



# INTEGRITY COMMISSION

2019/2020  
SECOND ANNUAL REPORT

UNITED AGAINST CORRUPTION



**INTEGRITY COMMISSION**

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June 30, 2020

The Hon. Pearnel Charles, MP, CD, JP  
Speaker of the House of Representatives  
Houses of Parliament  
Gordon House  
81 Duke Street  
Kingston

Senator the Hon. Tom Tavares-Finson, QC, OD  
President of the Senate  
Houses of Parliament  
Gordon House  
81 Duke Street  
Kingston

Dear Honourable Speaker and Honourable President:

In accordance with the provisions of Section 36 (2) of the Integrity Commission Act, I have the good honour to submit, to you, three (3) printed copies and an electronic copy of the Second Annual Report of the Integrity Commission for the Financial Year 2019/2020, ending on March 30, 2020.

Section 36 (2) of the Integrity Commission Act mandates that "*The Commission shall, not later than three months after the end of each financial year, or within such longer period as the Parliament may approve, submit to Parliament an annual report relating generally to the execution of the functions of the Commission during the preceding financial year, which shall contain the information set out in the Second Schedule.*"

I, therefore, so respectfully advise and avail myself of this opportunity to renew to you the assurance of my highest considerations.

Very respectfully yours,

Handwritten signature of Seymour Pantón in blue ink.

Hon. Mr Justice (Ret'd) Seymour Pantón, OJ, CD  
Chairman

Copy: Mrs. Heather E Cooke, JP, Clerk to the Houses

## INTEGRITY COMMISSION

### 2<sup>nd</sup> ANNUAL REPORT (April 1, 2019 – March 31, 2020)

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## Chairman's Remarks

The Integrity Commission, as a legal entity, came into being in late February 2018, although the legislation was passed in the House of Representatives on 31 January 2017 and in the Senate on 20 July 2017 with 103 amendments. The House of Representatives agreed to the Senate's amendments on 12 September 2017 and made a further amendment of its own. On 22 September 2017, the Senate agreed to the amendment made by the House of Representatives.

Notwithstanding the length of time and the number of amendments, involved in the passage of this piece of legislation, when the Commissioners were sworn in on 26 February 2018, the Commission that we were asked to preside over was like a motor vehicle without wheels, and with a malfunctioning engine. Things that should have been done before the Commissioners were sworn in had not been done. Consequently, the Commissioners found it immediately necessary to concentrate on getting wheels affixed, and arranging for repairs to be done to the engine.

### Approval of the Structure of the Organisation

In order to "get things going", Consultants were hired after going through the appropriate procurement procedures. These procedures took time. The Consultants, having been engaged, needed time to do their work. In the meantime, the Commissioners kept the three (3) legacy organisations functioning as best they could in order to prevent a collapse of the country's Anti-Corruption machinery. It was not until July 2019 that the Parliament approved the structure of the organisation, and that fact was communicated to the Commission in August 2019.

Without Parliamentary approval of the structure, the Commission struggled. For example, it was not possible to recruit staff. It was therefore disheartening to listen to criticisms of the Commission during this time; such criticisms emanating at times from the Senate. I daresay that it was obvious to the Commissioners that certain Parliamentarians were being fed false and skewed information. That we found regrettable and reprehensible.

At this point, it is appropriate to note that from time to time, a few Parliamentarians, inside as well as outside Parliament, have called for the Commission to comment on matters that are under investigation. In doing so, they seem to have forgotten that they have enacted a law that forbids the Commission or any other person from reporting or making any public statement in relation to the initiation or conduct of an investigation until the report is tabled in Parliament [Section 53(3) of the Integrity Commission Act].

Further, the completion of an investigation of a matter does not automatically result in the tabling of a report, as Section 54(4) contemplates other actions that may have to be taken. So, until the legislation is appropriately amended, calls for the Commission to comment will be made 'in vain'.

### **Corruption Prosecution**

During the first half of the period covered by this report, that is, April to the end of November 2019, the Commission did not have a functioning Director of Corruption Prosecution. On 1 December 2019, with the assistance of Miss Paula Llewellyn, CD, QC, Director of Public Prosecutions, a Deputy Director of Public Prosecutions, Miss Keisha Prince, was seconded to the Commission for a period of six (6) months. This Officer successfully applied to fill the vacant post and was sworn in by His Excellency on 24 March 2020. There is now some stability in that area of the Commission's operations and action will be forthcoming soon.

### **Executive Director, Director of Information and Complaints and Director of Investigation**

Having been strengthened by the approval of Parliament, the Commission invited applications for the other Director positions, and engaged the services of two (2) reputable independent recruiting companies to supervise the process. The result was that by the end of the reporting period, the Commission had entered into contracts with the selected individuals. The Commission therefore looks ahead with confidence that the Director positions having been settled, the organisation will soon be fully functioning as contemplated by the legislation.

I wish to thank Colonel Daniel Pryce, Interim Executive Director, and the committed and dedicated members of staff of the Commission for the service that they provided during a difficult period of transition. I wish also to thank Mrs. Audrey Sewell, CD, Permanent Secretary in the Office of the Prime Minister as well as the Hon. Dr. Nigel Clarke, Minister of Finance and the Public Service, Miss Darlene Morrison, Financial Secretary, Mr. Wayne Jones, OD, Deputy Financial Secretary and other senior Officers in the Ministry of Finance and the Public Service for the assistance given to the Commission since its inception.

### **Resignations and Appointments**

During the period under review, the Integrity Commission lost the services of its first Chairman, retired Judge of the Court of Appeal, the Hon. Mr. Justice Karl Harrison, CD, and Dr. Derrick McKoy, CD,

Commissioner. Both gentlemen resigned for personal reasons but I would not be surprised if the constant attack by some sections of the media and some Parliamentarians played a significant role in their decision. I wish to place on record the Commission's appreciation for the valuable service they performed in helping to put the Commission in an operational mode.

The resignation of Mr. Justice Harrison resulted in my appointment as Chairman, effective 1 August 2019. The Hon. Mr. Justice (Ret'd) Lloyd Hibbert, CD was appointed to the Commission on 1 September 2019, thus filling the position left vacant upon my appointment as Chairman. Subsequently, Mr. Wayne Powell, OD, was appointed to replace Dr. McKoy on 24 March 2020.

### **The Integrity Commission's Mission**

The Integrity Commission Act, 2017, was enacted "to promote and enhance standards of ethical conduct for parliamentarians, public officials and other persons". The Commission's mission is "to promote and strengthen the measures for the prevention, detection, investigation and prosecution of acts of corruption".

The Act defines an act of corruption as including "an offence relating to the conduct of any person that constitutes an abuse or a misuse of his office (whether or not within the Public Sector) for the purpose of conferring a benefit or an advantage to himself or another person".

### **Parliamentarians and Public Officials**

The Integrity Commission takes its mission seriously and intends to promote and enhance standards of ethical conduct on the part of Parliamentarians, Public Officials and other persons. For the period under review, all Parliamentarians have for the first time in a long while, filed their statutory declarations in time. They will be kept to this standard; failing that, they will be prosecuted. All public officials who are required to file statutory declarations are being warned by this means to comply, as failure to comply will result in prosecution. No individual public official or any category of public officials will be exempted from prosecution. Steps are being taken to strengthen the staff available to the Director of Corruption Prosecution to ensure effective prosecution. Parish Court Judges are hereby requested and encouraged to set aside time in their schedules to deal with cases placed before them by the Integrity Commission.



## **Other Persons**

The Integrity Commission Act was not designed to deal with the activities of Parliamentarians and Public Officials only. It refers also to “other persons”. The Commission interprets this as meaning that all persons in the society are involved. In that regard, the Commission accepts the need to educate not only Parliamentarians and public officials but also the public at large, on the purpose of the legislation and the Commission’s mandate.

As an example, where an individual or a corporation decides to be philanthropic, that individual or corporation ought not to use a Parliamentarian as the vehicle of such philanthropy. There should be no question of giving money to a Parliamentarian to distribute to constituents. That is unacceptable, notwithstanding the goodness and generous spirit of the donor. A philanthropist should do the distribution himself or herself, or use the services of established charitable bodies such as the Salvation Army. Parliamentarians are not supposed to be engaged in the distribution of gifts, scarce resources or spoils. Parliamentarians are to devise policies for the improvement of the lives of their constituents, and their communities, and to make representations on their behalf to that effect. They are to see to it that the civil service and other government agents carry out their duties and functions. Permanent Secretaries should be held accountable for the execution of the policies. In that regard, the Office of the Services Commission should ensure that civil servants do their work.

Parliamentarians and public officials also need to be educated on the ethics that ought to guide them. An individual who enters public service whether as a Parliamentarian or as a public official ought not to be seen as someone who is there to unlawfully enrich himself or herself from the resources of the state. Consequently, it is important that those individuals or bodies assigned by law with control over the resources of the state realise that Parliamentarians (in government and opposition) and public officials do not have priority in benefitting therefrom. The ethics of every given situation should be considered, and the question of a conflict of interest should always be foremost in their consideration.

In closing these brief remarks, I urge everyone to recognise that the fight against corruption is not a matter only for the Integrity Commission. It involves all who mean Jamaica well.

Hon. Justice Seymour Panton (retired), OJ, CD

**Chairman, Integrity Commission**



## Executive Director's Remarks

The commencement of the second year of existence of the Integrity Commission, saw the awaited strategic review, organisational re-alignment and transformation plan of the organisation completed by the Consulting Firm engaged for that purpose. The methodology used was inclusive and adaptable. The next hurdle therefore was to procure the approval of the Parliament as laid out in the Act.

The Parliament was very accommodating and three (3) months after the conclusion of the review, a Special Committee of Parliament (as per the Act) was convened and they approved the Organisational Structure of the Integrity Commission as proposed. The Remuneration Package was conditionally approved, subject to the sign-off of the Ministry of Finance and the Public Service.

An orderly transition into the new structure suffered some setbacks due to the resignation of the Chairman of the Commission and the Acting Director of Corruption Prosecution, as also did the filling of the top Executive positions in the organisation. Notwithstanding those setbacks, the Commission persevered and carried out its mandate as outlined in this Annual Report. In short order after the resignation/retirement, a new Chairman was named and appointed and an Acting Director of Corruption Prosecution was seconded from the Office of the Director of Public Prosecution.

During the reporting year, the Commission engaged with its strategic partner, the Department for International Development (DFID) and secured the services of a Legislative Drafting Consultant to prepare Drafting Instructions for drafting the Regulations for the Integrity Commission Act, 2017. Additionally, we have had confirmation of DFID's support in the Commission's crafting of corruption risk assessment and a National Anti-Corruption Strategy. Preliminary engagement has already been made with an expert in the field with international standing, who has expressed the willingness to facilitate the process of completing the project. A project of this nature will require buy-in at the highest level of governance and the participation of a number of stakeholders, in order to have a comprehensive and worthwhile document.

The Integrity Commission participated and presented at two (2) major conferences, one regionally and one internationally; namely, the Commonwealth Caribbean Association of Integrity Commissions & Anti-Corruption Bodies (CCAICAB) Summit and the Conference of State Parties of the United Nations Convention against Corruption (UNCAC). These engagements allowed for networking, the sharing of ideas and best practices and linkages for future co-operation.

In January 2020, the Commission partnered with the University of Sussex in the United Kingdom and hosted a workshop on “Analysing Public Procurement Big Data for Integrity Risk”. This saw the enthusiastic participation of some Government Ministries, Departments and Agencies. It is hoped that in time, public bodies will enjoy greater collaboration and better use of data to manage the risks in procurement.

Our information technology infrastructure is being upgraded for greater efficiency and service delivery to the public. Much work has been done this year and it is envisaged that it can be completed within the next financial year. Allied to this infrastructural upgrade, is the Commission’s intention to transition to the electronic filing of Statutory Declarations. Significant work has been done and we hope that its completion will be in short order and very soon the burden of completing paper forms will become a relic of the past.

In concluding, I wish to thank the public for the support, the criticisms and the constructive suggestions given over the past year. We pledge that we will continue to carry out our mandate, fearlessly, firmly, fairly and transparently. The Commission is committed, capable and courageous, “*Gentis Simplicitas*”.

Col. Daniel G. Pryce

**Interim Executive Director**

## Governance Structure

The Integrity Commission is headed by duly appointed Commissioners who are responsible for the governance and oversight of the Integrity Commission, pursuant to the requirements of the Integrity Commission Act.

*Section 5(4) of the Integrity Commission Act, 2017, provides as follows:*

*“The Commission shall –*

- (a) subject to sections 34(3) and 36(4), be ultimately responsible and accountable to Parliament for all matters relating to the functions of the Commissioner; and*
- (b) monitor and report to Parliament on the operation and effectiveness of the provisions of this Act.”*

Section 8(1) of the Integrity Commission Act, which is detailed hereunder, provides particulars of the constitution of the Commission and the persons who may be appointed to hold such an appointment as a Commissioner:

**8. - (1) Pursuant to Section 5 and subject to subsection (3), the Commission shall consist of the following persons appointed as Commissioners —**

- (a) the Auditor-General;**
- (b) four other persons (hereinafter referred to as “appointed Commissioners”) appointed by the Governor-General, by instrument in writing, after consultation with the Prime Minister and the Leader of the Opposition, from any of the following categories of persons—**
  - i. retired Judges of the Court of Appeal or retired Judges of the Supreme Court, from which two persons shall be appointed;**
  - ii. senior retired public officials with knowledge and expertise in the area of finance, accounting or public administration;**
  - iii. persons who represent non-governmental organizations that appear to be well established.**

In this regard, the Commission is currently comprised of the following members:

1. The Hon. Mr. Justice (Ret'd) Seymour Panton, OJ, CD (Chairman)
2. Mrs. Pamela Monroe Ellis, FCCA, CA
3. The Hon. Justice (Ret'd) Lloyd Hibbert, CD
4. Mr. Eric Crawford, CD, FCA, FCCA
5. Mr. H. Wayne Powell, O.D., J.P.

In order to effectively perform its functions, the Commission, in keeping with Section 25 of the Integrity Commission Act, has established several Committees through which oversight is provided. Detailed below are particulars of each Committee, inclusive of membership and number of meetings convened.

### INTEGRITY COMMISSION COMMITTEES AND MEMBERS

COMMITTEE	STANDING MEMBERS	MEETING SCHEDULE	No. OF MEETINGS CONVENED FOR PERIOD
Board of Directors	Justice Seymour Panton (Chair) Mrs. Pamela Monroe Ellis Mr. Eric Crawford Justice Lloyd Hibbert Mr. H. Wayne Powell	Monthly and as necessary	24
<b>Sub-Committee</b>	<b>Standing Members</b>	<b>Meeting Schedule</b>	
Audit & Finance	Mr. Eric Crawford (Chair) Mrs. Pamela Monroe Ellis Executive Director Head, Corporate Services Chief Accountant Accountant	As necessary	4
Information & Complaints	Mrs. Pamela Monroe Ellis (Chair) Justice Seymour Panton Mr. Eric Crawford Director of Information & Complaints Executive Director	Third Wednesday of each month	11
Investigation	Justice Lloyd Hibbert (Chair) Justice Seymour Panton Mrs. Pamela Monroe Ellis Director of Investigation Head, Non-Construction Contracts/Senior Director Chief Investigator	Third Monday of each month	2
Human Resources & Governance	Mrs. Pamela Monroe Ellis (Chair) Justice Lloyd Hibbert Mr. H. Wayne Powell Executive Director Human Resource Manager	Quarterly or as necessary	Nil
Prosecution	New Chair and members to be appointed	As necessary	Nil
Internal Affairs	Justice Seymour Panton (Chair) Mr. Eric Crawford	As necessary	Nil

## Content of the Annual Report

The Integrity Commission, in the preparation and publication of its Annual Report, is bound by the requirements of the law regarding the content and substance which can be made available in the referenced Report. Specifically, Section 36(2) of the Integrity Commission Act, 2017, provides as follows:

*“The Commission shall, not later than three months after the end of each financial year, or within such longer period as the Parliament may approve, submit to Parliament an annual report relating generally to the execution of the functions of the Commission during the preceding financial year, which shall contain the information set out in the Second Schedule”*

Detailed below is the verbatim content of the Second Schedule of the Integrity Commission Act, 2017 and to which the structure and content of the Commission’s Annual Report is aligned.

### SECOND SCHEDULE (Section 36(2))

#### Contents of Annual Report of Commission

1. *A general description of the matters that were referred to the Commission.*
2. *Subject to Section 53(3), a general description of the matters investigated by the Commission.*
3. *The following details with respect to matters investigated by the Commission—*
  - a. *the number of investigations commenced but not finally dealt with during the financial year in question;*
  - b. *the average time taken to deal with complaints and the actual time taken to investigate any matter in respect of which a report is made.*
4. *Any recommendations for changes in the laws of Jamaica, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions.*
5. *The general nature and extent of any information submitted under this Act by the Commission during the year to the Security Forces or any other public body.*
6. *The number of matters investigated by the Commission which have resulted in prosecutions or disciplinary action in that year.*
7. *A description of its activities during that year in relation to any of its functions.*
8. *The number of convictions and acquittals, and where a charge is laid the time taken to dispose of each matter.*
9. *Such other information as the Commission thinks relevant; however, no details shall be provided by the Commission in relation to any matter under investigation by the Director of Investigation or for which criminal proceedings have been instituted by the Director of Corruption Prosecution.*
10. *The audited financial statements of the Commission for the financial year.*

## General Description of Matters Referred

The Integrity Commission, pursuant to the discharge of its statutory mandate under Section 6 of the Integrity Commission Act, 2017, had numerous matters referred to it during the course of the 2019/2020 Financial Year, ended March 31, 2020.

The matters related to, *inter alia*, (a) allegations of impropriety in the award of Government of Jamaica (GOJ) contracts and the abuse of the Limited Tender and Direct Contracting procurement methodologies by a Government Ministry; allegations of irregularities, including breach of tender procedures by a Government Ministry; and (c) allegations of cronyism and corruption in the award of government contracts.

Additionally, the Commission, which is charged with the receipt of complaints and the monitoring of government contracts, the divestment of government lands and assets, and other acts of corruption, also had matters referred to it, which related to, *inter alia*;

1. Employment-related matters;
2. Child abuse;
3. Mismanagement of public funds;
4. Delays in service delivery and resolution of matters between private interested parties for which expenditure was incurred;
5. Complaints related to court administration and unresolved legal disputes;
6. Alleged acts of corruption on the part of public officers/officials.

Referrals of the aforementioned nature informed the monitoring, enquiry and investigative processes which were undertaken by the Commission during the current reporting period. Of note is that some of the matters referred fell outside of the jurisdiction of the Commission and were therefore redirected.

## General Description of Matters Investigated

The Integrity Commission, pursuant to Sections 6 and 33 of the Integrity Commission Act, 2017, has a statutory mandate to, amongst other things:

1. Investigate alleged or suspected acts of corruption and instances of non-compliance with the provisions of this Act; and
2. Monitor and where necessary investigate the award, implementation and termination of government contracts.

In the discharge of the above referenced statutory mandate, the Integrity Commission, through its Investigation Division, and the Information and Complaints Division, has been involved in the investigation of the following types of matters:

1. Allegations regarding the breach of Government of Jamaica (GOJ) Procurement Rules and Guidelines;
2. Alleged acts of corruption involving public bodies and private citizens;
3. Allegations of cronyism and corruption in the award of GOJ contracts;
4. The divestment of Government of Jamaica-owned assets;
5. Investigation of breaches of the Corruption Prevention Act (CPA) and the Integrity Commission Act (ICA). Offences typically investigated include:
  - a) The failure without reasonable cause, to furnish statutory declarations — Section 43(1)(a) of the integrity Commission Act;
  - b) The failure without reasonable cause, to provide any information as the Director of Information and Complaints may require - Section 43(1)(b) of the Integrity Commission Act;
  - c) The failure without reasonable cause, to attend an inquiry being conducted by the Director of Investigation - Section 43(1)(c) of the Integrity Commission Act;
  - d) Knowingly making a false statement in a statutory declaration - Section 43(2)(a) of the Integrity Commission Act;
  - e) Knowingly giving false information at an inquiry being conducted by the Director of Investigation - Section 43(2)(b) of the Integrity Commission Act; and
  - f) Illicit Enrichment - Section 14(5) of the Corruption Prevention Act.



Detailed particulars of the nature and extent of the respective portfolios and matters investigated is contained in the Divisional and Unit Reports contained herein.

## Statistical Performance – Matters Investigated

The Integrity Commission fulfils its statutory mandate through its three (3) main operational divisions, namely:

1. The Investigation Division
2. The Information and Complaints Division
3. Corruption Prosecution Division

The Second Schedule of the Integrity Commission Act, 2017, requires the following details with respect to matters investigated by the Commission, to be reported by way of the Annual Report of the Commission–

- (a) *“The number of investigations commenced but not finally dealt with during the financial year in question;*
- (b) *The average time taken to deal with complaints and the actual time taken to investigate any matter in respect of which a report is made.”*

### THE INVESTIGATION DIVISION

The Investigation Division is currently comprised of four (4) operational Units, which execute the various functions of the Director of Investigation as prescribed by Sections 33, 45, 47, 48,49, 51, 52 and 54(1)-(3) of the Integrity Commissions Act, 2017. The Division is mandated to investigate any allegation relating to non-compliance with the provisions of the Integrity Commission Act; to monitor and investigate the award, implementation and revocation, of government contracts, licences and permits; and to conduct investigations into to alleged acts of corruption related to the statutory declaration of Parliamentarians and Public Officials; and any other matter that falls within the jurisdiction of the Commission.

The four (4) operational units within the Investigation Division are as follows:

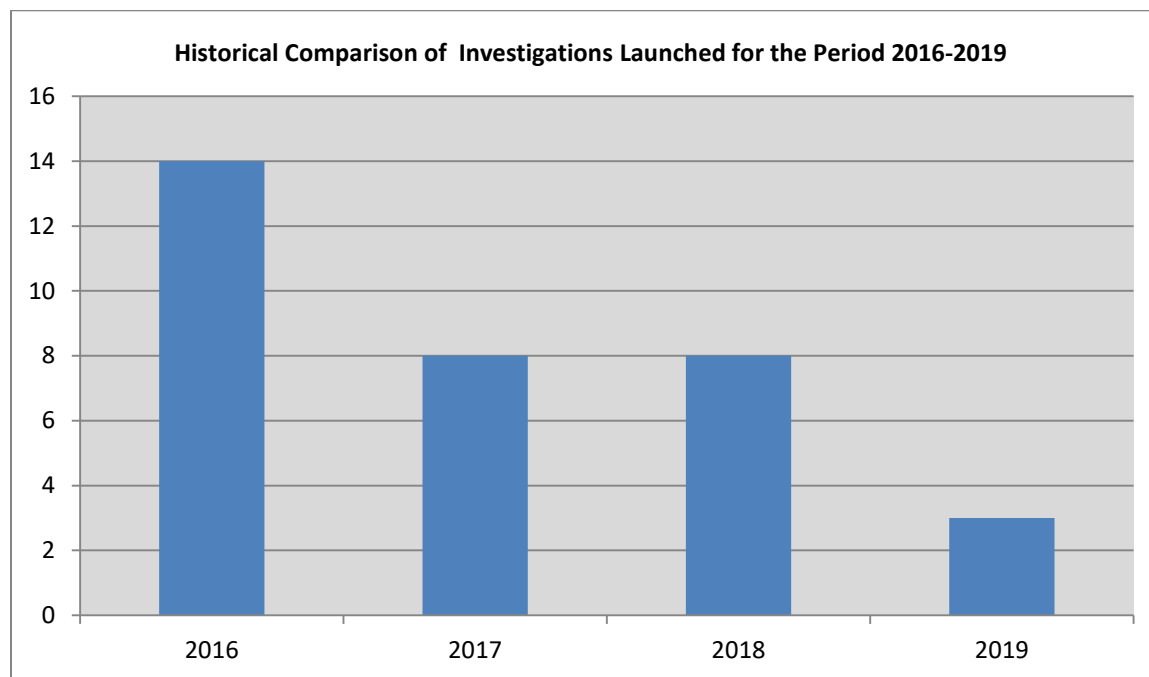
1. Non-Construction Contracts Inspectorate
2. Construction Contracts Inspectorate
3. Special Investigations Unit
4. Financial Investigations Unit

Detailed hereunder is an overview of the statistical performance of the respective operational Units within the Division.

### The Special Investigations Unit

During the 2019/2020 financial year, a total of three (3) matters were referred to the Integrity Commission for the commencement of special investigations. The matters related to, *inter alia*, (a) allegations of impropriety in the award of GOJ contracts and the abuse of the Limited Tender and Direct Contracting procurement methodologies by a Government Ministry; allegations of irregularities, including breach of tender procedures by a Government Ministry and (c) allegations of cronyism and corruption in the award of contracts by a Government Agency to a single Contractor. The investigations were launched by the Director of Investigation, pursuant to Section 33 of the Integrity Commission Act, 2017.

All three (3) investigations which commenced during the reporting period are on-going and are at varying stages of the investigative process. Investigations for 2016 to 2018 (partly) were launched under the former Office of the Contractor General, which ceased to exist in law on February 22, 2018 but whose function was subsumed under the merged Integrity Commission.



In addition to the major investigations which are launched by the Special Investigations Unit, the Investigation Division manages a large number of the complaints received through the Division's Enquiry Management portfolio. Detailed below is the performance of the portfolio over the reporting period.

## Enquiry Management

During the period April 1, 2019 to March 31, 2020, the Non-Construction Inspectorate Unit of the Integrity Commission was in receipt of forty-one (41) new matters/complaints involving government contracts, prescribed licences, asset divestment and matters involving reports of corrupt activities. The Unit reviews the matters/complaints which are directed to it, conducts a preliminary enquiry and makes a determination of how the matter is to be treated, inclusive of whether same is escalated to the Special Investigations Unit. A majority of the matters are however concluded within the Unit.

The following Table represents the status of matters/complaints addressed during the period:

**Table 1**

<b>Management of Enquiries</b>	
Number of matters/complaints brought forward from the previous year	129
Matters/Complaints received: April 1, 2019 to March 31, 2020	41
Total matters/complaints which were within the Commission's remit and were concluded	32
Matters/complaints which were submitted to the Board of Commissioners through the Executive Director	5
Matters not within the Commission's remit, vague or withdrawn	12
On-going Enquiries	121

## FINANCIAL INVESTIGATIONS UNIT

The sum total of the Financial Investigation cases that were referred to the Financial Investigations Unit over the reporting period is four hundred and seventy-eight (478) cases. During the year under review, four (4) financial investigation cases were completed and referred to the Director of Investigation - See Table 2 which follows.

Table 2

Employer	New Financial Investigation Cases 2019/20	Cases Closed 2019/20	Cases Referred to Director of Corruption Prosecution 2019/20	Cases Referred to Other Authority, Boards, Commissions 2019/20	Financial Investigation Cases to Date	Cases Closed to Date	Cases Referred to DPP to Date	Cases Referred to Other Authority, Boards, Commissions to Date
Caribbean Maritime Institute	1				1			
Factories Corporation of Jamaica					2	1	1	
Financial Investigations Division		1			42	18	2	
Financial Services Commission					5			
Housing Agency of Jamaica					2			
Island Traffic Authority					21	12	5	2
Jamaica Constabulary Force					105	32	4	1
Jamaica Customs Department					85	34	9	1
Jamaica Defence Force					5	1		
Jamaica Urban Transit Company					11			
Kingston & St. Andrew Corporation					3	2	1	
Manchester Municipal Council					2			
Members of Parliament/Senate	1	2			3	2		
Ministry of Transport and Works		1			6	3		
National Health Fund					4	1	1	1
National Solid Waste Management Authority					3	1		
National Works Agency					33	17	3	
Passport, Immigration and Citizenship Agency					21			
Port Authority of Jamaica					9	1		
Spectrum Management Authority					5			
Tax Administration Jamaica					4			
Other Agencies					106	2		
<b>Total</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>478</b>	<b>127</b>	<b>26</b>	<b>5</b>

### Delinquency Investigations

The investigation of persons who are delinquent in the filing of statutory declarations involves the confirmation of their obligation and their delinquency, the collection of evidential material, the analysis of the information gathered and the preparation of a case file and report.

During the year under review, forty-nine (49) delinquency investigations were completed and referred to the Director of Investigation (See Table 3 below). To date, one thousand three hundred and fifty (1,350) declarants were reported to the Director of Public Prosecutions, with six hundred and ninety-nine (699) persons being fined a total of eight million, eight hundred and thirty-eight thousand five hundred dollars (\$8,838,500), as seen in Table 3 which follows.

**Table 3**

Employer	Delinquent Declarants being Investigated 2019/20	Delinquent Declarant's Investigations completed 2019/20	Delinquent Declarants Reported to the Director of Corruption Prosecution	Delinquent Declarants Taken before Court 2019/20	Fines Levied 2019/20	Delinquent Declarants Reported to DPP to Date	Delinquent Declarants Taken before Court to Date	Fines Levied to Date
Accountant General's Department						4	3	\$36,000
Bank of Jamaica						53	43	\$465,000
Firearm Licensing Authority						19	-	-
Hanover Municipal Corporation						5	3	\$30,000
Island Traffic Authority						21	19	\$149,000
Jamaica Constabulary Force	243					682	389	\$5,054,500
Jamaica Customs Agency						41	9	\$150,000
Jamaica Defence Force						76	11	\$30,000
Jamaica Social Investment Fund						4	4	\$180,000
Jamaica Urban Transit Company Limited						12	7	\$63,000
Ministry of Education, Youth and Information						87	27	\$626,000
Manchester Municipal Corporation						5	4	\$74,000
National Solid Waste Management Authority						3	1	\$19,000
National Works Agency						71	38	\$609,000
North-East Regional Health Authority						6	4	\$95,000
Portland Municipal Corporation						5	4	\$190,000
St. Ann Municipal Corporation						15	13	\$447,000

St. Mary Municipal Corporation						8	8	\$59,000
South East Regional Health Authority	249	49					-	-
University of Technology, Jamaica					-	36	10	\$291,000
Other Agencies						197	102	\$271,000
<b>Total</b>	<b>492</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1350</b>	<b>699</b>	<b>\$8,838,500</b>

### Completed Investigation Reports Tabled in the Houses of Parliament

The following Chart indicates the investigations which were completed and Tabled in the Houses of Parliament during the reporting period:

No.	Investigation	Commencement Date	Date of Completion
1	Special Report of Investigation concerning allegations of Conflict of Interest, Irregularity and/or Impropriety with Respect to the Termination of Paymaster Jamaica Limited's Contract, by Postal Corporation of Jamaica (PCJ) and the Award of Same to Bill Express Limited	October 2013	September 27, 2019
2	Special Report of Investigation concerning the approval process(es) regarding the granting of licence(s)/ permit(s) for the removal of sand from a beach in Negril by Yabyanas Limited c/o Karisma Hotels and Resort	January 2016	January 7, 2020



## Recommendations for Legislative Amendments and Best Practices

The Integrity Commission, in the discharge of its statutory duties to investigate and prosecute acts of corruption, operates within the legislative parameters of the Integrity Commission Act, whilst placing further reliance on the wider legislative framework which governs government contracting, fiduciary responsibilities of public officials, illicit enrichment and criminal conduct.

Given the vast nature of the corruption-related matters which fall within the remit of the Commission, it is recognised that there is a dire need for effective, modern and dissuasive legislation in the fight against corruption. In this regard, the Commission, which is in its second active year of operation, has identified elements of the Integrity Commission Act, which, if amended, could greatly enhance the Commission's functions.

Additionally, the Commission has provided detailed recommendations regarding amendments to other relevant pieces of legislation, as well as best practices, which, in its considered opinion, can be adopted in Jamaica to combat corruption.

### **Suggested Amendments to the Integrity Commission Act, 2017 and other Legislation**

Pursuant to Section 60(2) and Section 4 of the Second Schedule of the Integrity Commission Act, 2017 (hereinafter referred to as the "ICA"), the Integrity Commission makes the following recommendations for amendments to the Act:

1. Section 32(1)(a) requires the Director of Information and Complaints to receive, keep on record and examine all statutory declarations filed with the Commission.

Further, Sections 42(1) and (3), requires that the Director of Information and Complaints cause every statutory declaration to be examined and where he "...is satisfied that the statutory declaration has been duly completed", to issue, in writing thereafter, confirmation to the declarant that his declaration was duly completed.

Given the statutory obligations ascribed to the Director of Information and Complaints when coupled with the approximately 31,000 declarations that are received by the Commission annually, due consideration should be given to defining or clarifying the words "examine", "duly

completed” and “compliant”. The referenced clarification would remove any ambiguity on the part of the Commission and/or its stakeholders regarding the declarations being “complete”.

Additionally, in relation to the publication of the summary of the statutory declarations of the Prime Minister and the Leader of the Opposition, the form “Part B”, should be amended to remove the requirement of the Chairman to certify that “*a full declaration has been made...*” to stipulating instead, that “*a declaration has been made...*”

The terminology “full” would connote that the Chairman is confident that *all assets, liabilities and income* have been declared by the respective parties, all elements of the Statutory Declarations have been thoroughly interrogated and that no matter requiring investigation or further action on the part of the Commission will arise. In the alternate, it is not prudent to have a third party attest to a “full” declaration submitted by a Public Official, having had no bearing or input into the preparation of the referenced declarations.

2. Given the complex nature of corruption-related investigations, the use of corporate vehicles and other illicit schemes, the Commission is of the considered opinion that due consideration should be given to amending Section 39 of the ICA, to require declarations from Parliamentarians in relation to:
  - a. Membership in Political, Trade or Professional organisations;
  - b. Contracts with the Government;
  - c. Directorship/Beneficial Interest in Corporate Bodies and Government Boards;
  - d. Beneficial Interest in Land;
  - e. Trustee or Beneficiary of a Trust; and
  - f. Any other substantial interest that may result in a potential conflict of interest.

This recommendation will assist in the Commission’s efforts to detect and investigate matters relating to actual, potential or perceived conflicts of interest and nepotism and other corruption-enabling acts.

Consequently, the amendment and/or addition of a “Part A(2)” of the Statutory Declaration Form, to require declarations in relation to registrable interest, which may present a conflict of interest with duties as a Public Official/Officer should be given priority consideration.

The aforementioned amendment would assist analysts in the review of assets, liabilities and relationships of declarants and greatly assist the Commission in attaining one of the principal objects of the Act, which is to *“further encourage and promote propriety and integrity among persons exercising public functions in Jamaica.”*

3. It is recommended that Section 40(4) of the Integrity Commission Act be deleted. On the face of it, this Sub-section can create a loop-hole, and is a potential corruption enabler. It is conceivable that a relative of a Parliamentarian or a Public Official could be used as a conduit for the exchange of an illicit benefit, designed to confer a benefit or an advantage to himself or another person. In the alternate, due consideration should be given to establishing a value threshold above which any such gift requires a mandatory disclosure upon receipt and at the time of filing a Statutory Declaration.
4. Section 51 of the Integrity Commission Act empowers the Director of Investigation to be advised of matters relating to government contracts and prescribed licences. In doing so, the Director is entitled to be advised of, among other things, (i) the award, variation and termination of government contracts, (ii) to have access to documents and (iii) to have access to premises where work on a government contract has been, is being or is to be carried out.

Despite these vast powers, the Commission notes that unlike section 43(1)(b) which creates an offence for failure to provide information required by the Director of Information and Complaints, there is no similar provision in law or sanction in relation to the Director of Investigation, upon which he can rely in the execution of the functions under Section 51 of the ICA. The absence of such a provision restricts the dissuasive and timely remedies that should be available to the Director of Investigation, having regard to the duties, responsibilities and entitlements stated in the ICA.

It is therefore recommended that due consideration be given to the inclusion of an offence in circumstances where the work of the DOI, in accordance with Section 51, is (i) obstructed or hindered, (ii) where a person fails to comply with the Director's lawful requirement, and (iii) where a person willfully makes a false statement to mislead or misleads or attempts to mislead the Director of Investigation or any other person in the execution of his function under the ICA .

5. With respect to Section 53(3) which addresses confidentiality regarding all matters under investigation, it is recommended that the Commission be vested with the authority to comment on investigations as deemed necessary and appropriate.
6. The Integrity Commission Act has repealed Section 22 of the Contractor-General Act and no subsequent and equal provision has been provided. Given the complexity and variety of matters being treated with by the Commission, it is recommended that the Act be amended to include the provision that the proceedings of the Commission and/or a Director shall not be rendered void for want of form.

### **Amendments to Other Legislation**

7. It is recommended that the offences and penalties of the Corruption Prevention Act be amended in the following manner to include:
  - a. the development of sentencing guidelines for all corruption and bribery offences commensurate with the gravity of the offence;
  - b. the imposition of term bans from office and forfeiture of pensions, in the case of Public Officers who are found guilty of an act of corruption or breach of fiduciary duties, prescribed good governance and integrity legislation and standards;
  - c. In addition to fines, request the offender to repay sums equivalent to the value of gratification, bribe received or economic loss suffered as a result of the act of corruption;
  - d. Include a requirement and/or the duty of any Public Official or Officer, directly or indirectly involved with the procurement process, to declare an interest, to include a conflict of interest and create an offence where there is non-compliance.
8. Notwithstanding Section 48(4) of the ICA, it is desirable that the Integrity Commission be named a designated person to whom communication data may be disclosed by a telecommunications provider, in instances where there are reasonable grounds for believing that the Subscriber to the telecommunications service is the subject of an investigation in connection with an offence. It is recommended, therefore, that the Integrity Commission is included as a 'designated person', pursuant to Section 16 of the Interception of Communications Act, who may require data for the purpose of investigating a person suspected of committing an offence under the Integrity Commission Act and/or the Corruption Prevention Act.

9. It is recommended that Section 6(2)(a) of the Committal Proceedings Act be amended to indicate that where a Statement has been recorded by an Investigating Officer of the Integrity Commission, the requirements for the admissibility of the written Statement in Section 6(2)(a) has been satisfied. There are offences in the Corruption Prevention Act, which are indictable offences triable in the Circuit Court. In order to advance the investigation and prosecution of matters, the Integrity Commission should be permitted to collect and rely on Statements which would readily meet the requirements under the Committal Proceedings Act.
10. The Public Procurement Act 2015, as amended, was brought into force on April 1, 2019. The Commission recognises that the Act, which has been amended and the various Regulations thereto, need to be consolidated in order to provide ease of reference and clarity as to the procedures and requirements in relation to public procurement. It is also recommended that a new Procedural Handbook be issued, which would reflect the current requirements of the Act, Regulation and Orders.
11. The Public Procurement Act be amended to explicitly require de-certification, debarment and cross-debarment of Government Contractors who engage in fraudulent practices or who consistently fail to perform their contracts to the required standard.
12. The Schedule of Rates in the Witnesses' Expenses Act should be updated in order to facilitate Sub-sections 50(1) and 50(2) of the Integrity Commission Act, in relation to the reimbursement of witness expenses. The schedule of rates are wholly outdated and do not reflect expenses reasonably incurred by a witness who is required to attend and/or give evidence to the Integrity Commission.

### **Best Practice Recommendations**

The Commission recommends the implementation of visible, measurable, comprehensive and effective institutional best practice arrangements for combatting corruption and bribery.

13. It is recommended that consideration be given to the Government of Jamaica adopting legislation similar to the United Kingdom's Bribery Act, 2010. In this regard, it is suggested that a strict liability offence is created for failure of a commercial organisation to take the necessary preventative steps to guard against bribery involving its Officials or any party acting on its behalf, in relation to bribery matters. This would result in tough and dissuasive criminal and civil

sanctions being imposed upon Private Sector entities for the bribery of Public Officials and/or any other person.

14. The GOJ is encouraged to develop an education programme and a standard code of ethics to be applied across all holders of any public office. This programme and code of ethics should form a mandatory component for employment and should be developed and deployed in such a way which requires a mandatory two to three hour ethics, public trust, and Anti-Corruption course, to be taken by all employees and supplemented with annual follow-up refresher courses and/or certification.

## Information Shared with the Security Forces/Competent Authorities

During the period under review, requests for information were received from the following entities:

1. **Financial Investigations Division (FID)** – The Commission received five (5) requests from the Financial Investigations Division of the Ministry of Finance and the Public Service. These requests required the Commission to disclose details of statutory declarations submitted by specific Public Officers, along with all supporting documents, as well as the particulars of any investigation conducted in relation to any of the specified declarants.
2. **Major Organized Crime and Anti-Corruption Agency (MOCA)** - The Commission received two (2) requests from the Major Organized Crime and Anti-Corruption Agency. These requests required the Commission to make available, certified copies of documents related to Statutory Declarations of specified Public Officers.
3. **Office of the Government Trustee (OGT)** - The Commission received five (5) requests from the Office of the Government Trustee. These requests required the Commission to disclose information regarding assets/ properties being held on behalf of specified bankrupts.

The Integrity Commission complied with the requests received from Competent Authorities.



## **Number of Matters Investigated Which Have Resulted in Prosecutions and/or Disciplinary Action**

During the 2019/2020 reporting period, no prosecutions or criminal proceedings were initiated by the Corruption Prosecution Division. However, five (5) matters were referred on January 10, 2020, to the Division by the Director of Information and Complaints. These matters are currently under consideration for appropriate action in light of additional information subsequently received.

Additionally, two (2) Special Reports of Investigation were received on February 10, 2020, from the Commission, which are currently under review.

## General Description of Activities

Section 6 of the Integrity Commission Act, 2017, outlines approximately sixteen (16) functions of the Commission in relation to the detection, investigation and prosecution of acts of corruption. The referenced section also details numerous preventative tasks related to education, outreach and informing policy direction, amongst other things, which the Commission is tasked to undertake. Detailed hereunder are particulars of the performance of certain of these key functions of the Commission during the reporting period.

### THE INSPECTORATE

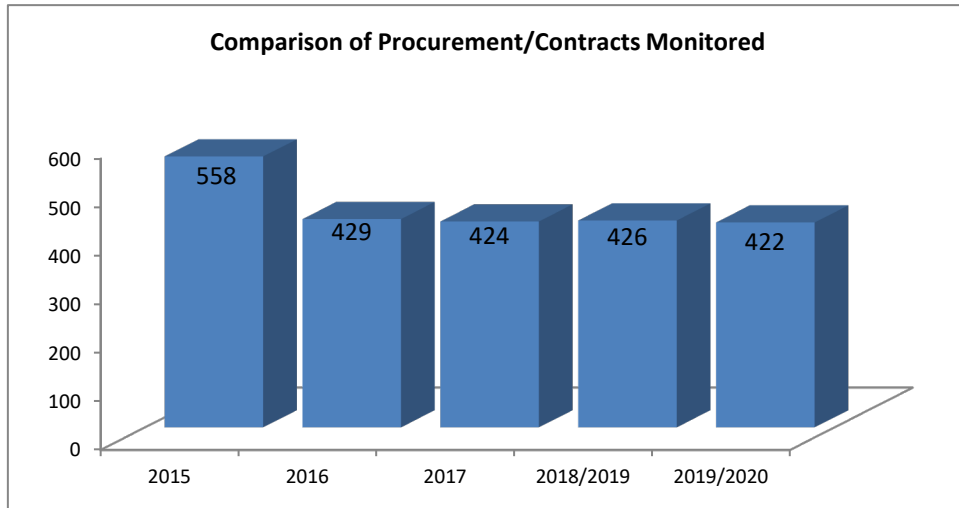
Monitoring of the award, implementation and termination of Government Contracts falls within the remit of the Inspectorate of the Investigation Division. The Inspectorate comprises two (2) Units; namely, (i) the Non-Construction Contracts Inspectorate Unit (NCIU) and (ii) the Construction Contracts Inspectorate Unit (CCIU). The activities of the respective Units over the reporting period follow.

#### Monitoring of Non-Construction Contracts

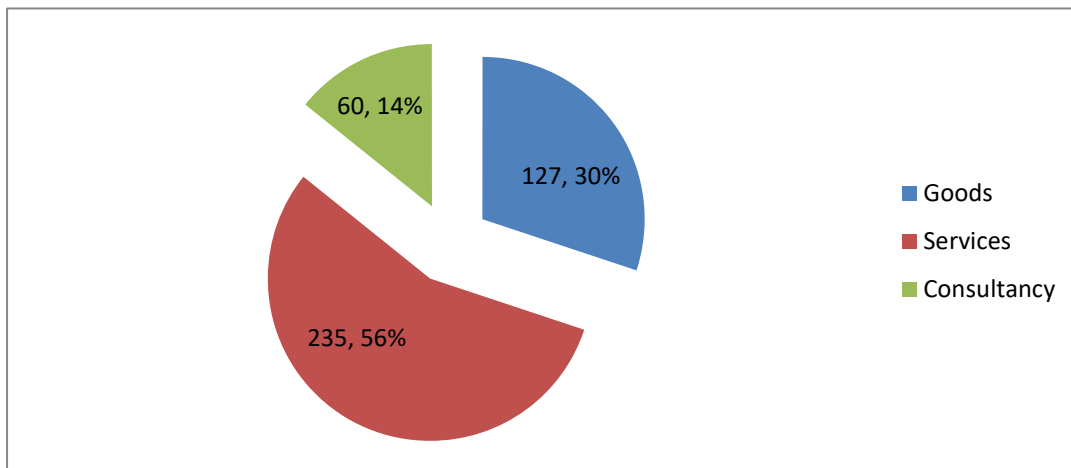
The Non-Construction Contracts Inspectorate Unit (NCIU), pursuant to Section 6(1)(f) of the Integrity Commission Act, 2017, monitors the award, implementation and termination of Goods and Services Contracts. During the course of the Unit's monitoring activities, Inspectors are expected to attend, where required, Tender Opening Ceremonies and procurement-related meetings and also to conduct verification of procured items. The Unit is further tasked with the management/monitoring of several critical portfolios and where required, provide guidance to Public Bodies, with respect to the procurement process. Monitoring and Portfolio Management matters follow.

The structure of the Unit allows for a complement of five (5) Inspectors, one (1) Senior Inspector, whose role is Supervisory, an Administrative Assistant and the Head of Unit. The Unit however operated with only four (4) Inspectors and had no assigned Administrative Assistant over the reporting period.

The Unit monitored four hundred and twenty-two (422) procurement opportunities/contracts during the period April 1, 2019 to March 31, 2020. The value of the contracts monitored, which were at varying stages of the procurement process, was approximately Thirty-eight Billion Jamaican Dollars (J\$38B).



Fifty-six percent (56%) of the contracts monitored by the Unit were service-related, such as Security and Janitorial services. The Unit monitored one hundred and twenty-seven (127) ‘goods’ type contracts, which were comprised of, among other things, procurement of furniture, motor vehicles, computers, etc. Consultancy type contracts represented fourteen percent (14%) of the projects monitored, and included consultancies related to the provision of construction-related services and Information Technology solutions.



During the period, Inspectors within this Unit were assigned one hundred and sixteen (116) new procurement opportunities for monitoring. The remaining three hundred and six (306) projects were carried forward from previous years. Sixty (60) of the projects which were being monitored either concluded or were aborted during the year.

## Review of Portfolios Under the NCI Unit

In addition to its monitoring of Goods and Services Contracts, the NCI Unit also monitors the divestment of Government-owned assets, including land and also manages the Commission's Enquiry Management portfolio, through which a majority of the complaints which are received by the Commission are reviewed. The Unit also administers the Quarterly Contracts Award (QCA) portfolio, through which Procuring Entities report details of contracts awarded in excess of Five Hundred Thousand Jamaican Dollars (J\$500,000.00) on a Quarterly basis.

This section provides a brief overview of the aforementioned portfolios which were managed by the NCI Unit during the period under review.

- **ASSET DIVESTMENT & PUBLIC PRIVATE PARTNERSHIP**

The Commission, during the period April 1, 2019 to March 31, 2020, continued its monitoring of certain Asset Divestment and Public Private Partnership (PPP) transactions which were being undertaken by the Government of Jamaica. A total of thirty-one (31) Asset Divestment and PPP projects were actively monitored, inclusive of six (6) projects which were assigned during the period under review.

The Commission continues to maintain relations with divesting entities, such as the Development Bank of Jamaica (DBJ), the Urban Development of Jamaica (UDC) and the Tourism Product Development Corporation (TPDCo.), which facilitated ease of transfer of the requisite project information and the accommodation of site visits where required.

- **LAND DIVESTMENT**

The Integrity Commission continued its monitoring of the divestment of Government-owned lands for the reporting period April 1, 2019 to March 31, 2020 in keeping with the Policy Framework and Procedures Manual for the Divestment of Government-Owned Lands 2015.

A total of eighty-five (85) GOJ land divestment processes were monitored by the Commission, inclusive of a number of divestments that were previously being monitored but were re-advertised. The Unit commenced monitoring of eleven (11) new divestment opportunities during the period under review. The

issue of unsuccessful divestments continued to be a point to note, with several divestment opportunities still awaiting re-advertisement due to lack of offers.

▪ **LAND DIVESTMENT ADVISORY COMMITTEE (LDAC)**

The Land Divestment Advisory Committee (LDAC) plays an advisory role to the Ministry of Economic Growth and Job Creation in relation to the divestment of government-owned lands. The Committee is ably supported by the Land Administration and Management Division, within the Ministry of Economic Growth and Job Creation.

The LDAC is comprised of fourteen (14) members drawn from the Public and Private Sectors, including a Chairman. Committee members are appointed by the portfolio Minister, for a period not exceeding three (3) years. The tenure of the Committee members expired May 15, 2019 and a new Committee was appointed for three (3) years, effective September 1, 2019, with only one change to membership being made with regard to the representative from the Ministry of Industry, Commerce, Agriculture and Fisheries. The Chairman of the Committee is Mr. Alexander Williams, Attorney-at-Law. A representative from the Integrity Commission sits in on the meetings of the LDAC in the capacity of an Observer.

Seven (7) meetings were convened by the LDAC for the reporting period for the review and recommendation of Applications. The Integrity Commission attended five (5) of those meetings.

For the Reporting period, the LDAC deliberated on eighty-three (83) applications, seventy-eight (78) of which were submitted to the Honourable Minister for approval.

The Tables below illustrate the Approvals by the Honourable Minister for Sale and Lease by Land Use and Value for Calendar year April 1, 2019 to March 31, 2020:

Applications approved for Lease for the 2019-2020 FY

Land Use	No. of Applications	Value (\$)
Residential	1	100,000
Agricultural	5	347,800
Residential & Agricultural	3	602,000
Commercial/Industrial	7	5,910,000
Institutional	1	46,200
*Other	5	12,804,000
Total	22	19,810,000

\* Resort, recreational, community development and easement

Applications approved for sale for the 2019-2020 FY

Land Use	No. of Applications	Value (\$)
Residential	28	204,192,695
Agricultural	4	5,812,000
Residential & Agricultural	18	22,697,835
Commercial/Industrial	3	8,251,000
Institutional	1	5,000,000
*Other	2	3,200,000
Total	56	249,153,530

\* Resort, recreational, community development and easement

The National Land Agency (NLA), under the leadership of the Commissioner of Lands, is tasked with performing the necessary due diligence in relation to the processing of Applications, prior to submitting them to the Committee for deliberation. The NLA is to be commended for its efforts, as should the Secretariat for the LDAC, for the duties performed and the support extended to the Committee.

### **Evaluation and Review of the Policy Framework and Procedures Manual for the Divestment of Government-Owned Lands 2015**

The Ministry of Economic Growth and Job Creation has undertaken to evaluate and review the current Policy and has commenced consultation meetings with the relevant stakeholders. A representative from the Integrity Commission is in attendance at those meetings. The first meeting was held on October 8, 2019 with two subsequent meetings held during the reporting period.

### **SCJ Holding Limited Land Divestment and Monitoring Committee Meeting**

The SCJ Holdings Limited (SCJH) is a company which is wholly-owned by the Government of Jamaica. The SCJH manages sugar lands owned by the Government of Jamaica. The SCJH is tasked with putting its land assets to use by attracting investors in areas such as mining, housing and agriculture. Proposals that are received by the Company are submitted to its Land Divestment and Monitoring Committee for review and approval. The Committee is made up of five (5) members with Mr. Danville Walker, serving as the Chairman since July 24, 2018. A representative from the Integrity Commission attends these meetings as an Observer.

For the reporting period April 1, 2019 to March 31, 2020, the SCJH Land Divestment and Monitoring Committee held nine (9) meetings, the Commission was represented at eight (8) meetings.

The Committee deliberated on one hundred and twenty-eight (128) submissions for the reporting period, with ten (10) submissions relating to sale of land, and one hundred and sixteen (116) pertaining to lease of lands. The other two (2) submissions were related to an application for licence and a submission related to the termination of an inherited Management Contract, respectively. Of the one hundred and twenty-eight (128) submissions, one hundred and twenty-four (124) were approved and referred to the Board of Directors for approval.

A major development for the SCJH during the reporting period was the Greater Bernard Lodge Development. The Government of Jamaica initiated a review of the Greater Bernard Lodge Master Plan during the reporting period and following the review, Cabinet approved a modification of the Master Plan. The SCJH Land Divestment and Monitoring Committee continues to facilitate the Plan's implementation.

#### ▪ **QUARTERLY CONTRACTS AWARDS (QCA) REPORTS**

The Integrity Commission, in keeping with the provisions of Section 6(1)(f) of the Integrity Commission Act, requires Procuring Entities, on a quarterly basis, to provide the particulars of contracts awarded above five hundred thousand dollars (J\$500,000.00). The information is to be provided within one (1) calendar month following the ending of the Quarter to which they relate. Approximately one hundred and ninety-five (195) Public Bodies are requisitioned to prepare and submit Quarterly Contract Awards (QCA) Report to the Commission.

For the period April 01, 2019 to March 31, 2020, the Commission recorded an average compliance rate of 97%. The reduction in the compliance rate is partly as a result of orders and restrictions imposed by the Government of Jamaica during the COVID-19 pandemic, which affected the 2020 first quarter reporting period.

#### **Contract Award Data**

The Commission's web portal recorded a total of twenty-one thousand, five hundred eighty-nine (21,589) contracts awarded for the period April 01, 2019 through to March 31, 2020.

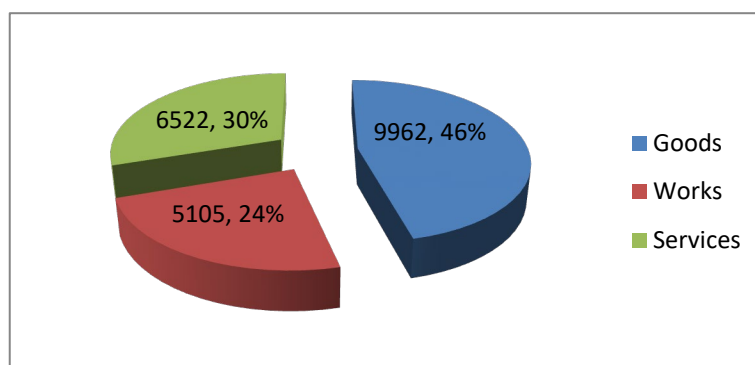
The total value of contracts awarded for the period was one hundred and thirty-seven billion, one hundred thirty-one million, three hundred and sixty-nine thousand and thirty-four dollars and seventy-six cents (J\$137,131,369,034.76). The value of contracts for Goods and Services inclusive of Consulting Services was \$109,367,575,672.27, while the value of Works contracts was \$27,763,793,362.49.

Summaries of the information collated from the portfolio follow:

Summary of Contracts Awarded

Quarter April 2019- Mar 2020	Total # of Contracts Awarded	Total value Goods Contracts	Total Value of Service Contracts	Value of Works Contracts	Total Value of Contracts
Q2	4,780	\$14,825,951,857.56	\$4,617,486,992.37	\$4,777,111,124.88	\$24,220,549,974.81
Q3	5,145	\$23,411,241,943.26	\$5,310,381,507.84	\$9,328,101,560.48	\$38,049,725,011.58
Q4	6,116	\$20,869,400,161.07	\$8,817,238,443.08	\$7,221,708,407.70	\$36,908,347,011.85
Q1	5,548	\$24,737,560,714.18	\$6,778,314,052.91	\$6,436,872,269.43	\$37,952,747,036.52
<u>Total</u>	21,589	\$83,844,154,676.07	\$25,523,420,996.20	\$27,763,793,362.49	\$137,131,369,034.76

**NUMBER OF GOODS, WORKS AND SERVICES CONTRACTS AWARDED**



▪ **PARLIAMENTARY EXEMPTIONS**

Section 41 of the Constitution of Jamaica, provides, *inter alia*, that save for such circumstances in which an exemption is granted by the House of Parliament to a Member of Parliament, the seat of a Member of either House shall become vacant, if (a) the Member becomes a party to any contract with the Government of Jamaica, (b) the Member is a partner in a firm or a Director or Manager of a company which becomes a party to such a contract, or (c) the member becomes a Partner in a firm or Director or Manager of a company, which is itself a party to such a contract.

The Integrity Commission, in its continued effort of securing greater transparency and probity in the award and implementation of all Government contracts to Parliamentarians, requested from the Clerk of the



Houses of Parliament, information on the Exemption Motions which were moved and approved in respect of Parliamentarians during the financial year 2019/2020.

The following represent the two (2) Exemption Motions which were granted as advised by the Clerk of the Houses of Parliament:

**1. Senator Aubyn Hill - November 29, 2019**

The Exemption Motion which was granted in respect of Senator Aubyn Hill, on November 29, 2019, recognised that the Senator “...is a Director and Shareholder of Indies Pharma Jamaica Ltd. and Independent Renewable Energy and Electronics Ltd. (trading as IREE Solar), as well as Chairman of the Advisory Board of All American Institute of Medical Sciences;

*Senator Hill is also a Director and Shareholder of NationGrowth MicroFinance Limited now trading as Up Finance;*

*These companies may from time to time enter into contracts with the Government of Jamaica and its Agencies;”*

**2. Senator Donna Scott Mottley - April 12, 2019**

The Exemption Motion, which was granted in respect of Senator Donna Scott Mottley on April 12, 2019, recognised that the Senator “... is a Director of Toby Heights Development Ltd, which has conducted business with the Government of Jamaica and its Agencies and may from time to time enter into contracts with them;”

## Construction Contracts Unit

The Construction Contracts Inspectorate Unit (CCIU) monitors the award and implementation of Government Construction Contracts/Projects. It also provides support services to the various Departments of the organisation as required. The structure of the Unit allows for a complement of five (5) Inspectors, one (1) Senior Inspector, whose role is Supervisory, an Administrative Assistant and the Head of Unit. The Unit however operated with only four (4) Inspectors for the greater part of the reporting period.

The categories of projects that are monitored by the Unit include infrastructure works, housing, mechanical and electrical contracts/projects being implemented by various Government of Jamaica (GOJ) Departments, Agencies or any authorised personnel acting on behalf of the GOJ. Additionally, the Unit provides advice on procurement matters to Procuring Entities, when required.

Monitoring of a project may commence at the pre or post-contract phase. Generally, however, it commences at the pre-contract stage, when GOJ entities place advertisements in the various media, after which an Inspector is assigned to monitor the project through to final completion. On average, each Inspector monitors approximately one hundred (100) projects.

The monitoring process includes the attendance of CCIU representatives at Tender Opening Ceremonies, Site Meetings/Visits and the compiling of the respective reports. If an issue is identified during the pre or post-contract phase of a project, the procuring entity is engaged on the matter either verbally or by way of a formal letter, in order for a resolution to be found at the earliest stage of the process, in keeping with the applicable procurement and contract rules.

### Monitoring of Construction Contracts

During the period April 1, 2019 to March 31, 2020, the Construction Contracts Inspectorate monitored the Pre and/or Post-Contract phases of three hundred and thirty-two (332) contracts. The cumulative value of the construction contracts that were monitored was J\$42,981,018,444.42 and US\$180,223,794.74, respectively.

During the same period, the Construction Inspectors attended twenty-five (25) Tender Openings and made a total of two hundred and eight (208) Site Visits.

The Construction Contracts Inspectors attended one hundred and fifteen (115) Site Meetings and were involved in the monitoring of fourteen (14) Practical Completion Inspections.

The Table that follows, details the statistics related to the performance and activities of the Unit for the reporting period.

Construction Contracts Unit Performance

Data April 1, 2019 – March 31, 2020	
Activities	Total
Number of Projects	332
Number of Tender Openings attended	25
Number of Site Meetings attended	115
Number of Site Visits attended	208
Number of Practical Completion Inspections attended	14
Cumulative Value of Jamaican Dollar (JMD\$) Denominated Construction Contracts monitored	\$42,981,018,444.42
Cumulative Value of Construction United States Dollar (US\$) Denominated Contracts monitored	\$180,223,794.74

## INFORMATION AND COMPLAINTS DIVISION

Section 32(1) of the Integrity Commission Act, 2017, details the functions of the Director of Information and Complaints, which leads the Information and Complaints Division of the Commission. The referenced section provides as follows:

*“The Director of Information and Complaints shall-*

- a) receive, keep on record and examine all statutory declarations filed with the Commission;*
- b) make such enquiries as he considers necessary in order to certify or determine the accuracy of a statutory declaration;*
- c) receive and keep proper record of any complaint or information or notification in relation to any or all of the following matters:*
  - (i) any allegation which involves or may involve an act of corruption;*
  - (ii) any allegation regarding impropriety or irregularity with respect to the award, implementation or termination of a government contract or the grant, issue, suspension or revocation of a prescribed licence;*
  - (iii) any allegation in respect of non-compliance with any of the provisions of the Act;*
- d) refer to the appropriate Director, any complaint or information or notification received under paragraph (c), or any other matter, which he considers appropriate for action;*
- e) submit to the Executive Director, Quarterly reports on the activities of the Division; and*
- f) perform such other functions as may be assigned to him by or under this Act or any other enactment.”*

## THE INFORMATION AND COMPLAINTS COMMITTEE

Pursuant to Section 25 of the Integrity Commission Act, 2017, a Committee of this Division was established. The Committee is comprised of three (3) members of the Commission and the Executive Director.

The Objectives of this Committee are as follows:

- (i) to monitor the operations of the Division;*
- (ii) to review all the reports of the Division and decide on the necessary action that should be taken; and*
- (iii) to make the necessary recommendations as appropriate.*

## Committee Meetings

For the period under review, the Committee held eleven (11) meetings, where crucial matters were addressed.

Some of the issues which arose for deliberation, included the following:

- a. The electronic filing of Statutory Declarations;
- b. Identifying the total number of persons who ought to file statutory declarations and entering the relevant information on the Database;
- c. The progress being made with respect to clearing the backlog of statutory declarations not yet posted to the Database;
- d. Identifying weaknesses in the Act, which necessitated urgent amendments or which would warrant instituting the Regulations to the Act; and
- e. Reviewing statutory declarations, Net Worth Statements and identifying resultant breaches of the Act, as well as potential cases of illicit enrichment for further attention.

## Units and Staff Structure

The Information and Complaints Division is comprised of three (3) Units; namely, (i) the Records and Data Management Unit, (ii) the Examination Unit and (iii) the Financial Analysis Unit. Reports of activities undertaken by the respective Units over the reporting period follow:

### THE RECORDS AND DATA MANAGEMENT UNIT

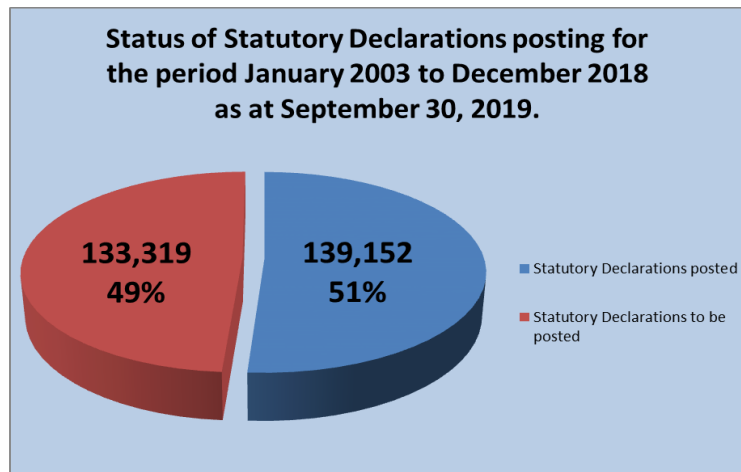
The Unit is comprised of four (4) persons; one (1) System Support Officer and three (3) Data Entry Officers who are tasked with fulfilling the following primary functions: Collection and filing of Statutory Declarations, Registration of declarants and entering the information from the Statutory Declarations onto the Database.

#### Electronic Recording of Statutory Declarations

Currently and in the absence of the new Organisational Structure, the Unit remains grossly under-staffed, as evidenced by the chronic backlog of the posting of Statutory Declarations to the Database. The Commission engaged a total of thirteen (13) temporary Data Entry Officers to assist with clearing this

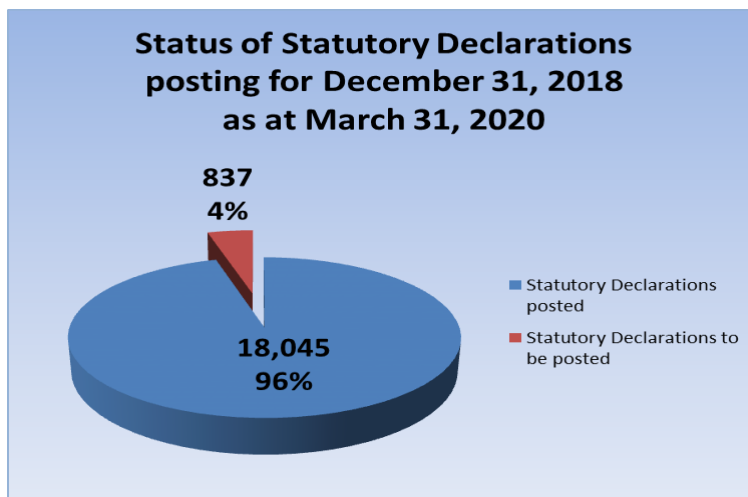
backlog, at different intervals within the 2019/2020 reporting period. The Chart below shows the percentage completion of the posting of statutory declarations to the Database before the temporary employees commenced the task.

**Chart 1**



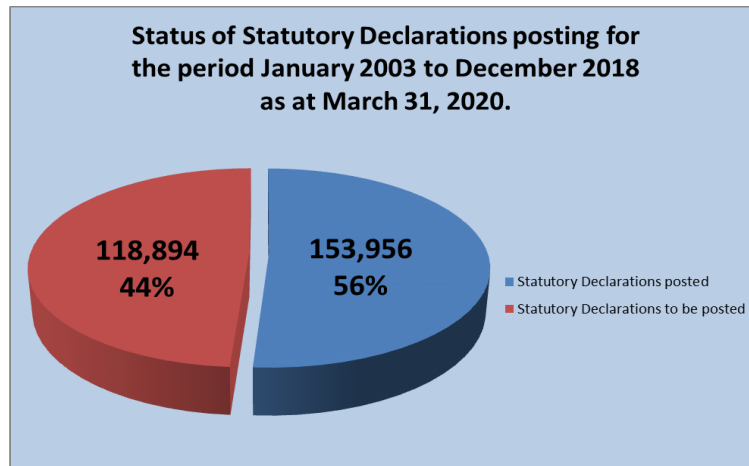
The temporary Officers were able to post eighteen thousand and forty-five (18,045) statutory declarations onto the Database, which comprised statutory declarations received for the declaration period ended December 31, 2018, as illustrated in the Chart below.

**Chart 2**



The period of engagement for all temporary employees came to an end on March 31, 2020. The current Data for the posting of Statutory Declarations stands as follows:

**Chart3**



It is to be noted that there is a three hundred and seventy-nine (379) difference in total Statutory Declarations filed, when Charts 1 and 3 are compared. This reflects the number of Statutory Declarations received between October 1, 2019 and March 31, 2020, *for the declaration periods between January 2003 and December 31, 2018.*

#### Status Letters

Status Letters are also processed in the Records and Data Management Unit. A Status Letter is an official document from the Commission outlining a declarant's status, as it relates to the filing of Statutory Declarations. It includes the Declarant's name, the period(s) for which he/she has filed, and the date of submission in each instance. An indication is also made if the declarant is outstanding for any period. For the period under review, approximately four hundred and twenty-one (421) Status Letters were processed.

#### **THE EXAMINATION UNIT**

This Unit examines all Statutory Declarations for Parliamentarians. Currently, the Unit is staffed by two (2) Officers; namely, a Financial Analyst and an Investigating Officer.

If it is determined upon examination of the information submitted, that additional information is required, the Officer is required to write to the Declarant and request the necessary information. The Declarant is usually given approximately one (1) month within which to respond to the Commission's request.

When the examination is complete, a Net Worth Statement is prepared. At this point, an analysis is conducted and the movement in the net worth is compared with that for the previous periods, where applicable. This is then examined in conjunction with the income declared, after which the necessary decision is taken. Based upon the information presented, if found to be satisfactory, a Certificate of Completion is issued in accordance with the Act.

During the period under review, thirty-nine (39) Certificates of Completion were issued to Parliamentarians.

#### **THE FINANCIAL ANALYSIS UNIT**

There are presently three (3) Officers in this Unit; one (1) Senior Financial Analyst and two (2) Financial Analysts. The Unit is charged with the duties of ensuring that the statutory declarations for Public Officers are examined, Net Worth Statements are prepared and analysed and subsequently referred to the Information and Complaints Committee. If, upon review by the Committee, there appears to be evidence of false declaration or any other breach of the Act, the matter is then referred to the relevant Division within the Commission for further action.

#### **FILING OF STATUTORY DECLARATIONS BY PARLIAMENTARIANS AND PUBLIC OFFICIALS**

Section 39(1) of the Integrity Commission Act, 2017, requires that every person who on or after the appointed day, is a Parliamentarian or Public Official, shall submit to the Director of Information and Complaints, a Statutory Declaration of his assets, liabilities, and income, in the form set out in the Third Schedule.

This report comprises Statutory Declarations examined for the year 2018, as well as those due for submission during the year 2019.

Summaries of the filing of Statutory Declarations by Parliamentarians, are outlined in Tables 1 and 2, which follow:



## PARLIAMENTARIANS

### Statutory Declarations Approved for Certification - 2018

The Table below indicates the number of Statutory Declarations filed for the year **2018** that have been completed and approved for certification.

**TABLE 1**

Declarants	Declaration Date	Statutory Declarations due for the year 2018	Examination Completed	Examination in Process	Statutory Declarations Approved for Certification
Members of Parliament	December 31, 2018	63 (One Deceased)	52	10	29
Members of the Senate	December 31, 2018	21	14	7	9
Former Member of Parliament (Resignation effective on January 15, 2018)	December 31, 2018	1	0	0	0
Member of Parliament (Elected on March 5, 2018)	March 5, 2018	1	1	0	1
Former Members of Parliament - Final Declarations (Resignation effective on June 29, 2017)	June 29, 2018	2	2	0	0
<b>Total Statutory Declarations</b>		<b>88</b>	<b>69</b>	<b>17</b>	<b>39</b>

### Status of Statutory Declarations Filed - 2019

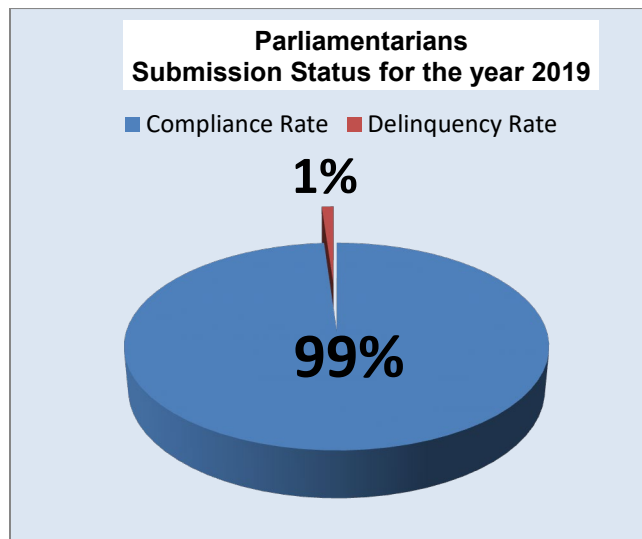
The Table below indicates the status of Statutory Declarations filed for the year **2019**.

**TABLE 2**

Declarants	Declaration Date	Deadline for Submission	Number of Statutory Declarations due for 2019	Statutory Declarations Submitted	Late Submissions	Outstanding Statutory Declaration
Former Member of Parliament - Final Declaration (Resignation effective on January 15, 2018)	January 15, 2019	April 30, 2019	1	0	0	1
New Member of Parliament (Elected on April 4, 2019)	April 4, 2019	July 31, 2019	1	1	1	0

New Members of the Senate (Appointed April 26, 2019)	April 26, 2019	July 31, 2019	2	2	1	0
New Member of the Senate (Appointed May 10, 2019)	May 10, 2019	August 31, 2019	1	1	1	0
Members of Parliament	December 31, 2019	March 31, 2019	63	63	11	0
Members of the Senate	December 31, 2019	March 31, 2019	21	21	7	0
Former Member of the Senate (Resignation effective on March 20, 2019)	December 31, 2019	March 31, 2019	1	1	0	0
Former Member of the Senate (Resignation effective on April 12, 2019)	December 31, 2019	March 31, 2019	1	1	0	0
<b>Total Statutory Declarations</b>			<b>91</b>	<b>90</b>	<b>21</b>	<b>1</b>

At the date of this report, the records of the Integrity Commission revealed that all current Parliamentarians submitted their 2019 Statutory Declarations. The Statutory Declaration of a former Parliamentarian remains outstanding.



## PUBLIC OFFICIALS

As at March 31, 2020, approximately thirty thousand (30,000) Statutory Declarations were due from Public Officials.

A Public Official as defined by the Integrity Commission Act, means *any person holding an executive, an administrative or a judicial office or a parliamentarian; or any other person employed to a public body as well as any member of the Security Forces, that is, a Member of the Jamaica Constabulary Force, a Member of the Jamaica Defence Force and the Rural Police.*

The Commission received approximately twelve thousand five hundred (12,500) Statutory Declarations as at March 31, 2020. This represents approximately forty-two percent (42%) of the Statutory Declarations due. *The referenced figure does not include statistics for Parliamentarians as specified in Table 2.*

## COVID-19 Measures

With respect to the collection of Statutory Declarations, the Commission experienced challenges due to the COVID-19 Pandemic and the related restrictions imposed by the GOJ. As a result, numerous requests were received for the extension of the deadline date beyond March 31, 2020.

The Division facilitated the collection of Statutory Declarations by way of a Drop Box System, which came into operation on March 19, 2020. This system was established in an effort to enforce social distancing protocols, thus lessening the risk of staff or Public Officials contracting the COVID-19 Coronavirus. Declarants were asked to submit their declarations by way of the Drop Box located at the Barbados Avenue Office location and record their names in a Register, with the assurance that receipts for their submissions would be delivered at the earliest possible time.

Government Ministries, Departments and Agencies (MDAs), by way of letter from the Commission, were asked to assist in reducing the number of Declarants presenting at the Commission, by collecting Statutory Declarations from their staff under confidential cover and to deliver them to the Commission's Office in package(s), with an attached listing of submissions, thereby adhering to the order of the Prime Minister with respect to social distancing. Several entities acceded to the Commission's request.

### **Future Publication of the Filing Compliance Rate of Senior Public Officers and Public Bodies**

In moving forward, the Commission, through its Annual Reports, will be providing details pertaining to the compliance rate of Senior Public Officers and Officials, to include, Heads of Entities, Accounting Officers, the Judiciary and other senior posts occupied in sensitive areas of the Public Service.

Consideration is also being given to publishing the Statutory Declaration compliance rates of all Public Bodies. Heads of entities are hereby being encouraged to put measures in place to ensure compliance within the submission timeframe.

## **EXAMINATION OF STATUTORY DECLARATIONS**

### **Parliamentarians**

All eighty-six (86) Statutory Declarations received from Parliamentarians for the year 2018 have been examined. Examination also commenced on eighteen (18) of the Statutory Declarations received for the year 2019; of that number, six (6) did not necessitate queries and are in the process of being finalised.

### **Public Officers**

The examination of Statutory Declarations for Public Officers continued; however, due to the chronic staff shortage and the reliance which had to be placed on third party verifications, the Unit was not able to achieve its objectives. The Commission is in the process of instituting a more robust strategy to alleviate the constraints being experienced. The anticipated increase in the staff complement of the Unit per the approved Organisational Structure, will serve to improve the efficiency within the Division.

## **FINANCIAL ANALYSIS**

Statutory Declarations for twenty-nine (29) Public Officers were examined and eighteen (18) of these were deemed satisfactory. One (1) remains 'work in progress', while ten (10) of the files were prepared for further investigation. Four (4) of these files have been referred to the Director of Investigation, while the others have been reviewed and are scheduled to be presented to the Information and Complaints Committee. It is to be noted that the cases in respect of Public Officers span numerous years between 2003 and 2018.

## **SENSITISATION SESSIONS**

During the period January 2020 to March 2020, the Division conducted thirteen (13) Sensitisation Sessions at several Government Ministries, Departments and Agencies. These sessions were deemed important, given the changes in the Legislation, in the prescribed submission form and in the categories of Officers required to file Statutory Declarations.

During these sessions, attendees were advised of their obligations under the Act and how to correctly complete the revised Statutory Declaration Form. The feedback obtained from the entities visited was very encouraging. Consideration is being given to conducting these Sensitisation Sessions throughout the year, so that Officers required to file Statutory Declarations may be more aware of the rationale for filing, as well as any applicable penalties/implications for non-compliance.

In the 2018/2019 Annual Report, the recommendation was made to engage recruits of the Jamaica Defence Force (JDF) and Jamaica Constabulary Force (JCF) prior to the completion of their training. This is again being contemplated, as these young recruits are not fully aware of this statutory obligation under the Integrity Commission Act.

It is the Integrity Commission's intention to engage all Public Bodies over time, in an effort to make them more cognisant of their statutory obligations.

## **COMPLAINTS**

Section 32(1)(c) of the Integrity Commission Act, 2017, addresses the matter of receiving and keeping proper records of complaints, information or notification, in relation to any allegation of corruption that is made by anyone. Further, Section 37(1) of the Integrity Commission Act, 2017, stipulates that any person may make a complaint or give information, whether orally or in writing to the Commission, about a matter which involves corruption or non-compliance with the provisions of this Act. It is important to note that Section 37(3) of the Act specifies that the Act does not limit to whom a complaint can be made about any matter referred to therein.

During the period under review, twenty-three (23) complaints were received by the Information and Complaints Division. These were referred to the relevant Division for action in accordance with the Act.

## PROTECTED DISCLOSURES

Pursuant to Section 21 of the Protected Disclosures Act, 2011, the former Commission for the Prevention of Corruption (CPC) was named the Designated Authority of said Act, whilst the legacy Office of the Contractor General (OCG), legacy Integrity Commission (Parliamentary) and legacy CPC, were also named 'prescribed persons' to whom protected disclosures could be made. Given the merger of the three (3) Commissions and pursuant to Section 63(b) of the Integrity Commission Act, 2017, the Commission continues to function as the Designated Authority under the Protected Disclosures Act, 2011. The Objectives of the Protected Disclosures Act, 2011 are to:

- (a) Facilitate and encourage the making, in a responsible manner, of disclosures of improper conduct, in the public's interest;
- (b) Regulate the receiving, investigating or otherwise dealing with disclosures of improper conduct; and
- (c) Protect employees who make specified disclosures from being subjected to occupational detriment.

The Information and Complaints Division currently oversees all aspect of this Act. Its main functions are to:

1. Receive and assess information received with respect to Protected Disclosures.
2. Facilitate the establishment of Protected Disclosures Procedural Guidelines in all organizations across Jamaica.
3. Ensure the submission of monthly reports of disclosures from organizations within the private and public sectors.
4. Implement an effective system to monitor the progress of all disclosures referred to other divisions as well as to the prescribed persons/entities.

In Compliance with the Provisions of Sections 2, 9, 13, 18 and the First Schedule of the Protected Disclosures Act, 2011; the Commission conducted a training session for Designated Officers on January 8, 2020. This training was intended to sensitise prescribed persons to their obligations under the Act. Thirteen (13) persons attended this training session.

Since January 2020, the Division included an introduction to the Protected Disclosures Act in its Sensitisation Sessions. The Commission will continue to promote awareness of this Act by all stakeholders.

## **REFERRALS**

### **Director of Corruption Prosecution**

For the period under review, a total of two (2) Parliamentarians and three (3) former Parliamentarians were referred to the Director of Corruption Prosecution. Four (4) of these persons were reported for Non-presentation of additional information required to complete the examination of their Statutory Declarations, and one (1) for Non-presentation of Statutory Declaration. One (1) of the Parliamentarians has subsequently presented all the information requested by the Commission.

### **Director of Investigation**

Forty-nine (49) Declarants (Public Officers) were reported to the Director of Investigation for failure to file their Statutory Declarations in accordance with Section 43(1) of the Integrity Commission Act, 2017.

Four (4) other Declarants (Public Officers) were also referred to the Director of Investigation due to concerns raised regarding substantial increases in their wealth, which did not appear to be commensurate with the income they had declared.

## Convictions and Acquittals

No prosecution or disciplinary action resulted from any investigation undertaken during the reporting year April 1, 2019 to March 31, 2020. However, there was a continuation of Court matters from the previous year, in accordance with Section 63 of the Integrity Commission Act, which permitted the Integrity Commission to continue matters which the legacy agencies were engaged in.

The following represents a brief summary of the status of the matters which were concluded in the Courts:

1. **R v Shernett Haughton**: On May 14, 2019, the Trial Judge in the Hanover Parish Court upheld a No Case Submission in relation to the charge of misconduct in Public Office. The Clerk of Court subsequently withdrew the charge of Breach of Regulations. The matter has concluded.
2. **R v George Knight et al**: Criminal charges for obtaining chattel by false pretense, uttering forged documents and conspiracy to defraud in relation to a Grade 1-4 Works Contractor Application that was submitted to the National Contracts Commission by Cenitech Engineering Solutions Ltd. Status: Concluded. On October 31, 2019, the Trial Judge found that a jury properly instructed could not convict, as no prima facie case has been made out and the Defendants were free to go. The matter has concluded.
3. **R v Howard Charvis**: Breach of Section 29 of the Contractor-General Act for failure to provide information requested by the Contractor General in the execution of his functions, during the investigation into the award of contracts to Strathairn Construction Co. Ltd. In relation to the 2<sup>nd</sup> Information, Mr. Charvis is charged as a Director of the Company Strathairn, as having obstructed the Contractor General during the course of his investigation, to which Mr. Charvis pleaded guilty on April 4, 2019. The prosecution consequently withdrew Information # 10743- in relation to failing to provide information lawfully requested by the Office of the Contractor General (OCG). No fine was imposed and the order imposed was “admonish and discharge. No record of conviction.” The matter has concluded.



4. **R v Daniel Coburn**: Matter concerning a Manager employed to the Jamaica Customs Agency in excess of 19 years. The Declarant failed to satisfactorily explain substantial growth in his assets.

Charges laid:

- a. Illicit Enrichment contrary to Section 14(5) of the Corruption Prevention Act – Period Ending December 31, 2007.
- b. Knowingly makes any false statement in any statutory declaration contrary to Section 15(2)(b)(5) of the Corruption Prevention Act – Period Ending December 31, 2009.

The trial was completed on September 27, 2019. The Defendant was found not guilty on all charges.

## Performance of Support Divisions

### LEGAL UNIT

During the 2019/2020 Financial Year, the Commission, pursuant to Section 63 of the Integrity Commission Act, 2017, continued to pursue the legal matters which were brought before the Courts. Detailed hereunder are the particulars of the ongoing Court proceedings involving the Commission.

#### COURT PROCEEDINGS - REPORTING YEAR APRIL 1, 2019 TO MARCH 31, 2020

1. **Ian Hayles et al v Contractor General**: Judicial Review and injunction restraining publication of Investigation Report. Status: Ongoing. As at the end of the Reporting year, the parties were awaiting a new hearing date for the proceedings.
2. **Application for Judicial Review Initiated by Cenitech Engineering Solutions (Cenitech v National Contracts Commission and Contractor General et al)**: An injunction was granted, which restrained the Office of the Contractor General (OCG) from launching any further investigation or hearings in relation to Cenitech's registration with the National Contracts Commission (NCC) and subsequent de-registration. The Judicial Review of the decision to de-register Cenitech Engineering Solutions as a Works Contractor with the NCC is ongoing. At the end of the reporting year, the trial was part-heard.
3. **Application for Judicial Review Initiated by the Hon. Gordon Stewart, OJ. (Gorstew Ltd. v The OCG)**: Matter concerning the jurisdiction of the OCG to investigate the divestment of the Sandals Whitehouse Hotel, specifically the interpretation and applicability of the term 'government contract'. Status: Judgment reserved on October 25, 2013 and still outstanding as at the end of the Reporting year March 31, 2020.
4. **Construction Solutions Limited and Vincent Taylor v Integrity Commission (2019 claim)**: Constructions Solutions Limited and Mr. Vincent Taylor filed an Application seeking leave to apply for Judicial Review and for certain declarations; in particular, regarding a requisition dated February 22, 2019, which was sent by the Director of Investigation in relation to its investigation concerning acts of impropriety and/or irregularity, conflict of interest and favouritism at Petrojam

Limited. After several communiqués, the applicant filed a Notice of Discontinuance dated November 12, 2019, which brought the matter to an end.

5. **Dirk Harrison (Contractor General) v Abraham Dabdoub et al:** By way of Form of Application Against an Attorney-at-Law, (1) Mr. Abraham Dabdoub and (2) Dr. Raymond Clough, Mr. Dirk Harrison filed a complaint with the General Legal Council (GLC) on the 7<sup>th</sup> day of December, 2015, in relation to the actions of Mr. Dabdoub and Dr. Clough. Briefly, the facts are that Abraham Dabdoub and Raymond Clough, both Attorneys-at-Law, conducted themselves in a manner unbecoming of an Attorney-at-Law based on certain observations and facts. Dr. Clough has since deceased and the GLC, by letter dated December 19, 2019, confirmed that the matter against him has therefore ended. In relation to Mr. Dabdoub, submissions concluded on February 22, 2020, and as at the end of the reporting year, the decision of the GLC is still outstanding.
  
6. **R v Donovan Henney:** Matter concerning a Motor Vehicle Inspector employed to the Island Traffic Authority in excess of eleven (11) years. The Declarant failed to satisfactorily explain substantial growth in his assets. Charges laid:
  - a. Illicit Enrichment contrary to Section 14(5) of the Corruption Prevention Act – Period Ending January 31, 2003.
  - b. Illicit Enrichment contrary to Section 14(5) of the Corruption Prevention Act – Period Ending December 31, 2003.
  - c. Illicit Enrichment contrary to Section 14(5) of the Corruption Prevention Act – Period Ending December 31, 2004.
  - d. Illicit Enrichment contrary to Section 14(5) of the Corruption Prevention Act – Period Ending December 31, 2004.

A No Case Submission was made but was not upheld. The Trial continues.

## **RECOVERY COSTS**

The Integrity Commission is undertaking the recovery or payment of costs related to litigation in the following matters:

1. **Contractor General v Cenitech Engineering Solutions Ltd (Court of Appeal)**: Costs awarded against the Contractor General: The Registrar taxed costs in the sum of \$3,725,716.61, together with GCT, in the sum of \$614,743.24 and expenses of \$6,930.00, for a grand total of \$4,367,389.85. On February 5, 2020, the sum of \$3,725,716.61 was paid to Dabdoub, Dabdoub and Co. as costs. Additionally, on February 19, 2020, the Integrity Commission remitted the sum of \$1,049,613.66 to Dabdoub, Dabdoub and Co., which represented interest outstanding. The matter is now at an end.
2. **Contractor General v Director of Public Prosecutions**: Recovery of costs in the amount of \$2,165,616.17, which was awarded to the Contractor General on February 8, 2019. On February 27, 2020, the Integrity Commission (IC) received a cheque from Firmlaw in the amount of \$1,852,496.45, which represented the net sum after Firmlaw deducted the amount of \$6,401.55 for wire transfer charges, together with GCT and costs to issue Manager's Cheque. The Office of the Director of Public Prosecutions (ODPP) also issued a Withholding Tax Certificate for the portion which related to GCT. Costs has therefore been settled and the matter is at an end.
3. **Danville Walker v Contractor General**: Recovery of costs in the amount of \$3,761,188.20 at the Supreme Court and \$910,132.05 at the Court of Appeal, which were awarded to the Contractor General. As at the end of the reporting year, the Debtor was engaged in settlement discussions with the Integrity Commission.
4. **Construction Solutions Limited and Vincent Taylor v The Contractor General**: Recovery of costs awarded to the Contractor General (amount for costs to be taxed if not agreed).
5. **Dwight Reid et al v Contractor General**: Recovery of costs in the amount of \$1,843,853, which was awarded to the Contractor General. The Debtors continue to make payments towards the settlement of costs.

## INFORMATION SYSTEMS

The Information Systems Department (ISD) continues to ensure the digital requirements of the Integrity Commission are adequately met. The ISD has two (2) main teams dedicated to *systems* and *software* respectively. During the period under review, the main focus of the Systems Team was the Infrastructure Upgrade Project. The Software Team focussed on the creation of a new Application to manage the Statutory Declaration process. Both major projects have increased the efficiency of the organisation and provided new opportunities for emerging business processes. The new infrastructure facilitated telecommuting and work-from-home protocols enacted during the COVID-19 Coronavirus Pandemic. The Statutory Declaration System will facilitate better data analysis and is intended to be expanded for the submission of Statutory Declarations online. These major projects are complemented by the usual tasks of maintaining and expanding internally-developed software, supporting existing business processes and providing general user assistance.

### INFRASTRUCTURE UPGRADE PROJECT

Following the formation of the new Integrity Commission, an assessment of the organisation's Information and Communication Technologies (ICT) was undertaken. The exercise determined that the main components of the infrastructure were obsolete and required replacement. In the 2019-2020 Fiscal Year, four (4) Servers, twelve (12) Switches, four (4) Firewalls and two (2) Network Cabinets were procured and installed. Virtual Servers, Virtual Local Area Networks (VLANs) and other network services to provide protected, uniform and isolated services, have been deployed. Work is ongoing to achieve the desired end-product of the Infrastructure Upgrade Project.

The implementation of the upgraded Servers, Firewalls and services, allowed the ISD to respond to the Work-from-home Order issued by the Government of Jamaica in response to the COVID-19 Pandemic. The new capabilities allowed remote access to several Information Technology-based tools and Servers, including all applications available via the organisation's Intranet. E-mail filters on the new deployment were more robust and provided the increased control as cyber threats such as spamming, phishing and malware circulation increased within this time.

## SUPPORT OF STRATEGIC PORTFOLIOS

### **Electronic Declaration System (eDS)**

The ISD built a new system to capture the data collected by the Statutory Declaration process. This system is more user-friendly, has greater verification/validation capabilities and creates a Dataset which can be analysed by statistical and big data software. This new software will facilitate the automatic processing of large batches of data, ongoing trend analysis and various statistical calculations, which will aid Investigators and Analysts in the examination of Statutory Declarations. As a further advantage, the number of declarations processed and the variety of statistical tools that can be applied to the data will be increased.

The system was deployed in-house in February 2020. Data content and structure from the old system is currently being examined. The aim is to extract the data from the old system, transform it to be compatible with the new system and then load it into the new system. This will allow old data to be used in the analysis of declarations for historical accuracy. An online component is also being developed. The intent is to have Statutory Declarations being legally filed online in the near future, once all related legal requirements are ventilated and all necessary protocols are established. Electronic Filing (e-Filing) will provide greater efficiency and ease to Declarants, whilst decreasing the turnaround time for the processing of declarations.

### **The Integrity Commission and National Contracts Commission (NCC) Websites**

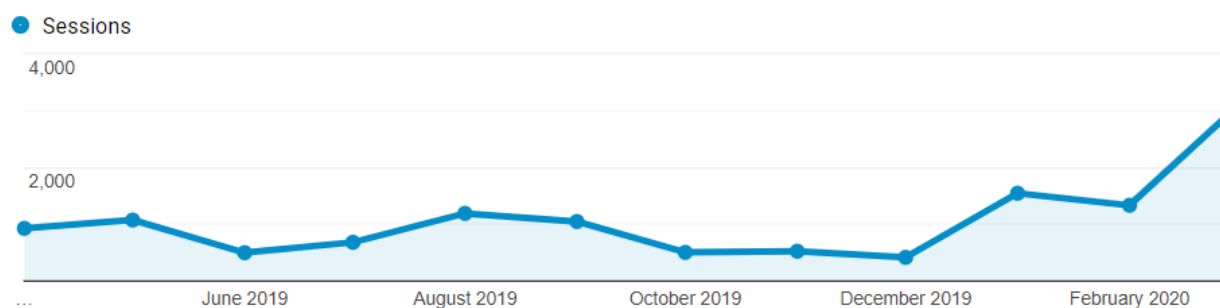
The Integrity Commission utilises and maintains the following three (3) websites:

- The Integrity Commission's website – [www.integrity.gov.jm](http://www.integrity.gov.jm)
- The National Contracts Commission's website – [www.ncc.gov.jm](http://www.ncc.gov.jm)
- The Integrity Commission's Web Portal – [portal.ocg.gov.jm](http://portal.ocg.gov.jm)

The websites provide pertinent information on matters which relate to the work of the Integrity Commission and the Public Procurement Commission (formerly the National Contracts Commission (NCC)). Relevant information was ported from the websites of the legacy agencies to the new Integrity Commission's website.

The primary purpose of the websites is to provide a medium which promotes standards of ethical conduct among Parliamentarians, Public Officials and other persons, while promoting transparency in the Government of Jamaica's (GOJ's) Procurement and Contract Award Processes and Anti-Corruption efforts. The websites also seek to ensure that useful and timely information, which relate to the monitoring and investigative functions of the Integrity Commission, is easily accessible to all stakeholders.

**Graph showing [www.integrity.gov.jm](http://www.integrity.gov.jm) website visits over the period April 2019 to March 2020**



During the period of April 2019 to March 2020, the site had 31,245 pages being viewed.

**Table showing the top five (5) most visited pages on [www.integrity.gov.jm](http://www.integrity.gov.jm), for the reporting period**

Page Views / % of Total	PAGE	DESCRIPTION
12,795/40.95%	Home page	This is the landing page for the website; the official welcome to the IC web space.
3,376 /10.80%	Statutory Declaration Form	Provides a form for Statutory Declaration of Assets, Liabilities and Income of Parliamentarians and Public Officials
2,000 /6.40%	Contact Us	Provides contact information for the Integrity Commission
711/2.28%	Vacancies	Provides a list of available job vacancies at the Integrity Commission
616/1.97%	About Us	Provides information about the Integrity Commission

**INTEGRITY COMMISSION'S WEB PORTAL**

The Integrity Commission's Web Portal was developed to advance the receipt, consolidation and assessment of contract awards, which were made by Public Bodies. The system was launched in the Third (3<sup>rd</sup>) Quarter of 2012 (under the former Office of the Contractor General (OCG)) and facilitated an expansion in the scope of the Quarterly Contract Awards (QCA) Regime. Public Bodies are now required to report on all contracts awarded over J\$500,000.00, which would include contracts that required the endorsement of the Public Procurement Commission (formerly the National Contracts Commission).

Public Bodies' contract award information submitted via the Commission's Web Portal, are published on the Integrity Commission's website and may be accessed via the URL: <https://integrity.gov.jm/integrity/gca-consol> or by scanning the following graphic with a mobile device. This functionality will be ported to the new Integrity Commission's website.



**PROCUREMENT NOTICE BOARD**

The GOJ Procurement Notice Board is an online tool used to search for procurement opportunities issued by Public Bodies. Suppliers and the general public may search the Notice Board for these opportunities based on keyword, category, agency or required grade. Members of the public also have the option to register in order to receive email notifications whenever the Notice Board is updated with a procurement opportunity that matches their interest.

The Procurement Notice Board may be accessed via the URL: <https://procurement.gov.jm> or by scanning the following graphic with a mobile device.



**INTERNAL OPERATIONS**

**Service Monitoring**

Target Monitored	Percentage of the year available
Website: integrity.gov.jm	98.7854 %
Internal Infrastructure: Servers	99.9873 %
Internal Infrastructure: VoIP	99.8726 %
Application: Document Management Service	100.0000 %

\*Checks are performed once a week. If the service is in a failed state, it is recorded that the service was unavailable for the entire week.



## CORPORATE SERVICES

The Corporate Services Department (CSD) is comprised of the Human Resource Management Unit, the Office Management Unit, the Registry and the Finance and Accounting Unit. The Department had a staff complement of twenty-two (22) persons across the two (2) locations of the Commission, at the end of the reporting period. Private Security personnel also fall under the Department but are not counted as staff.

During the reporting period, the CSD gave priority to staff welfare, to include training and development.

With the Human Resources Unit falling under the CSD, the Department continued with the administrative aspect of the amalgamation process of the Integrity Commission. Critical to the merger activities also, were the Accounting and Office Management functions across the two (2) locations.

Currently, all declaration-related activities are centralised at the Barbados Avenue location, while all other activities are centralised at the Oxford Road Office, to include administration of the Commission.

### **Engagement of Consultant for the Amalgamation of the Legacy Organisations Into A Single Anti-Corruption Entity**

The Consulting Firm, Strategic Alignment Limited (SAL), was engaged in November 2018, to undertake a Change Management and Transition Plan to guide the consolidation of the three (3) former Anti-Corruption organisations into a single Anti-Corruption organisation. The Consultancy was for a period of 3 ½ months, not including December 14, 2018 to January 14, 2019. Full funding for the Consultancy was through a Memorandum of Understanding (MOU) between the Integrity Commission and the Department for International Development (DFID). The value of the Consultancy Contract, not including General Consumption Tax (GCT), was Seven Million Four Hundred and Seventy-Eight Thousand, Five Hundred and Two Dollars and Ninety Cents (\$7,478,502.90).

The general objective of the assignment was to undertake a strategic review and change management plan for the new Integrity Commission; specifically, to include an organisation review and proposed framework, a strategy review and a Change Management and Implementation Plan.

In accordance with contractual obligations, the key deliverables from the assignment were as follows:

- i. An Inception Report, Project Implementation/Work Plan and associated Gantt Chart;
- ii. A Report on the Current State (As is Report) of the three (3) legacy organisations;
- iii. A Comprehensive Strategic Review Report;
- iv. A Change Management Strategy and Implementation Plan;
- v. A Risk Assessment and Mitigation Plan; and
- vi. A Final Report

Generally, the Consultants were required to deliver:

1. The most effective and efficient management, administrative and operational structure for the functions of the Commission;
2. Proposals for the development of business processes in the context of the mandate prescribed by the Act and the combination of functions that were undertaken by the legacy entities; and
3. An appropriate Change Management Strategy, to give effect to the requirements of the new organisation.

#### Payments made to Consultants

Five (5) payments were made to SAL, with the **final payment made in June 2019**, upon receipt of the final Deliverable in May 2019.

The following amounts were paid to the Consultants and represent full payment, including GCT:

DELIVERABLE No.	DELIVERABLE TYPE	PAYMENT DATE	AMOUNT PAID (Including GCT)
1	Inception Report	24-Dec-2018	\$1,742,491.18
2 and 3	(1) Current State "As Is" Report and (2) Comprehensive Strategic Review Report	01-Mar-2019	\$1,742,491.18
4	Change Management Strategy & Implementation Plan	29-Mar-2019	\$1,742,491.18
5	(1) Risk Assessment and Mitigation Plan (2) Draft Final Report	30-Apr-2019	\$1,742,491.18
6	Final Report	04-Jun-2019	\$1,742,491.18
<b>TOTAL</b>			<b>\$8,712,455.90</b>

## Human Resource Management

### Employment Status of Staff from the Legacy Entities

Upon the merger of the legacy entities, it was recognised that there were three (3) employment types existing at the newly-merged Commission: (i) Permanent employees, (ii) Contracted employees and (iii) Permanent-Retired employees. In relation to Permanent Employees however, there existed two (2) distinct groups as follows: (a) Permanent Civil Servants and (b) Permanent Employees under the age of Retirement. While all employees of the former Office of the Contractor General (OCG) were employed on Fixed-Term Contracts, the former Commission for the Prevention of Corruption (CPC) had two categories of employees: (a) Permanent Civil Servants/Public Officers and (b) Fixed-Term contracted employees.

The former Integrity Commission (Parliamentary) however, presented with a more unique classification of employees in three (3) categories, with three (3) employees being classified as (i) *Permanent/Retired*, one (1) employee classified as (ii) *Permanent/Pensionable* and the two (2) remaining employees as (iii) *Permanent/Non-Pensionable*. Staff falling in the category of *Permanent/Retired*, are retired from the Civil Service but were retained by the former Parliamentary Integrity Commission in permanent positions.

Owing to this dynamic, employees of the former Integrity Commission, due to their status as Retirees, were reportedly entitled to a Compassionate Gratuity, in the absence of all other benefits usually extended to permanent employees of the Government. That Commission in the latter years of its establishment, also employed staff who had not yet reached the age of retirement. These employees though employed permanently, were not 'pensionable', as the entity did not have facilities for same. Notwithstanding this anomaly, one (1) permanent employee, by virtue of her permanent status and having been employed within government for decades, though not a Retiree, was entitled to all benefits offered by Government, including pension. This employee, being 'pensionable', would not benefit from a Compassionate Gratuity.

### Transition of Staff into the New Commission

Section 62 of the Integrity Commission Act, 2017, provided for the transition of permanent and contracted employees into the newly-established Commission, upon the amalgamation of the three (3) legacy entities. Sub-Section 62(1) provided that *"all persons holding permanent appointment to offices under [the legacy entities] shall be transferred on secondment to the services of the Commission...for a period of six (6) months or such longer period as the Commission may, in special circumstances, determine."*

Sub-Section 62(2) held that persons employed in accordance with the dictates of Sub-Section 62(1), that the terms and conditions of their engagement should not be any less favourable than the substantive position at the date of the merger. Similarly, Sub-Section 62(4) directed that persons on Fixed-Term Contracts at the time of the merger were also to be engaged under no less favourable terms and conditions. However, there was no period indicated for continued employment to the Commission, upon expiration of their Employment Contracts.

Sub-Section 62(3) states that Officers transferred on Secondment pursuant to Sub-Section 62(2) of the Act, *“may be deployed in the public service on or before the expiration period of the six-month period under no less terms and conditions that they enjoyed at the time of the merger. Sub-Section 62(3) also held that officers falling in said category could “be retired on the ground that the substantive position [had] been abolished”* by virtue of the dictates of Section 62 of the Act.

Where Employment Contracts expired over the reporting period, the Commission opted to extend said contracts for an initial period of six (6) months and when expired, those contracts were further extended by an additional six (6) months.

### **Staffing of the Commission**

At the end of the Financial Year ending March 31, 2020, there was a combined staff complement of seventy-three (73) members of staff across both locations of the Commission.

During the reporting period, the Commission welcomed two (2) new staff members, whilst eight (8) of our colleagues separated from the organisation.

### **Staffing Support for the Public Procurement Commission**

It is to be noted that prior to the promulgation in 2018, of the Public Procurement Commission Act, 2015 and the Public Procurement Regulations, 2018, which effectively brought the Public Procurement Commission (PPC) into being on April 1, 2019, the former OCG (and subsequently, the new Integrity Commission) provided Secretariat services to the PPC (the former National Contracts Commission (NCC)).

The staff of the Integrity Commission (IC), through the Commission's Technical Services Department (TSD), continued to provide support to the PPC after its establishment, as the building identified to house that organisation was not ready for occupancy. Further, staff had not been identified for that entity, for continuation of the services provided by the Integrity Commission's staff.

Accordingly, the Ministry of Finance and the Public Service requested the Integrity Commission's continued support, pending the PPC addressing its staffing and accommodation issues. The PPC also asked that a few staff members directly engaged by the PPC be accommodated at the Offices of the IC, to allow for sensitisation to the services provided. The request was granted and the PPC staff members accommodated within the TSD.

It is anticipated that the PPC will move into its Offices early in the 2020/2021 Financial Year. It is expected that some current Officers of the Integrity Commission will transition into that organisation.

### Organisational Structure

At the end of the reporting period, the staff of the Integrity Commission continued to function in positions held under the legacy organisations. Staff employed subsequent to the merger of the three (3) legacy entities, have also been engaged in positions under the legacy establishments.

Notwithstanding the foregoing and in accordance with Section 35 of the Integrity Commission Act, 2017, a team from the Integrity Commission, attended upon the Houses of Parliament on July 30, 2019, where a meeting was convened with a Special Committee of Parliament. The purpose of the meeting was to seek approval for the establishment of the proposed Organisational Structure and staffing arrangements for the Integrity Commission. The team was accompanied by representatives of the Consulting Firm, Strategic Alignment Limited (SAL), which was contracted by the Commission to conduct a strategic review of the Commission, *inter alia*.

In presenting the proposed staffing arrangements to the Special Parliamentary Committee, the Commission proposed a staggered engagement of staff, with an approved full complement of **one hundred and thirty-five (135) by March 31, 2022**, as follows:

TIMELINE TO ACCOMPLISH TASK	March 31, 2020	March 31, 2021	March 31, 2022	TOTAL
STAFF ENGAGEMENT TARGET	105	15	15	135

The proposed Organisational Structure and staffing arrangements presented to the Special Parliamentary Committee were approved *in principle* on the day. Formal approval of the Integrity Commission's Organisational Structure and staffing arrangements was received under cover of letter dated August 20, 2019, from the Houses of Parliament, under the signature of the Chairman of the subject Committee, The Honourable Pearnel Charles, CD, JP, MP.

*Appendix I - Staff Situation 2020*, provides further details in relation to staffing.

### **Staff Training**

The Integrity Commission remains committed to providing an environment in which its staff members develop professional best practices, through both external and internal training.

The Commission, over the reporting period, registered one hundred and forty (140) participants in thirty-eight (38) internal and external training programmes, seminars, workshops and/or conferences, both locally and overseas. It is to be noted that in several instances, the training opportunities were sponsored by stakeholders, thus were at no significant expense to the Commission. Details of the opportunities of which the staff were privy, are documented in *Appendix II - Schedule of Staff Training*.

The Human Resource Management Unit remains committed to identifying quality training and participation opportunities aimed at enhancing the human resource asset of the Commission and increasing its capacity to discharge its mandate in a more effective and efficient manner.

### **Staff Welfare Programmes**

In 2014, the Ministry of Finance and the Public Service granted its approval for the then Office of the Contractor General (OCG) to establish and maintain a One Million Dollar (\$1,000,000.00) revolving miscellaneous loan fund for the benefit of staff. Consequently, a Bank Account was established for this purpose and loans are disbursed to staff at a rate of 3%, under the strictures of an approved Loans Policy, for the purpose of tuition fees, computer loans, emergencies and other unforeseen miscellaneous purposes. The Commission, during the period under review, continued to maintain this facility.

The former Commission for the Prevention of Corruption (CPC), in 2007, with approval from the Ministry of Finance and the Public Service, established and operated a Motor Vehicle Revolving Loan Scheme, to assist Travelling Officers to purchase reliable motor vehicles for the performance of their duties. A Bank Account was established for this specific purpose and loans are disbursed to staff at a rate of 0%, under the strictures of the relevant policy as established by the Ministry of Finance and the Public Service. The Commission continued to maintain this loan facility during the reporting period.

It is anticipated that both loan facilities will soon be expanded and made available to the entire staff complement of the merged Integrity Commission.

### **Temporary Data Entry Officers**

The Integrity Commission, during the reporting year, engaged the services of thirteen (13) Data Entry Officers. The Officers were assigned to the Information and Complaints Division to assist in clearing the backlog of Statutory Declarations to be posted to the Statutory Declaration Database, *inter alia*. The backlog is significant and dates back several years under the former Commission for the Prevention of Corruption (CPC). The engagement of all temporary Data Entry Officers ended on March 31, 2020; however, it is anticipated that there will be another period of engagement of Temporary Officers, as the backlog, though reduced, still remains excessively high. Detailed information pertaining to the performance of the Temporary Officers can be viewed in the Information and Complaints Division's section of this publication.

### **Staff Awards and Recognition**

The Commission, in December 2019, hosted its Annual Staff Recognition and Awards Ceremony, which formed part of the Commission's Christmas Party proceedings. Thirty-four (34) staff members were recognised at the event for having provided a combined four hundred and fifty-nine (459) years with the Commission, taking into account, the number of years spent in service to the respective legacy organisations.

### **The Social Activities Club**

The Social Activities Club (SAC) has the responsibility of promoting social interaction and maintaining an environment of comradeship amongst staff. The SAC is led by an Executive Committee, whose members are nominated by staff and on which all Divisions are represented. Each Committee Member serves for a two-year period, with a staggered membership, to allow for continuity, as against the service terms of all Committee members coming to an end *en bloc*.

The Club is funded through monthly voluntary contributions from staff members, as well as through fundraising efforts spearheaded by the Committee. It is to be noted that activities planned for the period were significantly scaled down when compared to former years, owing primarily to matters related to the amalgamation process and restrictions imposed due to the COVID-19 Coronavirus Pandemic.

For the period under review, the following activities were undertaken by the SAC:

- Mother's Day Treat
- Father's Day Treat
- Birthday/Meet & Mingle Lyme
- Games Evening
- Movie Evening
- Karaoke Evening
- Beach Clean-Up (International Coastal Clean-Up Day)
- Tree Planting Ceremony at Pembroke Hall High School (National Tree Planting Day)
- Christmas Decoration Competition
- Staff Christmas Party & Award Ceremony
- International Women's Day Activity - Purple, Green or White Day
- Peace Day Activity - Blue Day

Fundraising activities undertaken by the SAC to support planned activities for the period:

- Cake Sales



## Office Management

The Office Management Unit has direct responsibility for the procurement and the management of all assets, as well as maintenance/property-related matters pertaining to the Offices. The Unit procured Capital Items and other goods and services in the Calendar Year 2019; largely from the Commission's 2019/2020 Recurrent Budget.

The Commission's Recurrent Budget of Six Hundred and Nine-Four Million Seven Hundred and Forty Thousand Dollars (\$694,740,000.00), provided for purchase of other Goods and Services and capital expenditure, capped at Seventy-two Million Two Hundred and Eighty-seven Thousand Dollars (\$72,287,000.00) and Ninety-six Million One Hundred Fifty Thousand Dollars (\$96,150,000.00), respectively. In the foregoing regard, only 10.40% and 13.80% of the total Recurrent Budget Allocation provided for the purchase of Goods and Services and Capital Items, respectively. The remainder of the Budget, provided for the rental of property, utilities and staff-related expenses.

The following Capital Items and equipment were acquired by the Commission during the period:

**Table 1 – Capital Items Acquired**  
(April 1, 2019 to March 31, 2020)

No.	ITEMS PROCURED	QUANTITY
1	CPU	3
2	Dust Bins	6
3	Anji Managers' High Back Chairs	7
4	Switches NEXXT Solutions	3
5	Dell LED Monitors	5
6	Locker	1
7	Electric Kettle	3
8	Computer Servers	3
9	Laptop Computer s	25
10	Computer Desktop	4
11	Server Rack	2
12	Computer Desktop	5
13	Coaster Bus (Toyota)	1
14	Printers with Additional Trays	3
15	Network Cabinet with Monitoring System	1
16	Computer Hardware & Licences	1
17	UPS	1

18	Office Furniture (Chair)	1
19	Office Furniture (5 Drawer Lateral Filing Cabinet)	1
20	Office Furniture (4 Drawer Filing Cabinet)	1
21	Network Switches	1
22	Fibre Optic Cabling	1
23	A/C Unit	1
24	Dexion Shelving	1
25	Toyota Land Cruiser Prado	1
26	Toyota Hilux	1
27	Disaster Recovery Appliance	1
28	Statutory Declaration System Enclosure	1
<b>TOTAL</b>		<b>85</b>

### Lease of Properties

The Integrity Commission currently leases and thus occupies two (2) Office spaces, which are located on the First Floor of the PIOJ Building, at 16 Oxford Road and on the Second Floor of the Masonic Building, at 45-47 Barbados Avenue, respectively. The Oxford Road office space, which is the location of the former Office of the Contractor General (OCG), measures 13,062 Square Feet, while the office space at Barbados Avenue, which is the location of the former Commission for the Prevention of Corruption (CPC), measures 6,307.94 Square Feet.

#### Rental and Maintenance of Property – Oxford Road

The Lease Agreement between the Planning Institute of Jamaica (PIOJ) and the then Office of the Contractor General (OCG) came into effect on January 1, 2018, for a period of five (5) years, to end on December 31, 2022. This represented a renewal of contract, as there was a previous Lease Agreement for a ten-year period under the former OCG.

Rental and Maintenance Expenditure is determined by the terms of the Lease Agreement. The clear base total rental for the first year of the Lease is Twenty-Two Million Two Hundred and Five Thousand Four Hundred Dollars (\$22,205,400.00), broken out as One Million Eight Hundred and Fifty Thousand Four Hundred and Fifty Dollars (\$1,850,450.00) per month.

Discounts were extended to the then OCG for rental payments for year 1 of the new Agreement, as follows:

January 1 – March 31, 2018 (20% discount)	\$1,480,360.00 per month
April 1, 2019 – June 30, 2019 (5% discount)	\$1,757,927.00 per month
July 1, 2019 – December 31, 2019 (full market)	\$1,850,450.00 per month

The Maintenance Fees amounted to One Million Seven Hundred Forty-one Thousand Six Hundred Dollars (\$1,741,600.00) per month, for the period from January 1, 2019 to March 31, 2020. The monthly Maintenance Fee for the period April 1, 2019 through to December 31, 2019, was set at One Million Seven Hundred and Forty-One Thousand Six Hundred Dollars (\$1,741,600.00).

The Lease Agreement states, *inter alia*, that “*the rental increase in the second year will use the base total rental for the first year (without discounts) of Twenty-Two Million Two Hundred and Five Thousand Four Hundred Dollars (\$22,205,400.00). The Rental shall be increased by eight point five percent (8.5%) per annum compounded for year 2 commencing on January 1, 2019 and thereafter annually by ten percent (10%) per annum for the remainder of the Term.*”

The Lease Agreement also stipulates that maintenance costs are to be “*fixed annually based on the cost of efficiently managing the building*” and charged in relation to the floor area occupied, at a rate of One Thousand Six Hundred Dollars (\$1,600.00) per square foot in the first year. The *actual* maintenance expense over each one-year period of the Agreement, is to be audited at the end of each year by an Auditor appointed by the PIOJ. The required adjustments are to be made where necessary and the shortfall amount communicated to the Commission for payment.

Maintenance charges for April 2019 – March 2020, amounted to Twenty Million Eight Hundred and Ninety-nine Thousand Two Hundred Dollars (\$20,899,200.00), which was paid in full.

#### Rental and Maintenance of Property – Barbados Avenue

The Barbados Avenue location of the Commission had been occupied by the former Commission for the Prevention of Corruption (CPC) since 2003. The Lease Agreement for the Barbados Avenue Office space, is for a three-year period, from June 1, 2017, through to May 31, 2020. The Agreement is between the Freemasons Association (Jamaica) Limited and the National Land Agency, on behalf of the then CPC. Rental and Maintenance Expenditure is determined by the terms of the Lease Agreement.

The Lease Agreement provides, *inter alia*, that the 'Standard Rent' over the three-year period be at a rate of \$840.31 per square foot in the first year. During the second and third years of the Agreement respectively, the rent shall be increased by 7½%, effective 1<sup>st</sup> June of each year.

There is a similar Clause in the Agreement for the Barbados Avenue office, to that of Oxford Road; wherein the Lessee pays an estimated amount throughout the year for property maintenance and thereafter, actual maintenance expense over each one-year period, is to be audited at the end of each year by an Auditor appointed by the Lessor. The required adjustments are to be made where necessary and the shortfall amount communicated to the Commission for payment.

The current rate for Maintenance charges is Five Hundred and Sixty Dollars and Twenty-three Cents (\$560.23) per square foot, per annum. The monthly charge is therefore Two Hundred and Ninety-four Thousand, Four Hundred and Ninety-one Dollars and Forty-four Cents (\$294,491.44).

### **Parking**

Under the Lease Agreement with the PIOJ, seven (7) parking spaces are provided in the Basement of the PIOJ Building for the Integrity Commission, which is situated on the First Floor of said building. Payment for the seven (7) parking spaces is thus included in the monthly charges and is not a separate charge.

A few of the Commission's staff members park at PIOJ's Main Car Park located at 9 Oxford Road, which is across the road from the PIOJ Building. The current Lease Agreement with the PIOJ does not include a cost for parking, as that is presumably captured in the maintenance charges.

The PIOJ in 2017, informed the then OCG that they were experiencing challenges with respect to available parking spaces for staff of both organisations and visitors to the building alike. Based upon this revelation, the OCG sought alternative parking spaces for its staff and in May 2017, entered into an initial One-year Licence Agreement with the National Water Commission (NWC) for the provision of sixteen (16) parking spaces at its Car Park located at 18 Oxford Road, Kingston 5, which is the neighbouring property to the PIOJ Building. The NWC Car Park was then shared with another entity, which occupied twenty (20) spaces. The Agreement was renewed for an additional year over the period May 2018 to May 2019.

Prior to the Agreement being renewed in 2019, the NWC advised the Commission that the other entity which occupied the facility would not be renewing its contract and as such, offered all the spaces to the Commission, with effect from May 2019; a total of thirty-six (36) parking spaces. The offer was accepted by the Commission.

Based upon the current Agreement, the payments due to the NWC on a monthly basis for the life of the Agreement are as follows:

- Licence Fee: \$252,000.00
- Maintenance Fee: \$9,753.60
- Security Fee: \$96,356.59

Staff parking for the **Barbados Avenue** Office location of the Commission, is by way of a contract between the Freemasons Association (Jamaica) Limited, which are the Landlords of that building and Victoria Mutual Pensions Management Limited. However, based upon the Licence Agreement, the Licensor has appointed WIHCON Properties Limited *“to manage the car park and to act as the Licensor’s agent in relation to all aspects of the Licence.”* The agreement allocates to the Landlords, twenty-eight (28) parking spaces, twelve (12) of which have been reserved for the Commission, at a rate of Eight Thousand Dollars (\$8,000.00) per vehicle, per month. The Agreement, dated January 1, 2018, states, *inter alia*, that said Agreement *“will renew ANNUALLY on January 1<sup>st</sup>, if the Licensee is deemed to be in good standing with all its other obligations by the Licensor.”* The subject Agreement will expire on May 31, 2020.

## Utilities

### Water Consumption

The **Oxford Road** location of the Commission does not have an individually-assigned water metre. Water charges are recovered under the terms outlined in the Lease Agreement (PIOJ/OCG), which was made effective in January 2018.

Similarly, water consumption for the **Barbados Avenue** location of the Commission forms part of what is termed ‘Additional Rent’ in the Lease Agreement (Freemasons Association/CPC), which came into effect in June 2017. There is no assigned water metre for the floor occupied and as such, the monthly bill amount is apportioned based upon space occupied, in accordance with the terms of the Lease Agreement and is included in the Maintenance charges.

### Electricity Consumption

Electricity charge for the **Oxford Road** location of the Commission is billed by the PIOJ on a monthly basis. There is a separate Electricity Metre for the First Floor, which is occupied entirely by the Integrity Commission. For the period under review, the charges for electricity amounted to an average monthly payment of Four Hundred and Seventeen Thousand Six Hundred and Eighty-nine Dollars and Eighty-four Cents (\$417,689.84).

The monthly electricity charges for the **Barbados Avenue** Office is billed by the Freemasons Association on a monthly basis. There is a separate Electricity Metre for the Second Floor, which is occupied entirely by the Integrity Commission. For the period under review, electricity charges amounted to an average of Three Hundred and Eighty-four Thousand Four Hundred and Seventy-eight Dollars and Thirty-five Cents (\$384,478.35) per month.

### Telephone Usage

With respect to the **Oxford Road** location of the Commission, the amount paid for telephone services for the period under review was an average monthly amount of Three Hundred and Sixty-two Thousand Eight Hundred Dollars (\$362,800.00), which includes payment for the Closed User Group (CUG) plan, which was established under the OCG.

In relation to the **Barbados Avenue** location of the Commission, the amount paid by the legacy Integrity Commission for telephone services for the period under review, was an average monthly amount of Seventeen Thousand Five Hundred and Sixty-eight Dollars and Seventy-two Cents (\$17,568.72).

The Commission maintained the Closed User Group (CUG) plan established under the CPC, the average monthly payment for which was Sixty-seven Thousand, Five Hundred and Fifty-four Dollars and Seventy-three Cents (\$67,554.73).

The Commission continued its honour system, where staff members are billed for personal calls and the amounts recovered from their salaries on a monthly basis.

## The Registry

The Registry at the **Oxford Road** location of the Commission has direct responsibility for document management for that Office and that of the former National Contracts Commission (NCC), now known as the Public Procurement Commission (PPC). It is to be noted that prior to the promulgation in 2018, of the Public Procurement Commission Act, 2015 and the Public Procurement Regulations, 2018, which effectively brought the PPC into being on April 1, 2019, the former OCG (and subsequently the new Integrity Commission) provided Secretariat services to the NCC through its Technical Services Department (TSD).

As the custodian of files for both the Integrity Commission and the Works Unit of the TSD (on behalf of the NCC (now PPC)), the Registry is experiencing significant challenges with respect to availability of space for the storage of files. It is anticipated that this issue will be remedied with the pending physical separation of the PPC from the Commission.

Along with the Information Systems Department and the Accounts Unit, the Registry is considered a 'sterile area'. As such, files storage areas are accessible only to the staff of the Registry and select members of staff in leadership.

Custody of files located at the **Barbados Avenue** Office lies with the Director, Information and Complaints. Owing to the sensitive nature of the files held at that location related to the statutory declaration of Public Servants, access to file storage areas is limited to select staff members. As it pertains to the declaration records of Parliamentarians, access protocol is elevated and as such, limited to only select staff members. Availability of space for the storage of files is also a challenge at that location and is of great concern to the Commission.

The Commission operating from a single location with ample space for file storage would be ideal, as it would allow for the centralisation and proper housing of the files and also for best practice to be exercised relative to the management of documents/records. The Commission, for this and other reasons, remains hopeful that a building with adequate parking for staff and visitors alike will be identified and secured for the operations of the Integrity Commission in the very near future.

## Finance & Accounting

Subsequent to the merger of the three (3) Anti-Corruption organisations (the former Office of the Contractor General (OCG), the former Commission for the Prevention of Corruption (CPC) and the former (Parliamentary) Integrity Commission (PIC)) in February 2018, the finance and accounting functions of all three (3) legacy organisations were officially merged, commencing February 1, 2019 and was thus centralised at the Oxford Road location of the Commission, through the Finance and Accounting Unit of the former Office of the Contractor General (OCG).

It is to be noted that prior to the merger, the OCG managed its finances by way of Appropriation Accounting, while both the CPC and IC utilised Accrual Accounting. As directed by the Ministry, the accounting platform adopted for the Commission was Appropriation Accounting. However, Section 20(1) of the Integrity Commission Act, 2017, directs that Accrual Accounting should be employed, thus both Accounting systems are now utilised by the Commission. The systems in place would not have happened without the kind and protracted assistance of the Ministry of Finance and the Public Service.

During the reporting period, the Finance and Accounting Unit continued to support the Commission, albeit with a limited Budget. The Department ensured that through proper fiscal planning and management, the functions and operations of the Commission were executed in an efficient, compliant and effective manner.

### **The Accounting Period April 2019 - March 2020**

The Approved Budget for the IC for the period April 2019 to March 2020 was Eight Hundred and Sixty-nine Million Seven Hundred and Sixty-six Thousand Dollars (\$869,766,000.00), which included Statutory expenditure estimates of One Hundred and Thirty-nine Million One Hundred and Eighty Thousand Dollars (\$139,180,000.00) and Appropriation-In-Aid amounting to Thirty Five Million Eight Hundred and Forty-six Thousand Dollars (\$35,846,000.00).

At the end of the Fiscal Period ending March 2020, Five Hundred and Seventy-three Million Seven Hundred and Seventy Thousand Dollars (\$573,770,000.00) was warranted for Recurrent Expenditure.

Of the warranted amount, Sixty-three Million Three Hundred and Eighty-four Thousand Four Hundred and Forty-four Dollars and Twenty-four Cents (\$63,384,444.24) was surrendered to the Consolidated Fund at the Financial Year End for Recurrent Expenditure. The amount surrendered represented funds which



were not utilised, primarily due to time constraints and decisions taken by the leadership of the organisation to not proceed with certain budgeted undertakings during the subject financial year.

### **Estimates of Expenditure for the Period April 2019 to March 2020**

The IC's Estimate of Expenditure Proposals for the Financial Year 2019/2020 was drafted and submitted to the Ministry of Finance and the Public Service on November 30, 2019. The Draft Estimates was Eight Hundred and Thirty-three Million Nine Hundred and Nineteen Thousand Four Hundred and Forty-five Dollars and Ninety Cents (\$833,919,445.90), which was approved by the Ministry. The proposed Budgetary Ceiling was Four Hundred and Fifty-nine Million Six Hundred and Eighty-six Thousand Dollars (\$459,686,000.00) but the Ministry gave due consideration to the ongoing amalgamation process at the Commission, hence its approval.

### **Supplementary Budget**

The Ministry of Finance and the Public Service issued a call for the Third Supplementary Estimates 2019/2020 in March 2020 and the Recurrent Budget was reduced by \$120,970,000.00.

### **Warrant Allocation as at March 2020**

The Warrant Allocation, as at March 31, 2020, was Five Hundred and Seventy-three Million Seven Hundred and Seventy Thousand Dollars (\$573,770,000.00) and Statutory Expenditure Estimates of Seventy-six Million Two Hundred and Thirty Six Thousand Dollars (\$76,236,000.00).

At the end of the Fiscal Period ending March 2020, Five Hundred and Seventy-three Million Seven Hundred Seventy Thousand Dollars (\$573,770,000.00) was warranted for Recurrent Expenditure.

### **Financial Audit of the Commission 2018 - March 2019**

The audit of the financial activities of the Integrity Commission as a merged entity was conducted by CrichtonMullings & Associates Audit Firm for the period February 22, 2018 to March 31, 2019. The February date was agreed in order to align the audit period to the actual promulgation of the Integrity Commission Act, 2015, which effectively established the Commission in law.

The First Audit Report of the Integrity Commission was received by the Commission on June 28, 2019. The subject Audit Report forms part of the Integrity Commission's First Annual Report, which covers the 2018/2019 Financial Year and which may be viewed electronically at: [https://integrity.gov.jm/sites/default/files/annual\\_report/Integrity%20Commission%20Annual%20Report%202018-2019%20-201901101158.pdf](https://integrity.gov.jm/sites/default/files/annual_report/Integrity%20Commission%20Annual%20Report%202018-2019%20-201901101158.pdf)

### **Surrender of Surplus Funds to the Consolidated Fund**

The former OCG, prior to the merger, surrendered all surplus funds to the Consolidated Fund at the end of each Financial Year. In contrast however, the former Commission for the Prevention of Corruption (CPC) and Parliamentary Integrity Commission (PIC), as Statutory Bodies and having operated under the Accrual Accounting system, were not required to surrender surplus funds to the Consolidated Fund. Accordingly, both entities held their surplus funds in Bank Accounts. Surplus funds held in the respective Bank Accounts accumulated over the years and were retained for payments to staff for, in the case of the IC, Retirement benefits and in the case of the CPC, pay-out to staff for any outstanding leave.

However, with the amalgamation of the entities and subsequent adoption of the Appropriation Accounting system for the management of the Commission's finances, the Ministry of Finance and the Public Service directed that the subject Bank Accounts be closed and the funds surrendered. The accounts were however not closed at the end of the 2018/2019 Financial Year, as there were cheques which needed to be cleared through the respective accounts and administrative actions which had to be performed in order to effect the closures.

During the current reporting period however, three (3) Bank accounts were closed and the respective amounts surrendered to the Consolidated Fund as follows:

#	Banking Institution	Legacy Organisation	Amount Transferred to Consolidated Fund	Date of Transfer to Consolidated Fund
1	Bank of Nova Scotia	CPC	\$38,701,515.46	July 18, 2019
2	National Commercial Bank	PIC	\$5,624,556.10	July 8, 2019
3	National Commercial Bank	PIC	\$1,725,039.28	July 8, 2019

The Commission had also, by way of letter dated August 12, 2020, requested that the amounts surrendered, be re-provided to the Commission by way of the First Supplementary Estimates 2019/2020. The funds would have been utilised to support any redundancy amounts due to staff upon completion of the strategic alignment exercise.

The Ministry in September 2019, formally advised the Commission that the funds would be recommended for re-provision by way of the First Supplementary Estimates 2019/2020. The amount was however not provided to the Commission, as the process with respect to the strategic alignment of the Commission had not significantly advanced to utilise the subject funds accordingly.

Further, the Commission, in July 2019, requested of the Ministry of Finance and the Public Service and the Accountant General's Department that that the Motor Vehicle Revolving Loan Account previously operated by the former CPC be transferred to the new Integrity Commission. This request was made, having taken into account, the nature and purpose of the Motor Vehicle Revolving Loan Account and also the fact that members of staff were current beneficiaries of the loan facility. The balance on the subject Bank Account was Four Million, Two Hundred and Twenty-one Thousand, Five Hundred and Sixty-three Dollars and Twenty-eight Cents (\$4,221,563.28).

Permission to transfer the Motor Vehicle Revolving Loan Account to the Integrity Commission was granted by the Accountant General's Department in October 2019. The Commission, thus wrote to the Bank of Nova Scotia in October 2019, requesting the subject transfer. The Commission was subsequently advised retroactively that the transfer process was completed in January 2020.

### **Surrender of Funds**

The total amount approved in the original Budget was Six Hundred and Ninety-four Million Seven Hundred and Forty Thousand Dollars (\$694,740,000.00). The amount was however reduced by One Hundred and Twenty Million Nine Hundred and Seventy Thousand Dollars (\$120,970,000.00) on the passing of the Third Supplementary Estimates in March 2020. The revised Budget was therefore Five Hundred and Seventy Three Million Seven Hundred and Seventy Thousand dollars (\$573,770,000.00). The amount surrendered as at March 2020 was Sixty-three Million Three Hundred and eighty-four Thousand Four Hundred and Forty-four Dollars and Twenty-four Cents (\$63,384,444.24).

The actual expenditure was for the reporting period was Five Hundred and Ten Million Three and Eighty-five Thousand Five Hundred and Fifty-five Dollars and Seventy-six Cents (\$510,385,555.76).

### **Annual Return Declarations**

The Commission's Annual Return Declarations for the Year 2019 were submitted electronically through the Tax Administration Department's Online Portal. The Returns were submitted by the March 31, 2020 deadline.

## SCHEDULE OF INTEGRITY STAFF TRAINING FOR 2019 – 2020

START DATE	OFFICER	ORGANISATION/ LOCATION	COURSE/SEMINAR	DURATION
January 2019	Executive Director	10 <sup>th</sup> Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities (IAACA)  Vienna, Austria	Theme: "15 Years of the United Nations Convention Against Corruption: Accomplishments and Prospects"	January 22-24, 2019,
February 2019	Registrar	University of the Commonwealth Caribbean	Records and Information Management	February 18, 2019 – April 26 2019
February 2019	Financial Investigator	Anti-Corruption, Transparency and Accountability (ACTA) in Health Systems at the Global Health Campus	Consultation Workshop for the proposed Global Network on Geneva, Switzerland from Tuesday,	February 26 - 28, 2019
March 2019	Inspectors (5) Senior Inspector	Jamaica International Arbitration Centre Ltd and Jamaica Chamber of Commerce	Construction Projects and Dispute Management Training	March 21 - 23, 2019
March 2019	38 Staff Members drawn from both Office locations	Held at the Oxford Road Location of the Integrity Commission	Leadership Training conducted by Strategic Alignment Limited (SAL)	March 7, 14, 21, 2019 & April 4, 2019
April 2019	Senior Financial Analyst Financial Analyst Technical Officer	Jamaica Business Development Corporation (JBDC)	Applied Research Methods	April 16 - 18, 2019
May 2019	Executive Secretary Administrative Assistant Inspector Non-Construction Contracts	Jamaica Business Development Corporation (JBDC)	Proposal Writing Workshop	May 28 – 30, 2019
May	Senior Secretary, Corporate Services Human Resource Manager	Human Resources Management Association of Jamaica	Hiring for the Best Fit Workshop	May 21, 2019
June 2019	Director Non-Construction Contracts Network & Security Officer	Mona ICT Policy Centre at the Caribbean School of Media Communications UWI, Mona	7th National Cyber Security Conference	June 18, 2019

June 2019	Executive Director	Commonwealth Caribbean Association of Integrity Commissions and Anti-Corruption Bodies'  Cayman Islands	The 5 <sup>th</sup> Annual Conference	June 3, 2019 - June 7, 2019
July 2019	Records Clerk Assistant Office Manger	Jamaica Employer's Federation	Inventory Management Techniques	July 30 - 31, 2019
August 2019	Legal and Investigating Officer Senior Financial Analyst	The United Nations Office on Drugs and Crime (UNODC).  Panama City, Panama	Regional Conference on Investigative Techniques' Workshop, under the framework of the Programme ' <i>Support for the fight against Corruption in the Caribbean</i> '	August 21 – 23, 2019
September 2019	Senior Special Investigator Legal & Investigating Officer Technical Officer Inspector Non Construction Contracts Director Construction Contracts	The International Procurement Institute (INPRI)	Public Procurement Series - Level 1, 2 & 3  September 23 – 27 2019	September 23 – 27, 2019 – November 29, 2019
September 2019	Special Investigator Technical Officer Special Investigator & Communications Officer Inspector Construction Contracts (2)	The International Procurement Institute (INPRI)	Public Procurement Series - Level 2 & 3	September 2 – 6, 2019 and  September 30 – October 4, 2019
September 2019	Secretary, Corporate Services Secretary Records Clerk Records Clerk	Jamaica Employers Federation	Transitioning Role of Today's Secretary to Administrative Professional"	September 18 – 19 2019
September 2019	Telephone Operator	Jamaica Employers Federation	Telephone Techniques & Workplace Etiquette	September 11, 2019
September 2019	Inspector Construction Contracts Inspector Non Construction Contracts Legal Officer	Mona School of Business	Principles & Practices of Project Management	September 7 – October 12, 2019
September 2019	Inspector, Construction Contracts Financial Investigator Systems Analyst Systems Administrator Financial Analyst	Mona School of Business	Project Management	September 9 – October 16 2019
September 2019	Systems Administrator Network & Security Officer	Fortinet	Advanced Cyber Threat Protection	September 10, 2019

September 2019	Systems Support Officer	University of the Commonwealth Caribbean ( UCC)	Records & Information Management	September 10, 2019 – December 6, 2019
September	Web & Application Developer (2) Systems Support Officer Network & Security Officer	Vantage Point I.T. Training and Consulting	"ITIL 4 Foundation"	September 11 – 13, 2019
October	Administrative Assistant, Executive Office	Management Institute for National Development (MI)	"Auditing Fundamentals Level 1 Module 1"	October 28, – November 1, 2019
October	Assistant Office Manager	Jamaica Employers Federation	"Making the Transition from Staff Member to Supervisor"	October 30-31, 2019
October	Assistant Office Manager	University College of the Caribbean	"Microsoft: Beginner and Intermediate"	October 23, 2019 – November 20, 2019
November	Senior Financial Analyst Senior Inspector Non Construction Contracts Inspector Non Construction Contracts ( 4) Assistant Office Manager Director Non Construction Contracts Financial Investigator Financial Analyst (2) Financial Investigator Chief Financial Investigator Chief Investigator	Association of Certified Fraud Examiners( ACFE)	Anti-Fraud Conference  "Combatting Fraud - Your rights and responsibilities"	November 15, 2019
November 2019	Accountant	Management Institute for National Development (MIND)	Government Accounting Level 2 - Module 1	November 11- 18 2019
November 2019	Financial Investigator Financial Analyst Administrative Assistant, Executive Office	Mona School of Business	Principles & Practices of Project Management	November 9-14, 2019
November 2019	Inspector Construction Contracts (4) Senior Inspector Director Construction Contracts	Master Builders Association of Jamaica	Construction: Contracts, Conditions & Communication	November 6, 2019
November 2019	Senior Secretary	Jamaica Employers' Federation (JEF)	Critical Thinking for Managers & Decision Makers	November 20 – 21, 2019
November 2019	Secretary Driver	Jamaica Employers' Federation (JEF)	Report Writing & Note Taking Skills for Administrators, Secretaries and Administrative Professionals	November 7, 2019
Jan 2020	There were no trainings for the month of January 2020	There were no trainings for the month of January 2020	There were no trainings for the month of January 2020	There were no trainings for the month of January 2020

Feb 2020	Application and Web Developer Inspector, Non-Construction Contracts Inspector, Non-Construction Contracts Senior Inspector, Construction Contracts Director, Construction Contracts Executive Secretary Network and Security Officer Inspector, Construction Contracts	Mona School of Business	Principles and Practices of Project Management	February 7, 2020 to March 13, 2020, Fridays only
	Senior Special Investigator Special Investigator	Mona School of Business	Supervisory Management	February 1-22, 2020
	Secretary Payroll Officer	Jamaica Employer's Federation	Understanding and Applying Labour Laws	February 4-6, 2020
	Administrative Assistant Senior Inspector, Non-Construction Contracts Administrative Assistant, TSD Administrative Assistant, Executive Office Records Officer Chief Investigator	Jamaica Employer's Federation	Fundamentals of Negotiations and Mediation for 'Win-Win' Outcomes. Designed for Women-Led Enterprises	February 19-20, 2020
	Data Entry Officer Financial Analyst	Human Resource Management Association of Jamaica	Supervisory Management	February 19-20, 2020
March 2020	Systems Administrator	EC-Council	Certified Ethical Hacker Course and Practical Examination (CEH V10)	



## STAFF SITUATION - MARCH 31, 2020

COMPLEMENT	APPROVED	EMPLOYED	VACANT	LEGACY ORGANISATION	STATUS
Executive Director	1	1	-	NEW	
Legal Officer	1	1	-	OCG	
Director, Technical Services	1	1	-	OCG	
Director, Construction Contracts	1	1	-	OCG	
Director, Non-Construction Contracts, Licences & Permits	1	1	-	OCG	
Director, Corporate Services	1	1	-	OCG	
Director, Information Systems	1	1	-	OCG	
Chief Investigator	1	1	-	OCG	
Technical Services Managers	2	2	-	OCG	
Legal & Investigating Officer	1	0	1	OCG	
Senior Inspectors	2	2	-	OCG	
Senior Special Investigator	1	1	-	OCG	
Special Investigator	1	1	-	OCG	
Inspectors	10	8	2	OCG	
Chief Accountant	1	1	-	OCG	
System Administrator	1	1	-	OCG	
Special Investigator & Communications Officer	1	1	-	OCG	
Network and Security Officer	1	1	-	OCG	
Application and Web Developers	2	2	-	OCG	
Administrative Assistants	4	2	2	OCG	
Technical Officers	5	3	2	OCG	
Goods & Services Supervisor	1	1	-	OCG	
HR Manager	1	1	-	OCG	
Office Manager	1	1	-	OCG	
Executive Secretary 1	1	1	-	OCG	
Senior Accountant	1	1	-	OCG	
Senior Secretary	1	1	-	OCG	
Senior Accounts Officer	1	1	-	OCG	
Payroll Officer	1	1	-	OCG	
Secretary	1	1	-	OCG	
Registrar	1	1	-	OCG	
Assistant Office Manager	1	1	-	OCG	
Records Officers	4	4	-	OCG	
Telephone Operator/Receptionist	1	1	-	OCG	
Drivers	3	2	1	OCG	

Office Attendants	2	2	-	OCG	
Office Assistant	1	0	1	OCG	
Building Custodian	1	1	-	OCG	
Systems Analyst	1	1	-	OCG	
Consulting Forensic Accountant Specialist	1	0	1	OCG Consultant	
Secretary/Manager	1	0	1	IC	
Investigating Officer	2	1	1	IC	
Financial Analyst	1	1	-	IC	
Executive Officer	1	0	1	IC	
Senior Secretary	1	0	1	IC	
Office Attendant	2	1	1	IC	
Secretary/Manager -	1	0	1	CPC	
Public Relations Officer	1	0	1	CPC	N/O
Internal Auditor	1	0	1	CPC	N/O
Executive Secretary2	1	0	1	CPC	
Senior Financial Analyst	1	1	-	CPC	
Financial Analyst	3	2	1	CPC	
Director Corporate Service	1	0	1	CPC	
Senior Secretary	1	0	1	CPC	N/O
Secretary	1	1	-	CPC	
Chief Financial Investigator	1	1	-	CPC	
Senior Financial Investigators	2	0	2	CPC	N/O
Financial Investigators	3	2	1	CPC	
Systems Support Officer	1	1	-	CPC	
Data Entry Officer	5	2	3	CPC	
Records Officer	1	0	1	CPC	
Records Clerk	1	0	1	CPC	N/O
Accounting Technician	1	0	1	CPC	
Human Resource Officer	1	0	1	CPC	N/O
Driver	1	1	-	CPC	
Office Attendant	1	1	-	CPC	
Director of Corruption Prosecution	1	1	-	NEW	
Director of Investigation (Acting)	1	1	-	NEW	
Director of Information & Complaints (Acting)	1	1	-	NEW	
<b>TOTAL</b>	<b>105</b>	<b>73</b>	<b>32</b>		

**N/O – Never Operationalised**

## **AUDITED FINANCIAL STATEMENTS**

**INTEGRITY COMMISSION  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

**INTEGRITY COMMISSION  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

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**To the members of**  
**Integrity Commission**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of the Integrity Commission (the "Commission"), set out on pages 4 to 24 which comprise the statement of financial position as at March 31, 2020, the statement of financial performance, the statement of changes in net assets, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards, International Financial Reporting Standards and the requirements of the Integrity Commission Act (2017), the Public Bodies Management and Accountability Act, and the Financial Administration and Audit Act (the "Acts").

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards, International Financial Reporting Standards and the Acts, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

The Commissioners are responsible for overseeing the Commission's financial reporting process.

Cont. /2

**Independent Auditor's Report (cont'd)**

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**To the members of  
Integrity Commission**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

**Independent Auditor's Report (cont'd)**

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**To the members of  
Integrity Commission**

We communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on additional matters as required by the Acts**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Acts, in the manner required.

*Crichton Mullings & Assoc.*  
CrichtonMullings & Associates  
Chartered Accountants

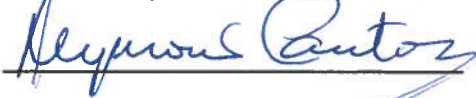
Kingston Jamaica  
June 26, 2020



**INTEGRITY COMMISSION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Intangible assets	6	5,090,219	-
Plant and equipment	7	81,245,309	33,933,876
Right-of-use assets	8	67,777,761	-
Long-term receivables	9	1,571,747	2,260,771 *
		<u>155,685,036</u>	<u>36,194,647</u>
<b>Current Assets</b>			
Current portion of long-term receivables	9	635,090	635,090 *
Prepayments	9	24,284,552	9,227,091
Cash and bank balances	10	17,448,318	54,450,524
		<u>42,367,960</u>	<u>64,312,705</u>
<b>TOTAL ASSETS</b>		<u><u>198,052,996</u></u>	<u><u>100,507,352</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Transferred assets	11	27,022,824	34,946,910
Capital grant fund	12	56,915,306	(2,245,855) *
Accumulated surplus		13,517,257	7,927,452
		<u>97,455,387</u>	<u>40,628,507</u>
<b>Non-current Liability</b>			
Non-current portion of lease liabilities	8	50,307,519	-
<b>Current Liabilities</b>			
Current portion of lease liabilities	8	23,376,849	-
Payables and accruals	13	24,696,743	19,347,368
Due to consolidated fund	14	2,216,498	40,531,477
		<u>50,290,090</u>	<u>59,878,845</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><u>198,052,996</u></u>	<u><u>100,507,352</u></u>

APPROVED, on behalf of the Commission on



Chairman



Commissioner

\* Restated to conform with current year presentation

The accompanying notes form an integral part of the financial statements

**INTEGRITY COMMISSION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**YEAR ENDED MARCH 31, 2020**

	Note	Operating Fund 2020 \$	Capital Grant Fund 2020 \$	Total 2020 \$	Operating Fund 2019 \$	Capital Grant Fund 2019 \$	Total 2019 \$
<b>Subvention</b>	<b>4</b>	<b>526,525,720</b>	<b>89,102,104</b>	<b>615,627,824</b>	424,326,477	8,856,370	433,182,847
Administrative and general expenses	15	520,982,640	-	520,982,640	422,879,126	-	422,879,126
Depreciation and amortisation		-	29,940,943	29,940,943	-	10,167,235	10,167,235 *
		<u>520,982,640</u>	<u>29,940,943</u>	<u>550,923,583</u>	<u>422,879,126</u>	<u>10,167,235</u>	<u>433,046,361</u>
<b>Surplus / (Deficit)</b>		<b>5,543,080</b>	<b>59,161,161</b>	<b>64,704,241</b>	1,447,351	(1,310,865)	136,486
<b>Other income</b>							
Grant	5	34,407,500	-	34,407,500	19,378,750	-	19,378,750
Direct expenses	5	(34,407,500)	-	(34,407,500)	(19,378,750)	-	(19,378,750)
		-	-	-	-	-	-
Interest income		46,725	-	46,725	79,821	-	79,821
		<u>46,725</u>	<u>-</u>	<u>46,725</u>	<u>79,821</u>	<u>-</u>	<u>79,821</u>
<b>Net surplus / (deficit) for the year, being total financial performance</b>		<b><u>5,589,805</u></b>	<b><u>59,161,161</u></b>	<b><u>64,750,966</u></b>	<b><u>1,527,172</u></b>	<b><u>(1,310,865)</u></b>	<b><u>216,307</u></b>

\* Restated to conform with current year presentation

**The accompanying notes form an integral part of the financial statements**

**INTEGRITY COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2020**

	Note	Transferred Assets \$	Capital Grant Fund \$	Accumulated Surplus \$	Total \$
Balance at February 21, 2018		34,946,910		-	34,946,910
Net (deficit) / surplus, being total financial performance for the period		-	(934,990)	6,400,280	5,465,290
Balance at March 31, 2018		34,946,910	(934,990)	6,400,280	40,412,200
Net (deficit) / surplus, being total financial performance for the year		-	(1,310,865)	1,527,172	216,307 *
Balance at March 31, 2019		34,946,910	(2,245,855)	7,927,452	40,628,507
Transfer to the consolidated fund	<b>11</b>	(5,464,249)	-	-	(5,464,249)
Prior year adjustments of plant and equipment	<b>11</b>	823,234	-	-	823,234
Reversal of bank account balance	<b>11</b>	(3,383,071)	-	-	(3,383,071)
Increase in petty cash	<b>11</b>	100,000	-	-	100,000
Net surplus, being total financial performance for the year		-	59,161,161	5,589,805	64,750,966
<b>Balance at March 31, 2020</b>		<b><u>27,022,824</u></b>	<b><u>56,915,306</u></b>	<b><u>13,517,257</u></b>	<b><u>97,455,387</u></b>

\* Restated to conform with current year presentation

**The accompanying notes form an integral part of the financial statements**

**INTEGRITY COMMISSION  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Net surplus for the year</b>		<b>64,750,966</b>	216,307
Adjustments for items not affecting cash resources:			
Lease interest expense		6,544,205	-
Depreciation and amortisation charge		29,940,943	10,167,235
Depreciation charge on right-of-use asset		29,755,786	-
		<u>130,991,900</u>	<u>10,383,542</u>
Decrease / (increase) in operating assets:			
Long-term receivables		689,024	1,630,831
Prepayment		(15,057,461)	(9,182,370)
(Decrease) / increase in operating liabilities:			
Payables and accruals		5,349,376	9,861,198
Due to consolidated fund		(38,314,980)	3,423,356
		<u>83,657,859</u>	<u>16,116,557</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Prior year adjustments of plant and equipment		(858,393)	-
Acquisition of plant and equipment		(73,852,689)	(8,856,370)
Acquisition of intangible asset		(7,631,513)	-
		<u>(82,342,595)</u>	<u>(8,856,370)</u>
Net cash used in investing activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Right-of-use assets		(97,533,547)	-
Lease liabilities		67,140,163	-
Net movement on capital reserves		(7,924,086)	-
		<u>(38,317,470)</u>	<u>-</u>
Net cash used in financing activities			
<b>NET (DECREASE) / INCREASE IN</b>			
<b>CASH AND BANK BALANCES</b>		<b>(37,002,206)</b>	7,260,187
<b>CASH AND BANK BALANCES - Beginning of the year</b>		<u>54,450,524</u>	<u>47,190,337</u>
<b>CASH AND BANK BALANCES - End of the year</b>		<u>17,448,318</u>	<u>54,450,524</u>
<b>REPRESENTED BY:</b>			
Cash and bank balances	10	<u>17,448,318</u>	<u>54,450,524</u>

The accompanying notes form an integral part of the financial statements

**INTEGRITY COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

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## **1. IDENTIFICATION**

The Integrity Commission (the "Commission") was established under the Integrity Commission Act (2017) (the "Act").

The Commission is domiciled in Jamaica.

The functions of the Commission are as follows:

- (a) To determine effective measures for the prevention and detection of corruption within public bodies;
- (b) Prepare codes of conduct and other advisory material relating to corruption and guide public bodies in respect of matters within the purview of this Act;
- (c) Collaborate or co-operate with other persons or bodies, whether in Jamaica or outside of Jamaica, duly authorized to prevent, combat and investigate acts of corruption, so as to implement an integrated approach to the eradication of corruption;
- (d) Advise the Minister on such legislative reform as the Commission considers necessary to reduce the likelihood or the occurrence of acts of corruption; and
- (e) Compile and publish statistics relating to the investigation, prosecution and conviction of offences relating to acts of corruption.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

### **(a) Statement of Compliance**

The Commission's financial statements have been prepared in accordance and comply with International Public Sector Accounting Standards (IPSAS) for the accrual basis accounting; International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and the relevant requirements of the Act.

This is the first set of the Commission's annual financial statements in which IFRS 16, Leases have been applied. Changes to significant accounting policies are described in note 2 (d).

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IPSAS, IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry a risk of material adjustment in the next financial year.

**INTEGRITY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(b) Changes in accounting standards and interpretations**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Commission has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following interpretations and amendments are relevant to its operations:

- *IFRS 9 'Financial Instruments - Amendment', issued October 2017*  
Effective for periods commencing on or after 1 January 2019
  
- *IFRS 16 'Leases - Amendment', issued January 2016*  
Effective for periods commencing on or after 1 January 2019

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Commission's future financial statements:

- *IAS 1 'Presentation of Financial Statements - Amendment', issued October 2018*  
Effective for periods commencing on or after 1 January 2020
  
- *IAS 8 'Changes in Accounting Estimates and Errors - Amendment', issued October 2018*  
Effective for periods commencing on or after 1 January 2020
  
- *IFRS 9 'Financial Instruments - Amendment', issued September 2019*  
Effective for periods commencing on or after 1 January 2020
  
- *References to Conceptual Framework in IFRS Standards - Amendment, issued March 2018*  
Effective for periods commencing on or after 1 January 2020

The Commissioners anticipate that the adoption of the standards, amendments and interpretations, which are relevant to the Commission in future periods is unlikely to have any material impact on the financial statements.

**INTEGRITY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(c) Use of estimates and judgements:**

The preparation of the financial statements in conformity with IPSAS and the Act requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from these estimates.

The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Critical judgements in applying the Commission's accounting policies:

Critical judgements used in applying the Commission's accounting policies that have a significant risk of material adjustment in the next financial year relate to the estimated useful lives and residual values of plant and equipment, leases and other post-employment benefits.

**(a) Depreciable assets**

Estimates of the useful life and the residual value of plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Commission applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

**(b) Leases - estimating the incremental borrowing rate**

If the Commission cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Commission would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Commission 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Commission estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

**INTEGRITY COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)**

**(d) Changes in accounting policies**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. The Commission is not a lessor.

At inception of a contract, the Commission assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Commission uses the definition of a lease in IFRS 16.

The Commission has lease rental contracts for two (2) office spaces located in Kingston . Before the adoption of IFRS 16, the Commission classified each of its leases (as lessee) at the inception date as an operating lease. Refer to Note 3 (e) for the accounting policy prior to April 1, 2019.

The Commission adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of April 1, 2019. The Commission elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2019. Instead, the Commission applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The standard provides specific transition requirements and practical expedients, which have been applied by the Commission.

The effect of adoption of IFRS 16 as at April 1, 2019 (increase/decrease) is as follows:

	\$
<b>Assets</b>	
Right-of-use assets	<u>97,533,547</u>
<b>Total assets</b>	<u><u>97,533,547</u></u>
<b>Liabilities</b>	
Lease liabilities	<u>97,533,547</u>
<b>Total liabilities</b>	<u><u>97,533,547</u></u>



**INTEGRITY COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Property and equipment**

All property and equipment held for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Commission and its cost can be reliably measured.

The cost of day-to-day servicing of property and equipment is recognized in the statement of comprehensive income as incurred.

Depreciation is calculated on the straight line basis over the estimated useful lives of such assets.

The rates of depreciation in use are:

Computers	25%
Furniture, fixtures & equipment	10%
Motor vehicles	20%
Leasehold improvements	20%
Software	33.33%

**(b) Long-term receivables**

Long-term receivables are recognized at amortized cost. Appropriate allowances for estimated irrecoverable amounts are recognized in the statement of comprehensive income when there is objective that the asset is impaired.

**(c) Accounts payable**

Accounts payable is stated at amortized cost.

**(d) Cash and bank balances**

Cash and bank balances comprise cash in hand and cash with banks.

**(e) Leases**

*Policy applicable from April 1, 2019*

The Commission applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Commission recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Commission recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

**INTEGRITY COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Leases (cont'd)**

*Policy applicable before April 1, 2019*

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the terms of the relevant lease.

**(f) Subvention recognition**

Income comprises recurrent subvention received from the Government of Jamaica ("GOJ") and interest income. Subvention from GOJ is recognized when it is received while interest income is recognized when it is earned.

**(g) Provisions**

Provisions are recognized when the Commission has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**(h) Financial instruments**

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognised on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Commission are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Commission after deducting all of its liabilities.

Financial assets include cash and bank deposits, accounts receivable, long-term receivables and other current assets except inventories and any prepayments.

The fair values of the financial instruments are discussed in Note 18.

**(i) Comparative information**

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

**(j) Employee benefits**

Employee benefits are all forms of consideration given by the Commission in exchange for service rendered by employees. These include current or short-term benefits such as salaries, statutory contributions, vacation leave, non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

**INTEGRITY COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) Foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the Commission operates (its functional currency).

In preparing the financial statements of the Commission, transactions in currencies other than the Commission's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

**(l) Related party identification**

A party is related to the Commission if:

- (i) directly or indirectly the party:
  - controls, is controlled by, or is under common control with the Commission;
  - has an interest in the Commission that gives it significant influence over the Commission; or
  - has joint control over the Commission
- (ii) the party is an associate of the Commission
- (iii) the party is a joint venture in which the Commission is a venturer;
- (iv) the party is a member of the key management personnel of the Commission
- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Commission, or of any company that is a related party of the Commission.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**INTEGRITY COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

**4. INCOME**

Income represents subvention from the Government of Jamaica from the annual national budget as well as periodic allocations. Other income represents interest earned on the Commission's cash and bank balances during the year.

The Commission's income is exempt from income tax under section 12(b) of the Income Tax Act.

**5. GRANT**

This represents a grant received from The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development (DFID).

	2020 \$	2019 \$
Appropriations-In-Aid	<b>34,407,500</b>	19,378,750
<b><u>Direct expenses:</u></b>		
Compensation and travel allowances	<b>10,752,500</b>	7,913,750
Use of goods and services	<b>23,655,000</b>	11,465,000
	<b>34,407,500</b>	19,378,750

**6. INTANGIBLE ASSETS**

Intangible assets represent licensing and software with an estimated useful life of three (3) years.

Intangible assets in the statement of financial position was determined as follows:

	2020 \$	2019 \$
Cost	<b>7,631,513</b>	-
less accumulated amortisation	<b>(2,541,294)</b>	-
Balance, net of amortisation	<b>5,090,219</b>	-

Intangible assets are being amortised at 33 1/3% for the license and software, unless there is significant impairment during the year.

**INTEGRITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

**7. PLANT AND EQUIPMENT**

	<u>Leasehold Improvements</u> \$	<u>Furniture, Fixtures and Equipment</u> \$	<u>Computers</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
<b>At Cost/Valuation:</b>					
Balance at March 31, 2018	3,013,626	20,859,563	34,340,923	13,789,202	72,003,314
Additions		1,042,964	7,813,406	-	8,856,370
Balance at March 31, 2019	3,013,626	21,902,527	42,154,329	13,789,202	80,859,684
Additions	-	429,201	43,659,663	29,763,825	73,852,689
Prior year adjustments	-	10,387,312	8,242,031		18,629,343
<b>Balance at March 31, 2020</b>	<b>3,013,626</b>	<b>32,719,040</b>	<b>94,056,023</b>	<b>43,553,027</b>	<b>173,341,716</b>
<b>Accumulated Depreciation:</b>					
Balance at March 31, 2018	2,744,898	17,015,629	8,809,455	8,188,591	36,758,573
Charge for year	268,728	2,365,930	5,625,209	1,907,368	10,167,235
Balance at March 31, 2019	3,013,626	19,381,559	14,434,664	10,095,959	46,925,808
Charge for year	-	2,200,634	17,838,250	7,360,765	27,399,649
Prior year adjustments	-	6,149,535	11,621,415	-	17,770,950
<b>Balance at March 31, 2020</b>	<b>3,013,626</b>	<b>27,731,728</b>	<b>43,894,329</b>	<b>17,456,724</b>	<b>92,096,407</b>
<b>Net Book Value:</b>					
At March 31, 2018	268,728	3,843,934	25,531,468	5,600,611	35,244,741
At March 31, 2019	-	2,520,968	27,719,665	3,693,243	33,933,876
<b>At March 31, 2020</b>	<b>-</b>	<b>4,987,312</b>	<b>50,161,694</b>	<b>26,096,303</b>	<b>81,245,309</b>

**INTEGRITY COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

**8. RIGHT-OF-USE ASSETS**

	2020	2019
	\$	\$
Office space	97,533,547	-
	<u>97,533,547</u>	<u>-</u>
<b>Depreciation charge of right-of use assets</b>		
Office space	(29,755,786)	-
	<u>67,777,761</u>	<u>-</u>
<b>Lease Liabilities</b>		
	2020	2019
	\$	\$
Non-current	50,307,519	-
Current	23,376,849	-

**9. LONG-TERM RECEIVABLES AND PREPAYMENTS**

	2020	2019
	\$	\$
Staff loan:		
Long-term	1,571,747	2,260,771
Current	635,090	635,090
	2,206,837	2,895,861
Prepaid rent	7,827,147	2,007,738
Security deposit	7,184,100	7,184,100
Deposit on fixed asset	8,987,076	-
Prepaid insurance	286,229	-
Commissioners' fee receivable	-	35,253
	<u>24,284,552</u>	<u>9,227,091</u>

The Commission has a motor vehicle revolving loan scheme to assist travelling officers to purchase reliable motor vehicles to be used in the performance of their official duties.

Guidelines for administering the loan include:

- (i) The loan amount for new vehicles should not exceed \$2,500,000 and for used vehicles the amount should not exceed \$1,500,000.
- (ii) An interest rate of 3% on the reducing balance is charged, if loans exceed the minimum amount of \$1,500,000 for new vehicles and \$1,000,00 for used vehicle.
- (iii) Loans should be repaid over a seven (7) year period for new vehicles and six (6) years for used vehicles
- (iv) Only one loan is permitted within a five (5) year to each employee
- (v) The motor vehicle purchased should not be older than five (5) years
- (vi) All loans should be recovered by salary deduction.

**INTEGRITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

**10. CASH AND BANK BALANCES**

Cash and bank balances included in the statement of financial position and statement of cash flows comprise of the following:

	2020 \$	2019 \$
Petty cash	200,000	100,000
Cash in transit	211,696	-
Cash in savings accounts ( <i>see note 14</i> )	5,408,494	10,544,863
Cash in chequing accounts ( <i>see note 14</i> )	-	40,422,590
Cash in foreign currency account	11,628,128	3,383,071
	<u>17,448,318</u>	<u>54,450,524</u>

**11. TRANSFERRED ASSETS**

This represents net assets of the three legacy entities merged:

	2020 \$	2019 \$
Office of the Contractor General	33,010,640	33,010,640
Commission for the Prevention for Corruption Integrity Commission (Legacy)	(4,702,646) 6,638,916	(4,702,646) 6,638,916
	<u>34,946,910</u>	<u>34,946,910</u>
Current year movements:		
Surrender of bank account to consolidated fund	(5,464,249)	-
Prior year adjustments of plant and equipment	823,234	-
Increase in petty cash	100,000	-
Reversal of bank account balance	(3,383,071)	-
	<u>(7,924,086)</u>	<u>-</u>
	<u>27,022,824</u>	<u>34,946,910</u>

**12. CAPITAL GRANT FUND**

This represents cash received under object thirty-two (32) to acquire intangible assets, plant and equipment less accumulated depreciation and amortisation.

**13. PAYABLES AND ACCRUALS**

	2020 \$	2019 \$
Statutory liabilities	-	3,708,514
Accrued vacation leave	11,770,220	11,848,230
Retroactive salary payable	9,568,029	-
Accruals	2,459,494	1,882,204
Accrued audit fees	899,000	1,908,420
	<u>24,696,743</u>	<u>19,347,368</u>

**INTEGRITY COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

**14. DUE TO CONSOLIDATED FUND**

	2020 \$	2019 \$
Scotia Bank savings account (OCG)	-	108,887
Scotia Bank chequing account (CPC)	-	38,693,881
NCB chequing account (Integrity Commission Legacy)	-	1,728,709
General Consumption Tax payable	<b>2,216,498</b>	-
	<b>2,216,498</b>	<b>40,531,477</b>

**15. ADMINISTRATIVE AND GENERAL EXPENSES**

	2020 \$	2019 \$
Salaries, wages and related costs	<b>214,131,069</b>	192,245,591
Employer's statutory contributions	<b>7,823,901</b>	8,323,529
Gratuity payments	<b>36,681,733</b>	36,334,623
Legal and professional fees	<b>16,261,217</b>	10,036,834
Computer maintenance and related expenses	<b>4,665,701</b>	2,459,856
Medical supplies	<b>298,122</b>	184,910
Staff welfare	<b>1,124,479</b>	481,047
Security	<b>3,928,780</b>	4,014,098
Janitorial	<b>2,348,267</b>	2,420,824
Dues and subscription	<b>364,978</b>	269,028
Insurance	<b>1,457,369</b>	516,146
Supplies and services	<b>331,015</b>	3,509,801
Motor vehicle expense	<b>1,826,083</b>	1,976,424
Travelling and subsistence	<b>61,665,979</b>	55,864,856
Rental of office spaces	-	38,480,575 *
Maintenance of rental properties and parking lot	<b>36,781,377</b>	26,358,270 *
Utilities and communication	<b>15,990,445</b>	17,484,508
Repairs and maintenance	<b>3,011,755</b>	5,442,569
Commissioners' fees	<b>63,533,062</b>	5,057,800
Meals and entertainment	<b>1,954,491</b>	2,648,700
Postage and delivery	<b>40,750</b>	265,074
Printing and stationery	<b>2,477,208</b>	3,761,761
Audit fees	<b>899,000</b>	700,000
Advertising and promotion	<b>1,021,362</b>	515,451
Bank charges	<b>92,517</b>	157,328
Foreign exchange loss / (gain)	<b>613,115</b>	(645,693)
Lease interest expense	<b>6,544,205</b>	-
Depreciation charge on right-of-use asset	<b>29,755,786</b>	-
General office expenses	<b>5,358,877</b>	3,608,931
Tuition repayment	-	406,289
	<b>520,982,640</b>	<b>422,879,126</b>

\* Restated to conform with current year presentation



**INTEGRITY COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2020**

**16. SOURCE AND USES OF FUNDS**

The comparative details between budgeted and actual income and expenditure for financial year 2019/2020 are as follows:

	Budget \$	Actual \$	Variance Favourable/ (Unfavourable) \$
<b>Income</b>	712,950,000.00	615,627,824	(97,322,176)
<b>Appropriations-In-Aid</b>	35,846,000	34,407,500	(1,438,500)
	<u>748,796,000</u>	<u>650,035,324</u>	<u>(98,760,676)</u>
<b>Expenditure:</b>			
Personnel emoluments	356,361,000	264,573,055	91,787,945
Travelling and subsistence	66,964,000	61,650,514	5,313,486
Other operating and general expense	87,354,000	64,072,272	23,281,728
Retirement benefits	40,008,000	36,681,733	3,326,267
Rental of office space and parking lot	75,923,000	70,170,139	5,752,861
Utilities	26,036,000	15,197,060	10,838,940
	<u>652,646,000</u>	<u>512,344,773</u>	<u>140,301,227</u>
<b>Surplus</b>		137,690,551	41,540,551
<b>Capital:</b>			
Fixed assets / capital goods	96,150,000	(89,102,104)	7,047,896
<b>TOTAL</b>	<u>748,796,000</u>	<u>48,588,447</u>	<u>48,588,447</u>

**17. STAFF COSTS**

The number of employees at the end of the year was as follows:

	2020	2019
Temporary	9	13
Permanent	78	68
	<u>87</u>	<u>81</u>

**INTEGRITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2020**

**17. STAFF COSTS (CONT'D)**

The aggregate payroll costs for these persons were as follows:

	2020	2019
	\$	\$
Salaries and other related costs	214,131,069	200,159,341
Gratuity payments	36,681,733	36,334,623
Statutory contributions	7,823,901	8,323,529
	258,636,703	244,817,493

**18. RELATED PARTIES**

The Commission's statement of financial performance includes the following transactions, undertaken with related parties in the ordinary course of business:

	2020	2019
	\$	\$
Transactions with Commissioners:		
Commissioners' fees	63,533,062	5,057,800
Renumeration for key management personnel:		
Director of Information and Complaints	5,535,036	3,483,889
Director of Prosecution	13,487,132	13,715,432
Director of Investigation	7,389,352	6,387,256
Director - Corporate Services	2,998,995	4,172,613
Chief Financial Investigator	3,670,598	5,005,188
Senior Financial Analyst	2,912,608	3,538,853
	99,526,783	41,361,031

**19. FINANCIAL INSTRUMENTS****(a) Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Commission. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at reporting date.

Generally, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Commission would realise in a current market exchange.

The amounts included in the financial statements for cash and bank deposits, receivable and payables, reflect the approximate fair values because of short-term maturity of these instruments.

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**19. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management**

The Commission has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow risk

The Commissioners, together with senior management has overall responsibility for the establishment and oversight of the Commission's risk management framework.

The Commission's risk management policies are established to identify and analyse the risks faced by the commission in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

**(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Commission's principal financial assets are cash and bank deposits; and receivables and prepayments.

*Cash and bank balances*

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

At reporting date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Cash and bank balances	<b>17,448,318</b>	54,450,524

**(ii) Liquidity risk**

Liquidity risk is the risk that the Commission will not meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission.

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**19. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd):****(ii) Liquidity risk (cont'd)**

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Less than 1 year
<b>March 31, 2020:</b>			
Accounts payable	<u>24,696,743</u>	<u>24,696,743</u>	<u>24,696,743</u>
<b>March 31, 2019:</b>			
Accounts payable	<u>19,347,368</u>	<u>19,347,368</u>	<u>19,347,368</u>

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Commission's income or the value of its holding of financial instruments. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Interest rate risk:*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Commission materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilised, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At March 31, 2020 and March 31, 2019, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

*Fair value sensitivity analysis for fixed rate instruments*

The Commission does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or equity.

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**20. LITIGATIONS**

The Commission is a party to various claims and legal actions in the normal course of its activities. Although the ultimate result of legal proceedings cannot be predicted with certainty, it is the opinion of the Commission's management that the outcome of any claim which is pending, either individually or on a combined basis, will not have a material effect on the financial position of the Commission.