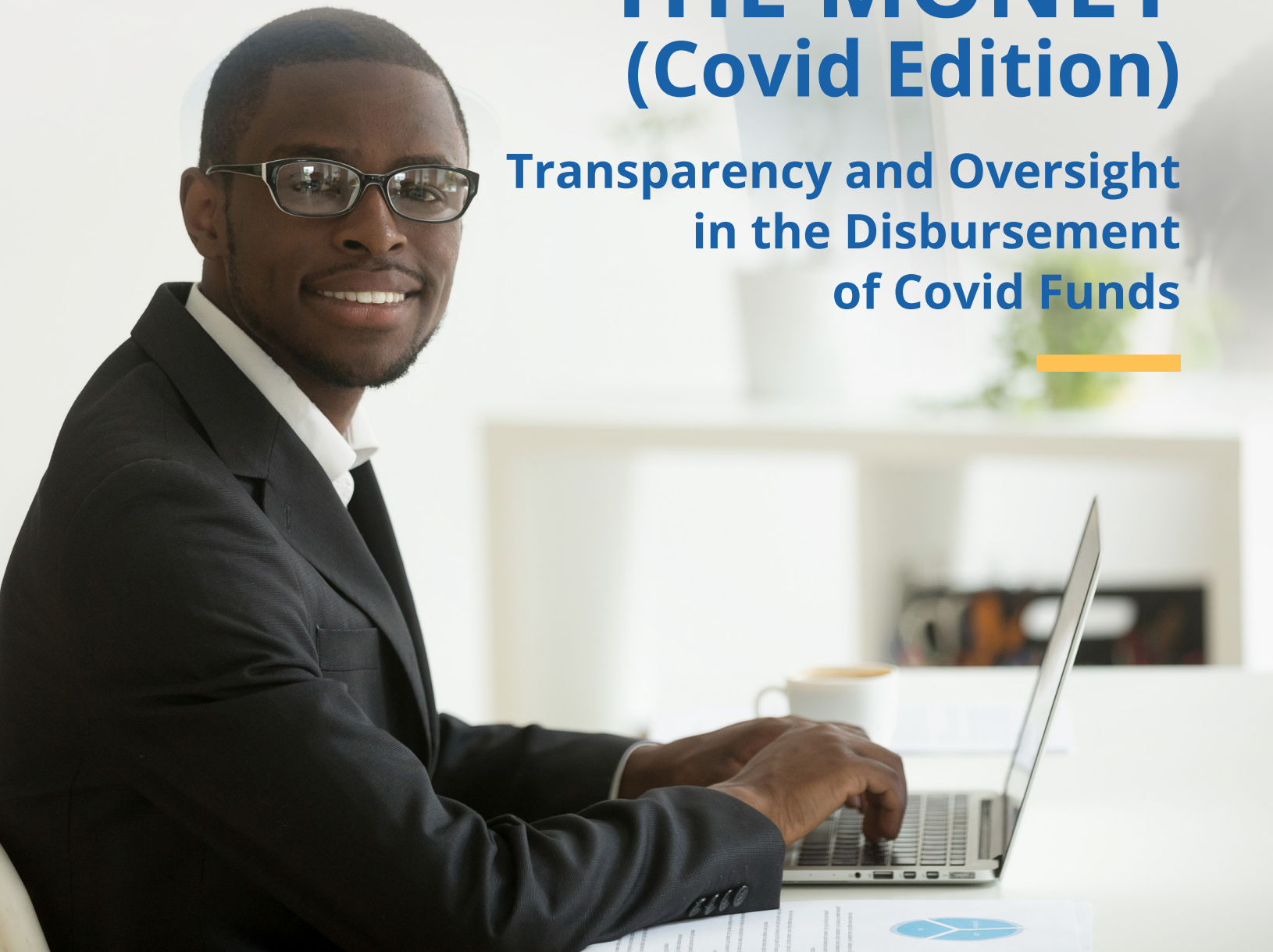




# FOLLOWING THE MONEY (Covid Edition)

Transparency and Oversight  
in the Disbursement  
of Covid Funds

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# **Following the Money (Covid Edition): Transparency and Oversight in the Disbursement of Covid Funds**

**Caribbean Policy Research Institute (CAPRI)  
Kingston, Jamaica**

**This study is International Budget Partnership.**

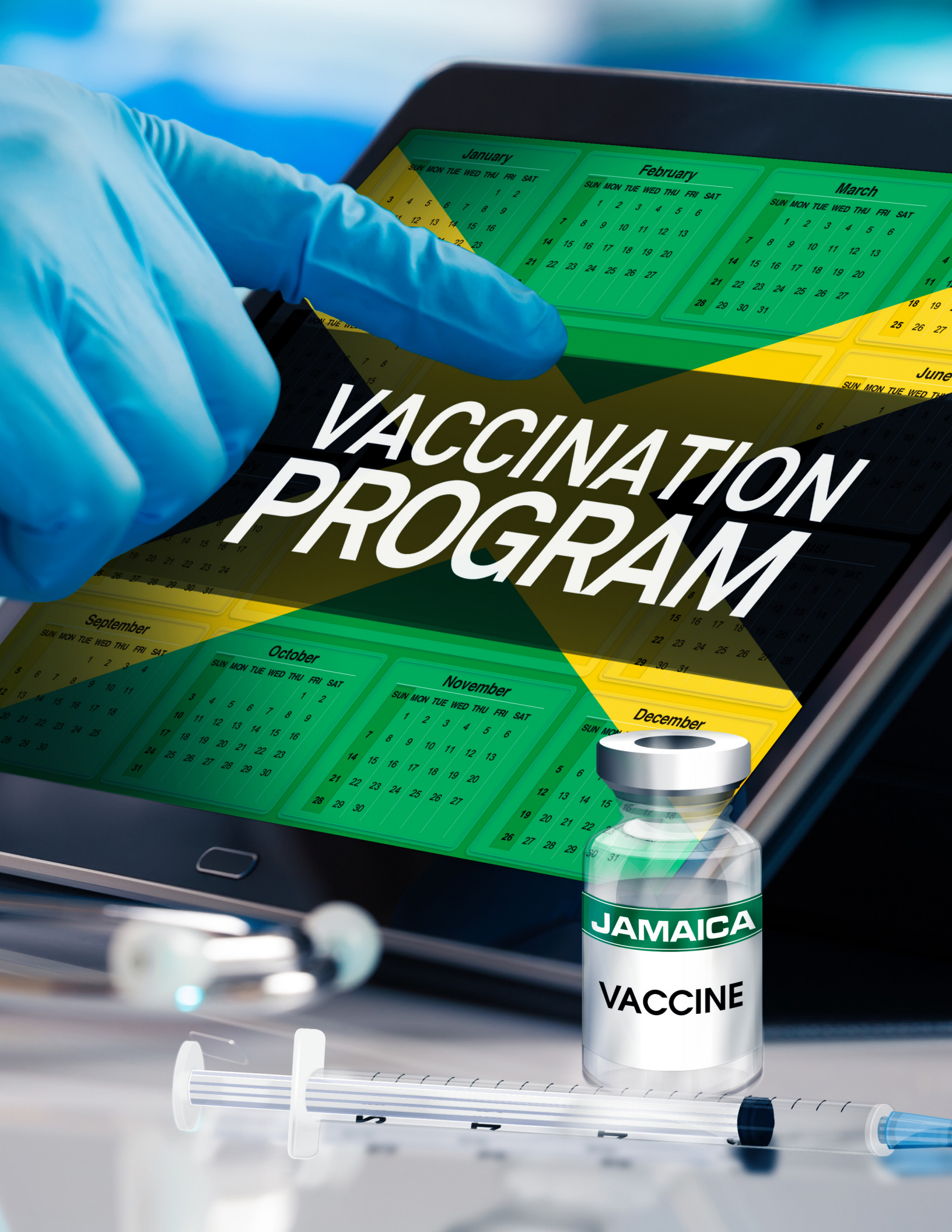
The views and opinions in this report do not necessarily represent those of the International Budget Partnership. The Caribbean Policy Research Institute is solely responsible for all its contents.

**Lead Researcher: Monique Graham  
Research Assistant: Shana-Kay Chisholm**

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# VACCINATION PROGRAM



January

February

March

September

October

November

December

JAMAICA

VACCINE

# Introduction

The first COVID-19 case was registered in Jamaica on March 10, 2020, just a month after the government had tabled its \$853 billion budget for the April 2020 – March 2021 fiscal year. Within the next month, the government had launched a \$25 billion stimulus package—the largest in the country’s history—including tax benefits and a cash transfer programme to individuals and businesses to cushion the economic impact of the pandemic.

Across the world, as in Jamaica, the pandemic challenged governments’ capacity to manage resources effectively and equitably. Fiscal responses varied across countries, but everywhere they represented unprecedented departures from normal fiscal policy processes.

With fiscal resources moving around on such a massive scale, civil society partners across 120 countries, including the Caribbean Policy Research Institute (CAPRI) in Jamaica, worked with the International Budget Partnership (IBP) to take a closer look at how governments managed their initial COVID-19 fiscal policy responses. Our goal was not just to assess how governments fared, but to generate lessons on how they can respond better, both to



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the ongoing COVID-19 situation as it continues to unfold, and to future such crises. This rapid assessment of “emergency fiscal policy packages”—sets of policy initiatives aimed at addressing the impact of the COVID-19 emergency—focused on three critical areas of accountability: public access to relevant information, adequate oversight, and opportunities for citizen engagement. Together, these pillars ensure public resources are used effectively, that peoples’ basic needs and priorities are adequately addressed, and that governments can be held accountable for their choices.

# Assessment

## Accountability

**In Jamaica, comprehensive budget documents, a robust legislative approval process, and existing laws on emergency contracting paved the way for strong accountability.**

**J**amaica scored among the top quarter of countries assessed in terms of overall levels of accountability in early COVID-19 fiscal policy responses.

The government published sufficient information relevant to the stimulus package, which could be found in some of the country's regularly published budget documents. That this was a crisis became clear just after the 2020/21 budget was tabled in March, within two months the government tabled a so-called "supplementary" budget with the revised fiscal estimates. These new, detailed estimates helped the public track how much funds were going to each COVID-related programme.

Legislative oversight of the stimulus package was relatively strong. As is usually the case in Jamaica, parliament debated the proposed revised budget before vot-



ing on it; had at least two weeks to review and discuss the proposed revised budget before holding a vote on it; and held a

vote on the proposed revised budget before the package was implemented.

Finally, Jamaica already had a legal framework in place for emergency contracting of services. Most countries, almost two thirds of those surveyed, published very limited information on the introduction and use of simplified pandemic-related procurement procedures, making it difficult to assess if governments were getting value for money in purchases of medical equipment or other goods and services. In contrast, in Jamaica, the 2006 Procedures for Emergency Contracting provided a policy rationale for emergency procedures, clear criteria for inclusion, and additional transparency requirements for contracting in circumstances such as pandemic. While these procedures exist, however, there has been some scrutiny surrounding the level of adherence.



## Oversight

**Jamaica’s Auditor General’s Department undertook real time audits of key spending measures and worked with the Ministry of Finance on audit recommendations.**

In only about a quarter of the countries assessed were government auditors able to produce and publish audit reports before the end of 2020, timely enough for it to represent an independent check on COVID-19 spending as it happened. In Jamaica, upon

the specific request by the Minister of Finance, the Auditor General’s Department published three concurrent audit reviews of the government’s cash transfer programme—the COVID-19 Allocation of Resources for Employees (CARE) Programme, which was a key component of

the government’s overall stimulus package—by the end of 2020. The Ministry of Finance held up payments until after the audit had happened, and worked closely with the supreme audit institution to follow up on audit recommendations, such as the removal of duplicate applications.



**Jamaica scored among the top quarter of countries assessed in terms of overall levels of accountability in COVID-19 fiscal responses.**

## Consultation

**Decision-making on the formulation and implementation of the stimulus package included very little or no input from the public, especially from those most impacted by the crisis.**

In Jamaica, as was the case around the world, citizen participation in the formulation and execution of COVID-19 policy responses was virtually non-existent, depriving the government of contributions which could greatly improve the effectiveness of their actions. IBP’s local research partner CAPRI, for example, surveyed 1,500 residents of 23 deprived communities across a representative majority of the island’s parishes. Though unemployment in these

communities doubled when the crisis hit, from 20 percent to 39 percent—and though most of those who had received remittances prior to the pandemic received less or stopped receiving any—a full three quarters of those surveyed did not benefit from the CARE Programme, most (57 percent) of whom did not apply because they did not know about it.<sup>1</sup>

Moreover, despite the growing evidence on the disproportionate impact of the

pandemic on women and girls, including impacts on employment, health, and domestic violence, Jamaica did not publish data disaggregated by sex for policy initiatives that might have a differential impact on women and men, or adopt any policy initiatives specifically targeted to women.





# Recommendations

Jamaica has demonstrated that an urgent and speedy response to crises like the COVID-19 pandemic does not have to come at the expense of accountability. Notwithstanding, there remain a number of steps the government can take, both immediately as the COVID-19 crisis continues to unfold and going forward in preparation for future crises.

## 1. Integrate innovation and good practices that emerged during the COVID-19 crisis into regular budget processes and procedures going forward.

Features such as the innovative auditing practices implemented jointly by Jamaica's Ministry of Finance and Public Service and Auditor-General should be extended for use in normal times.

## 2. Enable the public to provide input into the formulation, approval, and execution of additional emergency fiscal policy packages, perhaps through the vehicle of an oversight committee on the model of Economic Programme Oversight Committee (EPOC).

The Ministry of Finance and the Public Service, Parliament, or the Auditor General's Department should put in place mechanisms for civic actors to provide information to better target and implement programs, protect spending allocations for critical sectors, or advocate for expanded relief for vulnerable groups whose lives and livelihoods were devastated by the pandemic.

For instance, in Chile, the government set up the Comisión del Gasto Público, a consultative body including several CSOs, in January 2020 to help improve the transparency, quality, and impact of public spending. During the pandemic, this body produced reports and recommendations on the transparency and effectiveness of the government's COVID-19 response policies and systems. The Government of Jamaica could set up such a body to help improve the transparency, quality, and impact of public spending both during crisis periods and normal times.

Or in El Salvador, the legislature set up an ad hoc committee to follow the operations of the COVID-19 emergency fund with members from CSOs and academic centers. The Jamaican parliament could establish a similar committee.

The Jamaican government already has a template for such an oversight and consultative committee in EPOC that was established to monitor the two recent successfully implemented IMF programmes. A key part of EPOC's responsibility was precisely to liaise between the public and the policy-makers.

### 3. Provide up-to-date implementation information on web portals, including data and analysis on budget execution and performance, disaggregated by impact on disadvantaged groups, such as women and girls.

By using existing data and resources, the government could work towards targeting women and girls directly or ensuring that gender-disaggregated information is made available for monitoring. Jamaica publishes monthly Central Government Operations Tables. These could be a good place in which to include data and analysis on budget execution and performance of pandemic-related initiatives. Again, the government could follow the example of countries that have done something similar. For instance, in Peru, a joint government-civil society working group published a report looking at the impact of the government's COVID-19 response on various groups. The Peruvian government also has a page on its open data portal where it provides updates on the level of implementation of specific programs.



# Appendix

## Real-Time Evaluation of the Covid-19 Allocation of Resources for Emergency (CARE) Programme in Jamaica.

On March 10, 2020, the Minister of Finance, Dr. the Hon. Nigel Clarke, outlined in his opening budget presentation the use of the J\$7 billion fiscal contingency to finance a fiscal response to the pandemic. Two weeks later, the allocation was increased to J\$10 billion and earmarked specifically for spending stimulus under the Covid Allocation of Resources for Employees (CARE) Programme.<sup>2</sup> The CARE Programme was designed to support the neediest segments of the society, whether businesses or individuals, to mitigate the economic contraction that was underway.

The systems to deliver a targeted intervention of this magnitude, in the required timeframe, did not exist prior to the pandemic and so, had to be purpose-built. This required a multi-disciplinary team from the Ministry of Finance and the Public Service (MOFPS), the Accountant General's Department, Tax Administration Jamaica (TAJ), and eGov Jamaica Limited (eGov) to build the required electronic infrastructure. Launched April 30, 2020, the CARE programme consisted of nine categories – Business Employee Support and Transfer of Cash (Best Cash), Supporting Employees with Transfer of Cash (Set Cash), COVID-19 General Grants, COVID-19 Compassionate Grants, COVID-19 PATH Grants, COVID-19 Small Business Grants, COVID-19 Tourism Grants, COVID-19 Student Loan Relief and other COVID-19 Support Programmes – with varying requisite criteria.

Given the uniqueness of the system – both in terms of the size of the package and the timeframe to build the infrastructure and to deliver the benefits – the MOFPS requested that a review of the information systems infrastructure governing the CARE programme be conducted by the AuGD. The general objective of the real-time audit was to strengthen the accountability, transparency, and integrity of the process. The Information Systems Review would assess the risks associated with the CARE Programme, evaluate the control framework, and determine whether reliance can be placed on the systems and processes used in administering the programme. Thus it provided reasonable assurance that only qualified and legitimate applicants benefitted under the components of the programme.<sup>3</sup>

In considering the request from the MOFPS, the AuGD reassessed its operational plan and procedures to evaluate the feasibility of conducting the real-time audits, which, prior to the pandemic, was not a part of their service portfolio. This involved an examination of emerging risks to the AuGD and the reallocation of human resources required to support the department in meeting the needs of its stakeholders.<sup>4</sup>

Audit teams were required to develop methodologies and procedures to execute the audit, allowing for the prompt publication of the findings.<sup>5</sup> Such real-time review involved extracting elements of the software model on which the CARE programme was built and adapting that to audit methods to enable concurrent audits of the programme during the developmental stages.<sup>6</sup> As is consistent with general audit practices of the department, the methodology applied had to be in accordance with the International Standards for Supreme Audit Institutions.

The scope of the audit involved information technology systems and resources applicable to the various components examined. For the CARE and PATH Programmes, the respective information systems included the CARE programme's portal system, the Revenue Administration Information System (the tax administration's database), and the Beneficiary Management Information System (PATH recipient's database). Beyond those, the audit's methodology was the usual auditor's toolkit of document reviews, interviews with management, staff, and key stakeholders, and an analysis of information provided by eGov, TAJ, MOFPS, Accountant General Department, the Ministry of Culture, Gender, Entertainment and Sport, Tourism Product Development Company, and the Ministry of Labour and Social Security.

Coming out of these real-time audits, the AuGD published three reports by the end of 2020 – May, June, and December – each assessing different categories of the programme. This activity not only strengthened the capacity of the auditors and expanded the AuGD's service portfolio to the integration of innovative audit practices such as the conducting of real-time audits, but it identified critical gaps in the CARE system that would have impeded its efficacy, to which question we now turn.<sup>7</sup>

## Greater Efficiency and Accountability of CARE Programme

Overall, the concurrent auditing of the CARE Programme was effective in identifying inherent risks regarding the eligibility, processing, and disbursement of grants, and also effective at proffering implementable controls to reduce the identified risks. Evidence of success was outlined in the government's mid-year budget report, the Interim Fiscal Policy Paper. As of October 2020, almost half a million Jamaicans, a quarter of the adult population, had benefitted from the CARE Programme (two-thirds of which received the Compassionate Grant). In June 2021, the Minister of Finance announced an extension of the BEST and SET Cash Grants to eligible applicants (existing and new) which resulted in an additional 55,000 Jamaicans benefitting.<sup>8</sup>

## Results of the Real-Time Audits

The execution of three real-time audits were important in identifying the existence of possible gaps in the system that would have reduced the efficacy of the government's efforts to prioritise and channel interventions first to the neediest segments of our society. Each of the reports examined different components of the CARE programme with regard to the efficiency of information systems. The May report was an audit of the infrastructure of the information systems governing the CARE programme. For June and November, the reports reflect a compliance audit on the eligibility, processing, and disbursement guidelines on various components of the CARE programme. The discussion to follow will highlight aspects of each report.

The first real-time audit report probed the general and application controls of the CARE programme. The general controls sought to determine whether the internal control's structure was sufficient to support confidentiality, integrity, and availability of information in the system. Complementing this is a review of the application controls which focused on the gradual processing and handling of data, from the application stage to the approval for disbursement.

This May assessment revealed that while internal controls were sufficient to identify an applicant by validating name, Tax Registration Number, and date of birth, applicants were able to successfully submit applications contrary to the specifications of the Compassionate Grant and SET Cash component of the CARE programme.<sup>9</sup> Albeit minimal, the audit found five duplicate applications which overrode the control that denies an applicant from benefiting from more than one grant. Subsequently, eGov, the developers of the system, informed that the necessary controls had been improved with the intention of reducing this risk.

Another risk identified was with applicants for whom being employed made them ineligible for the Compassionate Grant which explicitly targeted the unemployed or informally employed.<sup>10</sup> This risk was due to the negligence of organizations in filing their annual tax returns on time, causing employees to be excluded from payroll information in the tax administration's databases. Corroborating this finding, eGov re-executed eligibility just prior to disbursement to mitigate this risk.

The June audit focused on the eligibility, processing (bank account validation), and disbursement guidelines for the Compassionate Grant and COVID-19 PATH Grant. It revealed that, as with the May audit, risks regarding eligibility of the Compassionate Grant persist. Based on the safeguards previously instituted by eGov, almost 1,500 applications were tagged as ineligible. Further analysis found that approximately 61 percent of those were likely to be pensioners receiving income from former employers and so would appear on the payroll. However, given the requirements for the grant, pensioners were in fact eligible.<sup>11</sup>

The COVID-19 PATH Grant targets individuals enrolled in the Programme of Advancement Through Health and Education (PATH), prior to the pandemic was Jamaica's only cash transfer programme. Previous audit reports on the PATH programme would have highlighted the presence of illegitimate or duplicate beneficiaries.<sup>12</sup> Therefore, this review sought to determine whether only qualified and legitimate PATH beneficiaries received payments by cross-checking the Beneficiary Management Information System (BMIS).

In general, a majority of the beneficiaries of the COVID-19 PATH Grant were found in the BMIS. However, due to a malfunction in the BMIS, 776 ineligible individuals were inadvertently added to the system and so, benefited from this grant. A total amount of J\$5,413,100 was approved for payment to these ineligible applicants. Having recognized this, the AuGD recommended that the Ministry of Labour and Social Security – the ministry with responsibility for the PATH programme – engage in routine reviews of the system to ensure the enforcement of eligibility controls.

The final real-time audit, conducted in November, assessed the eligibility, processing, and disbursement guidelines for the BEST Cash and the COVID-19 General Grant. These grants were designed to keep the productive capacity of the economy functioning, especially sectors on which our economy depend like tourism. The BEST Cash provided temporary cash transfers to registered businesses oper-

ating within the tourism industry and who were registered with the Tourism Product Development Company. In contrast, the General Grant provided a one-time payment to specific occupation categories – craft vendors, entertainment practitioners, early childhood educators, cosmetologists and tonsorial professionals, and public passenger vehicle operators – registered with the respective authorities. While there were no discrepancies regarding the BEST Cash Grant, the audit report found that the necessary controls to verify eligible beneficiaries for the General Grant were inadequate. Due diligence was not conducted by the responsible agencies to provide assurance that information pertaining to beneficiaries were legitimate. Instead, some agencies relied on third parties to verify eligible individuals. This resulted in a higher risk of unqualified persons benefiting from the General Grant. Following this finding, the AuGD recommended that interventions to validate information by third parties be established to mitigate this risk.

## Civic Actor Response

Notwithstanding the successes of the programme, a policy report published in July 2021 questioned the efficacy of the government’s efforts to target the most vulnerable. The Caribbean Policy Research Institute (CAPRI) conducted research on the socioeconomic state of the vulnerable communities in Jamaica, during the pandemic. The report, “Locked down, Locked out”, found that cash transfers were not widely accessed by the people in the most deprived communities.<sup>11</sup> This was primarily due to persons being undocumented – that is, they either lacked a legal identification, a tax registration number, or both. As such, the government’s efforts, to an extent, was not achieved as the neediest were precluded from accessing benefits.

This finding, uncoincidentally, highlights the difficulty in reaching marginalized populations who lack the necessary means of identification, posing an inherent risk with regards to maintaining information controls. Therefore, the report recommended that the prerequisites to accessing these benefits, such as the implementation of a National Identification System, be emphasized to (1) increase the potential impact of these initiatives, and (2) strengthen existing identification systems like the PATH programme’s BMIS.

## Requisite Legislation and Procedures Established

In Jamaica, the requisite preconditions for enabling the effective real-time auditing of the CARE Programme had been already established. Firstly, the government actively engages in practices that foster transparency and accountability. Secondly, the AuGD has a sufficient level of independence and funding to pursue its mandate.<sup>14</sup> Thirdly, relevant ministries, departments, and agencies were willing and able to meet the demands of the AuGD. Finally, the AuGD is keen on establishing and strengthening working relationships with its clients to build trust. These four elements, we found, were critical in facilitating the real-time audits.

The government’s request for real-time audits was consistent with existing efforts to promote transparency and effective oversight throughout the budget process. Such existing efforts include timely publishing of budget documents and the launching of the public investment map, allowing citizens to track capital expenditure.<sup>15</sup> Before the commencement of the audit of the CARE platform, the Minister of Finance emphasized that fiscal measures must be taken to encourage transparency. The fiscal measures included having intervention methods that are easily understood and readily available to the government, public and other recipients. He added that the cost of such measures should be made public as the main source is the public purse and therefore, should provide equal opportunity among eligible beneficiaries.<sup>16</sup>

The level of adaptability illustrated by the AuGD in conducting these audits is a representation of the sufficient level of independence and funding that existing legislation and institutional procedures affords the AuGD to carry out its mandate. For example, the Financial Administration and Audit Act, the Public Accountability and Management Act, and the Constitution give the department full discretion to conduct audits it wishes to undertake. Additionally, notwithstanding that the budget is determined by the executive, the funding level is broadly consistent with the resources the institution needs to fulfil its mandate.<sup>17</sup>

Additionally, the digital infrastructure of the majority of the Ministries, Departments, and Agencies (MDAs) were largely already in place to meet the demands of the AuGD. The finance and accounting function of most MDAs – including those integral in verifying information relevant to the CARE programme – were already automated and were providing information in an electronic format, making data more accessible to the AuGD.

However, some agencies, for information technology security reasons, have expressed reservations in allowing direct access to their databases. In these circumstances, the AuGD collaborated with their internal information technology team to provide assurance to clients of the steps taken to reduce the risks associated with granting direct access to their systems. This testament of their intentions to build trust among their clients ultimately impacted the efficiency in accessing records to conduct audits and fulfil their mandate.<sup>18</sup>

As the COVID-19 pandemic compelled governments to deviate from normal fiscal procedures, it obliged them to implement measures to ensure accountability in circumstances in which large amounts of money were being dispensed through unusual channels. Under these circumstances, the Government of Jamaica, through the supreme audit institution, the AuGD, did prioritize effective oversight of the country's largest stimulus package by requesting real-time auditing of the CARE programme. With the government leading the campaign for advancing transparent and accountable budget processes, and an independent supreme audit institution, the conducting of three real-time audits, before the end of 2020, was achieved. Further, it is important that government agencies digitize databases to allow for interoperability among various information systems as this increases the accessibility, timeliness, accuracy, and relevance of data necessary to perform real-time audits.

# Notes





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