

COMMISSION FOR THE

PREVENTION

OF

CORRUPTION

ANNUAL REPORT

2010/2011
2010/2011

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Executive Summary

The Commission for the Prevention of Corruption was established under the Corruption (Prevention) Act 2000 and its first members appointed with effect from May 1, 2001.

The Commission met nine (9) times during the 2010-2011 financial year.

The objective of the Commission is the reduction and prevention of corruption in the Public Sector.

Annually the Commission requires Public Sector Agencies to provide an update of Public Servants required to file Statutory Declaration of Assets, Liabilities and Income. The responses indicate that as of December 2010, twenty four thousand three hundred and eighty-nine (24,389) Declarations were to be received by the Commission.

As at March 31, 2011 the Commission had received fourteen thousand three hundred and sixty-two (14,362) Declarations for the period ending December 31, 2010, a compliance rate of fifty-nine percent (59%).

Arising from the failure of Public Servants to file declarations, the Commission is presently preparing a new list of delinquent individuals which will shortly be forwarded to the Director of Public Prosecutions. Since the Commission's inception five hundred and fifty-five (555) delinquent declarants have been dealt with by the Director of Public Prosecutions. For the year to which this report relates forty-three (43) public servants had their cases disposed of in the court with fines being imposed on thirty-eight (38) of them. Of the remainder, two matters were not completed and three (3) public servants were admonished and discharge by the Court.

The Commission had previously recommended that it be authorized to impose a penalty for the failure to file the Statutory Declaration of Assets, Liabilities and Income. To date this recommendation has not been adopted. That notwithstanding, the Commission continues to work with the office of The Director of Public Prosecutions (DPP) in an effort to have the delinquents brought before the Court.

The Commission enters all declarations received in its database, which is designed to facilitate the manipulation of the data furnished on the Statutory Declaration of Assets and Liabilities received from Public Servants. The Commission completed the entry of data for the period ending December 31, 2007 and is in the process of making entries for the periods ending December 2008, 2009 and 2010.

A sample of one hundred and ten (110) cases was chosen for analysis based on the Commission's selection criteria. Of that number one hundred and four (104) cases were referred for detailed internal investigation.

The Commission had an inventory reflecting two hundred and ninety-one (291) cases for the reporting year ending March 31, 2011 which required interviews and statements from several Public Sector agencies and individuals to verify the accuracy of Statutory Declarations furnished. During the year under review it held four (4) hearings with public servants and their representatives pursuant to Section 7 (1)(b) of The Corruption (Prevention) Act 2000.

For the year under review the Commission has referred to the Director of Public Prosecutions three (3) cases allegedly involving serious breaches of The Corruption (Prevention) Act 2000, while thirty-two (32) cases have been closed by the Commission as adequate information and explanations were received for the discrepancies identified.

The office of the Director of Public Prosecutions (DPP) is continuing its action in Court in respect of two (2) cases for the offence of Illicit Enrichment and other serious breaches of The Corruption (Prevention) Act 2000.

The Commission notes with regret the passing of The Very Reverend Canon the Honorable Weeville Gordon whose resignation as a member of the Commission was tendered December 2009. The members wish to express their sympathies to his bereaved family.

The Commission had proposed certain amendments to the Act in its Reports for 2003, 2004, 2005, 2006, and 2007. The Commission has attended sittings of a Joint Select Committee of the Houses of Parliament and has defended its recommendations. The non-implementation of these proposed amendments continues to frustrate the Commission in the pursuit of achieving its mandate and it hopes that possibly they may be utilized in the proposed Corruption (Special Prosecutor) Act.

The Commission in this report restates all its previous recommendations in relation to the following:

1. Definition of Spouse- consequent on the passage of the Family Property (Rights of Spouses) Act, 2003 and its definition of a spouse.
2. The Corruption (Prevention) Act be amended by the insertion of subsection (d) in Section 4 as follows:

‘and thereafter on the 31st day of December in each year or at such intervals as the Commission may direct.’

This amendment will require that declarations are filed annually by Public Servants.

3. Function and Powers of the Commission- authorizing it to inspect and make copies of all records and documents of Government Departments and Agencies, including the Revenue Services
4. Specified Posts - several Public Sector Agencies have undergone reform since the inception of the Act necessitating revision of the holders of posts required to file Statutory Declarations.
5. Applicability of the Corruption (Prevention) Act to all members of The Judiciary.
6. Statutory Declarations-
 - (i) To give the Commission power to impose a penalty for late filing
 - (ii) Amend the form at Section 2 to remove the words “in excess of five hundred thousand dollars”.
 - (iii) The form of Statutory Declaration as set out in the Second Schedule of the Act be amended at section 1 to add the words “or any other document as indicated by the Commission”.
7. The Commission recommended an increase of the income threshold for filing Declarations from Two Million Dollars (2,000,000) to Three Million Dollars (\$3,000,000).
8. The Commission is of the view that Public Sector Officers and employees should not engage in work which creates a conflict of interest with their official duties and sanctions should be provided for such activity.

Preface

The Commission for the Prevention of Corruption was established under the Corruption (Prevention) Act 2000 and its first members appointed with effect from May 1, 2001. The Corruption (Prevention) Regulations came into effect January 31, 2003.

The Commission consists of five (5) Members:

- (a) The Auditor General
- (b) Four (4) other persons (referred to as appointed members) appointed by the Governor General after consultation with the Prime Minister and the Leader of the Opposition from the following categories of persons:
 - (i) Members of the Privy Council
 - (ii) Retired Judges of Appeal and Retired Judges of the Supreme Court
 - (iii) Persons who, in the opinion of the Governor General, are of high integrity and are able to exercise competence, diligence and sound judgment in fulfilling their responsibilities under the Act.

The Members for the period under review were:

- The Honourable Mr. Justice Chester Orr (Retired) C.D., J.P. – Chairman
- The Honourable Mr. Adrian Strachan, O.J., C.D., J.P., F.C.C.A., F.C.A.,
- The Honourable Mr. Justice Ferdinand Smith (Retired) C.D.
- The Honourable Mr. Justice Wesley James (Retired)
- Mrs. Pamela Monroe-Ellis- Auditor General, F.C.C.A., F.C.A., C.I S.A.

Meetings of the Commission

The Commission met nine (9) times during the 2010/2011 financial year.

Names of Members	Meetings Attended	Absent
Mr. Justice Chester Orr	8	1 (with excuse)
Mr. Adrian Strachan	8	1 (with excuse)
Mr. Justice F.A. Smith	3*	-
Mr. Justice Wesley James	9	-
Mrs. Pamela Monroe Ellis	9	-

*The Honourable Mr. Justice F.A. Smith became a member of the Commission in December 2010.

The Commission notes with regret the passing of one of its founding members The Very Rev. Canon the Honourable Weeville Gordon OJ, C.D., J.P., MDiv. The members wish to express their sympathies to his bereaved family.

The Commission held four (4) hearings with Public Servants and their representatives in an effort to clarify and elicit further information relating to Statutory Declarations filed by them.

Repeal of the Corruption (Prevention) Act 2000

The Commission note Parliament's intention to repeal the abovementioned Act and replace it with The Corruption (Special Prosecutor) Act. Although the Commission has not been requested to forward a submission in relation to the drafting of the proposed legislation it hopes that its recommendations from previous Annual Reports will be utilized in the development of the proposed legislation aimed at stemming corruption in Jamaica.

The Secretariat of the Commission

The Commission, for the period under review, had an approved staff complement of twenty-one (21) which includes the Secretary/Manager, two (2) Secretaries, four (4) Financial Analysts, four (4) Investigators, one (1) Manager, Finance and Administration, one (1) accounting clerk, one (1) Records Officer, five (5) Data Entry Officers, one (1) Office Attendant and one (1) Driver.

In accordance with the Cabinet Office directive the fees and salaries of members of the Commission and senior staff are as indicated in Appendix 1 and Appendix 2 respectively.

The Commission's office is as indicated below:

Commission for the Prevention of Corruption
45-47 Barbados Avenue,
Kingston 5

Telephone: **968-6227/960-0470**

Fax: **960-5617**

Email: corruptionprevention@yahoo.com

Statutory Declarations

The objective of the Commission is the reduction and prevention of corruption in the Public Sector.

The Act provides the following functions of the Commission:

1. To receive and keep on record Statutory Declarations furnished by Public Servants pursuant to the Act;
2. To examine such Statutory Declarations and to request from a Public Servant any information relevant to a Statutory Declaration made by him, which in its opinion would assist in its examination;
3. To make such independent enquiries and investigations relating to a Statutory Declaration as it thinks necessary;
4. To receive and investigate any complaint regarding an act of corruption;
5. To conduct an investigation into an act of corruption on its own initiative, if satisfied that there are reasonable grounds for such investigation.

Statutory Declarations are required from Public Servants whose total emoluments are Two Million Dollars (\$2,000,000) and above and those categories indicated in Parts 1 and 2 of the Regulations issued under the Act.

Arising from the receipt of information from Government Ministries, Departments, Companies, Statutory Bodies, and Local Government Agencies, it was ascertained that Declarations were to be received as indicated in Table 1 below:

The Corruption (Prevention) Act, 2000 states that for a Statutory Declaration to be in compliance with the Act, it must be filed within (3) three months following the date to which it relates. Up to the date of this report, declarations were received as indicated in the following table (See Table 1):

Table 1 Outstanding Statutory Declarations

Declaration Period	Expected No. of Declarations	No. of Declarations Received	Outstanding Declarations	Outstanding Percentage
January 31, 2003	14,705	12,808	1,897	13%
December 31, 2003	14,705	10,990	3,715	25%
December 31, 2004	17,228	12,823	4,405	26%
December 31, 2005	14,104	9,067	5,037	36%
December 31, 2006	15,409	9,112	6,297	41%
December 31, 2007	20,684	12,689	7,995	39%
December 31, 2008	23,447	12,949	10,498	45%
December 31, 2009	23,447	13,054	10,393	44%
December 31, 2010	24,389	14,362	10,027	41%
TOTAL	168,118	107,854	60,264	36%

As can be seen there remains a high incidence of outstanding declarations with that for the year under review being forty-one percent (41%).

These results were further disaggregated by Agencies as indicated in table 2 below:

Table 2 - Outstanding Declarations

Employers	Declarations to be Filed 2010	Number of Declarations Filed 2010	Number of Outstanding Declarations 2010	Declarations to be Filed to Date	Number of Declarations Filed to Date	Number of Outstanding Declarations to Date
BANK OF JAMAICA	309	244	65	1,664	1,254	410
HEART TRUST/NTA	301	94	207	1,506	654	852
INLAND REVENUE DEPARTMENT	535	101	434	4,177	1,671	2,506
JAMAICA CIVIL AVIATION AUTHORITY	160	59	101	706	413	293
JAMAICA CONSTABULARY FORCE	8,392	7,493	899	81,853	59,578	22,275
JAMAICA CUSTOMS DEPARTMENT	1,148	389	759	7,321	5,089	2,232
JAMAICA DEFENCE FORCE	4,040	2,776	1,264	25,877	18,419	7,458
MINISTRY OF AGRICULTURE	119	66	53	591	364	227
MINISTRY OF EDUCATION	2,449	50	2,399	5,389	356	5,033
MINISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE	109	49	60	794	413	381
MINISTRY OF HEALTH	154	98	56	815	436	379
NATIONAL HOUSING TRUST	359	230	129	1,604	1,186	418
NATIONAL WATER COMMISSION	128	34	94	649	218	431
NATIONAL WORKS AGENCY	191	93	98	1,483	844	639
NORTH-EAST REGIONAL HEALTH AUTHORITY	102	13	89	312	115	197
PASSPORT, IMMIGRATION & CITIZENSHIP AGENCY	254	90	164	1,455	602	853
PETROJAM LIMITED	157	17	140	617	163	454
PORT AUTHORITY OF JAMAICA	119	32	87	620	230	390
REGISTRAR GENERAL'S DEPARTMENT	252	53	199	1,201	430	771
SOUTH EAST REGIONAL HEALTH AUTHORITY	109	15	94	668	60	608
SOUTHERN REGIONAL HEALTH AUTHORITY	272	24	248	984	96	888
TAXPAYER AUDIT AND ASSESSMENT DEPARTMENT	434	46	388	4,009	1,638	2,371
UNIVERSITY OF TECHNOLOGY	594	89	505	2,467	394	2,073
URBAN DEVELOPMENT CORPORATION	133	48	85	392	185	207
WESTERN REGIONAL HEALTH AUTHORITY	309	63	246	848	271	577
Other Agencies	3,260	2,096	1,164	20,116	12,775	7,341
Total	24,389	14,362	10,027	168,118	107,854	60,264

As can be seen from the table, Agencies indicated in Red have the highest rates of delinquent Declarants. The category 'Other Agencies' represents an amalgamation of several small reporting Agencies.

The Commission again wishes to highlight the continued tendency of many Public Servants to breach the Legislation. It is therefore urging that consideration be given to its recommendation made in its 2005 Report, that the Corruption (Prevention) Act, 2000 be amended to give powers to the Commission to impose a penalty for the late filing of Statutory Declarations.

The Commission has previously reported delinquencies to the Director of Public Prosecutions; presently a new delinquency listing is being prepared which will shortly be forwarded to that office.

Since the Commission's inception the Director of Public Prosecutions has acted on five hundred and fifty-five delinquent declarants resulting in the imposition of fines totaling one million four hundred and seven thousand dollars (\$1,407,000). (See Table 3)

During the year under review, the Director of Public Prosecutions brought forty-three (43) cases before the Court resulting in fines totaling nine hundred and seventy thousand dollars (\$970,000) being imposed on thirty-eight (38) public servants for failure to submit the Statutory Declarations by the due date. Of the remaining declarants three (3) were admonished and discharged by the Court, while the matters being pursued in relation to two (2) declarants remained before the Court.

Table 3 - Delinquent Declarants Reported to DPP

Employer	Delinquent Declarants Reported to DPP 2010	Delinquent Declarants Taken before Court 2010	Fines Levied 2010	Delinquent Declarants Reported to DPP to Date	Delinquent Declarants Taken before Court to Date	Fines Levied to Date
Anti-Dumping and Subsidies Commission				1	1	\$ 20,000
Bank of Jamaica				8		
Bureau of Standards Jamaica				8	3	\$ 1,000
Coconut Industry Board				3	3	
Department of Correctional Services				1	1	
Fiscal Services Limited				4	1	
Inland Revenue Department				8	2	
Jamaica Constabulary Force	21	21	\$235,000	233	67	\$380,000
Jamaica Customs Department				38	7	\$110,000
Jamaica Defence Force				61	2	
Jamaica Tourist Board				8		
Management Institute for National Development				2	1	
Manchester Parish Council	4	4	\$ 74,000	5	4	\$ 74,000
Ministry of Foreign Affairs and Foreign Trade				28		
Ministry Of Health				7	2	
National Environment & Planning Agency				1	1	
National Health Fund				1	1	\$ 1,000
National Housing Trust				8		
National Investment Bank of Jamaica				2	1	
National Land Agency				6	1	\$ 15,000
National Road Operating Company				1	1	
National Works Agency				5	1	
North-East Regional Health Authority				6	4	\$ 95,000
Port Authority of Jamaica				1	1	\$ 50,000
Portland Parish Council	4	4	\$190,000	5	4	\$ 190,000
St. Ann Parish Council	13	13	\$447,000	15	13	\$447,000
St. Elizabeth Parish Council	1	1	\$ 24,000	1	1	\$ 24,000
Taxpayer Audit & Assessment Department				7	1	
Western Regional Health Authority				5	3	
Other Agencies				76		
Total	43	43	\$970,000	555	127	\$1,407,000

Chart 1: Fines Levied on Cases Taken Before the Court

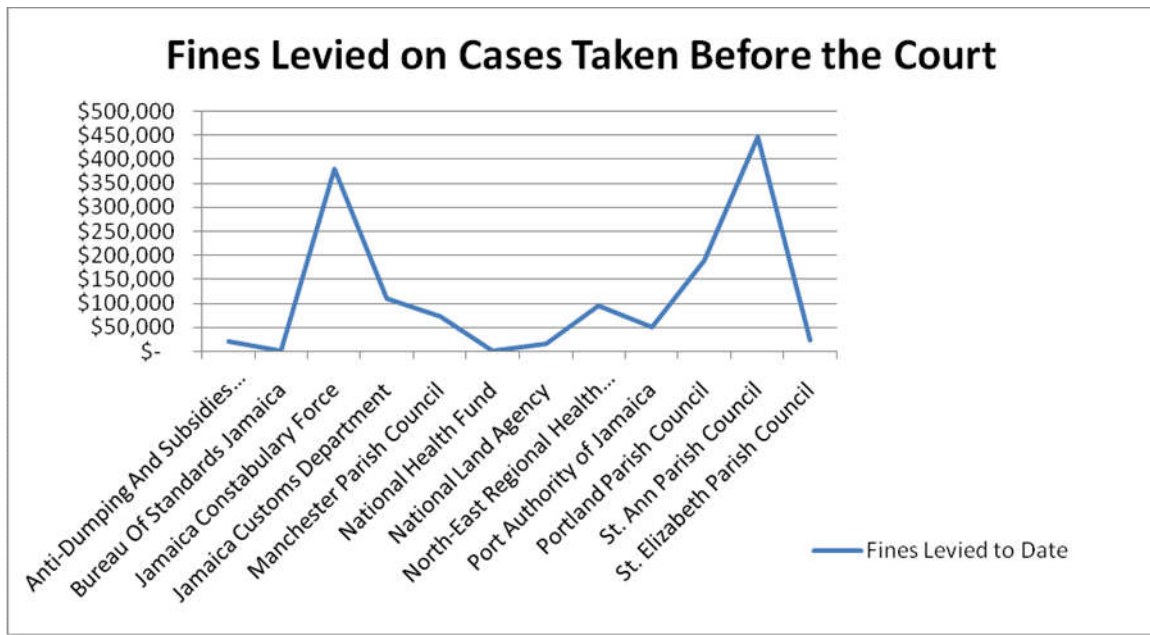


Chart 1

Gives a graphical representation of the cases referred to the Director of Public Prosecutions and the nature of the action undertaken.

Update of Database

The Commission annually makes a request of Public Sector Agencies for an update of persons required to file the Statutory Declaration of Assets, Liabilities and Income and has received responses from one hundred and forty-four (144) Ministries and Agencies of the one hundred and eighty-two (182) entities written to in December 2010. The Commission is in contact with the agencies that have not responded to date with a view to receiving the necessary correspondence.

Analysis of Declarations Filed

The Commission maintains a database comprising all the information supplied by declarants on their Statutory Declarations and has completed making entries of data received for the period ending December 31, 2007 and is in the process of making entries for the periods ending December 2008, 2009 and 2010.

The year under review saw a continuation of the analysis of declarations filed by declarants employed by agencies. Several agencies were included namely the Jamaica Constabulary Force, Inland Revenue, Airports Authority, Jamaica Customs to name a few (see Table 5).

During this reporting year a total of one hundred and ten (110) cases were examined, this reflects a total of five hundred and fifty-one (551) cases examined to date. One hundred and four (104) of these cases were referred for detailed internal investigation, three (3) cases were closed with no further action being recommended and three (3) cases are still being assessed.

These figures indicate that ninety-four percent (94%) of the cases examined had material issues warranting further investigation. (See Tables 4-5 and Chart 2)

Table 4

Analysis of Declarations Filed

Total Cases Examined	110
Cases Forwarded for Investigations	104
Cases with no Further Action Taken	3
Cases in Progress	3

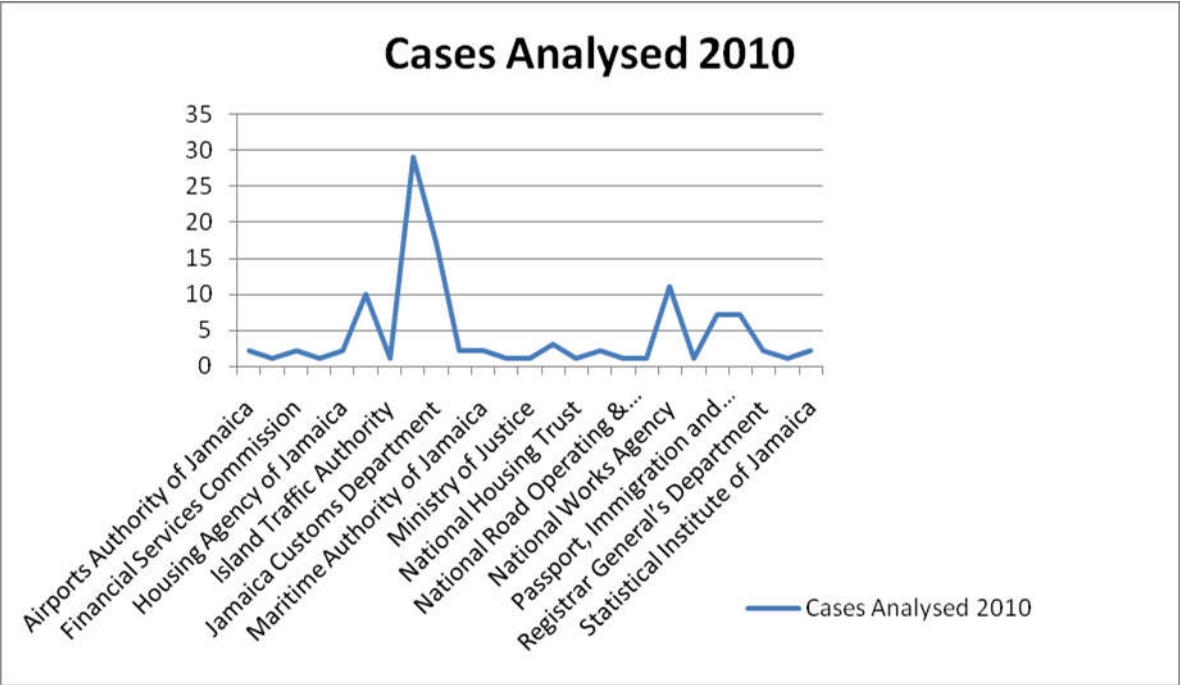
The main issues of concern noted were the following:

- Insufficient information being submitted to allow for the verification of gifts received and business income declared.
- Acquisition of assets with no tangible evidence of the necessary financing/funding.
- Non-declaration of assets e.g. properties, motor vehicles etc.
- Large deposits in financial institutions/alternative investment schemes not supported by declared income.
- Asset disposal (s) being undeclared.
- Non-declaration of business interests/income.

Table 5 Cases Analyzed

Employer	Cases Analyzed 2010	Cases Analyzed to Date
Airports Authority of Jamaica	2	2
Bank of Jamaica	1	3
Betting Gaming & Lotteries Commission		1
Correctional Services		3
Factories Corporation of Jamaica Limited		1
Financial Investigations Division		48
Financial Services Commission	2	6
Fiscal Services Limited	1	2
Housing Agency of Jamaica	2	2
Inland Revenue Department	10	33
Island Traffic Authority	1	14
Jamaica Constabulary Force	29	217
Jamaica Customs Department	17	73
Jamaica Deposit Insurance Corporation		1
Jamaica Mortgage Bank		2
Jamaica Civil Aviation Authority		1
Kingston & St. Andrew Corporation	2	2
Maritime Authority of Jamaica	2	2
Ministry of Education		1
Ministry of Finance	1	1
Ministry of Justice	1	1
Ministry of Transport and Works		11
National Health Fund	3	3
National Housing Trust	1	2
National Irrigation Commission		1
National Land Agency	2	2
National Road Operating & Constructing Company Limited	1	1
National Water Commission	1	1
National Works Agency	11	28
Office of The Prime Minister		3
Office of the Services Commission		1
Office of Utilities Regulation	1	14
Passport, Immigration and Citizenship Agency	7	39
Pesticides Control Authority		1
Port Authority	7	7
Registrar General's Department	2	4
Social Development Commission	1	2
Spectrum Management Authority		9
St. Ann Parish Council		1
Statistical Institute of Jamaica	2	1
Sugar Industry Research Institute		1
Taxpayer Audit and Assessment Department		3
Total	110	551

Chart 2 - Cases Analyzed 2010



Investigation of Declarations

During the period under review the Commission had an inventory of two hundred and ninety-one (291) cases under investigation, an increase of eighty (80) from the previous year. Arising from investigations undertaken by the Commission thirty-two (32) cases were closed as sufficient explanations were offered for the discrepancies indicated and no further action was warranted. (See Table 6).

Three (3) cases of suspected serious breaches of the Corruption (Prevention) Act 2000 involving allegations of illicit enrichment pursuant to Section 14 (5) of the Corruption (Prevention) Act 2000 and also the making of a false statement in relation to a Statutory Declaration (Section 15 (1) (b) of the Corruption (Prevention) Act 2000 refers) were referred to the Director of Public Prosecutions in this reporting year, making a total of ten (10) such cases referred to that office since the inception of the Commission (See Table 6).

One (1) matter is presently being pursued in the Court by the Office of the Director of Public Prosecutions (DPP) (Table 6 refers). Of the matters remaining two (2) were previously forwarded to the Jamaica Constabulary Force (JCF) for their action and five (5) await the ruling of the Director of Public Prosecutions.

As a result of the actions pursued by the Office of the Director of Public Prosecutions (DPP) during the year to which this report relates two matters were successfully concluded with the declarants pleading guilty to the lesser charge of knowingly making false statements in any such Statutory Declaration (Section 15 (2) (b) of the Corruption (Prevention) Act 2000 refers) resulting in fines of six hundred thousand dollars (\$600,000) being imposed in relation to the twelve (12) counts laid before the Court.

Several of the cases investigated to date have revealed instances in which public servants were in receipt of gifts and income from various sources for which adequate documentary evidence was not presented to allow verification.

The Commission wishes to record its appreciation to the Agencies that it has had to interact with in an effort to obtain much needed information to bring cases to a satisfactory conclusion. **However, despite its best efforts it has not to date received from the Ministry of Finance a favourable response to its repeated request to have online access to relevant computerized Inland Revenue records.**

Table 6 – Cases Investigated

Employer	Investigation Cases 2010	Cases Closed No further Action 2010	Cases Referred to DPP 2010	Cases Referred to Other Authority, Boards, Commissions 2010	Investigation Cases to Date	Cases Closed No further Action to Date	Cases Referred to DPP to Date	Cases Referred to Other Authority, Boards, Commissions to Date
Bank of Jamaica	1				3			
Department of Correctional Services					2			
Financial Investigations Division		10			37	13		
Financial Services Commission	2				3			
Housing Agency of Jamaica	2				2			
Inland Revenue Department	4				14			
Island Traffic Authority	1	2	1		16	8	2	
Jamaica Constabulary Force	22	8			58	9	1	1
Jamaica Customs Department	12	10	2		59	19	5	1
Kingston & St. Andrew Corporation	2				2			
Maritime Authority of Jamaica	2				2			
Ministry of Finance	2				2			
Ministry of National Security					2			
Ministry of Transport and Works		1			5	1		
National Health Fund	2				2			
National Land Agency	2				2			
National Works Agency	9	1			18	1	2	1
Office of Utilities Regulation	1				10			
Passport, Immigration and Citizenship Agency	5				19			
Port Authority of Jamaica	5				6	1		
Social Development Commission	1				2			
Spectrum Management Authority					5			
Taxpayer Audit and Assessment Department					2			
Other Agencies	5				18			
Total	80	32	3	0	291	52	10	3

Chart 3



Legislative Issues

The Commission has proposed amendments to the Act in its Reports for the years 2003, 2004, 2005, 2006, and 2007. The Commission has attended sittings of a Joint Select Committee of the Houses of Parliament and has defended its recommendations. The non-implementation of these proposed amendments continues to hamper the Commission in its pursuit of achieving its mandate.

The Commission in this report is restating all its previous recommendations:

- (a) Definition of Spouse: - **That the Corruption (Prevention) Act 2000 be amended and the definition of Spouse as contained in the Family Property (Rights of Spouses) Act, 2003 be adopted for the purposes of the Act.**

The Act when it was passed defined “Spouse” to mean husband or wife under the Marriage Act. As a consequence assets may be placed in the name of an unmarried spouse to avoid disclosure thus defeating the purpose of the Act.

- (b) Late Filing of Statutory Declarations - **That the Corruption Prevention Act be amended to give power to the Commission to impose a penalty for the late filing of the Statutory Declaration.**

Section 5 (7) of The Corruption (Prevention) Act, 2000 sets out the time frame in which statutory declarations are to be filed.

Section 15 (2) of The Act details sanctions for those declarants, who fail without reasonable cause to furnish a statutory declaration. The required amendment will serve as a deterrent to those declarants who are persistently late in the filing of their declarations. The Commission notes that such a provision for a penalty exists in other jurisdictions.

- (c) Issue arising from Amendment to the Corruption(Prevention) Act- **That Section 4 of The Corruption (Prevention) Act be amended by the insertion of subsection (d) as follows:
and thereafter on the 31st day of December in each year or at such intervals as the Commission may direct.**

Section 4(5) of the Corruption (Prevention) Act prescribes the times at which statutory declarations should be furnished to the Commission. A similar provision in the original Act was deleted by the Corruption (Prevention) Act, 2002 but this provision was inserted with amendments in the regulations. [See The Corruption (Prevention) Regulations section 3 (3)]

The Commission is of the view that this Regulation is Ultra Vires the Act.

The Commission has had to issue notice in the Gazette requiring Statutory Declarations as at December 31, 2003.

- (d) Function and Powers of The Commission- **A provision be inserted in The Act to authorize the Commission and its agents to inspect and make copies of all records and documents of Government Departments and Agencies including the Revenue Services.**

Section 5(2) of the Act gives the Commission power to summon witnesses, require the production of documents and to do all such things as it considers necessary or expedient for the purpose of carrying out its functions. The Commission is however aware that some available information is bound by confidentiality requirements.

This provision is necessary to assist in the investigation of corruption in circumstances where the relevant information is not contained in public records.

- (e) Specified Posts - The Commission after reviewing the Organizational Structures of the Agencies and Departments that are required to file the Statutory Declaration of Assets, Liabilities and Income has observed that some of these Agencies/Departments have undergone extensive restructuring including abolition of posts, merger and establishment of others. In view of these developments the following amendments to Parts 1 and 2 of the Regulations to the Act are now necessary.

(1) **The Customs Department**

Repeal the existing and replace with the following:

- ❑ All Holders of the series TA 1-9
- ❑ Accounting Officers AC 1-2
- ❑ AT 1-3
- ❑ PA 1-4
- ❑ Directors/Managers SEG 2-3
- ❑ Boatmen and Warehousemen LMOTS 1-3
- ❑ Records/Clerical Officers RIM 1-3
- ❑ Secretaries (Operations) SS 2-4

(2) **The Inland Revenue Department.**

Repeal the existing and replace with the following:

- ❑ Cashiers
- ❑ Compliance Officers
- ❑ Collector of Taxes
- ❑ Assistant Commissioner-Compliance
- ❑ Collections Officer
- ❑ Manager Stores
- ❑ Manager Payment Processing
- ❑ Manager Compliance
- ❑ Manager Office Services
- ❑ Director Maintenance & Facilities

(3) **The Ministry of Transport and Works**

Several of its functions now fall under the auspices of the National Works Agency and many posts have been reclassified and now fall under the National Works Agency.

(3a) **Amend by removing the following posts.**

Ministry of Transport and Works

- ❑ Assistant Superintendent
- ❑ Works Overseer 2
- ❑ Chief Project Officer
- ❑ Senior Superintendent
- ❑ Superintendent
- ❑ Works Overseer 3
- ❑ Quantity Surveyor Technician

(3b) **Amend to include:**

National Works Agency

- ☐ Regional Manager
- ☐ Project Manager
- ☐ Parish Manager
- ☐ Asst Parish Manager
- ☐ Flood Control Officer
- ☐ Flood Control Supervisor
- ☐ Construction Manager
- ☐ Building Officer
- ☐ Resident Engineer
- ☐ Site Supervisor
- ☐ Quantity Surveyor Technician
- ☐ Clerks of Works
- ☐ Site Control Officer
- ☐ Project Officer

(4a) **Amend the posts to include from.**

Revenue Protection Department

- ☐ Senior Investigator
- ☐ Investigator
- ☐ Intelligence Officer
- ☐ Tax Auditor 3

Further amend Financial Investigative Division to include:

(4b) Financial Investigative Division

- All members of the Financial Crimes Unit

- (f) Applicability of the Corruption (Prevention) Act to all members of the Judiciary.

The Solicitor General has advised that the Chief Justice, The President of the Court of Appeal and Resident Magistrates fall within the provisions of the Corruption Prevention Act but other Judges do not. The distinction lies in the fact that the Chief Justice, The President of the Court of Appeal and Resident Magistrates perform administrative functions and the other Judges do not. This is an anomalous situation.

The Commission recommends that the Act be amended either:

- a) to specifically include all judges as public servants; or**
- b) to specifically exclude all judges as public servants.**

- (g) Specified Posts - **That Part 1 of the Schedule to the Regulations of the Corruption Prevention Act be amended by adding the words “except members of the Jamaica Defence Force Reserves” after the words “All members of the Jamaica Defence Force”.**

The Commission has been advised that members of the Jamaica Defence Force Reserves do not receive payment for their services and are unlikely to be the subject of graft. It is therefore recommended that these persons should not be required to furnish statutory declarations.

- (g) Statutory Declarations –**The form of Statutory Declaration of Assets, Liabilities and Income as set out in the Second Schedule of the Act be amended at Section 2 to remove the words “in excess of five hundred thousand dollars”.**

The form currently requires the declaration of cash in excess of five hundred thousand dollars held other than in a bank. The Commission remains concerned that the declarants may seek to exploit this provision by maintaining multiple accounts with balances of less than five hundred thousand dollars in financial institutions other than banks.

- (h) Late Filing of Statutory declarations - **That the Corruption Prevention Act be amended to give power to the Commission to impose a penalty for the late filing of the Statutory Declaration.**

The Commission initially made this recommendation in its 2003 report and wishes to further highlight:-

- i. The Commission is likely to be chaired by a retired Judge who has vast experience in the principles and practices of sentencing offenders.
- ii. Granting Jurisdiction to the Commission to deal with this offence reduces the workload on the DPP and on the Resident Magistrate both of whom are already overburdened.

There is ample precedent for such authority to the Commission to hear and determine issues and impose penalties, vide:-

- (a) The Racing Commission Act
- (b) Betting Gaming and Lotteries Act

- (j) Statutory Declarations – The form of Statutory Declaration of Assets, Liabilities and Income as set out in the Second Schedule of the Act be amended at section 1 to add the words “*or any other document as indicated by the Commission*”.

The Statutory Declaration currently requires the declarants to furnish Bank Statements and/or letters from the bank confirming balances. The Commission is cognizant of the significant cost to declarants in complying with the legislation and that other methods of confirming balances now exist e.g. Automated Transaction Machine (ATM) slips and Electronic Banking Statements (e-banking). This provision will allow the Commission to examine and approve whatever option is available to the declarant in complying with the requirements of the Act and will reduce the cost to the declarants.

- (k) Section 3 of the Regulations to the Corruption (Prevention) Act states “the Statutory Declaration required by Section 4(1) of the Act shall not be furnished by a Public Servant who is in receipt of total emoluments of less than Two Million Dollars per annum.”

Since the passage of this Legislation, Public Sector Salaries have been reviewed.

The Commission is proposing that the threshold be increased to Three Million Dollars (\$3,000,000).

- (l) Investigations by the Commission have revealed instances of declarants having engaged in work which caused a conflict of interest with their official duties. It is recommended that legislation be enacted to prohibit and provide sanctions for such activity.

A handwritten signature in black ink, appearing to be 'C. Orr', with a long horizontal stroke extending to the right.

Signed:

**The Honorable Mr. Justice Chester Orr (Retired) C.D., J.P.
Chairman- Commission for the Prevention of Corruption**

Independent auditors' report

To The Commissioners
COMMISSION FOR THE PREVENTION OF CORRUPTION

Report on the Financial Statements

We have audited the accompanying financial statements of the Commission for the Prevention of Corruption, which comprise the statement of financial position as at March 31, 2011, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

...../cont'd

Independent auditors' report (cont'd)

To The Commissioners COMMISSION FOR THE PREVENTION OF CORRUPTION

Auditors' Responsibility (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Commission as at March 31, 2011, and of the Commission's financial performance, changes in reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities.

Report on Other Legal and Regulatory Requirements

As required by the Government of Jamaica Public Sector Procurement Procedures, we examined and tested the procurement procedures of the Commission. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained, and the financial statements give the information required by the Corruption (Prevention) Act 2000 and complied with the requirements of the Government of Jamaica Public Sector Procurement Procedures.

Kingston, Jamaica

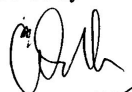
Chartered Accountants

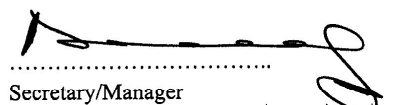
COMMISSION FOR THE PREVENTION OF CORRUPTION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011

PAGE 3

	NOTE	2011 \$	2010 Restated \$
ASSETS			
Furniture and Equipment	6	1,759,861	1,515,717
Long-term receivables	16	1,577,907	1,190,175
Total Non-Current Assets		3,337,768	2,705,892
Cash and cash equivalents	4	6,822,565	10,638,082
Receivables- current portion	16	412,268	281,300
Prepayments & receivables	17	25,054	41,104
Taxation recoverable	18	115,350	90,601
Total Current Assets		7,375,237	11,051,087
Total Assets		10,713,005	13,756,979
LIABILITIES			
Payables	5	5,619,731	15,055,460
Total Current Liabilities		5,619,731	15,055,460
Reserves			
Accumulated fund		5,093,274	(1,298,481)
		5,093,274	(1,298,481)
Total Liabilities		10,713,005	13,756,979

Approved by the Commissioners on 19/2/2011 and signed on their behalf by:


.....
Chairman


.....
Secretary/Manager

COMMISSION FOR THE PREVENTION OF CORRUPTION
STATEMENT OF CHANGES IN RESERVES
YEAR ENDED MARCH 31, 2011

PAGE 4

	Deferred Credit	Accumulated Fund Restated	Total Restated
	\$	\$	\$
Balance as at March 31, 2009	45,445	(6,933,363)	(6,887,918)
Prior period estimate:			
Commissioner's fee		480,000	480,000
Restated Balance as at March 31, 2009	45,445	(6,453,363)	(6,407,918)
Transfers	(45,445)	45,445	-
Surplus for the year	-	5,109,437	5,109,437
Balance as at March 31, 2010	-	(1,298,481)	(1,298,481)
Surplus for the year	-	6,391,755	6,391,755
Balance as at March 31, 2011	-	5,093,274	5,093,274

COMMISSION FOR THE PREVENTION OF CORRUPTION
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2011

PAGE 5

	NOTE	2011 \$	2010 \$
Income	(3c &7)	<u>59,647,601</u>	<u>58,646,472</u>
Administrative expenses	10	<u>(52,578,548)</u>	<u>(52,672,671)</u>
Other expense	11	<u>(677,298)</u>	<u>(864,364)</u>
Surplus for the year		<u><u>6,391,755</u></u>	<u><u>5,109,437</u></u>

COMMISSION FOR THE PREVENTION OF CORRUPTION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2011

PAGE 6

SOURCES (USES) OF CASH	2011	2010
OPERATING ACTIVITIES		Restated
	\$	\$
Surplus for the year	6,391,755	5,109,437
Items not affecting cash		
Prior year estimate	-	480,000
Depreciation	677,298	864,364
	7,069,053	6,453,801
Changes in non-cash working capital components		
Prepayments & receivables	16,050	(21,104)
Payables	(9,435,729)	(429,730)
Taxation recoverable	(24,749)	(41,118)
Long-term receivables	(387,732)	(242,700)
Current portion of long term receivables	(130,968)	(59,360)
	(9,963,128)	(794,012)
Cash (used in) /provided by operating activities	(2,894,075)	5,659,789
INVESTING ACTIVITIES		
Additions to fixed assets	(921,442)	(91,581)
(Decrease)/Increase in net cash and cash equivalent	(3,815,517)	5,568,208
Net cash and cash equivalent at the beginning of the year	10,638,082	5,069,874
Net cash and cash equivalent at the end of the year	6,822,565	10,638,082

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

PAGE 7

1. **Identification and Activities**

The Commission for the Prevention of Corruption is a body established under the Corruption (Prevention) Act 2000. The Commission is domiciled in Jamaica with offices located at 45 - 47 Barbados Avenue Kingston 5.

The functions of the Commission are as follows:

- (i) to receive and keep on record statutory declarations furnished by public servants pursuant to the Act.
- (ii) to examine such statutory declarations and to request from a public servant any information relevant to a statutory declaration made by him, which in its opinion would assist it in its examination;
- (iii) to make such independent enquiries and investigations relating to a statutory declaration as it thinks necessary
- (iv) to receive and investigate any complaint regarding an act of corruption
- (v) to conduct an investigation into an act of corruption on its own initiative, if it is satisfied that there are reasonable grounds for such investigation.

These financial statements are stated in Jamaican dollars.

2. **Adoption of New and Revised Accounting Standards**

During the year the Commission adopted the International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs). The Standard is an independent standard that prescribes financial reporting guidance for small and medium-sized entities.

- (a) The standard is applicable to Small and Medium-Sized Entities (SMEs) that:
- (i) Do not have public accountability.
 - (ii) Do not publish general purpose financial statements for external users.

An entity has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market. The entity holds assets in a fiduciary capacity for broad group of outsiders as one of its primary businesses.

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011

PAGE 8

2. **Adoption of New and Revised Accounting Standards (Cont'd)**

(b) The objective of a set of accounts prepared under the standard is to provide information on the financial position, performance, and cash flows of the entity.

(c) The standard does not prescribe the sequence or format in which items are to be presented in the statement of financial position.

3. **Significant Accounting Policies**

(a) **Basis of Preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The preparation of financial statements in conformity with International Financial Reporting Standards for Small and Medium-Sized Entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable.

(b) **Furniture and Equipment**

(i) Items of furniture and equipment are stated at cost less accumulated depreciation.

(ii) Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of the assets over the period of their expected useful lives. The rates are as follows:

Furniture, fixtures, equipment, computers	10-25%
Motor vehicles	20%

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 9

3. **Significant Accounting Policies (Cont'd)**

(c) **Revenue Recognition**

Revenue comprises recurrent subvention received from the Government of Jamaica and interest income. Government subvention is recognised when received and interest income is recognised when due based on contractual agreements in effect.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturity dates of three (3) months or less.

(e) **Payables**

Payables are classified as financial liabilities measured at amortised cost. Initially they are recognised at the original invoice amount (which represents fair value) and subsequently measured at amortised cost.

(f) **Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments are recognised in the Commission's statement of financial position when it has become a party to the contractual provisions of the instruments.

The financial instruments carried in the statement of financial position are cash and cash equivalents and payables. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

(g) **Reserves**

Accumulated fund includes all current and prior period results as disclosed in the statement of comprehensive income.

(h) **Expenses**

Expenses are accounted for on the accruals basis.

3. Significant Accounting Policies (Cont'd)

(i) Foreign Currencies

Transactions in foreign currencies are converted at the rates of exchange ruling at the date of those transactions. Foreign currency balances are translated at the applicable rates of exchange ruling at the financial position date. Exchange differences that are as a result of fluctuations in exchange rates are reflected in the statement of comprehensive income.

(j) Impairment of Non-Current Assets

Equipment and other non-current assets are reviewed for impairment whenever events or changes indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable value.

(k) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

(l) Pension and Gratuities

The Commission contributes 25% of the pensionable salary of eight employees to the Accountant General. This contribution is made in order to preserve their pension rights within the government service.

Some Employees are paid a gratuity on satisfaction of certain stated conditions.

(m) Employee Benefits

Employee benefits include current or short-term benefits such as salaries, travelling, gratuity, NIS contributions paid, annual leave, and non-monetary benefits such as medical care and post employment benefits such as pensions.

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 11

4. **Cash and Cash Equivalents**

	2011	2010
	\$	\$
Cash	15,000	1,017,938
Bank current account	5,053,850	7,437,565
Bank savings account	1,753,715	2,182,579
	<u>6,822,565</u>	<u>10,638,082</u>

The cash in the savings account is earmarked for funding revolving car loans.

5. **Payables and Accruals**

	2011	2010
	\$	\$
Telephone and electricity charges	-	174,744
Audit fee accrued	250,000	220,000
Consultancy and professional fees	115,000	115,000
Pension contributions	-	6,765,665
Vacation leave	4,406,982	3,812,450
Travelling allowance	835,124	784,552
Gratuity	-	1,708,049
Printing	12,625	-
Ministry of Justice - overpayment of subvention	-	90,000
Arrears - commissioners' fee	-	1,865,000
	<u>5,619,731</u>	<u>15,535,460</u>

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

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6. Furniture & Equipment Comprise:

	Furniture fixtures \$	Office equipment \$	Computer \$	Motor vehicles \$	Totals \$
Carrying amount at					
March 31, 2009	1,016,232	437,889	759,932	74,447	2,288,500
Additions	72,912	-	18,669	-	91,581
Depreciation for the Year	(193,164)	(123,063)	(473,690)	(74,447)	(864,364)
Carrying amount at					
March 31, 2010	895,980	314,826	304,911	-	1,515,717
Additions	147,165	463,225	311,052	-	921,442
Depreciation for the Year	(207,880)	(169,386)	(300,032)	-	(677,298)
Carrying amount at					
March 31, 2011	835,265	608,665	315,931	-	1,759,861

	Furniture fixtures \$	Office equipment \$	Computer \$	Motor vehicles \$	Totals \$
Gross carrying amount	1,858,726	1,230,630	2,919,644	992,611	7,001,611
Accumulated depreciation	(842,494)	(792,741)	(2,159,712)	(918,164)	(4,713,111)
Carrying amount at					
March 31, 2009	1,016,232	437,889	759,932	74,447	2,288,500
Gross carrying amount	1,931,638	1,230,630	2,938,313	992,611	7,093,192
Accumulated depreciation	(1,035,658)	(915,804)	(2,633,402)	(992,611)	(5,577,475)
Carrying amount at					
March 31, 2010	895,980	314,826	304,911	-	1,515,717
Gross carrying amount	2,078,803	1,693,855	3,249,365	992,611	8,014,634
Accumulated depreciation	(1,243,538)	(1,085,190)	(2,933,434)	(992,611)	(6,254,773)
Carrying amount at					
March 31, 2011	835,265	608,665	315,931	-	1,759,861

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 13

7. **Income**

	NOTE	2011 \$	2010 \$
GOJ subvention received		59,382,000	58,482,000
Miscellaneous income	21	159,806	-
Interest income		<u>105,795</u>	<u>164,472</u>
		<u>59,647,601</u>	<u>58,646,472</u>

8. **Net Surplus for the year**

Net Surplus for the year is stated after charging /(crediting):

	2011 \$	2010 \$
Executive compensation	9,478,477	9,255,028
Auditors' remuneration	250,000	220,000
Interest income	(105,795)	(164,472)
Commissioners' fee	2,000,000	2,151,290
Depreciation	<u>677,298</u>	<u>864,364</u>

9. **Taxation**

The Commission is exempt from Income Tax. Under the General Consumption Tax Act, it is entitled to acquire goods and services at a zero rate of tax.

10. **Expenses by Nature**

Total administrative and other operating expenses

	2011 \$	2010 \$
Employee Benefits (note 12)	38,613,914	38,887,575
Office and parking lot rental	7,247,432	6,986,548
Utilities (note 20)	2,595,930	2,532,233
Auditors' remuneration	250,000	220,000
Commissioners' fee	2,000,000	2,151,290
Purchase of other goods and service (note 19)	<u>1,871,272</u>	<u>1,895,025</u>
	<u>52,578,548</u>	<u>52,672,671</u>

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 14

11. **Other Expense**

	2011	2010
	\$	\$
Depreciation	<u>677,298</u>	<u>864,364</u>

12. **Employee Benefits**

	2011	2010
	\$	\$
Salaries	26,837,810	26,125,209
Contributions to NIS, NHT & Ed. Tax	1,957,485	1,852,562
Travelling allowance	4,905,728	4,967,507
Pension and gratuity	4,447,104	5,880,504
Training & tuition fee refunds	<u>465,787</u>	<u>61,793</u>
	<u>38,613,914</u>	<u>38,887,575</u>

Included in employee benefits is the compensation of senior executives made up as follows:

Compensation

	2011	2010
	\$	Restated \$
Salary	7,493,727	7,605,327
Travelling allowance	1,636,500	1,636,500
Personal pensionable allowance	161,631	161,631
Seniority allowance	<u>186,619</u>	<u>53,877</u>
	<u>9,478,477</u>	<u>9,457,335</u>

13. **Financial Risk Management Policies**

The Commission is exposed to a variety of financial risks in respect of its financial instruments: interest rate risk, credit risk, liquidity risk and cash flow interest rate risk. The Commission seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Commission's cash and cash equivalents are subject to interest rate risk. However, the Commission attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract where possible. The Commission faces interest rate risk in respect of the savings account as interest rate is not fixed but is subject to fluctuation based on prevailing market rate. (see note 4)

Its current account balance does not bear interest, as it does not have overdraft facilities.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Commission faces no currency risk as none of its financial instruments in transactions are denominated in a foreign currency.

(iii) Other price risk

Other price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in markets prices, whether those changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments traded in the market.

The Commission's financial instruments are substantially independent of changes in the market prices as they are short-term in nature.

13. **Financial Risk Management Policies (Cont'd)**

(c) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge its obligations and cause the other party to incur a financial loss.

The Commission faces credit risk in respect of its bank balances, which are held with licensed financial institutions considered to be stable.

The Commission manages its credit risk by a policy which requires that investments be made principally in liquid securities and only with counter parties that management believes does not offer any significant credit risk. Management does not expect any counter parties to fail to meet its obligations and considers the credit quality of its bank balances to be good. The maximum credit risk faced by the Commission is the total of bank balances reflected in these financial statements.

(d) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The Commission manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

Current assets exceeded current liabilities by \$297,919 (2010 - \$4,004,373).

14. **Capital Management**

The Commission obtains budgetary support from the Government of Jamaica to carry out its mandate. If there is a surplus on its operations, then it will strengthen its future continuity. However, the Commission expects that it will continue to receive government subvention to support its operations.

The Commission is not subject to any externally imposed capital requirements.

15. **Prior Year Estimates**

This represents an over estimation of the fee due to four (4) Commissioners.

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 17

16. Long-Term Receivable

	2011	2010
	\$	\$
Motor vehicle revolving loan	1,990,175	1,471,475
Less repayable within 12 months	<u>412,268</u>	<u>281,300</u>
Long-term portion	<u><u>1,577,907</u></u>	<u><u>1,190,175</u></u>

In May 2007 the Commission established a motor vehicle revolving loan scheme to assist travelling officers to purchase reliable motor vehicles to be used in the performance of their official duties.

Guidelines for administering the loan include in part:

- (a) Renewed loans for new vehicles should not exceed \$1,100,000 (2010- \$800,000) and loans for used vehicles should not exceed \$800,000 (2010-\$500,000).
- (b) The loan should be interest-free
- (c) Loans should be repaid over a seven (7) year period for new vehicles and six (6) years for used vehicles
- (d) No employee should be given a loan to purchase a motor vehicle under five years, that is, only one (1) loan in a five (5) year period.
- (e) The motor vehicle purchased should not exceed five (5) years.
- (f) All loans should be recovered by salary deduction.

17. Prepayment & Receivables

	2011	2010
	\$	\$
Deposit -		
Petrol	9,734	9,734
Stamps	15,320	7,660
Overpayment -fee	<u>-</u>	<u>23,710</u>
	<u><u>25,054</u></u>	<u><u>41,104</u></u>

18. Taxation Recoverable

This represents income tax deducted from interest income.

COMMISSION FOR THE PREVENTION OF CORRUPTION
NOTES TO THE FINANCIAL STATEMENTS

PAGE 18

19. **Other Goods and Services**

	2011	2010
	\$	\$
Repairs & maintenance	8,830	196,347
Motor vehicle expenses	236,693	197,030
Bank charges	11,345	2,798
Advertising	132,180	118,596
Printing, stationery & photocopying	833,420	475,152
Office & sundry supplies	648,804	905,102
	<u>1,871,272</u>	<u>1,895,025</u>

20. **Utilities**

	2011	2010
	\$	\$
Electricity	2,344,083	2,291,554
Telephone & internet services	251,847	240,679
	<u>2,595,930</u>	<u>2,532,233</u>

21. **Miscellaneous Income**

	2011	2010
	\$	\$
Power surge damage claims	87,000	-
Motor vehicle accident claim	72,806	-
	<u>159,806</u>	<u>-</u>

COMMISSION FOR THE PREVENTION OF CORRUPTION

DIRECTORS COMPENSATION - 2010/2011

Position of Director	Fees (\$)	Motor Vehicle Expenses and Subsistence (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman (1)	600,000				600,000
Member (1)	420,000				420,000
Member (1)	420,000				420,000
Member (1)	420,000				420,000
Member (1)	140,000				140,000
5	2,000,000				2,000,000

Notes

1. One (1) member appointed as a member of the Commission on December 2, 2010.

COMMISSION FOR THE PREVENTION OF CORRUPTION

SENIOR EXECUTIVE COMPENSATION - 2010/2011

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Personal Pensionable Allowance (\$)	Seniority Allowance (\$)	Total (\$)
GMG/SEG5(1)	2011	3,233,464		796,500			78,865	4,108,829
FMG/PA3(1)	2011	2,208,993		420,000		161,631	107,754	2,898,378
FMG/PA3(1)	2011	2,051,270		420,000				2,471,270
Total		7,493,727		1,636,500		161,631	186,619	9,478,477

Notes

1. FMG/PA3 allowance of \$161,631 represents three (3) additional increments due to acquiring a first degree and allowance of \$53,877 represents one (1) seniority allowance.
2. SEG5 allowance of \$78,865 represents one (1) seniority allowance.