Jamaica Accountability Meter Portal Limited

IBP Webinar series: Monitoring government budget execution in the COVID era

Contact us jmp@jampja.org

Nov 24, 2020
Catalyzing Collective Action

November 26-28, 2014

Street stand to demand of the Prime Minister, the resignation of the Board of Jamaica’s premier Housing Agency for the questionable acquisition of a tourist attraction.

Part Four – Purchase of loan related to Orange Grove Property

Purchase of loan related to Orange Grove Property

4.1 In December 2012, the NHT Board approved the purchase of the loan of $180 million from a Merchant Bank in exchange for the assets owned by Orange Valley Holdings Limited (OVHL) valued at $311.16 million. NHT and the Mortgagee signed the sales agreement on March 15, 2013, and finalised the transactions on May 27, 2013. During the course of the Board’s deliberation in December 2012, the Chairman advised that several options could be contemplated for the use of the property. However, there was no evidence that the Board decided on the operational activities that would be undertaken at the property.

4.2 We noted that the Managing Director’s submission to the Board, dated November 28, 2012 states that “an urgency was created because of a provisional order by the Court to sell the home of the guarantors for the loan and the final order was expected to be handed down on November 20, 2012 if Orange Valley Holdings Limited failed to settle the debt.” In January 2013, NHT conducted a site assessment of the property which indicated “that the property does not appear to facilitate the NHT’s mandate for affordable housing solutions and is more suited for recreational/heritage type facility.” In February 2013, NHT commissioned a valuation appraisal, which valued the property at $280 million; a difference of $311.16 million (or 10 per cent) when compared with the valuation of $311.16 million conducted in September 2011. Further, NHT incurring additional cost of $28 million for salary and other administration expenses related to the Orange Grove property.

2016 USAID funded Citizens Budget & Guide conducted by the Institute of Law & Economics – Consultant Jeanette Calder

2016 European Union funded – Assessment of Jamaica’s SAI Audit Reports and responsiveness of the auditees - Consultant Jeanette Calder

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Money for Consolidated Fund ‘detoured’ to buy cars

Edmond Campbell/Telegraph Staff Reporter

The Ministry of Economic Growth and Job Creation (MEGJC) has used funds set aside in its Calendar Deposit Account, which should have been sent to the Consolidated Fund at the end of the financial year, to purchase five motor vehicles.

Shameful! - Ministry Of Labour And Social Security Pays Out More Than $200m In Unapproved Travel Allowances

Investigation unearths poor governance practices at NIF

By Althea Saunders

Careless NWC wasting billions

CARELESSNESS BY the National Water Commission (NWC) is causing the already unstable water supply in the country to be even worse, according to an MP.

Auditor general concerned about NWA’s quality assurance

Finance ministry frustrates AG probe regarding KCT terminal

Careless NWC wasting billions

Auditor general blasts INSPORTS

Real sweetheart deal!

Auditor General uncovers high level of non-performing loans at JMB
Project Goal
To increase the quantity, quality and distribution of public goods and services, through the reduction of waste, loss, fraud and corruption in the stewardship of funds and assets.

Outcomes

- **Strengthen**
  Accountability mechanisms of Government

- **Educate**
  Public on PFM & the mechanics of our accountability framework

- **Stimulate**
  Public engagement in Jamaica’s governance in particular the Parliamentary process.

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JAMP Objectives

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Buy-In

Stakeholder 1
The Auditor General of Jamaica, the Public Accounts Committee Chair and the Major Organised Anti-Corruption Agency

Stakeholder 2
Access to Information Unit operating out of the Office of the Prime Minister

Stakeholder 3
EUROPEAN UNION, Private Sector Organisation of Jamaica and the Inter-American Development Bank

Stakeholder 4
Press Association of Jamaica and the Department of Government at the University of the West Indies

Citizens & CSOs

State Watchdogs

Access to Information Unit

Media & Academia

Donor Partners Int’l & Local

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MONITORING TOOLS

ACCOUNT-A-METER

The Account A Meter is an accountability tool. It highlights and tracks breaches of Government policy and regulations.

Click Here
ACCOUNT-A-METER

Found 4 Results.

1. [2015 - 2018] NHT – $180 Million Expended for Entertainment Facility Unsuitable for Housing Development
   Breach in Resource Management | No Comments
   The audit sought to determine the level of due diligence undertaken by NHT, prior to investments and land acquisitions. In December 2012, the NHT Board approved the purchase of...

   Breach in Governance | No Comments
   Decision No.17 of the Cabinet approved an Accountability Framework that required Permanent Secretaries to obtain copies of Board Minutes from all public bodies under their portfolio. The Auditor General...

3. [2015 - Ongoing] NHT – Spent $1.07 Billion for Incorrect Property Acquired from NHDC (Now HAJ)
   Breach in Resource Management | No Comments
   The Auditor General...

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national housing trust
Government Ministries
Types of Breach
Compliance Status

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NHT – $180 Million Expended for Entertainment Facility Unsuitable for Housing Development

Office of the Prime Minister (OPM)

Auditor General’s Findings

1. The audit sought to determine the level of due diligence undertaken by NHT, prior to investments and land acquisitions. In December 2012, the NHT Board approved the purchase of a loan of $180 million from a Merchant Bank in exchange for the Outameni Experience property owned by Orange Valley Holdings Ltd. A January 2013 technical report to the Board indicated that “the property does not appear to facilitate the NHT’s mandate for affordable housing solutions and is more suited for recreational/heritage type facility.” The sale was finalised on May 27, 2013 and the Auditor General found no evidence to support that the Board’s decision was based on their being clear on how the property would be used. It was therefore not clear how the NHT could explain the investment.

2. Since the date of the transfer of the title, NHT assumed full responsibility for the ongoing operational costs which at the time of the report totalled $28,098,086.00. The NHT had not received approval from the Ministry of Finance prior to spending $13,623,081 to hire a new Park Manager and six former Outameni employees, as is required.

Peronent Secretary (current): Audrey Sewell
Peronent Secretary (at breach): Onika Miller
Breach Category: Resource Management
Breach Type: Lack of Evidence to Support Decisions
**RECOMMENDATION**

1. In keeping with its responsibility under Section 6 of the Public Bodies Management and Accountability (PBMA) Act, the Board should take the necessary steps to enhance its due diligence process undertaken prior to investments and acquisition of land so as to maximise return on investment and ensure that all properties acquired are suitable for housing development. This due diligence should include an appraisal of all investment opportunities to determine, at a minimum, the cash flow impact and the expected rate of return on the investment.
2. The Board should also ensure that there is a robust records management system to provide evidence of the due diligence undertaken.
3. NHT’s Board should instruct management to develop an action plan for all properties that deemed unsuitable for affordable housing development.

**JAMP UPDATE**

1. The then Prime Minister, Portia Simpson Miller in response to public demand (including a protest by the Emancipation Statue), changed the members of the Board who had not already resigned and retained four of the existing members.
2. The new board has established a Properties Evaluation sub-committee of the Board and issued instructions to fully examine options for the sale, lease or any viable alternative. Based on the recommendations of the sub-committee, the Board decided to divest the property. Since 2015, the Trust has spent $40.8M on salaries and allowances, $293.3M on security and invested $2.78M on advertisement costs since 2015. The property still remains in the possession and upkeep of the Trust without a buyer.
Rest of details can be found below in link "See ATI Response"

1. **Total spent up to August 31, 2019** on the Outameni property = **$290.2 Million**
2. The NHT has received approval from the Ministry of Finance for the terms of engagement/payment for the staff now responsible for maintaining property and ensure value for eventual sale.

**NOTE:** Though the NHT is not yet successful in selling the property, it has been making all reasonable effort to do so. As it is the market that determines the offer and sale, JAMP considers the NHT to be in compliance for having done all that was required of the new Board.

**ATI Responses**

- Ref. No: 1/09-04-10 – Application requesting access to documentation to substantiate cost incurred on the Orange Grove/Outameni property

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Start the discussion...
Reports
- Auditor General’s Department Performance Audit Report – National Housing Trust
- AG Summary of Findings (2015)

Newspaper Articles
- “Tired of being shafted by the Government” says the citizen
- Auditor General’s comments on OPM’s poor oversight of NHT Board
- Civil Society suspends their support in Partnership for Jamaica over Outameni purchase
- Former board member says NHT Board “was more or less a free-for-all”
- NHT Chairman Easton Douglas claims “I have done nothing wrong” and refuses to resign
- NHT’s failed attempts to divest the property
- Private Sector Organisation of Jamaica President calls for the removal of the NHT Board
- The Public Accounts Committee hearing with new Board Chair Dr. Carlton Davis

Videos
- Outameni.com
- ERICA’S EDGE
- SPECIAL REPORT

Most Recent Breaches
- MOF – $20,631,630.95 overpayments to early childhood practitioners no longer in the system
  March 1, 2019 | No Comments
- MOE – Approx $224.8 Million in value was associated with poor procurement practices.
  February 29, 2020 | No Comments
- MOE – $22.8 million Uninterrupted Power Supply unused by the Ministry 2 years after purchase
  February 29, 2020 | No Comments
- SERHA – $1.3 Billion owed to creditors in breach of Financial Administration and Audit Act
  February 29, 2020 | No Comments
- SERHA – $112.7 million spent in breach of procurement guidelines
  February 29, 2020 | No Comments
<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tbody>
<tr>
<td>2015</td>
<td>NHT – $180 Million Expended for Entertainment Facility Unsuitable for Housing Development</td>
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<td>2015</td>
<td>NHT – OPM Left Ignorant of the Board’s Investment Decisions</td>
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<td>2015</td>
<td>NHT – Paid $342.6M to acquire six properties deemed unsuitable for housing</td>
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<td>NHT – Spent $1.07 Billion for Incorrect Property Acquired from NHDC (Now HAJ)</td>
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**Resources**

1. **Knowledgeable Consultants**  
   Effective procurement is key

2. **Your Knowledge base**  
   Knowledge of Jamaica’s accountability framework particularly the legislative.

3. **Solid advisory board**  
   Persons possessing expertise in digital technology, civil society advocacy, public policy and, communication (social media)

**Challenges**

1. **Consultant Competence**  
   Loss of time and funds having to redo work and rehire help

2. **Engagement in COVID**  
   Establishing a strategy to compensate for digital engagement.

3. **Gaining public trust**  
   Navigating the political space. Building credibility to mute or neutralise questions around the organisation’s agenda

**Tips**

1. **Jurisdiction Assessment**  
   Do you have a Freedom of Info Act & Is the SAI willing to work with citizens/CSOs

2. **Get Early Buy-in**  
   Identify key stakeholders & let them be a part of the development process

3. **Build Relationships**  
   Auditor General  
   Private Sector  
   ATI Officers

Contact us [jamp@jampja.org](mailto:jamp@jampja.org)  
Visit us [www.jampja.org](http://www.jampja.org)
Digital Advocacy - Next Steps

**Procurement Tracker**
All public contracts over USD $3,600 between 2006 to present will be converted to an interactive data visualization tool.

**Sectoral Commitment Tracker**
Tracking commitments made in all sectoral budget presentations.

**Public Board Tracker**
Developing a corporate governance checklist to create an early warning system for budding governance issues.

**Election Campaign Finance Tracker**
Tracking compliance of all electoral candidates to ensure submission of financing audits.
Thank You IBP

Contact us jamp@jampja.org

www.jampja.org

November 24, 2020
Kingston, Jamaica

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