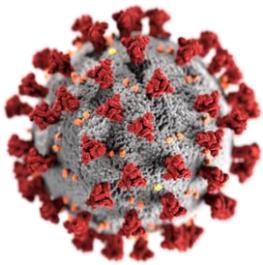
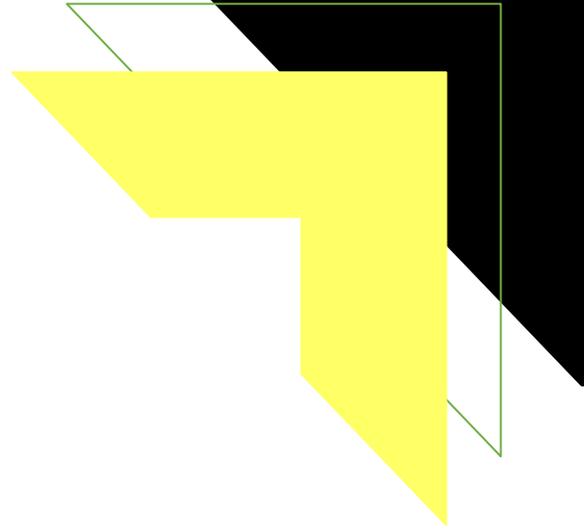




AUDITOR GENERAL'S
DEPARTMENT OF JAMAICA



COVID-19 Expenditure Audit

Compliance Audit Compendium Report

Ministry of Health and Wellness (MoHW)
Ministry of Labour and Social Security (MLSS)

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.

Auditor General of Jamaica
Auditor General's Department
40 Knutsford Boulevard
Kingston 5, Jamaica, W.I.
www.auditorgeneral.gov.jm



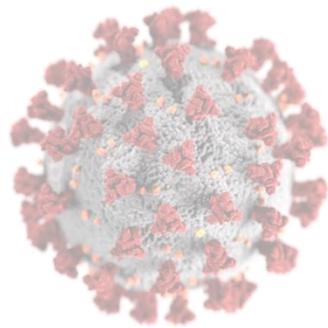
'A better Country through effective audit scrutiny'

Document No.:	Date Submitted
AuGD 436 – 1601.30.2	November 7, 2022



Table of Contents

PART ONE	7
INTRODUCTION	7
BACKGROUND	7
SOURCE OF FUNDING	7
AUDIT SCOPE AND METHODOLOGY	8
RATIONALE FOR THE AUDIT	9
SUMMARY	11
WHAT WE FOUND	12
PART TWO	17
MANAGEMENT OF FUNDS ALLOCATED FOR PUBLIC HEALTH RESPONSE TO THE COVID-19 PANDEMIC - MOHW	17
PAYMENTS FOR COVID-19 QUARANTINE FACILITIES LACKS TRANSPARENCY	18
ABSENCE OF FORMAL CONTRACTS FOR COVID-19 EXPENDITURE TOTALLING \$124 MILLION FOR INFRASTRUCTURAL WORKS	19
MOHW TRANSFER OF \$174 MILLION RAISES CONCERNS ABOUT EFFECTIVE USE OF COVID-19 FUNDS	21
WEAKNESSES IN THE CONTROLS OVER COVID-19 FIXED ASSETS ACQUISITIONS	23
REGULATORY BREACH IN THE PREPARATION AND MAINTENANCE OF PAYMENT VOUCHERS	24
PART THREE	26
MANAGEMENT OF RELIEF SUPPORT TO VULNERABLE HOUSEHOLDS IN THE COVID-19 PANDEMIC - MLSS	26
SOCIAL PROTECTION SYSTEMS NOT ROBUST ENOUGH TO RESPOND EFFECTIVELY IN TIMES OF EMERGENCIES	26
MLSS DATABASE PROVIDES NO ASSURANCE THAT ONLY ELIGIBLE PERSONS GOT HUMANITARIAN ASSISTANCE	27
WEAK INTERNAL CONTROLS IN PROCUREMENT, DONATIONS, AND CUSTODY OF FOOD CARE PACKAGE ITEMS	30
APPENDICES	35
MINISTRY OF HEALTH AND WELLNESS	35
APPENDIX 1: SCHEDULE OF CONTRACTORS FROM WHOM NO LEVY WAS DEDUCTED	35
APPENDIX 2: FIXED ASSETS THAT COULD NOT BE TRACED IN MASTER INVENTORY	36



Auditor General’s Overview

The Government of Jamaica (GoJ) has a responsibility to respond to public emergencies, such as the Novel Coronavirus (COVID-19) pandemic. The response of the Government was demonstrated by the allocation of over \$8 billion to aid in the Country’s COVID-19 emergency response interventions. The GoJ made significant budgetary adjustments to accommodate contingency spending, especially to ensure that public health and social security systems responded effectively to the COVID-19 pandemic. The Ministries of Health and Wellness and Labour and Social Security were the leading agencies that undertook key aspects of the Government’s response activities to provide healthcare and social support, respectively, to those most vulnerable. Based on the nature of the emergency, it was a requirement to provide essential goods and services as a soon as possible to respond appropriately, and more importantly to health crises caused by the COVID-19 Pandemic.

The Handbook of Public Sector Procurement Procedures permits emergency spending for the procurement of goods, services or works under certain situations, one of which is any circumstance in which the national interest and/or national security considerations demand that the procurement be undertaken immediately. The emergency brought about by the COVID-19 pandemic fits such situations. However, whereas the Procurement Procedures relaxed certain reporting and approval requirements given the circumstances, there was still an expectation for the maintenance and implementation of adequate checks and balances not only to ensure probity and accountability, but also to guarantee the effectiveness of the spending in emergencies. Since emergency spending is susceptible to misuse and corruption, creating a balance between effective response to emergencies and maintaining good procurement practices, is particularly important.

On this basis, I commissioned a compliance audit of the Ministry of Health and Wellness (MoHW) and the Ministry of Labour and Social Security to determine whether the Ministries properly managed the COVID-19 budget allocations and those expenditures were in keeping with existing legal framework and consistent with good practices. The audit was undertaken over the period May 2020 to June 2022. The audit found examples of good practices deployed in response to the Pandemic, demonstrated by MoHW’s early and proactive approach to activated emergency protocols, which included a COVID-19 Plan, Emergency Operating Centre (EOC) along with other committees. Notwithstanding, we found several deficiencies in the way the MoHW and the MLSS procured goods and services in response to the COVID-19 pandemic. I recommend that in addition to the MoHW and MLSS, all accounting officers should consider the deficiencies identified in the report as a means to improve the management of emergency spending, going forward. Thanks to the management and staff of MoHW and MLSS for the co-operation and assistance extended to the audit team.



Pamela Monroe Ellis, FCCA, FCA
Auditor General

This report contains our findings on our review on controls implemented over funds allocated in response to the effects of the COVID-19 Pandemic to guard against the risk of corruption during the Pandemic.



Part One

Introduction

Background

1.1 As a result of the novel coronavirus (COVID-19) pandemic, many countries, including Jamaica, had to make significant budgetary adjustments to accommodate contingency spending necessary to save lives and to mitigate the impact on the livelihood of the citizenry and economy. The COVID-19 pandemic necessitated unexpected spending on public health and social programmes as the Government of Jamaica (GoJ) sought to respond to the pandemic. For example, the Ministry of Health and Wellness (MoHW) had to provide urgent health care to persons infected with the coronavirus and to protect persons from becoming infected. The Ministry of Labour and Social Security (MLSS), on the other hand, had to provide social support to the most vulnerable.

Source of Funding

1.2 The Government allocated a little over \$8 billion to aid in the Country's COVID-19 emergency response interventions. The MoHW was allocated \$2.1 billion in 2019-20, \$6 billion in the 2020-21 budget in addition to \$500 million in contingency fund specifically as part of its public health response mechanism to the COVID-19 pandemic (**Table 1**).

Table 1 Estimates of Expenditure for FY 2019/2020 and 2020/2021

Description	Contingency Fund 2020/2021	Third supplementary Estimate 2019/2020 (\$000)	First Supplementary Estimates 2020/2021 (\$000)
Compensation of Employees	-	-	1,611,106.00
Travel Expenses & Subsistence	-	-	206,850.00
Rental of Property & Machinery	-	-	544,587.00
Utilities and Communication Services	-	-	28,405.00
Use of Goods and Services	-	2,100,000.00	2,662,434.00
Fixed Assets (Capital Goods)	-	-	946,618.00
GOJ Vaccination Programme	500,000,000	-	
Total Budget	500,000,000	2,100,000.00	6,000,000 .00

Source: Estimates of Expenditure

1.3 Up to October 2020, the 2020-21 approved budgetary allocation for COVID-19 expenditure for MLSS was \$1.1 billion (**Table 2**). As at October 2020, the MLSS expended \$73 million from its Recurrent allocation and \$24 million of its Capital A allocation in response to emergencies brought about by the pandemic.

Table 2: MLSS budgetary allocation and expenditure (October 2020)

Details	Recurrent (40000) (\$'000)	Capital 40000C (\$'000)	Total (\$'000)
Budget	1,068,431	40,100	1,108,531
Expenditure	73,072	23,713	96,784
Percent of budget	6.8%	59%	0.08%

Source: MLSS data and Estimates of Expenditure

1.4 Despite the urgent requirement of these interventions facilitated by emergency spending, it is still necessary that adequate checks and balances be implemented and maintained to ensure the effectiveness of these expenditures, particularly in light of the Country's fiscal constraints. Given the scarce financial resources, it is essential for MoHW and the MLSS to spend its emergency allocation economically to create meaningful impact and effective health and social care during the pandemic. This was particularly important since emergency spending is often susceptible to misuse and corruption.

1.5 We conducted a compliance audit to determine whether MoHW and the MLSS properly managed the COVID-19 allocations and that expenditures were in keeping with existing legal framework and consistent with good practices.

Audit scope and methodology

1.6 We examined MoHW accounting and operational records for the period January 2020 to June 2020. For MLSS, we examined the records for the period March 2020 – October 2020. The audit was planned and conducted using a risk-based approach. Our audit approach included the following:

- i. Examination and assessment of the entities' internal control structure, to determine its adequacy, effectiveness, and ability to ensure the provision of accurate information required to facilitate reporting on core activities and providing accountability and transparency.
- ii. Evaluation of management's compliance with the Financial Administration and Audit (FAA) Act, and other financial, management, accounting, and Government guidelines.
- iii. Examination of transactions and activities relating to infrastructure works, procurement of fixed assets, including medical equipment and supplies, accommodation, funding, transfers to regions and MDAs, and donation received - MoHW.
- iv. Evaluation of the accounting records and related documents to determine whether costs incurred were properly recorded, and whether all funding received from the Government of Jamaica was appropriately accounted for.

1.7 We planned and conducted our audit in accordance with Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). We conducted fieldwork to gather sufficient and appropriate audit evidence on which to base our conclusions.

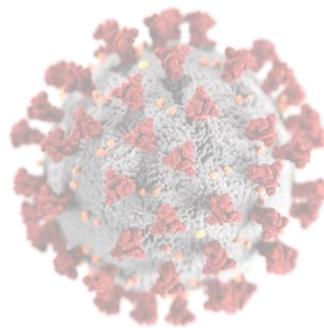
Rationale for the audit

1.8 In scoping the audit, we considered how it would contribute to the achievement of the Auditor General's wider strategic aims by:

- I. Assisting the Government of Jamaica with useful recommendations that will aid in managing emergency expenditure relating to the current pandemic and in the future.
- II. Targeting coverage of the Auditor General's Audit Themes, governance, resource management and accountability to aid in achieving the AuGD's vision of promoting a better country through effective audit scrutiny of government operations; and
- III. Providing assurance to Parliament and the public on the efficiency, effectiveness, and economy of the operations of Government Ministries, Departments and Agencies (MDAs).

Limitation in Scope

1.9 Due to the COVID-19 pandemic, the scope of the audit was restricted. The areas affected included the physical verification of assets and stores as well as visits to the regions for expenditure verification. The timelines of the audit were also impacted by the MoHW's inability to respond in a timely manner, owing to the Pandemic.



Summary

In responding to the Novel Coronavirus (COVID-19) Pandemic, the Government of Jamaica (GOJ), made significant budgetary adjustments to accommodate contingency spending to mitigate the impact of the pandemic on the lives of citizens and the economy. Both the Ministry of Health and Wellness (MoHW) and the Ministry of Labour and Social Security (MLSS) are leading agencies undertaking key aspects of the Government's response activities in providing healthcare and social support, respectively, to those most vulnerable. The GOJ allocated a little over \$8 billion to aid in the Country's COVID-19 emergency response interventions. The Ministry of Health and Wellness (MoHW) was allocated \$2.1 billion in the 2019-20 budget and \$6 billion in 2020-21 budget, in addition to \$500 million in contingency fund specifically to aid in its public health response mechanism to the COVID-19 pandemic. The approved budgetary allocation for COVID-19 expenditure for Ministry of Labour and Social Security (MLSS) was \$1.1 billion in 2020-21.

Due to the nature of the COVID-19 pandemic, there was a necessary requirement for MoHW and MLSS to acquire goods and services urgently needed to enable the public health and social security systems to respond to the health crises. However, notwithstanding the urgent requirement of these interventions, while executing emergency spending during the pandemic, there was still an expectation that MoHW and MLSS would implement and maintain adequate checks and balances to ensure the effectiveness of emergency spending. We conducted compliance audits of the MoHW and the MLSS to determine whether these entities properly managed the COVID-19 allocations, and that expenditure was in keeping with existing legal framework and consistent with good practices. The audit assessed the management of funds allocated for public health response and relief support to vulnerable households during the COVID-19 pandemic. The findings of which are summarized below and detailed in Parts 2 and 3 of this report respectively.

Good Practice in responding to COVID-19 Pandemic

- Early and proactive approach to activated emergency protocols, which included a COVID-19 Plan, Emergency Operating Centre (EOC) along with other committees.

Swift Response



- Multisectorial involvement and participation from a wide cross section of the private and public sector on committee.

Multisectoral Involvement



- Frequent meetings of the EOC to discuss MoHW's response actions.

Discussions around response actions



What we found

A major part of any emergency response is the need to urgently acquire much needed goods and services to aid in the response effort. Creating a balance between effective response to the COVID-19 pandemic and maintaining good procurement practices and record keeping is particularly important, since emergency spending is believed to be susceptible to misuse and corruption. Despite the enormous pressures facing the MoHW and MLSS in response to the pandemic, there were examples of good practices. However, there was need for improvement in the procurement and records management processes.

Management of Funds Allocated for Public Health Response to the COVID-19 Pandemic - MoHW

1. **In responding to the COVID-19 pandemic, the MoHW took an early and proactive approach and activated its emergency protocols, which included a COVID-19 Plan, Emergency Operating Centre (EOC) along with other committees.** The MoHW's COVID-19 Plan focused on various phases of the virus aimed at increasing its efficiency and effectiveness in its response. We noted that the committees, which included participants from a wide cross section of the private and public sector, met frequently to discuss MoHW's response actions.
2. **MoHW did not have contracts in place to govern arrangements to allow for accountability in its emergency spending related to the COVID-19 Pandemic.** In responding to the pandemic, MoHW was expected to act quickly in acquiring goods and services. Meanwhile, at the very least, we expected MoHW to maintain basic paper trail to facilitate transparency, accountability and effectiveness of the amounts spent to acquire these goods and services, but some transactions lacked this basic control mechanism. An initial requirement of the MoHW was to urgently provide suitable facilities to quarantine persons tested positive for the coronavirus and isolate persons awaiting test results. Also, MoHW had to perform infrastructural works as part of its response activities. In acquiring these services, MoHW did not have in place a simple contract/agreement with all service providers, setting out the obligations of the parties.
 1. **For example, MoHW made payments totalling \$337 million to seven hotels and guesthouses to provide quarantine accommodations but had a formal contract with only one of the service providers.** The six service providers, without a formal contract, were paid a total of \$293 million. In the absence of formal terms and conditions, MoHW was exposed to unbudgeted liability claims and varying payment arrangements, in a context where one service provider unexpectedly asked MoHW to pay the facility's electricity bill and 90 per cent of water charges. MoHW also paid another of the service providers \$3 million for sanitization and cleaning at three of the seven facilities, in addition to the rental payment for the accommodations. This arrangement was not in keeping with Section 53 of the Financial Regulations which requires Accounting Officers to agree on the terms and conditions for the provision of service prior to implementation. The MoHW advised that as part of the Cabinet approved managed controlled re-entry programme to govern to the Country's opening of its borders, the Ministry was directed, within a very short timeframe, to establish arrangements with private entities such as hotels and guest houses for the mandatory quarantine of persons entering the country. As a result, the extremely short timeframe did not allow for negotiation of formal contracts with these entities.

Similarly, MoHW paid \$124 million to eight suppliers for infrastructural works, between January 2020 and June 2020. MoHW did not have contracts in place to govern the infrastructure work activities. We also noted that the MoHW did not report to the National Contracts Commission (NCC) the justification for engaging the contractors using the direct contracting methodology. In its response to our concern, the MoHW explained that it is its usual practice to have formal contracts in place for infrastructural works and that the Contractors' Letters of Quotation and the Ministry's acceptance thereof forms a binding contract between the Ministry and the Contractor. The MoHW further advised the AuGD that the exigencies of the COVID-19 pandemic required these works to be executed at very short notice and within short timeframes which precluded the issuance of a formal contract for execution by the contractors. Subsequent to the audit the MOHW reported all the contracts deemed as emergencies to the National Contracts Commission.

- 3. Greater accountability required for amounts transferred to other entities to fund COVID-19 activities.** MoHW transferred a total of \$174 million to the Ministry of Local Government and Community Development (MLGCD), the National Solid Waste Management Authority (NSWMA), and an non-government organisation (NGO) in order to fund activities to contain the spread of the COVID-19 cases. However, the MoHW did not implement measures to track the utilisation of the funds disbursed. We noted that the NGO spent \$14 million of the \$20 million it received on activities unrelated to COVID-19 emergency. Further, movement of funds from one MDA to another must be approved by the Ministry of Finance; this appeared not to have been done. In response to the audit, the MoHW indicated that the requisite approvals will be obtained from the MoFPS and also that steps will be taken to recover from the NGO, funds spent on non-COVID-19 related activities. We also noted that the Health for Life and Wellness Foundation, an arm of MoHW received cash donations totalling \$50 million. However, the MoHW did not submit evidence that it had reported donations to the MoFPS, so that the necessary steps be taken for the donations to be merged with MoHW budget for greater accountability. As such, without timely reporting and an accountability mechanism, it was difficult to determine whether funds transferred to other entities were used for COVID-19 related activities. The MoHW subsequently advised that the Ministry will ensure that officers are re-sensitized regarding the reporting requirements for donations to prevent reoccurrence. The Ministry provided us with a letter dated November 1, 2022 in which it advised the the Ministry of Finance of the \$20 million transfer made to the NGO.
- 4. MoHW spent \$189.21 million for the purchase of fixed assets, which were reportedly acquired to support its COVID-19 response efforts.** We reviewed a sample of fixed assets purchased totalling \$55 million and noted that MOHW spent \$2 million to purchase 45 televisions and 15 tablets. MoHW did not indicate on the purchase records the reasons for acquiring the devices. Consequently, we were not able to determine how these acquisitions related to MoHW COVID-19 response initiatives. Additionally, MoHW did not include in its inventory assets purchased at costs totalling \$23 million. This is a deficiency in MoHW asset management control system as it goes against the procedures set out in the Financial Instructions, which mandate public entities to maintain proper inventory records of all fixed assets¹. The MoHW provided evidence that the Fixed Asset Register was updated in June 2022 and advised us that the internal controls would be strengthened through staff training and re-sensitization with the GoJ Asset Management Policies and Procedures.

¹ Section 9.5(iv) of the FAA instruction 2017

Management of Relief Support to Vulnerable Households in the COVID-19 Pandemic - MLSS

5. The MLSS did not prepare and submit to the Office of Disaster Preparedness and Emergency Management (ODPEM), a Disaster Management Plan¹ in keeping with section 28 (d) of the Disaster Risk Management Act. By way of its mandate, it is expected that the MLSS would have developed a plan to effectively manage the various social protection programmes. The plan should be supported by adequate and reliable systems to enable the MLSS to respond appropriately to the needs of the most vulnerable in times of emergencies.
6. As a basic first step, MLSS social security database should be able to provide reliable information for use in the administration of social security programmes, especially in emergencies such as the COVID-19 pandemic. Under the Humanitarian Response Action Plan, MLSS was required to establish and maintain a database of vulnerable persons assisted because of the COVID-19 pandemic. This was to ensure that a robust humanitarian coordination mechanism was in place to inform the distribution of social protection resources. However, MLSS database provided no assurance that only eligible persons got humanitarian assistance.
7. Our analysis of the data submitted in 2021 May 31, showed that the MLSS did not maintain a comprehensive database, as the Tax Registration Number (TRN) which is unique to each beneficiary was either not included for 816 of the 6680 beneficiaries (12 per cent) or the TRN information did not contain the required nine digits. Further, there was no beneficiary recorded for Hanover, Trelawny, Portland and Saint Mary, and the record showed only one beneficiary each for Westmoreland, Saint James, and St Elizabeth. These deficiencies could impede MLSS efforts to access accurate and reliable data, efficiently in achieving its goal of strengthening humanitarian assistance and thereby ensuring that those who are most in need, receive benefits.
8. The control deficiencies presented some challenges for MLSS to satisfy itself that relief grants, provided through the United Nations Multi-Partner Trust Fund (MPTF), reached the poorest and those who are most vulnerable, based on their socio-economic circumstances and physical disabilities. MLSS received the grant funding to mitigate social and economic risks of COVID-19. The grant funding aimed at providing social support via cheque payments to the poorest and most vulnerable households, targeting children with disabilities, pregnant and lactating women registered on PATH Beneficiary Management Information System (BMIS)². The cash support aspect was offered over three payments in August, October, and December 2020. Our review of the payroll records indicated that up to October 2020, MLSS made cash transfers for 5,535 payments totalling \$23.5 million. However, 4,007 payments made to 2,102 payees who received benefits totalling \$17 million were not classified as disabled on the PATH payroll records.

9. **MLSS did not maintain basic records as part of its inventory systems, to ensure proper accountability and transparency** in the receipt and distribution of items procured or donated as required by the FAA Act Instructions 7.3.10. For example, there was no record to show the number of care packages prepared and the amount in stock after distribution at the Central warehouse or at the parish offices. Also, 1,439 food packages, 215 children packages, 91 hygiene packages, 209 cases of mango juice, 10 cases of biscuits, 13 cases of Pepsi left the warehouse, but were not recorded in the Checkpoint Register as evidence of security checks. We also identified that 15,386 care packages were issued, of which 15,141 (98 per cent) were without formal requisitions, suggesting care packages issuance was predominantly based on verbal communication. Also, MLSS issued 286 care packages and 50 juice packages from the warehouse, with no indication of who collected the items.

What should be done

Creating a Balance

- Considering that emergency procurements are more susceptible to misuse and corruption, there needs to be greater effort among accounting officers to ensure basic controls over emergency spending are adhered to while creating a balance between effective response to emergencies, such as the COVID-19 pandemic, and maintaining good procurement practices.

Disaster Management Plan

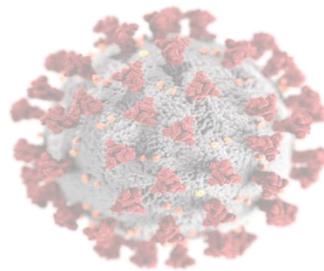
- Having a Disaster Management Plan could assist MLSS social protection administration activities to become 'shock responsive' and capable of supporting other elements of the national disaster response system. This is an essential first-step requirement for MLSS in the management of social protection programmes for the most vulnerable, especially in emergencies.

Management Information System (BMIS)

- As one of the Country's leading social protection agency, MLSS should develop, implement and maintain a reliable Beneficiary Management Information System (BMIS) capable of providing accurate information on the status and whereabouts of vulnerable individuals eligible to receive social support in normal situation and more so in cases of emergencies.

Improve Response Mechanism

- Going forward, the MoHW and MLSS should use the lessons learned in the COVID-19 pandemic to improve its response mechanisms.



Part Two

Management of Funds Allocated for Public Health Response to the COVID-19 Pandemic – MoHW

 At A Glance			
Systems and practices	Criteria	Key Findings	Assessment Against Criteria
Procurement of quarantine facilities	Ensure transparency and accountability in providing quarantine facilities in the COVID-19 emergency.	The absence of formal contracts with service providers of quarantine facilities prevented MoHW from agreeing basic terms and conditions, and to have full understanding of its commitment and financial obligations.	
Procurement of emergency infrastructure works for COVID-19	Creating a balance between effective response to the COVID-19 pandemic and maintaining good procurement practices.	MoHW did not have basic contracts for infrastructural works setting out performance standards.	
Funds allocated for COVID-19	Management of funds allocated for COVID-19 should be in keeping with legal framework	MoHW action to reallocate \$174 million breached the legal framework.	
Control of Fixed Assets	Maintain good practices in accounting for fixed assets acquired for COVID-19 response initiatives.	A major deficiency in the asset management control system was MoHW's failure to maintain proper inventory records of all fixed assets.	
Internal controls over expenditure payments	Execute effective checks and balances in processing transactions for payments.	Despite processing payments using the GFMS System, MoHW operated contrary to the regulations when it did not ensure adequate checks and balances of original documents for expenditure of material values.	
 MET the criteria  Met the Criteria, but improvements needed  Did not meet the criteria			

2.1 The public health system must respond to the health crisis by working to provide healthcare to persons infected with the coronavirus and to protect persons from becoming infected, while continuing to deliver existing health care. To manage the government's response to the COVID-19 pandemic, the MoHW took an early and proactive approach and activated its emergency protocols, which included a COVID-19 Plan, Emergency Operating Centre (EOC) along with other committees. The MoHW's COVID-19 Plan focused on various phases of the virus aimed at increasing its efficiency and effectiveness in its response. The response targeted: planning and coordination, prevention and containment, assessment and monitoring, health systems response, communication, recovery, and de-activation for each phase of the virus. We noted that the committees included participants from a wide cross section of the private and public sector. We also found that committees met frequently for instance the EOC met twice daily to discuss MoHW's response and actions.

Payments for COVID-19 quarantine facilities lacks transparency

In conducting public procurement, regardless of the procurement methodology, the procurement guidelines require that the procuring entity establishes procedures, so that the entire procurement process is transparent and can be traced from beginning to end. This, as transparency can only be assessed and achieved through proper record keeping.

2.2 A critical part of the MoHW's emergency response to the COVID-19 pandemic was the need to provide suitable facilities to quarantine persons tested positive for the coronavirus and isolate persons awaiting test results. Considering the urgent requirement to provide quarantine facilities, it would be reasonable for MoHW to utilise the emergency procurement option, which would be in keeping with the circumstances outlined in the Handbook of Public Sector Procurement Procedures². However, the use of the emergency procurement option does not preclude MoHW from ensuring that the process of engaging the service providers is consistent with good procurement practices, including the need to have at least simple formal contracts with all service providers. This would be necessary for MoHW to ensure transparency and accountability in the process and to safeguard the Government's interest and that of the persons in quarantine, so that all parties are provided with the legal protection, by formally setting out the basic terms and conditions of the arrangements.

2.3 To the contrary, whereas MoHW made payments totalling \$337 million to seven hotels and guesthouses for providing quarantine accommodations, MoHW only provided evidence that it had a formal contract with only one (**Table 3**). MoHW provided purchase orders for the other six suppliers who were paid \$293 million. The purchase order is a document generated by MoHW and only represented MoHW commitment to the service provider that it will pay for the services to be delivered. The MoHW advised that as part of the Cabinet approved managed controlled re-entry programme to govern to the Country's opening of its borders, the Ministry was directed, within a very short timeframe, to establish arrangements with private entities such as hotels and guest houses for the mandatory quarantine of persons entering the country. As a result, the extremely short timeframe did not allow for negotiation of formal contracts with these entities.

We noted that MoHW also paid a total of \$3 million for sanitization and cleaning at three of the seven hotel facilities, which bolster the need for formal contacts setting out the terms and conditions to ensure consistency in the arrangements prior to implementation. Further, a contract would enable the MoHW to agree the terms and conditions and to have full understanding of its commitment and financial obligations under the arrangements. The MoHW explained that due to the limited timeframe with which

² Handbook of Public Sector Procurement Procedures section 1.1.5: **Contracting Under Emergency Circumstances: Emergency** Contracting is permitted in any of the following circumstances. **i)** for the repairs or remedial action necessary to preserve public safety or property; or to avoid great social harm or significant public inconvenience; **ii)** for the procurement of goods, services or works in any extenuating circumstances in which the Procuring Entity is likely to incur or suffer financial loss if the procurement is not executed immediately; **iii)** for the procurement of goods, services or works in any circumstance in which the national interest and/or national security considerations demand that the procurement be undertaken immediately; or **iv)** for business-sensitive procurement of goods, services or works in any extenuating circumstances in which the operating functions or business objectives of a Procuring Entity are likely to be significantly impeded, or placed in jeopardy if the procurement is not executed in a limited timeframe.

they needed to operate, some facilities that were closed and were being reopened for quarantine, did not have the capacity to provide the required sanitisation and public health measures. The special requirements for sanitisation, meals, payment of utilities and provision of Personal Protective Equipment had to be agreed through exchange of correspondence.

Table 3 Suppliers of accommodation engaged without contract

Contractor	Facility	Amount \$	Contract
Contractor 1	Quarantine	44,328,006.80	Yes
Contractor 2	Quarantine/Isolation	6,446,582.10	No
Contractor 3	Quarantine	56,275,296.00	No
Contractor 4	Quarantine	151,036,567.50	No
Contractor 5	Quarantine	3,227,289.75	No
Contractor 6	Quarantine/meeting	205,000.00	No
Contractor 7	Quarantine/Isolation	75,937,500.00	No
Total		337,456,242.15	

Source: MoHW records

2.4 In one instance, we noted that one of the service providers, in an email dated March 30, 2020, asked MoHW to pay the facility’s electricity bill and 90 per cent water charges. This was in addition to the rental payment for the accommodation.

Extracted from Email Communication from Service Provider to MoHW:

“Attached you will find the invoice that has the room charges. I have also taken the liberty of indicating our cost to provide meals for the duration as indicated.

As well below you will find our terms and conditions for offering our property

1. All janitorial services and chemicals to be provided by MOHW
2. Fumigation and sanitation of rooms after each patient rotation
3. Disposal of hazardous material and garbage from rooms
4. Cleaning of air vents prior to hand over of rooms
5. Payment of JPS for the block occupied -these rooms are on a separate JPS meter which can be provided
6. Payment of 90% of water bill

“Name Redacted” can provide at an additional cost Meals -total reflected in attached invoice”

Absence of formal contracts for COVID-19 expenditure totalling \$124 million for infrastructural works

2.5 We noted that between January 2020 and June 2020, MoHW paid \$124 million to eight suppliers for infrastructural works (**Table 4**). Whereas MoHW engaged one of the suppliers with a formal contract, however, the Ministry did not have contracts to indicate that it had formally engaged these suppliers. MoHW only provided the internally generated purchase orders issued to these suppliers, which whilst demonstrating the MoHW’s commitment to procure goods from the supplier, it did not provide the



Ministry with any recourse in the event of poor or non-performance. In response to our concern, the MoHW explained that it is not a usual practice to not have in place, formal contracts for infrastructural works and that the Contractors' Letters of Quotation and the Ministry's acceptance thereof, forms a binding contract between the Ministry and the Contractor. The MoHW further advised the AuGD that the exigencies of the COVID-19 pandemic required these works to be executed at very short notice and within short timeframes which precluded the issuance of a formal contract for execution by the contractors.

Table 4: Schedule of suppliers for infrastructural works

Supplier	Details	Date of request	BOQ Date	Contract Date	Start date	End date	Amount
Supplier 1	Relocation of casualty facility, St. Joseph's Hospital	February 27, 2020	Not dated	Not seen	Not seen		23,017,757
Supplier 1	Provision for new boundary walls at St. Joseph's Hospital	March 3, 2020	Not dated	Not seen	March 7, 2020	June 6 2020	19,983,050
Supplier 1	Provision for improvement of old boundary walls at St. Joseph's Hospital	Not seen	Not dated	Not seen	March 7, 2020	April 27, 2020	15,424,500
Supplier 1	Provision for carpentry work and miscellaneous repairs for establishment of quarantine facility Marbella Hotel	13-Mar-20	Not dated	Not seen	Not seen	Not seen	9,011,000
Supplier 2	Provision for roof repairs at St. Joseph's Hospital	Not seen	Not seen	Not seen	Not seen	Not seen	15,751,460
Supplier 2	Provision for roof repairs at St. Joseph's Hospital	Not seen	Not seen	Not seen	Not seen	Not seen	
Supplier 3	Renovation of 3rd floor IBM Building	March 23, 2020	March 26, 2020	Not seen	Not seen	Not seen	9,898,472
Supplier 3	Installation of hand wash station and tiling at Marbella Estate	Not seen	March 30, 2020	Not seen	Not seen	Not seen	1,367,127
Supplier 4	Renovation and construction of the maternity ward at St. Joseph's Hospital	February 6, 2020		Not seen	February 12, 2020	April 5, 2020	22,162,253
Supplier 5	Payment to tint window and install blinds at IBM building Knutsford Blvd	May 12, 2020	Quote March 24, 2020	Not seen	April 24, 2020	April 24, 2020	1,483,700
Supplier 6	For the supply and installation of water pump for Marbella Estate - 12 Miles Bull Bay to accommodate NWC water supply and storage system	February 25, 2020	Quote February 24, 2020	Not seen	Not seen	March 9, 2020	707,560
Supplier 7	Payment for material and works carried out at Marbella Estate	March 23, 2020	Quote February 18, 2020	Not seen	Not seen	March 9, 2020	2,050,104
Supplier 7	To supply materials and carry out electrical work at 12 Miles Bull Bay Marbella Estate	Not seen	Not seen	Not seen	Not seen	March 30, 2020	1,619,378
Supplier 8	To supply, install and service air condition units	March 23, 2020	Quote February 17, 2020 (has a BQ not dated)	Not seen	Not seen	March 25, 2020	1,736,260
TOTAL							124,212,621

Source: AuGD's examination of works engagement submitted by MoHW



2.6 Also, we noted that MoHW did not deduct the requisite contractors levy totalling \$1.1 million from three of the eight suppliers. For contracts valued more than \$1,000, the procurement guidelines require entities to deduct and pay over to the Tax Administration of Jamaica (TAJ) a levy of two percent from the gross amount paid to contractors and sub-contractors for construction, haulage and tillage, in accordance with the Contractor's Levy Act. In these instances, the MoHW deprived the GOJ of the funds that would allow them to undertake other responsibilities (**Appendix 1**). Also, because MoHW failed to deduct the levy, MoHW would be liable to pay the amount to TAJ, based on the Contractor's Levy Act, using its own resources. The MoHW advised that steps would be taken to recover and pay over the requisite contractor's levy to the TAJ. The MoHW further assured the AuGD that the Ministry would strengthen its processes, through training and re-sensitisation of staff. The Ministry presented to us a receipt from the TAJ which indicated that the amount of \$1.1 million was paid over on November 1, 2022.

2.7 Additionally, Section 1.1.5 of the procurement guidelines mandate public entities to report to the National Contracts Commission (NCC), emergency works valuing \$5 million and above, within the month in which the award was made along with the full justification for the procurement. In seven of these cases **Table 4**, the value of the work exceeds this threshold; yet MoHW did not take any action to report these cases to the NCC in accordance with the procurement guideline. Subsequent to the audit the MOHW reported all of the contracts to the NCC. Furthermore, whereas the procurement guidelines provide leverage for public entities to engage contractors by means of direct contracting where an emergency exists, the procuring entity, and in the case of MoHW, must ensure that the contractor is registered with the NCC to be satisfied that the contractor is competent to perform the work. However, we found that one of the four suppliers who was awarded four contracts to provide infrastructural work at costs totalling \$66 million was not registered with the NCC. The MoHW objected to the finding. However, our review of the evidence submitted in support of the objection showed that the NCC registration for the contractor expired on February 28, 2020, prior to the engagements effected in April 2020 and June 2020.

MoHW transfer of \$174 million raises concerns about effective use of COVID-19 funds

2.8 The Financial Administration and Audit (FAA) Act Instructions and circulars issued by the Ministry of Finance and the Public Service (MoFPS) prohibit the reallocation of funds among Ministries, Department and Agencies (MDAs)³. However, the MoHW did not obtain the requisite approval from the Ministry of Finance for the transfer of \$173.72 million to the Ministry of Local Government and Community Development (MLGCD), the National Solid Waste Management Authority (NSWMA) and a non-government organisation (NGO) (**Table 5**). Given that MoHW indicated that it did not obtain any authorization to execute the transfer, the action raises a greater concern over the use of funds allocated for the COVID-19 pandemic.

³ Sections 3 (iii) and (vi) of the FAA Act Instructions³ and Circular Number 19 dated October 27, 2014

Table 5: Unauthorised transfer of funds from MoHW

Payee	Details	Total Paid \$	Remarks
Min. of Local Govt	Corona clean-up programme assistance.	50,000,000	Memo states subject as new project 20/21 working to get cabinet submission
Min. of Local Govt	Being disbursement of funds for new project f/y 2020/2021	50,000,000	No supporting document attached
NSWMA	Covid Waste Removal from 15.04 to 30.05.20	20,000,000	Letter from NSWMA states the cost to remove and dispose of COVID-19 waste for period 15.04.20 to 30.05.20 amounting to \$40,099,300 and requesting a 50% deposit.
NSWMA	Emergency funding to fight against covid, bags, soap, mask etc.	30,000,000	No supporting documents attached only a memo requesting the funds.
Min. of Local Govt	Sanitation budget (14 parishes)	3,721,200	Letter dated 26.03.20 from PS to MoHW PS requesting the funds for estimate for the use of a town crier.
non-government organisation	Expenditure on various activities such as salaries arrears, audit fees, federation dues, youth rally, motor vehicle repairs etc.	20,000,000	(\$6 million projected for COVID and \$14 million not related to COVID-19)
	Total	173,721,200	

Source: AuGD Compilation of information provided by MoHW

2.9 The MoHW indicated that the funds were transferred based on request and would assist in the containment of the COVID19 virus cases. However, our review of the expenditure statement showed that the NGO spent \$14 million of the \$20 million it received on activities not related to COVID-19 emergency (Table 6). The funds provided to the NGO by the MoWH has been fully committed to specific activities and the organization has commenced spending of these funds. The J\$20 million has been committed by the NGOss as follows:

Table 6: Use of funds transferred from MoHW to NGO

J14 million to clear longstanding outstanding liabilities

Expenses Description	Amount (J\$)	Already Paid from MoHW Funds (J\$)
Salary Arrears (2015-2019)	8,611,622	2,030,053
Audit Fees (2013-15)	2,590,000	440,000
Federation Dues (2019-20)	941,850	493,902
Motor Vehicle Insurance	209,000	0
Utilities	201,190	0
Motor Vehicle Repairs	583,263	553,213
Funds Owed to NGO Branches	854,560	0
Youth Rally Arrears (2017)	152,201	152,201
Board Meeting Cost	140,235	140,235
Miscellaneous	83,610	66,000
Total	14,367,531	3,875,604

J\$6 million Committed to COVID-19 response

Proposed Activities	Budget Allocation
Food Packages for one thousand (1,000) families	3,000,000
Livelihood Support/Grants (Cash or voucher) Of \$20,000 each for one hundred (100) families	2,000,000
Sanitization items and masks for local communities, shelters and schools (hand sanitizers, bleach, disinfectant, etc.)	1,000,000
Total	6,000,000

2.10 Following the audit, Management advised that the MoHW will ensure that the requisite approvals are obtained from the MoFPS. The MoHW further stated that steps will be taken to recover from the NGO, funds spent on non-COVID-19 related activities. The manner in which funds were allocated among MDAs raises concerns about the mechanisms put in place to monitor and track the COVID-19 emergency spending.

2.11 The MoFPS makes funding available from the Consolidated Fund or redirect resources from existing contingency funds/national reserves to support MDA's respond to the COVID-19 emergency. MDAs also received donations from corporate entities specifically towards the COVID-19 emergency. Section 9.4 (i) of the Financial Administration and Audit Instructions requires MDAs to lodge the cash donations received to its Deposit Bank Account and to advise the MoFPS for its incorporation in the Estimates of Expenditure or Supplementary Estimates as Appropriation-in-Aid. We noted that the Health for Life and Wellness Foundation, an arm of MoHW received cash donations totalling \$50 million. However, the MoHW did not submit evidence that it had reported this the MoFPS, so that the necessary steps be taken for the donations to be merged with MoHW budget for greater accountability. The MoHW subsequently accepted the finding and advised that the Ministry will ensure staff are re-sensitized regarding the reporting requirements for donations to prevent reoccurrence.

Weaknesses in the controls over COVID-19 Fixed Assets acquisitions

2.12 MoHW spent \$189.21 million for the purchase of fixed assets, which were reportedly acquired to support its COVID-19 response efforts. However, review of the updated COVID-19 assets register revealed that fixed assets were not properly classified. For example, spoons, knives, forks were classified as equipment and drinking glasses, plates, square bowls serving platters were classified as small equipment. We reviewed a sample of fixed assets purchased totalling \$55 million. From that sample we noted that MOHW spent \$2 million to purchase 45 television sets and 15 tablets. However, MoHW did not indicate on the purchase records the reasons for acquiring the items. Consequently, we were not able to determine how these acquisitions related to MoHW COVID-19 response initiatives. Coupled with this, MoHW did not include in its inventory, assets purchased at cost totalling \$23 million (**Appendix 2**). The MoHW has since provided evidence that the Fixed Asset Register was updated in June 2022 and advised us that the internal controls would be strengthened through staff training and re-sensitization on the GoJ Asset Management Policies and Procedures.

2.13 This deficiency in MoHW asset management control system goes against the procedures set out in the Financial Instructions, which mandate public entities to maintain proper inventory records of all fixed assets⁴. The Control of Government Furniture, Office Machine and Equipment Procedure Manual also states that all items of furniture and equipment acquired should be included in the Master Inventory, Individual Inventory and Location Records. While MoHW sought to maintain a register of fixed assets acquired for its COVID-19 interventions, we noted that the register as well as its regular master inventory records did not include information such as serial number, asset code, asset cost and acquisition date. MoHW's failure to maintain proper inventory records will hinder the Ministry in accounting for Government's assets and highlights weaknesses in MoHW's overall asset management.

⁴ Section 9.5(iv) of the Financial Instructions 2017

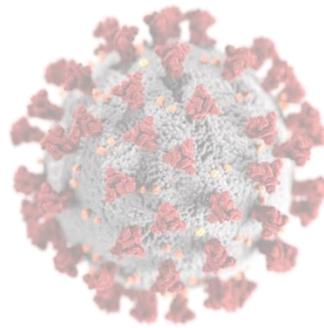
Regulatory breach in the preparation and maintenance of Payment Vouchers

2.14 MoHW used the Government Financial Management System (GFMS) to, among other things, process expenditure payments. The GFMS System is configured with the necessary segregated control functions where information from the physical payment vouchers is imputed, verified, and approved before payments are processed. Notwithstanding, the FAA Act Instructions states that the official (physical) payment voucher is the document used to indicate authentication and authorization of monetary transaction for payment of public funds. It is the permanent official source document supporting all payment entries in the books of accounts (i.e. GFMS System). The physical payment vouchers are to be accompanied by the initial commitment requisitions and other supporting documents, such as invoices. The payment vouchers should reflect the notification that the invoice was paid and that the goods or services were satisfactorily done and received in good condition⁵.

2.15 However, while payment transactions were processed on the GFMS System, we found that MoHW operated contrary to the regulations when it did not ensure that 22 expenditure vouchers with transactions valued at \$340 million in relation to accommodation expenses were either duly stamped paid or affixed with the indication that services were satisfactorily rendered, or goods were received in proper condition. Additionally, there were no payment vouchers attached to the relevant supporting documents for four of the medical supplies' payment totalling \$500 million. We were therefore unable, to verify the authenticity and the authorisation of these payments. We also noted that 25 payment vouchers for medical supplies for both MoHW head office and the regional offices totalling approximately \$210 million did not have the commitment requisitions. Subsequent to the audit, the MoHW corrected the breaches that were brought to their attention.

2.16 The absence of these controls, provided no assurance that the "original" copies of supporting documents, including commitment requisitions, payment vouchers and invoices were properly checked as part of the internal control processes before transaction entries in the GFMS Information System are processed for payments. This deficiency exposed MoHW to the risk of misuse of government funds, unauthorised payments, duplication of payments as well as confirming that goods and services are delivered and to the requisite standard before payments are made. In addition, if proper commitment control process is not maintained, the MoHW may enter into transactions for which funds have been committed or are unavailable; this may lead to overspending.

⁵ Section 5.9.1 (iii) states that 'payments shall only be made on "original" copies of supporting documents'. Section 5.9.1 (v) states that 'supporting bills/invoices/claims should be rubber stamped "paid" and its correctness must be certified by an authorised officer'.



Part Three

Management of Relief Support to Vulnerable Households in the COVID-19 Pandemic - MLSS

 At A Glance			
Systems and practices	Criteria	Key Findings	Assessment Against Criteria
Disaster Management Plan	MLSS Disaster Management Plan prepared and available to support the national disaster response system.	MLSS failed to prepare a Disaster Management Plan that would reliably support the national emergency response initiatives.	
Social protection database profiling groups of vulnerable individuals	Social protection database of vulnerable groups of individuals adequately and reliably maintained.	MLSS did not maintain a comprehensive database of beneficiaries to access accurate and reliable data to achieve its goal of strengthening humanitarian assistance.	
Procurement and distribution of care packages	Basic controls maintained over the procurement and distribution of care packages	Weak internal controls in the procurement and custody of food and other items and distribution of care packages.	

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

Social Protection systems not robust enough to respond effectively in times of emergencies.

1. The social security arm of Ministry of Labour and Social Security (MLSS) offers social protection programmes to the most vulnerable groups in the society, under normal conditions. A basic first-step expectation in managing social protection programmes, was for MLSS to develop a plan, supported by adequate and reliable systems, to respond appropriately to the needs of the most vulnerable in times of emergencies. However, MLSS failed to develop, implement, and maintain strong systems of internal controls in the administration of social protection programmes.
2. The MLSS did not develop a Disaster Management Plan. The Ministry indicated that it was not aware of an annual requirement to prepare a Disaster Management Plan and there was no request by the Minister to prepare and submit such plan. Notwithstanding, consistent with Section 28 (c)⁴ the MLSS submitted an annual State of Readiness Report to the Director General of ODPEM. However, the report does not include targets and timelines for achievement. The purpose is to outline the resources available for use during the upcoming hurricane season should a disaster strike. It includes the availability of personnel to respond, communication, transportation, relief supplies etc. By not preparing the Disaster Management Plan, as required under the Disaster Risk Management Act, MLSS would have missed the opportunity to articulate its emergency response mechanism, to deliver social protection to the vulnerable in times of emergency. Also, MLSS would have precluded itself from obtaining expert advice from the ODPEM in effectively planning for emergencies, especially in unique circumstances like the COVID-19 pandemic. MLSS presented no evidence of ODPEMS assessment of



the preparation level. Given MLSS critical role to support the vulnerable especially in times of emergencies, preparing a Disaster Management Plan would allow MLSS to become ‘shock responsive’ and capable of supporting other elements of the national disaster response system⁵.

For example, given the critical role of the MLSS in shelter management as well as emergency and disaster responses as documented in the MLSS Humanitarian Assistance Report/State of Readiness Report, we expected the MLSS to prepare plans aligned to Section 3.1 c(ii) of the National Disaster Plan of Jamaica (revised 1997). These activities would include:

- review and updating of the National Emergency Welfare and Shelter/Relief Plan;
 - development of a national policy on emergency shelter;
 - ensuring adequate sanitary facilities are available in all buildings chosen as shelters;
 - ensuring physical integrity of all buildings chosen as shelters;
 - maintenance of current listing of needed and available resources, human and material;
 - ensuring training of adequate numbers of shelter managers
 - assist in preparing, participating in and assessing joint annual exercise with all response services of the National Emergency Office and submit after action reports to the ODPEM.
3. The National Disaster Risk Management Council as part of its COVID –19 response developed the Humanitarian Assistance Committee comprising a number of response agencies and chaired by the MLSS and ODPEM. The committee’s main objective was to address humanitarian needs of the vulnerable population in the short medium and long term.⁶ While the MLSS developed the Humanitarian Assistance Action Plan in Response to COVID-19 (HRAPRCOVID-19); in the context where the MLSS’s reported to have been severely challenged due to competing priorities with regular programmes and those brought about by the pandemic, we would have expected the Ministry to implement a robust plan that include meeting regularly to assess resources and strategize on the best use of such resources in an efficient and effective manner. However, the MLSS provided no evidence that the Committee met after April 23, 2020. Additionally, Objective 2, Strategy 5.2 of the HRAPR COVID-19 requires regular and scheduled report to the National Emergency Operating Centre (NEOC). Whereas the MLSS provided a schedule of daily distribution report for Care Packages, they provided no evidence that this or any other documentary information was provided to the NEOC. This deficiency in the MLSS documentation and information management further provides no assurance that COVID-19 response activities and expenditures were carefully analysed to ensure maximum effectiveness and the agreed actions strategies that will be taken to improve preparedness and responses for future crises/emergencies.

MLSS database provides no assurance that only eligible persons got humanitarian assistance

4. Under the Humanitarian Response Action Plan in response to COVID-19, MLSS was required to establish and maintain a database of vulnerable persons assisted as a result of the COVID-19 pandemic. This was to ensure that a robust humanitarian coordination mechanism was in place and also inform distribution of social protection resources. Our analysis of the data submitted in 2021 May 31, showed that the MLSS did not maintain a comprehensive database as there was no beneficiary recorded for Hanover, Trelawny, Portland and Saint Mary. Further analysis showed one beneficiary each for Westmoreland, Saint James, and St Elizabeth. Further, the Tax Registration Number (TRN), which is unique to each beneficiary was either not included for 816 of the 6680

beneficiaries or the TRN information did not contain the required nine digits (**Table 8**). The Ministry indicated that due to the predominantly manual nature of disaster response mechanism, the database is not an exhaustive list of all beneficiaries; and that in collaboration with Jamaica Red Cross, the MLSS developed an Open Data Kit (ODK) solution, which allowed for the collection of data using electronic devices. Where data was not collected electronically, the information is available manually. However, this state of affairs could impede MLSS efforts to access accurate and reliable data efficiently and effectively in achieving its goal of strengthening humanitarian assistance and thereby ensuring that those who are most in need receive benefits. Further, MLSS does not have performance targets included in workplans for the maintenance of the database. The Ministry have since advised that these targets will be included in the planning cycle for 2022/2023.

Table 8: Details of beneficiaries without proper TRNs

Numbers	Comments
784	No TRN
11	Had the digit 1
1	Had 2 digits
1	Had 3 digits
3	Had 6 digit
3	Had 7 digits
13	Had 8 digits
816	

Source: Analysis of database provided by MLSS

MLSS response: The MLSS is committed to strengthening our systems and is in the process of rolling out electronic devices in the field island wide. The application used for data capture now includes features to prevent the TRN anomalies observed. The submission of a valid TRN is not a requirement to receive humanitarian assistance or emergency relief supplies from the Ministry or Government.

- With the unique circumstances brought about by the COVID-19 pandemic, existing control deficiencies presented some challenges for MLSS to satisfy itself that relief efforts reached those who are the least fortunate and most vulnerable, based on their socio-economic circumstances and physical disabilities. MLSS received grant funding under the United Nations Multi-Partner Trust Fund (MPTF) to mitigate social and economic risks of COVID-19. The grant funding sought to build on existing social protection mechanisms by providing additional cash transfer to the poorest and most vulnerable households, targeting children with disabilities, pregnant and lactating women registered on Programme of Advancement Through Health and Education (PATH) Beneficiary Management Information System (BMIS)⁷ and prepare food care packages to families with children with disabilities⁸.
- MLSS control systems were not adequate to ensure that only children with disabilities received the benefits. The cash support was offered over three payments in August, October, and December 2020. Our review of the payroll records indicated that up to October 2020, MLSS made cash transfers for 5,535 payments totalling \$23.5 million. (**Table 9**). However, 4,007 payments made to 2,102 individuals who received benefits totalling \$17 million were not classified as disabled on the PATH payroll records.

Table 9: UNICEF Grant Payment up to October 2020

Targeted Beneficiaries	August	October	December	Total
Pregnant and lactating (Cash Transfer)	599	628	0	1,227
children with disabilities (Cash Transfer)	2180	2128	0	4,308
Families with children with disabilities (Care Packages)	0	0	0	0
Total	2,779	2,756	0	5,535
Total Cash Transferred (\$)	\$11,810,750	\$11,713,000	0	\$23,523,750

NB: No money was expended to acquire care packages.

Source: Analysis of Ministry's records

7. The MLSS advised that the beneficiaries are students with disabilities and would fall under both education and disability on the BMIS. The PATH payment would be pegged to the higher benefit, which in this case was education. Given, there was a special grant payment for children with disabilities, these beneficiaries also received this grant as they are also registered on the PATH BMIS as having a disability. To validate MLSS representation we requested the physical records⁹ for 220 of the 2,102 beneficiaries from St Catherine as well as Kingston and St Andrew to verify the eligibility for the payments. The MLSS only provided 128 records for audit scrutiny. Review of the records revealed that 112 who were paid \$476,000 had no evidence of disability documented on their record to authenticate the payment. We were unable to confirm the validity of the remaining 92 payments totalling \$391,000.00.

8. No reasonable assurance can be placed on the completeness and accuracy on the PATH BMIS payroll to which the UNICEF Grant was directly linked. For example, we examined the PATH payroll and found no evidence that 79 individuals who, received the UNICEF disability benefit in August 2020, were on the PATH payroll. The Ministry indicated that the 79 persons were at some point, PATH beneficiaries however, the MLSS provided no evidence to support that claim. Additionally, 18 persons in receipt of the UNICEF disability grant in August 2020 did not receive the benefit in October 2020 although they were on the October PATH payroll. Review of the BMIS records showed that 14 of these payees should not have been on the PATH payroll for October 2020, of which seven were not entitled to the August 2020 UNICEF Grant. Three children with disability who were entitled to the grant in October 2020 did not receive the funds. While one person was correctly paid on the BMIS and removed from the grant payment schedule in October 2020. These anomalies further demonstrate the inability of MLSS existing social protection administration data systems to reliably support the national emergency response initiatives by ensuring the eligibility of beneficiaries to receive humanitarian assistance.

9. We noted that up to June 2021 uncollected cheques valued at \$6.1 million, for the period August to December 2020, were returned to the Head Office due to the Ministry’s failure to contact the beneficiaries although they are on the PATH payroll and receiving the benefit. This underscores the deficiencies and MLSS’s inability to maintain accurate records of the existence of vulnerable individuals (**Table 10**). Consequently, given that these cheques did not reach the beneficiaries, MLSS could not satisfy itself that the intended objective of providing additional cash transfer support to the poorest and most vulnerable households to mitigate social and economic risks of COVID-19, was realized.

Table 10: Returned Cheques

Month	Cheques Issued	Value (\$)	Cheques returned	Value (\$)	Difference between issued vs return	Difference between returned and issue (Value \$)	Approx. Percentage Cheques returned
August	2,701	11,810,750	476	2,023,000.0	2,225	9,787,750.00	17.1%
October	2,675	11,713,000	357	1,457,750.0	2,318	10,255,250	12.4%
December	2,850	12,393,000	599	2,579,750.00	2,251	9,813,250	20.8%
Total	8,226	35,916,750	1,432	6,086,000.00	6,794	29,830,750	16.9%

Source: Analysis of MLSS data

Weak internal controls in procurement, donations, and custody of food care package items

10. The MLSS does not have an effective budgetary and expenditure control system in place to manage the COVID-19 payments. Although \$1.1 Billion was allocated to the MLSS for COVID-19, the Ministry did not implement the requisite GoJ Commitment Control procedures to allow for proper monitoring of budgetary allocation of COVID-19 resources. Consequently, we found 14 instances where invoices for goods purchased totalling \$8.3 million for Care Packages remained unpaid at February 2021, up to nine months after the invoice date. (**Table 11**). This improper financial management heighten the risks that suppliers could refuse to provide goods and services to the Ministry which may prevent the MLSS from achieving its core function of preparing and delivering care packages under the Humanitarian Response Action Plan to COVID-19. Further, this was in breach of the GoJ laws which prohibits arrears over 30 days.¹⁰

Table 11: Unpaid invoices for protracted periods

Date	Invoice Number	Total	Months outstanding as of February 2, 2021
18/6/2020	429418	1,406,877.00	Over 7 months
5/6/2020	428525	563,300.00	Appx. 7 months
22/5/2020	427570	113,890.00	Appx. 8 months
18/5/2020	427106	754,688.00	Appx. 8 months
18/5/2020	427105	99,575.50	Appx. 8 months
16/6/2020	429127	386,159.00	Appx 7 months
11/6/2020	428960	2,654,400.33	Appx. 7 months

Date	Invoice Number	Total	Months outstanding as of February 2, 2021
12/6/2020	428999	162,700.00	Appx. 7 months
4/6/2020	428431	308,959.00	Appx. 8 months
4/6/2020	428446	263,294.00	Appx. 7 months
29/5/2020	427934	972,601.75	Appx. 8 months
15/5/2020	427069	99,575.00	Appx. 8 months
29/5/2020	427939	369,248.00	Appx. 8 months
29/4/2020	425971	155,836.13	Appx. 9 months
Total		8,311,103.71	

Source: Analysis of AuGD's records

11. MLSS spent \$11 million under 'Line of credit' facilities with various suppliers, outside the Kingston Metropolitan Area, for the supply of items to aid in its relief efforts in emergencies. MLSS relied on the line of credit facility to procure items to prepare care packages for distribution under the Humanitarian Response Action Plan in response to COVID-19. Despite maintaining this line of credit arrangements with suppliers, prior to the COVID-19 pandemic, we noted that MLSS did not have formal agreements with the suppliers, which would have prescribed, among other things, supply arrangements and credit limits as part of the terms and conditions of the facility. This would be necessary to enable greater efficiency and transparency with procurement of this nature. MLSS subsequently advised that they will ensure that formal agreements are in place for future disaster responses.
12. Up to October 2020, MLSS spent \$46 million to procure food and other items used to prepare care packages. MLSS also received similar items in the form of donations from corporate entities and individuals (**Appendix 2**). Despite the urgency of the situation arising from the pandemic, there was still the need to create a balance between the timely distribution of care packages and ensuring adequate checks and balances in the procurement and custody of the items.
13. MLSS did not maintain basic records as part of its inventory systems, to ensure proper accountability and transparency in the receipt and distribution of the items procured or donated as required by the FAA Act Instructions 7.3.10. We compared the inventory listings for November 23 and November 24, 2020, and noted the absence of inventory records to account for the movement of several stock items including 30 bags of cornmeal, 42 cases of beans, 19 cases of sardines, 28 cases of sausages (**Appendix 2**). We observed that Bin cards¹¹ were last updated between 2014 and 2017 for items used in Care Packages (**Table 12**). No Bin cards were maintained for other items such as rice, black peas, macaroni, manna pack, water, bath soap, sugar, oatmeal, flour. Further, the MLSS did not conduct the required annual physical verification of items in the warehouse and the reports submitted to the Financial Secretary and the Auditor-General in breach of FAA Act Instruction 7.3.4. Despite requests, the MLSS is yet to advise on the last audit of the warehouse by the internal auditors.

Table 12: Latest updated Bin cards at the warehouse

Stock items	Last updated
Small mackerel (5.5 oz)	2014.09.17
Soaps (Mist)	2017.01.17



Stock items	Last updated
Grace Chunky mackerel (425 g)	2015.04.13
Eve Sardine in Soya Oil	2016.04.13
Small tin mackerel	2014.09.17
Tissue	2016.08.12
Corned beef	2017 March
Miracle baked beans	2016.12.14
Chicken Vienna sausage	2015.08.25
Vegetable oil (1.9 L)	2015.06.29
Caribbean Choice corn beef (24 x 340 g)	2016.03.30

Source: Analysis of Inventory records at the MLSS warehouse

14. Additionally, there was no record to show the number of care packages prepared and the quantity in stock after distribution at the Central Warehouse or at the Parish Offices. This information is only known when a physical stock count is done. This balance cannot be validated in the absence of a perpetual inventory system. MLSS Operational Procedure for receipt, storage and distribution of care items indicated that “In some cases of emergency food requirement (e.g. household fires, natural disasters etc.) an authorization for issuance may be initiated by verbal or email communication” However, we noted that from 70 distribution lists, 15,386 care packages were issued, of which 15,141 (98 per cent) was without formal requisitions, suggesting care packages issuance was predominantly based on verbal communication.

15. The MLSS submitted an undated and unapproved policy titled ‘*MLSS Food kit Distribution Site Protocols*’ that requires goods to be counted and checked by both staff and security personnel. In breach of its own policy, we found that MLSS issued 286 care packages and 50 juice packages from the warehouse, with no indication of who collected the items. We noted that amongst other items, 1,439 food packages, 215 children packages, 91 hygiene packages, 209 cases of mango juice, 10 cases of Butterkist biscuits, 13 cases of Pepsi were removed from the warehouse but were not recorded in the Checkpoint Register as evidence of security checks. The Operating Procedures of the Warehouse required monthly reports detailing the inventory items in stock. For the period March 2020 – October 2020, the Warehouse Manager submitted reports for only three months March, July and August 2020. The reports did not include the number of care packages produced and distributed. We saw no evidence that outstanding reports were requested. MLSS accepted that record keeping was not optimal in the initial stages and indicated that protocols were subsequently developed, and the system strengthened.

16. Further, we noted a lack of segregation of duties. The Ministry indicated that the situation arose from staffing challenges at the warehouse which were being addressed by the Human Resource Department. The prevailing situation weakened the oversight and accountability mechanism governing the distribution of care packages, as the same persons were responsible for the receipt of goods, supervision of the production of care packages, issuing care packages and recording of distribution. The absence of formal requisitions and weak controls increases the risk of exposure to poor accountability and misuse. Improper management of the warehouse may result in irregularities going undetected for protracted periods. Also, MLSS schedule of items donated did not include all items received although they were signed for by the Warehouse Manager (**Table 13**). While we

recognise that these were exceptional circumstances, it remains essential that complete and accurate records are kept for proper accountability.

Table 13: Donated items not on schedule of goods received by MLSS

Items	Amount/Quantity	Company	Date received by MLSS	Receiving Officer
Snackables	2,880	Donor 1.	2020.06.03	Warehouse Manager
Philadelphia Cream Cheese	13 – 3 lbs	Donor 2	2020.04.29	Warehouse Manager
Snackables	300 – Hot n Spicy	Donor 1	2020.06.17	Warehouse Manager
Snackables	540 – Hot n Spicy	Donor 1	2020.06.17	Warehouse Manager
Creamy	45 cases	Donor 3	2020.03.25	Warehouse Manager
Pepsi	112- 24/1 (20 oz)	Donor 4	2020/03/25	Warehouse Manager
Crystal Purified Water	651 – 500 ml	Donor 4	2020/03/25	Warehouse Manager
Rice	20 bags	Donor 5	2020/10/20	Warehouse Manager
Rice Casserole	500 Boxes	Donor 5	2020/09/17	Warehouse Manager
Beans with Pork	100 Cases	Donor 5	2020/03/16	Unclear
Acetaminophen	100 bottles	Donor 5	2020/03/16	Unclear
Tylenol Cold and Flu	50 bottles	Donor 5	2020/03/16	Unclear
Evap. Can Milk	100 cases -24 x 290 ml	Donor 6	2020/06/05	Warehouse Manager
Corn beef – Caribbean Choice	12.5 cases (198 g)	Donor 7	2020/03/19	Warehouse Manager
Panadol extra strength	15 boxes	Donor 7	2020/03/19	Warehouse Manager
I Cool Water	200 cases	Donor 7	2020/03/19	Warehouse Manager
Pasta - Elbows	8 cases	Donor 7	2020/03/19	Warehouse Manager

Source: Analysis of “Donation file” at the Warehouse

MLSS response: The balance or stock on reports were completed every month and was submitted manually or via e-mail based on the exigencies of the covid-19 pandemic. The finding regarding the lack of segregation is acknowledged.

- a. We observed that MLSS made eight payments to suppliers totalling \$1.75 million based only on proforma invoices (**Table 14**). In a context where the proforma invoices represented preliminary bill of sales sent to MLSS in advance of the delivery of goods, deliveries should be accompanied by an official invoice detailing the actual items supplied. Payments should then be processed after verifying that goods are received in good condition. Seven months after these payments were made, MLSS was unable to present the invoices, despite requests. MLSS overpaid \$44,440 to another supplier, in March 2020, due to shortage in delivery, although the adjustment in the quantity received was documented on the invoice. The Ministry was unaware of the overpayment until it was discovered by the AuGD auditors in August 2020. A credit note was subsequently received in January 2021, ten (10) months after the overpayment.

Table 14: Payments made on quotation/proforma invoices

Payee	Date	Voucher #	Amount (\$)	Details
Payee 1	20.3.2020	PP1113078	225,000.00	Payment made from Recurrent Account on quotation 4674
Payee 2	20.3.2020	Pp1113065	166,000.00	Payment made from Recurrent Account on quotation 4642
Payee 3	20.3.2020	PP1113070	777,350.00	Payment made from Recurrent Account on quotation 4676
Payee 3	20.3.2020	PP1113069	31,570.00	Payment made from Recurrent Account on quotation 4677
Payee 4	1.6.2020	PP2111259	181,250.00	Payment made from Recurrent Account on quotation 4715
Payee 4	3.7.2020	PP2111420	181,250.00	Payment made from Recurrent Account on quotation 4715

Payee	Date	Voucher #	Amount (\$)	Details
Payee 5	18.9.2020	PP2111782	160,000.00	Payment made from Recurrent Account on quotation
Payee 6	11.06.2020	DP2451060	30,191.39	Payment made from Deposit Account on proforma invoice
Total			1,752,611.39	

Source: Analysis of MLSS COVID-19 Payment vouchers

- b. We also noted five delivery slips from one supplier with short deliveries, but MLSS did not provide the payment vouchers and invoices to verify whether the bills were paid and the requisite adjustments done to reflect actual items received, or credit notes received to reflect the shortages (**Table 15**).

Table 15: Adjustments on delivery slips

Supplier	Delivery date	Adjustment on delivery slips
Supplier 1	2020.3.23	50 boxes of Goldseal flour not received
Supplier 1	2020.3.22	Got 40 of 100 boxes of oats
Supplier 1	2020.4.22	Received 94 of 100 boxes of Oats
Supplier 1	2020.5.14	25 boxes of Goldseal flour and 41 boxes of Vienna sausage not received
Supplier 1	2020.5.11	100 boxes of cornmeal not received

Source: Review of delivery slips at MLSS warehouse

Appendices

Ministry of Health and Wellness

Appendix 1: Schedule of contractors from whom no levy was deducted

Supplier	Details	Amount	Contractors Levy (2%)
Supplier 1	Provision for new boundary walls at St. Joseph's Hospital	35,197,550.00	703,951.00
Supplier 2	Provision for roof repairs at St. Joseph's Hospital	15,751,460.53	315,029.21
Supplier 3	Payment to tint window and install blinds at IBM building Knutsford Blvd	1,483,700.00	29,674.00
TOTAL		52,432,710.53	1,048,654.21

Source: MoHW's information

Appendix 2: Fixed assets that could not be traced in Master Inventory

Date	Amount (\$)	Description
07.02.2020	644,082.50	17 Samsung TV's for quarantine facility
16.05.2020	917,500.00	4 reclining chairs, 4 visitors chairs etc
18.03.2020	75,812.22	2 Samsung 32" Smart TV HD
16.03.2020	1,204,590.00	2 microwaves, 2 refrigerators, 2 elect stoves, exec chairs etc
15.05.2020	505,722.00	14 Haier DLED 32" android TV
04.05.2020	350,005.00	6 Maestro desks with 3 drawer pedestal/ 1 Exec. High back chair
26.03.2020	538,410.00	15 Galaxy Samsung tablets (US\$3,930.00)
04.05.2020	3,509,465.00	25 desks with pedestal, 12 mid back mesh chairs, 44 exec high chairs, 4 visitors chairs, 16 60" desk with pedestal - EDMSSB
25.02.2020	623,460.00	4 Lenovo ThinkPad laptops, 2 HP color LaserJet pro multi-function printers (MFP)
17.02.2020	884,080.00	EDMSSB – mattresses, twin leg bases etc.
07.02.2020	709,170.00	cutlery, sheets, pillow, 3 Panasonic microwaves 2.2L etc
06.03.2020	257,794.00	1 Maytag Commercial Washer 1 Maytag Commercial Dryer
03.03.2020	442,740.00	4 Daewoo 11.5cuft metallic d/d refrigerator, mattresses etc
20.03.2020	12,000,000.00	Coaster Bus 28-seater (donated)
TOTAL	22,662,830.72	

Source: MoHW's donation schedule information

