

THE CONTRACTOR GENERAL'S INTRODUCTORY REMARKS

The Office of the Contractor General, pursuant to Section 28 (2) of the Contractor-General Act, is mandated to “submit to Parliament an annual report relating generally to the execution of his functions...” It is my privilege to submit to the Honourable Houses of Parliament of Jamaica, this, the 28th Annual Report of the Commission of the Contractor General, for the calendar year 2014 and apologize for the protracted delay in its submission.

As with the Annual Reports for 2012 and 2013, the OCG has contained in this Report, CDs which detail the projects monitored, Summary Tables and Charts related to the OCG's operations during 2014. The hardcopy of the Annual Report therefore contains the Executive Summaries for all Divisions within the OCG. It should be here noted that packaging the Annual Report in this way has resulted in a less costly undertaking in relation to the publication and printing of the subject Report. This course of action is in its own way a part of the OCG's contribution to fiscal prudence which is now required throughout the various sectors of our country.

As an anti-corruption commission enacted by Parliament, the Office of the Contractor General (OCG) is tasked with monitoring and investigating the public procurement process, the award of government contracts, permits, licences, and the registration of contractors to ensure that there is no corruption, impropriety or irregularity involved. The OCG, in its scope of the island's public procurement processes, also ensures that accountability, integrity and transparency are maintained and that value for money is delivered to the tax-payer.

As most persons will agree, corruption has become a persistent feature of our societies. It affects all levels of society – the government, civil society, small and large businesses, the rich and the poor, but what is exactly is corruption? Defined in simple terms by Transparency International, corruption is “*the abuse of entrusted power for private gain.*” Of note, there are many definitions that are provided by anti-corruption agencies and each should be read pursuant to the context in which it is utilised.

In the 27th Annual Report of the Office of the Contractor General, I felt compelled to state, *inter alia*, as follows:

“It is not ‘lost on me’ that in many instances, some Jamaicans fail to see their deliberate actions as corrupt, out of ignorance as to what constitutes corruption through a deliberate act or choosing not to discern right from wrong and/or not feeling compelled to being bound by rules, laws or regulations. This reality, coupled with the fact that some practices are not subject to punishment in our society, would likely result in some persons believing that certain practices are acceptable norms and beyond incrimination.”

It is perceived that corruption has cost Jamaica tremendously over the years, as millions is presumed to have been lost owing to varying acts of corruption. To put it into the context of procurement, it should be noted that the GOJ Procurement Policy is governed by seven (7) Key Principles; namely, (1) Value for Money, (2) Economy, (3) Efficiency, (4) Equity, (5) Fairness, (6) Transparency/Accountability (Ethical Standards) and (7) Reliability. An impartial process would therefore allow for all procurement principles to be observed and measured.”

The concerns which were raised then are still of primary importance in our country, Jamaica. It is with the foregoing in mind, and the realization that real and meaningful impact can only be achieved through the training and grooming of the next generation, that the OCG will, in the coming year and onward, seek to extend our reach and impact towards educating the youth and other members of our society on matters of anti-corruption and transparency.

It is the OCG's fervent hope that the planned youth oriented initiatives will, in the long term, yield benefits to our society and translate into a transformed Jamaican citizenry.

The organization, though known to many citizens and stakeholders must move beyond the confines of its offices and written correspondence and must, in my humble opinion, seek to engage our various stakeholders both as a good corporate citizen and as an agent of the Parliament of Jamaica and in the interest of the people of Jamaica whom the Commission represents.

As a key component of the OCG's operational activities, and further to an assessment of the objectives of the organization, it is my humble view that streamlining the work of our officers and establishing a meaningful real time presence in the field greatly assists in the quality of monitoring and enforcement which is undertaken by the Office. Though a small organization, limited by its sixty three (63) member staff complement, the OCG has sought to become even more operational, increasing our presence at site meetings and moving towards a proactive and quality oriented methodology in the execution of its monitoring mandate. In this regard, steps are being taken to equip our officers with the necessary tools and training which will permit them to place emphasis on the specifications, technical and otherwise, which are associated with the implementation of government contracts.

In March 2014, the Ministry of Finance and Planning, updated the Handbook of Public Sector Procurement Procedures and, in the usual responsive manner issued relevant circulars to remedy noted anomalies and to bring currency to the various provisions of the referenced Handbook. The Office maintains its view and continues to recommend that all procurement practitioners be afforded the relevant training to assist them to effectively discharge their duties in relation to the safeguarding the public resources through proper procurement and contract award practices.

The matter of training human resources is one which is vital to the success of any organization, whether public or private. I wholeheartedly recommend and endorse training opportunities for all officers and officials involved in the administration of procurement opportunities and the award and implementation of government contracts, licences and permits.

The OCG recognises the cost and difficulties which often arises in securing funding to facilitate appropriate training for its staff members. In this regard, the OCG remained constrained by its appropriated budget for the 2014/2015 Financial Year, which impacted the ease with which it could readily engage in training activities on its own accord. Despite this stark reality, the OCG, through the kind assistance of local and international partners was able register its Officers for seventy nine (79) training opportunities in thirty five (35) programmes – thus continuing its commitment to staff welfare and development.

COMPLAINTS AND ENQUIRY MANAGEMENT

Complaints are generally reported by Bidders, potential Bidders or concerned citizens. During the calendar year 2014, the OCG received a total of ninety-two (92) new matters/complaints. This represented an approximate sixty percent (60%) increase in complaints in comparison to fifty-five (55) which were received in 2013.

The complaints which were received during the 2014 calendar year included, *inter alia*, allegations regarding poor work quality, impropriety in the procurement process, conflict of interest and contract disputes.

The Inspectorate Division continued to streamline and improve upon the way complaints are reviewed and enquired into. This has resulted in an increase in the amount of matters/complaints resolved during the year from fifteen (15) in 2013 to thirty-six (36) in 2014. Notwithstanding, and largely due to the marked increase in the number of complaints received during 2014, the Division ended the year carrying forward a higher number of ongoing matters.

The following table represents the complaints which were received by the OCG for the calendar year 2014:

STATUS OF COMPLAINTS	NUMBER OF COMPLAINTS RECEIVED FOR THE YEAR 2014
Total matters/complaints which were within the OCG's remit and were concluded	36
Matters/complaints which were outside of the OCG's remit and/or forwarded to External Agencies	4
Matters/complaints which were referred to the OCG's Special Investigations Unit for further review	5
Matters/complaints which were vague or withdrawn by the Complainant	4
Matters/complaints on-hold	1
Matters/complaints for which decision was taken not to pursue enquiry	2
Enquiries which are ongoing	113

I wish to highlight that the OCG provides mediums through which individuals may lodge complaints. However, it has been observed that though mechanisms have been implemented in the foregoing regard, they are not utilised to their full extent. The OCG wishes to remind the public, and in particular, actual and potential contractors as well as concerned citizens, of Sections 29, 30, 31 and 32 of the GOJ Public Sector Procurement Regulations (2008), which outlines the complaints and appeal process in detail.

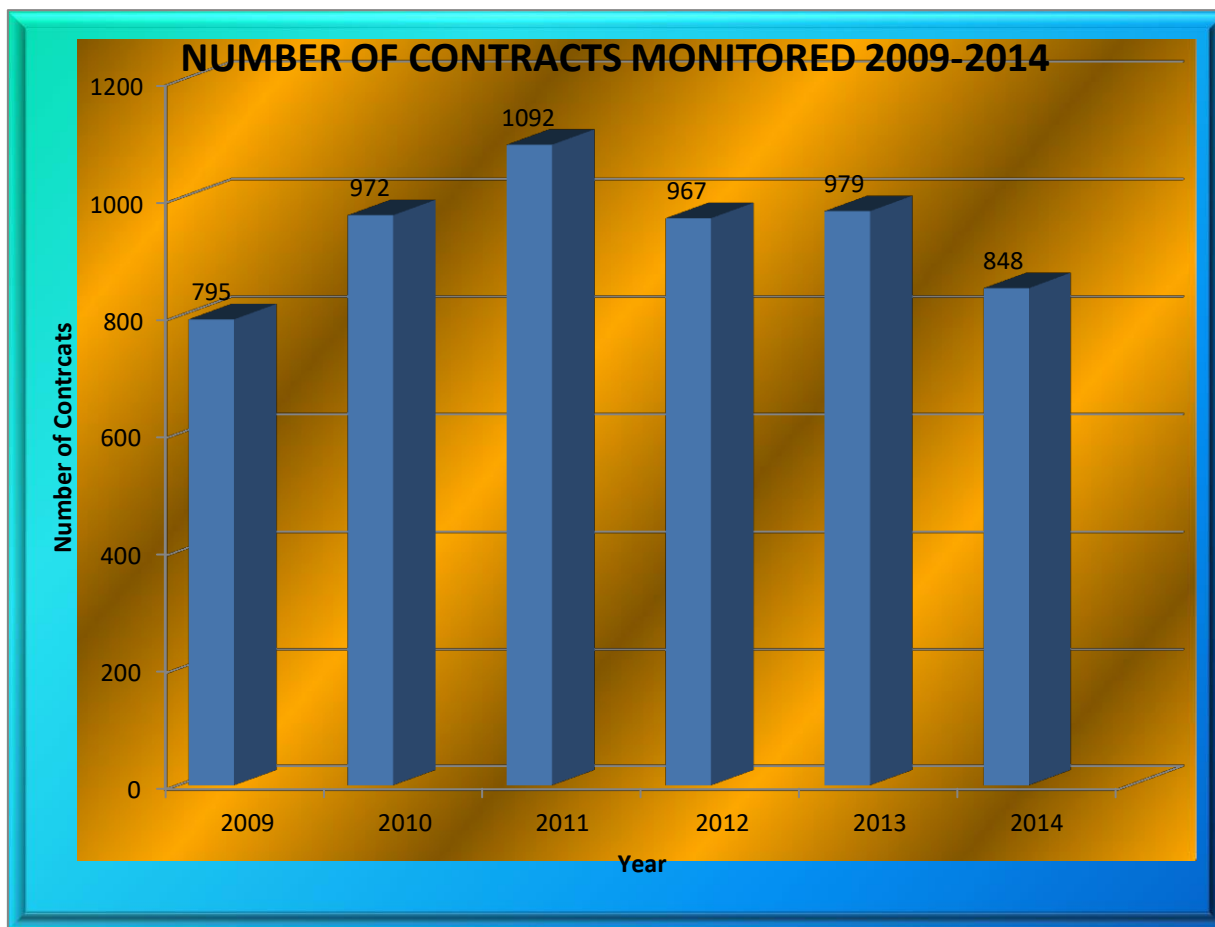
Additionally, and should the nature of the complaint or appeal not fall within the parameters of the Complaints and Appeals Process, as detailed in the Handbook of Public Sector Procurement Procedures, the OCG, through its Complaints and Impropriety Hotline or any other means of access available to the Public, will, upon due consideration of the complaint, initiate an enquiry pursuant to section 4, 15 and 18 of the Contractor General Act.

Importantly, the OCG has created the facilities by, and through which members of the public can securely and anonymously lodge complaints with a view to having same reviewed by the Office. In this regard, it is important to remind all stakeholders that the OCG has maintained its policy of reviewing each complaint received and moving forward with those which fall within our lawful remit.

CONTRACT MONITORING

During the calendar year 2014, the OCG monitored a total of eight hundred and forty-eight (848) procurement opportunities which were undertaken by public bodies. This reflects a decrease of 13.4% when compared to 2013, when the OCG monitored nine hundred and seventy-nine contracts (979). Of the 848 procurement opportunities monitored in 2014, five hundred and twenty-eight (528) were non-construction opportunities, while the remaining three hundred and twenty (320) were construction-related.

The Chart below illustrates the total number of procurement projects monitored by the OCG on a sustained basis between 2009 and 2014:



In the Twenty Sixth (2012) Annual Report of the Contractor General, the OCG advised, *inter alia*, that the division will be “...undertaking a more focused approach in relation to the nature of the contracts monitored ... plus the strategic monitoring of procurement opportunities and management of Portfolio assignments. It is anticipated, that as further information is gathered on the procurement practices of Public Bodies, the number of contracts monitored on a sustained basis, will be further reduced.”

This initiative has continued, and as previously expressed, the OCG is now focusing its efforts on the quality component of the award and implementation of government contracts. It is a known fact that the performance of a contract might appear sound in terms of its accompanying paperwork, however, the on-site realities regarding execution are not always at their best. As such, at current and moving forward the OCG’s effort are geared towards ensuring that all stages of the procurement and contracting processed delivers quality goods, works and services to our citizens and is a true testament of value for money.

It is to be noted that monitoring of procurement processes is undertaken by the Inspectorate Division by a total of ten (10) Inspectors, with five (5) assigned to Works-related (Construction) contracts and five (5) to Non-Works (Non-Construction) contracts. Given the sheer volume of government contracts which are awarded on an annual basis, and which have been reported to the OCG by Public Bodies, the assigned number of personnel who execute this core function is woefully inadequate.

The Table below indicates the total value and number of contracts awarded above J\$500,000.00 which have been reported to the OCG.

Reporting Period	Total Number of contracts awarded	Total Value of contracts awarded (JA\$)	Total Value of contracts awarded (US\$)
2009	11,256	\$15,508,086,974.00	\$175,252,423.71
2010	10,455	\$14,307,249,677.00	\$163,735,977.08
2011	11,152	\$16,143,777,148.00	\$187,543,879.51
2012	9,399	\$25,752,214,653.20	\$289,383,241.41
2013	8,622	\$45,445,481,023.75	\$450,982,246.94
2014	8592	\$58,939,788,374.99	\$529,449,831.95

The ten (10) OCG Inspectors represent a critical component of the internal machinery who must treat will all issues, queries and concerns of approximately 197 Procuring Public Bodies in a timely manner in an effort to provide guidance at the pre and post contract award stages. It would be remiss of me not to indicate that as the organization evolves, the demands which are placed upon it are not necessarily matched by a partial or adequate increase in its personnel.

THE NON-CONSTRUCTION CONTRACTS, LICENCES AND PERMITS UNIT OF THE INSPECTORATE DIVISION

The Non-Construction Contracts Licences and Permits (NCCLP) Division, pursuant to Section 4 of the Contractor General Act, monitors the award and implementation of goods and services contracts, and prescribed licences.

The Division is also responsible for the management of Portfolios which fall outside the scope of main procurement activities which are undertaken by public bodies. These Portfolios include:

- The divestment of Government of Jamaica assets;
- Government of Jamaica Land divestments;
- Public Private Partnerships;
- Government of Jamaica Prescribed Licences and Enquiry Management; and
- Quarterly Award Contracts (QCA)

The Division monitored five hundred and twenty eight (528) procurement opportunities/contracts during the calendar year 2014, in comparison to six hundred and four (604) procurement opportunities/contracts which were monitored in 2013. This represents a thirteen percent (13%) reduction in the number of non-construction contracts and prescribed licences which were monitored over the corresponding period.

As of 2014, the Inspectorate Division is no longer responsible for monitoring Phase II Licences and Permits. This responsibility has been transferred to the Technical Services Division as a strategic management decision.

A total of nineteen (19) Asset Divestment and twenty-seven (27) Land Divestment opportunities have been monitored by the Division for the calendar year 2014. Five (5) Public Private Partnerships were also monitored during the period. Further, the Enquiry Management Portfolio saw a total of 34 new complaints being received in 2014. The OCG again reports that there has been a one hundred percent (100%) compliance by entities in the submission of their Quarterly Contract Award reports for the year 2014.

Summary Reports of monitoring activities undertaken by the Unit, as well as details pertaining to the named portfolios may be found in the section of this Report which is entitled "Monitoring Of Non-Construction Contracts, Licences, Permits And Concessions" It is to be noted that portfolio monitoring reports represented in this Annual Report are for those undertakings which saw significant activity during 2014 and **not** all documented items on record for each portfolio.

Quarterly Contract Awards (QCA) Submissions

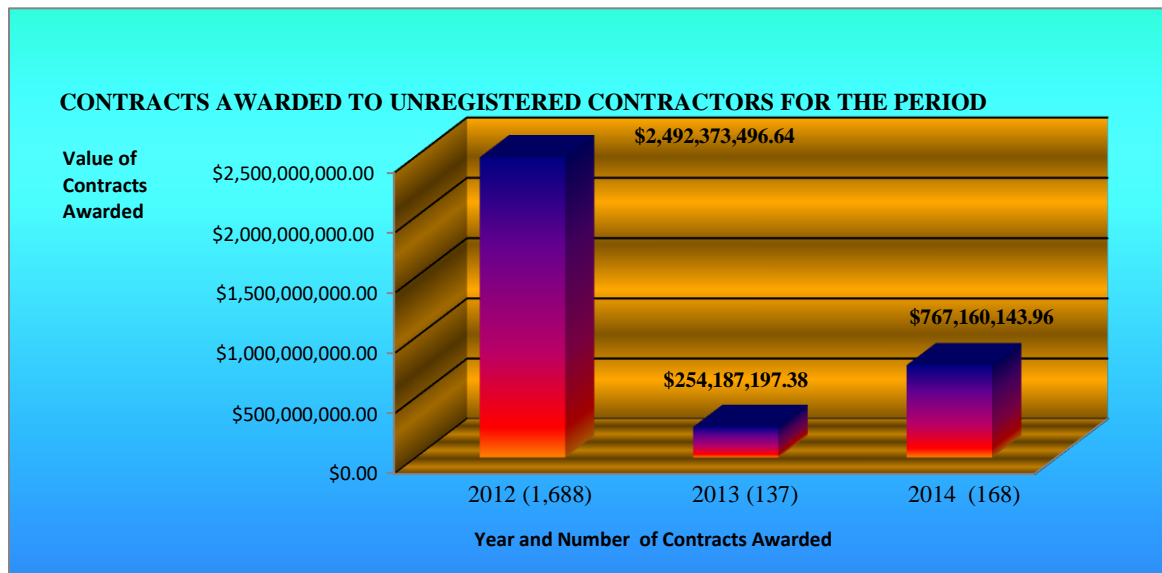
Public entities are required to submit to the OCG on a quarterly basis, the particulars of all contracts awarded by them, which are in excess of J\$500,000.00. Reports are submitted to the OCG by way of its Web Portal. For the calendar year 2014, the OCG saw a one hundred percent (100%) reporting compliance from public bodies in all quarters of 2014.

The reports submitted by public entities are uploaded to the QCA Consolidated Database as submitted by the respective entities. For the year 2014, the OCG received approximately 784 QCA reports from public bodies. Based on the information submitted for the year 2014, 8,592 contracts were reported by public entities, totaling J\$58,939,788,374.49. Of this amount, J\$50,390,944,606.37 represented contracts which were awarded for Goods and Services, with the remaining J\$8,494,465,703.58 representing contracts awarded for Works.

Procurement Concerns Identified Through the Review of QCA Submissions

In the review of QCA Submissions, the OCG remains concerned about the engagement of approximately one hundred and sixty eight (168) unregistered Contractors by public bodies to execute works which amounted to J\$767,160,143.96. This demonstrates a marginal increase in comparison to that which was reported in 2013 when a total of one thousand thirty-seven (137) contracts were awarded to unregistered Contractors at a combined value of J\$254,187,197.38. An unregistered Contractor is classified as those contractors who, based upon the nature of the service, goods or works being procured, should have been registered with the National Contracts Commission, in one or more of the NCC's Categories. The award of contracts to contractors not registered with the NCC continues to be a crucial concern for the OCG and is a practice that must be discontinued immediately by public entities.

The Chart below illustrates the number of contracts awarded to Unregistered Contractors between 2012 and 2014, along with the related Contract Values:



Land Divestment

The OCG, as part of its mandate, through the Inspectorate Division, monitors the divestment of Government lands.

During 2014, the OCG noted that the issue of protracted divestment processes for several properties continued, with some awaiting Cabinet Approval for several years. Of note, is that some of the purchasers have withdrawn their offers and have been refunded the amounts paid, owing to the frustration associated with the indefinite wait for Cabinet Approval. This and other issues are highlighted in some of the individual land divestment undertakings written on in the relevant section of this report.

A total of sixty-six (66) GOJ land divestment processes were monitored by the OCG in 2014. The twenty-seven (27) land divestment undertakings highlighted in this report represent those divestment opportunities monitored, which saw significant activity or were of concern to the OCG during 2014.

As it regards the process of land divestment, my primary concern is with the considerable delay in the approval of the 'Draft Policy Framework and Procedure Manual for the Divestment of Government-Owned Lands' over the years. This document is to be the guiding policy on the divestment of Government-owned lands. In at least two (2) instances purchasers have withdrawn their offers and have been refunded the amounts paid, owing to the protracted delay associated with the sale. This and other issues are highlighted in some of the individual land divestment undertakings written on in the relevant section of this report.

Notwithstanding the foregoing, there has been significant progress in approving the referenced Manual. The Manual obtained Cabinet Approval on December 2, 2014 and was scheduled to be tabled in the Houses of Parliament in January 2015. It is anticipated that the launch of the Manual will be held early in 2015.

Once approved, the standardisation of the divestment of government-owned lands across Government entities will be realised. The OCG commends all stakeholders on the aforementioned milestone and remains committed to ensuring that the divestment of Government Lands will be in keeping with approved standards.

Of the twenty-seven (27) divestment opportunities monitored by the OCG in 2014, the following are considerably worth mentioning: the Jamaica Railway Corporation, Oceana Hotel Complex, the commercial assets of the Cocoa Industry Board and Caymanas Track Limited. These land divestment undertakings are detailed in the relevant section of this Annual Report.

THE CONSTRUCTION UNIT OF THE INSPECTORATE DIVISION

The Construction Unit of the Inspectorate Division has the responsibility for monitoring and the management of certain portfolios such as Constituency Development Fund (CDF) projects, Works Quality Management and select programmes/projects undertaken by the GOJ, such as the Jamaica Development Infrastructure Programme (JDIP), the Jamaica Emergency Employment Programme (JEEP) and the Major Infrastructure Development Programme (MIDP). The Unit also closely monitors Contract Cost Overruns and Variations (CCOV).

The Construction Unit of the Inspectorate Division monitored the pre and post contract phases of three hundred and twenty (320) contracts during the calendar year 2014. This reflects a 14.7% decrease when compared to the 2013 figure of three hundred and seventy-five (375).

The number of works contracts that were endorsed by the National Contracts Commission (NCC) during the reporting year amounted to one hundred and seventy eight (178), which had a total value of J\$13,896,022,540.00. Of these contracts, seventy-two (72) came under the scrutiny of the OCG's Construction Contracts Division.

Contracts Awarded Utilising the Emergency Contracting Procurement Methodology

For the year 2014, the Construction Unit issued requisitions to certain public bodies which utilised the Emergency Contracting procurement methodology. This exercise was undertaken to ascertain the circumstances in which the referenced procurement methodology was employed and whether the use of such a methodology was in keeping with GoJ procurement policy guidelines. The responses from these public bodies also allowed for the OCG to ascertain the values of the contracts awarded.

The public bodies which were issued requisitions by the Construction Unit in the above regard are: Petrojam Limited, National Water Commission, National Solid Waste Management Authority, Ministry of National Security, The National Housing Trust, National Works Agency, The Ministry of Local Government and Community Development (and by extension, all Parish Councils/KSAC), and The Ministry of Transport, Works and Housing.

Details of the individual submissions by each entity may be found in the section entitled "Monitoring of Construction Contracts" of this Report pertaining to the subject Unit. Based on the information submitted to the OCG, a combined value of approximately J\$852 Million was either expended or awarded as contracts by the entities. This reflects a 57.8% decrease in comparison to the 2013 figure of J\$2.02 Billion.

Amendments made to The Procurement Handbook in early 2014, address the matter of Contracting under Emergency Circumstances and, as such, stakeholders are encouraged to pay attention to Section 1.1.5, Volume 2 of The GoJ Handbook of Public Sector Procurement Procedures.

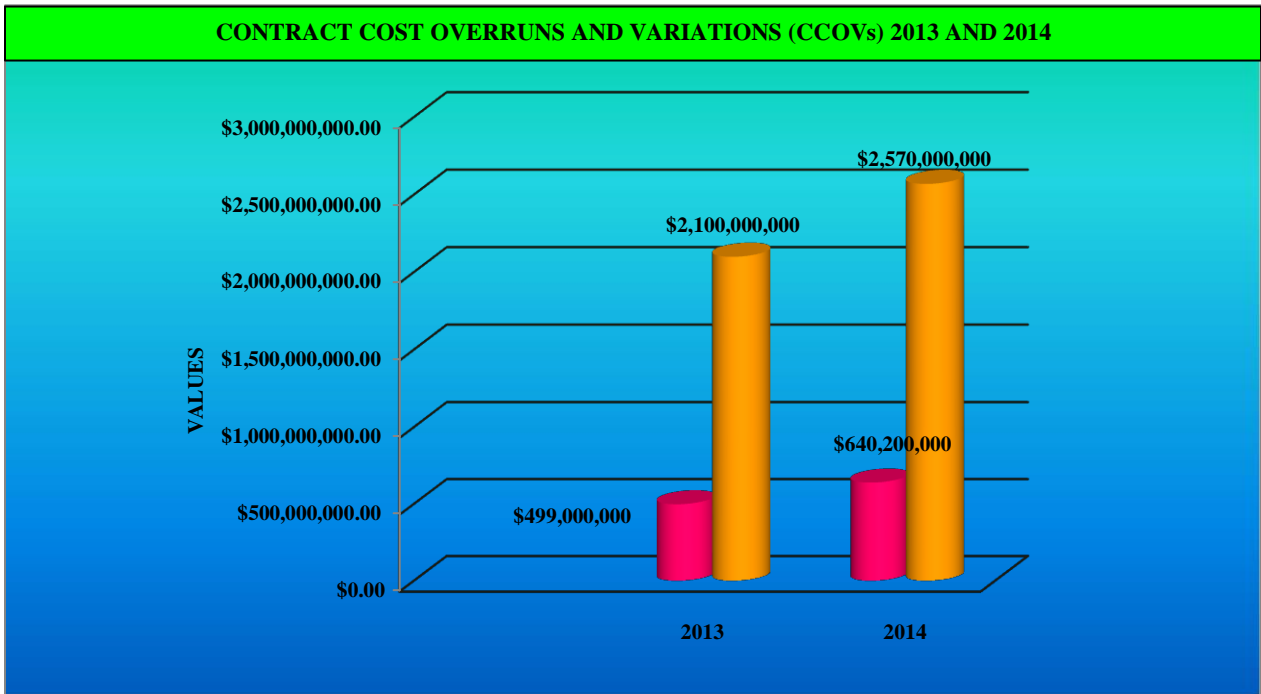
Contract Cost Overruns and Variations

With regard to Contract Cost Overruns and Variations (CCOV), a total of one hundred and ninety-nine (199) public bodies were requisitioned for information pertaining to the procurement of goods, services and works valuing in excess of J\$500,000.00 in 2014. Forty-nine percent (49%) of the public bodies indicated that they did not encounter any cost overruns, variations or any other price adjustments during the 2014 period, with regard to the procurement of good, works and services.

During the previous year, 2013, two hundred (200) Public Bodies were requisitioned and, of these, ninety-nine (99) or 49.5% specified that their procurement of goods, works and services did not yield any cost overruns or variations. This represents a slight decrease of one percent (1%) in Entities that reported the non-occurrence of cost overruns and variations.

The CCOV data which was submitted by the Public Bodies indicated that the combined Goods, Works and Services contracts valued approximately J\$17.93 billion. Of this amount, approximately J\$640.2 million was emanated for cost overruns, while J\$2.6 billion was for variations and J\$342.0 million for any other price adjustments.

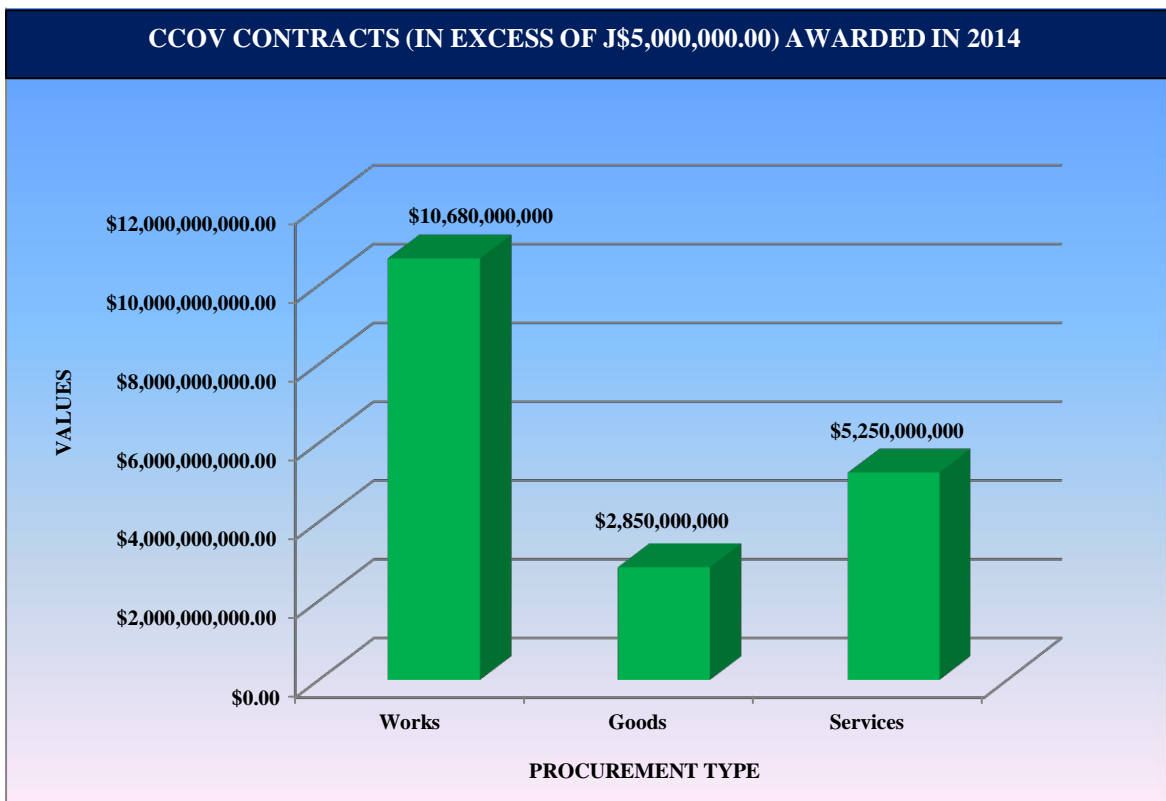
The Chart below illustrates the values of CCOVs for Contracts awarded in 2013 and 2014:



Of the contracts awarded, Works contracts accounted for approximately J\$10.68 Billion (59.6%), Goods contracts J\$2.85 Billion (15.9%) and Services J\$5.25 Billion (24.5%).

The Chart below illustrates the combined value of Works, Goods and Services Contracts, in excess of J\$5,000,000.00, which were awarded in 2014 and which were the subject of analysis under the CCOV:

The Chart below illustrates the percentage of Contracts awarded in 2014, which were in excess of J\$500,000.00:



Summary Reports of monitoring activities undertaken by the Unit, providing further details pertaining to the named Portfolios and more detailed information on CCOVs may be found in the section of this Report which is entitled 'Monitoring of Construction Contracts'.

Procurement Processes Monitored Which Are Of Concern to the OCG

At this juncture I wish to highlight certain procurement processes which were of concern to the OCG during 2014, and by extension of national importance. Albeit highlighted in detail in the referenced sections of the Report herein, the OCG identified several noteworthy issues which are worth highlighting.

It is not my intention to embarrass or discredit any Government institution but it is necessary to highlight the importance of executing proper due diligence in the undertaking of procurement processes. The OCG notes that similar issues occurred in the previous year, 2013, and it is hoped that the mentioned institutions have since implemented measures and/or protocols which have prevented similar occurrences. It is also hoped that other organisations have noted these occurrences and have taken steps to ensure that their procurement processes are in keeping with the established GoJ procurement guidelines.

Ministry of Transport, Works and Housing / National Works Agency (NWA)

FID/GOJ Rural Roads Rehabilitation Project, Phase II - Sour Sop Turn to Chapelton, Clarendon, Asphaltic Concrete Enterprise Ltd & General Paving Company Ltd (OFID Joint Venture)

The project experienced delays prior to the commencement of the works in September 2014 due to: (a) Delay in the signing of contract as the Contractor required additional time to provide the requisite bonds and insurance; and (b) Additional design modifications deemed necessary to ensure that value for money was obtained. During the implementation phase the works progressed slowly due to road alignment challenges experienced by the Contractor which was attributed to the faulty survey data and re-scoping of the project by the NWA. A minimal amount of work was done over the period between commencement of the works and December 2014.

South East Regional Health Authority

Renovation & Expansion of the Isaac Barrant Health Centre

Due to poor performance by the contractor, the project was terminated in November 2013 by the South East Regional Health Authority (SERHA). SERHA conducted an assessment of the outstanding works and embarked on an in-house type management, which involved the contracting of labour services to residents of the community to complete the project. The project resumed and was completed in April 2014.

Further details of projects which were monitored by the OCG in the calendar year 2014, are highlighted in the Construction Section of this Report.

The OCG encourages all public bodies to ensure that proper planning and due diligence checks are undertaken for all future procurement opportunities. Where there are any irregularities, the OCG implores public bodies to review the approach being taken and make the necessary corrections and/or adjustments. Public bodies need to also closely monitor not just the process but also the Contractor/Consultant and the agreed deliverables to ensure that all commitments are being met and at the required level and stages.

In all instances, the Contractor and public body alike should practise key principles of good governance, namely, transparency, accountability and integrity. With such an approach, value for money in the island's public procurement process will be achieved.

Major Projects

Design & Construction of Two (2) Air Traffic Control Towers at Norman Manley International Airport and Sangster International Airport

The construction of two (2) new Air Traffic Control Towers (ACT) at the Norman Manley International Airport (NMIA) and the Sangster International Airport (SIA) commenced in 2011.

There were several issues which impacted the completion of this project at the NMIA, namely, delays which resulted from the change in sub-contractor, equipment failure, the passage of Hurricane Sandy in 2012, the under-sizing of the Heating, Ventilation/Ventilation and Air Conditioning (HVAC) system, and the lack of NCC registration by the Contractor, albeit being partially addressed.

A Practical Completion Inspection of the NMIA project was conducted on June 27, 2014. It was noted that the internal finishes had been completed with the exception of minor remedial works as outlined in the Defects List for completion during the Defects Liability Period. The HVAC system was not corrected.

As at December 31, 2014, the NMIA project was in its Defects Liability Period.

Commencement of works at the SIA was delayed when it was discovered that the selected site was comprised of approximately 75% swamp. A new site proposal was drafted and preliminary works for the project commenced in August 2011. Similarly to the NMIA project, the SIA project also experienced certain delays, namely, the change in sub-contractor, design changes and a defective HVAC system. These delays remained an issue as 2014 approached.

By May 2014, interior finishing works and the installation of partitions had progressed steadily.

A Practical Completion Inspection of the SIA project was conducted. It was noted that the internal finishes had been completed with the exception of minor remedial works as outlined in the Defects List for completion during the Defects Liability Period. The HVAC system was not corrected.

As at December 31, 2014, the SIA project was in its Defects Liability Period.

North-South Link Highway Project

The construction of the North-South Highway Project (NSHP) commenced with the signing of the Concession Agreement which has an "Effective Date" established as January 28, 2013 and the "Time of Completion" scheduled for January 28, 2016, representing a construction period of thirty six (36) months.

The NSHP involves the construction of (3) Sections at an initial cost of approximately US\$600 million with works to be executed as follows:

Section 1 – Caymanas to Linstead (approximately 27.5 km) which includes sub-grade and pavement works, one main toll plaza, 3 interchanges, 6 flyovers and 8 bridges, with an overall design and construction period of thirty-six (36) months;

Section 2 – Linstead to Moneague (approximately 19.2 km) which includes the completion of approximately 1 km of landslide treatment on the Mt. Rosser section; 5 km subgrade works, pavement works, slope protection and drainage construction. The design and construction period is slated for sixteen and a half (16.5) months; and

Section 3 – Moneague to Mammee Bay (approximately 21.3 km) which includes 20.6 km subgrade and pavement works, one main toll plaza, two interchanges, 2 flyovers and 2 bridges, with an overall design and construction period of thirty-six (36) months.

The Contractor, China Harbour Engineering Company (CHEC), focused mainly on the completion of Section 2 and the importance of bringing the roadway into operation. CHEC commenced construction within Section 2 on July 23, 2013, after having had the design and approval process completed a month earlier, while Works in Sections 1 and 3 commenced in September and November 2013, respectively.

At the end of the 2013 period, the project consultant, Stanley Consultants Inc., reported that works on Section 2 were 20% complete with 73% of the construction time having elapsed. At the referenced time, Section 1, was 8% complete, with 22% of the time elapsed and Section 3 was 5% complete with 23% of the time expired.

During the calendar year 2014, the project continued with construction activities progressing slowly but steadily with a monthly output of 2.77% required for Sections 1 & 3 and 6.06% for Section 2. Nevertheless, there were delays to the Contractor's progress which were attributed mainly to the following issues:

Construction design details and approvals;

- ✓ Final road alignment within Sections 1 and 3, including an agreed connection in the Caymanas area with the Mandela Highway;
- ✓ Land acquisition approvals;
- ✓ Environmental permits for works locations; and
- ✓ Work stoppage on Section 3 as a result of labour disputes.

Documents obtained by the OCG indicated that the Works in Section 2 included 1km of landside treatment, 5km of subgrade pavement, slope protection, drainage construction and two (2) small bridges. These works were scheduled to be completed by July 2014 and to be opened to the public on Independence Day, August 6, 2014.

Works in Section 2 were critical and involved the erection of eighty-five (85) concrete sheet wall pillars along four (4) steep slopes of unstable embankment. The stabilization process utilised by CHEC involved a unique engineering technique that was meticulously executed on the project.

Section 2 was completed with the Conditional Completion Certificate being issued on August 5, 2014 and the handover into operation being made as scheduled, on August 6, 2014, to the motoring public. The Conditional Completion Certificate required that CHEC complete certain fixtures/works which included: the guardrail end terminals, an inlet and outlet drainage structure, slope protection works, subgrade works in the Unity Valley area and communication duct works.

At the end of 2014, the overall completion of the remaining works on Sections 1 and 3 was 65%, with 67% of the time having elapsed and 13 months of the contract time remaining.

Further details of major projects which were monitored by the OCG in the calendar year 2014, are highlighted in the Construction Section of this Report.

THE CORPORATE SERVICES DIVISION

The Corporate Services Division (CSD) is comprised of the Human Resource Management Department, the Registry, the Office Management Department and the Finance and Accounting Department.

In 2014, the OCG welcomed twelve (12) new staff members who joined the team, whilst nine (9) staff members were separated from the organisation. The OCG's approved Organizational Structure remains at sixty-three (63) posts. There were no vacant positions as at December 31, 2014.

During the calendar year 2014, priority was given to staff welfare initiatives, in accordance with the Government of Jamaica Memorandum of Understanding with Public Sector Workers. These initiatives proved to be successful. Further details are outlined in the 'Corporate Services Division' section of this Report.

The OCG continues to provide professional development opportunities for its members of staff. For the calendar year 2014, there were seventy-nine (79) opportunities for which OCG Officers were registered in thirty-five (35) internal and external training programmes, seminars and/or workshops, both locally and overseas. The aforementioned numbers are a decrease from 2013 in which OCG Officers were registered in one hundred and sixteen (116) opportunities in forty (40) training programmes, seminars and/or workshops, both locally and overseas. This decrease is as result of available funding for both the OCG and some of its Government of Jamaica partners.

During the calendar year 2014, the OCG for the first time facilitated Summer Internship for four (4) students from the University of the West Indies, Mona. The programme lasted between eight (8) to ten (10) weeks. Three (3) students were from the Norman Manley Law School and one Student was from the Department of Government, University of the West Indies, Mona.

Further information in relation to the operations of the CSD during 2014, may be found in the section of this report, entitled 'Corporate Services Division'. The section also includes detailed information on budget and expenditure.

THE INFORMATION SYSTEMS DIVISION

During the calendar year 2014, the Information Systems Division (ISD) continued to provide technical support for the OCG and the NCC. This was accomplished through the provision of software development, systems administration and support services to the ISD's internal stakeholders. Along with technical support, the ISD also maintains the websites of the OCG and the NCC, which promote transparency in the government's contract award processes. The websites also ensure that information about the OCG and the NCC are easily accessible to all stakeholders.

The OCG's website was improved in 2013 and continues to provide a user-friendly interface for its stakeholders. As the website was revamped, information on the website is more accessible and easier to find and the capabilities to capture and report statistics have been improved. The interactive areas of the website, namely the OCG Web Portal and the Procurement Notice Board, continue to operate as online tools which guide public bodies in their procurement processes.

The Web Portal continues to allow public bodies to report all contracts awarded on a quarterly basis, which are of a value in excess of J\$500,000.00. The URL to access the Web Portal is: <http://www.ocg.gov.jm/ocg/view/qca-consol> and all public bodies are required to report contracts via this medium. Public Bodies are reminded that, in keeping with Circular No.: 33, which was issued by the Ministry of Finance and Planning (MoFP) in December 2013, they are required to post Procurement Notices on the OCG's Procurement Notice Board. The URL for the Notice Board is <http://procurement.gov.jm>.

The Prescribed Licences Information Database (PLID) is another online tool which was developed by the OCG, in order to facilitate the systematic and formal monitoring of the licensing activities executed by GOJ Public Bodies. The public portal allows the general public access to view information captured by the PLID system. The portal may be accessed via the URL http://www.ocg.gov.jm/ocg/qpl_home_page.php. Further details on the OCG's online resources are detailed in the relevant sections of this report.

The OCG's twitter page, which was launched in 2013, continues to disseminate information to our stakeholders in a timely manner. The Twitter handle is @OCGJamaica and all are welcome to follow the Office and stay informed.

THE TECHNICAL SERVICES DIVISION

The Technical Services Division (TSD) functions as the Secretariat of the National Contracts Commission (NCC) by providing administrative and technical support. In addition to its core function of monitoring pre-contract awards, the TSD is also involved in NCC Sector Committee meetings, to ensure fairness and transparency in the approval process. The TSD's total complement of staff increased from ten (10) members to eleven (11) during the year 2014.

The NCC is comprised of eight (8) Commissioners, including a Chairman and the tenure of each Commission lasts seven (7) years, upon completion of which, a new Commission is appointed. The tenure of the previous Commission ended in May 2013 and a new Commission was appointed to serve to May 2020. The current Chair of the NCC is Mr. Raymond McIntyre.

A total of forty eight (48) meetings were convened by the NCC in 2014.

The Contractor Registration Process

The TSD has remained committed in its objective of providing excellent customer service. As such, the TSD continues to implement processes and approaches which improve the registration of contractors.

As with the previous year, the TSD implemented several measures to reduce the application processing period for Contractors desirous of being registered with the NCC to provide Goods, Services or Works to the GOJ. Among the measures implemented during the year 2014 was the reduction of time in the processing of applications for registration from forty three (43) and forty two (42) days to eighteen (18) and twenty two (22) days, respectively, for Works and Goods & Services applications. A key priority of the OCG in this regard is customer service and so the TSD, on behalf of the NCC seeks to improve upon the processes already in place, which will ultimately result in Applicants not only experiencing a quicker but also an easier registration process.

As the TSD seeks to improve the contractor registration process, I appeal to contractors to make the necessary due diligence checks in the preparation of their applications for registration and re-registration. Over the years, there have been several challenges and concerns surrounding observations of improper use of the Standard Bidding documents. I implore procuring entities to also exercise due care in their use of these Documents as it has been noted that not in all instances the appropriate modification to the Instruction To Bidders is included in the Bid Data Sheet and inconsistencies in the award criteria and the evaluation methodologies applied may result.

Contract Award Recommendations Endorsed by the NCC

There continues to be a decline in the number of applications for registration. This is evidenced by the number of applications received by the NCC over the past two years as a result of the increase in the registration period from one (1) year to eighteen (18) months. For the year 2014, seven hundred and sixty-eight (768) applications for the registration of goods and services were received. Of this number, fourteen (14) were for additional categories to be added to registered companies. A total of seven hundred and eighty-two applications were approved for registration. This is a marginal decrease from 881 in 2013.

In 2014, there was a decline of ten percent (10%) in the total number of Grades 1-4 Works Contractors, moving from two hundred and two (202) in 2013 to one hundred and seventy four (174) in 2014. The number of new Grades 1 - 4 Works Contractors that were registered decreased by approximately 18%, from thirty four (34) in 2013 to twenty eight (28) in 2014. Re-registered Works Contractors had a 17% decrease moving from one hundred and sixty one (161) in 2013 to one hundred and thirty four (134) in 2014. In 2014, the continuing decline in the re-registered Works Contractors was as a result of the increase in the registration period from twelve (12) months to eighteen (18) months.

NCC Sector Committees

There are eight (8) NCC Sector Committees. The role of these committees entail reviewing and approving contract award recommendations submitted by public bodies, which value in excess of J\$15,000,000.00, prior to same being forwarded to the NCC for endorsement. A combined total of 140 meetings were convened by the Sector Committees in 2014 and 321 recommendations for the awards of contracts were reviewed.

In 2014, there was a decrease of 6% in the number of recommendations which were reviewed by the NCC Sector Committees, when compared to the year 2013.

More detailed information on the activities of the TSD, the NCC and the NCC Sector Committees may be found in the section of this report entitled 'Technical Services Division'.

THE SPECIAL INVESTIGATIONS UNIT

One of the many roles of this office is the conduct of investigations into matters of concern in relation to procurement, award of government contracts and divestment processes which are undertaken. In this regard, the Special Investigations Unit (SIU), during the calendar year 2014, concluded seven (7) special investigations, for which formal reports were prepared and laid before Parliament.

The seven (7) Reports of Special Investigation which were submitted to Parliament were for:

1. Contracts Awarded to Contractors Allegedly Selected by the Hon. Derrick Kellier, M.P.;
2. Allegations Regarding the Contract Termination and Award Practices at the National Solid Waste Management Authority (NSWMA);
3. The Circumstances Surrounding the Entering into of an Agreement for the Operation of the Hotel, (Braco Resort Hotel, formerly Breezes Rio Bueno, Trelawny) between the Commissioner of Lands (by virtue of trust on behalf of National Insurance Fund), the Accountant General and the Blue Diamond Hotels and Resorts;
4. The OCG's Enquiry into the National Contracts Commission Re-registration Application for Bacchus Engineering Works Limited;
5. The Circumstances Surrounding the Procurement of Ethanol for and on behalf of the Government of Jamaica and, in particular, the award of certain Government Contracts to Infinity Bio-Energy and JB Ethanol;
6. The Circumstances Surrounding the Award of a Contract to Cable and Wireless Jamaica Limited, for the Procurement of Wide Area Network (WAN) Connectivity to Support the Ministry of Education's Education Management Information System (EMIS); and
7. Allegations Surrounding Procurement Breaches Associated with the Procurement of Bookmarkers by the Ministry of Education (MOE) Ministry of Education (MOE).

Referrals Made

Based upon the Findings of the above Reports, a total of four (4) formal Referrals were made to the relevant State authorities by the OCG in accordance with Section 21 of the Contractor-General Act.

Of the four (4) Referrals made, one (1) was to the Director of Public Prosecutions, one (1) to the Commissioner of Police, one (1) to the National Contracts Commission and one (1) to the Custos Rotulorum for the parish of St. Catherine, for, *inter alia*, further investigations to be undertaken into the respective matters.

A Summary of the Referrals made, including the nature of the respective Referrals, represented in Spreadsheet format, may be viewed in the section of this Report entitled 'Special Investigations Unit'. The complete Reports of Investigation may be viewed utilizing the link provided in the section of this Report entitled Special Investigations Unit.

Recommendations Made

Upon the conclusion of its investigations, the OCG continues to make recommendations for corrective actions and preventative measures to be taken by the relevant authorities and the offending public bodies in an effort to improve the procurement processes in the island. The OCG reiterates that several of its recommendations made in its Reports of Special Investigation, have not been considered, accepted or adapted.

Among the recommendations made in 2014 were:

"... Executive Agencies and Procuring Entities 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 collusion, fraud and corruption; as well as to ensure that government contracts are awarded to legitimate and competent Contractors and based on merit and impartiality."

In relation to applications made by contractors to the NCC, the OCG recommended that:

"...Contractors cease and desist from engaging persons, by whatever means, who are not ostensibly employed by them on a full time or part time basis, for the sole purpose of using their credentials in order to become qualified for and obtain registration with the NCC. The foregoing practice, as evidenced in the OCG's Investigation Report, amounts to a fraudulent misrepresentation and the abuse of the NCC Contractor Registration process."

The OCG is of the considered opinion that such a misrepresentation invariably affects the integrity, aptitude and capacity of the Contractor.

All recommendations made pertaining to each investigation concluded may be found in the body of the respective reports. The referenced Reports of Investigation may be viewed in their entirety on the OCG's website at URL: <http://www.ocg.gov.jm/ocg/view/investigation-reports>.

JAMAICA' S PLACEMENT IN INTERNATIONAL SURVEY REPORTS

World Economic Forum - Global Competitiveness Report

The World Economic Forum publishes its Global Competitiveness Report (GCR) on an annual basis. The GCR "assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources. Therefore, the Global Competitiveness Index measures the set of institutions, policies, and factors that set the sustainable current and medium-term levels of economic prosperity."

The Global Competitiveness Index is captured under twelve determinants of competitiveness, namely, institutions, infrastructure, macro-economic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

The GCI Report is premised on the most recent developments in theoretical and empirical research. The Report gathers data from over 110 variables, of which two thirds come from the Executive Opinion Survey, and one third comes from publicly available sources such as the United Nations.

For the calendar year 2014, Jamaica has moved up eight places on the Global Competitiveness Index and is now ranked 86 out of 144 countries.

Our performance for 2014, as indicated by the twelve pillars of competitiveness, is as follows:

Pillar	Rank (out of 144 countries)
Institutions	80
Infrastructure	80
Macroeconomic environment	136
Health and primary education	72
Higher education and training	76
Goods market efficiency	76
Labour market efficiency	58
Financial market development	48
Technological readiness	75
Market size	107
Business sophistication	67
Innovation	75

Of note, Jamaica's highest ranked pillars of competitiveness were financial market development and labour market efficiency. However, while we have increased in rank on the GCI, we have ranked poorly as a country in macroeconomic development.

Transparency International - Corruption Perception Index (CPI)

The Corruption Perceptions Index (CPI) Report has been published annually by Transparency International (TI) since 1995. The Report, ranks countries "by their perceived levels of corruption, as determined by expert assessments and opinion surveys". Countries are ranked on a scale of 0 to 100, with 0 indicating that a country is corrupt and 100 is indicative of "very clean". In the 2014 CPI Report, Jamaica fell two places from 83 out of 177 countries surveyed in 2013 to 85 out of 175 countries this year.

CLOSING REMARKS

The 2014 Calendar year has been a challenging yet rewarding year for the OCG. The Office is in state a transition as we move towards further effecting the mandate to which we have been called with great effort and in the best interest of the people and Taxpayers of Jamaica.

I remain cognizant of the impending establishment of the Single Anti-Corruption Agency as also the separation of the NCC from the OCG. These two impending changes will, in their own right lead to a paradigm shift for our anti-corruption institutions and initiatives. The OCG will, as it has done in the past, provide its comments, as required in these very important initiatives. More importantly, we await the continued deliberations on the various pieces of legislation which will inform the next and most important steps which we will take into the future of our anti-corruption efforts.

Whilst I have opted to bring attention to the performance highlights from the Office there is still much left to be done if we are to truly lend a helping hand to battle the issue of corruption which is facing our island. It is with a sense of purpose that we look towards 2015 with a view to giving effect to new initiatives and programmes, internally and externally, which will impact both the organization and its many stakeholders.

At the forefront of our minds are the youth of Jamaica who, as members of our society must endure social anomalies which threaten and challenge on a daily basis their ethical standards and viewpoints – at the most impressionable stages of their individual and collective lives.

The OCG will, in the coming years, do its part to make a difference, both directly and indirectly in the lives of our youth, through a suite of initiatives and interventions which are youth -centric and which will go beyond the usual cry of ‘hope is lost.’

In regard to our operational activities, the OCG remains undaunted by the challenges and limitations which it faces on a daily basis. In this regard, we have embarked upon various cost saving measures which, going forward will afford the organization the ability to operate as efficiently as possible within the tight fiscal space.

In the upcoming year our work will continue towards developing a risk-based approach to our monitoring activities whilst also finalizing our systems which will enable us to properly benchmark the performance of individual public bodies against the prescribed standards and procedures which govern procurement and government contracting. In this regard, we anticipate a detailed review of certain legacy contracts which have been subsisting in many of our Public Bodies over the year with a view to have same regularized in keeping with the current procurement rules.

The OCG has, in the 2013 and 2014 period embarked upon the conduct of quasi-judicial hearings, pursuant to Section 18 of the Contractor General Act, in the conduct of our investigations. We anticipate that in the coming year more of our investigations will be conducted in this manner which affords various persons to give live evidence before the Commission.

As we move forward, it is anticipated that these quasi- judicial hearings will become more structured and refined as will be the means by which the evidence is recorded and produced. In this regard, I must express my sincerest gratitude to the many Stenographers from the Services Commission who have assisted the OCG with this very important function and skillset and have done so in a timely manner.

As has been done in previous years, the OCG will continue its best efforts in ensuring that the training needs of its staff are met despite the inadequacy of the budget allocation in this regard. Importantly, I recognize that job satisfaction is not limited only to remuneration, but also to the opportunities for personal and professional growth and the deepening of one's knowledge base and experience.

In this regard, our staff remains committed to the task at hand and in so doing we remain vigilant in ensuring that the work environment is one which is suitable and fosters a work ethic of the highest standard.

I therefore wish, in closing to again thank the dedicated and hardworking staff, both current and former, of the OCG who have worked tirelessly to uphold the mandate of this office, even when faced with challenges. I applaud the efforts of my staff in the face of both our successes and challenges and moreso for the support which they offer in the discharge of the functions of the Commission of the Contractor General. I must also thank the people of Jamaica for your continued support, willingness to assist and to make a contribution to positive change.

I, therefore, on behalf of the staff of the OCG, reaffirm my commitment to faithfully and effectively discharge our duties under the Contractor General Act.

Dirk
Harrison
Contractor
General