

OFFICE OF THE CONTRACTOR GENERAL OF JAMAICA

Report of Investigation

Conducted into the Procurement Practices of the Ministry of Health and Environment and/or its Regional Health Authorities.

Ministry of Health and Environment

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Special Report of Investigation

**Conducted into the Procurement Practices of the Ministry of Health and
Environment and/or its Regional Health Authorities.**

Ministry of Health and Environment

INTRODUCTION

On 2008 March 11, the Office of the Contractor General (OCG), acting on behalf of the Contractor General, and pursuant to Sections 15(1) and 16 of the Contractor General Act, initiated an Investigation into the procurement practices of the Ministry of Health and Environment (MOHE) and/or its Regional Health Authorities.

Section 15 (1) of the Act provides that “... *a Contractor- General may, if he considers it necessary or desirable, conduct an investigation into any or all of the following matters-*

- (a) the registration of contractors;*
- (b) tender procedures relating to contracts awarded by public bodies;*
- (c) the award of any government contract;*
- (d) the implementation of the terms of any government contract;*
- (e) the circumstances of the grant, issue, use, suspension or revocation of any prescribed licence;.*
- (f) the practice and procedures relating to the grant, issue, suspension or revocation of prescribed licences.”*

Section 16 of the Contractor General Act expressly provides that “*An investigation pursuant to section 15 may be undertaken by a Contractor- General on his own initiative or as a result of representations made to him, if in his opinion such investigation is warranted*”.

The OCG's Investigation was prompted after the conduct of an OCG preliminary enquiry which was initiated pursuant to Section 4(1) of the Contractor General Act.

Section 4 (1) of the Act requires, *inter alia*, that GOJ contracts should be awarded “*impartially and on merit*” and that the circumstances of award should “*not involve impropriety or irregularity*”.

It is instructive to note that the OCG's decision to commence the preliminary enquiry followed upon two (2) specified events.

First, on 2007 August 16, the OCG received a copy of a letter, which was addressed to the Honourable Bruce Golding, in his capacity as the then Leader of the Opposition, from a ‘Concerned Nurse’, that was dated 2007 August 4.

The referenced letter inferred, *inter alia*, that the Ministry’s (the then Ministry of Health - MOH) procurement process was plagued with corruption, particularly in regard to the award of service-oriented contracts such as those for janitorial and portering services.

The letter further implied that for several years, two companies, LAMASA Ltd. and Manpower & Maintenance Services Ltd., have “*...dominated the provision of janitorial/ portering services...*”

Below is a synopsis of the concerns which were raised by the ‘Concerned Nurse’ in the referenced letter, which was dated 2007 August 4:

1. “*...there are two main PNP activists, namely: a) Lascelle Roach, head of LAMASA Ltd.; and b) Audrey Hinchcliffe, head of Manpower and Maintenance Services Ltd., both of whom have dominated the provision of janitorial / portering services for many, many years.*”
2. *Their political (PNP) connection is well known throughout the ministry and*

beyond.

3. *Minister Dalley has approved certain unprofessional, politically-inclined, unethical and dishonest decisions pertaining to janitorial / portering service cost that we the nurses have discussed in camera... ”¹*

The allegations which were contained in the foregoing letter alluded, *inter alia*, to (a) impropriety; (b) lack of transparency; and (c) cronyism, in the award of service oriented contracts, in particular those for janitorial and portering services, by the MOHE and/or its Regional Authorities.

Secondly, on 2007 September 21, the OCG received a letter, which was addressed to the then Financial Secretary, Mr. Collin Bullock, from the then Permanent Secretary in the MOHE, Mrs. Grace Allen Young, with regard to the letter from the ‘Concerned Nurse’.

In the referenced letter, which was dated 2007 September 19, Mrs. Allen Young stated that:

“As Accounting Officer, my interest is to ensure that the procurement procedures were followed. The Principal Finance Officer was, therefore, asked to investigate the matter. The details are attached, which indicate that the contracts awarded to the named companies between March 2002 and March 2005 received the approval of the NCC and the Cabinet of Jamaica.”²

Consequently, the OCG, by way of a letter, which was dated 2007 November 19, sought to verify the information which was provided by the MOHE in its 2007 September 19 letter to the then Financial Secretary.

¹ Concerned Nurse. Letter to the Prime Minister. 2007 August 4

² MOHE. PS Letter to the Financial Secretary. 2007 September 19

The OCG, in its letter of enquiry, which was dated 2007 November 19, stated that “Having carefully reviewed the letter as well as the attachments, we now write asking that some additional information be provided to the Office of the Contractor General (OCG) to enable the office to conduct verification checks in relation to the award of contracts to the companies referenced. Could you please advise the following and provide details in a spreadsheet where applicable:

1. *whether there was/were any contract(s) awarded to any of these companies between January 2, 2000 and March 1, 2002;*
2. *whether there was/were any contract(s) awarded to any of these companies since March 1, 2005 up to October 31, 2007;*
3. *whether there was/were any contract(s) issued by either the Ministry of Health & Environment and/or any of its regional authorities, between March 2002 and March 2005, but which were not included on the list which accompanied your letter of September 19, 2007;*
4. *whether there was/were any payment(s) made to any of these companies since January 1, 2000 up to October 31, 2007, but which was/were not supported by the issuance of a Contract or Purchase Order.”³*

The referenced OCG letter further stated that “Where contracts have been issued based on the responses to the items listed 1-3 above, please provide the following details:

- *date of contract award*
- *description of contract*
- *name of contractor*
- *contract value*
- *procurement methodology (e.g. Sole Source, Limited tender)*

³ OCG. Letter to the MOHE. 2007 November 19

- *number of tenders/quotes invited*
- *number of tenders/quotes received*
- *whether Procurement Committee approval was received prior to award of contract*
- *whether approval by the National Contracts Commission and/or Cabinet was received (where required)”⁴*

In its letter of response to the OCG, which was dated 2007 December 7, the MOHE provided the OCG with a spreadsheet of information relating to the contracts which were awarded to LAMASA Ltd. and Manpower & Maintenance Services Ltd. for the period 2000 up to 2007.

The MOHE also advised the OCG that several of the contracts, which were awarded to LAMASA Ltd. and Manpower & Maintenance Services Ltd., which were detailed in the spreadsheet, had expired and were “...extended on various occasions...”⁵

Having regard to (a) the foregoing assertions by the MOHE and (b) the allegations which were contained in the 2007 August 4 letter from the ‘Concerned Nurse’, several concerns were raised for the OCG, especially in light of the perceived absence of adherence to the Government Procurement Procedures Handbook (GPPH- 2001 May) and the Government contract award principles which are enshrined in Section 4 (1) of the Contractor General Act.

Some of the referenced allegations and assertions alluded, *inter alia*, to (a) impropriety, (b) a lack of fairness, transparency and cronyism in the award of Government contracts, (c) a breach of the Government Procurement Guidelines and mismanagement, and (d) a breach of applicable Government administrative and accounting procedures.

⁴ OCG. Letter to the MOHE. 2007 November 19

⁵ MOHE. Letter to the OCG. 2007 December 7

The OCG's Investigation primarily sought to determine, *inter alia*, whether there was compliance with the provisions of the GPPH (2001), the Contractor General Act (1983), the Public Bodies Management and Accountability Act, the Financial Administration and Audit Act, and the Corruption Prevention Act, by the MOHE and/or its Regional Health Authorities in the award of contracts for the provision of janitorial and portering services.

At the commencement of the Investigation on 2008 March 11, the OCG undertook a review of the allegations which were contained in the letter from the 'Concerned Nurse' and the responses which were given to the OCG, by the MOHE in its letter, which was dated 2007 December 7. This was done in an effort to determine the direction of the Investigation, as well as the most efficacious method by which to proceed.

The OCG, during the course of its Investigation, decided to expand the ambit of its Investigation to embrace the procurement practices of the MOHE and/or its Regional Health Authorities. In this regard, the OCG undertook a review and analysis of (a) the institutions' Quarterly Contracts Award (QCA) Reports for the period 2006 April to 2009 December; and (b) selected contract award recommendations, which were submitted to the National Contracts Commission (NCC) by the said institutions.

The Terms of Reference of the OCG's Investigation into the procurement practices of the MOHE and/or its Regional Health Authorities were primarily developed in accordance with the provisions which are contained in Section 4 (1) and Section 15 (1) (a) to (d) of the Contractor General Act, 1983.

Additionally, the OCG was guided by the important responsibilities which are imposed upon Public Officials by the GPPH (2001), the Financial Administration and Audit Act, the Public Bodies Management and Accountability Act and the Corruption Prevention Act.

The OCG was also guided by the expressed provisions which are contained in Section 21 of the Contractor General Act. Section 21 specifically mandates that a Contractor-

General shall consider whether he has found, in the course of his Investigation, or upon the conclusion thereof, evidence of a breach of duty, misconduct or criminal offence on the part of an officer or member of a Public Body and, if so, to refer same to the competent authority to take such disciplinary or other proceedings as may be appropriate against that officer or member.

The Findings of the OCG's Investigation into the procurement practices of the MOHE and/or its Regional Health Authorities are premised primarily upon an analysis of the information and the documents which were provided by the MOHE.

It is also instructive to note that letters were directed on 2008 March 11, by the Contractor General, to the Minister of Health and Environment, the Honourable Rudyard Spencer, the then Permanent Secretary, in the MOHE, Mrs. E. Grace Allen Young, and the then Principal Financial Officer, MOHE, Mr. Nigel Logan, to formally advise them of the commencement of the OCG's Investigation into the procurement practices of the Ministry of Health and Environment and/or its Regional Health Authorities.

TERMS OF REFERENCE

Primary Objectives

The primary aim of the OCG's Investigation was to determine, *inter alia*, the following:

1. Whether there was compliance with the provisions of the GPPH (2001), the Contractor General Act (1983), the Public Bodies Management and Accountability Act, the Financial Administration and Audit Act, and the Corruption Prevention Act, by the MOHE and/or its Regional Health Authorities in the award of contracts for the provision of janitorial and portering services.

Specific Objectives

The Investigation also had the following specific objectives:

1. Identify the procurement processes which were employed by the MOHE and/or its Regional Health Authorities, in the award, implementation, execution and/or variation of the contracts which were awarded to LAMASA Ltd. and Manpower & Maintenance Services Ltd.;
2. Determine whether there were any breaches of the Government's Procurement Procedures or applicable laws on the part of the MOHE and/or its Regional Health Authorities, in the facilitation, procurement, award, implementation, execution and/or variation of the referenced contracts;
3. Determine whether the processes which led to the award of the contracts to LAMASA Ltd. and Manpower & Maintenance Services Ltd. were fair, impartial, transparent and devoid of irregularity or impropriety.
4. Determine whether there was any *prima facie* evidence that would suggest

impropriety on the part of any individual or entity which contributed to the award of the contracts to LAMASA Ltd. and Manpower & Maintenance Services Ltd. for the provision of janitorial and portering services;

5. Make recommendations for appropriate remedial actions where necessary.

METHODOLOGY

The OCG, in the conduct of its Investigations, has developed standard procedures for evidence gathering. These procedures have been developed and adopted pursuant to the powers which are conferred upon a Contractor General by the 1983 Contractor General Act.

It is instructive to note that Section 17 (1) of the Contractor General Act empowers a Contractor General to “...adopt whatever procedure he considers appropriate to the circumstances of a particular case and, subject to the provisions of (the) Act, to obtain information from such person and in such manner and make such enquiries as he thinks fit.” (OCG Emphasis)

The Terms of Reference of the OCG’s Investigation into the procurement practices of the MOHE and/or its Regional Health Authorities, were primarily developed in accordance with those of the mandates of the Contractor General as are stipulated in Section 4 (1) and Section 15 (1) (a) to (d) of the Contractor General Act.

The Terms of Reference of the Investigation were guided by the OCG’s recognition of the far-reaching responsibilities and requirements that are imposed, *inter alia*, upon Public Officials and Public Officers by the GPPH (2001), the Contractor General Act, the Financial Administration and Audit Act, the Public Bodies Management and Accountability Act and the Corruption Prevention Act.

In addition, the OCG was guided by Section 21 of the Contractor General Act which provides that “**If a Contractor-General finds, during the course of his Investigations or on the conclusion thereof that there is evidence of a breach of duty or misconduct or criminal offence on the part of an officer or member of a public body, he shall refer the matter to the person or persons competent to take such disciplinary or other proceeding as may be appropriate against that officer or member and in all such cases shall lay a**

special report before Parliament.”(OCG Emphasis)

The following methodologies were used to inform the Findings and Conclusions of the OCG’s Investigation:

1. A detailed review and analysis of the procurement records and supporting documents, inclusive of a review of the Minutes of the Meetings of the Procurement Committee for the MOHE and selected Regional Health Authorities.
2. A Letter of Requisition, which was dated 2007 November 19, directed by the OCG to the then Permanent Secretary, Dr. Grace Allen Young, requesting clarification on certain issues.
3. A detailed review and analysis of the Quarterly Contracts Award (QCA) Reports for the MOHE and its Regional Health Authorities for the period of 2006 (April to December) to 2009 was undertaken.
4. A detailed review and analysis of the submissions which were made by the MOHE and its Regional Health Authorities to the National Contracts Commission (NCC), for the period of 2007 to 2009 was undertaken.

FINDINGS

Janitorial & Portering Services Contracts

The OCG, by way of a letter to the MOHE, which was dated 2007 November 19, asked the following questions with regard to the award of the contracts to LAMASA Ltd. and/or Manpower & Maintenance Services Ltd:

1. *“whether there was/were any contract(s) awarded to any of these companies between January 2, 2000 and March 1, 2002;*
2. *whether there was/were any contract(s) awarded to any of these companies since March 1, 2005 up to October 31, 2007;*
3. *whether there was/were any contract(s) issued by either the Ministry of Health & Environment and/or any of its regional authorities, between March 2002 and March 2005, but which were not included on the list which accompanied your letter of September 19, 2007.”⁶*

By way of a letter, which was dated 2007 December 7, the MOHE provided the following responses to the foregoing questions which were posed by the OCG:⁷

⁶ OCG. Letter to the MOHE. 2007 November 19

⁷ MOHE. Response to the OCG. 2007 December 7

Cleaning & Portering Contracts- 2001-2007			
Company awarded contract	Institution where service delivered	Approximate Date of award	Approval Level
LAMASA	Kingston Public Hospital/Victoria Jubilee Hospital (KPH/VJH)	04-Mar-02	Cabinet
LAMASA	Bustamante Hospital	04-Mar-02	Cabinet
Manpower & Maintenance Services Ltd.	Spanish Town Hospital	04-Mar-02	Cabinet
Manpower & Maintenance Services Ltd.	MOH- 2-4 King Street	04-Feb-01	Cabinet
LAMASA	Mandeville Hospital	21-Mar-05	Cabinet

The OCG, in its letter to the MOHE, which was dated 2007 November 19, also asked the following question:

*“whether there was/were any payment(s) made to any of these companies since January 1, 2000 up to October 31, 2007, but which was/were not supported by the issuance of a Contract or Purchase Order”*⁸

In its response to the aforementioned question, the MOHE, in its letter which was dated 2007 December 7, provided the following information:⁹

⁸ OCG. Letter to the MOHE. 2007 November 19

⁹ MOHE. Response to the OCG. 2007 December 7

Payments made to LAMASA Ltd. & Manpower & Maintenance Services Ltd., which are not supported by a contract and/or purchase order- January 1, 2000 to October 31, 2007				
Company awarded contract	Institution where service delivered	Approximate Date of award	Expiration Date	Comments
LAMASA	KPH/VJH	04-Mar-02	Jun-05	Contract has been extended on various occasions up to March 2008
LAMASA	Bustamante Hospital	04-Mar-02	Jun-05	Contract has been extended on various occasions up to March 2008
Manpower & Maintenance Services Ltd.	Spanish Town Hospital	04-Mar-02	Jun-05	Contract has been extended on various occasions up to March 2008
Manpower & Maintenance Services Ltd.	MOH- 2-4 King Street	04-Feb-01	Apr-04	Contract has been extended on various occasions up to March 2008

Contracts Awarded to LAMASA Ltd.

1. **KPH/VJH-** the referenced contract was awarded on 2002 March 4, in the amount of \$182,877,768.00. The procurement methodology which was utilised was that of Selective Tendering and the then MOH evaluated the tenders based upon quality/cost criteria.

Based upon the information, which was provided by the MOHE, the listed competing bidder for the referenced contract was D&MCS Ltd., which submitted a bid in the amount of \$148,908,474.00.

Further, this contract was endorsed accordingly:

- i. MOH Sector Committee on 2001 November 30;
- ii. The NCC on 2001 December 5;

iii. Cabinet on 2002 March 4.

2. **Bustamante Hospital-** the referenced contract was awarded on 2002 March 4, in the amount of \$60,916,824.00. The procurement methodology which was utilised was that of Selective Tendering and the MOH evaluated the tenders based upon quality/cost criteria.

The listed competing bidders for the referenced contract were D&MCS Ltd. and Milestone Environmental Ltd., which submitted bids in the amounts of \$41,793,265.80 and \$60,916,824.00, respectively.

In addition, this contract was endorsed accordingly:

- i. MOH Sector Committee on 2001 November 30;
- ii. The NCC on 2001 December 5;
- iii. Cabinet on 2002 March 4.

3. **Mandeville Regional Hospital-** the referenced contract was awarded on 2005 March 21, in the amount of \$74,069,244.00. The procurement methodology which was utilised was that of Selective Tendering and the MOH evaluated the tenders based upon quality/cost criteria.

The listed competing bidders for the referenced contract were Milestone Environmental Ltd. and Minott Janitorial Services Ltd., which submitted bids in the amounts of \$52,614,180.00 and \$74,851,524.00, respectively.

This contract was endorsed accordingly:

- i. MOH Sector Committee on 2005 January 23;

- ii. The NCC on 2005 February 3;
- iii. Cabinet on 2005 March 21.

Contracts Awarded to Manpower & Maintenance Services Ltd.

1. **Spanish Town Hospital-** the referenced contract was awarded on 2002 March 4, in the amount of \$83,633,568.48. The procurement methodology which was utilised was that of Selective Tendering and the MOH evaluated the tenders based upon quality/cost criteria.

The listed competing bidders for the referenced contract were D&MCS Ltd. and Milestone Environmental Ltd., which submitted bids in the amount of \$58,154,382.00 and \$68,0888,882.24 [sic], respectively.

This contract was endorsed accordingly:

- i. MOH Sector Committee on 2001 November 30;
 - ii. The NCC on 2001 December 5;
 - iii. Cabinet on 2002 March 4.
2. **MOH-** the referenced contract was awarded on 2001 February 4, in the amount of \$5,174,016.12. The procurement methodology which was utilised was that of Selective Tendering.

The listed competing bidders were Milestone Environmental Ltd. and LAMASA Ltd. which submitted bids in the amounts of \$7,159,841.00 and \$7,731,448.00, respectively.

This contract was endorsed accordingly:

- i. MOH Sector Committee on 2001 February 2;
 - ii. The NCC on 2001 February 9.
3. **University Hospital of the West Indies (UHWI)**- By way of letter, which was dated 2008 January 15, the MOHE informed the OCG that in 1996 December, the UHWI awarded a contract to Manpower & Maintenance Services Ltd. to perform the following services:
- Cleaning services;
 - Portering services;
 - Landscaping services.

The MOHE further advised that *“This contract would not have been approved by the NCC and Cabinet as the NCC had not yet been established and the new Procurement Guidelines would not yet have been in force. Due to the time which has elapsed since this contract was granted, the procurement records are no longer available to determine procurement methodology and the number of tenders among other things. In addition, all the relevant personnel are no longer employed to the hospital.”*¹⁰

The referenced contract was terminated in 2005 October, after the UHWI conducted a tender process which resulted in the contract being awarded to Milestone Environmental Ltd.

The MOHE also advised that *“At the time of the termination of the contract the annual payment made under the contract for the previous three years were as follows:*

¹⁰ MOHE. Letter to the OCG. 2008 January 15

<i>Year</i>	<i>Amount \$</i>
▪ 2004/2005	45,820,450.00
▪ 2003/2004	62,832,862.00
▪ 2002/2003	47,114,137.00” ¹¹

In relation to contracts which were awarded by the MOHE and/or its Regional Health Authorities, to Manpower & Maintenance Services Ltd. and LAMASA Ltd., for janitorial and portering services, the MOHE, by way of a letter, which was dated 2008 March 10, acknowledged that it had not sought the approval of the NCC for the formal extension of the referenced contracts.

In its 2008 March 10 letter to the OCG, the MOHE stated as follows, *“Please be advised that the previous extensions were not approved by the NCC as required by the Procurement Regulations. This was an oversight on the part of the agencies and the Ministry and is being addressed by assigning the monitoring of such contracts to the Ministry’s Procurement Committee and the Sector Contracts Committee.”*¹²

The MOHE further provided a copy of two letters that were addressed to the NCC, which were dated 2007 March 10 (There appears to be a typographical error and 2007 should actually be 2008), in which the MOHE sought formal approval from the NCC for the extension of the contracts which have been award by the MOHE and/or its Regional Health Authorities for cleaning and portering services.

The referenced contracts are detailed in the following table:

¹¹ MOHE. Letter to the OCG. 2008 March 10

¹² MOHE. Letter to the OCG. 2008 March 10

NCC approval sought for the extension of the following contracts						
Procuring Body	Company Awarded	Service Delivery Institution	Expiration Date	Proposed Monthly value of Contracts	Proposed value for six (6) months	Extension Commencement date
UHWI	Milestone Environmental Ltd.	UHWI	Jun-07	\$9,625,491.12	\$57,752,946.72	01-Mar-08
South East Regional Health Authority	LAMASA Ltd.	KPH/VJH	Jun-05	\$7,602,860.00	\$45,617,160	01-Mar-08
South East Regional Health Authority	Manpower & Maintenance Services Ltd.	Spanish Town Hospital	Jun-05	\$4,555,226.52	\$27,331,359.12	01-Mar-08
South East Regional Health Authority	LAMASA Ltd.	Bustamante Hospital	Jun-05	\$2,609,660.37	\$15,657,962.22	01-Mar-08

Current Status of the Janitorial & Portering Contracts

1. On 2009 April 30, the NCC approved the following contracts for the South East Regional Health Authority (SERHA):

Procuring Body	Company Awarded	Service Delivery Institution	Date Endorsed by NCC	Value of Contracts
SERHA	LAMASA Ltd.	Bustamante Hospital	2009 April 30	124,512,919.00
SERHA	Manpower & Maintenance Services Ltd.	Spanish Town Hospital	2009 April 30	231,870,878.00
SERHA	LAMASA Ltd.	KPH/VJH	2009 April 30	361,656,240.00

The reference contracts were awarded via the selective tender procurement methodology.

However, it is instructive to note that by way of a letter, which was dated 2009 October 21, the MOHE wrote to the NCC, and requested that the tender process for the above referenced contracts be aborted.

The MOHE in its letter, which was dated 2009 October 21, stated that “...it was felt that the criteria for award militate against new entrants to the market and as such the Ministry thought it prudent to abort the tender process, review and revise the evaluation criteria, and to retender. The National Contracts Commission’s approval to abort the tender process and to retender is being sought.”¹³

In response to the request from the MOHE, the NCC, by way of a letter, which was dated 2009 October 30, approved the request.

In the referenced letter from the NCC, it was stated that “*The National Contracts Commission considered the matter at its meeting held on **October 28, 2009** and offered no objection to the Ministry’s proposal to abort the tender process used to recommend Lamasa Limited and Manpower and Maintenance Services Limited for the provision of cleaning and catering [sic] services at the Kingston Public Hospital, Victoria Jubilee Hospital, the Bustamante Hospital for Children and the Spanish Town Hospital respectively and to re-tender the contract.*”¹⁴

2. By way of a letter, which was dated 2009 March 17, the MOHE wrote to the NCC, seeking permission to extend the contracts, which were entered into by the Southern Regional Health Authority (SRHA), for cleaning and portering services.

The referenced contracts were being performed by LAMASA Ltd. and Milestone Environmental Ltd. at the Mandeville Regional Hospital and May Pen Hospital, respectively.

¹³ MOHE. Letter to the NCC. 2009 October 21

¹⁴ NCC. Letter to the MOHE. 2009 October 30

In its referenced letter, the MOHE stated that *“The Southern Regional Health Authority has been extending the current contract for the provision of Cleaning and Portering Services at captioned hospitals which expired July 31, 2008. Since then the Region was granted an extension, the last of which expires on March 31, 2009.”*¹⁵

The MOHE further stated that *“The Ministry intends to conduct a public tender for Cleaning and Portering Services for the Southern Regional Health Authority. **The services were tendered in late September 2008, however when the bids were to be evaluated the Region realized that they had provided the incorrect set of specifications and therefore had to redo the specifications.** New tendering process is now being carried out and the advertisement will go out by the end of March 2009. However, until this process is finalized the contractors namely Lamasa Limited and Milestone Environmental Ltd are finding it difficult to provide continuity in service unless an increase in rates is granted. The amounts being requested are as follows: (OCG Emphasis)*

***Lamasa Limited (Mandeville Regional Hospital) – 11% increase
Milestone Environmental Ltd (May Pen Hospital) – 9% increase***

*I have approved the latter request for Milestone Environmental Limited in accordance with the Procurement Guidelines. I hereby request your approval to increase the rates of contract for Lamasa Limited and for the contracts to be extended for another six months to November 30, 2009 to enable us to undertake the tendering process.”*¹⁶

In response to the MOHE’s aforementioned request, the NCC, by way of a letter, which was dated 2009 March 26, approved the variation of 11% and the 9%

¹⁵ MOHE. Letter to the NCC. 2009 March 17

¹⁶ MOHE. Letter to the NCC. 2009 March 17

increase in contract prices for the LAMASA Ltd. and Milestone Environmental Ltd. contracts, respectively.

The NCC also granted a six (6) month extension for the referenced contracts. However, the NCC stipulated that the six (6) month extension was for the period 2009 April 1 to 2009 September 30.

In its letter to the MOHE, the NCC stated that *“Within this six months period the Ministry is required to complete the contractual process as, given the previous extensions, the NCC is not in favour of granting an extension beyond September 2009.”*¹⁷

Notwithstanding the NCC’s directives, which were contained in its letter that was dated 2009 March 26, the MOHE sought approval on 2009 September 21, for a further extension of the contracts which were awarded to LAMASA Ltd. and Milestone Environmental Ltd. by the SRHA.

In this regard, the MOHE, by way of a letter, which was dated 2009 September 21, wrote to the NCC and stated that *“The Ministry of Health supports the Region’s request to further extend the existing contracts with Lamasa Limited and Milestone Environmental Limited, providers of cleaning and portering services at the Mandeville Regional Hospital and May Pen Hospital respectively for an additional six (6) months ending March 21, 2010. The awarding of new contracts should be in place by the expiry date.”*¹⁸

In response to the MOHE’s request, the NCC, by way of a letter, which was dated 2009 September 29 granted its approval for a further extension of the referenced contracts for a period of six (6) months, ending on 2010 March 21.

¹⁷ NCC. Letter to the MOHE. 2009 March 26

¹⁸ MOHE. Letter to the NCC. 2009 September 21

It is instructive to note that on 2009 September 23, an advertisement appeared in the *Daily Observer*, on behalf of the MOHE, which invited bidders to tender for the provision of cleaning and portering services at the Mandeville Regional Hospital and May Pen Hospital respectively.

Other Procurement Findings

University Hospital of the West Indies (UHWI)- Services Contracts

It is instructive to note that the OCG, in 2007 December, concluded an Investigation into the procurement and contract award practices at the UHWI. One notable Finding from the referenced Investigation was the fact that there were several contracts which the UHWI had operated for several years, which were never put to competitive tender. These included, *inter alia*, the following:

1. The steam contract which involves maintenance for the broilers with El-Mech;
2. The contract for general carpentry with Perry's Construction and Drafting;
3. The contract for electrical maintenance with Highlight Electrical Sales & Service Ltd.;
4. The contract for the maintenance of the hospital's air condition units with Ronham & Associates Limited.

Further, the OCG's Investigation also revealed that there were a number of contracts, both written and verbal, which had expired, or were operating on an extension basis, without the approval of the NCC and/or the Cabinet. These included, *inter alia*, the following:

1. The contract for security services with Marksman Ltd.;

2. The contract for janitorial and protering services with Milestone Environmental Ltd.;
3. The contract for laundry services with Supreme Laundry Services.

Of note is that at a meeting of the NCC, which was held on 2008 April 23, the UHWI, by way of a letter, which was dated 2008 March 28, sought a one (1) year extension for the foregoing contracts.

The Minutes of the Meeting of the NCC, which was dated 2008 April 23, stated that *“The Commission considered the letter dated 2008 March 28 from the CEO of the UHWI advising of a review of the services provided to hospitals, to determine what was to be outsourced as against those services that should be provided internally by staff. As a result, all contracts for the provision of services at the UHWI, excluding the laundry services, were to be extended for one-year while the available options were considered. It was noted that the contract for laundry services was to be tendered immediately but the current arrangement required an extension for the duration of the tender process.”*¹⁹

The NCC supported the request of UHWI, and on 2008 April 23, granted a one (1) year extension of several services contracts for the UHWI. However, by way of a letter, which was dated 2009 March 23, the UHWI requested approval for a further extension of the said services contracts.

On 2009 April 2, the NCC approved the extension of the following contracts for the period 2009 March 1 to 2009 September 30:

¹⁹ NCC. Minutes of the Meeting. 2008 April 23

Company	Services Offered	Approved Annual Contract Sum (J\$)	Endorsed Sum March 1, 2009 to September 30, 2009 (7 months)\$
Milestone Environmental Services Ltd.	Janitorial & portering	115,505,893.44	67,378,437.84
Marksman Ltd.	Security	76,591,872.00	44,678,592.00
Ronham & Associates Ltd.	AC & Refrigeration	8,450,390.86	4,929,394.67
Supreme Laundry Services	Laundry Services	40,320,000.00	23,520,000.00
Highlight Electrical Sales	Electrical Maintenance Services	4,255,999.91	2,482,666.61
Perry's Construction & Draughting	General Maintenance Services	8,027,040.00	4,682,440.00
El-Mech Engineers Ltd.	Steam Maintenance Services	1,975,680.00	1,152,480.00

Further, by way of a letter, which was dated 2009 September 11, the UHWI again wrote to the NCC requesting its approval for the extension of several contracts for services. In its referenced letter, the UHWI identified the said contracts and detailed the status of the procurement process for each of the listed contracts.

Below is an extract from the referenced UHWI letter, which was dated 2009 September 11:

Service	Date Advertised	Result/Current Status
Security	January 25 & 28, 2009	4 bids received, proposal for award of contract endorsed by MoH Sector Committee June 12, 2009. Considered by NCC at meetings of July 1 and 8, 2009. NCC recommendations (letter to PS, MoH dated July 9, 2009) include UHWI seeking guidance of MoF regarding evaluation criteria and selection procedure. UHWI met with MoF August 5, 2009, submitted relevant documentation and now awaiting feedback.
Janitorial & Portering	March 20 & 22, 2009	4 bids received, none met minimum required technical score.
	June 3 & 5, 2009	Tender meeting held with potential bidders June 10. 4 bids received, only 1 met minimum required technical score. Evaluation team to conclude review of financial proposal and make recommendation. To be re-tendered pending feedback from MoF.
Catering	January 18 & 21, 2009	1 bid received which failed to achieve minimum technical score. To be re-tendered pending feedback from MoF.
	May 6 & 13, 2009	2 bids received. One bid ineligible due to lack of NCC registration and tender bond. Other bid failed to achieve minimum technical score. To be re-tendered pending feedback from MoF.
Laundry Services	July 3 & 8, 2009	Submission deadline of July 28 extended to August 4, 2009 based on request from one of three potential bidders after provision of detailed clarifications by the UHWI. Tender cancelled August 3.
Medical Gases	May 22 & 27, 2009	2 bids received. One did not state bid price on Tender Form, the other stated price for first year only of two-year contract. Both rejected.
Transportation	Not yet advertised	Routes being studied with a view to possibly reducing scope of service due to cost.
AC & Refrigeration Maintenance		Detailed inventories of plant and equipment being prepared to inform technical scopes of work and contract terms to facilitate proper monitoring of services provided and associated costs to the hospital.
Electrical Maintenance		
General Maintenance		
Steam Maintenance		

The UHWI, in its letter, which was dated 2009 September 11, further stated that “As evidenced above, our efforts to complete the respective tenders have been unsuccessful to date. Accordingly, we request the endorsement of the National Contracts Commission to the extension of the service contracts at current rates, as outlined below, to March 31, 2010 to facilitate the completion of tender procedures leading to the award of new contracts.”²⁰

<i>Company</i>	<i>Service Offered</i>	<i>Annual Contract Sum (J\$)</i>
<i>Milestone Environmental Services Ltd.</i>	<i>Janitorial & Portering</i>	<i>115, 505, 893.44</i>
<i>Marksman Limited</i>	<i>Security</i>	<i>76, 591, 872.00</i>
<i>Ronham & Associates Ltd.</i>	<i>AC & Refrigeration Maintenance</i>	<i>8, 450, 390.86</i>
<i>Supreme Laundry Services</i>	<i>Laundry Services</i>	<i>40, 320, 000.00</i>
<i>Highlight Electrical Sales</i>	<i>Electrical Maintenance</i>	<i>4, 255, 999.91</i>
<i>Perry 's Construction & Draughting</i>	<i>General Maintenance Service</i>	<i>8, 027, 040.00</i>
<i>El-Meth Engineers Ltd.</i>	<i>Steam Maintenance</i>	<i>1,975, 680.00</i>
<i>Cuisine Management Services Ltd.</i>	<i>Catering</i>	<i>110, 000, 000.00</i>
<i>JESSA Tours</i>	<i>Transportation</i>	<i>36, 000, 000.00</i>
<i>Industrial Gases Ltd.</i>	<i>Medical Gases</i>	<i>52, 000, 000.00</i>

In response to the foregoing request from the UHWI, the NCC, by way of a letter, which was dated 2009 September 17, stated that “The National Contracts Commission considered the matter at its meeting held on **September 16, 2009** and approved the request from the University Hospital of the West Indies to extend the following service contracts until March 31, 2010, to facilitate the tender process..”²¹

²⁰ UHWI. Letter to the NCC. 2009 September 11

²¹ NCC. Letter to the UHWI. 2009 September 17

Of note is that by way of a letter, which was dated 2009 October 1, the MOHE submitted to the Sector Committee a recommendation for the award of a janitorial and portering services contract to Milestone Environmental Services Ltd. at the UHWI.

In its letter, the MOHE stated that *“Please see Tender Evaluation Report from the University Hospital of the West Indies...The Ministry endorses the recommendation of the Evaluation Committee to award the contract for the provision of Janitorial and Portering Services to Milestone Environmental Limited for a period of three (3) years at an estimated cost of **Three Hundred and Thirty-seven Million, Nine Hundred and Thirty-five Thousand, one hundred and Fifty-eight Dollars and Sixty-two Cents (J\$337,935,158.62)**. The proposal is now being forwarded to the Health Sector Committee for consideration.”*²²

The Tender Evaluation Report, for the foregoing contract award recommendation, was later submitted to the NCC for its consideration and, at a meeting of the NCC, which was held on 2009 October 28, it was stated that:

“In meeting No. 468 held 2009, October 21 the Commission had deferred the submission and directed the Secretariat to invite representatives from the Ministry of Health to attend the next meeting of the NCC to provide clarification regarding the following:

- 1. The scores contained in the evaluation report;*
- 2. The method used to advise tenderers of the revised tender documents; and*
- 3. The reason for charging a fee for the revised document.*

Accordingly, Mr. Ricardo Corrie, Procurement Specialist of the University Hospital of the West Indies (UHWI) attended. Mr. Corrie indicated that there had been in fact two tenders. In the first tender, none of the tenderers had been

²² MOHE. Letter to Sector Committee. 2009 October 1

responsive as they had not met the minimum technical score. The scope had subsequently been revised and a new tender document issued at a reduced cost.

The Commission enquired about the difference in scores as although Manpower Maintenance had obtained full marks for the criterion “Experience and track record of the company in the provision of janitorial and portering services” the company scored zero for all the sub-criteria for “Quality of key personnel supervisor and on-site managers”. In response, Mr. Corrie indicated that based on the documentation received, Manpower Maintenance had not demonstrated in their proposal that they had the requisite experience, as they had not submitted the details of the key persons who would be assigned to the contract. The Commission therefore advised Mr. Corrie that clarification should have been sought.

Mr. Corrie further referred to an error in the Evaluation Report as by his record, the Minutes of the Evaluation Meeting had indicated a score of two (2) instead of five (5) for the Liquidity Ratio of Manpower and Maintenance. The Commission advised him that the NCC could not accept, at that stage, that there had been an error in the documents submitted to the Sector Committee and the NCC.

On examination of the documentation, the Commission concluded that nothing in the documents substantiated the claims of Mr. Corrie. The Commission also considered the fact that the score indicated in the evaluation report summed to 62 rather than 59 as reported, and consequently advised Mr. Corrie to evaluate the financial proposal of Manpower Maintenance Limited as the company had in fact exceeded the minimum technical score.

The Commission noted that some Agencies had unnecessarily complicated the evaluation methodology and that over complication of an evaluation exercise could be a means to manipulate the outcome of a tender. *The Commission*

therefore agreed that the Ministry of Finance and the Public Service should provide guidance.”²³(OCG EMPHASIS)

Consequently, the NCC, by way of a letter, which was dated 2009 October 29, informed the MOHE as follows:

“Having reviewed the matter, the Commission wishes to advise the Ministry as follows:

- a) The Commission observed inconsistencies in the evaluation, particularly with the points scores awarded to the tenderers.*
- b) The Ministry must go back and evaluate the financial proposal of Manpower & Maintenance Services Ltd.*
- c) Re-submit the Proposal [sic] the National Contracts Commission.”²⁴*

However, by way of a letter, which was dated 2009 November 16, the UHWI wrote to the NCC and requested that the NCC “...re-considers our proposals...”²⁵

In its referenced letter, the UHWI stated as follows:

“We note from the letter that the Commission has observed inconsistencies in the points awarded to the bidders but these inconsistencies have not been identified. We are advised by Mr. Ricardo Corrie, Procurement Specialist at the UHWI who attended your meeting of October 28, 2009, that members of the Commission identified a discrepancy between the minutes of the evaluation meeting and the evaluation report signed by members of the hospital’s evaluation committee. That discrepancy is the result of a typographical error in the minutes and the

²³ NCC. Minutes of the Meeting. 2009 October 28

²⁴ NCC. Letter to MOHE. 2009 October 29

²⁵ UHWI. Letter to NCC. 2009 November 16

substantive document which informed the decision of the evaluation committee, the evaluation report, is correct. Accordingly, whereas the minutes with the typographical error (prepared weeks after the actual meeting) may suggest that the financial proposal submitted by Manpower and Maintenance Services Ltd should have been evaluated, the signed evaluation report reflects the correct scores which formed the basis of the selection.

Furthermore, having not achieved the minimum required technical score, the financial proposal submitted by Manpower and Maintenance Services Ltd was returned unopened and cannot be evaluated as per your directive.

We therefore request that the Commission re-considers our proposal in the [sic] light of the above clarification.”²⁶

In response to the request from the UHWI, the NCC, by way of a letter, which was dated 2009 November 25, stated that “*The National Contracts Commission (NCC) re-considered the matter at its meeting held on **November 11, 2009** and wishes to advise the University Hospital of the West Indies as follows:*

- a. The NCC did not accept the reason given by the UHWI in respect of the discrepancy between the Minutes of the Evaluation Meeting and the Evaluation Report.*
- b. The type of tender being carried out by the UHWI does not require the two (2) envelop system.*
- c. Given the circumstances that obtains [sic] in the present procurement being done by the UHWI, the proposed contract must be re-tendered.*
- d. The UHWI should extend the existing contract for a period of six (6) months.”²⁷*

²⁶ UHWI. Letter to NCC. 2009 November 16

Quarterly Contracts Award (QCA) Report

The OCG undertook an assessment of the QCA Reports which have been submitted by the MOHE and/or its Regional Health Authorities, to the OCG, for the period 2006 (April to December) to 2009 (January to December).

The following information is an assessment of the QCA Reports which have been submitted by the MOHE and its Regional Health Authorities, and reflects contracts which have reportedly been awarded by the respective entities.

It is instructive to note that while QCA Reports may have been submitted by an entity, the information will not be included in the assessment unless the Report has been verified 'O.K.' by an OCG Inspector. Where there are errors, omissions, etc., on a Report, that Report would not have been verified by an OCG Inspector.

Further, contracts are considered **not** to have obtained Procurement Committee approval, if the information entered in the related column eleven (11) of the Q.C.A. report is not 'Y'

In addition, it is instructive to note that the applicable value range for the contracts which were awarded between 2006 and the third (3rd) quarter of 2008 was J\$250,000.00 to J\$3,999,999.99, whereas, commencing with the fourth (4th) quarter of 2008, the applicable value range is J\$275,001.00 to J\$10,000,000.00.

MOHE

The table below highlights the total value of the contracts which were reportedly awarded by the MOHE (formerly the MOH) for the following years:

1. 2006 (April to December, i.e. the 2nd to 4th Quarter);

²⁷ NCC. Letter to the MOHE. 2009 November 25

2. 2007 (January to September, i.e. the 1st to 3rd Quarter);
3. 2008 (April to December, i.e. the 2nd to 4th Quarter);
4. 2009 (January to June, i.e. the 1st to 2nd Quarter).

TOTAL VALUE OF CONTRACTS			
2006	2007	2008	2009
(\$M)	(\$M)	(\$M)	(\$M)
24.76	43.66	85.31	84.53

In 2006, the MOH awarded a total of sixteen (16) contracts. However, one (1) of the sixteen (16) contracts which were reported did not have the approval of the Procurement Committee. This represents a total of six percent (6%) of total number of contracts which were reportedly awarded in 2006.

In 2007, the MOH awarded a total of thirty nine (39) contracts. However, two (2) of the thirty nine (39) contracts which were reported did not have the approval of the Procurement Committee. This represents a total of five percent (5%) of the total number of contracts which were reportedly awarded in 2007.

For 2008 and 2009, all contracts were reported as being approved by the Procurement Committee.

The contracts which were not approved by the Procurement Committee, between 2006 and 2007, are detailed in the following table:

Contract Award Date	Name of Contractor	Contract Description	Contract Value (J\$)
2006 August 24	Guardian Fence Systems Limited	To supply and erect Security Fence and Razor wire	596,200.00
2007 May 7	Motor Sales & Company Ltd.	Provision of Motor Vehicle	1,247,168.00
2007 May 7	Toyota Jamaica Ltd.	Provision of Motor Vehicle	3,467,423.00

Western Regional Health Authority (WRHA)

The table below highlights the total value of the contracts which were reportedly awarded by the WRHA for the following years:

1. 2006 (April to December, i.e. the 2nd to 4th Quarter);
2. 2007 (January to September, i.e. the 1st to 3rd Quarter);
3. 2008 (January to December, i.e. the 1st to 4th Quarter);
4. 2009 (January to March, i.e. the 1st Quarter).

TOTAL VALUE OF CONTRACTS			
2006	2007	2008	2009
(\$M)	(\$M)	(\$M)	(\$M)
31.72	79.09	139.75	252.06

Of import is the fact that for the period 2006 through to 2008 all contracts were reported as having been approved by the Procurement Committee.

However, in 2009, the WRHA reported that one (1) of the one hundred and ninety eight (198) contracts which were awarded did not have the approval of the Procurement Committee. This represents a total of one percent (5%) of the total number of contracts which were reportedly awarded in 2009.

The referenced contract was awarded on 2009 February 23 to L.P. Azar Ltd. in the sum of \$380,916.00.

North East Regional Health Authority (NERHA)

The table below highlights the total value of the contracts which were reportedly awarded by the NERHA for the following years:

1. 2006 (April to December, i.e. the 2nd to 4th Quarter);
2. 2007 (January to December, i.e. the 1st to 4th Quarter);
3. 2008 (January to December, i.e. the 1st to 4th Quarter);
4. 2009 (January to June, i.e. 1st to 2nd Quarter).

TOTAL VALUE OF CONTRACTS			
2006 (\$M)	2007 (\$M)	2008 (\$M)	2009 (\$M)
20.77	23.84	49.08	62.06

In 2006, the NERHA awarded a total of nineteen (19) contracts. However, one (1) of the nineteen (19) contracts which were reportedly awarded by the MOH did not have the

approval of the Procurement Committee. This represents a total of five percent (5%) of the total number of contracts which were reportedly awarded in 2006.

In 2007 all contracts were reported as having been approved by the Procurement Committee.

In 2008, the NERHA awarded a total of fifty (50) contracts and two (2) of the said contracts which were reported did not have the approval of the Procurement Committee. This represents a total of four percent (4%) of the total number of contracts which were reportedly awarded in 2008.

In 2009 all contracts were reported as having been approved by the Procurement Committee.

The three (3) contracts which were not approved by the Procurement Committee, between 2006 and 2008, are detailed in the following table:

Contract Award Date	Name of Contractor	Contract Description	Contract Value (J\$)
2006 August 24	Shaw Park Hotel	Logistics for Training Session	286,000.00
2008 January 30	Hillcrist Entertainment	Ball Room: Staff Awards	395,000.00
2008 December 12	Foreman Chung & Skyes.	Structural Engineer	300,000.00

South East Regional Health Authority (SERHA)

The table below highlights the total value of the contracts which were reportedly awarded by the SERHA for the following years:

1. 2006 (April to December, i.e. the 2nd to 4th Quarter);
2. 2007 (January to December, i.e. the 1st to 4th Quarter);
3. 2008 (January to December, i.e. the 1st to 4th Quarter);
4. 2009 (January to September, i.e. the 1st to 3rd Quarter).

TOTAL VALUE OF CONTRACTS			
2006 (\$M)	2007 (\$M)	2008 (\$M)	2009 (\$M)
218.89	364.89	343.88	659.67

In 2006, SERHA awarded a total of two hundred and sixty one (261) contracts. However, two hundred and thirty one (231) of the two hundred and sixty one (261) contracts which were reportedly awarded by the SERHA did not have the approval of the Procurement Committee. This represents a total of eighty nine percent (89%) of the total number of contracts which were reportedly awarded in 2006.

In 2007, SERHA awarded a total of four hundred and ninety nine (499) contracts. However, two hundred and twenty nine (229) of the four hundred and ninety nine (499) contracts which were reportedly awarded by the SERHA did not have the approval of the Procurement Committee. This represents a total of forty six percent (46%) of the total number of contracts which were reportedly awarded in 2007.

In 2008, SERHA awarded a total of five hundred and ten (510) contracts. However, one hundred and seventy five (175) of the five hundred and ten (510) contracts which were

reportedly awarded by the SERHA did not have the approval of the Procurement Committee. This represents a total of thirty four percent (34%) of the total number of contracts which were reportedly awarded in 2008.

In 2009, SERHA awarded a total of six hundred and forty seven (647) contracts. However, one hundred and fifty (150) of the six hundred and forty seven (647) contracts which were reportedly awarded by SERHA did not have the approval of the Procurement Committee. This represents a total of twenty three percent (23%) of the total number of contracts which were reportedly awarded in 2009.

Southern Regional Health Authority (SRHA)

The table below highlights the total value of the contracts which were reportedly awarded by the SRHA for the following years:

1. 2006 (April to December, i.e. the 2nd to 4th Quarter);
2. 2007 (January to December, i.e. the 1st to 4th Quarter);
3. 2009 (January to September, i.e. the 1st to 3rd Quarter).

TOTAL VALUE OF CONTRACTS			
2006	2007	2008	2009
(\$M)	(\$M)	(\$M)	(\$M)
40.61	61.99	-	28.42

In 2006, SRHA awarded a total of twenty eight (28) contracts. However, two (2) of the twenty eight (28) contracts which were reportedly awarded by the SRHA did not have the approval of the Procurement Committee. This represents a total of seven percent (7%) of the total number of contracts which were reportedly awarded in 2006.

In 2007, SRHA awarded a total of forty three (43) contracts. However, three (3) of the forty three (43) contracts which were reportedly awarded by the SRHA did not have the approval of the Procurement Committee. This represents a total of seven percent (7%) of the total number of contracts which were reportedly awarded in 2007.

In 2009, SRHA awarded a total of fourteen (14) contracts. However, one (1) of the fourteen (14) contracts which were reportedly awarded by the SRHA did not have the approval of the Procurement Committee. This represents a total of seven percent (7%) of the total number of contracts which were reportedly awarded in 2009.

The contracts which were reportedly not approved by the Procurement Committee, during the period 2006 and 2009, are detailed in the following table:

Contract Award Date	Name of Contractor	Contract Description	Contract Value (J\$)
2006 August 10	Sun Medico Ltd.	Provision of instruments, supplies and Medical Equipment for the Obstetric Theatre - Mandeville Regional Hospital	2,213,412.00
2006 August 17	SSP APTEC	HSF96 - Procuring Equipment - PHI /SRHA (Laptop Computers)	2,436,494.00
2007 November 26	Platinum Estate Builders Limited	Lionel Town Hospital Dietary Department and Medical Ward Upgrading Works	3,976,883.00
2007 November 26	Lascar Fencing & Construction	Royal Flat Health Centre Renovation and Alteration Hurricane Repairs	1,797,709.00
2007 December 3	Copia Wireless Comm. Ltd.	Mandeville Regional Hospital Admin Block Network	1,224,561.00
2009 August 31	Geddes Refrigeration Ltd.	Procurement of 15 Ton Compressor for Air Conditioning Unit at A&E - MRH	313,751.00

University Hospital of the West Indies (UHWI)

The table below highlights the total value of the contracts which were reportedly awarded by the UHWI for the following years:

1. 2007 (January to June, i.e. the 1st to 2nd Quarter);
2. 2008 (April to December, i.e. 2nd to 4th Quarter);
3. 2009 (January to June, i.e. the 1st to 2nd Quarter).

TOTAL VALUE OF CONTRACTS			
2006 (\$M)	2007 (\$M)	2008 (\$M)	2009 (\$M)
–	441.80	797.42	484.98

In 2007, UHWI awarded a total of three hundred and ninety five (395) contracts. However, four (4) of the three hundred and ninety five (395) contracts which were reportedly awarded by the UHWI did not have the approval of the Procurement Committee. This represents a total of one percent (1%) of the total number of contracts which were reportedly awarded in 2007.

In 2008, UHWI awarded a total of six hundred and thirty (630) contracts. However, one (1) of the six hundred and thirty (630) contracts which was reportedly awarded by the UHWI did not have the approval of the Procurement Committee. This represents a total of one percent (0.16%) of the total number of contracts which were reportedly awarded in 2008.

In 2009, all contracts were reported as having been approved by the Procurement Committee.

The five (5) contracts which were reportedly not approved by the Procurement Committee are detailed in the following table:

Contract Award Date	Name of Contractor	Contract Description	Contract Value (J\$)
2007 July 24	Arel Ltd.	Radiology Repairs	595,856.00
2007 September 27	Garbage Disposals Ltd.	Garbage Disposals	Not stated
2007 September 7	Scientific & Medical Supplies Ltd.	Medical Sundry	1,711,830.00
2007 November 28	Jamaica Electrical Med.	Medical Sundry	991,705.00
2008 April 22	Alcon	Ophthalmology	1,698,840.00

SUMMARY OF KEY FINDINGS

1. During the period 2002 to 2007, the MOHE and/or its Regional Health Authorities awarded three (3) contracts to LAMASA Ltd. – two (2) on 2002 March 4 and one (1) on 2005 March 21.
2. During the period 2001 to 2007, the MOHE and/or its Regional Health Authorities awarded two (2) contracts to Manpower & Maintenance Services Ltd., on 2001 February 4 and 2002 March 4, respectively.
3. The contracts which were awarded to LAMASA Ltd. and Manpower & Maintenance Services Ltd. in 2001, 2002 and 2005, were awarded *via* the Selective Tendering process, and were endorsed by the relevant Sector Committee, the NCC and Cabinet.
4. The contracts for the provision of janitorial and portering services, which were awarded in 2001 and 2002, to LAMASA Ltd. and Manpower & Maintenance Services Ltd., expired in 2004 and 2005 and were extended on several occasions by the MOHE.
5. During the period of 2000 January 1 to 2007 October 31, the MOHE and/or its Regional Health Authorities, made payments to LAMASA Ltd. and Manpower & Maintenance Services Ltd., in respect of services which were provided. However, these payments were not supported by a contract and/or purchase order.
6. By way of a letter, which was dated 2008 March 10, the MOHE acknowledged that it did not seek the approval of the NCC for the formal extension of the contracts which were awarded to LAMASA Ltd. and Manpower & Maintenance Services Ltd.

In this regard, the MOHE, in its letter, which was dated 2008 March 10 stated that *“Please be advised that the previous extensions were not approved by the NCC as required by the Procurement Regulations. This was an oversight on the part of the agencies and the Ministry and is being addressed by assigning the monitoring of such contracts to the Ministry's Procurement Committee and the Sector Contracts Committee.”*²⁸

7. By way of a letter, which was dated 2007 March 10 (NB.- There appears to be a typographical error and 2007 should actually be 2008), the MOHE sought the formal approval from the NCC for the extension of the contracts which had been awarded by the MOHE and/or its Regional Health Authorities to LAMASA Ltd. and Manpower & Maintenance Services Ltd.
8. On 2009 April 30, the NCC approved the extension of two (2) contracts which were awarded to LAMASA Ltd. and one (1) contract which was awarded to Manpower & Maintenance Services Ltd., by SEHRA.
9. By way of a letter, which was dated 2009 March 17, the MOHE wrote to the NCC seeking permission to extend the contracts which were entered into by SRHA, for cleaning and portering services, with LAMASA Ltd. and Milestone Environmental Ltd. at the Mandeville Regional Hospital and May Pen Hospital, respectively.

The NCC, by way of a letter, which was dated 2009 March 26, granted a six (6) month extension for the referenced contracts. However, the NCC stipulated that the six (6) month extension was for the period of 2009 April 1 to 2009 September 30.

Notwithstanding the NCC's directives, the MOHE, by way of a letter, which was dated 2009 September 21, requested a further extension of the said contracts. The NCC, by way of a letter, which was dated 2009 September 29, approved the

²⁸ MOHE. Letter to the OCG. 2008 March 10

MOHE's request and granted an extension to the contracts for a further six (6) months, ending on 2010 March 21.

10. A review of the QCA reports, which have been submitted by the MOHE and/or its Regional Health Authorities, revealed that several contracts were awarded without the approval of the relevant Procurement Committees.
11. The OCG, in its 2007 December Report of Investigation into the procurement practices at the UHWI, found that several contracts which the UHWI had operated for several years were (a) never put to competitive tender and (b) had expired, or were operating on an extension basis, without the approval of the NCC and/or the Cabinet. These contracts included, *inter alia*, the following:
 - i. The steam contract which involves maintenance for the broilers with El-Mech;
 - ii. The contract for general carpentry with Perry's Construction and Drafting;
 - iii. The contract for electrical maintenance with Highlight Electrical Sales & Service Ltd.;
 - iv. The contract for the maintenance of the hospital's air condition units with Ronham & Associates Ltd.;
 - v. The contract for security services with Marksman Ltd.;
 - vi. The contract for janitorial and portering services with Milestone Environmental Ltd.;
 - vii. The contract for laundry services with Supreme Laundry Services.

Of import is the fact that at a meeting of the NCC, which was held on 2008 April 23, the UHWI, by way of a letter, which was dated 2008 March 28, sought a one (1) year extension for the foregoing contracts. The NCC supported the request of the UHWI and, on 2008 April 23, extended the referenced contracts.

However, by way of a letter, which was dated 2009 March 23, the UHWI requested approval for a further extension of the referenced contracts. The NCC, on 2009 April 2, approved the UHWI's request and extended the contracts for the period of 2009 March 1 to 2009 September 30.

12. Despite the timeline which was set by the NCC, the UHWI, by way of a letter, which was dated 2009 September 11, sought a further extension for the said services contracts. The NCC, by way of a letter, which was dated 2009 September 17, approved the extension of the services contracts at the UHWI until 2010 March 31.
13. It is instructive to note that by way of a letter, which was dated 2009 October 1, the MOHE submitted to the Sector Committee a recommendation for the award of a janitorial and portering services contract to Milestone Environmental Services Ltd., at the UHWI, in the amount of Three Hundred and Thirty-seven Million, Nine Hundred and Thirty-five Thousand, One Hundred and Fifty-eight Dollars and Sixty-two Cents (J\$337,935,158.62).
14. The Tender Evaluation Report, for the recommendation of the award of the contract to Milestone Environmental Services Ltd., at the UHWI, was later submitted to the NCC for its endorsement. However, at a meeting of the NCC, which was held on 2009 October 21, the NCC "...directed the Secretariat to invite representatives from the Ministry of Health to attend the next meeting of the NCC to provide clarification regarding the following:
 1. *The scores contained in the evaluation report;*
 2. *The method used to advise tenderers of the revised tender documents; and*
 3. *The reason for charging a fee for the revised document....*"²⁹

²⁹ NCC. Minutes of the Meeting. 2009 October 28

At a Meeting of the NCC, which was held on 2009 October 28, a Mr. Corrie, Procurement Specialist, UHWI, sought to explain to the NCC the information which was submitted in its Evaluation Report.

However, the NCC noted, *inter alia*, that “... some Agencies had unnecessarily complicated the evaluation methodology and that over complication of an evaluation exercise could be a means to manipulate the outcome of a tender. The Commission therefore agreed that the Ministry of Finance and the Public Service should provide guidance.”³⁰(OCG EMPHASIS)

Consequently, by way of a letter, which was dated 2009 October 29, the NCC informed the MOHE that “*Having reviewed the matter, the Commission wishes to advise the Ministry as follows:*

- (a) *The Commission observed inconsistencies in the evaluation, particularly with the points scores awarded to the tenderers.*
- (b) *The Ministry must go back and evaluate the financial proposal of Manpower & Maintenance Services Ltd.*
- (c) *Re-submit the Proposal [sic] the National Contracts Commission.*”³¹

15. On 2009 November 16, the UHWI wrote to the NCC and requested that the NCC “...*re-considers our proposals...*” for the award of the contract to Milestone Environmental Services Ltd. for the provision of janitorial and portering services.

However, the NCC, by way of a letter, which was dated 2009 November 25, instructed the UHWI to (a) re-tender the referenced contract and (b) extend the existing contract for a period of six (6) months.

³⁰ NCC. Minutes of the Meeting. 2009 October 28

³¹ NCC. Letter to MOHE. 2009 October 29

CONCLUSIONS

Based upon all of the documents which the OCG has reviewed, and the assertions of the representatives of the MOHE, the OCG has arrived at the following considered Conclusions:

1. LAMASA Ltd. and Manpower & Maintenance Services Ltd. have, as alleged by the 'Concerned Nurse', dominated the provision of portering and janitorial services within the MOHE and/or its Regional Health Authorities. However, there is evidence that several of the contracts which were awarded to the companies were initially done on merit, via a competitive tendering process.
2. There is evidence that there have been breaches of the GPPH (2001) and the Government contract award principles which are enshrined in Section 4(1) of the Contractor General Act. This is as a result of the extension of several of the contracts for the provision of janitorial and portering services without the necessary approvals being sought and/or obtained from the NCC.

In this regard, the OCG has concluded that pursuant to Section 4(1) of the Contractor General Act, the said contracts were awarded in an irregular manner and, consequently, in an unlawful manner.

3. The OCG has concluded that the MOHE and/or its Regional Health Authorities, by virtue of its procurement practices with respect of the janitorial and portering contracts, have not sought in all instances to ensure that in spending the Taxpayers of Jamaica's money for services, the best value is attained. This Conclusion is premised upon the lack of competitive tendering and/or the excessive delays in executing the bidding process.

4. The OCG has not seen any documentary evidence to suggest that the award and subsequent extensions of the contracts to LAMASA Ltd. and Manpower & Maintenance Services Ltd. involved any impropriety.

In point of fact, the MOHE acknowledged its failure to seek the NCC's approval for the extension of the contracts for the provision of janitorial and portering services as being "...an oversight on the part of the agencies and the Ministry..." and, in an effort to rectify this procurement breach, the MOHE subsequently sought the approval of the NCC to extend the contracts pending the completion of the competitive bidding process.

5. Notwithstanding the MOHE's attempts to rectify the procurement breach, by seeking the approval of the NCC for the formal extension of the subject contracts, the OCG has concluded that the MOHE has been negligent in respect of (a) completing the competitive bidding process and (b) ensuring that proper procurement planning is undertaken. This is evidenced by the numerous extensions, which range from six (6) months to a year, which have been requested by the MOHE and granted by the NCC on several occasions.
6. In the case of the UHWI, after receiving a one (1) year extension for several of its service contracts from the NCC on 2008 April 23, the entity failed to complete competitive bidding processes for the said contracts.

Of import is the fact that the OCG, in its UHWI Investigation Report, which was dated 2007 December, had identified the said service contracts as being in breach of the GPPH (2001).

In point of fact, the following conclusions were reached, in the OCG's Report of Investigation, with respect to the UHWI's procurement practices:

- i. *"From files reviewed, and other investigative techniques employed, it is our view that the UHWI's management of procurement procedures, and*

documentation of same, is inconsistent. It is evident that the procurement approach employed by the UHWI staff did not allow for a thorough utilization of the GPPH. This is made clear by their delay in putting to competitive tender, several contracts for services, and the numerous advance payments made to contractors. This has led the OCG to believe that the procurement committee either lacked the requisite knowledge, or acted in such a manner as to give the impression that they did not have the requisite knowledge, to apply the guidelines of the GPPH.

- ii. In a number of cases, there were clear violations of the GPPH, as contractors' services were engaged without a written contract. The UHWI has continued to maintain several contracts which have been operational for a number of years without being put to tender. There is also no evidence to support that these contracts were issued in an impartial and transparent manner. Furthermore, one could conclude that UHWI, in their procurement practices, has not sought to ensure that the spending of the Government of Jamaica's money for goods, works and services was done to obtain best value, given the lack of competitive tendering."³²*

The OCG is of the considered opinion that the foregoing conclusions, which were made over two (2) years ago, are still relevant to the procurement practices of the UHWI, especially in light of the subsequent request for another one (1) year extension on 2009 September 11.

7. The NCC, in the exercise of its Statutory Regulatory functions, has granted to the MOHE, in particular the UHWI, numerous extensions of contracts, within specified timelines, to facilitate the execution of the competitive bidding processes.

³² OCG. Report of Investigation. UHWI. 2007 December

However, based upon the documentary evidence which has been presented to the OCG, it would infer that the MOHE, and in particular, the UHWI, did not exercise due care and diligence to undertake and conclude the referenced procurements.

Notwithstanding the failure of the MOHE to execute the procurement processes and ensure proper procurement planning to meet the NCC's timelines, it has been noted that the NCC still granted further extensions without any apparent consideration of its previous directives.

In this regard, the OCG hereby concludes that the NCC has facilitated and, consequently, allowed the perpetuation of negligence on the part of the MOHE by not acting firmly and decisively upon its prior directives.

8. The OCG has concluded that the MOHE and/or its Regional Health Authorities has/have displayed varying levels of non-compliance with respect to obtaining the approval of the Procurement Committee for contracts which were awarded.

Of import, is the high level of non-compliance which the SERHA had in 2006, where eighty nine percent (89%) of the contracts which were reportedly awarded was not approved by the Procurement Committee. However, the OCG notes the compliance percentage for the SERHA has consistently decreased since 2006, as in 2009 only twenty three (23) percent of the contracts which were reportedly awarded by SERHA were not approved by the Procurement Committee.

RECOMMENDATIONS

Section 20 (1) of the Contractor-General Act mandates that “*after conducting an Investigation under this Act, a Contractor-General shall, in writing, inform the principal officer of the public body concerned and the Minister having responsibility therefore of the result of that Investigation **and make such Recommendations as he considers necessary in respect of the matter which was investigated.**” (OCG’s Emphasis).*

In light of the foregoing, and having regard to the Findings and Conclusions that are detailed herein, the OCG now makes the following Recommendations:

1. The OCG strongly recommends that procuring entities should plan their procurement activities in accordance with the Procurement Cycle, inclusive of the employment and application of an approved Procurement Plan. In this regard, contracts which are to be awarded should be properly packaged, tendered, evaluated and awarded within a specified timeframe, hence removing the need, *inter alia*, to extend contracts without competitive tender.
2. The OCG recommends that the MOHE and/or its Regional Health Authorities should ensure scrupulous compliance with the Revised Handbook of Public Sector Procurement Procedures, particularly with respect to securing the requisite approvals from the Procurement Committee, the Accounting Officer/Head of entity, the NCC, and the Cabinet as applicable, in conformance with the requirements of Section S 1020 (b)- 1, 3 and 5 of the Revised Handbook of Public Sector Procurement Procedures.
3. In keeping with the assertions of the NCC, the OCG also recommends that procuring entities, apply the requisite procurement procedures as are detailed in the Revised Handbook of Public Sector Procurement Procedures. In this regard, Public Bodies should not seek to complicate the evaluation methodology and submission requirements when conducting tenders.

4. It is recommended that Procurement Committee approval should be sought for all procurement activities regardless of the procurement methodology which is being utilised.
5. Contracts which are awarded should be consistent with the full application of the Procurement Guidelines and must be, and appear to be, awarded fairly, impartially and without any form of irregularity or impropriety.
6. The OCG recommends that procurement workshops, for which the Procurement Policy Implementation Unit (PPIU) of the Ministry of Finance and the Public Service is formally responsible, be conducted, without delay, for all staff who are involved in the procurement process in the MOHE and/or its Regional Health Authorities, if not already done.
7. The OCG also recommends that the Permanent Secretary take a more proactive and aggressive role in developing, implementing and enforcing effective risk management systems, checks and balances and other appropriate management systems within the MOHE and/or its Regional Health Authorities, in particular the UHWI, in an effort to mitigate against any possibility of deviations from the applicable GOJ Procurement Rules.
8. Lastly, the OCG's Recommendations, as are detailed in its 2007 December Report of Investigation, into the procurement practices of the UHWI, are still wholly valid and applicable and, as such, the OCG recommends that these be reviewed by the Permanent Secretary and the Board of Directors of the UHWI, to ensure that proper procurement procedures are not only followed but adhered to.
9. Having regard to the Findings of the OCG's Report of Investigation, the OCG deems it critical to bring the NCC's formal and rapt attention to Section 23C of the Contractor General Act, which provides as follows:

“The principal objects of the Commission are the promotion of efficiency in the process of award and implementation of government contracts and ensuring transparency and equity in the awarding of such contracts.”

The OCG recommends that the NCC should be more forceful in executing its mandate by upholding and enforcing those of its directives which it issues to Public Bodies with regard to their procurement practices. It is the considered opinion of the OCG that the NCC, in the execution of its mandate, cannot be seen to waiver and/or to be frivolous in the discharge of those of its responsibilities as are stipulated by Section 23C of the Contractor General Act.
