

TABLE OF CONTENTS

**EXECUTIVE SUMMARY ..... 2**

**INTRODUCTION..... 3**

**TERMS OF REFERENCE ..... 3**

**BACKGROUND ..... 4**

**METHODOLOGY..... 5**

**OBSERVATION ..... 6**

**1. MOTOR VEHICLE SPARE PARTS ..... 9**

**2. MOTOR VEHICLES ..... 9**

**3. CONSULTANCY CONTRACTS ..... 13**

**4. EMPLOYMENT SERVICE CONTRACTS ..... 15**

**5. MACHINERY AND EQUIPMENT ..... 16**

**6. MAINTENANCE SERVICES ..... 17**

**7. FURNITURE..... 19**

**8. CONSTRUCTION WORKS ..... 20**

*i.) Riverton Landfill..... 20*

*ii.) 97 Hagley Park Road..... 23*

*iii.) 61 Half Way Tree Road..... 25*

*iv.) Subsidiary Leasehold Properties (WPM, SPM etc.)..... 26*

**9. EQUIPMENT RENTAL ..... 26**

**10. HAULAGE ..... 29**

**11. SOLID WASTE COLLECTION/SWEEPING ..... 29**

*i.) Collection of Solid Waste ..... 30*

*ii.) Collection and Sweeping..... 30*

*iii.) Sweeping Services..... 31*

*iv.) Roving Teams..... 31*

**12. SECURITY SERVICES CONTRACT ..... 33**

**13. COUNSELING SERVICES CONTRACT ..... 33**

**14. FUEL CONTRACTS ..... 33**

**CONCLUSION..... 34**

**RECOMMENDATIONS..... 35**

### EXECUTIVE SUMMARY

The Office of the Contractor-General carried out an investigation of the National Solid Waste Management Authority's procurement of works, goods and services for the period 2002 to present. We found no evidence that the Authority's officers used their positions for their personal gain. However, there was a flagrant disregard by the Authority's Board and Management of the Government's procedures and policies as they relate to procurement and accountability.

The total value of contacts awarded with procedural breaches is \$1.96 Billion. Of this amount \$1.4 Billion was for Collection and Sweeping Contracts, \$401M for Maintenance Services, \$35M for Motor Vehicles and \$25M for Consultancy Services. The remaining \$94M was for miscellaneous Construction Works and Services. Equipment Rental and Haulage is not included in the amount stated above. It was not possible to evaluate this expenditure for the review period based on the information available.

The rejection of the principle of accountability, especially as it relates to the portfolio Ministry and to the Permanent Secretary, has resulted in a breakdown of governance for which the Board and Management are responsible.

In keeping with the provisions of the Contractor-General's Act we offer several recommendations including, that the functions of the Executive Director be separated from that of the Chairman of the Board, and that the Ministry of Local Government, Community Development and Sport should invite the Auditor General to undertake a complete financial audit of the Authority.

### INTRODUCTION

On the 1<sup>st</sup> of October 2003, the Permanent Secretary (PS) of the Ministry of Local Government, Community Development & Sport (MLGCDS) invited the Office of the Contractor General (OCG) to monitor procurement at the National Solid Waste Management Authority (NSWMA). During subsequent meetings held with representatives of NSWMA and OCG, a decision was taken to establish a Procurement Committee to ensure fairness in the contract award process. To date, there is no record of this Procurement Committee being established. A further request was then made by the PS to review specific activities. The scope of this assignment is detailed in the terms of reference below.

### TERMS OF REFERENCE

0. Identify the procurement procedure employed by NSWMA for works, goods and services, and determine if the GOJ Procurement Procedures and Guidelines were followed, with specific reference to the period 2003/2004 to present.
0. Determine if motor vehicles were purchased during the past three years, and if so, verify cost and whether the correct procedures were followed.
0. Determine if roads were repaired or rehabilitated at the Riverton Landfill, and if so, determine whether the correct procurement procedures were followed and provide contract details including contract sum(s) and name(s) of contractor(s).
0. Determine if the property at 61 Half Way Tree Road, presently occupied by the NSWMA Head Office was purchased from the owners, EXIM Bank.
0. Determine if any garbage compactor trucks or tractors for landfill operations were purchased in the period 2003 to 2005, and if so, whether the correct procurement procedures were followed.

## **BACKGROUND**

The National Solid Waste Management Authority was established as a statutory organization on the 20<sup>th</sup> December 2001 with the promulgation of the National Solid Waste Management Authority Act, 2001. The agency's mandate includes the orderly collection, cleaning, disposal and management of solid waste in Jamaica. It is also charged with the responsibility to minimize the environmental impact of solid waste.

Prior to the establishment of the NSWMA, four regional entities were responsible for the collection, cleaning and disposal of solid waste, namely:

- Metropolitan Parks & Markets (MPM)
- North Eastern Parks & Markets (NEPM)
- Southern Parks & Markets (SPM)
- Western Parks & Markets (WPM)

These entities were subsequently merged into the new Authority as subsidiaries. The NSWMA currently operates through a Head Office in Kingston, and four regional offices, one in each waste shed. The Authority has a staff complement of 376 persons, led by an Executive Chairman, Mr. Alston Stewart and a ten-member Board of Directors.

Concerns were raised in the media regarding the operations of the NSWMA on 28 March 2005. The origin of the information reported is unknown. The NSWMA Board of Directors submitted a report dated 31 March 2005 to the Minister of Local Government, Community Development & Sport in response to these and other allegations.

## FINAL REPORT

---

The main allegations directly related to the ongoing investigation are:

1. Purchase of luxury SUV vehicles by NSWMA without requisite approvals.
2. Inappropriate employment of Information Technology and Human Resource Development consultants.
0. Suspected irregularities concerning the construction of an access road at the Riverton Landfill.
0. Costly equipment rental for operations at the Riverton and Retirement Landfills.

The OCG found the report from NSWMA's Board to be inadequate in addressing the specific areas of concerns raised by the Permanent Secretary. In consideration of the concerns and allegations raised in the public domain about NSWMA, it was determined that if the investigation concentrated solely on those issues it could be construed as a bias against the agency. As a result, an in-depth investigation of the Authority's operations from the beginning of 2002 to the present would be conducted in order to maintain fairness and transparency.

### **METHODOLOGY**

The investigation focused on the following:

0. A review of the general procedures utilized for procurement.
0. A review of the decision-making process and the extent that it conformed to the GOJ's policy for transparency and fairness.

The OCG completed a detailed review of the Authority's records and conducted structured personnel interviews. The document review included, but was not limited to, Board and Sub-Committee Minutes, correspondence files, contract documents, payment vouchers, financial statements and other related documentation including reports.

## OBSERVATION

The NSWMA undertook procurement of various items of works, goods and services during the period April 2002 to present. These areas of procurement included:

- Motor Vehicle Parts
- Motor Vehicles
- Machinery & Equipment
- Furniture
- Maintenance Services
- Consultants Works
- Construction Services
- Equipment Rental
- Haulage
- Solid Waste Collection/Sweeping

The NSWMA records indicated that the Authority established its own procurement process<sup>1</sup>, for goods and services. There are several references to a document titled 'A Purchase Order System'. The procedure outlined in this document refers to the Government Public Sector Procurement Procedures only in terms of the number of quotations required per threshold limit. The document states that *"The Purchasing Department is responsible for the procurement of equipment, furniture, vehicles, spares, fuel & lubricants and all other items used in the normal course of operation from reliable suppliers, and in the interest of the company, at the most economical price."*

The NSWMA claims that the Purchase Order System was only an internal control mechanism but from the documents reviewed, as well as, information obtained from the interviews conducted, this system was the predominant method employed for the procurement of goods and services by the Authority. In addition, reference was made to a document titled *'The Procedure for Construction Contracts & Capital*

---

<sup>1</sup> pg. 129 Board Meeting Report July 8, 2003; Board Minutes July 2003

*Purchases*' (see Appendix 1). Requests for a copy this document was never complied with. It was later reported that no such document existed and the reference for procurement of works was to the Government Procurement Handbook.

The NSWMA's 'Approved List of Suppliers' is included in Appendix 1 and is distinctly different from the National Contracts Commission's (NCC) register. Of the forty-three entities listed, only twenty are registered with the National Contracts Commission.

A list of contracts submitted by the NSWMA to the NCC for endorsement, as well as, all other communication regarding the NSWMA, to the NCC for the period May 2001 through to present is appended as Appendix 2. The list consists of sixteen submissions and represents the total correspondence submitted to the NCC during the last four years.

The Chairman of the NSWMA Finance Committee submitted to the Board recommendations, dated 23 March 2004, for the implementation of "*certain procedures based on the Guidelines of the Public Bodies Management & Accountability Act (2003)*". These recommendations were intended to improve the management and expenditure of the NSWMA. Of note, item 4 of the recommendation made reference to doubling the salaries of the special district constables employed, which had not been the subject of a review by the Finance Committee<sup>2</sup>.

The Government's Public Sector Procurement handbook gives clear and concise instructions regarding the procurement procedures to be used by public sector entities for the procurement of works, goods and services, inclusive of consultancy services. The procedure to be utilized is not only based upon the nature of the procurement but also on the cost threshold within which the estimated cost falls.

The stipulated procedures for contracts with a estimated value of Four Million and

---

<sup>2</sup> Page 160, Minutes of Board Meeting, March 2004

above requires Public Tender, except in special circumstances where Sole Source or Direct Contracting can be used, having obtained prior permission from the Permanent Secretary of the portfolio Ministry and approval from the NCC.

Other conditions are:

- 0) National advertisement of tender.
- 0) Contractor/Supplier must be registered with the NCC in the appropriate grade and category; if it is a goods or service contract then the grade does not apply.
- 0) Contractor/Supplier must be tax compliant at the time of return of tender.
- 0) All recommendations for award are to be submitted to the NCC for endorsement. If the recommended contract sum is fifteen million or greater, Cabinet approval is required as well.

The NCC does not currently have a register of consultants; therefore registration of consultants with the NCC is not applicable.

From the documentation reviewed, the Executive Chairman was advised on a number of occasions of the need to regularize the procurement process being used by the NSWMA. The award of the zonal collection contracts is one such instance, where the Chairman in response to concerns raised regarding the procedures used to award these contracts replied, “finally I will take full responsibility for these contracts ...” (see Appendix 3).

## ANALYSIS

An analysis of the NSWMA’s contracting process revealed that the majority of contracts for the procurement of works, goods and services exceeded the \$4M threshold and were not submitted to the NCC for endorsement. The procurement method employed breached the GOJ procurement policy and procedures. The main findings are outlined below.



**1. Motor Vehicle Spare Parts**

The following three orders were placed by NSWMA for motor vehicle spare parts in excess of four million dollars and did not conform to the Public Sector Procurement Guidelines nor receive NCC endorsement.

- US\$85,000 (J\$5.2M) to Charsal Marketing<sup>3</sup>
- US\$79,000 (\$4.7M) to Charsal Marketing<sup>4</sup>
- \$4M parts order placed with Ian K Agencies<sup>5</sup>

The purchases of motor vehicle spare parts were mainly carried out in an ad hoc basis. The Board Minutes of June 2004 indicated that “NSWMA will be importing most of the spare parts needed.”<sup>6</sup> The only exceptions resulted from a previous motor vehicle procurement that included a provision for the supply of spare parts in the contract. Generally, there was no attempt to conform to GOJ’s Procurement Procedures and there was no evidence that value for money was achieved.

**2. Motor Vehicles**

The NSWMA reported that fifty-four motor vehicles including SUVs and motor bikes were purchased at a total cost of \$35.77M during the three-year period 2002 - 2005. Further analysis indicated that actual expenditure exceeded the reported figures by \$1.5M.

Table 1. Reported Expenditure on Motor Vehicles during 2002-2005

---

<sup>3</sup> pg. 16, Minutes of Board Meeting - October 2003

<sup>4</sup> pg. 30, Minutes of Board Meeting - June 2004

<sup>5</sup> pg. 30, Minutes of Board Meeting - July 2004

<sup>6</sup> pg. 5 Minutes of Board Meeting May 26, 2004

## FINAL REPORT

Year	Motor Vehicles	Reported Cost (J\$M)	Actual Cost (J\$M)
2002/2003	17	11.882	11.562
2003/2004	15	15.610	17.155
2004/2005	7	5.960	5.973
2002/2003	15 (motorbikes)	2.318	2.318
<b>Total</b>	<b>54</b>	<b>35.770</b>	<b>37.008</b>

The purchase of these motor vehicles, which was approved by the Board and implemented by the NSWMA, did not conform to GOJ Procurement Procedures. They were not submitted to the NCC or Cabinet for endorsement and/or approval. Evidence of purchase order/quotations was seen for all thirty-nine vehicles.

In May 2002, the National Fleet Manager advised the Executive Chairman in writing of the staff members eligible for assigned motor vehicles, as well as, the names of proposed assignees and the purchase price of the respective vehicle (see Appendix 4).

At the 26 August 2002 Finance Committee meeting, approval was given for the purchase of one Ssangyong Musso SUV and 16 motorbikes from the list of motor vehicles submitted by the National Fleet Manager. Although the initial approval was for the purchase of 16 motorbikes, evidence of purchase was only seen for 15. There is no evidence of the method utilized to purchase the fleet of motorbikes.

Seven used Toyota Corollas (1998-2000) were purchased in March of 2003. Quotations for the seven used vehicles were received from two proposed suppliers, Westex Motor Sales and Denlor Car Sales & Rental Ltd. with different unit costs. However, these suppliers both provided quotations for vehicles bearing identical chassis numbers. Only one of these vehicles is accounted for on NSWMA's list of vehicles. Inquiries regarding the location of the six missing Toyota Corollas revealed that these vehicles were assigned to the Jamaica Constabulary Force (JCF). The JCF has been requested by the Permanent Secretary to verify this information, but

## FINAL REPORT

no response has been received to date.

Table 2. Expenditure on Motor Vehicles during the Fiscal Year 2002-2003

No. of Vehicles	Description	Date of Purchase	Cost (\$M)
1	Ssangyong Musso	2/10/02	0.908
2	Toyota D/Cab Pick-up	4/11/02	1.845
2	Toyota D/Cab Pick-up	10/12/02	1.830
3	Suzuki Grand Vitara	17/1/03	2.822
2	Toyota D/Cab Pick-up	3/3/03	2.330
7	Toyota Corollas	3/03	1.827
<b>17</b>	<b>Motor Vehicles</b>	<b>October 02-March 03</b>	<b>\$11.562M</b>

Table 3. Expenditure on Motor Vehicles during the Fiscal Year 2003-2004

No. of Vehicles	Description	Date of Purchase	Cost (\$M)
6	Suzuki SUVs	20/5/03	5.409
2	Toyota Hilux Pick-up	26/5/03	2.670
1	Toyota Prado	27/5/03	2.049
1	Toyota Hiace Bus	24/7/03	1.293
2	Suzuki Carry Van	24/7/03	1.313
1	Isuzu 3-Ton Truck	26/8/03	1.397
2	Toyota Pick-up	15/10/03	2.484
<b>15</b>	<b>Motor Vehicles</b>	<b>May -Oct. 03</b>	<b>\$17.155M</b>

Table 4. Expenditure on Motor Vehicles during the Fiscal Year 2004-2005

No. of Vehicles	Description	Date of Purchase	Cost (\$M)
1	Suzuki G. Vitara	Aug. 04	1.007
6	Suzuki SUVs	Oct. 04- Jan 05	4.966
<b>7</b>	<b>Motor Vehicles</b>	<b>Aug. 04-Jan. 05</b>	<b>\$5.973M</b>

Approximately one year after his previous memo concerning fleet vehicles, on 8 May 2003 the National Fleet Manager confirmed approval given by the Executive Chairman to purchase six Suzuki SUV's and two Toyota Pick-ups. The vehicles

## FINAL REPORT

---

were purchased at a cost of \$5.4M within a week of this memo. An additional \$4.719M was expended within the same period (Table 3) for the purchase of a Toyota Prado assigned to the Executive Chairman and two Toyota Pick-ups.

The Executive Chairman requested an exemption for NSWMA from the Revised Comprehensive Motor Vehicle Policy by letter dated 27 August 2003 to the Permanent Secretary of the MLGCDS. Subsequent to this request being denied, the Executive Chairman applied for seven of the NSWMA's motor vehicles to be sold to the assigned managers. This request was also denied. Notwithstanding both requests being denied the Executive Chairman and NSWMA Board allowed the status quo to remain in place, in direct contravention of the Government's Revised Comprehensive Motor Vehicle Policy for the Public Sector.

At the NSWMA's December 2003 Board Meeting the Chairman advised, "*The only person allowed to drive a fully maintained vehicle is the Executive Director, all other managers must own their vehicles.*"<sup>7</sup> Subsequently, eleven vehicles were purchased and assigned to managers (see list of vehicles and assignment at Appendix 5).

This purchase and assignment of eleven motor vehicles was in breach of the GOJ's Revised Comprehensive Motor Vehicle Policy for the Public Sector. The action of the Executive Chairman with the expressed approval of the Board constitutes dereliction of duty.

In summary, we conclude that the Executive Chairman always took the decisions regarding the procurement procedures to be followed, the value and model of the vehicle, the supplier, as well as the timeframe for the purchase. It is evident that the choice and selection of motor vehicles was not based on pre-established specifications but rather on preference for brands of vehicles. There is no indication that a competitive process was utilized for the purchase of most of the motor

---

<sup>7</sup> pg. 5, Minutes of Board Meeting, Dec., 2003

vehicles. The seven used Toyota Corollas were the only exceptions.

Of the six suppliers from whom vehicles were purchased, only four were registered with the National Contracts Commission. Tables 2, 3 and 4 sets out the expenditure related to the purchase of motor vehicles, all of which were conducted within a 6-month period for each financial year. The arguments forwarded to justify the splintering of these procurements were cash flow constraints.

### **3. Consultancy Contracts**

Thirty-five persons employed by the NSWMA are classified as Management Level Staff, of which two are consultants. Five consultants with contract duration of one year or greater were engaged to NSWMA during the period 2002 to the present. Three of these consultants are no longer engaged. However, one was re-employed to the Authority on an employment service contract. The consultants hired on a long-term basis were housed at the NSWMA offices. The MLGCDS List of Consultants does not show a consultant hired by the NSWMA in March of 2002 at a cost of \$10,000/hour. This consultant was a former board member and was contracted to provide legal services for 16 hours per week amounting to \$640,000.00 per month.

A list of the consultants employed by NSWMA and supplied by the MLGCDS did not include consultants engaged in relation to the Inter-American Development Bank (IDB) project - the National Solid Waste Management Programme. A subsequent list of consultants provided by the Project Executing Unit (PEU) of the MLGCDS indicated four additional consultants on Employment Service Contracts. The Board Minutes provided evidence of consultants engaged by the PEU who were not on the MLGCDS List.

Table 5. Listing of Consultants engaged by PEU but not on MLGCDS List

<b>Consultant</b>	<b>Contract Value</b>
Environmental Solutions Ltd. (ESL)	\$3.13M
David Harding & Roger Woeller	\$3.13M
Timothy Raibley	\$1.62M

## FINAL REPORT

---

Constance Tyson-Young	\$3.13M
Lori-Ann Keane	\$0.414M
Beckford & Dixon	\$1.775M
Ealane Livingston-Smith	\$0.650M
Stewart Lofters & Assoc.	\$3.741M
<b>8 Consultants</b>	<b>\$17.59M</b>

These contracts were of a one-off nature and were awarded by competitive tender and in compliance with the IDB/GOJ procurement procedures. Jentech Consultants Limited, were engaged by the NSWMA for the design of the Riverton Landfill Access Road Project.

A set of Terms of Reference (TOR) was reviewed for the two existing consultancy contracts, namely, Information Technology (IT) and Human Resource (HR). The main findings are presented below.

### **.) Information Technology Consultant**

An Information Technology Consultant was hired even though there was a vacant position on the NSWMA's establishment for an Information Technology Manager. An Employment Service Contract would have proved more economical to the Government of Jamaica at approximately two-thirds the cost.

The IT Consultant's TOR included 13 objectives and 6 deliverables within the first contract year (i.e. 29/4/02 - 28/4/03). One of the priority deliverables was the recruitment of an IT Manager. To date this condition has not been met. An in-house assessment carried out by the NSWMA of the IT Consultant's performance indicates that the Consultant's has completed approximately 60% of the scope of works of the first contract. A second contract has been issued with effective commencement and completion dates of 29 May 2003 and 28 May 2005 respectively.

The Terms of Reference for the IT Consultant listed as an objective, a mandate to

“manage the acquisition process, within the guidelines of the current procurement system.” This seems to be an attempt by the NSWMA to formalize the purchase order system that they utilize.

**.) *Human Resource Consultant***

The Human Resource Consultant’s contract although negotiated on an hourly rate includes allowance for sick, vacation and casual leave. This Consultant was employed to the Authority even though there was a Human Resource Manager on staff, which resulted in duplication of tasks. The Terms of Reference for the Human Resource Consultant indicate eight items in relation to the scope of works and three deliverables.

Presently, the Consultant’s responsibilities are to:

- Formulate a training plan and implement various training programmes as desired;
- Regulate the staff performance evaluation programme, inclusive of the analysis of the data and recommendation through the H.R. Manager, which is done twice per year.

The Human Resource Management Department could now subsume these functions.

Regarding the procurement of consultancy services, the NSWMA indicated that they had an established procedure for the award of consultancy contracts that included advertising the positions. However, none of these contracts were advertised (see Appendix 6).

**4. Employment Service Contracts**

A review of 33 employment services contracts revealed the following breaches.

- a) The compensation paid for the post of Public Relations/Community Relations

Officer exceeded the Ministry of Finance approved compensation scale.

b) Several positions on the NSWMA'S list of employees were not included on the establishment approved by the Ministry of Finance and Planning's Compensation Unit, namely:

- Transport Supervisor
- Special Project Officer
- Community Relation's Manager
- Parks Supervisor

b) The application of motor vehicle upkeep allowance for employees with similar positions and salary scale was inconsistent. The explanation provided was that this was an error, which could only be addressed at the end of the contract period. In addition, fully maintained company vehicles in lieu of motor vehicle upkeep allowances were provided for managers.

One employee with an assigned motor vehicle was also receiving a motor vehicle upkeep allowance.

### **5. Machinery and Equipment**

The procurement of machinery and equipment was in most instances submitted to the NCC for endorsement and Cabinet for approval where required, in accordance with the GOJ Procurement Guidelines. Procurements in this category were funded through the Ministry of Finance and Planning or the IDB through the National Solid Waste Management Programme.

The procurement of a total of five pieces of equipment namely, one Wheel-Loader, one Landfill Compactor, one Tyre-Baler and two Tractor Dozers was endorsed by the National Contracts Commission on 9 May 2001 and purchased at a cost of \$48.7M. In March 2002, the procurement of 20 Renault Compactor Trucks was endorsed by NCC, approved by Cabinet and subsequently purchased by the PEU of the National Solid Waste Management Programme at a cost of US\$1.87M.



Based on the analysis of the NSWMA's capital expenditure and rehabilitation programme, a total of \$4.676M was expended for the purchase of machinery and equipment and \$5.92M for computers

Table 6. Expenditure on Machinery, Equipment and Computers during 2002 - 2005

Item	2002/2003	2003/2004	2004/2005	Total
Machinery/Equipment	\$0.846M	n/a	\$3.83M	\$4.676M
Computers	\$3.19M	\$1.47M	\$1.26M	\$5.92M
<b>Total</b>	<b>\$4.036M</b>	<b>\$1.47M</b>	<b>\$5.09M</b>	<b>\$10.596M</b>

The methods of procurement utilized in relation to the purchase of the CCTV system, radio system, computer equipment and copiers, etc. did not conform to the GOJ procurement procedures. In all instances reviewed, the suppliers were selected based on past experience rather competition.

## **6. Maintenance Services**

The NSWMA's Budget Summary for the fiscal year ending 31 March 2005 included a column itemizing its actual expenditure for 2004. The actual expenditure for Fleet Insurance and Maintenance for 2004 was \$145.84M, of which, \$128M was for maintenance. The information prepared by the NSWMA for submission to Parliament indicated that \$181M was expended for the same services for that period. Clarification was sought from the NSWMA, and a reply is still outstanding.

The NSWMA operates a Maintenance Department on a contract basis. The Authority has awarded contracts for in-house maintenance services namely, mechanical repairs, tyre repair, bike repair, welding and electrical works at approximately \$18M per annum. The GOJ Procurement Procedures were not utilized to procure these services.

## FINAL REPORT

---

Contractors were selected from previously employed maintenance staff of the Authority and were reimbursed on an hourly rate regardless of whether or not any maintenance work is actually carried out. This facility is maintained for 24 hour per day, seven days per week.

The NSWMA also periodically contracts for maintenance services with external contractors. The Authority explained that they, "*Do not have the requisite staff to deal with the high level of downtime*". As a result, nine tractors owned by the NSWMA are presently being maintained externally on a contractual basis.

These contractors were not selected competitively. The NSWMA's preference was justified by their past experience with the contractor or by contractor willingness to provide trading credit.

The NSWMA has negotiated Maintenance Services Contracts as a condition of contract for the supply of Equipment and Machinery. In some instances these were with the local representative of the vendor, for example KIA and Crooks Greves Co. Ltd. However, NSWMA engaged the services of the following five companies without competitive tender and none of these contracts were awarded as condition of an earlier supply contract.

- a) FrigINETTE Equipment & Services Ltd.
- b) Tractor & Electrical Support Service Ltd.
- c) DERNOR Ltd.
- d) Bus & Truck Sales Ltd.
- e) Hanna's Auto Repairs

We cannot definitively determine the basis for selection and award of these service contracts. However, we understand that the Authority's awarded these contracts based on its opinion of the contractor's ability to perform and to respond to its needs in a timely manner. The value of some of these maintenance contracts exceeds \$4M.

**7. Furniture**

The NSWMA Board’s approval was given for expenditure totaling \$5.135M on furniture during the period 2002 to 2005, however the procurement process was not clearly documented. Reference is made to the NSWMA receiving quotations. The solicitation of quotations is only one part of the requirements of the GOJ Procurement Policy. In one instance the basis of selection was not ‘least cost’ as stated by the NSWMA. The data in Table 7 shows the companies and their respective bid price quotations received.

Table 7. Bid Price Quotations Received

Company	Quotation (\$)
Neveast Suppliers Ltd.	549,673.00
Stationery & Office Supplies	725,382.00
Corporate Interiors	565,576.00

The NSWMA awarded the contract to Corporate Interiors, the second lowest tenderer. These tenders could not have been assessed on a cost basis only as each company’s tender varied in terms of material component, size and layout which all have an overall effect on cost. No documents have been presented that explains the rationale for the selection of this contractor. There has also been no response to a request for clarification from the NSWMA.

In summary, the NSWMA Board of Directors authorized the furniture procurement. However, no documents have been presented which explains the selection of this contractor. Table 8 shows a summary of the annual expenditure for furniture for the period under review.

Table 8. Summary of Annual Expenditure on Furniture during 2002 - 2005

## FINAL REPORT

---

Financial Year	\$M
2002/2003	1.940
2003/2004	2.044
2004 Jan 2005	1.147
<b>Total</b>	<b>\$5.131M</b>

### 8. Construction Works

The award of contracts relating to construction services was assessed in conjunction with the respective existing leasehold/owned property agreements, namely:

- .) Riverton Landfill - Riverton City - Operations
- .) 97 Hagley Park Road - Maintenance and Storage Facilities
- .) 61 Half Way Tree Road - NSWMA Head Office
- .) Subsidiary Leasehold Properties

#### .) ***Riverton Landfill***

Improvements were made to several sectors of the Riverton Landfill including Infrastructure and Buildings. The NSWMA through its portfolio Ministry (MLGCDS) submitted and received NCC endorsement for the following six contracts totaling \$131.542M.

0) Procurement of Equipment for Riverton Landfill	-	\$48.700M
0) Construction of Administration Building	-	\$21.600M
0) Installation and Construction of Scale House	-	\$9.410M
0) Construction of Bridges	-	\$13.900M
0) Construction of Material Re-cycling Factory	-	\$21.632M
0) Construction of On-Site Roads	-	\$17.300M

The contract for the repair of the Riverton Access Road is in progress at the Riverton Landfill site, for which the total budget cost is \$9.45M. As at January 2005,

## FINAL REPORT

---

the total expenditure was \$8.8M. The NSWMA elected to reduce the scope of works designed by Jentech Consultants Ltd. and to carry out the construction in-house. Jentech advised the NSWMA that the construction of the items contained in the reduced scope of works was not prudent and stated that, "It would give you a situation better than that which exists, but not necessarily one, which would last".

As an alternative, the recommendation further indicated four tasks to be undertaken on a phased basis which would provide a better long-term solution to the problems being experienced. Notwithstanding this recommendation, the Authority proceeded to implement its revised plans for a short-term solution. This contract was not submitted to the NCC for endorsement nor was it tendered.

A contract was awarded to Mr. Courtney Rose, in the amount of \$50,000 per fortnight, for the supervision of rehabilitation works on the Riverton Access Road. This expenditure is budgeted at \$603,200.00. Mr. Courtney Rose is not registered with the National Contracts Commission.

Mr. Rose's association with the NSWMA is unclear. During the period under review at different times he was engaged as a temporary employee, contractor, supervisor and a consultant in respect of different projects.

NSWMA awarded several contracts to Mr. Rose which were not tendered. Additionally, the NSWMA has issued conflicting reports regarding Mr. Rose's tax compliance status in relation to these contract awards. Further clarification was sought from NSWMA, which indicated that Mr. Rose was a temporary employee and as such was not required to provide a Tax Compliance Certificate (TCC). During a subsequent interview with the Director of Corporate Services, Planning & Research in her capacity as Project Manager, it was indicated that Mr. Rose had a TCC that could be provided, however to date this document has not been provided.

In response to a request to provide the rationale for Mr. Rose's association with the Authority, the NSWMA advised that the Executive Chairman recommended Mr. Rose. The Authority was requested to provide copies of all quotations received in

## FINAL REPORT

---

relation to the contracts awarded to Mr. Rose, however this information has not been forthcoming.

“Sub-contracts” for casual labour valued at \$1.131M were “awarded” by Mr. Rose and paid for by the NSWMA, without evidence of supporting documents. It was ascertained that these “sub-contractors” were casual labourers from the area employed to carry out manual works on the subject road.

The NSWMA awarded a contract to S. A. Green & Associates Co. Ltd. for \$567,000.00 for surface dressing of the subject access road. A review of a spreadsheet submitted by the NSWMA did not reflect this contract sum but had a budgetary allocation of \$810,000.00 for chip and spray asphalt and concrete works. Chip and spray and or asphalted concrete are the customary forms of surface dressing utilized in Jamaica. In response to a request for clarification, the Authority indicated that the surface dressing work had not yet started and hence was not taken into consideration in the spreadsheet. This information is, at best, substantially conflicting. Further, the Director of Corporate Services, Planning & Research indicated that the works on the access road to the landfill was 98% complete and the surface dressing was the only outstanding activity. The spreadsheet however indicates payments of \$156,000.00 against the listed item for chip and spray asphalt and concrete.

Provision was made for equipment rental services of \$2.45M of which \$1.903M have been expended. There are no contract documents available to substantiate these transactions. There are also no contract documents for the haulage of river shingle for the rehabilitation of the access road.

The budgeted cost for this item was \$3.77M. Tropic Enterprises, the supplier of river shingle, was not registered with the NCC at the time the services were supplied. The expenditure on haulage to date is \$1.28M over budget, totaling \$5.05M to date. This item will be addressed in greater detail under the section – Haulage.

## FINAL REPORT

---

In 2001, the NSWMA engaged the services of Jentech Consultants Ltd. for the design and supervision of the construction of a bridge spanning the Duhaney River at the Riverton Landfill. The Authority also re-engaged Jentech Consultants Ltd. on a sole source basis in July 2003 to provide consultancy services totaling \$316,000.00 for the design of the subject access road. NSWMA invited Jentech Consultants to submit a fee proposal (see Appendix 7) but no attempt was made to invite other consultants. This procurement was conducted without prior permission of the Permanent Secretary as required by GOJ Guidelines for Sole Source procurement.

The NSWMA's selection of Consultants and Contractors did not conform to GOJ's policies and regulations as outlined in the Public Sector Procurement Handbook. There are no formal contracts in place for the sub-contractors, nor the suppliers of haulage services, equipment and materials.

### **.) 97 Hagley Park Road**

The property referred to as 97 Hagley Park is leased to NSWMA for five years and actually comprises three properties that are owned by Mrs. Winnifred Brown namely 97 Hagley Park Road, 99 Hagley Park Road and 25 Churchill Avenue.

The Lease Agreement was entered into on 15 May 2003 and expires on 30 April 2008. The Leasehold Agreement stipulates under (Section 1(J)) *“That the Lessee (NSWMA) hereby covenants with the Lessor (Winifred Brown) as follows: Not to make or permit to be made any additions to or alterations in the Lessor’s premises without the previous written consent of the Lessor PROVIDED THAT the Lessee shall have the right without any further consent to furnish the Lessor’s premises as it requires and to install temporary shelves, ornaments.”*

The NSWMA received correspondence from Mrs. Brown's lawyers that indicated that she was unaware of and did not consent to the construction projects undertaken by NSWMA. However, Mrs. Brown subsequently approved the projects with a caveat that all future alterations would be subject to her approval. The

## FINAL REPORT

---

improvements to property during the first two-year period of the lease were in excess of \$15M. These works were splintered into 13 contracts as follows:

- Ten contracts to Mr. Courtney Rose within a 6-month period totaling \$5.9M plus material supplied by the NSWMA;
- One contract to Tank-Weld Fabrication in the amount of \$3.16M;
- Two contracts to R. McCalla & Associates totaling \$900,000.00.

The total sum of the 13 contracts, account for \$9.06M of the \$15M expended and do not include all costs for the project.

Other discrepancies identified include:

0. The contract sum for Tank-Weld's contract differs from the sum in NSWMA's letter of award.
0. Some contracts awarded to Courtney Rose were for labour only, but the quotations provided by Mr. Rose included the cost of materials.
0. There was no evidence of contracts for the electrical works associated with Mr. Courtney Rose's contracts.
0. None of these thirteen contracts were tendered.

The Director of Corporate Services, Planning & Research explained that the discrepancies listed at 1 and 2 above are errors.

The Internal Auditor at NSWMA prepared a report<sup>9</sup> on the construction works executed at 97 Hagley Park Road indicating that the contracts were splintered to facilitate "*a deliberate attempt to avoid the Contracts Committee*" (see Appendix 8). On receipt of this report, the Executive Chairman asked the Board to indicate, "*Whether the Board had a difficulty with how the work at 97 Hagley Park Road was executed.*" The NSWMA Board Members stated that they had no difficulty.<sup>10</sup>

The Internal Auditor also reported to the Board that it appeared that the contracts awarded to Mr. Rose were fragmented to circumvent the National Contracts

---

<sup>9</sup> Pg. 9. Board Meeting Minutes, March 2004

<sup>10</sup> pg. 9. Board Meeting Minutes, March 2004



Commission and the GOJ Procurement Process.

We conclude the method for award of these 13 contracts by NSWMA was neither transparent nor fair.

**.) 61 Half Way Tree Road**

The NSWMA Head Office is located at 61 Half Way Tree Road. Initially this property was leased by NSWMA for a period of five years from the agents and property managers, Life of Jamaica, which expired in July 2003. The EXIM Bank purchased the property on 18 August 2003 and continued the lease arrangements with the NSWMA. Subsequently, the EXIM Bank sold the property to the NSWMA for \$68M.

NSWMA purchased the property at a cost of \$68M, of which \$52M was financed through a mortgage from West Indies Trust Co. Ltd. and the balance of \$16M was paid by NSWMA. Two valuations for this property are on record; National Land Agency, March 2004 for \$55M and from Easton Douglas & Co. Ltd. August 2004 for \$65M.

The EXIM Bank previously purchased the building in 2003 for a cost of \$53M. The NSWMA purchase price registered on the certificate of title is \$55M as per the valuation of the National Land Agency. A further \$13M was paid to the EXIM Bank under a collateral/chattels agreement. This was for a 162KVA standby generator and a 60-Ton air conditioning system. Independent checks in the marketplace reveal a possible maximum value for both these items of \$3M. A further review of the valuation report prepared by the National Land Agency indicates that the equipment was already accounted for in the valuation of \$55M.

The NSWMA have reported expenditure of \$10M to 12M in relation to building improvement works, \$10M of which was expended prior to the purchase of the building. The NSWMA expended funds to improve the leased property without the requisite approvals, prior to purchase. There was no evidence to support that the

proper procurement method was utilized to obtain quotations for the improvement works carried out both pre- and post- sale. The procurement of services regarding refurbishing did not conform to the GOJ Procurement Guidelines.

**.) *Subsidiary Leasehold Properties (WPM, SPM etc.)***

Due to time constraints, the scope of the investigation was limited to NSWMA and its properties and did not include the expenditures for other Leasehold/Rented properties.

**9. Equipment Rental**

The NSWMA has developed a list of 60 entities from which various types of equipment may be rented or leased (see Appendix 9 for details). A distribution of these entities by wasteshed is provided below.

Riverton Wasteshed (MPM)	-	37
Retirement (WPM)	-	15
NEPM	-	6
SPM	-	4

The list has several anomalies including duplications of entities and separate entries for principals of a company and their related entities, for example:

- Denzil McDonald and Melrose Farms & Estate, registered by NSWMA as two distinct entities;
- Sylvester Green and S. A. Green & Associates, also registered by NSWMA as two distinct entities.

The only stated criterion for inclusion on this list is the historical provision of adequate service delivery. Only eight of these 60 entities or individuals listed were on the National Contracts Commission register of suppliers of goods and services.

NSWMA's response to questions raised by Parliament regarding equipment rental

## FINAL REPORT

---

for the various wasteshed sites conflict with the information submitted by them to the OCG.

These conflicts include but were not limited to:

- A 966E Front End Loader was hired from K. Morrison for the Retirement Wasteshed, but the report provided by NSWMA for submission to the Senate stated a D8 Bulldozer;
- D9 Bulldozers were hired from both Black Brothers and Melrose Farms for the Riverton Wasteshed, however the report provided by NSWMA to be submitted to the Senate stated hireage from Melrose Farms only;
- The Riverton Equipment logbook shows ten pieces of equipment rented at the Riverton Landfill in contrast to the six reported by the NSWMA for submission to the Senate.

A review was completed of the logbooks for both the Riverton and Retirement wastesheds for the period 2002 to present. The logbook from the Retirement wasteshed listed the type of the equipment, the name of the operator, the log-in time, and the log-out time, which was verified by signature of the Landfill Supervisor. In addition there was a summary of the hours logged by each piece of equipment and a reconciliation of downtime was also recorded and verified by the Supervisor.

In contrast, the logbook for the Riverton wasteshed only recorded the type of equipment, as well as the log-in and log-out times. There is no proof of verification of the hours by signature or otherwise by the Landfill Supervisor. Further, the information provided was for the period August 2004 to May 2005 despite the request for information from 2002 to present.

The MLGCDS's Internal Auditors reported that claims from Melrose Farms for equipment rental were paid without the requisite time sheets being submitted to substantiate these claims. The NSWMA has indicated that the time sheets were never normally presented for these types of claims. The Director of Corporate Services, Planning & Research has the responsibility to authorize these payments.

## FINAL REPORT

---

The equipment logbook for the Riverton Landfill shows that the D9 Bulldozer and the 966E Front End Loader rented from Melrose Farms worked for 16 hours and 12 hours respectively, continuously, for a period of six months. Checks made with several entities that are familiar with the operation of equipment of this nature, including members of the bauxite industry, revealed that it would be near impossible to operate these machines in this manner as the maintenance regime required would not accommodate it. This is true, even under conditions less severe than at a landfill. Further the minimum maintenance regime recommended is consistent with those currently utilized by the NSWMA on their equipment. The NSWMA have made payments on unsubstantiated records and for what appears to be unrealistic operational hours.

NSWMA did not utilize the GOJ's procurement procedures to procure equipment rental services nor did it enter in to any contractual arrangements for the lease/rental of any equipment. Although no explicit NCC category for Equipment Rental exists, for the purposes of registration, the norm is to register the supplier under the General Services category and specify Equipment Rental.

The rates per hour utilized are in most cases within industry standards. For the period 19 February to 18 August 2004 Melrose Farms submitted claims totaling \$3.3M per fortnight. During the period 26 June to 5 July 2004, S. A. Green & Associates Co. Ltd. claimed for payments totaling \$369,000.00.

There was no established basis for the selection of contractors. Moreover, the hours logged and claimed appear questionable and demand further review and investigation. The hours logged and resulting claim for equipment rental is listed in Table 9 below:

Table 9. Expenditure for Equipment Rental at the Riverton Landfill during Feb. – Aug. 2004

## FINAL REPORT

Type of Equipment	Usage (hrs/fortnight)	Rate (\$/hr)	Total Cost	Comments
D9 Bulldozer	240	5,750.00	\$1.38M per fortnight	7 days per week of continuous use
966E Front End Loader	180	4,000.00	\$1.92M per fortnight	12 hours/day for 7 days per week of continuous use
S. A. Green & Associates Co. Ltd.	123 hrs total	3,000.00	\$369,000.00 for 10 days	Service Period 26 June to 5 July 2004

### 10. Haulage

The National Solid Waste Management Authority currently has no formal contract in place for haulage services. These are usually procured on an as needed basis using their purchase order system. However, in November 2002, the PEU of the National Solid Waste Management Programme used competitive tender to award a contract to K.A.S. Construction for the supply of cover material and river shingle for the Riverton Landfill. K.A.S. subsequently obtained permission from the PEU to sub-contract the supply of these materials to Tropic Enterprises and requested that payments be made directly to Tropic Enterprises. It was on the basis of this process that the NSWMA chose to purchase river shingle for the rehabilitation of the Riverton Access Road as well as cover material for the Riverton Landfill site from Tropic Enterprises. The budgeted sum for the river shingle was \$3.77M but expenditure to date totals \$5.05M.

The cost of cover material purchased from Tropic Enterprises during a 3-month period (December 2004 - February 2005) was in excess of \$5.7M. All these purchases were made utilizing NSWMA's purchase order system. In respect of the access road, the NSWMA should have been aware of the quantities of river shingle required to execute the works and therefore would have been able to estimate the value of that contract. In using the Purchase Order System the Authority circumvented the Government's procurement procedures.

### 11. Solid Waste Collection/Sweeping

Between 8 June 2004 and 17 September 2004 the National Solid Waste Management Authority awarded 58 contracts to 55 contractors for the collection of solid waste and sweeping services. The total value of these contracts is \$930.24M (see Appendix 10). These 58 contracts were awarded for a period of two years. The following is a breakdown of these contracts.

- 10 contracts for the collection of solid waste only;
- 33 contracts for sweeping services;
- 15 contracts for the collection of solid waste and sweeping services combined.

### **.) *Collection of Solid Waste***

During the period 21 June – 8 July 2004, ten contracts were awarded by NSWMA for the collection of solid waste. The total value of these contracts for the two-year period is \$245.5 Million Dollars. The conditions of contract required the NSWMA to make fortnightly payments to the contractors. The value of these fortnightly payments is \$5.764M.

Two of these collection contracts were awarded to Shendor Services Ltd., one for St. Catherine Zone B on 28 June 2004 and the other for Portmore on 29 June 2004. The total value of both these contracts is \$61.05M, which represents 25% of the total value of all ten contracts.

### **.) *Collection and Sweeping***

Fifteen contracts were awarded for the collection and sweeping services between 16 June and 5 July 2004. The total value of these contracts for the two-year period is \$440.07M. The total fortnightly payment for these services is \$8.56M.

The conditions of contract for both the solid waste collection contracts and the solid waste collection and sweeping services contracts have a stipulation which reads,

*“Where a truck is not provided by the Authority but by the Contractor from our pre-qualified pool an additional \$3,200.00 will be paid daily for operational expense.”*

This condition conflicts with the breakdown of costs shown in the scope and collection schedule of the contract where there is a specific item ‘operation cost’ that includes the cost of fuel, lubricants, tyres and sanitation of trucks. It appears that the contractor is being compensated twice for his operational costs. When clarification was sought, the NSWMA explained that the additional \$3,200.00 per day was a stipend paid to the contractor for the rental of the truck. Normally the cost associated with the rental of the unit would have been included in the rates and if this was not so, it should have been itemized in the schedule of costs in the contract. This is not an item that should have been overlooked, as a contractor would need to have access to a truck to provide these services.

### **.) *Sweeping Services***

Between 14 June and 17 September 2004, 33 contracts were awarded by NSWMA for sweeping services at a total value for the two-year period of \$224.67M. The average fortnightly payment for these services is \$5.108M. Two contracts were awarded to Blue Unicorn Company Ltd. for sweeping services; one on 15 June 2004 for Kingston and St. Andrew Zone 1B and the other on 15 July 2004 for Kingston and St. Andrew Zone 1C. The combined value of these contracts is \$18.58M, which represents 7.6% of the total value of the 33 contracts.

### **.) *Roving Teams***

The NSWMA utilized Roving Teams to collect solid waste in areas where a contractor did not fulfill its obligations. They are also used in cases of emergencies as a standby team. Six former employees of MPM Ltd. were awarded contracts by the NSWMA to work as Roving Teams in selected zonal demarcations. The total value of these contracts is in excess of \$22.68M.

Four other former MPM Ltd. employees were also awarded contracts by NSWMA; two as Collection Services Contractors with contracts amounting to \$58.23M and

## FINAL REPORT

---

two as Sweeping Services Contractors with contracts valued at \$4.82M. In summary, ten former employees of MPM received contracts from NSWMA totaling \$85.73M. The former Managing Director of MPM Ltd. Ms. Greta Robinson was awarded a collection contract for \$49.97M, which represents 58% of the total value of contracts awarded to former employees. This contract is also approximately 20% of the total cost of all collection services contracts. This contract which is substantially above the \$15M threshold was never submitted to Cabinet through NCC for approval.

Four years ago MPM Ltd. attempted to award by competitive tender the solid waste collection and sweeping contracts. However in February 2001, MPM Ltd. aborted the process due to unresolved discrepancies during the evaluation process. Notwithstanding this impasse, the ongoing collection of solid waste was executed through the existing pool of contractors. The selection of contractors from within the pool remains unclear.

Over the three-month period (June to September 2004) the NSWMA awarded two-year contracts for collection, sweeping and 'collection and sweeping' and Roving Teams, without using the established Government procurement guidelines.

- **Collection Contracts:** nine were valued over \$4M and five contracts were in excess of \$15M.
- **Collection and Sweeping Contracts:** 21 were over \$4M, and two were over \$15M.
- **Sweeping only Contracts:** all 15 were over \$4M of which 14 were over \$15M.

All contracts valued \$4M and above require NCC endorsement and all contracts valued at \$15M and above require NCC endorsement and Cabinet approval.

The National Solid Waste Management Authority has not put in place a fair and transparent system to regularize this contracting process in accordance with the Government's procurement procedures.



**12. Security Services Contract**

A review of documentation for the procurement of security services indicated that the contract was endorsed by the NCC and approved by Cabinet to Vanguard Security Services in the sum of Sixteen Million, One Hundred and Nineteen Thousand, Two Hundred and Sixteen Dollars (\$16,119,216.00). However, on examination of the signed contract document, the contract sum reflected was Twenty Million, One Hundred and Six Thousand, Seven Hundred and Twenty Dollars (\$20,106,720.00) approximately 25% above the approved contract sum.

NSWMA explained that industry rates had increased between the time of tender and the contract signing and therefore the contract sum was adjusted accordingly. However further analysis of their calculations and documentation revealed that the NSWMA also made changes to the scope of works by increasing the number of service locations, types of services as well as the hours of service required. The NSWMA is in breach of changing the contract sum without the requisite approval of Cabinet. There are clear processes to make such changes upon request.

**13. Counseling Services Contract**

A one-year contract in the amount of Six Hundred and Sixty Thousand Dollars (\$660,000.00) was awarded to Family Life Ministries by NSWMA to provide counseling services for NSWMA staff. The NSWMA management indicated that they do not know the rationale for procuring these counseling services. The monthly payment of \$55,000.00 is made to Family Life Ministries irrespective of whether the counseling services are utilized during the monthly period or not. The Human Resources Manager was not aware of the basis for the selection and award of this contract and therefore could not substantiate it.

**14. Fuel Contracts**

Metropolitan Parks and Markets Ltd. contracted with Esso Standard Oil S.A. Ltd. on 12 January 1999 for the supply of bulk diesel oil (see Appendix 11). The initial contract duration was two years, with a provision for automatic renewal unless

terminated by either party. It is on the basis of this contract that NSWMA currently purchases bulk diesel fuel from Esso Standard Oil S.A. Ltd. This procurement is in breach of an existing framework agreement between the Government of Jamaica and Petroleum Company of Jamaica (Petrojam) for the supply of all bulk petroleum products, and also with Shell Company (West Indies) Ltd. for the supply of retail petroleum products; both at concessionaire rates. The Government's framework agreement was awarded through a competitive tender and as we understand, it is applicable to all Government Agencies.

### CONCLUSION

The evidence examined by this office does not reveal that any of Authority's officers used their position for their personal gain. However, the flagrant disregard for the Government policies and procedures especially as it relates to procurement, exhibited by the Chairman, the Board, the Director of Finance and the Director of Corporate Services, Planning & Research has impugned the reputation of the Authority and by association that of its portfolio Ministry. The NSWMA Board and Management made concerted efforts to circumvent the Government's procurement policy and procedures and also breached several sections of the Financial Administration and Audit Act (1959), the Revised Comprehensive Motor Vehicle Policy for the Public Sector (2003), and the National Solid Waste Management Act (2001). Such actions have helped to foster the public perception that the NSWMA is rife with corruption and cronyism.

The value of contracts awarded with procedural breaches during the period 2002 to present is \$1.955 Billion. Of this amount approximately \$1.4 Billion was for the Collection and Sweeping Contracts; \$401M for Maintenance Services, \$35M for Motor Vehicle and \$25M for Consultancy Services. The remaining \$94M was for Construction Services, Motor Bikes, Computers, Furniture, Counseling, Mechanics, Tyre Repair, Welding, Electrical Repairs and Bike Repair contracts. All of these contracts were awarded without compliance with the Government's Procurement Procedures. The costs for Haulage, Equipment Rental, Fuel, Machinery and Equipment contracts were not calculated and as such is not included in the above

listed figures.

The management systems utilized by the Board and some Managers including the Director of Finance and Corporate Services, Planning and Research and the Internal Auditor did not demonstrate an appreciation for accountability or value for money.

The contractors used by the NSWMA for the Supply of Goods, Services and Works were not based on the NCC's List of Approved Suppliers or Registered Contractors. The NSWMA Board of Directors was aware of the Authority's non-compliance with the GOJ Procurement Policies and Procedures and approved the actions of the Chairman and the NSWMA Staff.

We agree with the conclusion of the Authority's Internal Auditor that the splintering of the Civil Works and Building Works contracts was a deliberate attempt to circumvent the Government's procurement policy.

In summary there was a breakdown in governance and a rejection of the principle of accountability, in that the authority of the Ministry and in particular that of the Permanent Secretary, was undermined by the Board and Management of the NSWMA.

## RECOMMENDATIONS

### Administration

1. Separate the functions of the Executive Director from that of Chairman of Board.
2. Restore the approved organizational structure and undertake an organizational review after six months in collaboration with the portfolio Ministry and the

## FINAL REPORT

---

Corporate Management and Development Branch (formerly Management Development Division).

3. Establish a Procurement Committee.
4. Develop more detailed reporting requirements for the Director of Finance.
5. Develop and enter into framework contracts in respect of equipment rental and maintenance through a competitive tendering process.
6. Do not renew the Human Resources Consultant Contract. The Human Resources Department should complete any outstanding deliverables.
7. Do not renew the Information Technology Consultancy Contract. Employ an IT Manager to fill the related establishment position. Any outstanding deliverables from the IT Consultancy Contract would be completed by the IT Manager.
8. The Ministry of Local Government, Community Development & Sport must conduct a comprehensive review of all Employment Contracts to address all inconsistencies with Government Employment Policy and Procedures.
9. Invite the Auditor General to undertake a complete financial audit of NSWMA, prepare an up-to-date balance sheet and to determine whether all the NSWMA's assets are properly accounted for.
10. The Ministry of Local Government, Community Development & Sport must undertake an independent management audit of the NSWMA to include a detailed review of the Directors of Finance, Corporate Services, Planning & Research as well as the Internal Auditor.

### **Landfill**

11. Establish a proper record management system for the operation of equipment. This system must record at a minimum the operational times for each piece of equipment as well as a system for data verification.
12. Conduct an independent evaluation of the bulldozers owned by NSWMA to determine their suitability for efficient operations in a landfill environment. The NSWMA may wish to divest some of this equipment and procure more suitable equipment or to exchange them for those being used at the Retirement site.
13. Conduct an independent technical audit of the rehabilitated section of the

## FINAL REPORT

---

Riverton Access Road to determine the conformity of executed works with the design specifications. Request the Auditor General to audit the project accounts against the findings of the technical audit.

0. Repair weight scale(s) for trucks at the Riverton Landfill.

### **Maintenance Services at 97 Hagley Park Road**

0. Invite National Works Agency or Jamaica Urban Transit Company Ltd. to conduct a comprehensive review of the operations of the facility including but not limited to the contracts with internal maintenance staff and all external maintenance and service contracts.
0. Invite the Auditor General to conduct a financial audit of the operations of this facility giving particular attention to procurement of spare parts and supplies.
0. Design and implement adequate control measures for the disbursement and repayment of fuel, tyres, lubricants and other related supplies to contractors.
0. Regularize fuel purchases utilizing Government's Framework Agreement.

### **Solid Waste Collection Contracts**

0. Develop comprehensive tender documents including evaluation methodology for the solid waste collection contracts.
0. On the expiration of the existing contracts, engage in a competitive tender process in accordance with the GOJ Procurement Policy and Procedures resulting in contract award.
  
0. Review the existing terms of the lease agreement for the Supplementary Fleet regarding the public liability exposure of the NSWMA. The Authority should consider entering into lease purchase arrangements with those contractors who have successfully tendered on the solid waste collection contracts.

# FINAL REPORT

---