon. Keith Mitchell

9.3.5. Following the 2018 General Elections, the MNIB was required to report to the Ministry of Finance. Previously it was the Ministry of Trade, Industry, Co-operatives and CARICOM Affairs for the period April 2013 to March, 2018.



- 9.3.6. Minutes of the Board of Directors meeting revealed that periodically the Chairman and Senior Management met with the Line Minister and at those meetings the Minister was furnished with Operational Reports which included a Financial Report. It was unclear whether there were any follow up sessions to discuss the contents of the Reports with the Board of Directors.
- 9.3.7. The inquiry/investigation also determined that it was not a normal practice for representatives of Ministries, on the Board of Directors, to prepare and dispatch a report to their Minister/Permanent Secretary on discussions or decisions taken at Board Meetings. It was left up to the Chairman and senior management to brief the Minister on the outcome of the meeting. The Minister in seeking clarity would hold discussions with the Ministry's representative(s).
- 9.3.8. According to the Board Minutes from the Board of Directors Meeting held on Thursday 25, February, 2016, the Line Minister met and informed the Board of Directors that MNIB is very important for trade and foreign exchange earnings, which he said puts money directly in the hands of farmers. The Minister also highlighted several other concerns that he thought should be addressed. These included among others; a freeze on salary increases, a focus on increasing exports, improving the relationship with farmers and offering farmers a fair price for their produce.
- 9.3.9. **Following that meeting, the inquiry/investigation found no evidence that the Board of Directors addressed any of the Minister's**



concerns or that the Minister followed up to ensure said concerns were addressed.

9.3.10. The inquiry/investigation found during an interview with the Minister, Hon. Oliver Joseph²³ that he had knowledge and also granted approval for major capital expenditure of the MNIB, such as the extension of the Grand Anse facility and purchase of the Grenville property. The inquiry/investigation found that both entities consistently operated at a loss. The Minister's position on this issue was that the success of these projects resided with the Board of Directors and Management.

9.3.11. While it was the responsibility of the Board and Management of the MNIB to make these entities viable through the products and services provided, more follow-up by the line Ministry was required to ensure the projects were being implemented as planned.

9.3.12. In the fourth quarter of 2017, MNIB was placed under the Ministry of Finance *et al*, which was headed by Prime Minister, Dr. the Right Honorable Keith Mitchell. In an interview with the Commission, Dr. Mitchell stated that he met with MNIB's Board and staff to point out areas of concern such as management and operational issues surrounding acquisition of assets. He further stated that he did not believe it was an optimal way to operate considering that MNIB was making losses during a period when there were increased economic activities. Dr. Mitchell said he was assured that things were on target

²³ See Exhibit 12 Transcript from interview with Hon. Oliver Joseph Pages 3 & 4



and that they were meeting their responsibilities, adding that he did not view what was occurring at MNIB as a crisis at that time²⁴.

Integrity Commission

²⁴ See Exhibit 13 Transcript from interview with Dr. Mitchell Pages 7 & 8.



9.4. Issue

9.4.1. iii. Whether there was proper oversight and Management by the MNIB's Board of Directors and Senior Management subject to the provisions of the MNIB Act and all other applicable legislation.

9.4.2. Findings

9.4.3. Board of Directors

9.4.4. The primary function of the Board of Directors is to carry out the purposes of the MNIB Act. The Board has the specific responsibility of ensuring that MNIB operates in conformance with the requirements of the Act, whereby the powers and duties of the Board and Management are laid out.

9.4.5. The Board of Directors must manage their assets with a duty of care and due diligence as part of its fiduciary and legal responsibilities. The MNIB Board has a fiduciary duty in statutory law as provided for in Section 97 (1)(a)(b) of the Companies Act Cap 58A No. 35 of 1994, as amended by Act No.6 of 1997, which provides:

“97. Every director and officer of a company in exercising his or her powers and discharging his or her duties shall—

1 (a) act honestly and in good faith with a view to the best interests of the company; and

1 (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.”



9.4.6. Section 533 of the aforementioned Act applies in this scenario which provides that:

9.4.6.1. *“Every person who is guilty of an offence under this Act or the regulations is if no punishment is elsewhere in this Act provided for that offence, liable on summary conviction to a fine of three thousand dollars or to imprisonment for a term of twelve months or to both”.*

9.4.7. However, as provided for in Section 536 of the aforementioned Act: A prosecution for an offence under this Act or the regulations may be instituted at any time within **two years** from the time when the subject-matter of the prosecution arose. Therefore, a prosecutor would be statute barred from initiating action under the Companies Act No. 35 of 1994 as the subject matter arose in 2014.

9.4.8. In September 2018, Mrs. Ophelia Wells-Cornwall, then Permanent Secretary of the Ministry of Finance, responsible for oversight of the MNIB, requested the financials of the MNIB, which included, current bank balances, bank reconciliation statements, detailed information on overseas travel, mobile telephone expenses, asset registry, invoices from and payments to suppliers of specified imports.

9.4.9. In an interview with the Commission, Mrs. Wells-Cornwall said a review of the MNIB documents revealed a number of gaps in their financial management system, which she brought to the attention of the Board’s Chairman at the time, Senator Chris De Allie. Some of the concerns though were penned in a letter to the Commission, requesting that an investigation is launched. These included losses of approximately EC\$0.5m each for the years 2017 and 2018.



9.4.10. Mrs. Wells-Cornwall also indicated in her letter to the Commission, that there were discrepancies in the day and cash balances in the MNIB's records.

9.4.11. The following are some examples where the Board failed in some of its responsibilities under the Act:

9.4.12. Transportation Contracts

9.4.12.1. The Board of Directors may have breached its duty of care by allowing a Senior member of MNIBs Management team **who also was senior member of the Faith Deliverance Tabernacle Church, to intermittently rent a vehicle from said church, at a cost in excess of ninety thousand Dollars (EC\$90,000.00) for a period of almost two years (2016-2018).**²⁵

9.4.12.2. The inquiry/investigation found that the MNIB expended exorbitantly on vehicle rental from a Church – Faith Deliverance Tabernacle in Mont Tote, St. George's. The MNIB also paid for repairs and maintenance on the rented vehicle.²⁶ It is not a normal practice that someone renting a vehicle pays for repairs of the said vehicle. **There are no records to substantiate the reasons for such sustained rentals, the type of vehicle rented or the purposes for which the vehicle was rented.**

9.4.12.3. Additionally, the invoices submitted by the Church did not reference any rental agreements, nor did it list the specific days when the vehicle was rented. Board Minutes reviewed by

²⁵ See Exhibit 14 which details invoices for rentals

²⁶ See Exhibit 15 Which details bill for repairs



investigators did not reveal discussion or decisions for vehicle rentals of any kind.²⁷

9.4.13. CSME Commodity Traders Limited Payments

9.4.13.1. In the Minutes of a meeting of the MNIB Board of Directors, held on May 19, 2016, the Board agreed to pay CSME Commodity Traders Limited Fifty thousand United States dollars (US\$50,000.00) per month, however, according to the said Minutes, there was no clear directive given to Senior Management as to when this payment should have commenced.

9.4.13.2. The Board failed to provide specific timelines regarding payments to CSME in the amount of Fifty thousand United States dollars US\$50,000.00.

9.4.13.3. The inquiry/investigations found that in reviewing the Board Minutes for the following months in 2016, that there was no mention of matters concerning CSME Commodity Traders Limited. **Further there was no consistent record in the Board Minutes regarding updates from senior management on the outstanding debt to the said company.**

9.4.13.4. However, in the Board Minutes of January 26, 2017 “The CEO confirmed to the meeting that the amount owed to CSME was US\$285,000.00 on the invoice value. He noted that a payment will be made during the first week of February”. The

²⁷ If a vehicle was actually rented and used for MNIB’s operations, there is a need to determine whether management considered alternative cost saving options such as purchasing a new vehicle instead of continuously renting a vehicle for several years.



inquiry/investigations determined that the balance owed as at January 1, 2017 was two hundred and eighty-five thousand, five hundred and eighty-nine United States dollars and fifty cents (US\$285,589.50).

9.4.13.5. In the Board Minutes of February 16, 2017, “The CEO confirmed to the meeting that a payment of twenty thousand United States dollars (US\$20,000.00) was made on the account during the month of February, bringing the face value of the liability to two thousand and sixty-five United States dollars (US\$265,000)” and in the Board Minutes of April 27, 2017 “The CEO confirmed to the meeting that a payment of twenty thousand United States dollars (US\$20, 000.00) was made on the account during the Month of April, bringing the face value of the liability to two hundred and forty-five thousand United States dollars US\$245,000.00”, **when in fact no payment was made according to CSME Commodity Traders Limited’s Court document.**²⁸

9.4.14. The inquiry/investigation determined that in fact, a total of twenty-four thousand, three hundred and seventy United States dollars (US\$24,370.00) was paid towards the debt and as a result, the principal sum owed to CSME Commodity Traders Limited as at May 31, 2017 was two hundred and sixty-one thousand, two hundred and nineteen United States dollars and fifty cents (US\$261,219.50) and the

²⁸ Case No. GDA HCV 2017/0249: states that since 1st February 2017, no further payment was made to the CSME Commodity Traders Ltd.



outstanding interest owed as at May 31, 2017 was one hundred and thirty-one thousand, two hundred and seventy-seven United States dollars and twelve cents (US\$131,277.12).

9.4.15. The inquiry/investigation found that such pertinent financial details related to the debt to CSME Commodities Traders Ltd were not recorded in the MNIB's 2017 Board of Directors Minutes.

9.4.16. During interviews with individuals who served on the Board of Directors, or had oversight of the MNIB during the period of the inquiry/ investigation, it was deduced that the members did not have sufficient information to determine with reasonable accuracy, the financial position of the Board at any given time. This, despite them saying, that they received, in their packages with the Minutes, the entity's financial statements.

9.4.17. Former Chairman Samuel Andrew reported that he became aware of the true state of the MNIB's finances, after Manager/CEO demitted office. Minister for Trade, Industry, Cooperatives and CARICOM, Mr. Oliver Joseph, told the Commission that he was not aware of the poor state of the entity's finances and that it was brought to his attention after a creditor garnished the MNIB's accounts for the outstanding amount.

9.4.18. Management

9.4.18.1. MNIB's Operations Management is responsible for the administration of business practices to create the highest level of



efficiency possible and the most effective processes to maximize profit.

9.4.18.2. Following review of some of the MNIB's Financial and Operational Reports²⁹, as well as Reports from MNIB's independent auditor, the inquiry/investigation determined that MNIB was poorly managed.

9.4.18.3. The inquiry/investigation determined that the entity lacked proper inventory management of commodities such as sugar, leading to unnecessary shortages on the local market. MNIB did not effectively practice inventory management techniques such as *reorder point* and *economic order quantity*, in order to keep a consistent supply of goods.

9.4.18.4. Management engaged in practices that allowed:

9.4.18.4.1. Late and unreliable financial reports to be repeated;

9.4.18.4.2. Disappearance or destruction of current financial records;

9.4.18.4.3. Lack of proper accountability for significant discretionary expenses particularly reimbursements;

9.4.18.4.4. Poor system of filing and storage of records, which risk damage to records, or harm to persons attempting retrieval, and

9.4.18.4.5. Serious deficiencies in internal control

9.4.18.5. In fact, the independent external auditor who performed MNIB's 2014 audit, reported in the management letter³⁰ that the accounting system was inaccurate and unreliable, the

²⁹ the IC Forensic auditor was not able to review all the years due to poor record keeping practices at MNIB

³⁰ See Exhibits 16 and 17 Auditors' Reports



recordkeeping was poor, and there were serious deficiencies in internal control. Some of the reported conditions included:

- 9.4.18.5.1. Reconciliation of Accounts Receivable and Payable were not done on a timely or consistent basis and Accounts Receivable does not represent the accurate age of the debt;
- 9.4.18.5.2. Payments made were not applied to invoices;
- 9.4.18.5.3. Aged reports were not provided for the prior two years;
- 9.4.18.5.4. Significant delays in reconciling and closing the General Ledger;
- 9.4.18.5.5. Substantial number of accounts not reconciled at the commencement of the audit; and
- 9.4.18.5.6. Difficulty tracing invoices for payments regarding Export Sales.

9.4.19. The Auditor continued to report some of the above-mentioned conditions in two succeeding audits (2015 and 2016) and stated that Management failed to address some of these serious problems. There were no available audit Reports for the years after 2016.

9.4.20. The inquiry/investigation reviewed the audited financial statements from 2012 through 2018 and discovered cumulative loss of approximately fifteen million, six thousand forty eight, eight hundred and thirty four dollars (EC\$15,648,834.00) for the period under review. This amount, although accurately presented, according to International Financial Reporting Standards, does not present details that show the actual profit/loss from operations.

9.4.21. For the purpose of this section, it is important to separate MNIB's operations i.e., the purchase, marketing and sale of produce and specified commodities from other activities such as rental income and the disposal of assets. It was determined that the reported cumulative



loss included the results of operations and income from other sources (“Other Income”).

9.4.22. The reported profits in these years occurred due to **Other Income of eight hundred and thirty-five thousand, five hundred and forty-six dollars (EC\$835,546.00) in 2013 and seven hundred and ten thousand, three hundred dollars (EC\$710,300.00) in 2014 primarily gain from the disposal of property at Lagoon Road.**

9.4.23. Without the Other Income, MNIB’s financial statements for 2013 and 2014 **would have otherwise shown losses from operations of four hundred and seventeen thousand, two hundred and ninety dollars (EC\$417,290.00) in 2013 and one hundred and eight-seven thousand, five hundred and forty-eight dollars (EC\$187,548.00) in 2014.**

9.4.24. **With the absence of Other Income, MNIB would have had losses from operations for every year from 2012 through 2018 with a cumulative loss of over five million, one hundred and eighty thousand dollars (EC\$5.18 million) in this period as illustrated in the table 1 on the following page.**



9.4.25. Table 1

Year	Operating Revenue	Cost of Sales	Gross Profit	Operating Expenses	Operating Profit/(Loss)	Other Income
2012	\$20,855,185.00	\$16,303,828.00	\$4,551,357.00	\$4,216,293.00	-\$430,603.00	\$323,796.00
2013	\$21,660,193.00	\$16,144,726.00	\$5,515,431.00	\$4,884,630.00	-\$418,256.00	\$835,546.00
2014	\$23,071,599.00	\$17,280,745.00	\$5,790,854.00	\$5,954,122.00	-\$522,752.00	\$710,300.00
2015	\$23,482,703.00	\$17,512,710.00	\$5,969,993.00	\$6,144,600.00	-\$191,140.00	\$290,732.00
2016	\$22,571,008.00	\$18,334,704.00	\$4,236,304.00	\$2,443,975.00	-\$6,209,746.00	\$198,378.00
2017	\$21,869,283.00	\$15,840,626.00	\$6,028,626.00	\$1,076,895.00	-\$6,218,909.00	\$361,159.00
2018	\$17,697,406.00	\$14,245,011.00	\$3,452,395.00	\$2,406,338.00	-\$1,657,428.00	\$411,481.00

9.4.26. The recurring losses from operations at MNIB or similar entities could be attributed to either declining sales or increasing expenses. The MNIB financial statements showed sales increased annually except for 2016 to 2018 when there was a significant decline. Similarly, gross profit increased annually except for 2016 and 2018.

9.4.27. With prudent management, increasing sales and corresponding increases in gross profit would cause a positive impact on the entity's financial operations, rather than produce losses in the years. The MNIB's management team was not able to capitalize on increasing sales and gross profit margins to improve its financial condition. As shown in the table 1 above.



9.4.28. The Impact of Operating Expenses

9.4.28.1. The inquiry/investigators further reviewed the total operating expenses to determine its impact on the operations of MNIB. The review revealed substantial increases in the total Operating expenses, particularly in 2013 and subsequent years. The chart on the following page shows that the total operating expenses **increased from approximately five hundred and fifty thousand, two hundred and six dollars (EC\$550,206.00) in 2013 to nine hundred and eighty-eight thousand, eight hundred and eighty-one dollars (EC\$988,881.00) in 2018.**

9.4.28.2. Operating expenses cover a variety of categories, some essential to operations while others are nonessential or discretionary.

9.4.28.3. The review of the audited financial statements uncovered at least five general and administrative expense categories- Advertising; Motor Vehicle Expenses; Office Supplies; Refreshment and Meals; and Travelling and Transportation with substantial increases. Some of these categories including Advertising, Refreshment and Meals and, Travelling and Transportation were discretionary and their significant increases demonstrate management's lack of concern or care for their adverse impact on MNIB's financial operations. The other two categories, Motor Vehicle Expenses and Office Supplies if adequately monitored should not have the significant increases reported.

9.4.28.4. MNIB reported total expenses of four million, nine hundred and ninety six thousand, three hundred and four dollars



(EC\$4,996,304.00) in the above-mentioned five categories during the period 2012 through 2018 and the significant increase began in 2013 and continued through 2018.

9.4.29. The following Table shows the amounts MNIB reported in the respective categories:

9.4.30. Table 2

Year	Total Operating Expenses	Advertising Expenses	Motor Vehicle Expenses	Office Supplies	Refreshment and Meals	Travelling and Transportation
2012	\$360,481.00	\$64,837.00	\$107,910.00	\$109,038.00	\$31,325.00	\$47,371.00
2013	\$550,206.00	\$123,332.00	\$132,024.00	\$149,707.00	\$54,636.00	\$90,507.00
2014	\$863,467.00	\$262,308.00	\$169,965.00	\$233,905.00	\$111,568.00	\$85,721.00
2015	\$981,025.00	\$238,494.00	\$257,430.00	\$315,511.00	\$78,511.00	\$91,079.00
2016	\$988,881.00	\$225,187.00	\$283,820.00	\$246,642.00	\$49,292.00	\$183,940.00
2017	\$761,496.00	\$186,706.00	\$228,217.00	\$246,542.00	\$34,066.00	\$65,965.00
2018	\$490,748.00	\$50,000.00	\$230,818.00	\$168,453.00	\$14,265.00	\$27,212.00

9.4.30.1. **The above review and subsequent findings** regarding questionable and improper expenditures in the above-mentioned categories **show a lack of prudent financial management.** The inquiry/investigation determined that discretionary expenses escalated in part, because **management did not establish and implement policies and practices** that optimized general and administrative expenses or limit these expenses to minimal amounts. These expenses, if managed properly would have substantially reduced MNIB's losses from operations.



9.4.31. Recommendations

9.4.32. There should be mandatory training at the reconstitution of the Board of Directors for new and continuing members on their Fiduciary Duties, roles and responsibilities in accordance with **all** applicable Acts and the training must be conducted by a professional with proficiency in the operations of statutory bodies.

9.4.33. The MNIB should not hire an individual, as an executive member, who has served on the Board of MNIB within three (3) years prior to their appointment.

9.4.34. There should be a set of standards (benchmarks) developed for use in the selection of Chairpersons and Board Members of Public Bodies.

9.4.35. In some instances, Statutory Bodies have a designated independent Secretary for the Board of Directors. Where the legislation is silent OR there are no policies in place, Statutory Bodies should implement this practice in their operational structure. There should be a legislative change to curtail the practice of Manager/CEO or by whatever name known **to hold** the **dual roles** of Manager/CEO and Recording Secretary to the Board of Directors. This is in an effort to avoid potential conflicts of interest and promote transparency.

9.4.36. Board Directors along with the Management of Statutory Bodies should create and implement a Risk Management Plan that would mitigate against risks, conflicts of interests and corrupt practices. This plan will



be periodically revised as part of the Integrity Commission's Risk Management Assessment.

9.4.37. The MNIB Board members who are representatives of their Minister/Permanent Secretary should as a practice prepare concise quarterly Reports and submit same to the Minister/Permanent Secretary as matter of record. This can be adopted by all Government Statutory Boards.

9.4.38. There should not be as far as possible an overlapping of functions and responsibilities to avoid duplicity of roles assigned to individuals.



9.5. Issue

9.5.1. **IV. Whether there are Conflicts of Interest with respect to roles and responsibilities of all past and present accounting, accountable officers and management thereof.**

9.5.2. Findings

9.5.3. A Conflict of Interest is defined as “a situation in which a person in public life has a private interest which can influence or appear to influence, the impartial and objective performance of his or her official duties”.

9.5.4. For the purpose of this exercise, the inquiry/investigation has deemed the term “accounting and accountable officers” to mean, persons who are officially responsible for the protection, custody and/or use of the funds of the MNIB. Going on this premise and guided by the List of persons in Public Life as published in the First Schedule IPLA; List of Persons in Public Life sections 30, 31 and 33.

9.5.5. *Purchase of a vehicle for the new CEO*

9.5.5.1. With reference to the purchase of the vehicle for the “New” CEO, the inquiry/investigation determined that there was an apparent conflict of interest.

9.5.5.2. The inquiry/investigation determined from the Minutes of Board meeting held March 27, 2014, that the Board of Directors approved the purchase of a vehicle for the incoming CEO. The said Board Minutes did not indicate that the Chairman at that



time recused himself from that meeting when that decision was being made.

9.5.5.3. The Chairman became the CEO of the MNIB shortly thereafter.

9.5.6. Apparent conflict of interest in the Line Ministry

9.5.6.1. During the course of the inquiry/investigation, the Commission discovered what could be deemed Conflict of Interest within the Line Ministry, that is to say the Ministry of Economic Development, Planning, Trade and Cooperatives.

9.5.6.2. The inquiry/investigation discovered a person in public life, who was a **senior executive, attached to the Ministry of Trade, while in Contract with the Government of Grenada was serving as a Director of a private company**, which transacted extensive Business with the MNIB.

9.5.6.3. Although the Trade Minister, in his interview with the Commission, asserted that he was not officially informed about anyone who was part of a private company that was transacting business with the MNIB, it must be noted that the inquiry/investigation was able to determine that there was no existing Policy by the Ministry of Finance which required persons to declare their interest in the aforesaid company.

9.5.6.4. The inquiry/investigation was also able to determine that, there are no Standard Operating Procedures (SOP) or Code of Conduct at the Ministry of Finance for persons on contract



vis a vis requirements to declare any such activities outside the service.

9.5.7. MNIB's Employee engaged in produce exportation

- 9.5.7.1. The inquiry/investigation determined that the Quality Assurance Supervisor, while in the employ of the MNIB, partnered with a private citizen to export local produce namely soursop. This is/was in direct competition with his employers the MNIB and typifies the definition of Conflict of Interest.
- 9.5.7.2. The inquiry/investigation also learned that the said private citizen was formally blacklisted by the MNIB for non-payment for goods taken on credit.
- 9.5.7.3.** The inquiry/investigation further discovered that the then Quality Assurance Supervisor is the brother of a Senior member of Management.

9.5.8. Rental of a Vehicle from a Church

- 9.5.8.1. A review of general ledgers for 2016, 2017 and 2018, revealed that MNIB spent over (ninety thousand dollars)EC\$90,000 for the rental of vehicle from Faith Deliverance Tabernacle, a church situated at Morne Tout, St. George.



- 9.5.8.2. The inquiry/investigation has been informed that a member of senior management was a member of the church and served as a worship leader.
- 9.5.8.3. The MNIB supporting documents (invoices) which were used to generate payments to Faith Deliverance Tabernacle, provided very little information. The church invoices listed only a vehicle license plate number, the number of days rented in a particular month, the rate of two hundred dollars (\$200.00) per day and the total amount for the month. The inquiry/investigation requested a copy of the rental agreement from the MNIB, which was not made available to the Commission. Additionally, the invoices did not make reference to any rental agreement or list the specific days when the vehicle was rented.
- 9.5.8.4. In addition, the review of the Board Minutes for 2016 through 2018 found no discussion of the rental of this vehicle or the purpose for the continuous rental. This matter needs to be investigated further to determine whether additional records exist, the purpose for renting the vehicle and whether these expenditures were proper.
- 9.5.8.5. It should be noted that the Pack House at River Road constantly complained about the state of disrepair of its fleet of vehicles and regularly appealed for replacements. The Board of Directors approved the purchase of a new vehicle on more than one occasion, but MNIB did not purchase a vehicle for the pack house. It was determined that purchasing a new vehicle would



have been a better option and financially prudent than continuously renting one for several years.

9.5.9. Repairs and Maintenance Performed on Vehicle Rented from the Church

9.5.9.1. A sampling of vehicle expenses for 2018 was reviewed and the investigation found several instances where MNIB made payments for repairs and maintenance on the vehicle it rented from Faith Deliverance Tabernacle. In the absence of the rental agreement, the inquiry/investigation was unable to determine if the responsibility for repairs and maintenance were that of the MNIB.

9.5.9.2. The inquiry/investigation was not able to determine the total amount spent for repairs and maintenance due to non-receipt of documentation requested, but found some payments that were made to purchase tyres for and perform body work on the rented vehicle.

9.5.10. RECOMMENDATIONS

9.5.11. It is strongly recommended that the Ministry of Trade and by extension all Ministries, implement Standard Operating Procedures that include a well-defined Code of Ethics and Code of Conduct, modelled by the IPLA and advise all appointees.

9.5.12. There should be a Risk Management protocol inclusive of conflict of interest clauses.



9.5.13. There should be policies requiring workers to make declarations to the Board regarding their outside interests, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result and the Board may require the individual to withdraw from such functions in which a conflict of interest becomes apparent.

Integrity Commission



9.6. Issue

9.6.1. Whether there was nonpayment/delayed payment to farmers who supply produce to the MNIB.

9.6.2. Findings

9.6.3. In an online article by The Grenada Informer newspaper, dated 25 April, 2017, captioned “**Farmer pleads with MNIB to pay him his money**”, Mr. Bob Adams of Carriacou who supplied soursop, a “specified produce” to the MNIB, publicly made a plea to the MNIB for outstanding payment for produce he supplied to the Carriacou branch. The inquiry/investigation determined that this payment was outstanding for approximately six (6) months since the delivery of the produce. The Commission conducted a phone interview with Mr. Adams in which he indicated that subsequent to the publication of the newspaper article he received his outstanding payment.

9.6.4. In order to determine whether the problem was pervasive, the Commission interviewed an additional eleven (11) randomly selected farmers from the parishes of St. George, St. Patrick, St. John and St. Andrew. Other contacted farmers declined while some of those who agreed, did not attend the scheduled interviews.

9.6.5. Based on these interviews, the inquiry/investigation determined that payment arrangements varied from farmer to farmer. Some farmers received payments on a weekly, fortnightly or monthly basis and for others, there were no specific payment schedule. The weekly schedule was the most frequent with forty three percent (43%) of farmers receiving payments on that basis. The most frequent payment method



was by cheques, while some farmers received both cash and cheque. Cash was paid to farmers for produce sold for three hundred dollars (EC\$300.00) or less and cheques were paid for produce above three hundred dollars (EC\$300.00).

9.6.6. The inquiry/investigation did not uncover any cases of non-payment, however, fifty percent (50%) of the farmers that were interviewed experienced delayed payments for produce sold to the MNIB. One (1) farmer waited up to seven (7) weeks before receiving payment. Farmers claimed no reason was given for delayed payments and did not inquire why payments were delayed, except for one (1) farmer who speculated about the unavailability of signatories at the time payments were being processed.

9.6.7. Honorable Roland Bhola shared that during his tenure as Minister for Agriculture from March 2013 there were no issues of non-payment. He said that in recent times³¹, farmers complained about not being able to clear their cheques at the bank, due to lack of funds and others complained about the issue of delayed payments.

9.6.8. Based on interviews with MNIB staff who dealt directly with farmers, the inquiry/investigation determined that in 2018, a number of farmers called frequently with complaints of returned MNIB cheques for insufficient funds.

³¹ Former Minister Roland Bhola was interviewed on Dec. 18, 2018



9.6.9. The inquiry/investigation determined that the circumstances surrounding the issues of non-payments/delayed payments were due to cash flow issues exacerbated by the garnishing of MNIB's account, a result of its court matter with CSME Commodity Traders Ltd.

9.6.10. Recommendations

9.6.11. The MNIB should provide farmers with more information on market fluctuations and also provide advice and consultations on what and when they should plant.

9.6.12. There should be a system in place to facilitate and address farmer's complaints and matters relating to or affecting them.

9.6.13. The MNIB should actively be involved in extensive Market Research and have an efficient system of tracking produce, in particular the total un-exportable produce from specific farms.

9.6.14. The MNIB should pursue greater regional and international exports for farmer's produce.



9.7. Issue

9.7.1. Whether the Board of Directors was in breach of the Public Procurement and Disposal of Property Act No. 39 of 2014 Section 55 (4) (a) (b) (c), (5) and (6)

9.7.2. Findings

9.7.3. Disposal of MNIB's Vehicle

9.7.4. The inquiry/investigation determined that MNIB Board of Directors violated both the letter and the spirit of the aforementioned Act in its disposal of an asset, viz: MNIB vehicle.

9.7.5. During an interview, one Board Director accepted that the Board of Directors fell short in the instance of the sale of the vehicle to a member of senior management and should have followed the Procurement and Disposal of Public Property Act more strictly.

9.7.6. In its Board of Directors meeting on April 12, 2018, the Board voted unanimously to dispose of one of its newest vehicles of their fleet by selling it to outgoing member of senior management. The vehicle, a 2014 Isuzu Dmax double cab pick-up, registration number TAG 699 had been purchased in April 2014 for an outgoing member of senior management almost exclusive use.

9.7.7. It should be noted that in November, 2014, MNIB sought and received 50% concessions from the Ministry of Finance to purchase another vehicle of the same type, registration number T1692.



9.7.8. In accordance with section 55 (4) (a) of the aforementioned act, there was no evidence that there were any guidelines issued by the Public Procurement Board (meaning the Board appointed under Section 6(2)).

9.7.9. It was determined that the MNIB failed to prepare special procedures in relation to the retention and disposal of stores and equipment to submit to the Public Procurement Board and its Line Minister for approval as stated in section 55 (5) (a); therefore there were no requisite special procedures setup by the MNIB Board to comply with as under section 55(4) (b).

9.7.10. The inquiry/investigation also determined that MNIB did not have a disposal committee as provided for in Section 3 of the Statutory Rules and Orders No. 30 of 2015 (SR&O) - Establishment of disposal committee.

9.7.11. Pursuant to the aforementioned Act, the inquiry/investigation has determined that since the vehicle sold to a member of Senior Management, TAG 699, was one of its newest vehicle of their fleet and in good working condition, it cannot be deemed unserviceable or obsolete. Neither, can the vehicle be deemed as surplus since it was in use and other vehicles were rented during the said period.

9.7.12. Furthermore the Commission's preliminary forensic Report states:

9.7.12.1. "...MNIB has struggled with a fleet of very old vehicles that required tens of thousands of dollars annually for repairs and maintenance"



9.7.13. It was determined, therefore, that the Board of Directors did not exercise prudent management when it made the decision to sell one of its newest vehicles in its fleet, to the outgoing senior manager purportedly for sentimental reasons.

9.7.14. By selling the vehicle to a senior manager, the Board was not in compliance with Section 7 of SR&O No. 30 of 2015 as amended which provides:

9.7.15. “7. (2) Every disposal made by a procuring entity under sub regulation (1) shall be reported by the chief accountable officer to the Board within fourteen days of the disposal.

9.7.16. The inquiry/investigation did not find evidence to support the submission of a report by the chief accountable officer to the Procurement Board.

9.7.17. Purchase of Grenville Depot

9.7.18. During the scope of the inquiry/investigation MNIB acquired a building in Grenville, in which the acquisition process was in compliance with section 11 (1) and 12 (1) (b) of the MNIB Act which speaks to the Board receiving consent from the line Minister to borrow money for mortgage and acquire property.

9.7.19. This required significant financial commitments which the inquiry/investigation found received Cabinet approval on December 16, 2014 vide Cabinet Conclusion No. 1842. Cabinet approved the proposed purchase price, the mortgage amount and the maximum



amount to be used from the Escrow Account to facilitate the Commissioning of the building. It is the understanding of the inquiry/investigation that a Business Plan was the reference document forwarded to Cabinet in support of this investment.

9.7.20. It was determined by the inquiry/investigation following an interview with the former member of Senior Management, **a feasibility study was done prior to the purchase of the Grenville property. MNIB was advised against that investment as the study showed that it was not financially sound. As highlighted by the results of the feasibility study, which proved to be correct, the MNIB was unable to meet its commitments associated with this venture.**

9.7.21. The inquiry/investigation found that despite the failure of the Grenville Depot in terms of profitability, the acquisition of the property was in compliance with the MNIB Act.

9.7.22. RECOMMENDATIONS

9.7.23. It is strongly recommended that MNIB's Board of Directors ensure that they are in full compliance with the Public Procurement and Disposal of Public Property Act N0. 39 of 2014; specifically Section 55 (4) a) b) c) and (5), (6).



9.8. Issue

9.8.1. **Whether there were actions or activities, in relation to the MNIB which may be considered dishonest or conducive to corruption.**

9.8.2. Findings

9.8.3. The Commission in determining its findings was guided by the following provisions of governing legislation:

9.8.4. The **IPLA Section 12(e)** provides that:

9.8.4.1.1. *“The Commission shall investigate the conduct of any person falling under the purview of the Commission which, in the opinion of the Commission, may be considered dishonest or conducive to corruption.”*

9.8.5. The **Prevention of Corruption Act No. 15 of 2007** in its preamble makes

9.8.5.1. *“...provisions for the prevention of corruption practices by public officers in their performance of public functions...”*

9.8.6. The **Prevention of Corruption Act No. 15 of 2007 Section 2** defines corruption as

9.8.6.1. *“... an act committed by a person that is inconsistent with his or her lawful duties and the rights of others, by unlawfully and wrongfully using his or her influence, office or character to procure some gratification for himself or herself or for another person and includes bribery, fraud and other related offences; and the term “corrupt” shall have a corresponding meaning;”*



9.8.7. The inquiry/investigation, although restricted in its ability to examine most of MNIB's records, found many questionable transactions, which have been forwarded to the relevant authorities for further investigation and determination.

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9.9. Issue

9.9.1. (A) Whether the practices and procedures of the MNIB were conducted in accordance with section 12 (1) (f); and

9.9.2. (B) to verify or determine the accuracy of any declaration(s) Pursuant to 12 (1)(c) of the Integrity in Public Life Act No. 24 of 2013 (IPLA).

9.9.3. Findings

9.9.4. Section 12(1)(f) of the IPLA gives the Integrity Commission the authority to “examine the practices and procedures of public bodies” with a view to assisting them to change practices and procedures necessary to reduce the occurrence of corrupt practices. Pursuant to this Section, the Commission issued to MNIB a Systems Assessment Questionnaire at the beginning of the inquiry/investigation in 2018.

9.9.5. The inquiry/investigation determined that MNIB had no Corruption Risk Management Procedure in place. The lack thereof may have also contributed to the absence and non-compliance of some policies, protocols and procedures in order to facilitate the efficient operations of the MNIB.

9.9.6. Based on a meeting and responses to the Questionnaire, the inquiry/investigation determined that MNIB was not compliant with some of the required policies, protocols, and procedures. Some of them did not exist or were not implemented during the period under the inquiry/investigation.



9.9.7. Some examples of where the practices and procedures of the MNIB were either not implemented or adhered to, were as follows:

9.9.8. *Hiring Process*

9.9.9. Based on an interview with a former member of Senior Management, the inquiry/investigation determined that non-compliance with many of the policies and protocols were because "...you couldn't really get the staff to produce because they don't have respect for their supervisor...".

9.9.10. The inquiry/investigation also determined that though MNIB had policies and procedures documented and implemented for hiring, it was not always adhered to. There were times where the hiring process was circumvented. The inquiry/investigation was advised by a senior member of management, that on occasion information would be shared casually about the appointment of a new member of staff, whereby the new member of staff will inform that he or she was sent by the Manager.

9.9.11. The inquiry/investigation found no documented or disseminated policies for: promotion, submission of reports and retirement policy; due diligence in the selection of vendors; tendering; procurement/purchasing; execution of contracts; acceptance and handover of contracted items of service; scheduled or random audits of the procurement process; management of supplies/stores; vehicles; real estate property; usage of assets/equipment/vehicles; recordkeeping and authorization levels, among others.



9.9.12. Procurement and Disposal Policy

9.9.13. The inquiry/investigation further determined that in the past, MNIB complied with some of the policies, rules, and regulations but for unknown reasons began to ignore or ceased to practice them. For example, during the period 2012 to 2013, there was an existing and functioning Tenders Committee as part of the MNIB's Board of Directors.

9.9.14. This Committee is required of all statutory bodies, under the Public Procurement and Disposal of Public Property Act No. 39 of 2014. However, the Committee appeared to not exist by April 2018 when the Board approved the sale of a vehicle of one of its newest fleet and the inquiry/investigation noted that there is no evidence to show that the required procedures for disposal of this asset were followed.

9.9.15. Staff Loan Policy

9.9.16. The inquiry/investigation was able to determine from the Minutes of the MNIB's Board of Directors Meeting of April 30, 2015 under the heading captioned "Staff Loan Policy Approval"; that the Board approved a staff loan policy. However, it was determined that employees defaulted in payments in some instances. The inquiry/investigation determined that the appropriate checks and balances were not adhered to, resulting in delinquent/default payments for staff loan.



9.9.17. RECOMMENDATIONS

9.9.18. The line Ministry should vet and contract an independent party for the next three years to monitor, through annual reviews, the operations of MNIB and to ensure it functions within its mandate and all other related legislation. The contracted party must report findings to the line Ministry and the Integrity Commission;

9.9.19. Administrative and operational policies, procedures and practices must be developed, disseminated to staff and implemented to ensure the proper Management of the MNIB.

9.9.20. MNIB must ensure compliance to its chain of command.

9.9.21. In accordance with **Section 12 (1)(c) of the (IPLA)** the Commission shall make such inquiries as it considers necessary in order to verify or determine the accuracy of a declaration filed pursuant to the provisions of the aforementioned Act.

9.9.22. The filing of Declarations are made pursuant to the **Section 28 (1) & (2) of the IPLA,** which require persons in public life, listed in the First Schedule, to file Declarations with the Integrity Commission disclosing their assets, liabilities, income and interest in relation to property. Being a person in public life as stated in Sections 30 and 31 of the First Schedule of the IPLA, the Chairperson and their Deputy as well as the CEO and their Deputy are required to file declarations.

9.9.23. All declarations filed with the Commission and the records of the Commission in respect of these declarations are confidential. As



part of the Commission's declaration processes, verification and determination of the accuracy of the declarations were carried out.

9.10. Issue

9.10.1. *What were the causes and circumstances of the fires at the offices of the MNIB River Road Building location: (1) Between the days of the 23rd and 24th January 2018 (2) The 27th January 2018*

9.10.2. Findings

9.10.3. There were four individually set fires at the MNIB River Road premises which occurred on two occasions, between January 23 and 24, 2018 and on January 27, 2018. The inquiry/investigation of fires fall outside the remit of the Commission, and as such the Commission sought information from the Royal Grenada Police Force (RGPF) on their findings, in accordance with the Section 12 (2) (b) of the Integrity in Public Life Act which states the Commission -may in all cases where it considers it appropriate to do so, make use of the services or draw on the expertise of any law enforcement agency or the Public Service.

9.10.4. The RGPF shared with the Commission that after conducting its investigation, its team concluded that it was arson, but had no active leads at the time and the matter remained under investigation.

9.10.5. A conversation was held with the Royal Grenada Police Force Forensic consultant, who shared that several pieces of exhibits were taken from the fire scene to be tested by the Grenada Produce Chemist Laboratory to determine the ignition source. The Chief Analytical Chemist advised



that the reagent required to conduct the test was not available on island at the time.

9.10.6. On July 23rd 2021, in discussion with the said Chemist regarding the unavailability of the testing reagents. The inquiry/investigation learnt that it is not normal for the lab to keep a stock of the testing reagents, not because of the cost, but rather its short shelf life and the lack of regularity at which fires occur in Grenada.

9.10.7. The inquiry/investigation into this matter was unable to proceed further given the stated facts above.

9.10.8. RECOMMENDATION

9.10.9. The Commission recommends that the RGPF should continue to investigate the fires.



9.10.10. Conclusion

9.10.11. The inquiry/investigations found that MNIB generally functioned without regard for rules, policies, procedures, protocols, standards, or authority, particularly in its financial operations.

9.10.12. The Board of Directors was in dereliction of key duties relative to financial management, human resource management and general oversight of the entity's operations.

9.10.13. Members of Senior Management (2012 to 2018) and their accountable officers appeared to have negligently circumvented basic checks and balances that were essential to safeguard MNIB's assets.

9.10.14. The Board also ignored the principles of good governance by disposing of critical assets with total disregard to established policies and procedures and violated most of the requirements of the Public Procurement and Disposal of Public Property Act No. 39 of 2014.

9.10.15. MNIB's management did not engage in the administration of prudent business practices or appear to be concerned with the most efficient processes to achieve or maximize a profit for that entity.

9.10.16. The Commission is legally required and pledges to provide guidance on the changes in practices and/ or procedures to reduce occurrences of corrupt practices and assist with the creation a Risk Management Plan in accordance with section 12 (1) (g) of the IPLA.