



AUDITOR GENERAL'S
DEPARTMENT OF JAMAICA



Licensing, Monitoring and Enforcement Actions by the Mines and Geology Division of the Ministry of Agriculture, Fisheries and Mining (MoAfM)

Performance Audit Report

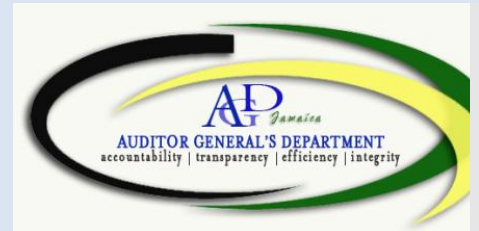
Dated: July 2026

"A better Country through effective audit scrutiny"

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

Vision

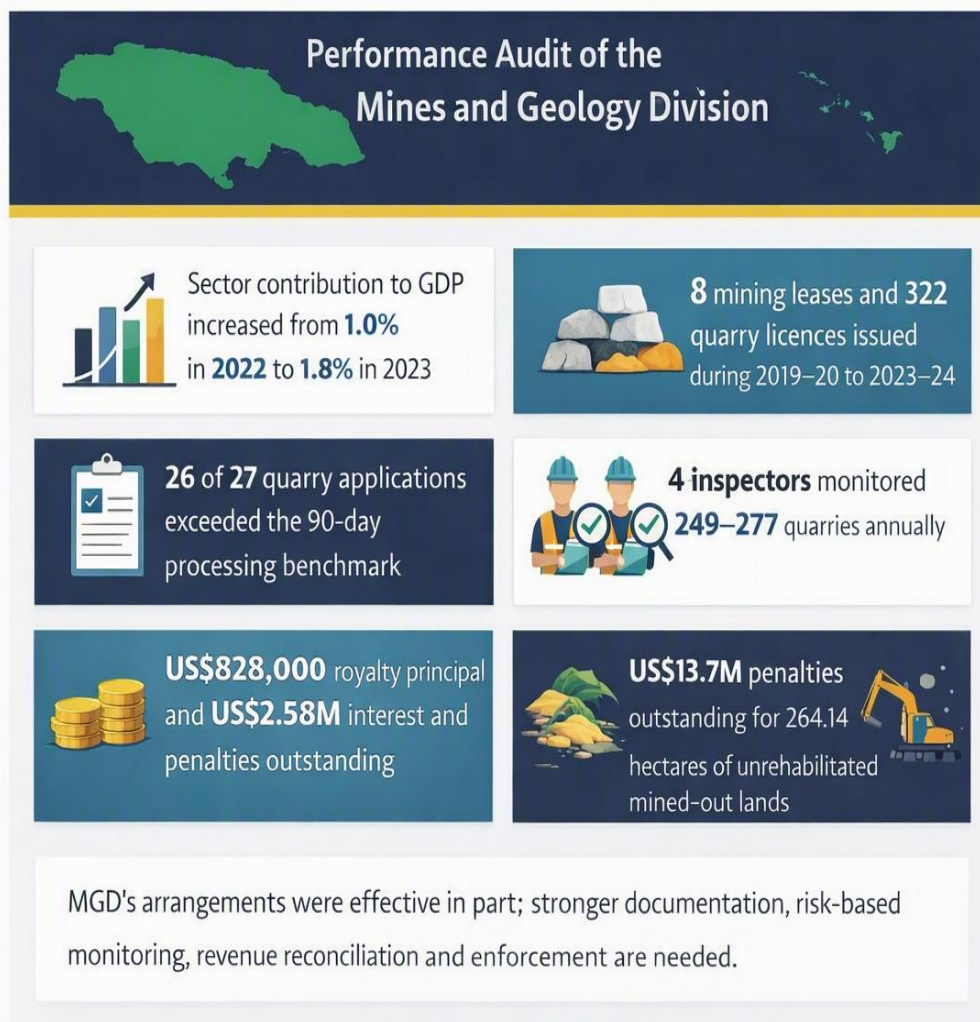
A better country through effective audit
scrutiny

Document No	Date Submitted
AuGD285-1602.146.2	July 2026





AT A GLANCE



Executive Summary

Introduction

Jamaica's mining and quarrying sector supports export earnings, infrastructure development, manufacturing, and public revenue through royalties, taxes, licence fees, and dividends from Government's equity in mining companies. The sector's contribution to Gross Domestic Product (GDP) increased from 1.0 per cent in 2022 to 1.8 per cent in 2023. The Mines and Geology Division (MGD), within the Ministry of Agriculture, Fisheries and Mining, is responsible for regulating the sector under the Mining Act 1947 and the Quarries Control Act 1984.

Audit Objective and Scope

The audit assessed whether MGD's licensing, monitoring, and enforcement arrangements were effective in supporting orderly and compliant mining and quarrying operations for the period 2019-20 to 2023-24. In particular, the audit examined whether applications were properly assessed before approval, inspection activities were adequately planned and targeted, breaches were followed up in a timely and consistent manner, and whether MGD maintained reliable records to support regulatory decisions.

Key Findings

Finding 1: Some operators continued after licences or leases expired

Sections 25 and 31 of the Mining Act and Section 8 of the Quarries Control Act require operators to hold a valid mining lease, prospecting licence, or quarry licence at all times, with renewal applications submitted within the timeframe prescribed by the relevant regulations to permit continued operations pending renewal. Notwithstanding, one mining operator continued activities for approximately six years after its mining lease had lapsed, and six quarry operators continued operations after their quarry licences had expired; five submitted renewal applications between 30 and approximately 607 days after expiry, while one submitted no renewal application. MGD also did not consistently issue reminder notices before licences ended or take timely enforcement action after expiry. Continued operation beyond the authorised licence period weakened the licensing regime, reduced the deterrent effect of enforcement, and increased risks related to revenue collection, environmental oversight, and public confidence in the regulatory system.

Finding 2: Mining leases were renewed without key documents, and the resulting risk materialised in unenforced rehabilitation obligations.

The Mining Act and the Mining Regulations require that mining lease renewals be supported by current financial statements, evidence of public notice to allow objections, and security deposits or letters of guarantee sufficient to protect the Government against rehabilitation or restoration costs. The Regulations also require mined-out lands to be rehabilitated within the prescribed timeframe, with statutory tools such as security deposits, restoration bonds, and penalty assessments to be used to enforce rehabilitation obligations.

Of the eight active operators reviewed, only four submitted up-to-date financial statements; two submitted none and two submitted outdated statements. Further, there was evidence of public notice being issued for only four of the eight leases. In addition, four of the operators that were non-bauxite entities did not provide the required security deposits. MGD advised that the security deposit requirement had been relaxed to promote investment but did not provide documented approval for this concession.

As of December 2025, three mine lessees owed penalties totalling US\$13.7 million for failing to rehabilitate 264.14 hectares of mined-out land, with one lessee accounting for 169.68 hectares (64 per cent of the unrehabilitated area) and US\$9.89 million (72 per cent of the total monetary exposure). The weaknesses in enforcement were linked to the absence of a single auditable rehabilitation register, non-use of the security deposit mechanism during the review period, and the absence of finalised rehabilitation guidelines for quarries. Consequently, MGD could not demonstrate that all lease renewals were supported by the required information, reducing assurance that operators had the financial capacity to meet their obligations and that Government had adequate protection, through the security deposit, against future rehabilitation or restoration costs. The long-outstanding rehabilitation obligations remained unresolved, and MGD could not demonstrate that the polluter-pays principle embedded in Sections 53A–55 of the Mining Regulations was being effectively enforced.

Finding 3: MGD did not meet it Established standard for processing Licences and Leases

MGD's standard required that quarry licence applications be processed within 90 days, with input from relevant authorities provided within 60 days. Of 27 applications reviewed, 26 exceeded the 90-day benchmark, with delays ranging from 2 to 517 days. The delays were driven mainly by late or missing responses from Municipal Corporations and the Ministry of Health and Wellness, delays in dispatching consultation requests, and the absence of binding response deadlines or a clear escalation process. As a result, applicants experienced prolonged waits for licensing decisions, the risk of operations continuing without valid licences increased, and the credibility of MGD's 90-day service standard was undermined.

Finding 4: Quarry inspections were not guided by a documented risk-based approach

Good practice for regulatory oversight requires that inspection activities be guided by a documented risk-based methodology. MGD's own operational plans and the Quarries Control Act envisage inspection frequency and priorities being determined by risk factors such as size of operation, environmental sensitivity, compliance history, and complaints, with inspection targets assigned and monitored.

MGD did not have a documented method for prioritising quarry inspections. The Group A and Group B categories introduced in FY2022/23 did not have clear assignment criteria, and in that period, MGD completed 243 inspections against a target of 400. Before FY2021/22, work plans did not assign inspection targets to individual officers, and inspection results were kept mainly in individual files rather than a central register. Although Survey123 was introduced in January 2023 and performance improved in FY2024/25, gaps remained in risk prioritisation, inspection planning, and performance monitoring.

Consequently, MGD could not demonstrate that inspection resources were focused on the highest-risk operations, and it was difficult to identify recurring issues, update risk ratings, plan follow-up inspections, and support enforcement action.

Finding 5: Royalty arrears and quarry-tax obligations were not systematically tracked

MGD did not maintain accurate records on the status of royalty payments and quarry taxes, and the records were not reconciled in a timely manner. In March 2026, MGD submitted royalty schedules which identified US\$828,000 in royalty principal and US\$2.58 million in interest and penalties outstanding from two operators for the period January 2019 to December 2025. MGD advised that it did not maintain an aged receivables listing for quarry tax and did not demonstrate that periodic reconciliations were performed to validate the balances or confirm the accuracy of penalties and interest assessed. As a result, the risk of revenue leakage, misstated arrears, and uncollectable balances increased, and MGD could not quantify outstanding quarry-tax balances, determine ageing, or identify delinquency rates.

Finding 6: Enforcement records were incomplete

MGD's standard operating procedures require the maintenance of complete and reliable records of enforcement action, including reported breaches, investigations, referrals, corrective action, and outcomes. We reviewed the 22 complaints recorded in the MGD complaints register, of which 15 related to illicit quarrying and seven to other matters such as dust, noise, pollution, and damage to property and crops. In addition, seven complaints found in other records were not included in the register. We could not confirm that enforcement action was consistently pursued for 14 of the 15 illegal quarrying cases recorded in MGD's complaints register. Nine police reports were reviewed; however, only one matched an entry in the register and showed evidence of follow-up actions. These gaps were driven by the absence of a centralised system to record reported breaches, investigations, referrals, corrective action, and enforcement outcomes. As a result, MGD could not reliably track enforcement trends, demonstrate accountability for regulatory action, or ensure timely follow-up on reported breaches.

What Should Be Done

The table below sets out the key recommendations, together with measurable targets, deadlines, priorities and responses from the Mines and Geology Division (MGD) and the Ministry of Agriculture, Fisheries and Mining (MoAFM).

No.	Recommendation	Measurable target	Deadline	Priority	Management Acceptance (Yes/No)
1	Strengthen pre-approval checks for mining leases and quarry licences. The Commissioner of Mines should issue and implement a written pre-approval checklist requiring MGD to confirm that all required inputs and responses from relevant authorities are on file before any lease or licence is advanced for approval. Any exception should be documented with reasons and authority, and compliance reported to the Permanent Secretary.	*Pre-approval checklist approved and issued by the Commissioner of Mines. *Completed checklist on file for 100 per cent of leases and licences advanced for approval. *Exceptions register maintained, with documented reasons and approving authority for every exception. *17 of 27 Quarterly compliance report submitted to the Permanent Secretary.	Checklist issued by 30 Sep 2026; 100 per cent compliance from Q3 FY2026/27	High	Yes.

No.	Recommendation	Measurable target	Deadline	Priority	Management Acceptance (Yes/No)
2	Adopt a documented risk-based inspection methodology. MGD should adopt a written risk-rating methodology for mining and quarry operations that considers size of operation, environmental sensitivity, compliance history and complaints. Annual inspection targets should be based on a complete and reconciled register of licensed mines and quarries and assigned to inspectors through their work plans, with performance reported to the Permanent Secretary.	*Documented risk-assessment matrix approved and applied to 100 per cent of licensed mines and quarries. Central register of licensed mines and quarries reconciled and maintained. *Inspection targets assigned to named inspectors in 100 per cent of annual work plans. *At least 90 per cent of planned inspections completed annually (against 243 of 400 achieved in FY2022/23).	Risk-assessment matrix by Q4 FY2026/27; full application from Q1 FY2027/28	High	Yes
3	Apply enforcement action consistently, including for expired authorisations. MGD should establish a written enforcement procedure setting out how breaches are recorded, followed up, escalated and resolved, including clear steps for expired mining leases, prospecting licences and quarry licences, timely notices to operators, site verification, and referral for enforcement action where operations continue without valid authority.	*Written enforcement procedure approved and in use. *Renewal reminder notices issued at least four months before expiry for 100 per cent of leases and licences, in line with s.8(6) of the Quarries Control Act. *Nil operators active on an expired or absent authorisation (baseline: one mining and six quarry operators). *All reported breaches recorded in a central register and first enforcement action taken within 30 days.	Tracking system and central register operational by Q1 FY2027/28; nil expired-authorisation operations by 31 Mar 2027	High	Yes
4	Strengthen coordination with relevant authorities. MGD should work with the Permanent Secretaries to establish formal service-level arrangements with the relevant authorities, setting response deadlines, escalation procedures for delayed responses, and protocols for consultation before closure notices, warning notices or other enforcement actions are issued. Performance should be reported to the Quarries Advisory Committee.	*Signed service-level arrangements with all relevant authorities under the Quarries Control Act, including the Municipal Corporations and the Ministry of Health and Wellness. *Binding 60-day response deadline and documented escalation route in every arrangement. *At least 90 per cent of consultation requests answered within 60 days (baseline: 17 of 27 non-responses from Municipal Corporations and 21 of 27 from MoHW). *Quarry licence applications processed within the 90-day standard in at least 90 per cent of cases (baseline: 26 of 27 exceeded, by 2 to 517 days).	Arrangements executed by end of Quarter 2, 2027/2028; reporting to the Quarries Advisory Committee each quarter thereafter	Medium	Yes

No.	Recommendation	Measurable target	Deadline	Priority	Management Acceptance (Yes/No)
5	Establish routine royalty and quarry-tax reconciliation. MGD should implement documented quarterly reconciliations of royalty obligations and maintain monthly aged receivables for quarry-tax obligations. The process should identify arrears, explain movements in balances, and set clear escalation triggers for overdue amounts. The reconciled position should be submitted quarterly to the Permanent Secretary.	*Documented quarterly royalty reconciliation completed for 100 per cent of lessees. *Monthly aged receivables listing maintained for quarry tax, with ageing and delinquency rates reported. *Recovery plan issued for the US\$828,000 royalty principal and US\$2.58 million in interest and penalties outstanding from two operators (US\$3.38 million total as at March 2026). *Escalation triggers applied, including withholding of export permits under s.40(4) of the Mining Regulations, for 100 per cent of delinquent lessees.	Arrears recovery plan by 31 Mar 2027; first documented reconciliation and aged listing by 31 Dec 2026	High	Yes
6	Enforce rehabilitation obligations and financial assurance requirements. MGD should maintain a single auditable rehabilitation register showing, for each relevant mining area, the area mined out, date mining ended, certification status and penalties accrued. Penalty assessments should be issued where rehabilitation has not been certified within the required timeframe, and recovery pursued through security deposits or restoration bonds where operators remain non-compliant. The aggregate position should be reported to the Permanent Secretary every six months.	*Single auditable rehabilitation register covering 100 per cent of mined-out areas. *Penalty assessments issued for all uncertified areas beyond the prescribed timeframe, addressing the 264.14 hectares and US\$13.7 million owed by three lessees as at December 2025. *Guidelines for the Rehabilitation of Quarries finalised and approved. *National Restoration Committee reinstated and meeting at least four times a year (last documented meeting 30 Jun 2016). *Aggregate rehabilitation and penalty position reported to the Permanent Secretary every six months.	Register by 31 Dec 2026; guidelines finalised and NRC reinstated by Q2 FY2027/28; penalty assessments issued by 31 Mar 2027	High	Yes
7	Strengthen documentation for mining lease renewals. MGD should implement a renewal checklist requiring evidence of current financial statements, public notice and objection periods, and security deposits or letters of guarantee before lease renewals are advanced. Any waiver or concession should be authorised in writing, with reasons placed on file, and MGD should report quarterly on renewals processed, exceptions granted and waiver approvals issued.	*Renewal checklist approved and applied to 100 per cent of lease renewals. *Current financial statements on file for 100 per cent of renewals (baseline: four of eight operators). *Documented evidence of public notice for 100 per cent of renewals (baseline: four of eight leases).	Checklist by 31 Dec 2026; 100 per cent compliance from Q4 FY2026/27	High	Yes

No.	Recommendation	Measurable target	Deadline	Priority	Management Acceptance (Yes/No)
		*Security deposit or letter of guarantee held for 100 per cent of non-bauxite operators (baseline: four operators without). *Written, reasoned authorisation on file for every waiver or concession granted.			

Audit Conclusion

MGD has established arrangements to license, monitor, and enforce aspects of Jamaica's mining and quarrying sector. However, these arrangements did not operate consistently during the period reviewed. In licensing, applications were generally not processed within the 90-day service standard, and some renewals were not supported by all required documentation. In monitoring, inspections were conducted but were not guided by a fully documented risk-based approach. In enforcement, MGD did not consistently document follow-up action, use available enforcement tools, or maintain complete records of breaches and outcomes.

The audit also found weaknesses in revenue monitoring and rehabilitation enforcement. Royalty arrears were not consistently pursued, quarry-tax receivables were not supported by an aged listing, and penalties for unrehabilitated mined-out lands were not supported by a single auditable register. As at March 2026, outstanding royalties and related interest and penalties from two operators totalled US\$3.38 million, while unenforced penalties for unrehabilitated mined-out lands totalled US\$13.7 million. These weaknesses limited MGD's ability to protect public revenue, ensure operators met their obligations, and demonstrate timely enforcement action.

A recurring issue across the findings was the reliance on informal or incomplete processes in areas that required documented controls. These included approval checklists, licensing records, risk-based inspection plans, revenue reconciliations, rehabilitation registers and enforcement records. Collectively, these gaps reduced assurance that the regulatory framework was achieving its intended objectives of orderly sector development, revenue protection, environmental stewardship, and effective enforcement. The recommendations are intended to strengthen MGD's control environment by improving documentation, clarifying accountability, targeting inspections based on risk, improving revenue and rehabilitation monitoring, and formalising coordination with key public authorities. Implementing these actions should help MGD provide stronger assurance that mining and quarrying activities are properly authorised, monitored, and enforced in keeping with the law and the public interest.