



AUDITOR GENERAL'S
DEPARTMENT OF JAMAICA



Caribbean Maritime University (CMU)

Governance, Procurement and Resource Management

Special Audit Report

"A Better Country Through Effective Audit Scrutiny"

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The Department is headed by the Auditor General, Pamela Monroe Ellis, who submits her reports to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act.

This report was prepared by the Auditor General's Department of Jamaica for presentation to the House of Representatives.

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'A better Country through effective audit scrutiny'



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Audit at a Glance

Special Audit Report findings on Governance, Procurement and Contracts Management at the Caribbean Maritime University and the Ministry of Education, Youth and Information (MoEYI)



- CMU earned its status as a University in September 2017.
- CMU caters to over 4,000 students, offering up to 250 areas of studies on seven campuses.
- Ministry of Education, Youth and Information has Portfolio responsibility for CMU.
- CMU's Council has oversight responsibility for CMU.

Key Data

Main Findings

- Oversight by successive Portfolio Ministries was inadequate.
- CMU's Council and Management did not provide adequate oversight.
- The President made decisions that undermined his fiduciary responsibility to CMU.
- CMU's Management breached CMU's HR Policy.
- Procurement and contract management practices undermined value for money objective.
- Improper use of Bank Accounts.

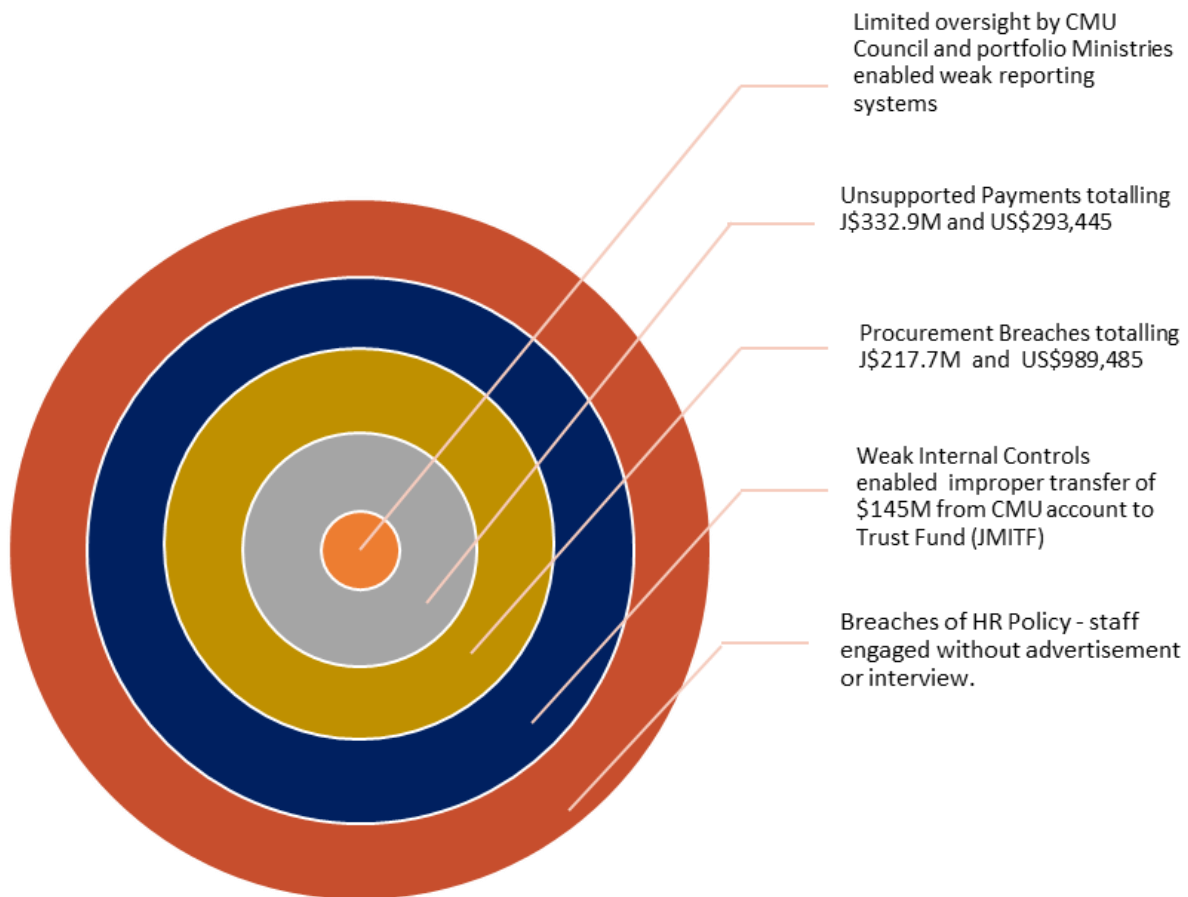


Conclusion & Recommendation

CMU's Portfolio Ministry must strengthen its oversight of the University and ensure proper accountability for the use of public funds. In accordance with its fiduciary responsibility, CMU's Council must take a more proactive role in the governance of CMU by ensuring that an effective system of internal control is in place.

This special report contains our findings on
Governance, Procurement and Contracts
Management at the Caribbean Maritime
University and the Ministry of Education,
Youth and Information (MoEYI).

Poor Governance Practices



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Auditor General's Foreword

Against the background of public concerns regarding allegations of malpractices at the Caribbean Maritime University (CMU), I commissioned a special audit to determine the veracity of the allegations and whether the University had in place, an effective governance and monitoring framework with appropriate systems of internal controls. My audit found weaknesses in CMU's governance practices and internal control environment, which were manifested by a lack of financial transparency, breaches of the Human Resource (HR) policy, minimal adherence to Government guidelines and limited accountability by CMU's leadership. In some instances, questionable decisions by the President resulted in expenditures that created no apparent value for the University.

I urge the CMU and Ministry of Education, Youth and Information (MoEYI), to seriously consider the recommendations contained in this report to resolve the weaknesses identified, which if left unresolved, could expose the University to financial losses. Further, CMU and the MoEYI, should determine whether expenditure, specified in the report represent proper charges on the University; with a view to recovering said amounts from the officers responsible for the payments made.

I take this opportunity to thank the management of the University and Ministry for the courtesies extended to my staff during the execution of the audit.



Pamela Monroe Ellis, FCCA, FCA
Auditor General

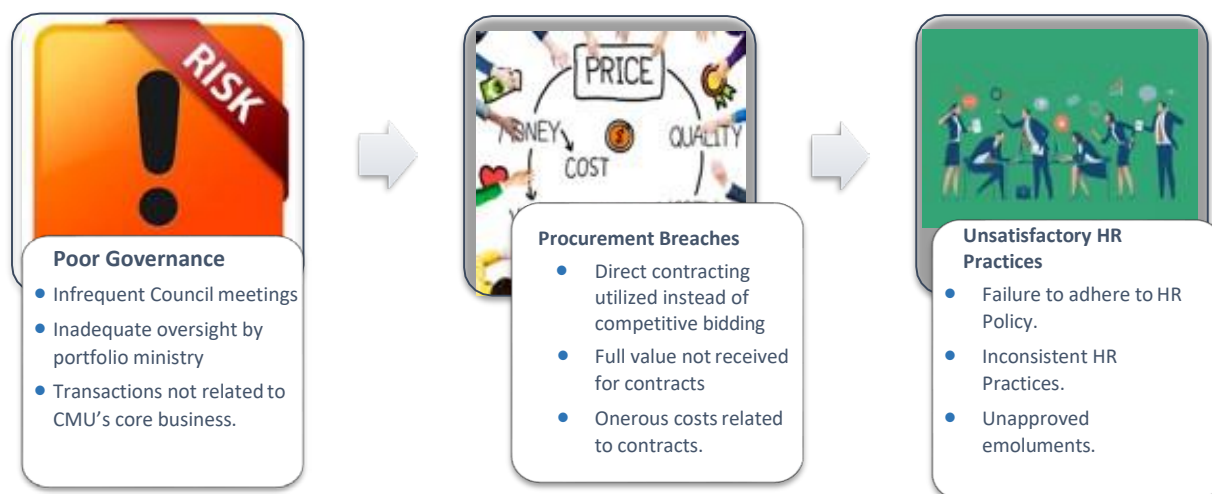
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Executive Summary

The Auditor General's Department (AuGD) conducted a special audit of the Caribbean Maritime University (CMU) for the period 2016-17 to 2018-19. The audit was undertaken in response to public concerns regarding allegations of malpractice at CMU. The audit sought to assess whether CMU's operational activities, governance and monitoring framework were consistent with the principles of good financial management and whether procurement and contracts management practices were in keeping with Government of Jamaica (GOJ) Guidelines and best practices, to attain value for money.

The audit identified weaknesses in CMU's governance and monitoring framework, accounting processes, procurement and contracts management practices. These weaknesses, if left unresolved, will increase the risk of losses and regulatory breaches and could ultimately undermine the execution of CMU's mandate.

What We found



Governance and Operations Management

- 1. CMU's Council failed to implement the required systems to facilitate periodic independent audit reviews.** CMU's Council did not develop adequate internal controls and it did not have in place a functioning Audit Committee and an Internal Auditor. This also deprived the Council of independent audit assurance to assist in its oversight responsibilities. Additionally, respective portfolio ministries did not undertake any independent audit as part of their governance responsibility. CMU also did not faithfully submit minutes of its council meetings, quarterly and half yearly reports to its Portfolio Ministry in keeping with Principle 15 of the Corporate Governance Framework for public bodies and the Public Bodies Management and Accountability Act. We also saw no evidence that the Portfolio Ministry demanded these reports from the Council.

2. **CMU improperly operated the bank accounts of Jamaica Maritime Institute Trust Fund (JMITF).** The JMITF was established in 1997¹ to receive donations and grants for the development of the then Jamaica Maritime Institute. We saw no evidence that the CMU's Council took the necessary legal steps to transfer the assets of JMITF to the CMU Foundation and wind up the JMITF. Further, the JMITF board has not met since April 2015. We identified four bank accounts in the name of JMITF with an aggregate balance of \$1.6 million as at March 31, 2019. We noted that CMU improperly transferred \$145 million from one of CMU's bank accounts to the JMITF main bank account on March 29, 2018.
3. Information obtained directly from a bank with CMU's approval, revealed that three cheques amounting to \$2.4 million, drawn on the JMITF account were encashed on May 18, 2018 at the same branch of a financial institution. However, CMU's accounting records did not reflect these transactions but our investigations revealed that the recipients were related parties. In all instances, transfers from the trust fund account were signed off by the President of CMU and a trustee who is a CMU Council member and chairman of CMU Council's finance sub-committee. CMU made a wire transfer of US\$621,132 from the JMITF account, to the supplier of sandwich panels for the Block E building project (key findings no. 6). The reason for the execution of transaction from the two bank accounts was not evident. All transfers from the trust fund account were signed off by the President of CMU and Chairman of the finance sub-committee of the CMU council. We also identified payments totalling \$332.9 million and US\$293,445 from various bank accounts for which the necessary supporting documents were not presented².
4. **The President acted unilaterally in the engagement of employees, consultant and an advisor by not obtaining Council's approval in keeping with the CMU Act³.** The process used to engage the consultant/advisor lacked transparency and due diligence. CMU paid an overseas-based consultant \$13.95 million or 72 per cent of the contract sum despite unfulfilled deliverables and honoured claims totalling US\$12,038 without obtaining evidence of the expenses incurred. The President also engaged an independent advisor for three years with effect from April 1, 2018 at \$5.1 million per annum. The advisor received family health and life insurance benefits amounting to \$253,808 for the period May 2018 to January 2019; these benefits are not normally afforded to non-employees. The President also approved the engagement of four officers with combined emoluments of \$12.2 million per annum, in breach of CMU's Human Resources Policy.

The President was reimbursed US\$10,440 for expenses associated with an international award. The MoEYI indicated that the President was nominated by "unknown sources as an international recognition of his leadership". However, this award appeared to be of a personal nature and we noted that the Council did not grant approval for CMU to absorb the cost of the President's participation at the award ceremony in Oxford England. It has come to our attention by way of articles in the overseas

¹ According to the Articles and Memorandum of Association for the Jamaica Maritime Institute.

² For \$332.9 million (\$9.6M, \$14.1M, \$41.2M & \$268M) and US\$293,445 (US\$70,333 & US\$223,112)

³ Caribbean Maritime University Act Section 6(1): The Council shall appoint and employ, or may authorize the appointment and employment of, at such remuneration and on such terms and conditions as it thinks fit, such officers and academic staff, administrative and technical staff, ancillary staff and other employees of the University as the Council considers necessary for the purposes of the University.

press, that there is controversy surrounding the international award received by the President. We brought all the information in our possession relating to the controversy to the attention of the Permanent Secretary.

5. **We found that the President was reimbursed for fixed assets costing US\$12,697.41 which were reportedly purchased on behalf of the University.** However, there was no record of the items being included in CMU's fixed assets register and also, the assets were not presented for our inspection. CMU also reimbursed the President for items costing US\$2,380.44 over the period June 2016 to June 2018. Review of the supporting documents, including the expense statement seeking reimbursements, indicated that these payments were for tokens given to officials at various meetings and workshops. However, we were unable to determine the recipient of the tokens and the authority for granting gifts, as CMU did not have a policy to guide the issue of gifts.

Procurement and Contracts Management

6. **CMU procured good and services totalling \$217.7 million⁴ and US\$989,485 without undertaking a competitive bidding process as required by the Government's Procurement Guidelines. For example:**
 - i. CMU paid an aggregate \$46.7 million to 15 lunch suppliers over the period January to December 2018, under the Technology Advancement Programme (TAP) and the Career Advancement Programme-Youth Employment Solution (CAPYES)⁵ programme. This was in a context where the value of the contracts for nine of the 15 lunch providers exceeded the allowable threshold of \$1.5 million based on Government Procurement Guidelines.
 - ii. CMU paid a logistics company \$10.6 million to supply computer equipment and other peripheral items without a formal contract or provision of warranty. Further, there was no evidence that the fixed assets were included in CMU's inventory records and we were unable to identify the existence of the assets.
 - iii. CMU paid US\$989,485 for sandwich panels, high beams, iron and other assembly materials plus \$143.9 million in local costs inclusive of demurrage charges totalling \$33.0 million. CMU incurred demurrage charges because of its failure to return the shipping line's containers as scheduled. At the time of the report, the project was still at the foundation stage after approximately two years.

⁴ Includes catering services (\$46.7 million), Computer equipment (\$10.6 million), Block E – purchase of sandwich panel and related costs & construction works (\$143.9 million & US\$989,485)

⁵ Initiated by the CMU in 2017; focused on engaging unemployed youth between the ages of 17 to 29, by equipping them with the requisite skills and attitudes that would make them more employable and more functional members of society.

Recommendations

1. The responsible Permanent Secretary should ensure that an appropriate arrangement is established to effectively monitor the CMU in keeping with the GoJ Accountability Framework. This arrangement should include a system that ensures that board minutes and other specified reports are faithfully submitted to the Portfolio Ministry. The Permanent Secretary should ensure that such board minutes and reports are reviewed and the portfolio Minister is formally apprised of significant issues that may affect the performance of CMU in order to enable the Minister to take appropriate actions regarding the performance of the Council.
2. CMU's Council should establish a robust internal control and risk management system to reduce the risk of losses and regulatory breaches. Steps should be taken to strengthen controls over the management of CMU's bank accounts, to ensure that all transactions are authorized in keeping with approved limits. Further, the Council should consider the appropriateness of maintaining 22 bank accounts, which presents an administrative challenge to effectively monitor transactions across accounts, which was identified during our audit.
3. In order to promote good governance practices and the receipt of value for money, CMU's Council should immediately review its procurement practices, with a view to ensure that: (i) the appropriate method of procurement is utilised that meets the criteria stipulated in the Government of Jamaica's Procurement Guidelines; (ii) procurement opportunities are open to all eligible suppliers and project and contract management systems are strengthened to ensure that appropriate due diligence is conducted prior to the execution of all projects and (iii) there is ongoing monitoring to enable the achievement of expected deliverables.
4. The Trustees of JMIF should review the continued relevance of the trust fund with a view to winding up its operations, in a context where the institution that the trust fund was establish to support no longer exist.
5. CMU must improve its asset/ records management system to ensure that items acquired are systematically registered and verified in terms of description and location; further the circumstances surrounding the reimbursement of US\$10,000 in respect of the President's 'International award' must be reviewed to ensure that reimbursement was appropriate.
6. In accordance with the Financial Administration and Audit (FAA) Act⁶, the Permanent Secretary should cause an investigation to determine whether this award accords any benefit to CMU, and also investigate the allegations outlined in the overseas press, in order to make a determination regarding recovery of sums associated with the award.

⁶ Section 49 (6) of the FAA Act states: Where an accounting officer has reasonable ground for suspecting that any loss or deficiency resulted from a criminal offence, the accounting officer shall forthwith report the matter to a member of the Jamaica Constabulary Force.

Part One

Introduction

Background

1.1 The Caribbean Maritime University was accorded university status in September 2017. The CMU envisioned itself as being “the maritime university of choice for global leaders” and along with this vision, saw its mission as “Redefining maritime excellence through innovation and technology” as “Innovation and technology are the driving forces that advance the university”.

1.2 CMU identifies itself as the only internationally-approved maritime education and training university in the Western Hemisphere which caters to over four thousand (4,000) students by offering up to two hundred and fifty (250) areas of studies on seven campuses, coming a far way from only providing training to 30 students. CMU indicated that it fosters a commitment to innovate to solve regional and global challenges by offering programmes and curricula through strategic partnerships and alliances, based on industry needs and demands to graduate industry-ready graduates.

1.3 The University offers courses through four faculties namely; the Engineering and Applied Technology, Marine and Nautical Studies, Advanced Skills and Professional Development, and the Shipping and Logistics faculty. Five centers are also used to facilitate the University in carrying out its mandate; these are the Digital Innovation and Advance Manufacturing Centre (CDIAM), Centre for Blue Economy and Innovation (CBEI), Festo Authorized and Certified Training Centre (F.A.C.T), Maritime Training Centre (MTC), and Centre for Security Counter Terrorism and Non-Proliferation.

Rationale for the Audit

1.4 In light of public concerns regarding allegations of malpractice at CMU, the Auditor General initiated a special audit to ascertain whether the operational activities, governance and monitoring framework were consistent with the principles of good financial management and whether the procurement and contracts management practices accorded with GOJ Guidelines and good practices, to attain value for money ([Appendix I](#)). The audit focused on four areas:











Figure 1 Areas of Audit Focus



1.5 We planned and conducted our audit in accordance with the ISSAIs, which are applicable to Performance and Compliance Audits. These standards are issued by the International Organization of Supreme Audit Institutions (INTOSAI). The audit was undertaken using the methodologies relating to performance and compliance audits along with data interrogation techniques. We conducted a risk assessment and developed issue analyses with the questions, which the audit sought to answer in order to form our opinions and conclusions. We gained knowledge of the operations of CMU, related companies and the role it plays in the maritime industry and Jamaica at large through a review of internal and external information, interviews with management, staff and other stakeholders, observations, walkthroughs and analytical reviews augmented by visits to building sites in October 2019. We conducted fieldwork between March 2019 and September 2019 to gather sufficient and appropriate audit evidence on which we based our conclusions.

Part Two

Governance and Resource Management

 At A Glance			
Systems and practices	Criteria	Key Findings	Assessment Against Criteria
Roles and Responsibilities of the Board	Each Board must have a Charter which defines the roles and responsibilities of the Board, including its responsibilities for corporate governance and its code of ethics.	The Council's Charter has been in draft since October 2015 and the Terms of Reference for all the subcommittees were also in draft since February 2019.	
The Board is collectively responsible for strategic management and oversight	The Board should take responsibility for the performance of the Public Body by monitoring the CEO's performance.	CMU's Council met 12 times between April 2016 and March 2019.	
The Board is the primary decision making authority and constitutes the fundamental base for corporate governance for the organization.	The Board must ratify the strategic decisions and approve expenditures within the stipulated limits.	The President unilaterally engaged a consultant, an advisor, two co-directors and a project accountant without obtaining the Council's approval, in keeping with the CMU Act.	
Strategic oversight by Board	The Board shall establish sub-committees in areas such as Human Resource, Finance, Audit and Risk Management	Since April 2016, only nine meetings of the Finance Committee and four Human Resources Committee were held.	
Reporting Responsibilities (to Portfolio ministry) Principle 15 of the Corporate Governance Framework for public bodies	Permanent Secretaries are required to monitor public bodies' performance against expected results, manage risks and advise/inform the Portfolio Minister.	CMU's Council did not faithfully prepare and submit to respective Permanent Secretaries and portfolio Ministers, half yearly and annual reports as well as audited financial statements.	
Independent audit review by portfolio ministries	Section 8 (1) of the Public Management and Accountability (PBMA) Act which requires the establishment of an Audit Committee.	CMU created a Finance and Audit Committee, prior to March 2017, which it renamed Risk and Audit Committee; however the Audit Committee arm was never established.	
<div>  MET the criteria  Met the Criteria, but improvements needed  Did not meet the criteria </div>			

Limited Oversight of CMU by successive Portfolio Ministries

2.1 Permanent Secretaries have oversight responsibilities for public bodies which include the monitoring of performance against expected results⁷, as well as risk management and the provision of advice to the Minister on the operations of the entity. In addition, the GOJ Accountability Framework for Senior Executive Officers requires Permanent Secretaries, as accounting officers, to obtain copies of Board Minutes and corporate plans for all public bodies under their portfolio. The boards of public bodies should also, submit quarterly, half yearly and annual reports on their financial and operational performance to the portfolio Minister in keeping with the PBMA Act.

Board Minutes neither submitted to, nor requested by the Portfolio ministry

2.2 We found that the Council neither submitted, nor did the portfolio Ministry request copies of the board minutes and submit to the responsible Minister, in breach of the Accountability Framework. Permanent Secretaries, as accounting officers, are required to receive copies of Board Minutes from all public bodies, under their portfolio in keeping with the GOJ Accountability Framework for Senior Officers, which was approved by Cabinet in January 2010⁸.

Annual Reports, including Audited Financial statements not submitted to Minister.

2.3 Although CMU submitted its corporate plans, the University did not faithfully submit its annual and half yearly reports to the respective Permanent Secretaries and portfolio Ministers. The last annual report (2013-14) was prepared and submitted to the Ministry of Transport and Mining in September 2016. Additionally, the last audited financial statement was prepared for the 2014-15 financial year; the University is yet to prepare audited financial statements for 2015-16 to 2018-19 (**Table 1**).

Table 1 Minutes and Reports sent to the Portfolio Ministry by CMU, 2016-17 to 2018-19

Reporting Requirements	Expected each year	2016-17	2017-18	2018-19
Council Minutes	12	0	0	0
Corporate Plans	1	1	1	0
Half-Yearly Reports	2	0	0	0
Quarterly Reports	4	3	1	0
Annual Reports	1	0	0	0
Financial Statements	1	0	0	0

Source: Information provided by CMU

⁷ GoJ Corporate Governance Framework, PRINCIPLE 15: MONITORING ARRANGEMENT OF MINISTRIES

⁸ The Accountability Framework Complement Section 23 and Part IV of the Second Schedule of the PBMA Act, which makes it a requirement for public bodies to prepare and submit other reports, as may be required to the portfolio ministry.

2.4 We sought to obtain the results of the last audit conducted by the portfolio ministries. However, we gleaned that the Ministry of Transport and Works discontinued an audit of CMI owing to competing priorities and further stated that:

“The Ministry has not completed internal audit of the CMI. A review of the Entity commenced shortly before its transfer to the MoEYI and was still pursued with the hope that a completed review would provide value to the MoEYI, however this activity was later discontinued in light of competing engagements”.

2.5 The Ministry of Education, Youth and Information (MoEYI) and the Ministry of Transport and Mining did not conduct an audit of CMU over the last five years. MoEYI indicated that:

“No audit has been conducted. A review of the governance arrangements for the University has commenced with the aim of ensuring that the various systems and procedures as required by the Act for governance, are in place”.

2.6 We noted that the Ministry of Transport and Mining requested the submission of outstanding annual reports and audited financial statements for the 2014-15, 2015-16 and 2016-17 financial years. However, despite being warned by the Ministry in September 2017 of the possible sanctions for contravening the PBMA Act, only the audited financial statements for the 2014-15 financial year were submitted. CMU’s failure to prepare and submit to the Minister, the annual report and audited financial statement for tabling in the House of Representatives, limited Parliament’s and successive portfolio ministries’ oversight responsibilities to assess CMU’s operational and financial performance. In its response dated November 20, 2019, MoEYI, indicated that:

“It has now put in place, systems to ensure compliance with the requirements. The process included meetings and crosscheck of compliance listing”.

Limited Oversight by CMU’s Council and Management

2.7 Corporate governance is the system by which an entity directs and controls its resources to ensure that its strategic objectives are achieved. It also seeks to ensure that there are effective mechanisms in place to promote transparency, independence, accountability and fairness in the operations of an organisation. In light of this, the Cabinet approved the GOJ Corporate Governance Framework for Public Bodies and the Accountability Framework for Senior Executive Officers. It was envisaged that these frameworks would aid in the establishment of an effective corporate governance structure within all public bodies.

2.8 According to the Revised Corporate Governance Framework, every public body should be headed by an effective Board, which is collectively responsible for the strategic management and oversight of the organization. Additionally, the Corporate Governance Framework dictates that each Board must have a Charter which defines the roles and responsibilities of the Board including its responsibilities for corporate governance and its code of ethics. In order to fulfil its roles, the board should also establish sub-committees in areas such as Human Resource, Finance, Audit and Risk Management, to obtain assurance that business objectives are achieved. CMU is governed by a Council, which has general control over the conduct of the

University's affairs and is responsible to provide the strategic direction and guidance to ensure that the University's objectives are achieved and risks are appropriately managed. The Council, in executing its oversight function, is responsible for reviewing management decisions, risk assessment and the ongoing monitoring of corporate business performance, plans and strategies. However, we noted that the University Council's Charter has been in draft since October 2015 and the Terms of Reference for all the subcommittees were also in draft since February 2019.

2.9 Whereas within the last seven months, April to October 2019, CMU's Council has convened 11 meetings, the Council met only 12 times in three years between April 2016 and March 2019. Of note, no meetings of the Finance and Audit Committee were held in 2017-18 financial year. Further, since April 2016, only nine and four meetings of the Finance Committee and Human Resources Committee meetings were held, respectively (**Table 2**).

Table 2 CMU's Council and Sub-Committee Meetings

Sub-Committees	Financial Years			
	2016/2017	2017/2018	2018/2019	April-October 2019
Council	5	3	4	11
Finance and Audit Committee	3	0	Re-named	
Finance Committee	Not established		4	2
Risk and Audit Committee	Not established	0	0	0
Human Resource and Governance Committee	Not established	2	1	1
Projects and Development Committee	3	1	4	1

Source: AuGD's Analysis of Information provided by CMU

No internal audit function

2.10 We also noted a lack of independent audit review by the respective portfolio ministries which would have compromised the Ministry's governance responsibility. This was contrary to Section 8 (1) of the Public Management and Accountability (PBMA) Act which requires the establishment of an Audit Committee⁹. Although prior to March 2017, CMU created a committee named Finance and Audit Committee, which was renamed Risk and Audit Committee, the Audit Committee arm was never established. The failure to establish an audit committee was exacerbated by CMU's failure to engage an internal auditor, despite having an established post for this function. This not only breached the PBMA Act but also denied independent oversight of the financial affairs of the University¹⁰. We also noted a lack of independent review by the ministries responsible for transport and education¹¹.

⁹ 8(1) Subject to subsections (2) and (3), every public body that has four or more directors shall establish an audit committee consisting of not less than three directors.

¹⁰ Section 9(1) (c) of the PBMA Act.











¹¹ The Caribbean Maritime University was transferred from the Ministry of Transport and Mining to the Ministry of Education, Youth and Information (MoEYI) on January 1, 2018 as a follow-up its transition to a University.

2.11 CMU did not have an internal auditor. The absence of an internal audit oversight function, coupled with the non-functioning Audit Committee may have contributed to the high incidence of unsupported payments and management override found during our audit. CMU not only failed in its fiduciary responsibility to develop adequate internal controls and audit assurance but would have also deprived the Council of independent audit assurance to assist in its oversight responsibilities. In a response dated November 20, 2019, MoEYI indicated that CMU's Council was in the process of recruiting an internal auditor and additional members to serve on the Audit and Risk Committee.

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Part Three

Procurement and Contracts Management

	At A Glance		
Systems and practices	Criteria	Audit Findings and Observations	Assessment Against Criteria
Strategic, Operational and Procurement Plans prepared.	Strategic, operational and procurement plans prepared in accordance with the GOJ governance framework and procurement guidelines.	CMU presented Strategic Plans; however, the operational and procurement plans were not presented for our review.	
Needs Assessment	The necessary due diligence, including a feasibility study, inclusive of financing plan to inform the decision to proceed with projects.	Not always undertaken.	
Coordination between procurement and inventory management.	Procurement process supported by robust inventory system, a critical element of supply chain management.	Absence of ICT Strategic Plan to guide the procurement decisions related to ICT. Frequent reimbursement by CMU for purchase of ICT equipment by the President was not cost effective and the assets were not recorded in the Fixed Asset inventory records and could not be located during inspection by AuGD.	
Use of competitive bidding mainly encouraged.	The use of the competitive bidding process is required to promote transparency and opportunity to obtain quality goods and services at the best price.	CMU frequently utilized the direct contracting and direct contracting emergency methodologies, which offered the least assurance that economic value was obtained.	
Strict adherence to the Law and procurement guidelines.	A culture of strict adherence to the Law and procurement guidelines is developed.	Works undertaken without building plans approved by the municipal authority. CMU breached the GoJ's Procurement Guidelines and acted in a manner to breach the Procurement rules.	
Contract agreement	Signed contracts outlining the terms and conditions should be entered into by both parties before work commences in order to protect the parties interest.	CMU executed contracts without contract agreement for procurement of goods and services	
 MET the criteria	 Met the criteria, but improvements needed	 Did not meet the criteria	

Procurement and Project management practices undermined value for money objective

Concessionaire Arrangements at CMU not transparent

3.1 CMU engaged four concessionaires, to provide lunches for students, staff and visitors at its Maritime Campus. It was unclear what informed the design of each contract, since the terms differed. All the contracts were not secured through competitive tender, as required by the GOJ procurement guidelines. Our review of the contracts suggested favourable terms and conditions for *Concessionaire-1*, when compared to the others. Our assessment revealed that *Concessionaire-1* continued to operate although the contract had expired for over two and a half years. Further, the terms of the expired contract of *Concessionaire -1*, which guided the current arrangement, required no payment of rent, although CMU provided all the facilities and equipment needed, as well as, paid the cost of garbage disposal and utilities. It was not evident that CMU conducted a feasibility analysis to ensure optimal benefits to the university were derived from the concessionaire arrangements (**Table 3**).

Table 3 Assessment of Concessionaire Contracts

Contractor Requirements	Concessionaire-1	Concessionaire-2	Concessionaire-3	Concessionaire-4
Duration of Agreement	Twelve 12 months	Five (5) years	Five (5) years	Two (2) years
Commencement of Contract	January 2016	September 2018	October 2018	November 2018
Concession Fee	None required	\$250,000 p/m for 9 months and \$200,000 p/m for 3 months (summer)	\$20,000 p/m for 8 months; \$5,000 for 4 months (summer)	\$12,000 p/m for 8 months and \$8,000 p/m for 4 months (summer)
CMU provision of Cafeteria Space	Area not specified	2,580 sq. ft.	To be determined by CMU	Vicinity of Block 'C'
Cooking facilities/Equipment	No	Yes – some	Yes – some	Yes
Payment for water and electricity	No	Yes	Yes	Yes
Payment for Gas	Yes	Yes	Yes	N/A
Responsibility for damage/Service area	No	Yes	Yes	Not stated
Maintenance of equipment provided by Vendor	No	Yes	Yes	Yes
Cleaning Services/Items	Yes/No	Yes	Yes	Yes
Garbage disposal	No, CMU responsible	Yes	Yes	Yes
Special Catering	\$2,000 - \$2,500pp ¹²	Discounted Quotation	Not stated	Discounted Quotation
Special Contribution to CMU	No	For annual grant of \$600,000 & \$200,000 lecturer award /internship	Not stated	Ambassador Programme (values not specified)
Indemnity of University against vendor negligence	Not stated	Yes	Yes	Yes
Student Support (Events)	No		Not stated	Yes
CMU reimbursement of \$400 for staff lunch (tickets/E-Pay Cards)	Yes	Yes	Yes	No

Source: AuGD's Analysis of Information provided by CMU

¹² pp – per person

Lunch Suppliers – Regional Programmes

3.2 CMU paid an aggregate \$46.7 million to 15 lunch suppliers over the period January to December 2018, under the Technology Advancement Programme (TAP) and the Career Advancement Programme-Youth Employment Solution (CAPYES)¹³ programme (**Table 4**). In all instances, the competitive tender process was not utilised to engage the lunch providers and CMU was unable to indicate the basis on which the lunch providers were selected. This is in a context where the value of the contract for nine of the 15 lunch providers exceeded the allowable threshold of \$1.5 million based on Government Procurement Guidelines. Whereas, for TAP, it was stipulated that payments would be made upon presentation of invoices, for the CAPYES Programme, payments were to be made based on memoranda from the Associate Vice President in the Faculty of Advanced Skills and Professional Development to the University Treasurer, which stated:

“Please use this as support to allow for payment of monthly sums to [supplier name] for the provision of meals. Meals are being provided for [number of students included] for five days per week. The negotiated rate for each month will be [monthly figure included] ...”

Table 4 Payments to Lunch providers

Suppliers	TOTAL Payments (\$)	Business Location	Programme	Period
Individual 1	2,850,000	-	CAPYES	January to December 2018
Individual 2	3,225,000	-	CAPYES	
Individual 3	2,350,000.	-	CAPYES	
Councillor 1	1,666,870	-	CAPYES	
Helper 2	3,830,000	-	CAPYES	
Individual 4	2,125,000	-	CAPYES	
Individual 5	5,950,000	-	CAPYES	
Driver 2	720,000	-	CAPYES	
Supplier 1	16,150,000	Rio Blanco, St. Ann	TAP	March to June 2018
Concessionaire 1	4,570,000	CMU's main campus	TAP	
Supplier 3	1,080,000	Sunnyside, Clarendon	TAP	
Supplier 4	694,000	Spanish Town, St. Catherine	TAP	
Supplier 5	680,000	Spanish Town, St. Catherine	TAP	
Supplier 6	620,000	Spanish Town, St. Catherine	TAP	
Supplier 7	204,000	Montego Bay, St. James	TAP	
Total	46,714,870			

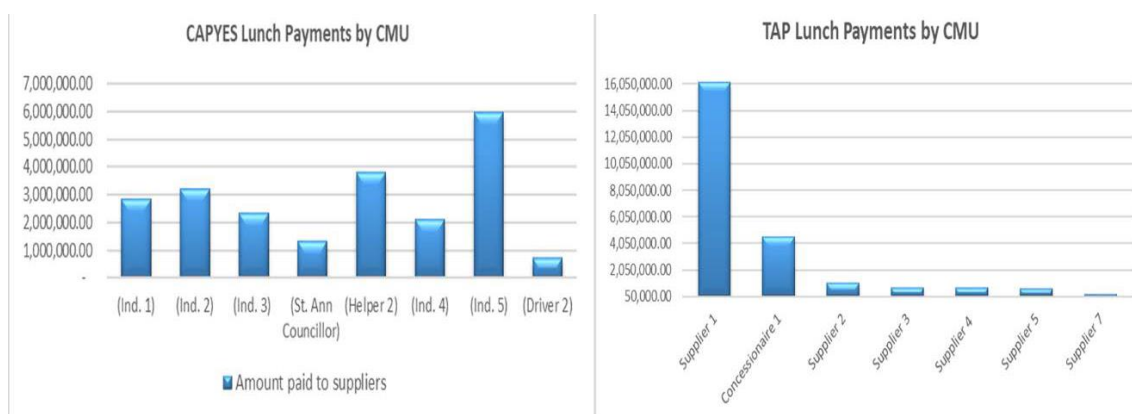
Source: AuGD's Analysis of Information provided by CMU

3.3 CMU only provided for our examination, lunch invoices totalling \$14.7 million of the \$16.2 million paid to TAP *Lunch Supplier 1* who was purported to have delivered 14,188 lunches island wide. No invoices were presented for *Supplier 6* and *Supplier 7*. CMU did not provide evidence that it carried out due diligence, such as adherence to sanitary standards and possessing valid food handlers permit, prior to the engagement of the suppliers to determine whether they were qualified to provide lunches. Notwithstanding, we noted that three lunch suppliers also received payments totalling \$11.5 million for

¹³ Initiated by the CMU in 2017; focused on engaging unemployed youth between the ages of 17 to 29, by equipping them with the requisite skills and attitudes that would make them more employable and more functional members of society.

building services. CMU's records did not indicate whether the number of lunches ordered, were in fact delivered.

Figure 2 CAPYES and TAP Payments for Lunches



Source: AuGD Analysis

Universal Service Fund –CMU Programmes

3.4 We reviewed two CMU programmes funded by the Universal Service Fund (USF) - Capacity Building Project - Phase II and the Technology Advancement Programme (TAP)¹⁴.

Capacity Building Project - Phase II

3.5 CMU entered into an agreement with USF for US\$2.4 million in 2017 for the Capacity Building Project - Phase II to establish training centres for simulation laboratory (Port Royal); National Maritime Port Operations Simulator training Centre at CMI's main campus; and Geography Information Systems (GIS) Centre. We were able to verify the existence of the laboratory and training centres and to satisfactorily trace the expenditures relating to the US\$2.4 million (**Table 6**). Notably, we saw where USF requested periodic reporting to monitor the implementation of the project and to track the expenditure under the project.

¹⁴ The TAP 1000 was a USF intervention administered by CMU in 2018

Technology Advancement Programme (TAP)

3.6 CMU entered into an agreement with USF to provide training under the TAP at a cost of \$70 million and \$3.8 million for rental. This programme had two components over a twelve-month period, comprising twelve (12) consecutive weeks of training and a nine (9) month internship. The MOU for the TAP between USF and CMU however, did not stipulate how the funds disbursed should be allocated. We noted that 892 students were registered relative to the 1,000 students indicated in the agreement with USF (**Table 6**).

3.7 We asked USF for the basis for the selection of CMU; however, USF was unable to indicate the basis on which CMU was selected to administer the TAP, but responded that:

“The USF through its partnership with CMI provided major assistance in helping the CMI to be upgraded to university status” Further that “consideration was the fact that CMU’s educational mandate places a strong emphasis on paramilitary training and based on the fact that TAP caters to unattached youths, USF considered this type of training would benefit the participants in improved discipline, employability and life skills”.

3.8 We found that USF was less effective in its oversight and monitoring of TAP when compared to the Phase II Capacity Building Programme (**Table 5**). USF disbursed \$73.8 million to CMU for the TAP programme including \$3.8 million for rental of buildings to undertake the programme (**Table 6**). We saw no evidence that USF required periodic reporting from CMU to satisfy itself that the TAP was being implemented according to plan. USF entered into lease agreements with 10 entities to use their sites for the delivery of the programmes. However, CMU only used and paid \$480,000 for one of the locations leased by USF. Instead CMU made payments in the amount of \$8.4 million for rental to other entities without lease agreements. Therefore, CMU paid \$5.1 million more for rental above the amount targeted. In addition, CMU engaged 86 instructors and paid \$21.2 million based on submission of invoices; however, the requisite contractual agreements were not provided. We could not ascertain how CMU assured itself that the instructors’ performance satisfied the requirements for payment.

Table 5 Universal Service Fund Agreements with CMU

Agreement	Phase II of Capacity Building and Expansion Project	Technology Advancement Programme (TAP)
USF Funding	USD: \$2.4M (three tranches \$1.296 M; \$757,027.9; \$347,143.4)	JMD \$70M
Conditions	Projects requiring funding must be approved by USF. Each distinct collaborative programme or activity requires a separate activity agreement; Both parties must keep each other informed of changes in protocols and procedures.	Make facilities at all CMU campuses/locations available to train participants; Provide requisite training materials at no additional cost to USF or participants; Aid in management & monitoring of the survey component of the TAP.
Date of Memorandum	February 23, 2017	March 25, 2018
Purpose	To establish training centres for: <ul style="list-style-type: none"> i. Simulation Laboratory at CMI (Port Royal); ii. National Maritime Port Operations Simulator training Centre at CMI's main campus; iii. Geography Information Systems (GIS) Centre. 	To collaborate with USF to develop 12 weeks of training for 1,000 students
Targeted areas	Simulation Labs: Logistics, freight forwarding, customs, engineering; GIS Centre: Regional maritime research and sensitization to assist zone fishing, use of geospatial technology.	Valid certification in fundamental principles and practices of ICT data collection.
Target Groups	Officials in immigration and other border protection officials at ASYCUDA World and related areas; East Kingston community; CMI students	1,000 unattached youths aged 18-35 years old; Parishes: St. Catherine, Hanover, Manchester, Kingston, St. James, St. Mary, St Thomas, St Elizabeth, Portland, Clarendon, St. Ann, Westmoreland, Trelawny.
Training Location		USF entered into agreements with various private entities and the UWI Mona (Open Campus locations island wide) to provide training facilities. Rental costs varied across the various facilities.
USF/CMI partnership	CMI to finance partnerships/collaborations for joint marketing, co-branding, promotional activities and other activities which will be subject to special agreements.	Invoices to be submitted to USF after successful training of 12 week cohorts.
Disbursement	J\$1.55M (as at January 19, 2018) Outstanding invoice to be paid \$845,881.5	Invoices to be submitted to USF after successful training of 12 week cohorts.
Related Payments	\$1.29M (FESTO Authorised & Certified Training Centre) \$265,326.97 (Digital Innovation & Advanced Manufacturing Centre)	\$63.6M for expenses
Status of Agreement	Completed	TAP 2019 in progress
Contract Performance	Terms & Conditions met: Requisite Laboratory and IT equipment acquired;	
Total Funds Disbursed	US\$2.4M	\$73,835,160 (TAP 1000)

Source: AuGD's Analysis of Information provided by CMU

Table 6 TAP Funding and Expenditure - CMU

DETAILS	Amount (\$M)	TOTAL (\$M)
Disbursement from USF	-	73.8
Expenditure	-	-
Lecturers	21.2	-
Lunches	24.1	-
Rental	8.9	-
Admin / Other	9.4	-
Total Expenditure	-	63.6
Unused Balance	-	10.2

Source: AuGD's Analysis of Information provided by CMU

Career Advancement Programme

3.9 The Career Advancement Programme (CAP) is an initiative of the Government of Jamaica through the Ministry of Education, Youth & Information to respond to the increasing number of learners who complete secondary level education without any formal certification and has not matriculated to post-secondary level education or the work force. The programme is focused on providing opportunities for all learners (ages 16-18) to identify, understand, choose, and prepare for careers and occupations of their choices. This is being facilitated under the Compulsory Education Policy (CEP), which is to ensure that all children ages 3-18 are attached to, and attending structured learning/education and training programmes appropriate to their age and development. In addition to the job-ready training, CAP also provides exposure to life-coping skills, personal development, civics, personal and national values, and the tenets of good citizenship.

3.10 We reviewed a sample of sixty-seven (67) files for individuals who received an aggregate sum of \$14.9 million. These payments were for salary for administrative staff, CAP and CAPYES lecturers. We found that 21 out of the 67 personnel files examined did not include copies of the qualifications for the lecturers in breach of the GoJ's staff orders and its own HR Policy. These payments amounted to approximately \$4.8 million. In cases where CMU did not obtain copies of qualifications for new recruits, CMU would have risked the employment of unqualified persons.

Section 2.9.1. of the HR Policy states: *"All applicants will be evaluated by the Office of Human Resources and Administration to determine the best person fit for the job based on the required competency standards for the job and make a short list of the most qualified candidates"*.

3.11 Further examination revealed that these employees were not subjected to an interview or any other assessment method. Our examination was limited as CMU did not provide us with lesson plans prepared by the 67 lecturers for us to analyse a portion of the work being carried out by the Lecturers. Additionally, despite repeated requests CMU did not provide us with files for seven individuals who were paid \$848,572 under the CAP/CAPYES programme.

Caribbean Maritime University (CMU) - Construction Works

3.12 The CMU was contracted by the Ministry of Education, Youth and Information (MoEYI) to retro-fit and construct buildings at nine schools for a total of \$218 million (**Table 7**). CMU did not submit construction plans to the municipal authority for approval, a breach of the Parish Councils Building Act¹⁵ and the contract requirements¹⁶. As a result, the Jamaica Fire Brigade would not have had an input in determining whether the proposed buildings met the required safety standards in accordance with best practices. We found no evidence of follow up by MoEYI to certify compliance prior to commencement of works. MoEYI informed that site visits were scheduled for October 10, 2019, to verify the completion of works to allow for the award of the certificates and for the remaining projects.

Table 7 Assessment of contracts to retro-fit and construct buildings at nine schools

Project	Parish	Contract Date	Deadline for Completion	Status as at October 2019	Contract Sum \$'000	MoEYI payments to CMU As at Oct 2019 \$'000	Expected Variation \$'000
Innswood High	St. Catherine	13-Dec-17	7-Mar-18	Practically completed	29,996	29,996	7,316
Alexandria College	St. Ann	28-Dec-17	29-Mar-18	Critical items of work outstanding	17,080	11,956	8,405
Bryce Primary	Manchester	4-Jan-18	5-Apr-18		29,987	28,000	5,868
Nain High	St. Elizabeth	27-Aug-18	19-Nov-18		25,125	22,007	22,050
New Forest High	Manchester	27-Aug-18	19-Nov-18		25,125	22,007	6,716
Aberdeen Primary	St. Elizabeth	27-Aug-18	19-Nov-18		25,125	22,007	8,705
Brown's Town High	St. Ann	4-Mar-19	12-Apr-19		18,603	13,751	0
Westwood High	Trelawny	11-Jan-19	13-May-19		21,069	15,864	0
Dias Infant Centre	Hanover	13-Dec-17	7-Mar-18	Discontinued	26,233	5,247	0
Total					\$218,343	\$170,835	\$59,060

Source: AuGD's Analysis of Information provided by CMU

3.13 In our Audit report entitled "Procurement Management Ministry of Education, Youth and Information (MoEYI) dated July 2019, we reported that MoEYI entered into design and build contracts with the Caribbean Maritime University (CMU) for construction works at nine schools and made payments totalling \$171 million. Further, that with proposed contract variations submitted by CMU to MoEYI, the contracted sum was expected to increase by \$59 million (27 per cent) to \$277 million, relative to the initial contracts sum of \$218 million. We also reported that CMU commenced variation works without the requisite approvals demonstrating MoEYI's ineffectiveness in monitoring the works for cost efficiencies.

¹⁵ Section 3 of the Act starts: no person shall erect or re-erect any building or remove, alter, or extend any building or any part thereof unless the plan of such building, alteration or extension has been approved by the Council.

¹⁶ General Scope of Works: Apply the MOEY&I Architectural standard to produce construction drawings for submission to the St. Catherine Municipal Corporation and for construction.

3.14 Following questions raised at a meeting of the Public Accounts Committee (PAC), the Ministry in a letter dated November 27, 2019, indicated that only two of the projects had actual variations, namely Alexander College (\$8.4 million) and Bryce (\$3.0 million) which combined totalled \$11.4 million; on the other hand, in a response to the Draft audit report, dated November 20, 2019, the Ministry had indicated:

“The \$59 million included quotations for proposed works which would be absorbed into the contingency amount built into the project and would not result in an increase in the contract sum”.

3.15 However, our review of the information provided in MoEYI’s November 27, 2019 response, revealed that for six schools ‘expected total payments’ were exactly the same as the original Contract Sum which appeared inconsistent with details in the response to the draft report which indicated variations, change in scope and/ or additional works. Further we contend that the availability of contingency funds, does not negate variation in works.

CMU Expansion Project (Block E)

3.16 On attaining university status and in anticipation of an increased student population, CMU took the decision to construct a new student block on its main campus at an estimated cost of \$701 million (**Figure 3**). The building when completed, would provide for 5 lecture theatres, 20 mini-halls/classrooms and 40 tutorial rooms. Construction was expected to commence in February 2018 and end in January 2020.

Figure 3 Block E Estimated Cost

Item	Description of Works	\$
1	Measured works	514,811,143
2	Electrical Installation and Fire Detection	103,590,000
3	External works (sewerage disposal)	19,000,000
4	Design services	620,000
6	Provisional sum	63,740,114
	TOTAL	701,761,257

Source: AuGD’s Analysis of Information provided by CMU

3.17 We were not provided with any evidence that the Council considered the feasibility of the project. Further, based on the cost of the project, we expected that the proposal would have been submitted to Cabinet for approval; however, we saw no evidence of such submission.

3.18 Based on its decision to utilise panels of poly-isocyanurate insulation (Sandwich Panels) and external galvanised steel, CMU sought approval from the Permanent Secretary (PS) on March 12, 2018, to utilize the direct contracting under emergency (DC-E) methodology¹⁷ indicating that the requisite material was not readily available nor a stocked commodity in Jamaica. CMU, indicated that the containers which were in line with their preferred building methods were being utilized to constrain “building cost” when compared to the traditional construction approach.

¹⁷ The Head of the Procuring Entity shall give approval for the issuing of emergency contracts up to a maximum value of J\$100 million.

“We have been using containerised solutions to constrain building costs and in our continued thrust to find cost effective and sustainable building solutions, we have sourced a building system that will allow us to construct the facility at a fraction of the cost using traditional building materials as well as reducing the construction time using containers.”

3.19 In its correspondence to the PS, CMU indicated that international suppliers were contacted to obtain quotations:

“we have not yet found suitable local suppliers and have a limited time within which to complete the construction. As in the past, we will utilize our limited means and our partnerships to seek assistance for the materials.”

3.20 By way of correspondence dated April 9, 2018, the Permanent Secretary approved the use of the direct contract methodology under emergency (DC-E)¹⁸.

“To procure materials for this project¹⁹ on the basis of the limited time to procure via other methodology in light of the urgent need for the building and value for money in comparison with the traditional construction method.”

3.21 The MoEYI’s Permanent Secretary cited the basis for the limited time to procure via other methodology in light of the urgent need for the building and value for money in comparison with the traditional construction method. However, we noted that CMU, in its correspondence to the Permanent Secretary, had indicated the need for the building to be completed before the end of summer in order to prepare for the 2018-19 school year. This was contrary to the project document approved by the President, which indicated a project completion time of January 2020.

3.22 Prior to the Permanent Secretary’s approval to utilise DC-E methodology, CMU had solicited bids for price quotations²⁰ for materials to construct a three (3) storey light structure building. Bidders were instructed to submit their bids electronically to the Director of Projects and Strategic Initiative, the Administrative Assistant Special Projects Unit and the Senior Manager for Special and Technical Projects with a submission deadline of March 6, 2018.

3.23 Information provided to us by CMU, suggested that five bidders including *Logistics Company 1*, were invited to bid for the supply of sandwich panels; however, CMU was unable to indicate the basis on which the companies were pre-selected. CMU breached the procurement guidelines which requires International Competitive Bidding (ICB) and or Local Competitive Bidding (LCB) for procurement of goods above \$60 million. We noted that a response deadline of March 6, 2018 was set; however, the selected company, *Bidder 1 - Logistic Company 1* was non-responsive, having submitted its bid on March 13, 2018. Of note, *Logistics Company 1* was incorporated in February 2018, the same month that CMU invited bids for the procurement opportunity²¹. Further, we noted that *Logistic Company 1* which submitted the lowest

¹⁸ By way of correspondence dated April 9, 2018 to the President of CMU

¹⁹ AuGD emphasis

²⁰ In pro-forma format for Building System/2019-01

²¹ Electronic Articles of Organisation for Florida Limited Liability Company- Florida State Department.

quote, had attached the quotes of the other bidders with its submissions. We found no evidence that the four bidders authorized *Logistic Company 1* to submit the bids on their behalf. In addition, although three of the suppliers submitted quotes with dates prior to the submission deadline, the only responsive bid came from *Bidder Company 2* (**Table 8**). This raises questions regarding the transparency and impartiality of the selection process.

Table 8 Summary of Bids

Supplier	Date bid received*	Quotation date	Bid amount (US\$)
Bidder 1 - Logistic Company 1	March 13, 2018	March 13, 2018	621,132
Bidder Company 2	March 13, 2018	March 1, 2018	740,827
Bidder Company 3	March 13, 2018	March 13, 2018	836,788
Bidder Company 4	March 13, 2018	March 3, 2018	798,940.96
Bidder Company 5	March 13, 2018	February 22, 2018	1,098,595

*Deadline for Bids – March 6, 2018

Source: AuGD's Analysis of Information provided by CMU

3.24 We requested the Bid Evaluation Report and Procurement Committee minutes to determine the basis on which the Procurement Committee Chairman recommended two bidders, however, the documentation was not provided. By way of memo dated April 11, 2018, the Procurement Committee Chairman made the following recommendation to the President:

"This serves as a recommendation from the Procurement Committee for [Logistic Company 1], [Bidder Company 2] to supply hardware items needed for the construction of the Lecture Theatre at main campus of the CMU".

3.25 We identified other issues of concerns in relation to the procurement activity. For example, CMU cited the advantage of reduced time and cost associated with the use of sandwich panels technology, but we saw no evidence of a feasibility analysis ([Appendix II](#)), including sourcing the main building materials locally vis a vis overseas – through a middleman.

Bidder 1- Logistics Company 1 engaged despite non-compliant bid

3.26 CMU paid a total US\$989,485 (J\$125.37 million) to *Bidder 1- Logistics Company 1* through a related company to procure sandwich panels and other materials. However, we were unable to determine the basis on which CMU made payments through this company as we only saw an instruction from an officer of CMU indicating the bank through which the funds should be transferred. In addition, we saw no evidence that the company was legally registered. On April 13, 2018, CMU paid the full cost of US\$621,132 for sandwich panels despite the absence of a formal contract, bank guarantee or irrevocable letter of credit to secure CMU's interest. Further, the amount exceeded the 50 per cent deposit provided under the Government's Procurement Guidelines. Further, the amount paid to *Logistic Company 1* was \$45.37 million

in excess of the quoted figure of \$80 million, for which the Permanent Secretary granted approval for use of DC-E methodology. We found no evidence that the contract was submitted to the National Contracts Commission and Cabinet for approval, in breach of the procurement guidelines. Thereafter, on June 6, 2018, CMU paid US\$368,303 to *Logistic Company 1* for high beams, steel and other assembly materials. Of note, CMU had not previously included high beams, steel, iron and other assembly parts, essential components required to enable the construction of the building (**Table 9**).

Table 9 Disaggregation of payments to Logistic Company 1

Details	Description	Director of Special Projects - Procurement Methodology & Reason	AuGD Assessment	CMU Procurement Committee Recommendation	CMU Recommended Amount	Payment Date	Payment (US\$)
Initial Quote	Sandwich panel and Angle irons and other material	DC-E – PS approval	Correct - Permanent Secretary's approval for DC-E obtained	April 11, 2018	621,132	April 13, 2018	621,132
Additional Quote - Variation	140 high beams, steel, iron and assembly materials	LTM – CMU invited five international suppliers to quote. <i>Logistics Company 1</i> product was chosen based on its high quality, price and durability	Incorrect - <i>Logistic Company 1</i> already directly contracted. <i>Logistics Company 1</i> already provided quotes for the other four 'bidders' on March 13, 2018 to only include the high beams.	May 15, 2018	212,520	June 6, 2018	368,303
	Steel Sheets, Angle irons, bolts, rivets and other material	Construction materials sourced internationally as the items are not readily available locally and cutting out the middle man, is more cost effective for the CMU	Incorrect - <i>Logistics Company 1</i> is the middle man, procuring the materials from China	June 6, 2018	155,783		
Total							989,435

Source: AuGD's compilation of information provided by CMU

3.27 CMU also paid another logistic company – *Logistic Company 2*, a total of \$45.28 million, of which \$12.39 million related to shipping cost for the sandwich panels, clearance and delivery, and paid \$33.0 million for demurrage charge. The cost for demurrage which would have been avoided had CMU utilised a shipper-own container arrangement, resulted from CMU's failure to return the container as scheduled. This resulted from CMU's inability to provide the Jamaica Customs Agency with the requisite documentation to facilitate the customs clearance process as the shipment was split from the factory but only one invoice was sent instead of corresponding invoices for the split. We noted that in addition to losing the benefit of the use of having its own containers, the absorption of demurrage charge of \$33 million may have been avoided with proper monitoring and oversight of the shipping process. According

to correspondence dated September 6, 2018, the Director of Special Projects indicated *“there has been significant charges to date due to a number of factors including the containers not being sent shipper owned as discussed and promised.”* However, we saw no evidence of this arrangement. The correspondence further states that *“In addition, please advise urgently on the delivery of the empty containers as they are needed for some projects.”*

Logistic Company 2 engaged without competitive bidding or formal contract

3.28 CMU engaged *Logistic Company 2* without any evidence of the competitive bidding process and formal contract detailing the terms and conditions of the logistics service. Further, there was no evidence of due diligence or cost-benefit analysis to justify why *Logistic Company 2* was engaged rather than undertaking the exercise itself, considering its expertise in logistics and expressed limited resources. CMU indicated that

“whilst it is a logistics training institution, it does not handle its own logistics services for the clearing of goods. It has utilised members of the maritime community, all of whom have relationships with the University as either past students or partners in many instances”.

3.29 CMU records showed that the entire US\$989,485 was paid to *Logistic Company 1* through its related company, to procure the sandwich panels. Review of correspondence indicated that a senior partner of *Logistic Company 1* shared was a business partner with the former Minister of MoEYI.

3.30 On June 7, 2018, *Logistic Company 1* lodged US\$40,000 into one of CMU’s US dollar bank accounts. Coincidentally, evidence in the public domain stating that a diaspora group had contributed \$5 million to CMU to produce its first web-based platform, dubbed 'Project Pakasa'²². Our checks showed the Managing Partner of the sponsoring organisation was also a director of *Logistic company 1* and the same person who made the lodgment of US\$40,000.

3.31 As at October 2019, the sandwich panels were stored outdoors at CMU’s main campus and only the substructure (foundation) had commenced. CMU records showed that the sandwich panels and other materials were received during the months of August 2018 to October 2018. CMU did not provide any evidence that a physical inspection of the panels was conducted to determine the quantity and quality of the received sandwich panels and related materials.

No evidence of building approval for Block E facility

3.32 CMU commenced payment for construction works in September 2017. Up to September 25, 2019, CMU paid \$98.5 million to various suppliers to provide material and labour to execute the works. CMU did not present the requisite building plans for the construction from KSAMC. Further, CMU did not present

²² News report dated July 27, 2018, captioned: *“Diaspora Group gives CMU \$5 million for Technology Lab”*:

the formal agreements or contracts which would govern the procurement of material, such as hardware supplies and pre-mix concrete.

Figure 4 Block E as at October 2019



3.33 Overall, CMU paid US\$989,485 for sandwich panels, high beams, iron and other assembly materials plus \$143.9 million in local costs inclusive of demurrage charges totalling \$33.0 million (**Table 10**).

Table 10 Total payments made by CMU on Block E project

Financial Year	Related Party Company	Service Provided	Description of related charges/fees	Amount (US\$)	Amount (\$M)
2018	Logistic Company 1	International Sourcing and procurement of materials -		989,485²³	-
2018	Logistic Company 2	Logistics Services related to shipping and clearance of materials	Demurrage fee	-	32.99
			Clearance and Delivery Transportation and shipping fee	-	12.39
		Construction material and labour cost		-	98.5
				989,485	143.88

Source: AuGD's compilation of information provided by CMU

Computer Equipment and Other Items - \$10.6 million

3.34 The sum include payments made for the supply of computer equipment, which comprised 15 laptops and two tablets among other computer equipment at a total of \$10.58 million (**Appendix III**). We found weaknesses in the, needs assessment, selection and approval process, recording and identification of asset.

3.35 The CMU Management and Council did not develop a procurement plan to guide purchase, inform the annual budget and allow for the streamlining of cash flow for each financial year. Pointedly, the IT requirements were neither determined by a IT Strategic Plan, despite the existence of a IT Department staffed by 15 persons. CMU and its IT Department did not identify the specifications for the computer equipment.

²³ equivalent in Jamaican dollars - \$125.37 million

3.36 Despite having access to the enterprise version of a software suite, CMU purchased three individual licenses from a third party (*Logistic Company 2*) at cost of \$256,900 per annum, while our checks revealed that the software provider sold the licenses at an approximate cost of US\$60 each (or total of \$25,000), reflecting a difference of \$231,900. It is our view that CMU did not obtain the most economical value as a result of the purchase through a logistics company instead of the software provider.

3.37 We were unable to determine the expertise and capability of the logistics contractor to deliver the computer. Also, there was no evidence that warranty conditions were provided as there was no formal contract in place to govern the terms and conditions of the purchase. Review of the NCC listing revealed that the company was not registered with NCC to supply computers. Also, CMU could not indicate how the company was selected, in a context where the company was not selected on a competitive basis. CMU exceeded the MoFPS spending limit for computers by a cumulative \$1,107,902, up to \$146,744 in a single instance and did not advertise the procurement opportunity for 9 laptops above the US\$3,000 threshold, in breach of the government procurement guidelines; thereby depriving equal opportunity to other suppliers to participate in the bid submission process²⁴ (**Table 11**). CMU presented no justification for purchasing laptops at a cost above US\$3,000 and the acquisitions were approved by the President, without any input from the Procurement Committee. The MoFPS Circular states:

“No approval shall be given for the purchase of a single laptop exceeding a sum equivalent to US\$3,000 without justification provided and accepted by the entity’s Procurement Committee”²⁵.

Table 11 Laptops purchased in excess of the MoFPS Circular

Date	Fixed Asset Description	Amount (\$)	Circular Limit (in JA\$ equivalent) ²⁶	In excess of circular
2/1/2018	Dell XPS 15	321,899	393,000	-
3/6/2018	Lenovo ThinkPad and accessories	432,853	393,000	(39,853)
3/6/2018	Dell XPS 15	498,764	393,000	(105,764)
	Dell XPS 15	498,764	393,000	(105,764)
	Dell XPS 15	498,764	393,000	(105,764)
5/4/2018	15 inch MacBook Pro	556,781	393,000	(163,781)
	Dell 15.6 XPS Laptop	360,012	393,000	-
9/13/18	MacBook Pro 13" & accessories	539,744	393,000	(146,744)
9/20/2018	MacBook Pro 13" & accessories	539,744	393,000	(146,744)
	MacBook Pro 13" & accessories	539,744	393,000	(146,744)
	MacBook Pro 13" & accessories	539,744	393,000	(146,744)
10/16/2018	4 - HP laptops E2-9000E 15.6"	130,099	393,000	-
Total		\$5,456,912		(1,107,902)

Source: AuGD’s compilation of information provided by CMU

²⁴ MoFPS Circular No 9, titled “Use of Government Laptop Computer” Ref# 107/022 dated September 28, 2009, this Circular applies to Statutory bodies, given that it is addressed to Board Chairmen, all statutory bodies

²⁵ Section 1 - Purchase of Laptop, subsection 1.5








²⁶ (3,000 USD times J\$131) as arage Feb to Oct 2018

CMU unable to present computers for verification

3.38 We noted that the logistics company only presented a sales receipt that listed the item, without any identifying marks, such as serial number or the original invoices from the manufacturer or approved supplier. Further, review of CMU's inventory records showed no evidence that the fixed assets were delivered, included in inventories and assigned to CMU staff. As a result, we were unable to identify four laptops valued at \$2.16 million. Despite the lack of proper supporting documents, the purchases were certified and approved by CMU's management, including attesting that the goods were received in good condition. Given that the sales receipt had no serial number we expect the person who received the items to record the serial number on the sales receipt.

Part Four

Accounts Management

 At A Glance			
Systems and Practices	Criteria	Key Findings	Assessment Against Criteria
JMITF accounts	Section 7 of the JMITF's Memorandum of Association: true accounts to be kept for money received and expended by the Trust. The balance sheet to be ascertained by one or more properly qualified auditors.	JMITF did not have current financial statements or records. The last audited financial statements for the JMITF was for the year ending December 31, 2008.	
Documentation and Disclosures	CMU Act 13 (1)- Keep proper accounting records in relation to functions in accordance with established accounting principles and the FAA Act.	No documentary support for J\$332.9 million and US\$293, 445. Transactions totalling \$268 million not disclosed or reflected in the general ledger.	
Opening of bank accounts	FAA Act Instructions (2017)- Section 5.5 and MoFPS circular (September 2015): Approval of Financial Secretary is required to open and operate official bank accounts.	Five bank accounts unapproved -including two canteen accounts and the Absorptive Capacity bank account. Transactions were undertaken via RTGS by employees not signatories to the accounts.	
 MET the criteria  Met the Criteria, but improvements needed  Did not meet the criteria			

Expenditure under the Jamaica Maritime Institute Trust Fund

4.1 The Jamaica Maritime Institute Trust Fund (JMITF) was set up to provide support for the Jamaica Maritime Institute (JMI)²⁷. The JMI was renamed Caribbean Maritime Institute (CMI) in 2001 and subsequently converted to Caribbean Maritime University in September 2017. The Jamaica Maritime Institute Trust Fund was established in 1997. The objectives as set out in the trust deed were as follows:

- To assist the Jamaica – JMI Appeal Committee and others in raising funds for the development of the Jamaica Maritime Institute;
- To receive donations and grants for the development of the Jamaica Maritime Institute;
- To make donations, loans and grants to the Jamaica Maritime Institute for its development-including faculty development and the strengthening of research capability- and for specific projects agreed by the Jamaica –JMI Appeal Committee;
- To award scholarships, exhibitions, bursaries, or maintenance allowances tenable at the Jamaica Maritime Institute;

²⁷ Previously, the Jamaica Maritime Training Institute which was formed in 1980

- (e) To invest the monies of the Fund not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) as may for the time being be exposed or required by law and subject also as hereinafter provided.

4.2 Further, the Trust Deed specified that the Trust Fund should establish a Scholarship Fund to be called the Jamaica Maritime Scholarship Fund, to hold the investments upon the trust with and subject to the powers and provisions contained in the deed. The scholarship fund shall be used as follows:

- (a) 80 per cent of the proceeds of the investment shall be available each year to fund scholarships;
- (b) The balance of 20 per cent shall be retained in perpetuity and shall not be expended unless, in the opinion of the Directors of the trust fund, it is deemed necessary and a special resolution is passed at an extraordinary general meeting of the Trust Fund allowing for such expenditure;
- (c) Source of funds as set out in the investment schedule should be as follows:
 - i. Proceeds of Noel Hylton scholarships
 - ii. Duke Fuller Scholarships
 - iii. Powda Tail
 - iv. Any other contributions and donations

4.3 Despite the fact that the Jamaica Maritime Institute had transitioned to a university, CMU continued to operate and maintain JMITF bank accounts. Further there was no evidence that the JMITF trustees took into consideration the evolving nature of CMI to determine whether the terms and conditions of JMITF required review, to ensure continued applicability to CMU. In all instances, transfers detailed below from the trust fund account were signed off by the President of CMU and a trustee who was a CMU board member and Chairman of the finance sub-committee of CMU council. We saw no evidence that the JMITF board had taken the necessary legal steps to transfer the assets of JMITF to the CMU Foundation and wind up the JMITF, as the Committee had not to have met from the period April 2015 to date. CMU's legal officer indicated:

"the intention was to transition the JMITF to the CMU foundation and proceed with the suspension and dissolution." Further CMU stated that the action would have required the existing board of JMITF to make relevant resolution regarding board appointment for the foundation, transfer of assets, etc. at a formal sitting of the board which had not taken place".

4.4 Even though, there were no board meetings being held which would enable us to ascertain the decisions taken at the board level, we saw where CMU transferred significant amounts and made payments relating to construction projects, inclusive of the acquisition of solar panels and related items funded exclusively by CMU. In fact, JMITF undertook no fund raising activities nor received any donations over the last six years. Further, there is no evidence that JMITF made disbursements to needy students or CMU in furtherance of its mandate as outlined in the Trust Deed.

4.5 We identified four bank accounts held in the name of the Trust Fund, the aggregate balance for these accounts amounted to \$1.6 million as at March 31, 2019 (**Table 12**). However, a total of \$189.3 million was deposited to the main JMITF account over the period 2016-17 to 2018-19. We were able to identify a deposit of \$145 million to the Trust Fund which represented a portion of the funds disbursed by the Ministry of Education to CMU for the payment of salaries in March 2018, based on its budget request. However, in reference to the funding sources specified by the Trust Deed, it is unclear why CMU would have lodged the funds to the Trust Fund account.

Table 12 Listing of JMITF Bank Accounts

Account	Balance (\$)
Trust Fund Current Account	117,050.53
Trust Fund	296,728.46
Investment - Debenture	1,193,633.22
Trust Fund USD	Not provided
Total	1,607,412.21

Source: AuGD's compilation of JMITF records

4.6 This represents a breakdown in transparency since the funds were transferred from CMU's main bank account to a non-CMU bank account. Consequently, the payments made from the transferred funds were not captured in CMU's accounting records and JMITF did not have current financial statements or records. We saw withdrawals which amounted to \$188.3 million from the said bank account over the period 2016-17 to 2018-19 (**Appendix IV**).

No supporting documenting for JMITF transactions

4.7 CMU did not provide the relevant payment vouchers and invoices to support for payments totalling \$41.2 million made from the JMITF Account (**Appendix V**). Consequently, we were unable to determine the nature and legitimacy of the payments as well as the identification of the officers responsible for certification and authorization. We noted however, that the signatories on the cheque were the Secretary General and Treasurer of JMITF, who were also the President and Finance Committee Chairman of the University. At the time of our audit, the Trust was dormant and last met in 2015, as result we were unable to determine the appropriateness of the expenditure incurred between December 2016 and October 2018. CMU's inability to present the payment vouchers and related supporting documents demonstrated a breakdown of internal controls over the recording process that denied proper audit trail and verification that the expenditure related to a proper charge to JMITF.

4.8 Included in the \$41.2 million were five cheques drawn on the account that were encashed in the sequence 509657 to 509661 amounting to \$4.1 million on May 18, 2018. We noted that three of the recipients were related parties, who received approximately \$2.4 million in cash from the same branch on the same date. Further, we noted that \$17.6 million of the unsupported payments were made to one company (*Payee 7*) during the period April to October 2018. *Payee 7* received another \$7.3 million from

CMU through CMU's canteen bank account which was opened in May 2018, for which there was also no support, bringing the total unsupported payments from CMU to the *Payee 7* for \$24.9 million.

4.9 It must be noted that Section 7 of the JMITF's Memorandum of Association requires that true accounts be kept of sums of money received and expended by the Trust, which should be available for inspection by the members at least once every year. The accounts should be examined and the correctness of the balance sheet be ascertained by one or more properly qualified auditors. The last audited financial statements presented to us for the JMITF was for the year ending December 31, 2008. In this regard the Memorandum of Association was again breached, as there was no demonstrable system of financial accountability for the operations of the JMITF. From our observation, the banking activities of the JMITF were jointly executed by the CMU President and the Chairman of the Council's Finance Committee, with the support of the Administration Manager who prepared the payment vouchers and the Director of Special Projects who acknowledged receipt of the items purchased, on occasions.

Acquisitions of Solar Panels

4.10 CMU did not provide us with evidence that the requisite due diligence was carried out on the quality of the items, track record of the suppliers, nor did CMU provide a justification for utilizing the direct contracting procurement methodology. This approach of directly contracting several individuals would have prevented CMU from achieving the best value for its money, as would have been achieved by assessing the quantities of items required at the varying specifications and awarding the contract to one supplier under a competitive bidding process.

4.11 We identified 11 payments totalling \$14.8 million related to the purchase of 100 Solar Panels, 20 Inverters, 7 solar lights and 30 LED Street Lights, over the eight-month period, August 2017 to April 2018. We saw no evidence that the items were procured on a competitive basis and that CMU assessed the track record of the suppliers. Further, CMU did not provide us with evidence of receipt of the items. One of the two individuals received over 50 per cent of the \$7.8 million paid for LED Street lights and SMA inverters. A simple re-computation of one of the two invoices, which were paid by CMU, revealed that it was overstated by \$198,000. Consequently, we are uncertain as to whether CMU would not have received value for money from the transaction. We also noted that an individual who received \$1.1 million in August 2017 for solar panels also received another \$6.5 million during the 2016-17 to 2018-19 period for name plated badges, insignias and epaulettes; his invoices had his business name but had a notation requesting all payments in his birth name.

4.12 Based on the misuse of the bank accounts by CMU and the inactivity of the JMITF, the JMITF should be dissolved and the accounts closed as the entity it was created to assist no longer exists.

CMU Bank Accounts

Unapproved Bank Accounts

4.13 Our review of the accounting and other records revealed that five bank accounts not disclosed by CMU, were not reflected in the general ledger (**Table 15**). We also identified that CMU did not seek approval to open these bank accounts as required by the MoFPS in its circular dated September 26, 2016.

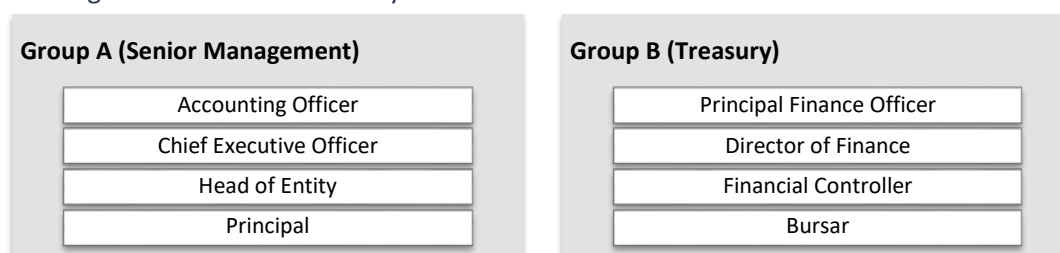
Table 13 Analysis of Source and Use of Funds (2018-19)

Account	Source of funding	\$	Major use of funds
CAP	MoEYI /CMU Main A/C & Tuition A/C	14,826,092.97	salary for instructors and lunch
CAPYES	HEART, CMU Main A/C & Tuition A/C	58,113,236.63	salary for instructors and lunch
Absorptive Capacity	CMU Main Account	1,065,000.00	Operational expenses
Canteen Account 1	CMU Main A/C & Tuition A/C	119,336,189.06	Tuckshop Purchases and operational expenses
Canteen Account 2	Tuition A/C	129,477,289.13	Payments not related to core business
Grand Total		322,817,807.79	

Source: AuGD's Analysis of CMU bank accounts

4.14 Section 5.5 of the FAA Act Instructions 2017, also stipulates that Heads of Departments, Chairmen of Boards and Chief Executive Officers may open and operate official bank accounts with the approval of the Financial Secretary (**Figure 5**). The instructions also require that signatories must not include temporary officers, Board Chairmen, Board Members or any officer who by virtue of the nature of his/her function(s) compromises the system of internal control. We observed that the Chairman of the Finance Committee was a signatory to all of the University's accounts in contravention of the Financial Instructions.

Figure 5 GoJ Signatories as authorized by MOFPS



Source: MoFPS circular dated September 26, 2016

4.15 Based on our review of CMU's canteen bank accounts and the other accounts, we noted that CMU did not establish groups for signatories and authorization limits with the banks when opening the accounts. Authorization is a control activity designed to ensure events or transactions are initiated and executed by those designated by management. Management should ensure that the conditions and terms of authorizations are clearly documented and communicated and that significant transactions are approved and executed only by persons acting within the scope of their authority.

4.16 We asked CMU to provide us with the bank statements for the accounts we identified, however, these were not provided. Thus, on CMU's authority, we requested statements spanning three years 2016-17 to 2018-19 directly from the banks.

Unsupported Bank withdrawals totalling J\$9.6 million and US\$223,112

4.17 We were unable to determine the purpose of bank transfers totalling J\$9.6 million and US\$223,112 withdrawn by letters of authorization under the signature of the President, Deputy President and Vice President - Office of University Advancement and Development (**Table 13**). We expected CMU to bring these transactions into the accounting records by way of journal vouchers, supported by invoices, bills or other documentation, in order to allow for proper audit trail and to verify whether the withdrawal represented a proper charge to CMU. This would have enabled authentication of the purpose, nature and basis for the cash requested. Proper fiduciary responsibility requires that there exists proper accounting and financial mechanisms to ensure probity of funds under the control of CMU, led by the President and supported by the Treasurer. However, CMU was unable to provide the requested documentation to verify that all payments, represented a proper charge to the university, and that payments were duly certified and authorised. Despite our request, CMU is yet to present the related documents to allow for audit scrutiny.

Table 14 Schedule of Cash Withdrawals from CMU Bank Accounts

DATE	Amount (JMD)	Amount (USD)	Transaction details
24/May	950,250.00	-	CASH WITHDRAWAL
25/May	892,500.00	-	CASH WITHDRAWAL
06/Jun	1,096,500.00	-	REQUEST
13/Sep	2,053,500.00	-	LETTER DATED 13-09-2018
12/Oct	927,500.00	-	LETTER DATED 12-10-2018
16/Oct	861,250.00	-	CASH WITHDRAWAL
22/Oct	1,305,000.00	-	CASH WITHDRAWAL
07/Dec	465,000.00	-	AS PER LETTER DATED 04-12-2018
07/Dec	465,000.00	-	AS PER LETTER DATED 04-12-2018
20/Dec	573,300.00	-	GBP REQUEST
July 20, 2018	-	214,200	-
October 12, 2018	-	8,912	-
Total	9,589,800.00	223,112	-

Source: AuGD's compilation of from information from CMU's Bank Account

4.18 Further, CMU withdrew US\$70,333, classified as per diem and stipend for 10 individuals not employed to CMU. Whereas we saw memoranda giving instructions for payment, there were no bills provided to substantiate the authenticity of these payments (**Table 14**). Included in these withdrawals were two amounts totalling US\$6,389 from the USD account on November 12, 2018, of which US\$3,535 related to per diem for the co-owner of *Logistic Company 1* who was identified as a PhD student of CMU. The trip occurred during November 14 – 23, 2018 to Abuja, Nigeria, to discuss partnership between Nigeria and Jamaica in order to foster collaboration between Nigerian Universities and the CMU. However, approval

for official travel for the co-owner of *Logistic Company 1* was not sought from the Cabinet Secretary despite the use of CMU's financial resources; whereas approval for the other members was granted on November 1, 2018 by the Cabinet Secretary, through MoEYI. We saw no invoices, bills or receipts from the payees; therefore, we were unable to validate the authenticity of the payments.

Table 15 Schedule of Cash Withdrawals from the Canteen Accounts

Date	Account	Amount US(\$)	Description
13-Sep-18	Canteen Account 2	15,000.00	To trace and develop linkages to strengthen and understanding Trade Facilitation between CMU and Cluster Gat Caribe, 3 day investigation to be facilitated by to three individuals not employed to CMU inclusive of the owner of <i>Logistics Company 1</i> , who will be foregoing fee, amount is to cover out of pocket expense.
9-Apr-18	Canteen Account 1	9,765.00	Per diem paid to three captains and one chief not employed to CMU.
4-Jun-18	Canteen Account 2	8,500.00	Per diem provided to three individuals not employed to CMU in relation to hosting of the PMAC Conference.
24-May-18	Canteen Account 2	7,500.00	Per diem to individual not employed to CMU in relation to partnership with a ship repair company to establish a dual apprenticeship programme.
12-Oct-18	Canteen Account 2	7,000.00	Pre Cursor chemical training - Stipend to individual not employed to CMU in relation to partnership with a centre to develop and infuse a course into Custom Process , Freight Forwarding and Immigration degree.
24-May-18	Canteen Account 2	7,000.00	Amount made available for a Captain not employed to CMU for preparing ISO systems to transition to the new standard.
18-Oct-18	Canteen Account 2	6,500.00	Stipend paid to individual not employed to CMU to cover 200 hours in relation to the FACT centre was on the verge of opening, provide support for trainers in completing the self-paced learning hours to receive FESTO certification.
18-Oct-18	Canteen Account 1	5,000.00	Pre Cursor chemical training - Stipend to individual not employed to CMU in relation to partnership with a centre to develop and infuse a course into Custom Process , Freight Forwarding and Immigration degree.
12- Nov-18	US\$ Account	3,535.00	Per diem for overseas Travel to Abuja, Nigeria for two employees and co-owner of <i>Logistics Company 1</i> .
12-Nov-18	US\$ Account	533.00	Overnight accommodation for co-owner of <i>Logistics Company 1</i> .
	Total	70,333.00	

Source: AuGD's compilation of information from CMU's records

Direct Deposits of \$268 million made to off the books accounts

4.19 From our review of the bank statements we identified a total of \$612.7 million that was deposited to the accounts during the period 2016-17 to 2018-19. Of the \$612.7 million, only \$344.7 million of the passed through CMU's main bank account, while the balance of \$268 million was deposited directly to off balance sheet accounts (**Tables 16 & 17**). We noted that the deposits were related to funds received from the portfolio Ministry, HEART Trust NTA, tuition fees, canteen sales and customer deposits. CMU did not account for these bank accounts in the general ledger; consequently, the related transactions would not have been recorded in the general ledger. Whereas CMU had general ledger accounts for the CAP and

CAPYES bank accounts (shown below), no transactions were recorded in the general ledger during the three-year period spanning 2016-17 to 2018-19. CMU did not have general ledger accounts for Canteen 1, Canteen 2 and the Absorptive Capacity bank accounts.

Table 16 Accounts not reflected in CMU's general ledger

Credits	2016/2017 (\$)	2017/2018 (\$)	2018/2019 (\$)	Total (\$)
Absorptive Capacity	-	899,790.30	1,065,000.00	1,964,790.30
CAP	32,612,401.84	60,258,830.47	14,826,092.97	107,697,325.28
CAPYES	-	73,762,410.78	58,113,236.63	131,875,647.41
Canteen 1	45,838,757.03	76,519,947.51	119,336,189.06	241,694,893.60
Canteen 2	-	-	129,477,289.13	129,477,289.13
Total	-	-	322,817,807.79	612,709,945.72

Source: AuGD's compilation of information from CMU's records

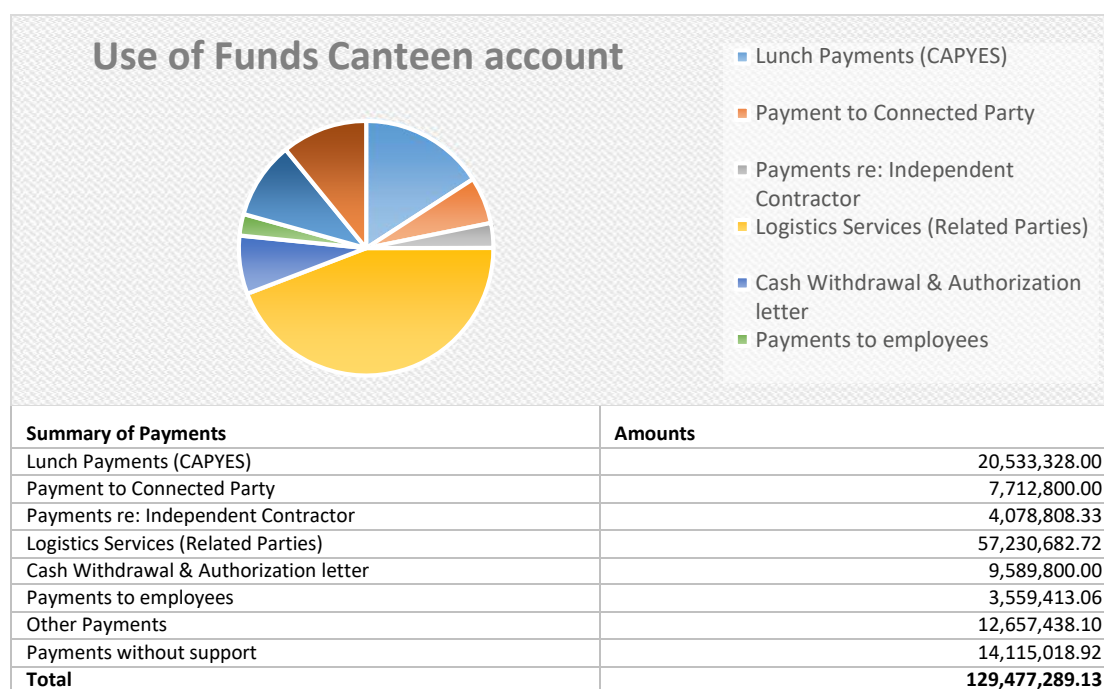
Table 17 Off the Books accounts – Deposits not reflected in the general ledger

Date Opened	Account	2018/2019 (\$)	2017/2018 (\$)	2016/2017 (\$)	Grand Total (\$)
	CAP	-	5,860,786	392,000	6,252,786
	CAPYES	26,300,494	50,062,831	-	76,363,325
	Canteen 1	75,200,521	63,550,097	45,838,757	184,589,375
May 2018	Canteen 2	773,344.6	-	-	773,344.6
	Grand Total	102,274,359.6	119,473,714	46,230,757	267,978,830.6

Source: AuGD's analysis of CMU accounts

Canteen accounts used for non-canteen related transactions

4.20 CMU utilized the two canteen bank accounts to fund non-canteen related purchases totalling \$129.5 million (**Figure 6**). The procurement guidelines were breached on all occasions. These transactions included to payments to seven connected parties to the then Minister of Education, as well as, to an independent Contractor. We also noted that the transactions on the account were exclusively executed through Real Time Gross Settlement (RTGS) by employees of the accounts department, who were not signatories to the bank account.

Figure 6 Use of Funds - Canteen Account 2

Source: AuGD's Analysis of Canteen Account 2

4.21 Our review of the RTGS transactions on these recently opened canteen accounts, revealed that of the \$129.5 million, transactions totalling \$116.3 million for the period May 2018 to April 2019 were approved by employees of the Treasury. These authorizing officers though not signatories to the account were able to execute these transactions on the RTGS online platform based on CMU's agreement with the bank (**Table 18**).

Table 18 RTGS Approval by Treasury Officers

Officer	Amount (\$)
University Treasurer	69,156,292.97
Project Accountant	25,460.17
Senior Manager, Billing and Collections	17,008,380.14
Manager, Accounting & Financial Reporting	30,111,379.25
Total	116,301,512.53

Source: AuGD's Compilation of data from CMU's records

CMU Response dated August 22, 2019:

"A timeline for implementation of the policy on signature authorization limits will be agreed at the next sitting of the Council meeting. This policy will clearly state the conditions and terms of authorizations and ensure that significant transactions are approved and executed only by persons acting within the scope of their authority".

4.22 Further, review of the RTGS transactions revealed that the description of the payments online differed from that on the supporting documentation. For example, we saw where CMU made 87 payments totalling \$30.1 million with the description being salary for varying months. However, the actual payment vouchers and supporting documentation reflected that the payments were related to consultancy services, courier services, close protection services and lunches provided under the CAPYES programme.

4.23 CMU made payments totalling \$600,000 for the period March 2018 to February 2019 in monthly increments of \$50,000 to an individual for social media monitoring; despite an officer being employed in the capacity of Digital Marketing Officer whose job function includes social media monitoring. Review of the RTGS payments record for May and June 2018 described the payments as ‘social media monitoring’ while the remaining months were described as salary. The individual was not engaged by the Human Resource Department and there is no contract or engagement deliverables in place. We could not determine the reporting arrangements for this individual and we were also unable to determine the required outputs and whether value for money was received.

4.24 An advisor to the former Minister of MoEYI was paid \$100,000 by CMU in June 2018 for professional services rendered, however no supporting documents were attached that would have provided insight regarding the nature of the services. CMU bank’s RTGS online print-out indicated in the remarks column that the payment related to ‘salary payment for May’ and the transfer was initiated by the Cost Management Accountant and approved by the Treasurer.

Payments from canteen account to Staff members

4.25 During the period May 2018 to November 2018, CMU also paid \$3.6 million to five staff members from the canteen account opened in May 2018. The amount paid was outside of the norm of what was paid to the other staff members (**Table 19**). Some of these payments included benefits that were isolated and CMU did not receive any approval from the Ministry of Finance for the payment of these benefits. Of note, \$2.3 million was paid to the President as reimbursement, of which \$2 million was supported by expense statements without official invoices/bills.

Table 19 Payments from canteen account to Staff members

Employee	Amount (\$)	Details
Customer Service Representative	\$475,000	Incentive Payments and motor vehicle repairs
President	\$2,345,684.06	Reimbursements for expenses related to meetings and other miscellaneous items
Director of Special Projects	593,729.00	Travel Expenses (January to August 2018)
Cost Management Accountant	65,000.00	ACCA Classes
Manager, Accounting & Financial Reporting	45,000.00	ACCA Classes and Books
Temporary Staff member	35,000.00	Salary for August 2018
Total	\$3,559,413.06	

Source: AuGD’s Compilation of data from CMU’s records

Payments from canteen account without supporting documentation

4.26 Despite repeated requests, CMU failed to provide us with supporting documentation to substantiate \$14.1 million paid from *Canteen Account 2* during the period May 2018 to January 2019. Of this, \$7.3 million or in excess of 50 per cent was paid to *Payee 7*, who also received \$17.6 million from CMU during April to October 2018, through its Trust Fund bank account, for which there was also no support.

4.27 In CMU's response dated August 22, 2019, CMU indicated that the use of the *Canteen Account 2* changed overtime based on the availability of cash flows, which appears to be not in keeping with the initial intended purposes for the account. However, this response was in direct conflict with the fact that the account was exclusively funded by transfers from other CMU bank accounts and not canteen sales; CMU made 52 transfers amounting \$129.5 million between May 2018 to January 2019 from its main bank accounts to *Canteen Account 2*.











Payments to Logistics Company 3 - no supporting documentation

4.28 CMU also paid \$14.73 million during the period December 2017 to September 2018 to a third logistics company, also co-owned by one of the owners of *Logistics Company 2*. These payments were made from the main chequing account, the canteen accounts and the Trust Fund bank account, for which only the main account was included in CMU's general ledger. The payments were for logistics services, events management services, servicing of vehicles and domain payments. The payments for events management services included two payments of \$924,075.89 each, which totalled \$1.85 million on May 9, 2018, one of which appeared to be a duplicate payment. We received a supporting invoice dated May 4, 2018, certified by the Director of Special Projects for one payment, however, no support was provided for the other payment. There was no contract in place with this firm, and CMU contracted the firm directly without pursuing a competitive bidding process or the limited tender procurement methodology which further compromised CMU's ability to receive value for money.

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Part Five

HR Practices and Resource Management

 At A Glance			
Systems and Practices	Criteria	Key Findings	Assessment Against Criteria
Requirement for interviews	HR Policy (2.12.2) The Council shall interview all candidates being recruited for executive leadership positions.	Two Co-Directors interview solely by the President; Project Accountant only interviewed by the Finance Committee Chairman.	
"	HR Policy (2.13.1) No candidate shall be employed to the University without first being interviewed by the designated interview panel.	Ten (10) officers were interviewed without the full complement of the panel of three members.	
Required evaluations for employment	HR Policy (2.9.1) All applicants will be evaluated by the Office of Human Resources and Administration;	Five employees not interviewed or objective assessment was made to determine their suitability for the post.	
Requirement for appointment/employment	CMU Act 6 (1) Subsection 2 -The Council shall appoint and employ or may authorise the appointment of all officers, academic, administrative, technical and other employees	President engaged two Co-directors of <i>Foundation 2</i> , Project Accountant.	
Required approval for remuneration	CMU Act 6 (2) No remuneration in excess of the prescribed rate shall be assigned to any post without approval of the Minister of the Public Service in consultation with the portfolio Minister	No approval received for salaries of 466 employees for the 2018-19 period. Travelling allowance approved in July 2010 for only 25 officers. The President also approved the engagement of four officers with combined emoluments of \$12.2 million per annum.	
Safe guard of assets and maintenance of accounting records	CMU Act 13 (1)- Keep proper accounting records in relation to functions and prepare annual statements of accounts in accordance with established accounting principles and the FAA Act.	President was reimbursed US\$10,440 for expenses in excess of the expenditure of US\$3,791.82 approved by the Cabinet Secretary. President reimbursed for fixed assets costing US\$12,697.41; no record of the items being included in CMU's fixed assets register. CMU improperly transferred \$145 million from one of CMU's bank accounts to the JMITF main bank account on March 29, 2018.	
 MET the criteria  Met the Criteria, but improvements needed  Did not meet the criteria			

Engagement of Consultants, Advisors and key Employees

5.1 We expected CMU's management to obtain prior approval by the Council for the engagement of Consultants, Advisors and key employees aligned to CMU's strategic objectives. Further, that management would positively influence the internal control mechanisms, values and ethical standards of the University.

Engagement of Consultant

5.2 The President approved the engagement of an overseas-based Consultant for US\$155,000 for 24 months beginning January 1, 2018 (**Table 20**). The engagement of the consultant was in breach of the GOJ Procurement Guidelines, which requires the use of Local Competitive Bidding (LCB) methodology for consulting services between \$8 million and \$60 million. In the absence of a competitive process, the engagement of the consultant lacked transparency and did not provide CMU with the opportunity to ensure that the most suitable individual was selected at the best available price.

Table 20 Consultant (72 per cent of contract sum paid without receipt of value for money)

Contract Details	
Purpose	<ul style="list-style-type: none"> To explore and identify international donors in areas that are consistent with the strategic direction of CMU. Identifying, developing, and mapping funding opportunities from potential sources internationally and recommend strategies for partnerships. Developing a marketing strategy to deliver support from the diaspora for activities to support the CMU programmes. To partner with foundations in the diaspora to provide support and funding for students with financial and social challenges.
Value	US\$ 155,000 (JMD \$19.4 million) ²⁵
Reports to:	President
Contract Date	January 1, 2018
Background Check	No evidence presented
Issues	
<ul style="list-style-type: none"> CMU pay \$3.8 million of Consultant fees to third party. No evidence of sponsorship received by CMU from Consultant's efforts. No evidence that travelling expenses under CMU contract was approved in advance. Junior officer in Marketing Department who has no knowledge of Consultant's deliverables and actual performance indicate that Senior Executive instructed him to certify Consultant's invoices. Wire transfer instruction signed by President on April 3, 2018 for the payment of \$2.75 million pre-dated the payment voucher by over 3 weeks, which was dated April 26, 2018. The Contract deliverables not quantified. 	

Source: AuGD's Compilation of information from CMU's records

5.3 We expected CMU's management to identify the need for the consultant, conduct cost benefit analyses to inform the decision, establish sponsorship targets and obtain the Council's ratification. We found no evidence that the input of the Council was sought to determine the need for the consultant. Further, the engagement of the consultant was not factored in the corporate planning process as a review of the budget for the period showed no projection for donor funding. We were also uncertain of the benefit to be derived, given that no sponsorship target was specified in the contract. The same consultant was

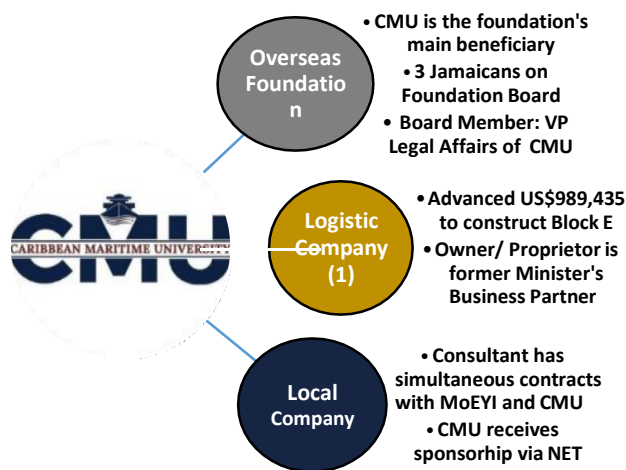
engaged by the MoEYI for National Education Trust (NET) to perform services of a similar nature at a lower value of \$3.5 million per annum, in addition to an annual 3 per cent incentive on actual cash mobilised. For example, two of the deliverables for the NET contract specified that the consultant should provide cash and donations in kind amounting to US\$250,000 annually, as well as provide an updated listing of all donor interest and contribution records every three months ([Appendix VI](#)). Nonetheless, the basis of determining the contract sum of US\$155,000 was not provided.

5.4 The contract identified key deliverables related to the identification, development and mapping of funding opportunities. We expected CMU to obtain the relevant strategies and funding proposals specified in the contract prior to honouring the consultant's claims. However, CMU did not present any evidence that it received, reviewed and approved the related strategies and proposals. CMU paid \$13.95 million, which represents 72 per cent of the contract sum within nine months, based on invoices submitted for diaspora marketing and development. Of the total, \$3.85 million was paid to *Recipient 1* on behalf of the consultant for research and preparation of diaspora marketing but no research results were submitted. We also found no evidence that the consultant prepared, and that CMU approved a marketing strategy to obtain support for CMU programmes from the diaspora. Further, we were unable to determine the basis for the payment as the marketing activities and tasks were not itemized on the invoice to allow for verification.

5.5 The consultant was also paid US\$12,038 for travelling expenses during the period, without prior approval by the CMU and documentation to support the expenses incurred. Section 5 of the contract states that the "consultant or the consultant's employees shall only be entitled to payment or reimbursement for travel expenses, food, lodging, any per diem allowance, equipment, supplies, or similar items if authorized in advance by Client". However, CMU authorizing officer did not ensure that the travelling expenses were appropriately substantiated and approved.

5.6 Additionally, the Consultant's report for the quarter ending December 2018 indicated that US\$300,000 was raised by a foundation (hereinafter referred to as *Foundation 1*) from the annual gala to support scholarship and other developments at CMU held based in New York, USA.

Figure 7 Donor Relationships



5.7 Our investigation revealed that *Foundation 1* was primarily created to support the work of the CMU. Of note, in a Ministry of Transport and Mining press release dated November 17, 2016, the then Minister met with the executives of the *Foundation 1* to discuss Caribbean education and the maritime field. The release also indicated that “*Foundation 1* was established in 2015 with a mission of providing scholarships for Caribbean students and support for the development and sustainability of the maritime industry in the Caribbean”. The board of *Foundation 1* had three Jamaican directors, including CMU’s current Vice President of Legal and International Affairs. By way of correspondence dated June 19, 2019, the Legal Advisor of the foundation indicated that *Foundation 1* had never collaborated with and has never had contact with the Consultant. From 2016 CMU had declared that *Foundation 1* would provide assistance to CMU students.

5.8 We found other discrepancies regarding donations purportedly received from the second donor. The Consultant stated that a relationship was established with a local company resulting in scholarships valued at US\$30,000 to CMU students. However, evidence suggested that the relationship with CMU existed from as early as March 2017 based a draft Memorandum of Understanding (MOU) for joint activities related to a training and certification programme for drivers of trucks and heavy rigid vehicles. Contrary to the quarterly report submitted by the Consultant, CMU informed that a donation of \$157,300.94 from the company was received due to the efforts of the Consultant. However, a senior executive of the Public Affairs department on June 24, 2019 advised that the company had no knowledge nor collaboration with the individual and their donation was strictly based on their corporate social responsibility program to help at risk Jamaican students specializing in the field of engineering and the LNG sector.

5.9 Additionally, the University received a donation from *Logistic Company 1* of US\$40,000 in June 2018, which CMU attributed to the consultant. However, the company was engaged by CMU in early 2018 to provide sandwich panels and other building assembly materials for the construction of a school block (Block E) at cost of US\$989,435. Further, the company advised that the donation was in relation to a partnership with the CMU to build a prototype for a web application, which is currently in development and not connected to National Education Trust (NET) or Consultant. Therefore, we were unable to determine the basis on which CMU paid the consultant, given that donations could not reasonably be attributed to the consultant and therefore the payments would have been unjustified.

Engagement of Advisor

5.10 CMU engaged an Advisor as an independent consultant, for three years at a contract sum of \$5.1 million per annum to liaise between CMU and other Government agencies, provide advice, source new business and represent the university. The terms of the agreement contained provisions for both contract for services (consultant) and contract of service (employee) (**Table 21**). We further noted that the Advisor was eligible for gratuity up to a maximum of 25 per cent to be paid annually after two (2) years of continuous service. The contract also indicated that the Advisor is eligible to participate in the Group Health Insurance Scheme offered by CMU. We found that the CMU paid approximately \$253,808.33 for family health coverage and life insurance policies between May 2018 and January 2019, despite the contract only specifying health insurance. Though the contract specified that the Advisor should receive the health insurance benefit, this is not traditionally included in a contract for service and the advisor did not contribute to the health insurance premium as did the other contributors from CMU.

Table 21 Independent Consultant

	Contract Details
Purpose	<ul style="list-style-type: none"> • Serve as liaison between other government agencies • Provide advice on matters affecting CMU where necessary • Source new business opportunities for CMU • Represent the university in various fora as and when required • Any other related tasks as requested by the President of CMU
Value	\$15.3 million (\$5,100,000 per annum)
Report to:	President
Ration	3 years
Contract Date	April 01, 2018
Background Check conducted	No evidence presented
Competitive Process	No evidence presented

Source: AuGD's Compilation of information from CMU's records

5.11 The contract did not specify the services to be performed and quantifiable deliverables on which payment would be based. However, review of the Advisor's reports revealed that role was limited to the engagement with the unattached and at risk youths to the CAPYES Programme. A review of the quarterly reports provided by the Advisor, indicated an intention to accomplish objectives as outlined below (**Table 22**).

Table 22 Assessment of Independent Consultant's Deliverables

Objectives	CMU Response
Establishment of cohorts in each parish by September 2019	Delayed due to a revamped of the programme
Developing a business plan for the CMU-FASPD	Delayed until October 2019
Target for September 2019 to enrolled 100 students	50 students representing 2 cohorts of 25 have been enrolled and are now attending class.
Recommend sensitization sessions and consultations	This is an ongoing basis that does not require attendance register.

Source: AuGD's Compilation of information from CMU's records

5.12 We expected CMU to develop a Terms of Reference (TOR) outlining the roles and responsibilities of the advisor, including appropriate qualification and experience. According to the résumé, the advisor was the holder of an Associate Degree/Diploma in Business Management. However, there was no evidence that CMU authenticated the qualifications of the Advisor and did not provide a copy for our scrutiny.

Project Accountant

5.13 The Project Accountant was employed without the position being advertised and was interviewed only by the Finance Committee Chairman, contrary to CMU's own HR policy. Further the position was created as part of a project team that would be responsible for bringing the outstanding financial statements up to date. However, we were not provided with any documentation supporting the approval of the project, team structure and associated cost (**Table 23**).

Table 23 Project Accountant Details

Title	Project Accountant
Purpose	To reduce accounting and audit arrears
Value	Salary - \$3.5 million per annum Motor Vehicle Allowance - \$813,564 per annum Gratuity – 25 per cent of basic salary
Benefits received as per contract	Group Health/Group Life Insurance Uniform Allowance every 18 months Subscription to Professional Bodies
Competitive Process	No evidence of advertisement
Background check undertaken	No evidence presented
Report to	University Treasurer
Duration	2 years
Contract Date	January 14, 2019

Source: AuGD's Compilation of information from CMU's records

5.14 Additionally, CMU's Human Resource Policy Manual stated that an interview panel should comprise a representative from the Office of Human Resources and Administration, a divisional representative and an independent party. However, the interview was conducted by Finance Committee Chairman on November 28, 2018²⁸, in breach of Section 2.13.4 of the HR Policy Manual. Correspondence from the President dated December 19, 2018 to the Human Resources Manager (HRM) requested the preparation of a two-year contract to engage the project accountant at salary of \$3.5 million plus travelling and gratuity; with further details to be obtained from the Chairman of the Finance Committee. We found that CMU's Human Resource Department was not involved in the recruitment process, however the HR manager signed off on the staff requisition from the University's treasurer. Consequently, we were not assured that the relevant due diligence was undertaken to enable CMU's engagement of the most suitable person.

²⁸ As per copy of interview sheet signed by the Finance Committee Chairman on November 28, 2018

Co-Directors - Overseas Foundation

5.15 The President breached CMU's HR policy by directly employing two Co-directors, each for one year at a rate of \$1.9 million. We found no evidence that the process followed, allowed for fair competition. The positions were not advertised and contrary to the University's policy, interviews were only conducted by the President. Correspondence dated January 8, 2019, indicated that the President informed the Human Resource Manager of a partnership with *Foundation 2* and recommended that two co-directors be paid at the rate of an Assistant Lecturer with effect from January 2, 2019 (**Table 24**).

Table 24 Co-Director Contract Details

Contract		
Purpose	To develop an oversee the administration of the International leadership centre	
Value	\$1.9 million	
Benefits received as per contract	Vacation leave – 10 days Sick Leave – 10 days Departmental Leave – 10 days	
Competitive Process	No evidence of advertisement	
Background check undertaken	No evidence presented	
Report to	President	
Duration	January 2, 2019 to January 2020	
Contract Date	January 2, 2019	

Source: AuGD's Compilation of information from CMU's records

5.16 According to the correspondence, the partnership should result in the setting up a 'leadership centre' in which the CMU's role was to provide administrative support and the delivery of programmes. It further stated that *Foundation 2* would reinvest its portion "of profit share in scholarships which will benefit CMU." We expected that CMU would have entered into a Memorandum of Understanding (MoU) and/or special agreement outlining the purpose, funding and benefits to be derived from the partnership. Further, given that the proposed centre was yet to be established, the decision to engage the two officers seemed premature in the absence of a signed MOU or other agreement detailing the purpose, funding and benefits to be derived from a partnership with *Foundation 2*.

5.17 Review of CMU's financial records showed that *Foundation 2* had not made any donations to CMU. Up to October 2019, approximately \$3.2 million was paid to the employees without approval of CMU's council and an agreement with *Foundation 2* regarding the proposed leadership centre.

5.18 Given the nature of the organisation, we were concerned about the profit-sharing from the Partnership greement. In our research we found that *Foundation 2* was established to support young global leadership impacting positive social change, particularly in the fields of the Arts, Education, and Orphan Care. It is registered in the United States as a non-profit organization, which is granted tax-exempt 501(c) status by the Internal Revenue Service (IRS).

5.19 In response, CMU stated that it:

“acknowledges the inconsistencies identified and will strive to adhere to the HR Policy and Procedures. Both contracts expire in December 2019 and will be reviewed to ensure value to the CMU.”

Senior Manager - Legal Affairs

5.20 The President approved the position²⁹ of Senior Manager – Legal Affairs in breach of the CMU Act and without any evidence of work load assessment to determine the level of legal work, in a context where there exist a Vice President for Legal and International Affairs. The CMU Act assigns the responsibility for the appointment and employment of staff to the Council³⁰. However, review of the Council minutes showed no evidence that the approval of the Council was sought and obtained. Conversely, CMU submitted a justification to the Council for the engagement of a Director Legal Affairs, subsequently renamed Vice President for Legal and International Affairs, detailing the need for the position. This post was approved by the Council on November 30, 2016 (**Table 25**).

Table 25 Senior Manager – Legal Affairs Contract Details

Contract Details	
Purpose	The Legal Affairs Manager is a key role in the legal department and will be responsible for supporting the Senior Counsel. The incumbent will direct the legal functions of the University towards the achievement of its strategic objectives, ensuring thorough systems, policy development and implementation in contract management, administration of matter management system, drafting and reviewing of various legal documents as well as overseeing legal obligations in sourcing and procurement activities.
Report to	Vice President – Legal and International Affairs
Value	Salary - \$3,400,000 per annum Motor Vehicle Allowance - \$707,448 per annum Gratuity – 25 per cent of basic salary
Duration	3 years
Contract Date	July 3, 2017
Competitive Process	No evidence of advertisement – three persons expressed interest; two for interview
Background check undertaken	No evidence presented
Benefits received as per contract	Group Health/Group Life Insurance Uniform Allowance every 18 months Lunch Subsidy Subscription to Professional Bodies
Benefit Received – not included in contract	Tuition and auxiliary grant for child - \$454,463

Source: AuGD's Compilation of information from CMU's records

²⁹ As per President's signature on Staff Requisition Form dated June 26, 2017 granting approval for the position

³⁰ Caribbean Maritime University Act Section 6(1): The Council shall appoint and employ, or may authorize the appointment and employment of, at such remuneration and on such terms and conditions as it thinks fit, such officers and academic staff, administrative and technical staff, ancillary staff and other employees of the University as the Council considers necessary for the purposes of the University.

5.21 The Senior Manager – Legal Affairs was employed under a three-year contract with a remuneration package of \$3.4 million per annum and motor car allowance. In keeping with good governance principles of transparency and fairness, we expected CMU to advertise the employment opportunities in order to attract the most suitable candidate. The CMU indicated that the position was advertised online, however we were not provided with the relevant evidence. The University informed that three persons were shortlisted but one person did not attend the interview, while the other person interviewed did not meet the minimum requirements for the post. We also noted that the interview panel comprised two senior officers, the Vice President of Advancement and Development and Deputy President, who were neither assigned to the HR Administration unit nor divisional representatives. The HR policy required “a representative from the Office of Human Resources and Administration, Divisional representative and an independent party”³¹. The employee’s contract was signed by the Vice President of Advancement and Development on behalf of CMU.

5.22 CMU’s Human Resource Policy Manual³² allows for tuition allowance for staff, spouses and children up to 50 per cent of the scholarship value and requires the employee to be engaged for a minimum of two years in order to qualify. However, CMU breached its own policy by granting a full scholarship to the child of the Senior Manager Legal Affairs in May 2018, only nine months after being employed. Further, Section 6.0 of CMU’s Scholarships, Discount & Waivers – Controls and Procedures³³ states that:

“After the application deadline has closed, the candidates will be shortlisted based on requirements for the scholarship/grant and on the completeness of the application submitted. The shortlisted candidates will then be submitted to the Executive Management team who will convene a meeting to discuss and make a decision on the suitable awardees for the scholarships/grants”.

5.23 By way of correspondence dated November 2019, CMU responded that it:

“acknowledges the inconsistencies identified and will strive to adhere to the Draft Policy on Scholarship Discounts and Waivers and will be submitted to the Finance Committee of the Council for approval.”

Vice President – Global Affairs and Blue Ocean Economy

5.24 On June 20, 2018, the Council approved the engagement of a Vice President Global Affairs on the basis that the position was necessary for the negotiation of international funding as well as, capacity building for the University. The Vice President’s contract was approved by the President, providing for basic salary of \$8.5 million annually, gratuity and motor vehicle allowance as specified in the dashboard below. However, the required approval from the Ministry of Finance for the position and the benefits, were not provided. Further, we noted that CMU paid rental charges totalling \$2.2 million up to November 2018, for a property occupied by the Vice President. These payments related to a two-year lease agreement commencing on August 1, 2018, which was approved by the President, for the rental of the property at a

³¹ Section 2.13.4 of CMU’s HR Policy which states: “All interview panels are to be comprised of a representative from the Office of Human Resources and Administration, Divisional representative and an independent party.”

³² Similar provisions included in CMI HR Policy Manual (Revised November 18, 2015) and current CMU HR Policy Manual approved by CMU’s Council on June 2018

³³ Dated 2014

rate of US\$3,500 per month; though the benefit was not stipulated in the contract and was neither approved by the Council nor the Ministry of Finance and Public Service (**Table 26**).

Table 26 Vice President - Global Affairs & Blue Ocean Economy

Contract Details	
Purpose	The incumbent is primarily responsible for globalizing the learning and training developments of the Caribbean Maritime University.
Report to	The President
Contract date	August 16, 2018
Duration	5 years
Value	Salary - \$8.5 million per annum Motor car allowance - \$796,500 per annum Gratuity - 25 percent of the basic salary earned
Benefits received as per Employment Contract	Group Health and Life Insurance Scheme
Benefits received	Uniform allowance every 18 months not included in contract

Source: AuGD's Compilation of information from CMU's records

Management's Override of CMU's internal control system

5.25 A good governance system is dependent on an effective internal control system, which provides reasonable assurance that business objectives are being achieved. As such, we expected CMU to implement proper policies and procedures to ensure that payments are valid and appropriate to the needs of the organization. However, we found instances where questionable transactions were certified and authorized for payment. The payments which were largely classified as reimbursement, represented a breach of the Government's commitment and budgeting control process on the basis that these were not planned expenditure.

Reimbursement for gifts

5.26 Over the period June 2016 to June 2018, CMU also reimbursed the President for items costing US\$2,380.44 (**Table 27**). Review of the supporting documentation including the attached expense statement seeking reimbursements, indicated that these payments were for tokens given to officials at various meetings and workshops. However, we were unable to determine the recipient of the tokens as CMU did not document the distribution of the gifts to allow for audit trail. The GOJ's purchasing process requires that each procurement activity be based on the need for the goods or services, documented in a Procurement Plan. Thereafter, the appropriate procurement methodology must be used to determine the best price and quality after which the purchasing process would be initiated by the responsible officer. In all instances, CMU indicated that the President used his personal credit card to make purchases and hence was reimbursed accordingly. However, we saw no evidence of the charges to the president's credit card. All reimbursements were approved jointly, by either the President, the Deputy President, Chairman of the Finance Committee and the Vice President for Advancement and Development and then checked by the Treasurer.

Reimbursements for expenditures incurred by the President

5.27 The President was reimbursed for fixed assets costing US\$12,697.41 which were reportedly purchased on behalf of the University. However, there was no record of the items being included in CMU's fixed assets register and also, the assets were not presented for our inspection (**Table 27**).

Table 27 Reimbursement to President

Date	Fixed Assets	Amount (US\$)	Date	Description - Other Items	Amount (US\$)
27/06/16	Tablets & Recorders	943.35	11/10/17	1 Bracelet	369.00
08/01/17	Apple Watch	867.05	17/05/18	2 Sunglasses	411.00
08/01/17	MacBook	1,848.99	21/05/17	Perfumes & Baileys Rum Cream	307.00
05/11/17	Cables & USB Hub	487.81	06/10/17	1 Perfume	292.39
05/12/17	Microsoft Surface Pro	2,623.69	11/10/17	1 Cuff link	364.00
05/12/17	2 laptops	4,777.52	11/10/17	4 Colognes	637.05
28/04/18	Cell Phone	1,149.00			
	Total	12,697.41		Total	2,380.44

Source: AuGD's Compilation of information from CMU's records

5.28 CMU also failed to provide us with supporting documentation to substantiate 14 reimbursements to the President during the period December 2016 to March 2019 totalling US\$117,785.03 from the US dollar account and J\$2,229,362.21 from one canteen account. CMU provided us with expense statements from the President to support eight reimbursements US\$32,028.47 and J\$725,510.18, without any invoices or bills to support these statements for us to verify the authenticity of the reimbursements (**Appendix VII**).

5.29 In another instance, the President submitted a reimbursement claim to the CMU totalling \$546,153.84 (US\$4,275) in relation to hotel accommodations for himself, the then Chief Education Officer (CEO) and the Assistant CEO for a trip to Cuba³⁴ in February 2018. We could not determine the basis on which the payment was made, given that the MoEYI had provided the officers with per diem totalling US\$6,580 to cover accommodation, meals and incidental costs. We found no evidence that the certifying and authorizing officers validated the legitimacy of the request prior to funds being reimbursed. Subsequent to our draft audit report, the President repaid US\$3,420 on August 21, 2019 to CMU, representing the accommodation for the then CEO and Assistant CEO. We also noted that the President repaid a further US\$1,340 on August 23, 2019 for per diem initially received from the MoEYI.

³⁴ 11th International Congress on Higher Education. The payment was authorized by Director of Corporate, Planning and Administration and the Deputy President

International Award

5.30 Our review of CMU's records revealed that in January 2017, the President was reimbursed US\$10,440 in relation to expenses associated with an international award. The US\$10,440 was also in excess of the expenditure of US\$3,791.82 approved by the Cabinet Secretary. This award appeared to be of a personal nature and we noted that the Council did not grant approval for CMU to absorb the cost of the President's participation at the award ceremony in Oxford England. CMU's records revealed that the charge was incurred by the President for the 'premium participant package' including personal participation in the overseas summit held in the United Kingdom (UK) in December 2016. The terms and conditions of the award required that upon acceptance, recipients make payments to cover administrative costs and a five-year licence to use the award brand, for public relation and marketing purposes.

5.31 MoEYI asserted that "International awards of this nature are disconnected from countries and institutions". The Ministry also indicated that the President's nomination came from unknown sources as an international recognition of his leadership". MoEYI added "Prior to travelling to receive the award, the President received Cabinet's approval to travel to China...." To avoid incurring additional expenses and based on the time to travel to receive the award, the trips ran concurrently". The MoEYI did not confirm our observations and maintained that the source of the nomination was unknown.

5.32 CMU indicated that the *per diem* paid was intended to cover accommodations, meals and incidentals related to the President's attendance at the ceremony and visits to Universities in the UK. We were however, not able to validate the President's visits to the stated universities since, CMU only presented a table listing the date, event, time and venue covering the period December 19, 2016 to January 2, 2017. There was no evidence that the President submitted a report to the Council regarding the outcome of the visits.

5.33 It has come to our attention by way of articles in the overseas press, that there is a controversy surrounding the international award received by the President. We brought all the information in our possession related to the controversy to the attention of the Permanent Secretary and recommend that this matter be further reviewed by the MoEYI and CMU, to determine the veracity of the allegations, in a context where public funds were expended.

Overlapping Payments made for accommodation for Executive Director

5.34 We also observed where the CMU paid approximately \$3.3 million for an extended hotel stay for a newly recruited Director in June 2018 (**Table 28**). The Executive Director of the FACT Centre was engaged without a formal contract and the position was not advertised in breach of CMU's HR Policy. CMU informed that the appointment of the Executive Director was recommended by FESTO³⁵. The employment contract, signed on behalf of CMU by its President was made on June 6, 2018 for the three-year period commencing on May 01, 2018 to April 30, 2021.

³⁵ Festo is a German engineering-driven company, producing and selling pneumatic and electrical control and drive technology for factory or process automation.

Table 28 Hotel Accommodation

Duration	Nights	Amount (US\$)	Amount (J\$)	Payment Authorised by
April 13 – 16, 2018	3	853.41	113,076.82	Payment voucher not received
April 16 – July 6, 2018	-	CMU indicated that officer returned home		
July 6 – 13, 2018	7	2,080.07	275,609.28	Payment voucher not received
July 13 – August 11, 2018	29	8,765.90	1,161,481.75	Payment voucher not received
Aug 11 – September 7, 2018	27	8,084.36	1,071,177.70	Deputy President
Sept 7 – 23, 2018	16	4,950.12	655,890.90	Payment voucher not received
Total	82	24,733.86	3,277,236.45	

Source: CMU's compilation of payment records

5.35 We found that there was an overlapping period of two months where CMU paid for two sets of accommodation for the Executive Director from July 20, 2018 to September 23, 2018. This was in a context where the period of hotel accommodation ran from July 13, 2018 – September 23, 2018, while the lease payments were for the period July 20, 2018 to September 23, 2018 based on a three- year lease agreement for housing accommodation. The lease agreement, under the terms of the Executive Director's employment contract, spanned the period July 20, 2018 to July 19, 2021 (**Table 29**). We also found that housing allowance was paid to five other expatriates without the approval of the Ministry of Finance and Public Service. **Section 6.7.6 of the GoJ staff Orders - House Allowance states:** "Officers who are entitled to be provided with official quarters as a condition of their appointment, but for whom no quarters are available, may be paid a rent or house allowance in lieu, at such rates as may be established by the Ministry with responsibility for the Public Service".

Table 29 Lease Payments not approved by MoFPS

Employee	Position	Employment Contract Date	Start	End	Contract Term	Effective Date of Lease	Termination Date of Lease	Lease Agreement (US\$)	Lease Agreement (J\$)	Lease Agreement signed by CMU
Recruit 1	V.P Global Affairs	August 16, 2018	September 3, 2018	September 2, 2023	Accommodation not included in contract	August 01, 2018	July 31, 2020	US\$3,500.00		President of CMU
Recruit 2	Executive Director –FACT Centre	June 6, 2018	May 1, 2018	April 30, 2021	Provides for accommodation (4.1.5)	July 20, 2018	July 19, 2021	US\$1,000.00		President of CMU
Recruits 2 & 3	FACT Engineer	November 9, 2018	November 9, 2018	November 8, 2021	Provides for accommodation (4.1.3)	November 01, 2018	October 31, 2021	US\$800.00		President of CMU
Recruits 4	Senior Nautical Lecturer	January 9, 2017	January 9, 2017	January 8, 2020	Provides for accommodation (8e)	January 25, 2019	January 24, 2020		\$97,000.00	V.P. Advancement and Development
Recruit 5	Senior Nautical Lecturer	February 4, 2017	February 4, 2017	February 3, 2020	Provides for accommodation (8e)	April 01, 2018	March 31, 2020		40,000.00 ³⁶	V.P. Advancement and Development
Recruit 6	Associate Vice President	November 16, 2018	August 24, 2018	August 23, 2021	Provides for accommodation (2.4.2)	October 1, 2018	October 31, 2020		60,000.00	HR Manager

Source: AuGD's Compilation of information from CMU's records

³⁶ Lease amount increase \$61,730.03 April 1, 2018 – March 31, 2019 and \$66,359.78 April 1, 2019- March 31, 2020

Unapproved Emoluments & Benefits

5.36 CMU did not obtain the requisite approval for the 466 employees on its payroll that received an aggregate annual basic salary of approximately \$676.8 million for the 2018-19 period. Further, we only saw evidence where the MoFPS approved travelling allowance in July 2010 for 25 officers.

5.37 In April 12, 2018, the President instructed the Human Resource Unit to “ensure that all the VPs including Vice President Legal and International Affairs and Treasurer be paid the higher rate of motor vehicle”. This instruction was not supported by an approval from the Ministry of Finance and Public Service. We noted that travelling allowances for two officers were increased from \$58,954.00 per month to \$66,375.00 per month, effective April 2018. Further, in April 2018, both the Vice President Legal and International Affairs and Treasurer were paid retroactive travelling from October 2017 from \$58,954 monthly to \$66,375.00. In addition, in December 2018, thirteen (13) senior officers travelling were upgraded from Full upkeep to Fixed Travelling. We noted that for the 2018-19 period, CMU paid travelling allowance totalling approximately \$95.7 million to 119 officers (**Table 30**).

Table 30 Unapproved Emoluments & Benefits

Emoluments	2016-17 (\$)	2017-18 (\$)	2018-19 (\$)	Total (\$)
Salary	356,078,732.65	498,212,714.86	676,806,628.27	1,531,098,075.78
Travelling Allowance	33,955,885.20	54,590,133.60	95,665,656.00	184,211,674.80
Resource and Technology Grant	3,368,073.51	4,608,162.96	6,039,863.69	14,016,100.16
Uniform Allowances	5,109,249.97	6,071,815.65	8,000,240.98	19,181,306.60
Housing Allowance	1,529,304.00	1,760,240.12	3,730,438.31	7,019,982.43
Lunch Subsidy	21,019,990.00	31,299,864.08	48,527,444.56	100,847,298.64
Total	421,061,235.33	596,542,931.27	838,770,271.81	1,856,374,438.41

Source: AuGD's analysis of CMU accounts

5.38 We noted where the Minister of Transport and Mining (MTM) wrote to the Ministry of Finance and the Public Service (MoFPS) in a letter dated September 12, 2017 requesting approval of the revised salary scale for the CMU. We were not presented with the response from the MoFPS for audit scrutiny. In addition, there was no evidence that the MoFPS gave approval for housing allowance, uniform allowance, lunch subsidy and resource and technology grant to CMU's employees. However, a signed Heads of Agreement between CMU and the BITU for the period of April 1, 2015 to March 31, 2017 gave approval for the above mentioned allowances.

Improper reimbursement for participation in Caribbean Conference

5.39 The President authorized per diem and airfare of US\$18,242.24 and \$526,902 in the absence of the required recommendation and approval of the Permanent and Cabinet Secretary, respectively (**Table 31**). The eight-member delegation headed by the President attended the Port Management Association of the Caribbean Conference in Florida in June 2019. The length of stay of CMU's attendees ranged from three to 10 days.

Table 31 Eight Member Delegation – PMAC Conference

Officer	Per Diem (US\$)	Airfare (J\$)
President	1,803.90	114,114.00
Administrative Assistant-Special Projects Unit	1,038.34	68,000.00
Executive Director- Office of the President	2,100.00	53,209.00
Deputy Vice President	2,450.00	64,293.00
Vice President-Advancement & Development	2,100.00	53,762.00
Executive Assistant-Academic & Student Affairs	3,500.00	59,262.00
Director – Projects & Strategic Initiatives	3,500.00	59,262.00
Associated Vice President- Academics & Student Affairs	1,750.00	55,000.00
Total	18,242.24	526,902.00

Source: AuGD's Analysis of CMU data

Hosting of Entertainment Events (Parties)

5.40 CMU paid \$674,930 for a private party for the former Minister of Education Youth and Information which was approved by the President. In addition, we identified another payment of \$406,747.57 which was approved by the then Chief Education Officer at MoEYI in respect of a surprise birthday party for the CMU president. Additionally, MoEYI held an appreciation dinner for the former Permanent Secretary costing \$434,114, which was funded by the Joint Committee for Tertiary Education (JCTE³⁷) whose Chairman was connected to MoEYI (**Table 32**). The Ministry also breached the Staff Orders³⁸ when it solicited sponsorship from a connected party, for a celebratory dinner for a senior officer.

Table 32 Cost of all Parties

Event Date	In whose honour	Function Approved by	Amount (\$)	Sponsor
August 16, 2018 (7.00PM start)	President of CMU	CEO MoEYI	406,747.57	MoEYI
April 20, 2017 (5.30pm to 9.30pm)	Former Minister of Education	President of CMU	674,930.00	CMU
November 07, 2017 (7:00pm start)	Former MoEYI Permanent Secretary		434,114.50	Joint Committee for Tertiary Education (JCTE) ³⁹
Total			1,515,792.07	

Source: AuGD's Analysis of CMU data

³⁷ Established under section 6 of the Education Act.

³⁸ Section 4.3 - GIFTS AND EXCHANGES of the Staff Orders

³⁹ The Joint Committee for Tertiary Education (JCTE) was launched in 1991 under Section 6 of the Education Act. The Joint Committee for Tertiary Education is administered by an Executive body elected by the members. The members of the JCTE are tertiary institutions which are registered with the University Council of Jamaica. <https://www.ucj.org.jm/about-us/joint-committee-for-tertiary-education/>

Party for President of CMU

5.41 The then Chief Education Officer at Ministry of Education Youth and Information (MoEYI), on August 16, 2018 approved payments totalling \$406,747.57 for a surprise birthday party in honour of the President of the CMU (**Table 33**). However, a review of payment vouchers and supporting documentation revealed that these payments were for: “hosting meeting with the Caribbean Maritime University and the Ministry of Education, Youth and Information on August 16, 2018”. By way of a memorandum⁴⁰ dated August 14, 2018, addressed to the then Chief Education Officer (CEO) from the Project Coordinator (PC), request was sought and obtained for the payment of \$277,290 for hotel expenses. The approval was given by the then CEO on August 15, 2018 and the payment executed on the same day. MoEYI provided a response in November 2019, which stated that:

“The CEO did not host a party for the President of CMU but merely followed instruction given by the Minister to coordinate the activities on behalf of the Ministry. The approval of 406 thousand; the majority of which (277 thousand) represented the cost for the venue was in the allowable amount for signing off by the CEO based on the procurement guidelines and hence no further approval had to be sought. It must be noted that both Ministers and Permanent Secretary at the time attended the party.”

Table 33 Party for CMU President

Item	Cost (\$)	Approved by	Certified by	Authorised by
Hotel Charges ⁴¹	320,082.75	CEO ⁴²	Disbursement Supervisor	Actg. Financial Controller
Portrait Frame – President of CMU	11,664.82	CEO	Budget Officer	Finman Manager
Music and Photograph	45,000.00	CEO	Disbursement Supervisor	Actg. Financial Controller
Stand-up Comedy	30,000.00	CEO	Disbursement Supervisor	Actg. Financial Controller
Total	\$406,747.57			

Source: AuGD’s analysis of MoEYI records

Party for former Minister of Education, Youth and Information

5.42 In April 2017, the President of CMU approved payments totalling \$674,930 for a birthday party for the former Minister of Education Youth and Information, which included \$160,000 for rental of boat (sailing time of 5:30pm to 9:30pm) and \$514,930 for décor for the ‘cocktail’ party on the boat (**Table 34**). Review of CMU’s general ledger showed that the expenditures were classified as meeting/seminars and marketing activities, respectively. The requisite payment vouchers and cheques for rental of the yacht, were not provided for review.

⁴⁰ Titled: “hosting of meeting”

⁴¹ for room rental, food, beverage and miscellaneous

⁴² as per signature by CEO on Memorandum dated August 14, 2018

Table 34 Party Costs for former Minister of MoEYI

Transaction Date	Amount (\$)	Supplier description and	CMU G/L Classification	Approved by	Approved by	Certified by
19/4/2017	160,000.00	Boat Owner – rental of boat	Meeting/ seminar	Not known	Not known	Not known
20/4/2017	514,930.00	Decorator – décor for cocktail party on boat; rental of production equipment, lighting, transportation & disassembly ⁴³ .	Marketing	Treasurer	Accounts supervisor	President of CMU & Deputy President of CMU
Total	674,930					

Source: AuGD's analysis of CMU's payment records

5.43 We noted that CMU's President on May 29, 2019, reported to the Public Accounts and Appropriations Committee (PAAC) that a debt of US\$8,300 was incurred by CMU pertaining to its cheerleading team⁴⁴ when payment was made on its behalf by the co-owner of *Logistics Company 1*. The President asserted that the obligation arose in a context where the Company provided financial assistance. CMU was unable to provide us with evidence that this financial assistance was provided and that an agreement was in place.

Party for the former Permanent Secretary – MoEYI

5.44 Documents received from MoEYI indicated that the Joint Committee of Tertiary Education⁴⁵ (JCTE) sponsored a party for the former Permanent Secretary. We noted correspondence dated July 10, 2019 from JCTE Coordinator to Project Coordinator, Special Projects, Office of the Chief Education Officer indicated that the "amount of \$434,114.50 was paid on January 2, 2018" for meals for 70 persons. To date, JCTE has not provided the related payment vouchers, cheques and authority for the expenditure, neither did it provide any other payment records. However, we noted from other records, that JCTE received payments of \$114.2 million for 2017-18 and 2018-19 from the MoEYI and Heart Trust NTA. We also observed that the company that sponsored the CEO's party received \$10.7 million over the same period from Heart Trust NTA under the JCTE programme; the owner of this company is also the chairman of JCTE and a council member of UCJ.

5.45 In a response to our correspondence to JCTE requesting clarification on the nature of its relationship with CMU and a request to review related documentation, the Chairman of JCTE indicated:

"The JCTE does not receive Government of Jamaica subvention or any other Government aid, but the JCTE provides services to Government and Private organizations. Based on the forgoing, the submission of documents requested by the Auditor General's Office would be a violation of the rights of the JCTE which is a private entity and consequently, would set the wrong precedence for private business operators in Jamaica".

⁴³ Proforma invoice No. 1111 dated April 19, 2017 addressed to CMI

⁴⁴ Extracted from transcript of the Public Accounts and Appropriations Committee Meeting held on May 29, 2019

⁴⁵ a committee established pursuant to Section 6 of the Education Act and affiliated with the University Council of Jamaica (UCJ). JCTE mission is to strengthen tertiary Education and Training in Jamaica through advocacy, institutional capacity building and by providing forums for sharing and learning". <https://www.ucj.org.jm/about-us/joint-committee-for-tertiary-education/>

Party for a Senior Officer at MoEYI

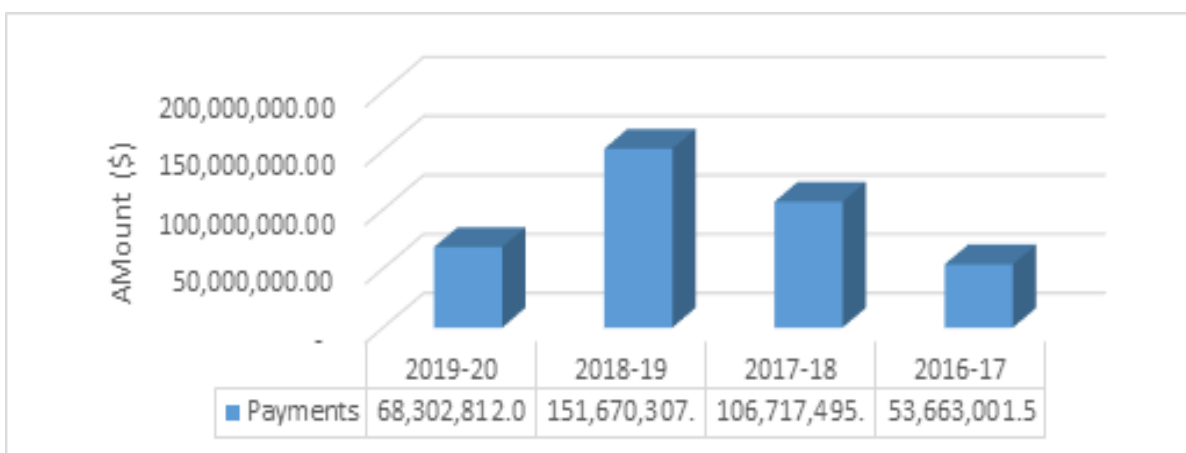
5.46 We identified a conflict of interest whereby an officer of the MoEYI solicited contribution from the owner of an entity with which the MoEYI does business. The business owner was a partner to the MoEYI's CAP programme, being the largest recipient over the 2017-18 and 2018-19 academic years, committed to fund the party. Review of MoEYI documentation indicated that the function was held.

5.47 Public officers are forbidden from soliciting or accepting gifts in accordance with Section 4.3 of the Staff Orders (2004), which states that:

*"i) Officers, in their official capacity are **forbidden to solicit or accept gifts** or gratuities for the performance or neglect of official duties and responsibilities; Officers, may however accept small tokens of appreciation from customers or clients, subject to the Conflict of Interest provisions under Sections 4.2.9(i) (c) and (d) of these Orders. Officers are advised to act with prudence and if in doubt to seek the advice and approval of the **appropriate authority**".*

5.48 MoEYI financial records showed that between April 2016 and July 2019, the institution received a total of \$380.4 million for CAP, OAD and GNAT⁴⁶ from MoEYI⁴⁷. The school received \$53.7 million in the 2016-17 financial year with an increase to \$151.7 million in the 2018-19 financial year (**Figure 8**), which represents a 182 per cent increase over the period.

Figure 8 Payments to entity that received the largest CAP allocation



Source: AuGD's compilation of MoEYI data

⁴⁶ Occupational Assistance Degree and the Grade Nine Achievement Test respectively.

⁴⁷ Analysis of information retrieved from the central treasury management system at the MoEYI

Close Protection Services – basis for payment not identified

5.49 Whereas, CMU made payments totalling \$2 million relating to Close Protection Services, CMU records did not indicate the basis for these payments (**Table 35**). However, we were advised that the payments were for the provision of services to the Minister on weekends. The MoEYI indicated in its response dated August 22, 2019, that when no response was forthcoming from the JCF in relation to additional close protection support for the former Minister, a Director was instructed by the Permanent Secretary to put a weekend team in place in order to support the Minister and as such, would not require him personally to be engaged. The MoEYI further indicated that these special arrangements could not take place unless approved by the Permanent Secretary.

Table 35 Payment for Close Protection Services

Date	Payee	Description	Service Certified as satisfactory	Payment (\$)
1/26/2018	CPO-1	Close Protection Officer Services	Not indicated	330,000
2/23/2018	CPO-1	Close Protection Officer Services	Not indicated	30,000
3/28/2018	CPO-1	Close Protection Officer Services	Not indicated	30,000
4/26/2018	CPO-1	Close Protection Officer Services	Not indicated	330,000
5/01/2018	CPO-1	Close Protection Officer Services	Not indicated	30,000
4/12/2018	Director of School Safety	Airfare March 22 to 26, 2018 + Security service	Not indicated	100,000
4/14/2018	Director of School Safety	Security Services provided for March 2018	Not indicated	260,000
05/28/2018	Director of School Safety	Security Services provided for May	Not indicated	207,800
06/11/2018	Director of School Safety	Payment for Travelling for September to October 2018	Not indicated	272,000
8/31/2018	Director of School Safety	Payment for July and Aug	Not indicated	224,000
11/16/2018	Director of School Safety	Payment for Travelling for October to November 2018	Not indicated	192,000
Total			Not indicated	\$2,005,800

Source: AuGD's analysis of MoEYI records

5.50 Given that the officers were substantively engaged to the Jamaica Constabulary Force, we expected that the MoEYI would obtain approval or non-objection, prior to engaging the officers on additional duties. Further, JCF Rules required that before engaging officers for services of a private nature, the approval of the Commissioner of Police is required, which is formalised in a service agreement by both parties. We found no evidence that the Commissioner of Police approved either form of engagement. In November 2019, MoEYI responded that *"We can also confirm that letter was drafted to be sent to the Commissioner of Police but is unable to locate the date of dispatch"*.

Payment to Advisor - no supporting documentation

5.51 An advisor to the former Minister of MoEYI was paid \$100,000 on the authority of the President in June 2018, for professional services rendered; however, no supporting documents were attached which would have provided insight as to the nature of the services. CMU's RTGS⁴⁸ print-out for one of its accounts had a notation of '*salary payment for May*'; this transfer was initiated by the Cost Management Accountant and approved by the Treasurer.

⁴⁸ Real Time Gross Settlement

Appendices

Appendix I General Principles of Good Governance in Public Procurement to attain Value for Money

Creating Value

Effectiveness



Meeting the objectives: is concerned with attaining specific aims or objectives and/or achieving the intended results.

Efficiency



Getting the most from available resources: is concerned with the relationship between resources employed, conditions given and results achieved in terms of quality, quantity and timing of outputs and outcomes.

Economy



Keeping the resource costs low: is making resources available in due time, in appropriate quality and at the best price.

Good Practices

Fairness



Impartial and just treatment or behaviour without favouritism or discrimination.

Accountability



The obligation of an individual or organization to account for activities and accept responsibility.

Transparency



Information is available to everyone - service providers and the public at large, unless there are valid and legal reasons to keep confidential.

Competition



Opportunity for eligible parties to be able to submit bids or proposals to provide the goods or services.

Appendix II Feasibility Assessment

Benefits of CMU rationale for utilizing this Building Method	What we found	Audit Comment
The proposed method is a cost effective solution when compared to traditional building material costs.	CMU indicated to the PS MoEYI that construction cost would be in excess of \$585 million utilising traditional materials. Measured works using sandwich panels was estimated at \$514.8 million.	CMU is yet to provide evidence of either the cost benefit or how the comparative cost of “in excess of” \$585 million was determined.
University has the capacity and specific expertise in civil, electrical and mechanical works, and can provide labour from its staff, students and internal team to complete the building	Expertise doubtful given that the Supervisor of the Project does not possess the requisite qualification and there is no demonstrable technical capability evidence of expertise. The job description requires a master’s degree in business or related discipline, project management training/ certification and five years working experience. However, the qualifications provided did not meet the criteria .	This supervisor also had responsibility for supervising the school projects.
Completed structure would require lower maintenance cost and reduced operational cost, given its lower cooling costs		CMU yet to present cost benefit analyses showing lower maintenance cost.
CMU's Duty free status and partnerships with international shipping lines will result in minimal costs for freight	CMU contends that shipping costs to Jamaica tends to be cheaper than to Miami (<i>Logistics Company 1</i> Headquarters) and then Jamaica. CMU did not provide us with the route of the ships, however, CMU later paid for the shipments from various ports in China (Qingdao, Xingang, Shanghai) transiting through many international ports, with the last port of departure to the port of Kingston being Cartagena, Colombia.	CMU did not pay any Import Duty. However, CMU cited haphazard shipping schedules as a basis for shipping cost and contributory delays to clearing containers that resulted in shipping and demurrage fees totaling \$45.4 million.

Appendix III Payments to Logistics Company 2 for computers and other equipment

Date	Receipts/Invoice	Description	Amount
13-Sep-18	391	Apple items (MacBook Pro)	539,744.10
28-Feb-18	61	HP LaserJet Printer	383,192.16
6-Mar-18	71	Lenovo ThinkPad and accessories	432,852.63
6-Mar-18	70	Office 365 Annual Subscription, Dell accessories	482,934.00
6-Mar-18	67	Dell XPS 15 inches touchscreen	498,764.00
6-Mar-18	68	Dell XPS 15 inches touchscreen	498,764.00
6-Mar-18	69	Dell XPS 15 inches touchscreen	498,764.00
1-Feb-18	10	HP LaserJet Printer, graphic GTX	465,396.88
1-Feb-18	10	Dell XPS 15 inches, graphic card	489,197.00
14-Mar-18	70	Computer accessories	134,769.00
20-Sep-18	408	Epson VGA projectors, projectors screens etc.	2,006,358.88
20-Sep-18	401	3 MacBook Pro 13 inches & accessories	1,619,232.00
16-Oct-18	457	2 Samsung tablets	436,024.00
16-Oct-18	456	four HP laptops 15.6 inch	520,396.00
4-May-18	140	15 inch MacBook Pro, HP Design jet, 15.6 Dell Laptop	1,577,353.30
		Total	10,583,741.95

Appendix IV Payments Made from JMITF Bank Account

Date	Details	Reference	Amount (\$)	Purpose
6-Dec-16	Payee 1	Authorization Letter	2,655,000.00	Not declared
8-Dec-16	Payee 2	509614	205,000.00	Not declared
9-Dec-16	Payee 3	509613	1,281,000.00	Not declared
12-Dec-16	Payee 4	509615	260,000.00	Not declared
17-Aug-17 to 10-Apr-18	Payee 7, Payee 12, Payee 13, Payee 15 et al	Cheques and RTGS	14,776,460.00	Inverters, solar lights, solar panels and led street lights
22-Aug-17	Payee 16	509617	3,010,000.00	
4,7,8-Sep-17	Payee 17	509618 - 20	2,200,000.00	
21-Sep-17	Payee 18	RTGS	2,666,176.72	Purchase of goods for projects
25-Sep-17	Payee 19	509623	800,000.00	
25-Sep-17	Payee 20	509624	700,000.00	
25-Sep-17	Payee 5	509626	810,351.14	
25-Sep-17	Payee 5	509625	680,000.00	Not declared
2-Oct-17	Payee 21	509628	750,000.00	
5-Oct-17	Payee 22	509627	750,000.00	
12-Oct-17	Payee 16	509629	2,000,000.00	
20-Feb-18	Payee 6	509632	1,112,000.00	
20-Feb-18	Payee 6	509634	903,000.00	Not declared
19-Mar-18	Payee 8	509638	500,000.00	
19-Mar-18	Payee 19	509637	487,500.00	
22-Mar-18	Payee 24	509645	510,000.00	
22-Mar-18	Payee 25	509642	506,000.00	
22-Mar-18	Payee 23	509640	505,000.00	
22-Mar-18	Payee 26	509641	501,150.00	
23-Mar-18	Payee 6	509644	7,054,580.00	
3-Apr-18	Logistic Company 3	RTGS	4,356,000.00	Not declared
5-Apr-18	Payee 27	Authorization letter , 509647 & 8	4,340,000.00	
5-Apr-18	Payee 28	509646	980,000.00	
13-Apr-18	Payee 14	509651	874,950.00	
13-Apr-18	Payee 11	509654	752,500.00	
16-Apr-18	Payee 29	509652	926,440.00	
16-Apr-18	Payee 30	509653	874,900.00	
16-Apr-18	Payee 31	509650	872,500.00	
16-Apr-18	Payee 6	RTGS	10,472,970.00	Not declared

Date	Details	Reference	Amount (\$)	Purpose
16-Apr-18	Payee 7	RTGS	4,620,000.00	Not declared
16 & 17-Apr-18	Logistic Company 1	Wire	77,673,613.20	Importation of high beams and sandwich panels
1-May-18	Payee 5	509655	68,062.33	Not declared
2 & 11-May-18	Payee 7	RTGS	7,533,000.00	Not declared
11-May-18	Logistic Company 2	RTGS	1,885,480.50	Not declared
17-May-18	Payee 23	509662	899,600.00	Not declared
17-May-18	Payee 32	509656	810,512.22	Not declared
18-May-18	Payee 10, Payee 11 et al	509657 - 661	4,102,000.00	Not declared
24-May-18	Payee 7	RTGS	1,435,000.00	Not declared
25-May-18	Transfer to CMU		5,000,000.00	
30-May-18	Transfer to CMU TO		8,222,647.47	
13-Jun-18	Transfer to CARIBBEAN MARITIME UNIVERSITY		1,000,000.00	
13-Jun-18	Logistic Company 2	RTGS	1,000,000.00	Not declared
31-Oct-18	Payee 7	RTGS	3,990,000.00	Not declared
	Total		188,313,393.58	

Appendix V - JMITF Payments: No Supporting Documents provided

Date	Payee #	Reference	Amount (\$)
3-Apr-2018	Logistics Company 3	RTGS	4,356,000.00
16-Apr-2018	Payee 6	RTGS	10,472,970.00
16-Apr-2018	Payee 7	RTGS	4,620,000.00
1-May-2018	Payee 5	509655	68,062.33
2-May-2018	Payee 7	RTGS	3,300,000.00
11-May-2018	Payee 7	RTGS	4,233,000.00
11-May-2018	Logistic Company 2	RTGS	1,885,480.50
17-May-2018	Payee 8	509662	899,600.00
17-May-2018	Payee 9	509656	810,512.22
18-May-2018	Payee 10	509657	875,000.00
18-May-2018	Payee 11	509659	874,900.00
18-May-2018	Brother 1	509660	874,400.00
18-May-2018	Brother 2	509661	873,950.00
18-May-2018	Sister 1	509658	603,750.00
24-May-2018	Payee 7	RTGS	1,435,000.00
13-Jun-2018	Logistic Company 2	RTGS	1,000,000.00
31-Oct-2018	Payee 7	RTGS	3,990,000.00
	Total		41,172,625.05

Appendix VI Overseas Consultant Deliverables

CMU Deliverables	MOEYI Deliverables
Exploring and identifying international donor and such organisations to partner with the strategic direction of the Client.	[Amended contract – Year 2]
Exploring and identifying international students for recruitment into programmes offered by the Client.	Presentation of a detailed annual work plan and budget schedules for workshops town hall meetings and other fundraising events.
Identifying, developing and mapping funding opportunities from potential sources internationally and recommend strategies for partnerships.	Provide an updated listing of all potential donors' interest and contribution history every three (3) months. (A total of 4 listings to be provided at \$175,200. Each)
Developing proposals aimed at attracting funding to support the strategies of the client.	Provide up to date listing of funding opportunities across the region (to include Government agencies and business sector clients that might be likely to partner with NET and the nature of the support.
Developing and recommending a strategy to guide the client's fundraising efforts; facilitating the dissemination of information between the Diaspora and the Client; and developing solutions to improve the mechanisms and processes to accomplish this.	Provide funding (cash and in-kind donations) in the amount of US\$250,000.00 annually secured for priority project identified by NET and as informed by deliverables 2 and 3.
Developing a marketing strategy to deliver support from the diaspora for activities to support the Client's programmes to be developed and implemented in support of students with financial and other needs.	A concise final report of achievement with recommendations for future priority areas of focus of donor interventions in Jamaica and the diaspora.
To partner with foundations and organisations in the diaspora to provide support and funding for students with financial and social challenges.	

CONTRACT PERIOD	
January 2018 to December 2019	January 2017 to December 2018
COMPENSATION	
US\$150,000 plus Reimbursables	\$3.5 million p.a, plus monthly reimbursables and operational expenses of US\$2,500 and 3% incentive on actual cash mobilized
PAYMENTS UNDER CONTRACTS	
\$13.95 million plus US\$12,038 for travelling expenses	\$5.4 million

Appendix VII Reimbursements to CMU's President

Account	Currency	Date	Amount (\$)	Remarks
112413264	US\$	16/12/2016	5,298.03	No Support
112413264	US\$	17/1/2017	10,488.03	No Support
112413264	US\$	21/2/2017	4,878.15	No Support
112413264	US\$	27/4/2017	25,756.69	No Support
112413264	US\$	1/6/2017	6,889.32	No Support
112413264	US\$	19/6/2017	5,936.31	No Support
112413264	US\$	15/11/2017	8,519.34	No Support
112413264	US\$	23/1/2018	8,763.44	No Support
112413264	US\$	23/1/2018	21,945.46	No Support
112413264	US\$	19/2/2018	5,969.90	No Support
112413264	US\$	1/5/2018	12,981.56	No Support
112413264	US\$	18/3/2019	358.80	No Support
		Total	117,785.03	
1001956440	JA\$	9/4/2018	67,376.85	No Support
1001956440	JA\$	5/9/2018	2,161,985.36	No Support
		Total	2,229,362.21	
112413264	US\$	8/2/2017	3,248.82	Expense Statement
112413264	US\$	27/4/2017	4,210.60	Expense Statement
112413264	US\$	10/5/2017	4,755.40	Expense Statement
112413264	US\$	16/5/2017	7,780.80	Expense Statement
112413264	US\$	19/6/2017	5,517.52	Expense Statement
112413264	US\$	2/8/2017	2,922.34	Expense Statement
112413264	US\$	25/5/2018	3,592.99	Expense Statement
		Total	32,028.47	
1001956440	JA\$	1/11/2018	725,510.18	Expense Statement

Acronyms and Abbreviations

CAP	Career Advancement Programme
CAPYES	Career Advancement Programme Youth Employment Solution
CBEI	Centre for Blue Economy and Innovation
CDIAM	Centre for Digital Innovation and Advance Manufacturing
CEO	Chief Education Officer
CMI	Caribbean Maritime Institute
CMU	Caribbean Maritime University
DC-E	Direct Contracting- Emergency
FACT	Festo Authorized and Certified Training Centre
GOJ	Government of Jamaica
HRM	Human Resources Manager
INTOSAI	International Organization of Supreme Audit Institutions
JCTE	Joint Committee for Tertiary Education
JMITF	Jamaica Maritime Institute Trust Fund
LCB	Local Competitive Bidding
MDA	Ministries, Departments and Agencies
MoEYI	Ministry of Education, Youth and Information
MoFPS	Ministry of Finance and the Public Service
MTC	Maritime Training Centre
NET	National Education Trust
NLA	National Land Agency
PBMA	Public Bodies Management and Accountability -Act
TAP	Technology Advancement Programme
TOR	Terms of Reference
USF	Universal Service Fund

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