

AUDITOR GENERAL'S DEPARTMENT

**STRENGTHENING ROAD MANAGEMENT
IN JAMAICA**

**COMPENDIUM REPORT OF
PERFORMANCE AUDITS
MANAGEMENT SYSTEMS FOR FARM AND PAROCHIAL ROADS**

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.

'A better Country through effective audit scrutiny'

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

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Building blocks of Value for Money



This compendium report provides a comparative review of our findings on Governance, and Procurement and Contracts Management at RADA, the St Catherine and the Kingston and St Andrew municipal corporations



Auditor General's Overview

In FY2018-19, I commissioned an audit of management systems for farm and parochial roads, in respect of RADA, the Kingston and St Andrew and the St Catherine municipal corporations, respectively. This was in a context of public concerns regarding the deteriorating state of public roads, as well as the impact on economic activity and the quality of life of the Jamaican population. Jamaica's Vision 2030 National Development Plan identifies as a priority, the maintenance of roads based on economic and social criteria, including consideration of the relative costs and benefits of primary, secondary, and tertiary road networks.

I have shared the lessons learnt in this Compendium, to guide the adoption of best practices for road management systems, to enable the receipt of value for money from project spending, as well as to benefit Jamaica and its citizens.



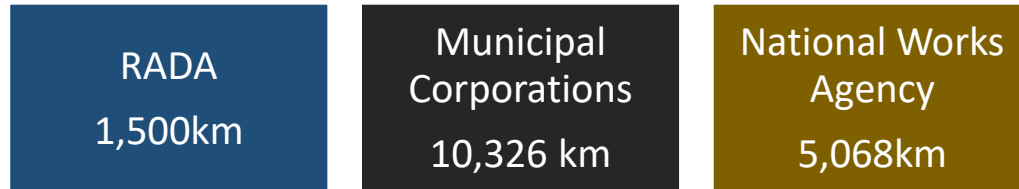
Pamela Monroe Ellis, FCCA, FCA
Auditor General

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Background

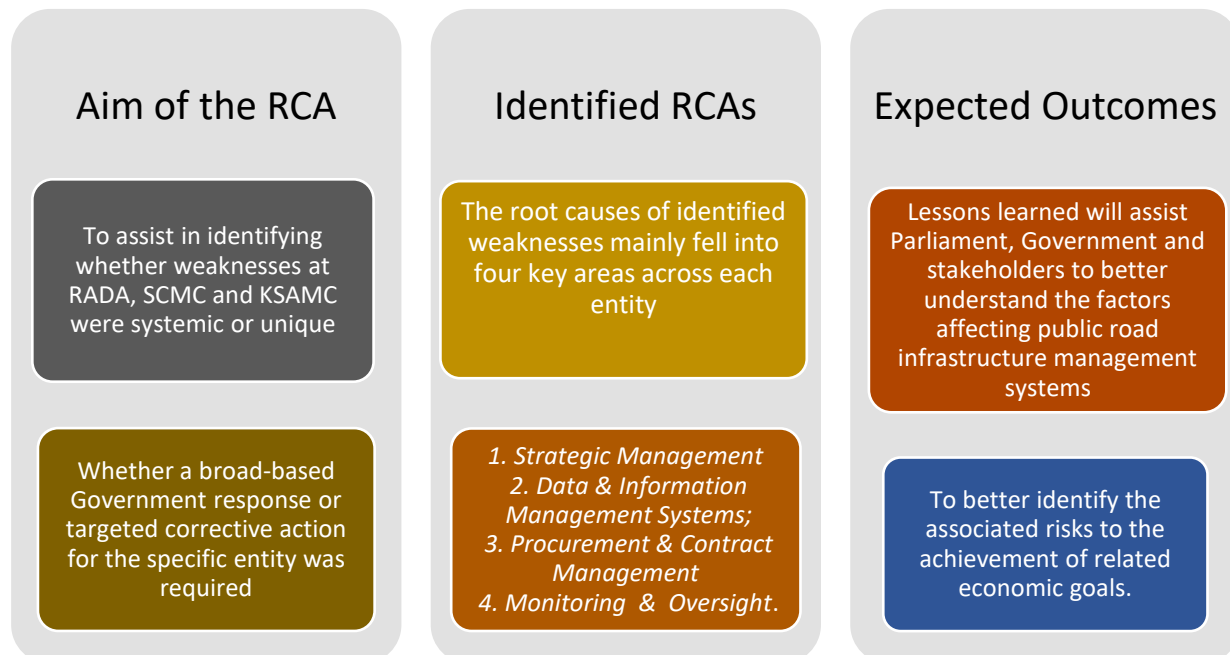
1. Jamaica's roads are critical for economic prosperity and for the quality of life of its population. According to information in the National Transport Policy (2007) and Vision 2030 National Development Plan (2009) the existing road network totalled 15,394 kilometres (km). RADA is responsible for the management of farm roads, parochial roads are managed by 14 municipal corporations, whereas main roads are managed by the National Works Agency.



Source: National Transport Policy, 2007/ Vision 2030 Jamaica – Final Draft Agriculture Sector Plan, 2009

2. This report brings together insights from our audits of the Rural Agricultural Development Authority (RADA), Saint Catherine, Kingston, and Saint Andrew municipal corporations. Based on the findings, we undertook a root cause analysis (RCA) to determine the underlying factors common among the entities that require cross-cutting solutions and good practices for consideration by other entities responsible for public infrastructure programmes, particularly where similar issues were identified by previous compliance and performance audits.

Application of the RCA Tool



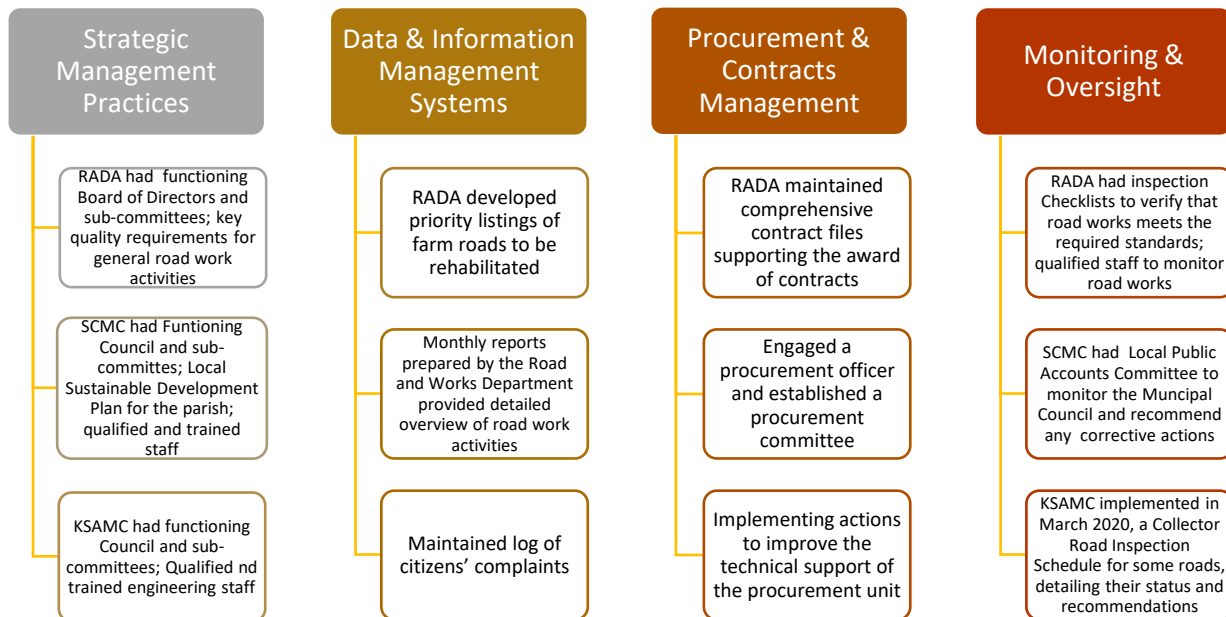
Combined Statistics for Road Works over a 6-Yr period: RADA, SCMC and KSAMC



Public Body	Audited Period	Source of Funds	Expenditure
RADA	2015-16 to 2018-19	Ministry of Agriculture	\$1.74bn
SCMC	2014-15 to 2018-19	Parochial Revenue Fund Equalization Fund	\$2.2bn (\$2.013bn \$191.5mn)
KSAMC	2014-15 to 2019-20	Parochial Revenue Fund Constituency Development Fund, Equalization Fund & Tourism Enhancement Fund	\$4.1bn (\$3.3bn \$0.8bn)

Identified Good Practices

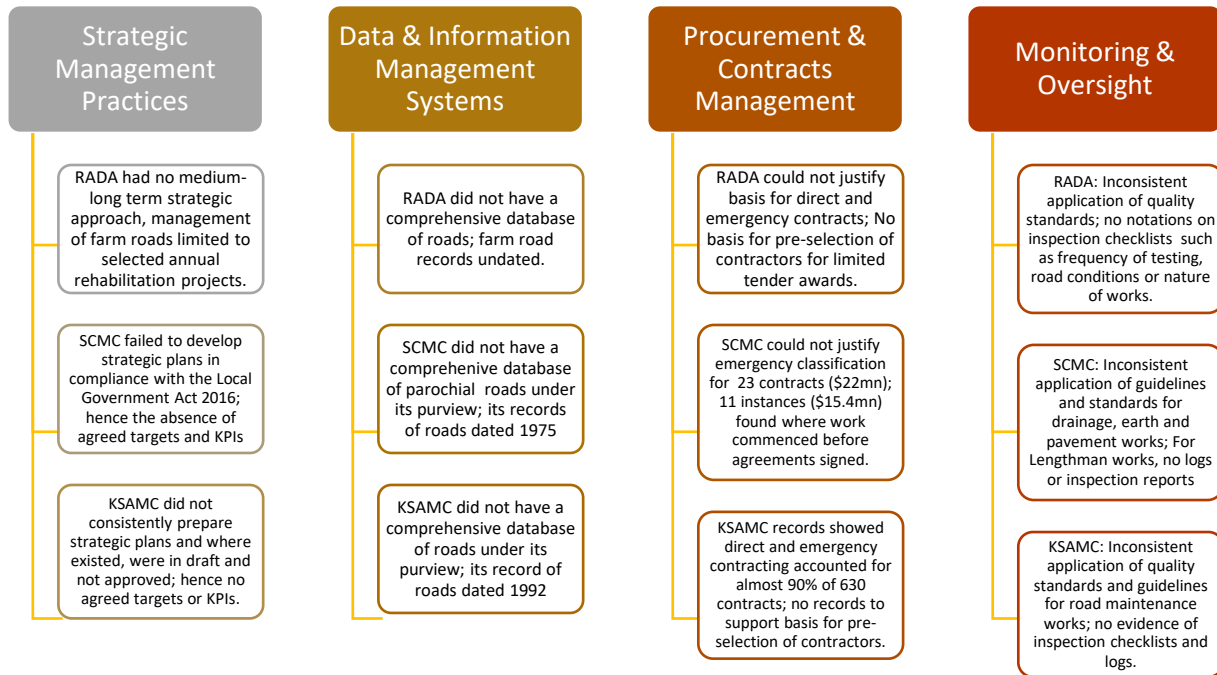
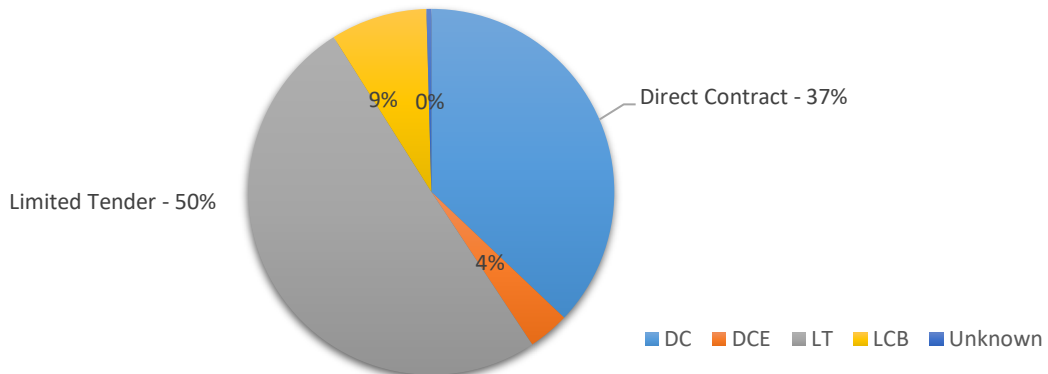
3. A comparative review of the three entities highlighted good practices, which could be considered for adoption across other entities to enhance the effectiveness of their operations, as well as common deficiencies that suggest systemic weaknesses in terms of strategic direction and governance practices.



Identified Deficiencies

4. The main procurement methodologies utilized by the three entities combined, RADA, SCMC and KSAMC, were limited tender (LT) and direct contracting (DC). Although the competitive tender provides the best opportunity for receipt of value for money, only 9 per cent of contract awards were made using this methodology.

Procurement Methodology for 769 Road Contracts



5. In broad terms, we identified deficiencies in the selection and prioritization of road work, and these were as shown below:

Common Issues in Contract Management

RADA	SCMC	KSAMC
<ul style="list-style-type: none"> •Frequent use of emergency contracting methodology, but could not demonstrate that allowable circumstances were met. •No documentation to show that contractors were assessed for minimum qualifying criteria such as experience, management and technical expertise. 	<ul style="list-style-type: none"> •Frequent use of emergency contracting methodology, but could not demonstrate that allowable circumstances were met. •No documentation for selection and award of contractors for 55 road work projects (\$121 mn), and 6 contracts (\$38.8 mn); and instances of work starting before agreements signed. 	<ul style="list-style-type: none"> •Frequent use of emergency contracting methodology, but could not demonstrate that allowable circumstances were met. •No documentation to support pre-selection and award of contracts based on limited tender methodology for 64 contracts (\$253 mn).



Lessons Learned



Strategic Management

• A multi-agency wholistic approach is required for the development of strategic plans. A medium to long term approach is taken to enable the efficient allocation of resources. The appropriate KPI and targets must be clearly established and aligned with annual budgets to ensure the delivery of the entities' mandates. The portfolio Minister must ensure that strategic plans are prepared and approved and require adherence to the Local Government Act in respect of community input.



Data & Information Management

• A robust electronic road inventory platform that provides information on all roads by types, condition, location and responsible entities. This would facilitate efficient strategic planning and alignment of operational plans with annual budgets based on priority needs. The system would also enable cross-entity planning, facilitate economies of scale and coordinated funding strategies, given the scarce fiscal resources.



Procurement & Contract Management

• In order to achieve full value for money, it is important that entities adhere to the Government's procurement guidelines and seek to implement the proper due diligence prior to the award of contract to ensure contractors meet the minimum qualifying criteria. Further proper planning will facilitate opportunities for competitive bidding to achieve best price.



Monitoring & Oversight

• To provide verifiable assurance that road works are done to standard and that contractors can be held to account, quality guidelines are necessary to ensure roads are maintained in accordance with their useful life. The use of logs and checklists are important tools which facilitate monitoring contractors in terms of actual works done, against targets in order to hold them to account.

