

**COMMISSION FOR THE**

**PREVENTION**

**OF**

**CORRUPTION**

**ANNUAL REPORT**

2005  
**2005**



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## **Executive Summary**

The Commission for the Prevention of Corruption was appointed under the Corruption (Prevention) Act 2000, with effect from May 1, 2001 and is headed by a five member Commission assisted by a small staff. The Commission met ten (10) times during the last financial year.

The objective of the Commission is the reduction and prevention of corruption in the Public Sector. An update of the database was requested in November 2005 and although all replies were not forthcoming it was ascertained that Declarations were to be received from twelve thousand and six (12,006) public servants. The Commission made an exception to members of the Jamaica Defence Force under Section 5 A(c) of the Corruption Prevention Act based on a review of the functions they exercised and their commendable filing to date.

The Commission is in receipt of its fourth set of declarations with Seven thousand three hundred and thirty-six (7,306) declarations received as at December 31, 2005.

The Commission since its 2004 report has referred a further (4) four public servants to the Director of Public Prosecutions (DPP) bringing the total to three hundred and thirty eight (338) for failing to furnish the Statutory Declaration of Assets, Liabilities and Income as at January 31, 2003. Warning letters have been issued to all Public Servants who have declarations outstanding and action will shortly follow.

The DPP exercised his discretion and withdrew the cases against eighteen (18) declarants of the 23 cases brought before the courts after the declarants filed all outstanding declarations. Two persons pleaded guilty to having failed to file and each was ordered to pay Fifty thousand Dollars (\$50,000.00) or to serve six (6)

months imprisonment at hard labour. The Magistrate made the order for no conviction to be recorded, the remaining three are still pending before the court.

The Commission with the assistance of the computer software acquired, analysed all declarations and a sample of fifty-six (56) declarations based on availability of staffing were included in the initial selection for full investigation. The Commission decided no action was necessary in respect of 43 cases, 6 cases are being thoroughly investigated and the remaining seven are being reviewed.

The Commission received two (2) cases which were referred to the Commissioner of Police as the allegations suggested criminal action requiring expertise/manpower outside of the Commission.

The Commission is still constrained in executing some of its functions because the present approved staff complement does not provide for investigators. However, there is proposal for a new organizational structure prepared by the Management Development Division of the Cabinet offices, which is intended to address this problem

The Commission is proposing the following amendment:

Statutory Declarations – The form of Statutory Declaration of Assets, Liabilities and Income as set out in the second structure of the Act be amended at section (1) to add the words “or any other document as indicated by the Commission.”

## **PREFACE**

The Commission for the Prevention of Corruption was appointed under the Corruption (Prevention) Act 2000 with effect from May 1, 2001. Regulations issued under the Act came into effect on January 31, 2003.

The Commission consists of five (5) members:

- a) The Auditor General
- b) Four other persons (referred to as appointed members) appointed by the Governor General after consultation with the Prime Minister and the Leader of the Opposition from the following categories of persons:
  - i. Members of the Privy Council
  - ii. Retired Judges of Appeal and Retired Judges of the Supreme Court.
  - iii. Persons who, in the opinion of the Governor General, are persons of high integrity and are able to exercise competence, diligence and sound judgement in fulfilling their responsibilities under the Act.

The members are:

- The Honourable Mr. Justice Chester Orr (Retired) C.D., Chairman
- Mr. William Chin See C.D., Q.C.
- Mrs. Rosemarie Vernon M.Sc., B.A.
- Mr. Adrian Strachan , C.D., J.P, F.C.C.A., F.C.A., Auditor General
- The Very Reverend Canon The Honourable Weeville Gordon Custos Rotulorum, C.D.,J.P., M.Div.

### **Meetings of the Commission**

The Commission met ten (10) times during the 2005/2006 financial year.

<b>Name Of Members</b>	<b>Meetings Attended</b>	<b>Absent</b>
<b>Mr. Justice Chester Orr</b>	<b>8</b>	<b>2 (with excuse)</b>
<b>Mr Adrian Strachan</b>	<b>9</b>	<b>1 (with excuse)</b>
<b>Mr. W.K. Chin-See</b>	<b>10</b>	<b>-</b>
<b>Mrs. Rosemarie Vernon</b>	<b>7</b>	<b>3 (with excuse)</b>
<b>The Very Revd Canon Weeville Gordon</b>	<b>9</b>	<b>1 (with excuse)</b>

### **The Secretariat of the Commission**

The Commission has an approved staff complement of ten (10) which includes the Secretary/Manager, two (2) Secretaries, two Financial Analysts (complement should total three), one (1) Manager Finance and Administration, One Records Officer, one (1) Data Entry Officer, One (1) Office Attendant and Driver. The Commission continues to retain the services of four (4) temporary Data Entry Clerks.

The Commission's office address is as indicated below:

**Commission for the Prevention of Corruption**  
45-47 Barbados Avenue  
Kingston 5

**Telephone** : 968-6227  
960-0470

**Fax** : 960-5617

**Email** : [corruptionprevention@yahoo.com](mailto:corruptionprevention@yahoo.com)

## **Statutory Declarations**

The objective of the Commission is the reduction of corruption in the public sector. The Act provides the following functions for the Commission.

1. to receive and keep on record statutory declarations furnished by public servants pursuant to the Act;
2. to examine such statutory declarations and to request from a public servant any information relevant to a statutory declaration made by him, which in its opinion would assist it in its examination;
3. to make such independent enquires and investigations relating to a statutory declaration as it thinks necessary;
4. to receive and investigate any complaint regarding an act of corruption;
5. to conduct an investigation into an act of corruption on its own initiative, if satisfied that there are reasonable grounds for such investigation;

Statutory Declarations were required from public servants whose total emoluments were Two Million Dollars and above and those categories indicated in part 1 and 2 of the Regulations issued under the Act. The Commission made an exception to the members of the Jamaica Defence Force under Section 5A (b) of the Corruption Prevention Act based on a review of the functions they exercised and on their commendable filing to date. Based on the receipt of information from Government Ministries, Departments, Statutory Bodies, Parish Councils, Army and Police, it was ascertained that Declarations were to be received as follows:

<b>Dates</b>	<b>Expected Declarations</b>
January 31, 2003	14,807 Revised
December 31, 2003	14,807 Revised
December 31, 2004	16,469 Revised
December 31, 2005	12,006

The Corruption (Prevention) Act 2000 indicates that for a Declaration to be in compliance with the Act, it must be filed within (3) three months following the date to which it relates. Up to the date of this report, declarations were received as indicated below:

<b>Declaration Period</b>	<b>Expected No. of Declaration</b>	<b>No.of Declarations Received</b>	<b>Outstanding Declarations</b>
January 31, 2003	14,807	12,608	2,199
December 31, 2003	14,807	10,391	4,416
December 31, 2004	16,469	11,959	4,510
December 31, 2005	12,006	7,336	4,670

The Commission since its last report dated 2004 has referred a further four (4) public servants to the Director of Public Prosecutions (DPP) bringing the total to three hundred and thirty-eight (338) for failing to furnish Statutory Declaration of Assets, Liabilities and Income as at January 31, 2003. Warning letters have been issued to all public servants who have declarations outstanding and action will shortly follow.

The DPP exercised his discretion and withdrew the cases against 18 declarants of the 23 cases brought before the courts after the declarants filed all outstanding declarations. The other cases were not pursued as the declarants have filed all

outstanding declarations since the receipt of the Commission's warning letters or the court date.

Two (2) persons pleaded guilty to having failed to file, and each was ordered to pay a fine in the sum of Fifty-thousand dollars (\$50,000) or to serve six months imprisonment at hard labour. The Magistrate made the order for no conviction to be recorded. The remaining three (3) are still pending before the court.

<b>Period</b>	<b>Referral to DPP</b>	<b>Cases Before Court</b>	<b>Case Withdrawn by DPP</b>	<b>Conviction</b>	<b>Additional Court Action</b>
31.1.03	338	23	18	2	3

### **Quality of Declarations**

The second schedule to the Corruption (Prevention) Act prescribes the form on which Public Servants are required to make their Declarations which as the law indicates must be accompanied by bank statement(s) or letter(s) from banks confirming the balance(s) reported. The Commission has began accepting photocopies of Bank Pass Books and in recent times Automated Transaction Machine (ATM) slips and Electronic Banking (E-Banking) statements in order to relieve public servants of the high cost of acquiring the bank's confirmation.

To date for the year ended December 31, 2003 (1,277) One thousand two hundred and seventy-seven letters were issued requesting banking information and other supporting documents.

### **Update of Database**

The Commission's Database of Declarants is updated on an annual basis, but many Public Sector Entities continue to be tardy in furnishing the Commission with a list of employees required to file Statutory Declarations.

Responses were received from 94 entities from the 117 written to in 2004 and 72 from the 131 written to in December 2005. The Commission is contacting the

remaining entities to finalize the list of employees as it is affecting the accuracy of listing of persons required to file.

### **Analysis of Declarations Filed**

The Commission completed the entering of data on Declarations received for the periods January 2003, December 2003 and December 2004.

With the assistance of the computer software acquired, all declarations were analysed and a sample of 56 declarations based on the availability of staffing were included in the initial selection of declarations for full investigation. The selection criteria was that of their high net worth as compared to stated income and other determinants indicated on the Statutory Declaration of Assets, Liabilities and Income. The Commission decided that no action was necessary in respect of 43 cases as the examination revealed no anomalies.

The remaining 13 cases are broken down as follows:

Six of these cases are being thoroughly investigated, and the remaining seven are being reviewed.

### **Confidentiality**

All information supplied to the Commission is secret and confidential and all its employees are required to subscribe to a Declaration of Secrecy before a Justice of the Peace.

### **Matters Referred to the Commission**

During the period under review the Commission received 2 cases which were referred to the Commissioner of Police as the allegations suggested criminal action which required expertise/manpower outside of the Commission for the Prevention of Commission.

### **Constraints in Investigation**

The Commission is still constrained in executing some of its functions because the present approved staff compliment does not provide for investigators. However, there is a proposal for a new Organizational Structure prepared by the Management Development Division of the Cabinet Office which is intended to address this problem.

### **Legislative Issues**

The Commission proposed amendments to the Act in its reports for 2003 and 2004, but to date the recommendations have not been agreed to by Parliament.

The Commission proposes the following further amendment:

Statutory Declarations – The form of Statutory Declaration of Assets, Liabilities and Income as set out in the Second Schedule of the Act be amended at section 1 to add the words “*or any other document as indicated by the Commission*”.

The form currently requires the declarants to furnish Bank Statements and/or letters from the bank confirming balances. The Commission is cognizant of the significant cost to declarants in complying with the legislation and that other methods of confirming balances now exist e.g. Automated Transaction Machine (ATM) slips and electronic Banking Statements (e-banking). This provision will allow the Commission to examine and approve whatever option is available to the declarant in complying with the requirements of the Act.

Signed:



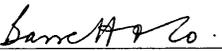
**Mr. Justice Chester Orr (Retired) C.D.  
Chairman- Commission for the Prevention of Corruption**

**AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**COMMISSION FOR THE PREVENTION OF CORRUPTION**

We have audited the accompanying balance sheet of the Commission for the Prevention of Corruption as of March 31, 2006, and the related income statement, statements of changes in accumulated fund and cash flows for the year then ended, and have obtained all the information and explanations which we considered necessary. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the Commission's affairs as at March 31, 2006 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
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May 24, 2006

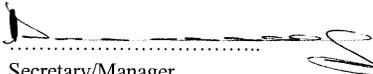
COMMISSION FOR THE PREVENTION OF CORRUPTION  
**BALANCE SHEET**  
MARCH 31, 2006

PAGE 2

	NOTE	2006 \$	2005 \$
NET ASSETS EMPLOYED			
Non-current assets			
Fixed assets	3	<u>2,066,460</u>	<u>2,592,907</u>
Current Assets			
Receivables and prepayments	4	<u>4,523,211</u>	<u>5,365,997</u>
Cash and cash equivalents	5	<u>97,562</u>	<u>21,942</u>
		4,620,773	5,387,939
Current liabilities			
Payables	6	<u>5,618,823</u>	<u>4,419,417</u>
Net Current (Liabilities)Assets		<u>(998,050)</u>	<u>968,522</u>
		<u>1,068,410</u>	<u>3,561,429</u>
FINANCED BY:			
Deferred credit	7	<u>667,135</u>	<u>874,365</u>
Accumulated fund		<u>401,275</u>	<u>2,687,064</u>
		<u>1,068,410</u>	<u>3,561,429</u>

Approved by the members of the Commission on May 24, 2006 and signed on their behalf by

  
.....  
Chairman

  
.....  
Secretary/Manager

COMMISSION FOR THE PREVENTION OF CORRUPTION  
**STATEMENT OF CHANGES IN RESERVES**  
 YEAR ENDED MARCH 31, 2006

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	Deferred Credit \$	Accumulated Fund \$	Total \$
Balance as at March 31, 2004	1,129,145	1,724,501	2,853,646
Transfers	(254,780)	254,780	-
Surplus for the year	-	707,783	707,783
Balance as at March 31, 2005	874,365	2,687,064	3,561,429
Transfers	(207,230)	207,230	-
Deficit for the year	-	(2,493,019)	(2,493,019)
Balance as at March 31, 2006	667,135	401,275	1,068,410

COMMISSION FOR THE PREVENTION OF CORRUPTION  
**INCOME AND EXPENDITURE ACCOUNT**  
 YEAR ENDED MARCH 31, 2006

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REVENUE	NOTE	2006 \$	2005 \$
Subvention from G.O.J		<u>20,041,000</u>	<u>18,403,000</u>
EXPENSES			
Staff costs	8	11,884,026	9,219,699
Auditors remuneration		125,000	110,000
Other goods & services	9	9,766,730	7,684,003
Depreciation		706,483	681,515
Loss - write-off fixed asset		51,780	-
		<u>22,534,019</u>	<u>17,695,217</u>
(Deficit)Surplus for the year		<u>(2,493,019)</u>	<u>707,783</u>

COMMISSION FOR THE PREVENTION OF CORRUPTION  
**STATEMENT OF CASH FLOWS**  
 YEAR ENDED MARCH 31, 2006

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SOURCES (USES) OF CASH	2006	2005
OPERATING ACTIVITIES	\$	\$
(Deficit)Surplus for the year	(2,493,019)	707,783
Item not affecting cash		
Depreciation	706,483	681,515
	(1,786,536)	1,389,298
Changes in non-cash working capital components		
Receivables	842,786	(5,339,567)
Payables	1,199,406	4,241,672
	2,042,192	(1,097,895)
Cash provided by operating activities	255,656	291,403
INVESTMENT ACTIVITIES		
Additions to fixed assets	(231,816)	(489,238)
Write-off fixed asset	51,780	-
	(180,036)	(489,238)
Increase(Decrease) in net cash and cash equivalent	75,620	(197,835)
Net cash and cash equivalent at the beginning of the year	21,942	219,777
Net cash and cash equivalent at the end of the year	97,562	21,942

1. IDENTIFICATION

(a) The Commission for the Prevention of Corruption is a body established under the Corruption (Prevention) Act 2000. The functions of the Commission are as follows

(i) to receive and keep on record statutory declarations furnished by public servants pursuant to the Act.

(ii) to examine such statutory declarations and to request from a public servant any information relevant to a statutory declaration made by him, which in its opinion would assist it in its examination;

(iii) to make such independent enquiries and investigations relating to a statutory declaration as it thinks necessary

(iv) to receive and investigate any complaint regarding an act of corruption

(v) to conduct an investigation into an act of corruption on its own initiative, if it is satisfied that there are reasonable grounds for such investigation.

(b) These financial statements are stated in Jamaican dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

These financial statements have been prepared in conformity with International Financial Reporting Standards and have been prepared under the historical cost convention.

(b) Basis of preparation

These financial statements have been prepared on the accrual basis of accounting

(c) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

COMMISSION FOR THE PREVENTION OF CORRUPTION  
NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

(d) Cash and Cash Equivalents

Cash and equivalents comprise cash in hand and at bank.

(e) Financial Instruments

Financial instruments are included in these financial statements at amounts which approximate their fair value.

Financial instruments carried on the balance sheet include receivables, cash and short-term investments, payables and short-term loans and overdrafts.

(f) Taxation

The Commission is exempt from income tax. Under the General Consumption Tax Act, it is entitled to acquire goods and services at a zero rate of tax.

(g) Fixed assets

Fixed assets are recorded at cost and depreciation is calculated on the straight line basis at the following annual rates:

Motor vehicle	20%
Office equipment	20%
Computers	25%
Office furniture	10%

Repairs and maintenance expenses are charged to the income and expenditure account when the expenditure is incurred.

Fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(h) Revenue recognition

The Commission receives recurrent subvention from the Government of Jamaica.

(i) Grants

Grants received are deferred where the benefit of the grant is represented by fixed assets. In other cases, the grant is brought to account as revenue for the period in which it is received. Annual transfers, equivalent to depreciation charged on fixed assets funded by the grant are made from the deferred credit to the accumulated surplus account.

3. FIXED ASSETS

	Furniture fixtures \$	Office Equipment \$	Computers hardware & software \$	Motor Vehicles \$	Totals \$
Cost					
April 1, 2005	1,223,763	498,658	1,043,542	992,612	3,758,575
Additions	41,342	190,474	-	-	231,816
Write-offs	-	(86,300)	-	-	(86,300)
March 31, 2006	<u>1,265,105</u>	<u>602,832</u>	<u>1,043,542</u>	<u>992,612</u>	<u>3,904,091</u>
Depreciation					
April 1, 2005	204,994	189,690	423,570	347,414	1,165,668
Charge for the year	126,510	120,566	260,885	198,522	706,483
Write-offs	-	(34,520)	-	-	(34,520)
March 31, 2006	<u>331,504</u>	<u>275,736</u>	<u>684,455</u>	<u>545,936</u>	<u>1,837,631</u>
Net Book Value					
March 31, 2006	<u>933,601</u>	<u>327,096</u>	<u>359,087</u>	<u>446,676</u>	<u>2,066,460</u>
March 31, 2005	<u>1,018,769</u>	<u>308,968</u>	<u>619,972</u>	<u>645,198</u>	<u>2,592,907</u>

4. RECEIVABLES & PREPAYMENTS

	2006 \$	2005 \$
Grants receivable	4,497,211	5,339,997
Deposit - petrol	6,000	6,000
Deposit - stamps	<u>20,000</u>	<u>20,000</u>
	<u>4,523,211</u>	<u>5,365,997</u>

COMMISSION FOR THE PREVENTION OF CORRUPTION  
 NOTES TO THE FINANCIAL STATEMENTS

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5. CASH AND CASH EQUIVALENTS

	2006	2005
	\$	\$
Cash in hand	10,000	10,000
Cash at bank	<u>87,562</u>	<u>11,942</u>
	<u>97,562</u>	<u>21,942</u>

6. PAYABLES AND ACCRUALS

	2006	2005
	\$	\$
Pension contributions	4,497,211	3,278,583
Accruals-Audit fee	125,000	110,000
Telephone	14,358	15,834
Electricity	665,751	900,000
Payables re equipment	115,000	115,000
Gratuity	<u>201,503</u>	<u>-</u>
	<u>5,618,823</u>	<u>4,419,417</u>

7. DEFERRED CREDIT

This represents grant received to acquire fixed assets. Transfers equivalent to depreciation charged on these assets are made annually to the accumulated fund.

COMMISSION FOR THE PREVENTION OF CORRUPTION  
 NOTES TO THE FINANCIAL STATEMENTS

PAGE 10

8.	STAFF COSTS	2006	2005
		\$	\$
	Compensation to officers	11,146,416	8,928,819
	Employer's statutory contributions	<u>737,610</u>	<u>290,880</u>
		<u>11,884,026</u>	<u>9,219,699</u>
9.	OTHER GOODS AND SERVICES	2006	2005
		\$	\$
	Postage & courier	24,015	49,125
	Repairs & maintenance	62,571	64,755
	Motor vehicle expenses	62,516	53,159
	Bank charges	8,587	7,510
	Travel & subsistence	665,860	681,132
	Printing, stationery & photocopying	16,579	161,187
	Office & sundry supplies	529,200	542,269
	Rental of office space	4,867,755	2,826,028
	Rental of parking space	41,790	21,610
	Telephone and internet services	197,492	97,228
	Board members fee	2,280,000	2,280,000
	Electricity	<u>1,010,365</u>	<u>900,000</u>
		<u>9,766,730</u>	<u>7,684,003</u>