



THE

SIXTH ANNUAL REPORT

OF

THE CONTRACTOR-GENERAL

JANUARY TO DECEMBER 1992



OFFICE OF THE CONTRACTOR-GENERAL

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P.O. BOX 540,

KINGSTON 5,

JAMAICA W.I.

ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE AD-
DRESSED TO THE CONTRACTOR-GENERAL
AND THE FOLLOWING REFERENCE QUOTED:-

No. 10-2-01^{III}

TELEPHONE No.

30th April, 19 93

Hon. Carl Marshall
Speaker of the House of Representatives
Gordon House

Hon. Winston Jones
President of the Senate
Gordon House

Dear Sirs,

In accordance with the provisions of Section 28 of the Contractor-General Act I have the honour to forward 110 copies of the Sixth Annual Report of the Contractor-General for January to December 1992.

As you may recall, Section 28(3) calls for Reports to 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. "

Yours sincerely,

Gordon Wells
Contractor-General

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SIXTH ANNUAL REPORT OF THE CONTRACTOR-GENERAL

CALENDAR YEAR 1992

1. INTRODUCTION

The process of monitoring the award and implementation of government contracts continued during 1992, but with a change in emphasis from previous years. As promised in the 1991 Report greater attention was paid to the award of licences, permits and concessions and to contracts for the supply of goods and services to government agencies.

Because the office had to operate on a slim budget in 1992, it was not possible to embark on the public relations programme that had been planned. This programme would have accelerated the change in how the office was perceived by government ministries, departments and other agencies whose activities in certain areas we are required to monitor. Nevertheless it is fair to say that there continues to be an improvement in our relations with those with whom we have to deal. During the year several agencies approached the office for advice on the awarding of contracts which was encouraging as it reflected a growth in confidence and understanding between this office and other government agencies.

There are of course severe limitations on our work as with an inspectorate of twelve (12) officers it is not possible to monitor effectively the award of all government contracts, licences, permits and other concessions. A process of selection is therefore inevitable but every effort is made to carry out monitoring in all relevant areas and at all financial levels. No request for additional staff has been submitted in the light of the present financial constraints and the efforts being made to substantially reduce the size of the government bureaucracy.

In the introduction to the 1991 annual report the point was made that "If the work of the Contractor-General's Office does not receive firm and consistent support from the Government little headway will be made in achieving the objectives of the Act." In the course of 1992 there was no significant change and the attitude towards the work of the office could be described as one of benign indifference.

A part of the problem is the fact that the central administration with its established rules and regulations is being cut back and replaced by numerous statutory bodies and other agencies which are often not under firm control and in large measure are accountable only to individual boards of directors which often set their own standards and requirements.

Thus, when the National Housing Trust and the National Housing Corporation in the Oaklands development on Constant Spring Road ignore the rules designed to ensure integrity in contracting, there is no mechanism to hold the managements accountable. Routinely in the system, contracts are given out after negotiation with one contractor. In the case at Oaklands, the contractor was himself a member of the committee giving out the contract. The records indicate that he did not participate in the discussion when the decision was being taken.

Reports are made by the monitoring agencies which show up many areas of slackness, dubious practices and worse. At the same time public figures demand that there be more accountability. Special offices and divisions to ensure accountability are established and disbanded and still there is little improvement. When there is a public uproar there may be a flurry of activity, as in the recent Bank of Jamaica matter, and a special enquiry may be held and a few heads may roll. Then it seems to be back to 'square one'.

In the case of the Contractor-General, if it is not intended to review the reports submitted for the purpose of taking action on those recommendations which are acceptable then it is respectfully suggested that the government may not be getting value for money in keeping the office going.

This does not mean that the office is not providing a useful service through its monitoring and investigative activities. A number of agencies are grateful for shortcomings to be brought to their attention and do take steps to effect improvements in their operations on receiving our observations and recommendations.

But if there is not the will to address fundamental matters such as the system of awarding construction contracts and the method of disposing of publicly owned land and other assets then the government will not be getting a proper return on its investment in the Office of the Contractor-General which has been making recommendations for improvements in these and other areas since its inception in 1986.

In October of 1992 a special report was made to Parliament on the disposal of publicly owned land. It called upon the Government to take the fundamentally important decision that all sales or leases of publicly owned land must take place openly and through advertisements in the media. A number of specific recommendations as to how to proceed to achieve this objective were set out and it was also recommended that at least two independent valuations should be obtained on any property to be sold and that the names of all persons who are given the opportunity to purchase publicly owned property be published in the media. It is distressing to note that there has been no reaction whatsoever from any member of the Government or indeed any member of the Senate or the House of Representatives.

In the 1991 Annual Report it was recommended that the Government Contracts Committee be restructured with a membership that included persons who did not work for the Government and that it should be at arms length from the central administration. Proposals as to how the Committee could be made financially independent were also made. Since then very little seems to have happened. It is understood that a committee has been set up to look into the matter but that it has not yet reported.

One can only hope that during the remainder of 1993 there is movement in the three main areas about which there is concern. Firstly, it would be good if an examination could be made of the annual and other reports of the Contractor-General; secondly, there is the method of disposal of publicly owned land and other assets; and thirdly, the restructuring of the Government Contracts Committee.

Finally, it needs to be pointed out yet again that while operating with openness and according to established standards and procedures will not guarantee that there are no abuses it will certainly result in their being reduced considerably and must redound to the credit of any Government which has the courage and foresight to insist on this way of conducting its business.

2. PROPOSED BASIC PRINCIPLE

A basic principle by which it is recommended that the Government should operate is that all benefits to be awarded to individuals or companies should be seen to be made without bias or favour and by independent bodies.

To put it another way the Government has been elected to govern the country, to decide on the policies to be pursued, the projects undertaken, the laws to be passed, the departments and agencies to be maintained and so on. But ministers and employees of the Government should not have sole responsibility for awarding contracts, licences, permits and similar benefits to individuals or companies where choices have to be made between competing entities.

Apart from the need to ensure as far as possible that there is fairness, impartiality and merit in the award of benefits as is called for in the Contractor-General Act, we are faced with the fact that the level of political consciousness in the country is such that the award of contracts and other benefits by members or employees of the government operating in private will often be suspect both by the political opposition and the community at large.

It is interesting to note that the arms-length principle is already accepted to a large degree when it comes to public appointments and promotions. Thus we have the various independent commissions for the appointment of civil servants, police officers, judges and so on. We need to operate in a similar fashion in the award of government contracts, the disposal of publicly owned lands or other assets and in any other area where a benefit is to be awarded in a competitive environment.

If the above principle were to be accepted it would mean that the Act which makes the Minister responsible for housing a Corporation Sole would have to be repealed, or substantially amended. In addition, the Government Contracts Committee would need to be genuinely independent of the central bureaucracy and similar steps taken in regard to the mechanisms for the disposal of all significant government assets. It would also mean at the highest level that the Cabinet would withdraw from any role in decisions as to who should be awarded government contracts.

The essence of this principle is that the Cabinet or relevant Minister would decide that a project should be pursued, where it should be located, how it should be funded, when it should commence and so on but not who should be the consultants and contractors to undertake it.

This is not intended to suggest that political persons or public employees should be forbidden from serving on the bodies which make awards but that these bodies should not be controlled by politicians or government bureaucrats. Equally important for credibility and to emphasize the break with the past is that the bodies should operate openly. If it is proposed that John Brown be allowed to buy 5 acres of land, the fact should be advertised and not leak out three months later.

Finally, at another level the influence of Members of Parliament should be reduced in the award of small contracts in their various constituencies. One solution could be to have community based constituency committees on which both M.P.s. and caretakers sit to undertake this work.

There is little doubt that once the fundamental decision is taken to move in the direction being recommended means can be found to ensure that the principle of fairness and impartiality is implanted in the award of all government contracts and other benefits.

3. WORK OF THE CONSULTATIVE COMMITTEE IN 1992

The Committee held its first meeting for the year on January 8 when it was decided to examine the effects of delays in government contracting. Also placed before the Committee was a list of items which it was felt that members could examine and give the Contractor-General the benefit of their views. This list was subsequently refined and formally set out at a meeting on April 8 as follows:-

1. Contract Procedures
2. Government Contracts Committee and other Committees
3. Delays in project implementation
4. Preparation of list of contractors and consultants
5. The role of the Contractor-General
6. Negotiating the lowest tender under certain circumstances
7. Review of standard forms of construction contracts
8. Indexation of cost of goods and services in construction.

At the April 8 meeting work also began on the effects of delays in Government contracting based on a working paper presented by the Contractor-General. Work continued on this matter for several months and was finally concluded at the October meeting of the Committee.

The Committee met eight times during 1992 and it could be said that its main work was the examination of the effects of delay on the cost of projects. The Committee's findings and recommendations are set out at Appendix V.

Other work of the Committee during the period which was of assistance to the Contractor-General included the provision of ideas, information and advice which were of significant value in the preparation of the Annual Report for 1991.

There were also useful discussions on data collection procedures and storage which assisted in the development of the programme presently being installed on the computer which will allow the Contractor-General's Office to develop profiles and performance records on individuals and firms in the construction sector.

The operations of the Government Contracts Committee were also the subject of discussion by the Committee and the results of these discussions provided a useful input into the recommendations of the Contractor-General to the Government on this subject.

During the course of 1992 the size of the Committee was increased when Mr Phillip Gore, President of the Incorporated Masterbuilders Association of Jamaica, accepted an invitation to become a member. All members of the Committee are busy professionals and

a public acknowledgement of the generous unselfish and unpaid public service which membership of the Committee represents needs to be recorded. At year end the membership of the Committee, apart from the staff of the Contractor-General's Office was as follows:-

Mr Leo Lawson	-	Engineer : Chairman
Mr Errol Alberga	-	Architect
Mr Phillip Gore	-	Masterbuilder
Mr Vayden McMorris	-	Architect
Hon. Harold Milner	-	Financial Consultant
Mr Sam Stewart	-	Deputy Financial Secretary
Mr Maurice Stoppi	-	Quantity Surveyor

4. MONITORING AND INVESTIGATION OF CONSTRUCTION CONTRACTS

Since the inception of the Office of the Contractor-General some six (6) years ago, hundreds of construction contracts have been monitored and a few investigated. Whereas a small percentage of those monitored have been executed with competence and despatch, the great majority of cases examined disclose a variety of weaknesses that recur with such disturbing regularity that this office must again emphasize its great concern at the manner in which projects are implemented. Many of these defects originate at the very conceptual stage, while others arise during the different stages of implementation.

To facilitate the conduct of the duties of monitoring, projects are divided into two (2) sections, the pre- and post-contract stages. The former embraces the conceptualization, planning, designing and planning for implementation, including the provision of certain documentation. The post-contract phase includes all those activities which proceed from the award of the contract to its completion.

Pre-Contract Activities

Experience has shown that in many cases the conceptualization is faulty in that it either does not accord with the financial resources available, or crucial elements are omitted. Such shortcomings result in redesigning, changes in the scope of works and a protracted life-span of the project with attendant escalation in costs.

It is noted for example, that a small contract of \$936,068 for building a new cell-block

at Barnett Street Police Station in Montego Bay for six (6) months, to end in February 1991, awarded to Murphal Pipe Laying & Construction Limited, was completed months later with an escalation in cost of \$182,342 or 18%, because of design changes and delays in payment for work done by the contractor. This was a Ministry of National Security & Justice project managed by the Ministry of Construction (Works). Then there was the joint GOJ/Italian Project to provide a water scheme covering the districts of Bagnald Spring, Wood Park, Pembroke Hall, Derry and Marley in St Mary, where Leo Boland Construction Company Limited was awarded a six-month contract for \$1,606,961 in May 1990, but was only completed in May 1992, at a cost of \$3.187M, an increase of \$1.34M or 83% because of design changes and delays in the acquisition of lands and easements. Construction Engineering Corporation Limited was the implementing agency for this Ministry of Public Utilities & Transport project.

At the pre-contract stage there are also cases where the pre-qualification document is defective which can result in an unqualified or incompetent contractor winning a contract, as is evidenced by the World Bank/Ministry of Education Port Morant All-Age School refurbishing project. And there is the problem of serious breaches in the tender procedure, for example inadequate instructions or accepting late tenders.

Some of the other breaches and weaknesses which were observed at the pre-contract stage include lack of, or inadequate site inspection/investigation; acceptance of non-qualified contractors' tenders; omission of contract dates; no tax compliance certificate; poor planning for implementation; inability of contractor to finance the project; unsecured or excessive mobilization payment; lack of, or inadequate insurance coverage; selection of contractors by M.P.s; bypassing the Government Contracts Committee; uncompetitive selection of consultants; acceptance of unrealistically low tenders; and negligence of client agencies and consultants in carrying out their responsibilities.

Some of the weaknesses and problems occurring at the post-contract stage will be cited later. However, it must be emphasized that consultants are paid handsome fees to ensure the integrity of projects. It is therefore their responsibility and duty to provide accurate and comprehensive documentation for a project and to undertake a careful evaluation of tenders. Consequently, when projects reflect the type of problems and defects listed above consultants are often to blame. Indeed, it is the view of this office that greater pressure should be brought to bear on consultants to exercise more care in their technical and advisory roles. Errors at this stage of a project will inevitably result in extension of time and escalating costs at the implementation stage. Appendix I encapsulates the findings on pre-contract activities.

Post-Contract Activities

After a contract has been awarded, the plans for implementation should be formulated to ensure a timely and efficient execution of the project. Key requirements which the clients/consultants should ensure are in place include, all statutory requirements (insurance coverage, bonds and tax compliance certificate, etc.), adequate financing, appropriate staff and workmen; materials; security; site office (where necessary); bar chart; site plan, work schedule and utilities. The plans should also include the timely introduction of sub-contractors where required and a smooth flow of materials.

While the onus at this stage falls upon the contractor to ensure the smooth and efficient flow of the works, the clients and the consultants have an overriding responsibility to see the project successfully completed within the terms of the contract. Unfortunately, experience has shown that although there are established rules, procedures and practices governing the conduct of contracts, these are too often honoured in the breach with the result that contracts routinely exceed their stated periods with attendant cost escalations.

The planning, supervision, coordination and financing on the part of clients and consultants are regularly inadequate, while contractors too often ignore the statutory requirements, lack adequate financing and competent workmen, fail to produce a timely flow of materials and the engagement of sub-contractors where required, and provide inept supervision. What is observed too is that although payments for 'preliminaries' and mobilization are often made, the contractor fails to provide adequate site facilities such as an office, sanitary facilities, utilities, site plan, bar chart or work schedule, or indeed, a works overseer. Variations and additional works are also regularly introduced at this stage with the inevitable increases in costs and extensions of time.

The weaknesses and defects outlined above are not exceptions but can be identified on projects routinely and examples of some glaring cases have been recorded at Appendix III, and some others at Appendix II which also lists some projects which have been effectively completed with little or no loss of time or escalation in cost.

It is instructive however, to select examples of particularly bad cases to highlight some of the weaknesses which with greater diligence in planning, coordination, management and supervision could save the public purse millions of dollars. In this regard it should be noted that there are also other factors adversely affecting implementation over which the consultants and contractors have little or no influence. These include force majeure, political violence, devaluations, change of administration, inflation and late payments.

Outstandingly Bad Cases

In a joint GOJ/IDB project, the Ministry of Agriculture negotiated with Tankweld Ltd to construct a four-storey Titles Office at Hanover Street, in the sum of \$12,450,794 over 14 months beginning December 1990. Because of both M/Ag and IDB bureaucratic bungling and procrastination, which required two extensions totalling 240 days and a 12-month delay by IDB in approving a 43% increase due to intervening currency fluctuations, at December 1992, the project was only 18% complete. Other problems include the use of defective steel bars, theft, violence and a poor workforce. It is now projected to be completed in October 1993, with an extension of nearly two (2) years at an estimated cost of \$34.21M or an increase of 178%.

In the project for the provision of infrastructural works for Lydford Housing Development, Golden Grove, St Ann, a contract was awarded to W.G. Walters (from only two tenderers) in the sum of \$5,759,996. This office has not so far been able to see any evidence of a tax compliance certificate, or to ascertain the dates governing the contract which makes it impossible to calculate overrun or apply liquidated damages, should such eventualities arise. A contracting company called B.W. Thompson & Associates was rejected for failing the pre-qualification test but another firm J.C. Wilmot Ltd who submitted no pre-qualification form and had no GCC rating was allowed to tender. At December 1992, the works were progressing fairly well and the quality seems satisfactory. This is a National Housing Trust project that was also approved by the GCC and Cabinet.

A classic case of laxity in planning, management and coordination is exemplified by the Ministry of Local Government contract awarded to R.G. Hylton & Associates to construct 37,000 ft of pipeline from Bull Point to Upper Buckfield in St Ann over six (6) months beginning in January 1990. Problems encountered included extensive excavation in rocks, blastings, replacement of pipe fittings from overseas, repairs to leaks and delays in road alignment by the Urban Development Corporation, none of which can really be blamed on the contractor. Although the project was nearly (98%) completed at the end of the reporting period there was an overrun in time of 30 months and an escalation in cost of \$1.23M or about 40% and this contract was said to be on the 'Fast Tracking System.' There can be little surprise that the contractor is filing a suit for \$10,293,959 relating to overhead costs, preliminaries, loss of profit, plant and equipment.

In July 1991, the Port Authority awarded a 6-month contract to B & H Structures to provide a paved bus terminal and upgrade the drainage at the Free-Zone, Newport West, in the sum of \$1.6M. Although the contractor's bid was 25.7% below the Q.S.'s figure, the client accepted his claim of "comparative advantage" by having in stock, critical materials and the required equipment. He was also said to be familiar with working in the Free Zone and provided a written undertaking to stand by his tender. Unfortunately, he failed to provide the necessary securities (insurance/bonds), while some \$900,000 was paid out before

the contract was approved, and with the contractor subsequently ignoring all calls of negligence. In the end, there was a time overrun of 14 months and cost escalation of \$1.4M or 92%. This office saw no evidence of the invocation of the liquidated damages clause.

Another case involved the contract for the building of a Type V Health Centre and Administrative building in Montego Bay for which a contract valued at \$7.06M was originally awarded to Garan-Tee Construction Company, but was aborted because of a disagreement between client and contractor as a result of which the latter instituted legal proceedings. Another contract was then awarded to Richards & Richards in the sum of \$8.86M but escalated on completion to \$16.1M, an increase of \$7.24M or 81.7% with a 10-month overrun, but with work of good standard. This project suffered 103 days loss of time in waiting for Jamaica Public Service Company and Jamaica Telephone Company to remove poles from the site. There were also delays in the payment of certificates, a shortage of cement, variations and devaluation. Little of the above can be blamed on the contractor, but it must also not be forgotten that this was an exceptionally high inflationary period. The project was managed by the Urban Development Corporation for the Ministry of Health.

Finally, in the West Kingston Development Programme "Package B", three contracts for the construction of:

- (i) Coronation Truck and Car Park;
- (ii) Open Market (South/East); and
- (iii) Oxford Mall North/Queens Mall/Coronation Square

were awarded in 1988/89 for a total sum of \$25.657M but finished at a grand total of \$84.27M, that is, an escalation of \$58.612M or 228% with overrun in time extending into late 1992. Contracts (i) and (iii) were awarded to Construction Developers Associates Ltd; while (ii) was awarded to Views Ltd.

These projects suffered from a multiplicity of problems, including a lack of cash-flow, violence, alterations in design and changes in the scope of works, materials and labour fluctuations, devaluation, inflation, theft of materials, change of government and variations, etc. However, contracts (ii) and (iii) are to be subjected to an audit in respect of overruns in time and costs. It is interesting to note that two (2) projects falling within this same "Package B" and awarded to Solid Engineering Ltd, that is:

- (i) Construction and Upgrading of New Chapel Lane; and
- (ii) Extension and Upgrading of Pechon Street,

with a combined contract sum of \$3.798M were completed for \$2.23M, reflecting a saving of \$0.536M or 14.8%, but also with extensive time overrun. The differing results in these two (2) sets of projects in this politically volatile area are striking.

Conclusion

The projects on which this report concentrates are those which are not implemented competently and in a cost-effective way. However, it must be mentioned that there are several projects which have been completed satisfactorily with little or no overrun in either cost or time and with a high standard of workmanship. Unfortunately, these projects are in the minority. For balance, a number of them have been included in Appendix II.

The point has been made that politicians should not be blamed for the overruns in time and costs when projects run into difficulties as they are not the accounting officers and do not sign contracts. This may be the 'de jure' position but the 'de facto' situation is that pressure is often exerted on functionaries to ensure that certain people are engaged, to add to or vary projects, and to pressure the consultants to approve the variations, additions and applicable rates. The contractor also has his burdens which include the hiring of incompetent workmen and 'security' which are foisted on him.

Members of Parliament are known to name contractors and submit lists from which contractors are to be selected. Then again, contracts which should be the subject of selective tendering are sometimes negotiated on untenable pretexts. Consultants are also commonly named and some of these names will recur with monotonous regularity until there is a change in administration. Persons acquainted with how the system functions will be aware that directions in the situations outlined above are never written but are unmistakably conveyed.

Again it is necessary to return to the point made every year that there is a desperate need to accelerate training in project management so that ministries, departments and other agencies involved in construction will have available to them persons capable of planning, directing and overseeing the execution of projects. Many millions of dollars continue to be lost each year because of project mismanagement, as the information set out at Appendices I to III so graphically illustrates.

The Contractor-General's Office, as required by law, will continue to monitor and investigate pre-contract and post-contract activities relating to construction projects. Every year we will be repeating the same litany of woe unless decisive steps are taken, the cost of which will be a small fraction of what is being now lost through poor planning, poor organization and implementation.

5. MONITORING OF NON-CONSTRUCTION CONTRACTS, LICENCES & PERMITS

As stated previously a greater effort was made during 1992 to cover the activities in the public sector relating to non-construction contracts, licences and so on. It must be said that up to now the non-construction sector seems to be in much better shape than the construction sector. This report is full of documented cases of the abuse of construction contract procedures and shortcomings of all sorts in the award and implementation of construction contracts. It therefore gives some satisfaction to be able to say that the situation seems to be better in the area of licences and permits.

There are, of course, notable exceptions and the manner in which permission was granted for the operation of the National Lottery which was dealt with in the 1991 Annual Report is of course an outstanding one. In an effort to ensure that there was no recurrence of the breach of the principles enshrined in the Contractor-General Act a letter was written to the Chairman of the Betting, Gaming & Lotteries Commission on June 9, seeking a formal commitment that in future all awards made by the commission would be done on the basis of public competition, and made solely on merit based on factors which are known by applicants. The Chairman of the Commission responded to this request by making a number of points with the following one seeming to be of particular significance:-

"Frankly it seems to me that the intention of Parliament in setting up the Contractor-General's Office was to have an independent officer to oversee the granting of contracts which affected payments out of Government's budget and not to supervise regulatory bodies which of themselves are supervisory in nature.

However, what appears to me to be an error in drafting has brought these regulatory bodies under your purview and I welcome this as, in my view, there cannot be too many checks and balances in the system."

Having said the above, however, no commitment was given as it was stated that the Commission had no awards to make or any tenders for which it issued invitations. At least it can be said that the above correspondence has alerted the Commission to the guidelines and standards set out in the Contractor-General Act which hopefully will guide their activities in the future; meaning that all applications to engage in any form of gambling activity will be dealt with openly, impartially and on merit.

Inspectors from the office examined the method of award of a large number of licences, permits and leases in government ministries, departments and other agencies and the systems seem to be generally in order and operating reasonably well. This is especially

so in areas where there was no competition for these awards but only standards to be met. Below are some examples of specific areas monitored:-

Ministry of Production,
Mining & Commerce:

Quarry licences, Mining licences, Exclusive Prospecting Licences, Mineral Dealers Licences; and the right to undertake prospecting.

Ministry of Health :

Licensing of pharmacists, pharmacy owners, persons authorised to sell poisons, permits for the importation, selling or manufacture of drugs of chemicals.

Trade Board :

Licences to import or to export goods into or out of the country, in particular the import of motor vehicles.

Civil Aviation :

Licences for Scheduled Air Services, Licences for Non-Scheduled Air Services, Charter Permits.

Up to 1992 information had not been received on the granting of licences for Student Pilots, Air Transport Pilots, Private Pilots and Maintenance Engineers.

Airports Authority :

Concessions at the Norman Manley and Sangster Airports which were awarded by public tender on a competitive basis.

Post Office Department:

Some of the licences and permits issued were for six different types of radio stations, and certificates were also issued to Radio Operators and Radio Technicians.

Port Authority
(Marine Board):

Among the activities were the issue of Boat Licences, Sea-going Certificates, and Coxswain Certificates of Competence

Some of our observations were as follows:-

There were no licence numbers or any visible marks on a number of boats. As far as could be ascertained rafters who were seen on the White River were not licensed.

Arising out of a report that there was some impropriety in the assignment of a shop at the Montego Bay Freeport this office enquired into the matter. These enquiries revealed that the Port Authority had advertised a number of shops in response to which 24 applications were received and 11 selected by a body known as the Standing Committee of the Montego Bay Freeport.

At the end of 1992 the following were still awaited from the Port Authority:

- (a) documents indicating the criteria by which tenders were selected;
- (b) an evaluation report; and
- (c) minutes of the tender opening.

The monitoring and investigating in the above areas involved the reviewing of files on a random basis in various departments and other agencies. These reviews found the files to be generally in order but that of course may not in every case tell the whole story. Inspectors also attended hearings and visited sites where examinations of various kinds were being conducted.

JAMPRO & Jamaica Railway Corporation

Some time was spent looking at the operations of JAMPRO and the Jamaica Railway Corporation. In the case of JAMPRO it did not seem that in general their activities were of a sort that required monitoring by the Contractor-General's Office. In the case of the J.R.C. it seemed to have functioned only spasmodically during 1992 so there was not much to be monitored. Information was obtained from the Corporation on how it went about awarding contracts for the procurement of goods but by the end of the year this information seemed to be largely of academic interest as few if any contracts were being awarded. One inspector was told that all engineering services for the Corporation were provided by JENTECH, the well-known Jamaican engineering firm. More enquiries will be made into this arrangement if there is a revival of activity at the J.R.C. in the months ahead.

National Investment Bank of Jamaica

During 1992 there was a limited examination of the operations of the National Investment Bank of Jamaica which has been playing a major role in the divestment of government assets. Their mode of operation seemed designed to achieve a reasonable degree of fairness and equity in carrying out the disposal process.

However, there were one or two cases which gave some concern. For example, in 1989 the N.I.B.J. divested Jamaica Gypsum & Quarries Ltd, a publicly owned company, to the Caribbean Cement Company. The divestment agreement between N.I.B.J. and the Cement Company provided that the Cement Company would grant to a private company known as Windsor International Ltd an option exercisable by June 30, 1990, to take a sub-lease of up to 15 acres of part of the lands involved. Up to the end of 1992 Windsor International had failed to get the Cement Company to abide by the terms of the agreement to grant them the sub-lease of the land. This office took up the matter with the N.I.B.J. as our responsibilities include ensuring that the implementation of contracts conform to their terms. N.I.B.J.'s response was that the actual lease of the lands had been undertaken by the Commissioner of Lands, as the legal owner of the lands, and that the N.I.B.J. had no obligation to provide a sub-lease to Windsor International Ltd. It is my view that the N.I.B.J. might not have a legal obligation, but it certainly has a moral responsibility to ensure that the terms of its agreement with the Cement Company are scrupulously fulfilled, and it is recommended that N.I.B.J. be instructed to take all steps necessary to ensure that the sub-lease which has been approved at the highest level of the government is implemented in strict accordance with the terms of the N.I.B.J. agreement with the Cement Company.

Transport Authority

The various forms of Carriage Licences were monitored during 1992 and random checks of sample licences applications at the Transport Authority indicated that applicants had generally fulfilled the legal requirements as set out in the Authority's Act. During 1993 it is intended to do a more in-depth analysis of the issue of various licences by the Authority.

Operation of 5 Parks Markets Companies

Metropolitan Parks & Markets Ltd
Central Parks & Markets Ltd
Southern Parks & Markets Ltd
North-Eastern Parks & Markets Ltd
Western Parks & Markets Ltd

Our attention focused on the award of public cleansing contracts as we were not satisfied that these awards were being made in accordance with the impartiality and fairness called for in the Contractor-General Act. The Ministry of Youth & Community Development advised that the procedure for the award of contracts "Is that the contractor considered most suitable is selected from a list of pre-qualified contractors as determined

by the local authorities and the respective Parks & Markets Companies." As the local authorities are purely political bodies the integrity of the system cannot be assured and it is intended to examine it further before making recommendations.

Ministry of Education

Procurement of 14 all-terrain supervisory motor vehicles: This procurement contract was monitored and it seemed to have been planned and implemented efficiently by the ministry's project unit.

Provision of furniture and equipment for offices as well as basic and primary schools: These involved two (2) contracts and were subject to international tendering. Only one tender was received to supply furniture and equipment for basic and primary schools and that tender was non-responsive and thus rejected. It is understood that new tenders are to be invited.

The second tender was for furniture and equipment for offices, and despite the fact that nine (9) local and three (3) foreign firms took up the tender documents, only one (1) returned a tender. The ministry's evaluation committee failed to make a recommendation for a number of reasons including some confusion about the tender itself. It seemed that the tenders were not properly documented, and if the tenders had been broken down and companies had been allowed to bid on smaller areas several Jamaican firms might have come forward and successfully bid on the furniture portion of the exercise.

Jamaica Commodity Trading Company

This state owned company has the responsibility for importing a number of items such as soya beans, wheat, corn, sardines, rice and skimmed milk powder. Their procedures seemed to be generally in order. However, invitations to bid to supply commodities are sent only to entities on the list of approved suppliers for a particular commodity and it appears that names are put on these lists on the instructions of the Managing Director who acts on the recommendation of the Chief Internal Auditor. It would seem that there should be a larger number of senior persons being responsible for these important decisions which should be taken in a more structured fashion. All awards are made by the company's tender committee and that aspect seems to be handled satisfactorily.

Jamaica Attractions Development Company Limited (JADCo)

The granting of concessions and leases by this tourism promotion agency was monitored during the year. By the end of 1992 JADCo was in the process of being wound up and its assets and liabilities handed over to the Tourism Product Development Company, with management being undertaken by Tourism Action Plan, a private company. We were advised that during 1992 JADCo's Board approved the award of concessions but often not through public invitations to tender. The following are some of the concessions looked at:

Annotto Bay Travel Halt - Restaurant and Bar: During the year a new concessionaire was selected from several candidates, but not through public advertisement.

Rio Bueno Travel Halt - Restaurant and Gift Shops: A concessionaire is in place but lease remains unsigned because of a number of problems.

Reach Falls in Portland: Facility presently closed as damaged by hurricane 'Gilbert'. There is said to be a proposal to lease it to an organization known as the Portland Development Company. At year end the situation was still unclear but if the facility is to be leased public tenders should be invited.

Lovers' Leap, St Elizabeth and Roaring River, Westmoreland: These two facilities for tourists have been near to completion for some time and it is unfortunate that funding has dried up with apparently no immediate prospect of work re-starting. We have received reports of tourists and locals visiting these unfinished facilities. It is recommended that they be completed as early as possible.

Jamaica Swamp Safari, Trelawny: We have been advised that this facility is not being well run which has held up the renewal of the lease that expired in December 1991. Monitoring will continue in 1993.

Rafting on the Martha Brae, Trelawny: A 15-year licence was given to a private company to operate this facility. The licence expires in the year 2,000. The arrangement seems to be working satisfactorily.

An Evening on the Great River, Hanover: A company known as Great River Productions continues to operate this facility under a licence granted from JADCo. Changes are said to be taking place which may affect the terms of the lease. We will continue to monitor during 1993.

With the demise of JADCo there is the danger that at least for some time the management of these tourist facilities may not be firm and efficient as it does not seem that TAP will be retaining the services of any member of JADCo's staff. From our point of view we are particularly concerned about the methods to be used in selecting concessionaires and lessees. We will continue to urge the new managers to always proceed in accordance with the terms of the Contractor-general Act.

6. SEMINAR IN NOVEMBER 1992 IN NOVEMBER 1992

On Thursday, November 19, 1992, the Office of the Contractor-General sponsored a seminar at the Medallion Hall Hotel in Kingston on measures which could be taken to implement the Contractor-General Act more effectively. The 35 people who attended were senior public sector executives with whom members of staff of the Contractor-General's Office deal on a regular basis, members of the Consultative Committee, directors of other regulatory agencies and the relevant staff members of the Contractor-General's Office.

Among the conclusions reached by the seminar were that :

- (i) there needed to be a review of the grading of contractors and the process of selecting them;
- (ii) genuine transparency was needed to be present in the Government's operations as secrecy had led members of the public to be suspicious of bureaucrats even at times when no malpractice was involved;
- (iii) there should be closer cooperation between the Auditor General's Office, PAMCo and the Contractor-General's Office with a more structured exchange of information which would provide mutual support and avoid duplication;
- (iv) the Contractor-General does possess the necessary powers to investigate and monitor the work of government agencies and that there was no need for amendments to the Contractor-General Act to provide additional powers;
- (v) the Reports of the Contractor-General were not now subject to any systematic review by Parliament and that Parliament should be urged to appoint a Committee or some other body to examine and take action on the Contractor-General's reports.

All those attending the seminar seemed to find it of value and hopefully representatives of other government agencies who were present will have gained a better understanding of the functions of the Contractor-General and how the office operates.

7. STAFFING OF THE OFFICE

The staff of the office in 1992 was substantially below the posts approved for the establishment. There are 43 posts on the establishment but only 30 posts were filled during the period as Appendix IV indicates. Nine posts were frozen as part of the programme to reduce the size of the public sector. Two important operational posts remained unfilled because the salaries offered were not able to attract suitable persons to fill them.

During the year the Director of Administration, Mr Karl Sloley, went off on the conclusion of his contract and an Inspector, Mr Franklyn Spence, as well as the Accountant, Mr Rudolph Francis, resigned their posts.

The ongoing training of the members of the Inspectorate continued during the year with two assistant inspectors, Messrs. Paul East and Michael Hyatt, participating in a month-long workshop on project profile preparation.

The staff continued to provide loyal support and it is their work that has made this and other Reports possible. I wish to record my thanks and appreciation for their critically important contribution during 1992.


8. STATEMENT OF ACCOUNT FOR FINANCIAL YEAR 1991 - 1992

On the following pages are the audited Appropriation Accounts and related information for the Financial Year 1991/92. The audit was done by the Auditor General in accordance with the requirement of Section 27(1) of the Contractor-General Act. It will be observed that as in all previous years the accounts of the office are fully up to date, are in good order and that expenditure was well within the amount budgeted.

APPROPRIATION ACCOUNT

OFFICE OF THE CONTRACTOR-GENERAL

Account of the sums expended as compared with the sums approved for the service
of the Office of the Contractor-General in the year ended 31st March, 1992

SERVICE	Total Approved Estimate	Expenditure		Expenditure compared with Estimate			
				More than Estimate		Less than Estimate	
	\$	\$	¢	\$	¢	\$	¢
HEAD NO. 4 - OFFICE OF THE CONTRACTOR-GENERAL							
21 - Compensation of Employees Original Estimates 2,117,300 2nd Supplementary 325,000	2,442,300	2,371,568	06			70,731	94
22 - Travel Expenses & Subsistence Original Estimates 260,000 2nd Supplementary 78,000	338,000	260,407	68			77,592	32
23 - Rental of Property, Machine & Equipment Original Estimates 420,000 31,000	451,000	373,994	00			77,006	00
24 - Public Utilities Services Original Estimates 140,000 2nd Supplementary 54,000	194,000	155,845	87			38,154	13
25 - Purchase of Other Goods & Services Original Estimates 254,000 2nd Supplementary 48,000	302,000	276,880	84			25,119	16
28 - Retirement Benefits Original Estimates 285,000 2nd Supplementary 60,000	345,000	345,641	89	641	89		
31 - Retirement Benefits Original Estimates 16,000 2nd Supplementary 370,000	386,000	383,158	26			2,841	74
TOTAL - HEAD NO. 4	4,458,300	4,167,496	60	641	89	291,445	29
Surplus to be Surrendered to Consolidated Fund.		290,803	40				
 Contractor-General							
30th July, 1992 Date							

APPROPRIATION ACCOUNT

OFFICE OF THE CONTRACTOR-GENERAL

EXPLANATION OF THE CAUSES OF VARIATION BETWEEN APPROVED ESTIMATES AND EXPENDITURE

21 - COMPENSATION OF EMPLOYEES

The under-expenditure resulted from vacancies on this establishment. This was due to the fact that the initial provision to fill vacancies was utilised to meet increases due to the revision of salary effective 1st August, 1991. Funds for this purpose were provided in the Second Supplementary Estimates 1991/92 passed in late March, 1992.

22 - TRAVEL EXPENSES & SUBSISTENCE ALLOWANCE

The under-expenditure was due to the fact that some travelling officers were in receipt of a reduced allowance in lieu of a motor car Upkeep Allowance and that no amount was released via warrant for payment in March, 1992.

23 - RENTAL OF PROPERTY

The under-expenditure was due to the fact that no funds were released in the warrant for the payment of rent for the months of February & March, 1992.

24 - PUBLIC UTILITIES

The under-expenditure resulted from efforts made in the conservation of energy and that no amount was released for the payment of bills in March, 1992.

25 - PURCHASE OF OTHER GOODS & SERVICES

The under-expenditure is due to the fact that no funds were released by warrant in March, for the purchasing of stationery and for contract payments i.e. Parking Facilities and Cleaning Office.

28 RETIRING BENEFITS

The excess expenditure is due to the re-calculation of Gratuity Payments for some officers consequent on the payment of increments during the financial year 1991/92. Virement was sought to cover the excess from Object Account 25. Approval memo. not yet received, from the Ministry of Finance.

31 - PURCHASE OF EQUIPMENT

The under-expenditure was due to the fact that the amount on balance for this object was not enough to purchase the filing cabinet that was required and no amount could be utilized from the other objects as these amounts were approved by 2nd supplementary late in March, 1992.


.....
Contractor-General
30/7/92

In the Auditor General's Report for 1991-92 the following was stated about the Office of the Contractor-General: "The financial transaction and accounting records examined for the year under review were found to be in order."

9. APPENDICES

KEY: A = Adequate
 IA = Inadequate
 N/A = Not Applicable

APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
WEST KINGSTON DEVELOPMENT PROGRAMME - PACKAGE "B"							
Urban Development Corporation							
i) Construction of Truck & Car Park with Facilities	A	A	A	A	A	A	Contract awarded on merit.
ii) Construction of Markets and Malls Including Facilities and Infra- structures.	A	A	A	A	A	A	" " " "
iii) Construction of Open Market With Stalls and Facilities	A	A	A	A	A	A	" " " "
iv) Construction and Upgrading Roadway, New Chapel Lane	A	A	A	A	A	A	" " " "
v) Construction and Upgrading Pechon Street	A	A	A	A	A	A	" " " "

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NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
SOCIAL SECTOR DEVELOPMENT							
a) PROCUREMENT OF FURNITURE FOR PRIMARY & BASIC SCHOOLS Ministry of Education	IA	A	A	A	A	A	Although section of the bid document is somewhat awkward, it is adequate to deal with the contract. Contract put to re-tender.
b) PROCUREMENT OF FURNITURE FOR CENTRAL & REGIONAL OFFICES Ministry of Education	A	A	A	A	A	IA	The Evaluation Committee failed to make a recommendation and appeared to be uncertain of the correct procedure to follow in analyzing the only tender received.
c) PROCUREMENT OF FOURTEEN (14) ALL-TERRAIN SUPERVI- SORY MOTOR VEHICLES Ministry of Education	A	A	A	A	A	A	The pre-contract activities have been dealt with adequately.

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APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	REMARKS
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
WORLD BANK IV Ministry of Education							
i) Morant Bay Junior High	A	A	A	A	A	A	Prequalification and subsequent tender process was aborted due to error during prequalification exercise. Subsequent pre-qualification and tender process went satisfactorily. Competitive negotiation with two lowest tenderers is being contemplated because of time lapse and resulting cost increase.
ii) Port Morant All-Age	A	A	A	A	A	A	Review of prequalification and tender documents and processes show them to be in accordance with standard practice.
SOCIAL SECTOR DEVELOPMENT PROGRAMME (S.S.D.P.)							
Ministry of Education							
i) White Hall Basic School	A	A	A	A	A	IA	Prequalification exercise common for all schools under S.S.D.P.
ii) Sherwood Content/Joe Hut	A	A	A	A	A	IA	Evaluation of prequalification questionnaires showed signs of procedural laxity. Four (4) late returns evaluated.
iii) Baccaswood/Nutfield	A	A	A	A	A	IA	
							Other areas of pre-contract activities appeared to be adequate.

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	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF CONSTRUCTION Commonthe Pond Bridge Piling Work	A	A	A	A	IA	A	During the opening of tenders, it was noted that a tender in the sum of \$1,539,680 was considered null and void, in that the tenderer had deposited a second tender with an accompanying letter advising that the first tender was withdrawn and that their quotation was now in the sum of \$1,690,000. The second tender was accepted as valid and hence analysed.

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	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF CONSTRUCTION Oaklands Housing Development i. Housing Contract ii. Infrastructure Contract iii. Sewer Trunk Main							All three contracts were negotiated and did not appear before the GCC. The project falls under the Housing Act is being developed by two companies which operate under the M.O.C.(H), a 'Corporation Sole' who possesses overriding powers. Note should be taken that two members of the Contracts Award Committee set up under the Joint Venture Agreement, had direct links with the companies contracted for the sewer trunk main and infrastructure contracts.
Construction of 765 housing units and their related infrastructure at Old Harbour, St. Catherine	A	N/A	N/A	N/A	A	N/A	This was a negotiated contract with one of the system builders.

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NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	REMARKS
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF CONSTRUCTION							Pre-contract procedures were properly carried out except for :-
National Housing Trust							
Lydford Housing Development Infrastructure	IA	A	A	A	A	A	1) a contractor who was not pre-qualified was included in the list of tenderers; ii) the omission of contract date and date of site possession in contract document.
Tyall Housing Scheme Infrastructure Works	IA	A	A	A	A	IA	Not all the contractors considered were subjected to prequalification and none should have been invited to tender on reputation only.
Woodstock Infrastructure Works	IA	N/A	N/A	N/A	A	N/A	All pre-contract activities were coordinated by EDCo, but this is another project which is being developed by the Ministry of Construction, which seems to instruct EDCo as to how to proceed. Although promised, a complete set of documents on the pre-contract activities was not received up to the time of writing this report.

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NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF PUBLIC UTILITIES AND TRANSPORT							
Carib Engineering Corporation Limited	IA	IA	IA	A	A	A	Consultants were invited to submit a price proposal for the provision of engineering consultancy services which was accepted and a contract agreement made.
Cross Keys to Rest Store Water Supply Project							Tenders were invited publicly.
							A period of nine (9) months was allowed to pass between tender and contract award, as a result of delays on the part of Carib Engineering Corporation Ltd., G.C.C., Cabinet and E.E.C. delegation in Jamaica in approving the award.
Victoria Town-Manchester Pumping Station	A	A	IA	A	A	A	Prequalification of contractors was not carried out prior to invitation or opening of tenders.
							Contract award was made after a delay of nine (9) months.
							Tenders were invited publicly from local, E.E.C. and African, Caribbean and Pacific Member States firms.

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APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF AGRICULTURE National Irrigation Commission Limited Fencing of Storage Site - St.Dorothy, Old Harbour, St. Catherine	IA	IA	IA	IA	IA	IA	Contractors invited to tender were selected from a list at the office of the National Irrigation Commission. Tender documents and bills of quantities were not prepared prior to invitation for proposals. Proper evaluation procedures were not carried out to show against what background recommendation was made.

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PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF LOCAL GOVERNMENT Ocho Rios/St. Ann's Bay Water Supply 2 Million Gallons Storage Tank	A	A	A	A	A	A	<p>The tender document was adequately compiled with precise instructions.</p> <p>Tenders were originally invited from contractors on the Ministry of Local Government's list. However, they were rejected on the grounds that the bids were too high.</p> <p>Subsequent re-tendering excluded the cost of supplying post-tension strands, and the bids were assessed in accordance with standard procedures and responsiveness to instructions and an award made accordingly.</p>
MINISTRY OF TRADE & INDUSTRY Factories Corporation of Jamaica Limited Factories Repairs & Upgrading	IA	IA	IA	IA	IA	A	<p>The guidelines for tendering procedures were not applied; rather, quotations were invited and were not returned in accordance with the time stated in the letter of request.</p>

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APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	REMARKS
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF LOCAL GOVERNMENT							
Redevelopment of Jarrett Park Phase II, Montego Bay, St James	A	A	A	A	A	A	Contractor was selected through the process of Selective Tendering. Securities are in place and valid.
Market Upgrading at Morant Bay, St. Thomas	N/A	N/A	N/A	N/A	N/A	N/A	This was a small contract which could be handled by the Superintendent of Roads & Works involving a contract period of six (6) weeks under the force account system.
Ocho Rios/St. Ann's Bay Water Supply	A	A	A	A	A	A	Pre-contract activities were executed satisfactorily.
Civil Works Contract							
Pipe laying Contract No. NW-04-CS-04-89-01	A	A	A	A	A	A	The conditions of contract with supporting forms of agreement and bond were adequate to satisfactorily administer the contract. The evaluation of tenders was in accordance with standard procedures and an award was correctly made to the lowest responsive tenderer.

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 IA = Inadequate
 N/A = Not Applicable

APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
BANK OF JAMAICA Refurbishing Elevators	IA	IA	IA	IA	IA	IA	<p>The Bank initially requested quotations from local firms on the basis of inadequate documentation and imprecise instructions. No evidence of any decision followed that process. A consultant was later commissioned to go overseas with a staff member to identify sources of materials for the refurbishing work. An overseas contractor who specialises in installation work of this type was also identified resulting in a quotation being accepted by the Bank on the recommendation of the consultant. Thereafter, the consultant's assignment seems to have ended. The subsequent contract agreement had flaws and deficiencies.</p> <p>Instead of employing and briefing a team of qualified consultants on their requirements, so that proper documentation including a conditions of contract could be put in place, the Bank proceeded to carry out activities for which it seemed not to have any technical expertise.</p> <p>Cont'd...</p>

KEY: A = Adequate
 IA = Inadequate
 N/A = Not Applicable

APPENDIX IPRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
BANK OF JAMAICA Refurbishing Elevators (Cont'd)							It is interesting that the deficiencies which were identified in this contract agreement bear some resemblance to another contract which was the subject of a formal inquiry by this office.
Design and Manufacture of Uniforms	IA	IA	IA	N/A	IA	A	Contract was awarded on the basis of finished commodity rather than price. Under the circumstances there was merit in this method of awarding the contract, but this was not given in the instructions as the criterion on which the award of the contract would have been based.

KEY: A = Adequate
 IA = Inadequate
 N/A = Not Applicable

APPENDIX I

PRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	REMARKS
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
MINISTRY OF PUBLIC UTILITIES & TRANSPORT							
Carib Engineering Corporation Ltd (C.E.C.L.)							
Pembroke Hall Water Supply Construction Contract	A	A	A	A	A	A	List of tenderers was supplied to C.E.C.L. by Minister of State, Ministry of Construction.
JAMAICA PUBLIC SERVICE COMPANY LIMITED							
I.B.R.D. Fourth Power Project							
Supply of Distribution Capacitors & Switching Devices	A	A	A	A	A	A	The activities up to the end of the period were properly carried out. Award made without partiality and with merit.
Refurbishing of 2 x 18.5 MW Gas Turbine Generating Units #8 & #9 at Bogue, St. James	A	A	N/A	N/A	A	N/A	Documents concerning the Conditions of Contract which J.P.S.Co. and the Jamaica Government should have supplied, were not supplied on time. Also the necessary administrative arrangements and other pre- contract activities were not properly planned and scheduled to effect an early start of the project.

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 IA = Inadequate
 N/A = Not Applicable

APPENDIX IPRE-CONTRACT ACTIVITIES - ANNUAL REPORT

NAME OF PROJECT & BODY/LOCATION	TENDERING				SECURITIES	EVALUATION OF TENDER	R E M A R K S
	DOCUMENTS	TENDER INSTRUCTIONS	RETURNS	OPENING			
JAMAICA PUBLIC SERVICE COMPANY LIMITED (Cont'd)							
Rehabilitation of Old Harbour Unit #3	A	A	A	A	A	IA	Contractors from member countries of the I.D.B. were prequalified and invited to bid on the rehabi- litation of Unit #3 located at the Old Harbour Power Station. A public opening of tenders was recorded as follows :- 1) Ansaldo G.I.E.- US\$1,800,000 2) Foster-Wheeler- US\$2,452,000 3) Distral - US\$3,409,249 Ansaldo G.I.E. tender was considered to be unusually low, but the evaluation report recommended that it be awarded the contract on the basis of its past and present performance on J.P.S. Co. projects.
MINISTRY OF HEALTH							
Urban Development Corporation							
Repairs to Nurses' Quarters	A	A	A	A	A	A	Tendering procedures were executed with merit.
University Hospital of the West Indies	A	A	A	A	A	A	"
May Pen	A	A	A	A	A	A	"

APPENDIX II

POST CONTRACT ACTIVITIES

1	2	3	4	5	6	7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
MINISTRY OF AGRICULTURE NATIONAL IRRIGATION COMMISSION LIMITED Electrical Switch Gear for Ebony Park Farm JAMAICA LAND TITLING PROGRAMME Lands Department Extention & Refurbishing	a. Yes b. No	a. \$.587 m. b. 14 wks. Starting Date: 14/12/91	Procurement	a. 8 mths b. \$0.09m c. 15.4%	Agency	Contractor	No	A deposit of \$.235 m. or 40% was paid to the contractor without a guarantee to protect the client's interest. The project is now completed.
					a. Fair b. Inadequate c. " d. Fair	a. Fair b. " c. " d. Good e. Fair		
	a. Yes b. Yes	a. \$3.58m b. 12 mths.	Bills of Quantities	a. 7 mths	a. Adequate b. " c. " d. " e. " f. "	a. Inadequate b. " c. " d. " e. " f. "	No	A 20-week extension to September 25 was granted but the contract was only 82% completed at December 1992. There is hardly any activity on site. Apart from incompetence, the contrac- tor is being hampered by - 1) delays in payment; 2) quantum of variations (\$1.5m); 3) late appointment of sub-contractors; and 4) non-performance of window sub- contractor.

2.

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
JAMAICA LAND TITLING PRO- GRAMME (CONT'D)					Agency	Contractor			
Refurbishing of Survey Department	a. Yes b. Yes	a. \$8.55m b. 8 mths.	Bills of Quantities		a. Inadequate b. " c. " d. Adequate e. "	a. Adequate b. " c. " d. " e. "	a. Adequate b. " c. "	No	The work is 20% complete after 46% of the contract period has elapsed. The contractor is being severely hampered by factors beyond his control, most of which rest with the Consultants. Similar to the refurbishing of the Lands Department, this contract is experiencing problems because the office staff still occupies the building.
MINISTRY OF CONSTRUCTION (HOUSING)									
NATIONAL HOUSING TRUST									
Freddie Infra- structure Works	a. Yes b. Yes	a. \$12.6m b. 9 mths.	Lump Sum		a. Good b. " c. " d. "	a. Good b. " c. " d. "	a. Adequate b. " c. "	No	This project is progressing with minimal obstruction. Completion date is expected to be met.

POST CONTRACT ACTIVITIES

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	REMARKS
					Agency	Contractor			
MINISTRY OF CONSTRUCTION (HOUSING) (CONT'D)									
NATIONAL HOUSING TRUST									
Infrastructure Works - Mineral Heights Housing Scheme Phase II, May Pen, Clarendon	a. Yes b. Yes	a. \$19.3m b. 9 mths.	Lump Sum	a. 15 mths b. \$1.6m (up to 31/12/92)	a. Fair b. " c. " d. "	a. Poor b. " c. " d. " e. "	a. Fair b. " c. "	Pending	Contract was determined December 1992. Another contractor is being sought.
Mineral Heights Housing Phase II	a. Yes b. Not seen	a. \$22.14m b. 20 mths	Negotiated	a. 6 mths b. \$3.5m c. 15.9%	a. Adequate b. " c. "	a. Adequate b. " c. " d. " e. "	a. Adequate b. " c. "	No	Progress on the contract was hampered by non-performance of the infrastructure contractor.
Infrastructure Works - Woodstock Buff Bay, Portland	a. Yes b. Yes	a. \$13.2m b. 9 mths	Lump Sum	a. - b. \$2.5m c. 19%	a. Good b. " c. " d. "	a. Good b. " c. " d. " e. Very Good	a. Adequate b. " c. "	No	Given the level of escalation and the fact that the project was completed fourteen (14) days ahead of time, together with the good quality of work achieved, this project can be considered as one successfully implemented.

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
					Agency	Contractor			
MINISTRY OF CONSTRUCTION HOUSING (CONT'D)									
NATIONAL HOUSING TRUST									
Infrastructure Works - Tryall Housing Scheme	a. Yes b. Yes	a. \$6.3m b. 6 mths	Lump Sum		a. Adequate b. " c. " d. "	a. Adequate b. " c. " d. " e. "	a. Adequate b. " c. "	No	No Tax Compliance Certificate was seen. Contractor requested extension of time citing the amount of variations issued and inclement weather as his reasons.
MINISTRY OF PUBLIC UTILITIES & TRANSPORT									
PORT AUTHORITY OF JAMAICA									
Boundbrook Wharf Recon- struction Phase II	a. Yes b. Not seen	a. \$12.1m b. 5 mths	Bills of Quantities	a. N/A b. N/A c. N/A	a. Fair b. " c. " d. Good	a. Fair b. " c. " d. " e. Good	a. Adequate b. " c. "	No	Implementation of project has been fairly good up to year end.
Sangster International Airport	a. Yes b. Yes	a. \$86.8m b. 16 mths	Bills of Quantities	a. 14 wks b. \$33.4m c. 38.4%	a. Very Good b. Good c. " d. Adequate	a. Good b. " c. Adequate d. Very Good e. Good	a. Adequate b. " c. "	No	Generally the performance of the contractor was good.

POST CONTRACT ACTIVITIES

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
					Agency	Contractor			
MINISTRY OF PUBLIC UTILITIES & TRANSPORT (CONT'D)									
AERONAUTICAL TELECOMMUNICATIONS OF JAMAICA	a. No b. Not seen	a. \$.687m b. 2½ mths	Bills of Quantities	a. N/A b. N/A c. N/A	a. Satisfactory b. " c. "	a. Adequate b. Good c. Good d. Fair e. Good	a. Adequate b. " c. "	No	Work managed well and progressed satisfactorily.
Construction of Tower									
JAMAICA PUBLIC SERVICE CO. LTD.									
Supply of S.P. Mounted Distribu- tion Capacitors & Switching Devices	a. No b. Yes	a. US\$ 433.224 b. 180 days	Lump Sum	a. 46 days b. N/A c. N/A	a. Adequate b. Inadequate c. "	b. Inadequate c. "	-	No	Contractor did not comply with the following: 1. Inspection and test of materials; 2. Insurance covering the transportation of all materials to be delivered under the contract; 3. Guarantee that equipment would be free from defects etc.
West Kings House 69/24 Kv 25 MVA Substation	a. Yes b. No	a. \$1.045m b. 90 days	Admeasure- ment	a. Nil b. \$.717m c. 68%	a. Adequate b. Inadequate c. " d. "	b. Adequate c. " d. " e. Fairly Good	a. Fairly Good b. " " c. " "	No	This project was implemented fairly satisfactorily.

6.
POST CONTRACT ACTIVITIES

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	REMARKS
					Agency	Contractor			
JAMAICA PUBLIC SERVICE CO. LTD. (CONT'D) St. Catherine District Office Extension	a. No b. No	a. \$2.6m b. 33 wks	Bill of Quantities	a. 28 wks b. \$4.7m c. 180%	a. Inadequate b. " c. " d. Adequate	b. Fair c. Fairly Good d. " " e. " "	a. Fairly Good b. " "	No	This project suffered due to a number of factors including: 1. Weak management & poor communication as well as lack of coordination between consulting Architect and J.P.S.Co. 2. Inadequate planning 3. Poor performance of Consultant/Architect 4. Devaluation of local currency 5. Delayed payments 6. Labour cost increase 7. Inclusion of substantial new works The project has been completed.
2 x 18.5 MW Gas Turbine Generating Units #8 & #9	a. Yes b. Yes	a. US\$12.5m J\$1.5m b. 5 mths	Lump Sum	a. 6 mths b. N/A c. N/A	a. Fair b. " c. " d. " e. Good	a. Fair b. " c. " d. " e. Good	a. - b. Fairly Good c. " "	N/A	This was a contract for the repair overseas of two generating units. There were delays in completion which are not unusual for jobs of this nature. Greater bureaucratic efficiency could have reduced these delays somewhat.

7.
POST CONTRACT ACTIVITIES

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
					Agency	Contractor			
JAMAICA PUBLIC SERVICE CO. LTD. (CONT'D)									
Rehabilitation of Old Harbour Unit #3	a. Yes b. No	a. US\$1.8m b. 7 mths	Lump Sum	a. 2 mths b. Nil c. Nil	a. Adequate b. " c. " d. "	a. Adequate b. " c. " e. Good	b. Fairly Good c. Good	No	This project was completed satisfactorily and returned to service two (2) months behind schedule due to repairs which had to be done on the turbine.
Bellevue Duncans 138 Kv Trans- mission Line - Supply of Towers and Execution of Works	a. Yes b. Yes	a. J\$10.43m US\$1.81m b. 11 mths	Admeasure- ment	a. 2.5 mths b. N/A c. N/A	a. Adequate b. " c. " d. "	a. Adequate b. " c. " d. " e. Fairly Good	a. Fairly Good b. " " c. " "	No	This project is approximately 90% complete and at year end had a time overrun of 2.5 months.
NATIONAL WATER COMMISSION									
Greater Portmore 2-million gallons Reservoir	a. Yes b. Yes	a. \$7.1m b. 12 mths	Lump Sum	a. 21 days b. \$1.2m c. 17.3%	a. Fair b. " c. " d. Good	a. Poor b. " c. " d. Fair e. Poor	a. Poor b. Fair c. Average	No	This contractor is not organised and is not effectively managing or monitoring the progress of the work which is only 78% complete.

POST CONTRACT ACTIVITIES

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	REMARKS
					Agency	Contractor			
CARIB ENGINEERING CORP. LTD. Victoria Town Well #2 Manchester	a. Yes b. Yes	a. \$1.9m b. 6 mths	Lump Sum	a. 8 mths b. \$.108m c. 5.7%	a. Fair b. Poor c. Fair d. Good	a. Fair b. " c. " d. Good e. "	a. Good b. " c. "		The project is approximately 90% complete with a time overrun of eight (8) months at the end of the period.
MINISTRY OF INDUSTRY & COMMERCE FACTORIES CORPORATION OF JAMAICA LTD Factory Repairs & Upgrading	a. Yes b. Inadequate	a. \$.129m b. 2 mths	Negotiated	a. 2 mths b. \$.153m c. 118.5%	a. Poor b. Fair c. " d. "	a. Fair b. " c. " d. " e. "	a. Fair b. Adequate c. "	No	Implementation of project was not bad. However, there seemed to be a lack of project manage- ment experience and performance of contractor could have been better.

POST CONTRACT ACTIVITIES

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. %	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	REMARKS
MINISTRY OF LOCAL GOVERNMENT ST. THOMAS PARISH COUNCIL Market Upgrading Morant Bay	a. No b. No	a. \$15,000 b. 6 wks	Negotiated		Agency	Contractor	a. Fair b. " c. " d. " e. "	N/A	Work satisfactorily completed.
MINISTRY OF EDUCATION SOCIAL SECTOR DEVELOPMENT PROGRAMME White Hall Basic School, St. Mary	a. Yes b. Yes	a. \$.691m b. 14 wks	Bills of Quantities	a. 5 days b. - c. -	a. Fair b. Adequate c. "	a. Adequate b. " c. Fair d. " e. Good	a. Adequate b. " c. "	No	Progress initially hampered by a lack of skilled supervisory personnel. Variations resulting from a re-design of the foundation indicated some pre-contract weaknesses.

10.
POST CONTRACT ACTIVITIES

APPENDIX II

1	2	3	4	5	6		7	8	9
NAME OF PROJECT CLIENT & FUNDING MIN. AGENCY	a. MOBILIZATION & b. SECURITIES	CONTRACT: a. Sum b. Period	CONTRACT TYPE	OVERRUN: a. Time b. \$M c. Z	a. Planning b. Coordination c. Management	d. Site Sup. e. Quality of Work	ADEQUACY: a. Plant/Machin. b. Materials c. Labour	LIQUIDATED DAMAGES INVOKED	R E M A R K S
					Agency	Contractor			
MINISTRY OF EDUCATION (CONT'D) SOCIAL SECTOR DEVELOPMENT PROGRAMME Sherwood Content/ Joe Hut Basic School, Trelawny	a. No b. Yes	a. \$2.1m b. 28 wks	Bills of Quantities	a. N/A b. N/A c. N/A	a. Fair b. " c. "	a. N/A b. " c. " d. " e. "	a. Adequate b. " c. "	No	The contract was signed on November 18, 1992, and activities commenced on November 30, and were suspended shortly after by the contractor. The Consultant subsequently issued instructions for the contractor to resume activities or face termination.

OFFICE OF THE CONTRACTOR-GENERAL
SELECTED CONSTRUCTION PROBLEM CASES

APPENDIX III

1		2		3		4			5	
A. PUBLIC BODY & B. PROJECT DESCRIPTION		A. CONTRACTOR & B. CONSULTANTS		A. CONTRACT SUM & B. DATES		OVERRUNS			R E M A R K S	
						Time (Months)	Cost	%		
1.	A - Ministry of Construction (Housing) B - Sewage Treatment Plant Eltham Housing Development	A-(i) Algreg Engineer- ing Co Ltd. (ii) Y.P. Seaton & Assoc. B- Milton Weise & Associates		A - \$10.5M B - Nov. 1991 to May 1992-(O) Jan. 1993 -(F)		8	\$5.3M	50	A negotiated contract, not vetted by GCC but approved by Cabinet. suffered from gun violence with one death, closure of site for 5 months and inclement weather. For unclear reasons, the project was subcontracted to Y.P. Seaton who performed well.	
2.	A - MLG/NWC B - 2-Million Gallon Water Tank, Ocho Rios	A- Courage Constr. Co Ltd. B- Resource Engineers Ltd/PCJ Engineers		A - \$4.56M B - Jan. - June 1990-(O) Sept. 1992 (F)		27	\$2.35M	51	Plagued with labour problems, changed location for tank; lack of materials, change in scope of works, inability of contractor to finance project and poor supervision and planning; suspension of activities to facilitate a geo-technical survey.	
3.	A - M.O.C. (H) B - Claremont Housing Development St. Catherine 765 solutions; studios -2/3 Bed- room Units	A- Leonard I. Chang Engineers Ltd. B- Sugar Industry Housing Ltd.		A - \$161M B - July 1991 to late 1994		-	-	-	A negotiated contract, problems included delay of start because of non-payment of mobilization, rock excavation; invasion of site by political thugs necessitating special security and projected escalation cost that could raise final cost to more than \$500M.	
4.	A - MOH/MOC (W) B - Central Public Health Laboratory & Diagnostic Centre, Slipe Road, Kingston	A- (i) Nakash Goshine (ii) Eric Fong Yee Ltd. B- L. Lloyd Robinson & Davidson & Hanna		A - \$17.2M B - Aug. 1987 to Aug. 1989(O) Aug. 1992(F)		36	\$19M	134	Sited in politically volatile area, the project suffered from thefts, harrassment of workforce, intimidation, election period cessation of work, Hurricane Gilbert, violence and actual injury on site, resort to special security forces. The first contractor declined the award because of the volatile location, but the second performed at a satisfactory standard of workmanship. It is understood that liquidated damages are being contemplated.	

KEY: O - Original Dates
F - Final Dates

OFFICE OF THE CONTRACTOR-GENERAL
SELECTED CONSTRUCTION PROBLEM CASES

Page 2 . APPENDIX III

1		2		3		4			5
A. PUBLIC BODY & B. PROJECT DESCRIPTION		A. CONTRACTOR & B. CONSULTANTS		A. CONTRACT SUM & B. DATES		OVERRUNS			R E M A R K S
						Time (Months)	Cost	%	
5.	A - Port Authority of Jamaica B - Pave Bus Terminal Upgrading of Drainage at Freezone, Newport West	A- B & H Structures Co Ltd. B- Joint Ventures Engineers	A - \$1.6M B - July 1991 to Nov. 1991(O) 1993(F)	14	\$1.4M	91.8	Tenders opened in November 1990, but GCC's approval received only in March 1991. Contractors tender 35.71% below Q.S's estimate; contractor claimed "competitive advantage" being possession of critical materials, stocks and equipment, familiarity with Freezone area; written undertaking to stand by tender. Contractor failed to provide securities and \$900,000 was paid out before contract approved.		
6.	A - MOC (H) B - Sewer Trunk Main for Oaklands Housing Development, Constant Spring Road	A- Islandwide Construction Co Ltd. B- Morris Chin/ Rivi Gardner & Assoc.	A - \$3,995,567 B - Nov. 1991 to June 1992(O) Sept.1992(F)	3	\$2.95M	73.7	The NHC/NHT Joint Venture Committee delayed tendering in anticipation of labour award, then proceeded to <u>negotiate</u> on the pretext of saving time. Contract not sent to GCC; Mr. Leonard Chin, Chairman of Islandwide Constr, Ltd. was member of Joint Venture Committee. It is not clear how Consultants and contractors were selected.		
7.	A - Ministry of Tourism Jamaica Attractions Development Co Ltd. Roaring River, Westmoreland B - (Four Contracts) <u>Construction of:</u> 1) Multipurpose Bldg. cafeteria, bar, storeroom, lavatories & patios	A- Lloyd Crooks B- JADCO	A - \$479,400 B - Sept.1990 to July 1991 (O)				These four projects were planned and managed by JADCO and reflect a number of weaknesses contained in this report. Only the smallest project was tendered, the three others were negotiated; none was submitted to the GCC; there is no evidence of securities (insurance/bonds); essential particulars missing from payment certificates; there is still inadequate funding resulting in the programme not yet being completed. The planning and management of this programme were poor and demonstrate how rules and procedures can be ignored. Of the total contract sum of \$1.152M, some \$800,000 have been spent and the quality of workmanship generally good. The stage and band-stand remain outstanding.		

KEY: O - Original Dates
F - Final Dates

OFFICE OF THE CONTRACTOR-GENERAL
SELECTED CONSTRUCTION PROBLEM CASES

Page 3.

APPENDIX III

1	2	3	4			5
A. PUBLIC BODY & B. PROJECT DESCRIPTION	A. CONTRACTOR & B. CONSULTANTS	A. CONTRACT SUM & B. DATES	OVERRUNS			REMARKS
			Time (Months)	Cost	%	
<u>Construction (Cont'd)</u>						JADCo subsequently accepted help from this office on procedures, practices and rules.
ii) Ticket & Main Offices, tourguide station, craft-shops, band-stand and stage	A - Lloyd Crooks B - JADCO	A - \$436,733 B - Oct. 1991 to Dec. 1991(0)				
iii) Steps, walkways, railings and staircase to caves	A - Denton Robinson & Partners B - JADCO	A - \$108,574 B - Dec. 1990				
iv) Provision of electrical lighting to park and walkways and in caves	A - K.S.A.C. Engineering Construction Ltd. B - JADCO	A - \$120,000 B - Dec. 1989 to May 1990				
i. A - Ministry of Agriculture/C.I.B. B - Coffee Plant Tarrentum, Clarendon	A - CDA B - Stoppi Cairney Bloomfield McMorris Sibley & Bloomfield	A - \$200M (Estimated)				In December 1987, the Coffee Industry Board (C.I.B) entered into contract with Views Limited to erect a coffee plant at Tarrentum, Clarendon in the sum of \$29,704,242 funded in conjunction with Overseas Economic Cooperation Fund (O.E.C.F). This contract has been the subject of continuing controversy from the outset. Views Limited however, began the contract and

KEY: O - Original Dates
F - Final Dates

4/.....

OFFICE OF THE CONTRACTOR-GENERAL
SELECTED CONSTRUCTION PROBLEM CASES

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APPENDIX III

1		2		3		4			5	
A. PUBLIC BODY & B. PROJECT DESCRIPTION		A. CONTRACTOR & B. CONSULTANTS		A. CONTRACT SUM & B. DATES		OVERRUNS			R E M A R K S	
						Time (Months)	Cost	%		
8.	A - MAG/CIB B - Coffee Plant Tarrentum, Clarendon (Cont'd)								<p>had executed some 45% of the works at a cost of \$17.8M when C.I.B. terminated the contract in 1989, resulting in litigation to which there is yet no final determination.</p> <p>In the meantime, the C.I.B. reinstituted tender proceedings to complete the works and the latest information is that the contract is to be negotiated with Construction Developers Associates Limited. Current estimate for completion is \$200M.</p>	

KEY: O - Original Dates
F - Final Dates

APPENDIX IV

STAFF SITUATION FOR 1992

<u>COMPLEMENT</u>	<u>APPROVED</u>	<u>EMPLOYED</u>	<u>VACANT</u>	<u>REMARKS</u>
Contractor-General	1	1	-	
Deputy Contractor-General & Director of Construction Contracts	1	1	-	
Legal Adviser	1	-	1	Part-time Legal Consultant employed
Director, Licences & Permits	1	-	1	Unable to find suitable candidate in view of low salary
Director of Administration	1	1	-	
Inspectors	6	6	-	
Assistant Inspectors	6	5	1	Unable to locate suitable candidate
Executive Secretary II	1	1	-	
Public Relations Officer	1	-	1	Post frozen
Executive Secretary	3	2	1	One post frozen
Accountant (FAA IV)	1	1	-	
Personnel Officer	1	-	1	Post frozen
Office Manager	1	1	-	
Accountant (FAA II)	1	1	-	
Senior Secretary	1	1	-	
Accounting Clerk (FAA I)	1	1	-	
Secretaries	2	1	1	Post frozen
Registrar	1	1	-	
Personnel Clerk	1	-	1	Post frozen
Clerk (Registry)	1	1	-	
Telephone Operator/ Receptionist	1	1	-	
Driver	2	1	1	
Office Attendant	1	1	-	
Canteen Attendant	1	1	-	
Messenger	1	1	-	
Watchman	2	-	2	Posts frozen
Part-time Cleaners	2	-	2	Posts frozen
	<u>43</u>	<u>30</u>	<u>13</u>	

RECOMMENDATIONS OF THE CONSULTATIVE COMMITTEE OF THE CONTRACTOR-GENERAL ON THE EFFECTS OF DELAYS ON GOVERNMENT CONSTRUCTION CONTRACTS

The Committee in examining the above matter identified several specific measures to be taken and made its recommendations accordingly. The recommendations are set out below.

Site Analysis

Two (2) types of site Analysis were identified:-

- i. Geographical, and
- ii. Technical

The Committee recommended that prior to the acquisition of land whether publicly or privately owned, it should be made mandatory that the client ministry/agency ensures that a thorough site/soil investigation is made and a report tabled to justify the selection of the site. The Committee further recommended that any such report should be responsive to the impact which that particular project will have on the environment.

Brief

The client should engage in proper pre-brief planning with requirements being comprehensively and precisely laid out. Also public sector workers should be required to adhere to the principle of strict accountability as is usually the practice in the private sector. Briefing periods should be related to construction periods (the longer and more complex the construction the longer the briefing) and a clear cut-off point should be established as to where briefing ends.

Design

The client ministry/agency should insist that the designs are substantially completed and drawings are at least ninety per-cent (90%) complete before construction starts. Once again the Committee stressed the need for accountability both on the part of the client and the consultant.

Consultants Services

A proper line of communication needs to be established between the project consultants and the ministries and within each ministry. To facilitate this:-

- i. A lead consultant should be identified for each project whose responsibility it is to report on all phases of the contract;
- ii. The contract should be specific in designating this person;
- iii. Designated persons should in all cases be pre-qualified;
- iv. To facilitate early and informed decision making, each ministry should designate a single person who will receive and disseminate all information on a particular project; and
- v. Within each ministry there should be established a projects review unit responsible for monitoring the projects of that ministry. The size of these units will be dependent on the number and magnitude of projects in each Ministry/Agency.

Consultants to be considered should be pre-qualified and a technical proposal presented by each consultant which would be examined and a comprehensive assessment done. The persons assessing consultants should themselves be adequately qualified to deal with the particular area of expertise.

Standardization

The Committee felt that standardization could be beneficial in the construction and maintenance of Government projects. This should not be limited to the design and components of buildings but in the specification of materials as well. Areas where this could prove beneficial include:

- i. School and Hospital Buildings
- ii. Materials purchased in Bulk
- iii. Furnishings
- iv. Contracts

TENDER PROCEDURE

Pre-qualification

Pre-qualification should always be done and reviewed periodically with further classification in specialized areas, such as plumbing, engineering, etc. It was also felt that the contract list as prepared by G. C. C. if properly maintained, streamlined and kept up to date could be enough to qualify contractors for contracts of a particular nature and price range. It was proposed that the G. C. C. be restructured as an arms length committee of Government chaired by an independent person but with Government Nominees. This reconstructed G. C. C. would be required to maintain the list of classified and pre-qualified contractors.

Pre-qualification should not be limited to contractors alone but should include sub-contractors, consultants and suppliers as well.

Selection of Contractors

In circumstances where there was a well maintained contractors pre-qualification list, only those Contractors on the list would be considered for a Government contract. The committee thought that any relaxation of this rule would only lead to undesirable manipulation.

Tender Document

Contracts should not be entered into until all the proper documents were in place.

Evaluation of Tenders and Contracts

This is the responsibility of the consultants who first need to establish whether the tender is responsive to all the requirements of the tender document. Differences of opinion between the consultant and the client are best resolved before the project goes to the G. C. C. But the best the consultant can do is indicate the problems he foresees when the client is not in agreement with his recommendations. Time must be allocated for a full evaluation and this process should be completed before the acceptance and signing of the contract.

Project Manager

The Committee called the expansion of the present training programmes to fill the great need for trained project managers.

Financial Control Programme

The project programme should be matched by a financial control programme to ensure that there is an adequate cash flow and financial control for the life of a project.

A project should only begin when all the funds are in place to take it to completion and monitoring should be done to ensure that the implementing ministry/agency uses the funds as allocated.

Contract Co-ordination

The client should ensure that there is a document that clearly outlines the contractual relationship between the main contractor and the nominated sub-contractor, and that the main contractor has the responsibility to ensure that the nominated sub-contractor acts in accordance with the terms of the contract.

Contractor's Financial Capacity

Prior to contracting the contractor's ability to fully finance a project should be determined by the client. Contracts should not be signed until a performance bond is presented and where mobilization is paid a mobilization bond should first be issued and payment withheld until the contractor can justify the need for it.

Work Schedule

The client should insist on the provision of a work schedule before the contractor commences execution.

Site Supervision

The contractor should be forced to keep a qualified and competent project officer on the job permanently. If this person is to be changed, the client must insist that his replacement is similarly qualified.

Instructions and Approvals

Adequate levels of authority should be vested in the project manager to give instructions and approvals within a reasonable limit without seeking prior approval from his superiors.

Variations

There should be a standard method of dealing with variation orders indicating the levels of variations each officer can issue.

ABBREVIATIONS

C.I.B.	-	Coffee Industry Board
G.C.C.	-	Government Contracts Committee
G.O.J.	-	Government of Jamaica
I.D.B.	-	Inter-American Development Bank
JADCo	-	Jamaica Attractions Company Ltd
M/Ag.	-	Ministry of Agriculture
M/F	-	Ministry of Finance
M.L.G.	-	Ministry of Local Government
M.O.C.(H) or (W)	-	Ministry of Construction (Housing) or (Works)
M.O.E.	-	Ministry of Education
M.O.H.	-	Ministry of Health
M.P.	-	Member of Parliament
N.H.C.	-	National Housing Corporation
N.H.T.	-	National Housing Trust
N.I.B.J.	-	National Investment Bank of Jamaica
N.W.C.	-	National Water Commission

PAMCo	-	Project Analysis & Monitoring Company
T.A.P.	-	Tourism Action Plan
T.C.C.	-	Tax Compliance Certificate
U.D.C.	-	Urban Development Corporation