



Auditor General's Department Annual Report

Financial Year 2019/2020

REPORT OF THE AUDITOR GENERAL ON THE
FINANCIAL TRANSACTIONS AND FINANCIAL
STATEMENTS OF THE GOVERNMENT OF
JAMAICA FOR THE FINANCIAL YEAR ENDED
MARCH 31, 2020 AND
A PERFORMANCE REPORT OF THE AUDITOR
GENERAL'S DEPARTMENT



AUDITOR GENERAL'S DEPARTMENT

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ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE AUDITOR GENERAL
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December 30, 2020

*The Honourable Speaker
House of Representatives
Gordon House
81 Duke Street
Kingston*

Dear Sir,

Pursuant to the provision of Section 112 (2) of the Jamaican Constitution, I have the honour to submit my report on the results of my examination of the accounts of the Island for the year ended 31st March 2020 for tabling in the House of Representatives.

The report is a compendium of the performance of the Auditor General's Department for the period December 2019 – November 2020 and all audits conducted up to November 2020.

Yours faithfully,

*Pamela Monroe Ellis (Mrs.)
Auditor General*

The audit sought to assess whether Government, through KSAMC, had an effective quality management system for Jamaica's parochial road works. Also, whether KSAMC had adequate systems of internal controls to ensure that funds allocated for rehabilitation and maintenance are managed effectively to enable the delivery of roads that meet quality standards and achieve value for money.

MANAGEMENT SYSTEM FOR MAINTENANCE OF PAROCHIAL ROADS: KINGSTON & ST ANDREW MUNICIPAL CORPORATION

2.3.10. Our audit of KSAMC found that the Council did not consistently develop strategic plans or performance targets to facilitate the delivery of cost-effective quality road works. Strategic plans are considered necessary for assessing the maintenance needs of the roads for which KSAMC had responsibility to support efficient allocation of scarce resources, were not finalized over the period under review. We found that although KSAMC's Council developed draft strategic plans for 2018-2022 and 2020-2024, these plans remained in draft at the date of this report.

2.3.11. KSAMC advised that staff limitation impacted the Corporation's efforts to develop appropriate plans and strategies, including risk assessment and performance targets and indicated that substantial work was being undertaken in this regard. Consequently, KSAMC did not have in place, approved medium to long term strategies, goals, and performance targets to deliver a quality road network. KSAMC obtained funding for road maintenance from proportions of property tax and motor vehicle licences, paid into the MLGRD-managed Parochial Revenue Fund (PRF). However, we were unable to determine whether PRF allocations were properly allotted, owing to the absence of an updated parochial road inventory - the inventory was last updated in 1992. Over the review period

(2014-15 to 2019-20), MLGRD allocated \$3.7 billion from the PRF. KSAMC did not develop any procurement plans or link aspects of financing to annual operational plans.

2.3.12. The Corporation's failure to consistently prepare annual procurement plans was not only a breach of the GOJ Procurement Guidelines but hindered the Corporation's ability to systematically plan for and execute its roads maintenance activities in an efficient and effective manner. In its response, KSAMC indicated that the Corporation has been devoid of a fully staffed Procurement Unit; for the period under review, there was only a Procurement Officer and a Procurement Clerk to manage all facets of procurement of the Corporation. However, the Corporation has had in place a very robust and professional Procurement Committee that exercised strict oversight and prudence in the execution of its duties as it related to matters brought for deliberation and approval.

2.3.13. In September 2020, the Ministry of Finance and the Public Service approved the expansion of the Procurement Unit for the KSAMC to include a Director of Public Procurement and Procurement Manager. In October 2020, applicants were invited to fill the positions.

2.3.14. From a listing of road works contracts provided, we identified 630 contracts, valuing \$778 million. We noted that direct and emergency contracting procurement methodologies accounted for 89.84% (566) of the 630 contracts. However, whereas the listing provided details of the number of contracts awarded and the procurement methodologies utilized, we were not provided with documentation demonstrating the use of an adequate tendering process to determine whether KSAMC adhered to the GOJ procurement guidelines in the award of contracts.

2.3.15. Our audit found that the condition of parochial roads was at increased risk of worsening given reduction in preventative and routine road maintenance between 2014-15 to 2016-17. Our analysis of data provided in MLGRD's annual report revealed that road repair activities declined by 83 per cent, from 30.12km to 5.1km, representing 0.8 per cent of the total kilometres of parochial roads presented. Road patching, drain cleaning and bushing declined by 21, 86 and 53 per cent, respectively. Notwithstanding the decline in the volume of road work activities, KSAMC experienced a 27 per cent increase in the value of road maintenance expenditures over the same period (2014-15 to 2016-17), pointing to increased costs in the values of contracts executed/completed for less maintenance work done. In its response, KSAMC stated that it was conducting a detailed analysis of the routine road maintenance programme of 2014-15 to 2016-17 to verify the report and to determine if there was in fact a reduction.