



Department of Co-operatives and Friendly Societies (DCFS)

MINISTRY OF INDUSTRY, INVESTMENT & COMMERCE (MIIC)



Annual Report 2011/2012

MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES



VISION STATEMENT

‘TO TRANSFORM THE DEPARTMENT OF
CO-OPERATIVES AND FRIENDLY SOCIETIES
TO POSITION CO-OPERATIVES, INDUSTRIAL
& PROVIDENT AND FRIENDLY SOCIETIES
AS A VIBRANT AND VIABLE SECTOR WITHIN
JAMAICA’S SOCIO-ECONOMIC
DEVELOPMENT BY 2018.’

MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES



MISSION STATEMENT

‘TO CONTRIBUTE TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE NATION BY FACILITATING THE ESTABLISHMENT AND REGULATION OF CO-OPERATIVES AND INDUSTRIAL & PROVIDENT SOCIETIES AS VIABLE BUSINESS ALTERNATIVES AND FRIENDLY SOCIETIES AS EFFECTIVE SOCIAL ORGANIZATIONS AND PROTECTING THE STAKEHOLDERS’ INTEREST.’

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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: 287-4580/3



MANAGEMENT TEAM



ERROL A. GALLIMORE, JP

Errol now the Registrar of Co-operative Societies & Friendly Societies joined the staff in 1980 and was assigned to the Audit Section and was promoted to Supervisor with-in 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 Professional Accountant, married and has two (2) daughters.



PAULETTE A. KIRKLAND, B.Sc.,JP

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 Human Resource and Public Sector Senior Management Development.

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



The year in review was indeed a significant milestone for Jamaica. It marked the celebration of Jamaica's fifty (50) years of independence from colonialism; it also marked the celebration of the International Year of Co-operatives worldwide. The Jamaican Co-operative Movement participated in the global activities via several activities starting with a National Church Service and proclamation by the Governor General, declaring 2012 International Year of Co-operatives in Jamaica. It also saw the Department of Co-operatives and Friendly Societies continuing its discussions with the Cabinet Office with regard to a reclassification and restructuring exercise aimed at repositioning the Department to increase efficiency and effectiveness in carrying out its new portfolio responsibility of registering and regulating the Industrial and Provident Societies and assuming the responsibility of the Agricultural Credit Board in regulating the Peoples Co-operative Bank.

The reclassification exercise would take into consideration the pending transfer of the Agricultural Credit Board's functions to the Department of Co-operatives and Friendly

Societies; resulting in a stronger merged organization which would have a major impact on the resources at all levels, but most critically on the accommodation and budgetary, framework in moving forward.

The forgoing request achieved favourable result and the reclassification exercise is now near finalization.

The foregoing activities all took place at a time in history when our Nation faced fiscal crisis, balance of payments deficits, intense struggle to eke out an existence, unemployment and underemployment crises. It is therefore essential that government and its institutions such as DCFS consider policies and actions to address the host of economic and social problems that the country now faces by placing economic management and economic performance at the top of the agenda.

In the midst of all the challenges Jamaicans were able to celebrate 50 years of independence by highlighting the Nation's achievements since 1962; thereby raising the profile of brand Jamaica, creating public-private partnerships and galvanizing Jamaicans to move the country forward.

The United Nations General Assembly in December 2009 in New York declared 2012 as the "International Year of Co-operatives"



(IYC) under the Theme “Co-operative Enterprises Build a Better World”. One of the goals of the United Nations in making this declaration was to increase public awareness on Co-operatives and their contribution to socio-economic development of countries worldwide, by highlighting the impact co-operatives have made on areas such as community development, employment, poverty alleviation and reduction, culture and social integration.

The United Nations General Assembly Resolution A/RES/65/184 invited all Member States to consider taking action towards establishing national mechanisms, such as national committees, to prepare for, observe and follow up on the International Year of Co-operatives, in particular for the purpose of planning, stimulating and harmonizing the activities of the governmental and non-governmental agencies and organizations concerned with the preparations for and observance of the Year.

The goals of the International Year of Co-operatives were to:

- Increase public awareness about co-operatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals.

- Promote the formation and growth of co-operatives
- Encourage Governments to establish policies, laws and regulations conducive to the formation, growth and stability of co-operatives.

Jamaica’s activities were undertaken by the Co-operative Development Committee (CDC), operating under the authority and approval of the Registrar of Co-operative Societies & Friendly Societies. The membership comprises representatives from the leadership of the Department of Co-operatives & Friendly Societies, National Union of Co-operative Societies (NUCS), Jamaica Co-operative Credit Union League Ltd., Producers & Services Co-operatives, Jamaica 4-H Club and academia.

The Committee planned and implemented a number of events under the patronage of His Excellency the Most Honourable Sir Patrick Allen, ON, GCMG, CD Governor General. His Excellency in his Greetings to commemorate the Year and the activities highlighted the impact that Co-operatives have had on Jamaica’s development and examined the contribution they were likely to make in the future.

The first activity put on by the CDC was a Church Service held on Sunday January 8, 2012 at The Cathedral of Holy Trinity, North Street, Kingston which launched the following events:



- Co-operative Symposium
- June 23-24, 2012
- Co-operative Fun Day
- July 7, 2012
- Fishermen's Regatta
- July, 2012
- Beach Clean
- September, 2012

For the reporting period there were one hundred and sixty-three (163) Co-operatives on Register; - one hundred and twenty (120) Producers and Services Co-operatives, forty three (43) Credit Unions with a total of approximately one (1) million members; however the Credit Unions' performance in assets and membership has far exceeded the Producers and Services Co-operatives.

It is remarkable that given the importance of Co-operatives, and their being promoted worldwide as instruments of economic development, not a single dedicated course has been developed for Co-operative Education to be taught in the learning institutions. This lack has resulted in an insufficient number of young people being actively involved in Co-operatives.

This is a lost opportunity given the fact that many of the Country's youth are unable to find work. This relatively well-educated core could be readily attracted to a potentially vibrant Co-operative Movement if

sufficient training and other incentives were to be provided for co-operative development thus impacting positively the Gross Domestic Product (GDP).

Co-operatives are expected to significantly contribute to the economic development of our National economy; however they need more support of Government in terms of a meaningful policy framework to foster growth and development. This puts the Co-operative Movement into a catch 22 situation. Even after more than sixty two (62) years of existence in Jamaica the Producers and Services Co-operatives have still not realized expectation; there are signs of progress, but, some serious work is required in order for these businesses to enter the economic mainstream.

It may be useful for government to link poverty alleviation programmes such as PATH to Co-operatives in which only persons who take up membership in a Co-operative would be able to redeem funds from the programme after work has been provided. This will not only be more cost effective in the long run but it is better for individuals and the society in general as this would be the policy framework for self-help, rather than the constant programme/projects of hand-outs.

Even vulnerable sectors like the elderly, young single mothers or HIV



positive youth could potentially gain huge rewards by creating Co-operatives or getting involved in existing ones that can help share their burdens while simultaneously enhancing their opportunities.

In keeping with “Vision 2030” the Planning Institute of Jamaica in December 2011 published “A Growth Inducement Strategy for Jamaica in the Short and Medium Term”. The guiding principles of the growth-inducement strategy are:

1. Unleash entrepreneurial dynamism by unlocking latent wealth tied up in idle assets.
2. Infrastructure investments as catalyst for job creation through strengthening resiliency of the built and natural environment.
3. Build an innovative and competitive modern economy of big and small firms by strengthening business networks and removing supply-side constraints.
4. Modernise and improve the efficiency of government.
5. Social inclusion through community renewal, expanded self-agency and equity.
6. Proactive partnership between government and private sector.

At its core, the strategy recognizes a basic fact that there exists a significant pool of potentially

productive assets to include financial assets, physical capital, buildings, labour, and land that currently lie dormant or underutilized.

There also exists entrepreneurial talent ready to act to bring these assets to fruition in productive activities. In some widely reported cases, creative moves in this direction are already being made in various sectors of the economy. The strategy seeks to strengthen and accelerate these positive developments by setting in place the necessary support framework to mobilize potentially productive assets and unleash entrepreneurial vitality.

The key components of the growth strategy are:

1. Tax reform to free up resources.
2. International competitiveness by lowering the cost of energy and of capital, among other things.
3. Using the business network model to promote synergies within and among clusters of economic activity.
4. Protect and strengthen the built environment, reducing restoration costs and creating jobs through public works.
5. A community - renewal programme.
6. Improving the efficiency of government through public-sector modernization.



The implementation of this strategy will require national initiatives, effective deployment of limited financial resources, forceful leadership and exercise of political will.

The DCFS has a significant role to play in harnessing national initiatives by facilitating the registration and development of businesses in the form of Co-operatives, Industrial and Provident Societies, Specially Authorized Societies and Friendly Societies as well as social and charitable organizations in the form of Benevolent Societies which all impact the Nation's economic and social development.

The Societies engages in carrying out businesses or activities that contributes to employment, production and the earning of well needed foreign exchange within Jamaica. These entities are part of the productive, service and manufacturing sectors within the economy.

On the other hand the Benevolent Societies contributes towards the social development of the Nation, which is largely achieved through the input of amenities such as drinking water, road construction or reconstruction and the building of schools within the communities across the Island. The projects, carried out by the Benevolent Societies are mainly facilitated by the Jamaica Social Investment Fund (JSIF) and the Citizens Security & Justice

Programme (CSJP), which require each community to contribute in the form of voluntary labour to each project thus reducing the overall cost on National Budget for the input of these amenities which improves the social and economic lives of our people, particularly those in the marginalized communities.

The Department of Co-operatives and Friendly Societies 2011/2012 year to date figures reflected that twenty-four (24) new societies were registered and existing Societies received 550 interventions via the provision of technical advice and business counselling.

The technical support provided included facilitating the merger of GSB Co-operative Credit Union and Churches Co-operative Credit Union Ltd in becoming First Heritage Cooperative Credit Union Ltd.

In addition the DCFS settled 109 disputes valued at \$26,097,639.47 and rid its register of over one hundred (100) dormant societies. It also audited a total of one hundred and fifty three (153) societies covering three hundred and thirty four (334) audit years and trained nine hundred and seventy three (973) persons from the Movements.

In keeping with its mandate of protecting members' interest and public funds the DCFS continues to regulate with a difference by



providing institutional strengthening and capacity building to members of the various Movements it regulates.

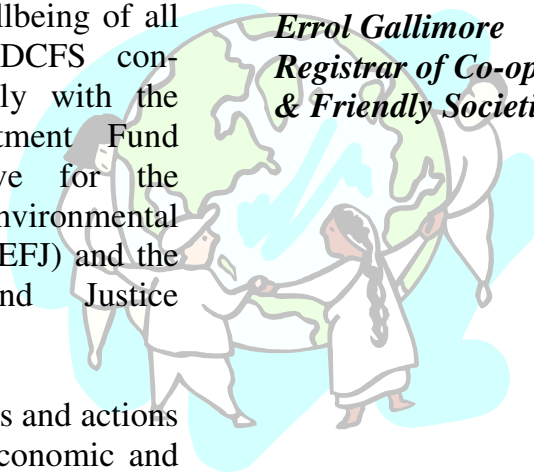
The DCFS in carrying out its functions recognises that these organisations on their own are unable to tackle the social, economic, environmental and structural factors affecting their businesses and communities and are therefore encouraged to collaborate with other non-government and government organizations who embrace a sustainable agenda for enhancing the economic and social wellbeing of all Jamaicans. Therefore DCFS continues to work closely with the Jamaica Social Investment Fund (JSIF), Local Initiative for the Environment (LIFE), Environmental Foundation of Jamaica (EFJ) and the Citizens Security and Justice Programme (CSJP).

DCFS considered policies and actions to address the host of economic and social problems that the country now faces by placing economic management and economic performance at the top of its agenda. One such policy is continued improvement in service delivery, effectiveness and efficiency and as such has taken action initiating the implementing of the International Organization for Standardization (ISO) which is a quality management system standard that provides a framework to manage and ensure a philosophy of continual improvement in all areas of services provided by

the Department.

The embracing of ISO Standardization will ensure that the DCFS is in congruence with the stated position of the Minister of Industry, Investment & Commerce who was mandated by the Government to lead the charge of International Standardization for all Government entities.

Errol Gallimore
Registrar of Co-operative Societies
& Friendly Societies





4. INTRODUCTION

The Department of Co-operatives and Friendly Societies has responsibility for administering the Co-operative Societies Act, the Friendly Societies Act and the Industrial and Provident Societies Act and their respective Regulations. It registers and regulates Industrial and Provident Societies, 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 thirty-two (632) Societies; one hundred and sixty-three (163) Co-operatives and four hundred and sixty-nine (469) Friendly and Benevolent Societies. The DCFS also has oversight responsibility for Industrial and Provident Societies which consists of six hundred and sixty-five (665) Societies.

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 executed:

- **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.
- **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 facilitator 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 Socie-

ties.

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.
- Reviews Financial Statement and Annual Returns for the Industrial and Provident Societies

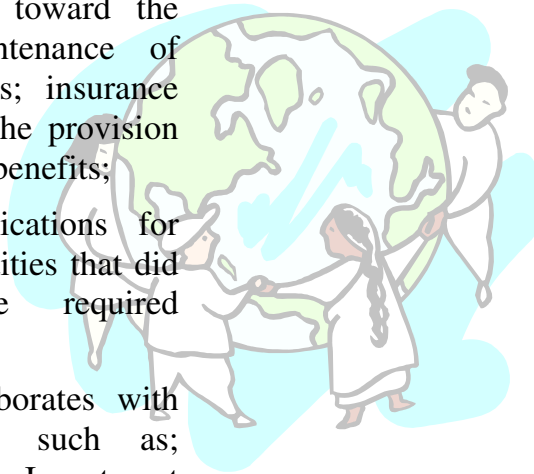
- Develops Accounting System for newly registered Societies
- Assesses business plans for Groups seeking registration under the Co-operative Societies Act
- Attends meeting of the Committee of Management and members to provide technical advice and present the Audited Financial Statement

As a Facilitator the Department:-

- assesses the viability of



- Project proposal of Groups seeking registration as Co-operative Societies and recommends appropriate alternatives;
- validates that Groups seeking registration as Benevolent Societies have socially acceptable programmes which provides charitable benefits to stakeholders/ beneficiaries;
 - ensures that Groups seeking 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 registered Societies and provide guidance with remedial activities as needed;
 - facilitates initiative for special projects geared at promotion of Co-operative Concept such as Co-operative Poster Competition and participation at the Denbigh Agricultural Show.





5.1 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 eleven (11) persons, dispersed across the three (3) Offices, the staffs undertake assignments in keeping with the Section's mandate; that of ensuring adherence by societies to applicable Statutes which include but not limited to the Tax Administration Laws, Labour Laws and Financial Laws.

Other functions of the Inspectorate Section are 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 2011/12.

5.1.1 Inspections

<i>Inspections</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	66	72	109%

Seventy-two (72) Societies' operations were inspected in 2011/12 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, and lack of reconciliation of some accounts.

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

5.1.2 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.

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.

<i>Pre Audits Checks</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	83	113	136%



Pre-audit checks were undertaken within one hundred and thirteen (113) Societies in 2011/12. This represents an achievement of 136% of projection.

5.1.3 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, Clarendon Co-operative Credit Union Limited transferred all of its engagements with its members to C&WJ 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'.

Two (2) additional Credit Unions (Trelawny and Montego Credit Union) have also entered discussions of Merger / Transfers during the review period with GSB Co-operative Credit Union and Churches Co-operative Credit Union Limited

confirmed for merger for the next financial year.

5.1.4 Financial Assessments

<i>Financial Assessments</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	72	98	136%

Seventy-two (72) Societies in 2011 / 2012 were targeted to have their financial performances assessed; of the targeted amount ninety-eight (98) Societies or 136% achieved.

The major challenges experienced were that targets set for Industrial and Provident (I & P) Societies were not met; the I & P Societies were delinquent in responding to correspondences. Consequently, Workshops are targeted for the I & Ps during the next financial year.

Additionally, Co-operative Societies, and in particularly the Producers and Services Societies, exhibited a high level of tardiness in submitting their financials and the quality of the financials submitted was poor and below the required standard. These continued to pose a serious challenge to the audit process as the Returns were not in keeping with the standards and thus required the Officers within the Department to take on increased workload.

Nevertheless, the cases of non-



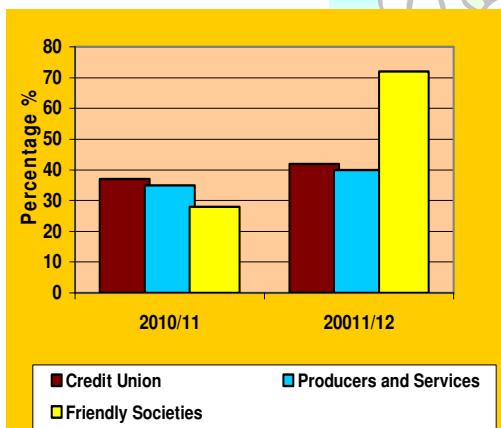
compliances were communicated to the Boards of Directors for remedial action.

5.2 AUDITS AND INVESTIGATIONS

The Audits and Investigations Section had a staff complement of ten (10) Officers and was able to audit a total of One Hundred and Fifty Four (154) Societies for the period 2011/12. One Hundred and Twelve (112) were completed internally and Forty Two (42) completed externally by the Department's panel of Auditors. These audits represent Three Hundred and Thirty Eight (338) audit years.

as well as reduced significantly the number of outstanding audit years for the Friendly Societies. These Societies continue to be faced with the challenges of poor management, substandard records, inadequate financial resources, the absence of competent and experienced staff which put increased pressure on the Audit Staff, as accounting work as well as training had to be undertaken. For 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.

5.2.1 Investigations



Investigations			
Year	Projection	Achievement	% of target
2011/12	8	1	10%

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

Mountain Terrace Housing Co-operative Society: Special Investigation was conducted into an unaccounted cash balance of over One Million Dollars.

Societies registered under the Friendly Societies Act represented a major part of the audits completed at 72%, Producers and Services 40% and Credit Unions represented 42% for 2011/12.

The Section surpassed the target set



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

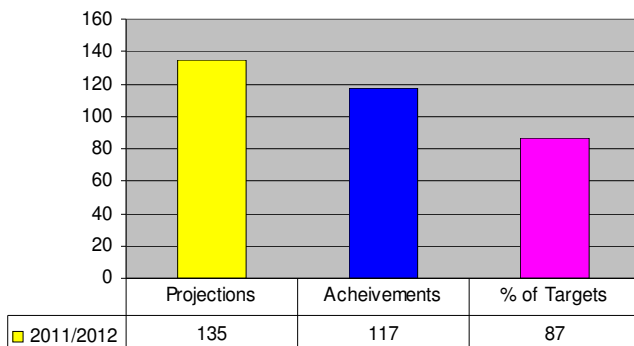
5.2.2 Audits

The completion of One Hundred and Seventeen (117) Societies' audits in the 'two years and less' category and Thirty Seven (37) Societies' audits in the 'over 2 years' category. This represents an achievement of 87% and 308%, respectively of projection.

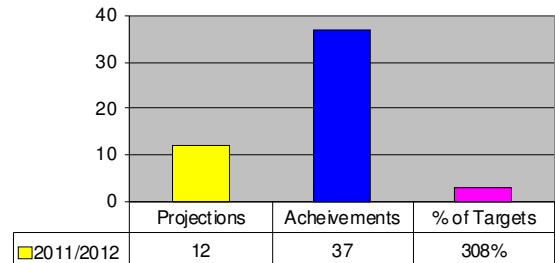
Audit			
Year	Projection	Achievement	% of target
2011/12	<i>Two Years and less</i>		
	135	117	87%
	<i>Over Two (2) Years</i>		
	12	37	308%

These percentages represent an increase over the same period last year, and the unit will continue its effort to work closely with the other Sections in reducing the number of Societies in audit arrear.

**AUDIT OF ACCOUNTS TWO (2) YEARS AND LESS
2011/2012**



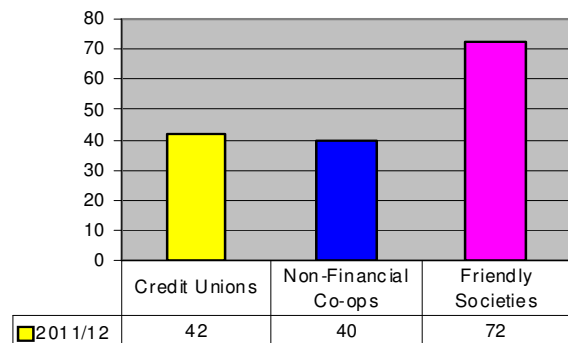
**AUDIT OF ACCOUNTS OVER TWO (2)
YEARS
2011/2012**



Audits completed for Credit Unions represented 27% of the total number completed, while Non-Financial Co-operatives and Friendly Societies combined represented 73%.

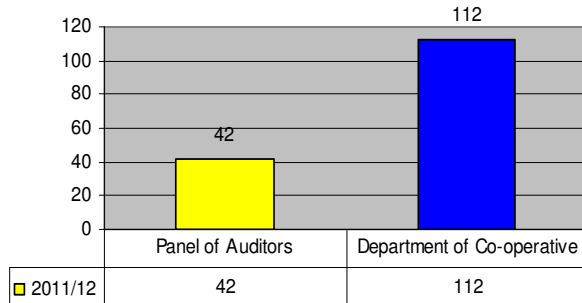
Of the total number of audits completed 73% was attributed to the Department's staff, whilst the additional 27% was attributed to the Panel of Auditors.

**AUDITS COMPLETED FOR
CREDIT UNIONS, NON-FINANCIAL CO-
OPERATIVES AND FRIENDLY
SOCIETIES
2011/2012**





NUMBER OF AUDITS COMPLETED BY DEPARTMENT AND PANEL OF AUDITORS 2011/2012



5.2.3 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.
- Provided accounting training to staff and volunteers in order to improve book keeping
- Prepared Statement of Affairs where accounting records submitted were inadequately 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.
- Developed and implemented appropriate audit strategies to address the additional

responsibilities with the transference of the Industrial and Provident Societies to the Department's portfolio.

- Reduced audit years within societies by providing greater collaboration with societies.

5.2.4 Constraints

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

- Poor book-keeping practices by Volunteers.
- Audits in arrears had increased especially within the Co-operative Societies which prevented speedy completion of audits
- Lack of adequate information and documentation from Societies.

5.3 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 Societies registered under the Co-operative Societies Act, Friendly Societies Act (Benevolent, Friendly



and Specially Authorized Societies), and the Industrial and Provident Societies Act. 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.

5.3.1 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.

While forty (40) groups were targeted to be organised, thirty-six (36) were achieved; which represents 90% of target.

5.3.2 Group Supervision

This activity involves:

- attending group meetings to provide technical assistance in fulfilling registration request;
- conducting training and evaluation geared at developing and ascertaining the individual's knowledge of managing the respective legal structures;
- 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.)

Group Organization			
Year	Projection	Achievement	% of target
2011/12	40	36	90%

In the year under review, 86.67% was achieved in relation to target for Group Supervision.



<i>Group Supervision</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	30	26	86.67%

5.3.3 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>
2011/12	30	24	80 %

The figures show that a 80% achievement for the year under review.

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

5.3.4 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,
 - 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.

holes.

<i>Development Planning</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	15	7	53.33%

The table reflected 53.33% achievement target. To date seven (7) Societies are now receiving assistance in developmental activities.

5.3.5 Appraisal of Rules

<i>Appraisal of Rules</i>			
<i>Year</i>	<i>Projections</i>	<i>Achievements</i>	<i>%of targets</i>
2011/12	40	36	90%

The appraisals of Rules 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

5.3.6 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.

The year 2011/2012 saw an 80.77% achievement of target, with five hundred and twenty-five (525) personnel within the Movements receiving training.

<i>Training of Individuals (Movements)</i>			
<i>Year</i>	<i>Individuals</i>		<i>% of target</i>
	<i>Projection</i>	<i>Achievement</i>	
2011/12	650	525	80.77%

Five hundred and twenty-five (525) persons, 80.77% from thirty-eight (38) organizations were provided with information to facilitate registration under the relevant Acts. The Department continues to collaborate with government funded and non-government organization to provide post registration training. Presently the Department has signed



MOU's with Jamaica Social Investment Fund, Citizens Social Justice Programme, CARDI, NIC, Rural Youth Employment Project (RUYE). 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.

5.3.7 Staff (DCFS)

DCFS Staff Training

Technical Officers within the respective Sections of the Department of Co-operatives and Friendly Societies all execute training as a part of their job function. Staff is required to provide training to adults of varying educational levels within the Co-operative 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. 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) continues to be the targeted tertiary institution which provides 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.

Several courses were pursued at the institution by Staff during the year 2011/2012. These included:

- Government Accounting
- Records Management
- Certificate in Administrative Management
- Report Writing & Presentation Skills
- Leadership & Change Management Workshop
- Supervisory Management



- Auditing Techniques
- Corporate Governance in the Public Sector
- Finance for Non-Financial Managers

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

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

At the end of the Course the Staff received Certificates based on full participation and successful completion.

Technical Officers also pursued other courses. These included:

- Understanding ISO 9001:2008 Management System
- Strategic Planning
- Proceeds of Crime Act Workshop
- International Financial Reporting Standard
- Strategic and Tactical Planning Workshop
- Financial Investigations Skills for Accountants and Auditors

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:

- i. providing information to build the knowledge base of the Officers
- ii. strengthening the presentation
- iii. applying the knowledge gained to better serve our clients.

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

- Deferred Shares – a capitalization option for Co-operatives
- Energy Conservations
- Amalgamation Process
- International Financial Reporting Standards (IFRS) Update 2011
- Effective Supervisory Management

5.3.8 Co-operative Development Committee

The Co-operative Development Committee (CDC) was established out of discussions and subsequent decision taken by stakeholders, including the Department of Co-



operatives and Friendly Societies (DCFS), to assist with the development and capacity building of Producers and Services Co-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-operatives
- Facilitate and encourage the implementation of Co-operative development policies as per the 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 aforementioned objectives the following activities were undertaken 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) 2012.

The United Nations General Assembly declared 2012 the International Year of Co-operatives (IYC); the designation serves to highlight the contribution of Co-operatives have made in reducing poverty, creating jobs and promoting social integration. The theme for the IYC 2012 is "Co-operative Enterprises Build a Better World". The International Year of Co-operatives officially began October 30, 2011 and runs through to November 2012.



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

5.4 COLLABORATIVE ACTIVITIES BETWEEN SECTIONS

5.4.1 Technical Support

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

In 2011/2012 it was projected that Technical Support would have been facilitated within two hundred and fifty five (255) societies; however achievement far out passed the projection with a 140% achievement over target.

<i>Technical Support</i>			
<i>Year</i>	<i>Projection</i>	<i>Achievement</i>	<i>% of target</i>
2011/12	255 Societies	358 Societies and 517 interventions	140%

These interventions were facilitated through the following:

- Assisting newly registered

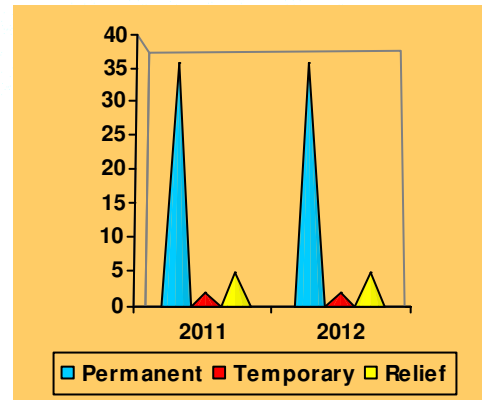
societies with the planning and implementation of Inaugural General Meeting.

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



ii) **Staff Turnover: Resignation, Recruitment and Transfer**

In the year under review staff turnover included the Retirement of one (1) staff from the Public Service on the 24th February, 2011.

One (1) Senior Co-operative Officer was appointed to the Public Service on the 1st March, 2012.

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, twenty-nine (29) persons proceeded on vacation leave.

5.5 ADMINISTRATION

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

5.5.1 Staff Welfare

i) **Staff Complement:**

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

	2012	2011
Permanent	37	37
Temporary	2	2
Relief	5	5

5.5.2 Audit and Supervision Fund (ASF)

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



5. OVERVIEW OF THE DEPARTMENT'S PERFORMANCE

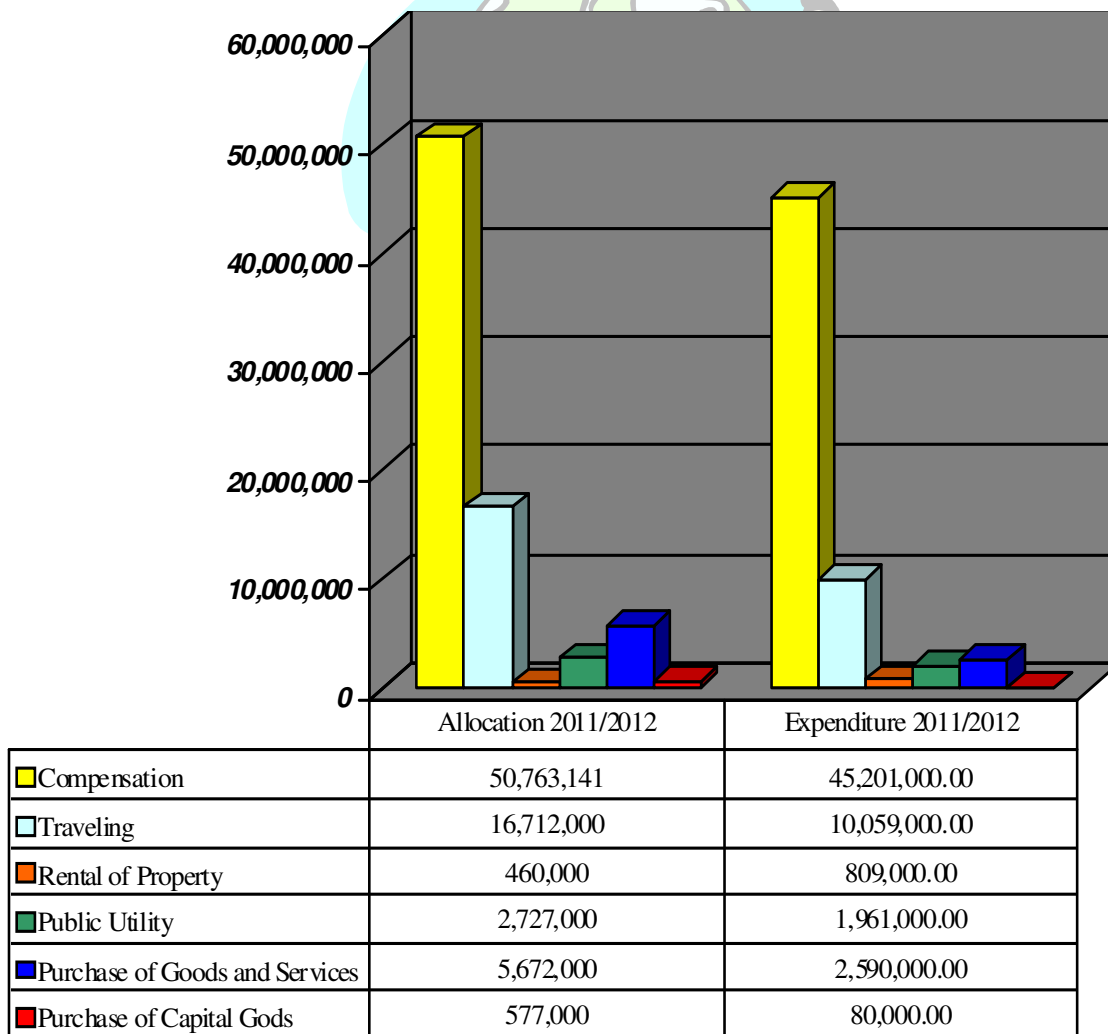
Inflows to the Fund for the period were mainly from audit fees, while outflows were for expenses related to accounting services in having Societies' accounting records updated to audit-readiness standard and refund of members' shares arising from Liquidation of their Societies.

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

5.5.3 Budget

The Department's adjusted budget for 2011/12 was \$78 M, an increase of approximately \$1.7M or 2.7% over 2010/2011. The following chart and graph shows a breakdown of allocation in relation to expenditure.

Breakdown of Budgetary Allocation 2011-2012





6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

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.

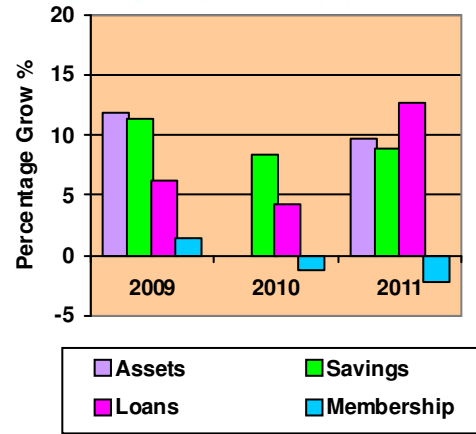
Preliminary reports show that as at December 2011, the Credit Union Sector achieved noteworthy growth in total loans of 12.67% moving to \$42.31 billion. Total savings and total assets also experienced growth of a similar magnitude, achieving 8.96% and 9.76% rates of growth respectively.

The culling of accounts that did not meet the permanent shares requirements and mergers brought membership to 920,283 at the end of 2011

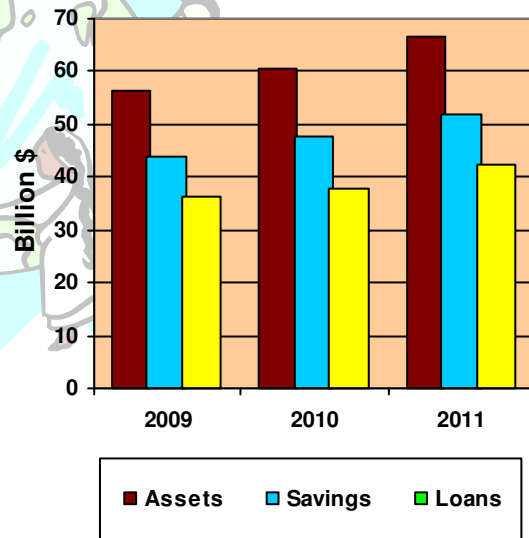
Growth in Credit Union Sector

	Total Assets	Savings	Loans	Membership
2011	9.76%	8.96%	12.67%	-2.17%
	\$66.66	\$51.78	\$42.31	920,283
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

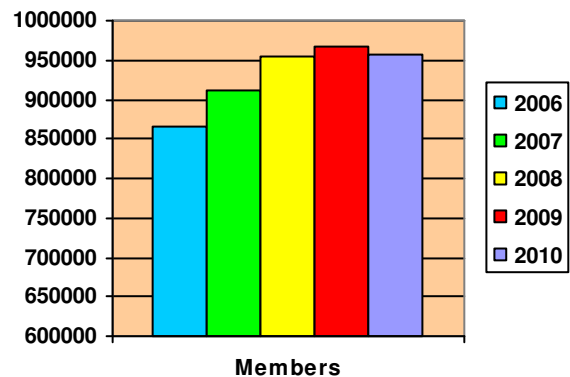
Percentage Growth over a three year period 2009-2011



Progression over a three year period



Membership from 2006-2010





6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

Membership by Region

Parishes	Membership	
	31.12.11	31.12.10
CLARENDON	13,000	42,007
HANOVER	24,255	22,658
MANCHESTER	38,989	48,546
PORTLAND	25,247	23,518
ST. ANN & ST. MARY*	47,284	57,153
ST. CATHERINE	44,687	42,814
ST ELIZABETH	31,973	30,018
ST JAMES	51,370	51,978
ST. THOMAS	21,094	20,152
TRELAWNY	28,624	27,275
WESTMORELAND	27,838	39,867
RURAL TOTAL	357,361	405,986
INTRA-PARISH	296,104	288,569
CORPORATE AREA	266,943	261,207
TOTAL JAMAICA	920,408	955,762

* First Regional Credit Union Limited

At the close of the Year 2011, 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.

6.1 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.

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 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. Greater Browns Town Community Development Benevolent Society

The society was registered on 23rd March 2007 under the Friendly Societies Act, and provides



community based services to develop love and trust among the citizens within the Greater Browns Town community. The area is bordered on the north by Cumberland Avenue, the west by Upper Elleston Road, the south by Windward Road and the east by Vauxhall High School and North Avenue. The Society's focus is to enable effective utilization of the available resources through educational opportunities. The Society serves to create a link between the citizens and Local Government Bodies and Agencies and any other Special Interest Groups.

Since the Society's registration, the community has been one of the many recipients of funding from Jamaica Social Investment Fund (JSIF). The funds received are used to advance the Society's GSAT After-School Programme, Skills Training, Home Work Programme, Summer Youth Engagement Programme and the Bee-Keeping Project. In addition, the Society has hosted a Musical for the past three (3) years; an avenue through which the participants in the Summer school programme put on display their talent in Jamaican dance.

The Bee-Keeping Project has evolved into a small business, which resulted in the manufacture of its branded *Sweet Paradise* honey and lemonade juice.



The Committee of Management Bee-Keeping Project



Products of the Bee-Keeping project on display

ii. St. Catherine Co-operative Credit Union

In 1977 eight (8) Credit Unions in St. Catherine merged to become the St. Catherine Co-operative Credit Union Limited (SCCCU), namely: Awallee, Bybrook, Old Harbour, St. Helen's, St. Jago, St. Joseph's, Caymanas, and Worthy Park. In 1988 Ariguanabo joined the Union, and the Co-operative continued to serve its members as per its bond, being persons living or working in the parish at the time, with savings of less than \$1 Million.



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

Growth and Progress:

Performance	1977	Dec 1987	Dec 2011
Membership	5,330	19,376	43,093
Share Capital	\$1.29M	\$12.39M	\$766.9M
Loans	\$1.35M	\$11.12M	\$759.0M
Total Assets	\$1.61M	\$13.14M	\$1,456.8M
Gross Income			\$186.5M
Net Income		\$1.22M	\$26.7M

Delinquency was below 5%.

Service and Products:

The earliest products were the share savings accounts and consumer and business loans; however a wide range of financial solutions were later added.

In 1998, the Credit Union diversified its operations by offering life insurance services in the form of the Family Indemnity Plan. Coverage was provided by CUNA Mutual Insurance Society now CMFG Life Insurance Company, the Credit Union's insurance company. This was another milestone in the Credit Union movement.

As an active player in the financial industry, products such as Youth Education Savings Scheme (YESS), Pardna Plan Account, Motor Vehicle

Express Loan, and ATM services came on stream in response to members' needs. Mortgage facilities provided housing solutions and Home Equity Loans provided a rescue for the financial needs of those who desired to pledge real estate as security/collateral.

Remittance services through Reggae Money Express, People2People and JN Money transfer have been introduced and were widely utilised by both members and non-members alike. Other insurance products such as Health and Golden Harvest were among the plethora of services offered by the Credit Union.

Community Involvement:

Ever conscious of its corporate commitment, SCCCUC has been giving back to the communities it serve. High on the Credit Union's agenda is sponsorship of and donations to worthy causes. SCCCUC has been very generous in its contributions and over the years has spent millions in donations, sponsorships and grants. Some of the recipients worthy of note were:

- Young Women Christian Association (YMCA)
- In 2002, the Co-operative played an active role in ensuring the restoration of sight in the eye of a St. Jago Student, Brian Sukie, by assisting with funds for his



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

- surgery in Miami.
- SCCCU has also been integral to the success of the St. Catherine Festival Queen Pageant through an investment of over \$4M.
 - For several years they were title sponsors of the Happy Sutherland Knockout Competition.
 - Several Labour Day projects including pedestrian crossings and set-up of School computer labs
 - Provide support for several schools in the parish such as St Jago High, Innswood High and Bog Walk High
 - Contributions to several churches such as Phillipa Baptist Church, Old Harbour Bay Baptist Church, Church of God of Prophecy and Portmore New Testament Church of God.
 - Involvement with several organizations such as Children's First, Child Development Agency, Women's Centre Foundation, Rotary Club of Spanish Town, Lions Club of Spanish Town

In 2011 SCCCU was awarded the Jamaica Co-operative Credit Union League Award for Parish Credit Union with the highest loan growth out of all the Credit Unions islandwide. Despite the various

challenges, SCCCU remains loyal to the empowerment of its members and will always honour its commitment to "MAKING SURE YOUR FUTURE IS SECURE".

iii. Insurance Employee Co-operative Credit Union

The Society was registered on October 27, 1977 with members from the general insurance industry, and by extension, their family and relatives. The Credit Union has remained committed to its Rules over the years by providing financial services conducive to the needs of its members.

During the financial year 2011, the Credit Union reported that although it was impacted by the worldwide recession, which resulted in weak remittance inflow and loss of jobs in key industries, the Credit Union reported a surplus of \$23.9m; this was a 7% increase compared to the profit reported in 2010. Its assets totaled \$1.63 Billion, and reported delinquency was 6.7%, only 1.7% above the standard of the industry.

The Co-operative is integral in the growth and development of its members and staff. Management pursued training and development in well-needed areas including: Time & Stress Management, Proceeds of Crime Act – Money Laundering Prevention Regulations, Customer Service, Sales & Marketing



Strategies that Work, Protocol & Business Etiquette, Managing Emotions within the Workplace, Co-operative Business Model, Loan Securities Documentation, Lending Risks, Management of Non-Performing Loans, Jamaican Securities Certificate Course, Teller Training, Effective Telephone Techniques & Customer Service, Policy Development & Implementation, Orientation of New Credit Union Staff, AML/CFT Compliance Programme and Supervising to Success.

On September 30, 2011 the Co-operative completed its merger with Building Societies Co-operative Credit Union, which resulted in two (2) additional offices to service the members of the Union; one in New Kingston and the other in Montego Bay. The merger also expanded the Credit Union's membership by 450 at the close of the financial year ended December 2011, and the Credit Union issued 222 new ATM cards. The Co-operative continued to upgrade its information technology system in order to provide real-time balances and more detailed transactions to its members.

As good corporate citizens, Insurance Employees Co-operative Credit Union was one of the sponsors associated with the Bible Society inter-school quiz and awarded scholarships to outstanding GSAT achievers.

iv. NAJ Co-operative Credit Union

The Society was registered on August 5, 1976 under the Co-operative Societies Act, 1950, its membership comprising members of the Nurses Association of Jamaica and their spouses, children, nieces, nephews, brothers and sisters.

The Credit Union has an active Supervisory Committee, which is commonly referred to as the 'watch dogs' of the Co-operative, who during their tenure oversaw the activities of the Credit Union. During the year 2011, the committee conducted investigations / reviews in the following areas (a) loan applications and loan approvals, (b) cash handling and management procedures, (c) financial statements, (d) Minutes of Board Meetings, (e) adherence to BOJ requirements, (f) Statutory payments, (g) status of the Delinquency Report, (h) examination of active and inactive files, (i) examination of staff the attendance register and (j) status of investment policy and portfolios.

The Co-operative reported an impressive 2011 financial report. A remarkable 50% growth in the Credit Union's membership and a surplus of \$15m, compared to \$13.9m in 2010, was a feat for the Co-operative's Management, particularly in a financially unfriendly economy. The Co-operative reported a 1% increase



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

in its delinquency portfolio; however, with increased lending and borrowing, there might occur increased delinquency, regardless of effective management. The Credit Union's capital structure grew from \$384m in 2010 to \$444m at December 2011; another testimony that Management is moving in the right direction with its oversight of the members' assets.

As the Co-operative grew, it was necessary that adequate facilities to accommodate members and staff were sought. Consequently, the Co-operative was relocated from its Trevennion Road office to Shop 38, Winchester Business centre, Hope Road, Kingston 10. With this new home, comes adequate parking for staff and members, a comfortable service area and greater accessibility.

The Credit Union over the year conducted an audit of its membership base and holders of accounts that were proved to be dormant were contacted, and the accounts reactivated. After review of the 2011 records, the Credit Union purposed to pay members \$991.57 on permanent shares and 2.4% on their ordinary share at the distribution of surplus.

The members and staff of the Co-operative are also actively involved in the Community. The Credit Union celebrated Credit Union week during the period October 16 – 22, 2011 by providing a hot cup of soup to at least seventy (70) persons at the Marie Aitkin's Home at 65 Hanover Street. Members of staff and Board conducted a sing-along with members of the home.

SCHOLARSHIP AWARDEES





6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

As a result of this interaction, the Credit Union committed to continue to serve the members of the Marie Aitkin's Home soup and soap on a quarterly basis. In addition, several scholarships and grants are offered yearly to members and/or their wards to further their academic pursuits at the primary, secondary or tertiary levels. This year, a total of \$585,000.00 was distributed among thirteen (13) students attending high and tertiary institutions.

v. Cave Valley Multi-Purpose Co-operative Society

On February 25, 2012, the Cave Valley Multi-Purpose Co-operative Society received assistance through a Common Fund Commodity (CFC) Project and in collaboration with Wray & Nephew Jamaica hosted a Coffee and Rum Fest in Baron Hall, Cave Valley. The Fest was the first of its kind and is anticipated to be an annual occurrence. The event was well supported and witnessed exhibitions from various entities to include:-

- Department of Co-operatives and Friendly Societies

- J. Wray & Nephew Ltd.
- Wallen Ford Coffee
- Jamaica Standard Products Company Ltd. (JSP)
- Central St Catherine Coffee Co-operative Society Ltd
- Frankfield JAS Coffee Cocoa Growers Co-operative Society Ltd.
- Hi-Pro Farm & Garden Ace Super Center
- Appleton Estate Jamaica Rum
- Coffee Industry Board (CIB)
- AgroGrace Jamaica
- Salada Foods Jamaica Ltd.

Special appearances were made by the Hon. Ian Hayles – Junior Minister Ministry of Agriculture, Mr. Jackie. O. Minott – General Manager of Jamaica Standard Product Company Ltd, Mr. Christopher Gentles – Managing Director of Coffee Industry Board, Mr. Gerald Bryan – Project Co-coordinator of CFC Project, Mr. Venroy Lindo – Chairman for Central St. Catherine Coffee Growers Co-operative Society Ltd., Mr. Sydney Golbounre – Chairman for Frankfield JAS Coffee Cocoa Growers Co-operative.



Stakeholder at Cave Valley Coffee and Rum Fest toast to the future occurrence of the event



vi. Flower Hill Co-operative Society Ltd.

From 1984 to present, this women oriented Society has scaled great heights in its achievements. With a staff complement of twelve, the Society has evolved from producing 400 to 12,000 Bammies per week.

Boasting a membership of 30 persons, this Producers Co-operative recorded as at December 2009 Assets of \$3,017,183 and Shares of \$993,806; while creating much needed jobs and providing a lucrative market for Cassava Farmers.



A worker prepares to package the finished bammies at the factory, in Flower Hill, St. James.

With a vision of being the largest Bammy Producer in the Caribbean the Society has sought to upgrade its factory with assistance from the Jamaica Social Investment Fund. Plans are also afoot to diversify production thus taking advantage of the niche market. To this end, the Department will make every effort to assist the process.

6.2 APEX & FEDERATIONS BODIES

6.2.1 National Union of Co-operative Societies (NUCS)

The Department of Co-operatives 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 consultations regarding policies and systems for the achievement of the Co-operative Movement.

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



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

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 experienced another challenging year in 2011. Nevertheless, it was able to accomplish several things which included; continued delivery of training; spearheading the activities of the Co-operative Development Committee (CDC), especially the planning of activities to celebrate the International Year of Co-operatives (IYC); technical assistance to member co-operatives; visits to many co-operatives; and the introduction of a new collection service.

NUCS had a deficit of \$1.5 million for the year 2011.

NUCS convention and AGM were held on Saturday, September 10, 2011 at the Golf View Hotel in Mandeville. The theme was “Co-operatives...Moving forward in Unity” Seven co-operatives mounted displays of their goods and services.

Twenty-one (21) delegates representing eight (8) member societies, and twenty-six (26) guests from other co-operatives were present at the AGM.

NUCS introduced its debt collection facility in the last quarter of 2011 and started soliciting business from co-operatives.



Minister of state in the Ministry of Industry, Investment and Commerce, Michael Stern (left), listens attentively as Johnathan Brown (right), president of JCCUL and treasurer of NUCS, makes a point while trustee members Albert Smith (second left) and Fitz Rowe look on. The occasion was the presentation ceremony of the Clinton Dietrich Memorial Scholarship Fund.. [Photo: Observer]

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

The Jamaica Co-operative Credit Union League (JCCUL) recorded a decline of 7.3% in assets for 2011. This is the first decline in assets that the League has suffered for over decades. At the end of the 2011 period total assets stood at \$9.9 billion compared to the \$10.7 billion recorded in 2010. This was in contrast to the growth recorded by Credit Unions during this period. The decline could be attributed to the drive by Credit Unions to increase their loan portfolios and the fact that



6. PERFORMANCE OF THE CREDIT UNIONS SECTORS AND SOCIETIES

the League lost its competitive advantage when it arranged for the Credit Unions to secure Withholding Tax Exemption certificates. Before this occurrence, the League was the only institution which was allowed to pay interest in full to Credit Unions and not withhold tax. This meant that Credit Unions were able to get the full interest on deposits placed in the League which allowed them to reinvest the compounded sums and secure better overall yields.

A surplus of \$144.53 Million and total comprehensive income of \$172.80 were recorded by the League for the year 2011. At year-end the net institutional capital to assets ratio had improved to 11.34% from 9.26%. This was due to an increase in institutional capital of \$133.56 million and a decline in assets of \$0.78 billion for the year. [Extracted from JCCUL Annual Report 2011]

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

The Jamaica Fishermen Co-operative Union Limited provides a wide range of services to its twenty (20) members.

The Jamaica Fishermen Co-operative Union during the review period yielded a profit of \$4.9 million Dollars compared with the net loss suffered in the previous year of \$100,465.00 and saw an increase in

total assets over prior year which moved from \$65 million to \$82 million; however share capital only increased by less than 1% which at the close 2010 was \$17,906,852.00 and at the close of 2011 was \$17,910,100.00. The Society also boasted a 19% increase in sales which moved from \$103 Million in 2010 to \$122 Million in 2011.



Anthony Drysdale, Development Officer at the Jamaica Fisherman Co-operative Union (left), demonstrates the use of various fishing instruments to Dr. Marc Panton, Chief Technical Director in the Ministry of Agriculture and Fisheries and other attendees of the International Fisherman's Day Symposium 2012. [Min of Agriculture and Fisheries]



Phillip Berry, a boat maker at the Beechwood Avenue site in Kingston, uses an old boat to make the mould, an impression of the vessel. [Photo: Gleaner]



At the Society's last Annual General Meeting which was held on February 14, 2012 at the Cardiff Hotel in Runaway Bay St. Ann it was highlighted that six member societies are current beneficiaries of its Computer Reserve Fund namely: Rocky Point, Calabash Bay, Alloa, North Eastern Island, Old Harbour Bay and Gillings Gully Fishermen's Co-operative. 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.



**Societies Registered April 2011 - March 2012, under the relevant Acts.****Friendly Societies Act**

- Spring Hill CDC Benevolent Society
- Harmon's Farmers Association Benevolent Society
- Wentworth Heights Land Development Benevolent Society
- Savanna-la-mar Fisherfolk Council Benevolent Society
- Windalco/Port Esquivel Joint Communities Council Benevolent Society
- Rockfort Development Council Benevolent Society
- Rhyne Park Citizen's Association Benevolent Society
- Kencot Community Benevolent Society
- Olympic Gardens CDC Benevolent Society
- Greenwich Park Citizens' Benevolent Society
- Epworth Citizens Association Benevolent Society
- Dalvey Youth and Community Club Benevolent Society
- Helping Hands Benevolent Society
- Ironshore Citizens Association and Neighbourhood Watch Benevolent Society
- Central Downtown Benevolent Society
- Mavis Bank Home Care Benevolent Society

Co-operative Societies Act

- Hanover Bee Farmers Co-operative Society Limited
- Jamaica Creative Co-operative Society Limited
- Mile Gully Production & Marketing Co-operative Society Limited
- Porus Entrepernuerial Co-operative Society Limited
- Nature's Queenbee Co-operative Society Limited
- Rapid Growth Co-operative Society Limited



- Golden Advent Co-operative Society Limited
- Baalbec Growers Association Co-operative Society Limited
- Action Vibes Co-operative Society Limited
- West Jay Bee Farmers Co-operative Society Limited

Industrial & Provident Societies Act

- Eleven Waterworks Limited
- Perl Capital Limited
- Richmond Homeowners Association Limited
- Ibis Finance Limited
- TVM Finance Limited
- Emerald Cay Management Limited





SOCIETIES AUDITED 2011 – 2012

Societies	No. of Societies		External Audits		Internal Audits (DCFS)	
	11/12	10/11	11/12	10/11	11/12	10/11
Thrift & Credit	48	44	43	38	5	6
Agricultural	5	6	-	-	5	6
Housing and Land	3	5	-	-	3	5
Multi purpose / Consumer	2	4	-	-	2	4
Fishermen	10	9	-	-	10	9
Community Development	1	5	-	-	1	5
Transport	3	3	1	1	2	2
Coffee/Cocoa	6	1	-	-	6	1
Industrial	-	1	-	-	-	1
Friendly Societies	71	33	-	-	71	33
Tertiary/ Federation	3	5	2	3	1	2
Insurance	1	1	1	1	-	-
TOTAL	153	117	47	43	106	74



CLASSIFICATION OF CO-OPERATIVE SOCIETIES

CLASSIFICATION	2011/2012	
	Active	Inactive
1. Agricultural	34	19
<input type="checkbox"/> Coffee		
<input type="checkbox"/> Cocoa		
<input type="checkbox"/> Dairy		
<input type="checkbox"/> Other		
2. Industrial	3	6
3. Fishermen	11	2
4. Consumer	5	3
5. Multi Services	5	1
6. Credit Union	43	0
7. Housing and Land Purchases	4	5
8. Land Leasing	0	2
9. Insurance	1	0
10. Thrift	1	0
11. Transport	5	2
12. Community Development	2	3
13. Secondary	3	2
14. Tertiary	1	0
Total	118	45



**PRODUCTION OF LOW LAND COFFEE CO-OPERATIVES
For the Year 2011/2012**

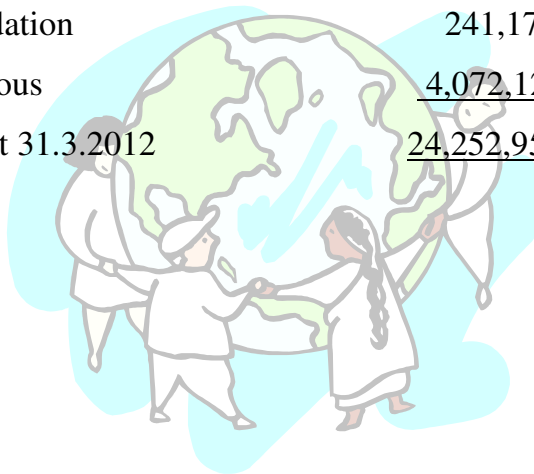
Catadupa Coffee Grower's Co-operative	445 boxes
Central St. Catherine Coffee Grower's Co-operative	751 boxes
Darliston Coffee Grower's Co-operative	745 boxes
North East Clarendon Coffee Grower's Co-operative	1,600 boxes
North Manchester Coffee Grower's Co-operative	868 boxes
North West St. Catherine Coffee Grower's Co-operative	1,129 boxes
South Manchester Coffee Grower's Co-operative	745 boxes
Southern Clarendon Coffee Grower's Co-operative	665 boxes
St. Elizabeth Coffee Grower's Co-operative	975 boxes
Upper Trelawny Coffee Grower's Co-operative	455 boxes
Western St. Ann Coffee Grower's Co-operative	307 boxes
Frankfield JAS Coffee/Cocoa Co-operative	4,000 boxes

*** Boxes were priced at \$1800.00 to a high of \$2200.00 per Box**

Figures received from Mr. Louis Campbell, Advisory Services- Manager – Coffee Industry Board

**AUDIT AND SUPERVISION FUND**

Adjusted Opening Balance as at 1.4.2011	\$ 24,142,941.86
Income	
Audit Fees	3,034,130.04
Liquidations	-
Miscellaneous	<u>1,389,254.85</u>
	28,566,326.75
Less Expenditure	
Accounting Services rendered	-
Accommodation	241,179.16
Miscellaneous	<u>4,072,125.02</u>
Closing Balance at 31.3.2012	<u>24,252,950.57</u>





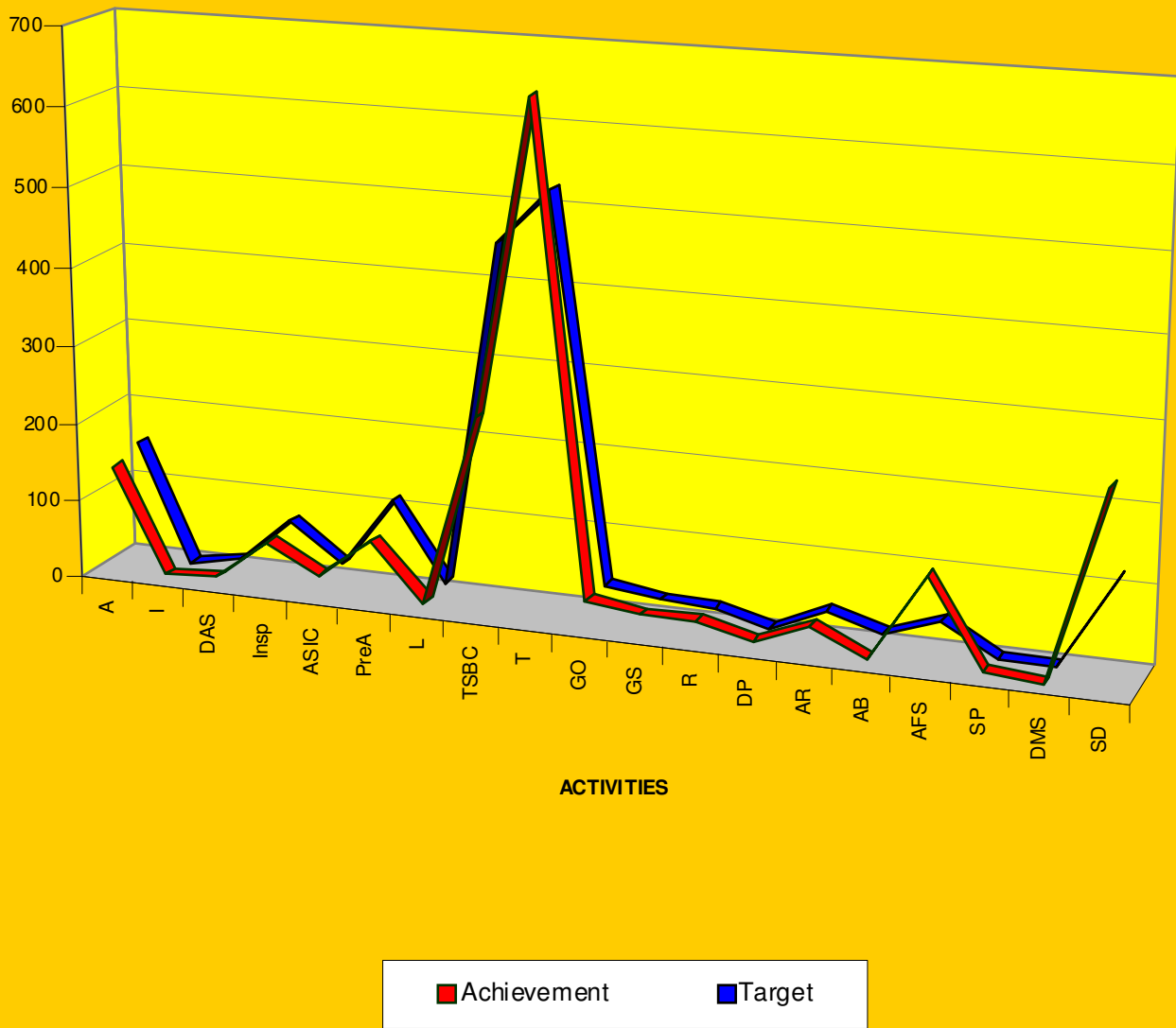
COMPARISON OF ACHIEVEMENTS FOR THE PERIOD

2011/2012

	Target	Achievement	% Achievement
ACTIVITIES	2011/2012		
<i>Audits (A)</i>	142	154	108%
<i>Investigations (I)</i>	8	1	12.5%
<i>Development of Accounting Systems (DAS)</i>	13	14	108%
<i>Inspection (Insp)</i>	66	72	109%
<i>Assessment of Systems and Internal Controls (ASIC)</i>	30	23	77%
<i>Pre Audit Checks (PreA)</i>	83	113	136%
<i>Liquidations / Transfer of Engagement / Enquiry (L)</i>	10	14 in progress	140%
<i>Technical Support and Business Counselling (TSBC)</i>	255	454	178%
<i>Training (T)</i>	650	525	80.77%
<i>Group Organization (GO)</i>	40	36	90%
<i>Group Supervision (GS)</i>	30	26	88.67%
<i>Registration (R)</i>	30	24	80%
<i>Development Planning (DP)</i>	15	7	53.33%
<i>Appraisal of Rules (AR)</i>	40	36	90%
<i>Assessment of Business Plan (AB)</i>	10	15	150%
<i>Analysis of Financial Statements (AFS)</i>	120	42	35%
<i>Development of Models and Systems (DMS)</i>	10	3	30%
<i>Special Project (SP)</i>	3	2	150%
<i>Settlement of Disputes (SD)</i>	250 cases involving \$60M	120 cases Involving \$30M	48

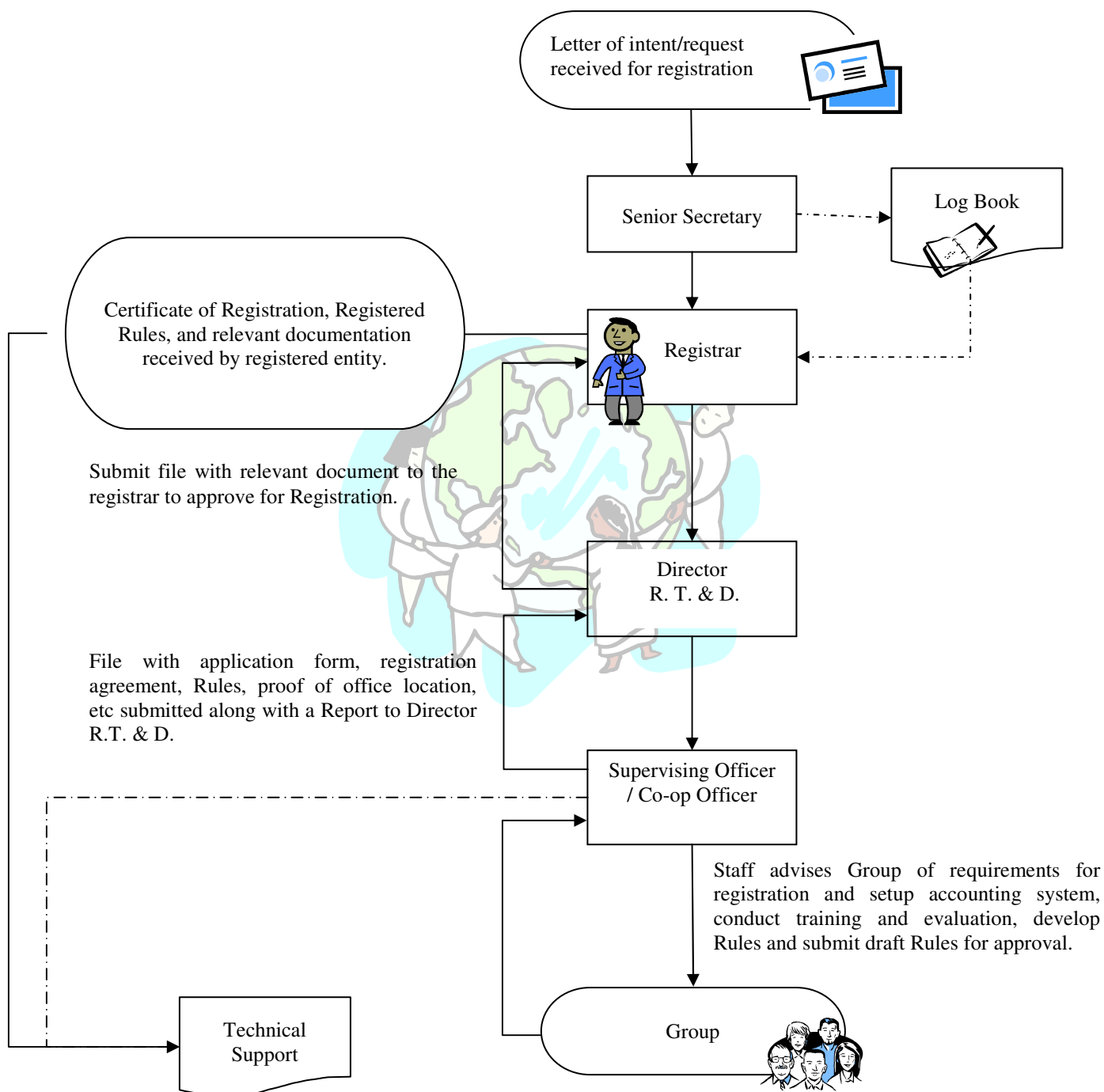


COMPARISON OF TARGET VERSUS ACHIEVEMENTS FOR THE PERIOD 2011/2012





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

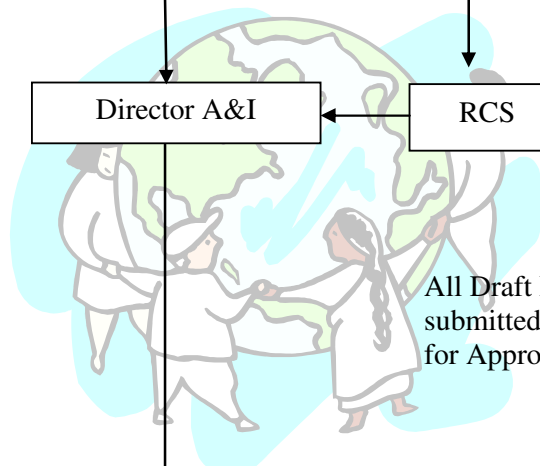
Accounts System Development
Accounting Training of Groups/Societies are conducted as needed.

Draft Financials submitted by external Auditors.

RCS

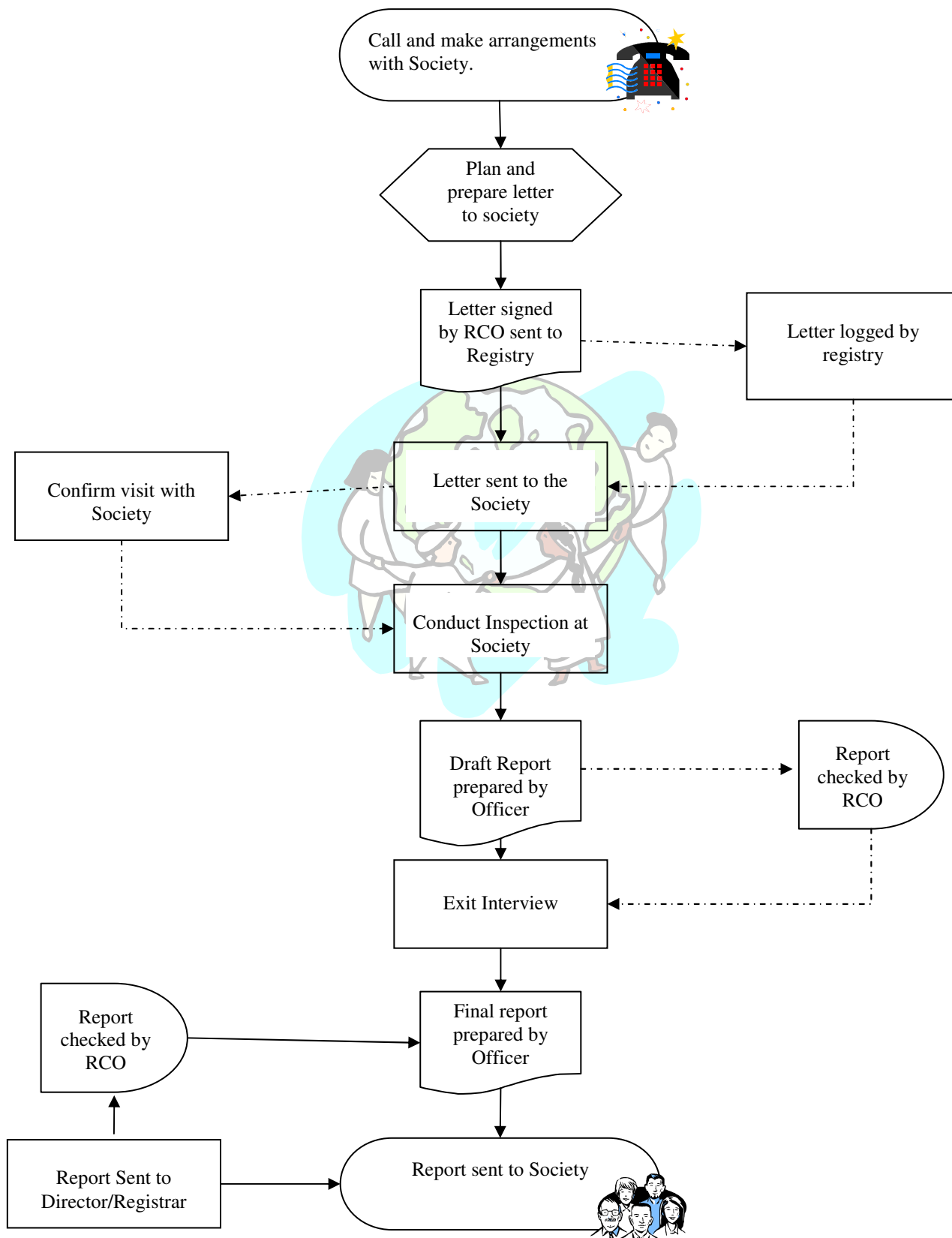
Snr. Sec. Registry

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





FLOW CHART DEPICTING THE PROCESS FOLLOWED FOR ANNUAL INSPECTIONS



APPENDIX XI

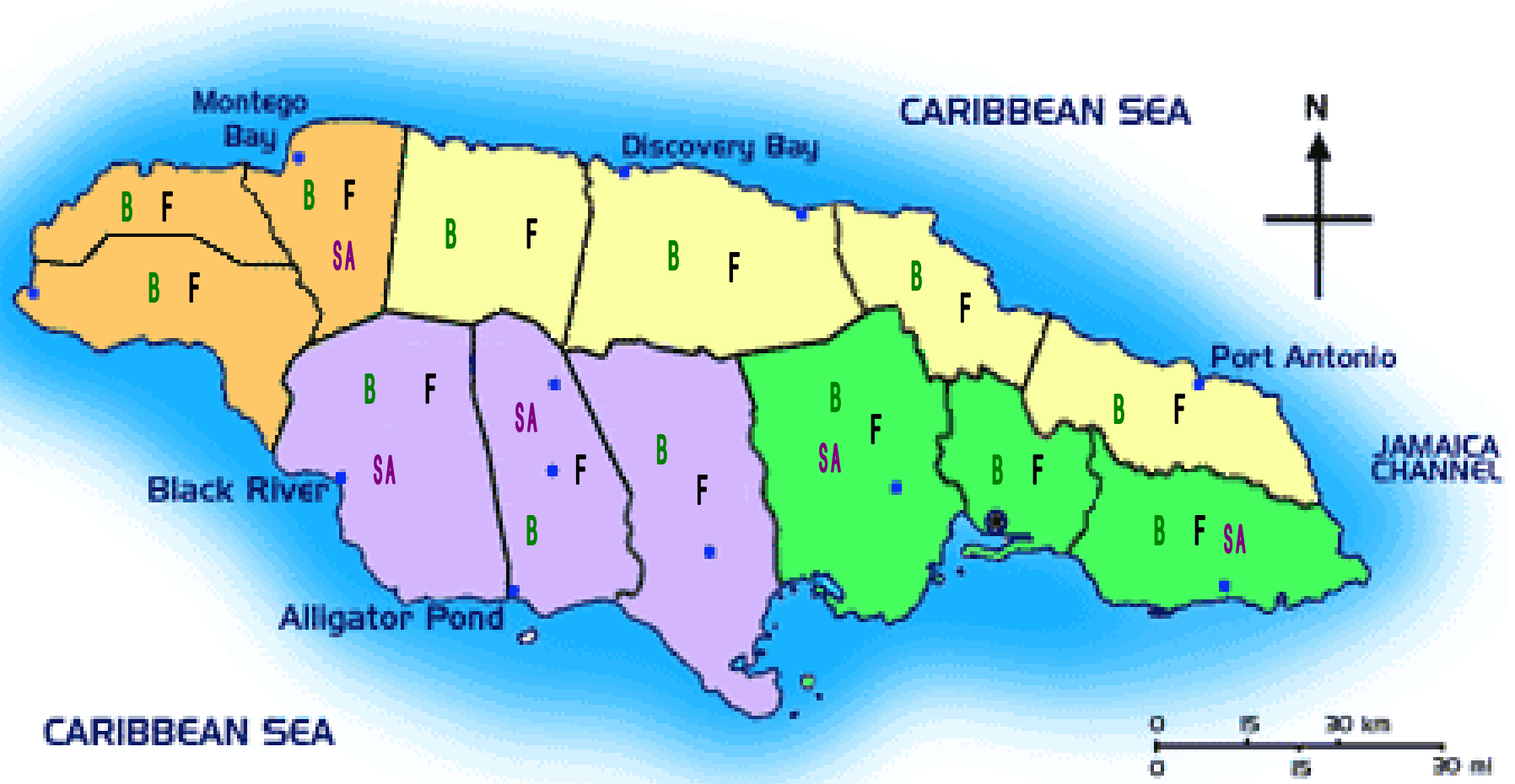
MAP SHOWING GEOGRAPHICAL DISTRIBUTION OF ACTIVE CO-OPERATIVE SOCIETIES



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*

