



SPECIAL AUDIT REPORT: TRANSPORT AUTHORITY – HUMAN RESOURCES, ADMINISTRATION AND PROCUREMENT PRACTICES

Executive Summary

The Auditor General's Department (AuGD) conducted a Special Audit of the Transport Authority's Human Resource and Administration (HR&A) practices and procurement transactions executed between 2017 and 2022, in response to the following allegations:

- i. **The Managing Director who served from December 2020 to December 2022 does not have the requisite qualifications.**
- ii. **The post of the Managing Director above was not advertised.**
- iii. **Persons are being hired contrary to the HR policies and procedures, as well as the GOJ's guidelines.**
- iv. **A former employee was still being paid a salary, nine months after separation.**
- v. **An unapproved contractor was awarded a contract to repair a Toyota Coaster bus owned by the Transport Authority.**
- vi. **An Area Supervisor at the Transport Authority is being awarded contracts with the same Transport Authority.**
- vii. **Regular retreats at hotels over the past year costing millions of dollars.**
- viii. **Route Inspectors are collecting money for parking fees from public passenger vehicle operators along the roadways, without enforcing termination in the Water Lane bus park.**
- ix. **Members of the Authority are still selling hackney carriage licences, despite having been publicly declared closed off since 2018.**

Based on the allegations, we sought to assess whether the Authority breached its own Human Resource & Administration (HR&A) policies and procedures as well as, the Government of Jamaica (GOJ} guidelines. The Authority's HR Policy was approved by the Board of Directors. However, no evidence was provided to confirm that it was approved by the Ministry of Finance and the Public Service (MoFPS). Further, we saw evidence that substantiated allegations of breaches regarding the filling of the Managing Director position, as well as other HR malpractices.

Whereas we identified discrepancies within the procurement process for the period under review, we saw no evidence that supported the allegations of improper awarding of contracts. Nonetheless, based on our assessment of the allegations of corruption against members of the Transport Authority in an operational capacity, there were obvious weaknesses in the systems of internal control that may enable irregular activities.

Findings

1. **In March 2020, the Transport Authority made payment of approximately \$11.5 million to a contract officer who was purportedly terminated. The termination letter did not set out the reason for separation, it instead indicated that the decision was based on discussions with the Board Chairman. However, we are aware that the officer at the time of termination, December 31, 2019, had already signed an employment contract (December 23, 2019) with Jamaica Ultimate Tyre Company Limited (JUTCL) as head of entity - General Manager, with an effective start date of January 1, 2020. We found**

that the Chairman of the Board of Directors of the Transport Authority authorized that payment be made to the officer for time not served on the contract (General Manager – Human Resources & Administration), at a total of approximately \$11.5 million. The same officer was reappointed by the Transport Authority approximately one year later in a higher post to act as Managing Director. We could not determine the reason behind the termination of the officer on the basis that his assignment at JUTCL, another public body, was converted to a permanent appointment the day following his separation. We expected that the Transport Authority would have simply approved his transfer to another government entity. On that basis, there was no need to make separation payment to the officer, only to re-engage him a year later in a higher post.

- 2. Further to the above, the Board took a decision, at a meeting held on November 24, 2020, to temporarily appoint the same officer for a period of 90 days, after which a competitive process should have been used to fill the position. However, we found that the officer was engaged for a period of three years effective December 1, 2020 with a remuneration of \$8.4 million.** On July 11, 2022, we raised the issue of the non-competitive permanent appointment of the officer, vis-a-vis the Board's decision regarding this matter. The Transport Authority subsequently provided us with a document purporting to amend the contract dated August 2, 2022, wherein the terms of engagement were modified to refer to an acting appointment until a suitable replacement was found. The officer as Managing Director signed the addendum along with the current Acting General Manager - Human Resources & Administration (CAGM-HR&A) varying his contract from permanent to temporary.

Proper justification was not provided by the Transport Authority, to support payment of \$7.3 million in May 2021 to the CAGM-HR&A. We noted that the CAGM-HR&A requested compensation for work done between 2016 and 2020. In a memo to the then Managing Director in December 2020, the CAGM-HR&A indicated that despite repeatedly requesting payment, previous supervisors denied these requests on the basis that the duties were to be incorporated in the officer's work plan. Even though these payments were rejected by the previous supervisors that were no longer at the Transport Authority, the Managing Director approved these payments shortly after taking up office. Whereas TA's HR Policy provides that special allowance shall be paid where an employee is assigned additional duties along with those of his/her substantive position, the HR policy requires that the arrangement and related compensation should be agreed before commencement of the assignment(s). We saw no evidence of compliance with the policy.

- 3.** Similar payments totalling \$5.3 million and \$14 million were made to two other officers between March and June 2021. These requests and payments were all made after the Managing Director assumed office. In both instances, the purported additional duties were said to have been undertaken prior to the commencement of the tenure (December 1, 2020) of the Managing Director. There was no evidence that the supervisors at the time in assigning these duties, considered these to be additional to the officers' regular duties, and that the respective officers raised any concern that these duties should qualify for the payment of special allowance and project premium.
- 4. The Transport Authority increased its establishment and operated 40 staff positions without the Ministry of Finance and the Public Service's approval.** The Authority has indicated that it is in the process of providing the requisite documentation to complete the approval process.
- 5.** We did not uncover evidence to substantiate allegations surrounding the payment of salary to a former employee nine months after separation, nor was there evidence of an unapproved contractor or an Area Supervisor being awarded contracts to repair coaster buses owned by the Authority. Regarding the allegation of regular retreats at hotels, though we found evidence of expenditure totalling more than JA\$11M on hotel accommodation over a 15-month period, based on our assessment of the supporting

documents (payment vouchers, invoices, etc.), the expenditures were in keeping with the GOJ guidelines and the FAA Act.

Recommendations

1. In keeping with Section 20 of the FAA Act, the Authority should seek to recover the improper payment of approximately \$11.5 million paid in March 2020 to the Managing Director who commenced his tenure in December 2020 that resulted from the winding up of his previous employment arrangements.
2. The Transport Authority should review the structure and internal control mechanism regarding the payment of special allowances and project premiums to ensure compliance with the HR policy and mitigate the risk of overpayments. TA needs to review the payments made, on the basis that the HR policy was breached, with a view to recovery.