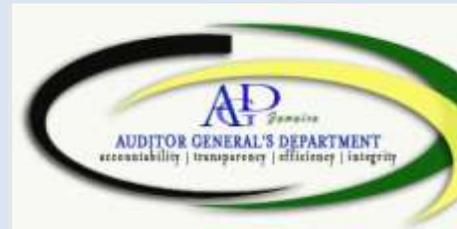


AUDITOR GENERAL'S DEPARTMENT
COMPLIANCE AUDIT REPORT
CONSTITUENCY DEVELOPMENT FUND

The Auditor General is appointed by the Governor General and is required by the Constitution, the 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 and 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 Number	Date
AuGD 322-1601.49.8.2.	November 16, 2020

Table of Contents

AUDITOR GENERAL'S OVERVIEW	4
EXECUTIVE SUMMARY.....	5
KEY FINDINGS	5
<i>Absence of an effective risk management system or fraud prevention plan</i>	<i>5</i>
<i>Inadequate controls over CDF disbursements.....</i>	<i>6</i>
<i>Inadequate monitoring of CDF projects</i>	<i>7</i>
<i>Inadequate controls over Educational Development Projects</i>	<i>8</i>
RECOMMENDATIONS.....	9
PART ONE: INTRODUCTION.....	10
BACKGROUND.....	10
CDF'S MISSION AND VISION STATEMENTS	10
CDF PROJECTS.....	10
SOURCE OF FUNDING	11
IMPLEMENTING AGENCIES	11
PURPOSE OF FRAUD RISK ASSESSMENT	12
AUDIT SCOPE AND METHODOLOGY	12
PART TWO: GOVERNANCE	13
CDFPMU DID NOT HAVE AN EFFECTIVE RISK MANAGEMENT SYSTEM OR FRAUD PREVENTION PLAN	13
INADEQUATE INTERNAL AUDIT REVIEWS.....	14
INADEQUATE CONTROLS OVER CDF DISBURSEMENTS	15
INADEQUATE CONTROLS OVER THE PRIME MINISTER ASSISTANCE PROGRAMME	16
PART THREE: PROJECT MANAGEMENT	17
INADEQUATE MONITORING OF CDF PROJECTS	17
INADEQUATE CONTROLS OVER EDUCATIONAL DEVELOPMENT PROJECTS	18
APPENDIX	20
APPENDIX 1: DISBURSEMENTS IN EXCESS OF APPROVED BUDGET (2015/2016 – 2019/2020)	20

Auditor General's Overview

The main objective of the Constituency Development Fund (CDF) is to promote human and infrastructure development at the community and constituency levels through various welfare, economic enablement, and infrastructure improvement activities/projects. The Office of the Prime Minister (OPM) coordinates the management and disbursement of the Fund and is responsible for ensuring that it operates with the highest level of transparency, probity, propriety and accountability.

The audit sought to determine whether the activities of the CDF were conducted in a transparent and effective manner in keeping with Government of Jamaica guidelines and whether management implemented the necessary controls to effectively identify, monitor and manage potential risks, including the risk of fraud. While we did not identify any specific case of fraud, the audit revealed that the OPM did not have an effective risk management system or fraud prevention plan in place to prevent, detect and respond effectively to fraud risks as required by the Financial Management Regulations. There was also an elevated risk of exploitation and misuse of funds in relation to *Educational Development Projects* as benefits provided under these projects were not administered in keeping with any established objective criteria or documented guidelines to ensure transparency and equity. Additionally, the relevant unit within the OPM did not effectively monitor the implementation of all CDF projects to ensure that the planned targets and objectives were achieved. I urge the OPM to strengthen the risk management system relating to the CDF and to improve the monitoring and controls over CDF projects/activities. The Ministry has committed to improving the system of controls and has already started addressing some of the weaknesses highlighted in this report.

I wish to thank the management of the OPM, the Constituency Development Fund Program Management Unit and the various implementing agencies for their responsiveness and courtesies extended to me and my staff.



Pamela Monroe Ellis, FCCA, FCA
Auditor General

Executive Summary

The Constituency Development Fund (CDF), which was established in 2008, provides Members of Parliament (MPs) with financial resources to execute approved social and economic programmes within their constituencies. The CDF's main objective is to promote human and infrastructure development at the community and constituency levels. The Constituency Development Fund Program Management Unit (CDFPMU) in the Office of the Prime Minister (OPM) manages the CDF. The CDFPMU acts as a secretariat with responsibility for the management and disbursement of the Fund.

We conducted an audit of the CDF to determine whether management implemented the necessary controls to effectively identify, monitor and manage fraud risks. We also sought to ascertain whether the activities of the CDFPMU were conducted in a transparent and effective manner in keeping with Government of Jamaica guidelines. Our audit was planned and conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions. The audit process involved gaining a thorough understanding of the operations of the CDFPMU and developing an audit plan which focused on four primary areas: governance of the Fund, fraud risk management, project design and implementation, and project monitoring. We examined the financial transactions and related records covering the financial years 2015/2016 to 2019/2020.

The key findings and recommendations are outlined below.

Key Findings

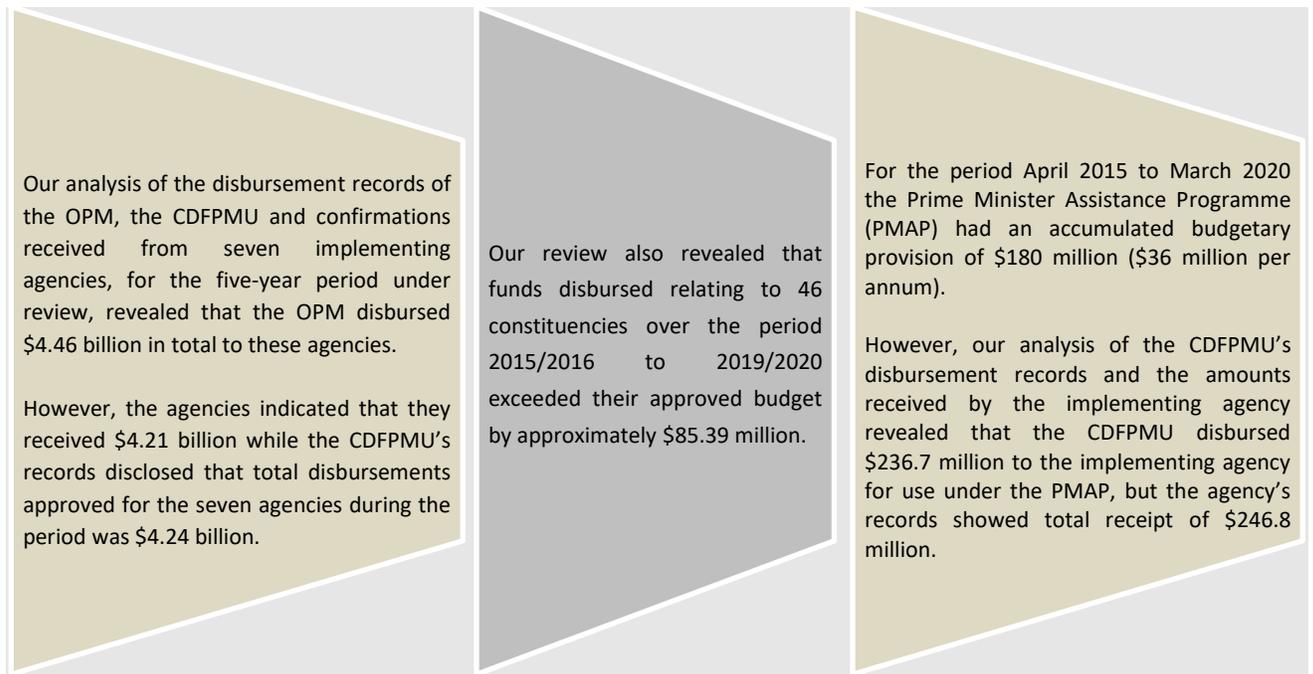
Absence of an effective risk management system or fraud prevention plan

1. ***The OPM/CDFPMU did not have an effective risk management system or fraud prevention plan to prevent, detect and respond effectively to fraud risks as required by the Financial Management Regulations.*** Furthermore, the CDFPMU's Strategic Plans did not include the assessment of potential risks and the OPM's Internal Audit Unit did not conduct frequent reviews of the CDF's operations to identify areas for improving risk management. Consequently, the CDFPMU was more vulnerable to the occurrence and impact of potential risks including fraud risks. The OPM/CDFPMU has since taken steps to strengthen its risk management system by implementing a risk register and has included risk management in its 2020/2021 operational plan.

Inadequate controls over CDF disbursements

2. *The OPM/CDFPMU did not have an effective system in place to ensure that a periodic reconciliation of all CDF disbursements was undertaken in a timely manner to identify anomalies.*

Figure 1: Disbursement Anomalies

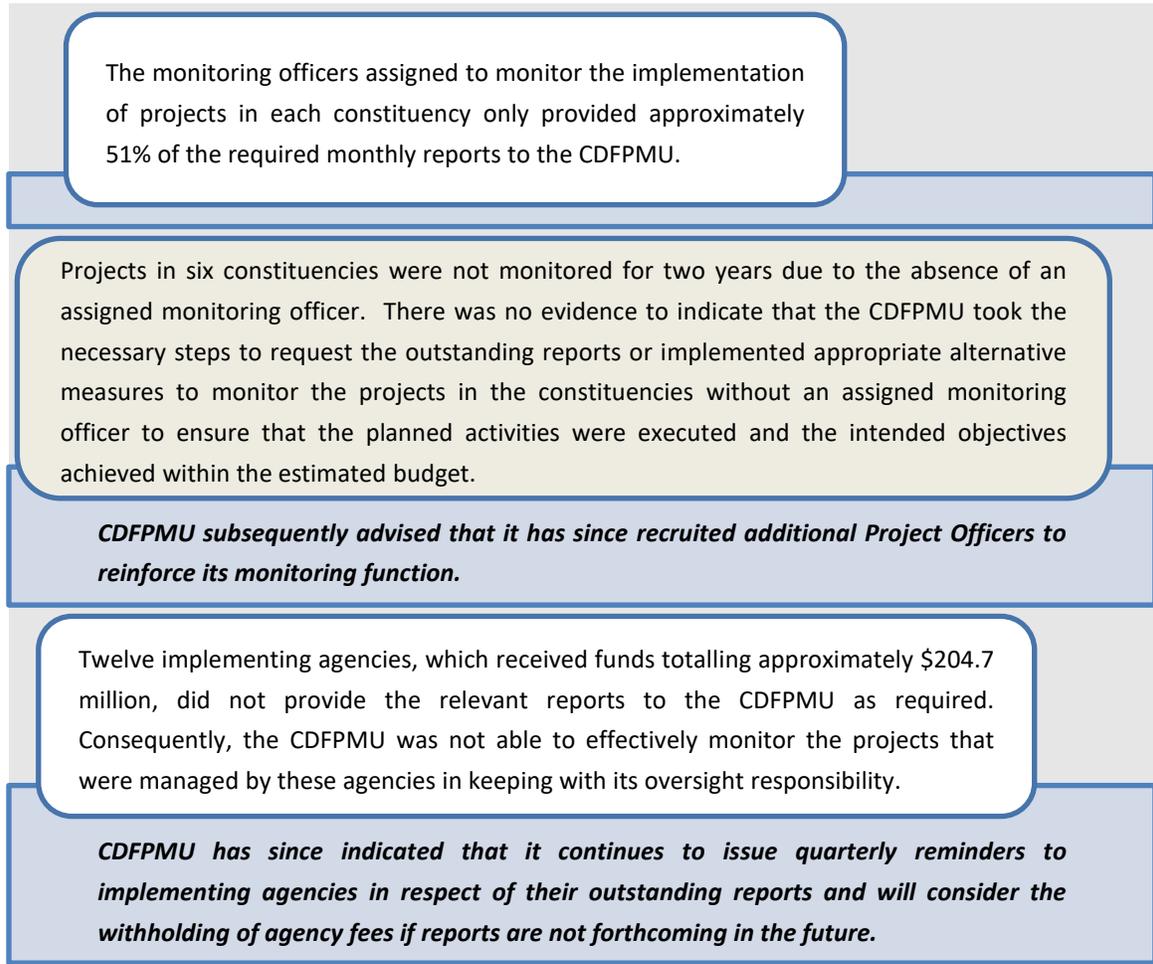


OPM/CDFPMU subsequently indicated that some of the excesses may be due to incorrect postings and refunded amounts that were subsequently re-distributed. Management indicated that a comprehensive reconciliation is being undertaken to resolve the anomalies and that the Unit's staff complement will be strengthened by the recruitment of a Senior Project Officer - Budgeting and Accounting "*whose primary responsibility will be to monitor and reconcile in a timely manner, all CDF accounts including those held by implementing MDAs*".

Inadequate monitoring of CDF projects

3. *The OPM/CDFPMU did not effectively monitor the implementation of all CDF projects to ensure that the planned targets and objectives were achieved.*

Figure 2: Inadequate Project Monitoring

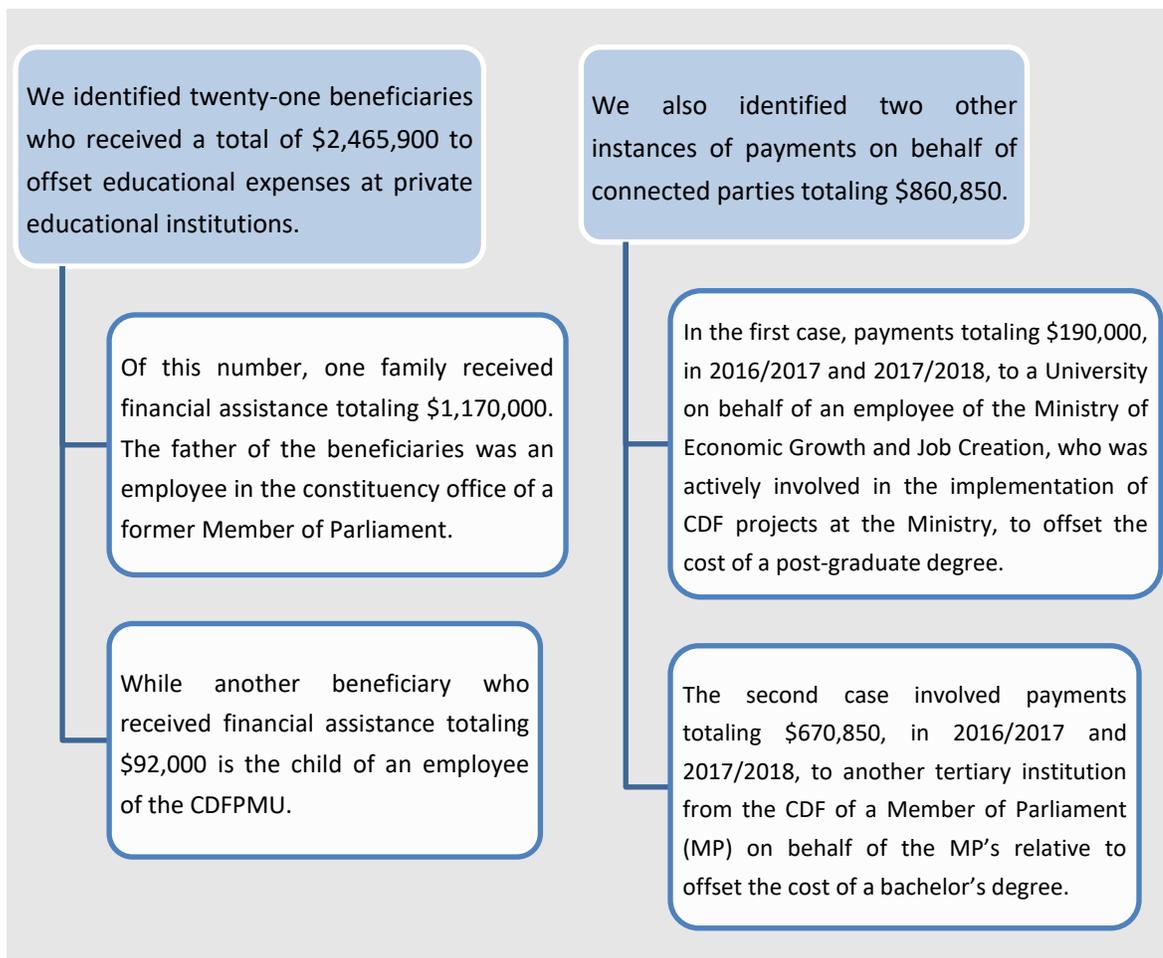


The breakdown in the CDFPMU's monitoring function also contributed to the delayed implementation of sixteen projects valued at approximately \$26.9 million, which were approved between the financial years 2013/2014 and 2018/2019. Follow-up checks revealed that approximately \$4.95 million in relation to six projects has since been returned to the CDF, one project was completed, and three projects were in progress. There was still no evidence that the remaining six projects had started.

Inadequate controls over Educational Development Projects

4. Our review revealed that *there were no objective criteria established or documented guidelines in place to ensure that Educational Development Projects were administered in a transparent and equitable manner*. The controls over these projects were inadequate, resulting in an elevated risk of exploitation and misuse of funds allocated for these projects.

Figure 3: Educational Development Projects



The OPM/CDFPMU has since indicated that this matter “*will be brought to the attention of the CDF Parliamentary Committee and consultation will be had with the MOFPS with respect to guidelines and established criteria*”.

Recommendations

1. Given that CDF projects are implemented by several separate autonomous implementing agencies, the CDFPMU should ensure that there is an effective risk management system in place to identify, monitor and manage the material risks to which the CDF may be exposed. This system should include a fraud prevention plan as required by the Financial Management Regulations as well as frequent reconciliations of all CDF disbursements to identify anomalies.
2. The CDFPMU should strengthen its monitoring function to ensure that all CDF projects and activities are effectively implemented, and their objectives and targets are achieved within the planned time and budget.
3. Steps should be taken to establish objective criteria and clear guidelines for the implementation of *Educational Development Projects* to ensure that these projects are administered in a fair and transparent manner and reduce the risk of exploitation, nepotism and misuse of funds distributed for these projects.

Part One: Introduction

Background

- 1.1** The Constituency Development Fund (CDF) was established in 2008 to replace the Social and Economic Support Programme, the Local Development Programme and the Lift Up Jamaica Programme. The Fund provides Members of Parliament (MPs) with financial resources to execute approved social and economic programmes within their constituencies. The CDF's main objective is to promote human and infrastructure development at the community and constituency levels.
- 1.2** The Constituency Development Fund Program Management Unit (CDFPMU) in the Office of the Prime Minister (OPM) manages the CDF. The CDFPMU acts as a secretariat with responsibility for the management and disbursement of the Fund. Project officers within the CDFPMU must liaise with MPs to assist in the development and monitoring of projects undertaken. The activities of the CDFPMU are guided by the "*CDF Operational Procedures*".

CDF's Mission and Vision Statements

- 1.3** CDF promulgates its Mission as:

"to enable Members of Parliament to respond to the needs of all constituents in a timely manner while complying with the operational procedures of the CDF and GOJ regulations."

- 1.4** Also, CDF's Vision is:

"to be the instrument through which human and social development and infrastructure projects will improve the quality of life of all constituents."

CDF Projects

- 1.5** Project initiation and development are to be derived from joint consultations between MPs and their constituents with assistance from CDF project officers to determine the areas of greatest need. The CDFPMU evaluates projects proposed by MPs to ensure adherence to CDF eligibility criteria and submits them to the Constituency Development Fund Parliamentary Committee (CDFPC) for approval. Approved projects are implemented by the designated implementing agencies.

Source of Funding

- 1.6 Budgetary provisions were made under the Office of the Prime Minister’s Recurrent Head. During the period 2015/2016 to 2019/2020, Parliament approved a total of \$6,377,691,000 (**Table 1**) to cover the administrative and other operating expenses of the Constituency Development Fund Unit and provide grants to the sixty-three Members of Parliament for implementation of social programmes in their constituencies.

Table 1: CDF’s Budgetary Allocation for the period 2015/16 to 2019/20

<i>Financial Year</i>	<i>Budgetary Allocation (\$)</i>
2015/2016	1,023,282,000
2016/2017	1,338,282,000
2017/2018	1,338,709,000
2018/2019	1,338,709,000
2019/2020	1,338,709,000
Total	6,377,691,000

Source: GOI’s Estimates of Expenditures

- 1.7 CDF projects are approved in the categories of Human & Social Development; Physical Infrastructure; Economic Enablement; Disaster Mitigation; Welfare and Emergency Needs; and Social Housing. Mandatory projects are funded for Labour Day (\$0.5 million), Indigent Housing (\$1 million), and Emergency Welfare (\$1 million). Project documents are not designed and approved by the CDFPC for mandatory projects.

Implementing Agencies

- 1.8 The CDFPMU engages the services of 26 agencies for the implementation of approved projects. Implementing agencies handle execution of project activities which include procurement of goods and services and supplying technical, administrative and supervisory functions for the projects. CDFPMU submits the approved project documents including project details, budget and agency fees to the respective implementing agency. Each agency must submit accounting and performance reports to the CDFPMU regarding the progress of projects funded.
- 1.9 Between 2015/2016 and 2018/2019, the CDFPC approved 2,439 CDF projects for implementation by the Social Development Commission (SDC) and Municipal Corporations. While 354 projects were approved for implementation by other agencies including the National Works Agency (NWA) and the Rural Agricultural Development Authority (RADA) (**Table 2**).

Table 2: Number of projects approved per implementing agency annually

Categories	2015-16	2016-17	2017-18	2018-19	Total	Percent
Social Development Commission	392	461	436	421	1,710	61
Municipal Corporations	141	205	215	168	729	26
National Works Agency	21	31	38	29	119	5
Rural Agricultural Development Authority	23	25	17	23	88	3
Others	39	41	35	32	147	5
Total	616	763	741	673	2,793	100

Source: Analysis of CDFPMU projects approved and disbursement schedules

Purpose of fraud risk assessment

1.10 The management of the CDF should be aware of the vulnerabilities that expose the Fund to the risk of fraud and should proactively seek to identify and understand the fraud risks associated with its operation as well as control weaknesses that may facilitate such risks. Management should ensure that a plan or policy is developed to mitigate the risks identified and individuals should be assigned to monitor and manage these risks.

Audit Scope and Methodology

1.11 We conducted an audit of the CDF to determine whether management implemented the necessary controls to effectively identify, monitor and manage fraud risks. Additionally, we sought to ascertain whether the activities of the CDFPMU were conducted in a transparent and effective manner in keeping with Government of Jamaica guidelines.

1.12 Our audit was planned and conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions. The audit focused on four primary areas: governance of the Fund, fraud risk management, project design and implementation, and project monitoring. We examined the financial transactions and related records covering the financial years 2015/2016 to 2019/2020.

1.13 The audit was designed to determine whether the CDFPMU has in place an effective:

- I. governance framework, to manage its fraud risks.
- II. system to ensure proper design and successful implementation of projects.
- III. project monitoring and evaluation system.

Our assessment was based on the review of internal and external documents, interviews with senior management and staff, observations, site visits and analysis of information provided by CDFPMU and visits to six implementing agencies.

Part Two: Governance

Audit Expectation

We expected CDFPMU to adopt an Enterprise Risk Management (ERM) approach, which includes implementing a risk management framework that provides for identification, measurement, mitigation, monitoring, and reporting of critical risks, including strategic and operational risks.

CDFPMU did not have an effective risk management system or fraud prevention plan

- 2.1 Section 144 of the Financial Management Regulations, 2011 imposes a duty on Accounting Officers to ensure that there is an effective risk management system in place that determines the material risks to which his/her department may be exposed. Additionally, Section 145 of the Regulations require Accounting Officers to formulate a strategy for risk management which should include a fraud prevention plan.
- 2.2 Given that CDF projects are implemented by several separate autonomous implementing agencies, there is an inherent risk that these projects might not be executed as originally intended or resources may be misdirected in the absence of an effective system of internal controls and risk management. Therefore, CDFPMU should have a system in place to monitor and manage the related risks and implement the appropriate controls in order to achieve the objectives of the various projects or programmes.
- 2.3 Our review revealed that the Accounting Officer did not establish an effective risk management system or fraud prevention plan to prevent, detect and respond effectively to fraud risks as required by the Financial Management Regulations. Additionally, the CDFPMU's Strategic Plans (2016-2020) did not include the assessment of potential risks. Consequently, the CDFPMU was more vulnerable to the occurrence and impact of potential risks including fraud risks (**Table 3**).

Table 3 – Risk Management Framework

			
Systems and practices	Criteria	Key Findings	Assessment Against Criteria
ERM Framework	CDFPMU should adopt an enterprise risk management approach, which includes implementing a risk management framework as required by the Financial Management Regulations, 2011.	CDFPMU did not have a risk management framework that provides for identification, measurement, mitigation, monitoring, and reporting of critical risks, including strategic and operational risks.	
Assigning roles and responsibilities for risk management.	Roles, responsibilities, authority, and accountability for risk management should be defined and implemented.	CDFPMU did not define the roles, responsibilities, and authority for managing risks.	
Risk Policy	A documented risk management policy should be developed and approved by the Accounting Officer.	No documented risk policy and fraud prevention plan was in place.	
Risk identification and assessment	CDFPMU should identify and assess its key risks and rank them according to their likelihood of occurrence and their potential impact.	CDFPMU did not identify risk in its activities. Risk was not a focus for management, and this was evident in the lack of a risk assessment in its Strategic Plan.	
Risk Prioritization	CDFPMU should document how it prioritizes risks according to potential impact and risk tolerance level.	Management did not assess or prioritize risk in relation to the activities of the CDF and therefore no risk tolerance level was established.	
Risk Mitigation	CDFPMU should develop risk mitigation strategies (responses), consistent with achieving the entity’s objectives and intended outcomes.	CDFPMU did not have a system in place to develop mitigation action plans and identify risk owners to respond to its business and operational risks.	
Risk Monitoring and Reporting	CDFPMU should actively monitor risk, risk mitigation strategies and report the results in a timely manner.	CDFPMU had no focus on risk in its activities and as a result, strategies such as awareness training and reporting mechanisms of suspected fraud were not implemented.	
 Met the criteria	 Met the criteria, but improvements needed	 Did not meet the criteria	

OPM/CDFPMU has since taken steps to strengthen its risk management system by implementing a risk register and has included risk management in its 2020/2021 operational plan.

Inadequate Internal Audit Reviews

2.4 Given that the CDF’s operations are inherently high risk, we expected the OPM’s Internal Audit Unit to play a key role in reviewing the CDF’s operations, risk profile and in identifying areas for improving risk management. Frequent internal audit reviews would likely have identified some of the weaknesses in the CDFPMU’s internal control and risk management mechanism and would have provided management with the opportunity to take corrective action and strengthen their controls. The most recent Internal Audit report available on the CDF covered the Financial Year 2011/2012. At the time of our audit, the Internal Audit Unit was in the process of preparing an audit report for the financial year 2017/2018. The risk rating developed by the Internal Audit Unit for this CDF audit was “medium”, however, there was no detailed justification to support this rating. The risk

assessment was limited in scope and context as it did not identify key risks that affected the CDF’s operations.

Inadequate controls over CDF disbursements

- 2.5 The OPM’s Accounts Unit is responsible for the actual disbursement of CDF funds to the various implementing agencies. However, the CDFPMU did not have an effective system in place to ensure that a periodic reconciliation of all CDF disbursements is undertaken in a timely manner to identify anomalies.
- 2.6 Our analysis of the disbursement records of the OPM, the CDFPMU and confirmations received from seven implementing agencies, for the five-year period under review, revealed that the OPM disbursed approximately \$4.46 billion in total to these agencies. However, the agencies indicated that they received approximately \$4.21 billion while the CDFPMU’s records disclosed that total disbursements approved for the seven agencies during the period was approximately \$4.24 billion (**Table 4**).

Table 4: Disbursements and receipts of CDF funds for seven agencies (2015/2016 – 2019/2020)

Implementing Agencies	Disbursement Records		Confirmation from Implementing Agencies
	OPM	CDFPMU	
Clarendon Municipal Corporation	242,602,970.29	247,306,570.29	242,802,970.29
St. Mary Municipal Corporation	50,603,560.00	51,676,560.00	51,603,560.00
Ministry of EGJC/MTWH ¹	90,942,442.55	86,156,184.00	87,692,442.55
Jamaica Cultural Development Commission	13,181,617.19	15,181,967.19	12,181,617.19
National Water Commission	3,820,786.00	1,153,110.00	3,820,786.00
National Works Agency	355,412,094.79	333,461,978.33	343,136,573.73
Social Development Commission	3,701,919,311.78	3,502,727,976.81	3,470,305,743.40
Total	4,458,482,782.60	4,237,664,346.62	4,211,543,693.16

Source: OPM & CDFPMU records and implementing agencies confirmation reports.

- 2.7 Our review also revealed that funds disbursed relating to 46 constituencies over the period 2015/2016 to 2019/2020 exceeded their approved budget by approximately \$85.39 million as shown in **Appendix 1**.

OPM/CDFPMU subsequently indicated that some of the excesses may be due to incorrect postings and refunded amounts that were subsequently re-distributed. Management indicated that a comprehensive reconciliation is being undertaken to resolve the anomalies.

Management also indicated that the Unit’s staff complement will be strengthened by the recruitment of a Senior Project Officer - Budgeting and Accounting “whose primary responsibility will be to monitor and reconcile in a timely manner, all CDF accounts including those held by implementing MDAs”.

¹ Ministry of Economic Growth and Job Creation / Ministry of Transport, Works and Housing.

Inadequate Controls over the Prime Minister Assistance Programme

- 2.8 CDFPMU did not develop a policy or a standard operating procedure to govern the operation of the Prime Minister Assistance Programme (PMAP). The management of the CDFPMU indicated that the programme was established to provide assistance across all 63 Constituencies and over the years, successive Prime Ministers have made recommendations for the grant of public assistance under this programme with disbursements being made through the Social Development Commission (SDC). However, there were no documented guidelines in place to ensure that the programme was administered in a transparent and equitable manner. For example, the CDFPMU did not establish any specific criteria for disbursements under the programme and there was no requirement for requests for assistance to be made in writing to facilitate an audit trail.
- 2.9 For the period under review the PMAP had an accumulated budgetary provision of \$180 million (\$36 million per annum). However, our analysis of the CDFPMU's disbursement records and the amounts received by the SDC revealed that, for the period April 2015 to March 2020, the CDFPMU disbursed \$236,700,000 to the SDC for use under the PMAP, but the SDC's records showed total receipt of \$246,813,771.00 (**Table 5**). The CDFPMU did not have a system in place to ensure that a periodic reconciliation of disbursements under the PMAP was undertaken in a timely manner to identify anomalies.

Table 5: Anomalies between the disbursement and receipt of PMAP funds

Year	Budgetary Allocation (\$)	CDFPMU disbursement records (\$)	Receipts as per SDC's Records (\$)
2015/2016	36,000,000.00	55,700,000.00	53,700,000.00
2016/2017	36,000,000.00	51,000,000.00	53,879,111.00
2017/2018	36,000,000.00	51,000,000.00	55,043,350.00
2018/2019	36,000,000.00	48,000,000.00	53,191,310.00
2019/2020	36,000,000.00	31,000,000.00	31,000,000.00
Total	180,000,000.00	236,700,000.00	246,813,771.00

Source: AuGD's analysis of the records of CDFPMU and SDC

CDFPMU has since drafted a standard operating procedure for the PMAP and has also indicated that it has started a reconciliation of the anomalies.

Part Three: Project Management

Audit Expectation

We expected the CDFPMU to implement strategies to ensure that all projects were appropriately designed, approved and implemented in keeping with the CDF's Operational Procedures, principles of effective project management and other relevant guidelines.

Inadequate monitoring of CDF projects

- 3.1 The Constituency Development Fund Program Management Unit (CDFPMU) is responsible for monitoring the implementation of all CDF projects and activities to ensure that they are effectively managed, and their objectives and targets are achieved within the planned time and budget. CDFPMU also has a duty to receive and review reports from implementing agencies on the performance of all CDF's projects/activities.
- 3.2 Our review revealed that the CDFPMU did not effectively monitor the implementation of all CDF projects to ensure that the planned targets and objectives were achieved. For the period April 2015 to December 2018, the monitoring officers assigned to monitor the implementation of projects in each constituency only supplied approximately 51% (140 of 273) of the required monthly reports to the CDFPMU. Additionally, projects in six constituencies were not monitored for two years (2017/2018 to 2018/2019) due to the absence of an assigned monitoring officer. There was no evidence to indicate that the CDFPMU took the necessary steps to request the outstanding reports or implemented alternative measures to monitor the projects in the constituencies without an assigned monitoring officer to ensure that the planned activities were executed, and the intended objectives achieved within the estimated budget.

CDFPMU later said that it has since recruited additional Project Officers to reinforce its monitoring function.

- 3.3 Implementing agencies must also provide the CDFPMU with monthly and quarterly status and expenditure reports on the performance of all CDF projects/activities that they are responsible for executing. These reports assist the CDFPMU in monitoring the various CDF projects. For the period April to December 2018, twelve implementing agencies, which received funds totalling \$204,689,788.90 (**Table 6**), did not provide any reports to the CDFPMU as required. Consequently, the CDFPMU was not able to effectively monitor the projects that were managed by these agencies in keeping with its oversight responsibility.

CDFPMU has since indicated that it continues to issue quarterly reminders to implementing agencies in respect of their outstanding reports and will consider the withholding of agency fees if reports are not forthcoming in the future.

Table 6: Implementing agencies that did not provide the requisite reports to the CDFPMU

Implementing Agencies	Amount disbursed (\$)
St. James Municipal Corporation	7,717,535.03
Trelawny Municipal Corporation	11,048,875.00
Clarendon Municipal Corporation	45,280,113.69
Jamaica Cultural Development Commission	3,500,000.00
St. Ann Municipal Corporation	16,803,449.48
St. Catherine Municipal Corporation	19,950,111.00
National Energy Solution	5,600,000.00
National Solid Waste Management Authority	5,500,000.00
Portmore Municipal Corporation	8,166,521.41
Sports Development Foundation	2,000,000.00
Manchester Municipal Corporation	42,989,115.00
Rural Agricultural Development Authority	36,134,068.29
Total Disbursed	204,689,788.90

Source: AuGD analysis of reports at the CDFPMU

- 3.4 The breakdown in the CDFPMU's monitoring function also contributed to the delayed implementation of sixteen projects valued at \$26,977,503.48 (**Table 7**), which were approved between the financial years 2013/2014 and 2018/2019. Follow-up checks revealed that approximately \$4.95 million in relation to six projects has since been returned to the CDF, one project was completed, and three projects were in progress. There was still no evidence that the remaining six projects had started.

Table 7: Delayed Projects

Constituency	Project	Amount (\$)	Date Approved	Implementing Agency
St. Catherine North Eastern	Disaster Mitigation	999,802.65	16.12.2016	NWA
St. Elizabeth North Western	New Market Playfield	1,000,000.00	10.06.2014	NWA
St. James Central	Renovation of Canterbury Bailey Bridge	303,975.00	27.01.2015	NWA
Clarendon North Central	Elgin Road Rehabilitation	2,997,750.00	31.01.2017	NWA
St. Ann North Eastern	Employment Generation/Beautification	2,099,975.85	03.10.2017	NWA
St. Catherine East Central	Rehabilitation of Christian Pen Main Road	2,004,588.60	15.12.2017	NWA
St. James West Central	Infrastructure Development Road (Belmont)	5,181,482.28	15.12.2017	NWA
St. James West Central	West Central St. James Temporary Employment	1,470,000.00	13.12.2016	NWA
St. James West Central	Infrastructure Development Road (Mountain View)	3,859,837.28	15.12.2017	NWA
Portland Eastern	Disaster Mitigation	1,000,000.00	13.06.2017	SDC
St. Mary Western	Broadgate Community Centre Fence Restoration 2014	177,091.82	27.01.2015	NWA
Westmoreland Eastern	Disaster Mitigation	1,000,000.00	2013/2014	NWA
Clarendon South Eastern	Economic Enablement	2,000,000.00	30.05.2017	Clarendon Municipal Corporation
Clarendon South Eastern	Economic Enablement	1,000,000.00	17.07.2018	Clarendon Municipal Corporation
Clarendon North Western	Ritchie's Study Room	783,000.00	20.06.2017	Clarendon Municipal Corporation
St. Mary Central	Farmers Heights Road Rehab 2015	1,100,000.00	10.11.2015	St. Mary Municipal Corporation
Total		26,977,503.48		

Source: AuGD's analysis of reports from implementing agencies at CDFPMU

Inadequate controls over Educational Development Projects

- 3.5 CDF projects and plans should be developed based on the needs identified in constituency/community consultation meetings, which are mandatory and held in each constituency at least once every two years. The projects eligible for funding by the CDF include *Educational Development* projects (e.g. assistance with tuition and examination fees; awards of scholarships and bursaries; skills training and education

& training programmes). The general objective of these projects is to provide financial assistance to needy students attending basic, primary, secondary, tertiary and vocational training institutions to offset school fees, examination fees, the cost of uniforms, books and other relevant school supplies for students in each respective constituency.

- 3.6 Our review revealed that there were no objective criteria established or documented guidelines in place to ensure that these projects were administered in a transparent and equitable manner. For the period under review, we identified twenty-one beneficiaries who received a total of \$2,465,900 to offset educational expenses at private educational institutions as shown in **Table 8**. Of this number, one family received financial assistance totaling \$1,170,000. The father of the beneficiaries was an employee in the constituency office of a former Member of Parliament. While another beneficiary who received financial assistance totaling \$92,000 is the child of an employee of the CDFPMU.

Table 8: Payments to Private Educational Institutions

Financial Year	Amount paid (\$)
2018/2019	847,700.00
2017/2018	791,000.00
2016/2017	722,200.00
2015/2016	105,000.00
Total	2,465,900.00

Source: AuGD's analysis of information from implementing agencies and the CDFPMU

- 3.7 We also identified two other instances of payments on behalf of connected parties. In the first case, payments totaling \$190,000, in 2016/2017 and 2017/2018, to a University on behalf of an employee of the Ministry of Economic Growth and Job Creation, who was actively involved in the implementation of CDF projects at the Ministry, to offset the cost of a post-graduate degree. The second case involved payments totaling \$670,850, in 2016/2017 and 2017/2018, to another tertiary institution from the CDF of a Member of Parliament (MP) on behalf of the MP's relative to offset the cost of a bachelor's degree.
- 3.8 The absence of established objective criteria and documented guidelines to manage the implementation of *Educational Development Projects* increased the risk that these projects were not administered in an equitable and transparent manner and may facilitate the exploitation and misuse of funds allocated for these projects.

Appendix

Appendix 1: Disbursements in excess of approved budget (2015/2016 – 2019/2020)

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Total
Clarendon Northern	907,584.35	190,000.00	500,000.00	0.00	500,000.00	2,097,584.35
Clarendon South Eastern	1,500,000.00	2,156,400.00	0.00	0.00	0.00	3,656,400.00
Clarendon South Western	0.00	0.00	249,998.75	0.00	0.00	249,998.75
Hanover Eastern	1,592,469.00	0.00	0.00	0.00	0.00	1,592,469.00
Hanover Western	1,550,000.00	0.00	3,000,000.00	0.00	0.00	4,550,000.00
Kingston Central	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Kingston Eastern & Port Royal	0.00	248,400.00	0.00	0.00	0.00	248,400.00
Manchester North Western	0.00	496,788.00	0.00	490,430.17	0.00	987,218.17
Manchester Southern	0.00	0.00	998,925.00	499,985.00	0.00	1,498,910.00
Portland Eastern	0.00	1,194,746.00	0.00	681,417.75	1,972,450.00	3,848,613.75
Portland Western	0.00	1,221,505.48	4,350,124.15	0.00	0.00	5,571,629.63
St. Andrew East Rural	5,174,614.80	3,050,000.00	0.00	0.00	0.00	8,224,614.80
St. Andrew North Western	1,250,000.00	500,650.00	2,800.00	0.00	0.00	1,753,450.00
St. Andrew South Eastern	0.00	2,192,795.00	0.00	0.00	0.00	2,192,795.00
St Andrew North Central	0.00	0.00	0.00	0.00	45,191.00	45,191.00
St. Andrew South Western	0.00	51,120.00	0.00	0.00	0.00	51,120.00
St. Andrew West Central	1,403,000.00	2,000,000.00	0.00	0.00	0.00	3,403,000.00
St. Andrew West Rural	0.00	0.00	907,200.00	0.00	0.00	907,200.00
St. Andrew Western	0.00	975,000.00	0.00	0.00	0.00	975,000.00
St. Ann North Eastern	200,000.00	0.00	0.00	0.00	0.00	200,000.00
St. Ann North Western	95,067.27	1,250,000.00	0.00	0.00	0.00	1,345,067.27
St. Ann South Eastern	0.00	0.00	2,099,964.35	0.00	1,597,910.00	3,697,874.35
St. Ann South Western	2,946,675.20	2,000,000.00	54,836.52	0.00	0.00	5,001,511.72
St. Catherine Central	0.00	0.00	1,999,950.30	0.00	0.00	1,999,950.30
St. Catherine East Central	0.00	2,999,158.75	0.00	0.00	0.00	2,999,158.75
St Catherine East	0.00	0.00	0.00	0.00	500,000.00	500,000.00
St. Catherine North Central	1,480,190.47	0.00	0.00	0.00	0.00	1,480,190.47
St. Catherine North Eastern	0.00	5,490,951.00	0.00	0.00	0.00	5,490,951.00
St. Catherine North Western	0.00	0.00	500,000.00	0.00	0.00	500,000.00
St. Catherine South Central	0.00	500,000.00	0.00	0.00	0.00	500,000.00
St. Catherine South Eastern	0.00	999,986.00	1,499,906.20	0.00	0.00	2,499,892.20
St. Catherine South Western	283,499.80	500,000.00	0.00	0.00	0.00	783,499.80
St. Catherine West Central	0.00	749,723.00	0.00	0.00	0.00	749,723.00
St. Elizabeth North Eastern	0.00	0.00	500,000.00	0.00	0.00	500,000.00
St. Elizabeth North Western	0.00	500,000.00	750,000.00	0.00	0.00	1,250,000.00
St. James Central	0.00	0.00	43,350.00	0.00	0.00	43,350.00
St James West Central	0.00	0.00	0.00	0.00	2,887,500.00	2,887,500.00
St. James East Central	0.00	2,000,000.00	0.00	0.00	1,498,275.00	3,498,275.00
St. Mary Central	0.00	500,000.00	0.00	0.00	499,656.54	999,656.54
St. Mary South Eastern	0.00	125,500.00	0.00	1,481,522.00	0.00	1,607,022.00
St. Mary Western	226,175.00	0.00	0.00	0.00	0.00	226,175.00
St. Thomas Western	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00
St Thomas Eastern	0.00	0.00	0.00	0.00	666,484.85	666,484.85
Trelawny North	0.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00
Westmoreland Eastern	0.00	314,061.79	0.00	0.00	0.00	314,061.79
Westmoreland Western	0.00	1,250,000.00	0.00	0.00	0.00	1,250,000.00
Total	20,159,275.89	33,456,785.02	17,457,055.27	4,153,354.92	10,167,467.39	85,393,938.49