



Department of Co-operatives and Friendly Societies (DCFS)

MINISTRY OF INDUSTRY, INVESTMENT & COMMERCE (MIIC)



Annual Report 2010/2011



**DEPARTMENT OF CO-OPERATIVES AND
FRIENDLY SOCIETIES (DCFS)**

VISION STATEMENT

“To be transformed to position Co-operatives and Friendly Societies as vibrant and viable sectors within Jamaica’s socioeconomic development by 2018.”



**DEPARTMENT OF CO-OPERATIVES AND
FRIENDLY SOCIETIES (DCFS)**

MISSION STATEMENT

“To contribute to the social and economic development of the nation by facilitating the establishment and regulation of Co-operatives and Friendly Societies as viable business alternatives and effective social organizations, and protecting all stakeholders’ interests”.

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1. CORPORATE DATA

The Department of Co-operatives and Friendly Societies (DCFS) is a Division of the Ministry of Industry, Investment and Commerce and has been in existence since 1950. The Department has been privileged to serve under the following Ministries:

- Ministry of Agriculture
- Ministry of Parliamentary & Regional Affairs
- Ministry of Youth & Community Development
- Ministry of Local Government & Community Development
- Ministry of Local Government & Works
- Ministry of Commerce, Science and Technology (with Energy)
- Ministry of Industry, Technology, Energy and Commerce
- Ministry of Industry, Investment and Commerce.

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Sub Offices

The Department maintains two (2) Sub-offices, which facilitate the work of four (4) Inspectorate Officers with responsibilities for the parishes of St. Ann, Trelawny, St. James, Westmoreland, Hanover, St. Elizabeth, Clarendon and Manchester. These offices are located at:

The Office of The Prime Minister
10 Delisser Drive
Montego Bay, St. James
Tel: 952-7913

Rural Agricultural Development
Authority (RADA)
Barham Plaza
Mandeville P.O.
Manchester
Tel/Fax: 625-0368



MANAGEMENT TEAM



ERROL A. GALLIMORE

Errol Gallimore, Registrar of Co-operative Societies & Friendly Societies joined the staff in 1980 and was assigned to the Audit Section and was very promoted to Supervisor within a reasonable short period. He had a passion for financial matters and so he further built on the training he received on the job by doing extensive research on financial matters. It was no surprise that he worked his way to the top of the Audit Section in 1999; this position he held until he was appointed Registrar in 2010. He has studied at the Loughborough University in England, Xavier University in Canada, Management Institute for National Development as well as the Jamaica Paralegal Institute in Kingston.

SONIA V. SMITH

Sonia is currently the Director with responsibilities for the Inspectorate Section. She joined the Department in 1979 as a Co-operative Officer after graduating from the Jamaica School of Agriculture. Since then she held several positions in the Department. She possesses a wealth of knowledge gained through training in Co-operative management and development from Hungary, Israel and England. She holds a BSc. Degree in HRM, Associate Degree in Co-operative Management and a Diploma in Agriculture. She is married with six (6) daughters.

LAVERN GIBSON-ECCLESTON

Lavern, began her career at the Department as an Auditor and has moved her way up to her current position as Director of Audits and Investigations. She is accountable for the audit of the accounts of all Co-operatives and Friendly Societies, their financial management, and the investigations into fraudulent or unlawful use of these Societies' funds and assets.

She is a Chartered Accountant, married and has two (2) daughters.

PAULETTE A. KIRKLAND

Paulette, as the Director of Research, Training and Development is responsible for the provision of Co-operative Education and the facilitation of training and development to Groups seeking registration and Societies. She has been with the Department for the past fourteen (14) years and has held several positions over the period. Paulette graduated from UWI, Mona with a BSc. in Management Studies, she also holds a Post Graduate Diplomas in HR and a Post Graduate Diploma Public Sector Senior Management Development.

Her involvements in a number of civic duties and social activities have touched the life of many.



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The year 2010/2011 marked a period of transformation for the Department and the movements it regulates, particularly the co-operative movement as it evolved under the watch of the new Registrar, Mr. Errol Gallimore who has been resolute in his drive to transform the Department of Co-operatives and Friendly Societies to better serve the movements it regulates. One major step taken was the establishment and implementation of a number of strategic priorities geared towards enabling the Department to effectively carry out its mandate. The year also saw the Department implementing proactive measures aimed at ensuring that societies under its administration meet the requirements of the imminent amendments to the Co-operative Societies Act and Regulations which will impact the modus operandi of the credit unions and other co-operatives. These measures included guiding credit unions in meeting prudential standards and ensuring amendments to credit union rules in order to institute permanent shares thus facilitating improved capital base within these entities. Also very topical was the passing of resolutions at several credit unions' annual general meetings in an effort to settle on outstanding unresolved issues between the credit union movement and the Bank of Jamaica / Ministry Finance regarding the proposed Bank

of Jamaica Regulations. In addition the Department was also faced with taking on a new portfolio that of Regulating Industrial and Provident Societies and assuming the responsibilities of the Agricultural Credit Board. Focus was also placed on Societies registered under the Friendly Societies Act where the Department such as Jamaica Social Investment Fund (JSIF), Ministry of National Security (Citizens Security and Justice Programme) and the National Irrigation Commission as to provide institutional strengthening to Benevolent and Specially Authorized Societies.

STRATEGIC PRIORITIES

In keeping with its vision 'to transform the Department of Co-operatives and Friendly Societies to position Co-operatives and Friendly Societies as a vibrant and viable sector within Jamaica's socio-economic development by 2018' the Department had identified a number of strategic priorities for 2010/2011. These priorities include reviewing its business facilitation processes, improvement in information gathering and dissemination, specialized training for staff, reclassification of posts and restructuring of the Department. The implementation of the strategic priorities set out below has facilitated the delivery of high quality



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services within the shortest possible time frame thus improving the Departments service delivery to clients as well as strengthening the regulatory framework for the Department:

1. Revision of business processes

All business processes will be reviewed and changes introduced to improve service delivery in a more efficient and cost effective manner. Thereafter standards were created and monitored to ensure adherence and effectiveness. (NB This strategy was effectively implemented.)

2. Communication of changes in service delivery to stakeholders.

- Citizen Charter will be updated and reviewed every two (2) years or as may be necessary to ascertain efficiency and effectiveness. Document shall be made available to stakeholders electronically via the Department's website and promoted in our newsletters. Hard copies may be located at the Department's Head Office and Regional Branches.
- The Department's Policies and Procedures Manual will be updated every two (2) years or as may be necessary. An electronic copy of the document will be

made available to each member of staff and a printed copy strategically located within each Section.

3. Transfer of Knowledge

- Employees will be identified for specialized training and development. Any staff that undertakes specialized training funded by the Department or the Government of Jamaica will be required to transfer said knowledge to at least three (3) other members of staff.
- A Knowledgebase data system will be developed within the Department. This is a special kind of database for knowledge management, providing the means for the computerized collection, organization, and retrieval of knowledge. Each collection of data will represent related experiences. That is, their results are related to their problems and solutions. The knowledge based systems will provide intelligent decisions with justification, documentation of knowledge, intelligent decision support, self learning, reasoning and explanation. (NB this system is now up and running.)



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4. Improvement in information gathering and dissemination

A database will be developed and maintained by the IT Unit capturing pertinent statistical information on the Societies regulated by the Department. Data will be inputted on a monthly basis and the database should readily extrapolated statistical information regarding the Societies over an extended period of time,

5. Reclassification of Post and Restructuring of the Department

Job Descriptions, mission and statements will be reviewed, key posts reclassified out stations to be strengthened with additional trained staff. These activities will facilitate the Department's new portfolio responsibility of the administration of the Industrial and Provident Societies Act and the pending incorporation of the Agricultural Credit Board with the Department of Co-operatives of Friendly Societies (NB All job descriptions were reviewed and the reclassification exercise is ongoing).

6. Industrial and Provident Societies

The legal framework for regulating the Industrial and Provident societies will be modified in order to strengthen the regulatory framework for these entities. Prudential

standards will be developed within the year (2010/2011) to effectively regulate the entities.

7. Development Plan for the Department

A five (5) years development plan will be developed to strategically map out the Department's long term objectives and outlines all the variables that will be employed to achieve these objectives.

Imminent Amendments to the Co-operative Societies Act and Regulations.

The Co-operative Societies Act was promulgated in 1950 to regulate co-operative societies. Since its inception the Department of Cooperatives has received numerous complaints, inter alia, its inability to address high risks taken by members of proposed co-operatives in terms of venture capital without legislative protection, woefully inadequate penalties, cumbersome procedures for removing dormant and non-performing co-operatives from the Register as well as a general lack of accountability and transparency.

Additionally it was felt by some that Credit Unions were in need of greater supervision and should be under the purview of the Bank of Jamaica. The co-operative industry has developed



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as a key player in the global market place and in order to maintain its relevance and efficiency it is imperative that the laws governing co-operatives address the challenges facing the movement

The proposed amendment of the Co-operative Societies Act seeks to revise the laws governing the co-operative societies' movement, impose more appropriate and realistic penalties and address concerns by stakeholders and to bring the Credit Unions under the regulatory framework of the Bank of Jamaica

Highlights of proposed Amendments to the Co-operative Societies Act:-

CLAUSE 7 - INSERTING SECTION 7A [CHANGE IN REGISTRATION]

This section states that if the Minister of Finance suspends or revokes approval for the society to carry on business as a credit union, the Minister should:

- give notice in the Gazette as soon as is reasonably practicable and
- notify the Registrar of the revocation.

Upon receiving notification, the Registrar shall cancel the society's registration. This cancellation should not prevent the society from applying

to be registers as a co-operative society that is not a credit union.

Where the registration certificate issued to a society does not indicate that the society is approved to carry on business as a credit union and the society subsequently obtains approval to carry on business as a credit union under the applicable credit union regulations, the society shall apply to the Registrar for the cancellation of its registration certificate and the issue of a new registration certificate.

CLAUSE 13 - SECTION 23A [YOUTH - BASED CO-OPERATIVES]

Under this Clause new provisions will be made to permit young people below the age of 16 to take up membership in youth and school based co-operatives. It is intended not to have minors in sole control of co-operatives and as such, at least fifty (50) of the membership of Youth Co-operatives is proposed to comprise persons of adult age. The minors will not manage the entity but directions will be issued by adult directors. Additionally, membership of minors will be subject to parental or guardian approval.

CLAUSE 15 - SECTION 28: NO INDIVIDUAL TO HOLD MORE THAN 20% OF SHARE CAPITAL

Under this Clause cooperative



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societies or individuals who wish to acquire twenty (20) percent of the shares of any co-operative society will be required to seek the approval of the Registrar.

CLAUSE 16 - SECTION 30 A

This clause seeks to provide for the capitalization of co-operative societies by recognizing classes of shares.

CLAUSE 17 - SECTION 31A

This clause seeks to provide that only those registered co-operative societies which have been granted approval to carry on deposit-taking business are to be styled as credit unions. Any person who contravenes same will be subject to fines.

CLAUSE 21 - SECTION 38: AUDIT

Under this Clause, the Act will state who can be appointed to audit co-operative societies' accounts and will be consistent with the requirements set out in the relevant regulations. A distinction is made in the Act between the appointment of an auditor for co-operative societies carrying on the business of a credit union, as this will be governed by the BOJ's regulations.

CLAUSE 23 - SECTION 40 A

Under this clause, provisions are to be made which will give the Registrar the power to appoint an Administrator to temporarily manage co-operative societies (other than credit unions) in specified circumstances in order to protect members' investments.

CLAUSE 24 - SECTION 41: DISSOLUTION

This clause states that the Registrar may, by order published in the Gazette, cancel the registration of a registered society if the Registrar is of the opinion that the registered society ought to be dissolved:

- after holding an inquiry or making an inspection
- upon the application of three-fourths of the members of the society;
- after consultation, pursuant to section 40A(11), with the administrator appointed under section 40A; or
- upon evidence that the society has ceased to carry on business as a registered society,

The clause further states that the Registrar should notify the Supervisor before acting in relation to credit unions.



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Additionally, the clause will provide that the Supervisor may act in accordance with the provisions of the applicable credit union regulations with respect to the liquidation of a credit union.

CLAUSE 39 - TRANSITIONAL

This states that any registered society, not being a credit union, which immediately before the commencement of this Act carried on the business of accepting deposits within ninety days after the day appointed, submit to the Registrar and the Supervisor, respectively –

- (a) a statement giving particulars of its deposit taking activities, specifying any outstanding liabilities; and
- (b) a programme for repayment of outstanding liabilities within such period, not exceeding ninety days after the day appointed, as the Registrar may specify, and information supplied shall be supported by a report from an auditor approved by the Registrar.

It is intended that these amendments will assist in modernizing the Act and allow for increased regulation and efficiency in the co-operative societies movement and for credit unions to be under the supervision of the Bank of Jamaica.

Institution of Permanent Shares within all Credit Unions

Under International Financial Reporting Standards, (IFRS), "voluntary shares" which formed the ownership structure within credit unions, are not considered as "capital" because they can be withdrawn, and also because they can be used as collateral. This is important to note, since it was not how Credit Unions reported their members' voluntary shares in their Annual Reports to members, nor their Financial Statements to Government. As such the International Accounting Standards Board had introduced new regulations which require Credit Unions to issue "permanent shares". These shares will properly represent the member's equity / ownership / investment / capital in the Credit Unions. The Government's Financial Regulatory Bodies and all professional accountants in Jamaica have started using the IFRS system in their examination of the annual reports that they certify. In light of this the Department worked assertively to introduce and implement "permanent shares" into all Credit Union in order that they attain compliance status before the Bank of Jamaica (Credit Union) Regulations comes into force.



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Bank of Jamaica Supervisory Oversight of Credit Unions

Bank of Jamaica, under the Bank of Jamaica Act, legally has supervisory oversight over institutions governed by the following pieces of legislation:

- Commercial Banks which are governed by The Banking Act;
- Near bank deposit-taking intermediaries, such as merchant banks, trust companies and finance houses licensed under The Financial Institutions Act;
- Building Societies / Institutions operating under The Industrial and Provident Societies Act which either take deposits and/or make loans.

Apart from the institutions operating under the Industrial and Provident Societies Act, the principles for supervision as embodied by law are essentially consistent for commercial banks, licensees under the Financial Institutions Act and building societies, but with some differences in specific operating requirements relevant to the nature of operations in the respective types of businesses. (Supervisory oversight of Industrial and Provident Societies also devolves on the Bank of Jamaica.). The move to amend and enact the Co-operatives Societies Act and Regulations as well as the Bank of Jamaica Regulations will facilitate the Bank of Jamaica

extending its supervisory oversight to credit unions. The Bank of Jamaica has been proactive in that it is already carrying out inspections within credit unions and the Department has kept abreast of and has acted upon its findings

The proposed Bank of Jamaica Regulations gave rise to numerous discussions which have been taking place for some 11 years and agreements have been reached on some issues; however the Credit Union League has posited that some changes need to be made urgently as there are some outstanding points that need to be addressed such as issues relating to:

1. Unsecured credit being capped at 10% of total loans and no other financial institution has this requirement in its legislation;
2. The amount of capital that a credit union needs to start a credit union;
3. What to do with unclaimed money;
4. The time that it would take for credit unions to reach the minimum capital;
5. Cash reserve requirement.

The Credit Union League posited that:

- Unsecured Credit should be dependent on each individual Credit Union's policy and the ability of Credit Unions to



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manage the risks

- Persons who want to start a credit union should find at least J\$5,000,000.00 capital in order to do so and the Movement is of the view that this would prohibit the establishment of new Credit Unions and restrict new entrants into the Movement
- It disagrees with the proposal that savings remain unclaimed for 15 years should be turned over to the Accountant General
- The Movement desires that as previously agreed, Credit Unions would be given up to two years to achieve the minimum capital requirements and not be reduced to one year
- The Bank of Jamaica had indicated that the cash reserve requirements would not apply to Credit Unions at this time, but that they would be included in the new regulations, to be activated as necessary

In essence the Credit Union League expressed the view that it is lobbying for Regulations that will enable Credit Unions to ensure that their members can continue to benefit from membership in a co-operative financial institution which guarantees them services that are in keeping with sound corporate principles and

philosophies. The Department is in full support of this effort as its mandate includes the protection of members' interest and investments ; however it also supports the initiative of government to move the credit unions under the supervision of the Bank of Jamaica as it is a worldwide trend for deposit taking institutions to fall under one central body.

Regulating Industrial and Provident Societies

The House of Representatives on February 24, 2010 passed a Bill to amend the Industrial and Provident Societies Act, thereby transferring regulatory responsibilities from the Registrar of Companies to the Registrar of Co-operatives and Friendly Societies and strengthening of the regulatory framework for the Industrial and Provident Societies.

The amendments to the Industrial and Provident Societies Act increases the ceiling for members' shares in the societies, by moving them from a dollar value to a percentage of the total shares. "Consequently, \$400 which is no longer realistic was changed to 20 per cent of the total shares. The Act has also been amended to allow a society to appeal on refusal of an application by the Registrar. The Registrar is obliged to notify the society within 30 days of the refusal. There will also be more



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transparent procedures for dissolving a society. A society can only be dissolved after the Registrar holds an inquiry or upon the receipt of an application of three quarters of the members of the society. The amendment also specifically states that a society cannot be wound up without an Order by the Registrar. Fines have also been amended to make them more realistic, and in keeping with the modernisation of the law.

It must also be noted that the People's Co-operative Banks which are registered as Industrial and Provident Societies but operate similarly to credit unions are regulated by the Agricultural Credit Board; however numerous discussions were held with stakeholders with a view towards the transfer of this portfolio responsibility to the Registrar of Co-operatives and Friendly Societies. The transfer is now pending a review of the Agricultural Credit Board Act. Operational activities by the Department began on April 1, 2011 and files were obtained for some six hundred Industrial and Provident Societies.

COLLABORATIONS

The Department worked collaboratively in the formation of a number of groups in communities island-wide,

with four (4) registered as legal entities. The registration of those societies facilitated projects for community development, land rehabilitation, small business development and income generating ventures in agriculture and craft.

The partnerships and collaborations with the Jamaica Social Investment Fund (JSIF), Ministry of National Security (Citizens Security and Justice Programme), Social Development Commission (SDC), National Irrigation Commission (NIC), IICA/European Union Banana Project have enhanced the Department's impact on critical social-intervention projects.

- **Co-operative Friends of Jamaica (CFJ)** the managing committee supported by the Department assisted three societies with funding to purchase raw material, etc.

- **Co-operation Amongst Co-operators**

Facilitated the meetings and activities of the Committee who is planning to host International Year of Co-operatives in 2012, several courtesy calls on Head of Government and Ministers are also being planned.



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▪ International Year of the Co-operative

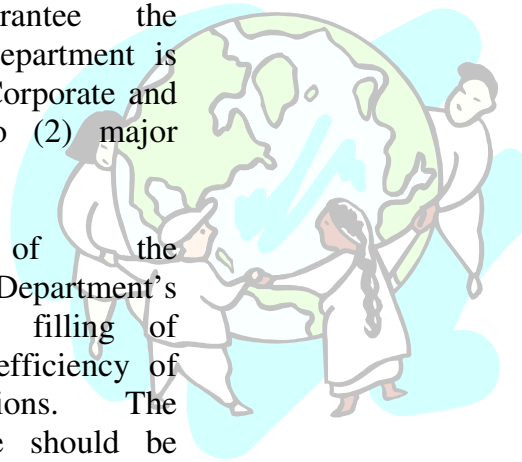
The 2012 being declared by the United Nations as International Co-operative Year and the activities as proposed which were presented to the Minister at a Courtesy Call by member of the Co-operative Development at the Ministry of Agriculture.

Review of the Information Communication Technology (ICT) Plan. This will focus on policies and programmes that are strategically aligned with MIIC priorities and outputs reporting framework, commitment to the continual upgrading and enhancement of Information Technology systems and the education and training of staff.

THE WAY FORWARD FOR 2011/2012

In order to guarantee the achievements of the Department is again proposing in its Corporate and Operational Plans, two (2) major strategies. These are:

1. Completion of the reclassification of the Department's human resources and filling of vacancies for optimal efficiency of the various Sections. The reclassification exercise should be completed in order to provide the Department with the mandate to offer compensation to the staff in keeping with the projected increase in responsibilities for entities registered under the Industrial and Provident Societies Act already promulgated and the Agricultural Credit Board functions, expected to be transferred to the Department during the Administrative Year 2011/2012.





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The Department of Co-operatives and Friendly Societies has responsibility for administering the Co-operative Societies Act and the Friendly Societies Act and their respective Regulations. It regulates and supervises Credit Unions, as well as Agricultural and twelve (12) other types of Producers and Services Societies, along with Benevolent, Specially Authorized and Friendly Societies. The Department is also integral in ensuring stability within the Co-operative and Friendly Societies Movements which consists of six hundred and sixty-five (665) Societies; one hundred and ninety six (196) Co-operatives and four hundred and sixty-nine (469) Friendly and Benevolent Societies with a membership of over 1.4 million individuals. The Department manages a portfolio of over \$55B worth of asset, invested in the Co-operative and Friendly Societies Movements.

The mandate of the Department is aimed primarily at ensuring the safety of Societies' assets and protection of members' savings and investments and other stakeholders' interests. Its functions include:

- Registration of Societies and their Rules
- Inspection and Supervision of Societies

- Annual Audits and Investigations
- Settlement of disputes affecting Societies' business
- Inquiries
- Suspension of Societies' registrations
- Cancellation of Societies' registrations
- Dissolution and Liquidation of Societies
- Training and Promotion
- Development and Research
- Planning and capacity building for Societies

In addition, the Department monitors and assists with the development of the Co-operative Movement in keeping with Government's policies and global trends and provides technical assistance to facilitate sustainability and social mobility of the Friendly Societies Movement.

The Department has three (3) main Sections through which its programmes are affected:

- **Inspection:** Inspects the affairs of Co-operatives and Friendly Societies with a view to ensuring compliance with prevailing Acts, Regulations, Rules, Prudential Standards and sound business practices.



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- **Audits and Investigations:** Audits the accounts, systems and procedures of all registered societies annually and investigates all reported and suspected incidences of fraud or misappropriation in these Societies.
- **Research, Training and Development:** Facilitates the registration process for Groups seeking registration under the Co-operative and Friendly Societies Acts. Effects training for DCFS' staff and personnel within the Movements; as well as, research, promotional and developmental activities.

The Department in the execution of its roles as a regulator, auditor and developer is mandated to operate accordingly.

As a Regulatory Authority the Department:-

- conducts effective monitoring and inspections;
- creates standards and ensures compliance;
- ensures safety and soundness of public funds invested in the Sectors it regulates;
- facilitates the establishment of sound internal control

systems;

- administers compliance with the Rules, Acts, Regulations and policies governing Societies.

As an Auditor, the Department:

- ensures the compliance of Societies with the International Accounting Standards (IFRS);
- ensures transparency and accountability within Societies;
- verifies assets and liabilities;
- advises Societies on financial and operational conditions based on the findings from the Audit Process;
- validates for accuracy and provides certification of Financial Reports.

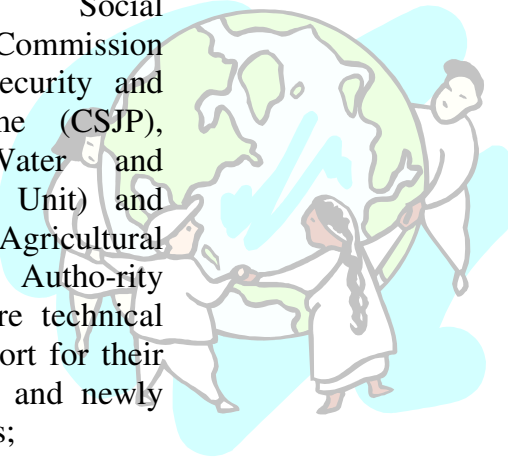
As a Developer the Department:-

- assesses the viability of Business Plans and Project proposal of Groups seeking registration as Co-operative Societies;
- validates that Groups seeking registration as Benevolent Societies have socially acceptable programmes which provides charitable benefits to stakeholders/ beneficiaries;
- ensures that Groups seeking



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- registration as Friendly Societies are engaged in activities geared toward the relief and maintenance of members such as; insurance against fire and the provision of death and sick benefits;
- rejects the applications for registration of entities that did not meet the required standards;
 - liaises and collaborates with external entities such as; Jamaica Social Investment Fund (JSIF), Social Development Commission (SDC), Citizen Security and Justice Programme (CSJP), Ministry of Water and Housing (Project Unit) and Rural Agricultural Development Authority (RADA) to acquire technical and financial support for their sponsored Groups and newly registered Societies;
 - conducts operational assessments in order to determine the compliance status of recently registered Societies;
 - Facilitates initiative for special projects geared at promotion of Co-operative Concept such as Essay Competition in School and Study Tours to Caribbean countries.





5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

4.1 INSPECTORATE SECTION

The Inspectorate Section is the Regulatory arm of the Department that is mandated by the Acts and Regulations through the Registrar of Co-operative Societies and Friendly Societies to ensure that all Societies operate within the confines of the respective Statutes and Rules based on its registration as a legal entity. With a staff compliment of nine (9) persons, the Section ensures that Societies adhere to other applicable Statutes; such as Tax Administration Laws, Labour Laws and Financial Laws in relation to their activities.

Other functions of the Inspectorate include:

- To investigate society's disputes and recommend the process of Arbitration for settlement.
- Conduct inquiries, investigations and the liquidation process of Societies if appointed by the Registrar.
- Attend Annual and Special General Meetings, Board of Directors Meeting and Members Meeting to provide legal and technical advice.

The following activities were accomplished for the period 2010/11.

4.1.1 Inspections

<i>Inspections</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	120	48	40%

Forty Eight (48) Societies operations were inspected in 2010/11 and numerous breaches of Rules, Statutes and lack of proper internal control systems were detected. Some inspections revealed the mismanagement of funds, poor record keeping, lack of reconciliation of some accounts and in other cases non-members were paying dues.

See *Appendix X* for a synopsis of the workflow of Annual Inspections.

4.1.2 Pre-audit Checks

The objective of this activity was to facilitate the auditing of accounting records within six (6) months after the closure of Societies' financial year and for the convening of Societies' Annual General Meetings.

<i>Pre Audits Checks</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	120	117	98%

Pre-audit checks were undertaken within one hundred and seventeen



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

(117) Societies in 2010/11

This process ensured that all relevant books of accounts were properly updated and supporting documents for verification of transactions were available to facilitate financial audits, thus reducing delays and arrears in the auditing of many Societies.

4.1.3 Transfers and Mergers

The objective of this strategy was to encourage Societies whose operations were unsustainable to Amalgamate or Transfer their engagements to other Societies in an effort to:

- Achieve economies of scale.
- Enhance viability and achieve management that is more effective.
- Allow for continuity of economic ventures.
- Provide better quality and range of services to their members.

During the period under review, Building Societies Co-operative Credit Union transferred all of its engagements with its members to Insurance Employees Co-operative Credit Union as a strategy to mitigate the deterioration in performance and internal control. The concept of merger was declared as a 'Transfer of Engagements'.

Six (6) additional Societies have also entered discussions of Merger / Transfers during the review period with one Merger already confirmed for the next financial year.

4.1.4 Financial Assessments

<i>Financial Assessments</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	120	44	37%

One Hundred and Twenty (120) Societies in 2010/11 were targeted to have their financial performances assessed; of the targeted amount forty four (44) Societies or 37% was achieved.

The major challenges to achieving our target were the tardiness of Societies in submitting their financials and the poor quality of the financials submitted by the Producers and Services Societies. These Returns were not in keeping with the standards and thus required the Officers within the Department to take on increased workload.

The Credit Unions that were assessed had a high rate of compliance. Nevertheless, the cases of non-compliances were communicated to the Boards of Directors for remedial actions.



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

Accomplishments and Challenges

The Frankfield JAS Coffee/Cocoa Growers Co-Operative Society has benefited greatly since the implementation of a Point of Sales system and Quick Book accounting software.

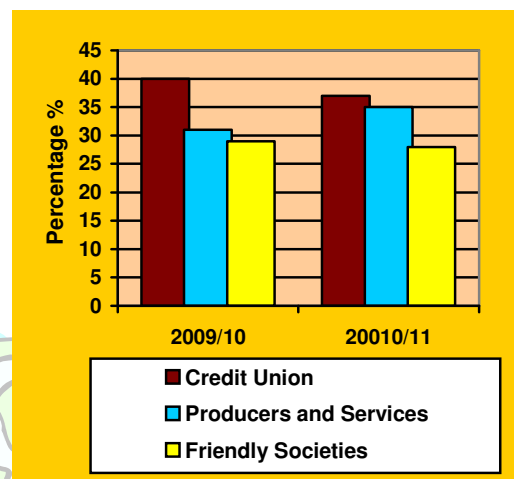
At the Christian Potatoes Growers Association Co-operation Society, the Peach Tree accounting software and the Point of Sales system had been upgraded to suit modern day modifications whilst improving efficiency. On the other hand, the Society had suffered losses due to stock depletion in its Farm Store, which was the main income generating activity.

Central St. Catherine Coffee Growers Co-operation had undertaken a project to implement a Green House however the Society suffered a set back due to fire destroying most of its crops and the hose for drip irrigation that was used to transport water to the crop.

4.2 AUDITS AND INVESTIGATIONS

The Audits and Investigations Section had a staff complement of nine (9) Officers and was able to audit a total of one hundred and seventeen (117) Societies for the

period 2010/11. Seventy four (74) were completed internally and forty three (43) completed externally by the Department's panel of Auditors. These audits represent one hundred and sixty five (165) audit years.



The Credit Unions being a major part of the audits completed represented 37%, Producers and Services 35% and Friendly Societies represented 28% for 2010/11.

The Section surpassed the target set as well as reduced significantly the number of outstanding audit years for the Producers and Services Co-operatives. These Societies continue to be faced with the challenges of poor management, substandard records, inadequate financial resources, the absence of competent and experienced staff and gerontology among volunteers which put increased pressure on the Audit Staff, as accounting work as well as training had to be undertaken. For



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

some Benevolent and Friendly Societies, the members lost interest once the projects were completed and in some instances when the projects were delayed and this impacted negatively on the maintenance of accounting records.

4.2.1 Investigations

<i>Investigations</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
<i>2010/11</i>	10	5	50%

Investigation was conducted in collaboration with the Inspectorate Section for the following Societies:

- Westport Housing Co-operative - Examination of the ownership structure of the units, units with outstanding mortgages / liens, outstanding co-operative fees and status of investments and unassigned units. This resulted in the Department and the Jamaica Co-operative Credit Union League (JCCUL) supervising the Society and an order to stop operating the micro finance company was issued.
- Westmoreland Co-operative Credit Union - A detailed Inspection was conducted into the Society's operations and report submitted to RCS.

- COK Sodality Co-operative Credit Union - Examination of member's complaint with regards to the account balance stated by the Credit Union. Report prepared found that the Credit Union was not understating the members' balances. The member accepted the report, however they were not pleased with the results.

- Palisadoes Co-operative Credit Union - Investigation into member's complaint on delinquent status of loan and report submitted to RCS.

- NCB Co-operative Credit Union - Investigation into member's Golden Harvest Account, letter on findings sent to member who then took the matter to arbitration. The Credit Union is appealing the reward given to member by the Arbitrator.

Lavern said that she did her report and found that the credit union was not understating the members' balances. The member took the report, but was not pleased with the results.



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

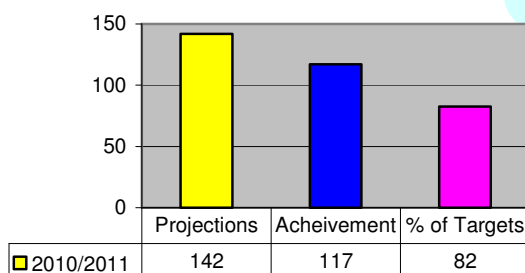
4.2.2 Audits

Audit			
Year	Projection	Achievement	% of target
2010/11	142	117	82%

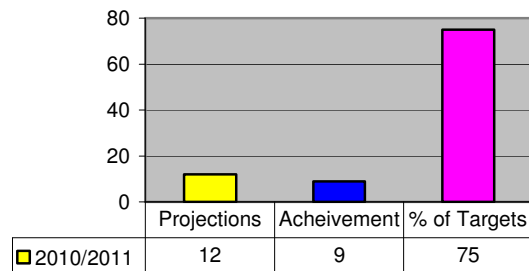
The completion of one hundred and eight (108) Societies audits in the 'two years and less' category and 9 Societies audits in the 'over 2 years' category. This represents an achievement of 83% and 75%, respectively.

These percentages represent an increase over the same period last year, and renewed efforts will be made in the coming years to put a significant dent in the number of Societies in audit arrear.

AUDIT OF ACCOUNTS TWO (2) YEARS AND LESS 2010/2011

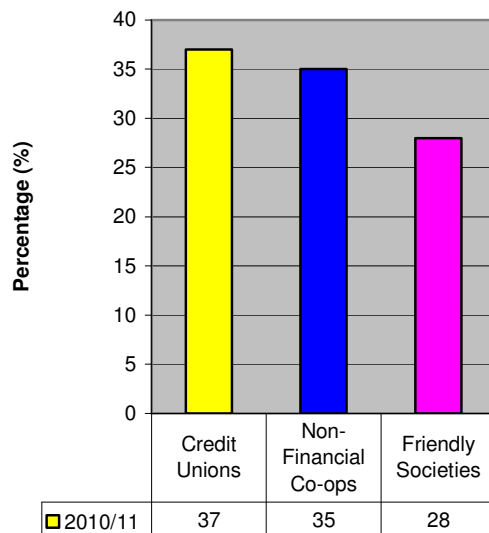


AUDIT OF ACCOUNTS OVER TWO (2) YEARS 2010/2011



Audits completed for Credit Unions alone represent 37% of the total number completed, while non-financial co-operatives and Friendly Societies combined represent 63%.

AUDITS COMPLETED FOR CREDIT UNIONS, NON-FINANCIAL CO-OPERATIVES AND FRIENDLY SOCIETIES 2010/2011



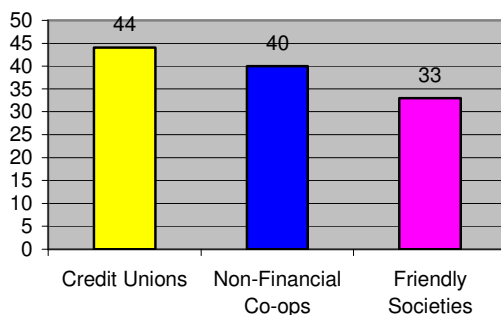
Of the total number of audits



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

completed 63% was attributed to the Department's staff, whilst the additional 37% was attributed to the Panel of Auditors.

NUMBER OF AUDITS COMPLETED BY DEPARTMENT AND PANEL OF AUDITORS 2010/2011



4.2.3 Strategies

In an attempt to alleviate the various problems the Section experienced during the year, a number of strategies were implemented.

- Employed effective time management.
- Deployed Department's staff after consultation with the Inspectorate Section; to verify Statement of Affairs submitted where accounting records were inadequately prepared, and source information unavailable to facilitate regular or full audits.
- Increased supervision to ensure faster completion of audits assigned to external

Auditors and the Department's staff.

- Ensured that communications were in written format for the most part to both internal and external clients.
- Excused audit years for some Societies.
- Develop and implement appropriate audit strategies to address the additional responsibilities with the transferring of the Industrial and Provident Societies to the Department's portfolio.

4.2.4 Constraints

The Section did not complete the year without experiencing a number of challenges. These included:

- Inadequate equipment
- Poor book-keeping practices by Volunteers, which caused the Audit staff to spend too much time doing Accounting work instead of Auditing.
- Audits in arrears have gradually increased especially for the non-financial co-operatives, thus preventing the speedy completion of audits
- Lack of adequate information and documentation from Societies



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

- Incomplete implementation of New International Accounting Standards, especially for Producers & Services Co-operatives.

4.3 RESEARCH, TRAINING AND DEVELOPMENT

The Research, Training and Development Section had a staff complement of nine (9) Officers for the year under review.

The main activities of the Section involved facilitating the establishment and development of Co-operatives and Societies registered under the Friendly Societies Act (Benevolent, Friendly and Specially Authorized Societies). This was achieved via activities such as group organization, group supervision, recommendation for registration and providing technical support before and after registration.

See *Appendix VIII* for a synopsis of the flow of work.

Other activities were also conducted to include development planning, resuscitation of Societies, training and special projects.

4.3.1 Group Organization

This activity involved:

- receiving written, verbal and electronic requests from groups, promoting agencies and other parties;
- informing clients of the requirements for registration within real time for verbal requests and within five days of written/electronic requests;
- assisting Groups with the establishment of Steering Committees;
- ensuring completion of Application Forms and Registration Agreements.

<i>Group Organization</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	40	23	57.5%

While forty (40) groups were targeted to be organised, twenty three (23) was achieved; which represents 57.5% of target.

4.3.2 Group Supervision

This activity involves:

- attending group meetings to provide technical assistance in fulfilling registration request;
- conducting training and



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evaluation geared at developing and ascertaining the individual's knowledge of managing the respective legal structures under which they were seeking to be registered;

- conducting monitoring visits to ensure the establishment of proper accounting and other internal control systems;
- assessing documents to ascertain attainment of registration criteria:
 - Registration Agreements
 - Application Forms
 - Business Plan / Project Proposals
 - Statement of Affairs
 - Rules
 - Proof of registered office location. (E.g. lease agreements and letters of permission to utilize locations.)

<i>Group Supervision</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	30	20	66.6%

In the year under review, 66.6% was achieved in relation to target.

4.3.3 Registration of Societies

This activity involved ensuring that criteria were met; then the

recommendation of registration to the Registrar was made. Upon being satisfied with the submissions made, the Registrar registers the Society and its Rules under the relevant Act.

<i>Registration of Society</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	40	20	50 %

The figures show that a 50% achievement for the year under review.

See *Appendix I* for Societies registered over the period.

4.3.4 Development Planning, Resuscitation and Cancellation

These activities involved working with dormant or inefficiently managed Societies to:

- ascertain factors which contributed to their dormancy or factors inhibiting efficiency in their operations;
- appropriate recommendations made regarding programs of resuscitation of Societies or cancellation of registration;
- assist Societies with implementing activities geared towards resuscitation; to include:
 - meeting with existing members,



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

- assisting members to elect a Management Team,
- upgrading outdated Rules,
- developing and implementing internal control systems, policies and procedures;
- assist Societies to implement activities geared towards improving operations:
 - Budgets and Strategic Plans
 - Amendment of Rules
 - Preparation of Policies
 - Training
 - Strengthening internal controls to include accounting systems.
- Assist Societies geared towards cancellation of its registration. Strategies include:
 - Voluntary dissolution
 - Cancellation based on insufficient membership
 - Preparation of justification for conducting Enquiry with a view towards cancellation.

<i>Development Planning</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	15	27	180%

The table reflected a One Hundred and Eighty (180%) achievement over target. It must be noted that there was a drastic increase in the amount of Societies focused on for Development Planning over prior years.

4.3.5 Appraisal of Documents

The appraisal of documents such as; Rules and Business Plans were done in order to complement the registration process. Rules were appraised in order to:-

- detect and correct grammatical errors;
- detect and correct statements that are ultra virus the Act and Regulations;
- ensure the relevance of Rules to Societies' objectives;
- strengthen weak statements
- detect and correct ambiguous statements;
- detect and eliminate loop holes.

The appraisals of business plans were carried out in order to assess the



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

viability of economical activities being proposed by groups seeking registration as Co-operative, Friendly or Specially Authorized Societies under the relevant Acts.

Appraisal of Rules & Business Plans			
Year	Projections	Achievements	%of targets
2010/11	Business Plan		
	10	2	20%
2010/11	Rules		
	40	52	130%

However, in most instances Societies seeking registration as Benevolent Societies were asked to complete a Statement of Affairs or submit a Project Proposal and to ensure that the Programmes for the Society complemented the objectives established in the Rules.

4.3.6 Education and Training

The activity involved:

- Identifying training needs for volunteers, members and staff within the Movements.
- Preparing training materials to standard.
- Conducting training sessions with volunteers, members and staff within the Movements on a one and one basis or in workshop setting deemed as

appropriate through the island.

Training of Individuals (Movements)			
Year	Individuals		% of target
	Projection	Achievement	
2010/11	650	750	115%

The year 2010/2011 saw a 115% achievement of target, with seven hundred and fifty (750) personnel within the Movements receiving training.

Approximately 60% of the training undertaken during the reporting period was to facilitate registration criteria. On average at least nine (9) persons from a Group's Steering Committee were required to avail themselves for training during the registration process. In some instance training was undertaken through a collaborative approach, but as per its mandate the Research, Training and Development Section had portfolio responsibility in executing the training exercises.

4.3.7 Staff (DCFS)

DCFS Staff Training

Technical officers within the respective sections of the Department of Co-operatives and Friendly Societies namely; Research, Training and Development, Audits and



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

Investigations, and Inspection and Supervision all execute training as a part of their job functions. Staff is required to provide training to adults of varying educational levels within the Co-operatives and Friendly Societies Movements, despite the fact that they have no formal training as trainers.

In an effort to ensure that the Department's technical Officers are guided by current trends and standards to build their proficiency and professional delivery in execution of adult training; a "Training for Trainers" course was strategically designed to effectively enhance the professionalism and performance quality in the execution of training provided by the Department's staff was sought. The objective of the training was to equip staff with the knowledge to:

- Understand the learning environment
- Understand the learning and facilitating process
- Recognize training methods appropriate for different styles
- Identify the steps in the training process
- Identify training methodology and techniques

The Management Institute for National Development (MIND) was targeted as the tertiary institution to provide the training; taking into

consideration that it is the Government of Jamaica's preferred public service leadership development and management training institute in Jamaica serving the Caribbean and its facilities would create a different ambiance for the staff thus allowing them to be more focused and move away from a work environment to one more conducive to learning.

Consequently after exchange of ideas with MIND and the Department's Training Unit a training course was tailored for twenty three (23) Technical Officers who were privileged to participate in a Train the Trainers Course on April 12 -16 2010. The content was as follows:

- Managing the learning environment
- The learning and facilitation process
- Training needs assessment
- Planning Training / Learning Programmes and Products
- Development and production of learning material
- Training methodology and techniques
- Learning styles
- Presentation and facilitation skills
- Group dynamics and individual training
- Evaluation of the effectiveness of a learning programme



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

The benefits of this training to the Department are as follows:

- Improved quality of subject delivery
- Improved professionalism
- Enhanced positioning of the Department in the minds of stakeholders
- Certification of Officers as trainers

At the end of the Course the Staff received Certificates based on full participation and successful completion of an assessment exercise

As a result of this training the Staff is now better able to appreciate the importance of managing groups and individual dynamics in training; as well as value and appreciate the different learning styles.

The Department also provided In-House training to staff over the period under review; training was facilitated on Fridays during the period.

This approach was similar to that of previous years and the Registrar was integral in the development of the training program with the objectives of:

- providing information to build the knowledge base of Officer
- strengthening the presentation skills of Officers
- applying the knowledge

gained to better serve our clients.

Some of the topics covered for the year in review were:

- Industrial and Providence Societies Regulatory Requirements
- ACB Regulatory Requirements and Rules
- BOJ / Credit Union / Regulations / Roles of DCFS
- New Thinking in the International Financial Reporting Standards (IFRS)
- Conducting Enquiry in Societies
- Organizational Culture from a Co-operative Perspective
- Assets / Liability Management in Co-operatives
- Time management
- The Merger Process
- Mergers – Legal Guidelines and Resolution
- Understanding the Registration Process
- Opinion Writing

4.3.8 Co-operative Development Committee

The Co-operative Development Committee (CDC) was established out of discussions and subsequent



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

decision taken by Stakeholders and the Department of Co-operatives and Friendly Societies (DCFS), to assist with the development and capacity building of Producers and Services C-operatives.

The Committee's authority is derived from the Registrar of Co-operatives and Friendly Societies, and its membership comprises resource persons from within the Co-operative Movement, academia and technical staff within the DCFS. The aim is to:-

- Promote Co-operative Principles and Practices islandwide
- Foster the implementation and expansion of productive ventures within Co-operative
- Facilitate and encourage the implementation of Co-operative development policies as per Government's mandate.
- Recommend programme to facilitate structured capital injection programme for Co-operatives as a part of the mandate for capacity building
- Facilitate partnership of Co-operatives with Funding Developmental Organizations and sustainability agencies.

In furtherance of the abovementioned objectives the Committee has undertaken the following activities

during the reporting period:

- Field Visits to some sixteen (16) Co-operative Societies with a view towards meeting with the Management Team to discuss and document developmental needs. This information will be utilized to prepare a Concept Paper for the Development of Co-operatives.
- Meetings with Public and Government Officials with a view towards promoting Co-operative principles and encouraging the implementation of Co-operative Development Policies. Meetings were held with the Principal Association, the Governor General and the Minister of Agriculture, The Honourable Dr. Christopher Tufton.
- Planning activities geared towards the celebration of the International Year of Co-operatives (IYC) in Jamaica.

The United Nations General Assembly declared 2012 the International Year of Co-operative (IYC); the designation serves to highlight the contribution of Co-operatives have made in reducing poverty, creating jobs and promoting



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

social integration. The theme for the IYC 2012 is “Co-operative Enterprises Build a Better World”. The International year of Co-operatives officially begins October 30, 2011 and runs through to November 2012.

The celebration of the IYC in Jamaica is being spearheaded by the CDC which has the support of the Governor General, His Excellency, The Most Honourable Sir Patrick Allen, ON, GMG, CD whom has agreed to be the Patron of the 2012 International Year of Co-operatives.

His Excellency has agreed in principle to be present at the Church Service on January 8, 2012 which is one of several activities planned to celebrate the IYC as highlighted below:

- January 8, 2012
Church Service
- January – May 2012
Co-operative Quiz
- July 6-7, 2012
Two-day Symposium and Exposition culminating in an Awards Presentation
- October, 2012
Co-operative Fun Day
- December, 2012
Marathon Walk for Charity
- January, 2013
Commemorative Year Book

4.3.9 Denbigh Agricultural and Industrial Showcase 2010

Overview

The Denbigh Agricultural and Industrial Show have been held for the last fifty eight (58) years and was coordinated by the Jamaica Agricultural Society (JAS). The show integrates several key stakeholders within the agricultural sector and related industries at one special event to highlight the best of Jamaica's agriculture as well as its potential as a viable vehicle to enhance national development.

Linkages are forged with critical sectors in the economy such as tourism, entertainment, transportation, finance and banking, commodity board associations, science and technology, research and development.

The Denbigh Show also promotes investment opportunities in agriculture and acknowledges the work of Jamaica's over 180,000 farmers. Importantly, the Show is a source of inspiration and encouragement and provides the opportunities for patrons to become familiarized with the latest agricultural technologies and value added opportunities available.

Through its collaborative emphasis,



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

the Denbigh Agricultural & Industrial Show has been placed among the most prestigious exhibitions within the Caribbean and caters to an audience of over 80,000 loyal patrons throughout the traditional three days' event.

Introduction

The Denbigh Agricultural Show is annually participated by the Department of Co-operatives and Friendly Societies. The event is held for three consecutive days to include Emancipation Day each year. For years this show is being used by the Department as a promotional tool. This year was no exception and the Department once again participated in the annual show held during the period July 31- August 2, 2010.

The Department's budgetary constraints and the fact that there are no sponsors for this activity; planning, organizing and execution of the activities surrounding this event were challenging.

Much work was undertaken in preparing for the event which continues to be a successful medium to promote the work of the Department by creating public awareness of the Department's roles and functions.

Thirteen (13) staff members were

volunteered to work throughout the course of the three day period. They assisted with the disseminated information and promotional items which included key rings, caps, pens and fliers. Application Forms were also available for interested individuals.

Overall one hundred and sixty three (163) persons visited the booth this year which is the highest ever recorded since 2003 when one hundred and sixty five (165) persons visited the booth. Visitors were attracted to the booth mainly because of the promotional items and the banner however, a large number of persons enquired about the registration process of Cooperatives and Friendly Societies.

The Show ran smoothly with minor glitches. This was attributed to the strategic planning and organization of Miss Celloney Bailey and Miss Francine Blackwood and the volunteerism of the Staff. Clarendon Association of Street People (CLASP) was also helpful in storing the Department's furniture and other items at the end of each day.

Thank you one and all.



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

4.4 COLLABORATIVE ACTIVITIES BETWEEN SECTIONS

4.4.1 Technical Support

The execution of this activity was facilitated through collaboration with the other Sections within the Department to ensure effective outcomes.

<i>Technical Support</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2010/11	255 Societies	358 Societies and 517 interventions	140%

In 2010/11 it was projected that Technical Support be facilitated within two hundred and fifty five (255) societies however achievement far out pass the projection with a 140% achievement over target.

These interventions were facilitated through the following:

- Assisting newly registered societies with the planning and implementation of Inaugural General Meeting.
- Attending and advising Inaugural Meetings on Regulatory requirements.
- Attending Meetings of Boards, Committees and Members to provide regulatory and developmental guidance.
- Conducting assessment of business operations to ascertain strengths and weaknesses.
- Advising Societies of findings from Operational Assessments conducted and made appropriate recommendations to correct weaknesses / breaches identified.
- Assisting Societies to establish appropriate systems and to formulate procedures and policies to complement the accounting and other internal control systems.
- Assessment of training needs.
- Conducting training with volunteers and members in areas such as; Laws governing the respective Societies, Bookkeeping and Accounting, and roles and responsibilities of members, staff and volunteers.
- Ensuring that accounting standards and internal operational systems are in place for newly registered societies.
- Ensuring that policies are developed and implemented to support accounting and other internal control systems.
- Ensuring that Societies constitutions are relevant to



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

assisting with operations.

- Interpretation of legislations;
- Advising on Arbitration proceedings.
- Reviewing of proposed amendments to Societies' Rules.

4.5 ADMINISTRATION

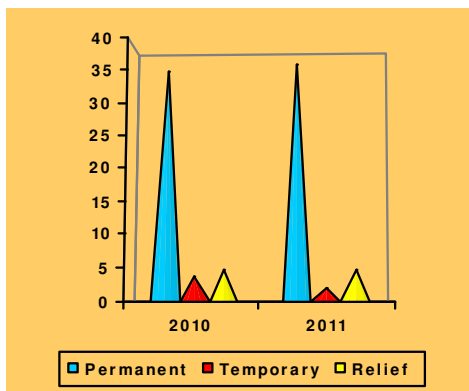
The Administration Section provided the necessary support service to enable the Department to undertake its functions.

4.5.1 Staff Welfare

i) Staff Complement:

- The Department ended the financial year with the following staff:

	2011	2010
Permanent	37	36
Temporary	2	4
Relief	5	5



ii) Staff Turnover: Resignation, Recruitment and Transfer

In the year under review we saw a change in leadership. A new leader was appointed on the 1st of May 2010, in stead of Mr. Norman Gordon whom retired from the Public Service on the 4th January 2010.

One (1) person resigned, one (1) Officer was transferred and two (2) vacancies were filled.

iii) Vacation Leave

The Department developed its Vacation Leave Policy, which ensured that vacation leave was taken in a timely and structured manner. During the year under review, eighteen (18) persons proceeded on vacation leave and two (15) on Maternity.

4.5.3 Audit and Supervision Fund (ASF)

The Department in accordance with the Co-operative Societies Act has responsibility for administration of the ASF Fund.

Inflows to the Fund for the period were mainly from audit fees, while outflows were for expenses related to accounting services in having Societies' accounting records updated



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

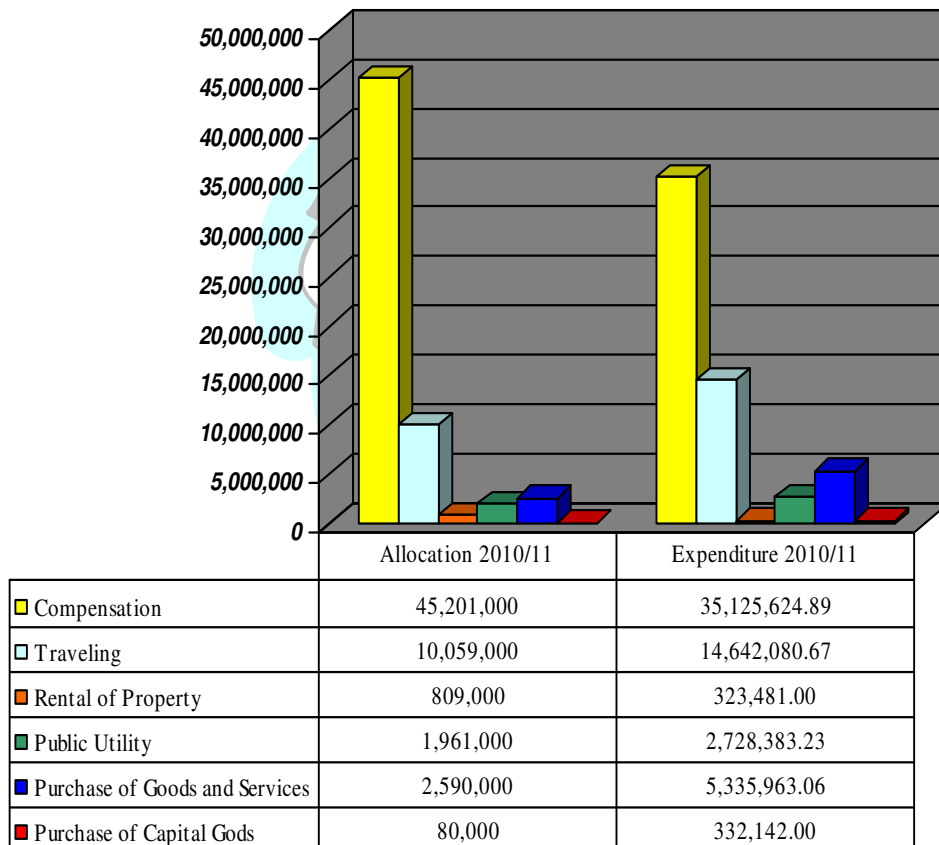
to audit-readiness standard and refund of members' shares arising from Liquidation of their Societies.

See *Appendix V* for movements in the Fund for the year in review.

4.5.3 Budget

The Department's adjusted budget for 2010/11 was \$60.7M, a decrease of approximately \$1.7M or 2.7% over 2009/10. The following chart and graph shows a breakdown of allocation in relation to expenditure.

Breakdown of Budgetary Allocation 2010-2011



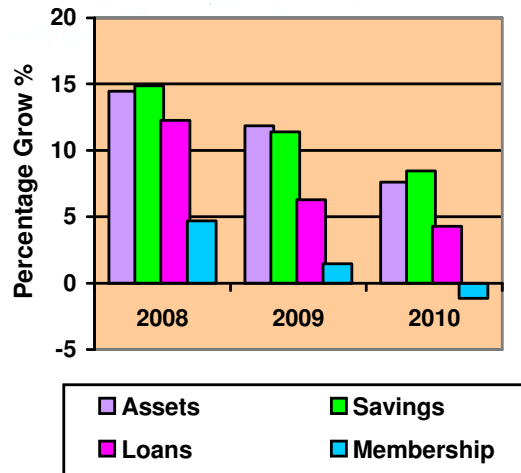


6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

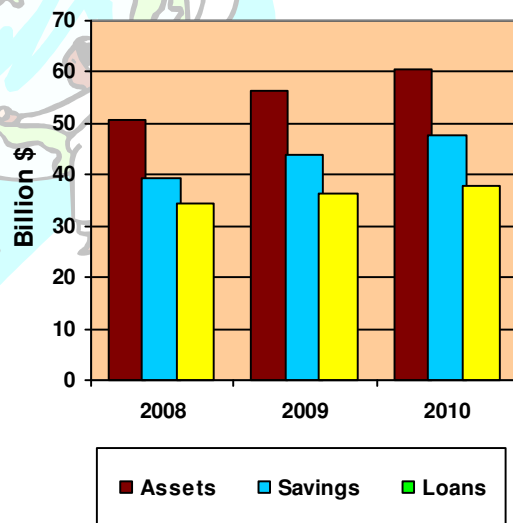
5.1 THE CREDIT UNION SECTOR

The Credit Union Sector represents safe, sound and effective institutions that help to overcome financial market imperfection by deepening access to many who would otherwise be disenfranchised in the rather selfish, aggressive, profit-driven global financial landscape.

Through prudent management, the Sector has made overall modest gains in the major portfolios. Preliminary reports show that as at December 2010, the overall movements in Savings and Assets increased by an average 8.46%. Loans stood at \$37.66B, while Membership increased by 1.16% to 955,762. This represents a significant achievement given the challenging economic landscape. The data nonetheless is also in keeping with a general upward trend over the past five (5) years.



*Balance over a three year period
2008-2010*



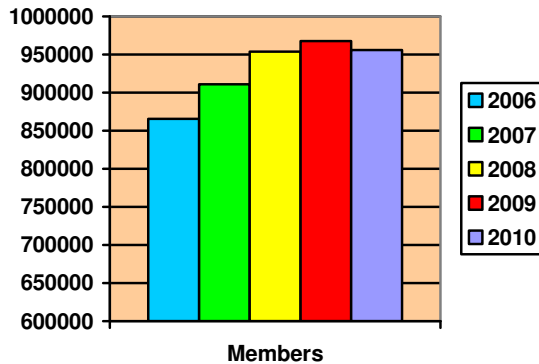
5.1.1 Growth in Credit Union Sector

	Total Assets	Savings	Loans	Membership
2010	7.60%	8.46%	4.29%	-1.16%
	\$60.65B	\$47.78B	\$37.66B	955,762
2009	11.86%	11.40%	6.28%	1.46%
	\$56.50B	\$44.07B	\$36.22B	967,781
2008	14.45%	14.89%	12.28%	4.70%
	\$50.61B	\$39.50B	\$34.28B	953,783



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

Balance over a five year period 2006-2010



At the close of the year 2010 there were forty nine (49) Credit Unions with a combined membership of 955,762, a decrease of 12,019 or 1.16% decline over prior year.

5.2 PERFORMANCE OF PRODUCERS AND SERVICES CO-OPERATIVE SOCIETIES

The societies within the Producers and Services Co-operative Sectors continued to struggle during the period under review.

5.1.2 Membership

Parishes	Membership	
	31.12.10	31.12.09
CLARENDON	42,007	42,646
HANOVER	22,658	20,797
MANCHESTER	48,546	48,190
PORTLAND	23,518	22,380
FIRST REGIONAL	57,153	84,624
ST. CATHERINE	42,814	42,298
ST ELIZABETH	30,018	29,509
ST JAMES	51,978	49,969
ST. THOMAS	20,152	20,616
TRELAWNY	27,275	25,249
WESTMORELAND	39,867	38,023
RURAL TOTAL	405,986	424,301
INTRA-PARISH	288,569	288,520
CORPORATE AREA	261,207	254,960
TOTAL JAMAICA	955,762	967,781

The lack of adequate financial, human and capital resources, adversely affected the growth and sustainability of these Societies.

The Department worked more aggressively with those Societies that demonstrated some level of stability and potential for development. Hence, focus was placed on approximately three hundred and fifty eight (358) Societies. Technical assistance and support ranging from on-the-job training in maintenance of accounting records; updating of accounting records, upgrading of Rules, preparation of policy documents, facilitation of strategic planning sessions and retreat were provided.

The Department's commitment to providing the necessary technical assistance, for 2011/2012 in financial



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

and administrative management, and policy development and implementation is strengthened by the support expected from the Co-operative Development Committee. In addition, lobbying on Societies behalf with other stakeholders will be done.

Highlighted Societies:-

i. The Central Catherine Coffee Growers Co-operative Society

The Central Catherine Coffee Growers Co-operative was registered on March 12, 1959 and as the name suggest it is located in the centre of the Parish. Its main activity is collecting cherry ripe coffee from members/ farmers, making delivery to the purchasers and issuing payments to members. The Society also assists members with procurement of fertilizers, tools and technical assistance for farm improvement. The majority of the members are small farmers engaged in mixed farming. Actual acreage in coffee goes from half to one acre plots. On record there are approximately 3000 farmers / members who are all part of the Society's several District Branches. Despite the fact that the Society was focused on growing coffee in the past it has made serious efforts to diversify its produce due to the likely unsustainability in growing coffee for economic gain due to world crisis

and lack of sustainable market.

The Society's most recent initiative towards diversification is the acquisition of five and a half acres of land located at Thetford in Old Harbour St. Catherine at a cost of \$3,000,000.00 on which a green house was erected for coffee, drip irrigation system was installed, coffee and cash crops established. These crops included half acre of cucumber, one acre of sweet peppers, one acre of pumpkin, half acre of hot pepper, one acre of sweet potato and one hundred and thirty (130) coconut trees. A forty foot container was also acquired and placed on the farm to house the Society's office and storage facilities. In 2010 the Chairman of the Coffee Industry Board presented a trophy to the Society for the most outstanding Co-operative. It must be highlighted that this Society has being consistently hosting Annual General Meetings since 2002 thus enabling members to exercise their democratic rights and being informed of the fiduciary management of the Society. The 2010 audited financial statement revealed that the Society holds assets of \$14,645,913.00 and revenue of \$1,616,188.00.

Following are images displaying the multifaceted nature of the farm cultivated by the Society.



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES



The Green House



The coffee pots at stage 2



The coffee pots



On the farm examining the seedlings and progress of the crops



Watering the coffee in the Green House



Reaping the produce...pumpkins



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES



The Container Office with sanitary convenience to house a live-in watch man

ii. Jamaica Co-operative Automobile and Limousine (JCAL) Tours Ltd



Jamaica Co-operative Automobile and Limousine (JCAL) Tours Ltd was registered on September 5, 1989. Since its attainment of legal status the Department has worked closely with the Society in order to provide institutional strengthening via its various services. The Society in its formative years worked along with our past Registrar, Mr. Norman Gordon who was passionate in his drive to make this Society a model Co-operative. To date JCAL has provided high quality and efficient services to tourists and local customer. It currently has approximately eight hundred members who each is required to have a motor vehicle that is assigned to a specific area of operation. The Society presently owns one bus and coordinates a fleet owned by members of approximately 5,000 seats with air-conditioned vehicles ranging from limousines and luxury cars to 7-15-seater vans, 22-30-seater mini coaches and 40-55-seater motor



The storage area of the container office



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

coaches, operating as on-call taxi service out of the prestigious Ritz Carlton Rose Hall, Iberostar, Point Village Resort, Swept Away Negril, RIU Tropical Bay, Club Hotel RIU (Negril), RIU Montego Bay, Donald Sangster and Norman Manley International Airports and also operate from the island's cruise-ship piers in Montego Bay and Ocho Rios.



JCAL has a staff of twenty persons spread across its four Offices. Its head office is located in the city of Montego Bay at 80b Claude Clarke Avenue, with other offices operating out of Negril, Runaway Bay and Kingston. It is managed by a nine member Board of Directors along with a five member Supervisory Committee who oversees the operations of the Society by via its internal audits. JCAL Tours Ltd. is an associate member of Florida-Caribbean Cruise Association (FCCA), a registered member of Caribbean Hotel Association (CHA), National Cruise Council of Jamaica (NCCJ) and the Jamaica Hotel & Tourist Association (JHTA). It has also been awarded the International Quality Star Award for Leadership in Tourism in the Platinum category in

January of 2004 by Business Initiative Directions (B.I.D.) in Madrid, Spain.

As at December 31, 2010 the Society boast total assets of \$65.9 M and Share capital of \$17.1M.



JCIA community outreach to Reddies Place of Safety

ii. Jamaica Co-operatives Insurance Agency (JCIA) Limited

The NUCS Co-operative Insurance Services (NUCS-CIS) changed its name to the Jamaica Co-operatives Insurance Agency Limited (JCIA). Some twenty-six credit unions have taken up membership within the Society in keeping with the Cooperative Principle "co-operation amongst Co-operatives.

The Co-operative is a general insurance agency owned and operated by members of the co-operative movement in Jamaica. It provides a wide range of high quality general insurance products at competitive rates to the co-operative movement. These services includes

- a new motor scheme for credit union members with vehicles



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

on which credit unions have a lien. The scheme offers 15% discount on the JIIC premiums., both private & commercial for both comprehensive and third party insurance coverage

- Home and content insurance which offers a wide range of coverage including fire , earthquake and other specified perils for loss or damage to building and contents with "All Risks" options for valuable property.
- Wide range of coverage for commercial / business enterprise including employer's liability , fire, earthquake, loss or damage to buildings, fire, perils, burglary, public liability, employer's liability, Money (cash transit), Computers / Electronic Equipment and Fidelity Guarantee

During 2010 the assets of the Society grew by 42% from \$80.8 Million to \$114.7 Million. This was achieved mainly due to \$26.5 Million increase in share capital. The Society realized a net surplus of 6.1 Million which was 2.3 Million above the surplus of 3.8 Million realized in 2009.

The Society embarked on its first step in the establishment of Service Delivery Centres within eight credit unions via the provision of training and certification of eighteen credit

union staff as Insurance Sales Representatives. Ninety-five percent of the staff was successful. JCIA acquired the "Broker One" computer insurance software system in August 2010. This major investment will improve the technological platform to enable greater efficiency in the processing of documents at the Society. The system will also allow for connectivity with Service Delivery Centres in credit unions at which staff will be placed on secondment. The establishment of Service Delivery Centres will enable the Society to provide insurance services within Credit Unions thus expanding its locations for service delivery by not incurring high costs associated with setting up offices islandwide.

5.3 APEX & FEDERATIONS BODIES

National Union of Co-operative Societies (NUCS)

The Department of Co-operative and Friendly Societies has worked in close partnership with the National Union of Co-operative Societies since its establishment in 1959. Both organisations have collaborated on many projects and had numerous consultation regarding policies and systems for the achievement of the Co-operative Movement.



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

NUCS being the Tertiary Co-operative in Jamaica consists of Primary Co-operatives (consisting of individual members) and Secondary Co-operatives (consisting of Co-operative Societies as members).

The programmes and activities influence the development of the Co-operative Movement in Jamaica. Indeed, much of the history of the Co-operative Movement is entwined with NUCS, its members and most significantly the leaders.

It provides national and international representation for co-operatives and promotes the co-operative philosophy and principles by assisting people to realize their economic and social potentials as well as conducting educational and publicity programmes; the Society promotes and advances the Co-operative Movement as a system of business that has service, not profit as its prime motive.

NUCS also provides accounting, auditing and management services for the Co-operative Movement, in accordance with the Rules, Acts and Regulations.

During the year, NUCS was able to successfully withstand the many challenges faced. The Board of Director and Staff were able to steer NUCS through the unpredictable and

rough economic climate.

5.2.2 Jamaica Co-operative Credit Union League (JCCUL) Ltd

The Jamaica Co-operative Credit Union League (JCCUL) Ltd was a reliable partner in assisting the Credit Unions to meet their members' need by rolling out a number of programmes inclusive of the "Catch and Match Ur Stash" Saving Competition, and an enterprise telecom agreement with FLOW which offered internet and other services to members at a reduced cost. Enterprise agreements were also concluded for collections management, the Microsoft Operating System, online training and payroll services to assist Credit Unions to reduce costs and achieve greater efficiencies in their operations.

In carrying out its mandate of facilitating Credit Unions' growth and development to enable them to become the premier financial services provider for members, the League also undertook a number of initiatives aimed at improving the communications and establishing a better understanding of the needs of Credit Unions. There were numerous consultations and engagement with the Credit Union through the Executive Rap Sessions, visits, the Board Consultation and the National Strategic Planning Seminar.



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

The foci of the National Strategic Planning Seminar were the stimulation of growth and the improvement of the efficiency of the Credit Union Movement. A Number of strategies were articulated for focus over the next five (5) years. The main area identify was the need for co-operation collaboration to achieve greater efficiencies and to deliver greater value to members.

In addition, a national survey was undertaken during the year to establish the profile of Credit Union's members, their needs, future goals and aspirations. It is the result of this survey that underpinned the National Strategic Plan. The survey affirmed that the Movement's membership was aging and hence the need to attract younger members. In this respect a number of programmes were enhanced or rolled out by the League. These programmes were designed to engage and appeal to the youth, and the result were very successful especially the Treasure Chest Savi9ng Competition, backed by "Sammy" the saving mascot which quadrupled the saving intake the previous year.

The League additionally continued its lobby programme and engaged the Ministry of Finance and the Public Service in discussion regarding aspects of the proposed Bank of

Jamaica (Credit Union) Regulations on which agreements are yet to be reached. Written submission and discussion on the outstanding matter are ongoing. [Extracted from JCCUL Annual Report 2011.]

5.2.3 Jamaica Fishermen's Co-operative Union Limited (JFCU)

The Jamaica Fishermen Co-operative Union (previously named the Jamaica Co-operative Union) started in 1942 as an umbrella organization for all Co-operatives in Jamaica.

Today the Jamaica Fishermen Co-operative Union Limited provides a wide range of services to its thirteen (13) members and other Co-operatives and licensed fishermen. It is also a major supplier of a range of commercial fishing equipment and supplies to fishermen in the island.

The year's operation did not bring about the financial success which was anticipated, they were affected by the global recession experienced over the world. This resulted in a reduction in growth of 13% and overall trading operations showed a deficit of \$100,465 before Honoraria and Total Assets of \$65.8M.

See below a highlight of some of the activities undertaken for the period:-



6. PERFORMANCE OF CO-OPERATIVE SOCIETIES

- Sales moved from \$121M to \$103M for the reporting year; this represented a 16% reduction despite efforts made to boost overall sale by offer of discounts, etc. The mesh wire market was significantly affected due to change in the mesh size that is now mandated by the Ministry of Agriculture and Fisheries.
- The Boat Project showed a surplus however this was due to the high price of the product; whilst it was competitive, there was a decline in orders.
- The Fish Project has not gained the traction that was expected in the market. While householders appreciated the scaled product, it has not realized any surplus due to the need to maintain a competitive price.
- The Department in the regulation of the JFCU was adamant that those primary co-operatives that were inactive need to either revive themselves or they would be cancelled. As such assistance was provided to Montego Bay and St Mary Co-operative through JFCU and their records were updated so that they could be compliant to the Co-operative Act and proceed with their Annual General Meeting and persist in their business venture.
- Other societies were slated for enquiry with a view for cancellation as they were in breach of the Societies Act and yet others are faced with challenges to maintain their activities. With the assistance of JFCU every effort will be made to have the viable societies become sustainable and provide the level of services to their members that they once enjoyed. [Extracted from JFCU Annual Report 2011]



7. PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

The Department has portfolio responsibility for entities registered under the Friendly Societies Act 1966. Societies registered under this Act fall into three (3) categories; Friendly, Benevolent and Specially Authorized. These fraternal and voluntary social organizations provide assistance to members and their families in times of distress and disaster, and the social upliftment of the wider community.

The Department continued to provide legal status to community groups by registering them in order for them to access funding for community projects. The projects undertaken by these Societies included refurbishing of schools, construction of health centres, acquisition of furniture and equipment for schools, construction of roads and upgrading of water supply systems. The activities conducted by Benevolent Societies have contributed to the development of communities in the following ways:

- Infrastructural work contributed to the improvement of the socio-economic lives of the people within the various Urban and Rural communities.
- Lobbied on behalf of the community for enhanced social interventions by the relevant authorities for improvement of the community infrastructures.

- Promoted, and facilitated the creation of healthy life styles and an improved standard of family life.
- Fostered the creation of job opportunities via skills training.
- Assisted in developing better school facilities.

i. Central Village Benevolent Society

The Central Village Benevolent Society was registered on November 12, 2007 and has since worked acidulously with the Department of Co-operatives and Friendly Societies to be in compliance with legal statutes and to implement systems geared towards the strengthening of the Society's operations consequently the Society has carried out the following:

- Effectively recording Minutes of Meeting
- Maintaining an updated Accounting Records
- Making submission of Accounting Records to facilitate Annual Audits
- Convening of Annual General Meetings
- Submitting Annual returns
- Implementing Policies and Procedures
- Carrying out of activities



7. PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

geared towards community development in keeping with the Society's objectives.

The major objectives of the Society is to enhance the social skills of community members educationally, recreationally and economically and so far it has embarked on Social, Educational and Recreational Project, such as youth education and Summer Camp Programme and infrastructural projects as well as development.

The Society continues to contribute to the improvement of the physical and social environment of the approximately 5800 residents of Central Village. Roads are being paved, the water supply as being upgraded, many residents are having their electricity supply regulated, a multipurpose community centre is being built on lands donated by the Red Cross. The facility will provide a space for social and recreational activities, income generating ventures and disaster risk reduction and response initiatives.

On February 23, 2011, a tour of the community was made by the British High Commissioner Howard Drake, United States Ambassador Pamela Bridgewater and Japanese Ambassador Hiroshi Yamaguchi, along with World Bank Sector Manager from Washington who all had a first hand view of the work

being carried out with the assistance of donors.

Ambassador Bridgewater was impressed by Central Village's progress and holistic approach towards community development. She stated that... "for the second time I have the pleasure to visit Central Village to interact with residents, community leaders and was positively impressed with the impact of the World Bank Projects on enhancing the quality of life, ensuring safety and security of residents, transforming environments and aspirations for thousands of households."

The Department of Co-operatives and Friendly Societies shares the sentiment expressed by Ambassador Bridgewater and wishes to congratulate the Central Village Benevolent Society on the excellent working being carried out in community.

ii. The Gblatore Combined Benevolent Society

The Gblatore Combined Benevolent Society was registered on October 29, 2008, with the man objective of establishing a community based water supply system in eight communities of Gblatore, Content, Barry, Springvale, Bullock Mountain, Lime Walk, Bowerwood and



7. PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

Trafalgar in Rural, St. Catherine to service seven hundred households.

During the review period the Benevolent Society successfully completed its water project which was supported by the St. Catherine Community Development Agency and funded by the Rural Water Programme of Ministry of Water and Housing and members / community contribution. Two Million Dollars was collected from seven-hundred households as community contribution; however the overall cost of the project is Ten Million Dollars, under this project each household received a 650 gallon tank with a corresponding concrete base.



The Project impact is as follows:

- Seven-hundred households in receipt of water
- Community members gained employment in the construction of the base for water tanks

- Improve hygienic situation



- Leadership skills developed amongst members who served on the various committees to manage the development of target communities
- Increase ability of community members to advocate, plan and implement local development.
- Platform for continued development of communities

The Department continued to work with this Society by providing institutional strengthening while ensuring that statutory obligations are met. Consequently the following activities were undertaken:

- Establishment and transparent of Accounting System
- Maintenance of Members Register and Minutes Book
- Establishment of Policies and Procedures



7. PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

- Completion of Annual Audit
- Filing of Surety Bond for Officers handling the funds of the Society
- Convening of Annual General Meeting

The Department wishes to congratulate this Society and anticipates its continued contribution towards Nation Building.

iii. Porus Craft and Agriculture Specially Authorized Society



The Porus Craft and Agricultural Group was formed by Pastor Derrick Turner in an effort to address the unemployment situation in the area. Craft production was the main focus and with the help of the Parish Council and the Member of Parliament, the Group was lauded in July 2002. The Group formed an alliance with the Tourism Development Product Company who through interventions in training helped them to widen the variety of

craft items done and improve upon the quality.

The Group saw the need to legalize its status by becoming a registered entity with the ability to enter into contracts on behalf of its members and as such registration as a Specially Authorized Society was sought under the Friendly Societies Act.

Consequently after fulfilling the requirements for registration, The Porus Craft and Agricultural Association Specially Authorized Society was registered on March 12, 2009 with twenty-four members from Porus, Manchester. These members embarked on a journey to transform the perception of the Agricultural and Craft Sectors with Porus and other Communities in Manchester via its legally constituted entity to source market for members produce and access funding from agencies towards meeting its objectives.

The Society on recognizing that it was challenged financially embarked on the following projects to ensure its survival.

- A grant received from the Member of Parliament was donated to two members of the Society to raise chickens;





7. PERFORMANCE OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT

twenty-five percent of the proceeds will be reinvested into the Society.

- Planting of twenty-five acres of cassava to be funded by JSIF

The Society has worked with the Department in meeting its statutory obligations although some of these requirements were not met on time the Society had made great effort to ensure that the following were achieved.

- Surety bond on behalf of officers handling the funds of the Society
- Convening its Inaugural General Meeting
- Establishments of proper Accounting systems via training executed by the Department of Co-operatives & Friendly Society
- Policies and Procedures established and implemented.
- 2009 and 2010 Audit completed
- Annual Returns submitted for 2009 and 2010.

The membership of the Society now stands at thirty-two members who are

middle aged and up. The Group produces cassava and craft items such as:

- Wicker craft
- Be-dazzled necklaces and earrings
- Custom made skirts, blouses and dresses
- Woven crochet hats
- Handbags
- Shoes
- Bedding comforters and spreads
- Artificial flowers

Despite the fact that the Society has not yet attained the level and assets and surplus to highlight the Department wishes to congratulate the effort being made to comply with statutory requirement and contribution to the economic development of its members via job creation and employment. It is recognized that production within small sectors such as these contributes significantly towards the gross Domestic products and by extension the development of our economy. If this model is replicated elsewhere it will ease the unemployment crisis in our nation and by extension the other social issues that compliments this situation.

Porus members the Department salute you.



8. CONSTRAINTS

CHALLENGES FACED BY DCFS

Every organization experience challenges in undertaking its duties/ activities and DCFS was not spared these. During the period under review the following challenges impacted adversely on the Department:

- The unavailability of Officers within Benevolent Societies to address the Department's queries and present records for examination and auditing.
 - Tardiness of Producers and Services Co-operatives in responding to measures aimed at improving financial viability and effectiveness within the Societies.
 - An increase in the number of entities seeking information on registration under the relevant Acts.
 - High demands for onsite interventions for groups seeking legal status.
 - Delay in the completion of the Reclassification Exercise of staff resulted in de-motivated staff.
 - Absence of articulated policy for Co-operative development by Government.
- Advise ratio of technical staff in relation to Societies Regulated.
 - Significant increase in workload versus a decrease in the budgetary allocation.



Societies Registered April 2010 - March 2011

Friendly and Benevolent Societies

- Sandy Park Youth Club Benevolent Society
- Rocky Point Development Council Benevolent Society
- Old Harbour Bay Fisherfolk Council Benevolent Society
- Balcarres Benevolent Society
- Black River Fisherfolk Benevolent Society
- Tranquillity Community Development Committee Benevolent Society
- Parade Gardens community Development Committee Benevolent Society
- Charles Town Development Committee Benevolent Society
- Jamaica Government Pensioners Association Friendly Society
- Frontier Phase 1 Benevolent Society
- Tawes Meadows Benevolent Society
- Long Bay/Fair Prospect Citizens Association
- Buff Bay Local Forest Management Committee Benevolent Society
- Dunbeholden Mews Benevolent Society
- New Galloway Benevolent Society
- Temple Hall Community Development Association

Co-operative Societies

- Jamaica Indigenous Artisan Co-operative Society Ltd.
- St. Elizabeth Agricultural Co-operative Society Ltd.
- Prospect Pig Farmers Association Co-operative Society Limited
- South Manchester Herbs & Spices Co-operative Society



APPENDIX II

SOCIETIES AUDITED 2010 - 2011						
Societies	No. of Societies		External Audits		Internal Audits (DCFS)	
	10/11	09/10	10/11	09/10	10/11	09/10
Thrift & Credit	44	48	38	43	6	5
Agricultural	6	4	-	-	6	4
Housing and Land	5	3	-	-	5	3
Multi purpose / Consumer	4	5	-	-	4	5
Fishermen	9	9	-	-	9	9
Community Development	5	7	-	-	5	7
Transport	3	4	1	-	2	4
Coffee/Cocoa	1	2	-	-	1	2
Industrial	1	1	-	-	1	1
Friendly Societies	33	29	-	-	33	29
Tertiary/ Federation	5	5	3	4	2	1
Insurance	1	2	1	2	-	-
TOTAL	117	124	43	49	74	75



CLASSIFICATION OF CO-OPERATIVE SOCIETIES

CLASSIFICATION	2010/2011	
	Active	Inactive
1. Agricultural	28	21
<input type="checkbox"/> Coffee		
<input type="checkbox"/> Cocoa		
<input type="checkbox"/> Dairy		
<input type="checkbox"/> Other		
2. Industrial	1	4
3. Fishermen	11	9
4. Consumer	5	5
5. Multi Services	5	3
6. Credit Union	47	0
7. Housing and Land Purchases	4	6
8. Land Leasing	0	2
9. Insurance	1	0
10. Thrift	1	1
11. Transport	5	3
12. Community Development	2	5
13. Secondary	3	2
14. Tertiary	1	0
Total	114	61



**PRODUCTION OF LOW LAND COFFEE CO-OPERATIVES
For the Year 2010/2011**

Catadupa Coffee Grower's Co-operative	465 ¼ boxes
Central St. Catherine Coffee Grower's Co-operative	584 ¼ boxes
Darliston Coffee Grower's Co-operative	677 ½ boxes
Eastern St. Ann Coffee Grower's Co-operative	120 boxes
North East Clarendon Coffee Grower's Co-operative	1,900 ¼ boxes
North Manchester Coffee Grower's Co-operative	350 ¾ boxes
North West St. Catherine Coffee Grower's Co-operative	1,763 ½ boxes
South Manchester Coffee Grower's Co-operative	371 ¼ boxes
Southern Clarendon Coffee Grower's Co-operative	157 ¼ boxes
St. Elizabeth Coffee Grower's Co-operative	306 ¾ boxes
Upper Trelawny Coffee Crower's Co-operative	37 ½ boxes
Western St. Ann Coffee Grower's Co-operative	1,187 boxes
Frankfield JAS Coffee/Cocoa Co-operative	2,877 ½ boxes

* Boxes were priced at \$1,700 - \$1800 each.

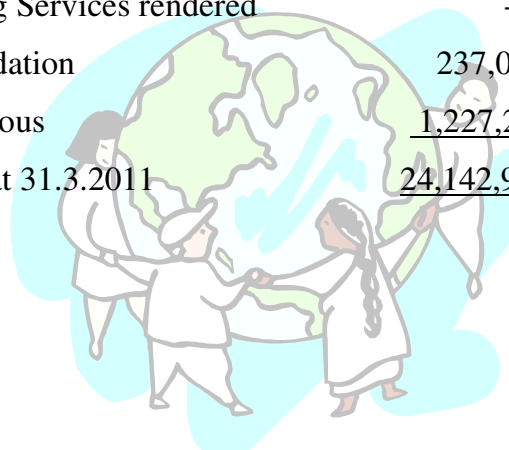
Figures received from Wallenford Coffee Company on June 16, 2010



APPENDIX V

AUDIT AND SUPERVISION FUND

Adjusted Opening Balance as at 1.4.2010	\$ 22,853,313.41
Income	
Audit Fees	2,753,900.00
Liquidations	-
Miscellaneous	-
	<u>25,607,213.41</u>
Less Expenditure	
Accounting Services rendered	-
Accommodation	237,012.72
Miscellaneous	<u>1,227,258.83</u>
Closing Balance at 31.3.2011	<u>24,142,941.86</u>



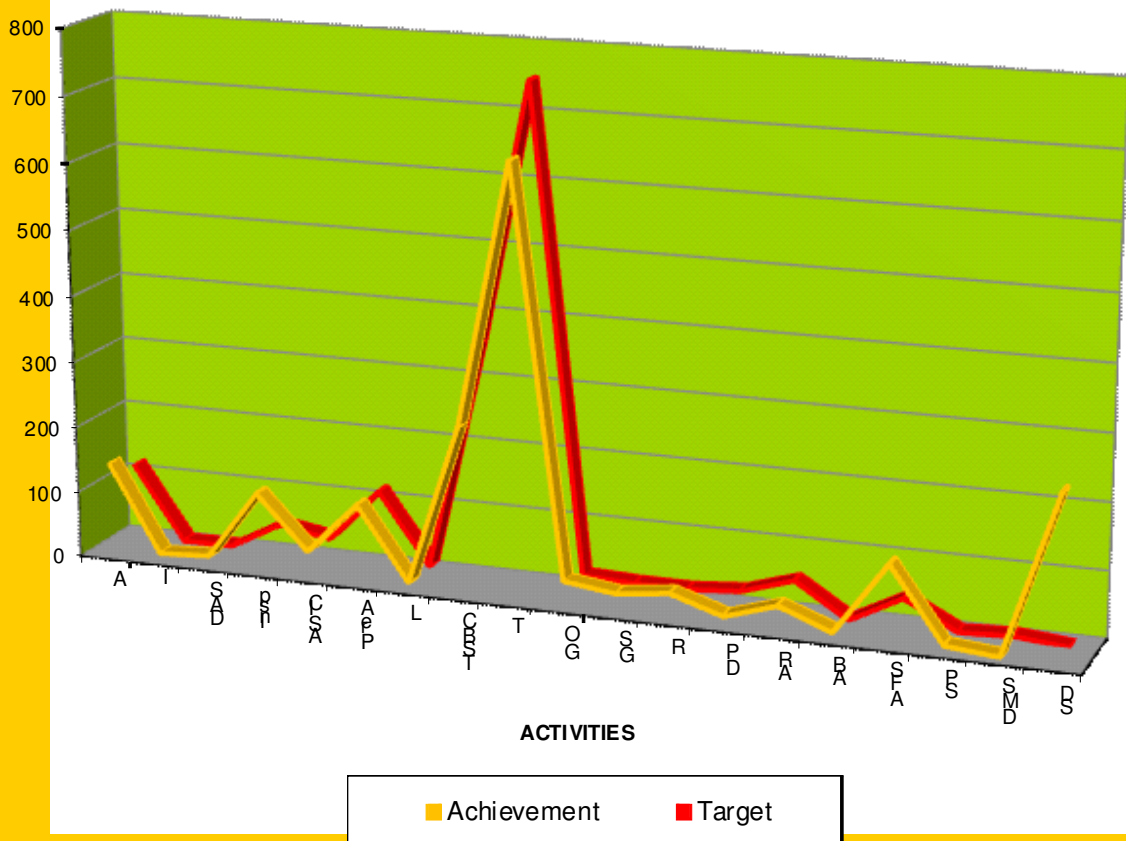


**COMPARISON OF ACHIEVEMENTS FOR THE PERIOD
2010/2011**

<i>ACTIVITIES</i>	Target	Achievement	% Achievement
	2010/11		
<i>Audits (A)</i>	142	117	82%
<i>Investigations (I)</i>	10	5	50%
<i>Development of Accounting Systems (DAS)</i>	15	6	40%
<i>Inspection (Insp)</i>	120	48	40%
<i>Assessment of Systems and Internal Controls (ASIC)</i>	40	35	88%
<i>Pre Audit Checks (PreA)</i>	120	117	98%
<i>Liquidations / Transfer of Engagement / Enquiry (L)</i>	10	10 in progress	100%
<i>Technical Support and Business Counselling (TSBC)</i>	255	358	140%
<i>Training (T)</i>	650	750	115%
<i>Group Organization (GO)</i>	40	23	57.5%
<i>Group Supervision (GS)</i>	30	20	66.6%
<i>Registration (R)</i>	40	20	50%
<i>Development Planning (DP)</i>	15	27	180%
<i>Appraisal of Rules (AR)</i>	40	52	130%
<i>Assessment of Business Plan (AB)</i>	10	2	20%
<i>Analysis of Financial Statements (AFS)</i>	120	44	37%
<i>Development of Models and Systems (DMS)</i>	10	3	30%
<i>Special Project (SP)</i>	3	7	233.3%
<i>Settlement of Disputes (SD)</i>	250 cases involving \$60M	128 cases Involving \$41.44	51

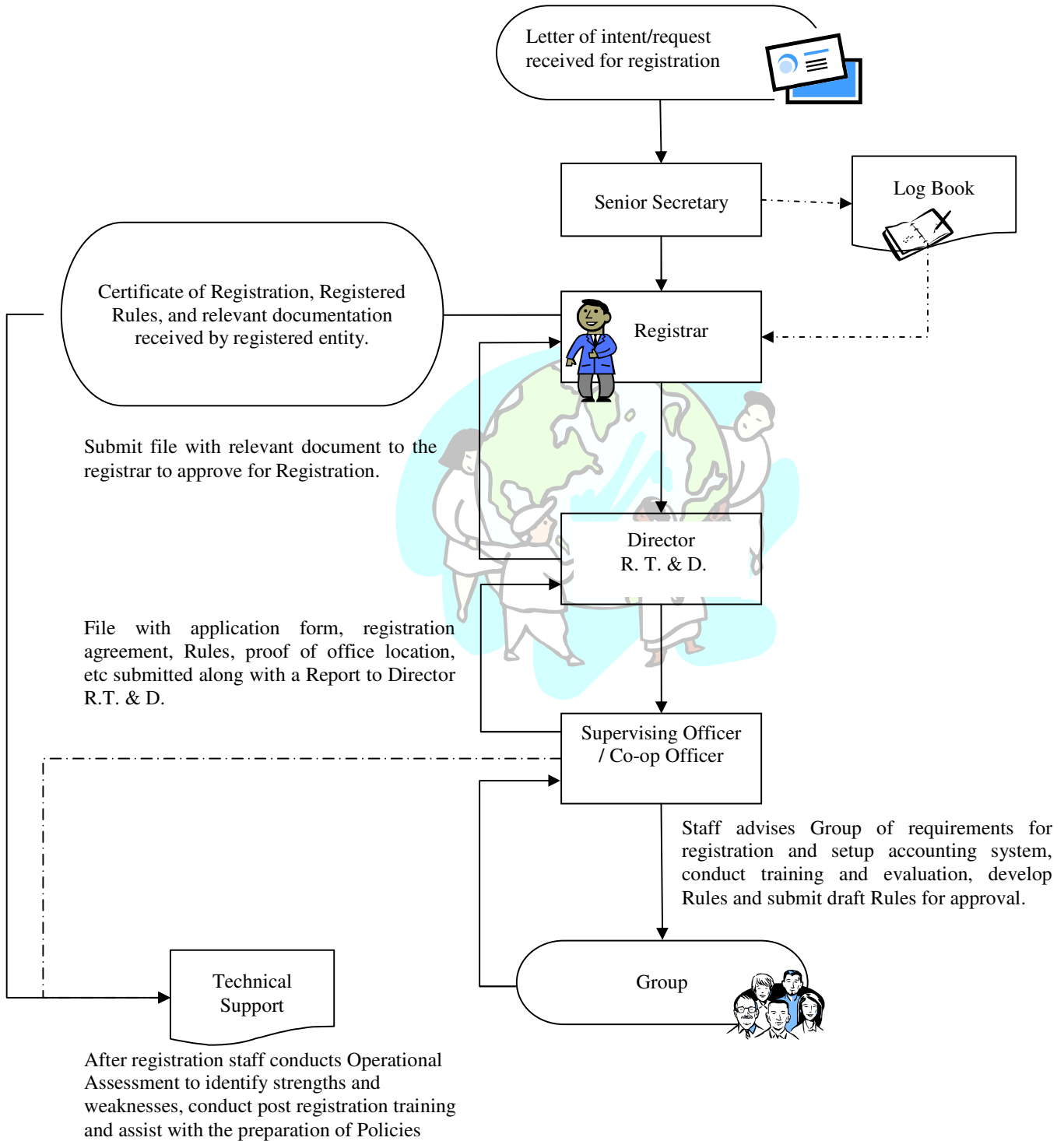


**COMPARISON OF TARGET VERSUS ACHIEVEMENTS
FOR THE PERIOD 2009/2010**





FLOW CHART DEPICTING GROUP ORGANIZATION, SUPERVISION AND TECHNICAL SUPPORT





FLOW CHART DEPICTING THE AUDITS AND INVESTIGATION PROCESS

Records are submitted to Audit Section by Society or collected by Inspectorate/ Development Officers.

Pre-Audit checks are conducted on Accounting Records submitted for Auditing.

Audits are assigned to Audit Officers through Senior Auditors.

Draft Financials are been discussed and approved by Societies.

Management letters are prepared based on weaknesses discovered during the Audit process.

Accounting Records are submitted for Auditing.

Inspectorate Section

Director A&I

Final copies of Approved Audits prepared and dispatched to Societies.

Annual General Meetings are attended

Accounts System Development Accounting Training of Groups/Societies are conducted as needed.

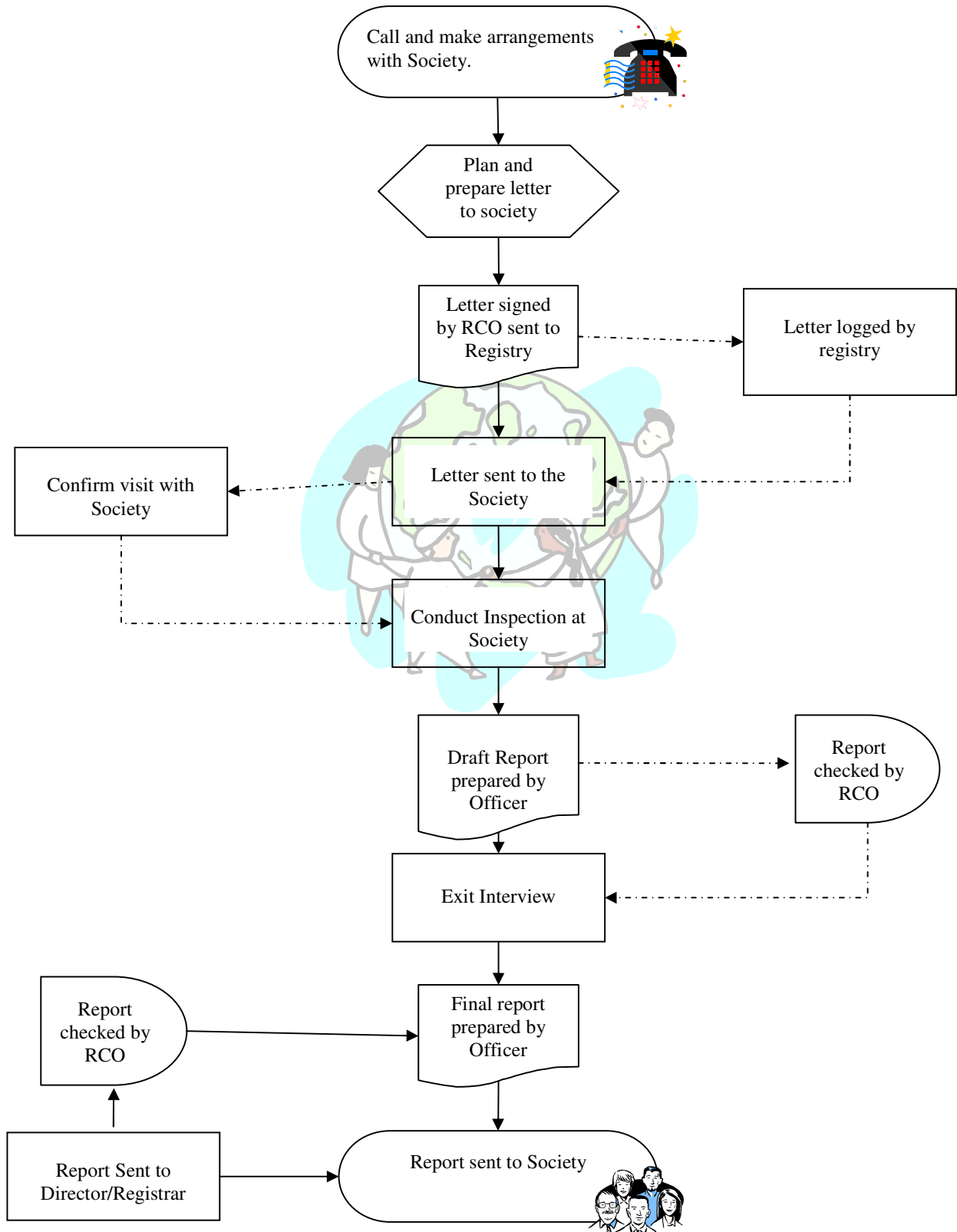
Draft Financials submitted by external Auditors.

RCS
Snr. Sec. Registry

All Draft Financials are submitted to Dir. A&I for Approval.
















FLOW CHART DEPICTING THE PROCESS FOLLOWED FOR ANNUAL INSPECTIONS



APPENDIX XI

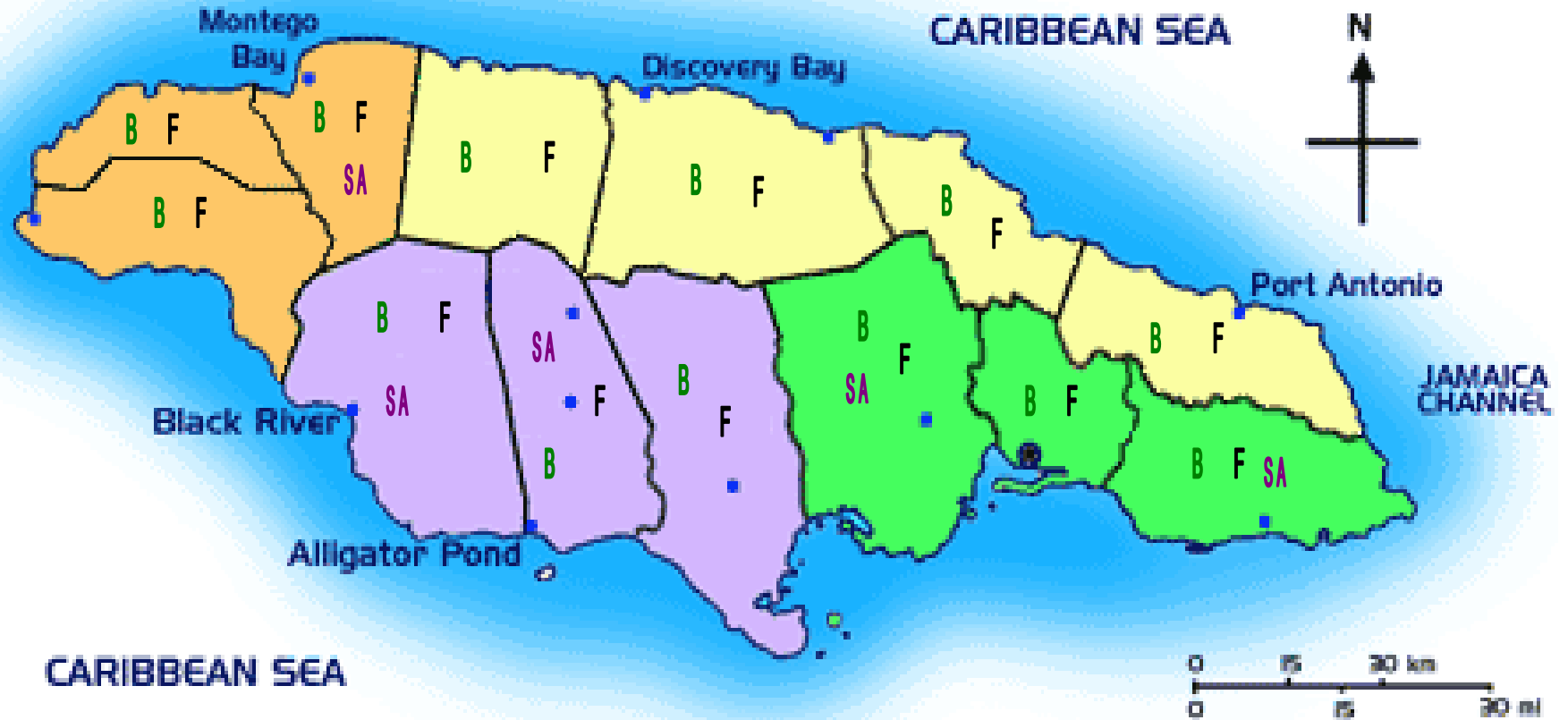
MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF ACTIVE CO-OPERATIVE SOCIETIES



KEY			
	Federations		Multipurpose Co-operatives
	Agricultural Co-operatives		Thrift Co-operatives
	Fishermen Co-operatives		Community Development Co-operatives
	Insurance Co-operatives		Transport Co-operatives
	Credit Unions		Industrial Co-operatives
	Consumer Co-operatives		Information Technology Co-operatives
	Housing and Land Purchase Co-operatives		

APPENDIX XII

MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF SOCIETIES REGISTERED UNDER THE FRIENDLY SOCIETIES ACT



KEY	
F	Friendly Societies
B	Benevolent Societies
SA	Special Authorised Societies

DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES (DCFS)

PHILOSOPHY

The Department is guided by a philosophy to understand and appreciate that its functions are concerned with the lives of people; the awareness of this fact is essential to the satisfactory performance of its duties in attaining the closest possible relationship with its clientele, in order to assist Societies to bring about the economical and social improvements desired. This philosophy coupled with the principles of co-operation and the Associated Practices adopted by the International Co-operative Alliance, with respect to the establishment and operation of Co-operative Societies, assist the Department in fulfilling its objectives.

The principles and practices listed below also influence Friendly Societies, which are essentially co-operative in nature.

- ◆ *Voluntary and Open Membership*
- ◆ *Democratic Membership Control*
- ◆ *Members Economic Participation*
- ◆ *Autonomy and Independence*
- ◆ *Education, Training and Information*
- ◆ *Co-operation among Co-operatives*
- ◆ *Concern for Communities*

