



OFFICE OF THE CONTRACTOR GENERAL

Special Report of Investigation

Conducted into the Circumstances Surrounding the Sale of the Government Issued 2009

Toyota Land Cruiser Prado by the Hanover Parish Council to the Former Mayor of

Lucea, Ms. Shernet Haughton

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INTRODUCTION

Special Report of Investigation **Conducted into the Circumstances Surrounding the Sale of the Government Issued** **2009 Toyota Land Cruiser Prado by the Hanover Parish Council to the Former** **Mayor of Lucea, Ms. Shernet Haughton**

The Office of the Contractor General (OCG), acting on behalf of the Contractor General and pursuant to Sections 15(1) and 16 of the Contractor-General Act, initiated an Investigation into the alleged mismanagement of funds at the Hanover Parish Council regarding the sale of the 2009 government issued Toyota Land Cruiser to Ms. Shernet Haughton, which had been assigned to her during her tenure as Mayor at the Hanover Parish Council.

Section 15 (1) of the Contractor-General Act provides the following:

“...a Contractor-General may, if he considers it necessary or desirable, conduct an investigation into any or all of the following matters -

- (a) the registration of contractors;*
- (b) tender procedures relating to contracts awarded by public bodies;*
- (c) the award of any government contract;*
- (d) the implementation of the terms of any government contract;*
- (e) the circumstances of the grant, issue, use, suspension or revocation of any prescribed licence;*



(f) *the practice and procedures relating to the grant, issue, suspension or revocation of prescribed licences.*”

Section 16 of the Contractor-General Act expressly provides that *“An investigation pursuant to section 15 may be undertaken by a Contractor-General on his own initiative or as a result of representations made to him, if in his opinion such investigation is warranted.”*

The decision to commence an Investigation into the stated matter was prompted by the OCG’s receipt of an allegation from an anonymous source dated September 3, 2014. The allegation purported that both the Secretary Manager, Mrs. Judy McKenzie-Lawrence and then Mayor, Ms. Shernet Haughton *“...decided that they want to sell the mayor the government toyota prada [sic], upon obtaining a private valuation for \$3,200,000.00 the secretary manager sold the mayor for 2.2 million dollars...To make matters worse they breach the procurement guide line by not allowing the process to go and approve by committee. Out of the five committees they only send it to two and horridly collect the check [sic] from the mayor and gave her the vehicle.”* (OCG Emphasis)

The OCG is also in receipt of additional allegations by the anonymous source. However, based on a review of the allegations, the OCG has determined that they are not within the remit of its jurisdiction. As such, the OCG has referred the allegations to the appropriate authorities.

The OCG’s Investigation sought to determine, *inter alia*, (a) the process undertaken by the Hanover Parish Council regarding the sale of the government issued 2009 Toyota Land Cruiser Prado to Ms. Haughton and (b) whether the process undertaken regarding the sale of the government issued 2009 Toyota Land Cruiser Prado to Ms. Haughton involved any impropriety and/or irregularity and was fair, transparent and impartial.



The foregoing objectives formed the basis of the OCG's Terms of Reference for its Investigation and were primarily developed in accordance with the provisions which are contained in Section 4 (1) and Section 15(1) (a) to (d) of the Contractor-General Act.

The Findings of the OCG's Investigation are premised primarily upon an analysis of the responses and documentary evidence which were provided by Mrs. McKenzie-Lawrence, during the course of the Investigation.



METHODOLOGY

In the conduct of its Investigation, the OCG utilised the methodology of issuing requisitions to the following persons:

1. Mrs. Judy McKenzie-Lawrence, former Secretary Manager, Hanover Parish Council; and
2. Mr. David Gardner, Secretary Manager, Hanover Parish Council.

A detailed review of the responses and supporting documentation as well as the provisions of the Ministry of Finance and Planning, Revised Motor Vehicle Policy for the Public Sector was undertaken.

The OCG also reviewed witness statements which were provided by the following persons:

1. Mr. Clement Barrant, Administrator, Board of Survey Unit, Ministry of Finance and Public Service;
2. Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, Ministry of Finance and Public Service;
3. Mr. Wesley Miller, Regional Inspector, Western Region, National Works Agency; and
4. Mr. Clive McDonald, Chief Inspector, Island Traffic Authority.



JURISDICTION

The OCG's decision to undertake an Investigation into this matter is predicated upon the allegation mentioned, herein, which highlights issues of irregularity and impropriety contrary to Section 4 of the Contractor General Act. The OCG is of the view that the sale of the government-owned 2009 Toyota Land Cruiser Prado is a matter which falls within the ambit of the Contractor General Act, and accordingly, the circumstances surrounding the sale of the government issued 2009 Toyota Land Cruiser Prado was investigated by the OCG, pursuant to Sections 15 (1) and 16 of the Contractor General Act.

The OCG is of the reasoned view that the sale of the 2009 Toyota Land Cruiser Prado, is in fact the divestment of a government-owned asset, a matter for which the OCG has lawful jurisdiction. The sale of the referenced motor vehicle, will, upon the acceptance of a successful bid, mark the commencement of a formal contract between the Hanover Parish Council and the successful Bidder. In this regard, Section 4 (1) of the Contractor General Act requires, *inter alia*, that Government of Jamaica contracts must be awarded “*impartially and on merit*” and that the circumstances of award must “*not involve impropriety or irregularity*”.

Instructively, Section 2 of the Contractor-General Act provides the following interpretations:

“government contract includes any licence, permit or other concession or authority issued by a public body or agreement entered into by a public body for the carrying out of building or other works or for the supply of any goods or services;” ...

“public body” means –

- (a) a Ministry, department or agency of government;*
- (b) a statutory body or authority;*
- (c) any company registered under the Companies Act, being a company in which the Government or an agency of Government, whether by the holding of shares or by other financial input, is in a position to influence the policy of the company.”*



The Hanover Parish Council is a Public Body as defined by the referenced Act. Consequently, the disposal of the government issued 2009 Toyota Land Cruiser Prado by the Hanover Parish Council is within the purview of the Contractor General.



TERMS OF REFERENCE

The OCG, in its Investigation into the circumstances surrounding the sale of the government issued motor vehicle that was assigned to the former Mayor and Chairman of the Hanover Parish Council, Ms. Shernet Haughton, sought to determine, *inter alia*:

1. The process utilised by the Hanover Parish Council to dispose of the government issued 2009 Toyota Land Cruiser Prado to Ms. Shernet Haughton; and
2. Whether there was impropriety and/or irregularity involved in the process undertaken by the Hanover Parish Council in the disposal of the government issued 2009 Toyota Land Cruiser Prado.

The specific objectives of the OCG are:

1. To determine whether the process utilised by the Hanover Parish Council in the disposal of the government issued 2009 Toyota Land Cruiser Prado was fair, transparent and impartial; and
2. To ascertain whether there were breaches of the applicable Government of Jamaica Handbook of Public Sector Procurement Procedures (2014) or any other applicable policy guidelines and/or regulations; and
3. To determine whether there was evidence to suggest any irregularity on the part of any officer(s), official(s) at the Hanover Parish Council which resulted in the improper sale of the government issued 2009 Toyota Land Cruiser Prado to Ms. Shernet Haughton.



FINDINGS OF FACT

1. Ms. Haughton was employed to the Hanover Parish Council in the capacity as Mayor and Chairman for the period March 2012 to August 2014, constituting a span of two (2) years.
2. In her capacity as Mayor and Chairman of the Hanover Parish Council, Ms. Haughton was assigned a 2009 Toyota Land Cruiser Prado on March 26, 2012.
3. The disposal of government issued motor vehicles is governed by the Ministry of Finance and Planning Circular No. 8 of April 24, 2003 entitled “*Revised Comprehensive Motor Vehicle Policy for the Public Sector*”.
4. Section B.1.12 of the Revised Comprehensive Motor Vehicle Policy for the Public Sector provides that in the disposal of government issued motor vehicles, **(i) the stated motor vehicles must be at least three (3) years old, (ii) the public official who is the prospective purchaser must have been assigned same for at least three (3) years, and (iii) the price at which the vehicle should be sold is to be based on the average of two (2) independent valuations inclusive of that of the Government’s examiner of motor vehicles.**
5. In accordance with Section C.14 of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, after the valuations have been acquired for the government issued motor vehicle, it is to be disposed of by way of a public or closed auction. It is further provided that closed auctions **shall be open to all Government employees.**
6. The Hanover Parish Council obtained two (2) valuations of \$950,000.00 from the Board of Survey Unit, Ministry of Finance and Planning and \$3,150,000.00 from the National Loss Adjusters Limited, respectively.



7. The recommended sale price of the government issued 2009 Toyota Land Cruiser Prado was \$2,050,000.00.
8. The method used by the Hanover Parish Council to dispose of the referenced motor vehicle was by way of a closed auction.
9. The closed auction for the sale of the government issued 2009 Toyota Land Cruiser Prado was held on Tuesday, August 5, 2014.
10. Ms. Haughton was the only person who submitted a bid to the Hanover Parish Council for the referenced motor vehicle. The bid proposed by her was in the amount of \$2,200,000.00.
11. Ms. Haughton was the successful bidder in respect of the sale of the government issued 2009 Toyota Land Cruiser Prado.
12. Ms. Haughton paid a deposit of \$220,000.00 to the Hanover Parish Council upon being notified that she was the successful bidder for the 2009 Toyota Land Cruiser Prado.
13. On August 14, 2014, the Hanover Co-Operative Credit Union made an undertaking to the Hanover Parish Council to pay the outstanding balance of \$1,980,000.00.
14. Mrs. Judy McKenzie-Lawrence, Secretary Manager, Hanover Parish Council, failed to indicate whether the sale of the stated motor vehicle required the approval of all committees of the Parish Council.



15. The Board of Survey team which inspects government owned motor vehicles includes a representative from the Board of Survey Unit, the National Works Agency and the Island Traffic Authority.
16. The 2009 Toyota Land Cruiser Prado was inspected at two (2) locations, namely, Lucea, Hanover and the Planning Institute of Jamaica (PIOJ) parking lot, Kingston (a shared lot between the PIOJ and the OCG and which is located directly across the road from the OCG). A report of inspection by the Board of Survey dated April 18, 2014 and entitled “*JAMAICA UNSERVICEABLE STORES*” lists only Lucea, Hanover as the location where the motor vehicle was inspected.
17. The Board of Survey team utilises a subjective approach in determining the assessed value of motor vehicles, particularly, in the inspection of the motor vehicles’ defects. None of the representatives of the Board of Survey team knew the actual purchase price of the 2009 Toyota Land Cruiser Prado. The Board of Survey team used a subjective measuring tool, that is, a ‘**guesstimate**’ of the cost of a 2009 Toyota Land Cruiser in 2009 with duty concession, in arriving at the assessed value instead of utilising an objective approach.
18. The Board of Survey team also uses a depreciation method in determining the assessed/economic value of a motor vehicle. The depreciation method utilised is a rate of fifteen percent (15%) in the first year of the life of the motor vehicle and ten percent (10%) subsequent years.
19. The Revised Comprehensive Motor Vehicle Policy for the Public Sector indicates that the price at which the motor vehicle shall be sold is based on “...*the original purchase price, less accumulated depreciation for the period at the rate of 20% per annum on the straight line basis;*”.



20. The “**MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST**”, which allows for an assessment of the condition of automotive parts, was not utilised by the Board of Survey team in the conduct of their inspection and assessment of the defects of the 2009 Toyota Land Cruiser Prado.
21. The report of inspection which was completed by the Board of Survey team on April 18, 2014 indicated that the 2009 Toyota Land Cruiser Prado was unserviceable as repairing its defects for “...*further service would be uneconomical*”. The report of inspection further stated that the “...*engine and transmission are in place. The transmission and front end need major repairs. The windscreen and front seats are damaged. The body and interior are fair.*”
22. The report of valuation which was prepared by the National Loss Adjusters Limited indicated that all automotive parts of the 2009 Toyota Land Cruiser Prado were in fair to good condition. Based on the report which was prepared by the National Loss Adjusters Limited, the condition of the motor vehicle was determined based on observation and road testing. This assessment is a marked difference from that of the Board of Survey team.
23. The inspection of the 2009 Toyota Land Cruiser Prado which was undertaken by the members of the Board of Survey team was devoid of any clear and systematic technical assessment and/or physical verification of the working condition of the vehicle. In one instance/inspection, the 2009 Toyota Land Cruiser Prado was not personally checked for defects. Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, advised the OCG that he “...*just went on the complaints that I received. I did not check for these defects.*”



24. The Board of Survey team did not test drive the 2009 Toyota Land Cruiser Prado or take photographs of their observations in the conduct of their inspections. The OCG was categorically informed that it is not the “*custom*” of the Board of Survey team to test drive motor vehicles and to take photographs.
25. The Board of Survey team could not account for the significant disparities between their assessment of the 2009 Toyota Land Cruiser Prado and that of the independent valuator, as it regards the assessed value.



DISCUSSION OF FINDINGS

The Required Method of Disposal for Government Issued Motor Vehicles

In light of the allegations surrounding the disposal of the government issued 2009 Toyota Land Cruiser Prado by the Hanover Parish Council, the OCG deemed it prudent to ascertain the process in place for the disposal of government owned motor vehicles.

The procedure for the management of government issued motor vehicles is detailed in the Ministry of Finance and Planning Circular No. 8 of April 24, 2003, entitled “*Revised Comprehensive Motor Vehicle Policy for the Public Sector*”.

This policy “...**supersedes all other policies, is applicable to Central and Local Government**...and provides guidance in three (3) main areas of motor vehicle management, namely, import duty concession, assignment of government –owned vehicles to public officers and the management and operation of fleet vehicles.”¹ It is further stated in the referenced Circular that Central and Local Government means, “*Ministries, Departments, Executive Agencies, Kingston and Saint Andrew Corporation and Parish Councils.*”² Based on this provision, the OCG notes that this motor vehicle policy governs the disposal of the government issued 2009 Toyota Land Cruiser Prado by the Hanover Parish Council.

Further, Section B.1.12 of the referenced policy provides specific guidelines for the disposal of assigned government owned vehicles. The OCG outlines some of the guidelines as follows:

- “(1) *the vehicle must be at least three (3) years old;*
- (2) **the prospective purchaser who is the official concerned must have been assigned the vehicle for**

¹ Ministry of Finance and Planning Circular No. 8, *Revised Comprehensive Motor Vehicle Policy for the Public Sector*

² Ibid



his/her full time use for a period not less than three (3) years;

...

- (7) where an official exercises the option to purchase the vehicle after (five (5) years, i.e., the depreciated life of the vehicle) **the price at which the vehicle should be sold, shall be based on the average of two (2) independent valuations, one of which shall be by the Government's examiner of motor vehicles.**

If the average price at this time is in excess of the price at which the vehicle would have been disposed of after three(3) years, then the sale price should be based on the valuation of the vehicle at three (3) years.”³ (OCG Emphasis)

Additionally, the Revised Comprehensive Motor Vehicle Policy for the Public Sector outlines the process by which Parish Councils are to dispose of government issued motor vehicles. Section C.15 states the following:

- “(1) The particular Council requests of the Ministry of Finance and Planning, a Board of Survey for motor vehicles and other assets;
- (2) The Board of Survey Unit (PXPC) Division conducts the physical examination of the

³ Ibid



items and report its findings with appropriate recommendations;

- (3) *The Councils may conduct their own auction under similar conditions as central Government or may request the Ministry of Finance and Planning to do this on their behalf; ...*⁴

Further, Section C.14 of the referenced policy dictates that the “Government’s policy is that all unserviceable stores including motor vehicles be sold by Public Auction. Auctions are either “public” or “closed.”⁵ Closed auctions “...are intended to allow Government employees the first choice of purchasing an unserviceable vehicle...”⁶ The stated policy has also established guidelines for the disposal of government issued vehicles by a closed auction as follows:

“...(i) **The auction shall be open to all Government employees (generally)...**”⁷
(OCG Emphasis)

⁴ Ibid

⁵ Ministry of Finance and Planning Circular No. 8. Revised Comprehensive Motor Vehicle Policy for the Public Sector, Section C.14

⁶ Ibid

⁷ Ibid



The Process Utilised by the Hanover Parish Council in the Disposal of the Government Issued 2009 Toyota Land Cruiser Prado

In accordance with the guidelines provided by the Revised Comprehensive Motor Vehicle Policy for the Public Sector, the OCG sought to ascertain whether the Hanover Parish Council employed a particular process to dispose of the 2009 Toyota Land Cruiser Prado.

The OCG, by way of a requisition dated September 8, 2014, posed the following question(s) to Mrs. Judy McKenzie-Lawrence, Secretary Manager, Hanover Parish Council:

“Please provide an Executive Summary detailing the process employed by the Hanover Parish Council in the acquisition and disposal of the assigned Government of Jamaica vehicle to the former Mayor, Ms. Shernet Haughton. In addition, please provide the following information:

- a. Full particulars of the type of vehicle which was assigned to the former Mayor and all documents in relation to the request for same to be acquired and transferred to the Mayor;*
- b. A copy of the signed contract between the Hanover Parish Council and the former Mayor agreeing to the transfer of the Government of Jamaica vehicle;*
- c. A copy of all approvals received for the transfer and disposal of the said vehicle;*



- d. *A copy of all payment records for the said vehicle;*
and
- e. *A copy of the approval process which was utilized*
to acquire and dispose of the said vehicle.

*Please provide a copy of all supporting documentation to substantiate your response.”*⁸

In her response to the OCG dated September 18, 2014, Mrs. McKenzie-Lawrence stated the following:

*“The Hanover Parish Council had requested of the Ministry of Finance, Board of Survey Unit to provide an assessment of the Council’s fixed assets including the Mayoral Vehicle Registration #**** **⁹ and computer/parts. Please be advised that the said vehicle was acquired in 2009.*

Please note that same was inspected by representatives from the Ministry of Finance, Board of Survey Unit. Correspondence stating valuation of same from letter dated March 20, 2014 ...

Note also the Hanover Parish Council did an independent evaluation on July 15, 2014 ...

⁸ OCG requisition dated September 8, 2014 that was sent to Mrs. McKenzie-Lawrence. Question 3.

⁹ Vehicle Registration Number withheld for security purposes.



**Documents were circulated within the Council and
a copy placed on the Notice Board for information
to prospective bidders ... (OCG Emphasis)**

The Auction was done on August 5, 2014...

- a. *Please note that the former Mayor, Councillor
Shernet Haughton submitted a bid for same vehicle
...¹⁰*

Valuations Conducted on the Government Issued 2009 Toyota Land Cruiser Prado

On a review of the documentary evidence provided by Mrs. McKenzie-Lawrence, Secretary Manager, in a letter dated March 20, 2014, signed by Ms. Andreene Williams on behalf of the Secretary Manager, Hanover Parish Council, addressed to the Financial Secretary¹¹, the following, *inter alia*, was indicated:

*“I have been directed to request that you cause an
inspection to be carried out on the attached list of
items and submit your recommendations:*

*Please note that vehicle is located at Cave Valley
District, March Town, Hanover in the care of the
Mayor and Chairman of this Council, Miss Shernet
Haughton.*

...

¹⁰ Response to the OCG dated September 18, 2014 by Mrs. McKenzie-Lawrence. Response 3.

¹¹ Ministry of Finance & the Public Service Complex, Inspectorate Division, Ministry of Finance and Planning.



<i>ITEMS</i>	<i>DESCRIPTION</i>	<i>IDENTIFICATION #</i>	<i>LOCATION</i>
<i>1</i>	<i>2009 Toyota Land Cruiser</i>	<i>licence # **** **, engine # *KZ*****, chassis # JTEBY***J*****¹²</i>	<i>Cave Valley District, March Town, Hanover</i>

...¹³

Mrs. Sonia Vaughan Bingham responded on behalf of the Financial Secretary, Ministry of Finance and Planning, to Ms. Andreene Williams, Hanover Parish Council, by way of letter dated June 2, 2014, as follows:

“Reference is made to letter dated March 20, 2014, submitting a Board of Survey (BOS) request for the inspection of a 2009 Toyota Land Cruiser located at Cave Valley District, March Town, Hanover.

*Attached is the Permanent Board of Survey Report in respect of the 2009 Toyota Land Cruiser, Chassis Number JTEBY**J*****¹⁴, which was examined on April 18, 2014.*

The recommendation of the Board must be complied with. The aforementioned motor vehicle must be deleted from the inventory of the Hanover Parish Council and be disposed by sale using the standard

¹² Information withheld for security purposes.

¹³ Response to the OCG dated September 18, 2014 by Mrs. McKenzie-Lawrence. *Letter dated March 20, 2014 by the Hanover Parish Council which was addressed to the Financial Secretary, Ministry of Finance & the Public Service Complex, Inspectorate Division, Ministry of Finance and Planning*

¹⁴ Information withheld for security purposes.



procedures relating to disposal of fixed assets by the Council.

In addition, on finalization of sale a remittance of 5% of total sales, BOS Service Fee, must be submitted to the Public Expenditure Policy Coordination (PXPC) Division of this Ministry...”¹⁵

¹⁵ Response to the OCG dated September 18, 2014 by Mrs. McKenzie-Lawrence. *Letter dated June 2, 2014 by the Hanover Parish Council which was addressed to the Financial Secretary, Ministry of Finance & the Public Service Complex, Inspectorate Division, Ministry of Finance and Planning*



Inspected by Board of Survey at Lucea Hanover

<i>Description</i>	<i>Date of Receipt</i>	<i>Quantity</i>	<i>Original Value</i> \$ c		<i>Observations</i>
<i>Lucea, Hanover</i> <i>1.2009 Toyota Land Cruiser</i> <i>Reg. #**** *</i> <i>Chassis # JTEBY**J*****</i> <i>Engine # *KZ*****¹⁶</i>	<i>Unknown</i>	<i>1</i>	<i>Unknown</i>		<p><i>The engine and transmission are in place. The transmission and front end need major repairs. The windscreen and front seats are damaged. The body and interior are fair.</i></p> <p><u>Summary</u> <i>The foregoing unit displays multiple defects. To repair it for further service would be uneconomical.</i></p> <p><u>Recommendation</u> <i>The Board therefore recommends that it be deleted from the Department's inventory and <u>be disposed of by sale in keeping with the standard procedures relating to the disposal of fixed assets by Hanover Parish Council.</u></i></p> <p><i>A remittance of 5% of total sales must be made to the P.X.P.C. Division of the Ministry of Finance.</i></p>

*We hereby certify that we have inspected the above Stores, which we consider should be **sold** as unserviceable. ”¹⁷ (OCG Emphasis)*

¹⁶ Information withheld for security purposes.

¹⁷ *Jamaica Unserviceable Stores Report dated April 18, 2014 by the Board of Survey provided by Mrs. Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.*



The OCG also observed a copy of the Certificate of Valuation which was attached to Mrs. McKenzie-Lawrence's response of September 18, 2014. Details indicated on the referenced Certificate are as follows:

"DEPARTMENT: HANOVER PARISH COUNCIL

<i>File and Encl. #</i>	<i>Description</i>	<i>Assessed Value</i> \$ <i>c</i>		<i>Location</i>	<i>REMARKS</i>
38/63 90-92	1. 2009 Toyota Land Cruiser Reg.# **** ** Chassis #JTEBY**J***** Engine # *KZ***** ¹⁸	950,000	00	Lucea Hanover	

...¹⁹

In addition to obtaining a valuation report from the Board of Survey, the Hanover Parish Council was also required to cause an independent valuation of the government issued 2009 Toyota Land Cruiser Prado to be conducted, in accordance with the guidelines outlined in the Revised Comprehensive Motor Vehicle Policy for the Public Sector. In regard to the foregoing, Mrs. McKenzie-Lawrence, former Secretary Manager, Hanover Parish Council provided the OCG with a copy of a Motor Vehicle valuation report dated July 16, 2014, which was prepared by the National Loss Adjusters Limited²⁰. The valuation report indicated that it was prepared for the Hanover Parish Council on "15 Jul, 2014". The report also detailed the "**Model Year: 2009**", "**Make/Model: Toyota Land Cruiser Prado**", "**Licence No.: **** ****", "**Chassis No.: JTEBY**J*******", among other details. It further stated:

¹⁸ Information withheld for confidentiality.

¹⁹ Certificate of Valuation dated April 10, 2014 by the Ministry of Finance and Planning, Public Expenditure Policy Co-Ordination Division provided by Mrs. Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.

²⁰ Response to the OCG dated September 18, 2014 by Mrs. McKenzie-Lawrence. Response 4.



“CONDITION OF VEHICLE AS REVEALED BY OBSERVATION AND ROAD TESTING

Steering	<i>Good</i>	Engine	<i>Good</i>	Wheel Bearings	<i>Good</i>
Brakes (Service)	<i>Good</i>	Trans	<i>Good</i>	Alignment	<i>Good</i>
Brakes (Park)	<i>Good</i>	Wiring	<i>Good</i>	Paint Work	<i>Good</i>
Suspension	<i>Good</i>	Fuel Sys.	<i>Good</i>	Bodywork	<i>Good</i>
Axles (Joints)	<i>Good</i>	Interior	<i>Good</i>	Power Steering:	<i>Good</i>
Chassis Frame:	<i>Good</i>	Roofing:	<i>Good</i>	Ball Joints:	<i>Good</i>
Firewall:	<i>Good</i>	Flooring:	<i>Good</i>	Engine Change:	

...

Lights	<i>Working</i>	Horn	<i>Working</i>	Windshield Wipers	<i>Working</i>
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...

Condition of Tyres [*Tires with 80% or more should be replaced]

Right Front	Left Front	Right Rear	Left Rear	Spare
<i>L/New</i>	<i>L/New</i>	<i>L/New</i>	<i>L/New</i>	<i>L/New</i>

...

General Remarks:

The driver seat is torn

The left front seat handbrake need adjusterment [sic].

Recommendations for Improvement to Ensure Roadworthiness

None

Other Recommendations (Not related to roadworthiness)

None

...

Our Estimate of Market Value: \$3,500,000.00; *Three Million, Five Hundred Thousand Dollars*

Forced Sale Value: \$3,150,000.00 **Over-all Condition**



*Fair...*²¹

Based on the provisions of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, the Hanover Parish Council was required to calculate the sale price of the government issued 2009 Toyota Land Cruiser Prado, based on the average of the two (2) valuations which were conducted.²² Therefore, the sale price of the referenced motor vehicle ought to have been the average of the Ministry of Finance and Planning's assessed value, which was \$950,000.00 and the forced sale value posited by National Loss Adjusters Limited, which was \$3,150,000.00. Based on the foregoing, the average sale of the vehicle amounts to **\$2,050,000.00**.

In the Minutes of the Auction Opening Meeting of the Hanover Parish Council held on August 5, 2014, it was stated, *inter alia*, as follows:

*“...The Comparable figure produced from the Ministry of Finance was \$950,000.00 and the Independent was \$3,150,000.00 and **the recommended amount was \$2,050,000.00**.”*²³
(OCG Emphasis)

The aforementioned was similarly indicated in the Minutes for the meeting of the Evaluation Committee, Hanover Parish Council, held on August 5, 2014. The said Minutes stated, *inter alia*, the following:

*“The recommendation from Ministry of Finance
Assessment Value: **\$950,000.00** Independent*

²¹ *Motor Vehicle Valuation* dated July 16, 2014 by National Loss Adjusters Limited provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.

²² Ministry of Finance and Planning Circular No. 8. Revised Comprehensive Motor Vehicle Policy for the Public Sector, Section B.1.12 (7)

²³ *Minutes of the Auction Opening Meeting of the Hanover Parish Council held on August 5, 2014* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



*Assessment Force Values: \$3,150,000.00 **The recommended price was \$2,050,000.00***²⁴

(OCG Emphasis)

Having regard to the foregoing, the Hanover Parish Council did comply with this particular guideline established under the Revised Comprehensive Motor Vehicle Policy for the Public Sector. In order to determine the sale price of the motor vehicle, they obtained the two (2) required valuation reports. Also, the Hanover Parish Council recommended the correct sale price based on the average of both valuation reports.

Disparity Between the Assessed Values in the Valuations for the 2009 Toyota Land Cruiser Prado

It is the OCG's observation that there are glaring disparities in the reports of inspection by the Board of Survey team and the National Loss Adjusters Limited, as it relates to the assessed value of the 2009 Toyota Land Cruiser Prado. The assessed value determined by the Board of Survey team was in the amount of \$950,000.00 and the value assessed by the independent valuator, the National Loss Adjusters Limited was in the amount of \$3,150,000.00; a difference of \$2,200,000.00.

On this basis, the OCG sought to ascertain the process through which the Board of Survey team conducted their inspection of the 2009 Toyota Land Cruiser Prado and determined the assessed value of the motor vehicle at \$950,000.00. In a Witness Statement provided by Mr. Clement Barrant, Administrator, Board of Survey, Ministry of Finance, the following, *inter alia*, was indicated:

²⁴ *Minutes of the Evaluation Committee Meeting of the Hanover Parish Council held on August 5, 2014* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



“...When we, the Board of Survey, conduct an inspection, we take some factors in mind such as the type of vehicle, purpose of vehicle and the assignment of the vehicle....

*Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey, was the person who conducted the inspection of the 2009 Toyota Landcruiser Prado and would be better able to detail all the information and the nuances of the inspection... **To determine the economic value of the vehicle we rely on a report from the Island Traffic Authority and the National Works Agency. A formula of a depreciation of 15% in the first year and 10% in the subsequent years is used. This formula is done by the Island Traffic Authority. The National Works Agency does the mechanical aspect of the valuation and inspection. The base price for the valuation used by the Island Traffic Authority takes into account the purchase price inclusive of duty concession. Private valuers do not take that into consideration. Therefore, the Board of Survey’s valuation is always less than the street value. I am unaware as to why this is done...*** The report states that the original value was unknown. However, the assessor would have known the ‘ball park figure’ of what a Toyota Landcruiser Prado in that year would cost. **The purchase records from the Hanover Parish Council would have detailed this information...**”²⁵ (OCG Emphasis)

²⁵ Witness Statement of Mr. Clement Barrant dated April 12, 2016.



The OCG obtained a statement from Mr. Richard Palmer, Chief Equipment Auditor at the Board of Survey, Ministry of Finance, which detailed, *inter alia*, the following information:

“I inspected the 2009 Toyota Landcruiser Prado that was referred for inspection by the Hanover Parish Council. In the process of inspections, I am assisted by the National Works Agency and Island Traffic Authority. I would request to be accompanied by representatives of these entities when doing an inspection of a motor vehicle

...

There is a formula which is used by the Island Traffic Authority to ascertain the assessed value of the motor vehicle. A depreciation method is used where a rate of 15% for the first year and 10% for subsequent years is used. The National Works Agency deals with the mechanical part of the process. I did not take photographs of the motor vehicle in the conduct of my inspection. It is the custom of the Board of Survey to not take photographs in inspections... It is the duty concession price that is used in determining the assessed values of the motor vehicles. I do not know why this is used. It would be a matter for the Island Traffic Authority to determine. The duty concession price at which the Toyota Landcruiser Prado was purchased was not



provided. I do not know whether it was provided by Island Traffic Authority. In my inspections, the factors I take into consideration are the age of the vehicle and the defects of the motor vehicle. I do not consider the assessed value of \$950,000 for the Toyota Landcruiser Prado to be unusual. The 2009 Toyota Landcruiser Prado would be considered a 6 year old vehicle at the time it was referred for inspection as the year 2009 is counted in the age of the motor vehicle. Secondly, our valuation is usually conservative. I do not know if independent valuers base their assessed values on the purchase price of motor vehicles. I would agree that there is a difference between the conclusions made by the Board of Survey and the independent valuator as it regards the conditions of the transmission and front end parts of the Toyota Landcruiser Prado. Mr. Clive McDonald, Chief inspector, Island Traffic Authority assisted me in inspecting the motor vehicle at Kingston. The motor vehicle was also inspected in Hanover by Mr. Clive Miller, Chief Engineer, National Works Agency... Mr. Clive McDonald is the leader of the team at Island Traffic Authority who came up with the estimated value of the motor vehicle at the time of purchase. It is a collaborative effort of the Board of Survey team inclusive of the Island Traffic



*Authority and National Works Agency in
determining the assessed value...*²⁶

Based on the representations made by Mr. Palmer, the 2009 Toyota Land Cruiser Prado was also inspected by one ‘Mr. Clive Miller’ and Mr. Clive McDonald, representatives of the National Works Agency and the Island Traffic Authority, respectively. During the course of the OCG’s Investigation, it was established that a representative from the National Works Agency conducted the inspection of the referenced motor vehicle, he was, in fact, Mr. Wesley Miller, Regional Inspector, Western Region, National Works Agency.

In a witness statement dated April 18, 2016, Mr. Wesley Miller indicated the following, *inter alia*, to the OCG:

*“I inspected the 2009 Toyota Landcruiser Prado
that was referred for inspection by the Hanover
Parish Council...*

...

*The three of us work as a team in the inspection of
motor vehicles. When I say the three of us I mean
a person from the Ministry of Finance, a person
from the National Works Agency and a person
from the Ministry of Transport and Works. The
Ministry of Finance looks at the expenditure of
the motor vehicle over the years and the defects
and make a determination of the assessed value of
the vehicle. I don’t use a formula to determine the
assessed value of the vehicle. ... I do not know*

²⁶ Witness Statement of Mr. Richard Palmer dated April 13, 2016.



anything about the pricing of the motor vehicles.
The person from Ministry of Finance just carried
the documents to me for me to sign. I cannot
provide a comment on the Forced Sale assessed
value of \$3,150,000.00 that was determined by the
independent valuator.²⁷

In furtherance of its Investigation, the OCG was also advised by Mr. Clive McDonald, Chief Inspector, Island Traffic Authority, of the following:

“In the inspection of motor vehicles, we check on
the basic condition of the vehicle which will help
us to determine the price and/or value of the
vehicle. When I say ‘we’, I mean the team
consisting of a member of the Board of Survey
Unit, a representative from the National Works
Agency and a representative from Island Traffic
Authority... Going by memory I noticed that the
windscreen and front seats were damaged and that
the transmission and front end were defective.
There is a difference between ‘damaged’ and
‘defective’. ‘Damaged’ is like an impact and a
defect would be what has happened over time to the
vehicle...To determine the depreciated value of the
vehicle there is a formula that I go by which is
15% of the cost of the vehicle (book value of

²⁷ Witness Statement of Wesley Miller dated April 18, 2016.



vehicle on government books) and 10% for subsequent years. When I say book value this means what the government has on their books, that is, what they paid for the motor vehicle. The assessed value of the vehicle of the 2009 Toyota Landcruiser Prado was \$950,000. The three of us in the team would agree on the assessed value but it is the Island Traffic Authority who drives the team in this regard. We were not provided with a receipt of the motor vehicle but because we do valuations like this all the time, we are familiar with the original values of these motor vehicles. A fair amount of 2009 Prados were bought for government entities. I cannot recall the original price of the vehicle. I cannot comment on the method used by the independent valuator in arriving at the assessed value of \$3,150,000. In relation the disparity between the assessed values of the independent valuator and the assessed value determined by the team, I would say the market value is different from the book value. We start out from what it was purchased for and we use a straight line book value using the formula that I mentioned. We are not at liberty to add inflation. It is possible that someone can say that the method to determine the assessed value is subjective. It depends on the person who did the assessment. Probably to us the transmission was not operating



*as efficiently as how we thought it should be operating. It is difficult for me to comment on someone else's work as I do not know what method they use. I don't remember the date I inspected the vehicle... That report that I speak of would come from where the vehicle was assigned. All government entities would have a file showing everything that has ever been done to the vehicle. An amount of \$3,500,000 to \$3,900,000 sticks out in my head as the cost of a 2009 Toyota Landcruiser Prado in 2009 with the duty concession. When conducting our inspections the price we use is whatever the government paid for the vehicle...*²⁸ (OCG Emphasis)

Upon a review of the foregoing witness statements which were obtained by the OCG, it must be highlighted that none of the representatives of the Board of Survey team knew the actual purchase price of the 2009 Toyota Land Cruiser Prado. They used a subjective measuring tool, that is, a '**guesstimate**' of the cost of a 2009 Toyota Land Cruiser in 2009 with duty concession, in arriving at the assessed value instead of utilising an objective approach. The OCG notes that the purchase price is a critical ingredient in applying the depreciation method to arrive at the assessed value.

In the absence of this information, the OCG sought to ascertain the price at which the 2009 Toyota Land Cruiser Prado was purchased by the Hanover Parish Council. By way of a requisition dated April 14, 2016, the OCG asked the following of Mr. David Gardner, Secretary Manager, Hanover Parish Council:

²⁸ Witness Statement of Clive McDonald dated April 21, 2016.



“1. *Kindly indicate whether the 2009 Toyota Landcruiser Prado was purchased by utilising the duty concession benefit which is granted to Government of Jamaica employees.*

If your response to the above is ‘yes’, please indicate the price at which the motor vehicle was purchased.

If your response to the above is ‘no’, please indicate the price at which the motor vehicle was purchased. Your response should include payment records in relation to the purchase of the motor vehicle...”²⁹

In his response to the OCG dated April 22, 2016, Mr. Gardner, stated, *inter alia*, as follows:

“No.

An amount of Three Million Two Hundred and Fifty Two Thousand Two Hundred and Forty Nine Dollars (\$3,252,249.00) was paid for the vehicle. Please note that this amount was confirmed through our cashbook.

However, all efforts to retrieve the payment voucher, with the supporting invoice and other

²⁹ OCG requisition dated April 14, 2016 and addressed to Mr. David Gardner, Secretary Manager, Hanover Parish Council.



documents have proven futile. Further, I was advised by the Director of Finance that it is a policy of the council to destroy vouchers in the eighth year, in conformity with the Financial Administration Audit Act Instructions – (see exhibit A attached).

We have also found on file the proforma invoice dated October 28, 2008 quoting the price of Three Million Two Hundred and Fifty Two Thousand Two Hundred and Forty Nine Dollars Jamaican (\$3,252,249.00) for the 2008 version of the Toyota Land Cruiser Prado...

A further letter dated October 28, 2008 from the Office of the Prime Minister had granted approval for the purchase of the 2009 version of the Toyota Land Cruiser Prado at the C.I.F. value of Twenty Nine Thousand Four Hundred and twenty Dollars US \$29,420.00 – (see exhibit C attached).

The payment voucher, which would have had the actual invoice price paid in 2008, has not been found as stated earlier.

It must be noted also that government vehicles are allowed a five percent (5%) duty concession as



**opposed to government employees who are allowed
a duty concession of twenty percent (20%)...**³⁰

(OCG Emphasis)

As indicated by Mr. Gardner, the purchase price of the 2009 Toyota Land Cruiser Prado was \$3,252,249.00, based on records from a cashbook at the Hanover Parish Council. Further, as stated by Mr. Gardner, the Hanover Parish Council was unable to locate the payment voucher outlining the purchase price as it is the “...policy of the council to destroy vouchers in the eighth year, in conformity with the Financial Administration Audit Act Instructions”.

Auction

The OCG sought to determine whether the method of disposal stipulated in the Revised Comprehensive Motor Vehicle Policy for the Public Sector, was utilised by the Hanover Parish Council in the sale of the government issued 2009 Toyota Land Cruiser Prado.

Mrs. McKenzie-Lawrence, Secretary Manager, Hanover Parish Council, in her response to the OCG dated September 18, 2014, enclosed an Inter-Office Memorandum dated July 16, 2014. The referenced Memorandum, authored by Mrs. Judy McKenzie-Lawrence, was addressed to all members of staff and Councillors at the Hanover Parish Council and informed of the disposal of the government issued 2009 Toyota Land Cruiser Prado. The stated document indicated the following:

*“The Ministry of Finance and Planning has recommended that the Hanover Parish Council disposes of the **2009 Toyota Landcruiser** on an “As Is” basis.*

³⁰ Response to the OCG dated April 22, 2016 by Mr. David Gardner, Secretary Manager, Hanover Parish Council.



Members of staff who are interested in purchasing this vehicle are ask [sic] to submit their bid in sealed envelope addressed to the Secretary/Manager by July 31, 2014 at 12:00 noon. The vehicle may be inspected at the Roads and Works Department on Cressy's Lane, Lucea on weekdays **only**, during the period **Thursday, July 17, 2014 to Thursday July 31, 2014** between the hours of **10:00 am – 2:00 pm**. Please note that registration forms can collected at the Administrative office of the Council

Interested Officers/Councillors should be aware of the guidelines **C.14 (a) (i) – (v) and CONDITIONS OF SALE FOR GOVERNMENT OF JAMAICA CLOSED AUCTION** as per attached document.”³¹
(OCG Emphasis)

The OCG perused the attached document entitled “**CONDITIONS OF SALE FOR GOVERNMENT OF JAMAICA CLOSED AUCTION**”. The referenced document established the eligibility criteria, registration, payment and general conditions required for the sale of the 2009 government issued Toyota Land Cruiser Prado. As it regards the eligibility criteria, the stated document indicated, *inter alia*, the following:

“1. The Auction shall be opened to all employees of the Hanover Parish Council.

³¹ *Inter-Office Memorandum dated July 16, 2014* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



2. *Persons who have benefitted from the Government of Jamaica 20% Duty Concession on motor vehicles within the last five (5) years will NOT be allowed to participate in the motor vehicle auction...*³²

The OCG is also in possession of a document which appears to be a further notice of the referenced auction. This document states as follows:

“ **CLOSED AUCTION**
The under-mentioned Unserviceable Motor Vehicles will be offered for sale ‘As Is’ on Tuesday, August 5, 2014 commencing at 12:15 pm at the Hanover Parish Council’s Meeting Room located at P.O. Box 41, Church Street, Lucea, Hanover.

- **2009 Toyota Landcruiser**

Ministry of Finance Assessment Value: \$950,000.00
Independent Assessment Force Value:
\$3,150,000.00

Kindly see below recommended value for the above mentioned vehicle up for auction:

\$2,050,000.00³³

³² *Conditions of Sale For Government Of Jamaica Closed Auction* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.

³³ *Notice of Closed Auction* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



It is the OCG's observation that this document was dated and stamped July 17, 2014, by the Director of Administration. The stated document was also approved on August 5, 2014, to be referred to the Evaluation Committee.

Based on the abovementioned documents, the OCG notes that the manner in which the advertisement for the government issued 2009 Toyota Land Cruiser Prado was executed was by way of a Closed Auction in the recommended amount of \$2,050,000.00. In accordance with the provisions outlined in the Revised Comprehensive Motor Vehicle Policy for the Public Sector, where a government issued motor vehicle is to be disposed of by way of a closed auction, the said auction should be open to **all** Government employees. The OCG also notes that actions of the Hanover Parish Council in this regard would constitute a breach of the referenced policy as the auction was made open to **only** employees at the Hanover Parish Council.

In light of the fact that the Hanover Parish Council scheduled the auction of the government issued 2009 Toyota Land Cruiser Prado to be conducted on August 5, 2014. The OCG deemed it prudent to ascertain the process utilised by the Hanover Parish Council in the conduct of the referenced auction. Mrs. Judy McKenzie-Lawrence, Secretary Manager, Hanover Parish Council, in her response to the OCG dated September 18, 2014, provided the Office with copies of the 'Conditions Of Sale For Government of Jamaica Closed Auction' and the Minutes of the Auction Opening Meeting of the Hanover Parish Council.

In the document entitled "**CONDITIONS OF SALE FOR GOVERNMENT OF JAMAICA CLOSED AUCTION**", the Hanover Parish Council detailed the requirements of bidders on the date of the auction. The document provided, *inter alia*, as follows:

*"...Recording of the names of attendees on the day
of the Auction will begin at 12:15 p.m.*



- *All prospective bidders must be recorded on entry in order to participate.*
- *Only prospective bidders will be permitted entry.*
- *You are required to complete the Bidding Form, which will be provided on the day of the auction.*
- *You will be required to deposit the completed Bidding Form in the Bidding Box provided. Certified copies of your TRN, NIS and a valid Identification should be attached to the Bidding Form.”³⁴*

In the Minutes of the Auction Opening Meeting of the Hanover Parish Council held on August 5, 2014, the following was minuted:

“The Auction Opening for the Sale of the 2009 Toyota Landcruiser was held in the Council Chamber on Tuesday, August 5, 2014 commencing at 12:15 pm.

Present were:

*Mrs. Shelly-Ann Spence Acting
Secretary/Manager*

*Mr. Alexander Mann Superintendent,
Roads & Works*

³⁴ *Conditions of Sale For Government Of Jamaica Closed Auction* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



Mrs. Aretta Smith

Internal Auditor

*Mrs. Pauline Allen Bedward Acting Director of
Finance*

*Miss Olga Bauldie Acting Executive
Secretary/Recording
Clerk*

TENDER OPENING

The Tender closed at 12:00 noon on July 31, 2014.

*On that same day at approximately 12:20 pm, the
Internal Auditor, Mrs. Aretta Smith inspected the
Tender Box to ensure that it was properly closed
and confirmed that everything was intact.*

*The Tender Box was opened at 12:21 pm, by the
Acting Secretary/Manager, Mrs. Shelly-Ann Spence.
The Box contained One (1) envelope.*

*The envelope was opened by the Acting
Secretary/Manager, Mrs. Shelly-Ann Spence,*

*The Bid was from Ms. Shernet Haughton to the sum
of Two Million, Two Hundred Thousand Dollars
(2,200,000.00).*



The Comparable figure produced from the Ministry of Finance was \$950,000.00 and the Independent was \$3,150,000.00 and the recommended amount was \$2,050,000.00.

The relevant documents were signed and forwarded to the Evaluation Committee.

*The meeting was adjourned at approximately 12:40 pm.*³⁵

Attached to the Minutes of the Auction Opening Committee Meeting of the Hanover Parish Council, is the Tender Receival Form for the referenced auction. The Tender Receival Form indicated that the only tender received at the auction was from Ms. Haughton. Additionally, the stated form indicates that the following persons were present at the Tender Opening:

1. Shelly-Ann Spence
2. Pauline Allen Bedward
3. Aretta Smith
4. Olga Bauldie; and
5. Alexander Mann.

Importantly, all prospective bidders were required submit a bidding form. The OCG is in possession of the stated bidding form which provides, *inter alia*, as follows:

“ HANOVER PARISH COUNCIL

³⁵ *Minutes of the Auction Committee Meeting of the Hanover Parish Council Held on Tuesday August 5, 2014* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



CLOSED AUCTION BIDDING FORM

DATE 25 July, 2014

NAME Shernet Haughton

POST TITLE/OCCUPATION Mayor/Councillor

...

PROPOSED BID

AMOUNT Two million two hundred
thousand (\$2,200,000.00)[sic] ...³⁶

Mrs. McKenzie-Lawrence, in her response of September 18, 2014, to the OCG, attached a copy of the Minutes of the Meeting for the Evaluation Committee of the Hanover Parish Council which was held on August 5, 2014. The stated Minutes advised of the process by which the Hanover Parish Council disposed of the government issued 2009 Toyota Land Cruiser Prado. The Minutes indicated, *inter alia*, as follows:

“The meeting for the evaluation of Auction Bidding for Disposal of Council’s Vehicle 2009 Toyota Land Cruiser Prado was held in the Councils Meeting Hall on Tuesday August 5, 2014 commencing at 3:51 p.m.

Present were:

³⁶ *Hanover Parish Council Closed Auction Bidding Form of Shernet Haughton* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



*Mr. Alexander Mann - Superintendent of Roads
and Works*

Ms. Tanya Fearon - Accounting Technician

Mr. Desmond Dorman - Disaster Coordinator

Ms. Cedell Roberts - Recording Clerk

***DISPOSAL OF COUNCIL'S VEHICLE – 2009
Land Cruiser Prado***

*The above mentioned tender was closed on July 31,
2014 and Open on August 5, 2014 at 12:15 pm*

*The tender process was by means of auction,
Bidding Forms along within the requirement
document needed was sent to various departments
within the Council.*

*The recommendation from Ministry of Finance
Assessment Value: **\$950,000.00***

*Independent Assessment Force Values:
\$3,150,000.00 The recommended price was
\$2,050,000.00*

DISCUSSION HELD

*In the deliberation Ms. Shernet Haughton was the
only bidder and her amount was above the
recommended value which was **\$2,200,000.00**,*



*therefore it was recommended that the vehicle be sold to Ms. Shernet Haughton...*³⁷

It is the OCG's observation that Ms. Haughton was the only bidder in regard to the sale of the government issued 2009 Toyota Land Cruiser Prado.

At this juncture, the OCG highlights the provisions for payment in the document entitled "**CONDITIONS OF SALE FOR GOVERNMENT OF JAMAICA CLOSED AUCTION**". The document states, *inter alia*, as follows:

"PAYMENT

Once the successful bidder is notified, a minimum deposit of \$20,000 or 10% whichever is greater, is required. All payments must be settled within five (5) working days after the auction sale payable to the Hanover Parish Council.

...

GENERAL CONDITIONS

Purchasers who are unable or unwilling to make settlement within the specified time shall be considered as having forfeited the purchase.
*Deposits will not be refunded...*³⁸

(OCG Emphasis)

³⁷ Minutes of the Meeting for the Evaluation Committee of the Hanover Parish Council which was held on August 5, 2014 provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014

³⁸ Conditions of Sale For Government Of Jamaica Closed Auction provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



Based on the abovementioned conditions established by the Hanover Parish Council, following the notification of Ms. Haughton as the successful bidder, she would be required to deposit \$20,000.00 or 10% of the value of her bid, whichever was greater. She was then required to make all payments, specifically the balance of \$1,980,000.00, for the government issued 2009 Toyota Land Cruiser Prado within five (5) working days after the auction sale, that is, on or before August 14, 2014, or the non-refundable deposit would be forfeited.

Two (2) days subsequent to the auction of the government issued 2009 Toyota Land Cruiser Prado, the Hanover Parish Council advised Ms. Haughton, by way of letter dated August 7, 2014, that her bid for the referenced motor vehicle was successful. The stated letter, which is appended as 'Appendix 1', indicated, *inter alia*, as follows:

"...This is to advise that your bid for the 2009 Toyota Landcruiser was successful.

You are therefore required to pay an amount of Two Hundred and Twenty Thousand Dollars (\$220,000.00) today by Manager's cheque or cash to the Hanover Parish Council.

The remainder of One Million, Nine Hundred and Eighty Thousand Dollars (\$1,980,000.00) should be paid within five (5) working days from the date of this letter....³⁹ (OCG Emphasis)

In a review of the documents provided to the OCG by Mrs. McKenzie-Lawrence, the Office is in possession of a receipt by the Hanover Parish Council which shows payment from Ms. Shernet

³⁹ Letter dated August 7, 2014 by the Hanover Parish Council and addressed to Ms. Shernet Haughton provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.



Haughton in the amount of Two Hundred and Twenty Thousand Dollars (\$220,000.00) for “sale of Council Asset (motor vehicle 2009 Toyota Landcruiser)”⁴⁰ dated August 7, 2014.

The OCG also examined a letter dated August 14, 2014, which was provided by Mrs. McKenzie-Lawrence, Secretary Manager, in a response to the Office, dated September 18, 2014. The letter of August 14, 2014 was addressed to the Secretary Manager of the Hanover Parish Council from the Hanover Co-Operative Credit Union Limited, and stated, *inter alia*, the following:

*“This serves to advise that the **HANOVER CO-OPERATIVE CREDIT UNION LIMITED** will pay to **the Hanover Parish Council** the balance of One Million, Nine Hundred and Eighty Thousand Dollars (\$1,980,000.00) in favour of the above captioned on the following conditions:-*

*(1) Subject motor vehicle is transferred in the name of **Shernet Haughton** and **HANOVER CO-OPERATIVE CREDIT UNION LIMITED** named as **FIRST LIEN HOLDER**.*

*(2) Subject motor vehicle is comprehensively insured and **HANOVER CO-OPERATIVE CREDIT UNION LIMITED** named as **MORTGAGEE**...”⁴¹*

⁴⁰ *Hanover Parish Council receipt dated August 7, 2014, provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.*

⁴¹ *Letter dated August 14, 2014 from the Hanover Co-Operative Credit Union Limited and addressed to the Secretary Manager, Hanover Parish Council, provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.*



Additionally, the OCG is in possession of a receipt from the Hanover Parish Council, dated **August 18, 2014**, which indicates the receipt of payment by Ms. Shernet Haughton in the amount of \$1,980,000.00 for “*the sale of Council’s Asset (motor vehicle)*”⁴².

Consequently we reiterate that the Hanover Parish Council accepted the August 14, 2014 Hanover Co-Operative Credit Union Limited letter as an undertaking to pay⁴³.

⁴² *Hanover Parish Council receipt dated August 18, 2014*, provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.

⁴³ See common law principles outlined in the cases of *Edward Owen Engineering Ltd v Barclays Bank Ltd.* [1978] 1 All ER 976, *Hong Kong Fir Shipping Co. Ltd. v Kawasaki Kisen Kaisha Ltd.* [1962] 2 Q.B. 26 and *Workers Trust & Merchant Bank Ltd. Appellant and Dojap Investments Ltd. Respondent [Appeal from the Court of Appeal of Jamaica]* [1993] A.C. 573.



Approvals Required for the Sale of the Government Issued 2009 Toyota Land Cruiser Prado

Contained in an allegation made by an anonymous source to the OCG, the following, inter alia, was indicated:

“...the procurement guide line by not allowing the process to go and approve by committee. Out of the five committees they only send it to two and horridly collect the check from the mayor and gave her the vehicle...”⁴⁴

The OCG, in the course of its Investigation, sought to ascertain the veracity of the stated allegation. By way of a requisition dated April 16, 2015, the OCG posed the following question to Mrs. Judy McKenzie-Lawrence, Secretary Manager, Hanover Parish Council:

“Kindly indicate whether the referenced auction required the approval of any of the committees at the Hanover Parish Council.

If your response is ‘yes’, please provide responses to the following:

- a. Please provide the name(s) of the committee(s) which is/are required to grant the approval(s);*
- b. Please provide the Minutes of the meetings in which the auction for the sale of the government issued 2009 Toyota Landcruiser was discussed;*
- c. Please provide evidence of the approval(s) granted*

⁴⁴ Allegation received from an anonymous source dated September 3, 2014.



by the relevant committee(s); and

- d. Please provide the name and particulars of each member of the relevant committee(s).”⁴⁵*

Mrs. McKenzie-Lawrence, in a response to the OCG dated April 20, 2015, indicated, *inter alia*, as follows:

“...Please note that disposal of depreciable fixed assets of the Government of Jamaica is approved by the Ministry of Finance & Planning. In this regards the disposal of said vehicle was certified by the Equipment Auditor; Director, Island Traffic Authority; Chief Engineer-NWA and the Board of Survey Administrator in the Ministry of Finance & Planning, and approved for sale by the Deputy Financial Secretary in the Ministry of Finance & Planning...”⁴⁶

Attached to her response were two (2) copies of the Minutes of the Regular Monthly Meeting of the Finance Committee of the Hanover Parish Council dated July 3, 2014 and September 4, 2014, respectively. The July 3, 2014 Minutes provided, *inter alia*, as follows:

“...The Director of Finance advised that the vehicle was written off by the Board of Survey and it was recommended for the vehicle to be sold as it was uneconomical to have it on the fleet.

⁴⁵ OCG requisition dated April 16, 2015 that was sent to Mrs. Judy McKenzie-Lawrence. Question 2.

⁴⁶ Response to the OCG dated April 20, 2015, provided by Mrs. Judy McKenzie-Lawrence.



The supporting document was presented and read by the Clerk to the Committee from the Board of Survey dated March 20, 2014 recommending that the vehicle be deleted from the Department's inventory and be disposed of by sale in keeping with the standard procedure.

Councillor Clare remarked that if the vehicle was written off, how is it that the vehicle was still being used by the Mayor? In his opinion it should not be in use.

The Secretary/Manager advised that a valuation of the vehicle was sent by the board and another valuation as to be obtained. A 5% fee was to be paid to the board when the vehicle was sold.

The Secretary/Manager had added that the Acting Director of Administration was instructed to get a second valuation and to arrange for its disposal and as soon as the documents were submitted the vehicle would be auctioned.”⁴⁷ (OCG Emphasis)

In addition, the Minutes of the Finance Meeting of the Hanover Parish Council dated September 4, 2014 indicated, *inter alia*, as follows:

⁴⁷ Response to the OCG dated April 20, 2015, provided by Mrs. Judy McKenzie-Lawrence. *Appendix One.*



“The Acting Secretary/Manager stated as you all know the vehicle was up for sale. The Council got two evaluations, one from the Ministry of Finance for \$950,000.00 and another from a private valuator which was \$3,150,00.00 [sic] dollars, therefore the price for the vehicle could not be less than 2,050,000.00. The Council received one offer of 2.2 Million Dollars, which was accepted. The payment was accepted and the vehicle sold. It was sold to Councillor Shernet Haughton.

Cllr. Walker stated that although it was water under the bridge, but for future reference, why couldn't the Council go with the Government estimate without getting a private estimate.

The Acting Secretary/Manager explained that regulations states that the Council gets two, one from Government and the other from a private valuator.

The Chairman stated that was behind us and now the Director of Finance would have to shop around for a mayoral vehicle...”⁴⁸

⁴⁸ Response to the OCG dated April 20, 2015 provided by Mrs. Judy McKenzie-Lawrence. Appendix Two.



Of note, the manner in which Mrs. McKenzie-Lawrence drafted her response to the OCG was deemed inimical and unacceptable as it did not meet the standards specifically described in our requisition of April 16, 2015.

Based on the response provided by Mrs. McKenzie-Lawrence and the manner and tone in which it was drafted, the OCG notes that the information provided by Mrs. McKenzie-Lawrence did not sufficiently answer the OCG's question. In this regard, the OCG deemed it prudent to issue a subsequent requisition dated May 7, 2015, to Mrs. McKenzie-Lawrence. This requisition respectfully reminded Mrs. McKenzie-Lawrence of the guidelines that are to be adhered to when drafting her response to same and also posed the same question, *inter alia*, as follows:

“Kindly indicate whether the referenced auction required the approval of any of the committees at the Hanover Parish Council.

If your response is ‘yes’, please provide responses to the following:

- a. Please provide the name(s) of the committee(s) which is/are required to grant the approval(s);*
- b. Please provide the Minutes of the meetings in which the auction for the sale of the government issued 2009 Toyota Landcruiser was discussed;*
- c. Please provide evidence of the approval(s) granted by the relevant committee(s); and*
Please provide the name and particulars of each member of the relevant committee(s).”⁴⁹

⁴⁹ OCG requisition dated May 7, 2015 that was sent to Mrs. Judy McKenzie-Lawrence.



In her response to the OCG dated May 13, 2015, Mrs. McKenzie-Lawrence, stated, *inter alia*, the following:

“...We can only assume that you do not understand the process as was outlined by us. We would like to try to explain a little clearer. The whole process started with the discussion at Finance Committee for the acquiring of a new vehicle for the Mayor from as far back as 2013.”⁵⁰

At this juncture, the OCG notes that not only did Mrs. McKenzie-Lawrence reply in a rather uncouth manner, but she still has not answered the question posed in the requisition dated May 7, 2015. Further, the OCG has not seen any evidence which indicates whether the approval of any or all committees of the Hanover Parish Council was needed for the sale of the government issued 2009 Toyota Land Cruiser Prado to Ms. Haughton.

In a document entitled “*Appendix I*”, an excerpt from the Minutes of the Finance Committee of the Hanover Parish Council dated September 5, 2013 and attached to Mrs. McKenzie-Lawrence’s response, the following, *inter alia*, was indicated:

“...The Acting Secretary/Manager informed that approval was received from the Ministry of Local Government for rental of a vehicle for the Mayor... Councillor Crooks asked that when the property at the Old Cholera Burial Ground was sold a part of

⁵⁰ Response to the OCG dated May 13, 2015 by Mrs. Judy McKenzie-Lawrence.



the funds be put towards purchasing a mayoral vehicle. This was moved by Councillor McIntosh and seconded by Councillor Walker.”⁵¹

⁵¹ *Minutes of the Finance Committee of the Hanover Parish Council dated September 5, 2013* provided by Mrs. McKenzie-Lawrence in her response to the OCG dated May 13, 2015.



Irregularities & Concerns Observed in the Process of Inspection of the 2009 Toyota Land Cruiser Prado

Upon a review of the documentary evidence provided to the OCG by the Hanover Parish Council and members of the Board of Survey Unit, who inspected the 2009 Toyota Land Cruiser Prado, several irregularities and concerns were observed in the process of inspection of the motor vehicle. These irregularities and concerns pertain to (i) the location of inspection; (ii) the absence of the Board of Survey team to utilise the “**MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST**” during an inspection; (iii) the actual defects of the motor vehicle and; (iv) the determination of the motor vehicle as “unserviceable”.

Location of Inspection

The OCG notes that the 2009 Toyota Land Cruiser Prado was inspected at two (2) separate locations, namely, Lucea, Hanover and the Planning Institute of Jamaica (PIOJ) parking lot, which is located directly across the road from the Office of the Contractor General. It is important to note that the report which was produced by the Board of Survey team which was entitled “**JAMAICA UNSERVICEABLE STORES**” detailed only one (1) location, being Lucea, Hanover.

This is an anomaly as it relates to the location where the 2009 Toyota Land Cruiser Prado was inspected. In the report of inspection entitled “**JAMAICA UNSERVICEABLE STORES**”, which was prepared by the Board of Survey team and dated April 18, 2014, the following, *inter alia*, was indicated: “*Inspected by Board of Survey at Lucea Hanover*”⁵².

⁵² *Jamaica Unserviceable Stores Report dated April 18, 2014 by the Board of Survey provided by Mrs. McKenzie-Lawrence in her response to the OCG dated September 18, 2014.*



Mr. Clive McDonald, Chief Inspector, Island Traffic Authority advised the OCG by way of his witness statement dated April 21, 2016, that the said motor vehicle was inspected by him in “...the Planning Institute of Jamaica parking lot...”. He further advised that he was not “...aware of any other inspection which was done.”

Interestingly, Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, Ministry of Finance of Public Service, who inspected the 2009 Toyota Land Cruiser Prado, also advised the OCG that the motor vehicle “...was inspected in Kingston at the parking lot of the Planning Institute of Jamaica (PIOJ)”⁵³ and that it “...was also inspected in Hanover by Mr. Clive Miller, Chief Engineer, National Works Agency.”⁵⁴ He further stated that “...You can indicate on the report either locations of inspection in the event that a motor vehicle is inspected in more than one location.”⁵⁵

Checklist Utilised in the Inspection of Motor Vehicles

An irregularity was observed by the OCG, that is, the failure of the Board of Survey team to use the “**MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST**” in the conduct of their inspections. In a witness statement dated April 12, 2016, Mr. Clement Barrant, Administrator, Board of Survey Unit, Ministry of Finance & Public Service, indicated that “A checklist is not utilised in the process of inspection.”

Further, Mr. Clive McDonald, Chief Inspector, Island Traffic Authority, stated that the Board of Survey team “...did not use a checklist in the conduct of our inspection”⁵⁶ of the 2009 Toyota Land Cruiser Prado and that they “...hardly ever use a checklist...”⁵⁷.

⁵³ Witness Statement of Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, Ministry of Finance, dated April 13, 2016.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Witness Statement of Mr. Clive McDonald dated April 21, 2016.

⁵⁷ Ibid.



Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, Ministry of Finance & Public Service, provided a similar statement as he indicated that “*No checklist was utilised in my inspection of the 2009 Toyota Landcruiser Prado*”⁵⁸. He further stated that “*...The checklist is mainly employed in the inspection of a large number of motor vehicles or in the inspection of motor vehicles that are immobile or greatly disabled. This is not a written policy but it is a custom of the Board of Survey. It is a call that is made by the auditor... All auditors are familiar with the check list that is utilised in inspections. Mr. Clement Barrant, Administrator, is familiar with the check list.*”⁵⁹

Additionally, Mr. Wesley Miller, Regional Inspector, Western Region Office, National Works Agency, advised the OCG that “*...I do not use a checklist or guideline in doing my inspections. The person from the Ministry of Finance has a checklist.*”⁶⁰

Based on the foregoing witness statements by members of the Board of Survey team, the OCG notes that a checklist was not utilised in the conduct of their inspection of the 2009 Toyota Land Cruiser Prado. Further, the accounts provided by Mr. Barrant and Mr. Palmer, employees of the Board of Survey Unit, are not the same. Mr. Barrant stated that “*a checklist is not used in the process of inspection*”. However, Mr. Palmer advised the OCG that a checklist is used in the inspection of ‘a large number of motor vehicles’ or in cases where the motor vehicles are ‘greatly disabled’. Mr. Palmer further indicated that all auditors, as well as Mr. Barrant, are familiar with the checklist. Of note, Mr. Palmer provided the OCG with a copy of the checklist which is employed by the Board of Survey Unit, and a copy of which is appended as “Appendix 2”.

The checklist, entitled “**MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST**”, allows for the inspector to indicate whether particular automotive parts on the motor vehicle are ‘good, damaged, defective, removed or

⁵⁸ Witness Statement of Mr. Richard Palmer dated April 13, 2016.

⁵⁹ Ibid.

⁶⁰ Witness Statement of Mr. Wesley Miller dated April 18, 2016.



missing'. Of note, the automotive parts listed on the checklist include the transmission and windscreen. The checklist also allows for the inspector to make remarks based upon his/her observation of the automotive parts. Additionally, the checklist is required to be signed by the Board of Survey team, namely, representatives from the Board of Survey Unit, National Works Agency and the Island Traffic Authority. It is also to be signed by the Transport Manager and a representative from the garage at which the inspection was conducted.

The Determination of the 2009 Toyota Land Cruiser Prado as 'Unserviceable'

The OCG sought to determine the basis upon which the 2009 Toyota Land Cruiser was determined to be 'unserviceable' to the extent that it needed to be deleted from the Hanover Parish Council's inventory.

By way of witness statements from the members of the Board of Survey team who inspected the referenced motor vehicle, the OCG sought clarification of the term 'unserviceable'. Mr. Clement Barrant, Administrator, Board of Survey Unit, advised the OCG that the "...term '*unserviceable*' would mean that the motor vehicle has defects and based on the circumstance and use of the motor vehicle we would need to dispose of it..."⁶¹ In the opinion of Mr. Clive McDonald, the term 'unserviceable' "...means it is not economical to maintain the motor vehicle."⁶² A similar position was held by Mr. Richard Palmer when he stated that "*Unserviceable means that the unit is deemed uneconomical to continue in the service.*"⁶³ According to Mr. Wesley Miller, the term 'unserviceable' "... means that the vehicle is not working."⁶⁴

Upon an examination of the representations made by the members of the Board of Survey team, the OCG highlights that a motor vehicle would be deemed 'unserviceable' if it has become uneconomical to maintain.

⁶¹ Witness Statement of Mr. Clement Barrant dated April 12, 2016.

⁶² Witness Statement of Mr. Clive McDonald dated April 21, 2016.

⁶³ Witness Statement of Mr. Richard Palmer dated April 13, 2016.

⁶⁴ Witness Statement of Mr. Wesley Miller dated April 18, 2016.



In determining whether the 2009 Toyota Land Cruiser Prado was uneconomical to continue in the Hanover Parish Council's inventory, the OCG sought to ascertain all services and repairs which were conducted on the motor vehicle. By way of a requisition dated April 14, 2016, the OCG asked the following, *inter alia*, of Mr. David Gardner, Secretary Manager, Hanover Parish Council:

"3. *Please provide the following:*

...

- ii. *Copies of documents in relation to all services and repairs conducted on the referenced motor vehicle since its purchase and/or possession by the Hanover Parish Council which should include service records, receipts, reports and the total funds expended on the motor vehicle; and*
- iii. *Copies of all communiqué at the Hanover Parish Council which refer to all services and repairs conducted on the referenced motor vehicle since its purchase and/or possession by the Hanover Parish Council.*"⁶⁵

In his response to the OCG, Mr. Gardner stated, *inter alia*, as follows:

"3. ... (ii) **The total amount spent on servicing and repairs to the referenced vehicle was**

⁶⁵ OCG requisition dated April 14, 2016 which was sent to Mr. David Gardner, Secretary Manager, Hanover Parish Council. Question 3.



approximately

One Million and Five Thousand
Seven Hundred and Seventy
Eight Dollars and Forty Eight
Cents (\$1,005,778.48).

*Copies of other documents/reports
relating to the referenced vehicle
are enclosed – (see exhibit E)*

(iii) *See exhibits E and F*⁶⁶

(OCG Emphasis)

In its review of the exhibits which were appended to Mr. Gardner's response, the OCG examined copies of Memoranda which detailed communiqué between officers at the Hanover Parish Council in relation to services and repairs which were conducted on the 2009 Toyota Land Cruiser Prado.

By way of a Memorandum dated September 28, 2010 from Mr. Lloyd Hill, then Mayor, Hanover Parish Council, and addressed to Mrs. Patricia Sinclair-Stair, then Secretary Manager, the following, *inter alia*, was indicated:

*“On different occasions damages were done to the
Mayor's vehicle...I was not aware however that I
should have reported all of these circumstances in
writing.*

The different occasions are therefore as follows:

⁶⁶ Response dated April 22, 2016 by Mr. David Gardner, Secretary Manager, Hanover Parish Council, which was addressed to the OCG. Response 3.



- 1) *Sometime last year my previous driver reported to me that he parked the vehicle on the main road in Hopewell near the barber shop and on his return (after having his hair cut) he noticed that the rear bumper of the vehicle was damaged.*

I told him to report the matter to Mr. Murray and was told afterwards that this was done. The driver however got the damaged section partially fixed at no cost to the council.

- 2) *The second sets of damages were done to the vehicle during the period January 14 of this year, when the vehicle was not in my possession (when I was illegally removed as Mayor). When the vehicle was returned to me through my driver, I saw him indicating to Mr. Murray damages which were done to the rear bumper, the trunk, the interior and the absence of a front guard metal...*

- 3) *On Easter Monday of this year I was driving the vehicle along the main road in the vicinity of the Tryall Hotel and a golf*



ball hit the wind screen of the vehicle and broke it.

...

Mr. Murray eventually got the wind screen replaced by Tryall Hotel and submitted an invoice to the hotel for rental of a car for one day while the vehicle was out of used
[sic].⁶⁷ (OCG Emphasis)

Of note, the referenced Memorandum bore the following inscription which was signed by Mrs. Sinclair-Stair and dated October 14, 2010:

“N.B.

The report is flawed in so many areas that it is not possible to determine the truth. eg. item (1) was never fixed partially or otherwise, and the driver when confronted at the time categorically denied knowledge of same, He no longer in service and so the truth will never be officially known.

Other areas of the report are just as questionable as the first.”⁶⁸(OCG Emphasis)

⁶⁷ Memorandum dated September 28, 2010 from Mr. Lloyd Hill, then Mayor, Hanover Parish Council, and addressed to Mrs. Patricia Sinclair-Stair, then Secretary Manager. Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.

⁶⁸ Ibid.



In another Memorandum dated February 27, 2012 which was addressed to Mr. Alexander Mann, Superintendent of Roads and Works, from Mr. Lloyd Hill under caption “**Mayor’s Vehicle**”, the following, *inter alia*, is disclosed:

“As per our discussions and discussions with the Secretary/Manager, the Mayors Vehicle has been sent to the garage, to rectify its air conditioning unit, and for general servicing...”⁶⁹.

Upon Ms. Shernet Haughton assuming office as Mayor and Chairman of the Hanover Parish Council in March 2012, the Hanover Parish Council sought to ascertain the condition of the 2009 Toyota Land Cruiser Prado. In a Memorandum dated April 2, 2012, which was addressed to Mr. Alfred Graham, then Secretary Manager, from Mr. Noel Murray, Assistant Superintendent of Roads and Works, the following, *inter alia*, was detailed:

“Please be advised that I have inspected and driven the 2009 prado.

These are the findings:

- *Damage front Driver Seat.*
- *Damage Back Dummy Lights*
- *Missing Shine Strip over back Licence Plate*
- *Dirty Roof and Flooring Materials*
- *Missing left Seat Control*

⁶⁹ *Memorandum dated February 27, 2012 from Mr. Lloyd Hill, then Mayor, Hanover Parish Council, and addressed to Mr. Alexander Mann, Superintendent of Roads and Works, Hanover Parish Council. Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.*



- *Deteriorated (worn down) tyres both front and back*
- *Missing right back door cigarette dust holder*
- *Worn out steering [sic] Cover*
- *Back Cover plate over rear left seat out of place*
- *Front bumper and side strips needs to be pinned down*
- *Damaged front Bumper*
- *Wheels need to be aligned*
- *Two front mud guard [sic] are missing.*

Please note that the vehicle is in good driving condition, however the defects mentioned above needs to be rectify [sic] in order to maintain the vehicle.⁷⁰ (OCG Emphasis)

On April 23, 2012, Ms. Shernet Haughton, then Mayor, Hanover Parish Council, sent a Memorandum to Mr. Alfred Graham, then Secretary Manager, under the caption “**Mayor’s Vehicle**”. The Memorandum indicated, *inter alia*, as follows:

“I am hereby informing that Mayor’s Vehicle need to be look at carefully because on my way to Kingston on April 20, 2012 the vehicle started

⁷⁰ Memorandum dated April 2, 2012 from Mr. Noel Murray, Superintendent of Roads and Works, Hanover Parish Council, and addressed to Mr. Alfred Graham, then Secretary Manager, Hanover Parish Council. Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.



*giving problem and on my way the trouble
developed more.*

**Based on my observation the vehicle is in a very
deplorable condition both internal and external,
also the front seat is broken and parts are missing
from the vehicle...**

*The Roads and Works Department is aware of the
condition in which I got the vehicle from the former
Mayor.”⁷¹*

Further details of the defects, services and repairs are also contained in a Memorandum dated February 6, 2013 from Mr. Alexander Mann, Superintendent of Roads and Works, Hanover Parish Council, and which was addressed to Mrs. Judy McKenzie-Lawrence, then Secretary Manager, under the caption “*Mayor Vehicle Breakdown*”. The Memorandum provided, *inter alia*, the following:

*“In respect to the above subject, the Mayor called
Mr. Murray and me on the morning of January 28,
2013 to inform us that on travelling to St. Catherine
and eventually on to Kingston to attend meetings
when approaching Spur Tree in Manchester the
vehicle broke down. After discussing the situation
with her it was decided to arrange a wrecker to
transport the vehicle back to Lucea to be delivered*

⁷¹ Memorandum dated April 23, 2012 from Ms. Shernet Haughton, then Mayor, Hanover Parish Council, and addressed to Mr. Alfred Graham, then Secretary Manager, Hanover Parish Council which was attached to Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.



*to Pops Auto Repair Garage and for her to hire a public transport vehicle to continue her journey to the meetings. The above was done and Pops Garage (a NWA certified garage) gave me their assessment of the problem with the vehicle. **The problem with the vehicle is with the transmission. The pump need repairing and the torque converter need replacing...***⁷² (OCG Emphasis)

Mr. Mann further added that:

- “...1. One of the parts for the gear box was the wrong one and hence was sent back to the supplier for the correct one.*
- 2. In checking through the vehicle the breaks [sic] pads had to be changed because they were wormed [sic] down...”*⁷³

Based on the foregoing provisions, the OCG highlights that the defects of the 2009 Toyota Land Cruiser Prado included damage to the windscreen, transmission failure and air conditioning unit malfunction, all of which occurred before 2014.

In furtherance of its Investigation, the OCG perused a document entitled “**HPC VEHICLE PARTS & SERVICE SCHEDULE**”⁷⁴ which detailed the dates on which the 2009 Land Cruiser

⁷² Memorandum dated February 6, 2013 from Mr. Alexander Mann, Superintendent of Roads and Works, Hanover Parish Council and addressed to Mrs. Judy McKenzie-Lawrence, then Secretary Manager which was attached to Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.

⁷³ Memorandum dated February 25, 2013 from Mr. Alexander Mann, Superintendent of Roads and Works, Hanover Parish Council and addressed to Mrs. Judy McKenzie-Lawrence, then Secretary Manager which was attached to Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG. Exhibit F.



Prado was serviced and/or repaired, the center at which it was serviced and nature of the services and/or repairs which were conducted. The table below represents the foregoing information:

Table 1

Service Date	Service Center	Nature of the Services and/or Repairs
25.09.2012	Toyota Jamaica (Kingston)	General fixing of vehicle to include repainting at approximately \$378,102.61
22.01.2013	CAMS Garage	General service
28.01.2013	Big Rat Auto	To provide wrecker service to transport Mayoral vehicle from Mandeville to Lucea
28.01.2013 - 01.03.2013	Lloyd "Pops" Garage	Transmission failure
25.02.2013	Lloyd "Pops" Garage	General service
23.04.2013	Lloyd "Pops" Garage	General service
18.07.2013	Lloyd "Pops" Garage	General service
09.10.2013	Lloyd "Pops" Garage	Replacement of battery
04.10.2013	Collector of Taxes (Lucea)	License motor vehicle
06.10.2013	Lloyd "Pops" Garage	General service
09.10.2013	Lloyd "Pops" Garage	Purchase battery
06.11.2013	Lloyd "Pops" Garage	General service
20.01.2013	Collector of Taxes (Lucea)	Fitness
22.10.2013 - 06.11.2013	Hanover Parish Council car park	Motor vehicle was parked at the Hanover Parish Council while the Mayor was out of the island
12.11.2013	Lloyd "Pops" Garage	A/C malfunction
23.01.2014	Lloyd "Pops" Garage	General service
03.02.2014	Hanover Parish Council car park	Vehicle parked (no driver)
28.03.2014	Lloyd "Pops" Garage	General service
20.06.2014	Lloyd "Pops" Garage	General service and purchase of 2 new tyres at Performance Center
31.07.2014	Lloyd "Pops" Garage	Change front disc pads

The OCG notes that the information listed in the above table does not indicate any specific repair or service which was conducted on the transmission of the motor vehicle in 2014. In accordance

⁷⁴ Document entitled "**HPC VEHICLE PARTS & SERVICE SCHEDULE**" which was attached as Exhibit E to the Response dated April 22, 2016 from Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG.



with information which was highlighted in the aforementioned Memoranda, the defect involving the transmission was repaired in 2013.

Based on a Memorandum dated March 25, 2013 from Mr. Noel Murray, Building Officer (Acting), Hanover Parish Council, and addressed to Mrs. Judy McKenzie-Lawrence, then Secretary Manager, the 2009 Toyota Land Cruiser Prado developed a mechanical problem due to the failure of the transmission. The Memorandum stated, *inter alia*, as follows:

“Please be advised that the mayor vehicle was sent to Lloyd’s (Pops) Garage on the January 28, 2013 due to mechanical problem while travelling to Kingston. The garage manager Lloyd’s (Pops) diagnose the problem to be a transmission failure.

...

The vehicle however was fixed, serviced and returned to the Hanover Parish Council on March 01.2013.”

Further, an invoice dated March 4, 2013, which was prepared for services rendered by Lloyd’s (Pops) Garage & Auto Sales, reflected that the amount of \$58,088.49 was billed for the removal, repair, and replacement of the transmission as well as for the provision of transmission fluid.

At this juncture, the OCG also highlights the accounts of Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, Ministry of Finance, and Mr. Wesley Miller, Regional Inspector, Western Region Office, National Works Agency.

In a witness statement dated April 13, 2016, Mr. Palmer advised the OCG, *inter alia*, as follows:



“There were no noticeable defects of the motor vehicle but I received complaints from the driver of the motor vehicle about the front end and transmission. I do not recall the name of the driver of the motor vehicle.

The motor vehicle was not test driven. It is not the custom of the Board of Survey to test drive the vehicles in our inspections. I just went on the complaints that I received. I did not check for these defects.

...

*I did not take photographs of the motor vehicle in the conduct of my inspection. It is the custom of the Board of Survey to not take photographs in inspections.”*⁷⁵ (OCG Emphasis)

Mr. Miller stated, *inter alia*, the following:

“I checked the defects on the motor vehicle based on the documents I received from the Ministry of Finance. I could not comment on the transmission because the vehicle could not be started. To comment on the transmission I would have had to drive the motor vehicle and I did not drive the vehicle.

I did a visual inspection of the front end of the motor vehicle. The gentleman who opened the

⁷⁵ Witness Statement of Mr. Richard Palmer dated April 13, 2016.



vehicle rocked the steering wheel so that I could check the front end. I don't remember the name of the gentleman. When he did this I noticed that movement was in one of the ends. To do a proper inspection the vehicle would have to be mobile and inspected on a ramp. This did not take place. I did not make any written notes of my observation.

...

*I don't take photographs of motor vehicles that are inspected by me.*⁷⁶

(OCG Emphasis)

It is the OCG's observation that the inspection of the 2009 Toyota Land Cruiser Prado which was undertaken by the members of the Board of Survey team was devoid of any clear and systematic technical assessment and/or physical verification of the working condition of the vehicle. Mr. Palmer indicated that he did not personally inspect the motor vehicle for defects as he 'just went on the complaints that he received'. He added that he did not take photographs of the inspection, as it is the custom of the Board of Survey team not to do so. Further, Mr. Miller was unable to comment on the condition of the transmission of the 2009 Toyota Land Cruiser Prado as he did not drive the motor vehicle. He also advised the OCG that he does not take photographs of motor vehicles in the conduct of his inspections.

The OCG perused a document entitled "***COPY PAYMENT VOUCHERS FOR REPAIR AND SERVICE TO MAYORAL VEHICLE TOYOTA LANDCRUISER LICENCE# ********"⁷⁷. The OCG also reviewed a copy of the payment vouchers which detailed the services and repairs

⁷⁶ Witness Statement of Mr. Wesley Miller dated April 18, 2016.

⁷⁷ Attached as 'Exhibit E' to the response dated April 22, 2016 by Mr. David Gardner, Secretary Manager, Hanover Parish Council which was addressed to the OCG.



which were conducted on the 2009 Toyota Land Cruiser Prado during the period February 2009 to June 2014. The table below illustrates the OCG's findings:

Table 2

Voucher No.	Payment Voucher Date	Description	Payee	Amount (\$)	Corresponding Cheque Number as represented by the Hanover Parish Council	Corresponding Cheque Date as represented by the Hanover Parish Council	Corresponding Cheque Value as represented by the Hanover Parish Council	Observations
3129	20.02.2009	Servicing of HPC Vehicle '09 Toyota Prado Lic #**** *	Cams Garage Ltd.	11,548.53	3649458	17.02.2009	11,548.53	
567	27.05.2009	The amount payable to the name mentioned above for services/rendered as described on Invoice #196825 dated 15.05.2009	Cams Garage Ltd.	13,336.83	6372543	26.05.2009	13,336.83	Invoice #196825 dated 15.05.2009 lists "... (two) URSA 15W-40...oil filter... gunk brake cleaner...air filter...windshield washer..."
3028	24.02.2010	For servicing of HPC Vehicle Toyota Prado **** *	Cams Garage Ltd.	21,505.34	8377799	25.02.2010	21,505.34	
166*	11.05.2010	Servicing of HPC Vehicle '09 Toyota Prado **** * & '01 Toyota Hilux **** *	Lloyd (Pops) Garage & Auto Sales	8,835.00	1214216	14.05.2010	8,835.00	
543*	13.07.2010	Servicing of HPC Vehicle '09 Toyota Prado **** * & '07 Toyota Hilux **** *	Cove Island Auto	5,200.00	1215171	13.07.2010	5,200.00	
None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	1215175	15.07.2010	\$26,595.30	
547*	16.07.2010	Repair & Service to HPC Vehicles...'09 Toyota Prado**** *, & '01 Toyota Hilux	Lloyd (Pops) Garage & Auto Sales	35,301.30	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	



Voucher No.	Payment Voucher Date	Description	Payee	Amount (\$)	Corresponding Cheque Number as represented by the Hanover Parish Council	Corresponding Cheque Date as represented by the Hanover Parish Council	Corresponding Cheque Value as represented by the Hanover Parish Council	Observations
		**** ** and & '07 Toyota Hilux **** **						
857	10.09.2010	Washing of Mayor's vehicle '09 Toyota Prado **** **	Angella Taylor	9,000.00	1216055	10.09.2010	9,000.00	Invoice reflects 18 "general services" at a rate of \$500.00 per service
215	06.05.2011	Washing of HPC vehicle '09 Toyota Prado **** **	Angella Taylor	8,000.00	3167126	06.05.2011	8,000.00	Invoice #348050 reflects 16 "general wash" services at \$500.00 per service
621	11.07.2011	Repair & Service to Mayor's Vehicle '09 Toyota Prado **** **	Lloyd (Pops) Garage & Auto Sales	24,611.00	8379145	08.07.2011	24,611.00	
778	02.08.2011	Servicing of HPC Vehicle '09 Toyota Prado **** **	Cams Garage Ltd.	18,701.71	8379451	29.07.2011	18,701.71	
488	01.09.2011	Servicing of HPC Vehicle '09 Toyota Prado **** **	Cams Garage Ltd.	16,102.58	8379892	31.08.2011	16,102.58	
1047	09.09.2011	Washing & cleaning of Mayor's vehicle '09 Toyota Prado **** **	Millicent Reid	2,800.00	8380006	09.09.2011	2,800.00	
1077	09.09.2011	Washing of Mayor's vehicle '09 Toyota Prado **** **	Angella Taylor	7,000.00	8380036	09.09.2011	7,000.00	Invoice reflects 14 payments to wash the 2009 Toyota Land Cruiser Prado at a rate of \$500.00 per service
1330	20.10.2011	Repair & Service to Mayor's Vehicle... '09 Toyota Prado **** **	Cams Garage Ltd.	54,729.96	8380480	20.10.2011	54,729.96	
1493	07.11.2011	Washing & cleaning of Mayoral vehicle	Millicent Reid	4,200.00	8380735	07.11.2011	4,200.00	



Voucher No.	Payment Voucher Date	Description	Payee	Amount (\$)	Corresponding Cheque Number as represented by the Hanover Parish Council	Corresponding Cheque Date as represented by the Hanover Parish Council	Corresponding Cheque Value as represented by the Hanover Parish Council	Observations
		'09 Toyota Prado *****						
1540	11.11.2011	Servicing of Mayoral vehicle '09 Toyota Prado *****	Cams Garage Ltd.	23,990.63	8380784	11.11.2011	23,990.63	
1611	21.11.2011	Repair & Service to Mayor's Vehicle... '09 Toyota Prado *****	Cams Garage Ltd.	43,244.38	8380855	21.11.2011	43,244.38	
2392	20.01.2012	Servicing of Mayoral vehicle '09 Toyota Prado *****	Cams Garage Ltd.	15,447.99	8381829	20.01.2012	15,447.99	
None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	8382028	10.02.2012	1,200.00	
1682	25.10.2012	Servicing of 2009 Prado	Cams Garage Ltd.	17,224.00	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	None provided by the Hanover Parish Council	
2763	14.03.2012	Servicing of Mayoral vehicle '09 Toyota Prado *****	Cams Garage Ltd.	81,305.45	8382355	13.03.2012	81,305.45	Invoice #7354 dated 03.07.2012 reflects services to provide an "AC EVAPARATOR" and services to "REMOVE DASHBOARD COVER AND LOWER SUPPORT TO FACILITATE AC EVAPARATOR REPLACEMENT AND EVALUATE AC SYSTEM, FIT EVAPORATOR AND RECHARGE AC SYSTEM."
356	21.05.2012	Servicing of Mayoral Vehicle '09 Toyota Prado	Cams Garage Ltd.	13,681.75	8383117	21.05.2012	13,681.75	



Voucher No.	Payment Voucher Date	Description	Payee	Amount (\$)	Corresponding Cheque Number as represented by the Hanover Parish Council	Corresponding Cheque Date as represented by the Hanover Parish Council	Corresponding Cheque Value as represented by the Hanover Parish Council	Observations
		**** **						
1480	Undated	Repair & Service to Mayoral Vehicle...'09 Toyota Prado**** **	Toyota Jamaica Ltd.	362,142.61	8384815	25.09.2012	378,102.61	Payment voucher indicated that an amount of \$15,960.00 was deducted as "less 10% Retention (From labour)"
1681	25.10.2012	Servicing of 2009 Prado	Cams Garage Ltd.	18,039.50	8385071	23.10.2012	18,039.50	
2767	17.01.2013	Service of Mayoral Vehicle	Cams Garage Ltd.	12,695.05	8386431	16.01.2013	12,695.05	
56	14.04.2014	Tyres For Mayoral Vehicle, '09 Toyota Prado**** **	The Performance Centre	67,715.00	8392274	14.04.2014	67,715.00	In the document entitled " COPY PAYMENT VOUCHERS FOR REPAIR AND SERVICE TO MAYORAL VEHICLE TOYOTA LAND CRUISER LICENCE# **** **", it is indicated that a total of \$32,280.40 was refunded to the Hanover Parish Council.
255	09.05.2014	Amount payable to the above named Chairman as reimbursement for payment made to locksmith and for toll	Shernet Haughton	9,080.00	8392586	09.05.2014	9,080.00	
180	02.05.2014	Servicing of Mayoral Vehicle '09 Toyota Prado**** **	Lloyd (Pops) Garage & Auto Sales	30,658.40	8392486	02.05.2014	30,658.40	



Voucher No.	Payment Voucher Date	Description	Payee	Amount (\$)	Corresponding Cheque Number as represented by the Hanover Parish Council	Corresponding Cheque Date as represented by the Hanover Parish Council	Corresponding Cheque Value as represented by the Hanover Parish Council	Observations
549	19.06.2014	To supply 1 (one) AC evaporator and to remove dashboard & AC evaporator	Lloyd (Pops) Garage & Auto Sales	90,000.00	8393010	18.06.2014	90,000.00	
TOTAL				\$1,026,097.01			\$1,017,327.01	

The OCG notes that the sum of the payment vouchers which evidenced payments to service providers for the period February 2009 to June 2014 was **\$976,760.71**. Additionally, the total cheque payments which were represented to the OCG by the Hanover Parish Council was **\$1,003,292.01**. The figure differs from that which was indicated in the document entitled "***COPY PAYMENT VOUCHERS FOR REPAIR AND SERVICE TO MAYORAL VEHICLE TOYOTA LAND CRUISER LICENCE# **** ****" by the Hanover Parish Council as the total cheque payments reflected was \$1,005,778.48.

Based on the information highlighted above, the OCG was also able to calculate the approximate yearly expenditure by the Hanover Parish Council to service and repair the 2009 Toyota Land Cruiser Prado⁷⁸ as follows:

* The payment vouchers reflected combined payments for the servicing of the 2009 Toyota Land Cruiser Prado and 'Toyota Hilux'. The OCG is unable to determine the amount which was expended for the 2009 Toyota Land Cruiser Prado.

⁷⁸ Based on information detailed in the payment vouchers for the period February 2009 to June 2014, which were provided to the OCG by Mr. David Gardner, Secretary Manager, Hanover Parish Council in his response of April 22, 2016.



Table 3

Year	Amount Expended for Services and Repairs (\$)
2009	
20.02.2009	11,548.53
27.05.2009	13,336.83
Total	24,885.36
2010	
24.02.2010	21,505.34
11.05.2010	8,835.00
13.07.2010	5,200.00
16.07.2010	35,301.30
10.09.2010	9,000.00
Total	79,841.64*
2011	
06.05.2011	8,000.00
11.07.2011	24,611.00
02.08.2011	18,701.71
01.09.2011	16,102.58
09.09.2011	2,800.00
09.09.2011	7,000.00
20.10.2011	54,729.96

***For the values of \$8,835.00, \$5200.00 and \$35,301.30, the OCG is unable to determine the amount which was expended for the 2009 Toyota Land Cruiser Prado. The payment vouchers reflected combined payments for the servicing of the 2009 Toyota Land Cruiser Prado and 'Toyota Hilux'.**



07.11.2011	4,200.00
11.11.2011	23,990.63
21.11.2011	43,244.38
Total	203,380.26
2012	
20.01.2012	15,447.99
25.10.2012	17,224.00
14.03.2012	81,305.45
21.05.2012	13,681.75
Undated	362,142.61
25.10.2012	18,039.50
Total	507,841.30
2013	
17.01.2013	12,695.05
2014	
14.04.2014	67,715.00
09.05.2014	9,080.00
02.05.2014	30,658.40
19.06.2014	90,000.00
Total	197,453.40



An Outline of the Policy Breaches Which Occurred in the Process Utilised by the Hanover Parish Council in the Disposal of the Government Issued 2009 Toyota Land Cruiser Prado

1. The OCG has found, during the course of its Investigation, that the process which was utilized by the Hanover Parish Council in the disposal of the government issued 2009 Toyota Land Cruiser Prado, exhibits flagrant breaches of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, which severely impacted the Council's ability to dispose of the motor vehicle in an impartial manner and on merit.

The Hanover Parish Council has breached the requirements of the abovementioned policy by approving the bid submitted by Ms. Haughton. Pursuant to Section B.1.12 of the referenced policy which provides that "*the prospective purchaser who is the official concerned must have been assigned the vehicle for his/her full time use for a period not less than three (3) years...*", The OCG notes that Ms. Haughton was employed at the Hanover Parish Council as Mayor/Chairman for the period March 2012 to August 2014, a total of two (2) years. **Therefore, the Hanover Parish Council should not have approved, more so, even entertained a bid proposal from Ms. Haughton given the fact that as at the date on which the bid was submitted by her, she was without a doubt ineligible to bid for the referenced motor vehicle.** In the Council's response to the Office, a copy of an extract from the Revised Comprehensive Motor Vehicle Policy for the Public Sector was attached. The said extract interestingly detailed provisions of Sections C.12 to C.15 which made no mention of the requirement for the official concerned to have been assigned the vehicle for a period not less than three (3) years. However, the OCG exhibits the entire policy as 'Appendix 3', for completeness.

2. A second breach of the policy guidelines demonstrated by the Hanover Parish Council is the utilization of a closed auction which was made open only to employees of the Council. The stated policy guidelines dictate that if a government issued motor vehicle is to be disposed of by way of a closed auction, it "*...shall be open to all Government*



employees (generally)...” Based on this provision, the Hanover Parish Council again breached the policy guidelines. Further, having made the auction open to only members of the Hanover Parish Council, it must be reiterated that Ms. Haughton was the only person who submitted a bid.



CONCLUSIONS

Based upon the documentary evidence submitted to the OCG by the Hanover Parish Council and the Board of Survey Unit, as well as witness statements, the OCG has arrived at the following considered conclusions:

1. The process utilised by the Hanover Parish Council to dispose of the government issued 2009 Toyota Land Cruiser Prado and to remove it from its inventory was by way of a closed auction conducted by the Council, subsequent to a recommendation by the Board of Survey Unit, Ministry of Finance and Planning.
2. The Hanover Parish Council breached Section B.1.12 (2) of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, as Ms. Haughton was employed to the Hanover Parish Council as Mayor for only two (2) years, that is, during the period March 2012 to August 2014. In her capacity as Mayor and Chairman of the Hanover Parish Council, Ms. Haughton was assigned a 2009 Toyota Land Cruiser Prado on March 26, 2012. In this regard, **Ms. Haughton was ineligible to submit a bid** regarding the government issued 2009 Toyota Land Cruiser Prado as she had been assigned the referenced motor vehicle for two (2) years, which does not meet the requirement of three (3) years as stipulated by the Revised Comprehensive Motor Vehicle Policy for the Public Sector.

The Hanover Parish Council provided the OCG with a copy of an extract of the referenced policy **which excluded** the provision that makes it mandatory for Ms. Haughton to have been assigned the motor vehicle in her capacity as Mayor for at least three (3) years. The OCG is of the opinion that the actions of the Hanover Parish Council in this regard, is bridled with suspicion and can be interpreted, at best, as an attempt to mislead or feign ignorance. More so, the stated policy is made available by the Ministry of Finance and Planning and consequently in divesting or disposing of the government



asset, the Parish Council ought to be acquainted themselves with and abide by all relevant policies, guidelines and legislations.

The method utilised by the Hanover Parish Council to dispose of the 2009 government issued Toyota Land Cruiser Prado in this regard, exhibited impropriety and irregularity on the part of the principal accountable officer, Mrs. Judy McKenzie-Lawrence, then Secretary Manager. The process which was employed demonstrated a disregard for the applicable policy and guidelines in the process of disposal and the naming of Ms. Haughton as the successful bidder was impartial and without merit. The failure to determine whether all committees should approve the sale is a question that should be answered.

3. The Hanover Parish Council breached the requirements outlined in Section C. 14 of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, as the motor vehicle was sold by way of closed auction but made only available to its employees. This contravenes the referenced policy as a closed auction, in this regard, shall be **generally made open to all Government employees**. By removing the possibility of all government employees participating in the referenced auction, the OCG questions the extent to which the process could be deemed to be competitive, fair and impartial.
4. In addition to the breaches of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, the OCG identified the following irregularities and concerns in relation to the sale of the 2009 Toyota Land Cruiser Prado:
 - (i) In relation to the 2009 Toyota Land Cruiser Prado, the Board of Survey team indicated that the motor vehicle was inspected at Lucea, Hanover. However, members of the Board of Survey team have also stated that this inspection was conducted in Kingston. The OCG is of the considered view that, by omitting



this information from the Board of Survey's report of inspection, the authenticity of the report is questioned and raises concerns of transparency;

- (ii) The “**MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST**”, which allows for the inspector to indicate whether particular automotive parts on the motor vehicle are ‘good, damaged, defective, removed or missing’, was not utilised by the Board of Survey team in the conduct of their inspection of the 2009 Toyota Land Cruiser Prado. Based on the evidence provided by Mr. Richard Palmer, Chief Equipment Auditor, Board of Survey Unit, the checklist is available to all “*auditors*” at the Board of Survey Unit. The evidence provided by Mr. Richard Palmer further advised that it is a ‘custom’ of the Board of Survey to utilise the checklist “*...in the inspection of a large number of vehicles or in the inspection of motor vehicles which are immobile or greatly disabled.*” The OCG concludes that a checklist is not utilised in the inspection of motor vehicles which are not greatly disabled or in the inspection of one (1) or a small number of motor vehicles, as highlighted in the instant case. It is the OCG’s considered view that this is a practice which interferes with the efficiency of the inspection process and is one which raises issues of transparency and accountability.
- (iii) The inspection of the 2009 Toyota Land Cruiser Prado which was undertaken by the members of the Board of Survey team was devoid of any clear and systematic technical assessment and/or physical verification of the working condition of the vehicle. A verification process of this nature would normally obtain in the course of assessing the road worthiness and reliability of vehicles for the purposes of obtaining a Certificate of Fitness or towards the determination of the overall economic value of the vehicle. In one



instance/inspection, the 2009 Toyota Land Cruiser Prado was not personally checked for defects by a member of the team, **he acted solely on the complaint he received**. The actions of the Board of Survey team has the potential to undermine public confidence in the Board of Survey's ability to act appropriately in their roles and fulfill their responsibilities in the inspection of government assigned motor vehicles; and

- (iv) Further, in the conduct of their inspections, the Board of Survey team neither test drives motor vehicles (except in circumstances noted extensively herein) nor takes photographs of the defects to validate and verify their observations/perceptions.
- 5. The Board of Survey team has not been able to account for the significant disparities between their assessment of the 2009 Toyota Land Cruiser Prado and that of the independent valuator. The variance has not been reconciled.
- 6. The OCG is not satisfied that the 2009 Toyota Land Cruiser Prado was 'unserviceable'.

Of note, Mr. Neville Claire, Councillor, Hanover Parish Council, raised concerns regarding the referenced motor vehicle being determined as unserviceable. In his opinion, if the motor vehicle was in fact unserviceable, it should not have still been in use by the former Mayor, Ms. Shernet Haughton.



REFERRALS

The OCG, in the conduct of its Investigation, is required to be guided by Section 21 of the Contractor-General Act. Section 21 provides as follows:

“If a Contractor-General finds, during the course of his investigations or on the conclusion thereof that there is evidence of a breach of duty or misconduct or criminal offence on the part of an officer or member of a public body, he shall refer the matter to the person or persons competent to take such disciplinary or other proceeding as may be appropriate against that officer or member and in all such cases shall lay a special report before Parliament.”⁸⁰ (OCG Emphasis)

Based upon the evidence presented by the Hanover Parish Council, the OCG is hereby referring a copy of its Special Report of Investigation to the Ministry of Local Government and Community Development, the Ministry of Finance and Public Service for due consideration and/or investigation as may be deemed fit, having regard to the breaches of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, which have been identified herein.

Of note, Section C.18 of the Revised Comprehensive Motor Vehicle Policy for the Public Sector states, *inter alia*, as follows:

“Any person who is responsible for the control or operation of fleet vehicles or any activities incidental thereto, will be liable to sanctions in the

⁸⁰ Section 21, The Contractor General Act.



**event of any breach of the instructions contained
in this circular.**

Where a breach results in a financial loss to Government, the person responsible may be surcharged by the Financial Secretary and may become liable for the full amount of the loss.”⁸¹

(OCG Emphasis)

The OCG is, hereby, referring the matter to the Ministry of Finance and Planning for a determination to be made as to the applicable sanctions to be administered for breaches of the following provisions by the relevant officers, present and past, at the Hanover Parish Council:

1. Section B.1.12(2) of the Revised Comprehensive Motor Vehicle Policy for the Public Sector in relation to Ms. Shernet Haughton being ineligible to submit a bid for the referenced motor vehicle as she had not been assigned the vehicle for her full time use **‘for a period not less than three (3) years’**.
2. Section C.14.(a)(i) of the Revised Comprehensive Motor Vehicle Policy for the Public Sector in relation to the stated auction being advertised as a closed auction but only made open to employees at the Hanover Parish Council.

⁸¹ Revised Comprehensive Motor Vehicle Policy for the Public Sector. Section C.18.



RECOMMENDATIONS

Section 20 (1) of the Contractor-General Act mandates that “after conducting an Investigation under this Act, a Contractor-General shall, in writing, inform the principal officer of the public body concerned and the Minister having responsibility therefor of the result of that investigation and make such recommendations as he considers necessary in respect of the matter which was investigated.” (OCG’s Emphasis)

Having regard to the foregoing, the OCG now posits the following recommendations:

1. In light of the referral by the OCG to the Ministry of Finance and Planning for appropriate sanctions to be administered regarding the breaches of the Revised Comprehensive Motor Vehicle Policy for the Public Sector, it is the OCG’s further recommendation that the purchase of the government issued 2009 Toyota Land Cruiser Prado be deemed null and void and the appropriate authorities conduct their further investigations.
2. The OCG recommends that the Ministry of Finance and Public Service, which has oversight of the Board of Survey Unit, should review current measures and implement new ones which will objectively determine the qualification of government assets as ‘unserviceable’ or ‘uneconomical’ as the formal use of these terms coupled with the practice outlined as the standard operating procedures for the inspection of motor vehicles by the Board of Survey team is tainted with suspicion.
3. That the Ministry of Finance and Public Service establish a clear policy to include the acceptance of undertakings in lieu of actual payments in keeping with our jurisprudence. Consideration should be given to common law principles outlined in the cases of Edward Owen Engineering Ltd v Barclays Bank Ltd. [1978] 1 All ER 976, Hong Kong Fir Shipping Co. Ltd. v Kawasaki Kisen Kaisha Ltd. [1962] 2 Q.B.



26 and Workers Trust & Merchant Bank Ltd. Appellant and Dojap Investments Ltd. Respondent [Appeal from the Court of Appeal of Jamaica] [1993] A.C. 573.

4. That strict adherence be observed to government regulations, inclusive of Circulars posited by the various government Ministries, by all procuring Public Bodies and the respective Public Officers who are charged with the responsibility for administering the award of Government contracts.
5. That the Ministry of Local Government and Community Development put the necessary enforcement mechanisms in place to ensure that all Parish Councils abide by the principles outlined in any applicable laws, regulations or guidelines, with appropriate sanctions for failure to comply with same.
6. That the Ministry of Local Government and Community Development initiate an investigation into the protocols and standard operating procedures employed by the Hanover Parish Council so as to promote and foster principles of good governance, to include but not limited to fairness and integrity but more importantly to engender public confidence.
7. That in circumstances where a Public Body has identified that there is a breach of any applicable laws, regulations or guidelines, the responsible agency should seek to remedy the said breach in an expeditious and effective manner as opposed to continuing with the implementation of the project in violation of the said applicable laws, regulations or guidelines.
8. That Accounting Officers and Accountable Officers take a more proactive and aggressive role in developing, implementing and enforcing effective risk management systems, checks and balances and other appropriate management systems in an effort to mitigate against any possibility of deviations from the law, and with an intention of



promoting governance by enhancing transparency and accountability, to include measures to review the sale of government assets.

9. That the Ministry of Finance and Public Service conducts immediately an internal audit of the Board of Survey Unit and its inspection, assessment and reporting procedures as it relates to its mandate, with a view to determining whether the protocols, practices and ‘customs’ are in keeping with local and international best practices.
10. The OCG strongly recommends that the Ministry of Finance and Public Service create policies and implement systems in relation to the operations of the Board of Survey Unit which will allow for the provision of appropriate oversight of discretionary decisions and of personnel with the authority to make such decisions. The absence of proper due diligence checks has the potential to undermine public confidence in the Unit’s ability to appropriately execute its mandate.
11. The OCG recommends that in circumstances where government assets still form a part of the inventory of public bodies, the destruction of payment records in the seventh year as outlined in the Financial Administration and Audit Act Instructions, be amended.



Appendix 1

3 d 1-2
Phone No.: 956 2305/ 2236 / 2947
Fax: 956-2891
E-mail: hanoverpc@mlge.gov.jm

ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE
ADDRESSED TO THE SECRETARY/MANAGER AND THE
FOLLOWING REFERENCE NUMBER QUOTED:-

Ref: 4413

August 7, 2014

Ms. Shernet Haughton
Cave Valley District
March Town P.O.
Hanover.

Dear Ms. Haughton:

This is to advise that your bid for the 2009 Toyota Landcruiser was successful.

You are therefore required to pay an amount of Two Hundred and Twenty Thousand Dollars (\$220,000.00) today by Manager's cheque or cash to the Hanover Parish Council.

The remainder of One Million, Nine Hundred and Eighty Thousand Dollars (\$1,980,000.00) should be paid within five (5) working days from the date of this letter.

Please be guided accordingly.

Yours Sincerely
Hanover Parish Council


Shelly-Ann Spence (Mrs.)
Acting Secretary/Manager

cc. **Actg. Director of Finance**
Internal Auditor
Superintendent-Roads & Works




CHURCH ST.
BOX 41, LUCEA PO
HANOVER
JAMAICA, W.I.

Actg. AT
Please note for collection of Amount
Office/Spence
OR # 558803 1st payment
07.08.14
\$ 220 000.00

final payment
OR # 558975
18.08.14
\$ 1980 000.00

Def. M/C
Sec. of Council
Asst. (motor vehicle)


7.08.14



Appendix 2

MINISTRY OF FINANCE AND PLANNING PERMANENT BOARD OF SURVEY MOTOR VEHICLE CHECK LIST							
MINISTRY _____		LOCATION _____					
MAKE _____		REG. # _____					
YEAR _____		ENGINE _____					
CHASSIS # _____							
NAME		GOOD	DAMAGED	DEFECTIVE	REMOVED	MISSING	REMARKS
ENGINE							
CYLINDER HEAD							
GRILL							
TRANSMISSION							
RADIATOR							
RADIATOR FAN							
CARBURETTOR							
ALTERNATOR							
STARTER							
COMPUTER BOX							
BRAKE BOOSTER							
LIGHT	FRONT						
ROAD WHEELS & SPARE							
BONNET							
WINDSCREEN	FRONT						
	REAR						
RIGHT FENDER	FRONT						
	REAR						
RIGHT DOOR	FRONT						
	REAR						
BUMPER	FRONT						
LEFT DOOR	FRONT						
	REAR						
LEFT FENDER	FRONT						
	REAR						
BUMPER	REAR						
LIGHT	REAR						
DASHBOARD							
SEAT	FRONT						
	REAR						

*Submitted to OCG
by Access Police
12/12/13
210-09-13*

B.O.S INSPECTOR

N.W.A ENGINEER

TRANSPORT MGR.

L.T.A OFFICER

GARAGE REP.

I certify that this vehicle was inspected in my presence and the above information is correct.

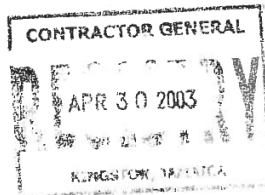


Appendix 3



ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE
ADDRESSED TO THE FINANCIAL SECRETARY AND THE
FOLLOWING REFERENCE NUMBER QUOTED:-

Telephone No. 92-28600-15



MINISTRY OF FINANCE AND PLANNING
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

April 24, 2003

Circular No. 8

File No. 267/021^{TJ}

Division: Public Expenditure Policy Coordination

Permanent Secretaries
Heads of Departments

Re: Revised Comprehensive Motor Vehicle Policy for the Public Sector

The attention of Permanent Secretaries and Heads of Departments is invited to Circular No. 9 dated November 9, 1995, which outlined the Comprehensive Motor Vehicle Policy of Government.

Since the implementation, however, certain weaknesses in the system were observed, and in order to ensure that the desired objectives of efficiency, cost containment and transparency of Government expenditure are met, the system had to be reviewed.

Proposals were made and the Cabinet by Decision No. 6/03 dated February 10, 2003, granted approval for the amendments to the policy.

Revised Policy

This policy, therefore, supersedes all other policies, is applicable to Central and Local Government and Para-Statals, and provides guidance in three (3) main areas of motor vehicle management, namely, import duty concession, assignment of government-owned vehicles to public officers and the management and operation of fleet vehicles.

- Central and Local Government means, Ministries, Departments, Executive Agencies, Kingston and Saint Andrew Corporation and Parish Councils.
- Para-statal means any Statutory Body, Board or Council, Commission, Society or other entity which is wholly financed by the revenues, or other income or receipt of the Government and any Company, Corporation or Commercial Enterprise, wholly owned by the government or in which the Government has a majority shareholding.



A. **Import Duty Concession**

The rates to be applied to beneficiaries of duty concession are:

- (a) the concessionary rate of 20% to be extended to motor cars costing up to US\$25,000 c.i.f.
- (b) where a vehicle costs in excess of US\$25,000., concessionary duty would be applicable on prices up to US\$25,000 c.i.f., and full duty applicable on the incremental amounts over US\$25,000 c.i.f.
- (c) the concessionary rate of 20% will be available once every five (5) years to Public Officers, and once in every Parliamentary term of office to Members of Parliament;
- (d) No public official shall be entitled to benefit from the 20% concessionary rate of duty and be provided with an assigned vehicle;
- (e) Concessionary rate of 20% will no longer be extended to:
 - public sector entities which are expected to be self financing; and
 - Contract Officers unless in special cases, i.e., where the contract period is for no less than three (3) years, and where the emoluments under the contract are within the Civil Service scales.
- (f) Further guidelines regarding the grant of 20% concessionary rate of duty is attached at Appendix III

B. **Assignment of Government-owned Motor Vehicles.**

B.1 **Determination of who Qualifies**

The responsibility for determining persons who qualify for assigned government-owned vehicles is as under:-

- (a) Cabinet for members of the Political Directorate;
- (b) Ministry of Finance and Planning for Public Officers;
- (c) Boards in conjunction with Administrative Heads of Para-statal, in conformity with guidelines issued below.

B.1.1 **Assignment of Government-owned Motor Vehicles to Public Officials**

Formerly, Public Officers eligible for the assignment of motor vehicles were grouped into two (2) categories. This has now been amended, and benefits will accrue to only one category classified as A (Appendix I).

The upper limits on the purchase price of the vehicle being acquired in this category should not exceed US\$25,000 c.i.f.

**B.1.2 Revised Qualification**

Effective immediately, only Public Officials and members of the Political Directorate who qualify under Category A, Appendix I will elect one of the following alternatives and be provided with either:-

- a) a fully maintained, government-owned motor vehicle, whereby all expenses relating to fuelling, maintenance, insurance and licensing of the vehicle are borne by government. In this case, the assignee is not entitled to receive a travelling allowance, and the member of the political directorate would also not receive a travelling allowance, and motor vehicle depreciation and mileage;
- b) a partially maintained government-owned motor vehicle and be paid 50% of the travelling allowance payable, (upkeep and maintenance). In this event the assignee would be required to meet the following maintenance costs:
 - (i) petrol
 - (ii) washing and cleaning; and
 - (iii) battery; or
- c) operate his/her own motor vehicle, and in this case would receive allowances currently paid to Public Officers and the political directorate for travelling on official business.

- B.1.3 Heads of Departments not listed on Appendix I and persons in the system at the level of SEG 4 to SEG 6 and other similar levels who are in receipt of fully maintained or partially maintained vehicles will no longer qualify for this benefit, but instead will be given the option to purchase the vehicle assigned to him/her and be paid the fixed allowance.

A special loan facility will be made available through the Accountant General's Department to assist persons in the acquisition of these vehicles.

To give effect to this amendment, Permanent Secretaries and Heads of Department are required to complete the form at Appendix II and return same to this Ministry no later than May 12, 2003.

B.1.4 Benefit of Import Duty Concession and Assigned Motor Vehicle

The terms of the existing policy specify that the concessionary rate of 20% will be made available once in every five (5) years to Public Officials. There is, however, the general perception that an officer who utilizes the 20% concession facility to acquire a motor car can also benefit from an assigned vehicle.

Effective immediately:

- a Public Officer who has been granted the benefit of a 20% duty concession shall not be eligible to benefit from an assigned motor vehicle, until five (5) years after the grant of the 20% concession.



4

- a Public Officer, who elects to be provided with an assigned motor vehicle with option to purchase after three (3) years, shall not be eligible for the benefit of a 20% concession until five (5) years after the date of the assignment of the vehicle

Operation by Family Member of Assigned Motor Vehicles

A Public Officer may allow one (1) duly licenced person to operate the vehicle assigned. The name and particulars of this individual must be supplied to the Accounting Officer and Transport Manager of the Ministry/Department/Executive Agency.

Where the assignee unauthorizedly allows someone else the use of the assigned vehicle, resulting in an accident, the costs associated with the accident and repairs to the vehicle will be the personal responsibility of the assignee, and not a charge on the public purse.

B.1.6 Assignment of Vehicles for Security Personnel

All vehicles for Security Personnel assigned to the Hon. Prime Minister, the Deputy Prime Minister and the Minister of National Security, should fall under the management and control of the Ministry of National Security.

Individual Ministries will be responsible to provide motor vehicles for their respective Minister's Security personnel, and the price at which these vehicles will be acquired should not exceed US\$18,000 c.i.f.

Ministries which provide such facilities must issue written directive to the assignee indicating that under no circumstances should unauthorized persons be allowed to drive these vehicles.

B.1.7 Affixing of Registration Plates

All government-owned vehicles must display government registration plates. There will, however, be exceptions for the display of private registration plates due to the sensitive nature of the assignee's job, or the safety and security of the individual or other stated reasons.

The prior approval of this Ministry must, however, be obtained for any such exemption.

Please be advised that the above is not applicable to Para-statal Agencies, Kingston and Saint Andrew Corporation and Parish Councils.

B.1.8 Insurance of Assigned Government-Owned Vehicles

All government-owned motor vehicles, which are assigned to public officials and members of the political directorate should be comprehensively insured.

B.1.9 Provision of Vehicles for Use by Members of the Political Directorate in Rough Terrain

- With the exception of those positions specifically designated by the Cabinet for certain members of the political directorate to be assigned



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assigned one motor vehicle only. The member may, however, elect to be assigned **either** a regular motor car or a four (4) wheel drive vehicle.

- Where a member is assigned to one of the under-mentioned ministries, which could on occasion necessitate the use of a rough terrain vehicle, but the member had already been assigned a regular motor car, the member shall make **prior arrangements** with the Permanent Secretary for a suitable rough terrain vehicle to be made available.
- The period of time for which the vehicle will be used must be determined beforehand and the vehicle should be returned **promptly** after use.

B.1.10

Ministries Which May Require Rough Terrain Vehicles are:

- (a) Office of the Prime Minister;
- (b) Ministry of Agriculture;
- (c) Ministry of Health;
- (d) Ministry of National Security
- (e) Ministry of Local Government, Community Development and Sport
- (f) Ministry of Finance and Planning
- (g) Ministry of Education
- (h) Ministry of Labour and Social Security
- (i) Ministry of Land and Environment

Permanent Secretaries in the above-mentioned ministries may obtain one (1) or two (2) rough terrain vehicles, which are to be maintained **as fleet vehicles** and made available when required on a rostered basis for use by members of the political directorate.

It should be clearly understood that:

- where a member of the political directorate has already elected and is assigned a four-wheel drive vehicle, no other such vehicle should be assigned to him/her unless the assigned vehicle is temporarily out of use; and
- on no account whatsoever should a member be assigned on a full time basis, a regular motor vehicle and a rough terrain vehicle.

B.1.11

Provision of Petrol

Each Ministry will provide Advance Cards, (gas coupons as in the case of some sections of the Police Force, Jamaica Defence Force and Jamaica Fire Services) necessary for travelling in the performance of official duties,



and Accounting Officers must ensure that the necessary safeguards to prevent waste and extravagance are in place.

B.1.12

Disposal of Assigned Vehicles

The procedure which shall be applied in respect of disposal of assigned government-owned vehicles is:

- (1) the vehicle must be at least three (3) years old;
- (2) the prospective purchaser who is the official concerned must have been assigned the vehicle for his/her full time use for a period not less than three (3) years;
- (3) the price at which the vehicle shall be sold to the assignee shall be determined on the following basis:
 - the original purchase price, less accumulated depreciation for the period at the rate of 20% per annum on the straight line basis;
- (4) A Public Official/employee must not be given the facility of purchasing a government-owned vehicle under the terms set out at (1) to (2) above more than once in every five (5) years.
- (5) where an official/employee exercises the option to purchase the vehicle after three (3) years, that person shall be obliged to retain the vehicle for the carrying out of his/her official duties for two additional years and will be paid travelling allowance at the prevailing rate.
- (6) where a government-owned vehicle is assigned on a full time basis and is not disposed of by sale after three (3) years to such official, the assignment of the vehicle shall continue until such time as the vehicle becomes uneconomical to operate;
- (7) where an official exercises the option to purchase the vehicle after (five (5) years, i.e., the depreciated life of the vehicle) the price at which the vehicle should be sold, shall be based on the average of two (2) independent valuations, one of which shall be by the Government's examiner of motor vehicles.

If the average price at this time is in excess of the price at which the vehicle would have been disposed of after three (3) years, then the sale price should be based on the value of the vehicle at three (3) years.



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C. **Management and Operation of Fleet Vehicles**

C.1. **Description**

With the exception of assigned vehicles, all other vehicles owned and operated by a Ministry, Department, Executive Agency, Kingston and Saint Andrew Corporation, Parish Council or Para-statal agency, however acquired (whether by way of gifts, purchases from funds provided from externally funded projects etc, or Government of Jamaica) shall be classified as fleet vehicles.

C.2. **Registration**

With the exception of government companies, statutory bodies, Kingston and Saint Andrew Corporation and Parish Councils, all fleet vehicles shall be registered in the name of the Accountant General as required by Law, shall use government registration plates, and bear the relevant ministry/department identification markings. All agencies of Government will be required to register, license and obtain certificates of fitness for fleet vehicles.

C.3. **Information on Fleet from Inland Revenue Department**

The Inland Revenue Department is required to supply to the Ministry of Finance and Planning on a monthly basis information on all government-owned vehicle registered, whether they are fleet vehicles or otherwise. This will facilitate the maintenance of a Centralized Master Inventory Control.

C.4. **Insurance of Fleet Vehicles**

Government will be its own insurer of fleet vehicles, therefore:

- (i) only the assignee or official driver is authorized to drive fleet vehicles;
- (ii) in view of Government's possible liability in case of accident, no passenger other than a person on official duty is to be conveyed in a fleet vehicle;
- (iii) assigned drivers found in breach of (ii) shall be liable for the imposition of sanctions up to the full cost incurred by government in the event of an accident;
- (iv) sanctions may be imposed upon any driver of a fleet vehicle involved in an accident, if he is found to have been negligent and is a causative factor in the accident;
- (v) performance of drivers who are involved in frequent accidents should be evaluated to determine competence to continue service in this capacity.



C.5. Appointment of Transport Manager

Permanent Secretaries and Heads of departments shall appoint a Transport Manager with responsibility for the management of the fleet. The Transport Manager shall be appointed an "Accountable Officer" in accordance with Sections 2 and 24F of the Financial Administration and Audit (Amendment) Act, 1992.

C.6. Assignment of Fleet Vehicles/Authority

- (I) The responsibility for fleet of vehicles resides with the Permanent Secretary/Head of Department. He or she is therefore empowered to assign vehicles to officers or other public officials.
- (II) The Transport Manager will be the officer authorized by the Permanent Secretary/Head of Department for the assignment of vehicles. He/she must ensure:
 - the validity of the driver's licence, and shall take into consideration prior driving record as one of the conditions for the assignment of a vehicle and that the vehicles will be assigned only on an "ad hoc" basis and for specific periods;
 - that the delivery of a vehicle shall only be made on presentation of a prescribed form, specifying the assignee, purpose of the journey, duration, estimated mileage and signature of the authorizing officer;
- (iii) public officials who own motor vehicles and are in receipt of travelling allowances may be allowed the use of a fleet vehicle for limited periods, where such an official's own vehicle is unsuitable for the terrain of the area in which the official's duties require him/her to travel;
- (iv) Assignee of fleet vehicle shall:
 - (a) maintain the prescribed log book;
 - (b) if possible, return the vehicle to base daily;
 - (c) if not possible, arrange with the Transport Manager for safe custody of the vehicle; and
 - (d) report accidents in accordance with regulations.
- (v) where the fleet vehicle is driven by several persons (e.g., in a pool) then the Transport Manager who is the accountable officer should have his/her own check in/check out system.



This would ensure the proper identification of the person in whose custody the vehicle was at the time of major or minor accidents and assist in determining whether the accident was a result of inappropriate driving practices, or inadequate maintenance.

C.7. Unproductive Use of Fleet Vehicles

The practice of allowing drivers and other employees who do not qualify for the use of assigned vehicles to take home the vehicles operated by them should be discontinued with immediate effect.

Such facility should only be afforded in special circumstances, or where a vehicle is used to transport members of staff to and from work.

C.8. Payment of Travelling Allowance to Officials Assigned Fleet Vehicles

- On no account whatsoever should an officer who does not qualify for the assignment of a motor vehicle as per Appendix I, be allowed use of a fleet vehicle on a full-time basis.
- Any officer who is assigned a vehicle from the fleet on a full-time basis should not receive travelling allowance for use of his/her own motor car.
- Certifying Officers who authorize payments of travelling allowance, where a fleet vehicle is assigned, shall be liable for such payment and shall be surcharged in accordance with Section 20 of the Financial Administration and Audit Act.

C.9. Re-assignment of Fleet Vehicles

If an inspection by the Auditor General or the Ministry of Finance indicates under-utilization of a particular vehicle, the Ministry of Finance reserves the right to re-assign such vehicle to any other area, which may be deficient in transportation.

C.10. Supply of Fuel to Fleet Vehicles

Permanent Secretaries/Heads of Departments shall designate the officer(s) responsible for the custody of the advance cards and stock of fuel coupons (where these are still in use), in keeping with guidelines issued for management and control of Advance Cards and fuel coupons.

C.11. Repairs and Maintenance of Fleet Vehicles

At present, Government vehicles are repaired at various garages approved by the Directorate of Asset Management (DAM) a division of the National Works Agency. The Directorate of Asset Management maintains a list of approved garages and prior to the job being carried out estimates should be submitted to DAM for approval. On no account whatsoever should vehicles approved for repairs be sent to garages without the prior approval of DAM. DAM is also required to certify that the work has been satisfactorily done.



The quality of service performed by some of these garages very often result in the vehicles being returned for rectifying the same faults, which the Government often pays again, resulting in the cost of repairs being quite exorbitant at times.

Consequently, DAM will continue to compile the list of approved garages, but will make such list available to Permanent Secretaries and Heads of Department.

Permanent Secretaries/Heads of Department in consultation with their Transport Manager should do their own selection from the list of approved garages and solicit estimates to carry out major repairs.

Proper evaluation of the cost of repairs above the stipulated limits approved from time to time by this Ministry must be done by the competent authority (DAM) on presentation of the estimates, before the actual repairs is undertaken and billing effected. On no account should major repairs be undertaken by garages other than those on the Approved List.

As far as documentary procedures go, the forms attached at Appendices V and VI must be maintained in respect of fleet vehicles (only).

C.12. Acquisition of Vehicles for Project

Vehicles which are to be acquired under all Internationally Funded Projects must be submitted to the Minister of Finance and Planning for approval prior to the project being put out to tender.

C.13. Disposal of Fleet vehicles

Disposal of fleet vehicles must be recommended by the Permanent Board of Survey (Public Expenditure Policy Coordination Division) and approved by the Ministry of Finance and Planning. Transfer Certificates will be signed by the Accountant General, countersigned by the relevant Ministry/Department and recorded in the Central Motor Vehicle Registry of the Inland Revenue Department.

C.14. Disposal by Auction

Government's policy is that all unserviceable stores including motor vehicles be sold by Public Auction. Auctions are either "public" or "closed".

"Public Auctions" are usually for the general public, while "Closed Auctions" are intended to allow Government employees the first choice of purchasing an unserviceable vehicle. Vehicles not sold at the "closed auction" are put up for sale at the "Public Auction".

(a) Guidelines for "Closed" Auction

- (i) The auction shall be open to all Government employees (generally) and not restricted to members of the Jamaica Civil Service Association for the following reasons:



- benefits negotiated by any bargaining unit are usually extended to other eligible groups. Much difficulty will be experienced by the Central Supply Secretariat and the Auctioneer in identifying and excluding non-member of the Jamaica Civil Service Association and excluding non-members.
- (ii) Except for scrap or shell unit, no officer shall be allowed to purchase more than one (1) unit at any auction;
- (iii) An officer purchasing a unit under these arrangements, shall not be allowed to participate in another auction within the next two (2) years.
- (iv) It should be clearly understood that on no account should a public officer enter an auction to purchase a unit for anyone who would not be eligible to do so under the foregoing rules. Any public officer who is found guilty of such a breach shall forfeit the purchase, notwithstanding the fact that the officer might have already paid the considered sum when the matter is discovered. Such an officer may also be cited for disciplinary charges to be preferred against him/her.

C.15. Disposal of Fleet Vehicles by the Parish Councils

The under-mentioned policy will continue in respect of Kingston and Saint Andrew Corporation and Parish Councils:

- (1) The particular Council requests of the Ministry of Finance and Planning, a Board of Survey for motor vehicles and other assets;
- (2) The Board of Survey Unit (PXPC) Division conducts the physical examination of the items and report its findings with appropriate recommendations;
- (3) The Councils may conduct their own auction under similar conditions as Central Government or may request the Ministry of Finance and Planning to do this on their behalf;
- (4) Where the Council takes the decision that the unit should be sold by public auction, they should engage the services of an auctioneer.

The auctioneer would generally be advised or given the guidelines on the procedures to be followed.

Where the Parish Council/Kingston and Saint Andrew Corporation disposes of the vehicles by Public Auction or Private Treaty Sale, that Body is required to remit to the Ministry of Finance and Planning, Public Expenditure Policy Coordination Division five percent (5%) of the proceeds of such sales. This payment



represents Service Fee for the work undertaken by the Board of Survey Unit.

C.16. Disposal of Fleet Vehicles in Para-Statal Bodies

The following policy shall be adopted by Para-statal bodies for disposing of fleet vehicles:

- establish a Board of Survey consisting of not less than five (5) persons to review and recommend vehicles for disposal;
- where necessary, an outside person may be co-opted to the Board of Survey for assisting in the deliberations; the number of persons for the quorum must be predetermined;
- the deliberations of the meeting and decisions arising therefrom shall be recorded in the minutes of said meeting;
- the method of disposal shall be duly recorded;
- where the method of disposal is by sale, it shall be by public auction;
- proper notation as to the assets disposed of, shall be made in the assets register and these shall be certified by someone other than the person with responsibility for maintaining the register.

This condition will also apply to other Para-statal bodies who request the Ministry of Finance and Planning to conduct Board of Survey examination of their assets.

From time to time certain Para-statal bodies submit requests for the staff -of this Ministry to undertake Board of Survey examination of assets including motor vehicles by Public Auction or Private Treaty sale, the Para-statal is required to remit to the Ministry of Finance and Planning, Public Expenditure Policy Coordination Division five percent (5%) of the proceeds of such sales. This payment represents Service Fee for the work undertaken by the Board of Survey Unit.

C.17. Hireage / Rental of Motor Vehicles

Except in cases of dire emergency, no Ministry, Department or individual shall enter into a contract for hireage of a motor vehicle, whether through the Hire Fund Scheme, private rental agency or private individual without the specific permission from the Ministry of Finance and Planning. Where the emergency dictates that such a course of action is imperative the contract should not be for more than three (3) days.

The covering approval of the Financial Secretary must be obtained and the circumstances for the emergency hireage reported.



- a. In submitting requests for approval to hire, full particulars of the reasons for the hireage shall be given and the duration of the contract period indicated.
- b. Each case of hireage will be considered on its own merit.
- c. Officers found in breach will be liable to surcharge up to the amount of any unauthorized expenditure so incurred.

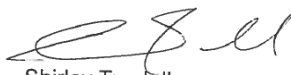
C.18. Sanctions

Any person who is responsible for the control or operation of fleet vehicles or any activities incidental thereto, will be liable to sanctions in the event of any breach of the instructions contained in this circular.

Where a breach results in a financial loss to Government, the person responsible may be surcharged by the Financial Secretary and may become liable for the full amount of the loss.

Permanent Secretaries/Heads of Departments are required to ensure that the policies outlined in this circular are brought to the attention of all officers concerned, and in particular, those responsible for:

- (i) performing duties of Transport Manager;
- (ii) assignment of vehicles;
- (iii) authorizing issue of Advance Cards and fuel (from pumps or by coupons);
- (iv) custody of Advance Cards and stocks of coupons;
- (v) issuing of Advance Cards and coupons or operating fuel pumps; and
- (vi) operation of vehicles (driver(s) or assignees).



Shirley Tyndall
Financial Secretary



Appendix I

Category "A"

Upper Price Limit of Car US\$25,000. f.o.b.

- (i) Positions so designated by the Cabinet for members of the political directorate;
- (ii) The Cabinet Secretary;
- (iii) The Financial Secretary;
- (iv) The Auditor General;
- (v) Permanent Secretary;
- (vi) The Chief Parliamentary Counsel;
- (vii) The Solicitor General
- (viii) The Director of Public Prosecutions;
- (ix) Chief Personnel Officer;
- (x) Chief Technical Directors; and
- (xi) Any other position so designated by the Top Level Salaries Committee.



APPENDIX III

MINISTRY OF FINANCE AND PLANNING

30 NATIONAL HEROES CIRCLE

P.O. BOX 512

KINGSTON

JAMAICA

June 26, 2000

ANY REPLY OR SUBSEQUENT REFERENCE
SHOULD BE ADDRESSED TO THE FINANCIAL
SECRETARY AND THE FOLLOWING
REFERENCE NUMBER QUOTED:-

TELEPHONE No. 92-28600-16

Ref. No.: 565/017 "I"

To All Permanent Secretaries/Heads of Departments

Permanent Secretaries and Heads of Departments are reminded of the following guidelines laid down regarding the grant of the 20% concessionary rate of duty to qualified officers.

It should be noted that the provisions of this circular apply only to persons presently enjoying the benefit of the twenty percent duty concessionary rate of duty on motor vehicles and should not be regarded as extending the benefit to the employees of any government organisation not presently benefitting from the concession.

1. The concession is available to officers who are permanently appointed to a post to which full upkeep or the commuted travelling allowance is attached.
2. Persons employed on contract gratuity terms are not normally eligible but consideration will be given where the contract is for a period of not less than three years and the salary being paid is within the government salary scales. This concession must be taken up within three months of the commencement of the contract period.
3. Where a person who is eligible for the concession is assigned duties on a project, that person will continue to benefit from the facility while assigned to the project.
4. The recommendation for the duty concession must include information on whether travelling allowance is attached to the post, whether the applicant had ever been granted a duty concession, and if so, the date on which the last concession was granted (this includes any partial waivers of customs duty or GCT granted).



5. Where the vehicle is being purchased from a local dealer, a proforma invoice giving the details of the specific vehicle the officer intends to purchase must be presented. In all cases the C.I.F. value must be given.
6. Where the vehicle is being imported in the officer's name this should be clearly stated in order that the necessary letter to the Trade Administrator may be prepared. In this case a proforma invoice is not necessary since the officer will be required to submit a copy of the import licence to this office.
7. Where a duty concession has been granted, the vehicle cannot be sold or otherwise disposed of within a three years of the grant of the concession. If this is done full duties become payable immediately.
8. Where a person resigns from the job within three years of having received this concession this should be immediately reported to this Ministry as full duties become payable immediately. Where the person is dismissed this should also be reported in order that this ministry may determine whether the outstanding duties should be paid.
9. In keeping with the Governments' motor vehicle policy persons who have been assigned official motor vehicles or who are eligible for this facility are not eligible for the 20% duty concession and therefore where requests are being made under such circumstances this Ministry will need to be advised in writing by the applicant that he/she is forgoing the option of being assigned an official vehicle during the next three years.
10. Where a person qualifies by virtue of being elected to an office, if that persons resigns from office or disposes of the vehicle before three years have passed then full duties become payable immediately.
11. Applicants must seek to ensure that the vehicle they wish to purchase is available as requests for amendments will not be treated as a priority.
12. The concession is available once every five years.

N.B. Incomplete applications will not be processed.


S. Tyndall (Miss)
Financial Secretary

cc Parliamentary Ombudsman
Her Worship the Mayor - KSAC

