AUDITOR GENERAL'S DEPARTMENT

PERFORMANCE AUDIT REPORT

MANAGEMENT SYSTEM FOR THE MAINTENANCE OF PAROCHIAL ROADS (ST. CATHERINE MUNICIPAL CORPORATION)

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

AUDITOR GENERAL'S DEPARTMENT OF JAMAICA

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Building blocks of Value for Money

ECONOMY is keeping the resources costs low. The resources used should be available in due time, in appropriate quality and quantity and at the best price.

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

EFFECTIVENESS is meeting the objectives set. It is concerned with attaining the specific aims or objectives and/or achieving the intended results.

Audit at a Glance

Management System for the Maintenance of Parochial Roads
(St. Catherine Municipal Corporation)

Key Data

- Parochial roads totalled approximately 10,000 km nationwide, which represents two-thirds of Jamaica's total road network of 15,000 km
- SCMC is responsible for maintenance of parochial roads within the parish, except for the Portmore Municipality
- SCMC rehabilitated 178 kilometres of roads over the period 2014 –2018:
- $371 million or 21% of Parochial Revenue Fund disbursement spent by the Corporation under its Roads in the Parish programme

Main Findings

- No strategic direction from Council to enable achievement of objectives, public input not sought, and the required strategic and operational plans were not prepared.
- With no agreed strategic plans and targets, SCMC only reported to the Council and the MLGCD on activities undertaken.
- Deficiencies in SCMC's governance framework exacerbated by the corporation's failure to prepare annual procurement plans.
- No up-to-date inventory of parochial roads under SCMC's purview.
- SCMC did not adopt good governance practices to ensure the determination of works were transparent and credible.

Conclusion & Recommendation

SCMC did not demonstrate that it undertook a robust process to ensure that the most suitable roads were selected for rehabilitation/maintenance. There was no focus on SCMC's purpose and desired outcomes of the citizens, given that their feedback was not sought in determining the strategic direction of the Corporation. SCMC should develop an up-to-date list of parochial roads and a transparent process of determining road works to be undertaken to better guide the prioritization of resources for the appropriate rehabilitation activity and foster greater accountability in the management of public resources.

Auditor General's Overview

The provision of properly maintained parochial road networks is well established as essential to the social and economic development of rural communities. Alternately, it is recognized that neglected roads hamper the efficient distribution of goods and services and the movement of people, stifling economic growth and social welfare. Hence, in a context where budgetary support for road maintenance/rehabilitation is inadequate to meet the needs of the various communities, it is important that parochial roads are built and maintained to acceptable standards given the link to the National Outcome No. 9: Strong Economic Infrastructure, which requires the provision of high-quality infrastructure to facilitate the efficient movement of persons, goods services and information to increase the productivity of economic processes and contribute to balanced and sustainable spatial development.

Within the last five years, I have tabled reports on the performance of entities responsible for national (National Works Agency) and farm roads (Rural Agricultural Development Agency) respectively. These reports highlighted weaknesses in their quality management system that provided weak assurance that the country's main road network and related infrastructure were being constructed and maintained based on acceptable quality standards. This report on the Saint Catherine Municipal Corporation represents the third in the series of reviews on road management in Jamaica, focussing on the parochial road networks and related infrastructure to assess whether road rehabilitation and maintenance projects were implemented effectively and efficiently to achieve value for money.

The audit revealed that the SCMC's Council could not demonstrate that it provided strategic direction to enable the corporation to achieve its objectives and did not establish medium and long-term goals and performance targets to guide its operation. The input of the public was not sought in determining the strategic direction of the corporation and the prioritization of limited resources, contrary to the Local Government (Financing and Financial Management) Act. Planning for the management of the parochial road network was deficient in a context where SCMC was unaware of the full extent of the network and condition of the roads under its purview, and did not have a transparent process of determining works to be carried out under the Roads in the Parish, Divisional Allocation and Lengthman programmes. Further, deficiencies in record keeping limited verification that funds allocated from the Parochial Revenue Fund (PRF) were appropriately spent.

It is anticipated that this report will encourage the portfolio ministry and municipal corporations to introduce the necessary reforms to enhance transparency and accountability in the management of public resources.

Thanks to the management and staff of SCMC for the cooperation and assistance, as well as courtesies extended to the audit team throughout the period of the audit.

Pamela Monroe Ellis, FCCA, FCA
Auditor General

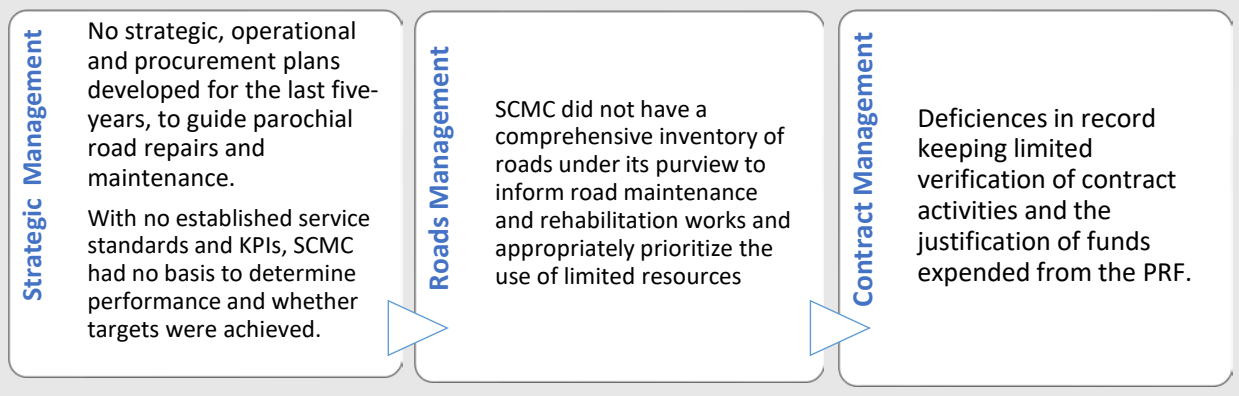
Executive Summary

The Ministry of Local Government and Community Development (MLGCD), through its municipal corporations, is responsible for maintaining parochial roads, which represent two-thirds of Jamaica's total road network of 15,000 km. Without regular maintenance, these roads could rapidly fall into disrepair, leading to increased rehabilitation and vehicular operating costs and a reluctance by transport operators to use same. An effective road management and transportation system is important to long term sustainable economic growth and development, consistent with the objectives of the United Nations Sustainable Development Goal # 9: Industry, Innovation and Infrastructure and Jamaica's Vision 2030 National Development Plan. Hence, the assurance that proper systems were in place to enable good quality road works is important.

The Local Government (Financing and Financial Management) Act, 2016 requires that a percentage of the revenue generated from motor vehicle licensing fees and property taxes to be allocated to the municipalities, as the Parochial Revenue Fund (PRF) for the rehabilitation/maintenance of parochial roads. This is in a context where distribution of goods and services and the commuting public rely heavily on these road networks. Against this background, our audit sought to determine whether the St. Catherine Municipal Corporation (SCMC) had in place an effective and efficient management system to provide assurance that value for money would be achieved for the funds spent on the rehabilitation and maintenance of parochial roads. SCMC presented limited information regarding its contract activities and could not readily provide a list of the contracts entered into during the period under review, due to the absence of a contract register. The weaknesses in SCMC's control system hindered our determination of whether full value for money was received for expenditure on road and maintenance works carried out under the Roads in the Parish, Divisional Allocation and Lengthman Programmes. We found that SCMC did not have objective criteria to determine the allocation of the resources to rehabilitate roads in a transparent and efficient manner.

Key Audit Question **Is there an effective and efficient management system for the maintenance of parochial roads under SCMC's administration?**

What We Found



Strategic Management

1. **It was not evident that SCMC's Council provided strategic direction to enable the corporation to achieve its objectives, as the strategic and operational plans to guide its core activities were not prepared**. Further, SCMC breached the Law[1] by its failure to ensure that the public was given the opportunity to participate in the strategic direction of the corporation and prioritization of limited resources. SCMC did not prepare the required annual strategic and operational plans for the five-year period 2014-15 to 2018-19 under review; despite it being a requirement since 2016 for Municipal Corporations to prepare strategic plans. This means that the SCMC did not establish medium and long-term goals and performance targets to guide its operation, which is indicative of poor governance of SCMC's operation at the strategic level and prevented the MLGCD from fulfilling its oversight responsibilities of core operational activities, including parochial road repair and maintenance. Whereas we saw evidence that the MLGCD provided strategic plan development training to SCMC; there was no evidence that the Ministry ensured that the Corporation developed the required plans.

2. **With no agreed strategic plan and targets, SCMC reported to the Council and the MLGCD only on the activities undertaken on a monthly basis in order to obtain the monthly drawdown of funds from the PRF.** Further, MLGCD required SCMC and other municipal corporations to submit information on its activities for compilation of the Ministry's annual performance report. However, MLGCD would not have had an objective basis against which to evaluate SCMC's performance, given the absence of agreed targets and corresponding key performance indicators (KPIs). This deficiency highlighted the inadequate oversight and performance monitoring of SCMC's operations by the portfolio Ministry.

[1] Section 4(1) of the Local Government (Financing and Financial Management) Act 2016 states: "prior to submitting any strategic plan and budget to the Minister for approval under section 3(1)(d), the relevant Local Authority shall ensure that the public is given an opportunity to consider and give feedback on a draft of the strategic plan and budget proposed to be submitted".

3. **The deficiency in SCMC's governance framework was exacerbated by the Corporation's failure to prepare annual procurement plans to identify and prioritize procurement needs**[2]. In the absence of the procurement plans to guide the alignment of tasks/targets, including quantification of the parochial road repair and maintenance programmes, we could not determine the basis on which SCMC compiled its budget. In addition, failure to prepare annual work plans with associated performance targets, linked to the overall strategic plan, would have limited the Corporation's ability to monitor and hold staff accountable for their performance within the various functional units. SCMC's performance evaluation reports (PER) did not assess whether employees were efficient in service delivery, given that the PERs were not based on service standards and KPIs for core activities. Further, SCMC did not faithfully conduct these appraisals on a periodic basis. Our sample of 11 senior officers of the Corporation showed that performance evaluations were outstanding for periods ranging from 15 months to 11 years, in breach of the Municipal and Parish Services Commission Circular. For instance, despite SCMC placing heavy reliance on the competence and expertise of the Chief Engineering Officer to ensure that quality was maintained in the rehabilitation and maintenance of parochial roads, no performance evaluations had been completed since May 1, 2017, when this officer was recruited from another municipal corporation.

Roads Management

4. **The SCMC did not know the full extent of the network and condition of the roads under its purview, owing to the absence of an up-to-date parochial roads inventory record.** As an essential first-step to the management of the road network under its jurisdiction, and consistent with its mandate to maintain parochial roads, the SCMC should maintain an updated inventory of roads, which includes[3] at a minimum, the roads' location, condition and changes to the pattern and frequency of use. Instead, SCMC submitted a list comprising 396 parochial roads totalling 784.92 km for the parish of St. Catherine that was four decades old, dating back to 1975[4]. The list did not capture information for new sub-divisions that would have added new roads and increased road usage. After our audit, SCMC advised that the Corporation would, *"seek to develop a Road Inventory Management System in collaboration with the MLGCD, to better manage the parochial road network, to better guide the prioritization of resources consistent with the Corporate Plan. Research is on-going to identify other roads that were taken over by the Corporation, to update and make current the road inventory under the SCMC's control"*[5].

5. **SCMC did not have a transparent process of determining works to be carried out under the Roads in the Parish, Divisional Allocation and Lengthman programmes**. We expected that SCMC would prioritize road maintenance, based on established criteria, such as physical status of roads, usage patterns and level of economic and social activities in the communities to enable

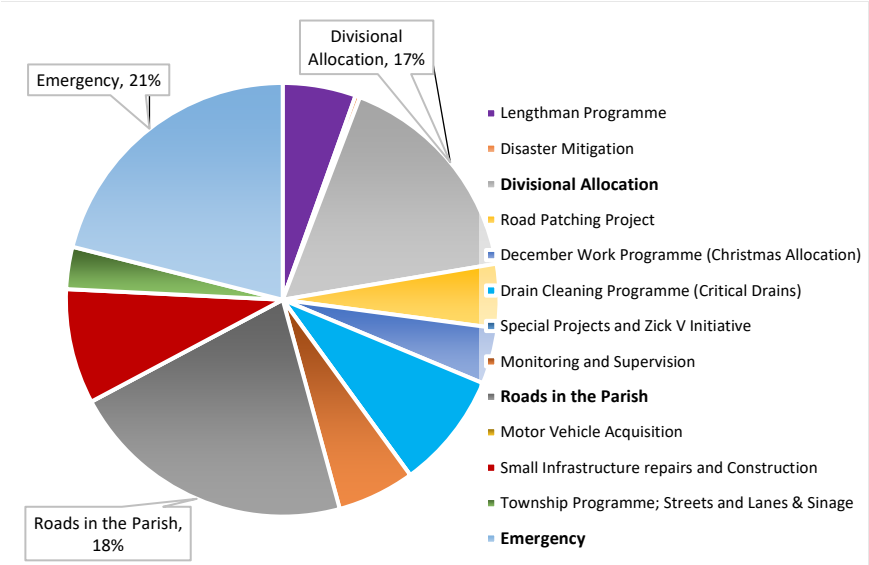
[2] Though the SCMC engaged a procurement officer and established a procurement committee, a procurement plan was not prepared.

3 Parochial Roads Act Section 4

[4] SCMC's 2016 Local Sustainable Development Plan (LSDP), indicated 940.77 km of roads for the parish of St. Catherine., which included the Portmore municipality.

5 SCMC's response to draft audit report dated June 16, 2020.

the effective use of limited resources. Over the period 2014-2015 to 2018-2019, MLGCD disbursed $2.089 billion, whilst SCMC reported expenditure of $2.013 billion from the PRF to carry out works on parochial roads[6]. SCMC also received monies for road maintenance from the Equalization Fund[7] totalling $191.5 million.



Total Expenditure / Progress Reports ($)	% of Total
93,360,000	*4.64%*
6,050,000	*0.30%*
334,767,550	***16.62%***
53,030,000	*2.63%*
77,775,000	*3.86%*
81,459,055	*4.04%*
9,900,000	*0.49%*
222,838,126	*11.06%*
371,189,613	***18.43%***
5,700,000	*0.28%*
319,531,891	*15.87%*
21,280,923	*1.06%*
417,051,161	***20.71%***
2,013,933,318	**100%**

i. ***Roads in the Parish Programme*:** Funds totalling $371 million allocated to the Roads in Parish Programme over the period 2014 – 2019 were expended based on consultation with the Mayor, the Chief Engineering Officer and the Chief Executive Officer, for the various works to be done. SCMC failed to document the deliberations that informed decisions to approve road projects under this programme, which would have provided evidence of the requisite due diligence and consultations used to guide the selection of road projects and by extension, the divisions which would benefit from road repairs.

ii. Further, the work programme for the *Roads in the Parish* that were approved by MLGCD, listed only the divisions and the estimated cost but did not identify the specific roads and the type of work to be done. Despite our request, SCMC did not provide the breakout of the approved *Road in the Parish* projects. This prevented our reconciliation of the contracts with the related payments. Our review of the progress reports, which were submitted to the MLGCD on a quarterly basis showed the amount spent relative to the amount approved. Otherwise, the reports provided no details with respect to the specific road works undertaken.

[6] The general ledger expenditure under PRF totalled $2.13 billion, whilst the progress report submitted to the portfolio ministry totalled $2.013 billion, reflecting a difference of $116 million.

[7] Equalization Fund represents 10% of property taxes collected

iii. The ***Divisional Allocation Programme*****:** Over the period 2014 – 2019, SCMC expended $335 million or 17 per cent of the PRF under the Divisional Allocation Programme to undertake road repairs, patching, drain cleaning and drain repairs. The identification and selection of roads to be repaired were made by councillors and the chief engineering officer. We could not ascertain whether works were prioritized based on the need for preventative, routine and emergency maintenance works as the records were deficient in this regard. The SCMC did not keep a record of the basis of selection of roads for rehabilitation work. The information available was limited to monthly work programmes detailing rehabilitation activities and progress reports for fund request and disbursement purposes only.

iv. ***Emergency Works:*** We noted that SCMC spent $417 million over the period 2014-15 to 2018-19 on 'emergency works'. This represented 21 per cent of total reported PRF expenditure over the said period. The SCMC is required to keep a proper record of the circumstances that necessitated that emergency action. However, SCMC could not demonstrate whether use of the emergency classification conformed with its prescribed designation. SCMC classified "emergency works" as 'construction/reconstruction/repairs of critical infrastructure/mitigation work (major retaining structures), emergency response to infrastructure activities during or following a disaster event'. From our sample of 100 transactions, we identified 23 valuing $22 million classified as emergency work and found the description of the type of works represents routine maintenance activities; which made it difficult to verify whether the works warranted the classification of 'emergency'. Additionally, we found no proper system/mechanism in place to monitor and document inspection of works done.

v. SCMC did not have in place an effective inspection and monitoring mechanism to verify that the $93 million expended from April 2014 to March 2019 under the Lengthman Programme represented full value for money. Whereas SCMC determined the length of roadway to be managed by each lengthman and the nature of work to be undertaken, SCMC was unable to provide evidence that actual works were inspected. SCMC indicated that works overseers visited the various locations to verify that works were satisfactorily done. However, there were no logs or inspection reports to verify the level and quality of the works purportedly undertaken by the lengthmen. As at January 2020, over 300 persons from SCMC's 29 divisions, were engaged under the programme to clean drains, clear landslides, and bush overgrown vegetation along specified roadways. In June 2020, SCMC responded that, *"Going forward, a monthly report for inspections done under this programme will be prepared and filed to include inspection visits and logs"*[8].

[8] SCMC's response to draft audit report dated June 16, 2020.

Contracts Management

6. **SCMC had limited information regarding its contract activities and could not readily provide a list of the contracts entered into during the period under review, due to the absence of a contract register.** We identified 11 instances in relation to contracts with an aggregate value totalling $15.4 million, for which SCMC permitted the commencement of works before agreements were signed. In these 11 instances, the dates on the supporting documents suggested that the SCMC accepted the supplier's offer after the contractors certified that the works were done. The lag between the dates that the agreements were signed, and the certification of services rendered ranged from 47 days to 311 days. Additionally, SCMC did not provide us with documentation related to the selection and award of the contractors for 55 road work projects, which had a combined value of $121 million, and 6 of 13 contracts valued at $38.8 million.

7. **SCMC did not test the material used in road works and maintenance for contracts valued below $10 million. SCMC did not provide us with a justification for the threshold, which was introduced in 2017.** We noted that the majority of contracts fell below the limit and as such the bulk of material inputs for road works were excluded from testing. However, none of the 13 contracts totalling $36 million, awarded since the threshold was introduced, were eligible for materials testing. Furthermore, force account methodology was used primarily for road works valued at $500,000 and below; hence works undertaken through this method would be excluded from testing, which is contrary to the GOJ Procurement Guidelines[9]. SCMC, by way of correspondence dated June 16, 2020, indicated that the testing threshold would be reviewed and likely revised downward after an internal review, which should be conducted by September 2020.

Conclusion

SCMC did not demonstrate that it undertook a robust process to ensure that the most suitable roads were selected for rehabilitation/maintenance. We expected that whatever mechanism was adopted by SCMC, the selection of roads would be informed by the purpose and needs of the community and commuters. Section 4(1) of the Local Government (Financing and Financial Management) Act, (2016) makes it mandatory for the Corporation to consult with the public in developing the Strategic Business Plan and Budget.

a) Consistent with good corporate governance, we expected MLGCD and the Municipal Council, to provide effective oversight of SCMC's operations and thus obtain timely warning of performance issues. In performing their monitoring role, MLGCD and the Council should ensure that the requisite strategic and operational plans are prepared in accordance with the Local Government (Financing and Financial Management) Act, 2016 and utilized to develop procurement plans. However, there was no focus on SCMC's purpose and outcomes of its

[9] GOVERNMENT OF JAMAICA HANDBOOK OF PUBLIC SECTOR PROCUREMENT PROCEDURES (VOLUME 2 of 4 PROCEDURES FOR THE PROCUREMENT OF GOODS, GENERAL SERVICES & WORKS) - NOTE: Testing at the source is required for use of road base material

(external stakeholders) citizens and (internal stakeholders) clients, which as indicated above is embedded in the legislation.

b) Further, given the limited funds to maintain the parochial roads at an acceptable level, we expected SCMC to prioritize the maintenance of roads based on established criteria, such as physical status of roads, usage patterns and level of economic and social activities in the communities. We also expected that SCMC would have identified road work activities to be selected and prioritized for activities such as preventative, routine and emergency maintenance work to guide the use of scarce resources. MLGCD disbursed funds from the PRF to the SCMC based on the proposed road works listed on work programmes, which risked approval of disbursements for less necessary works that might not achieve full value for money.

c) Further, the absence of critical documentation to verify the procurement process involved in the engagement of contractors, impeded our ability to conclude that the procurement activities for road works were economical and transparent.

What Should Be Done

1. MLGCD should enforce the mandatory submission by SCMC, of strategic plans as required by the Government's Corporate Governance and Accountability Framework and hold SCMC to account for breaches, given the entity's use of public funds. Also, the MLGCD should ensure that the Corporation comply with Section 4(1) of the Local Government (Financing and Financial Management) Act, 2016 to ensure that the Strategic Plan and Budget are reflective of the needs of the general citizenry and in keeping with the National Development Plan, Vision 2030, which states that a durable road network is essential to productivity and the general welfare of citizens.

2. In an environment of limited resources and given the impact of poorly maintained roads on the motoring public, greater emphasis should be placed on ensuring that SCMC has a dynamic inventory system that would assist in providing an up-to-date list of parochial roads. Such a system would also provide SCMC with the current status of parochial roads to better guide the prioritization of resources for the appropriate rehabilitation activity - routine, preventative, and emergency repairs, to facilitate the delivery of an acceptable physical road infrastructure, consistent with needs.

3. SCMC's procurement process should be designed to ensure that the appropriate contractors are selected and engaged, which would enable provision of the best possible service in the most cost-effective way. Consistent with this expectation, SCMC should have the relevant contracts and supporting documents in place to allow for audit trail to be established.

4. SCMC should establish internal controls to reduce the risk of misstatement or inaccurate financial records. This is to ensure that the financial information provided presents a true and fair view of its financial activities.

Part 1 Introduction

Who is responsible for maintaining parochial roads?

1.1 As a function of its oversight of municipal corporations, the Ministry of Local Government and Community Development (MLGCD) has under its purview, approximately 10,000 km[10] of parochial roads, which represents two-thirds of Jamaica's total road network of 15,000 km. MLGCD develops policy and the legal framework, as well as provides technical and administrative assistance for the local authorities (Municipal Corporations), which carry out works related to parochial roads. The parochial road maintenance works encompass the general maintenance of the road network, which includes carrying out repairs such as patching of damaged roadways and construction of new and existing retaining structures.

Over the period 2014-2018, **SCMC Repaired - 178.2 km**

GOJ's vision for the Country's parochial roads

1.2 The Government's vision for its road network is also aligned to the United Nations Sustainable Development Goal # 9 wherein, investment in infrastructure and innovation were regarded as crucial drivers of economic growth and development. (**Figure 1**).

Figure 1 GOJ vision for parochial roads

Vision 2030 National Development Plan (NDP)	The National Transport Policy (2007)	UN Sustainable Development Goal # 9
Routine maintenance of parochial roads is important given the cost-effectiveness of road maintenance and rehabilitation compared to new road.	Transport vital for human development, in terms of access to markets and basic services	Investment in infrastructure and innovation are crucial drivers of economic growth and development.

Source: AuGD's compilation

1.3 In keeping with the National Development Plan, Vision 2030[11], a durable road network is essential to productivity and the general welfare of citizens. The Local Sustainable Development Plan for St. Catherine highlighted that neglected roads often deter usage due to increased vehicular operating costs thereby curtailing passenger and goods distribution, and even garbage collection especially in small communities. In addition to the adverse impact of poorly maintained roads on economic and social development opportunities, adequate preventative and routine maintenance of parochial roads are also important to the economical use of limited budgetary resources, given the greater cost of new road construction.

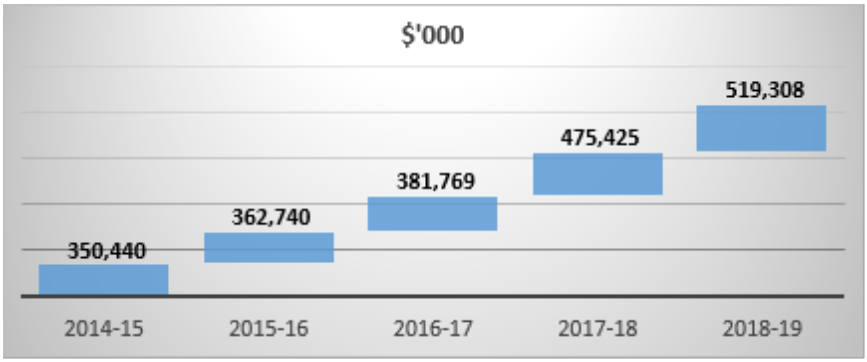
[10] Local Sustainable Development Plan (page 192)
[11] Vision 2030-NDP (National Outcome #9 – Strong Economic Infrastructure)

Funding of road rehabilitation and maintenance programmes

1.4 The Government implemented the Parochial Road Fund as a financing mechanism to address road construction projects and maintenance or rehabilitation programs. In keeping with regulations[12], a fraction of revenues generated from motor vehicle licensing fees and property taxes, paid into the Parochial Revenue Fund (PRF), is allocated to the municipalities to be used to conduct rehabilitation/maintenance works on parochial roads.

1.5 As depicted in **Figure 2,** MLGCD disbursed $2.1 billion[13] from the PRF to SCMC during the period 2014 -2015 to 2018-2019, to carry out works on parochial roads. We noted that SCMC also received monies for road maintenance from the Equalization Fund[14], which amounted to $191.5 million (**Table 1**). The latest set of audited Financial Statements available covers the period 2008/2009. SCMC's financial statements covering the financial years 2009-2010 to 2012-2013 were earmarked for audit review under a World Bank project; however, the project had been delayed. The absence of current audited financial statements breached the Local Government (Financing and Financial Management) Act, 2016 and would have limited our analysis of the effective and economical use of resources.

Figure 2 Amounts disbursed by MLGCD from the PRF for SCMC road maintenance for the period 2014-2015 to 2018-2019



Source: AuGD's analysis of MLGCD financial data

[12] Local Government (Financing and Financial Management) Act, 2016, Section 14 (1-2); Road Traffic Act, 1938 (Amended, 2003) Section 15, subsection 2

[13] Disbursement for March 2019 ($44 million) reflected in SCMC's accounting records in April 2019

[14] Equalization Fund represents 10% of property taxes collected

Table 1 Receipts and Payments related to Parochial Roads recorded in SCMC's accounting records

Financial Years	Receipts			Payments		
	PRF $	EQ Fund $	Total $	PRF $	EQ Fund $	Total $
2018-2019	519,307,516	32,240,000	**551,547,516**	538,200,928	46,727,100	**584,928,028**
2017-2018	475,425,107	39,190,000	**514,615,107**	479,658,920	22,740,000	**502,398,920**
2016-2017	381,769,087	51,100,000	**432,869,087**	379,075,069	6,150,000	**385,225,069**
2015-2016	362,739,739	59,000,000	**421,739,739**	375,568,313	71,124,726	**446,693,039**
2014-2015	350,439,947	10,000,000	**360,439,947**	358,106,909	6,219,740	**364,326,649**
Total	**2,089,681,396**	**191,530,000**	**2,281,211,396**	**2,130,610,139**	**152,961,566**	**2,283,571,705**

Source: SCMC's Financial data

Audit rationale, Objective, Scope and Methodology

1.6 We conducted a performance audit to assess whether the Government, through the St. Catherine Municipal Corporation (SCMC), had a reliable quality management system for Jamaica's parochial road works. Further, the audit sought to determine whether SCMC had adequate systems of internal controls (including procurement and contract management practices) to ensure that funds allocated for rehabilitation/maintenance are managed effectively to enable the delivery of roads that meet quality standards and the achievement of value for money. Overall, the audit assessed factors deterring the effectiveness of the quality management assurance of the roads. **Appendix 1** outlines the key audit questions used to achieve the audit objective.

1.7 We planned and conducted our performance audit in accordance with the Government Auditing Standards, which are applicable to Performance Audit, our Performance Audit Manual (2017), as well as standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Our assessment covered the period 2014-2015 to 2018-2019 and our criteria developed accordingly (**Appendix 2**). Additionally, the audit reflected specifically on two themes namely Project Management and Procurement & Contract Management, which form part of the Auditor General's strategic priorities.

1.8 The audit methodology included collecting and reviewing the SCMC's planning and procurement documentation; reviewing and testing the contract payments; reviewing SCMC's contract requirements, related deliverables, contract monitoring processes and documentation; conducting interviews with SCMC's management and staff; reviewing statutes, rules, and SCMC policies and procedures; and performing selected tests and other procedures for the contracts audited.

1.9 This report was prepared in accordance with professional auditing standards and sought to inform Parliament and the public in their assessment of whether parochial roads were being rehabilitated/maintained in line with quality standards and the achievement of value for money. The audit findings, conclusions and recommendations do not constitute legal opinion and should not be considered as such.

Limitation of Scope

1.10 SCMC presented limited information regarding its contract activities and was unable to provide a list of the contracts entered into during the period under review, due to the absence of a contract register. The weaknesses in SCMC's control system hindered our determination of whether full value for money was received for expenditure on road and maintenance works carried out under the Roads in the Parish, Divisional Allocation and Lengthman Programmes.

Part 2 Governance and Resource Management

At A Glance

Systems and practices	Criteria	Findings and observations	Assessment Against Criteria
The Council is collectively responsible for strategic management and oversight	The Council should take responsibility for the performance of the Public Body by monitoring the CEO's performance.	The Council did not prepare strategic, operational and procurement plans in breach of the GOJ governance framework.	⛔
Strategic oversight by Council	The Council, which constitutes the fundamental base for corporate governance for the organization, should establish: • an audit committee • Local Public Accounts Committee, The Council may establish sub-committees for special or general areas that it believes would be better regulated or managed by such committees.	SCMC did not have an Audit Committee in place to provide oversight for audit and risk management There is a functioning Local Public Accounts Committee (PAC). Meetings of committees such as Finance & Planning, Human Resources, Procurement Infrastructure and Traffic were held.	⚠
In compliance with the Local Governance Act, 2016[15], the Municipal Council would measure performance based on agreed targets and KPIs	Local Public Accounts Committee required to review Corporation's performance to determine accountability, transparency and ethical standards are observed and service delivery standards are achieved.	The non- preparation of corporate plans affected LPAC's ability to assess overall performance of SCMC as there were no targets and KPIs.	⚠

✔ MET the criteria ⚠ Met the Criteria, but improvements needed ⛔ Did not meet the criteria

2.1 In an environment of limited resources and given the impact of poorly maintained roads on the motoring public including the delivery of goods and services, we expected SCMC to place great emphasis on ensuring that it prepared strategic and operational plans to guide activities, including parochial road repair and maintenance, in a cost effective manner. However, we noted that SCMC's governance arrangements did not always assure that road maintenance funding was allocated to those roads that urgently required maintenance or rehabilitation.

A good road can be achieved through careful planning from both a strategic and operational level.

SCMC road work activities were not informed by corporate strategies

2.2 Consistent with the Law[16] and good governance, we expected the Board/Municipal Council (Council) to prepare the required strategic and operational plans, for approval by the portfolio Ministry of Local Government and Community Development (MLGCD). We expected SCMC to develop these plans detailing its strategic objectives and goals to enable efficient and cost-effective acquisition of

[15] Section 38, subsection 7 (a), (b)
[16] Local Government (Financing and Financial Management) Act 2016

goods and services, including parochial road repair and maintenance. However, SCMC had not prepared the required annual strategic and operational plans for the five-year period (2014-15 to 2018-19) under review, despite the statutory requirement since 2016[17] for municipal corporations to prepare strategic plans. Preparation of the strategic and operational plans is critical to ensure not only compliance with GOJ Corporate Governance framework but to ensure alignment with SCMC's overall goals and business strategy. This deficiency was exacerbated by the failure of the Council to prepare annual procurement plans to identify and prioritize procurement needs. In the absence of the procurement plans to guide the alignment of tasks/targets, including quantification of the parochial road repair and maintenance programmes, SCMC had no acceptable basis on which budgets were prepared.

2.3 The non-submission of these critical documents not only breached the Regulation but demonstrated poor oversight and governance practices by SCMC at the strategic level. It also hindered SCMC from providing the necessary supervision of operational activities, including parochial road repair and maintenance. Further, as the strategic plan is the visible output of an agency's business planning process, SCMC's failure to prepare this document indicated the absence of a framework that would allow the entity to establish targets for the effective and efficient use of resources. We were provided with SCMC Draft Strategic Plan for 2019-2023, with the expected date of completion being June 2019. However, up to the date of this report, the finalised document was not presented for review and sign-off by the Council and the parent Ministry. In June 2020, SCMC indicated that the plan would be finalised and submitted to the Council and portfolio Ministry, within three months (before September 2020).

2.4 Continued failure to prepare the required strategic plans also deprived the public of providing input and feedback on the strategic direction of SCMC. According to Section 4(1) of the Local Government (Financing and Financial Management) Act, 2016: "*prior to submitting any strategic plan and budget to the Minister for approval under section 3(1)(d), the relevant Local Authority shall ensure that the public is given an opportunity to consider and give feedback on a draft of the strategic plan and budget proposed to be submitted*".

2.5 We requested evidence that MLGCD had followed up with SCMC on the status of the unpresented plans and requested these reports from the Council. MLGCD's Internal Audit Unit reported[18] that: *Management was not fully committed in ensuring that the Operational and Strategic Business Plan for the Corporation was completed in a timely manner and submitted to the Ministry of Local Government for approval.* MLGCD by way of email correspondence dated June 29, 2020, presented a standardized template that is sent to all municipal corporations requesting specific information to be used in compiling MLGCD's annual performance report.

2.6 With no agreed strategic plans and targets, SCMC only reported to the Council and the MLGCD on activities undertaken. SCMC prepared and submitted to the Council and MLGCD, monthly road maintenance work programmes, detailing proposed works to be conducted in each division and corresponding monthly progress reports. However, these programmes and progress reports did not

[17] Section 3(1)(d) of the Local Government (Financing and Financial Management) Act 2016 and and Financial Guidelines to Public Bodies Section 1 (subsections 1.01-1.04)
[18] MLGCD Internal Audit Report dated January 31, 2020

identify key performance indicators (KPIs) for the entity, but were merely pre-requisites for the monthly drawdown of funds from the PRF. The PRF allocations, which averaged $35 million per month, were approved by SCMC's Finance and Planning Committee, based on submission from councillors for spending in their constituencies and for SCMC's continued operations. Similarly, although SCMC prepared annual performance reports, the Council and MLGCD did not provide a basis on which to evaluate performance[19] and hold persons to account, given the absence of agreed targets, by way of strategic and/or operational plans. This deficiency denied the MLGCD the opportunity of exercising its oversight by holding the Council accountable to agreed performance.

2.7 SCMC submitted details of square metres of roads repaired and bushed; drains and gullies cleaned; and square metres of roads patched in the MLGCD's annual performance reports on the key activities conducted by the Corporation. However, the Ministry's ability to evaluate performance would have been limited given the absence of agreed performance targets. (**Table 2**).

Table 2 SCMC report regarding works carried out on parochial network and drains from funds received from the PRF

Financial Year	Road Repairs km	Drainage Km	Bushing km	Patching m^2
2017/18	18	250	430	37,000
2016/17	66	68	90	17,600
2015/16	73	30	68	17,600
2014/15	21.2	39	14	8,070
Total	**178.2**	**387**	**602**	**80,270**

Note

1. Data for 2017-2018 not detailed in MLGCD annual performance report
2. Achievement possible through utilization of the PRF and Equalization Fund.

Source: AuGD's compilation

Audit Committee not established

2.8 In accordance with regulations[20], we expected the Council to have created an audit committee to obtain independent audit assurance to assist in its oversight duties. However, the Council failed to create such Committee, thereby breaching its regulations, and hampering the Council in its ability to ensure adequate and transparent financial reporting, internal controls, and management information systems. Although SCMC operated an Internal Audit Unit for which it employed an internal auditor, along with two support staff, we noted deficiencies in the Unit's operations (**Table 3**).

[19] 2014-15 to 2017-18.

[20] Local Government (Financing and Financial Management) Act 2016 Section 31 sub-section 1

Table 3 SCMC's Oversight Assurance

Criteria	What we Found
INTERNAL AUDIT	
1. Approved Audit Plan	Audit work programme is determined by CEO.
2. Audit Work prioritised based on risk assessment	Did not prepare risk-based audit plan to indicate the scope of work to be carried out. Audit work done – focus essentially on checking of payments (bills and salaries). Operates as checking officers - pre- audits on the different accounts. road work payments as they arise but does not do an audit specifically as it relates to road works. Rarely goes out and looks at road works done.
3. IA reporting requirement	Generates a report quarterly. Internal Auditor reports to CEO, which may result in a conflict of interest and management over-ride.
LOCAL PUBLIC ACCOUNTS COMMITTEE	
4. Functioning Local Public Accounts Committee - required to review Corporation's performance to determine accountability, transparency and ethical standards	Committee meets quarterly. Minutes related to the committee were made available. The committee looks at accounts, bank reconciliations, procurement, and long-standing issues (non- preparation of corporate plans)
MUNICIPAL COUNCIL	
5. The Council must ratify the strategic decisions and approve expenditures within the stipulated limits.	The Council ratified the decisions of the various committees as reflected in resolutions at its meeting and recorded in the minutes.

Source: AuGD's compilation

2.9 To its credit, SCMC had a functioning Local Public Accounts Committee (LPAC) in place with the authority to examine and assess the reports of the internal auditors. Our review of LPAC minutes for 2016 to 2019 showed that the committee discussed issues such as SCMC's non-submission of financial statements and corporate plans (**Table 3**). In compliance with regulations, the committee monitored the operations of SCMC in accordance with requirements and required that the entity implement corrective actions to address areas of concerns. However, SCMC was yet to implement the LPAC's recommendations to prepare corporate plans and financial statements. These issues prevented the Committee from conducting a proper assessment of the entity's financial situation and affected its ability to assess overall performance of SCMC as there were no corporate plans that would capture targets and KPIs. MLGCD internal auditors conducted an audit for the period 2018-19 and 2019-20 which also raised concerns regarding the absence of corporate and up-to-date financial statements and recommended that these issues be addressed.

2.10 We also noted that the Council had in place functioning committees in areas such as Human Resource, Procurement, Finance and Planning, Infrastructure & Traffic. Meetings of the Finance & Planning Committee, Procurement and Infrastructure and Traffic Committees were held as per review of minutes. Decisions in the various minutes were ratified by the Council.

2.11 In June 2020[21], SCMC indicated that, *"the Corporation has taken the necessary actions to distribute, gradually, all checking and pre-auditing works over to the Accounting Team; which has now given the Senior Internal Auditor and the team more latitude to operate as they should. The Audit Team now has more time to do post-auditing and the checking of road works throughout the parish*".

2.12 SCMC has yet to provide evidence of the revised work allocation that reflects the internal audit department focus on post audits instead of pre-audits. Further, SCMC had not provided evidence that the accounting department had been informed of the increased pre-audit works consequent on the reallocation of post audit duties to the internal audit department.

SCMC did not consistently monitor staff performance or require preparation of work plans

2.13 SCMC presented an organisation chart which outlined 10 divisions, with 11 responsible managers. However, SCMC did not require divisions to prepare work plans in accordance with the overall strategic plan for the Corporation and could not demonstrate that it established work plans with associated performance targets, across functional units and individual employees. In particular, SCMC did not establish service standards and KPIs for core activities such as building and subdivision approvals under the Roads and Works Department. The absence of clear linkages between annual operational targets and related programme activities, limited SCMC's ability to monitor staff against established deliverables and hold them to account for outcomes within their control.

2.14 Although SCMC caused to be prepared performance evaluation reports (PER) to obtain appointments and allowances, employees were not assessed against performance targets given that the PERs were not based on service standards and KPIs for core activities. Performance appraisals were based only on competences[22] which did not enable SCMC to assess whether operational staff were utilized efficiently and effectively in the delivery of services. Our sample of 11 senior officers of the Corporation showed that performance evaluations were outstanding for periods ranging from 15 months to 11 years, in breach of the Municipal and Parish Services Commission Circular[23] (**Appendix 3**). In particular, SCMC's Director of Finance was last evaluated in January 2009, for appointment to the position. Further, despite heavy reliance on the competence and expertise of the Chief Engineering Officer, to ensure that quality is maintained in the execution of duties for rehabilitation and maintenance of parochial roads, we found that no performance evaluations have been completed since May 1, 2017, when the officer was transferred from another municipal corporation.

2.15 SCMC, by way of correspondence dated October 30, 2019 informed staff that *"effective January 2020, all Heads of Department will be provided with the prescribed evaluation form for those to be done"*. However, while a copy of the document was presented, at the time of this report, the document was not disseminated to all heads of department for implementation. We also noted that during the period under review, the staff of the Road and Works Department were provided with training in contract management, building code and procurement courses, however, there was no evidence of

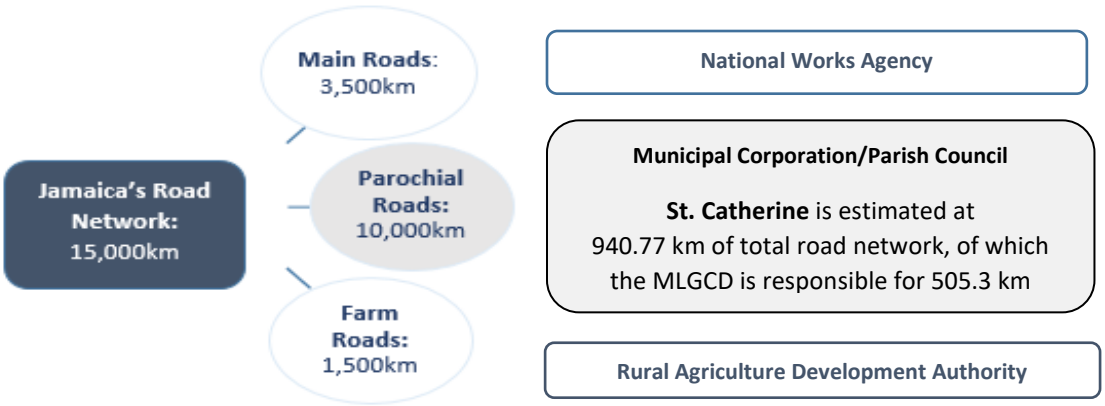
[21] SCMC's Response to Draft Audit Report (June 2020)
[22] Competences assessed**:** Volume of Work, Quality of Work, Knowledge of Job, initiative, Co-operation, Personality, Attitude, Responsibility/Reliability, Adaptability, Attendance, Punctuality, Leadership & Ability to Manage.
[23] The Circular dated October 16, 2012 required all parish councils to prepare PERs on a semi-annual basis

training being provided in quality management and control, to strengthen the capacity of officers to monitor parochial road works.

SCMC unaware of the population, quality and status of its parochial road network

2.16 Consistent with its mandate to maintain parochial roads, we expected SCMC to have a comprehensive inventory management system, detailing all roads at a minimum by location, condition and previous works undertaken. We also expected that records would be updated on a timely basis consistent with SCMC's responsibility to take over roads for which it granted subdivision approvals as well as subsequent certification of the take-over.

2.17 One of SCMC records showed that of an estimated 940.77 km of road network in the parish of St. Catherine, 435.50 km were the responsibility of the National Works Agency (NWA) whilst the remaining 505.27 fell under the responsibility of local government[24].



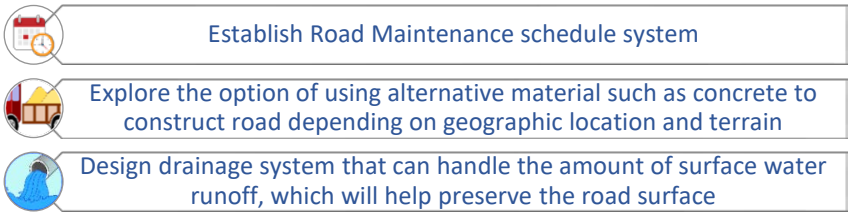
2.18 However, upon request, SCMC submitted a list[25] dated May 1975, comprising 396 parochial roads totalling 784.92 km for the parish of St. Catherine. However, no updated list to include information for new sub-divisions that would have added new roads and increased road usage was presented for our review. Pursuant to the powers conferred under Section 40 of the Parochial Roads Act, SCMC would assume take-over of subdivision roads, roadways and green spaces from developers upon completion and certification by chief engineering officer. In June 2020, SCMC responded that" The *road inventory has not been updated since the 1970's and the Chief Engineering Officer is currently researching to identify subdivisions that were taken over by the Corporation"*[26].

2.19 "Further, we noted SCMC was not proactive in monitoring the construction of the subdivision roads to determine that standards were met to facilitate ease of take-over[27]. Instead, SCMC required developers to inform the Council when works were completed, followed by an application of

[24] SCMC's 2016 Local Sustainable Development Plan (LSDP) [Page 192]
[25] List entitled "Schedule of Parochial Streets and Roads - Saint Catherine as from 1/5/75" and stamped by Superintendent of Roads and Works on May 29, 1975
[26] SCMC's response to draft audit report dated June 16, 2020.
[27] Take-over relates to the municipal corporation assuming responsibility for roadways and other public amenities authorised by the Corporation and constructed by private developers, such as real estate or housing schemes developers, in compliance with the powers conferred on municipal corporation under Section 40 of the Parochial Roads Act

certification. We were unable to assess whether SCMC's current mechanism for take-over was effective in protecting homeowners from adverse actions of developers, as SCMC failed to submit for our review, data on the number of approvals, completions and takeover of subdivisions, despite requests.

2.20 SCMC acknowledged that "lack of proper road maintenance, poor drainage and the type of material used to construct roads are contributing factors to the current road condition", which ranged from *very poor* to *good*[28]. To address the issues, SCMC highlighted the following strategies:



2.21 Notwithstanding, there was no evidence that SCMC took steps to implement or develop a roadmap for achieving the selected strategies. Based on the absence of updated records, we were not assured that SCMC had complete knowledge of all the parochial roads in the parish under its control, along with the state of the roads, so as to ensure that roads are maintained on a priority basis and that funding received from the PRF was directed for roads that would provide the greatest benefit to stakeholders. A dynamic inventory system that tracks demographic changes would have enabled SCMC to better monitor and assess the parochial road network under its control to ensure that roads were maintained on a priority basis and that funding received from the PRF was used in the most cost-effective manner.

Funding and selecting of parochial roads for maintenance work activities

2.22 Government made provisions[29] for a fraction of revenue generated from motor vehicle licensing fees and property taxes to be allocated to municipal corporations, through the MLGCD, as the Parochial Revenue Fund (PRF); for the rehabilitation/maintenance works on parochial roads (**Tables 4** & **5**). Along with this, SCMC obtained funding to maintain the parochial road network from the Equalization Fund and its own internally generated revenue.

[28] Local Sustainable Development Plan "*Our Way Forward*" page 193
[29] Local Government (Financing and Financial Management) Act, 2016, Section 14 (1-2); Road Traffic Act, 1938 (Amended, 2003) Section 15, subsection 2

Table 4 Allocation of funds to carry out work on parochial road network

Source of Funds	Fund	Allocation of funds		Beneficiary	Selection of rehabilitation works	Approval Required
Collections for Motor vehicle licensing fee and property taxes disbursed to municipal authorities by MLGCD.	**Parochial Revenue Fund (PRF)**	**80%**	General Road Maintenance	All divisions	Input of Councillor and Chief Engineering Officer.	SCMC submit Monthly Programme of Works to MLGCD, for approval.
		20%	Special Grant – for Repairs (Emergency)	All divisions	On the recommendation of the Chief Engineering Officer.	
	Equalization Fund		No limit	All divisions	On the recommendation of the Chief Engineering Officer.	Minister - MLGCD

Source: Information provided by SCMC

Table 5 Basis of programme selection, recommendation and approval

Programme of Works	Basis of Programme Selection	Recommendation and approval
Lengthman Programme	Lengthman selected by councillors to maintain specified roadways.	Chief Engineering Officer
Divisional Allocation	General Road Maintenance based on the councillor's submissions	Recommended by Chief Engineering Officer and approved by the Finance and Planning committee
Road Patching Project	Routine and periodic maintenance of parochial roads	Chief Engineering Officer
December Work Programme (Christmas Allocation)	De-bushing and Drain Cleaning works in all Divisions upon submission and approval of the requisite Work Programmes from councillors	Chief Engineering Officer / CEO / Mayor
Roads in the Parish	Road repairs, de-bushing and drain cleaning works in various Divisions	Mayor, the Chief Engineering Officer and the Chief Executive Officer
Emergency	Construction/ reconstruction/repairs of critical infrastructure/mitigation works (major retaining structures), emergency response to infrastructure activities during or following a disaster event'	Chief Engineering Officer, subsequent approval by CEO and further endorsed by the Mayor

Source: AuGD compilation of SCMC information

2.23 There was no evidence of the basis by which road works were selected and prioritized for activities such as preventative, routine and emergency maintenance work to guide the use of scarce resources. MLGCD disbursed the PRF based on the proposed road works listed on work programmes (**Appendix 4**) generated from assessments which risked approval of disbursements for less necessary

works that might not achieve value for money. **Appendix 5** outlines a general overview of the process flow in relation to road maintenance. The management of the amounts disbursed from the PRF and SCMC's procurement process are discussed in more detail in Part 3 of this report.

Part 3 Quality Assurance Framework (Procurement and Works Contracts Management)

3.1 A properly maintained road network is important to facilitate ease of movement, reduce wear and tear and major repairs on vehicles and promote general improvement in productivity. Accordingly, we expected SCMC to have in place a procurement and contracts management system that supported the objective of good quality road works. However, we noted several deficiencies in SCMC's practices that could impact the delivery of quality road works.

At A Glance

Systems and practices	Criteria	Findings and observations	Assessment Against Criteria
Preparation of a procurement plan to support projected expenditure.	The Ministry of Finance requires that every procuring entity submit an approved Procurement Plan with annual Corporate and Operational Plans.	No procurement plan prepared despite SCMC having a procurement officer and committee in place.	
Strict adherence to the procurement guidelines.	A culture of strict adherence to the procurement guidelines is developed.	SCMC was not always compliant with GOJ Procurement Guidelines.	
Use of competitive bidding as part of good procurement practice.	The use of the competitive bidding process is encouraged to promote transparency and opportunity to obtain quality goods and services at the best price.	Contracts were selected through competitive bidding, as well as a direct contracting process. However, documentation were not always complete which limited transparency and assurance of compliance with GOJ procurement guidelines.	
Contract Oversight – Monitor and enforce the terms of the contract.	Guidelines for testing the compliance with standards in the stages of the road project and the establishment of procedure for testing the compliance with standards set are encouraged.	SCMC quality assurance system was not always efficient. SCMC provided evidence that the policy regarding testing of material used in road works $10m and above was being implemented. However, the basis on which the $10m threshold was determined was not provided.	
Payments and activities related to **Lengthman Programme**	Have in place a control system that verifies work done, which includes inspection reports to provide assurance to authorizing officers that the works were done and complied with agreed specifications.	SCMC records did not indicate that full value for money was obtained from the $93 million expended from the PRF to finance the lengthman programme as inspection reports of work done were not maintained.	
Payments and activities related to **Emergency works**	Documentation in place evidencing justification, recommendation, and approval for classification of expenditures as emergency in accordance with SCMC's prescribed designation.	SCMC could not demonstrate where use of the emergency classification conformed with its prescribed designation.	
Payments and activities related to **Roads-In-The-Parish**	• Selection process properly recorded to demonstrate the absence of subjectivity. • Standards in place to clearly distinguish between works done under the category of Divisional Allocations and Roads in the Parish to ensure probity.	Unable to distinguish between works undertaken under the "Roads in the Parish Programme" and those under the Divisional Allocation Programme.	
Payments and activities related to **Divisional Allocation**		No record of the basis of selection of roads for rehabilitation work. Information provided to MLGCD was limited to monthly work programmes detailing rehabilitation activities and progress reports for fund request and disbursement purposes only.	

Deficiencies in procurement and contract management

3.2 SCMC did not prepare procurement plans for the five-year period under review, despite recruiting a procurement officer and establishing a procurement committee. Having a procurement plan in place allows for proper budgetary measures and should enable sufficient time for procurement execution in order to obtain the right product or service at the best price. By way of correspondence dated June 2020[30], SCMC indicated that a procurement plan linked to its corporate plan would be completed in 2020. However, up to the time of this report, SCMC had not prepared a work plan, including key activities and timeline for full implementation of the procurement plan.

3.3 The Corporation presented limited information regarding its contract activities and did not provide a list of the contracts awarded during the period under review. SCMC did not maintain a contract register, hence copies of the Quarterly Contract Award (QCA) Reports submitted to Office of the Contractor General (OCG), were utilized along with data accessed from OCG's website to conduct our assessment. Based on a review of the records we only found 26 contracts valuing $151.4 million, for road rehabilitation and maintenance (including de-bushing) during the period 2014-2015 to 2018-2019 (**Appendix 6**). However, the total value of the 26 contracts represented only 8 per cent of total PRF expenditure ($2.13 billion) and SCMC did not provide evidence regarding the basis of selection of the contractors. While the QCA reports indicated the procurement methodologies used, SCMC was unable to present supporting documentation to allow for verification as to whether the correct procurement methodologies were utilized. Further, SCMC did not provide agreements for 16 contracts totaling $61.8 million, despite requested. Due to the absence of a contract register and the inability to present contract documents, we selected a sample of 148 payments from the general ledger that related to the PRF, to review SCMC's procurement activities for road works. Included in our sample, were payments relating to 13 of the 26 contracts as shown in **Appendix 6**.

3.4 Our review of the procurement process revealed that the appropriate checks and balances were not carried out in all instances to ensure transparency and provide reassurance that value for money were obtained. For example, we identified that 100 of the 148 transactions had signed agreements relating to 68 works projects. However, SCMC did not provide documentation related to the selection and award of the contractors for 55 projects valued at $121 million. Additionally, SCMC failed to present 6 of the 13 contracts we requested (**Appendix 6**).

Analysis of (100) payments related to signed agreements

Procurement Methodologies	# of rehab. projects	% of total projects	Payments ($)	% of Total Value of Payments
DC-E	1	1.47%	790,000.00	0.46%
LT	3	4.41%	9,606,500.00	5.64%
LCB	9	13.24%	39,339,008.00	23.09%
Unknown	55	80.88%	120,658,636.00	70.81%
	68	**100.00%**	**170,394,144.00**	**100.00%**

[30] SCMC's response to draft audit report

3.5 We expected timely review and acceptance of contractual terms before works commenced, to protect SCMC's interests. However, we identified 11 instances where the dates on the supporting documents revealed that SCMC accepted the supplier's offer after the contractors certified that the works were done. The lag between the dates that the agreements were signed, and the certification of services rendered ranged from 47 days to 311 days (**Table 6**). SCMC should have ensured that the contractual terms were agreed on before works commenced, to limit the Corporation's exposure to the risk of not having any legal recourse in the event of poor performance.

Table 6 Delay between the signing dates of agreements and certified dates of service rendered

Contractor	Payment Value $	Name of Road	Offer accepted by SCMC	Delay (no. of days)	Contractor certified works done
Contractor 3	490,000	Bowers	December 16, 2015	51	October 26, 2015
Contractor 6	2,000,000	Duncans Pen Road	October 01, 2015	79	July 14, 2015
Contractor 4	1,606,400	Executive Garden Road	December 13, 2016	56	October 18, 2016
Contractor 1	2,623,000	Johnson Road	April 30, 2014	209	October 03, 2013
Contractor 2	1,293,000	Lawrence Drive	June 23, 2016	311	August 17, 2015
Contractor 4	512,000	March Pen Road	February 18, 2016	47	January 02, 2016
Contractor 3	487,500	Marlie Mount	August 19, 2015	78	June 02, 2015
Contractor 3	490,000	Marlie Mount	August 19, 2015	65	June 15, 2015
Contractor 2	480,000	Marlie Mount	August 19, 2015	70	June 10, 2015
Contractor 2	4,743,000	Old Harbour Market	March 08, 2017	211	August 09, 2016
Contractor 8	667,002	Thetford Cemetery	March 08, 2018	198	August 22, 2017
Total	**15,391,902**				

Source: AuGD analysis of SCMC's information

SCMC could not justify the contract limit of $10 million for testing of materials used in the rehabilitation of roads

3.6 To ensure that it obtained quality roads for money spent, we expected SCMC to develop and adhere to acceptable standards for the inspection, testing and evaluation of road works. At the same time, we expected a risk analysis and reference to an industry practice, to identify the value of jobs below which testing of materials was uneconomical. In 2017, SCMC indicated a ceiling of $10 million for jobs, below which material testing would not be required but did not provide the basis for determining this threshold. Our review of records provided by SCMC resulted in the identification of 26 contracts valued at $151.4 million, which revealed that none of the 13 (of the 26) contracts totalling $36 million, awarded since the threshold was introduced, were eligible for materials testing. Furthermore, force account methodology was used especially for road works valued at $500,000 and below; hence works undertaken through this method would be excluded from testing, which is contrary to the GOJ Procurement Guidelines[31]. SCMC, by way of correspondence dated June 16, 2020[32], indicated

[31] See Appendix 11

[32] SCMC's response to draft audit report dated June 16, 2020.

that the testing threshold would be reviewed and likely revised downward after an internal review, which should be conducted by September 2020 (**Table 7**).

Table 7 List of identifiable contracts 2017-2019 not meeting the criteria for testing of material

#	Year	Contactor	Road	Procurement Methodology	Contract Sums ($)	Remarks
1	2017	Contractor 2	Ellerslie Avenue	DC-E	790,000	CNP
2	2017	Contractor 4	Lucky Valley	LT	1,408,014	CNP
3	2017	Contractor 17	Burkesfield/Settlement, East bay	DC-E	440,000	CNP
4	2017	Contractor 18	Salt Gully/Thompson Pen/Narine Lane	DC-E	740,000	CNP
5	2017	Contractor 6	Communities in North Central St Catherine	DC	2,224,800	CNP
6	2017	Contractor 19	Rhoden Pen/South Street/Zion Heights	DC-E	640,000	CNP
7	2017	Contractor 20	Old Harbour Heights, Seaview, Claremont	DC-E	740,000	CNP
8	2018	Contractor 2	Lakeland Drive	LCB	6,918,713	CNP
9	2018	Contractor 2	Old Harbour Bay Fishing Village Road	LCB	7,589,359	CNP
10	2018	Contractor 2	Wright Lane	LCB	5,626,060	CNP
11	2018	Contractor 4	Windsor Heights (Greendale)	LT	4,028,000	CNP
12	2018	Contractor 6	St. Catherine North	Unknown	2,200,000	CNP
13	2018	Contractor 2	Spaulding Blvd.-Paisley Rd	Unknown	3,040,000	CNP
		TOTAL			**36,384,946**	

CNP- contract not provided

Accounting for PRF received over period 2014-2019

3.7 For the five-year period 2014-15 to 2018-19, MLGCD provided SCMC with $2.1 billion from the PRF (averaging $417.8 million annually), for the maintenance of parochial roads and related infrastructure. However, SCMC's accounting records disclosed total expenditure of $2.13 billion over the same period; an excess expenditure of $41 million, pointing to the need for a tighter reconciliation process through implementation of greater internal controls and oversight. SCMC could not explain the factors that contributed to the accumulated expenditure of PRF being more than the allocated amount (see **Table 1**).

3.8 In addition, whereas the accounting records reflected total PRF expenditure of $2.13 billion, reports submitted to MLGCD, accounting for the PRF, indicated an aggregate of $2.013 billion for the period; a variance of $116.7 million **(Table 8 & Appendix 8**). Whilst SCMC indicated that the discrepancy was due to accumulation of allocations for different divisions, SCMC could not provide a breakdown of the difference to allow for reconciliation of the project cost and the amounts reflected in the general ledger.

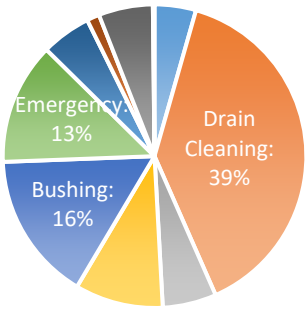
3.9 SCMC did not demonstrate adherence to the requirements for effective procurement planning that would have enabled the entity to better track expenditures and hold itself to account. Details of expenditure categories and amounts are shown in **Figure 3**.

Table 8 Comparison of General Ledger and Progress Report accounting for PRF expenditure 2014-15 to 2018-19

PRF Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Progress Reports	348,326,302	363,354,739	381,171,231	456,682,686	464,398,361	2,013,933,318
Variance (over +/under-)	***9,780,607***	***12,213,575***	***(2,096,161)***	***22,976,234***	***73,802,567***	***116,676,822***
General Ledger	358,106,909	375,568,313	379,075,069	479,658,920	538,200,928	2,130,610,140

Source: AuGD's analysis

Figure 3 Analysis of PRF expenditure 2014-2019 as per general ledger

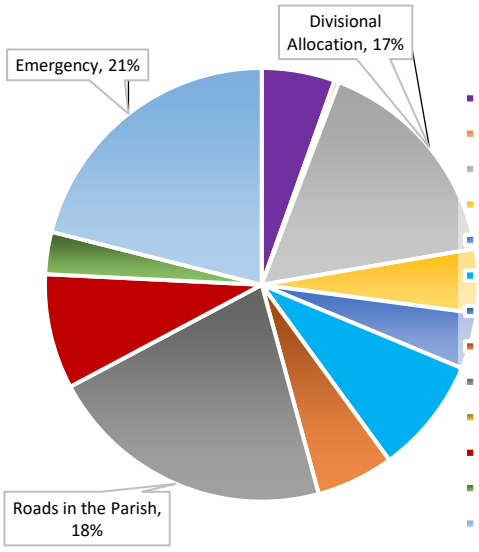


	$	% of Total
Lengthman	94,081,090	4.42%
Drain Cleaning	830,600,950	38.98%
Patching	122,084,958	5.73%
Resurfacing	200,335,129	9.40%
Bushing	338,106,251	15.87%
Emergency	276,664,384	12.99%
Other	113,104,294	5.31%
Critical	28,673,950	1.35%
Roads & Works Admin.	123,278,038	5.79%
Furniture & Fixtures	3,681,096	0.17%
	2,130,610,140	100%

Source: AuGD analysis of SCMC financial data

3.10 We were only able to identify two categories of expenditure – *Lengthman* and *Emergency,* through the analysis and comparison of expenditure stated in the accounting records with those on the monthly progress reports submitted to MLGCD to account for the PRF. **(Figure 4)**.

Figure 4 Apportionment of PRF expenditure as per Progress Reports – 2014-15 to 2018-19



	Total Expenditure / Progress Reports	*% of Total*
Lengthman Programme	93,360,000	*4.64%*
Disaster Mitigation	6,050,000	*0.30%*
Divisional Allocation	**334,767,550**	***16.62%***
Road Patching Project	53,030,000	*2.63%*
December Work Programme (Christmas Allocation)	77,775,000	*3.86%*
Drain Cleaning Programme (Critical Drains)	81,459,055	*4.04%*
Special Projects and Zick V Initiative	9,900,000	*0.49%*
Monitoring and Supervision	222,838,126	*11.06%*
Roads in the Parish	**371,189,613**	***18.43%***
Motor Vehicle Acquisition	5,700,000	*0.28%*
Small Infrastructure repairs and Construction	319,531,891	*15.87%*
Township Programme; Streets and Lanes & Sinage	21,280,923	*1.06%*
Emergency	**417,051,161**	***20.71%***
	2,013,933,318	**100%**

Source: AuGD analysis of SCMC's data

An analysis of the payments and activities related to the '*Lengthman programme'*, '*Emergency*', '*Roads in the parish*' and '*Divisional Allocation'* are noted in the following paragraphs.

3.11 The Lengthman Programme

a) During the five-year period 2014-2019, SCMC employed over three hundred lengthmen, from 29 divisions, to clean drains, clear landslide, and bush overgrown vegetation along specified roadways, as directed by the chief engineering officer. The participants in the programme[33] were recommended by the councillors and were paid $5,000 monthly.

b) The Chief Engineering Officer's monthly reports for the year 2016, indicated that for the most part, the lengthmen were not carrying out their duties and as such the programme had lost its effectiveness in ensuring that the parochial roads were being maintained properly. In this regard, SCMC suspended the programme effective August 2016, to allow for review. Our review of the Chief Engineering Officer report for January 2017, indicated that the programme resumed in January 2017 and random checks and assessments made in most areas showed that lengthmen were carrying out their duties in a satisfactory manner. However, the related inspection reports were not presented for review.

[33] See Appendix 9

c) The SCMC is required to have work plans and transparent mechanisms to monitor and document inspection of works done. However, SCMC could not demonstrate that it had in place, a control system to ensure that the funds were used in the most cost-effective manner. For instance, while agreed scope of works and rates were attached to payment vouchers, with indication by the works overseer that the services were satisfactorily rendered, SCMC could not provide evidence of actual inspections conducted; there was no documentation of inspection visits/logs.

d) In June 2020, SCMC responded that, *"Going forward, a monthly report for inspections done under this programme will be prepared and filed to include inspection visits and logs"*.

3.12 Emergency Work

a) SCMC classified 'emergency work', as construction/ reconstruction/repairs of critical infrastructure/mitigation works (major retaining structures), emergency response to infrastructure activities during or following a disaster event'. However, there were no details regarding the type of work involved, making it difficult to clearly distinguish between these types of activities and other works undertaken other than road works. We expected that at a minimum, SCMC would have documentation in place demonstrating deliberations and criteria met for approval of the expenditure, warranting the classification as emergency and a proper system/mechanism is in place to monitor and document inspection of works done. Works classified as emergency amounted to $417 million or 21 per cent of total reported PRF expenditure over the period 2014-15 to 2018-19.

b) SCMC could not demonstrate where use of the emergency classification conformed with its prescribed designation. From our sample of 100 transactions, we identified 23 valuing $22 million classified as emergency work and found the description of the type of works represents routine maintenance activities; which made it difficult to verify whether the works warranted the classification of 'emergency' (**Table 9**).

Table 9 Sample of payments classified as emergency

Cheque Date	Name of Road	Scope of Works	Payments Value ($)
5/1/2014	N/A	Tiling material for infirmary	872,204.00
1/22/2016	N/A	Mobilization of loaders & trailers at St. Catherine Primary School	470,400.00
2/19/2016	March Pen Road	Cleaning of Road	512,000.00
2/21/2016	Old Harbour Market	Demolish Market	1,999,151.00
2/24/2017	Old Harbour Market	Paving of Old Harbour Market	2,148,160.00
3/6/2017	King Street and other areas	50 Tonnes Hot mix and 5 Drums Colas	830,000.00
3/15/2017	Old Harbour Market	Demolish Market	3,212,489.00
3/31/2017	Old Harbour Market	Road Resurfacing	4,173,840.00
4/28/2017	Fair View and Ebony Vale	Fabricate Drain Grating	493,920.00
9/1/2017	Dela Vega City	100 Tonnes Hot mix and 6 Drums Colas	1,508,000.00
9/1/2017	Spanish Town Central	100 Tonnes Hot mix and 6 Drums Colas	1,508,000.00
11/2/2017	Lemon Hall, Ty Dixon Road, Top Hill, Shady Grove etc	Spread river shingle and clear land slippage	980,000.00
12/14/2017	Old Market Street and Williams Street	100 Tonnes Hot mix and 6 Drums Colas	1,508,000.00
12/14/2017	Thetford Cemetery	Items for Thetford Cemetery	946,819.88
3/9/2018	Thetford Cemetery	Materials - Construction of sidewalk	457,031.81
3/9/2018	Thetford Cemetery	Construction of sidewalk	653,661.96
	TOTAL		**$22,273,677.65**

Source: AuGD's compilation of SCMC's information

c) By way of correspondence dated June 16, 2020, SCMC's management stated they will *"ensure that documentation is in place, demonstrating deliberation and criteria for approval of expenditure for PRF expenditure, which are categorised as "emergency work"*[34].

3.13 Roads in The Parish and Divisional Allocation

a) Funds totalling $371 million allocated to the Roads in the Parish Programme over the period 2014 – 2019 were expended based on consultation with the Mayor, the Chief Engineering Officer and the Chief Executive Officer on the various works to be done. However, SCMC could not indicate the factors that informed the decision to select road projects under this Programme as SCMC did not provide any evidence of the requisite due diligence and consultation. We expected that SCMC would document the deliberations that informed the decision to approve road projects under this Programme and by extension which division would benefit from road repairs.

[34] SCMC's response to draft audit report dated June 16, 2020.

b) SCMC's work programme for the *Roads in the Parish that* were approved by MLGCD, listed only divisions and the estimated cost but did not identify the specific roads and the type of work to be done. Further, SCMC did not provide for our review the breakout of the approved *Road in the Parish* projects to allow for reconciliation with contracts and related payments. Review of the monthly progress reports, submitted to the MLGCD on a quarterly basis, showed that the amount spent was the same as the amount approved; without specifying the details and individual breakout of the road works done. This raised uncertainty regarding whether the amounts approved by MLGCD and disbursed from the PRF were used for the intended purposes.

c) Over the period 2014 – 2019, SCMC expended $335 million or 17 per cent of the PRF under the Divisional Allocation Programme to undertake road repairs, patching, drain cleaning and drain repairs. The identification and selection of roads to be repaired were made by councillors and the chief engineering officer. However, SCMC could not demonstrate the basis for the selection and we found no evidence that works were prioritized based on the need for preventative, routine and emergency maintenance works. Instead, SCMC submitted monthly work programmes and progress reports for disbursement to the MLGCD, which detailed road rehabilitation activities. Further, we were unable to distinguish between works undertaken under the Divisional Allocation Programme and those under Road in the Parish, as SCMC did not disaggregate amounts spent on the various activities. The work programmes and progress reports for projects under the Roads in the Parish Programme only listed the constituency divisions for which work was undertaken, while the Divisional Allocation Programme was more detailed and listed the specific road repaired (**Appendix 10**). SCMC in its response to our concerns indicated that it will, *"further develop criteria to distinguish between works done under the category of Divisional Allocations and Roads in the Parish to ensure probity"*[35].

[35] SCMC's response to draft audit report dated June 16, 2020.

Part 4 Recommendations

4.1 MLGCD should enforce the mandatory submission by SCMC, of strategic plans as required by the Government's Corporate Governance and Accountability Framework and hold SCMC to account for breaches, given the entity's use of public funds. Also, the MLGCD should ensure that the Corporation comply with Section 4(1) of the Local Government (Financing and Financial Management) Act, 2016 to ensure that the Strategic Plan and Budget are reflective of the needs of the general citizenry and in keeping with the National Development Plan, Vision 2030, which states that a durable road network is essential to productivity and the general welfare of citizens.

4.2 In an environment of limited resources and given the impact of poorly maintained roads on the motoring public, greater emphasis should be placed on ensuring that SCMC has a dynamic inventory system that would assist in providing an up-to-date list of parochial roads. Such a system would also provide SCMC with the current status of parochial roads to better guide the prioritization of resources for the appropriate rehabilitation activity - routine, preventative, and emergency repairs, to facilitate the delivery of an acceptable physical road infrastructure, consistent with needs.

4.3 SCMC's procurement process should be designed to ensure that the appropriate contractors are selected and engaged, which would enable provision of the best possible service in the most cost-effective way. Consistent with this expectation, SCMC should have the relevant contracts and supporting documents in place to allow for audit trail to be established.

4.4 SCMC should establish internal controls to reduce the risk of misstatement or inaccurate financial records. This is to ensure that the financial information provided presents a true and fair view of its financial activities.

Appendices

Appendix 1: Audit Questions and Area of Focus

Key Question: Is there an effective and efficient management system for the maintenance of parochial roads under SCMC's administration?

1. Are there clear policy directives and established management frameworks?	1.1 Are there entity wide Management Objectives and Action Plans for the development of parochial roads?	• Policy, cabinet and or portfolio minister directives (Linkages between maintenance of parochial roads and contribution to the national outcome) • Criteria/policy for selecting roads for repair
	1.2 Is there a systematic approach in the allocation of funding for parochial road maintenance?	• Budget planning • Funds allocated on priority basis • Allocation and use of funds • Funds availability for parochial roads rehabilitation
2. Is there a system to achieve quality assurance?	2.1 Are the roles and responsibilities of officers clearly defined regarding monitoring and oversight of road works?	• Roles and responsibilities • Available skillsets & requisite tools to efficiently perform job function • Staff training • Performance measured against expected output
	2.2 Is there a quality management system in place to assure the delivery of quality roads?	• Contract award process/contractor suitability • Systems to monitor works in accordance with standards/specifications
	2.3 Does the system address inspection, testing and evaluation of road works done?	• Quality assurance (SOPs, policy guidelines, monitoring and assessment/evaluation of contractors' performance)

Appendix 2: Audit Criteria and Source

Question	Criteria	Source
Are there entity-wide Management Objectives and Action Plans for the development of parochial roads?	MLGCD should establish an institutional framework to support the implementation of GOJ's 2030 vision for parochial roads	MLGCD/SCMC Strategic Business and Operational Plans. SCMC's work programmes
Is there a systematic approach to the allocation of funds for parochial road maintenance?	MLGCD should prioritize the allocation of resources to rehabilitate parochial roads	MLGCD documentation regarding allocation of: • Parochial Revenue Fund and • Equalization Fund
Are the roles and responsibilities of officers clearly defined regarding monitoring and oversight of road works?	Officers assigned to manage road works should have the requisite skillset and knowledge to efficiently perform job function.	SCMC's Human Resource Department
Is there a quality management system in place to assure the delivery of quality roads?	SCMC should have mechanisms and guidelines for ensuring that roads are rehabilitated to quality.	GOJ Procurement Guidelines
Does the system address inspection, testing and evaluation of road works done?	SCMC should have guidelines for monitoring to facilitate the evaluation of road work	SCMC's Standard Operating Procedure

Appendix 3: Performance Evaluation Report

Unit	Unit Head	Post / Grade	Appointment Date	Last Performance Evaluation Report (PER)	Period of Outstanding PERs (as at January 2020)
Administration	Chief Executive Officer	GMG/SEG4	08.02.18	January 11, 2018 (for appointment as CEO)	23 months
Administration	Director of Administration	GMG/SEG1	28.06.12	October 10, 2016 (for seniority allowance)	39 months
Information Technology	Information Management. Specialist	MIS/IT3	03.03.03	October 19, 2018	15 months
Public Relations	Pub. & Comm. Relations Officer	GMG/AM3	12.01.17	None Seen	36 months
Disaster	Parish Co-ordinator Disaster Preparedness	GMG/AM3	27.07.05	May 4, 2017	32 months
Commercial Services Unit	General Administrator (Office Management)	GMG/AM2	24.05.12	May 14, 2018 (for seniority allowance)	20 months
Internal Audit	Internal Auditor	FMG/AS2	26.09.13	July 2013 (for appointment as IA)	66 months
Finance	Director of Finance	FMG/PA2	08.11.09	January 16, 2009 (for appointment as DOF)	11 years
Planning	Director of Planning (acting)	GMG/SEG2	(Acting w.e.f 08.08.17)	January 3, 2017 (for appointment as Building Officer)	3 years
Roads and Works	Chief Engineering Officer	SOG/ST8	01.05.17	None seen (transferred from St. Mary PC May 2017)	32 months
Poor Relief	Matron	IAS/IA2	01.28.15	February 29, 2016 (for appointment in post)	47 months
Poor Relief	Inspector of Poor	SWG/PS3	02.07.14	October 09, 2018	15 months

Appendix 4: Samples of work programme and progress report submitted to MLGCD

ST. CATHERINE MUNICIPAL CORPORATION							
ROAD MAINTENANCE PROGRAMME FOR THE MONTH OF JANUARY 2019							
ACTIVITY/ PROGRAMMES	DIVISION	CONSTITUENCY	PROPOSED WORK	QUANTITY OF WORK	SCHEDULED DATE		ESTIMATED
					START	END	COST
Disaster Mitigation	All Divisions	Where Necessary	Where Necessary	-	January	January	$ 100,000.00
Lengthman Programme	All Divisions	All Constituencies	Routine Maintenance as per schedule	1700 M	January	January	$ 1,800,000.00
Divisional Allocations							
Ginger Ridge Division - Ginger Ridge, Friendship, Tacius Golding School Rd.	Ginger Ridge Division	St. Catherine West Central	Remedial works -Base Coarse correction works, Patching of roadway/ drain cleaning	1200 m²/ 200m	January	January	$ 1,800,000.00
Bellevue - Friendship Drive	Bellevue Division	St. Catherine West Central	Road Rehabilitation, Drain cleaning and Drainage repairs	500 m²/ 400m	January	January	$ 1,800,000.00
Old Harbour Central Division - North Street (Sections of), Hart Street, Africa (bottom section of)	Old Harbour Central Division	St. Catherine South West	Remedial works -Base Coarse correction works, Patching of roadway/ drain cleaning	1200 m²/ 400m	January	January	$ 1,800,000.00
Old Harbour North Division - Top Bullet Tree (Hawk Lane), Beckford Close	Old Harbour North Division	St. Catherine South West	Remedial works- Base Coarse works & prime coat , Drain cleaning	900 m²/ 400m	January	January	$ 1,800,000.00
Old Harbour South Division - Blackwood Gardens	Old Harbour South Division	St. Catherine South West	Roadway rehabilitation along main entranceway, Drain cleaning	400 m²/ 500m	January	January	$ 1,800,000.00
Mount Industry Division - Morris Hall, Stonewall, Clarkes Town	Mount Industry Division	St. Catherine North East	Base Coarse correction works, Patching of roadway/ drain cleaning	1200 m²/ 400m	January	January	$ 1,800,000.00
Special Project- Road Patching Works (continuation from Dec. 2018)	Spanish Town/ Linstead Town Centre	Critical Streets & Lanes in Town Centres	Base Coarse correction works, Patching of roadway	800 m²	January	January	$ 2,000,000.00
Monitoring and Supervision	Where Necessary	Where Necessary	Road Surface and Drainage	8000m	January	January	$ 7,500,000.00
Roads in the Parish- Above Rocks Div., Spanish Town Div., Point Hill Div., Ensom City Div., Dela Vega Div. , Old Harbour North Div., Bog Walk Div., Horizon Park Div., Lauriston Div.	Where Necessary	Where Necessary	Repairs to roadway & associated infrastructure	2000 m²/ 900m	January	January	$ 7,302,470.00
Small Infrastructure repairs/ construction- Treadways Div., Twickenham Park Div., Greendale Div., Hampton Green Div., Bog walk Div.,Lluidas Vale Div., Horizon Park Div. , Dela Vega Div. (King Street), Troja Div.	Where Necessary	Where Necessary	Infrastructure repairs/ construction	2300m²/ 20m²/ 1200m	January	January	$ 7,640,000.00
Special Grant for Repairs (Emergency)	Where Necessary	Where Necessary	Construction of critical infrastructure / Infrastructure re-construction & repairs/ Mitigation works	-	January	January	$ 9,285,618.00
Grand Total							$ 46,428,088.00

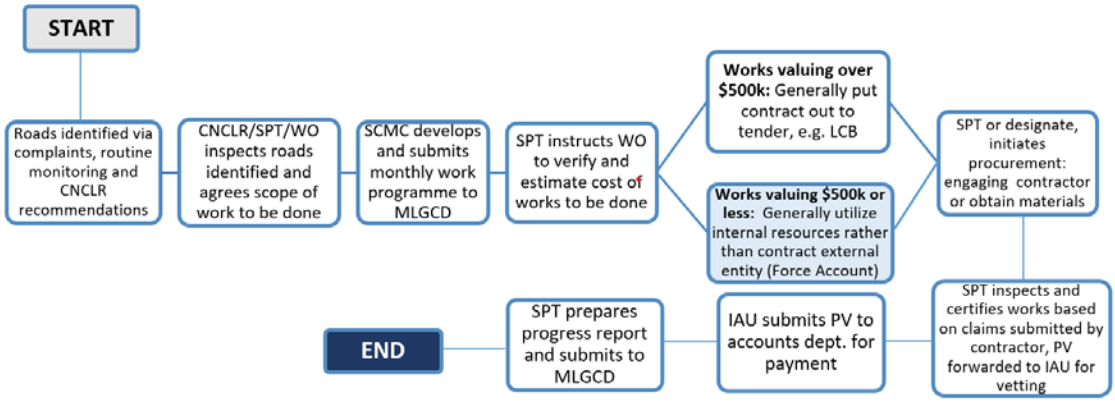
MONTHLY ROAD MAINTENANCE PROGRESS REPORT

NAME OF LOCAL AUTHORITY: ST. CATHERINE MUNICIPAL CORPORATION **PERIOD: Rd. Maint. Allocation for January 2019**

Activity/ Programmes	DIVISION/LOCATION	PROPOSED ACTIVITY/COST				ACTUAL ACTIVITY / COST			ACTUAL DATE	REMARKS
		WORK/ DESCRIPTION	QTY.	UNIT	AMOUNT (J$)	QTY.	UNIT	AMOUNT (J$)	Start/Finish	
Lengthman Programme	All Divisions	All Constituencies	1700	m	$ 1,800,000.00	1700	m	$ 1,800,000.00	Jan./Feb. 2019	100% Completed
Disaster Mitigation	All Divisions	Where Necessary	-	-	$ 100,000.00	-	-	$ 100,000.00	Jan./Feb. 2019	100% Completed
Allocation- Name of Roads										
Ginger Ridge Division - Mount Pleasant Road, Top Road (Marlie Hill), Wood Hall, Kentish, Ginger Piece	**Ginger Ridge Division**	Retaining Wall/ U-drain (1.2m wide) construction, Drain Cleaning	22 / 45 / 800	M / M /m	$ 1,800,000.00	22 / 45 / 800	M / M /m	$ 200,000.00	Feb./ Mar 2019	10 % Completed. Work started on February 25, 2019
Bellevue Division-Friendship Drive	**Bellevue Division**	Road rehabiltation / Drain Cleaning	3450 / 30	M^2 / M	$ 1,800,000.00	3450 / 30	M^2 / M	$ -	Awaiting Procurement to indicate	Accumulated funds now in place for project. Project Cost = $15M (M.P. support = $6M). Procurement of works in progress. Scope of Works to rehabilitate Friendship Drive
Old Harbour Central- North Street (Sections of), Hart Street, Africa (bottom section of), Succaba	**Old Harbour Central Division**	Remedial works -Base Coarse correction works incl. kerb walls & V-drain, Patching of roadway/ drain cleaning	1200/ 400	M^2 / M	$ 1,800,000.00	500/ 200	M^2 / M	$ 800,000.00	Feb./ Mar 2019	44 % Completed. Works still in progress
Old Harbour North- Top Bullet Tree (Hawk Lane), Beckford Close	**Old Harbour North Division**	Remedial works- Base Coarse works & prime coat , Drain cleaning	400/ 500	M^2 / M	$ 1,800,000.00	0/ 200	M^2 / M	$ 250,000.00	Feb./ Mar 2019	14 % Completed. Drain Cleaning works in progress
Old Harbour South- Blackwood Gardens H/S Entrance , Patient Lane, Narine Lane	**Old Harbour South Division**	Rehabilitation of section of roadway / Drain Cleaning	400/ 500	M^2 / M	$ 1,800,000.00	400/ 500	M^2 / M	$ 300,000.00	Feb./ Mar 2019	16% Completed
Mount Industry Division - Morris Hall, Stonewall, Clarkes Town	**Mount Industry Division**	Base Coarse correction works, Patching of roadway/ drain cleaning	1200/ 400	M^2 / M	$ 1,800,000.00	0	M^2 / M	$ -	See Remarks	Scheduled to begin during week of March 11, 2019
Monitoring and Supervision	Where Necessary	Surface and Drainage	8000	M	$ 7,500,000.00	8000	M	$ 7,500,000.00	Jan./Feb. 2019	100% Completed
Roads in the Parish	Where Necessary	Repairs to roadway	2000/ 900	M^2 / M	$ 7,302,470.00	2000/ 900	M^2 / M	$ 7,302,470.00	Jan./Feb. 2019	100% Completed
Small Infrastructure repairs and Construction	Where Necessary	Infrastructure repairs/ Construction	2300/20/1200	$M^2/M^3/M^2$	$ 7,640,000.00	2300/20/1200	$M^2/M^3/M^2$	$ 7,640,000.00	Jan./Feb. 2019	100% Completed
Special Grant for Repairs (Emergency)	Where Necessary	Where Necessary	-	-	$ 9,285,618.00	-	-	$ 9,285,618.00		SGR Fund

Appendix 5: SCMC's stated process flow in relation to road maintenance

For each calendar year, the Chief Engineering Officer prepared a Schedule of Road Maintenance Allocations for approval by the Chief Executive Officer. The document details the allocation of road works, including drain cleaning and Christmas work for the 29 municipal divisions. The Chief Engineering Officer thereafter develops a monthly programme, detailing proposed works to be conducted in the divisions identified in the annual allocation. For funds to be disbursed from the PRF, the approval is obtained from MLGCD. SCMC's senior officers advised that the selection of roads is based on a prioritization exercise that takes into account, routine monitoring, stakeholder participation (citizens' complaints), among other considerations.



LEGEND

MLGCD	Ministry of Local Government & Community Development	**WO**	Works Overseer
SCMC	St. Catherine Municipal Corporation	**IAU**	Internal Audit Unit
CNCLR	Councilor	**LCB**	Local Competitive Bidding
SPT	Superintendent	**PV**	Payment Voucher

Source: AuGD compilation of SCMC information

Appendix 6: List of contracts awarded during the period 2014-2019 as submitted by SCMC

#	Contactors	Road	Procurement Methodology	Contract sums ($)	Remarks	Contracts matched to sample of 148 payments
1	Contractor 6	Alelaide to Monk Street	DC-E	1,364,000	CNP	
2	Contractor 8	Kelley Pen Road	LCB	14,496,075	CNP	
3	Contractor 6	Springvale to Bowers wood	LCB	14,855,000		
4	Contractor 6	Top Charlemont	LCB	14,663,000		
5	Contractor 4	Gilbatore Road	LCB	7,108,900		
6	Contractor 4	Pond Gully Road	LT	4,147,000		
7	Contractor 4	Stratmore Road	LCB	11,498,550		
8	Contractor 4	Top Jackson Road	LCB	4,938,120		
9	Contractor 4	Tredegar Park Main Road	LCB	9,367,600		
10	Contractor 4	Executive Gardens	LCB	9,650,800	CNP	
11	Contractor 4	Executive Gardens	LCB	2,208,320		
12	Contractor 2	Mansfield Road	LCB	4,870,525		
13	Contractor 2	Selbourne Road	LCB	15,897,981		
14	Contractor 2	Ellerslie Avenue	DC-E	790,000	CNP	X
15	Contractor 4	Lucky Valley	LT	1,408,014	CNP	X
16	Contractor 17	Burkesfield/Settlement, East bay	DC-E	440,000	CNP	X
17	Contractor 18	Salt Gully/Thompson Pen/Narine lane	DC-E	740,000	CNP	X
18	Contractor 6	Communities in North Central St. Catherine	DC	2,224,800	CNP	X
19	Contractor 19	Rhoden Pen/South Street/Zion Heights	DC-E	640,000	CNP	X
20	Contractor 20	Old Harbour Heights, Seaview, Claremont	DC-E	740,000	CNP	X
21	Contractor 2	Lakeland Drive	LCB	6,918,713	CNP	X
22	Contractor 2	Old Harbour Bay Fishing Village Road	LCB	7,589,359	CNP	X
23	Contractor 2	Wright Lane	LCB	5,626,060	CNP	X
24	Contractor 4	Windsor Heights (Greendale)	LT	4,028,000	CNP	X
25	Contractor 6	St. Catherine North	Unknown	2,200,000	CNP	X
26	Contractor 2	Spaulding Blvd.-Paisley Rd	Unknown	3,040,000	CNP	X
	TOTAL			**151,450,817**		**13**

Appendix 7: Sample of 148 payments selected for detailed review

Date	Contractor	Payment Value ($)	Road Name	Procurement Methodology	Remarks
5/7/2014	Contractor 1	2,623,000	Johnson Road	Unknown	
2/16/2017	Contractor 2	2,390,000	Avelon Road	Unknown	
3/29/2017	Contractor 2	1,552,500	Central Village	Unknown	
6/14/2017	Contractor 2	1,552,500	Central Village	Unknown	
4/11/2017	Contractor 2	6,825,000	Cocoa Ridge - Bellas Gate	Unknown	
4/20/2017	Contractor 2	2,164,500	Cocoa Ridge - Bellas Gate	Unknown	
6/24/2016	Contractor 2	1,293,000	Lawrence Drive	Unknown	
6/29/2016	Contractor 2	1,658,575	-	Unknown	
8/21/2015	Contractor 2	480,000	Marlie Mount	Unknown	
9/23/2015	Contractor 2	500,000	Marlie Mount	Unknown	
9/23/2015	Contractor 2	500,000	Marlie Mount	Unknown	
7/28/2015	Contractor 2	500,000	McCooks Pen	Unknown	
7/28/2015	Contractor 2	500,000	-	Unknown	
3/31/2017	Contractor 2	4,743,000	Old Harbour Market	Unknown	
2/14/2017	Contractor 2	2,192,000	Old Harbour Market	Unknown	
1/27/2017	Contractor 2	3,936,500	Silvera Road	Unknown	
4/20/2017	Contractor 2	5,415,840	Thetford Cemetery	Unknown	
4/28/2016	Contractor 2	778,000	Windsor Road	Unknown	
12/17/2015	Contractor 3	490,000	Bowers	Unknown	
2/3/2017	Contractor 3	1,137,500	Cocoa Ridge	Unknown	
2/16/2017	Contractor 3	812,500	Coles Pen	Unknown	
7/24/2015	Contractor 3	426,300	Marlie Hill	Unknown	
8/24/2015	Contractor 3	487,500	Marlie Mount	Unknown	
11/24/2015	Contractor 3	490,000	Marlie Mount	Unknown	
8/21/2015	Contractor 3	490,000	McCooks Pen	Unknown	
8/24/2015	Contractor 3	485,100	McCooks Pen	Unknown	
6/16/2015	Contractor 3	490,000	Old Harbour	Unknown	
2/16/2017	Contractor 3	650,000	Silvera Road, Coles Pen	Unknown	
1/12/2017	Contractor 3	607,000	White Water Scheme	Unknown	
4/24/2017	Contractor 3	607,000	White Water Scheme	Unknown	
10/25/2016	Contractor 4	3,464,000	Bowers Road	Unknown	
11/2/2017	Contractor 4	1,000,000	Lemon Hall, Ty Dixon Road, Top Hill, Shady Grove etc	Unknown	
10/7/2016	Contractor 4	623,250	Long Hill Road	Unknown	
1/22/2016	Contractor 4	480,000	-	Unknown	
2/18/2016	Contractor 4	512,000	March Pen Road	Unknown	
3/18/2016	Contractor 4	430,000	-	Unknown	
12/18/2015	Contractor 5	437,500	Dam Head	Unknown	
12/21/2015	Contractor 5	437,500	Dam Head	Unknown	
10/23/2015	Contractor 6	2,000,000	Duncans Pen Road	Unknown	
9/14/2017	Contractor 6	3,000,000	JUTC Taxi Stand	Unknown	
10/11/2017	Contractor 6	1,920,000	JUTC Taxi Stand	Unknown	
6/2/2016	Contractor 6	4,550,000	Silvera Road	Unknown	
8/25/2016	Contractor 6	4,736,600	Silvera Road	Unknown	
2/20/2015	Contractor 7	615,600	Not Stated	Unknown	
10/14/2016	Contractor 8	1,897,500	Bowers Road	Unknown	
10/28/2016	Contractor 8	2,001,000	Bowers Road	Unknown	

Date	Contractor	Payment Value ($)	Road Name	Procurement Methodology	Remarks
12/5/2016	Contractor 8	2,111,900	Bowers Road	Unknown	
12/21/2016	Contractor 8	1,960,000	Bowers Road	Unknown	
1/30/2017	Contractor 8	4,432,636	Fairfield Road	Unknown	
2/23/2015	Contractor 8	900,000	Laffe Street	Unknown	
8/17/2017	Contractor 8	600,000	-	Unknown	
10/13/2017	Contractor 8	3,000,000	Lakeland Drive	Unknown	
1/26/2018	Contractor 8	2,898,040	Lakeland Drive	Unknown	
3/14/2017	Contractor 8	3,278,050	Old Harbour Market	Unknown	
2/14/2017	Contractor 8	2,039,950	Old Harbour Market	Unknown	
12/23/2016	Contractor 8	1,000,000	St. Faiths Road	Unknown	
12/23/2016	Contractor 8	900,000	St. Faiths Road	Unknown	
4/21/2017	Contractor 8	4,035,500	St. Faiths Road	Unknown	
3/9/2018	Contractor 8	667,002	Thetford Cemetery	Unknown	
3/23/2015	Contractor 8	700,000	Tredegar Park Road	Unknown	
4/29/2016	Contractor 8	1,090,460	Windsor Road	Unknown	
6/8/2017	Contractor 9	500,270	Bronx Street, Bong Town, Oliver Spring	Unknown	
5/14/2015	Contractor 9	300,000	Fourth Street, East Ave, Vanity Fair and Logan Street	Unknown	
10/15/2015	Contractor 9	300,000	King St., Venecia. Gillette St., East Ave, SunnySide, Bunbury, Victoria.	Unknown	
1/29/2015	Contractor 10	568,940	N/A	Unknown	
6/11/2015	Contractor 11	483,600	Long Hill Road	Unknown	
7/24/2015	Contractor 11	350,000	Marlie Hill	Unknown	
10/23/2015	Contractor 11	477,750	Pond Gully	Unknown	
10/30/2015	Contractor 11	397,875	Pond Gully	Unknown	
1/21/2016	Contractor 11	380,198	Pond Gully	Unknown	
7/24/2014	Contractor 12	683,000	Bullok Lane and Chamber Lane	Unknown	
7/30/2014	Contractor 12	576,000	Not Stated	Unknown	
4/28/2017	Contractor 13	504,000	Fair View and Ebony Vale	Unknown	
9/30/2016	Contractor 14	4,789,200	Caymanas Road	Unknown	
4/30/2018	Contractor 15	646,000	Bellevue Heights	Unknown	
12/23/2014	Contractor 16	506,000	Windsor Heights	Unknown	
	Sub-Total	**115,958,636**			
12/22/2017	Contractor 2	790,000	Ellerslie Avenue	DC-E	CNP
4/22/2016	Contractor 2	2,500,000	Mansfield Road	LCB	
5/13/2016	Contractor 2	2,320,525	Mansfield Road		
7/13/2018	Contractor 2	1,470,126	Old Harbour Bay Fishing Village	LCB	CNP
7/13/2018	Contractor 2	1,108,800	Old Harbour Bay Fishing Village		
2/24/2016	Contractor 2	6,225,256	Selbourne Road	LCB	
3/2/2016	Contractor 2	5,980,783	Selbourne Road		
3/18/2016	Contractor 2	3,691,943	Selbourne Road		
9/30/2016	Contractor 4	1,706,000	Executive Garden Road	LCB	
11/25/2016	Contractor 4	2,436,000	Executive Garden Road	LCB	CNP
12/21/2016	Contractor 4	1,606,400	Executive Garden Road		
11/25/2015	Contractor 4	582,000	Giblatore Road	LCB	
9/1/2017	Contractor 4	1,408,500	Lucky Valley Road	LT	CNP
8/28/2015	Contractor 4	2,670,000	Pond Gully Road	LT	
9/25/2015	Contractor 4	1,500,000	Pond Gully Road		
11/26/2015	Contractor 4	1,036,200	Tredegar Park Road	LCB	

Date	Contractor	Payment Value ($)	Road Name	Procurement Methodology	Remarks
9/28/2018	Contractor 4	4,028,000	Windsor Heights	LT	CNP
3/16/2017	Contractor 6	3,000,000	Top Charlemount Farm Road Scheme Road	LCB	
2/25/2015	Contractor 8	3,000,000	Bowers Drive	Unknown	
3/5/2015	Contractor 8	1,700,000	Bowers Drive		
3/24/2015	Contractor 8	675,000	Kelly Pen Road	LCB	CNP
9/30/2016	Contractor 8	2,000,000	Kelly Pen Road		
10/25/2016	Contractor 8	1,682,975	Kelly Pen Road		
10/25/2016	Contractor 8	1,317,000	Kelly Pen Road		
	Sub-Total	**54,435,508**			
	GRAND TOTAL	**170,394,144**			
			CNP – Contract Not Provided		

Appendix 8: Comparison of progress report of PRF totals with general ledger totals for period 2014-2019

Progress Report - Activity	2014-15	2015-16	2016-17	2017-18	2018-19	Total Expenditure / Progress Reports	*% of Total*
Lengthman Programme	19,000,000	18,250,000	13,950,000	21,300,000	20,860,000	**93,360,000**	*4.64%*
Disaster Mitigation	1,200,000	1,200,000	1,200,000	1,600,000	850,000	**6,050,000**	*0.30%*
Divisional Allocation	57,600,000	56,400,000	69,000,000	85,970,000	65,797,550	**334,767,550**	*16.62%*
Road Patching Project	16,630,000	17,600,000	12,800,000	3,000,000	3,000,000	**53,030,000**	*2.63%*
December Work Programme (Christmas Allocation)	14,550,000	13,450,000	13,150,000	17,400,000	19,225,000	**77,775,000**	*3.86%*
Drain Cleaning Programme (Critical Drains)	30,315,000	25,930,000	10,424,055	-	14,790,000	**81,459,055**	*4.04%*
Special Projects and Zick V Initiative	-	6,000,000	-	-	3,900,000	**9,900,000**	*0.49%*
Monitoring and Supervision	20,105,747	17,994,620	33,861,970	73,104,767	77,771,022	**222,838,126**	*11.06%*
Roads in the Parish	74,730,627	73,831,712	68,346,188	77,237,805	77,043,280	**371,189,613**	*18.43%*
Motor Vehicle Acquisition	-	-	5,700,000	-	-	**5,700,000**	*0.28%*
Small Infrastructure repairs and Construction	29,846,928	58,340,456	72,085,251	81,959,256	77,300,000	**319,531,891**	*15.87%*
Township Programme; Streets and Lanes & Sinage	10,960,000	6,000,000	4,320,923	-	-	**21,280,923**	*1.06%*
Emergency	73,388,000	68,357,951	76,332,844	95,110,858	103,861,509	**417,051,161**	*20.71%*
Total	**348,326,302**	**363,354,739**	**381,171,231**	**456,682,686**	**464,398,361**	**2,013,933,318**	
Variance	*9,780,607*	*12,213,575*	*(2,096,161)*	*22,976,234*	*73,802,567*	*116,676,822*	
General Ledger Total PRF Expenditure	**358,106,909**	**375,568,313**	**379,075,069**	**479,658,920**	**538,200,928**	**2,130,610,140**	

Appendix 9: Lengthman Programme

Review of SCMC's records showed that the programme commenced under the then Ministry of Local Government and Works (MLGW), and sought to encourage community ownership of roads, using the community as a means of accountability. The programme allowed for the contracting of persons (lengthmen) who live within the immediate area for usually a period of 1 year to maintain the roadway through tasks such as bushing, clearing of landslides as well as the upkeep of drainage elements. These lengthmen are recommended by councilors and assigned specific area/length of road (approximately 1 mile).

Source: Infrastructure for Development: A Policy Agenda for the Caribbean. Inter-American Development Bank, June 1996; SCMC.

Appendix 10: Comparison: Activities under Roads in the Parish with Divisional Allocation as per Work Programmes and Progress Report (January 2019)

PROGRAMME NAMES	WORK PROGRAMME				PROGRESS REPORT			
	Name of Roads	**Work Description**	**Value of Repair ($)**		**Name of Roads**	**Work Description**	**Value of Repair ($)**	
Roads in the Parish	Above Rocks Div., Spanish Town Div., Point Hill Div., Ensom City Div. Dela Vega Div., Old Harbour North Div., Bog Walk Div., Horizon Park Div., Lauriston Div.,	Repairs of roadway and associated infrastructure		**7,302,470**	Where Necessary	Repairs to roadway		**7,302,470**
Divisional Allocation	Ginger Ridge Division - Ginger Ridge, Friendship, Tacius Golding School Rd.	Retaining wall/U-drain (1.2m wide) construction, drain cleaning	1,800,000		Ginger Ridge Division - Mount Pleasant Road, Top Road (Martie Hill), Wood Hall, Kentish, Ginger Piece.	Same as **monthly work programme**	200,000	
	Bellevue Division- Friendship Drive.	Road rehabilitation / drain cleaning	1,800,000		Bellevue Division- Friendship Drive.	"	-	
	Old Harbour Central- North Street (Sections of), Hart Street, Africa (bottom section of)	Remedial works-Base coarse correction works incl. kerb walls & V-drain, patching of roadway/ drain cleaning	1,800,000		Old Harbour Central- North Street (Sections of), Hart Street, Africa (bottom section of), Succaba	"	800,000	
	Old Harbour North- Top Bullet Tree (Hawk Lane), Beckford Close	Remedial works base coarse works & prime coat, drain cleaning	1,800,000		Old Harbour North- Top Bullet Tree (Hawk Lane), Beckford Close	"	250,000	
	Old Harbour South- Blackwood	Rehabilitation of section of roadway/drain cleaning	1,800,000		Old Harbour South- Blackwood Gardens HIS Entrance, Patient Lane, Narine Lane	"	300,000	

	Mount Industry Division - Morris Hall, Stonewall, Clarkes Town	Base coarse correction works, patching of roadway/ drain cleaning	1,800,000	**10,800,000**	Mount Industry Division - Morris Hall, Stonewall, Clarkes Town	"	-	**1,550,000**

Source: AuGD's compilation of SCMC's information

Appendix 11: Force Account

"Force Account" is a project implementation method whereby a Government entity undertakes rehabilitative or developmental works by using its internal resources rather than contracting a private entity. In such instances, the Government entity may be required to procure raw material or engage temporary labour to carry out the works.

In addition, where the implementing entity cannot provide the required equipment resources, the entity is allowed to hire from a private source, using the National Works Agency's (NWA) schedule of equipment rates. Hireage of equipment at rates exceeding this schedule should be approved by the NWA.
Similarly, the procurement of raw material should be acquired from the NWA's suggested list of quarries. These include, but are not limited to base, subbase/ engineering fill and aggregate for surface dress application/gabion works.

Further consideration shall be given to their location relative to the project and availability of material. Quarries shall be registered with the Mining and Quarries Association, and licensed by the Mines and Geology Division.

NOTE: Testing at the source is required for use of road base material.
Labour rates established under the Labour Management Agreement for the Building and Construction Industry are used as a guide in determining rates for hireage of direct labour.
Contractors are required to be registered with the NCC and to have a valid TCC.
Procuring Entities shall verify contractor registration on the NCC database.

Source: Appendix 5-Force Account-GOJ Handbook Volume 2

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Acronyms and Abbreviations

CEO	Chief Executive Officer
IAU	Internal Audit Unit
INTOSAI	International Organization of Supreme Audit Institutions
KPIs	Key Performance Indicators
LSDP	Local Sustainable Development Plan
MLGCD	Ministry of Local Government and Community Development
NDP	National Development Plan
PRF	Parochial Revenue Fund
SCMC	Saint Catherine Municipal Corporation
SOPs	Standard Operating Procedures