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## **FOR IMMEDIATE RELEASE**

Thursday, July 30, 2020

### **JUTC BOARD CALLS ON AUDITOR GENERAL TO RETRACT PERFORMANCE REPORT**

**SPANISH TOWN, St. Catherine** – The Board of the Jamaica Urban Transit Company Limited, JUTC, notes the public interest generated from the publishing of the findings of the Auditor General's performance report into the operations of the bus company. The report which highlights several deficiencies and breaches across the former administration (2014-2015 and 2015-2016) and the current is indicative of broad and wide ranging challenges. While we appreciate the incisive analysis of the issues raised by the Auditor General, the Board and Management wish to make it clear, that there are some areas of the report which require further elaboration for accuracy.

In relation to the breaches identified, we acknowledge that all is not well at the company and we will implement several of the recommendations made by the Auditor General notwithstanding some of the inaccuracies contained in the report.

In relation to breaches identified, we will expound on some which require further elaboration and context.

The Auditor General has identified that the JUTC has unapproved staff capacity that cost an accumulated \$1.115B. We acknowledge this challenge, but note that this has been a long standing issue, which did not start three or four years ago. This dates back to 2006 during which time we have written to the Ministry of Finance on several occasions to have post established.

The matter regarding post numbers was brought to the Company's attention by the Ministry of Finance during the period November 2014 to January 2015. Since then the Company has been

seeking the assistance of the Ministry of Finance for the establishment of posts. The exercise commenced in January 2015 but was halted in August 22, 2016 due to a change in administration. A post audit exercise was done in July 2019 and we await the results of same. We have since reduced our staff complement from 2252 in May 2016 to 1956 as at July 2020.

As it regards the matter of the company exceeding overtime budget by \$728M; the management of the bus company recognise that this is a serious issue requiring urgent action. The Board has taken the following decisions following a meeting with senior managers this morning.

- Any expenditure outside of budget must be taken to the Finance Committee for discussion/approval
- All overtime must be sent to HR Committee, then to Finance along with management's justification.
- In May the Company approved and implemented an Overtime Policy.

Since March 2020 overtime has been reduced from \$25.83M to \$11.34M in June 2020.

In relation to parts, supporting documents were provided for \$223.4M of parts received. The balance \$199.2M consisted of \$3.8M of parts placed on buses during service by the dealer, \$8.4M represented tools used by the mechanics and posted to fixed asset and \$186.9M including upgrade to the Electronic Fare Collection System, purchase of SmarterCards and drilling services. This was not captured by the Auditor General despite providing them with the details of the expenditure.

Consequently, the Board has written to the Auditor General to retract the Report because it has factual and inaccurate information. We are not saying all the Report is wrong, but it failed to mention several measures and pieces of information requested and provided.

The Board notes that since the inception of the JUTC, the bus company has been hampered by the vicissitudes of the socio-political climate in which it operates and the lack of continuity in policy. As a result we suffer from attrition in areas such as maintenance.

In relation to the matter of unqualified staff, the Board has mandated the following:

- all persons without qualifications must commence enrolment of a programme in the area of their work/specialisation no later than September 2020 at a recognized tertiary institution
- If by this date there is no progress, the Board will sanction such employee.

The Board reiterates that it is committed to and has adopted a range of measures to ensuring greater levels of adherence to good corporate governance and enhanced internal procedures.

Meanwhile, it is to be noted that the final report was emailed to the Office of the Managing Director on Monday, July 27, 2020 at 10:18am for final review and comments before submission to the Houses of Parliament on Tuesday, July 28. The Managing Director was asked to confirm whether -

1. "JUTC agrees with the figures included therein, including the numbers reflected in the Key Findings;
2. All pertinent information has been provided by JUTC specific to the observations raised; and
3. All information contained in the report is accurate (errors and/or omissions)."

We find it extremely unfortunate this action taken by the Auditor General's office and place on record our disappointment.

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