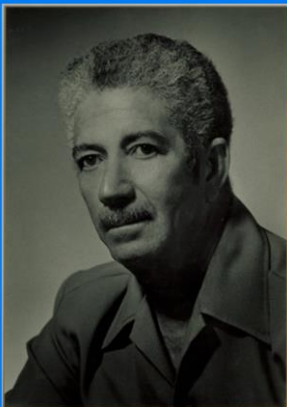




OFFICE OF THE CONTRACTOR GENERAL JAMAICA



Mr. Ashton Wright

October 1986 - June 1991



Mr. Gordon Wells

June 1991 - June 1998



Dr. Derrick McKoy

August 1998 - August 2005



Mr. Greg Christie

December 2005 - November 2012



Mr. Dirk Harrison

March 2013 - Present

THE TWENTY-EIGHTH ANNUAL REPORT OF THE CONTRACTOR GENERAL



Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

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OFFICE OF THE CONTRACTOR-GENERAL
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June 22, 2017

The Hon. Pearnel Charles, C.D, M.P, J.P.
Speaker of the House of Representatives
Houses of Parliament
Gordon House
81 Duke Street
Kingston

Senator the Hon. Hon. Thomas Tavares-Finson, C.D., Q.C., J.P.
President of the Senate
Houses of Parliament
Gordon House
81 Duke Street
Kingston

Dear Honourable Speaker and Honourable President:

I am privileged to write directly to you in this matter.

In accordance with the provisions of Section 28 (2) of the Contractor General Act, I have the good honour to submit, to you, Seventy (70) copies of the Twenty-Eighth Annual Report of the Independent Parliamentary Commission of the Contractor General of Jamaica for calendar year 2014.

As you will recall, Section 28 (3) of the Contractor General Act mandates that Reports of the Contractor General "... shall be submitted to the Speaker of the House of Representatives and the President of the Senate who shall, as soon as possible, have them laid on the Table of the appropriate House."

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

Very respectfully yours,

Dirk Harrison (Signed)

Dirk Harrison
Contractor General

OFFICE OF THE CONTRACTOR-GENERAL

ANNUAL REPORT 2014

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THE OFFICE OF THE CONTRACTOR GENERAL – AN OVERVIEW

The Contractor General is an Independent Commission of the Parliament of Jamaica, which was established by the Contractor-General Act in 1986, which was promulgated on the 7th day of October of 1983. The Contractor General is appointed by the Governor General, by instrument under the Broad Seal, after consultation with the Prime Minister and the Leader of the Opposition. Once appointed, a Contractor General serves for a period of seven (7) years, in the first instance and where re-appointed, holds office *“for periods not exceeding five years at a time.”*

Pursuant to Section 4 (1) of the Contractor-General Act, the Contractor General monitors the award and implementation of Government of Jamaica (GOJ) contracts, with the aim of ensuring that such awards are made impartially and on merit and that *“the circumstances under which contracts are awarded or terminated do not involve impropriety or irregularity.”* Further, the Contractor General is mandated under the same section to ensure that contracts awarded are implemented in accordance with the agreed terms. The Contractor General also monitors *“the grant, issue, suspension or revocation of any prescribed licence...”*

Sections 15 (1) and 16 of the Contractor-General Act, gives a Contractor General, the discretionary power to formally investigate any matter associated with the award of Government contracts, the issuance of Government licences and permits, procurement procedures and the registration of Contractors.

The Contractor General is supported by staff employed to the Office of the Contractor General (OCG), in accordance with Section 13 (1) of the Contractor-General Act. The powers of the Office are limited to investigating allegations and where necessary, making referrals to the relevant authorities for further action, pursuant to Section 21 of the Contractor-General Act. The OCG therefore functions as an Ombudsman and a referee.

As Ombudsman, the OCG discharges its mission and core operating functions through three (3) operating Divisions; namely, the Inspectorate Division (ID) which is divided into (i) the Construction Unit and (ii) the Non-Construction Contracts, Licences and Permits Unit, the Special Investigations Division (SID), and the Technical Services Division (TSD), which also functions as the Secretariat of the National Contracts Commission (NCC). These Divisions are ably supported by two (2) additional Divisions; namely, the Corporate Services Division (CSD) and the Information Systems Division (ISD).

The OCG provides technical and administrative support to the NCC through the TSD, thus enabling the NCC to effectively execute its functions as mandated under Section 23 of the Contractor-General Act.

Being cognisant of our role in ensuring that the Government procurement procedure is free of impropriety and irregularity and thus meets the highest standards, the OCG has declared this commitment in its Mission Statement, which states that:

“The Mission of the Office of the Contractor General is to effectively discharge the requirements of the Contractor-General Act and, in so doing, to:

- *Monitor and investigate the award and implementation of contracts, licences, permits, concessions and the divestment of government assets;*
- *Improve and make fair and equitable, the system of awarding contracts, licences, permits, concessions and the divestment of government assets;*
- *Ensure that all public sector agencies give the widest possible opportunity to qualified persons to bid for contracts and divestments or to apply for licences and permits;*

- *Create a positive image of the public procurement process by promoting integrity, professionalism, transparency, efficiency and, in so doing, to thereby engender public confidence.*”

The current Contractor General is Dirk Harrison, Attorney-at-Law and former Deputy Director of Public Prosecutions in the Office of the Director of Public Prosecutions, Jamaica. Mr. Harrison was sworn into office on February 25, 2013 and officially took up office on March 1, 2013. Mr. Harrison is the fifth (5th) Contractor General of Jamaica.

PREVIOUS CONTRACTORS GENERAL:

- **Mr. Ashton Wright** (October 1986 - June 1991)
- **Mr. Gordon Wells** (June 1991 - June 1998)
- **Mr. Derrick McKoy** (August 1998 - August 2005)
- **Mr. Greg Christie** (December 2005 - November 2012)

ACTING CONTRACTORS GENERAL

In accordance with Section 10 (1) of the Contractor-General Act, the following individuals were appointed to act as Contractor General pending the formal appointment of a Contractor General:

- Mr. Maurice Henry (June 1998 - August 1998)
- Mr. Steve Sherman (August 2005 - November 2005)
- Mr. Craig Beresford (November 2012 - February 2013)

THE CONTRACTOR GENERAL'S INTRODUCTORY REMARKS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPLAINTS AND ENQUIRY MANAGEMENT

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

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

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

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

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

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

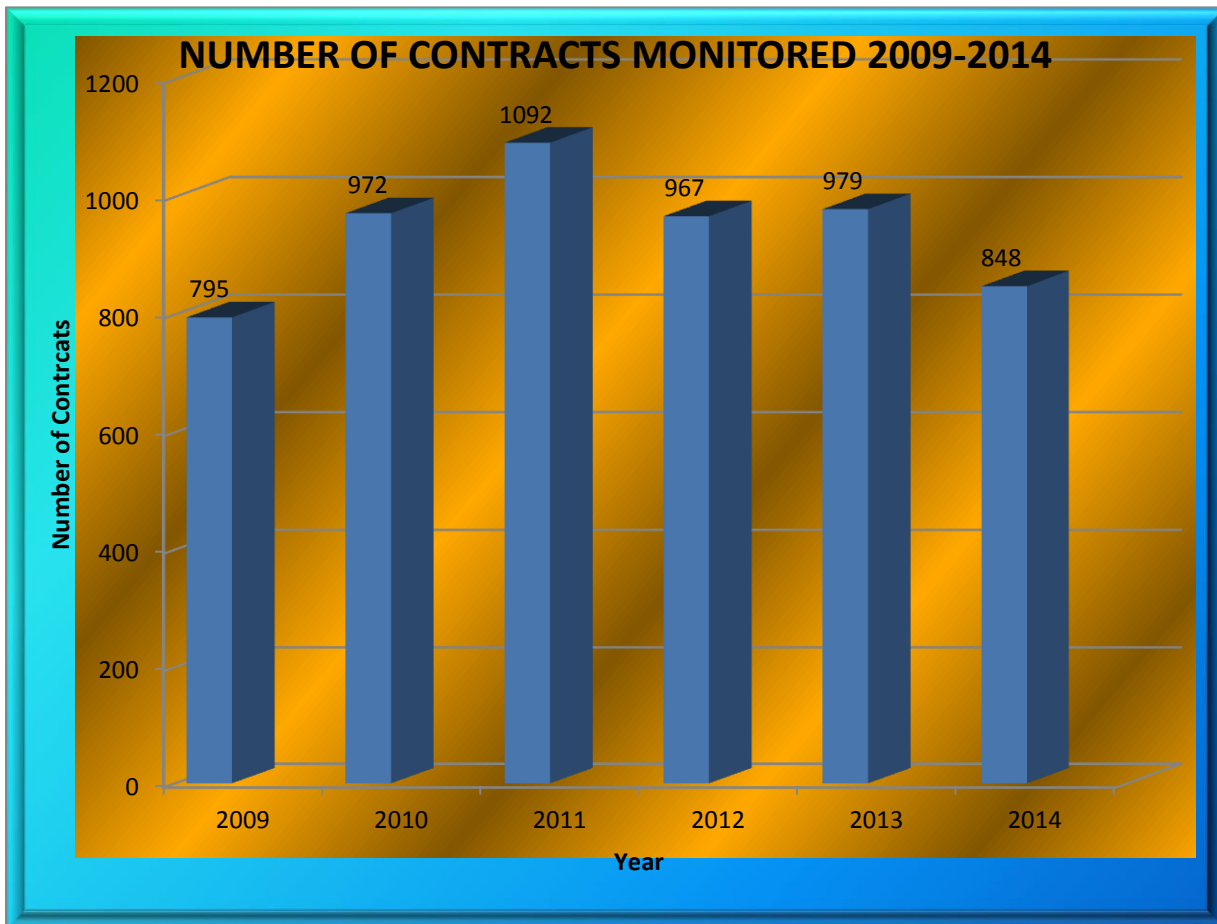
Additionally, and should the nature of the complaint or appeal not fall within the parameters of the Complaints and Appeals Process, as detailed in the Handbook of Public Sector Procurement Procedures, the OCG, through its Complaints and Impropriety Hotline or any other means of access available to the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

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

CONTRACT MONITORING

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Quarterly Contract Awards (QCA) Submissions

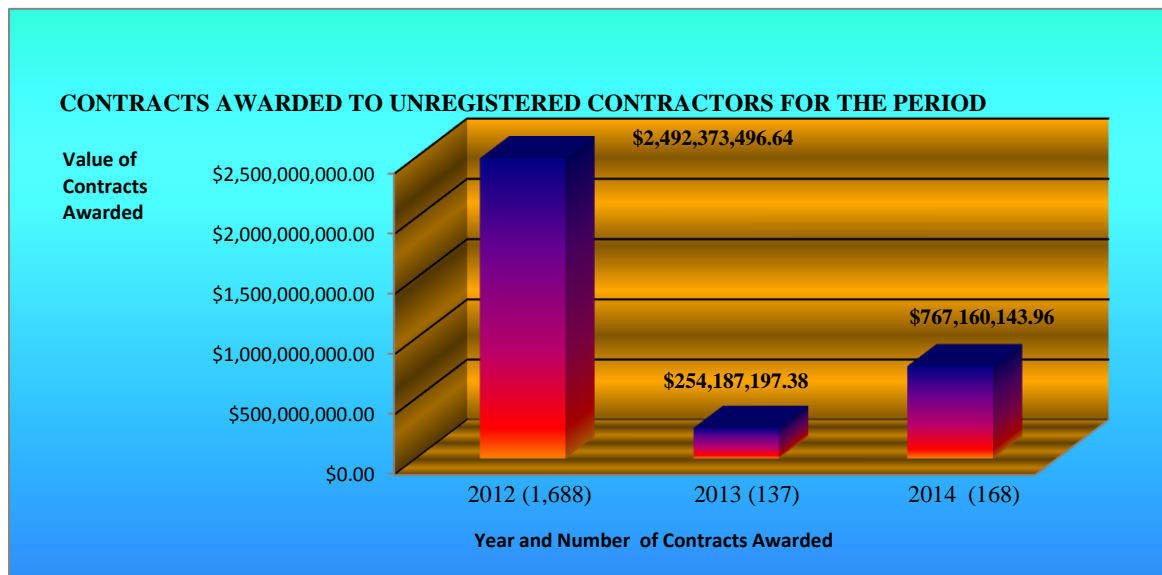
Public entities are required to submit to the OCG on a quarterly basis, the particulars of all contracts awarded by them, which are in excess of J\$500,000.00. Reports are submitted to the OCG by way of its Web Portal. For the calendar year 2014, the OCG saw a one hundred percent (100%) reporting compliance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

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

Procurement Concerns Identified Through the Review of QCA Submissions

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

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



Land Divestment

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

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

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

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

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

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

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

THE CONSTRUCTION UNIT OF THE INSPECTORATE DIVISION

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

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

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

Contracts Awarded Utilising the Emergency Contracting Procurement Methodology

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

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

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

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

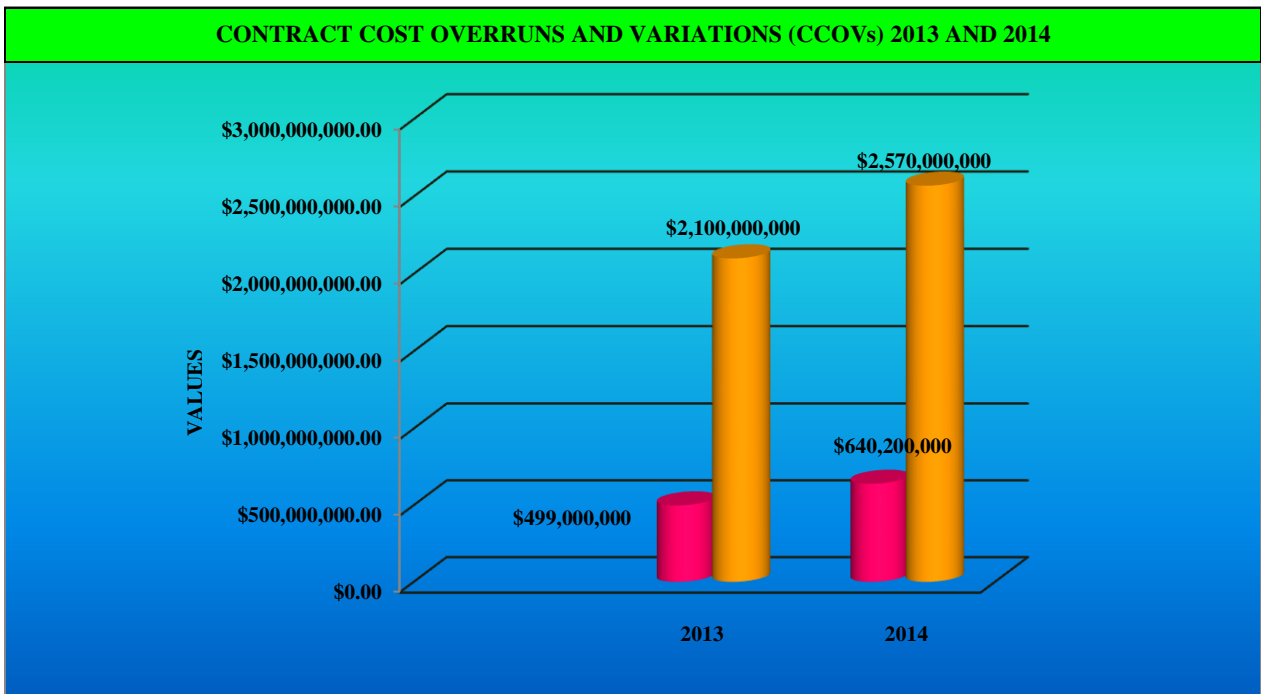
Contract Cost Overruns and Variations

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

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

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

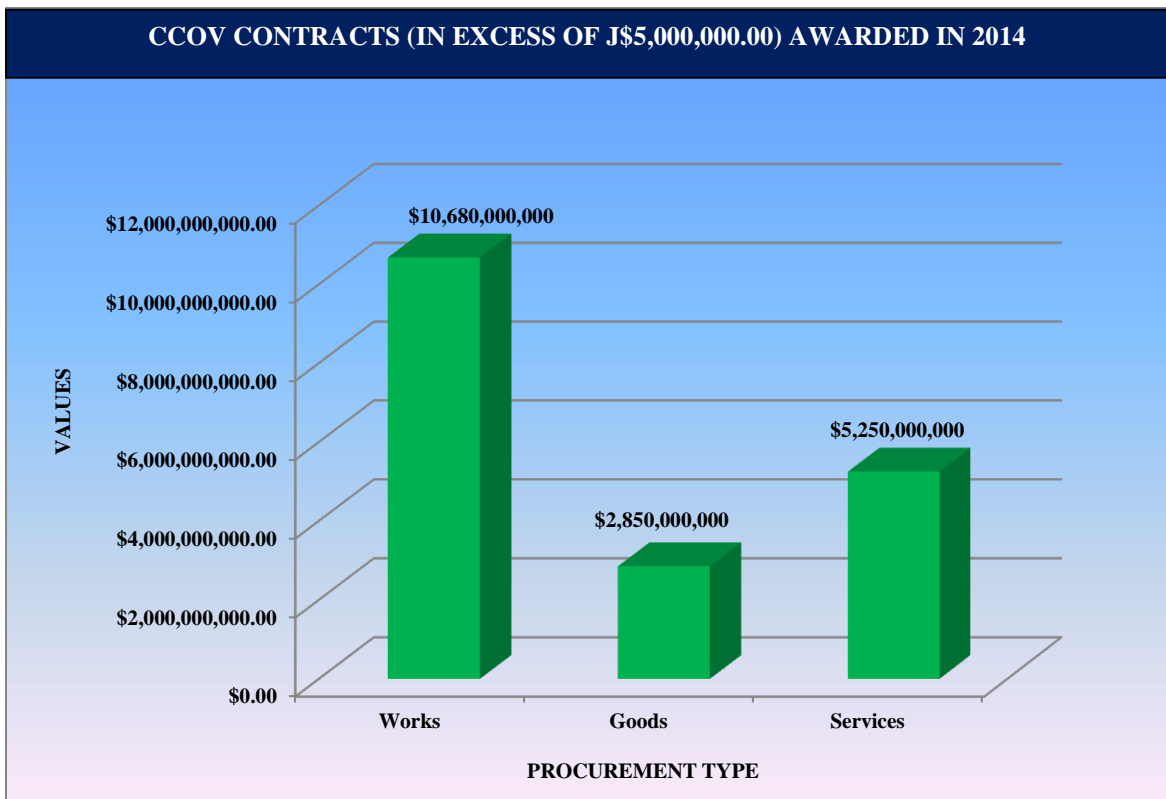
The Chart below illustrates the values of CCOVs for Contracts awarded in 2013 and 2014:



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

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

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



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

Procurement Processes Monitored Which Are Of Concern to the OCG

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

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

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

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

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

South East Regional Health Authority

Renovation & Expansion of the Isaac Barrant Health Centre

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

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

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

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

Major Projects

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

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

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

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

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

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

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

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

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

North-South Link Highway Project

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

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

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

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

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

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

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

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

Construction design details and approvals;

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

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

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

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

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

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

THE CORPORATE SERVICES DIVISION

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

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

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

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

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

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

THE INFORMATION SYSTEMS DIVISION

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

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

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

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

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

THE TECHNICAL SERVICES DIVISION

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

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

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

The Contractor Registration Process

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

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

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

Contract Award Recommendations Endorsed by the NCC

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

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

NCC Sector Committees

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

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

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

THE SPECIAL INVESTIGATIONS UNIT

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

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

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

Referrals Made

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

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

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

Recommendations Made

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

Among the recommendations made in 2014 were:

"... Executive Agencies and Procuring Entities take a more proactive and aggressive role in developing, implementing and enforcing effective risk management systems, checks and balances and other appropriate management systems, in an effort to mitigate against any possibility of collusion, fraud and corruption; as well as to ensure that government contracts are awarded to legitimate and competent Contractors and based on merit and impartiality."

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

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

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

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

JAMAICA'S PLACEMENT IN INTERNATIONAL SURVEY REPORTS

World Economic Forum - Global Competitiveness Report

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

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

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

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

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

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

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

Transparency International - Corruption Perception Index (CPI)

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

CLOSING REMARKS

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

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

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

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

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

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

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

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

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

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

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

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

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

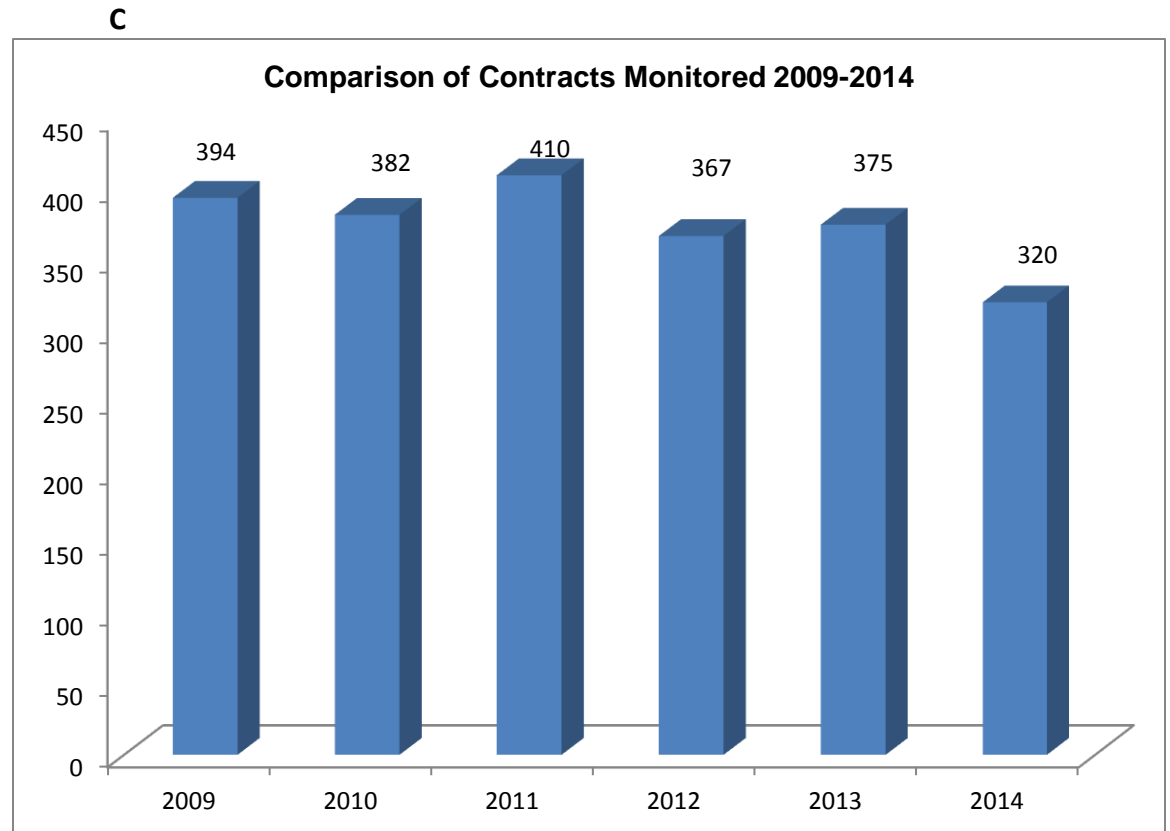
Dirk Harrison
Contractor General

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MONITORING OF CONSTRUCTION CONTRACTS

The Office of the Contractor General (OCG), through its Construction Contracts Division, monitored the Pre and Post Contract phases of three hundred and twenty (320) contracts within the calendar year 2014. This translates to a 14.7% decrease in the number of construction contracts that were monitored when compared with the preceding year, when the OCG monitored three hundred and seventy-five (375) contracts.

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



Construction Contracts Monitored 2009-2014

CONTRACTING UNDER EMERGENCY CIRCUMSTANCES

In its effort to be enlightened about the Emergency Contracting procurement procedures that were utilised by certain Public Bodies in 2014, the OCG made a requisition to the following Institutions by way of a letter which was dated February 11, 2015:

- Petrojam Limited;
- National Water Commission;
- National Solid Waste Management Authority;
- Ministry of National Security;

- The National Housing Trust;
- National Works Agency;
- The Ministry of Local Government and Community Development (and by extension, all Parish Councils/KSAC); and
- Ministry of Transport, Works and Housing.

The Public Bodies were requested to provide the OCG with information with respect to contracts which were awarded utilising the “*Contracting under Emergency Circumstances Procurement Procedure*”, between the period January 1, 2014 to December 31, 2014.

Further to this, the Public Bodies were asked to submit the following information on a spreadsheet that was provided by the OCG:

1) Name of Contractor; 2) Description and Location of Works; 3) Engineer’s Estimate; 4) Justification for use of Emergency Contracting Procedure; 5) Contract Award Date; 6) Project Start Date; 7) Project Scheduled Completion Date; 8) Project Completion Date; 9) Original Contract Sum; 10) Final Contract Sum; 11) Variation Sum; 12) Expenditure to Date; 13) Justification for Variation; and 14) Remarks.

Detailed hereunder, are particulars of the responses obtained from the Public Bodies.

Table A: Public Bodies’ Response to Contracting Under Emergency Circumstances – 2014

Public Body	Comparable Estimate	Original Contract Sum	Final Contract Sum	OCG Comments
	J\$	J\$	J\$	
Petrojam	361.12M	392.85	406.14	Data presented for the period under review has shown diverse works being done inclusive of equipment rental, manual labour, structural and electro-mechanical works.
National Water Commission (NWC)	0.00	27.15M	19.10M	Data presented for the period under review has shown that the majority of the contracts awarded were civil works to effect repairs to distribution pipelines due to unforeseen disruptions. The value for the Comparable Estimate was not submitted.
National Solid Waste Management Authority (NSWMA)	0.00	57.09M	57.09M	Data represents information for the NEPM Waste Management Ltd., WPM Waste Management Ltd., and MPM Waste Management Ltd. It was reported that there were no contract awards for the National Solid Waste Management Authority and SPM Waste Management Ltd. The contracts awarded were for the use of heavy duty equipment and haulage. No Comparable Estimate was submitted.
Ministry of National Security		5.86M	6.66M	A review of the data has shown that the two (2) projects reported were construction and electrical works.
National Housing Trust	118.61M	120.46M	133.08M	A review of the data has shown that the projects reported were civil works related.
National Works Agency (NWA)	0.00	106.47M	106.47M	Data presented for the period under review has shown that the majority of the civil works effected were attributed to island wide Flood Damage repairs. A Comparable Estimate was not stated.

Public Body	Comparable Estimate	Original Contract Sum	Final Contract Sum	OCG Comments
	J\$	J\$	J\$	
Ministry of Local Government and Community Development	3.65M	3.65M	3.50M	Eleven (11) Local Authorities, namely: St. Ann, St. Elizabeth, St. Mary, Hanover, St. James, Westmoreland, Manchester, St. Catherine, St. Thomas and Clarendon Parish Councils and the Portmore Municipal Council, have indicated that no contracts were awarded. The data represents works by the St. Mary and Portland Parish Councils, the KSAC did not submit a report.
Ministry of Transport, Works and Housing	155.63M	138.09	139.57	Data presented for the period under review has shown that the majority of the contracts awarded were for civil works, inclusive of gabion retaining walls, rubble retaining walls and rehabilitation of roads.

Data submitted by the Public Bodies reflect a sum of approximately J\$852 million was either expended or awarded for contracts to carry out emergency works. At the time of submission to the OCG, the data suggests that, with the exception of the NWC, the works were completed.

The data further indicated that a significant amount of the works undertaken was related to building construction, civil works or for services rendered, including the hireage of equipment.

Variations and Cost Overruns

The GoJ Handbook of Public Sector Procurement Procedures defines a cost overrun as, “...an increase in the contract sum resulting from escalation in the price of labour and/ or material” and a variation as “...a change to the deliverable(s) under a contract caused by an increase or decrease in the scope of work to be performed, amount/type of goods to be supplied or services to be provided, and must be directly related to the specific contract.”

PUBLIC SECTOR CONTRACT COST OVERRUNS, VARIATIONS & ANY OTHER PRICE ADJUSTMENTS (CCOV)

By way of a letter dated January 19, 2015, the OCG requisitioned one hundred and ninety-nine (199) Public Bodies of which ninety-eight (98) or forty-nine percent (49%) indicated that they did not encounter any cost overruns, variations or any other price adjustments during the 2014 period, with regard to the procurement of goods, works and services. During the previous year, 2013, two hundred (200) Public Bodies were requisitioned and, of these, ninety-nine (99) or 49.5% specified that their procurement of goods, works and services did not yield any cost overruns or variations. This represents a slight decrease of one percent (1%) in Entities that reported the non-occurrence of cost overruns and variations.

This marks the first period wherein Public Bodies have been asked to submit figures representing the amounts spent on Any Other Price Adjustments for their procurements, in addition to that which was spent on Cost Overruns and Variations. This was instituted in an effort to capture and record all the additional costs being incurred by Public Bodies during the procurement processes.

The information requested was relevant to all projects of value greater than J\$500,000.00, for which monetary disbursements for Cost Overruns, Variations and/or Any Other Price Adjustments were made during the calendar year 2014, irrespective of the date of the contract award. In this regard, the CCOV data which was submitted by the Public Bodies indicated that the combined goods, works and services contracts valued approximately J\$17.93 billion from which emanated cost overruns, variations and any other price adjustments of approximately J\$640.2 million, J\$2.6 billion and J\$342.0 million, respectively.

The results of the submissions are as follows:

Table B: Contract Cost Overruns and Variations (CCOV)

Type of Contract	Total Contract Value (J\$)	Total Value Cost Overrun (J\$)	Total Value Variation (J\$)	Total Value Any Other Price Adjustments (J\$)	% Cost Overrun	% Variation	% Any Other Price Adjustments (J\$)
Goods	2.85B	10.06M	505.47M	1.22M	0.35	17.75	0.04
Works	10.68B	534.58M	1.02B	340.81M	5.01	9.55	3.19
Services	4.40B	95.54M	1.04B	0.00	2.18	23.71	0.00
Goods/Works /Services	17.93B	640.18M	2.57B		3.57	14.33	1.91

Of the Goods, Works and Services contracts awarded, works contracts represent the highest value of approximately J\$10.68B or 59.6%, goods, J\$2.85B or 15.9% and services J\$5.25B or 24.5%.

The data also shows that the procurement of Works with 5.01% represented the highest percentage of cost overruns followed by Services and Goods with approximately 2.18 % and 0.35% respectively. The data further indicated that Services contracts had the highest variations, with approximately 23.71%, followed by Goods, then Works with 17.75% and 9.55%, respectively. The percentage for Any other Price Adjustment for Works contracts is the highest with 3.19%.

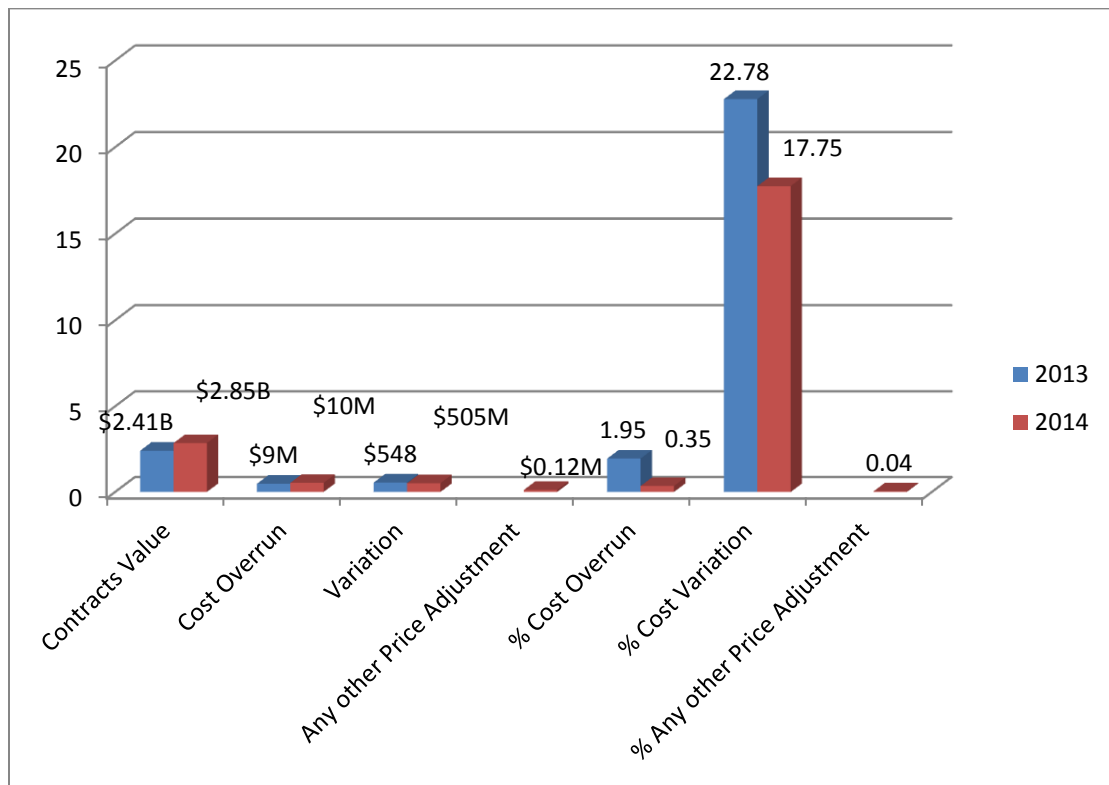
CCOV FOR GOODS, WORKS AND SERVICES EXCEEDING J\$5 MILLION

The CCOV data for the procurement of goods, works and services exceeding J\$5 million was reviewed and tabulated. The table below indicates that the total variations were significantly higher than that of the total cost overruns. It is, however, interesting to note that, for contracts valuing \$40M and above in the category of Goods, Works and Services, the variation sum of \$800.25 Million for the Services contracts was approximately 19.45% above the Works contracts and 256.47% above that of the Goods contracts.

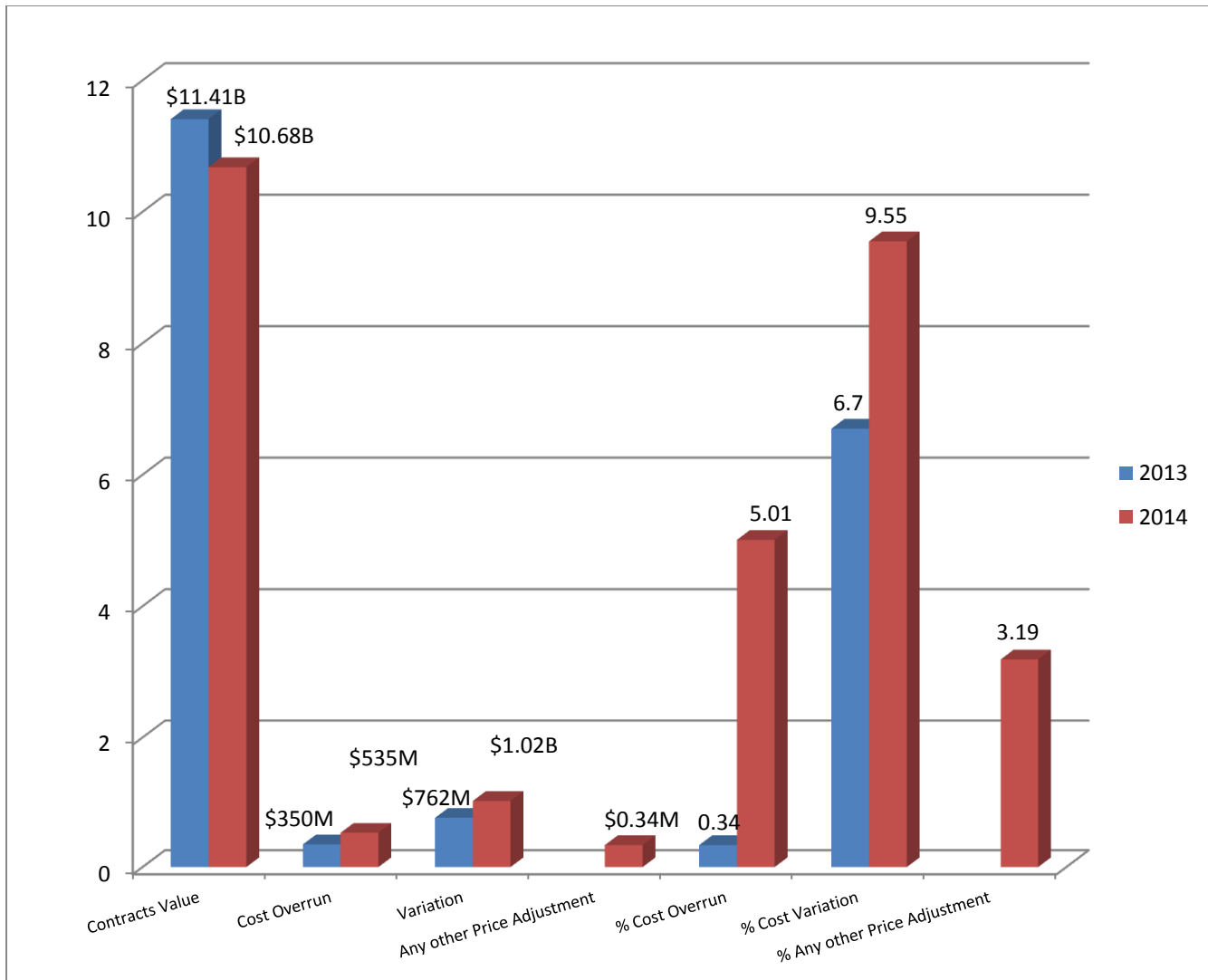
Table C: CCOV Goods, Works and Services exceeding J\$5 Million

Procurement Threshold	Goods			Works			Services		
	J\$5M to J\$14.99M	J\$15M to J\$39.99M	J\$40M and above	J\$5M to J\$14.99M	J\$15M to J\$39.99M	J\$40M and above	J\$5M to J\$14.99M	J\$15 to J\$39.99M	J\$40M and above
Total Contract Value	143.43M	283.78M	2.36B	874.79M	1.33B	8.24B	342.37M	465.90M	3.41B
Cost Overrun	5.60M	10.58M	0.00M	2.77M	10.77M	519.80M	14.80M	5.24M	72.32M
Variation	19.86M	89.28M	224.49M	142.60M	148.61M	669.96M	95.83M	79.61M	800.25M
Any Other Price Adjustments	0.45M	0.60M	0.00	4.75M	0.00M	344.4M	6.87M	0.00	0.00

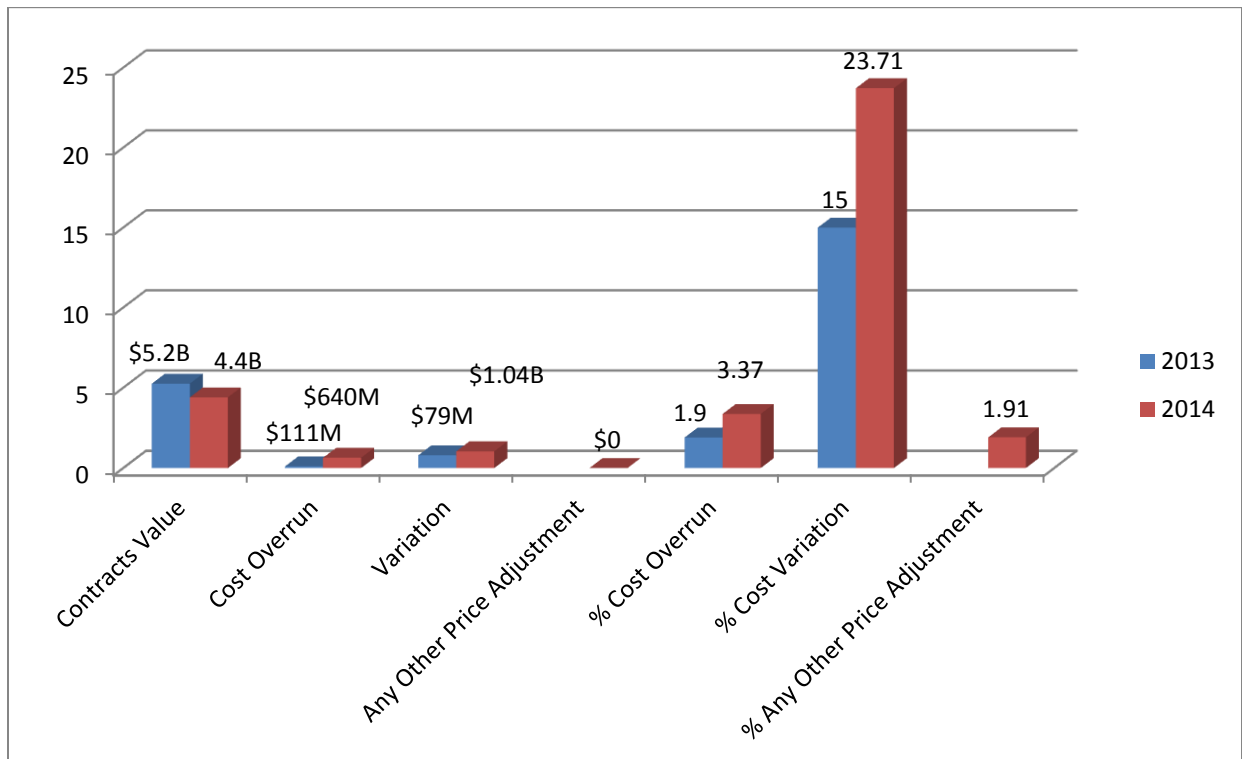
Comparison of CCOV between the years 2013 and 2014 for Public Bodies for Goods Contracts



Comparison of CCOV between the years 2013 and 2014 for Public Bodies for Works Contracts



Comparison of CCOV between the years 2013 and 2014 for Public Bodies for Services Contracts



Comparison of CCOV for Public Bodies with Works Contracts Exceeding J\$100 Million

The Works CCOV was selected for analysis as it was observed that it represented 59.6% of the contracts which were awarded in this range. See Table D below.

Table D: CCOV Public Bodies with Works Contracts over J\$100M

Public Body	Total Contract Value (J\$)	Total Cost Overrun (J\$)	Total Variation (J\$)	Any other Adjustments	% Cost Overrun	% Variation	% Any other Adjustments
Jamaica Civil Aviation Authority	1.76B	0.00	311.85M	0.00	0.00	17.67	0.00
National Works Agency	1.22B	9.76M	6.9M	(41.73M)	0.8	0.57	0.00
National Housing Trust	1.92B	62.51M	6.40M	70.00M	3.26	0.33	3.65
Housing Agency of Jamaica Ltd	1.19B	340.37M	85.07M	278.4M	28.57	7.15	23.36
Port Authority of Jamaica	129.64M	0.00	6.31M	0.00	0.00	8.87	0.00
University of Technology	175.36M	0.00	0.00	16.42M	0.00	0.00	9.36
Petrojam Limited	108.M	0.00M	43.30M	0.00	0.00	40.10	0.00
Ministry of Education	783.50M	93.5M	39.00M	2.5M	11.93	4.98	0.32

Table E represents the impact of variations and cost overruns on contract sums for five (5) randomly selected Government contracts.

Table E: Selected Cases- Impact of variations and cost overruns

Contracts Variations and Cost Overruns									
Public Body / Entity	Name of Project	Contract Award Date	Contract Sum	Contract Duration (Months)	Contract Start Date	Scheduled Completion Date	Completion Date	Time Overrun (Months)	Variation / Cost Overrun
Ministry of Agriculture and Fisheries GCM-6832	Barracks Relocation Project: Shrewsbury Infrastructure Development Works	2012-12-11	J\$70.01 M	6	2013-01-21	2013-07-22	2014-03-04	8	11.59M
Ministry of Agriculture and Fisheries - Sugar Transformation Unit GCM-17191	National Cane Roads Rehabilitation Project: St. Thomas SDA		J\$30.42 M	5.5	2013-10-19	2014-03-31	2014-06-16	2.5	J\$7.23M
Office of the Prime Minister/ Jamaica Social Investment Fund (JSIF) GCM-10862	Albert Town Infant Construction and Primary School Upgrade	2013-02-11	J\$25.97 M	3	2013-02-25	2013-05-25	2014-08-27	15	J\$2.56M
Office of the Prime Minister /Jamaica Social Investment Fund (JSIF) GCM-16081	Rehabilitation of Community Centre, Phase 2 - Knollis (#73079)	2013-05-02	J\$24.18 M	3	2013-05-13	2013-08-10	2014-05-06	9	J\$2.37M
Ministry of Transport, Works and Housing /Housing Agency of Jamaica (HAJL) PPCM-6852	Boscobel Housing and Infrastructure Project	2011-04-11	J\$802.5 2M	18	2011-04-26	2012-10-26	Ongoing	26	J\$272.14 0M

CONTRACT PERFORMANCE MONITORING

The primary purpose of monitoring contract performance is to continuously review the planned, on-going or periodic contract activities. This facilitates the measurement and management of the Contractors and Entities' compliance in relation to the terms and conditions outlined in the contract, and serves to allow the OCG to determine whether the required results are being achieved.

Table F below illustrates selected contracts that were monitored.

Table F: Selected Cases - Contract Performance Monitoring

Contract Performance Monitoring				
Contract Award Date	Ministry/Entity	Name of Project/ Contractor	Tender Method & Contract Value (J\$)	Remarks
2012-11-05 GCM-1471	Ministry of Transport and Works / NMIA Airports Limited	Extension of Chilled Water Distribution System Arel Limited	Local Competitive Bidding \$280,929,689.16	At the end of the 2013 reporting period, the project was 95% complete and approximately four (4) months behind schedule, due to rain delays, change in specifications by the Client, obstructions due to existing service pipes and variations. The Contractor was also granted an extension of time of 33 days. During the period under review, it was reported that between December 2013 and April 2014, the works stalled. However, testing and correction of various issues with the pipelines were ongoing. The works subsequently resumed but progressed slowly and as at December 2014, was approximately 98% complete and 13 months behind the original scheduled completion date.
2012-12-11 GCM-6832	Ministry of Agriculture and Fisheries- Sugar Transformation Unit	Barracks Relocation Project: Shrewsbury Infrastructure Development Works D.R. Foote Construction Company Limited	Local Competitive Bidding \$70,014,350.00	During the 2013 review period, it was noted that construction of a Bio-digester and other contractual items were eliminated from the proposed sewer system and resulted in a negative variation of \$8,665,900.00. Additionally, the preliminary survey did not reveal a significant amount of the rocks in sections whilst other areas had extremely soft soil conditions below the surface. Both matters resulted in several delays in the execution of the works, an extension to the scheduled deadline for completion and an additional variation sum of \$17,663,110.00. Consequently, the project incurred a net variation sum of \$8,997,210.00 which increased the contract sum to \$79,010,460.00. During 2014, the project continued to face challenges regarding underestimation of the required rock excavation which resulted in the project surpassing the scheduled completion date by over seven (7) months.
2012-08-14 GCM-6712	Ministry of Agriculture and Fisheries - Sugar Transformation Unit	Barracks Relocation Project: Masemure Infrastructure Development Works/ Share Con Construction Limited	Local Competitive Bidding \$29,164,820.00	Changes to the design of the sewerage system by the Entity resulted in the contract incurring variations which included the removal and re-installation of the water supply and sewer pipes. Consequently, the project fell significantly behind its scheduled completion date. The award of a contract to a different contractor to construct a Biodigester further delayed the project as both contractors worked simultaneously and in close proximity or overlapping on the site.

Contract Performance Monitoring				
Contract Award Date	Ministry/Entity	Name of Project/ Contractor	Tender Method & Contract Value (J\$)	Remarks
2012-11-30 GCM-11122	Jamaica Social Investment Fund (JSIF)	Crawford Primary School Expansion & Rehabilitation Ricam Construction	The Local Competitive Bidding \$34,800,667.00	The Implementing Agency was unable to meet its financial obligation to the project in the closing months of the 2012-2013 financial year. This situation continued into the new financial year. This affected the contractor's original works schedule as its liquidity and cash flow were severely affected due to the Entity's inability to honour the payment certificates in a timely manner.
2013-07-03 GCM-8962	Ministry of Transport, Works and Housing / National Works Agency (NWA)	The Supply, Installation and Commissioning of Air Conditioning Equipment for the Main Building, 78 C, E & F Hagley Park Road Synergy Engineering Limited	Local Competitive Bidding \$18,977,665.01	Several issues, inclusive of the following, delayed the project: (a) The redesign of the entire a/c system to include industrial split systems;(b) The re-sizing and re-ordering of equipment in conjunction with the electrical contractor;(c) The time required to confirm with the manufacturer the duration for the availability of sized industrial split systems;(d) The time required to fabricate all duct work and supporting struts for all air handling units suspended in the ceiling; (e) Works on the roof by separate roofing contractors; and (f) Provision of plinths to support both the large split units and the mini-split condensers. The delays resulted in the project being approximately twenty-three (23) months behind schedule.
2014-06-19 PPCM-13512	Ministry of Transport, Works and Housing / National Works Agency (NWA)	OFID/GOJ Rural Roads Rehabilitation Project, Phase II - Sour Sop Turn to Chapelton, Clarendon Asphaltic Concrete Enterprise Ltd & General Paving Company Ltd (OFID Joint Venture)	Local Competitive Bidding	The project experienced delays prior to the commencement of the works in September 2014 due to: (a) Delay in the signing of contract as the Contractor required additional time to provide the requisite bonds and insurance; and (b) Additional design modifications deemed necessary to ensure that value for money was obtained. During the implementation phase the works progressed slowly due to road alignment challenges experienced by the Contractor which was attributed to the faulty survey data and re-scoping of the project by the NWA. A minimal amount of work was done over the period between commencement of the works and December 2014.
2013-11-12 GCM-17561	Ministry of Water, Land, Environment and Climate Change	Burnt Savannah - Knoxwood Water Supply Mains Replacement & Upgrading (Contract No. KF01-01/P/01) Share Con Limited	Local Competitive Bidding \$9,597,498.50	The scheduled progress was not achieved by the Contractor and consequently the project progressed slowly and was 40% complete with an estimated eight (8) weeks of the contract period remaining. This slow rate of progress was attributed mainly to defective construction equipment. Other issues which affected the progress of the works include rain delays and the National Water Commission's inability to pay the contractor in a timely manner.
2013-03-14 GCM-17631	South East Regional Health Authority	Renovation & Expansion of the Isaac Barrant Health Centre	Local Competitive Bidding \$11,804,177.00	Due to poor performance by the contractor, the contract was terminated in November 2013 by the South East Regional Health Authority (SERHA). SERHA conducted an assessment of the outstanding works and embarked on an in-house type management, which involved the contracting of labour services to residents of the community to complete the project. The project resumed and was completed in April 2014.

Contract Performance Monitoring				
Contract Award Date	Ministry/Entity	Name of Project/ Contractor	Tender Method & Contract Value (J\$)	Remarks
2013-11-27 PPCM-19031	Ministry of Transport, Works and Housing / National Works Agency (NWA)	Construction of Juvenile Detention Centre at the Moneague Police Station Another Star is Born (ASB) Construction Limited	Local Competitive Bidding \$20,863,463.10	The project started as scheduled, but fell behind due to financial constraints being experienced by the Contractor. As at May 14, 2014, the works were only 25% complete (by works certified for payment) whereas 95% of the contract time had elapsed. Subsequently, discussions between the National Works Agency (NWA) and the Contractor regarding the status of the project resulted in an agreement between both parties to assign the remaining contract works to Chin's Construction Company Limited. With the consent of the NWA, a formal agreement was signed between ASB Construction Limited and Chin's Construction Company Limited. Changes in the Scope of Works resulted in the project incurring Variations totaling J\$73,484.06, which effectively reduced the Contract Sum from J\$20,863,463.10 to \$20,789,979.50. Substantial Completion was achieved in August 2014.

Notwithstanding the significant number of contracts that have been identified with deficiencies in the post-contract performance by the Entities, Consultants or Contractors, projects have been identified where the post-contract activities were executed in a diligent and expeditious manner by the respective professionals.

Table G below reflects selected Good Performance Projects.

Table G: Selected Cases - Good Performance Projects

Good Performance Projects						
Public Body/Name of Project	Contractor / Contract Sum (J\$)	Contract Award Date	Contract Start Date	Contract Scheduled Completion Date	Contract Completion Date	Comments
National Water Commission (NWC) The Construction of Lady Musgrave / Montrose/Upper Montrose Roads Sanitary Collector Sewers PPCM-20331	D. Bisasor & Associates Limited \$45.34M	2013-10-01	2013-12-07	2014-10-07	2014-05-20	Notwithstanding an unacceptable effort at dust control, the Contractor had an effective traffic control system and worked diligently to complete the project significantly ahead of schedule.
Ministry of Finance and Planning Renovation Works to the Ground Floor East, PIOJ Building GCM-18461	MLO Services Limited \$20.64M	2014-05-15	2014-05-19	2014-07-31	2014-07-30	Diligent performance by the Contractor and the project team resulted in the project progressing without any major issues or delays and being completed on schedule.
Ministry of Agriculture and Fisheries - Sugar Transformation Unit National Cane Roads Rehabilitation Project: Bernard Lodge GCM-17151	Dwight's Construction Limited \$74.53M	2013-08-13	2013-09-27	2014-01-31	2014-01-10	Notwithstanding poor weather conditions during the execution of the works, the Contractor diligently completed the project approximately 2 weeks ahead of schedule.

Good Performance Projects						
Public Body/Name of Project	Contractor / Contract Sum (J\$)	Contract Award Date	Contract Start Date	Contract Scheduled Completion Date	Contract Completion Date	Comments
Rehabilitative Works - Wireless Station Road, St. Andrew GCM-14052	Odel Allen Construction \$6,43M	2014-01-14	2014-01-20	2014-02-18	2014-02-18	The project was completed on schedule and within budget. One Variation Order was approved for the project in order to facilitate changes to the Scope of Works. This however did not change the original Contract Sum.
Reconstruction of the Spanish River Bridge Pier, Portland GCM-16581	Chin's Construction Limited \$20.30M	2013-12-19	2014-01-07	2014-03-31	2014-03-27	The Contractor performed diligently and completed the project which incurred two (2) Variations that reduced the contract sum by \$5,000.00.

THE PROPOSED DEVELOPMENT OF LANDS BY THE KING'S HOUSE FOUNDATION

The OCG was advised by the King's House Foundation (KHF) in June 2013 that due to the deplorable condition that the King's House property had been in at one stage, the KHF embarked on a venture that was aimed at putting in place a system that would support the sustained maintenance of the King's House property.

The procedure that was utilised by the KHF to select the Joint Venture Partner for the referenced venture was not concurred with by the OCG due to its non-conformance with certain aspects of the objective of the Housing Public-Private Partnership (PPP) Policy and the Government Procurement Procedures, all of which was summarized in the OCG's 2013 Annual Report. Subsequently the selection process for the Joint Venture Partner had to be retendered by the KHF.

With regard to the retendering process, the KHF advised the OCG that by the end of the period for the collection of Bid Documents, eleven (11) Bid Documents had been purchased. According to Mr. Collin Whittingham, who is assisting the KHF sub-committee with the selection of a Developer for the Joint Venture Partnership project, the Bid Opening was scheduled for January 31, 2014, but was subsequently extended by two weeks to February 14, 2014, due to random requests which were made by potential bidders.

The Bid Opening took place on Friday, February 14, 2014, at 12:15 p.m. in the Ballroom, King's House, in the presence of OCG's officers after which it was announced by the Tender Officer, Herbert Fletcher, that two (2) Bids had been received, one from Pan Jamaican Investment Trust/Jamaica Property and the other from West Indies Home Contractors Ltd.

During its monitoring process, the OCG, by way of a letter which was dated April 8, 2014, requested that the KHF provide it with, *inter alia*, "(a) A copy of the signed Tender Evaluation Report, and (b) Name of Consultant(s) assigned to the Project".

In response, the KHF, by way of letter which was dated April 15, 2015, advised that, "*The Evaluation was carried out in respect of the two (2) Bids which were received and found to be substantially responsive, pre-qualified and satisfied the Technical Specifications/Expertise and Financial Requirements, in accordance with ITB Clause 26.3 & 26.4. ...In keeping with ITB Section 4, Clauses 31.1-33.1, the successful and unsuccessful Bidders have been duly notified and negotiations are underway between the successful Bidder and the Procuring Entity toward the structure and finalization of the Joint Venture Agreement documentation.*".

With regard to the “Name of Consultant(s) assigned to the Project”, which was also requested by the OCG, the KHF stated that, “No Consultants have been assigned to the Project”.

For the successful execution of a Joint Venture project of this magnitude, the service of a seasoned Consultant is advisable. Consequently, the OCG was extremely concerned when the KHF informed it that no Consultants had been assigned to the project. Therefore, the OCG, in its letter to the KHF which was dated May 13, 2014, stated, *inter alia*, that,

“...the OCG is concerned and is of the opinion that due to the nature and significance of the project, the appropriate personnel should be engaged for both the pre and post contract phases, to ensure that the appropriate terms and conditions are embodied in the Joint Venture Agreement and thereafter, adhered to during the implementation phase.

Consequently, the OCG is requesting that it be informed of the personnel on the King’s House Foundation’s (KHF’s) team with responsibility for negotiations with the preferred bidder, towards the and [sic] Joint Venture Agreement.”

In its response to the OCG, the KHF in a letter which was dated May 27, 2014, advised that,

“Regarding the pre-contract procedure, negotiations with the successful bidder are at the stage of perusal by the parties of the draft Joint Venture Agreement documentation. These negotiations were put on hold as a result of letter dated March 31, 2014 from the Attorney-General, a copy of which is attached. We are in contact with him and will keep you advised.”

A copy of the referenced Attorney General’s (AG) letter was eventually received from the KHF under cover of letter which was dated June 16, 2014. The AG’s letter which bore the caption, “10 acres of land Transferred To The King’ [sic] House Foundation and registered at Volume...” and which was addressed to the KHF, stated that,

“I refer to the captioned matter and write to advise that the Cabinet has requested further advice in relation to the captioned lands. Please therefore take no steps in relation to the captioned land until you hear from me further.”

The AG subsequently wrote another letter dated January 30, 2015, bearing the referenced caption and addressed to a member of the KHF, Mr. Christopher Bovell, which stated that,

“I refer to your letter to me dated December 15, 2014. A sub-Committee of the Cabinet is examining this matter in its totality. The Committee is proceeding expeditiously and as soon as they report to the Cabinet and I receive appropriate instructions I undertake to advise you.”

This was the last update on the Joint Venture project that was received by the OCG for the period.

MAJOR PROJECTS

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

In 2005, the air traffic controllers at the Sangster International Airport (SIA) expressed concern with the extension of the Terminal Building which obscured the view of most of the new gates from the existing Air Traffic Control (ATC) Tower. This issue created a hindrance to the safety feature of the air traffic control operations, thus the controllers sternly recommended the construction of a new ATC Tower.

After the concerns of the controllers surfaced in the local media, the Jamaica Civil Aviation Authority (JCAA) received three (3) unsolicited proposals for the construction of ATC Towers at the Norman Manley International Airport (NMIA) and SIA. After review, the proposal submitted by Intelcan Technosystems Incorporation (Intelcan), a Canadian based Company, was further pursued by the JCAA due to its expertise in "turn key" projects of a similar nature.

Negotiations between Intelcan and the client's representative/Consulting Engineers, EQS Jamaica Limited (EQS JL), produced a final proposal from the Contractor priced at CAD\$19,999,974.00 (excluding GCT). Subsequently, the requisite approvals were obtained and the contract awarded.

At the time of the award of contract, Intelcan had not been registered with the National Contracts Commission (NCC) which is a deviation from the requirements in the Handbook of Public Sector Procurement Procedures (2008), Sub-section S-2040, Item III, which outlines that "Contractors should be registered with the National Contracts Commission (NCC) prior to contract award."

The OCG also wishes to highlight that Sub-Section No.:S2080 November 2008 GPPH, regarding NCC registration for international bidders:

"... Registration of foreign bidders should not be a requirement for bidding from onset under Open Tendering procedures. However, the successful bidder will have to be registered before the award of contract" (OCG Emphasis)

Works at Norman Manley International Airport

After commencement in 2011, the project experienced several significant delays due to, amongst other things, the changing of the sub-contractor during the initial stages of the project, equipment failure and the passage of Hurricane Sandy in 2012. As the construction period surpassed that which was agreed contractually, the Contractor remained unable to bring the project back on track and could not provide sufficient justification for the continued delays.

In addition to the significant issues regarding the work progress, it was not until November 2013, three (3) years into the contract, that the issue regarding the lack of NCC registration of the Contractor had been partially addressed. At this time, the Contractor was awarded Grade 2 in Civil Engineering Works and Building Construction by the NCC. Intelcan, however, still required a Grade 1 status for the implementation of a project of this magnitude and, as such, applied to the NCC for an upgrade.

At the start of the reporting year, the sub-contract for the external works was being finalized and the recommended sub-contractor was expected to commence works by the end of February, 2014, and be completed in nine (9) weeks. The final construction schedule submitted by Intelcan reflected a revised completion date of April 18, 2014, for the ancillary building and civil works. However, the Project Manager opined that the revised date would not be achieved.

As predicted by the Project Manager, the estimated completion date of April, 2014, was not achieved and a revised date was set for June 20, 2014. By May 2014, the internal building works and site works were 90% and 80% completed, respectively, and the equipment had been installed in the tower cab. With regard to the cab however, there was a critical issue with the under-sizing/scoping of the HVAC system. Given that the cab could not be occupied without a functional HVAC system, a temporary solution to install a ceiling-mounted unit was put in place.

The Practical Completion Inspection took place on June 27, 2014. During the walk-through it was noted that the internal finishes had been completed with the exception of minor remedial works which were outlined in the Defects List for completion during the Defects Liability Period. It was further noted that the undersized HVAC system had not been corrected. In this regard, the decision to complete the installation of the ceiling mounted units and to redesign the main air conditioning system remained final. Once the redesigned system proved adequate, it was intended to function as the primary system and the ceiling mounted air condition units as a backup system.

The Taking Over Certificate for the NMIA Tower was issued on July 10, 2014, approximately two (2) years and four (4) months past the original completion date. Liquidated Damages had not been applied by the JCAA, as per contract, as the Authority believed that it would impede the Contractor's ability to complete the project.

As at December 31, 2014, the project was in its Defects Liability Period. Note, Intelcan remained a Grade 2 Contractor until August 2014, when it was promoted to Grade 1 in Civil Engineering Works and Building Construction by the NCC.

Works at Sangster International Airport (SIA)

The commencement of the works at SIA was delayed when it was discovered that the selected site for the tower and base building was comprised of approximately 75% swamp. Subsequently, the new site proposal, which moved the Tower further west, was agreed upon by all relevant parties and preliminary works commenced on August 28, 2011.

Like the NMIA, subsequent to the start of the works, more delays were encountered. These included, amongst other things, a change in the selected sub-contractor and the need for design changes to the foundation as the cemented limestone at the new site hindered the piling operations.

During 2012 and 2013, work continued to slip behind schedule and despite persistent queries from the Project Manager; the Contractor was unable to give an explanation for the delays. This remained a constant issue as the year 2014 approached.

With slow progress on external works, by May 2014, it was mostly interior finishing works and the installation of partitions which had progressed steadily. Similar to the NMIA, however, there was a critical issue with the under-sizing/scoping of the HVAC system. Given that the cab could not be occupied without a functional HVAC system, a temporary solution to install a ceiling-mounted air condition unit was put in place.

During the Practical Completion Inspection walk-through, it was noted that the internal finishes had been completed with the exception of minor remedial works which were outlined in the Defects List for completion during the Defects Liability Period. It was further noted that the undersized HVAC system had not yet been corrected. However, the decision to completion of the installation of the ceiling-mounted air condition units and the decision to redesign the main air conditioning system remained outstanding. Once the redesigned system proved adequate, it was intended to function as the primary system and the ceiling mounted air condition units as a backup system.

The Taking Over Certificate for the SIA Tower was issued on September 10, 2014, approximately two (2) years and eight (8) months past the original completion date. Liquidated Damages had not been applied by the JCAA, as per contract, as the Authority believed that it would impede the Contractor's ability to complete the project.

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

Transportation Infrastructure Rehabilitation Programme – Scott's Cove to Belmont (Asphaltic Concrete Road)

The Transportation Infrastructure Rehabilitation Programme got a shot in the arm when the Government of Jamaica (GoJ) received financing from the Inter-American Development Bank (IDB) towards the funding of the project. The rehabilitation of 13.8 km of roadway from Scott's Cove to Belmont was approved by the IDB, under the loan programme IDB Loan No. 2026/OC-JA, at a cost of US\$5.297 million.

Pre- Contract Stage

On December 1, 2010, the Ministry of Transportation, Works and Housing (MTWH) utilised the Selective Tender procurement methodology to invite contractors registered with the National Contracts Commission (NCC), in the category of Road Surfacing - Asphaltic Concrete Works, Grade 1, to participate in a tender process for the captioned project.

Tenders were to be submitted by December 23, 2010, at 11:00 a.m., followed by a scheduled Tender Opening Ceremony at 11:15 a.m. Two (2) Bids were received, opened and verified in accordance with the eligibility requirements which were outlined in the Tender Document.

A detailed evaluation was conducted in accordance with the evaluation criteria which were outlined in the Tender Document and the lower responsive Bid, which was submitted by Asphaltic Concrete Enterprise Limited (ACE Ltd.), in the sum of J\$279,092,105.05, was recommended for the award of contract.

The requisite approvals were obtained and on October 4, 2011, a contract in the sum of J\$279,092,105.05, was signed by the MTWH and ACE Ltd.

Post- Contract Stage

The project's scope of works entailed the rehabilitative works to the roadway which included milling, scarifying and shaping, placing of the base course, regulation course and wearing course along with improvements to the drainage system along the roadway and other ancillary works, to include the appropriate road signage.

The project commenced on November 14, 2011, but the works could not proceed regularly as it was discovered that there were several kilometres of defective water supply pipelines within the works area. These pipelines were active and as such, the decision was taken to replace them before the road rehabilitative works were executed.

At the end of the 2012 reporting period, the major component of the road works was still suspended pending completion of the procurement process to engage ACE Ltd. to carry out the pipeline replacement works. The procurement process had been previously endorsed by the NCC and approved by the Cabinet.

During the 2013 reporting period, documents received by the OCG indicated that on March 14, 2013, a contract was signed between ACE Ltd. and the MTWH in the sum of J\$407,186,679.28, to carry out pipeline replacement works which entailed the installation of 15 km of 300 mm diameter transmission line. ACE Ltd. engaged the services of a sub- contractor, Bacchus Engineering Works, to carry out the pipe-laying works.

Further to this, the documents indicated that due to the delay in the execution of the original scope of works for the road rehabilitation project, the NWA's project team reviewed the Bills of Quantities (B.Q.) for the project and identified a more economical and effective approach to the work activities. Consequently, a Variation Order in the amount of J\$40,699,499.95, to conduct works along the Gillings Gully and to construct a box culvert, was issued to the Contractor. The referenced Variation Order amount did not revise the original contract sum as the amount was covered by the Contingency Sum in the contract and the resultant cost savings from the adjustments made to the B.Q by the NWA's project team. The works along the Gillings Gully have been satisfactorily completed.

During the period under review, documentation received by the OCG indicated that the original scope of works for the captioned project, which involved the rehabilitation of 13.69 km of roadway including drainage works and asphalt repaving, was revised to rehabilitate 16.5 km of roadway instead and included the following:

- Milling;
- Scarifying, shaping and placing of Base Course;
- Placing of Regulation and Wearing Courses; and
- Improving the drainage.

The re-scoping of the works resulted in a Variation in the amount of J\$346,422,497.00, which was formally approved by the Cabinet by way of Decision No. 19/14 dated May 26, 2014. As a consequence, the Contract Sum was revised to J\$625,514,602.05, with a revised scheduled completion date of February 2015.

The documentation further indicated that the re-scoped works commenced in June 2014. However, the works progressed slower than expected due to the delays experienced with the pipeline replacement works along the same corridor.

As at December 31, 2014, the project expenditure was reported to be J\$264,677,514.49 with the project being approximately 50% complete.

The OCG will continue to monitor the project.

HAJL's Low Income Housing Project funded by the Ex-Im Bank of China

Arising out of the 2007 Caribbean Forum, Concessional Loan Funds were made available to Regional Governments by the Government of the People's Republic of China via the Export-Import Bank of China (Ex-Im Bank). The funding was limited to development projects approved by the Ex-Im Bank and subject to the following further condition:

“Provided that the goods, technologies and services required by the Borrower in relation to the Project are available in China, the Borrower shall use its best endeavors to purchase the goods, technologies and services by using the proceeds of Facility from China preferentially.”

Pre- Contract Stage

In February 2008, the Housing Agency of Jamaica Limited (HAJL) received an unsolicited proposal from China National Complete Plant Import and Export Corporation (COMPLANT), a wholly owned China State entity, to execute a large Housing Construction project, utilising the Ex-Im Bank Concessional Loan facility.

Letters of Intent between the HAJL and COMPLANT were signed on March 14, 2009 and October 22, 2009, respectively, wherein the preliminary project scope, the estimated total cost and the duration of the project were confirmed.

On October 26, 2009, the Cabinet granted approval for the project loan from the Ex-Im Bank in the sum of RMB Y487,000,000 (US\$71.2M). The Framework and Loan Agreement between the Governments of Jamaica and the People's Republic of China was subsequently signed on February 3, 2010.

The Loan has a duration of twenty (20) years, to be repaid at an interest rate of 2% per annum with five (5) years moratorium on the principal repayment.

By way of Cabinet Decision No. 51/09, which was dated December 7, 2009, the Cabinet approved the proposal for the HAJL to enter into a contract with COMPLANT for the development of 3,306 housing solutions, to be financed by a loan from the Ex-Im Bank, in the amount of RMB Y487,000,000 (US\$71.2M).

The Contract between the HAJL and COMPLANT was signed on December 18, 2009.

Post- Contract Stage

The project consists of two (2) components, Luana Gardens and St. Ann cluster which consists of five (5) clusters: Belle Air I, II, III and Mt. Edgcombe IV and V. The Luana Gardens component includes the development of Service Lots and the design and construction of Housing Units. Both components of the contract also include the construction of asphaltic concrete roads, flood discharge channels, sewerage and water supply systems and a central sewage treatment station. The scope of works to be executed in both components of the contract has been reduced since the initial works schedule was drafted. The construction of housing units within the St. Ann cluster component was omitted, while the scope of works to be done in Mt. Edgcombe IV had been significantly reduced with only pipe-laying slated for the area. No works were to be implemented in Mt. Edgcombe V under this present contract.

Documents received by the OCG indicated that the Contractor was instructed by the HAJL, by way of a letter dated December 28, 2011, to commence the works on January 5, 2012, and that the project had a scheduled contract period of thirty-six (36) months.

The documents further indicated that the implementation of the works was being done on a phased basis. The works commenced with the St. Ann Cluster, which comprises: (a) Phase I works - main/trunk infrastructure for water and sewage for Belle Air I & II at a value of RMB Y57,181,475.75, (b) Phase 2 works – completion of outstanding infrastructure in Old Operation Pride projects at Belle Air I, II and Mt. Edgcombe IV, for a value RMB Y73,779,554.31 and (c) the construction of serviced lots and the attendant infrastructural works in Belle Air III, at a cost of RMB Y192,588,474.06. The areas outlined in items (a) and (b) are referred to as Brownfield, while the area mentioned in item (c) is referred to as Greenfield.

At the end of the 2012 reporting period, Brownfield was 75% complete, while works were not scheduled to commence at Greenfield nor Luana Gardens.

At the end of the 2013 reporting period, documents received by the OCG indicated that works within the Brownfield area was 98% complete with the outstanding 2% due to the incomplete storm water and sewer pipes along the easements in Belle Air. Additionally, the works within the Greenfield area was 60% complete versus a planned completion of 48%. The scheduled completion date for this section of the contract was October 31, 2014.

During the period under review, documents received by the OCG indicated that the completion of the outstanding 2% of works within the Brownfield area was still being delayed due to easement issues being experienced for the sewer and storm water drains. According to the HAJL, the issues arose as a result of the lot owners not granting permission for the easements.

In a letter dated December 10, 2014, the HAJL was requested by the OCG to provide clarification on the matter causing the delays and the manner in which same would be resolved. The HAJL informed the OCG by way of a letter dated December 19, 2014, *inter alia*, that according to the 3rd Schedule of the standard Agreements for Sale specific to the Brownfield area, and in accordance with the developmental covenant 13 on the Registered Titles, the HAJL has "*the right of passage of electricity, telephone, water and sewage through pipes, drains, wires and conduits now lying or being under, through or over the land hereby agreed to be sold and any renewals or replacements thereof so far as may be reasonably necessary for the beneficial occupation of the adjacent lands for private residential purposes.*"

The HAJL further stated in the referenced letter that, "*In order to exercise the above-mentioned rights, HAJ must start the process of surveying the lands to facilitate the creation of easements to be duly endorsed on the Titles. The Agency will now have to initiate negotiations with the proprietors and mortgage companies to achieve these objectives.*"

During 2014, the execution of the works within the Greenfield area progressed at a satisfactory pace and ahead of schedule. On October 31, 2014, a Certificate of Practical/Sectional Completion was issued for the Greenfield component of the Contract, excluding the works to the sewage treatment plant and lift stations. The Defects Liability Period for the works, as stated on the referenced Certificate of Practical Completion, expires on August 29, 2015.

As at December 31, 2014, works within the Greenfield area was reported to be 98% complete with remedial work and pressure testing of water in progress. Work to the sewage treatment plant and lift station was still on-going with a Sectional Completion Inspection scheduled for March 2015.

Infrastructure works for the Luana Gardens component commenced on January 13, 2014, with the preparation of labour source and of site facilities. As at May 2014, the works in the Luana Garden locale was reported as being 10% complete versus a scheduled completion of 7%.

The scope of works under this component was subsequently reduced and revised and the Contractor was advised of same by way of Letter dated July 3, 2014.

The construction of a Sewage Treatment Plant at Luana Gardens was omitted from the scope of works which was revised to include the following:

- Upgrading of the existing ponds in Luana I;
- Conveyance sewer force main from Luana IV to ponds in Luana I;
- Sewage Lift Station No. 1; and
- Standby Generator Building.

In addition, there was a reduction in the scope of works to Road Construction, Storm Water Drainage and the provision of Service Lots.

According to the documentation received during the period under review, the works in Luana Gardens progressed at a satisfactory pace since its commencement. However, the project fell behind schedule for a period of two (2) months (August and September 2014) due to the Contractor's slow pace of executing the works. By way of a letter dated November 26, 2014, the HAJL informed the OCG, *inter alia*, that, "*...delay was as a result of the contractor's delayed mobilization along with their slow pace of executing the works initially. However, measures have been employed by the Contractor to increase the pace of the works and the project is now on schedule.*"

As at December 31, 2014, the works in the Luana Gardens locale was reported to be 90% complete versus a planned completion of 100%. The Contractor's slow pace at executing the finishing works was given as the justification for the works being 10% behind schedule.

The total expenditure for the project as at December 2014 was reported to be RMB Y412,938,935.25.

The OCG will continue to monitor the project.

North-South Link Highway Project

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

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

- a. Section 1 – Caymanas to Linstead (approximately 27.5 km) which includes sub-grade and pavement works, one main toll plaza, 3 interchanges, 6 flyovers and 8 bridges, with an overall design and construction period of thirty-six (36) months;
- b. Section 2 – Linstead to Moneague (approximately 19.2 km) which includes the completion of approximately 1 km of landslide treatment on the Mt. Rosser section; 5 km subgrade works, pavement works, slope protection and drainage construction. The design and construction period is slated for sixteen and a half (16.5) months; and
- c. Section 3 – Moneague to Mammee Bay (approximately 21.3 km) which includes 20.6 km subgrade and pavement works, one main toll plaza, two interchanges, 2 flyovers and 2 bridges, with an overall design and construction period of thirty-six (36) months.

The Contractor, China Harbour Engineering Company (CHEC), focused mainly on the completion of Section 2 and the importance of bringing the roadway into operation. The corridor was located within approximately 1.5km of poor and unstable soil condition with a total of 5 km of roadway to be completed. This area was referred to as Zone two (2) and was identified by the former contractor as being between chainage 7+000 to 8+500 of the construction corridor.

CHEC commenced construction within Section 2 on July 23, 2013, after having had the design and approval process completed a month earlier, while Works in Sections 1 and 3 commenced in September and November 2013, respectively.

At the end of the 2013 period, the project consultant, Stanley Consultants Inc., reported that works on Section 2 were 20% complete with 73% of the construction time having elapsed.

At the referenced time, Section 1, was 8% complete, with 22% of the time elapsed and Section 3 was 5% complete with 23% of the time expired.

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

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

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

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

The complexity of the design required that CHEC submit a detailed Method Statement to the National Road Operating and Constructing Company (NROCC) for their review and approval prior to undertaking the construction works. The contractor utilised specialized workers to excavate the foundation by hand to an average depth of 11.04m and at the deepest, 16.5m, so as not to significantly disturb the unstable soil within the surrounding area.

Once the foundations were completed, the superstructure components were constructed at an average height of 13.35m and at the highest, 22m. The combined chainage length of soil to be retained by the concrete sheet piles amounted to 1,490m which was required for the roadway to take its form.

CHEC's obligation to provide safety and environmental standards within this section of the works was of paramount importance and NROCC ensured that strict adherence and protocols were maintained in this regard. However, the increase in construction activities coupled with the degree of difficulty, especially within this area, resulted in several minor incidents and a major accident which resulted in a Chinese worker falling inside the excavated foundation and eventually succumbing to his injuries.

As a consequence, an investigation was conducted in collaboration with CHEC and the Ministry of Labour and Social Security to determine the possible causes of the accident. In addition, the Linstead Police also carried out their investigation into the accident. This accident prompted the management of CHEC to implement more robust safety policies.

Environmental matters were crucial to this project and as a consequence, continuous intermittent wetting of the marl fill material, which was used to build up and to form the roadway, was required. This was done to mitigate the dust nuisance in the communities around the construction area and the exercise was carefully monitored by NROCC's representatives.

Quality Control on the project was critical, with daily and weekly inspections being undertaken by CHEC's and NROCC's representatives, and follow-up meetings being held to ensure that the necessary corrective actions were carried out.

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

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

Port Antonio Water Sewerage and Drainage Project -Stage 1

Pre- Contract Stage

By way of a Pre-qualification exercise which was conducted by the National Water Commission (NWC) using the Open Tender procurement methodology, all firms registered in regions that are eligible to receive loans from the European Investment Bank (EIB), including the European Union and the Africa, Caribbean and Pacific group of countries (ACP), were invited to respond to a Pre-qualification questionnaire by April 4, 2008, at 11:00 a.m.

A detailed tender evaluation exercise was conducted for the two short-listed Bidders in accordance with the evaluation criteria outlined in the Tender Document. The lowest responsive Bid in the sum of EUR€6,956,873.68 plus J\$580,217,370.16 (EUR€12,549,125.44), which was submitted by Vinci Construction Grands Projects, was recommended for the award of contract.

The requisite approvals were obtained and the contract was awarded on September 11, 2012.

Post- Contract Stage

The project involves the construction of foul and surface water sewers and potable water main renewals in Port Antonio, Portland.

The Works included, but was not limited to:

- 10.4 km of potable water main in nominal diameters of 100mm (4"), 150mm (6"), 250mm (10") and 300mm (12"), together with two pressure reducing value stations and culvert crossings;
- 5 km of foul sewers with associated manholes and inspection chambers;
- 3 km of sewerage house connection laterals;
- 1 km of surface water drainage pipelines, 1 km of surface water box culverts, repairs to open channels, 2 storm water sea outfalls; and
- Repairs to coastal defenses and river dredging works.

At the end of the 2013 reporting period, the project was 24% complete and 31% behind its scheduled completion date of September 24, 2014. The delays to the Contractor's progress were attributed to the following:

1. Delays in the procurement process for a Consulting Engineer for the project;
2. Evaluating the Value Engineering which includes the analysis and subsequent approval of works to reduce the cost associated with the construction activities required for gravity laid pipelines to the Pumping House and Lift Stations;
3. Utility Conflicts which include the LIME fibre optic cables, Jamaica Public Service (JPS) power lines and the National Water Commission (NWC) potable pipe crossing; and
4. Acquisition of lands required for the construction of pumping stations.

In addition, the Contractor's Works Programme was not submitted at the start of the project due to the Value Engineering that was submitted by the Contractor to the NWC which, if accepted, could have reduced the cost and duration of the project.

During the 2014 reporting period, Construction activities progressed steadily but remained below the required 5.5% monthly output. This was evidenced in the progress meeting of May 2014 where an overall completion of 63% was reported, while 77% of the contract period had expired.

Documents obtained by the OCG indicated that the ongoing issue with Utility Conflicts which included sixteen (16) LIME fibre optic cables, continued to impede construction activities. The impediments resulted in delays to the installation of drainage culverts, water pipelines, trench backfills and road reinstatements.

As a consequence, it was agreed by the Consulting Engineer and the NWC that the Contractor should engage LIME as the subcontractor in accordance with clause 4.5 of the contract, to undertake the cable relocation exercise.

The four (4) month relocation exercise was initially scheduled to commence between March and June 2014. However, this activity was rescheduled, with starting and completion dates of July 16, 2014 and November 9, 2014, respectively.

Documents also indicated that the Contractor was further delayed, as LIME (the subcontractor) performed construction activities intermittently with only a single team, due to other commitments. Consequently, a request was made by the Contractor to LIME, to mobilize a second team to accelerate the works, but this did not materialize.

Variation Order (VO) No.1 was issued which extended the contract period by three (3) months and increased the contract sum by J\$29.75M. This was as a result of, among other things, delays that were experienced by the Contractor with the relocation of LIME cables.

The construction team was increased in order to complete various construction and traffic management activities, which resulted in project safety challenges for the contractor. There were reports of approximately thirteen (13) accidents for the period, with one (1) being major. This major accident occurred on April 1, 2014, when a subcontractor's employee was seriously injured while pipe-laying activities were being undertaken in an excavated trench about 2m deep in wet soil condition. The subcontractor was subsequently reprimanded by the Contractor for failure to use the proper shoring material (trench boxes) which is required for wet soil condition.

Traffic Management was also critical for the completion of the project. Adequate coordination was required between the NWC's Public and Communication Relations Department, the Consulting Engineer and the Contractor, in order to execute road closures on the narrow streets of Port Antonio.

The coordinated effort was an essential requirement for the Contractor to minimize congestion and regulate traffic movement while construction activities were being undertaken. One such effort resulted in one of the main roads to the town centre being closed and traffic diverted to the Marina Road. This road is owned by the Port Authority of Jamaica (PAJ) and as a result, a contractual agreement was made between PAJ and the Contractor to use the road for a designated period.

Environmental matters were also vital during the execution of the project and as such, in one instance during the progress meeting held in March 2014, it was reported that the removal of Asbestos (A/C) pipelines on William Street would require a license from the National Environmental Planning Agency (NEPA). As a result, the Contractor sought the use of a licensed subcontractor to remove and dispose of some 104 linear meters of A/C pipelines which was undertaken at nights. Additionally, the Contractor was required to minimize the dust nuisance during construction due to complaints by members of the Portland Parish Council.

It was reported that some road reinstatement activities commenced in the month of August 2014, with full width pavement required for sections of roads that were disturbed by 70% or more by construction activities. This resulted in the Portland Parish Council requesting the reinstatement of fifteen (15) parish council roads.

The Contractor accelerated the work output but was unable to commence the road reinstatement activities at the beginning of December 2014 for some of the major roads, which were scheduled to take place at nights to avoid traffic movement. However, due to increased rainfall, preparation Works for the placement of asphaltic concrete pavement were affected and postponed until late December 2014. All outstanding road works were scheduled to be completed by January 2015.

Toward the end of the reporting period, the Contractor was issued with the Taking-Over Certificate on December 24, 2014, under the condition that defects are rectified, and additional works be completed during the Defects Liability Period.

The project is currently in its Maintenance Period and the OCG will continue to monitor the completion of the additional Works.

National Water Commission – Portmore Sewerage Project (Design and Construction of Sewage Conveyance Facilities)

In an effort to improve the Sewerage Treatment System in sections of Portmore, St. Catherine, the National Water Commission (NWC) embarked on a project for the design and construction of Sewage Conveyance Facilities in Portmore, known as the NWC Portmore Sewerage Project.

Pre-Contract

An invitation for the submission of an Expression of Interest (EOI) was advertised on May 18, 2011, whereby suitably qualified contractors were invited to submit an EOI for the implementation of the project through a Design and Build arrangement. The deadline for submission of the EOI was June 21, 2011, at 10:00 a.m., with the Opening exercise scheduled to follow at 10:15 a.m. Seven (7) submissions were received.

Subsequently, an invitation to submit Technical and Financial Proposals was advertised on June 15, 2012. Jamaican contractors were required to be registered with the National Contracts Commission (NCC) in the category of Pipe Laying, Grade 1, at the time of submission, while Foreign/International contractors were required to obtain NCC registration in the required category and grade only if selected for the contract award. Technical and Financial Proposals were to be submitted by August 16, 2012, at 2:00 p.m., followed by a scheduled Opening of the Technical Proposals at 2:15 p.m. The submission deadline was subsequently extended to September 27, 2012. Four (4) Proposals were received, opened and verified in accordance with the eligibility requirements which were outlined in the Tender Document.

A detailed evaluation was conducted thereafter, in accordance with the evaluation criteria outlined in the Tender Document. The lowest responsive Bid in the sum of US\$21,467,611.02, which was submitted by Surrey Paving & Aggregate Company Limited, was recommended for the award of contract. The requisite approvals were obtained and the contract signed on December 12, 2013.

Post Contract

Multifaceted in nature, the project scope includes the design, construction, manufacture, test, delivery, installation, pre-commissioning and commissioning of the plant and services for the construction of Lift Stations at the Sewerage Treatment Plants in Bridgeport, Independence City, Hamilton Gardens and Caymanas Ponds, and a Gravity Line connecting Portmore Villas Sewerage Treatment Plant to Caymanas Gardens. The laying of force mains between each of the proposed Lift Stations and connecting them to the Soapberry Wastewater Treatment Plant, as well as the construction of a pipe bridge to support the force main that will connect the Lift Stations to the Soapberry Wastewater Treatment Plant (WTP), were also included in the scope of works.

The initial project schedule submitted to the OCG, under cover of letter dated December 8, 2014, indicated that the Design and Approval Phase of the project commenced on April 7, 2014, with the construction phase commencing on June 2, 2014. The scheduled completion date for the project is April 1, 2016.

During the 2014 reporting period, by way of documents submitted to the OCG and site visits conducted by its Inspectors, it was reported and observed that works commenced at the Bridgeport WTP on September 26, 2014. Works for the period were concentrated mainly on the construction of the Sump. At the end of the reporting period in December 2014, works on the Sump was in an advanced stage of completion, with concrete works left to be completed on the Valve and Surge Chambers. A retaining wall located to the front of the site was observed to be under construction.

Excavation works for the Sump at the Hamilton Gardens WTP commenced on October 8, 2014. The NWC reported that works commenced subsequent to discussions and advice which was given by a Geotechnical Engineer who was contracted to assist in the process. At a depth of approximately 5m, water was encountered during the excavation works for the Sump and as such, dewatering of the area was required on a 24 hour basis. The concrete base of the Sump was cast on October 23, 2014.

Site Clearance at the Caymanas Gardens location commenced on October 12, 2014, during which agricultural cultivation was encountered. However, the issue was later resolved with the owner, allowing for the continued clearing of the site. The pipeline route between the Caymanas Gardens WTP and the Hamilton Gardens Plant had also commenced, as well as the pipeline route from the Jamaica Railway Corporation (JRC) Bridge to the Rio Cobre Bridge.

Procurement for the period ending December 2014 was restricted mainly to the purchase of piping material and the NWC reported that a total of 688 pipe lengths of varying sizes were delivered to site locations in approximately nine (9) containers. The first shipment of PVC pipes arrived on October 25, 2014, with subsequent shipments arriving toward the end of the reporting period.

At the end of the December 2014 reporting period, works at the Independence City WTP had not yet commenced. However, work on the pipelines between Bridgeport WTP and the Independence City WTP commenced on December 18, 2014.

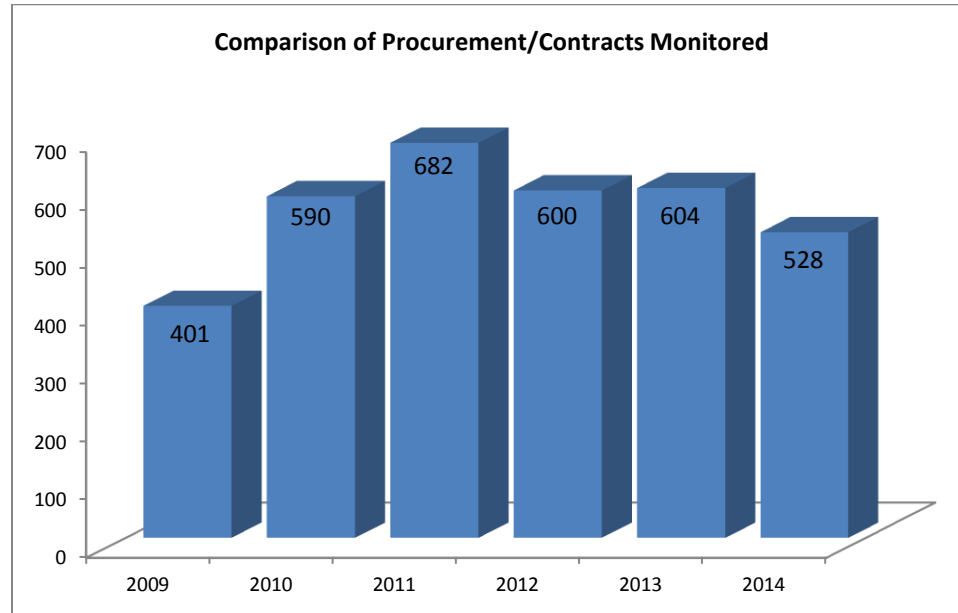
The OCG will continue to monitor the implementation of this project.

MONITORING OF NON-CONSTRUCTION CONTRACTS, LICENCES, PERMITS AND CONCESSIONS

The Non-Construction Contracts, Licences and Permits (NCCLP) Unit, pursuant to Section 4 of the Contractor General Act, monitors the award and implementation of goods and services contracts, and prescribed licences. The NCCLP Unit monitored five hundred and twenty eight (528) procurement opportunities/contracts during the calendar year 2014, in comparison to six hundred and four (604) procurement opportunities/contracts which were monitored in 2013. This represents a thirteen percent (13%) reduction in the number of non-construction contracts and prescribed licences which were monitored over the corresponding period.

Of the five hundred and twenty eight (528) procurement opportunities/contracts which were monitored during the year, four hundred and twenty two (422) represents monitoring assignments which were carried forward from 2013. The remaining one hundred and six (106) or approximately twenty percent (20%) represents new monitoring which were assigned during 2014.

This reduction in the number of projects monitored was attributed to, *inter alia*, continued restructuring and optimizing of human resource capital through more targeted monitoring interventions.



Of the five hundred and twenty eight (528) procurement opportunities/contracts which were monitored during the calendar year 2014, represented herein in detail, are approximately one hundred and twenty (120) reports on projects from a cross section of Public Bodies, which were at various stages of the procurement process and/or contract implementation. Reports containing specific information on a further seventy-three (73) projects are also represented. Please review the Appendices related to Non-Construction Contract Monitoring Activities for further information.

PROCUREMENT MONITORING

Public Sector Procurement activities continued to be guided by the Handbook of Public Sector Procurement Procedures. By way of Cabinet Decision No. 27/13 dated July 15, 2013, the procurement procedures were amended with effect from March 17, 2014. Same was communicated to Procuring Entities by way of Circular No. 8 dated March 7, 2014 which was superseded by Circular No. 9 dated March 13, 2014. The aforementioned Circular No. 9 advised of and provided a link to the Revised GOJ Handbook of Public Sector Procurement Procedures (March 2014).

One of the major changes which was effective as at the aforementioned date was that Procuring Entities no longer required the prior approval of the National Contracts Commission (NCC) to use the Direct Contracting or Limited Tender procurement methodologies above the specified contract value thresholds. The Head of the Procuring Entity was given the authority to grant such approval. Notwithstanding, and based upon the value of the contract, the recommendation for award of contract would have to be approved in keeping with the established thresholds in the Handbook.

Some other areas of the Handbook which were changed are as follows:

- i. The Handbook provided further definition as it relates to Contracting under Emergency Circumstances. The revised Handbook indicates that the Head of the Procuring Entity shall give approval for the issuance of emergency contracts up to a maximum value of J\$100 million. It indicates that any additional expenditure must be subject to the approval of the National Contracts Commission and Cabinet. The Handbook also states that contracts awarded under emergency circumstances shall commence immediately and failure to execute such contracts within a month of approval will result in automatic reversion to the general procurement provisions;
- ii. The Handbook now indicates that where no contractor is listed on the NCC register of Public Sector Contractors, the Procuring Entity may engage an unregistered supplier, subject to approval of the NCC;
- iii. Named sub-contractors were now required to submit proof of valid Tax Compliance Certificate (TCC) and National Contracts Commission (NCC) registration at the time of bid submission; and
- iv. The previous version (May 2012) had excluded procurement of travel services and hotel accommodations from the procedures of the Handbook. The revised Handbook provided further definition and the clause is now stated as *“procurement of air travel services, hotel accommodation and hotel services related to conferences, training seminars and other functions hosted by the government”*.

The Office of the Contractor General (OCG) continued to monitor Procuring Entities' compliance with the referenced Handbook and related Circulars, and recognised, during the conduct of its monitoring activities, the failure of some Procuring Entities in adhering to the procurement guidelines. The OCG recommended, as applicable, the corrective action needed.

Some of the areas of deviations/deficiencies which have been identified throughout the course of the NCCLP Unit's monitoring activities, during the calendar year 2014, are highlighted below:

Deviations/ Deficiencies Identified in the conduct of Monitoring Activities

GOJ Procurement Notice Page

As was reported in the previous Annual Report, some Procuring Entities have failed in adhering to the Ministry of Finance and Planning’s (MOFP) directive as it relates to Publication on the Government of Jamaica Public Procurement Page. The aforementioned directive, as per Circular # 33 dated December 9, 2013, requires Procuring Entities to publish Procurement Notices via the Jamaica Information Service (JIS) which is published in the daily newspaper on Tuesdays and Saturdays. The Circular also requires that electronic versions of the Procurement Notice are published in specified locations.

Some of the projects which were monitored during 2014 for which the NCCLP Unit made observations regarding the advertising of Procurement Notices on the Procurement Notice Page were:

Procuring Entity	Project Name	Reference No.
Institute of Jamaica	Provision of Security Services	GCM-20071
Jamaica Ultimate Tyre Company Limited	Security Guard Services	GCM-20291
Church Teachers' College	Construction of Science Centre - Building Consulting Services	PPCM- 19961

Non-utilization and/or Improper use of the Standard Bidding Document

The current Procurement Guidelines stipulate that use of the Standard Bidding Document (SBD) is mandatory over specified values, and that Procuring Entities may need to modify the SBD to suit the specific procurement.

This deviation continues to decline, but is still evident in some Procuring Entities, particularly those which do not procure on a regular basis.

Failure to properly amend the SBD still persists with instances of inconsistencies and/or conflicting information which diminishes the transparency and efficiency of the procurement process.

We highlight again an area of inconsistency which relates to the Award Criteria. The Criteria which is indicated in the Instructions to Bidders Section of the SBD states that *“The Procuring Entity shall award the Contract to the Bidder whose offer has been determined to be the lowest responsive bid and is substantially responsive to the Bidding Documents...”* Procuring Entities may, however, have developed a points based evaluation criteria with the aim of deeming the highest scored respondent as the preferred bidder. This represents a conflicting position as the highest scored bidder may not necessarily be the lowest responsive. As such, the Bidding Data Sheet should be amended to reflect the award criterion which is being used.

Procuring Entities continue to be challenged as it relates to including and/or properly developing the evaluation criteria and the inclusion of same in the Bidding Documents. The OCG maintains, in the interest of transparency and fairness, that the evaluation criteria which the Procuring Entity intends to apply to tender proceedings, are to be disclosed in the Bidding Document so that potential bidders will be aware of the criteria against which their bids will be evaluated. The OCG considers lack of clear instructions in this regard to be a deviation from acceptable procurement practices.

Some of the projects which were monitored during 2014 for which the NCCLP Unit made observations regarding the use of the SBD were:

Procuring Entity	Project Name	Reference No.
Moneague College	Provision of Security Services	GCM-20051
Universal Service Fund	Provision of Campus-wide WiFi Networks at Thirty-seven (37) Schools Islandwide	PPCM-20191
Electoral Office of Jamaica	Procurement of a Storage Area Network	PPCM-18661

Issues related to the Receipt and Opening of Bids

Appendix 8 of Volume 2 of the revised Handbook outlines the various procedures related to the receipt and opening of bids. Among these are: (i) the requirement for bidders to sign the Bid Receipt Record, (ii) placement of a clock in close proximity to the Tender Box; (iii) that the number of bids removed from the Tender Box must be consistent with the Bid Receipt Record; and (iv) that, except for late bids, no bid shall be rejected or any opinion voiced as to responsiveness at the Bid Opening.

OCG Inspectors, who attended Tender Opening Ceremonies as an observer, continue to encounter situations where Procuring Entities have not fully complied with the procedures outlined in the revised Handbook. The non-adherence to the procedures at times creates unnecessary challenges to Entities, particularly where there is an affected bidder, and impacts the fairness and transparency of the procurement opportunity.

Some of the projects which were monitored during 2014 for which the NCCLP Unit made observations regarding the receipt and opening of bids were:

Procuring Entity	Project Name	Reference No.
Montego Bay Metro Company Limited	Procurement of Ten (10) 53-Seater Coaches	GCM-20521
Moneague College	Provision of Security Services	GCM-20051
Church Teachers' College	Construction of Science Centre - Building Consulting Services	PPCM- 19961

Other deficiencies and or deviations observed

- No comparable estimate prepared
- The absence/insufficiency of the evaluation criteria
- Evaluation not conducted in accordance with evaluation criteria outlined in Tender Document
- No Head of Entity Approval
- No contract document prepared

REVIEW OF PORTFOLIOS UNDER THE NCCLP UNIT

The NCCLP Unit relies upon the efficient management of its various portfolios in order to fully discharge its mandate. This Section provides a brief overview of the Portfolios of the NCCLP Unit; a more detailed review of each is provided in subsequent pages.

Licences and Permits

The NCCLP Unit no longer has core responsibility for the implementation of Phase II Licences and Permits Monitoring, as responsibility for same, after being on hold for any extended period of time, was transferred to the Technical Services Division. Selective monitoring of specific prescribed licences continued during the year and reported in the section which follows, are details related to two (2) such transactions which were monitored during 2014.

Asset and Land Divestment

The NCCLP Unit continues to monitor the privatisation of state assets including land in keeping with the mandate of the Contractor General Act.

A representative of the OCG continues to attend the Land Divestment Advisory Committee (LDAC) meetings as an observer. As it relates to the Policy Framework for the Divestment of GOJ owned lands, while same had not been approved as at the end of December 2014, further progress was made during the year.

Reported in the Appendices and Sections which follow are details related to nineteen (19) asset divestment, five (5) Public Private Partnership and twenty-seven (27) land divestment opportunities, which were monitored during the year 2014.

Enquiry Management

The Inspectorate Division, in accordance with Sections 4 and 15 of the Contractor General Act, continues to review the majority of the complaints received by the OCG through its Enquiry Management Portfolio.

Reported herein are the findings regarding thirty-four (34) enquiries which were completed during 2014, and for which the findings have been dispatched to the requisite Public Body.

Audit

The Inspectorate Division, through its Audit Portfolio, had not launched any new audits during 2014. The Division is currently devising ways to better streamline this aspect of its operations in keeping with the competing work activities.

No further report on activities related to this Portfolio follows this Section.

Exempted Public Bodies

Contracts awarded by Petrojam Limited and the Port Authority of Jamaica, in keeping with the exception granted by Section 1.2.2 of Volume 1 of the Handbook (May 2014) entitled Business Sensitive and Other Related Procurement Provisions, are reported in the Sections which follow.

Parliamentary Exemptions

No exemption motions were granted during the 2014 calendar year.

Quarterly Contracts Award (QCA)

The OCG has recorded 100% compliance with regard to the submission of QCA Reports for the year 2014.

In conjunction with the OCG's Information Systems Division, work continues with the development of an assessment tool which will allow for, *inter alia*, the communication of feedback to Public Bodies and aid in the NCCLP Unit's analysis of reports received, and will in turn, assist in its Audit programme.

Presentation to Accounting and Accountable Officers of Government of Jamaica Ministries and their Departments

Upon request, the Inspectorate Division continues to conduct presentations to Public Bodies.

OCG MONITORING OF GOJ PUBLIC BODY PRESCRIBED LICENCING ACTIVITIES

Petroleum Corporation of Jamaica – Exploration of Oil and Gas in Jamaica

As was reported in the OCG's twenty-fifth Annual Report, pages 156 - 157, the Petroleum Corporation of Jamaica (PCJ) had received one (1) bid on September 1, 2011, in relation to Jamaica's Second Formal Licensing Round for Oil and Gas Exploration. The tender consisted of four (4) open onshore blocks and nineteen (19) open offshore blocks. Bidders were restricted to no more than five (5) blocks. The bid which was received by the PCJ consisted of three (3) applications for three (3) onshore blocks.

Subsequent to the evaluation of the bid submitted, it was recommended that the bidder be deemed non-responsive in relation to all three (3) blocks.

Following the failure of the PCJ to attain further interest in the exploration of gas and oil, it undertook a revamping exercise which led to the development of new promotional and marketing materials that included posters and brochures for display at international conferences.

The PCJ had requested and received approval from the Cabinet to enter into direct negotiations for the remaining blocks. The PCJ, in a letter to the OCG stated, *inter alia*, that "*Pursuant to Cabinet Decision No 2/06 regarding direct contracting, the PCJ contacted over thirty-five known deepwater explorers between October and December 2012, including companies that expressed an interest in the 2010/2011 Bid Round.*"

The PCJ updated its website to reflect what data was available for on and offshore exploration and further outlined a 1-2-3 process if any explorer was interested in exploration blocks in Jamaica.

Two (2) companies expressed an interest in exploration in Jamaica, namely Tullow Oil and another company which shall not be named because of confidentiality terms. Following negotiations with Tullow Oil, the PCJ sought to receive approval to enter into a formal agreement.

The PCJ received the following approvals:

1. No objection letter from the National Contracts Commission dated September 25, 2014;
2. No objection letter from the Attorney General's Chambers dated September 25, 2014;
3. No objection letter from the Ministry of Finance and Planning dated October 15, 2014; and
4. Letter dated November 13, 2014 from the Ministry of Science, Technology, Energy and Mining (MSTEM) advising of Cabinet Decision No. 35/14, September 29, 2014, which granted approval for the signing of a Production Sharing Agreement with Tullow Jamaica.

The PCJ signed a contract with Tullow Jamaica Limited, a local branch of Tullow Oil Plc, which awarded them 10 blocks and a portion of one block. The contract became effective on November 1, 2014.

The PCJ has indicated that negotiations with the second company were ongoing.

Office of Utilities Regulation - Supply of up to 115 MW of New Generating Capacity from Renewable Energy Sources on a Build Own and Operate Basis

As was reported in the OCG's twenty-seventh Annual Report, pages 64 - 66, the Office of Utilities Regulation (OUR), by way of an advertisement published in the media on November 28, 2012, invited interested entities to submit proposals for the supply of one or more plants of varying configurations greater than 100kW and up to 115 MW of renewable generating capacity.

The OUR received 28 bids from 20 firms at the close of tender which were opened on June 3, 2013, at 3:15 p.m. Following an evaluation of all bids, it was recommended that three (3) entities be accorded preferred bidders status for the supply of 78MW of energy only capacity.

The following entities were recommended:

- a. Blue Mountain Renewables LLC, to supply 34 MW of capacity from wind power at Munro, St. Elizabeth;
- b. Wigton Windfarm Limited, to supply 24MW of capacity from wind power at Rose Hill, Manchester; and
- c. WRB Enterprises Inc., to supply 20MW of capacity from Solar PV from facilities in Content Village, Clarendon.

As was reported, as at December 31, 2013, the OUR had undertaken to populate the Power Purchase Agreements (PPA) as a base for the Entities and Jamaica Public Service (JPS) to use. The PPAs were issued to the bidders and they were encouraged to substantially complete the PPA's negotiation before the June 2014 deadline.

Negotiations commenced in 2014 and subsequent to same, the recommended entities all signed individual PPAs with the JPS as follows:

- i. Blue Mountain Renewables LLC – June 25, 2014, to supply 36.3 MW of capacity from wind power at Munro, St. Elizabeth;
- ii. Wigton Windfarm Limited - September 18, 2014, to supply 24MW of capacity from wind power at Rose Hill, Manchester; and
- iii. WRB Enterprises Inc. as Content Solar Jamaica - September 18, 2014, to supply 20MW of capacity from Solar PV from facilities in Content Village, Clarendon.

It is expected that the construction phase for each location will commence in 2015.

PARLIAMENTARY EXEMPTIONS

The Constitution of Jamaica, Section 41, 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 OCG, 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 and Senators during the calendar year 2014.

The Clerk of the Houses of Parliament advised that “*no Exemption Motions were presented and approved on the behalf of Members of Parliament and Senators during the calendar year 2014.*”

EXEMPTED PUBLIC BODIES

The GOJ Handbook of Public Sector Procurement Procedures (March 2014), Section 1.2.2 captioned “*Business Sensitive and Other Related Procurement Provisions*”, provides partial exemption from the procurement procedures for particular categories of procurement. The exemptions indicated in the aforementioned section are as follows:

“Petrojam Limited

Petrojam’s internal procurement regime will apply to the following:

- (i) Spot Procurement of Petroleum Products, Crude Oil, LPG, and Freight*
- (ii) Procurement of LPG, MTBE and Freight*
- (iii) Tank Cleaning and Repairs*
- (iv) Use of Pre-Approved Contractor List...*

Port Authority of Jamaica (PAJ)

- 1. Cabinet’s prior approval is required for values above J\$50M.”*

The OCG in accordance with Sections 4 and 15 of the Contractor General Act wrote to the referenced Public Bodies to ascertain information regarding contracts that have been awarded pursuant to the aforementioned exemptions, for the period of January 1, 2014 to December 31, 2014. The OCG reviewed the information which was provided and the following findings were made:

Petrojam Limited

Information provided to the OCG by Petrojam Limited indicates that contracts were awarded for Spot Procurement of Petroleum Products, Crude Oil, LPG and Freight. Petrojam Limited has also advised that no contracts were awarded using the Pre-approved Contractors List, neither was it used for the procurement of MTBE.

The OCG noted that Petrojam Limited submits quarterly reports to the National Contracts Commission (NCC) regarding the contracts related to Exclusions-Procurement of Items on the International Commodities Market.

The table below provides a summary of the contracts which were awarded by Petrojam Limited as reported by the entity:

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
January - March 2014							
Shell Western	Purchase Gasoline, ADO, ULSD	US\$34.65M	Petrojam Refinery	Selective Tendering	18	4	Approved by Management according to Petrojam's Internal Procedures
Trafigura	Purchase Gasoline	US\$24.26M	Petrojam Refinery	Selective Tendering	18	8	Approved by Management according to Petrojam's Internal Procedures
Asphaltos Trade SA	Spot Freight DPP (Zhuang yuan AO)	US\$395,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Pritchard Gordon Tankers Ltd	Spot Freight DPP (Lucy PG)	US\$200,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Radiant Shipping Company	Spot Freight DPP (Radiant Sea)	US\$410,000.00	Mexico/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
Kandilousa Special Maritime Enterprise	Spot Freight DPP (Kandilousa)	US\$395,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Navig8	Spot Freight CPP (Dukhan)	US\$240,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
April - June 2014							
Painters and Sandblasters Limited	Tank 110 Vacuum Blasting	J\$24,341,836.70	Petrojam Limited	Local Competitive Bidding	0	2	Yes
Quality Plus Contracting Company Limited	Tanks 206 & 208 Demolition	J\$1,859,132.26	Petrojam Limited	Limited Tender	5	2	Yes
Selga International Corporation	Supply of Piping for Tanks 212 and 109 Foam Lines	US\$40,229.00	Petrojam Limited	Local Competitive Bidding	0	2	Yes
Venetiko Shipping Corporation	Spot Freight DPP (ANTIMILOS)	US\$335,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
Trafigura Maritime Logistics Pte. Ltd.	Spot Freight (Marlin Topaz)	US\$230,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	6	Approved by Management according to Petrojam's Internal Procedures
Capital Maritime & Trading Corp	Spot Freight DPP (Atrotos)	US\$250,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	6	Approved by Management according to Petrojam's Internal Procedures
Amorina Maritime Co Ltd.	Spot Freight CPP (Amorina)	US\$237,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
PST Energy3 Shipping LLC	Spot Freight DPP (La Boheme)	US\$300,000.00	Mexico/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
ST Shipping and Transport Pte Ltd.	Spot Freight CPP (Style)	US\$280,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Novum	Purchase HFO	US\$15.05M	Petrojam Refinery	Selective Tendering	17	4	Approved by Management according to Petrojam's Internal Procedures
BP	Purchase ADO	US\$13.04M	Petrojam Refinery	Selective Tendering	18	6	Approved by Management according to Petrojam's Internal Procedures
Novum	Purchase Gasoline, ADO, Jet	US\$35.12M	Petrojam Refinery	Selective Tendering	17	6	Approved by Management according to Petrojam's Internal Procedures
Shell	Purchase Gasoline, ULSD	US\$15.99M	Petrojam Refinery	Selective Tendering	17	6	Approved by Management according to Petrojam's Internal Procedures
Shell	Purchase Gasoline	US\$10.59M	Petrojam Refinery	Selective Tendering	18	6	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
Lukoil	Purchase Gasoline	US\$12.64M	Petrojam Refinery	Selective Tendering	18	6	Approved by Management according to Petrojam's Internal Procedures
ST Shipping and Transport Pte Ltd.	Spot Freight DPP (PEARL)	US\$440,000.00	Venezuela/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
July - September 2014							
Painters and Sandblasters Limited	Vacuum Blasting of Tank 109	J\$18,945,040.00	Petrojam Limited	Local Competitive Bidding	0	2	Yes
Quality Plus Contracting Company Limited	Repairs to Kerosene Tank 106	J\$44,277,414.00	Petrojam Limited	Limited Tender	3	2	Yes
Supreme Mechanical Company Limited	Repairs to Crude Oil Storage Tanks 101 & 103	US\$2,782,966.7	Petrojam Limited	Limited Tender	3	3	Yes
Tech Corr USA LLC	In-Service Inspection of Above Ground Storage Tank (TK - 1 MILR)	US\$65,000.00	Petrojam Limited	Direct Contracting	1	1	Yes
MBC Superior Welding & Industrial Services	Tank No. 109 Cleaning	J\$3,736,800.00	Petrojam Limited	Limited Tender	5	5	Yes
ST Shipping and Transport Pte Ltd.	Spot Freight DPP (KASPAR SCHULTE)	US\$430,000.00	Venezuela/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
Shell Trading (US) Company	Spot Freight CPP (TRADEWIND FORCE)	US\$250,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Noble	Purchase Gasoline, ADO, Jet	US\$39.5M	Petrojam Refinery	Selective Tendering	18	2	Approved by Management according to Petrojam's Internal Procedures
Nordic Tankers	Spot Freight CPP (HARBOUR LEADER)	US\$165,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
Capital Maritime & Trading Corp	Spot Freight DPP (ATROTOS)	US\$410,000.00	Curacao/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Brostrom	Spot Freight DPP (SELANDIA SWAN)	US\$290,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
Lukoil	Purchase Gasoline, ADO, Jet, ULSD	US\$36.68M	Petrojam Refinery	Selective Tendering	18	5	Approved by Management according to Petrojam's Internal Procedures
Trafigura	Purchase Gasoline	US\$21.16M	Petrojam Refinery	Selective Tendering	18	6	Approved by Management according to Petrojam's Internal Procedures
Brostrom	Spot Freight DPP (SELANDIA SWAN)	US\$300,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures
Navig8 Chemicals	Spot Freight CPP (FURUHOLMEN)	US\$200,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	6	Approved by Management according to Petrojam's Internal Procedures
Shell Western Supply & Trading Ltd.	Spot Freight DPP (STENA PENGUIN)	US\$330,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Shell	Purchase Jet	US\$5.32M	Petrojam Refinery	Selective Tendering	18	6	Approved by Management according to Petrojam's Internal Procedures
Vitol	Purchase IFO 380	US\$14.55M	Petrojam Refinery	Selective Tendering	18	5	Approved by Management according to Petrojam's Internal Procedures
ST Shipping and Transport Pte Ltd.	Spot Freight DPP (STYLE)	US\$377,500.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
Novum	Purchase of Gasoline	US\$15.03M	Petrojam Refinery	Selective Tendering	24	9	Approved by Management according to Petrojam's Internal Procedures
Lukoil	Purchase of Gasoline	US\$16.08M	Petrojam Refinery	Selective Tendering	24	9	Approved by Management according to Petrojam's Internal Procedures
Handytankers	Spot Freight DPP (RICHARD MAERSK)	US\$360,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures
Atlantic Trading	Purchase ADO, Jet	US\$16.33M	Petrojam Refinery	Selective Tendering	18	11	Approved by Management according to Petrojam's Internal Procedures
Taurus Maritime Tankers	Time Charter DPP (STAR BALBOA) 1 year	US\$2.92M	RIM	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
Clearlake Shipping Pte Ltd.	Spot Freight DPP (BLUE MARLIN)	US\$240,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
October - December 2014							
Quality Plus Contracting Company Limited	Replacement of Foam Protection System for Tank 101	J\$3,211,656.75	Petrojam Limited	Limited Tender	5	3	Yes
Tech Corr USA LLC	Acoustic Emissions Testing of Tanks 118, 121 and 113	US\$94,909.00	Petrojam Limited	Direct Contracting	1	1	Yes
Synergy Engineering Limited	Installation of Foam Lines for Tank 212	J\$3,459,500.00	Petrojam Limited	Limited Tender	5	1	Yes
LNR Electrical Company Limited	Tank 112 Electrical Mixer Works	J\$2,141,600.00	Petrojam Limited	Limited Tender	7	3	Yes
ST Shipping and Transport Pte Ltd.	Spot Freight DPP (KASPAR SCHULTE)	US\$425,000.00	Venezuela/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
Norient Ltd.	Spot Freight DPP (STYLE)	US\$260,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	6	Approved by Management according to Petrojam's Internal Procedures
ST Shipping and Transport Pte Ltd.	Spot Freight CPP (CPO MALAYSIA)	US\$370,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Star Tankers Bunkering	Time Charter CPP (Star Taurus) 1 year	US\$3,080,600	RIM	Petrojam Internal Procedure	N/A	7	Approved by Management according to Petrojam's Internal Procedures
Noble	Purchase Gasoline	US\$24.46M	Petrojam Refinery	Selective Tendering	24	5	Approved by Management according to Petrojam's Internal Procedures
Shell	Purchase ULSD	US\$5.70M	Petrojam Refinery	Selective Tendering	24	5	Approved by Management according to Petrojam's Internal Procedures
Trafigura	Purchase Gasoline, ADO	US\$26.46M	Petrojam Refinery	Selective Tendering	23	5	Approved by Management according to Petrojam's Internal Procedures
United Ambassador Inc.	Spot Freight DPP (UNITED AMBASSADOR)	US\$430,000.00	Venezuela/Kingston	Petrojam Internal Procedure	N/A	4	Approved by Management according to Petrojam's Internal Procedures
Troy Maritime SA	Spot Freight DPP (ANDREAS)	US\$330,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures
Pleiades	Spot Freight DPP (Asopos)	US\$390,000.00	Venezuela/Kingston	Petrojam Internal Procedure	N/A	5	Approved by Management according to Petrojam's Internal Procedures
Mansel Ltd.	Spot Charter CPP (POSILLIPO)	US\$300,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval
BP	Purchase ADO	US\$10.55M	Petrojam Refinery	Selective Tendering	24	2	Approved by Management according to Petrojam's Internal Procedures
Trafigura	Purchase Gasoline, ULSD	US\$24.28M	Petrojam Refinery	Selective Tendering	24	3	Approved by Management according to Petrojam's Internal Procedures
Pleiades	Spot Freight DPP (Asopos)	US\$390,000.00	Curacao/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Trafigura Maritime Logistics Pte. Ltd.	Spot Freight CPP (Ras Maersk)	US\$300,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Pleidas	Spot Freight DPP (Asopos)	US\$535,000.00	Curacao/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Handytankers	Spot Charter CPP (Overseas Sifnos)	US\$445,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	1	Approved by Management according to Petrojam's Internal Procedures
Emerald Star Shipping Inc.	Spot Charter DPP (Sirius I)	US\$340,000.00	Trinidad/Kingston	Petrojam Internal Procedure	N/A	2	Approved by Management according to Petrojam's Internal Procedures
Meganisi Special Maritime Enterprise	Spot Charter DPP (Megnasi)	US\$485,000.00	Mexico/Kingston	Petrojam Internal Procedure	N/A	3	Approved by Management according to Petrojam's Internal Procedures

Port Authority of Jamaica

The OCG in its letter to the Port Authority of Jamaica requested information in relation to contracts which it entered into in accordance with the partial exemption which had been afforded to the Entity. In response, the Port Authority of Jamaica submitted information regarding one (1) contract which had been awarded by way of the Direct Contracting procurement methodology for the stated period as follows:

Table 2: Contract Executed by Port Authority of Jamaica during the year 2014 Pursuant to Section 1.2.2 of the Handbook

Name of Contractor	Contract Description	Contract Value	Site of Contract Performance	Procurement Method	Number of Quotes Requested	Number of Quotes Received	Procurement Committee Approval	Approval Received	Type of Approval received
Cargotec Finland Oy	Container Terminal Equipment	J\$462,889,657.28	Kingston Container Terminal	DC	1	1	N	Y	Head of Entity, National Contracts Commission, Cabinet

It is important that all Public Bodies be reminded that, although these previously exempted services are excluded from the parameters of the Handbook of Public Sector Procurement Procedures (March 2014) pursuant to Section 1.2.2, internal established procedures must be adhered to as the award and implementation of all government contracts must be done in a manner which can be deemed fair, transparent, lends itself to probity, ensures competition and gives value for money.

ASSET DIVESTMENT & PUBLIC PRIVATE PARTNERSHIP

The OCG, during 2015, continued to monitor certain Asset Divestment and Public Private Partnership (PPP) transactions which were being undertaken by the Government of Jamaica. In this regard, a total of thirty (30) Asset Divestment and PPP projects were actively monitored, inclusive of four (4) projects which were assigned during the year.

The projects which were monitored were at various stages of the privatisation process: the privatisation strategy for some assets was not yet approved; some were at the advertisement stage; some were being evaluated; while others were completed during the year. Included in the concluded transactions was the sale of Forum Hotel Complex which was being carried out by the Urban Development Corporation (UDC). Other projects had been aborted/ cancelled during the year, inclusive of one major PPP transaction which was being carried out by the Port Authority of Jamaica, being the Development of a Port Community System.

The OCG maintained its professional and amicable relations with divesting entities, such as the Development Bank of Jamaica (DBJ) and the UDC, which facilitated ease of transfer of the requisite project information, and the accommodation of site visits where required.

The following are updates regarding select Asset Divestment and PPP transactions:

Divesting Entity: Ministry of Transport, Works and Housing

Divestment of Jamaica Railway Corporation

Reference is made to Page 81 of the OCG's Twenty-Seventh Annual Report (2013) wherein details regarding the captioned were outlined.

The referenced section indicated that the Cabinet by way of decision dated December 16, 2013, had decided that the Jamaica Railway Corporation (JRC) Enterprise Team should only proceed to have the two (2) companies which had submitted an Expression of Interest (EOI) clarify the business and financial models that they would use and noted the removal of the privatization of the JRC from the PPP list.

Further to same, it was noted that the decision of Cabinet was upheld and discussions with the two companies that had submitted EOIs continued throughout the year 2014.

An evaluation of the two (2) proposals which were received was ongoing as at December 31, 2014.

Divesting Entity: Urban Development Corporation (UDC)

Sale of Forum Hotel

Reference is made to Reference No. AD-16192, which is outlined on Page 498 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the Board of Director's approval had been sought for the sale of the Forum Hotel to the Entity that submitted the highest cash offer. The Board of Directors, during November 2013, gave approval for *"...the sale of Forum Hotel Complex to Portmore Marina Development Limited at a price of Three Hundred and Fifty Million Dollars (\$350,000,000.00) for the conversion of the property to a gated community with 80 housing units, renovation of the hotel tower to operate as a hotel/individual apartments ...and a marina entertainment village subject to a condition that the purchaser assume the responsibility to remove unauthorized occupant."*

An extract of the Minutes of the Board of Directors Meeting which was held on January 30, 2014, indicated that,

"...the Board has confirmed that in keeping with its original mandate the entire property known as the Forum complex including the 'fishing village'... is a part of the property being sold.

The Board supports and endorses the recommendation that the management in consultation with the Chairman be authorized to contribute a sum not exceeding Fifteen Million Dollars (\$15M) as the Corporation's contribution to the collaborative effort between the purchaser, the Ministry of Agriculture and Fisheries and other charitable organizations in relocating the informal settlers to another location so as to facilitate vacant possession..."

The Agreement for Sale was signed on February 19, 2014.

Documentation from the UDC included copies of the receipts for payment of the deposit and subsequent payments ending with letter dated November 7, 2014, wherein the UDC confirmed receipt of Two Hundred and Ninety-seven Million, Five Hundred Thousand Dollars (\$297,500,000.00) from Portmore Marina Developments Limited.

The UDC subsequently informed the OCG that the sale of Forum closed on November 11, 2014.

Lease, Development, Management and Maintenance of the Catherine Hall Entertainment Centre, Montego Bay, St. James

The captioned property was advertised in the print media on April 6, 2014. Proposals were to be submitted by May 13, 2014.

At the close of the bid submission period, one (1) proposal was received.

The UDC informed the OCG that, *"...the evaluation committee met on May 15, 2014, to review the proposal...The proposal was not evaluated as it was agreed that this could not be done without the benefit of external valuations."* By way of letter dated September 15, 2014, the sole bidder was advised by the UDC that it was in the process of obtaining external valuations.

The OCG subsequently noted two valuation reports which were stamped as received by the UDC on November 5, 2014 and October 13, 2014, respectively.

As at December 31, 2014, the process was on-going.

Sale of Mahogany Inn

Reference is made to Reference No. AD-16222, which is outlined on Page 499 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that on June 17, 2013, the Agreement for Sale between the UDC and Yabyanas Limited was executed and that the requisite deposit of fifteen percent (15%) of the sale price was paid. It was also indicated that a Mortgage Deed had been signed, with a redemption date of July 30, 2014, for the principal sum of US\$2,040,000.00; and the requisite monthly payments were being made by Yabyanas Limited.

The OCG was subsequently provided with a copy of the UDC'S letter dated November 13, 2014, to the Attorney-at-law representing Yabyanas Limited which indicated that the mortgage had been paid in full.

As at December 31, 2014, all payments were paid.

Sale of Oceana Hotel Complex

Reference is made to Reference No. AD-16172, which is outlined on Page 502 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the UDC Board of Directors approved the sale of Oceana Hotel Complex at the increased offer of Three Hundred and Eighty-five Million Jamaican Dollars (J\$385,000,000.00). It was also reported that due diligence activities were on-going.

By way of letter dated August 22, 2014, the Permanent Secretary of the Office of the Prime Minister informed the UDC that, on August 18, 2014, Cabinet approved the sale of the Oceana Hotel Complex to the Kingchurch Property Holdings Limited which would be jointly owned by the Downing Street Group and its nominee Jamaica Property Company.

The Agreement for Sale was signed on December 1, 2014. The OCG was provided with documentation indicating that the UDC received Seventy-three Million Two Hundred and Seventy-four Thousand Two Hundred Dollars (\$73,274,200.00) from Kingchurch Property Holdings Limited.

As at December 31, 2014, the transaction was ongoing.

Lease of Victoria Pier

Reference is made to Reference No. AD-16072 which is outlined on Page 494 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the winning bidder was to be approved by the Board of Directors. The Board of Directors approved the recommendation on January 30, 2014.

By way of letter dated June 11, 2014, the Permanent Secretary in the Office of the Prime Minister informed the UDC that the Prime Minister has offered her 'no objection' to the UDC entering into lease arrangements with the recommended bidder.

The lease would be for a period of twenty-five (25) years, with a moratorium on the rental for the first three years.

As at December 31, 2014, the transaction was ongoing.

Sale of Lot 179 and 139 Seacastles

Reference is made to Reference No. AD-16082 which is outlined on Page 500 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the UDC Board of Directors approved the sale of Strata Lot 179 at a price of J\$9,000,000.00. It was also indicated that Strata Lot 139 was to be re-advertised.

Further to same, by way of letter dated January 17, 2014, the selected purchaser for Lot 179 informed the UDC of their inability to go forward with the sale. Consequently, the second highest bidder was contacted by the UDC. In letter dated March 24, 2014, the UDC requested that the second highest bidder consider revising their offer.

The second highest bidder subsequently revised their initial offer of US\$85,000.00 to US\$96,000.00.

On April 30, 2014, the UDC Board of Directors approved the sale of Lot 179 Seacastles, Northern Estate to Miss Gleeson Young at a price of US\$96,000.00.

By way of letter dated June 9, 2014, the Permanent Secretary in the Office of the Prime Minister informed the UDC that the Prime Minister has offered her 'no objection' to the sale of Lot 179 to Miss Gleeson Young.

As at December 31, 2014, the transaction was ongoing.

As it relates to Lot 139, by way of letter dated May 26, 2014, the UDC advised that it was openly accepting offers from the public; however no proposals had been received as at that date. No further update regarding Lot 139 has been submitted.

Lease, Redevelopment and Management of the Caymanas Golf & Country Club

The investment opportunity was advertised on April 6, 2014. Proposals were to be submitted by May 6, 2014.

At the deadline of the submission period, one (1) proposal was received.

Two (2) valuations were undertaken for the property in September 2014.

Subsequent to meetings between the sole bidder and the UDC in December 2014, a revised proposal was submitted on December 30, 2014.

As at December 31, 2014, the transaction was ongoing.

Management and Operation of Long Bay Beach Park Phase I and Phase II

The asset divestment opportunity was advertised on March 16, 2014. Proposals were to be submitted by April 24, 2014.

Three (3) proposals were received before the deadline for submission. One (1) proposal was submitted late, and was subsequently returned to the prospective investor by the UDC under cover of letter dated April 25, 2014.

Two (2) valuations were undertaken for the property in September 2014.

By way of Memorandum dated October 22, 2014, the UDC requested approval from the Board of Directors to subdivide a portion of Long Bay Beach Park 2 to be leased to Tourism Development Product Company (TPDCO) for the establishment of a Jet Ski launching area.

In its meeting of December 18, 2014, the Board of Directors approved the recommendation for the lease of a section of Long Bay Beach Park 2 to TPDCO.

As at December 31, 2014, the Portfolio Minister's approval for the recommendation for the lease arrangement was pending, and a decision regarding the proposals which were received for the divestment opportunity was not yet available.

Sale of Cotton Polyester Complex

Reference is made to Reference No. AD-16212 which is outlined on Page 497 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the property was to be re-advertised.

Further to same, the property was re-advertised in April 2014, however no proposals were received.

As at December 31, 2014, the property was to be re-advertised.

Divesting Entity: Development Bank of Jamaica (DBJ)

Sale of 100% shareholding of the Government of Jamaica in the Wallenford Coffee Company Limited

Reference is made to Reference No. AD-16132 which is outlined on Page 482 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the Definitive Agreements with the purchaser, AIC International Investments Ltd, were being finalized.

As at December 31, 2014, a critical condition for the closing had not been finalized and the Definitive Agreements had not yet been executed.

Sale of a Single-Storey Factory Building at Twickenham Park, St. Catherine

Reference is made to Reference No. AD-16112 which is outlined on Page 484 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the investment opportunity for the lease of the property had been advertised, however, at the bid submission deadline of March 1, 2013, no proposals were received.

The investment opportunity for the sale of the property was subsequently re-advertised in the print media on July 6, 2014. Proposals were to be submitted by July 21, 2014.

At the deadline of the submission period, two (2) proposals were received.

The proposals were evaluated and the Company which had submitted the higher offer was recommended for the award.

By way of letter dated August 18, 2014, the DBJ informed the Company, among other things, that its offer was accepted. In a letter dated September 1, 2014, the Company acknowledged the DBJ's letter and informed that it no longer had an interest in acquiring the factory building at Twickenham Park. The DBJ has reported that the other offer was not pursued as it was considered too low.

The DBJ subsequently informed the OCG that they received an expression of interest in October 2014 from another Company for the lease with an option to purchase the property and that it had engaged in direct negotiations, as permitted under Section 4.0.4 of the GOJ's Privatization Policy.

The Company has agreed to an offer price to purchase the property and DBJ's Board approved the sale at its meeting held on November 20, 2014 subject to particular conditions.

As at December 31, 2014, the transaction was ongoing.

Sale of the Commercial Assets of the Cocoa Industry Board

Reference is made to Reference No. AD-16311 which is outlined on Page 480 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that Cabinet had approved the bid packages and bid evaluation criteria for the investment opportunity. As at December 31, 2013, the opportunity had not been advertised.

The investment opportunity was advertised on February 16, 2014. Proposals were to be submitted by May 12, 2014.

The divestment was packaged as follows:

Package A – Richmond Fermentary and Montrose Farm

Package B – Morgan's Valley Fermentary

Package C – Houghton Court, Hanover

Package D – Full Package with all properties at Richmond, Montrose, Morgan's Valley, Houghton Court and equipment at Marcus Garvey Drive.

On the submission deadline of May 12, 2014, three (3) proposals were received.

The entities submitted proposals as follows: One (1) entity submitted a proposal for Package C; another Company submitted a proposal for Package B and the third entity submitted a Proposal for Package D.

Upon evaluation, the entity (Wallenford Limited) which submitted a Proposal for Package D (which incorporates all properties being divested) was the recommended Preferred Bidder.

The OCG evidenced correspondence from the Ministry of Agriculture & Fisheries which confirmed that on July 14, 2014, the Cabinet approved the selection of Wallenford Limited as the preferred bidder.

The OCG was also informed by the DBJ that, Wallenford Limited was advised of their selection as preferred bidder by way of letter dated July 28, 2014. The DBJ further informed that negotiation meetings have been underway.

As at December 31, 2014, negotiations were ongoing.

Divesting Entity: Ministry of Finance & Planning

Sale of Caymanas Track Limited

Reference is made to Reference No. AD-16142 which is outlined on Page 485 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the divestment was in its preliminary stage.

Further to same, a request for Expression of Interest (EOI) was published in the print media on May 18, 2014. EOI's were to be submitted by May 30, 2014. The said publication stated that, "... *this is not an invitation to pre-qualify or bid on the opportunity but a request for expressions of interest to assess market interest in CTL and to assist the GOJ in determining the optimal transaction strategy.*"

Two (2) Investors responded to the EOI.

As at December 31, 2014, particulars were being drafted for submission to Cabinet regarding the recommended privatization strategy.

Divesting Entity: Petroleum Corporation of Jamaica

Lease of Font Hill Beach Park

Reference is made to Reference No. AD-16152 which is outlined on Page 490 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the Financial Statements for the sole bidder of the October 2013 divestment process was outstanding.

Further to same, as at December 31, 2014, the divesting entity had not received the outstanding documents.

Divesting Entity: National Insurance Fund (NIF)

Sale of property formerly known as Breezes Montego Bay

Reference is made to Reference No. AD-16301 which is outlined on Page 487 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that an offer was received and accepted by the owner and the divestment process was ongoing. The property is owned by Resort Beach Development Company Limited (RBDL). However, National Commercial Bank (NCB) Superannuation Fund is the majority shareholder with fifty one percent (51%) interest and therefore directs the operations of the entity, whilst National Insurance Fund (NIF) holds the remaining forty-nine percent (49%).

Further to same, the OCG was informed that, *"The property ... has not been sold. The owners, Resort Beach Development Limited, have placed the facility on the market for sale...there is no offer currently being examined."*

Management Contract for Braco Hotel

Reference is made to Reference No. AD-16231 which is outlined on Page 486 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the Management Agreement between the NIF and Melia Hotels International was signed on November 19, 2013 and renovation works were to be carried out by the NIF in order to ensure that the hotel complies with the General Melia Brand Standards prior to the opening.

Further to same, there had been delays with regard to the renovation works and as such a Supplemental Agreement was signed on May 9, 2014, between, among others, Melia Hotel International and the NIF Resort Management Company Limited. The said Supplemental Agreement amended, *inter alia*, the anticipated Completion of Works date of July 31, 2014 (which was outlined in the initial Management Agreement of November 19, 2013) to December 31, 2014.

Divesting Entity: Montego Freeport

Sale of Shop 42A Montego Freeport Shopping Centre

Reference is made to Reference No. AD-16182 which is outlined on Page 493 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that the property was to be re-advertised.

Further to same, the OCG noted an invitation for bids which was published in the print media on March 5, 2014. The property was also advertised on March 8 and 12, 2014, and had a submission deadline of March 17, 2014. The reserve price was indicated as \$13.45 Million, which was the average of the two (2) valuations which had been commissioned.

No offers were received at the end of the submission period.

Subsequent to the invitation, the OCG noted that by way of letter dated April 8, 2014, Mr. Richard Mark Hall submitted an offer to purchase the property for a sum of J\$13.2 Million.

Board Meeting Minutes of June 19, 2014, indicated the Board's approval of the offer. In the said Meeting Minutes it was noted that, *"The General Manager advised that the party interested in purchasing Shop # 42A requested taking possession of the space after payment of 50% of the sale price. The balance would be paid upon completion of the transaction which is within forty-five (45) days. The Board agreed."*

The Agreement for Sale was signed on August 15, 2014, between the Montego Shopping Centre Limited and Mr. Richard Mark Hall and Mrs. Yvonne Coleen Hall.

A copy of the title revealed that the transfer to the Purchasers was completed on November 6, 2014.

Extract from Board Meeting Minutes dated December 1, 2014, indicated that a letter of undertaking was received from the Purchaser's bankers and the time frame for completion was within a week.

Sale of Shop 34, Montego Freeport Shopping Centre

The OCG has been monitoring this divestment opportunity since its advertisement in November 2012. At that time, and in subsequent invitations for Bids, no offers had been received.

During 2014, the Montego Freeport Limited received a letter dated January 21, 2014, from Silvera & Company, Attorneys-at-law, indicating its interest in submitting an offer for the property. In response to same, by way of letter dated February 7, 2014, the Montego Freeport Limited indicated that it had received another offer and that the property would be advertised. The Firm was invited to submit a bid at that time.

An invitation for bids was published in the print media on March 5, 2014. The property was also advertised on March 8 and 12, 2014, and had a submission deadline of March 17, 2014. The reserve price was indicated as \$14.25 Million; which was the average of the two (2) valuations which had been commissioned.

No offers were received at the end of the submission period.

Subsequent to the invitation, the Montego Freeport Limited advised that an offer was received from Mr. Wayne Silvera of Silvera & Company, Attorneys-at-law, for a purchase price of \$14 Million. The OCG was provided with a copy of the offer letter dated April 7, 2014.

Extract from Board Meeting Minutes dated June 19, 2014, indicated the Board's approval to enter into negotiations with the prospective purchaser.

By way of letter dated June 19, 2014, the Montego Freeport Limited informed Mr. Wayne Silvera that his offer to purchase Shop 34 for a price of \$14 Million was accepted.

The Agreement for Sale was signed on August 27, 2014, between the Montego Shopping Centre Limited and Wayne Delano Silvera.

Extract from Board Meeting Minutes dated December 1, 2014, states that, *"The deposit of 1.4 Million was paid and the purchasers Bankers were processing the application for the balance of the purchase price."* The referenced Board Meeting Minutes extract further indicated that the Sale Agreement was being prepared.

As at December 31, 2014, the transaction was ongoing.

PUBLIC PRIVATE PARTNERSHIPS (PPP)

Responsible Public Entity: Development Bank of Jamaica (DBJ)

Norman Manley International Airport (NMIA)

Reference is made to Reference No. AD-16261 which is outlined on Page 491 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report Appendices (2013).

The referenced section had indicated that preparation for the transaction was ongoing.

On March 31, 2014, Cabinet granted its approval for the NMIA Enterprise Team, the Development Bank of Jamaica (DBJ) and the International Finance Corporation to proceed with the implementation of the Transaction Stage of the PPP.

The OCG subsequently noted the publication of a request for Expression of Interest (EOI) in the Gleaner which was dated July 13, 2014. It indicated that EOIs were to be delivered by July 30, 2014. Investor Conferences were also held in Kingston and London.

Twelve (12) entities submitted EOIs by the aforementioned deadline date.

An invitation for Pre-Qualification was published on December 3, 2014; however, no submission deadline was indicated in this publication. A subsequent publication in the Sunday Observer of December 21, 2014, indicated a submission deadline of January 19, 2015.

As at December 31, 2014, the Invitation for Prequalification was still open.

Responsible Public Entity: Port Authority of Jamaica (PAJ)

Kingston Container Terminal (KCT)

Reference is made to Pages 82-83 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report (2013) wherein details regarding the captioned were outlined. The said section indicated that as at December 31, 2013, the Confidential Information Memorandum (CIM) and the Request for Proposal (RFP) were not yet issued to the three (3) prequalified bidders.

Further to same, the CIM and RFP were made available to the prequalified bidders on January 16, 2014. The deadline for submission was May 22, 2014. The submission deadline was subsequently extended to July 31, 2014.

On March 25, 2014, Terminal Link Consortium submitted correspondence to PAJ, advising of a change in the composition of the consortium. It indicated that China Harbour Engineering Company was no longer a member of the Consortium and that China Merchants Holding International and CMA CGM would be participating through their shareholding in Terminal Link. The RFP provided that any changes to the composition of a consortium should be submitted to the PAJ at least thirty (30) days prior to the submission deadline.

Under cover of letter dated April 7, 2014, the Financial Investigation Division (FID) submitted its Due Diligence Report regarding the three (3) pre-qualified entities.

On July 31, 2014, the Tender Opening Ceremony was convened and the Terminal Link Consortium was the sole Bidder.

The Terminal Link Consortium based upon the Summary Evaluation Sheet, received a total overall score of 59.85% out of 100%. The OCG also noted that the said Summary Evaluation Sheet stated that, "*Stage 1 Qualification Not Achieved.*" The RFP required that bids attain a combined score of at least 70% at Stage 1.

The PAJ advised that there were various considerations which influenced its decision to proceed, including that the bid was the outcome of a competitive process. Further, that the evaluation suggested that there was substance to the bid and that a number of key issues required further clarification. The provisions of the RFP allowed negotiation with a Bidder once same had been selected as the Provisional Preferred Bidder.

Cabinet, by way of Cabinet Decision dated September 22, 2014, approved Terminal Link Consortium to be the Provisional Preferred Bidder. The Cabinet also approved four (4) individuals to be a part of the "Clarification/Negotiation Team" to undertake "clarification/negotiation" meetings with the Consortium.

Two (2) rounds of negotiations were subsequently convened with Terminal Link Consortium during the period October 14, 2014 to December 5, 2014.

As at December 31, 2014, the negotiations between the PAJ and Terminal Link Consortium were on-going.

Development of a Logistics Hub – Proposed Port Facilities at Goat Island/Portland Bight Development

Reference is made to Pages 84-85 of the Office of the Contractor-General's (OCG's) Twenty-Seventh Annual Report (2013), wherein details regarding the captioned were outlined. The said section indicated that as at December 31, 2013, the activities of this project continued in keeping with the Memorandum of Understanding (MOU).

Cabinet, by way of Decision dated February 24, 2014, gave approval for the execution of an initial Non-Binding Agreement for the development of a Transshipment and Logistics Hub in the Portland Bight Area.

The Initial Non-Binding Framework Agreement was signed on March 28, 2014, with a term of six (6) months or such longer period expiring no later than December 31, 2014. The Initial Agreement would also terminate upon signing of the Final Agreement.

The Final Agreement was signed by the GOJ, the PAJ and China Harbour Engineering Company (CHEC) on August 5, 2014, for the Portland Bight Development. The Final Agreement indicated a term of twelve (12) months expiring no later than July 31, 2015, or upon the signing of the Concession Agreement.

By way of status update dated November 24, 2014, the PAJ informed the OCG, that the geotechnical study and other preliminary engineering investigations began on August 5, 2014.

As at December 31, 2014, the studies were on-going.

Design, Development and Implementation of a Port Community System

Reference is made to Page 83 of the Office of the Contractor-General's (OCG's) Twenty-Seventh Annual Report (2013), wherein details regarding the captioned were outlined. The said section indicated that as at December 31, 2013, preparation for the second stage of the Request for Proposal (RFP) process was ongoing.

Further to same, the PAJ informed that the RFP for Stage 2 was distributed to the two (2) prequalified bidders on January 3, 2014. The deadline for submission of bids was January 31, 2014. This deadline was subsequently extended to February 21, 2014.

The draft Concession Agreement was also distributed on February 9, 2014.

At the tender opening which was held on February 21, 2014, two (2) bids were received. The two bids were subsequently evaluated.

The Evaluation Report which was dated April 25, 2014, raised concerns with the proposed transaction fees and PPP model submitted. It stated, *inter alia*, that,

“Both bidders have provided PPP Models that have high transaction fees, excess opex and capex, which the Port Authority would like to refine via limited re-tender...”

It is therefore being strongly recommended that a limited re-tender process be initiated with both pre-qualified bidders to ensure that the PPP Value for Money component is achieved and a competitive environment is present; based on the fact that the transaction fees proposed are economically unacceptable to the GOJ.

*... the Port Authority of Jamaica is recommending that the **current tender process be aborted.**”*

Subsequently, the PAJ submitted a letter dated April 29, 2014, to the National Contracts Commission (NCC) seeking approval to terminate the tender process and utilise the Limited Tender Methodology for the selection of the two bidders based on an amended RFP.

In its response of May 1, 2014, the NCC informed the PAJ of its “No Objection” to its request of April 29, 2014.

By way of letters dated May 16, 2014, the PAJ informed SGS Societe Generale de Surveillance SA and Bureau Veritas B.I.V.A.C. BV of the outcome of the Stage 2 evaluation process and the decision to retender by way of limited tender.

Subsequently, the OCG noted a letter dated October 10, 2014, from the Port Authority to the Ministry of Transport, Works and Housing which informed that, *“We are recommending that the next step be:*

1. *A submission to Cabinet advising that:*
 - (a) *The PPP Modality for the PCS will no longer be viable; based on the acquisition of the CMS [Custom Management System] (ASYCUDA World) by Jamaica Customs Agency...*
 - (c) *The commercial modality for acquiring the PCS will be driven by a private sector entity (SAJ [Shipping Association of Jamaica]); but will be supported by the PAJ with respect to government and administrative implementation support.*
 - (d) *The GOJ will therefore not be re-tendering for the acquisition of the PCS, as this will now be led by a private sector entity.”*

By way of status report dated November 2014, the PAJ advised that a reduced scope PCS Project will still be required and that it was assessing the commercial and technical implications of the best viable method available in proceeding.

Responsible Public Entity: Factories Corporation of Jamaica (FCJ)

Development of Caymanas Special Economic Zone & Naggo Head Technology Park

Reference is made to Pages 83-84 of the Office of the Contractor-General's (OCG) Twenty-Seventh Annual Report (2013), wherein details regarding the captioned were outlined. The said section indicated that as at December 31, 2013, Cabinet approval had not yet been received for the recommended joint venture partner.

Further to same, the OCG noted various news articles regarding this project and noted a Jamaica Observer article entitled *“Gov’t abandons bidding process for Caymanas Economic Zone”* dated May 28, 2014, which stated that,

“The Government has abandoned the bidding process seeking investors for the proposed economic zone for Caymanas Estates in St. Catherine.

Cabinet decided to change the concept for the economic free zone and has appointed two teams to guide the process, according to industry minister, Anthony Hylton.

Now, the project is to be called Caymanas Special Economic Zone (CSEZ) in order to comply with the decision of the World Trade Organisation (WTO) to phase out free zones by 2015....

A policy steering committee (PSC) and an enterprise team set up to oversee the CSEZ are supposed to attract large-scale investments in specific value –added industries ...”

By way of letter dated November 25, 2014, the FCJ informed the OCG that, “*Cabinet ...gave approval for the Ministry of Industry, Investment & Commerce to appoint an Enterprise Team with the requisite mandate and expertise, as well as to make recommendations to Cabinet for the construction of the North and South Park of the CSEZ [Caymanas Special Economic Zone] and the Technology Park at Naggo Head.*”

LAND DIVESTMENT

The OCG continued its monitoring of the divestment of Government-owned lands in 2014. At the end of the 2013 reporting period, the OCG had noted its concern regarding the absence of an approved process to guide divestment opportunities undertaken by public bodies. The OCG, though somewhat handicapped by the lack of an approved procedural document, continued to monitor transactions with the view of ensuring that the principles of transparency and fairness were upheld in the land divestment processes undertaken by the relevant government entities.

During 2014, the OCG noted that the issue of protracted divestment processes for several properties continued, with some awaiting Cabinet Approval for several years. In at least two (2) instances purchasers have withdrawn their offers and have been refunded the amounts paid, owing to the protracted delay associated with the sale. This and other issues are highlighted in some of the individual land divestment undertakings written on in the relevant section of this report.

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

The GOJ Policy Framework and Procedures Manual for the Divestment of Government-Owned Lands

The Ministry of Water, Land, Environment & Climate Change (MWLECC), has overall responsibility for the drafting of the Government of Jamaica (GOJ) land divestment document and has included the OCG in the amendment of the said document since 2010; allowing for the OCG's review and comments and/or recommendations, where deemed necessary.

In keeping with its mandate to monitor the divestment of Government assets, including land, the OCG has closely monitored the progress and related approval process pertaining to the Government of Jamaica (GOJ) *Policy Framework and Procedures Manual for the Divestment of Government-Owned Lands*, which has been at the 'draft stage' for many years. The OCG over the years, has continually expressed concern regarding the extended delay in the approval of the document. In fact, the OCG in its Annual Report of 2013, outlined in detail, its communication over the years with the relevant parties, pertaining to the status of the document's approval.

The year 2014, however, saw significant progress being made in the approval process. It is to be noted that though the referenced Manual had not yet been approved for use by the relevant divesting public bodies at the end of 2014, documents obtained by the OCG indicated that the Economic Development Committee (EDC) of Cabinet deliberated on the matter on November 25, 2014. Further, and of significant note, was that the document obtained Cabinet Approval on December 2, 2014 and was scheduled to be tabled in the Houses of Parliament in January 2015. It is anticipated that the launch of the Manual will be held early in 2015.

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

The Land Divestment Advisory Committee (LDAC)

The Land Divestment Advisory Committee (LDAC) plays an advisory role to the Minister of Water, Land, Environment and Climate Change (MWLECC), in relation to the divestment of Government-owned lands. The Committee is ably supported by the Land Administration and Management Division, within the MWLECC.

The Land Divestment Advisory Committee (LDAC) is mandated to, among other things:

1. Examine, evaluate and make recommendations to the Minister, on Applications forwarded by the Commissioner of Lands for divestment of Crown Lands.
2. Review recommendations for Applicants to receive subsidies, discounts and/or incentives for the Lease/Sale of lands under exceptional and special circumstances and finalise recommendations for the Minister's approval.
3. Convene regular monthly meetings in order to ensure timely divestments. It should be noted that special/extraordinary meetings may be convened depending on the volume or urgency of particular matters.

The LDAC is guided by policy directives issued by the Minister; and as such, may consult the Minister on fundamental matters of policy only. All matters discussed at LDAC Meetings are expected to be kept confidential.

The LDAC is comprised of fifteen (15) 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 Chairman of the Committee is Mr. Hensley Williams, Attorney-at-Law. The tenure of the current Committee will end on March 31, 2015. It is to be noted that one (1) Committee member resigned In July 2013. As at the end of December 2014, however, no one had yet been appointed by the responsible Government Minister, to replace the member who had resigned.

A representative from the OCG sits in on the meetings of the LDAC in the capacity of an Observer.

LDAC Activity for 2014

Eight (8) meetings were convened by the LDAC in 2014 and a total of eighty-eight (88) submissions were recommended by the Commissioner of Lands for consideration by the Committee. Of this amount, seventy-six (76) were 'New Applications' and twelve (12) were 'Re-Submissions'. Seventy (70) applications were recommended by the Committee; fifty (50) by sale and twenty (20) by lease. Two (2) applications were not recommended for divestment, while one (1) application to purchase property was deemed to be outside of the remit of the Committee and was forwarded to the portfolio Minister for his consideration. The remaining Applications were deferred, as additional information was required by the Committee.

The Committee also reviewed three (3) applications from the Ministry of Local Government and Community Development, which were recommended for divestment. Of the three (3), one was to be divested by way of Lease, while two (2) were for sale.

Of the Applications recommended for divestment, thirty-eight (38) were for the regularisation of illegal occupants.

The Ministry reported that as at December 2014, the responsible Minister had approved forty-four (44) of the Applications submitted for his consideration, with an expected revenue of J\$108,598,600.00.

Of the Applications approved by the Minister, eleven (11) were for Lease, with expected revenue of J\$7,673,600.00 per annum and thirty-three (33) were for Sale, with expected revenue of J\$100,925,000.00.

The Tables below summarise the deliberations of the Committee during 2014:

Deliberations by the Land Divestment Advisory Committee (LDAC) - 2014

Date of Meeting	No. of Applications Recommended by the Commissioner of Lands	No. of New Applications	No. of Re-Submission	No. of Applications Recommended by LDAC	No. of Applications Recommended for Divestment by SALE	No. of Applications Recommended for Divestment by LEASE	Total Applications Approved by the Minister
February	8	7	1	5	5	0	5 (5 Sale)
April	13	10	3	10	6	4	10 (6 Sale/4 Lease)
June	13	11	2	12	9	3	8 (5 Sale/3 Lease)
July	10	9	1	8	4	4	7 (4 Sale/3 Lease)
September	12	11	1	10	9	1	9 (9 Sale/0 Lease)
October	11	10	1	7	6	1	5 (4 Sale/1 Lease)
November	11	10	1	9	4	5	-
December	10	8	2	9	7	2	-
Total	88	76	12	70	50	20	44

The Tables below illustrate the Approvals by Land Use and Value:

Lands Approved for SALE - 2014

Land Use	No. of Applications	Value (J\$)
Commercial/Industrial	3	40,095,000.00
Agricultural	6	5,250,000.00
Residential	21	54,920,000.00
Other (Educational, Recreational, Religious and Community Development)	3	660,000.00
TOTAL	33	100,925,000.00

Lands Approved for LEASE - 2014

Land Use	No. of Applications	Value (J\$)
Commercial/Industrial	5	6,009,000.00
Agricultural	4	164,600.00
Residential	0	0.00
Other (Educational, Recreational, Religious and Community Development)	2	1,500,000.00
TOTAL	11	7,673,600.00

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.

ENQUIRY MANAGEMENT

The year 2014 was marked by a significant increase in the matters/complaints which were reported to or noted by the OCG regarding Government contracts, prescribed licences and the divestment of land. In this regard, a total of ninety-two (92) new matters/complaints were captured in comparison to the fifty-five (55) which were reported in the previous year.

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

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

The following were among the measures taken to streamline the portfolio:

- Upon receipt of a complaint, and directive from the Contractor General for the matter to be reviewed, a preliminary review meeting is held, consisting of select members from the Inspectorate Division. The purpose of these meetings are to, among other things, discuss/ascertain any jurisdictional constraints surrounding a matter; whether to refer to a matter to an external agency; whether the matter should be relegated to monitoring by the Inspectorate; and the strategies/approaches to initiate an enquiry into a matter/complaint. This has resulted in a more targeted approach to reviewing complaints, thus eliminating the issuance of numerous correspondences in order to obtain information from Public Bodies about a matter/complaint.
- The assignment of specific construction related matters/complaints to Inspectors within the Construction Contracts Unit.
- Matters for which complaints were received, regarding a particular project which was previously being monitored by a team member, were assigned to that said team member to expedite the review process.

- Greater emphasis was placed on resolving more aged matters/complaints.

With regard to the foregoing, the following represents the status of matters/complaints which were reviewed under the Enquiry Management Portfolio during 2014:

STATUS	Number of Matters/Complaints brought forward from the previous year	Matters/Complaints which were received in the year 2014
	73	92
Total matters/complaints which were within the OCG's remit and were concluded	36	
Matters/complaints which were outside of the OCG's remit and/or forwarded to External Agencies	4	
Matters/complaints which were referred to the OCG's Special Investigations Unit for further review	5	
Matters/complaints which were vague or withdrawn by the Complainant	4	
Matters/complaints on-hold	1	
Matters/complaints for which decision was taken not to pursue enquiry	2	
Enquiries which are ongoing	113	

The following are select excerpts from complaints/matters which were within the OCG's remit and which were concluded during the year:

Ministry/Agency/Department: Clarendon Parish Council

Complaint received in November 2013 – Extract/Summary: "Road work done on Dupont road in Lionel Town was by people from parish council and not Mr. Sing".

Findings:

The OCG conducted a review of the documents, which were submitted to its Office, and having conducted its own internal review, finds that the work in relation to repair to Dupont Road was completed by E.B Singh and Sons Limited. The OCG further finds that the Clarendon Parish Council had compensated the Contractor, in full, after satisfying itself that the works were completed satisfactorily.

With regard to the persons named as "persons of interest" by the complainant, the OCG finds that the named persons were not involved with the pre and/ or post contract implementation.

Ministry/Agency/Department: College of Agriculture, Science & Education (CASE)

Complaint received in January 2013 – Extract/Summary: The current acting President Rev. Dr. Mary Nichols has breached procurement guidelines in building a security physical plant at the house assigned to her on the western campus of the college and the unnecessary refurbishment of the said house. The security post erected at the house assigned to her didn't go through the internal procurement committee at the college and is in breach of the building code of the Parish Council.

The security post which was constructed without the approval of the Parish Council is now being investigated by the Parish Council. The cost for the construction of the security post and the refurbishing of the house was close to Two Million Dollars (\$2,000,000). The construction was either in November or December 2012.

Findings:

1. As was asserted by the complainant, the OCG found that a security post was constructed at the President's residence without the prior approval or permit being requested from the Portland Parish Council.

The Portland Parish Council, in its letter of March 20, 2013, in response to a letter from the OCG, indicated that it was made aware of the construction by means of the OCG's letter. The Council indicated that it had since conducted a site visit and in a brief discussion with the President, had advised that building plans were to be submitted for formal approval.

During the course of its enquiry, the OCG noted that a permit was granted by the Portland Parish Council on February 11, 2014. This was two (2) years after the construction which was completed in January 2012.

2. The scope of the OCG's enquiry did not extend to ascertaining whether the security post which was erected was in breach of the building codes, as alleged by the complainant. However, as indicated in bullet 1 above, the OCG, notes that the Parish Council had since granted a permit.
3. As it relates to the construction of the Security Post, the CASE has indicated that same was part of a project which was completed in January 2012 and included (i) a security post at the gate leading to the livestock farm, and (ii) a toilet facility adjoining the existing farm shop. The CASE indicated that the related procurement, which was labour based, had a comparable estimate of \$273,900 and that while the Direct Contracting Procurement Methodology had been utilised; three (3) quotations had been requested. The CASE indicates that the contract was awarded to the lowest priced bidder on December 13, 2011, in the amount of \$251,180.

Based on the documents reviewed, the OCG notes that the bidder who submitted the lowest quote was in fact awarded the contract.

4. In addition to the construction of the Security Post, the OCG noted that new furniture was purchased for the President's residence and minor refurbishing works were carried out at the said location. The CASE stated, by way of correspondence which was received by the OCG on November 5, 2014, as it regards the works which were carried out for the construction of the Security Post and refurbishing, *inter alia*, that, *It should be noted that the project was not viewed as [sic] whole.*

Instead we looked at labour and material separately... "

Refurbishing works included painting, repairing of the ceiling, construction of a gutter around the roof of the house, installation of a grill and automated gate for the carport.

5. With regard to the procurement processes associated with the construction of the Security Posts, minor refurbishing works, the material associated with same, and the purchase of furniture for the President's residence, documentation relating to the engagement of eleven (11) companies and individuals were evidenced.

Based upon the documentation which was evidenced, one (1) engagement exceeded \$275,000. This was a purchase order issued to procure furniture, in the amount of \$558,396. With regard to said engagement, three (3) quotes were noted. This is in line with the stipulation of the GOJ Handbook of Public Sector Procurement Procedures for the use of Limited Tender procurement methodology.

Notably, the Government of Jamaica (GOJ) Handbook of Public Sector Procurement Procedures (October 2010) provides that Direct Contracting should be utilised for contracts with values up to J\$275,000. Further, the Handbook indicates that Limited Tender should be utilised for contracts above J\$275,000.00 up to J\$1,000,000.00, and a minimum three (3) quotes is to be requested.

Further, it was noted that in the majority of cases, for engagements which had values below J\$275,000, at least three (3) quotes were documented. In most instances the bidder who submitted the lowest quote was awarded the contract.

6. A contract document was observed in relation to the labour services for the construction of the security posts and lavatory facility. Notably, the said contract was signed in December 2012; however, the works were completed in January 2012. In this regard, and based upon a question posed by the OCG concerning same, the CASE indicated that *'Works were awarded and completed, however a contract was not prepared; after realising the anomaly the contract was drafted and signed on the date noted in the contract'*.

In lieu of a contract, the OCG noted that Purchase Orders and/or Invoices were utilised for the other companies and individuals who were engaged to provide services/products relating to the minor works and provide furniture for the President's residence.

7. The assertion by the complainant that the contract for the construction of the Security Posts was not submitted to the Procurement and Contracts Committee for approval was found to be factual. However, in its letter of June 6, 2014, CASE informed the OCG that, *'The contract was not submitted to the Procurement and Contracts Committee as it was a labour only contract which fell under the approved threshold and procurement issues under the threshold are not usually brought to the Procurement and Contracts Committee.'*
8. The OCG noted the Procurement Committee's approval for the purchase of the furniture, which included an amount of \$558,396.00 to One Stop Furniture and Appliance Company Limited. With regard to same, the OCG did not evidence the said contract award on the Quarterly Contracts Award (QCA) Report which was submitted by CASE for the associated period. In correspondence which was received by the OCG on November 5, 2014, CASE stated, *inter alia*, that, *'The items were inadvertently omitted from the report. We apologise [sic] for this omission. We have subsequently implemented systems to prevent any such recurrence.'*

Notwithstanding CASE's acknowledgment of its omission, the OCG wishes to highlight that the above omission constitutes a breach of Section 29 of the Contractor General Act.

The OCG has found that there was merit to the complaint that the erection of the security post did not receive the approval of the Parish Council prior to it being constructed. Further, that while the allegation that the contract award recommendation for the erection of the security post was not forwarded to the Procurement Committee was factually correct, the OCG has found that it was without merit based upon the value of the associated contract, as same fell below the amount indicated in the Handbook of Public Sector Procurement Procedures (2010) which required the approval of the Procurement Committee.

Notwithstanding, based on the circumstances related to the construction of the Security Posts, the OCG wishes to recommend that in the future the requisite due diligence is carried out by CASE as it relates to the necessary Parish Council approval and permits being obtained prior to undertaking construction on the grounds of the institution. Further, in order to safeguard the interest of CASE and the Government of Jamaica, by extension, CASE should ensure that a contract is signed prior to the commencement of works.

As it relates to the contract which was not reported to the OCG, the Office notes that the CASE has advised that it has implemented systems to ensure that all contracts are reported to the Contractor General.

The OCG also acknowledges the efforts made by CASE to ensure value for money in its procuring activities, having noted that in most instances, three quotes were received although, based upon the value of the procurement, the request for multiple quotations had not been a requirement.

Ministry/Agency/Department: College of Agriculture, Science & Education (CASE)

Complaint received in December 2013 – Extract/Summary: Asset of the Passley Gardens Hatchery has been disposed of by CASE without accountability.

Findings:

The OCG conducted a review of the documents which were submitted to its Office, and having conducted its own internal review, finds that CASE was not involved with the divestment of the assets associated with the Passley Gardens Hatchery (PGH).

Information provided by CASE has further confirmed that the College's association with the PGH was limited to the lease of the College's lands used for the hatchery operations.

Reference is further made to a letter dated October 9, 2014, from the OCG to Passley Garden Hatchery (PGH) and to the PGH's response dated November 7, 2014.

The referenced letter requested additional information regarding the operations of the Hatchery and whether or not the Hatchery was considered a Public Body.

The PGH in its response indicated that it was initially funded by the Government of Netherlands and had received no funding from the Government of Jamaica.

Based upon the foregoing and without information to the contrary, the OCG has concluded that the PGH is a non-government entity and has the discretion to dispose of its assets on its own terms.

Ministry/Agency/Department: Court Management Services (CMS)

Complaint received in October 2013 – Extract/Summary: The complainant had concerns regarding a tender for a pest control service that was undertaken by the Courts Management Services (CMS). Two bids were received. He said based upon the price which was submitted, the criteria established and feedback which he received from the Entity, his company won the tender. However, he indicated that he had not received anything official to confirm that his company had won. By way of letter from the Entity, he was later told that the procurement would be retendered.

He said that he has since learned that a competing company has been awarded the contract on a piecemeal basis.

He alleged that the company which had been given the contract was blacklisted. In this regard, he explained that the contracted company had some issue with the Government in the past, wherein it was indicated that work was done which had not been done.

He also alleged that there was favouritism between the principal of the said company and an officer within the CMS, a Mr. Fabian Thomas.

Findings:

The OCG finds that the CMS had aborted the first process for the provision of Pest Control Services for the Resident Magistrates Court in accordance with the guidelines of the GoJ Handbook of Public Sector Procurement Procedures.

Upon a review of the Tender Document, however, it was noted that the evaluation criteria was ambiguous which may have led to subjectivity during the evaluation process.

The OCG concluded that there was no impropriety or irregularity with regard to the termination of the first process.

With regard to the retendering of the Pest Control Services, the CMS had invited three (3) Contractors to provide quotations. It was further noted that the successful Bidder was not the Contractor who was mentioned in the complaint.

With regard to the second process, the OCG noted that the CMS had stated that the Limited Tender procurement methodology was used. It was further noted that the CMS had failed to prepare, *inter alia*, tender documents and tender opening records, which are requirements of the Limited Tender procurement methodology. The OCG further noted that the CMS did not provide any evidence to show that the unsuccessful bidders were informed of the final outcome.

Recommendation(s):

The CMS should be guided by the GoJ Handbook for all its procurement related activities to ensure that the most appropriate methodology is used. The OCG is further recommending that, going forward, the CMS develop evaluation criteria that is objective and measurable with clear sub-criteria, where applicable, to ensure transparency.

In a further bid to ensure transparency, the OCG is recommending that the CMS, in the event that it was not already done so, ensure that all bidders that participate in any process are advised of the final outcome.

Ministry/Agency/Department: Department of Correctional Services

Complaint received in January 2014: The Department of Correctional Services (DCS) was about to award a contract to Bronco Limited (*or similar name*), a Company which was not registered with the National Contracts Commission (NCC) and which did not have a valid Tax Compliance Certificate (TCC).

Findings:

The OCG, having conducted its own internal review found that at the time of its response, the DCS was in the process of engaging a Contractor, Broncho Boots Limited, which was duly registered with the National Contracts Commission (NCC) and which possessed a valid Tax Compliance Certificate (TCC), for the supply of footwear. A contract has since been awarded to Broncho Boots Limited on May 29, 2014.

Based on the foregoing, the OCG concluded that there was no veracity to the complaint received and that the DCS had conducted its procurement in accordance with the GOJ guidelines.

Ministry/Agency/Department: e-Gov Jamaica Limited (formerly Fiscal Services Limited)

Complaint received in October 2010 – Extract/Summary: A contract valuing approximately J\$10,000,000.00, was corruptly awarded to NWD Construction by Fiscal Services Limited (now eGov Jamaica Limited) between the years 2008 to 2009. It was alleged that the contract was awarded corruptly because, the contract was awarded by Mrs Fern Townsend of Fiscal Services Limited (now eGov Jamaica Limited), whose husband is the Accountant of NWD Construction.

Ms. Mitzie Davis, was allegedly involved as she assisted NWD Construction with the Registration for the National Contracts Commission.

Findings:

1. The OCG did not evidence a contract award by Fiscal Services Limited (now eGov Jamaica Limited) to NWD Construction in the amount of J\$10,000,000 during the period 2008 to 2009, as alleged by the complainant.

The contracts which were notably awarded to the said company during the referenced period had a cumulative value of J\$547,707.95, for the refurbishing of a canteen. In this regard it was noted that one contract was in the amount of J\$420,207.95 (exclusive of GCT) and the other was an add-on or follow-on contract in the amount of J\$127,500.00 (exclusive of GCT).

Further to same, the OCG did not evidence any documentation which suggested that the contract award in the above instances were carried out in a “*corrupt*” manner.

2. Mrs Fern Townsends’ involvement in the tender process for the two (2) abovementioned contracts involved:
 - a. Signing the relevant contracts with NWD Construction on behalf of Fiscal Services Limited (now eGov Jamaica);
 - b. Receipt of internal Memoranda from the Senior Supervisor – Office Services, regarding specifications and providing a directive to obtain quotes; and
 - c. Receipt of internal Memoranda from the Supervisor – Property Management regarding contract award and payment recommendations and routing same to the relevant personnel for approval.

3. During its review of the allegations regarding NWD Construction, the OCG received a letter dated September 30, 2010, from Fiscal Services Limited (now eGov Jamaica Limited), which stated, *inter alia*, that,

"... this Office sought to obtain information regarding NWD's "responsible officers" that it is understood would be maintained within the Jamaica Tax Administration (JTA) and, the Company Office of Jamaica (COJ) records.

The above action resulted in it being revealed that: the TRN (i.e. TRN 001-824-074) provided by NWD on its two (2) invoices and a credit note submitted to FSL for processing; is not that of NWD Construction Limited. Further, it appears that:

The TRN reflected on these documents submitted by NWD Construction Limited is that of an entity registered as Nobern Associates Limited.

The TRN for NWD Construction is 001-813-889"

Regarding the foregoing, the OCG is of the considered opinion that the matter does not fall within its remit, but that of Tax Administration Jamaica.

4. With regard to the allegation surrounding Ms. Mitzie Davis, the OCG is of the considered opinion that the matter does not fall within its remit, but that of the Fraud Squad, and therefore the issue was referred as such.

Ministry/Agency/Department: Factories Corporation of Jamaica (FCJ)

Complaint received in April 2014: *"On February 2014, Factories Corporation of Jamaica (FCJ) submitted a document to six security companies... indicating that the contract for security services at the captioned site [121 Duke Street] will be selected via the limited tendering process. This process would close on Thursday, March 6, 2014. Within few [sic] days, FCJ placed an advertisement on its website that the security services for the captioned site would be selected via open tender to close on the same day as the limited tender.*

The tender documents were open on Thursday, March 6, 2014 and Quest Security Ltd was selected even though this company was not among the list of six companies which were submitted by FCJ in February 2014... this company had applied via the open tender process..."

Findings:

1. The FCJ confirmed that a Limited Tender Procurement Methodology was conducted to procure security services at three (3) FCJ properties: Paisley Avenue, 121 Duke Street and White Marl.
2. Under cover of letter dated July 24, 2014, the FCJ informed the OCG that, *"Given the in-house estimates, the Limited Tender Procurement Methodology was utilized. The incumbent providers at each site were invited, along with companies which had bases where the service was to be provided and the others were randomly chosen from the NCC listing."*
3. With regards to the Limited Tender procurement process which was said to be carried out, the FCJ informed, by way of letter dated October 1, 2014, that the bidders were invited by telephone, thus no letters of invitation were sent to the companies which were invited to participate.

The FCJ also indicated that the Invitation to Tender for the procurement opportunity was placed on its website. In its response of October 1, 2014, the FCJ stated, *inter alia*, that *"In a bid to promote transparency, the Corporation's website has a section for Tenders and it is practice to post Tenders on the website. The posting of the Security Tender was in keeping with the normal practices..."*

4. A copy of an Invitation to Tender, which was reportedly published to the website and Bidding Document were evidenced. It was noted that the Standard Bidding Document was utilised.
5. A copy of the Tender Receival Form related to the tender process was evidenced and the following were noted:
 - a. Six (6) companies submitted tenders, including Quest Security, when the tender closed on March 6, 2014; and
 - b. The comparable estimate was indicated as J\$4,594,464.00.
6. The FCJ confirmed that the following companies were not directly invited to participate in the tender process but they responded to the advertisement of the tender opportunity which was placed on the company's website:
 - Guardsman Limited
 - Quest Security
 - Alpha Security
1. The Tender Report relating to 121 Duke Street stated that Quest Security was recommended for the award of contract, in the amount of \$5,490,000.00. The OCG noted the details of the said Report as it regards the rationale for the selection of the recommended bidder, as Quest was indicated as having been the highest scored, responsive bidder.

Based upon the foregoing, the OCG notes the FCJ's statements regarding the utilisation of the Limited Tender procurement methodology. However, in addition to contacting particular bidders the FCJ had also published the procurement opportunity on its website. Notably, the GOJ Handbook provides that, "*Limited Tender means a specific number of contractors are invited to bid. Procuring Entities may contact appropriately qualified contractors on the NCC register and invite them to participate...*"

Procurement offered through Limited Tender is not advertised."

In light of the foregoing, the OCG is of the opinion that the FCJ moved out of the sphere of the Limited Tender procurement methodology upon advertising the tender opportunity on its website. In fact, the publication of the tender opportunity to the general public on its website, and the invitation to tender which was extended to particular companies, is not a representation of the procurement methods which are outlined in the GOJ Handbook. In light of the foregoing, the manner in which the process was conducted is not in keeping with the GOJ Handbook and, therefore, Factories Corporation of Jamaica has erred in its conduct of this procurement process.

Without prejudice to the foregoing, the OCG has noted that the FCJ had opened and subsequently evaluated all bids which were submitted within the required timeline and with the qualifications which were required for the tender opportunity.

While the FCJ has indicated that the advertisement was placed on its website in a bid to promote transparency, the Corporation is minded to abide strictly to the guidelines provided as it relates to the procurement methodology which it uses. The OCG would also recommend, going forward, that when the Limited Tender procurement methodology is used, written invitations are extended to contractors.

Ministry/Agency/Department: G.C. Foster College

Complaint received in February 2014 – Extract/Summary: “It is with concern that I ask the powers that be to investigate the operations at G. C Foster College

1. *The irregularities in operations of the Tuck Shop*
 - (a) *Part rented and part operated by the institution...*
 - (d) *The notation that the Director is part owner in the rental of the kitchen that operated from the Tuck Shop.”*

Findings:

1. A section of the Tuck Shop on the campus of G.C. Foster College is being operated as a kitchenette by an external party, Mr. Donvern McKenzie. This arrangement is a result of the acceptance of an unsolicited proposal from Mr. Donvern McKenzie.

A formal agreement was signed on September 3, 2013, between G.C. Foster College and Mr. Donvern McKenzie for the operation of a kitchenette.

2. There is no conclusive evidence to confirm that the Director of Finance of G.C. Foster College, has a business interest or relationship with the owner and operator of the Kitchenette at G.C. Foster College.
3. The Government of Jamaica Handbook of Public Sector Procurement Procedures clearly indicates that rental arrangements are excluded from its provisions.

Notwithstanding the foregoing, the OCG wishes to take this opportunity to highlight some noted deficiencies in the signed agreement between G.C. Foster College and Mr. Donvern McKenzie. The referenced document which was submitted to the OCG by G.C. Foster College did not include an end date or clauses regarding termination of the agreement.

Additionally, the referenced agreement did not speak to liability relating to the use of the space or any damage/harm or injury which may arise within the "rented" space; neither did it include clauses regarding the handling of utility bills etc.; nor any information relating to the potential escalation in the cost of the rent.

Recommendation(s):

The OCG wishes to recommend that a risk analysis and audit be undertaken by the Auditor General's Department, of the operation and arrangements surrounding the Tuck Shop and kitchenette at G.C. Foster College.

Ministry/Agency/Department: Jamaica Defence Force (JDF)

Complaint received in August 2013 – Extract/Summary: Complaint regarding the Request for Consulting Services - Jetty Reconstruction at HMJS Cagway, Port Royal: 1. The JDF did not give due regard to the time for preparation and submission of the bids. 2. No statement regarding the Bid Opening exercise 3. Exclusion of international Bidders.

Findings:

The OCG finds that the JDF had used the appropriate procurement methodology based upon its comparable estimate, in accordance with the Government of Jamaica Handbook of Public Sector Procurement Procedures.

The OCG did not find that there was merit to the complaint with the exception that bidders were not invited to, nor was there a public opening of the technical proposals.

As it relates to this matter, the OCG notes the JDF's letter to Mr. Kingsley Kennedy (the complainant), with regard to a public opening of the technical proposal which stated that *"The GOJ guideline for the Quality and Cost Based Selection of consultants, which was used for this tender, requires a public opening of financial proposals only."* (OCG's emphasis)

In this regard, the OCG disagrees with the JDF's interpretation of the procedures as it relates to Section 1.2.1 of Volume 3 of the Handbook (May 2012) and opines that there was a requirement for the public opening of technical proposals.

The OCG's opinion in this regard has been confirmed by the Procurement and Asset Policy Unit of the Ministry of Finance and Planning (MOFP), which had been asked for clarification in the matter. The MOFP indicates that a public opening of the technical proposals had been required. The MOFP further indicated, based upon the nature of the clarification which had been sought, that it would revise the language in the aforementioned Section of the Handbook. In this regard, the OCG notes that the revised Handbook of March 2014 has been amended to further clarify the germane issues.

Based on the above, the OCG concludes that the JDF had conducted its procurement in accordance with the GOJ guidelines with the exception of conducting a public opening of the technical proposals. This exception highlighted is not deemed fatal to the process.

Ministry/Agency/Department: Jamaica Railway Corporation (JRC)

Complaint received in January 2014 – Extract/Summary: *'Refer to article in the daily gleaner dated Monday January 16, 2014 captioned State Squatting. The St. Catherine Parish Council is indeed squatting on the JRC's property...Aerocon Construction some how [sic] got into [sic] picture...Mr. Richard Lake is offering the JRC 32.5M for the same property on which is situated the bus park and taxi stand on Burke Road in Spanish town....If this property is sold to Mr. lakes [sic] or the St. Catherine Parish Council without a Request for proposal [sic] sent to the general public both local and overseas would be a direct breach of Government procedure as it relates to the sale of government owned property".*

Findings:

1. The St. Catherine Parish Council had signed a Lease Agreement with the Jamaica Railway Corporation (JRC) on November 17, 1988. The Schedule which was outlined in the referenced Lease Agreement indicated that the Term was for a period of twenty (20) years with an option to renew for a further period of ten (10) years. Notably, the commencement date for the said twenty (20) years was not indicated.

The JRC confirmed that the said lease expired in the year 2008. However, the Parish Council had maintained its occupation on the said lands.

2. It was noted that the Lease Agreement between the JRC and the St. Catherine Parish Council extended provisions to a sub-lessee which was indicated to be Aerocon Construction Limited.

The said Sub-Lease was signed between St. Catherine Parish Council and Aerocon Construction Limited. The signing date for the Sub-lease was not indicated; however, the year 1987 was noted on the first page of the agreement. Further, the Fourth Schedule of the agreement did not indicate the term, the rent or the commencement date.

3. In the year 2013, the JRC received two offers for the purchase of the property (wherein the Bus Park and taxi stand are located at Burke Road). Offers were made by the St. Catherine Parish Council and Aerocon Construction GA. Limited, respectively.

In its meeting of December 19, 2013, the Board of Directors of JRC approved the sale of the referenced property to St. Catherine Parish Council for a price of J\$50 Million.

4. With regard to the process which was undertaken for the sale of the property, the OCG wishes to highlight, "The Policy Framework and Procedures Manual for the Privatization of Government Assets: The Privatization Policy" dated October 2012, which states that, *"This Policy does not apply to the transfer of assets within the public sector. The transfer of assets within the public sector should be managed by the subject Ministries and approved by the Cabinet"*

Based upon the foregoing, the acceptance of the offer made by the St. Catherine Parish Council is subject to the management of the Ministries and should be approved by Cabinet.

With regard to the foregoing, the OCG has noted the JRC's letter of February 26, 2014, which states, *inter alia* that, *"A Cabinet Submission is being prepared by MTWH for the necessary approval."*

Based on the complaint which was received and the foregoing findings, the OCG has completed its enquiry into this matter.

Ministry/Agency/Department: Ministry of Agriculture & Fisheries (MOAF)

Complaint received in March 2014 – Extract/Summary: Complaint regarding repairs to office building at MOAF Head Office and repairs to office kitchenette at the MOAF Rural Physical Planning Division.

"... my company was unsuccessful in the tendering process of the above named projects...."

...I would appreciate your department indication of what grounds my tenders were rejected as to our knowledge we met all requirements of the tender.

I would think it fosters greater transparency and belief in the system if contractors are told the reasons for rejection of their offer. My frustration with the process leaves me with no alternative but to seek answers, and to enquire from the OCG if it required by policy to indicate reason for rejection of a tender..."

Findings:

1. Regarding Premium Flooring and General Construction's letter dated February 7, 2014, wherein a request was made for an explanation for the rejection of the bids which were submitted by the said entity, the OCG notes that the MOAF submitted a response. In this regard, by way of letter dated February 14, 2014, to Premium Flooring and General Construction, MOAF provided details relating to the justification for the rejection of the said Bidder's bid submissions for the respective procurement opportunities.

This is notably in accordance with the stipulations of Appendix A8.19, Volume 2 of the Handbook of Public Sector Procurement Procedures, which provides that, *"After publication of the contract award, unsuccessful Bidders may request a written debriefing, explaining the grounds on which their bids were not selected. The Procuring Entity shall respond promptly in writing to any unsuccessful Bidder who requests such a debriefing."*

2. As it regards the basis upon which the bid which was submitted by Premium Flooring and General Construction was rejected, the OCG noted the details of MOAF's letter dated February 14, 2014, to Premium Flooring and General Construction. The MOAF's letter of February 14, 2014, made reference to an extract from the Evaluation Report for the respective tenders and to Appendix 9, which was outlined in the associated Tender Documents.

With regard to the foregoing, the OCG noted item Number 2 — "Qualifications of the Bidder" which was outlined in "Section 1 — Instructions for Preparing Quotations", which explicitly indicates the minimum qualifying criteria and stated that, *"Additional information are provided in the Criteria for Evaluation"*. The referenced section goes on to state, *"SEE EVALUATION CRITERIA FOR ADDITIONAL INFORMATION"*

The OCG also noted "*CRITERIA FOR EVALUATION & VERIFICATION OF SUBMISSION SHEET*", which was included in the respective Tender Documents. This sheet states that, "*FAILURE TO PASS ALL THE FOLLOWING PASS/FAIL REQUIREMENT WILL DEEM YOUR BID NON-COMPLIANT*".

Based upon the foregoing, the OCG is of the opinion that the non-submission of all the information as required by the Criteria for Evaluation & Verification of Submission Sheet validates the rejection of a bid.

The OCG has received confirmation from MOAF regarding all the documents which were included in the Bid Submission from Premium Flooring and General Construction for the respective tender opportunities. In this regard, it was noted that particular information as required by the Criteria for Evaluation & Verification of Submission Sheet was not included in the Bids which were submitted by Premium Flooring and General Construction.

Based upon the circumstances and the stipulations of the Criteria for Evaluation & Verification of Submission Sheet, the bid which was submitted by Premium Flooring and General Construction was legitimately rejected.

3. The OCG wishes to highlight the concern of Premium Flooring and General Construction wherein the letter of February 25, 2014, states that, "*From my recollection however none of the items in appendix 9 where [sic] specifically asked for in submission of Tender checklist, neither were they apart of the items checked for in the tender opening in which I was present*".

With regard to the foregoing, the OCG wishes to bring attention to Appendix A8.6.1, Volume 2 of the Handbook of Public Sector Procurement Procedures, which among other things, states that:

"For each bid opened, the items on the Checklist for Opening of Bids (Form #3) should be checked and read aloud.

The Bidders' names, bid withdrawals or modifications; bid price; discounts; alternatives; and the presence or absence of requisite bid security, should be announced ... at the opening.

It is important for all discounts and alternatives to be read aloud..."

Based upon the foregoing, only the abovementioned information is required to be checked and announced at the Tender Opening.

Regarding the Checklist for Opening of Bids (Form #3), the OCG noted the MOAF's letter dated April 10, 2014, which indicated that the referenced document was not utilized during the tender process.

Please note the extract of Appendix A8.6.1, Volume 2 of the Handbook of Public Sector Procurement Procedures above, which stipulates that the Checklist for Opening of Bids (Form #3) should be utilised during the Tender Opening.

Ministry/Agency/Department: Ministry of Agriculture & Fisheries (MOAF)

Complaint received in March 2013 – Extract/Summary: Barracks Relocation Project, Springfield Infrastructure works.

"We write to record our concern with the lack of transparency with which the Sugar Transformation Unit (STU) under the direction of Mr. Milton Hodelin, excluded us from carrying out the post contract quantity surveying services on the subject project."

Findings:

1. The SCJ Holdings Limited, in a letter dated October 11, 2013, to the OCG, indicated that it had written to the Permanent Secretary of the MOAF requesting approval to utilize the Direct Contracting Procurement Methodology to engage the services of Registered Construction Professionals, inclusive of Quantity Surveyors. The OCG has noted a letter dated December 3, 2011, from the SCJ Holdings Ltd to the MOAF in this regard. The reason which was cited by the SCJ Holdings Ltd. for the request was due to the urgent nature of works required to complete the Barracks Relocation Project.
2. The OCG has noted a copy of the Fee Proposal dated January 17, 2012, which was submitted by MRA (Michael Robinson & Associates). The document indicated, among other things, that Pre-Contract fees would be \$2,073,500 or 1.98% of the budgeted estimate for infrastructure works. The fee proposed for Post-Contract services was \$1,382,000 or 1.32% of the budgeted estimate for infrastructure works.
3. Also among the supporting documents which were provided by the SCJ Holdings Ltd. was an Inter-Office Memorandum dated January 19, 2012, entitled '*Approval for Direct Contracting Methodology of Procurement for Pre-Contract, Quantity Surveyors Services for Michael Robinson & Associates and Davidson & Hann Chartered, Quantity Surveyors*'. The Memo, which was addressed to the Permanent Secretary of the MOAF, requested formal approval to utilize the services of MRA for the Springfield location in the amount of \$2,073,500.00.
4. MRA was awarded a contract for the Springfield location which was signed on January 24, 2012, in the amount of \$2,436,362.00 for the provision of Quantity Surveying consultancy services. The contract which had a term of four (4) months covered the Pre-Contract aspect of the proposal which was submitted by MRA.
5. The SCJ Holdings Limited, in response to an OCG question regarding whether MRA had been requested to provide a proposal for Post Contract Professional Services, had indicated that the firm had not been requested to provide same. SCJ Holdings has further indicated that it did not have the authority to engage MRA to provide Post Contract Professional Services.
6. In its response to the OCG, the MOAF, under cover of letter dated April 15, 2013, indicated that the Ministry of Agriculture subsequently took over the administration of the Project and when post-contract services were required had *"... verbally requested a confirmation from Mr. Robinson in relation to the post-contract fees he previously submitted to SCJ Holdings Limited. By way of letter dated December 20, 2012, the fees were confirmed to be 1.32%"*.

The response further indicated that the Engineering team had knowledge of lower rates for such services in the industry.

7. In this regard, and by way of letter dated December 21, 2012, the MOAF indicated that Davidson & Hanna was requested to submit a cost proposal for the post-contract quantity surveying services for the Springfield Infrastructure project, with a response required to be provided by January 4, 2013. Davidson & Hanna responded proposing a fee of 0.65% of the final account sum.
8. An inter-office memorandum dated January 9, 2013, addressed to the Permanent Secretary, requested approval for use of the Direct Contracting Methodology to engage Davidson & Hanna. Documentation indicates that the approval of the Permanent Secretary was received on January 14, 2013. The memorandum indicated that the fee proposed by MRA of 1.32% was exorbitant.

9. The MOAF further indicated that *"following verbal complaints by Michael Robinson, he was given an opportunity to formally make a fee proposal, as distinct from the fees he proposed to SCJ Holdings a year earlier... His proposal was received on January 25, 2013, with a Proposal of 1.05%."* The Ministry indicated that the fee proposed was *"still considered to be too high in comparison to industry standards. At this point, it was decided to conclude the Contract with Davidson & Hanna, whose Proposal had already received approval but not yet contracted."*
10. Davidson & Hanna was contracted on February 12, 2013, by the MOAF to provide post contract quantity surveying services by way of the Direct Contracting procurement methodology. In response to the OCG, the MOAF, under cover of letter dated April 15, 2013, indicated, *inter alia*, that *"The exigencies of the situation, that is, the fact that the contract for infrastructure works on the Springfield Project was already signed, made it imperative that we conclude with Davidson & Hanna without further delay."*
11. Given that the letter of March 12, 2013, from MRA had been written directly to the MOAF, the OCG sought to ascertain whether a response had been given by that Ministry. The Permanent Secretary of the MOAF, by way of letter dated December 30, 2013, informed the OCG that, *"To my knowledge, a written response was not done. However, I am advised by our Engineering team that they had dialogue with Mr. Robinson on the matter"*.
12. The OCG subsequently received a letter dated September 13, 2013, from MRA, which among other things, alleged that the Quantity Surveyors used on the projects were in breach of Clause 15 of the Registration of Business Act and were not properly registered under law.

As it relates to this complaint, the OCG reviewed Clause 15 of the Registration of Business Names Act, *"Duty of firm or person which ceases to carry on business"*. While the MRA did not state the name of the Quantity Surveyors in their complaint, the OCG is aware that Davidson & Hanna were contracted to carry out quantity surveying services at the Springfield location in particular. Barring further information being provided by MRA regarding this aspect of their complaint, the OCG did not find that Davidson & Hanna breached Clause 15 of the aforementioned Act. In this regard, the OCG notes that, as at the time of MRA's complaint, Davidson & Hanna had not ceased to carry on business.

The OCG finds that although the complainant had provided a proposal for both the Pre and Post Contract quantity surveying services for the Barracks Relocation Project in Springfield, Clarendon, there was no contractual arrangement in place with MRA to provide the Post Contract activities. Accordingly, the OCG does not find that there was merit to the allegation that the Sugar Transformation Unit excluded the consultant from carrying out the post contract quantity surveying services.

Ministry/Agency/Department: Ministry of Education (MOE)

Complaint received in October 2013 – Extract/Summary: The Bellefield High School canteen was owned and operated by the School's principal.

Findings:

The OCG found that the MOE is aware of the allegations and had, by way of letter dated October 2, 2013, directed the matter to the Fraud Squad for further investigation.

Ministry/Agency/Department: Ministry of Education (MOE)

Complaint received in July 2014 – Extract/Summary: *"Ashtrom considers the process [Ministry of Education procurement for the construction of modular classrooms extensions at three high schools] on the non-award of the contract as a breach of the procurement guidelines. Throughout the evaluation process and since the submission dated December 05, 2013, we were approached several times ... for additional supporting information which was provided on a timely basis and with full cooperation. It was clearly established ... on more than one occasion, that Ashtrom would be awarded the Contact [sic] for all three projects as we are the "SOLE BIDDER" and we only needed to go thru [sic] the approval process...."*

Findings:

The OCG was also copied on the MOE's response to Ashtrom, that is letter dated July 11, 2014, wherein the MOE indicated, inter alia, that it had been directed to terminate the process by the National Contracts Commission (NCC) and that the opportunity would be advertised.

Notwithstanding the MOE's letter of response, the OCG undertook a review of the tender process which was carried out by the MOE. As it relates to same, the OCG notes that the MOE had utilized the Limited Tender Procurement Methodology to invite contractors to respond to the captioned procurement opportunity during November 2013. One (1) bidder, Asthrom, responded.

The OCG highlights its findings regarding the tender process below:

1. The OCG notes that the Construction of Modular Classrooms Extensions at three high schools: Balaclava, Muschett and BB Coke was an Inter-American Development Bank (IDB) funded project.
2. The OCG notes MOE's letter dated October 7, 2014, to the OCG, under signature of Mrs. Elaine Foster-Allen, Permanent Secretary, which states, *inter alia*, that:

"It is of the [sic] note that the process and documentation being used was new and without precedence for civil works..."

It is of note that the approach to the tender for the extension of these schools was unprecedented and the bidding documents had to be developed to follow a method more associated with procurement of services rather than works."

Based upon the documentation reviewed, the OCG notes that the MOE did not utilize any form of the Government of Jamaica Standard Bidding Document, and the document which was used, appears inadequate as it did not include all required instructions to guide the tender process. Accordingly, please note Appendix A7.1 which states, *"Based on the nature and value of the procurement, Procuring Entities are required to utilise Standard Bidding Documents as prescribed, for the established contract thresholds. It should be noted that Procuring Entities may need to modify the Standard Bidding Documents to suit the specific procurement."*

3. The OCG notes a Memorandum dated February 17, 2014, from the MOE to the Chairman of the Sector Committee, which states, *inter alia*, that:

"The bid was found technically compliant; however, the cost of the classroom blocks exceeded the budget; hence, the scope of work was revised. A post-proposal meeting was held.... to convey these concerns..."

The Ashtrom Building Systems was then asked to revise their proposed costs and resubmit..."

The OCG has not evidenced any clause in the tender document, which was utilised for this procurement opportunity, indicating that negotiations would be a part of the tender process, nor had it evidenced where the MOE had received permission to negotiate with a recommended Bidder. Accordingly, the OCG wishes to bring to your attention *Appendix A8.17* of the GOJ Handbook for Public Sector Procurement which provides that, *'Negotiation with the nominated Bidder in a Competitive Tender Process is **not permitted, unless it is explicitly indicated that negotiation would be part of the process.**'*

1. The OCG wishes to highlight Section *A8.17* of the Government of Jamaica (GOJ) Handbook for Public Sector Procurement Procedures which provides that, *"Once **a decision has been made on the award, the Procuring Entity shall...send notification of the award — a Contract Form...**"*

With regard to same, Ashtrom did not provide, nor did the OCG evidence, any documentation which indicates that a Contract Form or any other written communicate was submitted to Ashtrom which formally confirmed the award of contract to the said company. Further, the OCG notes the MOE's aforementioned letter of October 7, 2014, which states, *inter alia*, that, *"To the best of my knowledge the firm [Ashtrom Construction Limited] was **NOT informed formally or informally, that it was the recipient of the award of contract.**"*

Notwithstanding, and by the MOE's own actions as stated in the Memorandum which was referred above, the actions of the MOE could have led the Contractor to arrive at that conclusion. In this regard, the OCG advises the MOE to ensure that, going forward, it negotiates with bidders only when same is expressly allowed.

The OCG notes that the MOE has acted in keeping with the NCC directive, and that the procurement opportunity for at least two (2) of the Schools was subsequently advertised. The OCG further notes that the Tender Document which has been issued in relation to the recently advertised opportunity appears to be a format of the Standard Bidding Document.

Ministry/Agency/Department: Ministry of Education (MOE)

Complaint received in June 2012 – Extract/Summary: *"This correspondence is in regards to inquiry into protocol of the Ministry of Education in dissemination [sic] information about the status of my bid to third parties without me, at the time of this correspondence being officially informed it [sic] has been indicated to others at the Ministry of Transport and Works that my bid has being [sic] rejected on the basis that I am none [sic] tax compliant with my statutory deduction that is my TCC which was left off the bid because it was not explicitly clear that it should have been included in the bid from in the first set of instructions given. It was indicated in the first advert that a TCC would be required for consideration which I included ... I was subsequently informed that I was shortlisted.*

In preparing my bid for submission I included the TCC number along with all contact information on my company letter head on [sic] the day of bid opening I was present and it was explained to the officials present that it was not clear that I [sic] physical copy of the TCC was to be included, they explained that it was in the documentation ... I would like to know if there was a requirement of a TCC as a prequalification, if by virtue of leaving it off still puts one in the category of not being tax compliant. another [sic] point of concern on the day the bid was submitted on the 30th of April I was told to tear open and separate my sealed packaged [sic] which conformed to the set of instructions given... that clearly violated their owns [sic] rules and left the whole process in a state of confusion."

Findings:

1. The Request for Consultancy Services to develop a web-based School Feeding Management and Monitoring Information System (MMTS) was published in the print media on February 29, 2012 and March 4, 2012. Consultants were invited to submit a Letter of Interest and full Curriculum Vitae. The referenced publication stated, among other things, *"The consultant is required to submit a Tax Compliance Certificate (TCC) to be considered eligible."* Responses were to be submitted no later than March 13, 2012.

2. The OCG noted a copy of particulars which were submitted to the Ministry of Education (MOE) by Mr. Alman Fearon in relation to the aforementioned publication, which included a copy of his Tax Compliance Certificate (TCC) which had a validity date of June 7, 2012.
3. Mr. Alman Fearon was shortlisted for the second stage of the process, which was guided by a Request for Proposal (RFP) document.
4. Under cover of letter dated July 30, 2012, the MOE submitted a signed statement from Pauline Samuda, Project Technical Director, which stated, *inter alia*, that "When the first Bidder came to submit the bid I (Pauline Samuda, Project Technical Director) along with the Bidder and other members of staff realized that the package was much too large to be put through the opening on the Bid Box...."

In making a decision as to how to get the bid submitted without opening the Bid Box... I asked the Bidder to unwrap the package and place individual sealed envelopes in the Bid Box. The package contained two large packages."

Based upon the foregoing, Mr. Fearon's allegation regarding the activities which transpired upon the submission of his packaged bid prior to the tender opening is found to be factual.

Consequently, the OCG notes that the appropriate procedures for the handling of Bids were not adhered to in that instant. The signed statement from Pauline Samuda went on to indicate that "As the day progressed and more packages arrived which could not fit into the box we contacted Ms. Suzette Rickets at the Procurement Unit [sic] Ministry of Finance who advised that we could open the box, put the bids in and re-lock the box immediately..."

The advice which the MOE received was consistent with *Section A8.5.1 Tender Box* of the then GOJ Handbook Public Sector Procurement Procedures (October 2010), which states, "... the procuring entity shall also ensure that an officer is always available to open the Tender Box, receive and record the bids.... In the event that a bid cannot be deposited in the Tender Box due to its size, the bid shall be secured in a safe or vault until the time of opening."

Accordingly, the MOE was initially incorrect in its belief that opening of the bid box to facilitate deposit of the package was not allowed.

5. With specific reference to Mr. Fearon's allegation as it relates to the requirement for the submission of a TCC in the second stage of the process, *Section 3.7* of the RFP states that, "The Consultant may be subject to local taxes... on amounts payable by the Procuring Entity under the Contract. The Procuring Entity will state in the Data Sheet of the Consultant is subject to payment of any local taxes..."

In accordance with the Government of Jamaica Handbook of Public Sector Procurement Procedures April, 2010... the Bidder shall have to demonstrate that they have paid such taxes, duties, fees and other impositions as may be levied in Jamaica."

The foregoing does not explicitly state that a TCC is required. Additionally, the Bid Data Sheet does not provide any information relating to the requirement for a TCC.

6. Regarding the basis upon which the proposal made by Mr. Fearon was rejected, the OCG notes *Section of 3.2* of the RFP which states, "In preparing their Proposal, Consultants are expected to examine in detail the documents comprising the RFP. Material deficiencies in providing the information requested may result in rejection of a Proposal."

With regard to same, the Tender Report dated May 2012, indicated that Mr. Fearon was deemed non-responsive as he had not submitted, among other things, particulars which were required by *Section 1.6.3* of the RFP, which, *inter alia*, states, "...When the Consultant nominates any government employee as Personnel in their technical proposal, such Personnel must have written certification from their government or employer confirming that they are on leave without pay from their official position and allowed to work full-time outside of their previous official position. Such certification shall be provided to the Procuring Entity by the Consultant as part of his technical proposal."

In this regard, the Ministry's Evaluation Report, while noting that the Consultant did not submit a copy of his TCC with the Technical Proposal, stated, *inter alia*, that "Two nominated employees are currently employed full-time at the Ministry of Transport and Work and requested certification was not provided as part of the Technical Proposal." Further, and in response to the OCG, the Ministry by way of its letter which was dated July 30, 2012, advised that the failure to submit approval as it relates to the Ministry of Transport and Works employees was the basis upon which Mr. Fearon's proposal was deemed non-responsive.

The OCG, therefore, notes that the rejection of the proposal submitted by Mr. Fearon was not based on the non-submission of the TCC, but as a result of the failure to submit written certification for two of the listed team members, as was required by Section 1.6.3 of the RFP.

7. The OCG had not probed the aspect of the complaint as it relates to the dissemination of the status of Mr. Fearon's bid to third parties. However, the Office noted *Section 8.1* of the RFP document, which stipulates that, "*Information relating to evaluation of Proposals and recommendations concerning awards shall not be disclosed to the Consultants who submitted the Proposals or to other persons not officially concerned with the process, until the publication of the award of Contract.*"

The OCG finds that the basis for the rejection of the complainant's bid was due to non-adherence to Section 1.6.3 of the RFP and not for the absence of a TCC. Accordingly, the OCG finds that there is merit to the rejection of the bid at the second stage for the reason given.

Ministry/Agency/Department: Ministry of Education (MOE)

Complaint received in October 2012 - Extract/Summary: "*...the real story on Dr. Franklin Johnston, senior adviser to the Minister of Education, Ronnie Thwaites.*"

Corruption: Dr. Johnston is employed on contract full time to the Ministry. He has no business bringing his personal business in there. Who are his associates? ... How many government contracts does Dr. Johnston now have for his private company to recruit people for a fee...

Dr. Johnston has a firm called Teape-Johnston and Associates..."

Findings:

1. Dr. Franklin Johnston was engaged as Senior Advisor to the Honourable Minister of Education for the period January 3, 2012, to January 2015.
2. Based upon information from the Companies Office of Jamaica's database, a Franklin Johnston is listed as a Director and Shareholder of the company which is registered as Teape-Johnston.
3. Based upon the OCG's Consolidated Quarterly Contract Award Reports during the period, no contract award was reported by the MOE for Teape-Johnston and Associates.

Further to same, by way of letter dated January 30, 2014, the MOE informed that, "*Our research has revealed that the Ministry of Education did not engage or enter into any contract with the consultancy firm Teape-Johnston and Associates during the period January 2011 and December 2012.*"

Based upon the above findings, the OCG is of the opinion that, albeit, Dr. Franklin Johnston's engagement with the Ministry of Education has been confirmed, there is no information to support the allegation which was made regarding the award of Government contracts by the Ministry of Education to Dr. Johnston's private company, Teape-Johnston.

Ministry/Agency/Department: Ministry of Health (MOH)

Complaint received in June 2014 – Extract/Summary: "It is apparent that the Ministry of Health did not place an RFP in the media when it set out to engage the ADVENTIST CHURCH in a programme of anti-smoking while using tax-payers money to give the ADVENTIST CHURCH - a more favourable place over other Churches."

Findings:

The OCG finds that while the MOH has embarked on a National Tobacco Control programme, it had not entered into any agreement or MOU with the Seventh Day Adventist (SDA) Church.

With regard to the Jamaica Gleaner article entitled '*Breathe Free*' which was published on June 8, 2014, the OCG has further found, by the MOH's admission, that while the article is correct in terms of the anti-smoking initiative, the Minister did not and has not entered into any agreement or MOU with the SDA Church.

It has been further noted that although the MOH had engaged other entities, in general, in addition to the SDA these entities seek their own funding and the Ministry has no obligation, financial or otherwise, to these entities.

Ministry/Agency/Department: Ministry of Justice (MOJ)

Complaint received in October 2011 - Extract/Summary: "On September 13, 2011 I sent my secretary... to purchase a Tender Document for the project (Provision of repair works to correct roof and windows at the Lucea RM Court...)..."

On Monday the 26th of September, 2011 at 2:00pm was the deadline for the return of all bids and the bid opening was at 2:15 pm on the same day...

*Mr. Highman opened the tender box and took out **two (2)** bids from the box ... there were no more bids in the box...*

Mr. Highman opened the first envelope ... (Island Woods Construction Ltd)... He followed the same procedures for the other document ...He opened the envelop [sic] ... the name of the bidder... (D. Rowe Construction and Maintenance)...

From the day of the bid opening I did not receive any letter or email stating that I was awarded the contract or not so I contacted the project supervisor... on Monday the 24th of October, 2011 to find out what was the reason for the delay in receiving a response...he told me that the contract had been awarded to another contractor namely Share Con Construction. I immediately told him that it was only two of us who tendered for that work. He then asked me the name of the two companies that tendered for the work and I told him Island Woods Construction and D. Rowe Construction and Maintenance...

I called Mr. Highman ... and I identified myself to him he then proceeded to tell me that there was a new development. I asked him what the new development was and he told me that it was a grade 3 work. I then asked him why he accepted both tenders that were grade 4 but he did not respond to that question. He then told me that the tender for Share Con Construction came in on Wednesday the 28th of September 2011, but the draw was on Monday the 26th of September, 2011. I asked him why he accepted his tender he then told me that an error was in the document stating that the bid opening was on Wednesday the 26th of September so that is the reason for accepting the bid..."

Findings:

The OCG received a letter dated November 8, 2011, from the then Permanent Secretary of the Ministry of Justice expressing concerns regarding the administration of the procurement and requested guidance regarding whether to abort the process and retender, or to proceed with the evaluation of the two (2) bids which were received prior to the close of tender.

The OCG, subsequent to a review of the related documents received from the MOJ had provided a response by way of letter dated December 20, 2011, wherein it highlighted certain inconsistencies and irregularities in the procurement process, inclusive of:

- Non-utilization of the Standard Bidding Document;
- Inconsistency in the instructions given to bidders;
- Discrepancy in the opening of a tender after the deadline for submission of bids; and
- The recommendation to award the contract to the highest tenderer although another bidder, who had been deemed responsive, had submitted a lower tender.

Accordingly, the OCG recommended that the Ministry abort and retender the procurement opportunity.

The OCG has since noted that the contract had been awarded by way of Emergency Contracting to Asphalt Construction and Paving on November 6, 2012, in the amount of \$6,196,740. The matter had been reported to the National Contracts Commission and justification had been given, inclusive of the proximity of the contractor to the work site and its ability to respond immediately.

Accordingly the OCG's review into a complaint which it had received is concluded.

Ministry/Agency/Department: Ministry of Labour and Social Security (MLSS)

Complaint received in August 2011 – Extract/Summary: The Ministry of Labour and Social Security (MLSS) has been issuing contracts to a company by the name of Reliable Photo Studio. The caller also stated that the said Company, which is owned by a Mr. Steadman Peart, has never paid taxes and is not registered with the National Contracts Commission. The OCG was advised that the company prepares and prints all the identification cards for the MLSS, and that contracts have been awarded in excess of J\$3 million annually.

Findings:

1. The MLSS confirmed that since 1978, Reliable Photo Studio (also known as Reliable Studio of Photography) has been providing the Ministry with photographic services, and has been involved in taking photographs and preparing identification cards for all overseas workers who participate in the Ministry's Overseas Employment Programme.

The Ministry also indicated that another company, Identification Services Limited, had been providing similar services since 1995.

2. By way of letter dated August 31, 2011, the MLSS informed the OCG that, *"There is no formal contract in place for the provision of identification services. Claims setting out services rendered and the cost are submitted by the services provider. These claims are certified by the relevant supervisors after which payment is approved."*

The Ministry informed the OCG that the value of the claims which were submitted by Reliable Photo Studio for the period April 2010 to March 2011 was One Million Six Hundred and Sixty Five Thousand Seven Hundred Dollars (\$1,665,700) and Four Hundred and Nine Thousand Eight Hundred Dollars (\$409,800) for Identification Services.

The letter which was under the signature of the Permanent Secretary, ended by stating that, *"The Ministry will invite tenders to bid for the provision of identification and photographic services"*.

3. Based upon the response which had been provided, the OCG by way of letter dated September 28, 2011, requested further details to include the date and value of the individual payments which were made. The MLSS responded, providing a spreadsheet under cover of letter dated November 11, 2011, which showed that a total of fifty-seven (57) payments were made to Reliable Photo Studio during the period January 10, 2006 to October 14, 2011, with a cumulative value of Sixteen Million Five Hundred and Eighty Nine Thousand One Hundred and Fifty Dollars (\$16,589,150). Individual payments ranged from Thirty Nine Thousand Dollars (\$39,000) to Nine Hundred and Thirty Three Thousand Dollars (\$933,000).

Similar information was also provided for Identification Services Limited. Payments to that Company ranged from Twenty One Thousand Seven Hundred Dollars (\$21,700) to One Hundred and Fifty Four Thousand and Seventy Two Dollars (\$154,072).

4. Based upon a review of the information which had been received, the OCG penned a follow up letter of requisition to the MLSS requesting, *inter alia*, evidence of twenty (20) payments which were made to Reliable Photo Studio which exceeded Two Hundred and Seventy Five Thousand Dollars (\$275,000). In this regard, the OCG received only fifteen (15) related Payment Vouchers. The MLSS' letter dated April 5, 2012, stated, *inter alia*, that, "... *The accounts department has indicated that they are unable to locate the payment vouchers for the 21111 /2008, 09 / 9 / 2009, 24 / 612010 and 2616 / 2011 at this time. As soon as these are located they will be forwarded to your office.*"

To date, the OCG has not received the Payment Vouchers which were referred to in MLSS' letter of April 5, 2012.

5. MLSS confirmed that, Reliable Photo Studio has not provided the Ministry with a National Contracts Commission (NCC) Certificate of Registration or Tax Compliance Certificate (TCC). Further to same, having conducted research on its internal system, the OCG has noted that no NCC Registration exists for a company by the name of Reliable Photo Studio/ Reliable Studio of Photography.

The GOJ Handbook of Public Sector Procurement Procedures (May 2001) provides that contractors wishing to participate in Government procurements should provide proof of NCC registration and tax compliance. This requirement for NCC registration and tax compliance was subsequently waived for contracts up to a value of \$275,000.

Twenty-one (21) of the payments made to Reliable Photo Studio between the period January 2006 and November 2011, were in excess of Two Hundred and Seventy Five Thousand Dollars (\$275,000.00).

6. Notwithstanding the fact that the MLSS had indicated that no formal contract existed with Reliable Photo Studio, it was noted that none of the engagements with Reliable Photo Studio for which payments were in excess of Two Hundred and Seventy Five Thousand Dollars (\$275,000) were reported on the Quarterly Contracts Award (QCA) Reports which were submitted by MLSS during the corresponding periods.

The foregoing is a breach of Section 29 of the Contractor General Act.

7. The OCG has noted the contents of MLSS' letter dated April 5, 2012, wherein it states, *inter alia*, that, "*Jamaican Seasonal agricultural workers ... under the Ministry's Overseas Employment Programme currently are not required to obtain a United States visa. They use their identification card along with an I94 form and passport ... This arrangement has prompted the United States Embassy in Jamaica to insist that the equipment used to prepare the identification cards for the works be properly secured at the premises of the Ministry ... As a result Reliable Photo Studio is the sole provider of identification services for the United States agricultural workers component of the Overseas Employment Programme.*"

Based upon the foregoing, the OCG hereby finds that the details which were outlined in the complaint of June 27, 2011 were factual. In this regard, the Ministry of Labour and Social Security has been engaging the services of Reliable Photo Studio since 1978 to provide photograph and identification services without having conducted a formal procurement process nor having put in place a formal contract for engagements which were within a particular monetary threshold. Additionally, the OCG has not evidenced any information which indicates that the referenced company possessed the requisite NCC registration during the period within which it was engaged, or that the Ministry requested evidence of tax compliance.

The OCG finds, notwithstanding the reason given by the Ministry that this state of affairs is a blatant disregard for the applicable procurement guidelines.

In light of the circumstances, it is important to bring to your attention the Public Bodies Management and Accountability Act (2001) which provides at Clause 6A that, "*Every public body shall adhere to the Government's procurement rules and guidelines made under any enactment.*"

Further, the OCG wishes to highlight Clause 7 of the Contractor General Act, the Public Sector Procurement Regulations, 2008, which states, "*Tender Proceedings for prospective government contracts shall be conducted according to the procedures outlined in the Handbook, as amended from time to time...*"

The OCG is also concerned whether the Ministry has maintained adequate and appropriate records, to evidence payments which have been made to Reliable Photo Studio. In this regard, the OCG wishes to highlight Section 24A(2) of the Financial Administration and Audit (FAA) Act, which states that, "*It shall be the duty of every accountable officer to keep and present in accordance with this Act and any regulations made or directions given thereunder proper and accurate accounts of all transactions entered into by him and all public moneys or other property held by him.*"

Based upon the blatant disregard for the procurement procedures during the period that Reliable Photo Studio was engaged by the MLSS and the obvious deficiency being exhibited by MLSS with regard to the filing of documents related to the payments associated with this company, this Office, by way of copy of this letter, refers this matter to the Auditor General's Department for its review.

Ministry/Agency/Department: Ministry of Science, Technology, Energy & Mining (MSTEM)

Complaint received in April 2014 – Extract/Summary: "*... WIK was shortlisted as a candidate for the contract [IDB Contract for Creation of Single Regulator], and shortly after being so advised, they received a letter from the Ministry [Ministry of Science, Technology, Energy & Mining's letter dated May 12, 2014], which falsely stated that I was a "principal in a number of companies which have been granted licences for the provision of Telecommunication services in Jamaica": The letter stated that the Ministry considers this as a "potential for conflict of interest" and advised them to "take the necessary step to avoid this potential for conflict of interest in the submission of your RFP". A subsequent conversation between the representative of WIK and the writer of the letter, resulted in my exclusion from the Team.*"

I regard this intervention by The Ministry as an unlawful interference with the Bidding process, and as conduct constituting an unreasonable restraint on my freedom to trade... While I have worked for both public and private sector companies, I have only held a minority position in one company."

Findings:

1. The Request for Expression of Interest (EOI) for consulting services to review the Information and Communication Technology (ICT) regulatory framework was published in the Gleaner on December 24, 2013. The referenced EOI outlined that the main objectives of the project would be to:
 - i. *'Review the current administrative and regulatory framework and governance model for the ICT sector and provide specific recommendations for drafting appropriate strategic legislation for the establishment of a converged stand-alone ICT regulator; and*
 - ii. *Propose an organizational structure and implementation plan for the establishment of a converged stand-alone ICT Regulator. "*
2. Following from the assessment of the companies which had submitted an EOI, WIK-Consult GmbH was shortlisted. Mrs Minett Lawrence was a member of the WIK-Consult GmbH.

3. Having reviewed the relevant sections of the IDB's GN-2350-9 Policies for the Selection and Contracting of Consultants financed by the IDB (the Policy); The draft Request for Proposals RFP#MSTEM-ICT-01 (RFP); and the Government of Jamaica's Handbook of Public Procurement Procedures (the Handbook), it was noted that the extracts which were highlighted by the Ministry of Science, Technology, Energy and Mining (MSTEM) in its letter of May 12, 2014, was in keeping with the said documents.
4. The OCG did not evidence any explicit recommendation from MSTEM to remove Mrs. Lawrence from the WIK-Consult GmbH project team. In this regard, MSTEM's letter dated March 26, 2014, to WIK-Consult states that, "... we wish to advise that in reviewing your Expression of Interest the Ministry noticed what it considers to be a potential for conflict of interest vis-a-vis the nature of the services to be performed and your proposed project team. It is shared that one of the proposed members, Ms. Minnett Palmer, is a principal in a number of companies which have been granted licences for the provision of telecommunication services in Jamaica.

In this regard, the Ministry takes the opportunity to advise of this and to ask that the necessary steps be taken to avoid this potential for conflict of interest in the submission of your RFP."

An email dated March 28, 2014, from WIK-Consult to MSTEM, subsequently, informed that, "*We will be going forward with a slightly different team ... That seems in my judgment to be the right way to fully and properly address the risk of overt or perceived conflict of interest.*"

Notwithstanding the foregoing, the OCG is of the opinion that in line with its ethical responsibilities a Procuring Entity and a Public Official ought to report and/or highlight any issues relating to perceived or potential conflict of interest in a procurement process.

5. Regarding whether there was in fact sufficient basis for the perception of potential conflict of interest to warrant MSTEM's advisory to WIK Consult, the OCG wishes to highlight the following:
 - i. Mr. Lowell Lawrence (husband of Mrs Minett Lawrence) is listed as a Director and shareholder at NewGen Technologies Company Limited (NewGen) since April 4, 2005.

Additionally, Mr. Lowell Lawrence is listed as a Director and shareholder for Symbiote Investments Limited since April 17, 2013; and Mrs. Minett Lawrence is listed as a shareholder of the said company since September 26, 2011.
 - ii. The Office of Utilities Regulation's published a Public Notice Application for Telecommunication Licences dated March 12, 2014, for Symbiote Investments Limited.

The Office of Utilities Regulation also published a Public Notice dated November 30, 2009, which outlined the Reinstatement of International Carrier Licence to Newgen Technologies Company Limited.

The contracted service which would be required upon completion of the tender process involves the development of a framework to regulate licensees in the ICT sector in Jamaica. The fact that Mrs. Lawrence and her husband have corporate interest in the above named companies, could be reasonably considered to be potentially conflicting, particularly, based on the nature of the contract for which WIK Consult (the company for which she is a team member) is tendering.

Based upon the foregoing, the OCG has not evidenced any information which would suggest that MSTEM unlawfully interfered with the bidding process for consulting services to review the ICT regulatory framework, by advising WIK-Consult of a potential conflict of interest with regards to Mrs. Minett Lawrence.

Ministry/Agency/Department: Ministry of Transport, Works & Housing (MTWH)

Complaint received in March 2012 – Extract/Summary: "*...I hereby ask that the offer to sell Dr Leebert wright [sic] and his wife be reconsidered...*

In 1976 Lot 313 was sold to me which is my home. Lot 312 which adjoins me had a large tank on it from which the community was served water...After the relocation of the tank the lot became extremely bushy resulting in me cleaning it regularly...

Between 1993-1994 Ministry of Agriculture sold the Agricultural lands into large lots behind my premises for agriculture purposes. The access to this property is from a different location that [sic] the one that it presently used.

In the late 90's Dr Leebert Wright started the construction of a house on the Agricultural Lot he bought, using the little road I have been using to enter the back of my premises...

Using this Lot for such a longtime I took the opportunity to apply to the Ministry of Housing to purchase it, with the intention to use it continuously for my farming as well as access to the back garage at home...

On the 26th October, I received a letter dated 7th October 2011 stating that the property has been offered for sale to Dr Leebert Wright and his wife.

I consider it unfair and a decision made based on nepotism..."

Findings:

1. Applications were noted from Mr. Leebert Wright and Mr. Albert Stewart respectively for the purchase of Lot 312 Hague Heights, Trelawny. The application for Mr. Leebert Wright was signed on February 23, 2010, while the application for Mr. Albert Stewart was signed on July 7, 2010.
2. An extract from Minutes of Land Divestment Committee Meeting held on October 5, 2011, was noted which states, *"This lot was recommended to Mr. Leebert & Thelma Wright. Mr. Wright is pensionable and has a private dental practice and can afford to purchase the lot. The Wright's have been utilizing the property as access to their adjoining land settlement lot on which their house is built."*
3. A Letter dated October 7, 2011, from the Ministry of Housing, Environment and Water (MHEW), now the Ministry of Transport, Works and Housing, to Mr. Albert Stewart was evidenced which stated that, *"We regret to advise that your application to purchase lot 312 Hague Heights has not been approved. The property has been offered for sale to Dr. Leebert Wright and his wife."*
4. Letter dated October 24, 2011, from the MHEW under the signature of the then Minister of MHEW, Dr. Horace Chang, to Mr. Leebert Wright was also evidenced, which states:

"Kindly be advised that approval has been granted for sale of captioned property to you.

*The selling price is **One million five hundred thousand dollars (\$1,500,000.00)**...*

Kindly make contact with the Ministry's Social Services Department... to complete documentation of the sale."

5. Under cover of letter dated May 7, 2012, the MTWH informed the OCG that, *"In a conversation between Mrs. Velma Wright, Director of Social Services and Mr. Albert Stewart regarding his unsuccessful application, he accused Mrs. Wright of bias and nepotism in offering the lot for sale to Dr. Leebert Wright. He stated that it was his belief that she was related to Dr. Wright, because they shared the same last name.*

Mrs. Wright has never met Dr. Wright and has only communicated with him via telephone. As far as she is aware, they are not related".
6. Documents which were submitted to the OCG under cover of the MTWH's letter of May 7, 2012, included a *"Report on proceedings of Land Divestment Committee"* which was dated May 7, 2012, which stated that:

"The request for sale of the property was first considered by the Land Divestment Committee on March 29, 2011. Based on the unique circumstances, it was decided that a determination would be deferred, pending a site visit by members of the Committee.

The property was visited on Thursday August 18, 2011 by ...Chairman of the Committee and...Member. Based on their observations, it was felt that the property should be offered to Dr. Wright given the configuration of the lot and was what [sic] deemed the most critical use.

A verbal report was presented at the meeting of the Land Divestment Committee held on October 5, 2011 and after deliberations on the matter, a decision was taken to recommend the sale of the lot to Dr. Wright."

7. Under cover of letter dated August 22, 2014, and in response to a question to advise whether the referenced property was advertised, the MTWH informed the OCG that, *"There is no evidence to suggest that Lot 312 Hague Heights, Trelawny, was advertised for divestment during... September 2009 - December 2010. Investigation reveals that there was an advertisement with a closing date for the intake of applications of June 20, 2011."*

The MTWH, in response to a question to indicate the location at which the advertisement was published, by way of letter dated October 10, 2014, indicated that *"The advertisement was posted at the Ministry's regional office located at Albion Road, St. James. Notice of the sale was also posted by way of a "For Sale" sign placed on the lot."*

The OCG was not provided with information to suggest the Ministry received any new applications based upon the advertisement which was posted.

8. Under cover of letter dated August 22, 2014, the MTWH informed the OCG that, *"A valuation was completed on September 30, 2010."*

A copy of the said valuation was evidenced. The said valuation was requested by a Senior Lands Officer of the Ministry of Housing, Transport and Water and the inspection was conducted on September 15, 2010. The appraised value indicated was J\$1,500,000.00.

9. A copy of the Certificate of Title dated April 7th, 1977 in the name of the Minister of Housing was evidenced.
10. In its letter of August 22, 2014, the MTWH further informed that *"There is no signed and stamped Agreement for Sale as the property has not been sold..."*

No payments have been made by Mr. Leebert Wright in relation to the purchase of Lot 312 Hague Heights as the property has not been sold to him."

11. In response to the OCG's question to advise of the established Land Divestment Policy and/or Procedural Document which has been utilized by the MTWH since 2010 to present, the MTWH, under cover of letter dated October 10, 2014, submitted, among other things a Memorandum dated January 7, 2009, with the subject matter *"Procedure for Divestment of Property"*, and a Selection Policy document dated December 15, 2010.

The referenced Memorandum indicated a six (6) step process for the divestment of Land within the then Ministry of Water and Housing, which included advertisement of the property, collection of application forms and the rating of application. Further, and as it relates to advertisement, the Selection Policy document noted that it was mandatory for advertising to be done, but that in addition to the print media, other methods may be utilized for example, the Ministry offices and scheme location.

12. On October 3, 2014, a site visit was conducted by representatives from the OCG at the referenced site (Lot 312 Hague Heights, Trelawny) to review, among other things, the configuration of the land.

The OCG's representatives noted the configuration of the land, particularly based on the location of the entrance of Dr. Leebert Wright's home. The entrance was notably by way of a gravel road through Lot 312. This as the only entrance to his property as the boundaries of his land versus the surrounding roads did not permit other entrance options. Further it was observed that Mr. Stewart (the complainant) had two entrances to his property, a side gate which was accessed from Lot 312 and a front entrance which is accessed from the major/main road of the community.

Based on the date noted on the applications for the purchase of Lot 312 Hague Heights, this divestment began in the year 2010. To date the divestment has not been completed; however, the OCG notes the Ministry's letter of August 22, 2014, which states that, "*Further to the decision by the Land Divestment Committee to market the Lot to Mr. Leebert Wright, for continued use as access, the sale has been placed on hold, in light of the enquiries and investigations.*"

The Ministry's subsequent letter of October 10, 2014 to the OCG, stated that, "*Ministerial approval was granted for the divestment of the property to Mr. Wright and this approval has not been revoked. It is the intention of the Ministry to conclude the divestment of the lot to Mr. Wright, as soon as the investigation being undertaken by the OCG is completed.*"

Based on the process which was submitted by the Ministry, the divestment of Lot 312 Hague Heights to a great extent appeared to have followed the divestment process as outlined in the abovementioned Memorandum, with the exception of Step 3, which states, "*Collection of application forms . . . and rating of applications . . . by the secretariat. . .*" In this regard, no documentation was evidenced which spoke to a "*rating*" exercise being carried out of the applications for Lot 312 Hague Heights.

Without prejudice to the foregoing, the rationale provided by the Ministry for the selection of Dr. Wright as the Purchaser seems to have been valid, particularly being that he has no other entrance to his property.

As it regards the issue of nepotism, there is no evidence to suggest that this was a factor in the selection of Dr. Wright versus Mr. Stewart.

Accordingly, and based upon the documents which have been reviewed and the site visit which was undertaken by the OCG team, there is no evidence to suggest that the complainant, Mr. Stewart, was treated unfairly in this divestment process.

Ministry/Agency/Department: National Housing Trust (NHT)

Complaint received in September 2012 – Extract/Summary: "*We feel that the tender process has not been conducted in a fair and unbiased manner. By identifying particular fabrics, being unable to give details of the specifications of these fabrics, but at the same time requiring the EXACT SAME ITEMS, The NHT has restricted the possibility of bidding to one supplier that actually sells the fabric.*"

Findings:

1. The complainant's assertion that the National Housing Trust (NHT) was unable to give details of the specifications of these fabrics, but at the same time requiring EXACT SAME ITEMS, was incorrect.

With regard to the foregoing, the OCG reviewed the NHT's Procurement Report Appendix A Technical Specifications (which was included in the Tender Document) which stated, *inter alia*, that, "*Fiber Content for suiting - with Test Report rating, only Test Report showing at least 80% polyester, 10% wool, 10% cotton will be accepted by the NHT.*" The NHT also indicated in Appendix B of the said Tender Document that the "*samples were included in the bidding package, only as a guide to the bidders of type and colours of materials being sought based on the uniform design.*"

2. There was no merit to the allegation that the NHT has restricted the possibility of bidding to the one supplier that actually already sells the fabrics.

In this regard, the OCG has noted that the swathes were sourced from local stores L.P. Azar Limited and Pablos Fabric Store.

Further to this, only one (1) bid was received, which was from L.P. Azar Limited. The OCG observed from the National Housing Trust Executive Summary, Procurement Report of Uniform Materials that a preliminary examination of the bid from L.P. Azar Limited was done on July 9, 2012 and was deemed non-responsive and as such, the Direct Contracting Procurement was recommended according to the Handbook of Public Sector Procurement Procedures volume 2, 1.14 which states *"for reasons of extreme urgency brought about by events unforeseen by Procuring Entity, the products or services could not be obtained in time by means of open, selective or limited tendering procedures"*.

In light of the foregoing, the OCG has concluded its review in the matter.

Ministry/Agency/Department: National Solid Waste Management Authority

Complaint received in July 2010 – Extract/Summary: *"In September 2007, sometime after hurricane Dean, My Councillor Beverley Prince and my Caretaker Claude Ridel, solicited the service of my truck to assist with the cleanup exercise in the Molynes Gardens area.*

... this exercise begun at Padmore Drive and ended at Sunrise Crescent. During this period my team and I transported seventy seven (77) loads of debris to the Riverton City Dump. For payments, I was instructed to take all bills to KSAC Downtown to one named "Mr. Hall".

I presented to Mr. Hall two separate bills on two separate occasions. The first for Thirty Five (35) loads and the second for thirty two (32) loads. I was informed that the value of one load is Seven Thousand Five Hundred Dollars (\$7,500). To date, I have only received approximately One hundred and eighty three thousand dollars (\$183,000). I have been waiting for over a year to collect the remainder of my money.

... on Friday October 17, 2008 during a visit to the NSWMA [sic] I was informed by Miss Joan Webley that no records exist for the work I executed hence I am unable to receive payments."

Finding:

1. The NSWMA did not formally contract Mr. Raphael Bowlin to carry out haulage services under the Hurricane Dean Clean-up Programme, which was conducted in the Molynes Road area in 2007.

However, NSWMA was responsible for processing invoices and making the associated payments to Mr. Raphael Bowlin to carry out haulage services under the Hurricane Dean Clean-up Programme, which was conducted in the Molynes Road area in 2007.

2. A total of sixty-seven (67) trips were made by Mr. Bowlin under the Hurricane Dean Clean-up Programme which was conducted in the Molynes Road area in 2007 rather than seventy-seven (77) which was stated in his letter of March 3, 2008.

The documented amount per trip for transporting loads under the Hurricane Dean Clean-up Programme was J\$7,000 rather than J\$7,500 which was stated in Mr. Bowlin's letter of March 3, 2008.

3. In November 2007, Mr. Bowlin received J\$183,750.00, which was only a part payment of that which was owed to him.

Subsequent to a reconciliation exercise which was carried out by the Internal Audit Department of the NSWMA, in August 2010, Mr. Bowlin received the final payment of J\$362,250.00, which represented the total outstanding amount owed to him.

The OCG notes that the NSWMA did not honour its obligation to Mr. Bowlin in a timely manner, as the final payments owed to Mr. Bowlin were paid approximately three (3) years after he had provided his services under the Hurricane Dean Clean-up Programme.

In light of the foregoing, the OCG wishes to caution the NSWMA to ensure that future Clean-up Programmes are properly streamlined whereby care and due diligence is exercised, particularly, relating to the engagement of contractors, the verification of works completed and the submission of the relevant payments.

Further, proper policies and procedures should be implemented, in order to ensure that NSWMA does not commit to contractual arrangements or engagements which are made by unauthorised third parties with Contractors.

Ministry/Agency/Department: National Solid Waste Management Agency (NSWMA)

Complaint received in September 2014 – Extract/Summary: *"In early July the parish Superintendent of the National Works Agency advised me of a road bushing programme for North West St. Elizabeth..."*

During the second week of August Mr. Donovan Williams parish co-ordinator for the NSWMA paid by cheque the supervisors excepting Lurline Dixon of Middlesex and Raymond Smith of Newton.

...Later I spoke to someone who identified himself as Mr. Nelson. He informed me that the cheque for Raymond Smith was ready and awaiting collection. He further advised me that there was a mix-up with Lurline Dixon from Middlesex and someone from St. Andrew with the same name, but the matter was being investigated.

On August 30, I spoke to Ms. Jennifer Haughton of the NSWMA...

Later that evening, August 30th, Ms. Haughton called back to say the cheque for Raymond was cancelled due to an overpayment in excess of \$200,000 in other [sic] area of the constituency...My investigation revealed that none of the supervisors in North West were overpaid. As a matter of fact, most were underpaid based on the agreed sum..."

Findings:

1. A cheque numbered 1013160 dated August 2, 2012, in the amount of Two Hundred and Fifteen Thousand Four Hundred and Sixty Dollars (J\$215,460), in the name of Raymond Smith, was made available by NSWMA, which represented the full amount that was owed.

On October 30, 2012, Mr. William Hutchinson collected the referenced cheque, on behalf of Mr. Raymond Smith.

2. Lurline Dixon did not carry out works for the North West St. Elizabeth constituency and was therefore not owed any payments relating to the bushing activities in the North West St. Elizabeth constituency. Copy of Cheque Number 1013263 dated August 2, 2012, drawn in the name of Lurline Dixon was notably evidenced as being cancelled.
3. The NSWMA confirmed that no Supervisor was underpaid. In this regard, the NSWMA indicated that one Project Coordinator and six supervisors were employed for the project.

In light of the statement by the NSWMA that the Project Coordinator and supervisors were employed, the OCG wishes to highlight that "employment" arrangements are not within its remit.

Nonetheless, based on the copies of cheques which were reviewed, the listed Project Coordinator and six supervisors were paid a salary of J\$75,000, respectively.

4. The NSWMA confirmed that some Contractors were overpaid for the bushing activities which were carried out across the island under the programme. The overpaid amount totalled J\$1,715,074.09.
5. The NSWMA confirmed that some Contractors were underpaid or funds were unassigned in some instances. In this regard, documentation submitted by the NSWMA indicated that in some instances the Invoices which were submitted for the respective Contractors were for fewer kilometres than that which was originally required.

Based upon the findings of this enquiry, particularly as it relates to the overpaid sums, the OCG wishes to caution the NSWMA to ensure that in the future it conducts extensive due diligence and proper reconciliation prior to disbursing payments related to bushing programmes and other projects of this nature, in order to protect the public purse and taxpayers by extension.

The OCG also wishes to implore the NSWMA to seek to have the entirety of the overpaid sums recovered. Accordingly, the OCG wishes to highlight the Financial Audit and Accountable (FAA) Act. Particularly, based upon the above stated circumstances, the OCG hereby brings to your attention Section 24A of the said Act which stated, *inter alia*, that, "It shall be the duty of every accountable officer to keep and present in accordance with this Act and any regulations made or directions given thereunder proper and accurate accounts of all transactions entered into by him and all public moneys or other property held by him."

Ministry/Agency/Department: National Water Commission (NWC)

Complaint received in August 2011 – Extract/Summary: "We consider the award to Stewart Industrial (Jamaica Industrial Equipment Limited) highly irregular and lacks transparency for the following reasons:

- a) This company never tendered and was never part of the tender process.
- b) The tender by Jamaica Industrial Equipment Limited was made August 2009 and the bid was for the sum of US157,368.00 for 2 3-Ton Crane Trucks.
- c) Key Motors Limited submitted a tender price of US119,297.52 for said 2 3-ton Crane Trucks. This sum was considerably lower by US38,070.48, than the tender submitted by Jamaica Industrial Equipment Limited.
- d) Stewart Industrial (Jamaica Industrial Equipment Limited) has not purchased or acquired the company Jamaica Industrial Equipment Limited.
- e) Our tender offered trucks which surpassed the specification requirements and still offered trucks at a price which would offer savings to NWC.

...It is quite strange they have awarded a contract to a company who never made a tender, at a price US38,070.48 more than what they could have purchased 2 Hyundai units for.

We hereby strenuously object to the award to Stewart industrial for the reasons outlined ... and request ... a thorough investigation into the issues we have raised as we feel this should be brought to the public's attention re the basis for which this contract was awarded."

The said company subsequently submitted another correspondence, which stated, among other things, that, "Further to our letter of May 12th we made a strong complaint re the award of two (2) crane trucks, we wish to add the following:

- a) The company Stewart Industrial, a business name was registered by Stewarts Auto Sales Ltd On February 23rd, 2010, as advised by a staff member of the company's office.
- b) ... the date registered was February 23, 2010...

It cannot be right for the NWC to issue an award to a company that did not make a bid with the omission of other companies who submitted bids. Indeed, even if the company Stewart Industrial bought the assets of Jamaica Industrial Equipment Limited, the award which is made by letter ... from the NWC is dated May 6th, so no negotiations could be with the shareholders of Jamaica Industrial Equipment Limited to purchase any assets when the said assets were purchased before May 6th.

Findings:

1. A procurement process was undertaken by the National Water Commission during the years 2009 to 2010, for among other things, two (2) 3-Ton Crane Trucks. Jamaica Industrial Equipment Company Limited (JIE) was the only compliant Bidder for that category. In this regard, the amended NWC Report on the Evaluation of Proposals of October 2009 indicated that as JIE had received the required technical score to qualify for further assessment which resulted in them being recommended for the contract award.

2. The assets of JIE were purchased by Stewart Auto Sales Limited. In this regard, the OCG noted letter dated April 6, 2010, from DunnCox Attorney's-at-law to the National Water Commission which stated, *inter alia*, that, "... on behalf of Stewart's Auto Sales Limited... our client has entered into an Agreement dated 25th November, 2009 for the purchase of the business and assets of Jamaica Industrial Equipment Company Limited.

Our client has been given possession of the business and assets since March 12, 2010 and now operates same under the name of Stewart's Auto Sales Limited."

3. Regarding the legality of contracting Stewart Industrial in light of the initial award which was to be made to JIE, NWC had received guidance from their internal Legal Counsel who had indicated that "... no violence was done to the spirit of the procurement guidelines in recommending the award to Stewart Industrial even though no entity by the name of Stewart Industrial placed a bid in the tender process."
4. In accordance with the recommendation, which was made in the OCG's letter of August 12, 2010, the NWC, by way of letter dated September 28, 2011, sought further guidance from the Office of the Solicitor General regarding the legality of contracting Stewarts Industrial Limited (subsidiary of Stewarts Auto Sales Group) in light of the change in trading name and ownership of JIE which was the recommended Bidder.

To date a response from the Office of the Solicitor General has not been forthcoming. Based on the time which has elapsed, the NWC informed the OCG by way of letter dated February 3, 2014, that it has taken the decision to abort the procurement.

Based upon the foregoing, the OCG has concluded that no contract award was made to JIE nor Stewarts Industrial Limited for two (2) 3-Ton Crane Trucks as the procurement was aborted.

Ministry/Agency/Department: National Water Commission (NWC)

Complaint received in January 2014 – Extract/Summary: The current Financial Controller at the NWC had been previously employed at Gibson Greaves for over 20 years. The said company has been awarded contracts for the supply of meters.

Findings:

The OCG found it necessary to further explore the relationship that Mr. Junior Levine, a NWC Board member, had with the company Deryck A. Gibson Ltd. Mr. Levine was a member of the Board between February 12, 2012 and April 11, 2014 [and was not employed to the company as was indicated by the complainant].

Having regard to the foregoing, the OCG conducted a review of the documents, which were submitted to its Office, and having conducted its own internal review, finds that the NWC had awarded a total of six (6) contracts to Deryck A. Gibson Ltd. The total value of the six (6) contracts was J\$945,069.43 which were awarded between April 2009 and March 2011. The OCG has noted that none of the contracts which were awarded to Deryck A. Gibson Ltd. were awarded during Mr. Levine's appointment to the Board.

The OCG further noted that the NWC was currently in the process of awarding a contract in the value of US\$15,087,769.49 to Deryck A. Gibson Ltd. The OCG sought to ascertain whether or not Mr. Levine's association with the company, Deryck A. Gibson Ltd., may have influenced the decision to award a contract.

The OCG found that the procurement opportunity for the supply of solid state water meters and valves was advertised on July 8, 2012. The date for submission of tenders was August 10, 2012, which was subsequently extended to August 21, 2012.

According to the evaluation report, nineteen (19) firms purchased the bidding documents of which six (6) firms submitted responses, inclusive of Deryck A. Gibson Ltd. Contractors were required to submit seven (7) sample meters which would be evaluated in the NWC's test lab.

The evaluation which was concluded in April 2013 recommended that the second lowest Bidder, Deryck A. Gibson Ltd., be awarded the contract as the lowest Bidder failed to pass the meter tests.

Evidence received by the OCG shows that up to October 2012, Mr. Junior Levine had 1000 shares in the company Deryck A. Gibson Ltd. On October 29, 2012, 1000 shares in Deryck A. Gibson Ltd. were transferred from Junior George Levine to Deryck Anthony Gibson. The OCG has further evidenced from the Companies Office that Mr. Levine was listed as a Director of the Company.

The OCG sought to ascertain if Mr. Levine had any influence on the preparation of the Tender Document or the Evaluation Report and subsequently the naming of Deryck A. Gibson Ltd. as the successful Bidder. The NWC has stated that although Mr. Levine is a member of the Board of Commissioners and the Chairman of the Finance and Procurement Committee (FPC) he was not a part of the preparation of the Tender Document or the evaluation of the proposals.

The NWC has further indicated that neither the FPC nor the Board of Commissioners had reviewed or approved the tender document prior to it being issued.

The NWC has confirmed that the FPC became involved in the process upon the conclusion of the evaluation. The role of the FPC is to approve the recommendation made by the evaluation committee for further recommendation to the Board. The meeting minutes of the FPC, May 29, 2013, does not show that Mr. Levine had declared any interest in the successful company nor does it show that Mr. Levine had recused himself from the deliberations. Of fact is that Mr. Levine had requested clarification, among other things, on the meters that would have been supplied and on the testing that had been done on the meters.

It was further confirmed by the NWC that the recommendation was made to the Board of Commissioners, of which Mr. Levine is a member. During the meeting of May 29, 2013, when the matter was discussed, Mr. Levine neither declared interest nor recused himself. Mr. Levine as the chairman of the FPC had recommended to the Board that the contract be awarded to Derrick A. Gibson Ltd.

Based upon the foregoing, the OCG opines that as a result of Mr. Levine's prior relationship with the company there is the perception of bias giving rise to a potential conflict of interest in the approval process for the procurement opportunity. The Government of Jamaica Handbook of Public Sector Procurement Procedures, Volume 1, Section 4, 4.2.1 states that, "A conflict of interest will arise when the individual has a direct or indirect relationship with a contractor, which may affect or might reasonably be deemed by others, to affect impartiality on any matter related to his/her duties." Based upon the foregoing, the OCG further opines that Mr. Levine should have either declared his prior affiliation with the company or recused himself from the deliberations of the FPC and the Board with respect to the matter.

Notwithstanding the foregoing, the OCG has not found any evidence to suggest that Mr. Levine had any direct influence on the decision of the evaluation committee to recommend Deryck A. Gibson Ltd. as the successful bidder and further finds that a claim in interest by Mr. Levine, with respect to the matter, would not have influenced the final outcome.

Ministry/Agency/Department: National Water Commission (NWC)

Complaint received in February 2013 – Extract/Summary: "During the summer of 2011 (July)...GovStrat Limited ...responded to a public tender published in the Daily Gleaner dubbed: NWC Culture Change Program....GovStrat was the selected bidder...Negotiation was held during [sic] on October 19, 2011 and a price was agreed on... I was also told that a contract would be in the making and I would be advised on its readiness for signing..."

On February 24, 2012, I was sent a draft contract for perusal by Harold Minott... I... returned same via email ...during the first week of March 2012...

My last email was written... on Friday July 27, 2012. I received no response to that mail as is the case with previous ones...

We are seeking the assistance of the Office of the Contract [sic] General... to determine the following...:

1. Was there a deliberate attempt by the Board and or Management of NWC to improperly and illegally deny GovStrat this project?
2. Why has GovStrat not been sent the final draft contract for signing;
3. Does the NWC have a duty to inform me on the status of the Contract and Project?
4. Why has not there been communication to me/ GovStrat Limited after nearly ten months of making the last contact via email...
5. Has the project been terminated? If so, on what basis?
6. Has it been re-written and awarded to someone else...
7. What are the options for recourse for GovStrat in this matter?"

Findings:

1. The OCG did not evidence any information to suggest that the Board of the NWC improperly and illegally attempted to deny GovStrat Limited the contract for the Culture Change Program. In this regard, the OCG noted that the decision was taken to abort the project. Accordingly, under cover of letter dated April 10, 2013, the NWC informed the OCG that, *"The procurement process was aborted as the decision was taken that this procurement was duplicative in circumstances where the NWC was under a procurement in relation to the implementation of a Balanced Score Card System."*
2. The Procuring Entity has a duty to inform Bidders of the outcome of a procurement process. In this instance, the OCG notes that by way of letter dated June 15, 2012, the NWC provided GovStrat Limited with information regarding the status of the project. The said letter stated, *inter alia*, that, *"...without prejudice to the rights of the National Water Commission. Please be advised that at this time the NWC is not proceeding with this procurement and has therefore effectively aborted the procurement exercise"*.

Further, the then President of the NWC had declared to the OCG, that the aforementioned letter of June 15, 2012, had been delivered on June 18, 2012, and had been emailed to a representative from GovStrat Limited on June 26, 2012. The OCG was provided with a printed copy of the email thread which supports this declaration.

3. The OCG notes that the captioned project has not been retendered. In this regard, under cover of letter dated April 10, 2013, the then President of the NWC declared to the OCG that, *"no aspect of the Transformation/Culture Change Programme Procurement has been retendered"*
4. Regarding the option for recourse by GovStrat Limited, the GOJ Public Sector Procurement Procedures (October 2010) states at Appendix A8.7 of Volume 2, that *"Procuring Entities reserves the right to cancel a tender process at any stage prior to notification of the contract award, without incurring any liability."* In the circumstances, the OCG notes that prior to aborting the procurement process, the NWC, by way of email dated October 5, 2011, provided notification of the contract award to GovStrat Limited. It was also noted that a draft contract was submitted to GovStrat Limited for perusal.

Importantly, in light of the referenced *Appendix A8.7*, the question, in this instance, is whether any liability would be incurred by the NWC based on the advanced stage at which the contract award process was when the procurement was aborted. Notably, the OCG is unable to provide any comments in this regard, as the GOJ Public Sector Procurement Handbook is silent as it regards the nature of liability which may result in the event that the tender process is cancelled subsequent to notifying the recommended contractor/consultant of a contract award.

Notwithstanding the foregoing, the OCG acknowledges that a failure to conclude a contract is not a breach of the procurement guidelines. The NWC may wish, however, if same had not yet been done and if deemed necessary, to consult with its in-house Legal Counsel for advice as it relates to any exposure to liability.

Ministry/Agency/Department: National Youth Service (NYS)

Complaint received in March 2014 – Extract/Summary: The complainant informed that there is a conflict of interest as it relates to the Chairman of the Board of National Youth Service (NYS), Ms. Maureen Webber, and her company Development Options Limited, and the extent to which the NYS is providing benefits to the company. The citizen also indicated that, Development Options Limited offers similar services as the NYS (working with youths), and contracts are being awarded to Development Options Limited.

Findings:

1. Ms. Maureen Webber was appointed a member of the Board of the NYS since February 2012. She is presently the Chairman of the Board of NYS.
2. Ms. Webber is the owner and Chief Executive Officer of the consultancy firm, Development Options Limited.
3. The QCA Reports which have been submitted by NYS between the years 2012 to 2014 does not indicate any contracts being awarded to Development Options Limited or to anyone with the name Maureen Webber.

Further to same, by way of letter dated April 28, 2014, NYS indicated "*Not Applicable*" in their response to question number 8 of OCG's requisition of April 8, 2014, which requested a comprehensive list of all contracts which had been awarded or engagements which had been undertaken between the NYS and Development Options Limited.

Notably, the arrangement which was highlighted by NYS involving Development Options Limited is a partnership for the Graduate Work Experience Programme (GWEP) which is carried out by NYS. In this programme, graduates from tertiary institutions are provided with work experience.

Additionally, NYS has indicated the involvement of Development Options Limited as an implementing agency for Youth Upliftment Through Employment (YUTE) which, since the NYS' Board Meeting of January 22, 2014, is an approved partner for an intended programme referred to as TRANSFORM. Notably, YUTE is a private sector coalition programme.

The OCG also noted the Board excerpt from the meeting of January 22, 2014, regarding the approval for the above partnership (with YUTE) which indicated that Ms. Webber declared her interest in YUTE and exited the meeting, prior to the approval of the Board regarding the said partnership.

It is important to note that Ms. Webber's actions in the abovementioned meeting is in line with Clause 2, Part III of The Public Bodies and Accountability Act, which states that, "*A director who is directly or indirect [sic] interested in any matter which is being dealt with by the board —*

- (a) shall disclose the nature of his interest at a board meeting;*
- (b) shall not take part in any deliberation of the board with respect to this matter."*

4. The OCG notes that applications for the post of Executive Director for the NYS were directed to the private business premises of Ms. Maureen Webber (Chairman of the Board). The address which was outlined on the vacancy advertisement was Suite 2, 9TH Floor Citigroup Building, 63-67 Knutsford Boulevard.

With regard to the foregoing, the NYS has informed the OCG that, "*In an effort to maintain confidentiality...it was considered prudent to have applications sent to the office address of the Board Chairman...Development Options was not, and has not never [sic] been, contracted to provide human resource activities to the National Youth Service."*

Based upon the information which has been reviewed, the OCG has not evidenced any contract award and/or procurement arrangement between the NYS and Development Options Limited. Further, the protocol required for the deliberation of matters concerning Ms. Webber's company Development Options Limited was seemingly followed in the above instance.

Ministry/Agency/Department: Public Broadcasting Corporation of Jamaica (PBCJ)

Complaint received in August 2014: The acquisition and non-use of a broadcasting system and weather system by the Public Broadcasting Corporation of Jamaica.

Findings:

1. The PBCJ had initiated the procurement of a Master Control System by way of an International Competitive Bidding process during September 2013. The process was a success and a contract was awarded to Univ Corporation Inc for the supply, commissioning and installation of a Television Master Control System. By way of letter dated November 21, 2014, the PBCJ has indicated that installation of the system began in April 2014 and was commissioned in July 2014. It was further indicated that the system was operational by August 2014 and to date the system is in full use.
2. The PBCJ is in the possession of a Fusion Weather Graphics System which is currently not in use. The Chief Executive Officer (CEO) has explained, in his response, that the system is not in operation due to the malfunction of a production switch which could not be replaced due to budgetary constraints.

The CEO has further indicated that a break-down of the central air-conditioning system, which resulted in the relocation of post-production personnel to the location where the weather system was configured, had also contributed to the weather system not being used.

The CEO went on to outline the steps which are being taken to remedy the situation and indicated that the expected start date for the weather system being fully integrated into the Corporation's programming is mid-December 2014.

3. A site visit to the Corporation was conducted by members of the OCG on December 3, 2014. The site visit corroborated the CEO's explanation of one of the reasons why the weather system was not in use. The site visit had revealed that the space which is needed to operate the system was being used by the post production personnel due to their original space being unsuitable due to a breakdown of the central air-conditioning system.

During the OCG's visit the CEO had assured the team that the weather system had been in use. However, due to the relocation of the editing equipment, the weather system had to be disabled. The CEO has, nonetheless, assured the OCG that the weather system should be back in operation in short order.

Based upon the foregoing, the OCG finds that the PBCJ had commissioned the use of a ROSS Television Master System in July 2014. The OCG is further satisfied by the PBCJ's response that currently the system is being utilized and is fully operational.

The OCG further finds that although the Corporation is in possession of a weather system that is currently not being used, due to unforeseen circumstances, the Corporation is working assiduously to rectify the situation which will see the weather system being put back into operation.

Ministry/Agency/Department: Tourism Product Development Company (TPDCO)/National Land Agency (NLA)

Complaint received in August 2013: The Gap Café is occupying the land without the requisite approvals.

Findings:

The OCG conducted a review of the documents, which were submitted to its Office, and having conducted its own internal review, finds that the TPDCO had not received the requisite permission from the Lessor and/or the Minister with responsibility to underlet/sublet any part of the lands to Gloria Palomino.

The OCG has reviewed a copy of the Lease Agreement signed between the TDPCO (the Lessee) and the Commissioner of Lands (the Lessor), with a commencement date of March 15, 2000, for a 49 year period, which it had received from the NLA. The OCG notes Clause 3 of the Lease Agreement which states that the Lessee covenants *'Not to assign underlet or otherwise part with possession of the Leased Land or any part thereof without the written consent of the Lessor first had [sic]. . .'*

In response to the OCG question # 5 to indicate if *"...the property is not owned by the TPDCO, please advise whether the expressed permission was granted for the said Lease to be entered into"*. The TPDCO has responded, providing documentation to indicate, that approval was only received from the Board of Directors with regard to the Licence to Use Land Agreement signed with Gloria Palomino.

The OCG notes that the genesis of this arrangement predated the existence of the TPDCO as responses indicate that there was a previous agreement between Mrs. Palomino and the Jamaica Attractions Development Company (JADCO). The TPDCO indicates that the property was handed over to Mrs. Palomino on March 1, 1991 by JADCO, however, it has been unable to locate a signed licence agreement between JADCO and Mrs. Palomino. The NLA has also indicated that no Lease Agreement existed between the Commissioner of Lands and JADCO.

Documentation received from the NLA shows that Gloria Palomino had made applications, on at least two occasions, to the Commissioner of Lands for the occupation of the area at Hardwar Gap. The NLA has further communicated that although approval was sought from the Minister, *"There is no evidence on file that approval was given by the Minister with responsibility for Lands, for the 15 acres with the houses, to be leased to Mrs. Gloria Palornio."*

Recommendation(s): The OCG is recommending that the TDPCO, in the event that permission was not requested and/ or received from the Commissioner of Lands or the Minister with responsibility, regularize the sublease with Gloria Palomino by requesting the requisite approvals in accordance with the Lease Agreement signed with the Commissioner of Lands.

Ministry/Agency/Department: Universal Service Fund (USF)

Complaint received in April 2012 - Extract/Summary: "The Universal Access Fund (UAF) a government entity set up to facilitating the provision of universal access to the information superhighway by accelerating the deployment of broadband services through out [sic] the island in Schools and other learning Institutes. Computer King Ltd has being [sic] responsible for the implementation of over the last six consecutive projects. From my knowledge and observation their [sic] seems to be some impropriety and unethical behaviors with Computer King Ltd and Mr. Mattis from the Universal Access Fund (UAF)..."

Findings:

Based on documents which were submitted by the Universal Service Fund (USF), previously the Universal Access Fund, the OCG noted that, *"Neither the Universal Access Fund Limited nor any other Pubic [sic] Body acting on its behalf has ever entered into any contract with Computer King Jamaica Limited/ Computer King Limited."*

In the circumstance, the OCG having noted the contents of the USF's letter and having conducted its own review concludes that there is no veracity to the complaint received by its Office.

Ministry/Agency/Department: University Hospital of the West Indies (UHWI)

Complaint received in April 2014 – Extract/Summary: "... we find it strange that we were able to meet the minimum average technical score a few years ago when we first submitted our proposal [to provide auditing services], but are now unable to meet it after four (4) years' experience of auditing the Hospital's financial statements. We even presented a team that is more qualified than the team we presented a few years ago.

Based on the foregoing, we are not confident that the evaluation process was fair ..."

Findings:

1. The OCG has noted that the standard evaluation criteria related to the procurement of consulting services was utilised, in accordance with guidelines provided by the GOJ Handbook of Public Sector Procurement Procedures (March 2014). Further, based on the utilisation of said guideline, the OCG notes that this mode of evaluation is based on a four tier scoring system from a range of 40% for "poor" to 100% for "very good". The application of the relevant score is subject to the perception of the individual Evaluator in relation to the submissions provided by the Bidder.

With regard to the foregoing, as was previously stated in the OCG's letter of May 27, 2014, *'The OCG noted disparities regarding the scores which were allotted by the individual Evaluators.'* In light of the said disparity, the OCG has noted UHWI's letter of June 20, 2014, which states, *"It must also be noted that evaluator Webber was consistently conservative in her evaluation in the absence of clearer guidelines relating to the scoring for the various criteria."*

Further, with reference to the UHWI's letter of June 20, 2014, the OCG notes the explanations provided regarding a six (6) point difference in the scores allotted by the Evaluators in respect of DGS Chartered Accountants & Business Advisors (bullet point 3); UI IY Dawgen (bullet points 2 & 3); and Crichton Mullings (bullet points 2 to 4).

Based upon the information which has been reviewed, the OCG has noted obvious disparities in the scores which were allotted by the individual Evaluators in relation to the Bid Submissions of particular Bidders (including DGS Chartered Accountants & Business Advisors). However, the OCG has not evidenced any information to conclusively indicate that the bid which was submitted by DGS Chartered Accountants & Business Advisors, in particular, was treated inequitably versus the bids which were submitted by other Bidders.

Recommendation(s): Based upon the advanced stage of the procurement, the OCG wishes to recommend that in the future, the UHWI ensure that the individual Evaluators are provided with comprehensive guidelines regarding their analysis for the allotment of scores for procurements for consultancy services.

Further, the OCG recommends that the individual Evaluators' summary sheets be strongly scrutinised by the Procurement Committee, and instances wherein there are major disparities in the scores a comprehensive explanation should be requested in the future.

Ministry/Agency/Department: Urban Development Corporation (UDC)

Complaint received in October 2011– Extract/Summary: In the Public Administration & Appropriations Committee (PAAC) meeting minutes of October 26, 2011, concerns were expressed regarding the process associated with the divestment of land in Little Bloody Bay, Hanover. Particularly, concerns were raised as it regards the revised valuations which were requested by the Urban Development Corporation (UDC) for the sale. In this regard, the Committee posed numerous questions to the UDC's then Acting General Manager, Mr. Desmond Young, and two other representatives from the Corporation, Miss Yvette Sibble (Deputy General Manager to Legal Services) and Mrs. Elizabeth Harrilal (Estate Manager).

Findings:

1. Correspondence and other particulars were submitted to the OCG by the UDC which confirmed that 23 1/2 acres of land was divested to Selective Homes (Negril) Limited in 2010. In its Executive Summary which was received under cover of letter dated October 8, 2014, the UDC informed that the Principal Director of Selective Homes (Negril) Limited had expressed an interest in acquiring land in Negril in October 2008. With regard to this expression of interest, the OCG noted UDC's letter dated October 30, 2008, to Selective Homes Limited which informed that a public divestment process would be conducted.

The OCG notes that in February 2009, and prior to the property being advertised, the UDC's Board of Directors had granted permission for the Corporation to enter into negotiations with Selective Homes Limited with the purpose of pursuing a joint venture housing development. The property was subsequently advertised, and documentation reviewed indicates that the decision was taken to advertise the property while the Corporation was negotiating with Selective Homes.

2. In this regard, the UDC under cover of letter dated October 8, 2014, provided the OCG with a copy of an advertisement which was published on April 19, 2009, in the Gleaner, Herald & Observer. The advertisement, which was for 23 hectares of prime development land, was captioned Ireland Pen — North Negril, and invited interested Investors to contact the UDC for discussion. The advertisement did not include a deadline date for submission of expressions of interest, advised of an Information Memorandum or any other such particular.
3. Based upon the UDC's response and the documentation evidenced, two (2) investors responded to the advertisement, being (i) Selective Homes (Montego Bay) Limited by way of letter dated April 24, 2009 with an offer of Two Million United States Dollars (US\$2,000,000) for a section of property known as IP1 and (ii) Negril Escape by way of letter dated May 18, 2009 with an offer of Two Million Five Hundred Thousand Jamaican Dollars (\$2,500,000) for section IP1.
4. The UDC responded to both investors advising in the case of Selective Homes, by way of letter dated June 11, 2009, that its offer was below the minimum reserved price but welcomed the proposed housing concept and invited an improved offer. In the case of Negril Escape, the UDC's letter dated May 28, 2009 indicated that the offer did not meet the reserved price and was woefully inadequate, and that the Corporation would consider a more realistic offer.
5. As it relates to valuation of the property, the OCG notes that two (2) valuers were commissioned to undertake same and reports were received in May 2009. Clinton Cunningham & Associates' Report dated May 20, 2009, indicated an open market value of J\$800,000,000.00 and forced sale value of J\$650,000,000.00, while Breakenridge & Associates' Report dated May 16, 2009 indicated a market value of US\$5,257,000.00 or J\$460,000,000.00 and reserve price of US\$3,680,000.00 or J\$322,000,000.00.

Documentation was evidenced which indicated that Selective Homes had raised objections as it relates to the valuation given certain specific conditions which would affect the use of the property. In this regard, the OCG notes the UDC's letters dated August 12, 2009, to the valuers [Breakenridge & Associates and Clinton Cunningham & Associates] which stated, *inter alia*, that, "... We note that the land was valued for its best use which is either resort/ residential.

In negotiating with prospective purchasers an issue has arisen as to the set backs affecting the land and as such prospective developers who wish to use the land for housing as against resort allege that the density for the land usage would be different.

The Corporation is asking you whether the valuation could be reviewed in the context of residential only, such as a town house development and advise whether or not the market value of the land would be affected".

Consequently, Clinton Cunningham & Associates, by way of letter dated September 8, 2009, submitted a revised market value of \$460,000,000.00 and reserve price of \$380,000,000, while Breakenridge & Associates, in its letter dated September 9, 2009, did not change the previous valuation which remained \$460,000,000.00 and \$322,000,000 respectively.

6. Extract from the UDC's Board Meeting of September 17, 2009, indicated the Board's approval of the submission from Selective Homes for the development of a middle income residential housing. The approval of the then Prime Minister, the Honourable Bruce Golding, was notably received on October 2, 2009 for sale to Selective Homes Limited. An Agreement for Sale was signed on April 15, 2010 between the UDC and Selective Homes.
7. The property was subsequently sold to Selective Homes for the equivalent of the average of the valuator's reserve price being \$351,000,000.00.
8. As it regards the evaluation process, and while the Office did not evidence a formally signed evaluation report, it has noted, among other things, a Memorandum dated May 1, 2009, from the Manager-Property Development/Marketing to the Chief Planner regarding Selective Homes Limited, which stated "*The attached proposal has been received for Ireland Pen. Kindly evaluate and make your recommendations.*"

Based on documentation it would appear that the Chief Planner was involved in the evaluation of the proposal which was submitted by Selective Homes. This was evidenced by Memorandum dated May 7, 2009 from the Chief Planner to the Manager-Property Development/Marketing, which states, among other things, that "*The Proposal submitted by Selective Homes was reviewed... My comments were guided by the Ireland Pen Development document dated June 8, 2005...*" The Memorandum noted, among other things, threefold benefits of the proposal being "*(i) developing the land (ii) solving a housing need, and (iii) providing an investment with potentially high returns to the end user*" and stated that "*consideration can be given on this basis*".

9. The OCG also evidenced UDC Board Note dated September 17, 2009, from the then General Manager to the Board of Directors, as it relates to the concerns which were raised by Selective Homes, and which stated, *inter alia*, that "*Selective Homes contended further that given their intent to undertake exclusively middle income residential development and not resort development that further consideration should be given to the proposed selling price.*"

The General Manger [sic], who is Master of Urban and Regional Planning, agreed with Selective Homes...

The principal of Selective Homes, Mr. Robert Cartade, met with the General Manager on September 16, 2009, at which time the adjusted valuations were presented...

Selective Homes is effectively requesting the sale of the property to them at the forced sale valuation"

10. The OCG noted the divestment process which was outlined by Miss Yvette Sible (UDC Deputy General Manager to Legal Services) at the Public Administration & Appropriations Committee Meeting of October 26, 2011, wherein it was stated, *inter alia*, that "*... the process is that the Estates Department would receive the request, give the information or title or whatever that is pertinent, have both papers prepared and it goes to — the General Manager makes her recommendations and it goes to the Board, and the Board would approve the divestment— the sale if it is something locally, handled by the UDC...*"

...like land... having identified those, usually we would put out an ad- the Estate Department would do their research; we would put out an ad inviting proposals or we would advertise. In some instances, the procedure recognised unsolicited proposal. So, somebody will come with an intellectual property to say that they want to, like start a powerplant, or a fishing complex. And the Estate Department would research to see if we have land that is suitable for that. And the process would start where you go to the Planning and Development Committee which is a sub sect [sic] of the Sector Committee — the National Sector Committee with the proposal. And from there, if they approve it, it is elevated to the Board through the General Manager".

Ministry Paper #34 (1991) provides that Government of Jamaica assets which are to be privatized/divested should be announced by way of public advertisement. Additionally, the concept of market-economic valuation will apply in establishing the disposal price and transactions are to be arms-length. While the Ministry Paper does not provide specific guidelines or procedures as it regards detailed steps to be taken in land divestment transactions, its general principles are applied to the referenced divestment. In this regard, the OCG finds that Selective Homes Limited was the sole substantive proposal which the UDC received in response to the advertisement which had been placed, and that the UDC had undertaken market valuations.

Firstly, the OCG would have recommended that the UDC issue an Information Memorandum related to the property in order to aid prospective investors in the preparation of their proposals. Additionally, a deadline for the submission of proposals, and a public opening, should have been a part of the transaction. Attendant to same, a Receipt Record/Log should have been taken as it relates to proposals which were received.

While it would be remiss of the Office not to question whether it would have been better that the property was re-advertised or withdrawn until the real estate marketplace improved, versus to proceed with the sale at the force value, the OCG has noted the UDC's responses which were provided to the PAAC and other documentation. The Board Note to the Board of Directors from the General Manager dated September 17, 2009 stated, *inter alia*, that "Given the role of the UDC in encouraging integrated development, the Corporation is mindful that the proposal by Selective Homes would certainly fill the significant gap that exists with respect to middle income residential development in Negril. . ." With regard to the foregoing, the OCG wishes to highlight its acknowledgment of the rationale provided by the UDC for the requested change in the valuation, and the subsequent acceptance of the offer which was made by Selective Homes to purchase the property for the average reserve price.

Notwithstanding, the OCG has not evidenced any information which would suggest that there was any misconduct on the part of the representatives of the UDC in relation to this transaction. Accordingly, and without more, the OCG is unable to say whether there was impropriety or to ascribe motive to the transaction.

Additionally, this transaction happened years ago and the OCG has noted, since then, that the UDC should now have improved upon some of the shortcomings that the OCG has identified with this process. The OCG further notes that current opportunities for sale of land which are advertised by the UDC have indicated a date for the submission of proposals and that Information packages are also prepared, which interested parties are able to collect within a set period.

Recommendation:

The OCG would encourage the UDC to strengthen any weaknesses which currently exist in its procedures to ensure that all its transactions are transparent, equitable and ensures best value.

Ministry/Agency/Department: Urban Development Corporation (UDC)

Complaint received in April 2014 – Extract/Summary: "... 1. By way of advertisement the Urban Development Corporation (UDC) requested proposals for the development of ...20 acres of lands in August 2013 ...

3) The proposals received were Caribbean Tissue Company- \$16,500,000.00 and New Era Homes (NEH) - \$70,000,000.00...

5) UDC letter dated October 17, 2013 expressed delays in obtaining the external valuations required to bring the matter to completion...

6) UDC letter dated November 26, 2013 communicated that only one external valuation was since received and the second was reportedly delayed. The letter further stated that the second valuation was anticipated within the next 20 working days...

8) UDC letter dated April 10, 2014 communicated that our offer "is below your intended sale price of one hundred and seventy million (J\$170,000,000.00)" and requested that we revise and resubmit our offer by Thursday April 24, 2014...

...Our interpretation of the contents of the April 10, 2014 letter leads us to make the following comments:

- Valuations done prior to August 2013 would have different results from one done more than eight (8) months after in March 2014...
- From the dates and sequence of events it appears that the UDC advertised without valuations or had no information on the value of the land advertised.
- To now state this late in the process after a public offering, that your intended sale price is \$170,000,000.00 raises serious ethical and moral issues in relation to doing business with the UDC and government entities..."

Findings:

1. The UDC placed an advertisement in the Sunday Gleaner on August 18, 2013, inviting proposals for the sale of 20 acres of lands in Ferry Pen for a commercial or industrial project. Proposals were to be submitted by Friday August 30, 2013.
2. The Tender Opening Form dated September 9, 2013, which was associated with the divestment opportunity did not include the current valuation in the applicable field.
3. A letter dated September 20, 2013, from UDC to the OCG stated that, *'The UDC has procured external valuations ... and is not yet in receipt of same'*.
4. Under cover of the said letter of September 20, 2013, the OCG was provided with a copy of the Information Memorandum (IM). Clause 3.4 of the IM stated, *inter alia*, that *"UDC reserves the right to...Reject any or all Proposals"*.
5. A letter dated November 19, 2013, from UDC to the OCG enclosed *"a copy of the current valuation report, and a copy of the Bid Opening Report..."* It also stated that *"the UDC received two (2) proposals for the acquisition of the property which are before the UDC's Planning and Development Sub-Committee of the UDC Board for the selection of a winning bidder"*.
 - i. The Valuation Report which was submitted under cover of letter dated November 19, 2013, was prepared by Breakenridge & Associates in August 2013, and received by UDC on October 3, 2013. The date of inspection was August 16, 2013.
 - ii. The Valuation Report stated that the market value was Jamaican Eighty-one million dollars (J\$81,000,000.00) and the reserve price was Jamaican Sixty million dollars (J\$60,000,000.00). There was also an easement value stated which was valued at Jamaican One Million One Hundred Thousand Dollars (\$1,100,000.00).
6. A letter from the UDC to the OCG dated February 26, 2014, stated that, *"No evaluation reports or approvals are available as the two (2) proposals received are still before UDC's Planning and Development Committee for the selection of a winning bidder upon receipt of the second of two (2) external valuations"*.
7. Under cover of letter dated June 23, 2014, the UDC submitted, among other things, a Valuation Report from Victoria Mutual (Property Services) Limited with a receipt stamp date of February 19, 2014. The said Valuation Report indicated a market value for the property in the region of One Hundred and Seventy Million Dollars (\$170,000,000.00).
8. Under cover of the UDC's letter of June 23, 2014, the UDC submitted, among other things, a Valuation Report from Allison Pitter & Company which was stamped as received by the UDC on March 24, 2014.

The referenced Valuation Report indicated an Open Market Value of \$150.0M - \$170.0M.

9. The UDC's letter of June 23, 2014, informed the OCG that *"...the Corporation concluded on a reserved price of One Hundred and Seventy Million Dollars (J\$170,000,000.00) based on the external valuations received. Both bidders were asked to improve their offer for our consideration by Thursday April 24, 2014 as their original offers...were significantly below our reserved price... only response was received from New Era Homes 2000 Limited who indicated that they were standing by their original offer of Seventy Million Dollars (J\$70,000,000.00). We are currently taking steps to abort this proposed divestment on or before June 30, 2014, and by virtue of that decision, there is no Evaluation Report, Sales Agreement, or Evidence of Payment to provide the OCG...the Corporation will be re-advertising for bids"*.

Ministry Paper #34 (1991) provides that Government of Jamaica items which are to be privatized should be announced by way of public advertisement. Additionally, the concept of market-economic valuation will apply in establishing the disposal price and transactions are to be arms-length.

As it relates to the valuation which was commissioned for the property, the OCG noted the UDC's letter of September 20, 2013 that while it had procured external valuations, it was not, at that time, in receipt of same. Based upon the documents which were provided under cover of the UDC's aforementioned letter, the OCG noted that at least one (1) valuation had been commissioned prior to the publication of the opportunity in August 2013. However, upon the closure of the submission period, the related valuation report had not been finalised.

It was noted that the proposed price which was submitted by Caribbean Tissue Company (\$16,500,000.00) and New Era Homes (\$70,000,000.00), was lower than the market value of J\$81,000,000.00, which was outlined in the first Valuation Inspection which was conducted by Breakenridge & Associates in August 2013. The two (2) other Valuations which were conducted by Allison Pitter and Co and Victoria Mutual Property Services (inspections were indicated to have been done on March 7, 2014 and on February 8, 2014, respectively) reflected higher market values than that which was indicated in the valuation report of Breakenridge & Associates.

Regarding the rejection of all proposals for the said property, the OCG notes Clause 3.4 of the Information Memorandum, which indicates the right of the UDC to reject all proposals. However, the OCG finds that the reliance which was placed upon valuations (done by Allison Pitter and Co and Victoria Mutual Property Services) which were conducted approximately six months after the submission of bids could potentially compromise the level of transparency which is associated with the process.

The OCG recommends that going forward, the UDC ensures that the valuations upon which it relies are commissioned and received in a timely manner in line with the period for the submission of proposals.

QUARTERLY CONTRACT AWARDS (QCA) REPORTS

The Office of the Contractor-General (OCG) has requisitioned approximately 198 procuring Public Bodies (PB) to prepare and submit Quarterly Contract Awards (QCA) Reports indicating the particulars of contracts which have been awarded within stipulated contract value thresholds. QCA reports are to be submitted to the OCG, in the manner stipulated, in arrears, within one (1) calendar month following the ending of the quarter to which they relate.

The OCG, for the calendar year 2014, had requisitioned these procuring PBs to prepare and submit QCA Reports indicating the particulars of contracts which have been awarded above a contract value of J\$500,000.00. For the reporting year 2014, the OCG had recorded a 100% compliance rate for all four quarters. Although the OCG received 100% compliance, the Ministry of Health, for the 2nd quarter, had failed to submit its report within the allotted timeframe.

QCA Uploads

The Web Portal has eliminated the occurrence of incomplete QCA reports as Public Bodies are unable to submit a report unless all the mandatory fields have been completed.

Consequently, all reports which have been submitted to the OCG have been added to the QCA Consolidated Database, as is. The database may be found at www.ocg.gov.jm.

Contract Award Data

The OCG received approximately 784 QCA reports, for the year ending December 2014. Please note that the figures represent the raw data received from the Public Bodies.

In the reporting year, 8592 contracts were reported at a total value of J\$58,939,788,374.49. The value of contracts for Goods and Services which includes Consultancy Services and Insurance Placement was \$50,390,944,606.37, while the value of Works contracts was \$8,494,465,703.58.

The OCG, over the years, has been concerned with the number of unregistered contractors which are used by PBs. The summaries in Table 1 below illustrate a comparison of the contracts awarded for the reporting year.

Table 1 – Summary of Contracts Awarded

2014 Reporting Period	Total # of Contracts Awarded	Total value of Contracts Awarded	Number & Percentage of Contract Awards to Unregistered Contractors	Value of Contract Awards to Unregistered Contractors	Number of reports from PBs that used Unregistered Contractors
1 st QRT	2,062	\$14,784,284,579.78	41 (1.99%)	\$104,062,026.41	17
2 nd QRT	2,156	\$16,037,184,665.53	40 (1.86%)	\$542,889,733.84	19
3 rd QRT	2,084	\$14,024,542,076.04	45 (2.16%)	\$48,658,630.95	17
4 th QRT	2,290	\$14,093,777,053.14	42 (1.83%)	\$71,549,752.76	21
Total	8,592	\$58,939,788,374.49	168 (1.96%)	\$767,160,143.96	74

Table 2 shows a comparison of figures of 2012, 2013 and 2014.

Table 2 – Comparative Compliance Levels

Reporting Period	Total Number of contracts awarded	Total Value of contracts awarded	Number and percentage of Contracts Awards to Unregistered Contractors	Value of Contract Awards to Unregistered Contractors
2012	9,399	\$25,752,214,653.20	1,688 (17.9%)	\$2,492,373,496.64
2013	8,622	\$45,445,481,023.75	137 (1.59%)	\$254,187,197.38
2014	8,592	\$58,939,788,374.49	168 (1.96%)	\$767,160,143.96

The OCG classifies “unregistered contractors” as those contractors who, based upon the nature of the service, goods or works being procured and upon the Procurement Guidelines, should have been registered with the National Contracts Commission (NCC) in one or more of the NCC’s categories. While the OCG had seen a significant decline in the number of unregistered contractors being awarded contracts for the reporting year 2013, when compared to the reporting year 2012, the OCG notes that there has been a marginal increase in the use of unregistered contractors for 2014.

QCA Assessment

By way of letter dated March 7, 2013, the OCG had informed all requisitioned PBs that it was “... currently in the process of developing the second phase of the revised QCA reporting format, which includes the finalization and testing of the criteria that will be used to assess reports submitted by Public Bodies.” The OCG further informed PBs that the Office would not be providing its usual assessment reports until further notice.

Consequently, the OCG, in lieu of assessment scores, undertook a comparison of the reports submitted by each public body. Of the 784 reports submitted, 236 were nil reports, meaning these 236 submissions indicated that no contracts were awarded for the corresponding quarters.

Based upon the reports submitted, it was observed that for the period 2014, there were approximately 74 reports from PB’s where unregistered contractors were engaged. The QCA report takes into consideration those contractors who would not be required to be registered with the NCC, such as Consultants.

The Ministry of Finance and Planning had made amendments to the procurement guidelines in 2014. As such, effective March 17, 2014, it was no longer a requirement for PBs to receive prior approval from the NCC to use certain procurement methodologies once the value of its contract exceeded a certain threshold. Nonetheless, approval of the use of the methodology from the Head of Entity for both Direct Contracting and Limited Tender, outside of the established value threshold, remained.

Table 3 below represents the Head of Entity prior approvals for the reporting year 2014.

Table 3 – Prior Approval Levels

	Number of Reports submitted	Submissions with no contracts	Number & percentage of PBs that used LT over J\$15M without prior approval from the HOE	Number & percentage of PBs that used LT over J\$15M with prior approval from the HOE	Number & percentage of PBs that used DC over 5 million without prior approval from the HOE	Number & percentage of PBs that used DC over 5 million with prior approval from the HOE
1 st Quarter	195	54	0	5 (2.5%)	5 (2.5%)	20 (10%)
2 nd Quarter	195	61	1(0.5%)	5 (2.5%)	5 (2.5%)	33 (17%)
3 rd Quarter	197	59	0	1 (0.5%)	4 (2%)	26 (13%)
4 th Quarter	197	62	0	3 (1.5%)	6 (3%)	29 (15%)
Total	784	236	1(0.1%)	14 (1.8%)	20 (2.6%)	108 (14%)

Further statistics regarding the QCA reports which were received over the period can be found in the Appendix section.

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TECHNICAL SERVICES DIVISION

OVERVIEW

The Technical Services Department (TSD) within the Office of the Contractor General plays a unique role; in addition to its core function of monitoring pre-contract awards to ensure transparency and probity, the TSD also functions as the Secretariat of the National Contracts Commission (NCC) in accordance with Section 23J Item 1 of the Contractor General Act which states that the resources of the Commission shall be provided from funds vested in the Office of the Contractor General.

The NCC, which is comprised of eight (8) Commissioners, meets weekly to approve contractor's applications for registration to become an approved supplier/works contractor and to endorse recommendations for the award of contracts.

The TSD undertakes on behalf of the NCC all the administrative and technical support services to include, *inter alia*, the following:

1. Receipt and assessment of applications for registration;
2. Representation of the NCC at meeting of its Sector Committees which were established to provide assistance to the NCC in its review process;
3. Preparation of all items of correspondence and the maintenance of all databases; and
4. Review of recommendations for award of contracts for consideration by the NCC.

Staffing

The Department's total complement of staff increased from ten (10) to eleven (11) members of staff during 2014 and is comprised of: one (1) Director, two (2) managers, five (5) Technical Officers, one (1) Supervisor and two (2) Records Officers.

Contractor Registration and Endorsement of Contract Award Recommendations

The TSD on behalf of the NCC maintains three distinct Registries as follows:

Name of Registry	# of Associated Categories for Registration
Works Grades 1-4	34
Works Grade 5	12
Supplier of Goods and Services	42

During the year under review, the TSD as part of its strategic objective of providing excellent customer service, significantly reduced the time taken to process applications for registration from forty-three (43) to eighteen (18) days for Works applications and from forty-two (42) days to twenty-two (22) days for Goods & Services applications.

Whilst the TSD experienced an increase in the number of application for Works Grade 5, a marginal decrease in the number of applications for both Works Grades 1 – 4 and Goods & Services was observed. A similar downward trend was observed in the number of NCC endorsed recommendations for the award of contract during 2014. Further details are provided on the registration of contractors and the endorsement of recommendations for award of contracts in this report.

New Developments

Changes to the procurement platform were made through the Ministry of Finance and Planning's introduction of: a) a new procurement handbook (Government of Jamaica Handbook of Public Sector Procurement Procedures March 2014) and b) Circular No. 9 dated March 13, 2014.

The most significant changes involved the transfer of the authority to approve the use of the Direct Contracting or Limited Tender procurement methodologies from the remit of the NCC to Head of Entities. The endorsement of recommendations for the award of contracts valuing \$15M or over still remains within the purview of the NCC. The revised Handbook was also amended to reflect that Heads of Entities may enter into contract through the utilization of the Emergency Procurement methodology up to a maximum value of J\$100 million. Volume 11, Section 1.1.5 of the Handbook indicates that *“The Head of the Procuring Entity shall give approval for the issuing of emergency contracts up to a maximum value of J\$100 million. This approval shall be in writing and shall form part of the procurement record to be kept by the Entity. Any additional expenditure must be subject to the approval of the National Contracts’ Commission and Cabinet. Procuring entities shall ensure that the value for money objective is met before awarding emergency contracts.”*

Challenges and Concerns

Based on observations of improper use of the Standard Bidding documents, Procuring Entities are encouraged to exercise due care in their use of these Documents as it has been noted that not in all instances the appropriate modification to the Instruction To Bidders is included in the Bid Data Sheet and inconsistencies in the award criteria and the evaluation methodologies applied may result.

REGISTRATION AND RE-REGISTRATION OF CONTRACTORS

Suppliers of Goods and Services

For the year 2014, seven hundred and sixty-eight (768) applications for registration were received. One hundred and thirty-eight (138) of these were new applicants, while six hundred and sixteen (616) were renewals and fourteen (14) were for additional categories to be added to registered companies.

For the year, the NCC approved for registration a total of seven hundred and eighty-two (782) companies as suppliers of goods and services; this figure includes some applications received in late 2013. Of the seven hundred and eighty-two (782) approvals, one hundred and forty-three (143) were to new applicants, while six hundred and thirty-nine (639) were renewals. In addition to the seven hundred and eighty-two (782) approvals, there were ten (10) approvals granted for additional categories to companies that were already registered.

Table 1 below illustrates the number of registrations granted by the NCC during the period 2007 to 2014.

Table 1 - Number of Registrations Granted for Suppliers of Goods and Services (2007 – 2014)

Year	New Registration	Re-Registration	Total Registration Granted
2014	143	639	782
2013	155	726	881
2012	293	1104	1397
2011	234	1162	1396
2010	316	1221	1537
2009	520	1278	1798
2008	697	1176	1873
2007	649	875	1524

The continued decrease in the total number of registration particularly over the last two years is a result of the increase in the registration period from twelve (12) months to eighteen (18) months.

As at December 31, 2014, the total number of companies/businesses with valid registration on the NCC database was one thousand three hundred and sixty (1,360). This figure does not reflect the total number of companies/businesses registered with the NCC throughout the year, as the registration period for each company varies according to the date of approval.

Table 2 below, shows the number of registered companies/businesses on the NCC database in all the categories of Goods and Services as at December 31, 2014. Please note that the same company/business may be registered in more than one (1) category.

Table 2: Number of Contractors Registered in Each Category of Goods and Services as at December 31, 2014

GOODS		SERVICES	
Category Name	Number of Registered Contractors	Category Name	Number of Registered Contractors
Audio Visual Goods	30	Agricultural Services	07
Chemical and Pesticides	12	Audio Visual Services	32
Computers and Supplies	77	Catering	53
Electrical and Communication Supplies	69	Computers and Related Services	77
Electrical Appliance and Equipment	92	Courier Services	6
Furniture Supplies	58	Customs Brokerage	11
General Supplies	187	Garaging and Automotive Repair Services	13
Guns and Ammunition	0	General Services	214
Hardware and Haberdashery	56	Information Technology Services	78
Industrial, Construction, Equipment and Machinery	67	Insurance Services	18
Janitorial, Sanitation Supplies	50	Janitorial, Sanitation Services	76
Marine Supplies	13	Lithographic and Printing Services	37
Medical Pharmaceutical Equipment and Supplies	65	Marine Services	13
Merchandise	25	Photovoltaic and Wind Powered Systems	4
Motor Vehicle and Spares	10	Renewable Energy Systems	7
Motor Vehicle Spares and Accessories	45	Safety and Security Services	53
Musical Instruments	5	Solar Water Heater Installations	4
Office Equipment Supplies	60	Towing and Wrecking	5
Petroleum Products	7	Transportation and Haulage	138
Photographic Equipment and Supplies	19	Total	846
Safety Products	59		
School Furniture	41		

GOODS		SERVICES	
Category Name	Number of Registered Contractors	Category Name	Number of Registered Contractors
Stationery Supplies and Books	65		
Textiles and Garments	25		
Tobacco Products	2		
Total	1139		

Note:

- One company/business may be registered in more than one (1) category
- The category of Catering includes Canteen Concessionaire Services
- The category of General Services includes the following: Pesticide Control Services, Equipment Rental, Real Estate Services, Advertising, Graphic Design, Training, Equipment Maintenance, Event Planning, Debt Collection Services, and Funeral Services amongst other areas of specialisation.

Grades 1- 4 Works Contractors

In 2014, there was a marginal decline in the total number of Grades 1-4 Works Contractors, moving from one hundred and ninety-five (195) in 2013 to one hundred and sixty-two (162) in 2014. The percentage decline was 16.92%.

The number of new Grades 1 - 4 Works Contractors that were registered decreased by approximately 18%, from thirty-four (34) in 2013 to twenty-eight (28) in 2014. Re-registered Works Contractors had a 17% decrease moving from one hundred and sixty-one (161) in 2013 to one hundred and thirty-four (134) in 2014.

In 2014, the continuing decline in the re-registered Works Contractors can be attributed to the increase in the registration period from twelve (12) months to eighteen (18) months. This initiative had a negative impact on the number of Grades 1-4 Contractors who would normally seek re-registration.

Grade 5 Works Contractors

In relation to the total registration of Grade 5 Works Contractors, the OCG noted that in the case of newly registered Grade 5 Contractors, there was an increase from zero (0) in 2013 to five (5) in 2014. Re-registered Grade 5 Works Contractors remained at seven (7), which was the same as the previous year 2013.

Table 3 below illustrates the number of registered Grades 1-4 and Grade 5 Works Contractors for the period 2010 – 2014.

Table 3 - Number of Registration Granted for Works Grades 1-4 and Works Grade 5 Contractors (2010 – 2014)

Year	WORKS GRADE 1-4						Total
	WORKS GRADE 1-4			WORKS GRADE 5			
	NEW	R-r	Total	NEW	R-r	Total	
2014	28	134	162	5	7	12	174
2013	34	161	195	-	7	7	202
2012	11	207	218	4	13	17	235
2011	8	211	219	10	9	19	238
2010	35	188	223	59	10	69	292

New: New Registration

R-r: Re-registration

An analysis conducted on the number of Works Contractors registered by grade and category indicated that 'Building Construction' continues to hold the number one ranked position with one hundred and sixty-five (165) registered Contractors. This represented the largest number of Contractors registered within any one Works category. Civil Engineering Works and General Road Works retained the same positions of second and third as the previous year 2013, with one hundred and thirty-four (134) and one hundred twenty-seven (127), respectively.

Table 4 illustrates the top ten (10) registered Works Contractor categories, which are ranked according to the number of Contractors registered per category and the respective grade levels.

Within the top ten (10) categories identified in Table 4, the total number of Contractors registered at the Grade One (1) and Grade Four (4) levels accounted for 10% and 51%, respectively.

**Table 4 - Top Ten (10) Number of Works Contractors Registered by Category and Grade Level
2014**

Rank	Categories	Number of Grade 1 Contractors	Number of Grade 2 Contractors	Number of Grade 3 Contractors	Number of Grade 4 Contractors	Total Registered Contractors within the Category
1	Building Construction	22	26	41	76	165
2	Civil Engineering Works	27	21	32	54	134
3	General Road Works	16	22	32	57	127
4	Building Maintenance	0	0	28	95	123
5	Road Maintenance Works	9	10	39	64	122
6	Pipe Laying	17	15	27	41	100
7	Interior Construction Works	3	10	23	43	79
8	Roofing	1	7	22	46	76
9	Electrical Works	11	8	21	30	70
10	Painting and Decorative Finishes	3	7	21	37	68
	Total	109	126	286	543	1064

NATIONAL CONTRACTS COMMISSION ENDORSEMENT OF CONTRACT AWARD RECOMMENDATIONS

During 2014, a total of five hundred and fifteen (515) recommendations for the award of contracts were endorsed by the NCC, with an aggregated value of Thirty Six Billion, Six Hundred and Nineteen Million Seven Hundred and Twenty Two Thousand Four Hundred and Forty One Dollars (J\$36,619,722,441).

There was a minimal decrease in the total number of endorsed contracts of approximately 9%, moving from five hundred and sixty-eight (568) in 2013 to five hundred and fifteen (515) in 2014 and an increase in the value of endorsed contracts of approximately 13% over the previous period, 2013.

Tables 5 and 6 below, illustrate the total number of contracts which were endorsed by the NCC between 2010 and 2014:

Table 5 – National Contracts Commission Endorsed Contracts (2010 – 2014)

Year	No. Works	Value of Works \$J	No. Goods	Value of Goods \$J	No. Services	Value of Services \$J	Total No. of Endorsed Contracts	Total Value of Endorsed Contracts \$J
2014	191	16,497,976,969	196	8,843,909,031	128	11,277,836,441	515	36,619,722,441
2013	180	11,769,078,879	144	8,737,706,750	244	11,874,847,397	568	32,381,633,026
2012	148	10,314,568,600	151	4,628,846,414	213	9,289,546,639	512	24,232,961,653
2011	175	14,137,796,921	162	8,052,332,407	218	7,821,048,775	555	30,011,178,103
2010	118	12,493,926,279	97	3,595,757,775	133	3,890,683,889	348	19,980,367,943

Table 6 - Percentage Change in National Contracts Commission Endorsed Contracts over Previous Year

Year	Number of Works Contracts %	\$ Value of Works Contracts %	Number of Goods Contracts %	\$ Value of Goods Contracts %	Number of Services Contracts %	\$ Value of Services Contracts %	Overall % Change in No. of Contracts	Overall % Change in \$ Value of Contracts
2014	6	40	36	1	-48	-5	-9	13
2013	22	14	-5	89	15	28	11	34
2012	-15	-27	-7	-43	-2	19	8	-19
2011	48	13	67	124	64	101	59	50
2010	-40	-67	-49	-86	-46	-57	-44	-72

NCC Endorsed Contracts by Method of Procurement

Of the five hundred and fifteen (515) contract award recommendations, which were endorsed by the NCC in 2014, the Direct Contracting procurement methodology was utilised in two hundred and seventy one (271) instances, which represents 53% of the total NCC endorsements. The Local Competitive Bidding procurement methodology was utilised in one hundred and ninety seven (197) instances, which represents 38% of the total NCC endorsements and was therefore, the second most frequent procurement methodology undertaken.

Table 7 below illustrates the total number of endorsed NCC contract recommendations by procurement methodology for the procurement of Works, Goods and Services.

Table 7 – National Contracts Commission Endorsed Contracts by Method of Procurement (2014)

Method of Procurement	Total No. Works Contracts	Total No. Goods Contracts	Total No. Services Contracts	Total No. of Endorsed Contracts	Percentage of Total No. of Endorsed Contracts	Total Value of Endorsed Contracts J\$
Direct Contracting	58	149	64	271	52.62	12,025,732,856
International Competitive Bidding	5	9	9	23	4.47	9,540,856,035
Limited Tender	6	9	8	23	4.47	879,946,389
Local Competitive Bidding	122	28	47	197	38.25	14,153,368,362
Other	-	1	-	1	0.19	19,818,799
Total	191	196	128	515	100	36,619,722,441

NCC Endorsed Contracts by Value Range

Table 8 below illustrates the value ranges of the contracts which were endorsed by the NCC during the year 2014.

Table 8 - National Contracts Commission Endorsed Contracts (2014)

Range	Number of Contracts	Percentage of Total Value of Endorsed Contracts *	Total Value of Endorsed Contracts J\$
Under \$5M	40	8	96,502,790
\$5M - \$15M	91	18	908,571,458
Over \$15M - \$ 39,999,999.99M	241	47	6,339,362,155
Over \$40M - \$150M	95	18	6,926,403,112
Over \$150M	48	9	22,348,882,926
Total	515	100	36,619,722,441

*Percentages are rounded off to the nearest value.

Table 9 – National Contracts Commission Endorsed Contracts 02/01/2014-31/12/2014

NATIONAL CONTRACTS COMMISSION ENDORSED CONTRACTS 02/01/2014 - 31/12/2014								
Currency	Exchange Rate	No. of Works Contracts	Value of Works Contract	No. of Goods Contracts	Value of Goods Contract	No. of Service Contracts	Value of Services Contract	TOTAL (Works, Goods & Services)
JA \$		178	JA 13,896,022,540	60	JA 2,769,948,078	80	JA 2,828,961,241	JA \$19,494,931,859
US \$		13	22,772,225	133	51,918,224	45	73,395,499	US \$148,085,948
JA EQU	114.26		JA 2,601,954,429		JA 5,932,176,277		JA 8,386,169,699	JA \$16,920,300,405
UK £		-	-	1	473,620	1	80,025	UK £553,645
JA EQU	178.68	-	-		JA 84,626,422		JA 14,298,867	JA \$98,925,289
EURO €		-	-	2	405,436	1	253,449	EURO € 658,885
JA EQU	137.28		-		JA 55,658,254		JA 34,793,479	JA \$90,451,733
CAD \$		-	-	-	-	1	137,590	CAD \$137,590
JA EQU	98.94	-	-		-		JA \$13,613,155	JA \$13,613,155
GROSS TOTAL		191	JA \$16,497,976,969	196	JA \$8,843,909,031	128	JA \$11,277,836,441	JA \$36,619,722,441

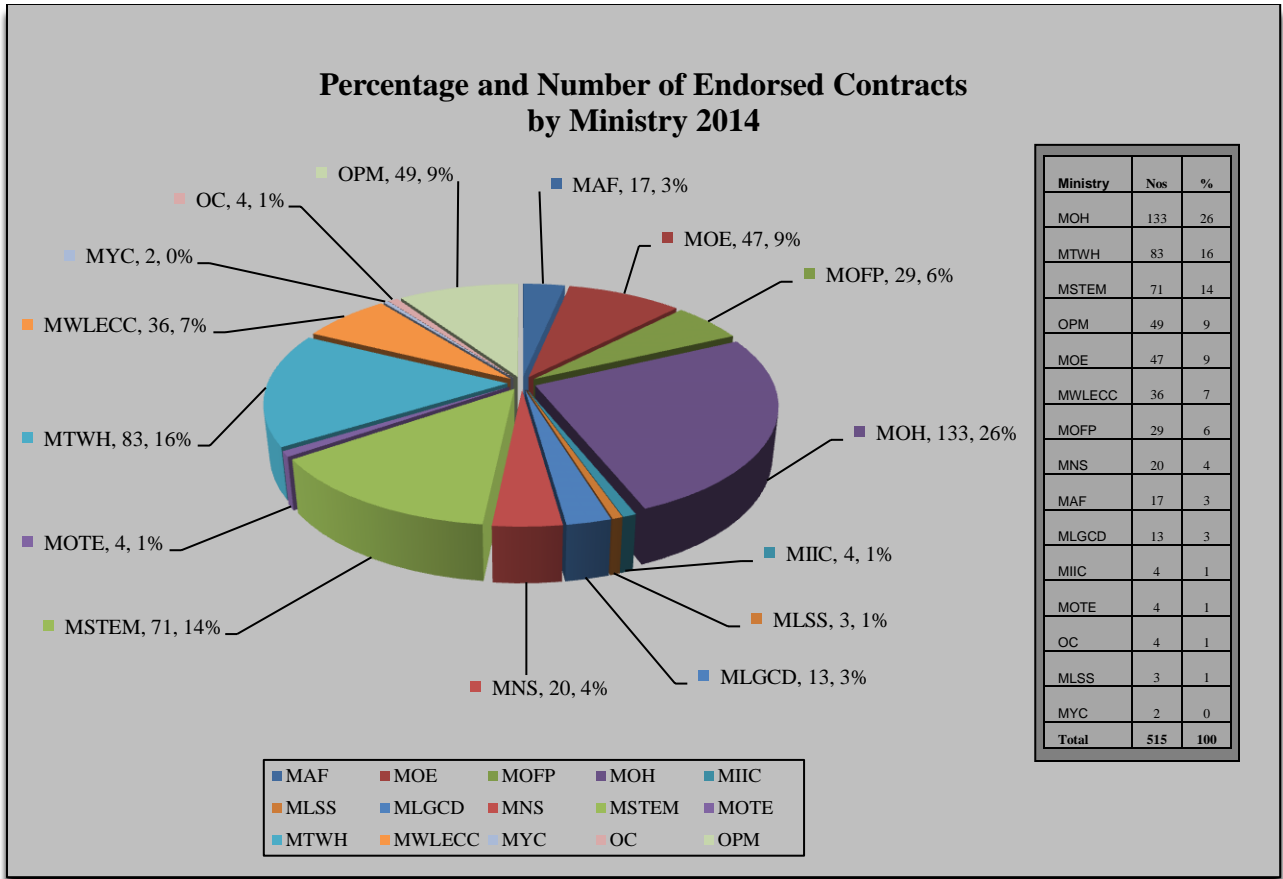
The information is to the nearest dollar. The Bank of Jamaica (BOJ) average rate for January to December 2014, for US \$1.00 = JA \$114.26. The BOJ average rate for the pound sterling UK £1 = JA \$178.68. The BOJ average rate for the Canadian \$1 = JA \$98.94. The average rate for the EURO \$1.00 = JA \$137.28. The NCC endorsed 515 contracts for the year 2014.

Please note that the count for contracts denominated in dual currency is recorded under the number of contracts column which represents the most dominant currency. Consequently, there were four (4) service contracts which had both US\$ and JA\$ components which were recorded in the number of contracts column for the US\$ currency row. In addition, there was a goods contract which was predominantly denominated in US\$ which was recorded in the number of contracts column for the US currency row.

Percentage Distribution of Endorsed Contract Recommendations Submitted by Ministries

Figures 1 and 2 below illustrate the percentage distribution of recommended contract awards, which were submitted to the NCC in 2014, by various Government Ministries and had been subsequently endorsed.

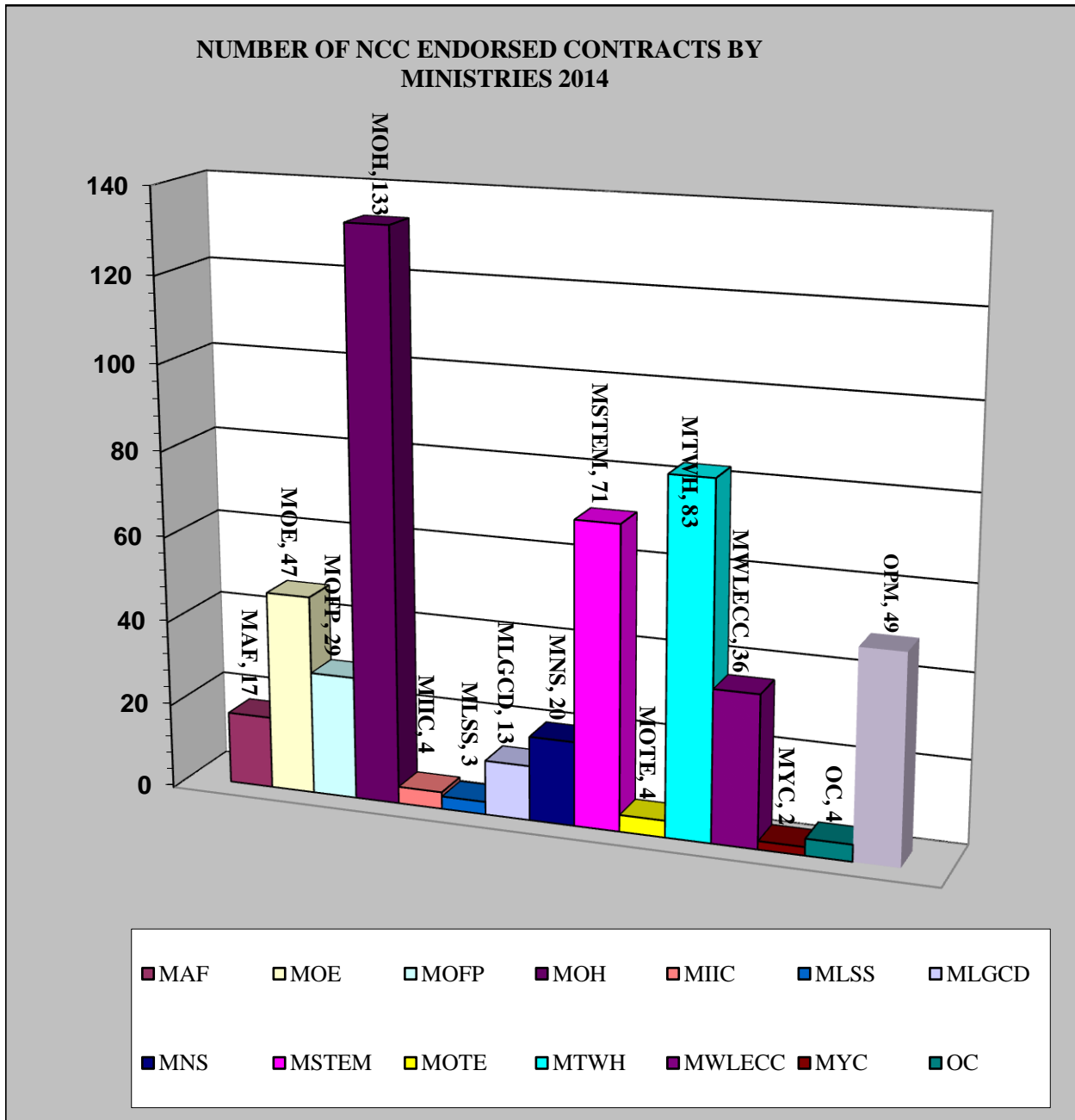
Figure 1



Legend

- | | | | |
|-----------|---|-----------|--|
| 1. MAF | Ministry of Agriculture & Fisheries | 9. MLSS | Ministry of Labour & Social Security |
| 2. MIIC | Ministry of Industry, Investment and Commerce | 10. OPM | Office of the Prime Minister |
| 3. MTW | Ministry of Transport, Works and Housing | 11. OC | Office of the Cabinet |
| 4. MOE | Ministry of Education | 12. MFPS | Ministry of Finance and Planning |
| 5. MYCS | Ministry of Youth and Culture | 13. MNS | Ministry of National Security |
| 6. MWLECC | Ministry of Water, Land, Environment and Climate Change | 14. MOE | Ministry of Health |
| 8. MSTEM | Ministry of Science, Technology, Energy & Mining | 15. MOTE | Ministry of Tourism and Entertainment |
| | | 16. MLGCD | Ministry of Local Government and Community Development |

Figure 2



In 2014, the Ministry of Health and its related agencies, accounted for the highest number of NCC endorsed contract recommendations with a total of one hundred and thirty-three (133) endorsements.

NCC Endorsed Contracts by Goods, Works and Services

Tables 7 to 9 below illustrate details of the total recommended contract awards by Procurement Type, which were endorsed by the NCC in 2014.

Table 10 - NCC Endorsed Goods Contracts 2014

Categories	No. of Contracts	% No. of Contracts	JA \$	US \$	UK £	EURO €	CND \$	TOTAL JA\$	% \$ Value
Books & Stationery	8	4.08	1,312,602,499	2,972,990	473,620	-	-	1,736,922,758	19.64
Chemicals & Pesticides	1	0.51	-	5,082,218	-	-	-	580,694,206	6.57
Computers & Supplies	9	4.59	36,197,049	2,788,247	-	-	-	354,782,109	4.01
Electrical & Communication Supplies	2	1.02	15,335,254	4,280,747	-	-	-	504,453,406	5.70
Electrical Appliance and Equipment	7	3.57	34,826,004	1,788,330	-	-	-	239,160,590	2.70
Furniture Supplies	2	1.02	33,175,216	-	-	-	-	33,175,216	0.38
General Supplies	16	8.16	260,614,252	1,618,823	-	275,436	-	483,392,798	5.47
Industrial, Construction Equipment & Machinery	21	10.71	556,453,504	1,040,784	-	130,000	-	693,219,884	7.84
Medical & Pharmaceutical Equipment & Supplies	116	59.18	289,843,511	29,482,225	-	-	-	3,658,482,525	41.37
Motor Vehicle & Spares	6	3.06	58,260,820	2,394,778	-	-	-	331,888,153	3.75
Motor Vehicle Spares & Accessories	2	1.02	66,425,369	-	-	-	-	66,425,369	0.75
Photographic Equipment Supplies	1	0.51	-	211,092	-	-	-	24,119,408	0.27
Safety Products	2	1.02	35,460,000	257,991	-	-	-	64,938,007	0.73
Textile & Garment	3	1.53	72,254,601	-	-	-	-	72,254,601	0.82
Total	196	100	2,771,448,078	51,918,224	473,620	405,436	-	8,843,909,031	100.00
<i>The Bank of Jamaica (BOJ) average rate for January to December 2013, for US \$1.00 = JA \$114.26. The Pound Sterling £1 = JA \$178.68. The Canadian \$1 = JA \$98.94. The Euro €1.00 = JA \$137.28. Figures are rounded off to the nearest value.</i>									

Table 11 - NCC Endorsed Works Contracts 2014

Categories	No. of Contracts	% No. of Contracts	JA \$	US \$	TOTAL JA\$	% \$Value
Asphaltic Concrete Works	3	1.57	397,795,299	-	397,795,299	2.41
Building Construction	58	30.37	2,804,690,382	-	2,804,690,382	17.00
Civil Engineering Works	31	16.23	4,086,167,749	-	4,086,167,749	24.77
Drilling	2	1.05	85,643,417	-	85,643,417	0.52
Electrical Works	8	4.19	130,854,042.63	2,510,880.00	417,747,191	2.53
Fencing	1	0.52	9,416,182.80	-	9,416,183	0.06
General Road Works	33	17.28	4,554,970,490	-	4,554,970,490	27.61
Heating, Ventilation, Air-Conditioning and Refrigeration	7	3.66	254,975,791	3,118,752.19	611,324,416	3.71
Industrial Maintenance	1	0.52	3,320,684	-	3,320,684	0.02
Information Technology Systems	6	3.14	47,493,554	16,055,652.97	1,882,012,462	11.41
Instrumentation	1	0.52	-	304,169.00	34,754,350	0.21
Interior Construction Works	2	1.05	52,249,607	-	52,249,607	0.32
Marine Engineering	3	1.57	239,087,549	400,880.00	284,892,098	1.73
Mechanical Works	18	9.42	408,013,155	371,890.84	450,505,402	2.73
Pipe Laying	6	3.14	493,679,522	-	493,679,522	2.99
Road Maintenance	1	0.52	18,712,228	-	18,712,228	0.11
Roofing	1	0.52	84,973,630	-	84,973,630	0.52
Sandblasting	1	0.52	24,341,837	-	24,341,837	0.15
Security Systems	1	0.52	-	10,000.00	1,142,600	0.01
Steel Erection	1	0.52	22,990,310	-	22,990,310	0.14
Steel Fabrication	1	0.52	13,750,500	-	13,750,500	0.08
Systems Building	2	1.05	79,338,466	-	79,338,466	0.48
Tank Erection	3	1.57	83,558,144	-	83,558,144	0.51
Total	191	100	13,896,022,540	22,772,225	16,497,976,968	100
<i>The Bank of Jamaica (BOJ) average rate for January to December 2013, for US \$1.00 = JA \$114.26. The Pound Sterling £1 = JA \$178.68. The Canadian \$1 = JA \$98.94. The Euro €1.00 = JA \$137.28. Figures are rounded off to the nearest value.</i>						

Table 12 - NCC Endorsed Services Contracts 2014

Categories	No. of Contracts	% No. of Contracts	JA \$	US \$	UK £	EURO €	CAN \$	TOTAL JA\$	% \$ Value
Catering	8	6.25	297,502,400.00	-	-	-	-	297,502,400.00	2.64
Computers & Related Services	1	0.78	19,331,817.45	-	-	-	-	19,331,817.45	0.17
Consulting Services	38	29.69	646,915,865.01	48,832,178.00	-	-	-	6,226,480,523.29	55.21
Courier	2	1.56	71,039,028.00	-	-	-	-	71,039,028.00	0.63
Custom Brokerage	1	0.78	27,502,536.00	-	-	-	-	27,502,536.00	0.24
General Services	12	9.38	141,493,083.50	1,230,880.00	-	-	-	282,133,432.30	2.50
Information Technology Service	20	15.63	36,177,900.25	14,502,936.35	80,025.00	253,449.00	137,590.00	1,755,988,907.92	15.57
Insurance Services	8	6.25	325,824,653.00	7,793,811.00	-	-	-	1,216,345,497.86	10.79
Janitorial and Sanitation Services	10	7.81	422,147,615.25	-	-	-	-	422,147,615.25	3.74
Lithographic and Printing Services	6	4.69	56,650,000.00	353,488.00	-	-	-	97,039,538.88	0.86
Marine Services	6	4.69	76,375,117.00	315,798.00	-	-	-	112,458,196.48	1.00
Renewable Energy Systems	1	0.78	-	366,407.51	-	-	-	41,865,722.09	0.37
Safety and Security Services	15	11.72	708,001,226.02	-	-	-	-	708,001,226.02	6.28
Total	128	100	2,828,961,241.48	73,395,498.86	80,025.00	253,449.00	137,590.00	11,277,836,441.54	100
<p><i>The Bank of Jamaica (BOJ) average rate for January to December 2013, for US \$1.00 = JA \$114.26. The Pound Sterling £1 = JA \$178.68. The Canadian \$1 = JA \$98.94. The Euro €1.00 = JA \$137.28. Figures are rounded off to the nearest value.</i></p>									

Number and Type of NCC Endorsed Contracts

Figure 3 below illustrates (a) the three (3) types of procurement; (b) the total number of contracts which were endorsed for each of the referenced type of procurement; (c) the aggregated value of the endorsements for each type of procurement; and (d) the referenced aggregated value of each type of procurement, expressed as a percentage of the cumulated endorsements in 2014.

Figure 3

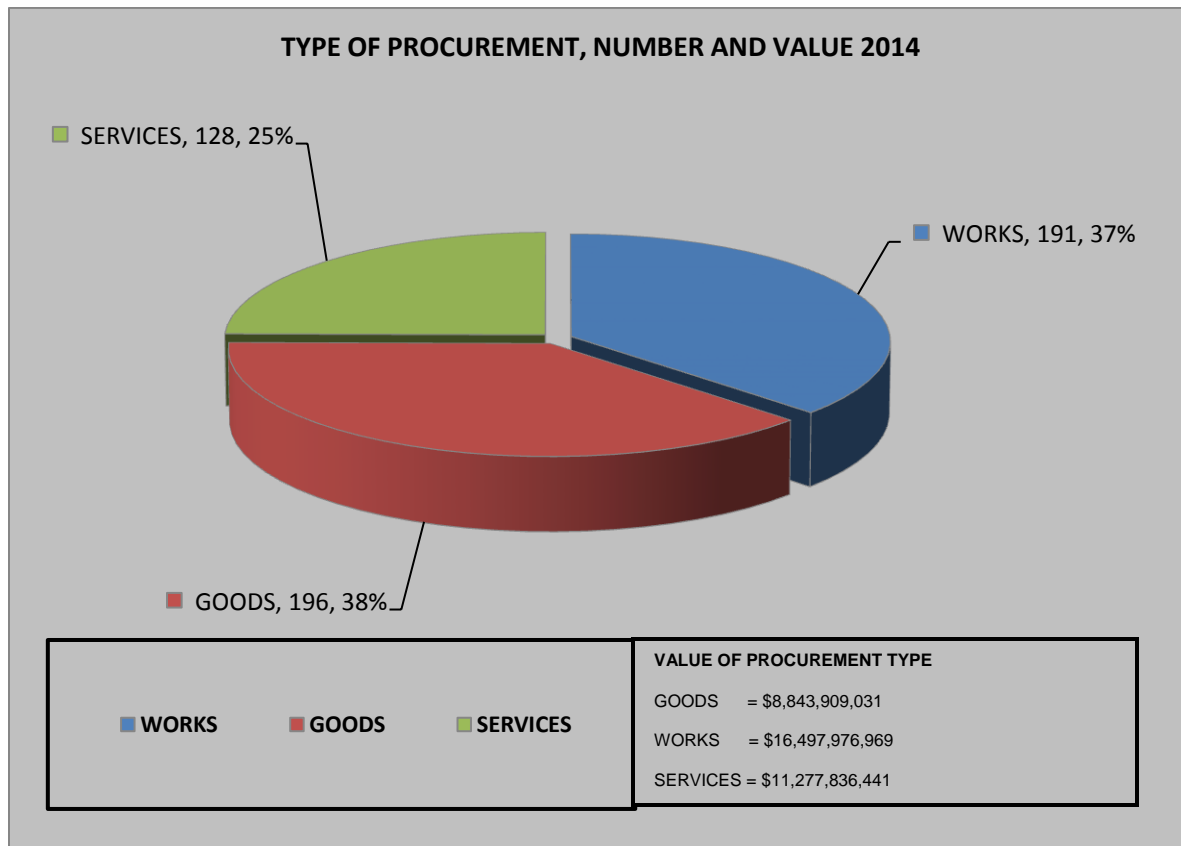


Table 13 - Number and Type of NCC Endorsed Contracts for Period 2010 – 2014

Year	Works Contracts		Goods Contracts		Services Contracts		Total Number of contracts
	Number of contracts	%	Number of contracts	%	Number of contracts	%	
2014	191	37	196	38	128	25	515
2013	180	32	144	25	244	43	568
2012	148	29	151	29	213	42	512
2011	175	32	162	29	218	39	555
2010	118	34	97	28	133	38	348

Top Ten Endorsement Categories

Following an in-depth analysis of the endorsed recommendations for the award of contracts, a summary of the top ten agencies by volume and value of endorsed recommendations for the award of contracts was undertaken and is detailed below in Tables 14 – 16. For the period under review, the Goods category “Medical & Pharmaceutical Equipment & Supplies” was ranked number one (1) having the highest number of endorsed recommendations for the award of contracts with a total of one hundred and sixteen (116) endorsements in 2014. This represented approximately 22% of the total number of endorsements and accounted for 10% of the total dollar value of endorsed recommendations. In 2014, the top category for Service was “Consulting Services” with a total of thirty-eight (38) endorsed recommendations which accounted for approximately 7% of the total value of endorsed recommendations. On the other hand, the top category for Works was “Building Construction” with a total of fifty-eight (58) endorsed recommendations which accounted for approximately 11% of the total value of endorsed recommendations.

Table 14 - Top Ten Categories in which Contracts were Endorsed 2014

Rank	Categories	Type Of Contract	Number Of Contracts	Total JA\$
1	Medical & Pharmaceutical Equipment & Supplies	Goods	116	3,658,482,525
2	Building Construction	Works	58	2,804,690,382
3	Consulting Services	Service	38	6,226,480,523
4	General Road Works	Works	33	4,554,970,490
5	Civil Engineering Works	Works	31	4,086,167,749
6	Industrial, Construction Equipment & Machinery	Goods	21	693,219,884
7	Information Technology Service	Service	20	1,755,988,908
8	Mechanical Works	Works	18	450,505,402
9	General Supplies	Goods	16	483,392,798
10	Safety and Security Services	Service	15	708,001,226

The National Health Fund (NHF), with a total of one hundred (100) endorsements, was represented as the Public Body which received the most endorsed recommendations and which accounted for approximately 19% of the total number of endorsed recommendations during 2014. Despite accounting for the highest number of endorsed contracts, the National Health Fund’s total dollar value of endorsed recommendations for the award of contract of \$3.1B was surpassed by the thirty (30) endorsements for the National Water Commission with a total of \$9.3B, which accounted for approximately 25% of the total value endorsed in 2014.

Table 15 - Top Ten Agencies/Entities with the Highest Number of Endorsed Recommendations for Award of Contract 2014

Rank	Government Agency	No. of contracts	JA\$ Value	Direct Contracting	Limited Tender	Local Competitive Bidding	International Competitive Bidding	Other
1	National Health Fund (NHF)	100	3,101,604,961.24	98	-	1	1	-
2	Petrojam Limited	57	1,314,119,567.73	39	1	17	-	-
3	Ministry of Education (MOE)	32	2,375,757,558.23	13	1	15	3	-
4	National Water Commission (NWC)	30	9,345,564,731.21	11	4	12	3	-
5	National Works Agency (NWA)	29	3,658,227,053.33	5	2	22	-	-
6	Port Authority of Jamaica (PAJ)	25	1,784,694,884.40	12	2	10	1	-
7	Jamaica Social Investment Fund (JSIF)	20	525,477,981.52	-	-	20	-	-
8	Ministry of Health (MOH)	15	829,625,237.78	14	-	1	-	-
9	Ministry of National Security (MNS)	14	818,639,523.68	11	1	2	-	-
10	Ministry of Agriculture & Fisheries (MAF)	12	1,346,811,440.61	2	-	10	-	-
	Total	334	25,100,522,939.73	205	11	110	8	-

Table 16 - Top Ten Agencies/Entities with the Highest Value of Endorsed Recommendations for Award of Contract 2014

Rank	Government Agency	No. of Contracts	JA\$ Value	Direct Contracting	Limited Tender	Selective Tender	Open Tender	Other
1	National Water Commission (NWC)	30	9,345,564,731.21	11	4	12	3	-
2	National Works Agency (NWA)	29	3,658,227,053.33	5	2	22	-	-
3	National Health Fund (NHF)	100	3,101,604,961.24	98	-	1	1	-
4	Ministry of Education (MOE)	32	2,375,757,558.23	13	1	15	3	-
5	Port Authority of Jamaica (PAJ)	25	1,784,694,884.40	12	2	10	1	-
6	Jamaica Civil Aviation Authority (JCAA)	1	1,735,481,885.84	-	-	-	1	-
7	Ministry of Agriculture & Fisheries (MAF)	12	1,346,811,440.61	2	-	10	-	-
8	Petrojam Limited	57	1,314,119,567.73	39	1	17	-	-
9	Ministry of Science, Technology, Energy and Mining (MSTEM)	7	1,086,445,713.45	1	-	1	5	-
10	Ministry of Health (MOH)	15	829,625,237.78	14	-	1	-	-
	Total	308	26,578,333,033.82	195	10	89	14	-

Consultancy Contracts

During 2014, the NCC endorsed thirty-eight (38) recommendations for the award of contracts which were by nature consultancy contracts. These contracts amounted to J\$6.2B and accounted for 7.3% of the total endorsed recommendations for the award of contract.

NCC SECTOR COMMITTEES

The NCC, through its eight (8) Sector Committees, reviews the recommendations for the award of contracts that are valued over J\$15,000,000.00 which are submitted by the Government Procuring Entities for the approval of the NCC. The Sector Committees consist of members with particular expertise in varying fields within the Public Sector.

During the year 2014, the NCC Sector Committees convened one hundred and forty (140) meetings, at which a total of three hundred and twenty one (321) recommendations for the award of contracts were reviewed.

In 2014, there was a decrease of 6% in the number of recommendations which were reviewed by the NCC Sector Committees, when compared to the year 2013. Table 17 below illustrates the number of submissions considered by each Sector Committee for the year 2014 compared to 2013.

Table 17 – Submissions to Sector Committees for the Year 2014 Compared to 2013

NCC Sector Committees	No. of Works		No. of Goods		No. of Services		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
The Port Authority of Jamaica	8	7	6	12	10	16	24	35
Ministry of Health	21	28	11	17	3	17	35	62
Jamaica Social Investment Fund	27	27	0	0	0	1	27	28
Urban Development Corporation	8	0	5	3	4	4	17	7
Ministry of Education	21	13	11	11	9	35	41	59
Ministry of Water, Land, Environment & Climate Change	23	29	4	05	13	12	40	46
National Works Agency	51	30	28	21	49	49	128	100
Specialist Insurance	-	-	-	-	9	4	9	4
Total	159	134	65	69	97	138	321	341

Table 18 below illustrates the number of Sector Committee meetings for the years 2013 and 2014 and also shows the number of Public Sector Agencies that are assigned to each Committee.

The National Works Agency Sector Committee, which has the largest number of assigned Agencies (120), convened a total of thirty-five (35) meetings. This represents the highest number of meetings for any one Sector Committee for the period. The Ministry of Education Sector Committee convened the second highest number of meetings with a total of twenty-six (26) and the Ministry of Water, Land, Environment & Climate Change Sector Committee has the third highest, having convened a total of twenty-three (23) meetings.

Table 18 - National Contracts Commission Sector Committee Meetings for 2014 Compared to 2013

NCC Sector Committees	Number of Meetings in 2014	Number of Meetings in 2013	Number of Agencies / Departments Assigned
The Port Authority of Jamaica	10	11	13
Ministry of Health	19	20	46
Jamaica Social Investment Fund	8	7	6
Urban Development Corporation	10	5	30
Ministry of Education	26	19	74
Ministry of Water, Land, Environment & Climate Change	23	16	39
National Works Agency	35	31	120
Specialist Insurance	09	4	All Agencies report to this Sector
Total	140	113	328

CORPORATE SERVICES DIVISION

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

During the calendar year 2014, the CSD in tandem with the Government of Jamaica's Memorandum of Understanding with Public Sector Workers, gave priority to staff welfare initiatives. Several successes were achieved and are summarised herein.

The work of the Division was subjected to an audit by the Auditor General's Department (AGD) and the CSD team was again commended for being compliant with the Government of Jamaica Financial Administration and Audit Act.

HUMAN RESOURCE MANAGEMENT

Organisational Structure issues

The Finance Division received authorisation from the Ministry of Finance and Planning to reclassify two (2) posts within the Division.

Consequently, the posts of Accounts Payable Supervisor and Accounts Payables Officer were re-classified to Accountant and Senior Accounts Officer, respectively. The foregoing was considered, owing to the consistent assignment of additional duties to the then existing posts.

Additionally, the post of Communications Officer and that of Coordinator, Inspection and Research, were re-classified to Special Investigator and Communications Officer, assigned to the Special Investigations Unit and Legal and Investigating Officer, assigned to the Legal Department. The foregoing initiatives were considered to better maximise the Human Resource Asset of the organisation.

In 2014, the OCG welcomed twelve (12) new staff members, whilst nine (9) staff members were separated from the organisation.

The OCG's approved Organisational Structure remained at sixty-three (63) posts. There were no vacant positions as at December 31, 2014. (Please see Appendices X - Organisational Chart and XI - Staff Situation 2014).

Staff Welfare Programmes

The OCG submitted to the Ministry of Finance and Planning, a Staff Benefits Proposal, which yielded a positive response in March 2014. The OCG was given approval to establish a One Million Dollar (\$1,000,000.00) Revolving Loan Fund. As a result, loans can now be disbursed to OCG staff at a rate of 3%, under the strictures of an approved Loans Policy, for the purpose of tuition fees, computer loans and other emergencies.

The Ministry also gave its 'no objection' to the reimbursement of a percentage of tuition fees to eligible OCG staff who had successfully completed tertiary education programmes.

Staff Training

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

In 2014, the OCG registered its Officers for seventy nine (79) opportunities in thirty-five (35) internal and external training programmes, seminars and/or workshops, both locally and overseas. The aforementioned numbers are a reduction from the unprecedented one hundred and sixteen (116) opportunities for which Officers were registered in forty (40) training programmes, seminars and/or workshops, both locally and overseas in 2013. Funding for both the OCG and some of its Government of Jamaica partners, were among the factors which impacted the decrease in the number of training programmes.

Of the programmes which were engaged, six (6) were focussed on developing Investigation Skills; five (5) were focussed on developing procurement knowledge and three (3) were organised with an Anti-Corruption theme/objective.

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

Summer Internship Programme

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

The programme was deemed a success and as a result, the OCG will continue to support the University and the Norman Manley Law School's Programmes.

Awards and Recognition Programme

The OCG's Annual Awards and Recognition Ceremony, with respect to performances for the year 2014 was hosted in December 2014. Members of staff were presented with awards in the following categories:

- Employee of the Year;
- Random Act of Kindness and
- Most Helpful Employee

Additionally, six (6) employees were presented with awards for nominations in the 'Employee of the Year' category.

The Social Activities Committee

The Social Activities Committee (SAC) is a committee, whose members are nominated by the OCG staff. The SAC has the responsibility of promoting social interaction and creating an environment of comradeship amongst the OCG staff.

During the reporting period, the SAC hosted the following events:

- Quarterly Birthday Socials
- Mother's Day Treat
- Father's Day Treat
- OCG Sports Day
- Movie Evenings
- Crazy Hat & Tie Day (hosted together with a Dominoe Competition)
- Christmas Pixie
- Christmas Tree-Lighting Ceremony

The Committee also organised a visit to a Children's Home and donated personal items and toiletries.

Fundraisers, with the objective of garnering additional funds to support the work of the SAC, were also held throughout 2014. Cake sales, fruit sales, cookie sales and a Fish Fry were some of the fundraising activities undertaken by the SAC.

The Committee continues to facilitate the OCG's participation in the annual Emancipation/Independence (Emancipence) celebrations, hosted by the Planning Institute of Jamaica (PIOJ), which were held from July 2014, through to August 2014.

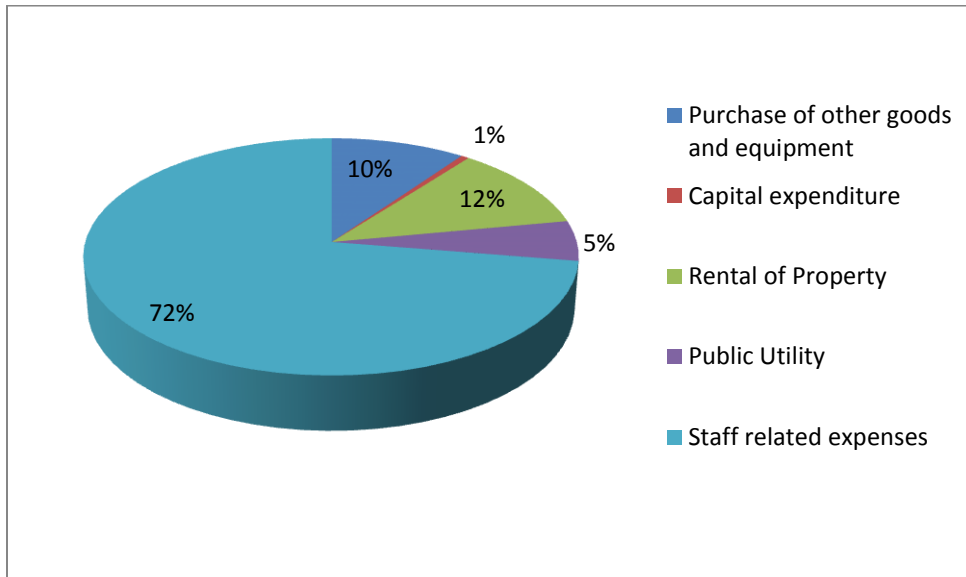
Fifteen (15) public entities participated in the spirited Summer event, namely: The PIOJ, Office of Disaster Preparedness and Emergency Management (ODPEM), Statistical Institute of Jamaica (STATIN), the National Housing Trust (NHT), Ministry of Finance and Planning (MOFP), National Environment and Planning Agency (NEPA), The Independent Commission of Investigations (INDECOM), Jamaica Social Investment Fund (JSIF), Jamaica Library Service (JLS), Urban Development Corporation (UDC), Ministry of Education (MOE), Passport, Immigration and Citizenship Agency (PICA), Housing Agency of Jamaica Limited (HAJ), Office of the Children's Advocate (OCA) and the OCG.

The OCG family was elated with our sole event victory, "The Emancipence Quiz Competition" and a commendable 6th place overall finish.

OFFICE MANAGEMENT DEPARTMENT

The Office Management Department has direct responsibility for the procurement and the management of OCG assets. The Department purchased capital items and other goods and services in the Calendar Year 2014; largely from the OCG's 2014/2015 Recurrent Budget.

The OCG's Recurrent Budget of Two Hundred and Twenty-Six Million, One Hundred and Ninety-Eight Thousand Dollars (\$226,198,000.00), provided for purchase of other goods and equipment and capital expenditure, capped at Twenty-Two Million, and Two Hundred and Fifty-Two Thousand Nine Hundred and Fifty-Three Dollars and Forty-Three Cents (\$22,252,953.43.) and One Million, Three Hundred and Thirty-One Thousand, Four Hundred and Seventy-Three Dollars and Fifteen Cents (\$1,331,473.15), respectively. In the foregoing regard, only ten percent (10%) and one percent (1%) of the total Recurrent Budget Allocation provided for the purchase of goods and equipment and capital items. The remainder of the Budget, provided for the rental of property, utilities and staff-related expenses. Please see Figure 1 below accordingly:

Figure 1 - Proportion of the OCG's budget which provides for procurement

The following capital items and equipment were acquired in 2014. Of the assets listed, the Filing Cabinets were acquired from the 2013/14 Budget, the remaining items were acquired from the 2014/15 Budget allocation.

Table 1 – Capital Items acquired in 2014

Items Procured	Quantity
4 Drawer Filing Cabinet	2
Shelves for the Library	3
Wireless Router	2
Trolley	1
Task Chairs	3
Refrigerator	1

Rental of Property

Rental and Maintenance of Property

Rental and Maintenance Expenditure, which consumes approximately twelve percent (12%) of the total budget, is determined by the Lease Agreement, which was signed between the PIOJ and the OCG, and which was made effective on January 1, 2008. The Lease Agreement was entered into for a period of ten (10) years and expires on December 31, 2017.

The rental rate in 2008 was initially set at Five Hundred and Fifty Dollars (\$550.00) per square foot per annum. The OCG occupies 13,062 sq. ft. The Lease Agreement stipulates that the rental rate should be increased each year by seven percent (7%), compounded for year two (2) through to the sixth year of the Lease and thereafter, annually, by eight point five percent (8.5%) for the remainder of the term. Accordingly, rent for the period January 2014 - December 2014, was charged at Eight Hundred and Thirty-Six Dollars and Ninety-Seven Cents (\$836.97) per square foot per annum.

The Lease Agreement also stipulates that maintenance costs be calculated at a rate of Five Hundred and Fifty Dollars (\$550.00) per square foot in the first year and thereafter, a fixed estimated monthly maintenance fee is to be charged based upon the cost to efficiently manage the Building. Additionally, the maintenance fee is to be budgeted annually. The actual expense is to be audited at the end of each year by an Auditor appointed by the PIOJ, and the required adjustments made where necessary.

On September 3, 2014, the PIOJ advised of actual audited maintenance expenditure which was apportioned to the OCG for the period January 1, 2013 - December 31, 2013, as Thirteen Million, Eight Thousand, One Hundred and Forty Dollars (\$13,008,140). The Table below summarises the past three audit maintenance charges:

Table 2 – Actual maintenance expenditure

Billing period	Actual maintenance expenditure apportioned to the OCG
January 1, 2011 - December 31, 2011	\$13,661,946.00
January 1, 2012 - December 31, 2012	\$13,020,110.00
January 1, 2013 - December 31, 2013	\$13,008,140.00

As the OCG was billed at the rate of Eleven Million Five Hundred and Eighty Three Thousand, Seven Hundred and Seventy Three Dollars (\$11,583,773) per annum, for the referenced periods, and there was an amount which was brought forward from the prior period, there are now arrears in excess of Four Million Dollars (\$4,000,000.00), which are due and payable to the PIOJ for maintenance fees.

Utilities

Water Consumption

The OCG does not have an individually assigned water or electricity metre. Water charges are recovered through the Lease Agreement (PIOJ/OCG), which was made effective in 2008.

Electricity Consumption

Electricity charge is billed by the PIOJ on a monthly basis. The average amount that was paid by the OCG for electricity during the reporting period was Six Hundred and Eighty Nine Thousand, Seven Hundred and Ninety Five Dollars and Sixty-One Cents (\$689,795.61) monthly. The aforementioned represents a marginal six percent (6%) increase over the similar period in 2013. The increase can be attributed to increased fuel charge, which is levied by the Jamaica Public Service.

Telephone Usage

The average amount that was paid by the OCG for telephone services was Two Hundred and Seventy Nine Thousand, Two Hundred and Thirty Five Dollars and Sixty Two Cents (\$279,235.62) monthly, which was 10% higher than the comparative period in 2013. Line rentals and other fixed charges is the larger portion of telephone expenses. The OCG continues the honour system where staff members identify the personal calls which are made and the amounts are recovered from them.

The OCG continues the use of a Closed User Group (CUG) system which was implemented in September 2013. The CUG enables better access for our Travelling Officers and is cost efficient.

THE REGISTRY

The OCG's Registry has direct responsibility for document management. The Registry continued the implementation of the Electronic Document Management Programme in 2014.

The Electronic Document Management Programme was initiated by the Registry in 2011. The implementation of the electronic system is being completed on a phased basis. The complete implementation will realise greater operational efficiencies for the OCG.

FINANCE & ACCOUNTING DEPARTMENT

The Finance and Accounting Department continued to support the OCG in the year 2014. The Department implemented two (2) major process changes which were steered by the Ministry of Finance and Planning. The aforementioned was the implementation of the Commitment Payment in April 2014 and the issuance of the General Consumption Tax (G.C.T.) Withholding Tax Certificates in June 2014. Both processes were implemented successfully.

The Accounting period April 2013 - March 2014

The Approved Budget for the OCG for the period April 2013 to March 2014 was Two Hundred and Thirty-Two Million, Seven Hundred and Twenty-Three Thousand Dollars (\$232,723,000.00), which included statutory expenditure estimates of Eight Million, Four Hundred and Thirty-One Thousand Dollars (\$8,431,000.00) and other estimates of Two Hundred and Twenty-four Million, Two Hundred and Ninety-two Thousand Dollars (\$224,292,000.00). At the end of the Fiscal Period ending March 2014, only Two Hundred and Sixteen Million, Five Hundred and Forty-Five Thousand Dollars (\$216,545,000.00) was warranted. This created a shortfall of Seven Million Nine Hundred and Thirty-Seven Thousand, Five Hundred and Seventy-Four Dollars and Eighty-Two Cents (\$7,937,574.82) in the funds available to satisfy recurrent expenditure. Of the warranted amount, One Hundred and Forty-Six Thousand, Three Hundred and Sixty Dollars and Thirty-Three Cents (\$146,360.33) was surrendered to the Consolidated Fund subsequent to the Financial Year End.

Estimates of Expenditure for the period April 2014 to March 2015

The OCG's Estimate of Expenditure Proposals for the Financial Year 2014 - 2015 was drafted and submitted to the Ministry of Finance and Planning on February 14, 2014. The Draft Estimates exceeded the Ministry's proposed budgetary ceiling of Two Hundred and Thirty-Five Million, Four Hundred and Twenty-Two Thousand Dollars (\$235,422,000.00) by Nineteen Million Five Hundred and Ninety Four Dollars (\$19,594,000.00). The OCG received support of Two Hundred and Twenty Nine Million, One Hundred Eighty-Four Thousand Dollars (\$229,184,000.00) to facilitate its planned activities for the Financial Year 2014-2015.

Supplementary Budget

In November 2014, an additional Eleven Million, Two Hundred and Thirty-Eight Thousand (\$11,238,000.00) was approved to support the OCG's operations. One Million Two Hundred and Eighty-Three Thousand Dollars (\$1,283,000.00) was approved to provide for G.C.T which was payable. The balance supported statutory and other compensation activities.

Warrant Allocation as at December 2014

The Warrant Allocation, as at December 31 2014, was One Hundred and Seventy Nine Million, Five Hundred and Thirty-Two Thousand, Dollars (\$179,532,000.00), with a remaining balance of Forty-Six Million, Nine Hundred and Four Thousand, and Forty-Eight Dollars and Two Cents (\$46,904,048.02) for the last quarter of the Financial Year.

Appropriation Account April 2013 - March 2014

The Appropriation Account for the Financial Year ended March 31, 2014, was submitted on July 4, 2014. The statements were certified by the AGD on September 19, 2014. Please refer to the Summary of the OCG's Appropriation Account which is listed in Table 3 below.

Annual Return Declarations

The OCG's Annual Return Declarations for the Year 2013 were submitted electronically through the Jamaica Tax Administration Department's new online portal. The Returns were submitted before the March 31, 2014 deadline.

Auditor General's Comments over the last 15 years

A review of the Auditor General's Reports over the last 15 years has consistently revealed that the OCG's Financial Accounts, during the period April 1999 to March 2014, were a fair representation of the OCG's financial transactions and that proper accounting records were kept by the OCG throughout the period – all resulting in a generally satisfactory state of affairs. Please see the extract from the Auditor General's Report which is appended to the Appropriation Account.

Table 3 - The Office of the Contractor General

General Summary of Appropriation

Accounts (1999 – 2014)

Financial Year	Total Approved Estimates	Actual Expenditure	Surplus to be Surrendered to the Consolidated Fund
	\$	\$	\$
April '99' - March '00'	43,653,000.00	43,627,605.20	25,394.80
April '00' - March '01'	49,182,000.00	49,163,829.73	18,170.27
April '01' - March '02'	49,989,000.00	49,972,180.49	16,819.51
April '02' - March '03'	70,638,000.00	68,696,485.99	1,941,514.01
April '03' - March '04'	73,163,000.00	71,490,924.73	1,672,075.27
April '04' - March '05'	68,137,000.00	67,470,092.00	666,908.00
April '05' - March '06'	84,294,000.00	80,307,269.10	3,986,730.90
April '06' - March '07'	92,971,000.00	92,704,231.66	266,768.34
April '07' - March '08'	154,398,000.00	146,663,647.29	7,734,352.71
April '08' - March '09'	189,042,000.00	177,060,955.42	11,981,044.58
April '09' - March '10'	170,727,000.00	168,540,488.73	2,186,511.27
April '10' - March '11'	180,519,000.00	176,106,347.60	4,412,652.40
April '11' - March '12'	199,002,000.00	198,938,962.99	63,037.01
April '12' - March '13'	214,453,000.00	214,405,491.64	47,508.36
April '13' - March '14'	224,292,000.00	216,354,425.18	146,360.33
Total	1,864,460,000.00	1,821,502,937.75	35,165,847.76

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INFORMATION SYSTEMS DIVISION

In 2014, the Office of the Contractor General's (OCG's) Information Systems Division (ISD) continued to provide technological support for the operations of the OCG and the National Contracts Commission (NCC). This was accomplished through the provision of software development, systems administration and support services to the ISD's internal stakeholders.

SUPPORT OF STRATEGIC PORTFOLIOS

The Office of the Contractor General (OCG) and National Contracts Commission (NCC) Websites

The OCG utilises and maintains the following two (2) websites:

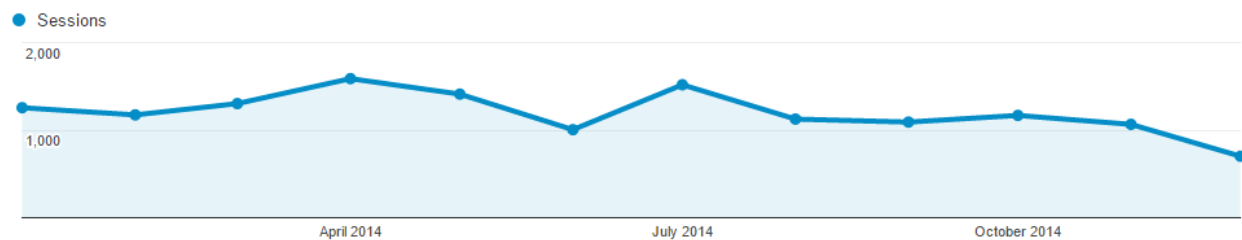
- The Office of the Contractor General's website – www.ocg.gov.jm
- The National Contracts Commission's website – www.ncc.gov.jm

The websites continued to provide support to the OCG's internal and external stakeholders by providing pertinent information on matters which relate to the work of the OCG and the NCC.

The primary purpose of the websites is to promote transparency in the Government of Jamaica's (GOJ's) Procurement and Contract Award Processes. The websites also seek to ensure that relevant and timely information, which relates to the monitoring and investigative functions of the OCG, are easily accessible to all stakeholders.

In October 2013 the OCG revamped its www.ocg.gov.jm website which included the categorization of site contents, to promote the ease at which information is found, as well as improved capabilities to capture and report statistics on website traffic. Please see the following two diagrams which provide some insight into the frequency in which the website was accessed and the visitor's interests.

Graph showing www.ocg.gov.jm website visits over the period January to December 2014



Averaging 1200 visits per month over the 12 month period

Table showing the top five (5) most visited pages on www.ocg.gov.jm*

VISITS	PAGE	DESCRIPTION
759	Career Opportunities	Advertisements of vacant positions within the organization.
702	NCC Registered and Qualified Contractors	A public search tool that allows users to find NCC Registered Contractors either by their registered category or by name.
694	Contact Us	Provides contact information for the Office of the Contractor General.
490	The Contractors General of Jamaica	Provides a listing of all the individuals who have served as Contractor General of Jamaica
373	Overview of the Commission of the Contractor General - Roles and Responsibilities	Provides an overview of the Commission of the Contractor General outlining, among other things, what the commission is as well as its key objectives, functions and powers.

* The Home page of the website was excluded from the results

Twitter - @OCGJamaica

In September 2013, the OCG launched a Twitter account as part of a strategic objective to provide a more effective and efficient channel through which to communicate information about its various operating mandates to the public. The Twitter Account is intended to better leverage the organization to disseminate information to its stakeholders in a clear, accurate and timely manner.

OCG Web Portal

The OCG’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 (3rd) quarter of 2012 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 NCC.

Public Bodies’ contract award information submitted via the OCG’s Web Portal are published on the OCG’s website and may be accessed via the URL <http://www.ocg.gov.jm/ocg/view/qca-consol> or by scanning the following graphic with a mobile device.



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 <http://procurement.gov.jm> or by scanning the following graphic with a mobile device.



Prescribed Licences Information Database (PLID)

The OCG's Prescribed Licences Information Database (PLID) facilitates the systematic and formal monitoring, by the OCG, of the licensing activities executed by GOJ Public Bodies.

The PLID system is comprised of a public and private portal, both of which can be accessed from the OCG's website. Access to the private portal is restricted to Public Bodies, and facilitates the capture of information related to the Public Bodies' licensing activities. The public portal allows the general public access to view information captured by the PLID system.

The portal may be accessed via the URL http://www.ocg.gov.jm/ocg/gpl_home_page.php or by scanning the following graphic with a mobile device.



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SPECIAL INVESTIGATIONS DIVISION

During the 2014 calendar year, the Office of the Contractor General (OCG) concluded seven (7) Special Investigations, which were conducted pursuant to the discretionary powers, which are reserved for the Contractor General (CG), under Sections 15 and 16 of the Contractor General Act (1983).

Having regard to the mandatory requirements of Section 20(1) of the Act, upon conclusion the Reports of Investigation for all seven (7) matters were promptly submitted to “*the principal officer of the Public Body concerned and the Minister having (portfolio) responsibility therefor.*” Further, and as provided under Sections 21 and 28(2) of the Act, the said Reports of Investigation were laid before both Houses of Parliament.

The seven (7) published Reports of Investigation which were submitted to Parliament are as follows:

1. Special Report of Investigation - Conducted into Contracts Awarded to Contractors Allegedly Selected by the Hon. Derrick Kellier, M.P.- published February 2014;
2. Special Report of Investigation - Conducted into Allegations Regarding the Contract Termination and Award Practices at the National Solid Waste Management Authority (NSWMA) – published February 2014;
3. Report of Special Investigation - Conducted into the Circumstances Surrounding the Entering into of an Agreement for the Operation of the Hotel, (Braco Resort Hotel, formerly Breezes Rio Bueno, Trelawny) between the Commissioner of Lands (by virtue of trust on behalf of National Insurance Fund), the Accountant General and the Blue Diamond Hotels and Resorts – published March 2014; and
4. Special Report of Investigation - Following OCG Enquiry into the National Contracts Commission Re-registration Application for Bacchus Engineering Works Limited – published October 2014.
5. Special Report of Investigation -Conducted into the Circumstances Surrounding the Procurement of Ethanol for and on behalf of the Government of Jamaica and, in particular, the award of certain Government Contracts to Infinity Bio-Energy and JB Ethanol – published November 2014.
6. Special Report of Investigation - Conducted into the Circumstances Surrounding the Award of a Contract to Cable and Wireless Jamaica Limited, for the Procurement of Wide Area Network (WAN) Connectivity to Support the Ministry of Education’s Education Management Information System (EMIS) – published November 2014.
7. Special Report of Special Report of Enquiry- Conducted into Allegations Surrounding Procurement Breaches Associated with the Procurement of Bookmarkers by the Ministry of Education (MOE) – published November 2014.

Once an Investigation Report is submitted by the Contractor General, the Parliament, the Speaker of the House of Representatives, and the President of the Senate, are thereupon, obliged, by Section 28(3) of the Act, to table the Reports in each House “as soon as possible”.

Pursuant to Section 28(4) of the Act, and in the public’s interest, the complete contents of the aforementioned seven (7) Reports were also uploaded to the OCG’s website, upon the respective tabling of each, for public viewing. The reports are currently available for viewing or download from the OCG’s website at <http://www.ocg.gov.jm>.

It is to be noted that during the reporting period, in addition to the seven (7) Investigation Reports which were completed and published, the Special Investigations Division conducted investigations into a total of the seventeen (17) other matters that were either brought forward or commenced in 2014. Instructively, of the twenty-four (24) Investigations which were ongoing in 2014, twelve (12) commenced in 2014.

Additionally, several formal Referrals have been made by the OCG, regarding the offending Public Officers, to the appropriate State Authorities for the requisite action(s) to be taken by them in keeping with the requirements of Section 21 of the Act. During the reporting year, a total of four (4) Referrals were made to the respective State Authorities, for their independent investigations to be undertaken, based upon the findings of irregularities and impropriety, and in consideration of the recommendations and conclusions made in the OCG's Investigation Reports. (See Appendix for Referrals).

SOME KEY ISSUES WHICH HAVE BEEN IDENTIFIED BY THE OCG IN ITS INVESTIGATION REPORTS

The OCG's Special Reports of Investigation identified numerous and recurring issues in the procurement and contract award processes which included and related to fraud and corruption, governance, impropriety, irregularity, conflict of interest and unethical conduct, poor planning, and a lack of competition, transparency and value for money in public contracting. In this regard, and pursuant to Section 20(1) of the Act, the OCG made several remedial recommendations.

The OCG continues to make its recommendations with the hope that, *inter alia*, Public Officials/Officers would, in consideration of same, dissuade from employing and committing the same actions and inactions which have continuously led to the contravention of the applicable contract award rules, procedures, policies, protocols and governing laws.

During 2014, the OCG made several recommendations with respect to, *inter alia*, the following issues which were reported to the OCG and/or identified during our numerous Investigations:

1. Misrepresentation and Fraudulent Conduct and/or acts of Corruption;
2. Conflicts of Interest;
3. Unethical Conduct;
4. Breaches of the Contractor General Act and other applicable laws, regulations, and policies such as the Public Bodies Management and Accountability Act; the Financial Administration and Audit Act; the Corruption Prevention Act; and the Justice of the Peace (Appointment and Code of Conduct Rules 2006).
5. Breach of Procedures and Policy on the part of a Minister and Member of Parliament;
6. Breach of Duty on the part of Accounting and Accountable Officers;
7. Breach of Duty on the part of Boards of Directors;
8. Issues concerning Value for Money;
9. Attempts to mislead the OCG; and
10. Challenges to the OCG's Statutory Authority.

Having regard to the foregoing, the following represents some of the key Recommendations which have been made, during the period under review:

SUMMARY OF KEY RECOMMENDATIONS

1. Recommendations were made by the OCG for the conduct of specific and immediate audits and reviews of the accounting, procurement and public administration practices of certain public procuring entities by the requisite state authorities including the Auditor General's Department and the Policy and Asset Unit of the Ministry of Finance and the Public Service.

This recommendation was made with a view to ensuring that adequate procedures and systems are not only implemented, but are aggressively enforced to secure radically improved levels of compliance on the part of Public Bodies and Public Officials with relevant Government approved procedures, regulations and laws.

2. Direct recommendations were made to Public Bodies and/or Public Officials/Officers with respect to breaches, irregularities and/or possible impropriety which were identified during the course of the subject Investigations. Several recommendations were advanced with respect to compliance with the applicable Handbook of Public Sector Procurement Procedures as it regards the following matters:
 - a. Enforcing and administering the mandate, roles and responsibilities of the Procurement Committee and, in particular, the constitution of the said Committee, the oversight which it provides to the evaluation of tenders, and the proper maintenance of procurement records.
 - b. Promoting the utilisation of competent and specialized personnel with adequate knowledge and training in procurement.
 - c. Observing and conforming to the general provisions which govern the procurement of Goods, Works and General Services.
 - d. Observing and conforming to the provisions which govern the requirement for NCC registration for contractors wishing to participate in the GOJ Public Sector procurement.
 - e. Observing and conforming to the provisions which govern the utilization and treatment of Unsolicited Proposals.
 - f. Promoting competition in the procurement process, whilst ensuring that procurement opportunities are open to all appropriately registered and qualified contractors.
3. Several Recommendations were made as it regards the timely and proper planning and execution of procurement activities, in accordance with the procurement cycle. The OCG is of the considered view that where this is done it removes and/or limits the need, *inter alia*, to extend contracts without utilising competitive tender.

The OCG also reminded Public Bodies that where proper procedures are utilised, the procurement process will be capable of standing up to the highest degree of scrutiny. Consequently, Public Bodies will be better positioned to ensure that projects are completed in a timely manner whilst ensuring the integrity of the project.

4. The OCG recommended that Boards of Directors and, in particular, Chairmen of Boards, ensure that decisions taken on behalf of a Public Body, specifically, in relation to the award of Government contracts, are in keeping with the power granted to them pursuant to the Public Bodies Management and Accountability Act (PBMA).

The OCG is of the considered opinion that no serving member of any Board should act single-handedly, and make any decisions and/or enter into any discussions, negotiations, agreements, or otherwise, outside of its inherent collective responsibility.

The OCG also recommended that Board members, particularly non-executive members, should refrain from acting in a manner which challenges the operational authority of the Minister, Accounting Officer or any other Accountable Officer within a Public Body, without being granted the requisite permission by such Authority to make decisions on its behalf, or that which is ratified by the collective efforts of the Board.

5. It was recommended that Accounting Officers and Accountable Officers take a more proactive and aggressive role in developing, implementing and enforcing effective risk management system, checks and balances and other appropriate management systems in an effort to mitigate against any possibility of deviations from the GOJ Public Sector Procurement Guidelines, and with an intention of promoting governance by enhancing transparency and accountability.
6. The OCG recommended that there must be a strengthening of the relevant due diligence systems which are employed by Public Bodies, upon the receipt of applications/offers which are received by investors and to ensure that there is a high level of scrutiny in such processes which are being undertaken by Public Bodies.

It was recommended that Public Bodies undertake a strengthening of the relevant due diligence systems which are employed by Public Bodies, upon the receipt of offers from contractors. It is the OCG's considered belief that this course of action will ensure that the requisite verification process(es) are applied, as well as aid in ensuring that the GOJ obtains value for money in the procurement of goods, works and services.

7. Recommendations were also advanced in respect of the involvement of Members of Parliament and/or Ministers of Government and their involvement in the selection of contractors for the award of government contracts.

It was strongly recommended that Members of Parliament and/or Ministers of Government should not be involved in the recommendation and/or selection of contractors to whom they are related as the proposed beneficiaries of GOJ contracts.

The OCG's recommendation was premised upon the fact that the selection and/or recommendation for the award of contract(s), by a Public Official, to his/her relative and/or a company in which such a relative has a pecuniary interest, can create the perception of a conflict of interest, or the perception of the notion of bias, and inevitably the perception of nepotism. Consequently, without the proper checks and balances, and an independent selection and award criterion, the process runs the risk of being labelled nepotistic.

8. The OCG made recommendations expressing grave concerns as it regards conflicts of interest and circumstances which may give rise to the perception of a conflict of interest.

It was recommended that Public Officials and Officers recuse themselves from decision making processes which involve the award of GOJ contracts in circumstances which pose potential conflicts of interest. In particular, where there is the slightest hint and/or suggestion of nepotism, whether real or perceived.

9. The OCG also strongly recommended that there be an absolute separation of the responsibilities of the Members of Parliament as it concerns the conduct of needs assessment and the identification of projects which are to be undertaken through their respective CDF Fund allotments, and the eventual recommendation and/or selection of contractors to execute the identified works.
10. Several recommendations were also proffered by the OCG as it regards the fraudulent representation and the abuse of the National Contracts Commission (NCC) Registration process.

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

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

The OCG also recommended that all Contractors seeking registration with the NCC take great precaution in the preparation of their Applications. It should be noted that there is no latitude for Contractors who provide false information or misrepresent any information represented on their Application Forms.

REFERRALS

As indicated above, upon the completion of the referenced Investigation Reports, a total of four (4) Referrals were made as follows: one (1) to the Director of Public Prosecutions, one (1) to the Commissioner of Police, one (1) to the National Contracts Commission and one (1) to the Custos Rotulorum for the parish of St. Catherine, for, *inter alia*, further investigations to be undertaken into the respective matters.

Of the four (4) matters that were referred to the aforementioned state authorities, the OCG is in receipt of a letter of acknowledgement, under the signature of the Director of Public Prosecution (DPP), Ms. Paula Llewellyn, Q.C., which was dated May 27, 2014, wherein, the DPP promised a response in due course. As at the end of the 2014 reporting period, the OCG has not been in receipt of an Opinion from the Office of the DPP with respect to the Referral which was made. As it regards the Referral which was made to the Commissioner of Police, the OCG was made aware that the Major Organized Crime & Anti-Corruption Agency had been directed to investigate the matter.

With respect to the remaining two (2) Referrals, the OCG, as at the end of the reporting period, has not been in receipt of an Opinion or comments from the NCC or the Custos Rotulorum for the parish of St. Catherine.

COURT PROCEEDINGS

During the reporting year, in addition to the one (1) matter referred and prosecuted in 2013, there was a continuation of certain matters from the previous year which sought to challenge the statutory authority of the Commission of the Contractor General, *inter alia*, to carry out its mandate pursuant to Sections 4, 15 and 16 of the Act. The following represents a brief summary of the status of such matters:

1. Breach of Section 29 of the Contractor General Act against the Hon. Danville Walker, OJ, for failure to comply with a lawful statutory Requisition.

The Hon. Danville Walker sought Administrative Orders by way of Judicial Review. The Orders sought include an Order for leave for Judicial Review of the Notice of Formal Requisition for Information and Documentation issued by the Contractor General to refer the matter to the DPP for the institution of his prosecution and a declaration that the said Notice of Formal Requisition is in excess of the OCG's jurisdiction, *ultra vires* and void.

Leave was refused due to the failure of the Hon. Danville Walker to overcome procedural bars. The Hon. Danville Walker sought to renew his application for leave for Judicial Review but was also unsuccessful in that instance as the presiding judge found, in April 2013, *inter alia*, that the DPP had already laid charges and the Hon. Danville Walker belatedly responded to the Requisition in question. The OCG was awarded limited costs at the Supreme Court.

The trial in respect of the breach of Section 29 of the Act is not yet concluded.

2. Application for Judicial Review regarding the OCG sought by the Hon. Gordon Stewart, OJ.

The substantive matter regarding the Application for Judicial Review against the jurisdiction of the OCG to investigate the divestment of the Sandals Whitehouse Hotel was heard in the Supreme Court between the period of October 22, 2013 and October 25, 2013. Arguments were also put forward regarding the interpretation and applicability of the term 'government contract'. No timeline was given by the Court as to the date or approximate time within which a judgment would be handed down. The OCG awaits the judgment of the Court in this matter.

3. Breach of Section 29 of the Contractor General Act by Mr. Scean Barnswell, Mayor, Clarendon Parish Council, for knowingly misleading the Contractor General during the conduct of its Section 18 Judicial Hearing.

The OCG, having referred certain matters to the Office of the DPP on September 16, 2013, received the Director's Findings on September 26, 2013. The Director opined, *inter alia*, that with respect to the OCG's referral, pursuant to Section 29 of the Act, regarding Mr. Scean Barnswell, Mayor, Clarendon Parish Council, there was "...clear evidentiary material to institute criminal proceeding against Mr. Scean Barnswell for **"Attempting to Mislead the Contractor General contrary [sic] section 29 (a) of the Contractor General Act"**. At the end of the reporting period the trial was ongoing.

INTRODUCTION OF JUDICIAL HEARINGS AND ADDITIONAL INVESTIGATIVE TRAINING FOR THE DIVISION

During the reporting period, the Office of the Contractor General's Investigators participated in several training and development opportunities, which were geared toward the general enhancement of certain investigative core skills. Investigators received advanced training in the areas of Anti-Corruption Mechanisms, Public Procurement, Behavioural Characteristics, Anti-Terrorism, Fraud Detection, and Forensics. One (1) Special Investigator also received extensive training in Digital Computer Forensics and received ACE Certification in this regard.

CONCLUDING REMARKS

The year 2014 was a challenging year, particularly as it regards certain resource constraints and encounters as it regards the statutory authority of the OCG, which have, over the years sought to test the resolve of our Investigators. Nonetheless, we remain committed and dedicated to the core mandates of the Commission of the Contractor General as it is our firm belief that transactions involving the use of state resources and funds must be conducted in such a manner that will ensure, amongst other things, the integrity of the process. In this regard, the OCG believes that the Public Sector should be functioning in a manner and form that promotes due care, transparency and integrity, and for all Public Officers/Officials to be held accountable for such actions which are in contravention of the strictures of the Procurement Procedures and governing laws.

SUMMARY OF SPECIAL INVESTIGATION REFERRALS

SUMMARY OF REFERRALS MADE & RECOMMENDATIONS FOR PROSECUTION IN RELATION TO FORMAL INVESTIGATIONS CONDUCTED BY THE OCG									
STATUS REPORT AS AT DECEMBER 31, 2014									
Record No.	Year of Completion of Investigation	Name of Investigation	Name(s) of Person(s) Referred/Recommended	Date of Referral/Recommendation	Reason(s) / Nature of Referral/Recommendation	State Authority to which Referral/Recommendation was Made			Action Taken to Date/Remarks
Referrals Made Pursuant to Section 21/ Recommendations for Prosecution Made Pursuant to Section 29 of the Contractor-General Act						DPP	Audit or General	Commissioner of Police	
1	2014	Special Report of Investigation- Concerning Contracts Awarded by the Hon. Derrick Kellier, M.P.	Mr. Phillip Clarke, Parish Manager, NWA St. James Parish Office.	February 2014	The OCG has referred the instant matter to the DPP for a determination as to whether charges should be laid against Mr. Phillip Clarke, Parish Manager, NWA, St. James Parish Office, for breach of <u>Sub-Section 1.1.5 of the Handbook of Public Sector Procurement Procedures (October 2010)</u> , entitled, 'Contracting Under Emergency Circumstances'.	√			The OCG is in receipt of a letter of acknowledgement, under the signature of the Director of Public Prosecution, Ms. Paula Llewellyn. The referenced letter, which promised a response in due course, was dated May 27, 2014, and received in our Office on June 3, 2014.

SUMMARY OF REFERRALS MADE & RECOMMENDATIONS FOR PROSECUTION IN RELATION TO FORMAL INVESTIGATIONS CONDUCTED BY THE OCG									
STATUS REPORT AS AT DECEMBER 31, 2014									
Record No.	Year of Completion of Investigation	Name of Investigation	Name(s) of Person(s) Referred/ Recommended	Date of Referral/ Recommendation	Reason(s) / Nature of Referral/ Recommendation	State Authority to which Referral/Recommendation was Made			Action Taken to Date/Remarks
						DPP	Audit or General	Commissioner of Police	
Referrals Made Pursuant to Section 21/ Recommendations for Prosecution Made Pursuant to Section 29 of the Contractor-General Act									
2	2014	Special Report of Investigation Following OCG's Enquiry into the National Contracts Commission Re-registration Application for Bacchus Engineering Works Limited.	Mr. Robert Bacchus, Managing Director, Bacchus Engineering Works Limited.	October 2014	The OCG referred Mr. Robert Bacchus to the Commissioner of Police for further investigations to be undertaken in regard to the forgery/falsification of documents and uttering of forged documents. This is in relation to the amendment and reliance upon the Resume of Mr. Mark Randall, without Mr. Randall's knowledge, for the 2013 NCC Application.			√	The Major Organized Crime & Anti-Corruption Agency was directed to investigate the matter.

SUMMARY OF REFERRALS MADE & RECOMMENDATIONS FOR PROSECUTION IN RELATION TO FORMAL INVESTIGATIONS CONDUCTED BY THE OCG								
STATUS REPORT AS AT DECEMBER 31, 2014								
Record No.	Year of Completion of Investigation	Name of Investigation	Name(s) of Person(s) Referred/ Recommended	Date of Referral/ Recommendation	Reason(s) / Nature of Referral/ Recommendation	State Authority to which Referral/Recommendation was Made		Action Taken to Date/Remarks
Referrals Made Pursuant to Section 21/ Recommendations for Prosecution Made Pursuant to Section 29 of the Contractor-General Act						DPP	Audit or General	Commissioner of Police
3.			Mr. Mark Bacchus, Director, Bacchus Engineering Works Limited.	October 2014	Mr. Mark Bacchus was also referred by the OCG to the Commissioner of Police for further investigation into the referenced matter, on the grounds that he co-signed the referenced Affidavit under the <u>Voluntary Declarations Act</u> , in furtherance of NCC Contractor Registration.			
4.			Mr. Clifton Green, Justice of the Peace		Mr. Clifton Green was referred by the OCG for his actions in the attestation and authentication of documents, for Bacchus Engineering Works Limited 2013 NCC Application for re-registration, without being in possession of the original documents.			Mr. Green was referred to the Custos Rotulorum for the parish of St. Catherine in keeping with Section 11(1) of the Justice of the Peace (Appointment and Code of Conduct) Rules (gazetted on December 14, 2006)

APPROPRIATION ACCOUNT



0400 - Office of the Contractor General
16 Oxford Road

Page Number : 1
02/07/2014
10:06

FS6 - Statement of Expenditure by Objects (Object Summary) - Selected Items ONLY

Financial years : 06 (2013/2014) Financial Pattern : 10 - Recurrent Voted
Period Number: 1 (Close) To : 12 (Open) (Apr 01 2013 - Mar 31 2014)
Function - Sub-Function -
Sub-Programme - Project -
Activity/Proj -

Code	Description	Approved Vote 1	Warrant Allocate To Date 2	Month Expense 3	YTD Expense 4	Advance 5	Un-Discharged Commitment 6	YTD Exp & Adv Un-Disc. COM. 7=(4+5+6)	UnComit Warr. 8=(2-7)	Bal on Vote 9=(1-7)
Object 21	Compensation of Emp	99,534,000.00	99,534,000.00	8,245,907.33	106,183,926.69	00.00	00.00	106,183,926.69	-6,649,926.69	-6,649,926.69
Object 22	Travel Expenses and	25,299,000.00	25,032,200.00	2,478,689.03	25,534,047.27	00.00	00.00	25,534,047.27	-501,847.27	-235,047.27
Object 23	Rental of Property,	21,838,000.00	17,789,800.00	00.00	18,890,872.29	00.00	00.00	18,890,872.29	-1,101,072.29	2,947,127.71
Object 24	Public Utility Serv	10,000,000.00	9,163,000.00	5,661.47	9,330,202.07	00.00	00.00	9,330,202.07	-167,202.07	669,797.93
Object 25	Purchase of Other G	23,082,000.00	21,151,800.00	1,509,241.54	22,020,936.74	00.00	00.00	22,020,936.74	-869,136.74	1,061,063.26
Object 28	Retirement Benefits	35,213,000.00	34,548,200.00	512,529.88	25,615,118.30	00.00	00.00	25,615,118.30	8,533,081.70	9,597,881.70
Object 31	Purchase of Equipme	9,326,000.00	9,326,000.00	35,540.00	8,779,321.82	00.00	00.00	8,779,321.82	546,678.18	546,678.18
Total for Fin. Pattern : 10 - Recurrent Voted		224,292,000.00	216,545,000.00	12,787,569.25	216,354,425.18	00.00	00.00	216,354,425.18	190,574.82	7,937,574.82

Accountant: [Signature]
Date: 2/7/2014

Dir of Finance/
Financial Controller
[Signature]
Date: 2014/7/4

Accounting Officer
[Signature]
Date: 4/7/14

**OFFICE OF THE CONTRACTOR GENERAL
APPROPRIATION ACCOUNT
Year ended 31st March 2014**

Explanation of the causes of variation between approved estimates and expenditure:

21 - COMPENSATION OF EMPLOYEE

The over-expenditure of \$6,649,926.69 was the result of an under provision in the Original Estimates of Expenditure and payments of arrears in May 2013, October 2013 and also one-off payments in August 2013.

22 - TRAVEL EXPENSE AND SUBSISTENCE ALLOWANCE

The over-expenditure of \$235,047.27 was the result of payments of increases in Mileage Allowances in April 2013 and August 2013.

23- RENTAL OF PROPERTY, MACHINERY AND EQUIPMENT

The under-expenditure of \$2,947,127.71 was the result of a shortfall in the Warrant releases over the period.

24 - PUBLIC UTILITY SERVICE

The under-expenditure of \$669,797.93 was the result of a shortfall in the Warrant release over the period.

25 - PURCHASE OF OTHER GOODS AND SERVICES

The under-expenditure of \$1,061,063.26 was the result of a shortfall in the Warrant release over the period.

28 - RETIRING BENEFITS

The under-expenditure of \$9,597,881.70 was the result of the use of the funds in the Warrant releases to offset under provisions of funds under salaries, travelling, rental, utilities and goods and services.

31 - PURCHASE OF EQUIPMENT

The savings of \$546,678.18 was used to offset the shortfall in funds under the other objects.

Dirk Harrison

2014-07-04
Date

Excerpts from the Auditor General's Report to the Accounting Officer of the Office of the Contractor General – dated, September 19, 2014

Report on the Appropriation Account

I have audited the accompanying Appropriation Account of the Office of the Contractor General – Head 0400 which comprises the Accounts by Objects, Activity / Projects and explanatory statement of the causes for variation between approved estimates and expenditure as at March 31, 2014.

Opinion

In my opinion, the Attached Appropriation Account is a fair representation of the financial transactions for the year ended March 31, 2014, in accordance with Section 24 I(1)(a)(b) of the Financial Administration and Audit Act.

Report on Additional Requirements of the Financial Administration and Audit Act

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the Appropriation Account is in agreement therewith and gives the information required in the manner so required.

Pamela Monroe Ellis (Mrs.) (Signed)
Auditor General

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