

# GOVERNMENT OF GRENADA MEMORANDUM

FROM: PERMANENT SECRETARY, MINISTRY OF FINANCE, PLANNING,  
ECONOMIC AND PHYSICAL DEVELOPMENT

TO: CLERK OF PARLIAMENT

REF: MF 191/06

DATE: JULY 28, 2020

**SUBJECT: MINISTRY OF FINANCE RESPONSE TO URGENT QUESTIONS  
BY LEADER OF THE OPPOSITION**

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The subject at caption refers.

Please find attached, response to Urgent Questions by Leader of the Opposition duly executed by the Minister for Finance.

Regards,



Patricia Clarke (Ms.)  
PERMANENT SECRETARY (AG.)

/am

**Ministry of Finances Response to Urgent Questions by the  
Leader of the Opposition**

- 1. Can the Minister for Finance provide this House with the detail of the discrepancy that was discovered by the Ministry of Finance in regards to the disbursements of funds to companies and companies disbursements of COVID-19 stimulus funds to employees?**

The Government of Grenada in March 2020 introduced the Income and Payroll support as part of the COVID- 19 stimulus package to assist mainly the Tourism and public Transportation sectors in combatting the negative effects of the pandemic. The payroll grant support is specifically targeted towards Hotels (including guesthouses, Restaurants/ Bars and Small Travel Agencies.

A monthly application by businesses wishing to access the grant support is required. The grant which constitutes 40 percent of the eligible payroll is paid directly to the businesses on behalf of employees. Employee validation forms are required to be submitted following the disbursement of a subsequent months' payment.

Criteria for Payroll support

- Business must be registered with the Inland Revenue Division and the National Insurance Scheme.
- Funding should not be used for salary payment to **owners, directors, management and employees earning more than \$5000.00 per month. ( except through special )**
- Entity must be in operation on or before 1 March 2020
- Applicable to employees on payroll up to 29<sup>th</sup> February 2020 (New hires post 29 February 2020 will not form part of this grant support.)
- Registered with the Grenada Tourism Authority ( where applicable)

The Ministry of Finance took steps during the design phase of the programme to ensure that if there is a need, that the legal path could be pursued to recoup any

monies that were inappropriately used. The following statement of declaration was included on the application and signed by applicants to the payroll grant support:

*I..... being duly authorized to act on behalf of the Applicant hereby declares that the information submitted is true and covenants on behalf of the Applicant that the Applicant will observe and perform in accordance with the purpose(s) stated in Item 1.0 in this Application form which purpose(s) restricts the use of the grant to the Applicant once approved and imposes obligations on the Applicant's to act solely in accordance with the purpose(s) stated in Item (add item number). The Applicant covenants that if it fails to utilize the grant for the purpose(s) stated in Item 1.0 that it/he/ she is to be deemed to be in breach of the stated purpose(s) in Item (add item number) and is therefore liable to repay the value received and not used for the stated purposes(s) in Item 1.0 and on demand promises to pay to the Government of Grenada any all sums not used for the purpose(s) stated in Item 1.0 and associated incurred by the Government of Grenada to recover sums. The approval of the Application shall not be deemed to constitute a partnership or agency or fiduciary relationship and the Applicant has no right to make commitments for or on behalf of the Government of Grenada and or otherwise hold the Government liable sums granted.*

The following are some of the anomalies identified during the process:-

- The inclusion of allowances, services charges, holiday pay etc. as part of the base salary when making claim for the payroll support. The criteria for the payroll support specifies base pay for the pay-out.
- Salary data submitted by employers for their employees did not match the information contained in the National Insurance Scheme's (NIS) data base regarding the salary amounts
- Misrepresentation of the salaries of senior and management level staff to make them eligible for stimulus payments despite being expressly excluded from the benefit.
- Remitting smaller amounts to employees than was received.
- Employees have reported to the Secretariat that some employers have paid them less than 40% of salary provided for in the stimulus package for disbursement to approved applicants.
- Some entities have not paid NIS for their employees although employee records show deductions being made from their salaries.

The process for verifying the information submitted by the applicants were as follows:

- Checks were made against the data base at Inland Revenue Division to determine the post title of applicants to ascertain their status within the businesses. Those identified as management were excluded from the grant amount given to the businesses.
- Individuals who did not appear on the payroll database from NIS as being associated with that company were not considered for the grant amount. Additionally, those persons who had no contributions associated with their names were not included in the payroll calculations.
- In instances where amounts were over claimed by companies, after reconciliation of the figures, the differences were reclaimed from paid to the companies for the following months.
- Key stakeholders were also engaged to assist in the process.

**2. If any corrupt practices were discovered, what steps have the Ministry taken to correct it?**

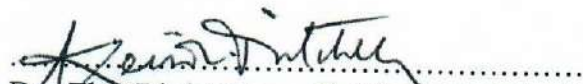
The Ministry of Finance took several steps to rectify the identified anomalies and irregularities as highlighted above as follows. All the businesses where anomalies were discovered were contacted and the findings explained to management. This was followed up with written correspondence to the management reiterating the discussions and the recommendations. Businesses were advised to make good on any short payments identified as owing to employees. The Ministry required supporting evidence that these monies were paid and no further payments will be made to businesses until full amounts have been paid out.

**3. In cases where monies may have been misappropriated, what measures are taken to recoup those funds?**

To date all matters observed and reported have been investigated by the Secretariat and the relevant businesses have been advised and to date the necessary adjustments have been made; namely the staff have been given the short payment and in instances where payments were made inappropriately

the funds were repaid into the consolidated fund. As a result there has not been a need to pursue legal action

Regards,



Dr. The Right Hon. Keith C. Mitchell

**PRIME MINISTER AND MINISTER FOR FINANCE**