

**AUDITOR GENERAL'S DEPARTMENT
SPECIAL AUDIT REPORT
JOINT COMMITTEE FOR TERTIARY EDUCATION**

The Auditor General is appointed by the Governor General and is required by the Constitution, Financial Administration and Audit Act, other sundry acts and letters of engagement, to conduct audits at least once per year of the accounts, financial transactions, operations and financial statements of central government ministries and departments, local government agencies, statutory bodies and government companies.

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

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

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AUDITOR GENERAL'S
DEPARTMENT OF JAMAICA

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Special Audit Report on the Joint Committee for Tertiary Education (JCTE)



KEY DATA:

- JCTE was established in 1991 by the Minister of Education as a special advisory committee.
- The Ministry of Education, Youth and Information has portfolio responsibility for JCTE, with UCJ being host of the Secretariat.



MAIN ISSUES

- No evidence of governance and monitoring framework by Portfolio Ministry.
- Permanent Secretary facilitated TRN for the transfer of Government funds to an advisory committee without MoFPS approval.
- JCTE's leadership refused to provide requested documentation to the AuGD.
- MoEYI could not account for JCTE's use of Government funds



CONCLUSIONS & RECOMMENDATIONS

- MoEYI should verify that JCTE's operations comply with Section 6 (2) of the Education Act which established JCTE as an advisory committee to the Minister.
- MoFPS should consider surcharge action against two senior officers of MoEYI, where funds disbursed cannot be accounted for.
- MoFPS must develop and promulgate guidelines for the circumstances under which Permanent Secretaries/ Heads of agencies can grant fiduciary status to committees.

Auditor General's Foreword

I commissioned a special audit of the Joint Committee for Tertiary Education (JCTE) to determine whether its operations were aligned with its intended purpose and if funds transferred to the JCTE by the Ministry of Education, Youth and Information (MoEYI) were expended in keeping with the Government's guidelines and the Financial Administration and Audit (FAA) Act. This is in the context where an audit of the Caribbean Maritime University (CMU) had identified a possible conflict of interest between the JCTE and the Permanent Secretary in the Ministry of Education, Youth and Information (MoEYI).

The audit of the JCTE commenced in December 2019, following our conclusion of the audit of the CMU. We experienced a limitation of scope during this audit owing to the JCTE Chairman's refusal to provide the accounting records. The Chairman asserted that he privatised a Government entity and on that basis the Auditor General has no authority to review such records. The Acting Permanent Secretary suggested that she was helpless in the matter as she was unable to convince the Chairman of the JCTE to provide said records. The Acting Permanent Secretary also indicated that she had no knowledge of the Chairman's private company and that the Ministry would cease doing business with JCTE. It is my opinion that the arguments of the Chairman, the Permanent Secretary and the Acting Permanent Secretary are unacceptable. The Chairman does not have the authority to privatise a Government entity. The Chairman's private entity is separate and apart from the JCTE, special advisory committee established by the Minister of Education. It should be noted that the Acting Permanent Secretary permitted the transfer of \$11 million to JCTE after her failed attempt to obtain the accounting records from the Chairman; despite knowing that the Chairman laid claims that he is the owner of the Company and refused to comply with the Auditor General's request for information.

We submitted a draft report of the JCTE to the Ministry of Education on 2021 June 22. The Ministry responded to the draft on, 2021 June 29. The Acting Permanent Secretary provided no additional supporting documentation as part of that response. However, the Acting Permanent Secretary submitted additional supporting documents on October 6, 2021, having been provided with a copy of the report that was scheduled to be sent to Parliament (please see appendix 1 and 2 for related response). The documents submitted included payment vouchers prepared by the Ministry supported by invoices prepared by JCTE. I advised the Acting PS that the information is insufficient as the documents provided do not represent suppliers invoices; which are required to determine how the funds were utilised.

Whereas the FAA Act does not permit me to make reports directly to the JCF or any anti-corruption agency for an investigation to be undertaken further to my report, I strongly urge the Minister of Education to formally refer this report to the Jamaica Constabulary Force (JCF) or a designated anti-corruption agency for investigation. Further, I have made a recommendation to the Ministry of Finance to institute surcharge action against two senior officers of the MoEYI, on the basis that both officers failed in their fiduciary duty to implement measures to ensure that Government funds were appropriated in keeping with the requisite Law and established guidelines and that arrangements were put in place to safeguard government resources. In so far as \$124 million cannot be accounted for, this is deemed a loss of Government funds.



Pamela Monroe Ellis, FCCA, FCA
Auditor General

Acronyms and Abbreviations

Acronyms/Abbreviations	Meanings
AuGD	Auditor General's Department
CMU	Caribbean Maritime University
COJ	Companies Office of Jamaica
COS	Center of Occupational Studies
GOJ	Government of Jamaica
HEART/NSTA Trust (formerly HEART Trust/NTA)	Human Employment and Resource Training/ National Service Training Agency Trust
JCTE	Joint Committee for Tertiary Education
Ltd.	Limited
MoEYI	Ministry of Education, Youth and Information
MoFPS	Ministry of Finance and the Public Service
MOU	Memorandum of Understanding
OAD/ODS	Occupational Associate Degree/Occupation Degree Scholarship
PS	Permanent Secretary
TAJ	Tax Administration of Jamaica
TRN	Taxpayer Registration Number
UCJ	University Council of Jamaica

Executive Summary

1. The JCTE was established by the Minister of Education under section 6 (2) of the Education Act as a special advisory committee. The inaugural committee comprising eight members, representing tertiary institutions, was appointed by the Minister effective November 1, 1991. However, there is no evidence that since 1991 (or at the time of receiving Government funds), any Minister has been involved in the appointment of members to the Committee or that there has been any government oversight of JCTE's operations.
2. In 2005, the Ministry of Finance and the Public Service (MoFPS) mandated the use of a TRN in all aspects of the accounting and financial management systems of government ministries, departments, agencies or statutory bodies. Given that JCTE had no separate legal status from its members, it did not have a TRN and was unable to receive direct payments from Government entities.
3. In January 2017, at the request of the JCTE's leadership, the Permanent Secretary (PS) wrote to the Commissioner General of Tax Administration of Jamaica, requesting a taxpayer registration number for JCTE, which enabled the transfer of Government funds totalling over \$217 million from both HEART Trust and the MOEYI directly to the JCTE. Despite the Permanent Secretary's fiduciary responsibility to safeguard Government funds, the MoEYI transferred funds to JCTE without identifying an accountable officer in contravention of section 25(2) of the Financial Management Regulation. Further, we saw no evidence that the PS sought approval from the Ministry of Finance and the Public Service (MoFPS) to provide the JCTE with a TRN or that the MoFPS was consulted, before the MOEYI took a decision to transfer funds to JCTE, given JCTE's established status as an advisory committee.
4. The Occupational Associate Degree (OAD) Programme was implemented in 2016 to provide higher level technical (occupational) training at the associate degree level. The Government (via the MoEYI and HEART) provided sponsorship and budgetary support for training delivery, assessment and certification to tertiary institutions at a cost of \$300,000 per student per institution. The MoEYI signed a MOU with JCTE in January 2018, in which MOEYI agreed to withhold 20 per cent per annum, of the tuition grant amount per student, per institution for all OAD programmes and transferred the withheld amounts as an administrative fee directly to JCTE.
5. The OAD Programme Project Charter established that HEART/NSTA Trust was responsible for funding the programme. Of note, the Project Charter, developed in collaboration with JCTE, stipulated that HEART/NSTA Trust should disburse funds to JCTE, and JCTE should then provide funds to the MoEYI's Centre for Occupation Studies (COS) for management of the programme. During 2016 when the Occupational Associate Degree (OAD) Programme was approved by the Board of Directors of the Trust, the Chairman of JCTE was also a member of the Board of Directors at HEART/NSTA Trust. Of the 19 tertiary institutions which delivered the OAD, the private tertiary institution owned by the Chairman of JCTE received the largest portion (\$102.3 million – 341 students) of the Government's sponsorship and budgetary support for the OAD programme (\$649.1 million), as outlined in October 2020 COS Evaluation Final Budget report.

6. In accordance with the stipulations of the OAD Project Charter, HEART/NSTA transferred \$75 million to JCTE for the OAD Programme between September 2017 and 2018. As indicated above, the OAD Project Charter stipulated that the Trust disburse payments to JCTE, which would then provide funds to the COS within the MoEYI. The Acting Permanent Secretary (PS) in the MoEYI stated that the Ministry did not receive any funds from JCTE.

7. On the other hand, the MoEYI transferred \$124 million to JCTE over a 32-month period, of which \$94.9 million related to the COS for the OAD Programme. To date, the MoEYI has not been able to account for the utilization of the \$124 million by JCTE. The MoEYI did not institute a reporting mechanism to ensure transparency and accountability for the use of the funds transferred to JCTE. Whereas the MoEYI provided evidence of the transfers made to JCTE over the period, and invoices prepared by JCTE, the JCTE has not provided any supporting invoices to allow for a determination of how this money was utilised and the Chairman has remained steadfast in his refusal to provide the Auditor General or the MoEYI with the requested information. The MoEYI's accounting records revealed that between 2017 and 2019, JCTE hosted conferences and workshops geared at capacity building for higher education institutions and the unification of tertiary institutions in the education sector. However, we saw no supplier invoices to support funds disbursed.

8. The Chairman of JCTE in seeking to justify his refusal to provide the accounting records of JCTE for review by the Auditor General, stated that JCTE had become a private entity which he registered in February 2019 under the name JCTE Limited and thus arguing that the Auditor General has no legal authority to review its accounting records. Nonetheless, we found that between February 2019 and June 2020, the MoEYI transferred sums totalling approximately \$78.5 million to JCTE using the government institution's -JCTE-TRN that was issued in 2017. On this basis, it is our view that all sums transferred using the TRN registered for the Advisory Committee must be accounted for by the MoEYI and JCTE. If the MoEYI is accepting the position of the Chairman that the Ministry did business with a private entity, then this is a matter which must be further investigated to determine whether a fraud has been committed by a private institution using a TRN for a government institution to receive money under false pretences. The Acting PS in a meeting held at the Auditor General's Department in January 2020, suggested that she had no knowledge that the Chairman had formed a private entity and indicated that the MoEYI would have to terminate doing business with JCTE. Despite having purportedly learned in January 2020 from the Chairman that he registered a company with the name JCTE Limited, and was now imposing this company on the Government and refusing to account for Government funds received, the Acting PS still allowed transfers by MoEYI to the JCTE amounting to \$11.2 million between April and June 2020.

9. We became aware of the activities of JCTE through our audit of the Caribbean Maritime University (CMU) whereby we found that the Chairman of JCTE had funded a party for the Permanent Secretary in 2017, the same year that the MoEYI took the decision to facilitate JCTE being assigned a TRN. A review of the MoEYI's Financial Management System confirmed the use of the said TRN to directly transfer funds to JCTE - 20 per cent of OAD tuition grants - in

addition to other transfers. The Auditor General's Department has been fervently trying to obtain the accounting records from JCTE since November 2019, this matter was also brought to the attention of the Ministry of Finance but to no avail.

10. The MoEYI in correspondence to the AuGD dated June 29, 2021, stated that it made efforts to sever ties with JCTE after learning that JCTE's current leadership registered a private entity by the name JCTE Limited. However, the JCTE remains a committee established under the Education Act. Therefore, the MoEYI is responsible for all transfers made to JCTE Ltd. Persons authorising such transfers or in receipt of Government's funds are accountable for the use of such funds.

Recommendations

1. The MoEYI should review JCTE's operations in a context where it was established under Section 6 (2) of the Education Act to provide advisory support to the Minister on matters concerning tertiary education. The MoEYI should also examine the relationship between JCTE and JCTE Limited in order to maintain the integrity of JCTE and avoid jeopardizing the role of the advisory committee.
2. On the basis that no account has been given for the \$124 million transferred to JCTE over the period March 2018 to June 2020, a recommendation has been made to the Financial Secretary, in keeping with section 20 of the FAA Act, to institute surcharge action against the two senior officers of the MoEYI who enabled the transfer of \$124 million to JCTE.
3. The MoFPS should develop a policy and promulgate guidelines for the circumstances under which committees can be granted fiduciary status, enabling them to receive Government funds. The policy should address the sanctions for granting a TRN to a committee with no legal status without the explicit support of the MoFPS.
4. The Minister of Education should refer this matter to the JCF or an anti-corruption agency for further investigation.

Part One

Background

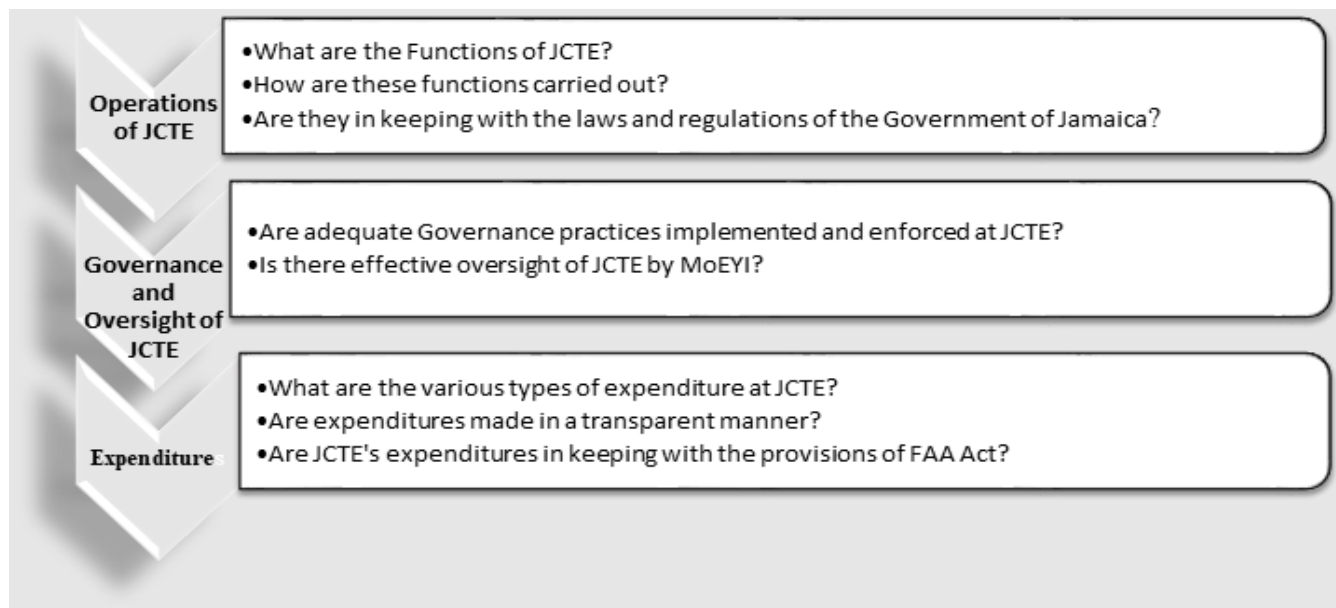
- 1.1 The Joint Committee for Tertiary Education (JCTE) was established on October 24, 1991, as a special committee by the then Minister of Education and launched on November 14, 1991. The inaugural committee comprising eight members, representing tertiary institutions, was appointed by the Minister effective November 1, 1991. The committee was empowered under section 6 (2) of the Education Act 1965 which states *“The Minister may from time to time establish such special committees as he may think it expedient to establish for assisting him in an advisory capacity in the discharge of any of his duties under the Act.”* According to the letter signed by the Permanent Secretary, under the caption **“Establishment of a Joint Committee for Tertiary Education”**, the committee was established to give advice on matters related to the development of tertiary education in Jamaica and referred to an attached Terms of Reference which provided the duties of the committee.
- 1.2 We saw no evidence that any Minister has had any involvement in the appointment of the committee members since 1991, or of JCTE offering any advice to the Minister of Education. Further, we saw no framework or oversight mechanism by MOEYI to monitor the operations of the Committee. Instead, correspondence from the current Chairman of JCTE indicated that JCTE is operating as a private association of tertiary education institutions with a self-serving interest.
- 1.3 Documentation provided to us revealed that following JCTE’s establishment in 1991, the University Council of Jamaica (UCJ) hosted JCTE’s Secretariat and facilitated JCTE’s operations given that JCTE was merely an advisory committee, with no separate identity from its members. Membership fees for JCTE ranged from approximately \$2,000 in 1992 with eight member institutions, to approximately \$15,000 in 2020 with 50 member institutions. UCJ’s current Executive Director indicated that JCTE always had its own bank accounts, however there was a practice, dating back to 2011, for JCTE member institutions to issue cheques payable to UCJ to cover their JCTE membership fees. These cheques would then be lodged to UCJ’s bank account and subsequently handed over by UCJ via cheques payable to JCTE, an arrangement which ended in May 2018. UCJ’s general ledger revealed that all monies paid to UCJ on behalf of JCTE were transferred to JCTE.
- 1.4 During 2016, JCTE proposed three programmes to HEART/NSTA Trust which were approved by the Board of Directors namely, the Occupational Associate Degree (OAD) Programme, the Absorptive Capacity Programme and the Upskilling and Retooling Programme. The Centre of Occupational Studies (COS) in the MOEYI was established in July 2016 to guide the development of tertiary occupational programmes and certification. The OAD Programme was implemented to provide technical (occupational) training to the level of an associate degree. The Absorptive Capacity Programme was established to assist in addressing oversubscription of applications which HEART/NSTA Trust was unable to fulfil due to limitations in its training capacity, while the Upskilling and Retooling Programme was developed to teach additional skills to increase productivity in the workplace.

- 1.5 In November 2016, HEART/NSTA Trust and JCTE entered into a 2-year agreement for the OAD Programme whereby HEART/NSTA Trust would sponsor training for 250 level 2 and 3 HEART Trust graduates, through JCTE Institutions at a cost of \$300,000 per student. During the same year, HEART/NSTA Trust also entered into a 3-year agreement with 16 JCTE member institutions for the Absorptive Capacity Programme. It is to be noted that during 2016 when JCTE made the proposals for the OAD, Absorptive Capacity and Upskilling and Retooling Programmes to HEART/NSTA Trust, the Chairman of JCTE was also a member of the board of directors at HEART/NSTA Trust which approved the programmes. The selection process for the tertiary institutions which participated in the OAD Programme was not outlined in its Project Charter. However, the private tertiary institution owned by the Chairman of JCTE, was one of the seven institutions initially selected to participate in the OAD Programme. Of the 19 tertiary institutions which delivered the OAD, the private tertiary institution owned by the Chairman of JCTE received the largest portion (\$102.3 million – 341 students) of the Government’s sponsorship and budgetary support for the OAD programme (\$649.1 million) as outlined in the October 2020 COS Evaluation Final Budget report. Additionally, \$14.5 million was also paid to the private tertiary institution owned by the JCTE Chairman for the Absorptive capacity programme. HEART/NSTA Trust transferred \$18 million to JCTE between November 2016 and April 2017 (**See Appendix IV**) for the Upskilling and Retooling Programme
- 1.6 Circular #5 (file NO. 107/022) issued by the Ministry of Finance in February 2005, specified that a TRN is necessary for conducting business with all ministries, departments, agencies and statutory bodies. However, JCTE not having a TRN in 2016, utilized UCJ’s bank account to facilitate the receipt of funds from HEART/NSTA Trust for the OAD Programme. In a letter signed by the Acting Director of UCJ dated November 4, 2016, addressed to Executive Director HEART Trust/NTA, the Trust was informed that JCTE operated under the auspices of the University Council of Jamaica (UCJ) and granted permission for JCTE to utilize UCJ’s bank account for conducting business with the Trust. JCTE obtained a TRN in February 2017.

Rationale for the Audit

- 1.7 The Auditor General’s Department (AuGD) initiated a special audit of the Joint Committee for Tertiary Education (JCTE) based on an audit of the Caribbean Maritime University (CMU) which identified a possible conflict of interest between the JCTE and the Permanent Secretary in the Ministry of Education, Youth and Information (MoEYI). The audit of the JCTE, which covered the period April 2016 to September 2021, was undertaken to gain a thorough understanding of the nature of JCTE’S operations and specifically, to determine whether funds transferred to the JCTE by the MoEYI were expended in keeping with the GOJ guidelines and the Financial Administration and Audit (FAA) Act.

Areas Of Audit Focus

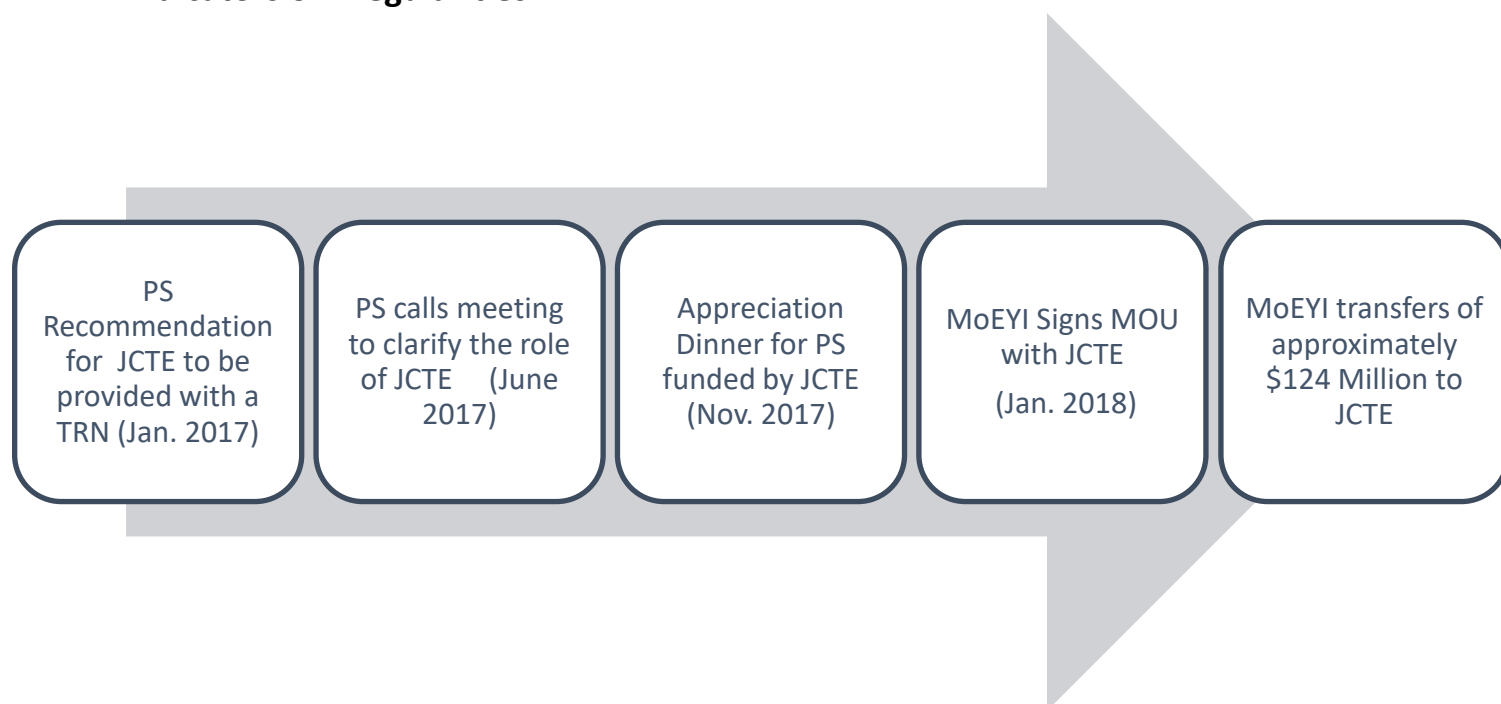


Methodology

1.8 We planned our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI), which are applicable to Performance and Compliance Audits. These standards are issued by the International Organization of Supreme Audit Institutions (INTOSAI). We conducted a risk assessment, developed issue analyses with the questions which the audit sought to answer and utilised data interrogation techniques, in order to form our opinions and conclusions. We utilised surveys, questionnaires, interviews and other methodologies in an effort to gain an understanding of the operations of JCTE and its function as a special advisory committee to the Minister of Education. We conducted fieldwork between March 2019 and September 2021 to gather sufficient and appropriate audit evidence on which we based our conclusions.

Part Two

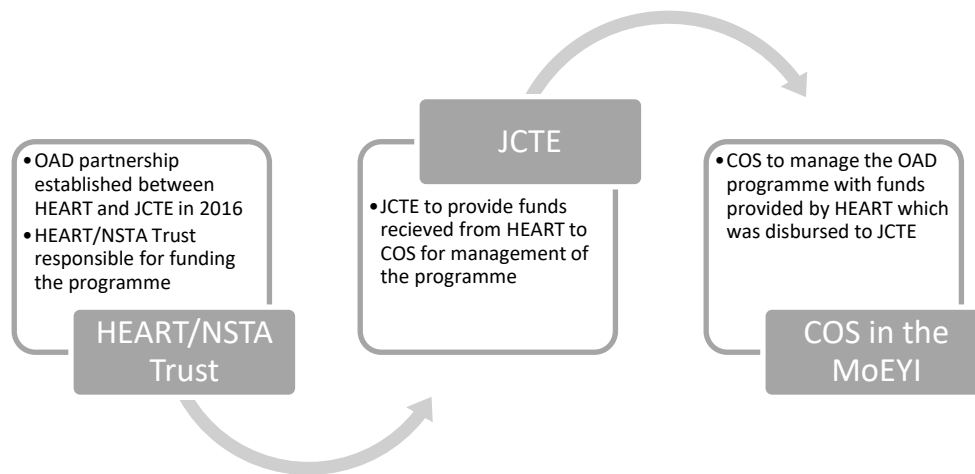
Indicators of Irregularities



- 2.1 We noted that on January 4, 2017, the Permanent Secretary (PS) in the MoEYI wrote to the Commissioner General of Tax Administration of Jamaica requesting a TRN for JCTE which was granted in February 2017. This TRN enabled the direct transfer of funds from the MoEYI to the JCTE. After obtaining a TRN in February 2017 with the assistance of the PS, JCTE informed HEART/NSTA Trust of its own banking credentials for a current account held in the name of “JCTE” at a commercial bank. HEART/NSTA Trust was informed of the credentials by way of a direct deposit authorization form signed by an officer of JCTE in March 2017 and all subsequent payments to JCTE from HEART/NSTA Trust and the MoEYI were made to this account.
- 2.2 Based on information provided by UCJ’s Executive Director, the PS held a meeting on June 26, 2017, with JCTE executives and UCJ to seek clarity on the role of JCTE. However, the records revealed that the Permanent Secretary facilitated the issuance of a TRN to JCTE in January 2017, despite being uncertain of JCTE’s role. UCJ’s Executive Director indicated that based on the June 26, 2017 meeting with the PS, the Council took a decision at a subsequent meeting in June 2017, to ‘*maintain an arms length relationship with JCTE*’.
- 2.3 Based on HEART Trust’s financial records, a total of \$75 million was transferred to JCTE between September 2017 and September 2018 to train 250 students in the OAD Programme. The OAD Programme Charter states: “*The payments will be disbursed to the JCTE, which will then provide funds to the Centre of Occupational Studies (COS), within the Ministry of Education, Youth and Information for management of the programme*”. At the same time, the decision to transfer funds directly to JCTE

in order to fund a unit within the MoEYI (COS) is questionable, given that the Project Charter gave management responsibility for the programme to the MoEYI (via COS). HEART/NSTA Trust could not confirm that the \$75 million transferred to JCTE was utilized to provide funds to COS in the MoEYI as stipulated in the project charter. The Acting PS in the MoEYI indicated that the Ministry did not receive any funds from JCTE.

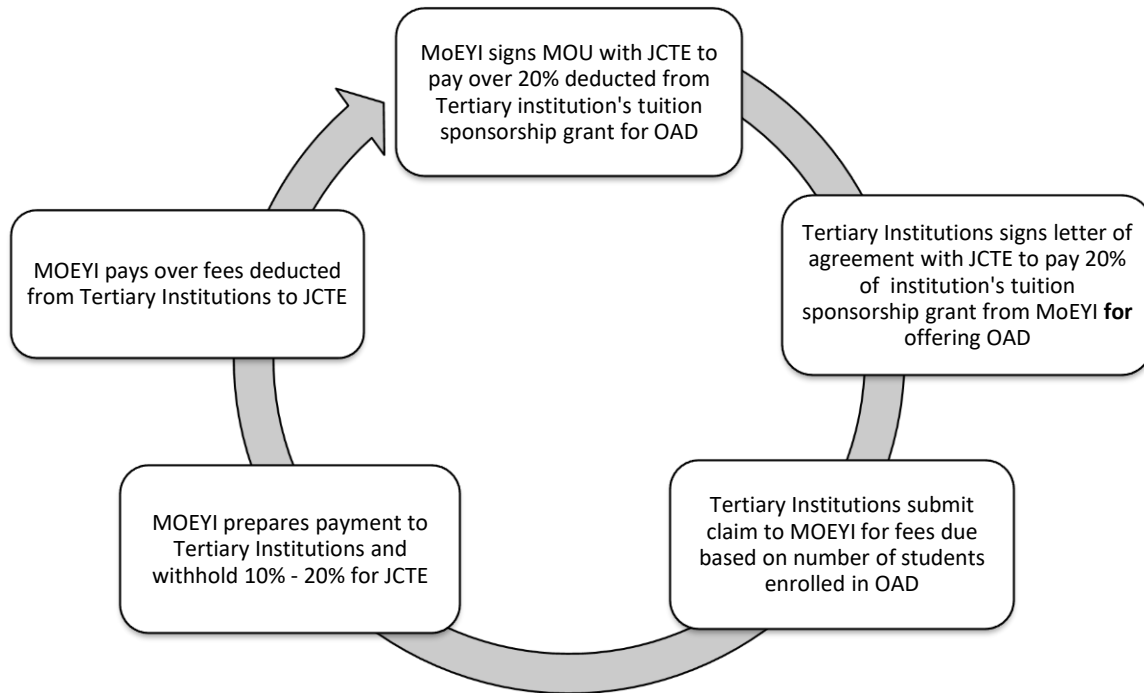
The Project Charter for the OAD Programme established the flow of funds as depicted in the diagram below:



2.4 The MOEYI and JCTE signed an MOU in January 2018, which gave the JCTE responsibilities such as providing human resource personnel, marketing and communication among other things that were inconsistent with the role of an advisory committee. One of the responsibilities of the MoEYI outlined in the MOU was:

“Provide to the JCTE during each semester or academic period (based on the MOEYI payment cycle to schools) 20% of the tuition sponsorship grant amount per student per year and per institution, as an administrative fee for all Occupational Degree Programmes, Absorptive Capacity Programme and Upskilling and Retooling Programme (with the understanding that JCTE would have communicated this 20% administrative fee arrangement to its member institutions)”.

The MOEYI took a decision to withhold 20 per cent from the OAD Government tuition contributions to tertiary institutions and transferred the sums amounting to \$94.9 million directly to JCTE as an administrative fee during the period March 2018 to April 2020. Effective June 2019, the 20 per cent administrative fee arrangement with regards to the tertiary institutions offering the OAD programme was reduced to 10 per cent by way of a letter from the Chairman of JCTE to the Director of COS in the MoEYI dated July 11, 2019. The PS did not establish the necessary governance mechanisms to ensure transparency and accountability for all funds disbursed to JCTE. The diagram below depicts the flow of funds from the MoEYI to JCTE.



2.5 As disclosed in our report on CMU dated December 2019, JCTE funded an “appreciation dinner” for the Permanent Secretary in the MoEYI in November 2017 to the tune of \$434,114. This party was held the same year the PS took the decision to facilitate JCTE being assigned a TRN thus enabling the direct transfer of funds to JCTE from amounts deducted from OAD tuition grants in addition to other transfers.

2.6 At a meeting held at the Auditor General’s Department on January 6, 2020, with the Chairman of JCTE and the Acting Permanent Secretary of the MoEYI, the Chairman declared that he formed a private company registered as JCTE Limited in February 2019. He argued that his company, JCTE Limited, replaced the Government’s special advisory committee (JCTE), and on that basis he has no legal responsibility to provide the requested information to the Auditor General.

2.7 We found that between February 2019 and June 2020 the MOEYI transferred sums totalling approximately \$75.9 million (***See Appendix V***) to JCTE using the JCTE’s TRN. Based on the Chairman’s arguments, his private company would have obtained Government funds under false pretence. Further, despite having purportedly learned in January 2020 from the Chairman that JCTE had become a private entity which he registered with the name JCTE Limited, the Acting PS allowed transfers by MoEYI to the Committee amounting to \$11.2 million between April and June 2020.

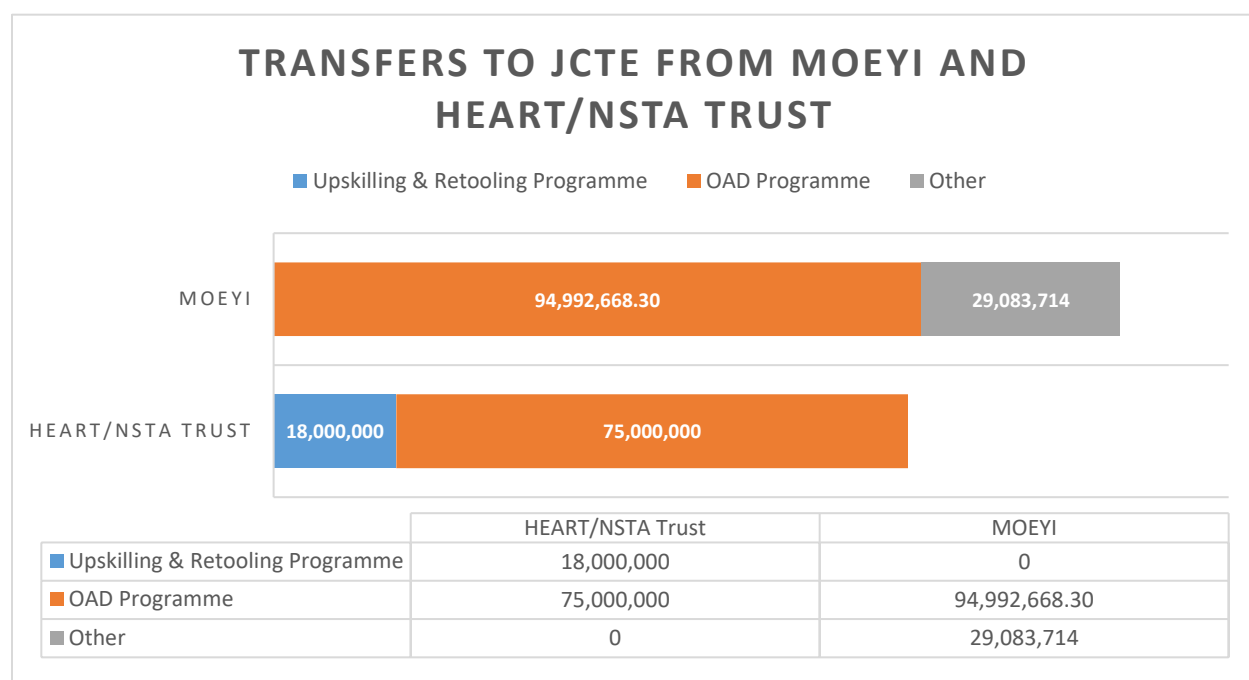
2.8 Further, in response to an earlier request to the Acting PS in November 2019, for access to JCTE records, the Acting PS shared correspondence from the Chairman of JCTE, the content of which are indicated below: **Extract of letter from the Chairman of JCTE dated December 19, 2019 to MoEYI.**

We also note that statistically, approximately fifty seven percent (57%) of the members of the University Council of Jamaica (UCJ) are private tertiary institutions, likewise the JCTE. We operate on the premise that the JCTE is controlled by its membership and so it is legally registered as a professional organization. Please be reminded that the process of lengthy research and document processing and registration, resulted in the legal registration of JCTE - the private entity.

In light of the forgoing, we are unable to understand the grounds upon which we are being requested to submit the documents. I cannot speak to the alleged unregulated Joint Committee for Tertiary Education (JCTE), in my capacity as chairman of the legally registered JCTE. We reiterate that the JCTE is a private entity and do not under any circumstance have the legal authority to tender any such documents to the MOEYI.

However, we informed both the Chairman and the Acting Permanent Secretary that our focus was restricted to the operations of JCTE the Advisory Committee and not the private entity which was established in February 2019, as all transfer of funds were executed using the government designated TRN issued to JCTE the Advisory Committee. In any event, JCTE Limited had no legal basis to obtain money from the Government.

- 2.9 Neither the Permanent Secretary nor the Acting Permanent Secretary, sought to determine whether there was legal grounds for transferring millions to JCTE. Having transferred significant funds, neither the Permanent Secretary nor the Acting Permanent Secretary ensured that the funds were appropriated for the intended purpose and that there was proper accounting of the funds.



Potential Financial Losses Identified: \$124 million

- 2.10 We identified from the MoEYI's financial records that the MOEYI transferred to JCTE, approximately \$124 million over the period April 2017 to June 2020 (*See Appendix VII*). The Ministry made these transfers having no knowledge of how these moneys were being utilised by JCTE. The MOEYI did not require invoices or any other supporting documentation from JCTE to ensure that the funds were being used for the purposes set out in the MOU of 2018. Further, despite taking a decision to transfer large sums to JCTE, the MoEYI did not appoint anyone at JCTE as an accountable officer in keeping with Section 25 (2) of the Financial Management Regulations.
- 2.11 Financial records of HEART/NSTA Trust revealed that a total of \$75 million was transferred to JCTE between September 2017 and September 2018 for the OAD Programme (*See Appendix VII*) while \$18 million was transferred for the Upskilling and Retooling Programme between November 2016 and April 2017 (*See Appendix IV*).

Appendices

Appendix I - Acting PS Response to AuGD audit report



Reply or subsequent reference to this communication should be made to the Permanent Secretary and the following reference quoted:

MINISTRY OF EDUCATION, YOUTH & INFORMATION

2-4 National Heroes Circle
Kingston 4, Jamaica
Tel: 876-612-5802
Fax: 876-922-6328
www.moe.gov.jm

October 5, 2021

Mr Oliver Francis

Principal Auditor
Auditor General's Department
40 Knutsford Blvd
Kingston

Dear Mr Francis,

Response to the Joint Commission of Tertiary Education (JCTE)

The Ministry has accepted the recommendation of the Auditor to review the operations of the JCTE and the JCTE Limited to determine if there is a need to maintain the Advisory role of the JCTE as supported by the Education Act.

The Ministry notes the recommendation for Senior Officers to be surcharged for 124 million that was paid over to the JCTE and cannot be accounted for. The following should be noted:

1. The \$94,992,668.30 represents funds between 10 and 20 percent deducted from the per student fees for the Occupational Associate Degree that was paid to the JCTE.
2. This amount would have otherwise gone to the institutions that offered the programmes.
3. As per MOU with each institution the funds transferred to the JCTE technically belonged to the institutions and therefore an alternative could be to request of the members of the JCTE to account for the funds that were spent by the JCTE as the Member Institutions should be aware of what the funds belonged to them was used for.

The Ministry accepts that in the past it was not customary for institutions and Agencies to submit invoices and supporting documentation for funds paid over to them by the Ministry. The process to change this however is being developed for full implementation.

The \$29,083,714.00 which was also transferred to the JCTE was for services the JCTE conducted and for conference fees where persons attended. Please see

The Honourable Fayval Williams, MP: Minister • The Honourable Robert Nesta Morgan, BA, LLB (Hons), MP: Minister of State
• Dr. Grace McLean, OD, JP: Permanent Secretary (Acting)

*Every Child Can Learn
Every Child Must Learn*

Appendix I (continued)

appended reports and invoices which were submitted for the payments that were done to the JCTE.

The Ministry will report the matter to the JCF or any other anti-corruption agency as recommended.

Payment of funds between April and June 2020

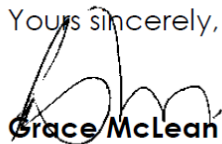
It must be noted that once the Ministry obtained documentation regarding the JCTE registering as a private entity steps were taken to obtain a legal opinion as it regards to the Ministry continuing its partnership with the JCTE. The Ministry could not have acted base on word-of-mouth information given at the meeting on January 6, 2020, without the supporting documents required to verify the accuracy of the information.

Based on the Ministry's assessment the partnership with the JCTE continued until the legal opinion was obtained after which the Ministry immediately wrote to the JCTE to sever ties and that they would have to make direct arrangements with the Member Institutions to collect the administrative fees.

The funds of \$11,040,197.05 paid over April 7, 2020, was the final payment for the 2019-2020 academic year of the 10 percent administrative fees deducted and paid over on behalf the Member Institutions.

It should be noted that the \$199,794.00 paid on June 22, 2020, after the legal opinion of June 10, 2020, was for services rendered and a purchase order was already issued, and payment process had already commenced. See attached.

Yours sincerely,



Grace McLean OD, PhD., JP
Permanent Secretary (Acting)

Appendix II - AuGD's matrix of MoEYI's response and AuGD's assessment

RESPONSE #	RESPONSE DETAILS	AuGD'S ASSESSMENT
1	The Ministry has accepted the recommendation of the Auditor to review the operations of the JCTE and the JCTE Limited to determine if there is a need to maintain the Advisory role of the JCTE as supported by the Education Act.	Noted
2	<p>The Ministry notes the recommendation for Senior Officers to be surcharged for 124 million that was paid over to the JCTE and cannot be accounted for. The following should be noted:</p> <ol style="list-style-type: none"> 1. The \$94,992,668.30 represents funds between 10 and 20 percent deducted from the per student fees for the Occupational Associate Degree that was paid to the JCTE. 2. This amount would have otherwise gone to the institutions that offered the programmes. 3. As per MOU with each institution the funds transferred to the JCTE technically belonged to the institutions and therefore an alternative could be to request of the members of the JCTE to account for the funds that were spent by the JCTE as the Member Institutions should be aware of what the funds belonged to them was used for. The Ministry accepts that in the past it was not customary for institutions and Agencies to submit invoices and supporting documentation for funds paid over to them by the Ministry. The process to change this however is being developed for full implementation. 	Our position remains the same. The JCTE and Ministry of Education must account for all funds under their stewardship. Both have an obligation under law to maintain and provide adequate accounting records, such as original supplier invoices, bank statements and payment vouchers. Invoices from JCTE does not replace the need for original suppliers invoices.
3	The \$29,083,714.00 which was also transferred to the JCTE was for services the JCTE conducted and for conference fees where persons attended. Please see appended reports and invoices which were submitted for the payments that were done to the JCTE. The Ministry will report the matter to the JCF or any other anti-corruption agency as recommended.	We note the submission of payment vouchers along with invoices prepared by JCTE. As indicated above, and as you will appreciate, this is not acceptable. For example, an agenda is not evidence of how sums were spent or that an activity occurred. Further, the invoice prepared by JCTE in support of the payment made to the Business Development Consultant lacks a critical deliverable; which is the submission of monthly, quarterly and annual reports and also progress reports. We note however that there is certification of "services rendered satisfactorily" though this critical deliverable was absent.
4	Payment of funds between April and June 2020 It must be noted that once the Ministry obtained documentation regarding the JCTE registering as a private entity steps were taken to obtain a legal opinion as it regards	Reference is made to your letter dated December 23, 2019 (Appendix III). You indicated that the chairman "maintained" that the JCTE is a

RESPONSE #	RESPONSE DETAILS	AuGD'S ASSESSMENT
	<p>to the Ministry continuing its partnership with the JCTE. The Ministry could not have acted base on word-of-mouth information given at the meeting on January 6, 2020, without the supporting documents required to verify the accuracy of the information. Based on the Ministry's assessment the partnership with the JCTE continued until the legal opinion was obtained after which the Ministry immediately wrote to the JCTE to sever ties and that they would have to make direct arrangements with the Member Institutions to collect the administrative fees.</p> <p>The funds of \$11,040,197.05 paid over April 7, 2020, was the final payment for the 2019-2020 academic year of the 10 percent administrative fees deducted and paid over on behalf the Member Institutions. It should be noted that the \$199,794.00 paid on June 22, 2020, after the legal opinion of June 10, 2020, was for services rendered and a purchase order was already issued, and payment process had already commenced. See attached.</p>	<p>private entity governed by its members. The Chairman reiterated his position, in your presence, at a meeting held at the Auditor General's Department on January 6, 2020. Our position is that the PS has a fiduciary responsibility to protect the Government funds. You indicated that you were unaware that JCTE was a private entity. In that regard, it is expected that you would have ceased transfer of funds until receiving a legal opinion. Nonetheless, you continued to approve the transfers of funds amidst the uncertainty and the Chairman's defiance.</p>



**MINISTRY of EDUCATION
YOUTH & INFORMATION**

Reply or subsequent reference to this communication should be made to the Permanent Secretary and the following reference quoted:

2-4 National Heroes Circle
Kingston 4, Jamaica
Tel: 876-612-5872
Fax: 876-948-7755
www.moe.gov.jm

December 23, 2019

Mrs. Pamela Munroe-Ellis
Auditor General
Auditor General’s Department
40 Knutsford Boulevard,
Kingston 5.

Attention Mr. Oliver Francis,

Re: Joint Committee for Tertiary Education (JCTE)

Further to my letter dated December 9, 2019 regarding the Joint Committee for Tertiary Education (JCTE), please see letter dated December 19, 2019 from the JCTE.

The Chairman of JCTE has maintained that the JCTE is a private entity governed by its members and he has seen no documentation to suggest otherwise. In an effort to put this matter to rest the JCTE is requesting a breakfast meeting at the Pegasus Hotel on Tuesday, January 7, 2020 at 8 am.

Yours sincerely,


Grace McLean, OD, PhD, JP
for Permanent Secretary (Acting)

The Honourable Karl Samuda CD, MP: Minister • The Honourable Alando N. Terrelonge, MA, MP: Minister of State
• Dr. Grace McLean, OD, JP: Permanent Secretary (Acting)

*Every Child Can Learn
Every Child Must Learn*

Appendix IV - HEART TRUST Payments to JCTE for the Upskilling and Retooling Programme

TRX Date	Account Description	Debit Amount	SOURCE	Description
7/11/2016	JOINT COMMITTEE FOR TERTIARY EDUCATION	2,000,000	HEART TRUST	20% - 1ST DRAWDOWN UPSKILLING
28/12/2016	JOINT COMMITTEE FOR TERTIARY EDUCATION	3,000,000	HEART TRUST	Purchases
28/2/2017	JOINT COMMITTEE FOR TERTIARY EDUCATION	3,000,000	HEART TRUST	3rdTRANCHE PMT UPSKILLING PROG
14/3/2017	JOINT COMMITTEE FOR TERTIARY EDUCATION	2,000,000	HEART TRUST	4TH TRANCHE PMT UPSKILLING PRO
18/4/2017	JOINT COMMITTEE FOR TERTIARY EDUCATION	8,000,000	HEART TRUST	UPSKILLING&RETOOLING YR2 PMT
TOTAL		18,000,000		

Appendix V- MoEYI Payments to JCTE for the period February 2019 to June 2020

PERIOD	PAYEE	PURPOSE	AMOUNT
February, 2019	JCTE	COS	3,000,000.00
March, 2019	JCTE	COS	1,900,000.00
June, 2019	JCTE	COS	10,000,000.00
June, 2019	JCTE	COS	10,000,000.00
July, 2019	JCTE	COS	7,141,500.00
July, 2019	JCTE	COS	10,000,000.00
August, 2019	JCTE	COS	2,987,325.00
October, 2019	JCTE	COS	5,000,000.00
October, 2019	JCTE	COS	5,000,000.00
November, 2019	JCTE	COS	2,404,700.00
December, 2019	JCTE	COS	7,499,861.25
Apr-20	JCTE		11,040,197.05
Total			75,973,583.30

Appendix VI -HEART TRUST Payments to JCTE for Occupational Associate Degree (OAD) Programme

TRX DATE	Description	Source	Amount
September, 2017	JCTE (OAD)	HEART	18,750,000
September, 2017	JCTE (OAD)	HEART	18,750,000
March, 2018	JCTE (OAD)	HEART	18,750,000
September, 2018	JCTE (OAD)	HEART	18,750,000
TOTAL			75,000,000

APPENDIX VII- MoEYI Payments to JCTE for the period April 2017 to June 2020

PERIOD	FINANCIER	PURPOSE	AMOUNT
March, 2018	MOEYI	OAD	6,270,000.00
July, 2018	MOEYI	OAD	2,145,000.00
October, 2018	MOEYI	OAD	7,036,585.00
December, 2018	MOEYI	OAD	3,567,500.00
February, 2019	MOEYI	OAD	3,000,000.00
March, 2019	MOEYI	OAD	1,900,000
June, 2019	MOEYI	OAD	10,000,000.00
June, 2019	MOEYI	OAD	10,000,000.00
July, 2019	MOEYI	OAD	7,141,500.00
July, 2019	MOEYI	OAD	10,000,000
August, 2019	MOEYI	OAD	2,987,325.00
October, 2019	MOEYI	OAD	5,000,000.00
October, 2019	MOEYI	OAD	5,000,000.00
November, 2019	MOEYI	OAD	2,404,700.00
December, 2019	MOEYI	OAD	7,499,861.25
April, 2020	MOEYI	OAD	11,040,197.05
TOTAL			94,992,668.30
April, 2018	MOEYI	CAP	50,000.00
April, 2018	MOEYI	CAP	4,824,000.00
March, 2018	MOEYI	CAP	10,000,000.00
February, 2018	MOEYI	CAP	149,000.00
April, 2017	MOEYI	CAP	1,250,000.00
April, 2017	MOEYI	CAP	1,000,000.00
July, 2017	MOEYI	CAP	2,800,000.00
August, 2017	MOEYI	CAP	1,050,000.00
TOTAL			21,123,000.00
August, 2017	MOEYI	Other	57,000.00
March, 2018	MOEYI	Other	1,600,000.00
October, 2018	MOEYI	Other	166,000.00
July, 2018	MOEYI	Other	50,000.00
December, 2018	MOEYI	Other	3,567,500.00
February, 2019	MOEYI	Other	270,920.00
March, 2019	MOEYI	Other	149,500.00
March, 2019	MOEYI	Other	1,900,000.00
June, 2020	MOEYI	Other	199,794.00
TOTAL			7,960,714.00
GRAND TOTAL			124,076,382.30