

OFFICE OF THE CONTRACTOR-GENERAL

Report of Investigation

Conducted into the Portmore Municipality

EXECUTIVE SUMMARY

Portmore became a city in 2003 with the passing of the Municipality Act (22nd May 2003). Investigation proceedings were initiated based on a letter of request dated 3rd August 2005, from the then Ministry of Local Government, Community Development and Sports (MLGCD&S), on behalf of the minister, to determine the appropriateness of the procurement practices of all Parish Councils and Municipalities. Several visits and interviews were conducted with personnel of the Municipality, and relevant documents copied for inclusion in the OC-G's files.

It was found that the Municipality was operating without a Procurement Committee, and that contracts were being awarded without competitive bidding. Councillors were being allowed to recommend contractors from their areas, and to disregard the requirement for contractors to be registered on the NCC list of contractors.

These findings were communicated to the Municipality and, as a result, a number of changes were made to their practices, including the establishment of a Procurement Committee and the use of competitive tendering. Additionally, contractors are now required to be registered with the NCC. The Municipality had always required contractors to be tax compliant.

We strongly recommend that a Procurement Workshop be held to assist the Municipality as it continues to effect changes to its procurement practices.

We also recommend that the Ministry of Local Government must implement effective measures to ensure that the Portmore Municipality adheres, at all times, to the Government Procurement Guidelines when procuring goods, works and services.

INTRODUCTION

Portmore became a city in 2003 with the passing of the Municipality Act (22nd May 2003). While the exact date on which the Municipality began operating was not ascertained, their procurement records date back to 1st April 2004. During that period of operation, this office did not visit the Municipality until the mandate was given to launch investigations into all Local Authorities.

TERMS OF REFERENCE

The terms of reference were:

1. To determine the procurement practices of the Municipality;
2. To report on individual contracts awarded;
3. To identify areas of nonconformity with established procurement procedures;
4. To make recommendations for appropriate actions.

METHODOLOGY

Investigations began with a letter, dated 26th August 2005, to the mayor indicating the OC-G's intention to begin investigation procedures. This was followed up with a meeting with Messrs. Mark Leachman, Municipal Engineer and Lloyd Parks, Chief Administrative Officer of the Municipality, and an OCG delegation led by the Director of Licences & Permits. Subsequent meetings were held with staff directly assigned procurement responsibilities, and various procurement-related documents were copied. Data gathered from the above activities formed the basis for this report.

A subsequent visit was made on 23rd March 2006, to verify information gathered. An interview was conducted with Mr. Mark Leechman, Municipal Engineer, and copies of a number of documents were requested. These documents were received within a week of the visit and request.

FINDINGS

The following were gleaned from enquiries into the procurement activities of the Portmore Municipality.

1. Thirty-one (31) contracts, valuing \$17,120,174.33, were issued during the period 1st April 2004 – 31st August 2005. This represents the procurements of the Municipality which are valued at over \$250,000.00;
2. Values of individual contracts ranged from a low of \$251,000.00 to a high of \$1.6M;
3. Contracts are mostly for drain cleaning and road/infrastructure, which includes patching;
4. Two motor vehicles (a Chevy Pickup and a Prado SUV) plus a copy machine, were purchased;

5. Whilst there is not yet a full understanding of the source of funding, it is understood that some of the drain cleaning and road patching work were funded from the Parochial Revenue Fund (which is derived from allotted portions of motor vehicle licenses revenue);
6. Competitive bidding is not used to award contracts;
7. It is understood that contractors are nominated by councillors for the area in which the work is being done. The contract is then awarded to the nominated contractor, at rates established by the Municipality;
8. There is no Procurement Committee as mandated by the NCC guidelines. The Mayor is reportedly moving to establish one.

The procurement practices of the Municipality do not conform with GOJ procurement guidelines. Except for the evidence which was found that contractors are required to be tax compliant, they presently contravene several key GOJ requirements, including awarding contracts competitively, and ensuring that only contractors registered with the NCC are employed. A number of these deficiencies were pointed out to Messrs. Leachman and Parks. The Mayor was also informed of these concerns and that the Office of the Contractor-General would assist by introducing the procurement guidelines via a Procurement Workshop. The understanding was that the OC-G's findings and concerns would be documented, and communicated to the Mayor. Mayor Lee seemed very enthused at the suggested workshop and indicated a desire to have it arranged as early as possible. In addition to members of staff, the target group should include the councillors and possibly contractors that are currently engaged by the Municipality.

The following was disclosed from the 23rd March 2006 visit:

1. It was confirmed that at the time of the OC-G's last visit, the Municipality had not yet established a proper/appropriate Procurement Committee. However, one is now in place and meets to review procurements above \$250,000.00. Procurements below this figure are reported to the Municipality Finance Committee;
2. The Municipality has also begun to award contracts based on competitive bids but admits to the need for clarity of procurement below \$250,000.00. It is reported that the municipality now requires contractors to be registered with the NCC;
3. It is reported that all concerned are cooperating with the new requirements; nevertheless, the Municipality underscored the need for our intervention by way of the proposed workshop.

CONCLUSION

The OC-G's September 2005 probe has unearthed numerous breaches in the procurement practices of the Portmore Municipality. These breaches, as itemized in the body of the report, were verbally communicated to the Municipality. On the OC-G's visit of the 23rd March 2006 to the Municipality, the OC-G found that attempts were being made to conform to GOJ procedures. Full compliance, however, has not been achieved and we should, therefore, start proceedings to assist the Municipality to continue to effect changes to its procurement practices.

RECOMMENDATIONS

As a result of our findings, we make the following recommendations:

1. We recommend that a Procurement Workshop be held for the Portmore Municipality within the first quarter of Fiscal year 2006/7, to assist in apprising the staff of the requirements for public sector procurement.
2. Above all, the Ministry of Local Government must implement effective measures to ensure that the Portmore Municipality adheres, at all times, to the Government Procurement Guidelines when procuring goods, works and services.