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MEDIA RELEASE

JUTC SUBMITS OUTSTANDING QCA REPORT TO OCG – CONCEDES BREACHES OF THE PROCUREMENT GUIDELINES AND LACK OF A DULY CONSTITUTED PROCUREMENT COMMITTEE – 57 CONTRACTS VALUING \$171 MILLION NOT LAWFULLY APPROVED

Kingston; March 5, 2009 – The Jamaica Urban Transit Company (JUTC) has now formally submitted its 2008 4th Quarter Contract Award (QCA) Report to the Office of the Contractor General (OCG) and has conceded major breaches of the Government Procurement Guidelines in its award of contracts.

The JUTC was one of three Public Bodies which was recently referred by the Contractor General to the Director of Public Prosecutions for its failure to submit its 2008 4th QCA Reports to the OCG by the prescribed deadline of February 3, 2009.

The JUTC Report, which was submitted under cover of a letter dated February 27, 2009, has formally disclosed that 57 Government contracts, each valued at between \$275,001 and \$10 Million, were entered into by the JUTC between October 2 and December 31, 2008. The Report explicitly confirms that none of the 57 contracts was lawfully evaluated or approved by the JUTC's Procurement Committee. The aggregated value of the 57 contracts is \$171,818,371.

Mr. Paul Abrahams, the JUTC Director who certified the QCA Report, in his cover letter to the OCG, explained that *“in compiling the report, we found a number of instances where procurement guidelines were not strictly adhered to. Remedial actions have been taken with the constituting of a formal Internal Management Procurement Committee on February 5, 2009, which is in keeping with the recommendation of the Contractor General in his findings from the investigation that was conducted in 2008”*.



Among the major Findings of the OCG's recent Special Report of Investigation into the award of contracts by the JUTC was that the JUTC's Procurement Committee had met only once between August 2007 and July 2008 and that the Committee was never lawfully constituted.

The OCG had also found that the company's Board of Directors had failed in its duty to the JUTC by allowing it to award contracts in contravention of the Guidelines and without any prior evaluation and approval by a duly constituted Procurement Committee.

However, following the submission of the OCG's Investigation Report to Parliament on November 26, 2008, several public challenges were launched against the credibility of the Report by the JUTC's portfolio Minister, the Directors of the JUTC and by two articles which were prominently published in the Observer Newspaper on December 16 and 19, 2008.

Chief among these challenges were representations which were made by the JUTC's Board of Directors in a report which was tabled in the House of Representatives on December 9, 2008.

The report had declared that the JUTC had convened not one "*Procurement Committee*" meeting as had been asserted by the OCG's Report, but that ten meetings of the "*Finance and Procurement Committee*" had been held between November 2007 and July 2008 – thus inferring that procurements were being regularly evaluated and lawfully approved by the company in accordance with the Guidelines.

The fact, therefore, that the JUTC has now found it necessary to constitute "*a formal Internal Management Procurement Committee*", in February, 2009, should raise very serious questions about the implications of the former Board's representations, particularly since it has now been confirmed that both the company's "*Procurement Committee*" and "*Finance and Procurement Committee*" were never lawfully constituted for the purpose of evaluating and approving Government contract awards.



Indeed, the very fact that the JUTC has now formally reported that contracts valuing \$171 Million were being unlawfully awarded by it during the months of October, November and December 2008 – the very period during which public declarations to the contrary were being stridently made on Radio Talk-Shows by at least one former Director of the JUTC “*that the procurement rules were followed*” – should raise grave concerns.

The OCG wishes to publicly commend Dr. Alwin Hales, the Permanent Secretary in the Ministry of Transport and Works, and Mr. Paul Abrahams, the JUTC’s QCA Certifying Officer, for the courage which they have both demonstrated in being candid and forthright about the JUTC’s obvious failings and shortcomings.

Above all, these public officials and other management officers at the JUTC should be recognized and encouraged for their diligence in ensuring that the JUTC’s procurement processes are speedily rectified and brought into full conformance with the requirements of the relevant Guidelines and laws.

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