

OFFICE OF THE CONTRACTOR-GENERAL

Report of Investigation

Conducted into the Sports Development Foundation

EXECUTIVE SUMMARY

The Office of the Contractor General (OCG) initiated, in May 2005, the monitoring of the Sports Development Foundation (SDF), an agency of the then Ministry of Local Government, Community Development and Sports (MLGCD&S).

During the monitoring exercise, the modus changed to an investigation, as a result of unspecified and unclear information reaching the office from the Ministry.

The investigation concluded that the SDF did not always follow the Government of Jamaica Procurement Guidelines, as evidenced by the engagement of contractors and suppliers who were not registered with the National Contracts Commission (NCC) (see the Appendix). Therefore, it was recommended that a Procurement Workshop be conducted for the Foundation.

It was also further recommended that the responsible Ministry must implement effective measures to ensure that the SDF adheres, at all times, to the Government Procurement Guidelines when procuring goods, works and services.

INTRODUCTION

On 20th May 2005, the Office of the Contractor-General (OC-G) initiated by letter, the monitoring of the operations of the Sports Development Foundation, specifically as these relate to the procurement of goods, works and services, and the subsequent award of contracts for these services.

TERMS OF REFERENCE

The terms of reference of the investigation were to:

- Determine the procurement practice of the SDF;
- Review contracts awarded for conformity to the Government Procurement Guidelines;
- Make recommendations for appropriate actions.

BACKGROUND

During May 2005, the Office of the Contractor-General (OC-G) commenced the monitoring of the operations of the Sports Development Foundation, with emphasis on their procedures for the procurement of goods, works and services. Sometime after the commencement of the monitoring, the focus changed to an investigation.

METHODOLOGY

The following methodology was used in the gathering of information:

1. Meetings and interviews with the General Manager;
2. Meetings and interviews with the Financial Controller;
3. Review of correspondence and statements of accounts;
4. Collection and review of procurement records and minutes of Board meetings;
5. Review of the minutes of the Allocation and Projects Committee meetings.

FINDINGS

- Twenty-four (24) contractors, engaged by the Foundation for works, goods and services, were not registered with the NCC.
- There was a propensity by the Foundation, to utilize the Limited Tender method of procurement for works contracts.
- The records examined indicate that Goods and Services, totaling \$ 8,342,902.70, were purchased. However, there is no evidence that the purchases conformed to the Government Procurement Guidelines.

The review revealed the following:

Tenders for the Construction of Multi-Purpose Courts

Longville Park - Clarendon

Letters of invitation, dated 7th June 2005, were sent to three contractors to submit tenders for the construction of a Multi-Purpose Court at Longville Park, Clarendon.

Tenders were received as follows:

- | | | |
|------------------------|---|----------------|
| 1. Vinler & Associates | - | \$1,396,275.00 |
| 2. Robert Byers | - | \$1,422,560.00 |

3. Asphalt Specialist Ltd. - \$1,465,646.00

The three contractors were registered with the National Contracts Commission (NCC), and were tax compliant.

The contract was awarded to Vinler & Associates, being the lowest tenderer.

The selection and award of the contract were made in accordance with the procedures of the Government Procurement Guidelines.

Pepper All-Age School – St. Elizabeth

Information gleaned from the minutes of the Allocations/Projects Committee meeting, dated 21st June, 2005, indicated that letters of invitation were sent to three contractors, to submit tenders for the construction of a Multi-Purpose Court at Pepper All-Age School in St. Elizabeth.

No evidence of the invitation was seen on file.

Tenders were received as follows:

1. S&G Road Surfacing Material Limited	-	\$2,530,750.00
2. Senior Woodwork & Construction Company	-	\$2,240,530.00
3. PaveCon Construction	-	\$1,605,700.00

All three contractors were registered with the NCC and were tax compliant.

The contract was awarded to PaveCon Construction, the lowest tenderer.

Except for the absence of the invitation to tender, the selection and award of the contract were made in accordance with the procedures of the Government Procurement Guidelines.

Staceyville Primary School - Clarendon

Letters of invitation, dated 8th June 2005, were sent to four (4) contractors to submit tenders for the construction of a Multi-Purpose Court at Staceyville Primary School in Clarendon, by 12:00 p.m., Friday, 17th June 2005.

Tenders were received as follows:

1. Robert Byers	-	\$1,480,860.00
2. Northern Asphalt Specialist Company Ltd	-	\$1,459,810.00
3. Asphalt Specialist Ltd.	-	\$1,723,605.04
4. Vinler & Associates	-	\$1,426,525.00

Three of the four contractors were registered with the NCC and were also tax compliant.

Vinler & Associates, the lowest tenderer, did not provide proof of their NCC certification as a registered contractor, and hence was not awarded the contract.

The contract was awarded to Northern Asphalt Specialist Co. Ltd., the second lowest tenderer.

The selection and award of contracts were made in accordance with the procedures of the Government Procurement Guidelines.

Tenders for Fencing

Shamrock Glen - Irish Town

Information gleaned from the minutes of the Allocations/Projects Committee meetings, dated 21st June 2005, indicated that letters of invitation were sent to three contractors, to submit tenders for the Fencing of Shamrock Glen, Irish Town, St. Andrew.

No evidence of the invitation was seen on file.

Tenders were received as follows:

1. Guardian Fencing
2. Caribbean Fencing Ltd

Both tenderers were registered with the NCC, and were tax compliant.

The Procurement Committee rejected the tenders because only two bids were received.

The reason given for the rejection of the bids was not proper, and was not in keeping with the procedures of the Government Procurement Guidelines.

UDC Howard Cooke Boulevard – Montego Bay

Information gleaned from the minutes of the Allocations/Projects committee meetings dated 21st June 2005, indicated that letters of invitation were sent to three contractors to submit tenders for the construction of a spectator fence at the UDC Park, Howard Cooke Boulevard, Montego Bay, St. James.

No evidence of the invitation was seen on file.

Three tenders were received from:

- | | | |
|---------------------------|---|--------------|
| 1. Guardian Fence Systems | - | \$726,548.90 |
| 2. Caribbean Fencing Ltd. | - | \$726,430.14 |
| 3. Armour Metal Fencing | - | \$644,163.45 |

Evidence of the contractors' tax compliance and NCC registration was not seen on file.

The contract was awarded to Armour Metal Fencing, the lowest tenderer.

Except for the absence of the invitation to tender, the selection and award of contract was made in accordance with the procedures of the Government Procurement Guidelines.

Other Comments

Examination of the record of payments made between March and July 2005 revealed that payments for work, totalling \$5,397,406.00, were made to six contractors that were not registered with the NCC, viz:

1. Smith Welding
2. Samann Electrical Enterprise Ltd.
3. Brancourt Sport
4. Northern Asphalt Specialist Co Ltd.
5. Pavecon Construction
6. Grounds Master Turf and Landscape Services

Payments for the supply of “services”, totalling \$824,718.21, were made to twelve suppliers that were not registered with the NCC, viz:

1. UTECH Solutions
2. Ruel Harris
3. G.M Car Rental
4. Budget Car Rental
5. King Alarm
6. Michelle Brown
7. Challenge Auto Supplies
8. Duke Corporation Ltd.
9. Quick Signs
10. Electronics Power Supplies
11. Motor Bikes Sales and Services
12. Business Management Ltd.

Payments for the supply of “goods”, totalling \$3,595,428.00, were made to three suppliers that were not registered with the NCC, viz:

1. Panoramic Traders
2. ABC Electrical
3. Rainbow Awnings & Custom Products

Payments for the supply of “goods and services”, totaling \$733,197.50, were made to three suppliers that were not registered with the NCC, viz:

1. Auto Graphx
2. Paul Walker
3. Supreme Outdoor Advertising

CONCLUSION

We conclude that the SDF did not always follow the Government of Jamaica Procurement Guidelines, as evidenced by the engagement of contractors and suppliers who were not registered with the National Contracts Commission (NCC).

The information given in the Instructions to Tenderers in the Tender Documents for works contracts, was inadequate. The Instructions did not include the evaluation methodology to be utilized for the selection of the successful bidder. It is the Instructions to Tenderers that ensure fairness, merit and transparency in the tender and award process.

The Tender Documents for works contracts did not include established specifications for the construction of the multi-purpose courts and the fencing of facilities. The Sports Development Foundation was advised that it is the specifications that ensure quality control during implementation of the project, and that it is imperative that this be included in future tender documents.

Sports Development Foundation has, for the most part, adhered to the established Government Procurement Guidelines.

Also, steps have been taken to ensure that officers who are involved in the procurement process are apprised of the established procedures.

The procurement process was generally fair and transparent.

RECOMMENDATIONS

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

1. Proper Tender Documents with instructions to tenderers, including the evaluation methodology, specifications for the work and conditions of contract, must be prepared and compiled, before projects are put to tender.
2. A Procurement Workshop should be conducted to apprise the Sports Development Foundation of best practices and amendments, in the public sector procurement process.

3. Above all, the responsible Ministry must implement effective measures to ensure that the SDF adheres, at all times, to the Government Procurement Guidelines when procuring goods, works and services.