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October 28, 2020

Jeanette Calder  
Executive Director  
Jamaica Accountability Meter Portal  
7 Lady Musgrave Road,  
Kingston 5  
Jamaica

Dear Ms. Calder,

**Re: ATI Request - NWC Capital Projects**

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We refer to our email dated September 23, 2020 regarding the captioned.

Accordingly, please see responses outlined below:

**QUESTION 1** - NWC has strengthened its scoping and implementation of contracts to identify critical elements for the successful implementation of projects and achievement of contract objectives.

**RESPONSE** - To facilitate proper planning, execution and monitoring of the capital programme at the 'operational level', the NWC prepares a Profile for each Project it proposes to undertake. This sets out information such as:- i) a description of the Scope; ii) Cost Estimates; ii) Source of Funding; iv) the Proposed Implementation Period; and v) Expected Benefits. The Progress of the capital investment programme is reported monthly by way of a detailed Implementation and Financial Schedule which monitors parameters such as the scope, expenditure and projected cost, procurement status, implementation dates, physical achievement status and cash flow requirements for each contract.

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For the purpose of context, the following should be noted with respect to the AGD's commented additional contract cost incurred:

- A. Where variances occurred in scope, these have been related to:-
  - i. Rehabilitation works which, by their very nature, are likely to encounter unforeseen conditions which could not have been anticipated during the planning and pre-contract phases.
  - ii. Emergency works which have to be pursued based on illustrative budgets which could not have benefitted from comprehensive field investigations as would be the case in normal project scoping.
  - iii. External factors, such as foreign exchange fluctuations, inflation and legislative changes, which are beyond the NWC's control.
- B. In general, where additional costs have been incurred this represents additional value which has been obtained for an increased scope / additional quantities of works.
- C. During the period examined, of NWC's total portfolio of contracts, 5.5%\* by value experienced cost variances with a nominal amount of 1.8% of the total portfolio. Material and labour price fluctuations due to external factors amounted to 9% while additional scope with the associated additional value accounted for 91%. The remaining 99% by value of the contracts implemented were completed without any such variance.
- D. All cost variances have been appropriately ratified / approved by either the NWC, NCC and / or Cabinet.

**QUESTION 2** - NWC has developed monitoring and implementation protocols / systems for contracts to minimize losses from incomplete projects.

**RESPONSE** - It is the NWC's unwavering and age old practice to accept and subsequently pay for only those Works which have been satisfactorily completed. This is reflected in the following monitoring protocols and systems:

- 1) Value can only be approved for works which have been inspected, tested and certified as performing successfully in accordance with Industry Standards, applicable Technical Specifications and agreed Conditions of Contracts.
- 2) Construction Supervision Teams incorporating 'the Engineer' to the Contract, a Resident Engineer and/or other Technical Specialists, are routinely assigned to carried out the required inspection and monitoring. Where poor workmanship and substandard materials / equipment were identified, the Contractor is duly instructed to remedy same and corresponding amounts withheld from Certified Payments in accordance with the conditions of contract.

It is worth noting that the AGD's report clarified its comments on 'incomplete projects' in the last sentence in Section 3.2 on Page 17...." However, at March 2017, correction of the deficiencies was incomplete." In the particular instances, the Contract Works consisted of several discrete / stand-alone components and payments were only made for those which had been satisfactorily completed. Deficiencies in components which were completed towards the end (70%) of the Contract Period were identified once the works were duly inspected and the Contractor required to remedy same, until which, corresponding sums of the contract value were withheld.

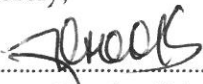
**QUESTION 3** - NWC's processes of selecting contractors have improved transparency and compliance with the Procurement Handbook and Procurement Act.

**RESPONSE** - Competitive tendering for the selection of contractors is the approach utilised for projects planned in advanced. Where the NWC has pursued direct contracting, following the declaration of emergency conditions; this proceeds in accordance with the GOJ Procurement Guidelines. The latter includes:- i) justifying the rationale for selecting the specific Contractor, as well as ii) validating that value for money that is being obtained.

The Annual Reports of the Integrity Commission and Public Procurement Commission will corroborate that the NWC's processes of selecting contractors consistently abides by the strictures of the Government to Jamaica's Procurement Act, its Policy, Practices and Procedures as well as those adopted internationally. In the two instances commented on in the ACG's report, the cost saving rationale for engaging one Contractor (they being already mobilized at the location as well as their familiarity with the peculiar works) and the involvement of the other in early field planning related activities were not noted. This would have confirmed transparency and compliance with the Procurement Handbook and Procurement Act.

In closing, the Commission apologises for the delay in fulfilling the request as we strive to nurture public relations upholding the 'spirit' of the Access to Information Act and obligations under these laws.

Sincerely,



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Tamara Crooks (Ms.)

Records and Information Officer

- c: Mr. Mark Barnett, President  
Mr. Garth Jackson, Vice President, Engineering & Project Delivery  
Ms. Patrice Mitchell, AVP Internal Audit  
Mr. Colin Alcott, Legal Officer