



CAYMAN ISLANDS

2013/2014 Session of the

LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Public Interest Report of the
Office of the Auditor General on the
Management of Air Ambulance Services – June 2013

Laid on the Table of Legislative Assembly on this

day of

2014

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**REPORT OF THE STANDING
PUBLIC ACCOUNTS COMMITTEE
ON THE PUBLIC INTEREST REPORT OF THE OFFICE OF THE
AUDITOR GENERAL ON THE MANAGEMENT OF AIR
AMBULANCE SERVICES – JUNE 2013**

SUMMARY REPORT

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77, met to consider *the Public Interest Report of the Office of the Auditor General on the Management of Air Ambulance Services – June 2013* prepared and submitted by the Auditor General.

2. PAPER CONSIDERED

In accordance with the provision of Standing Order 77(1), the Committee considered the following paper referred to it by the House:

- Report of the Office of the Auditor General on *the Public Interest Report of the Office of the Auditor General on the Management of Air Ambulance Services – June 2013*

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly are the present Members of the Standing Public Accounts Committee – who dealt with this Report of the Auditor General:

Mr Roy McTaggart, JP, MLA – Chairman

Hon McKeeva Bush, JP, MLA – Deputy Chairman

Mr Winston Connolly, MLA – Member

Mr Joseph Hew, MLA – Member

Capt Eugene Ebanks, MLA – Member

4. MEETINGS OF THE COMMITTEE

The Committee reviewed the Minutes of five (5) meetings held by the Committee, to consider this Report:

- (i) Thursday, 11th July 2013
- (ii) Wednesday, 18th September 2013 (*with Witnesses in Chamber*)

- (iii) Thursday, 16th January 2014
- (iv) Wednesday, 19th February 2014
- (v) Tuesday, 15th April 2014

5. ATTENDANCE OF MEMBERS

The attendance of Members at meetings is recorded in the Minutes of Proceedings which are attached to and form part of the Report.

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 77(8), the following persons were in attendance at the meeting:

- Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
- Mr Garnet Harrison, Deputy Auditor General – Office of the Auditor General
- Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General
- Ms Anne Owens, Senior Assistant Financial Secretary – Ministry of Finance and Economic Development
- Mrs Debra Welcome, Accountant General – Treasury Department
- Mrs Gloria Myles, Deputy Accountant General – Treasury Department

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee may invite any public officer or member of staff of a non-Government organisation to give information or explanation to assist the Committee in the performance of its duties. The following persons appeared before the Committee to give evidence:

- Ms Lizzette Yearwood, Chief Executive Officer – Health Services Authority
- Ms Jennifer Ahearn, Chief Officer – Ministry of Health, Sports, Youth and Culture
- Mr Lonny Tibbetts, Chief Executive Officer – Cayman Islands National Insurance Company
- Mr Frank Gallippi, Chief Financial Officer – Cayman Islands National Insurance Company
- Mr Kerith McCoy, Acting Chief Executive Officer – Cayman Islands Airports Authority
- Ms Melantha Wright, Financial Controller – Cayman Islands Airports Authority

8. PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77 (6))

The Committee agreed that in accordance with the provisions of Standing Order 77 (6), all meetings at which witnesses are invited to provide information, should be held in an open forum. This decision was taken to promote openness and accountability in Government.

9. INTRODUCTION & PAC COMMENTS

9.01 The Auditor General's Report is a Public Interest Report on the Management of Air Ambulance Service that was carried out in Grand Cayman. The objective of the Public Interest Report is to inform the Legislative Assembly about the provision of air ambulance services procured by CINICO and the licensing environment in the Cayman Islands, and to determine whether there are appropriate management practices in place to ensure that these services are provided in a cost effective manner and that the regulatory agency for such services, the Cayman Islands Airports Authority (CIAA) is performing effectively.

9.02 The Committee noted that while the report does not make any specific recommendations, it does identify a number of shortcomings in the management of air ambulance services by CINICO and CIAA, specifically:

- There was no tendering process for an air ambulance Third Party Arrangement (TPA);
- Air ambulance procedures were not properly documented;
- No contract with the air ambulance broker for procuring air ambulances;
- No license or authorization for ground handling services for air ambulances at the airport; and
- The air ambulance broker is not operating with a valid license.

9.03 The Committee agrees with the conclusions as found in paragraphs 24 and 25 of the Report. The operations relating to the provision, costs and oversight of air ambulance services have not been managed effectively, resulting in uncertain value-for-money for services solicited through the air ambulance broker and that the practice of utilizing the services of a non-contracted air ambulance broker, if continued, represents an unmanaged risk to the Government in the event of a catastrophic incident because of the lack of prudent management of public resources.

9.04 While the Committee acknowledges that these practices and procedures have existed from the commencement of the air ambulance service, the Committee strongly recommends that CINICO and the CIAA take immediate steps to address the recommendations of this Public Interest Report.

ACKNOWLEDGEMENT

The Committee is most appreciative of the efforts of the Auditor General and his staff in presenting a very fair, detailed and informative Public Interest Report and for the support, assistance and constructive advice given throughout its deliberations.

The Committee also thanks the staff of the Legislative Assembly for the assistance provided.

REPORT OF THE COMMITTEE TO THE HOUSE

The Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the *Public Interest Report of the Office of the Auditor General on the Management of Air Ambulance Services – June 2013*.

Mr Roy McTaggart, JP, MLA – Chairman

Hon McKeeva Bush, JP, MLA – Deputy Chairman

Mr Winston Connolly, MLA – Member

Mr Joseph Hew, MLA – Member

Capt Eugene Ebanks, MLA – Member



Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting

Thursday, 11th July 2013

9:00am

Minutes of meeting of the Standing Public Accounts Committee held in the Large Committee Conference Room of the Legislative Assembly Building, Grand Cayman on Thursday, 11th July 2013 at 9:00am.

Present: Mr Roy McTaggart, MLA – Chairman
Hon McKeeva Bush, MLA – Member
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Mrs Zena Merren-Chin – Clerk of the Legislative Assembly
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Persons in Attendance:

Mr Garnet Harrison, Acting Auditor General – Office of the Auditor General
Mr Patrick Smith, Financial Audit Manager – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. Meeting Call to Order and Welcome

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 9:15am.

The Chairman gave a brief welcomed to the Members and thanked them for attending the Public Accounts Committee ("PAC") meeting. He also welcomed the Acting Auditor General and thanked him along with Mr Smith and Mr Ruben for attending the meeting. He informed the Members that all PAC meetings will begin on time.

Mr Garnet Harrison welcomed the Members as the newly nominated Public Accounts Committee on behalf of the Auditor General and introduced the other members of the staff from the Office of the Auditor General.

Mr Harrison explained to the Committee the basic procedures and functions of how the Auditor General's Reports are currently prepared and published. He further explained that the

Office of the Auditor General would sit in on PAC meetings where witnesses are called. He also suggested how to resolve issues in regards to reports being laid on the table in a timely manner going forward.

2. Resignation of Member

The Chairman advised that Mr Alva Suckoo had resigned from the Public Accounts Committee and that a new Member will have to be nominated during the next House sitting.

Hon McKeeva Bush expressed his concerns and made mention of the practice of the PAC whereby the Chair has always been from the Opposition while some Members were from Government to keep a balance in the Committee. He indicated that he did not consider it appropriate for someone from the Government side to be the Chair of the PAC. The Committee noted Hon Bush's objection.

3. Approval of the Auditor General's Office Invoices

The Committee Members asked for an explanation on each amount stated on the Invoices listed below –

- Invoice No. 206062 dated 5th March 2013 in the amount of CI\$54,339.15;
- Invoice No. 206075 dated 9th April 2013 in the amount of CI\$49,085.95;
- Invoice No. 206095 dated 6th May 2013 in the amount of CI\$48,478.38;
- Invoice No. 206116 dated 5th June 2013 in the amount of CI\$34,802.42.

The Acting Auditor General gave a brief explanation on the amounts stated on the Invoices.

Hon Bush expressed his dissatisfaction with the information provided on the Invoices and wished to have a more detailed description of the items listed and presented on the Auditor General's expenses. Hon Bush indicated that he would wish to receive information on the external consultants as to their qualifications and the circumstances under which they are hired. He also wanted a list of times and dates of everyone who worked on a particular report. Hon Bush requested that he be allowed to view the physical documents showing such expenditures and information. In addition he wanted information on (i) any payment made out (ii) proof of travel expenses (iii) detailed information on the work carried out in relation to a report. Hon Bush indicated that he agrees that the Auditor General's Office must be paid but does not agree with the lack of supporting documentation to prove such amounts for the work carried out.

Mr Winston Connolly indicated that he was fine with the current breakdown presented by the Office of the Auditor General however suggested that they add appendages going forward.

Mr Joseph Hew agree on the requirement for information on external contacts as the Committee is a ruling as third party on the Audit of the Auditor General's expenditures.

On a motion moved by Mr Winston Connolly and seconded by Hon McKeeva Bush the Invoices were **approved**.

The Committee agreed that going forward that the Office of the Auditor General would provide information on the work carried out by consultants and the invoices paid out to such consultants.

The Committee agreed to defer the request by Hon Bush for more details on the Auditor General's Invoices to enable the Chairman to take advice on the reasonableness of the request.

4. PAC Reports for Consideration

a Outstanding Reports (previous term)

- Road Paving Expenditure in Cayman Brac: Public Interest Report - April 2012
- Management of Major Capital Projects – June 2012
- Financial and Performance Reporting – Progress Update as at October 2012

b Latest Reports (current term)

- Management of Air Ambulance Services: Public Interest Report - June 2013
- Restoring Financial Accountability: A Time for Change? - June 2013
- Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011
- Consultation on our Future Performance Audit Programme – June 2013

c Review and Discussion of Reports:

1) Road Paving Expenditure in Cayman Brac: Public Interest Report - April 2012

The Clerk advised that the Report had been considered by the previous PAC however they had agreed to obtain a legal opinion from the Attorney General before tabling the Report in the House. They had not obtained the opinion before dissolution of the House. The Committee agreed that they would obtain the legal opinion before proceeding with the Report. The Chairman is to write to the Attorney General.

2) Management of Major Capital Projects – June 2012

Mr Martin Ruben gave a summary of the Report. The Committee agreed to call the following persons as witnesses to provide information on the Report:

- Franz Manderson, Deputy Governor – Head of Civil Service
- Alan Jones, Chief Officer – Planning, Lands, Agriculture, Housing and Infrastructure
- Jim Scott, Project Manager – Government Admin Building
- Leyda Nicholson-Makasare, Deputy/Acting Chief Officer – Ministry of Planning, Lands, Agriculture, Housing and Infrastructure
- Mary Rodrigues, Chief Officer – Ministry of Education, Employment & Gender Affairs

3) Financial and Performance Reporting – Progress Update as at October 2012

The Office of the Auditor General recommended that the hearing on this Report be deferred until the June update is issued in August 2013. The Committee agreed.

4) Management of Air Ambulance Services: Public Interest Report - June 2013

The Committee agreed to carry the report forward and call the following persons as witnesses to provide information on the Report:

- Lizzette Yearwood, Chief Executive Officer – Health Services Authority (HSA)

- Jennifer Ahearn, Chief Officer – Ministry of Health, Sports, Youth & Culture
- Lonny Tibbetts, Chief Executive Officer – Cayman Islands National Insurance Company (CINICO)
- Kerith McCoy, Acting Chief Executive Officer – Cayman Islands Airport Authority (CIAA)

5) Restoring Financial Accountability: A Time for Change? - June 2013

Mr Ruben gave a summary of the Report. The Committee agreed to call the following persons as witnesses to provide information on the Report:

- Franz Manderson, Deputy Governor – Head of Civil Service
- Ken Jefferson, Financial Secretary – Ministry of Finance & Economic Development
- Sonia McLaughlin, Deputy Financial Secretary / Chief Officer – Ministry of Finance & Economic Development
- Anne Owens, Senior Assistant Financial Secretary & Information Manager – Ministry of Finance & Economic Development
- Michael Nixon, Senior Assistant Financial Secretary – Ministry of Finance & Economic Development

6) Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011

Mr Ruben gave a summary of the Report. The Committee agreed to call the following persons as witnesses to provide information on the Report:

- Debra Welcome, Accountant General – Treasury Department
- Lizzette Yearwood, Chief Executive Officer – Health Services Authority (HSA)
- Fabian Whorms, President & Chief Executive Officer – Cayman Airways
- Paul Hurlston, Managing Director – Port Authority
- Kerith McCoy, Acting Chief Executive Officer – Cayman Islands Airport Authority (CIAA)
- Tracy Ebanks, General Manager – Cayman Islands Development Bank (CIDB)
- Gilbert Connolly, Chief Executive Officer – Tourism Attraction Board
- Julio Ramos, General Manager – National Housing Development Trust (NHDT)
- Leyda Nicholson-Makasare, Deputy /Acting Chief Officer – Ministry of Planning, Lands, Agriculture, Housing and Infrastructure
- Jewel Evans-Lindsay, Managing Director – Public Service Pensions Board (PSPB)

7) Consultation on our Future Performance Audit Programme – June 2013

Mr Harrison indicated that the purpose of the Report is to provide the Members of the Public Accounts Committee and the general public with an overview of proposed performance audit topics. The Audit Office is consulting on which of the reports they should focus on over the next three (3) years. The Members are to provide their views directly to the Auditor General.

Mr Ruben noted the process of the reports. Once the Auditor General completes a report, it is provided to the Public Accounts Committee Members and the general public; witnesses are called if the PAC determines it necessary; the Committee will prepare a report with recommendations to Government and lay the report on the Table of the House. The Government then has three months to respond by way of Government Minutes, which are laid on the Table of the House. Mr Ruben expressed his concerns regarding the lack of Government Minutes in response to the PAC Reports.

5. Any Other Business

The Office of the Auditor General Auditors

The Chairman advised that the Audit Office was in the process of hiring Auditors to audit their financials. This was being done by a tender process. The bids would be forwarded to the Members along with the Auditor General's recommendation. The Committee would then approve the Auditors to be hired by way of Round Robin.

Meetings in Chamber

Committee agreed that GIS would record and broadcast the meetings with witnesses. The Committee also agreed to not hold their meetings in camera unless the Chairman deemed it necessary.

PAC Minutes

The Committee agreed that the verbatim transcripts of the witnesses' evidence should form part of the minutes.

6. Scheduling of Next Meeting

The Committee agreed that witnesses would be invited to attend to provide information on the Audit General's Reports on the following days:

Wednesday, 31st July 2013 from 9:00am – 4:00pm

- *Management of Major Capital Projects – June 2012*
- *Management of Air Ambulance Services: Public Interest Report - June 2013*

Thursday, 1st August 2013 from 9:00am – 4:00pm

- *Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011*

Wednesday, 7th August 2013 from 9:00am – 12:00pm

- *Restoring Financial Accountability: A Time for Change? - June 2013*

The witnesses would be invited to attend at half hour intervals.

7. Adjournment

There being no further business, the Chairman adjourned the meeting at 12:20pm.



Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting held *with witnesses*

Wednesday, 18th September 2013

10:00am

Minutes and verbatim transcript of the meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building, Grand Cayman on Wednesday, 18th September 2013 at 10:00am.

Present:

Mr Roy McTaggart, MLA – Chairman

Hon McKeeva Bush, MLA – Member

Mr Winston Connolly, MLA – Member

Mr Joseph Hew, MLA – Member

Capt Eugene Ebanks, MLA – Member

Mrs Zena Merren-Chin – Clerk of the Legislative Assembly

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

In Attendance:

Mr Alastair Swarbrick, Auditor General – Office of the Auditor General

Mr Garnet Harrison, Deputy Auditor General – Office of the Auditor General

Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

Ms Anne Owens, Senior Assistant Financial Secretary – Ministry of Finance & Economic Development

Mrs Debra Welcome, Accountant General – Treasury Department

Mrs Gloria Myles, Deputy Accountant General – Treasury Department

1. Reference

In accordance with Standing Order 77(4) witnesses were invited to appear before the Committee to discuss various issues set out in the following Auditor General's Reports:

(a) *Management of Major Capital Projects – June 2012*

(b) *Management of Air Ambulance Services: Public Interest Report – June 2013*

2. Meeting to Order

There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 10:36am.

3. Welcome

The Chairman gave a brief welcome to the Members of the Public Accounts Committee and the staff of the Auditor General's Office, Treasury Department and the Ministry of Finance and commenced the meeting with a Prayer by Hon McKeeva Bush.

4. Reports of the Auditor General: –

a) Performance Audit Report of the Office of the Audit General on the Management of Major Capital Projects – June 2012

The Auditor General made an opening statement on the above mentioned Report. The Chairman then invited witnesses to the Chamber and asked them to state their names, the persons attending with them if any and department or organization they were representing. The Chairman then opened the floor for opening statements from the witnesses preceded by questions from the Public Accounts Committee Members.

The following persons appeared in their named capacity as witness before the Committee:

- *Franz Manderson, Deputy Governor – Head of Civil Service*
- *Peter Gough, Advisor to the Deputy Governor*
- *Alan Jones, Chief Officer – Planning, Lands, Agriculture, Housing and Infrastructure*
- *Jim Scott, Project Manager – Government Administration Building*
- *Christen Suckoo, Acting Chief Officer – Ministry of Education, Employment & Gender Affairs*
- *Tommy Ebanks, Project/Facilities Manager – Ministry of Education, Employment and Gender Affairs*

b) Report of the Office of the Audit General on the Management of Air Ambulance Services: Public Interest Report – June 2013

Mr Martin Ruben made opening statements on the above mentioned Report. The Chairman then invited witnesses to the Chamber and asked them to state their names, the persons attending with them if any and department or organization they were representing. The Chairman then opened the floor for opening statements from the witnesses preceded by questions from the Public Accounts Committee Members.

The following persons appeared in their named capacity as witnesses before the Committee:

- *Lizette Yearwood, Chief Executive Officer – Health Services Authority*
- *Jennifer Ahearn, Chief Officer – Ministry of Health, Sports, Youth & Culture*
- *Lonny Tibbetts, Chief Executive Officer – Cayman Islands National Insurance Company*

- *Frank Gallippi, Chief Financial Officer – Cayman Islands National Insurance Company*
- *Kerith McCoy, Acting Chief Executive Officer – Cayman Islands Airports Authority*
- *Melantha Wright, Financial Controller – Cayman Islands Airport Authority*

Hon McKeeva Bush submitted two letters to be considered by the Committee:

- (1) *Dated 26th August 1998 signed by Mr David Frederick, Ag. Director of Civil Aviation Authority, Cayman Islands;*
- (2) *Dated 24th August 1998, signed by Mr Richard Arch, Managing Director of Air Agencies Ltd., Owen Roberts Airport, Grand Cayman.*

At the conclusion of meeting with the witnesses the Chairman thanked the Members of the Committee and the staff of the Audit Office, Treasury Department and the Ministry of Finance for attending.

5. Any Other Business

There was no other business.

6. Adjournment

There being no other business the meeting was adjourned by the Chairman at 3:20pm.

OFFICIAL VERBATIM TRANSCRIPT**STANDING PUBLIC ACCOUNTS COMMITTEE****WEDNESDAY****18 SEPTEMBER 2013****9:30 AM***1st Sitting with witnesses***REPORT OF THE AUDITOR GENERAL ON
MANAGEMENT OF MAJOR CAPITAL PROJECTS – JUNE 2012****~and~****MANAGEMENT OF AIR AMBULANCE SERVICES: PUBLIC INTEREST REPORT
JUNE 2013**

Verbatim transcript of proceedings of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building on 18 September 2013 at 9:30am. This meeting was recorded and aired on CIGTV.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Hon McKeeva Bush, MLA – Member
Capt Eugene Ebanks, MLA – Member
Mrs Zena Merren-Chin – Clerk of the Legislative Assembly
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

In attendance: Mr Alastair Swarbrick – Auditor General, Office of the Auditor General
Mr Garnet Harrison – Deputy Auditor General, Office of the Auditor General
Mr Martin Ruben – Audit Principal, Audit Office, Office of the Auditor General
Mr Patrick Smith – Audit Principal, Performance Auditing, Office of the Auditor General
Ms Anne Owens – Senior Assistant Financial Secretary, Ministry of Finance & Economic Development
Mrs Debra Welcome – Accountant General, Treasury Department
Mrs Gloria Myles – Deputy Accountant General, Treasury Department

The Chairman: Mr. Bush, can I lean on you and ask if you would lead us in prayer, sir, please?

Hon. W. McKeeva Bush, Leader of the Opposition:
Lean on me?

The Chairman: Yes, impose upon you, and ask you to lead us in prayer.

Hon. W. McKeeva Bush, Leader of the Opposition:
Thank you.

PRAYER

Hon. W. McKeeva Bush, Leader of the Opposition:
Let us pray:

Gracious God we thank you for this day and we thank you for the responsibilities we have. We ask, O Lord, that we carry them out accordingly to what is

in the best interests of these Islands. We ask that you would bless each person here as Members, and those in attendance, and all our families wherever they may be.

Guide us now, Lord, and bless our deliberations. And these things we pray. Amen.

The Chairman: Amen.

Thank you, sir.

I would like to acknowledge the presence of the Auditor General through his office and also staff from the Treasury. I think we have representatives from the Department of Finance, the Ministry of Finance as well, on their way over to the meeting.

Today we have two items on our agenda to consider, two reports from the Auditor General. The first item on our agenda is to examine the report on the Management of Major Capital Projects, dated June 2012. We have a number of witnesses who are

scheduled to be present to be examined and questioned. I think it would probably be right for me to ask the Auditor General if he would like to make an opening statement with regard to the report we will be examining.

**REPORT OF THE AUDITOR GENERAL ON
MANAGEMENT OF MAJOR CAPITAL PROJECTS
– JUNE 2012**

Mr. Alastair Swarbrick, Auditor General: Thank you, Mr. Chairman.

Mr. Chairman, Members of the Public Accounts Committee, ladies and gentlemen. Thank you for the opportunity to provide some initial comments on my performance audit on the Management of Major Capital Projects.

The Cayman Islands Government has, until recently, incurred significant expenditure on major capital projects, on average, approximately \$150 million per annum. The purpose of this audit was to provide an assessment of how well the Government managed their major capital projects and whether it had arrangements in place for paying value for money on their investments.

In conducting our work we examined the Government's overall management framework and used the schools project and the Government Administration Building as case studies. With respect to the schools project, I draw to the attention of the Committee that we agreed with the Ministry of Education to only audit up to the completion of the tendering phase of these projects due to the ongoing legal disputes with the former principal contractor, Tom Jones International. Now that the dispute has been resolved, it is our intention to commence the examination of contracting, completion and closeout phases of these projects before the end of the year.

Moving on to the findings from our audit, the key finding found contained in my report is that the Government does not have a sound governance framework for the development of major capital projects. There were a number of issues that led us to this conclusion:

- the development of business cases based on a sound assessment of needs was weak;
- there was a lack of clarity in the roles and responsibilities for procurement and project management, including the delineation of the roles and responsibilities of officials and politicians;
- the key decisions were not properly recorded;
- there was a lack of project management, procurement and closeout policies and practices; and
- a lack of standardised construction policies, practices and guidelines.

Turning to the case studies included in our audit, our findings highlight two very different pictures. Firstly, with respect to the Government Administration Building, we generally found that good project management practices were employed in the construction of the building by a well-qualified and experienced project manager. As a result, within the parameters set the project was able to overcome significant challenges and come in on time and generally within budget.

The one area that I would highlight, though, was the development of a business case for the project being very weak, in particular, around the assessment of needs to accommodate the public sector administration. As at April 2013, we understand that the building was still only two-thirds occupied.

However, putting this issue aside, in terms of the actual project management practices used on this project, it is our view that these should be considered the standard for the management of all future major capital projects in government.

The findings for the high school project are, however, very different. We conclude that the project management practices for these projects were deficient resulting in the projects being poorly managed and controlled up to the signing of the contract with a general contractor, impacting the plan costs and timeframes for delivery. In particular, we identified the responsibility for the building of the schools falling under the Ministry of Education who did not have the management expertise or experience—

Hon. W. McKeever Bush, Leader of the Opposition:

Mr. Chairman, I don't know about anybody else, but I am not hearing quite clearly what the Auditor General is really saying.

The Chairman: Are the microphones on?

Hon. W. McKeever Bush, Leader of the Opposition:

My light is showing "on" . . . it doesn't sound like they are. My light is on *[banging on microphone]*

[Testing of microphones]

The Chairman: So it is registering that it is recording us?

[No audible reply]

The Chairman: Okay.

Speak into the microphone. Go ahead and continue.

Mr. Alastair Swarbrick: I will just continue from where I was.

I will start with the high schools again.

The findings for the high school project are, however, very different. We conclude that the project

management practices for these projects were deficient resulting in the projects being poorly managed and controlled up to the signing of the contract with a general contractor, impacting on the plan costs and timeframes for delivery. In particular, we identified issues around the responsibility for the building of the schools falling under the Ministry of Education who:

- did not have the management expertise or experience in delivering building infrastructure projects;
- had a lack of a clear business case for the eventual design concepts used;
- no documentation of the key decisions; and
- had a lack of an experienced project manager.

Ultimately, a sound governance framework for managing major capital projects align the good project management are fundamental to the effective and efficient delivery of public assets and infrastructure. Without these obtaining value for money from these significant investments is undermined and public resources will continue to be wasted.

We have made a number of recommendations in response to our findings, with the main one, to create a centre of excellence that provides policy, processes and practices for future projects. I look forward to the Government taking action in response to the findings and recommendations discussed in this report.

Finally, I look forward to assisting the Public Accounts Committee over the course of this hearing by providing additional information and clarification where necessary.

Thank you.

The Chairman: Thank you, Auditor General.

I think at this time, then, we can go ahead and call our first witness.

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman?

The Chairman: Yes sir.

Hon. W. McKeever Bush, Leader of the Opposition: In regard to what the Auditor General has read, I just wonder if we could ask him . . . I don't know if you have any witnesses here yet, but I would ask—

The Chairman: Our first witness is here.

Hon. W. McKeever Bush, Leader of the Opposition: —I am asking him what sort of audit has he conducted on various (should I call them) increases on the budget . . . what would have been in the budget, increase in payments, other than what has been included in the annual budget.

Mr. Alastair Swarbrick: I presume you are talking about the schools projects, sir?

Hon. W. McKeever Bush, Leader of the Opposition: Yes. And I am not just talking about the high school in North Side or the one at the present site. I am talking about the various schools that were built.

Mr. Alastair Swarbrick: Including the primary schools?

Hon. W. McKeever Bush, Leader of the Opposition: Primary schools, right. They were the only ones that were built.

Mr. Alastair Swarbrick: At this time we haven't reviewed that. As I said in my introduction, because of the ongoing legal disputes with Tom Jones at the time we commenced this audit, we agreed with the Ministry of Education back in 2011, I think it was, that we would only audit up to the completion of the tendering phase of the projects for the high schools.

It is our intention now that the disputes are resolved to undertake an audit of the contracting, the actual construction and completion phases for the schools and the high schools, and also to take an audit of the primary schools at that time.

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman, when does the Auditor General believe that will happen?

Mr. Alastair Swarbrick: We are planning to commence that in the next couple of months. It will probably be November, or is it . . . sorry; I have been told it is January/February that we are planning to commence that audit in reality.

The Chairman: Do any other Members have questions for the Auditor General?

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman, just to make it clear, that is not all I intend to ask. I just basically wanted to . . . based on what he was saying there . . . and I think he has answered that, but I have other matters dealing from page 7 of the report.

The Chairman: Okay. I hear you, and I will give you that opportunity to do so, Mr. Bush.

I am aware that Mr. Franz Manderson is here, and he is particularly time constrained. I would really like to take his testimony to the Committee.

Hon. W. McKeever Bush, Leader of the Opposition: I have no problem with that.

The Chairman: No problem with that? Okay.

If I could, then, call our first witness, Mr. Franz Manderson, Deputy Governor.

[Pause]

The Chairman: For the record, Mr. Manderson, welcome to this hearing of Public Account Committee. I would like for you to state your name and position for the record.

The Deputy Governor, Hon. Franz I. Manderson: Franz Manderson, Deputy Governor.

The Chairman: Thank you, sir.

At this time we will open this report up and invite Members to question Mr. Manderson on the content of this report with regard to the Management of Major Capital Projects.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I can also say that I have a contribution that I would like to make at some point as well.

The Chairman: Okay. Would you like . . . Okay, you can go ahead and do it now, sir.

The Deputy Governor, Hon. Franz I. Manderson: Thank you very much, Mr. Chairman.

Mr. Chairman, as Head of the Civil Service I think it is my responsibility to work with Ministers to address the concerns raised by the Auditor General, in particular his recommendations in the various reports.

I am very pleased to say this morning that I have worked with Ministers over the last year to address some of the major concerns in this report. I refer specifically to Major Finding number 1 where it says that Government does not have a sound governance framework for the development of major capital projects.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, can Mr. Manderson tell us where he will be talking from and when people can refer to the report, could they name the page?

The Deputy Governor, Hon. Franz I. Manderson: Yes sir.

Mr. Chairman, I am on page 1 in the Executive Summary. It is Major Finding number 1. In that finding it says, **"The Government needs to develop the necessary framework and leadership to: provide the direction and guidance for the development of major capital projects; and, ensure value-for-money for significant amounts of public expenditure at present certain key elements are missing such as:**

- **the development of comprehensive business cases linked to the Government's strategic objectives and priorities,**
- **clearly defined roles and responsibilities for procurement and project management**
- **activities, including clear delineation of the roles of politicians and officials;**
- **establishment of sound financial management practices; and**
- **the development of basic quality standards for how major capital projects such as buildings should be constructed."**

As a result of these concerns, and with the support of the Cabinet, over a year ago a working group was established to develop a new framework for procurement. I wish to record my thanks to the Auditor General for his advice and guidance as we worked through the report and the work on the Committee.

The working group was chaired by Ms. Karen Thompson, the Chair of the Commission for Standards in Public Life. Mr. Chairman, as you know that Commission had responsibility for setting procurement standards as set out in our Constitution.

The other members of the working group are representatives from the Ministry of Finance, Mr. Michael Nixon; the Deputy Governor's Officer, Mr. Gough; the Cabinet Office, Mr. Hubble; the Central Tenders Committee, Mr. Freeland; Chief Officer with experience in procurement, Mr. Alan Jones; and we had members of the Commission for Standards in Public Life. We also had Ms. Nyda Flatley, Mr. Max Jones, Ms. Reshma Sharma, from the Legal Department, and Tom Van San [PHONETIC].

Once the report was drafted we had the report reviewed by our colleagues from the States of Jersey who are recognised for having good procurement standards. We were able to have them come over and view the report at very little cost to the Government.

The view of the working group was that a number of areas of the current procurement system function reasonably well and, with some amendments, and strengthening can function very well. The working group's recommendations were therefore based on strengthening the areas of the current system with significant changes in some areas, as opposed to completely casting aside the existing system and creating an entire new regime.

We started this over a year ago. The Cabinet approved the formation of the working group, and the report has now been to Cabinet. I just wanted to set out what has been agreed: The establishment of a three-person central procurement office under the auspices of the Ministry of Finance to be headed by a suitably qualified and experienced Director of Procurement. Money has been budgeted for this post and the recruitment exercise has commenced. The Central Procurement Office will be responsible for:

- establishing procurement policies and procedures;
- developing and maintaining standard government procurement documentation;
- procurement oversight, carrying out some centralised procurement;
- advising government entities on procurement;
- training of employees involved in procurement;
- undertaking contract and post-implementation reviews.

So you see, Mr. Chairman, this office that we are setting up addresses some of the main concerns that were set out in this report.

I wanted to also say that the Central Tenders Committee will continue its current oversight role but will be renamed the "Procurement Committee" under the chairmanship of a private sector person.

The oversight function carried out by the Central Tenders Committee and the appointment of members will be independent of the Executive, with members appointed by the Premier. We would also see someone from the Leader of the Opposition, and His Excellency the Governor, or the Deputy Governor would also be able to appoint people to the committee so that we will have a broad section of the community—some civil servants, some persons appointed by the Premier and someone appointed by the Leader of the Opposition. We feel that is very important for openness and transparency and good accountability.

It is also proposed that the Commission for Standards in Public Life nominate one of their members to sit on the new Procurement Committee.

When the Central Procurement Office is fully staffed and operational with robust procurement policies and procedures established and in use throughout the Service, it is recommended that the Central Tenders Committee function is changed and then renamed to the Procurement Committee for Major Projects.

There will be a mandatory requirement for business case production in a standard format prior to a project being implemented for anything valued over \$250,000, that the existing Public Sector Investment Committee should be reactivated and the membership should be appointed by the Ministry of Finance and reflect the necessary skills in economics, finance and human resources.

The Public Sector Investment Committee would now be the responsibility of the new Director of Procurement as it is establishing a proper business case and it is the most important aspect of the wider procurement process. Again, that was highlighted by the Auditor General, the need for us to establish robust business cases before projects are implemented.

That detailed policies and procedures be developed for all areas of procurement to guide chief

officers, tenders committees and civil servants involved in procurement. We think that is important because what the Auditor General highlighted in this report is that the staff of some Ministries are not equipped and trained to carry out large-scale procurement. We accept that, and we will be addressing that concern.

That policies and procedures be developed to ensure that adequate project management is in play for all significant projects. Mr. Chairman, as you know, we are taking on significant projects at the moment at our seaport and airport, and, again, we cannot expect ministries to run these projects and then also provide the necessary support to their ministers and carry out their day-to-day activities. So they do need significant help in running these major projects.

The use of information and communication web-based technology should be explored. The current procurement system would function more efficiently if placed on an electronic, rather than a manual, platform. This was highlighted by our colleagues from Jersey, and we feel this is something that we can look to explore and implement. The imperative, therefore, is for a procurement system that takes advantage of these changes without compromising the public interest. So we understand that not everyone will be able to submit their tender electronically, but we want to make sure that we have that avenue available.

All of the changes that I have highlighted will require changes to the Public Management and Finance Law and Financial Regulations. I think it's clear to all of us that we will now have to establish a separate piece of legislation just dealing with procurement. As it stands now, procurement is dealt with in the Public Management and Finance Law, but we will be looking to have bespoke legislation to deal specifically with procurement.

Mr. Chairman, I just want to say that this has been a major undertaking. I want to thank all of the persons involved who worked very hard to address the concerns that are highlighted here in this report. As the Head of the Civil Service I take that responsibility seriously, that we have to react quickly and robustly to the recommendations made by the Auditor General when he highlights some shortcomings that we in the Civil Service can improve upon.

I want to assure you, sir, and the Committee here that we will continue to push forward with this legislation. It is currently being drafted. And we hope to have this before Parliament in the not-too-distant future.

Thank you.

The Chairman: Thank you, Mr. Manderson.

I open the floor up to Members' questions to Mr. Manderson.

Mr. Winston C. Connolly, Jr.: Deputy Governor, when do you expect, or can you give a timeframe of when that legislation might be before the Government?

The Chairman: Members, I think we are really getting a lot of feedback here from cellphone receiving data. Can I ask you to please turn them off, or put them on airline mode, or something, to cut down on the reverb?

The Deputy Governor, Hon. Franz I. Manderson: Thank you, Mr. Chairman.

I would think, sir, because we are still drafting, and given the Government's timetable right now that it would probably be in early 2014 before that would actually come down to the House. That's my best estimation.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, I just have a follow-up question to that.

In terms of the accountability and any penalties for people found through the process to be either negligent or deficient, is that something that the Deputy Governor will take responsibility for until that legislation is brought before the House?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, before I answer that question, I would just like to assure everyone that in the meantime while the legislation is being drafted, we do have permission to recruit a Director of Procurement. So that office, that post will be filled. I think that person, once employed, will be immediately tasked with pushing the changes I have [mentioned] forward but also working with ministries and portfolios to improve their standards of procurement.

But, yes, I am responsible for the performance of the Civil Service and when civil servants don't perform they really should . . . then, yes, the Public Service Management Law provides mechanisms for disciplinary action if that is warranted.

I think what is highlighted here is where . . . because things didn't start off on the right footing, as the Auditor General said, in terms of established business case, things went wrong. I think what we need to focus on is starting projects right the first time, with a business case, and if we do that then there would be no need to take action against people.

The Chairman: Any other questions?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, not at this time.

Hon. W. McKeeva Bush, Leader of the Opposition: In regard to the building itself, for instance the Glass House or the new Admin Building, what progress is

being made in regard to the entities that should be in these buildings?

The Chairman: Deputy Governor do you feel comfortable, or capable, have the knowledge that you could answer that for the Member?

The Deputy Governor, Hon. Franz I. Manderson: Thank you, Mr. Chairman, not too comfortable, but certainly the ministry responsible I think is coming down and will be able to give precise details. But I can say that decisions are being made, almost on a weekly basis, of moving government departments into the building. I think just last week we made a decision to move the Department of Tourism into the building. And walking around the building with Her Excellency earlier this week there are still a number of empty desks that need to be filled. But I think we are all committed to making the tough decisions that are necessary to get people to come into the building that can be accommodated.

The Chairman: Thank you.

Does any other Member wish to question Mr. Manderson?

Go ahead, Mr. Connolly.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just going through the report, Deputy Governor, it contained eight recommendations. Can you say for the record how many of those will be taken on board? And which of those are you in agreement with?

If not, all right.

The Deputy Governor, Hon. Franz I. Manderson: I am not aware that . . . I certainly don't find that I am in disagreement with the recommendations. And the action that we have taken, I believe, addresses many of the concerns and the recommendations that are made. So I have read the report. I don't disagree with the recommendations that are being made.

The Chairman: Thank you, sir.

Capt. Eugene.

Capt. A. Eugene Ebanks: Thank you, Mr. Chairman.

In going through this report I see that the Auditor General stated that the building is only 60 per cent occupied. I am wondering if there is any particular reason why his office is in Anderson Square, rather than in the Glass House.

The Chairman: Auditor General?

Mr. Alastair Swarbrick: The principles of independence of my office would . . . well, internationally, would suggest that I should not be in the same building as the entities that I am actually auditing as their external auditor. It would be a clear conflict.

In terms of the actual lease, I arrived and the lease had been signed for five years the year before I arrived. So I can't deal with a lease I can't get out of. But in terms of the details, my independence, as is constitutionally enshrined in the Constitution of the Cayman Islands . . . it would be, in my view, inappropriate for me to be in the same building as the entities I am actually auditing.

Hon. W. McKeever Bush, Leader of the Opposition:

Mr. Chairman, I want to disagree strongly with the Auditor General. If he expects the good governance that he is talking about from all the others that he claims need to be there, they are no different than him.

I don't know that he is as independent that he says he is. He constantly lives in the Governor's office, and he is in the Glass House or the Admin all the time. So what is the problem in him being there resident, his office is there? Nobody is not going in to search his office. Mr. Chairman, I can't see, for heaven's sake, where this would interfere with his independence. And we all say that he should be independent, but I don't think just being outside the office Admin Building makes him independent if how he conducts his work it is who he collaborates with. It is who he brings in as witnesses. It is how he publishes those things and how he goes about his work as an auditor. That is what makes him independent, not the four walls that he's in.

The Chairman: Okay, sir. Thank you.

Auditor General, do you wish to respond?

Mr. Alastair Swarbrick: State of mind is very important in independence. We have to be . . . our mind has to be free from influence as well. But physical independence is also important in terms of more than just that, it is in perception of our independence from Government, it is in terms of the influence that can be enshrined over us.

I have to say that I can't think of an audit office that I know of in the world (there may be some, but none that I know of in the developed world) that would be in the same offices as the government entities they are auditing.

Now, saying that, I am clear that we need to look at ways that we can actually generate efficiencies in terms of looking at how we can share space with other entities. It is an important thought. We have been talking to other oversight bodies, such as the Office of the Complaints Commissioner, the Information Commissioner, and looking at ways we can share accommodation and share other services. But that is a process that is ongoing and we will look forward to taking that forward.

I have to say that I think we are slightly off track in terms of talking about my office in terms of this.

The Chairman: Thank you, sir.

Does anyone have any further questions for the Deputy Governor?

Hon. W. McKeever Bush, Leader of the Opposition:

Just another observation, Mr. Chairman, because for too often we have sat back and we have taken those kinds of answers about the independence of the Office and, therefore, Government expended quite a bit of money in rent when the new Admin Building was made to house them. And if you are just moving the Department of Tourism—and to where I don't know in there—but obviously, it is something that people are not going to be able to get to easily, and that's a department that people want to interact with, the public needs to interact with.

You can't compare our small island to international countries, the UK or whatever, because, Mr. Chairman, you would think that in a big country like the UK, for instance, you could not expect that they are going to house everybody in one compound. I mean, you look at it. But this glass building, or this Admin Building (I keep calling it the Glass House), I heard, was made so that the departments can be in there. Now, I don't agree with everyone being, as I said, the department and a few others there needs to be constant interaction between them and the public and they need to be made easy for the public to reach them.

But not the Audit Office. That could be shoved in the backroom somewhere about and hid from light, because that's the kind of work you do.

The Chairman: Okay, thank you sir.

Mr. Alastair Swarbrick: Some final points on this from my perspective.

In terms of the original planning for the Government Administration Building there were a number of tenants that were included in that and they were subsequently not made to move into the building. We were not included in the original plans for bodies that were included to be in the Government Administration Building.

In terms of people accessing my office, we actually have a surprising number of people who actually come to speak to us about various issues, and it is clear would not come to speak to us if we were in the Government Administration Building. They would have concerns about that. So there would be significant issues in terms of promoting accountability and good governance if that were the case.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just one final question to the Deputy Governor.

In terms of ensuring the end of the political interference identified in the Auditor General's report

while we are waiting for the legislation, how are we dealing with that? Or, how do you propose to deal with that?

The Deputy Governor, Hon. Franz I. Manderson:

Mr. Chairman, I have noted the concerns here in the report. We accept that there will always be some role for the political arm of Government. Ultimately they have to give us the steer as to what their policies and procedures are, whether they would like certain projects to go forward. We understand that they should have some say in who make up the members of the Procurement Committee or the Tenders Committee. But it is very clear that politicians should not be involved in the awarding of contracts. I think that is settled.

So, to answer specifically the question, we will have to . . . I will have to work along with the Governor, the Premier, to make sure that good governance standards are observed and that any interference is robustly resisted and reported to the necessary oversight agency.

The Chairman: Thank you.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Mr. Bush?

Hon. W. McKeeva Bush, Leader of the Opposition:

I would just like to inquire in that regard whether the Deputy Governor found that anybody gave a contract, or this is assumptions and just the parameters for good governance that you don't want it to happen. Is that what you are saying?

The Deputy Governor, Hon. Franz I. Manderson: No sir.

I'm sorry, sir, could you repeat that again? Mr. Chairman, through you.

Hon. W. McKeeva Bush, Leader of the Opposition:

I am asking whether you found that any politician gave out any contract themselves—present, past or whatever. Or whether you are saying these are the parameters you want to work in where it doesn't happen.

The Deputy Governor, Hon. Franz I. Manderson:

That is correct, sir. I am not aware, personally, where any political person gave out contracts. But what I am saying is that what we have set out now are the parameters going forward, and what we feel is the best model to use.

The Chairman: Mr. Ebanks?

Capt. A. Eugene Ebanks: Thank you, Mr. Chairman.

With regard to the Office of the Auditor General, you know, he mentioned that the Admin Building was only 60 per cent occupied and he kept mentioning getting value for money. I mean, I thought when we built the building that it was to house such departments, such offices. And in thinking so, if it is going to be cost effective, then with that much space available I see no reason why they shouldn't be moved in there. That's my personal opinion.

The Chairman: Okay.

Do we have any other questions of our witness?

Mr. Manderson, Deputy Governor, thank you for your testimony today. I would like to record our thanks to you for taking time to be here. Thank you for your testimony.

The Deputy Governor, Hon. Franz I. Manderson:

Thank you, Mr. Chairman, and thank you to all Members. It was a pleasure to be here.

I just want to assure the Committee that we will be working very hard to ensure that the new procurement rules and regulations and laws are progressed as quickly as possible. Thank you.

The Chairman: Thank you, sir.

[Witness departed]

The Chairman: I call our next witness, Mr. Alan Jones.

[Pause]

The Chairman: Good morning, Mr. Jones, and welcome to this Public Accounts Committee Meeting. Please speak into the microphone so it can be recorded. For the record, please state your name and your position.

Mr. Alan Jones, Chief Officer Ministry of Planning, Agriculture, Housing and Infrastructure: Good morning, Mr. Chairman and Members. I am Alan Jones, Chief Officer in the Ministry of Planning, Agriculture, Housing and Infrastructure.

The Chairman: Thank you, sir.

I open the floor to members of the Committee to question Mr. Jones.

I think, first, though, I would ask you do you have a statement that you would like to share or read to the Committee?

Mr. Alan Jones: Thank you, Mr. Chairman. Not a statement, as such, but a suggestion and request.

I noticed that the project manager for what was then called the GAB project, Mr. Jim Scott, is down as a witness. If you felt comfortable with it, and

if Members felt comfortable with it, I would like to suggest that Mr. Scott be asked to come in and join me. Because he was the project manager he was intimately involved in every detail of the project and the management of the same. I think in order to give comprehensive answers to Members, it would be better if we had him here in the Chamber with me.

The Chairman: Members, do you have any objections to having the project manager in these discussions and questioning at this time?

[No audible reply]

The Chairman: I will take that as a no.

Then we will invite Mr. Jim Scott in, and we can question you together.

Mr. Alan Jones: While we're waiting for Mr. Scott to join us, Mr. Chairman, I would just like to point out a couple of things, just for emphasis, really. Mr. Scott was, and still remains, a contractor employed by government. He is not actually a civil servant; not that that necessarily restricts any questions from Members. But it's a point I need to just emphasise.

On a general level, I have to say that the Ministry . . . I wouldn't say, enjoyed, but was appreciative of the Auditor General's approach in dealing with this matter. Certainly from a Ministry perspective, whilst no procurement procedure is ever perfect, I think the Ministry felt proud with the efforts, or the results that had been achieved under difficult circumstances in relation to what was an extremely large and important capital procurement by Government.

Clearly, it was not 100 per cent perfect. I don't think any procurement process ever is. But all attempts were made to ensure that it was. I think that the Auditor General's report generally bears that approach out.

Having said that, as I said, it wasn't a perfect process. We have noted the Auditor General's comments. We have taken those on board. We accept the report as it stands and we regard it as a good and thorough report overall. I can confirm to the Committee that the Ministry, on the back of the receipt of the report and during the discussion process with the Auditor General, had discussions with the project manager and all of our technical team to analyse ways in which we can implement the suggestions put forward by the Auditor General and to ensure that the procurement process going forward on behalf of Ministry remains as good as it was during this particular project.

Thank you.

The Chairman: Thank you, sir.

Mr. Scott, I would like to welcome you to the Committee. We agreed that we would question both you and Mr. Jones regarding this report together. So I

would like to welcome you. I ask that you speak into the microphone and also if you would, for the record, just state your name and your position.

Mr. Jim Scott, Chief Project Manager: Mr. Chairman, my name is Jim Scott. I was employed by the DAPA [PHONETIC] Ministry during most of the project between 2006 and 2011, as the Chief Project Manager.

The Chairman: Thank you, sir.

I would like to open the floor for questions to these two witnesses from Members of the Committee.

The Chairman: Mr. Hew?

Mr. Joseph X. Hew: Mr. Chairman, could Mr. Jones update us on the question asked earlier of the Deputy Governor as to what is the capacity of the Government Administration Building?

The Chairman: Mr. Jones?

Mr. Alan Jones: Mr. Chairman, at present we estimate the occupancy at around 65 per cent. I would caution, however, that there are different ways of assessing what capacity is.

By way of example, during the design phase (and Mr. Scott can talk to this in greater detail if required) discussions were held with all departments and other entities likely to be occupying the building. And built into those discussions and the answers that were forthcoming from the relevant entity heads were assumptions in relation to future recruitment, which has obviously in many cases been somewhat derailed, we hope to some extent temporarily, by government's financial issues over the last few years where recruitment has been put on hold, and we are seeing reductions. During the initial phase of assessment which obviously preceded the actual construction by two or more years, those assumptions were built in and have, to some extent, become historic.

The other thing is that departments were encouraged to include at that time, and I think that was a reasonable suggestion and assumption at that time, that estimates or contingencies be included of a small percentage to allow for future expansion. Obviously the last thing you want to do is have departments moving into a building which is bespoke fit out for them and then to find two years later that they have outgrown that space. That would just lead to inefficiencies.

So, there are different ways of estimating what is the current maximum occupancy. As Members probably know, there were set standards that were agreed by Government in terms of the space per particular post or responsibility, those standards have been held to. For example, a deputy chief officer

would have a certain size office, a chief officer would have a certain size, Minister, et cetera.

So we are presently at around 65 per cent. As was touched on earlier by the Deputy Governor, strong efforts are being made and are bearing fruit in terms of bringing in other entities into the building to take up the spare space. This is not being helped by Government's financial position insofar as fitting out space or changing existing fitted out space, which is expensive. It is very expensive, and obviously money is tight at the moment.

One of the other issues we have which leads from that is that many of the departments that have moved in that have excess space, in order to release that space from these various entities and aggregate them together to make them into one useable size office, say for example for (I won't say the Auditor General's Office) Legal Department or Tourism Department or whoever it is, we would need to actually undertake quite a bit of cutting and changing to the existing space which will be expensive.

However, it is Government's intention to push ahead with that and to aim for full occupancy as soon as we can. Thank you.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, on page 23 of the report, there is highlighted a list of agencies to be accommodated at the GAB. Can you tell us how many of those highlighted in that list are actually in the building now?

The Chairman: Mr. Jones?

Mr. Alan Jones: Mr. Chairman, I think probably Mr. Scott is the best person to answer that question.

Mr. Jim Scott: Mr. Chairman, during the course of the project there were various changes made to the slate of agencies to come into the building. Originally, the major authorities, including CIMA, were targeted to move into the building. That changed over the course of the project.

So, by the time the building was built, we had perhaps, population-wise, probably lost some 25 per cent of the original population.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, in the Auditor General's report they mention that in relation to the Government Administration Building there were a number of good practices involved, as opposed to some in the schools.

Mr. Jones, can you describe whether or not you have taken those practices forward and are pushing for those to be captured in a best practice model when it comes to the procurement, the fitting out, the various things involved in the Government Administration Building, or, if you haven't, if you intend to?

Mr. Alan Jones: Mr. Chairman, the short answer is yes.

As the Deputy Governor touched on earlier, I was part of the procurement group that was set up by the Governor. The Auditor General, as mentioned, sat on that, and we had various other technical people. A lot of the lessons learned from the GOAP project found their way into discussions during that committee phase and, indeed, found their way into the final paper.

I have to say on a personal note that I think one of the major lessons learned from GOAP and why it was, in my estimation, so particularly successful, particularly compared to the schools projects contract situation, was that the Ministry (and credit here needs to go to my predecessor, Mr. Gomez, who was the Chief Officer at the time) appointed and set up a separate independent procurement office within the Ministry to deal specifically with this project. It was headed by Mr. Scott, and I want to go on record here saying what a fantastic job he did on behalf of the Ministry and Government, where we found that the project has come in, having think approximately \$5 million under budget, on time, to spec.

But that independent office and allowing us to employ the appropriately qualified people with the correct expertise (in this case, Mr. Scott) was essential to ensuring that the project came through to fruition in the way it was intended.

The Chairman: Thank you, sir.

Are there any further questions of these witnesses?

Mr. Winston C. Connolly, Jr.: One final question.

I don't know if you have the answer for that, but what is the estimated cost of achieving full occupancy? As you said there was a great cost in configuring office space, et cetera. Is there any scope for that cost to achieve full occupancy?

Mr. Alan Jones: Mr. Chairman, through you.

Mr. Connolly, obviously it's a little difficult to be too precise at this point because we don't know who the occupants are going to be and what is going to be involved. But in an effort to put some meat on the bones for you, it will be, in all likelihood, several thousand dollars by the time we have finished.

We have some money placed in the proposed budget for 2013/14 to do these works. We will obviously try to do it as cheaply as we can, and that will involve (as the Deputy Governor, I think, touched on) the assistance of all of the heads of all of the entities coming into the building to be flexible and to work with Government to the agreed accommodation standards that have already been set.

In the past, and I have had personal experience with this when I headed up Lands and Survey

Department, it is all too easy for certain entities to make "special cases" or to be made "special cases." In the whole I think we have been fairly successful in ensuring that the entities occupying the building have held to the previously agreed standards, which has actually helped efficiency.

But the answer to your question, Mr. Connolly, several hundred thousand dollars. We would hope, I think, less than a half a million over the lifetime of those fit-outs. Obviously that's not going to occur over night. It will probably be over the next year.

The Chairman: Thank you, sir.
Mr. Hew?

Mr. Joseph X. Hew: Mr. Chairman, this question is for Mr. Scott.

The report speaks to there being unclear responsibilities between the political and the administrative aspects of the delivery of the project, like the GAB. How did this negatively affect the building of the GAB, especially in regard to whether or not, in your opinion, there could have been room for political interference in the awarding of contracts?

Mr. Jim Scott: Mr. Chairman, I would say that, to be frank, we had very little what I would call political interference. I think with perhaps some miscommunications up and down we would perhaps prepare a Cabinet paper which did not go through the Cabinet in a very prompt manner, but I certainly wouldn't call it political interference.

The Chairman: Mr. Jones.

Mr. Alan Jones: I was just going to add, to tie up the answer, really, to Mr. Hew's question, as far as I am aware, as far as the team is aware, I can reiterate what Mr. Manderson said earlier, we have no personal evidence of any direct political influence being applied in relation to the awarding of any contracts.

The Chairman: Are there any other questions of these witnesses?

If there are no further questions, then I will thank both you gentlemen for your time in coming to give evidence before this Committee today. Thank you very much, you are excused.

Mr. Alan Jones: Thank you very much.

[Witnesses depart]

The Chairman: I would like to ask that our next witness, Mrs. Mary Rodrigues, be summoned.

[Inaudible interjection]

The Chairman: Okay. The next witness is Mr. Christian.

[Inaudible interjection]

The Chairman: Not here?

Could we have someone try to contact him?
Oh, he's on his way. Okay, we will hold a few minutes for him then.

[Pause]

The Chairman: Mr. Suckoo, welcome.

I take it that you are here as an alternative to Mrs. [Rodrigues], at her request. Thank you, sir.

I would ask you to speak into the microphone so that you can be recorded, and also that you introduce yourself, your position and introduce the gentleman next to you.

Mr. Christen Suckoo, Acting CO, Ministry of Education, Employment and Gender Affairs: Good morning, Mr. Chairman. My apologies for being late. We were actually advised this morning that we had to meet with Cabinet on budget.

My name is Christen Suckoo. I am the Deputy Chief Officer in the Ministry of Education. With me I have Mr. Tommy Ebanks, who is the project manager in the Ministry.

The Chairman: Thank you.

I should have said that you were here at the request of Mrs. [Rodrigues].

Mr. Christen Suckoo: Yes, Mr. Chairman, the Chief Officer is currently on leave and I am Acting Chief Officer.

The Chairman: Thank you.

I will open this up to the Committee to ask Mr. Suckoo questions and take his testimony.

[Pause]

The Chairman: I will ask again . . . last opportunity.
Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, Mr. Suckoo, what was the cost of the building of the Clifton Hunter High School as it stands today?

Mr. Christen Suckoo: The cost of the Clifton Hunter High School at this point is \$110 million.

That cost is inclusive of legal proceedings and correction of bad work, as well as the initial project completion.

The Chairman: Thank you.
Mr. Bush?

Hon. W. McKeever Bush, Leader of the Opposition: Thank you.

Can Mr. Suckoo say, when he says "correction of bad work" . . . can he explain a little further about that?

Mr. Christen Suckoo: Mr. Chairman, when the project was restarted, under what I would term phase 3, which was the approach using a construction manager and external project manager after the vacating of the site [by] Tom Jones International, one of the exercises that was done was a look at corrective work that needed to be done.

If you give me a second I can give you a couple of details.

At the time the report was generated, there was approximately \$6 million worth of corrective works that needed to be done and defective items included remediation to concrete at about \$1.4 million; repair work for the mechanical, electrical and plumbing scopes at about \$2.8 million; flooring repairs at about \$800,000; structural repairs at about \$800,000; and miscellaneous site defects at about \$84,000.

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman, when he says structural, that includes windows and so on?

Mr. Christen Suckoo: Mr. Chairman, yes. We had issues of windows not being square. And there were several corrections made to make sure that all of the windows in the building were squared. We also had structural issues with roofing that needed to be corrected.

Hon. W. McKeever Bush, Leader of the Opposition: Are they square now?

Mr. Christen Suckoo: Yes sir.

Hon. W. McKeever Bush, Leader of the Opposition: I don't know if we traversed this ground already, but, Mr. Chairman, the Audit Office complains that there was really no business case. They asked, they called, for the preparation of business cases for the three high schools. What I want to find out . . . were any business cases completed? A business case would show the need for the schools, the growth of youth in the Cayman Islands over the last few years, how many schools would really be needed, et cetera. Where there any such business case models done?

Mr. Christen Suckoo: Mr. Chairman, I cannot comment on why business cases were not done and submitted. I understand that a business case was done, but was not located. What I can say is that we are aware that there were several scoping documents done, several concept documents done by the Minis-

try for discussion with the Minister and also at Cabinet level.

Unfortunately, not all of those discussions were then tied up in Cabinet papers and Cabinet decisions being made. So the Cabinet was aware of what was happening with the project. They were involved in decision making. But we take the Auditor General's point that decisions then needed to be nailed down by a Cabinet paper and also that business cases needed be developed and put forward before the project began.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you, Acting Chief Officer Suckoo, can you tell me what, if any, expertise resides in the Ministry to manage large-scale major capital projects, such as the high school?

Mr. Christen Suckoo: Mr. Chairman, at the time of this audit there were several persons employed at the Ministry that were involved in project management, which included a project manager who was hired from overseas. There were several in-house project managers on the project as well. The education professionals in the Ministry were also involved in managing the project.

Currently we use an external project manager for phase 2 of the project under the previous administration. We used an external project manager and we also had an internal project manager who had been previously involved with the GOAP project. That person was seconded over to our Ministry to help us complete this project. Then we also have Mr. Ebanks, who has extensive experience.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: I just have a question, I guess, for you to opine on. In your opinion, why do you think the project was so far over budget?

Mr. Christen Suckoo: Thank you for that question, sir.

Mr. Chairman, I think there is evidence that . . . and, as the Auditor General has picked up in his report, there is evidence that the original pre-tender estimate was low. And of course that is the starting point for a project. So, if your pre-tender estimate is low, when you start to spend money against the project at the end of the day you are going to come in relatively high.

The project is a sophisticated undertaking. If we compare it, as was done in the Auditor General's report, GOAP was, I think, 233,000 square feet. This project is about 160,000 square feet. GOAP was a single building with all of the mechanical systems housed in one place, whereas the high schools project

are modular multi-storied multi-buildings on one site. Sophisticated chill water system, sophisticated circulation system, top-class fields, which need to be irrigated. So when you undertake something like that, there is a cost to pay for it.

I know the next question is going to be value for money. So, I will answer that question before it's asked! I think . . . my honest opinion is that the jury is out on value for money. I think that that will be determined at a future point. And the reason I say that is because while we have a price tag of \$110 million, we also have category 5 rated buildings. We have buildings that are built to withstand seismic activity. We have the football field. We have the basketball, we have cricket. So the community-use . . . we have the performing arts centre, the community-use aspect of the buildings has to be taken into consideration.

I also say that we need more data in terms of numbers of years of students passing through the school before we determine what the real impact is on the quality of education.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, if I may.

The Chairman: Mr. Bush.

Hon. W. McKeeva Bush, Leader of the Opposition: I listened to Mr. Suckoo on two points, the pre-tender and the overrun. And I don't know if he outlined, but in a previous answer he mentioned all they rectified, the windows that were not square, floors that had to be chopped out . . . from the figures he gave it must have been close to \$15 million. Just a while ago he gave it. I didn't write down the figures he gave in the answer, but I know it started high and then it went between 10 and something, it was over \$10 million in over runs there alone.

So that would give a good reason why—poor construction. Poor construction, it had to be poor oversight, poor management on the site itself, because obviously, if you have drawings and you have competent contractors and people that are competent that are following day to day what is happening, obviously they are going to be able to tell whether a window is sideways or upside down or square or not square. Obviously they can tell whether the floor is eight inches out or 10 inches out or what it is. So obviously the management on the site . . . I don't know what you call them . . . obviously the contractor was bad and the oversight on the project would have been something else.

We had Mr. Scott earlier who kept a daily watch on what was happening at the admin building. And there was a difference. Oh, there were things that the Audit Office complained about and everybody else complained about between 2009 and when the building was occupied. When we took office, we had to complete it. There were a few things, but the general

oversight, I think we have to say, was good. We didn't have any out-of-square windows, and the roof being on the floor, or the floor being on the roof.

But, also I think what . . . because there is proof of what I am about to say. When he says that the pre-tender was low, Mr. Chairman, you have to take into consideration that companies like Arch and Godfrey told various committees that that building . . . they couldn't bid on it because what they were saying was going to be \$55 million, they couldn't build it for \$55 million. And he told them that. And he did when they were talking about whatever you call that session that they would have had.

In the end I don't think he bid. But what happened was they allowed him to bid and then after they won the bid is when the racket started, when all the costs started, never mind the bad work. But that's the history of it.

The Chairman: Thank you sir.

Is there a question for the witnesses?

Mr. Hew.

Mr. Joseph X. Hew: Thank you, Mr. Chairman.

Mr. Suckoo, when the change of course began, we had the departure of Tom Jones and a new management took over, were there physical changes to the project and the plans, physical plant? Were there changes made?

Mr. Christen Suckoo: Mr. Chairman, yes, there were changes made to the design to accommodate an increase in the number of students at the school and to address what the previous administration viewed as being design flaws in terms of quality of teaching and learning.

I will let Mr. Ebanks expand.

Mr. Tommy Ebanks, Project Manager: Good morning.

The changes were basically soundproofing and putting up of partitions within the learning academies to basically buffer sound, because previously it was an open-plan environment and the teachers thought that walls would be the best way of actually doing that. We had acoustic walls . . . the drawings amended to put in acoustic walls between all classrooms.

In addition to that, on the technology building, it was basically an open-plan environment, again, housing art, technology, woodwork, metalwork, and auto mechanics, with just basically sound curtains being installed. We thought, or the educators thought that would not be appropriate, so we put up solid construction walls with sound buffers on them to divide all the arrears. So those were the two major changes that basically did escalate the cost of it as well.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, if I may.

Now that the building is completed and housed, what about the running costs? What is the difference, if that was looked at in the building process, or the construction process, or the planning process, and where we are at now in actual cost in the maintenance, energy and so on? Are we on top, or are we way out of whack?

Mr. Christen Suckoo: Mr. Chairman, I actually have an exercise completed on this and the Department of Education Services is updating that exercise now. At present, what we are looking at is total operational costs for Clifton Hunter of about \$2.6 million. That includes all of the contracts that we had to let to service the equipment. As you can imagine, some of the mechanical equipment installed at the school is very high tech. So we had to take out service contracts on this equipment. It includes janitorial, it includes security services, everything, all the operational costs, about \$2.6 million.

Hon. W. McKeeva Bush, Leader of the Opposition: And that is \$2.6 [million] on what?

Mr. Christen Suckoo: Per year.

When we compare that number to, say, John Gray High School, which is currently housed at the old George Hicks campus (where Clifton Hunter was), the cost is actually comparable. What we are looking at at John Gray is probably about \$2.2 million. So we have an increase there of about \$400,000 in operating costs, bearing in mind that at Clifton Hunter we have the irrigation system to irrigate the fields. We don't have that kind of a system at John Gray. So we have an increase in water usage for that alone.

Hon. W. McKeeva Bush, Leader of the Opposition: Does this include air-conditioning and electricity?

Mr. Christen Suckoo: Yes sir.

We are pleasantly surprised to note that there are efficiencies there, and we are actually doing some sub-projects now to see how we can better take advantage of those efficiencies as we move forward.

Hon. W. McKeeva Bush, Leader of the Opposition: But that's given the changes that were made in the whole construction proposal.

Mr. Christen Suckoo: It is hard for me to say definitively yes. A lot of that wouldn't be affected by design changes. A lot of that would just be . . . well, you tender for janitorial services, you tender for security services. Where there is efficiency in the water usage, chill water systems use a lot of water, this system was designed to be as efficient as it could be, given the size, the square footage that we are cooling, both in

terms of the spread of the campus and also vertically inside each building.

Capt. A. Eugene Ebanks: Mr. Chairman, were there any additional insulation installed during the changes to improve the efficiency of the building?

Mr. Christen Suckoo: Mr. Chairman, no, there was no additional insulation installed. The walls that Mr. Ebanks spoke about earlier, the partition walls that were installed, they had insulation included in them to assist with the sound dampening.

Hon. W. McKeeva Bush, Leader of the Opposition: So in the re-designing, then, because that's what it actually is . . . because of that sort of re-designing there came about efficiencies because in the walls, you just explained, there is insulation.

Mr. Christen Suckoo: Mr. Chairman, there are efficiencies, but those efficiencies are better seen in terms of the quality of teaching and learning as opposed to savings on operational costs.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, in terms of the building right now . . . you talked about the ability for it to be used as a hurricane shelter or other community use. Do you have a breakdown of what type of community use is now being accommodated at Clifton Hunter? And, if so, what is the per-hour cost of that community use?

Mr. Christen Suckoo: Mr. Chairman, first of all, we have the preforming arts building. I will list the assets first: We have the gymnasium. We have pool facilities. We have two full-size football fields. We have one cricket pitch and one practice pitch. We have four basketball and netball courts.

At this point I wouldn't be able to answer in terms of the cost. I know I can have that information for Public Accounts Committee very quickly today. I can't remember the cost off-hand in terms of the community use. What I can say is that since the school has opened we have had numerous requests for use of the field. To name a short list, the Cricket Association, because of the issues with the field adjacent to Owen Roberts Air Strip, has asked to use that field. And because of their requirements they need to have two fields rated at the category that our field is rated at. West Bay is one, and Clifton Hunter is one. That allows them to hold the ranking with the international body.

We have had a regional volleyball tournament and at least seven countries attended. A highly successful tournament. So, in terms of sports tourism we can see the promise there.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, again, through you, can you describe if there are substanti-

ated complaints about the building as it is now, as has been set out in the press recently? And if there are, what are they and how is the Ministry addressing those complaints, in terms of (just to elaborate) is the building considered finished by its users?

Mr. Christen Suckoo: Mr. Chairman, I would say the building is considered finished by the users. What we have had, though, is (as you would expect with any project), complaints from the principal of the school and the teachers of the school in terms of trying to make the design work. They have changed some of the way that they structure classes in order to accommodate the design and what they have also done is provide a list of sub-projects that they would like done to make the building better fit for purpose.

I don't have that list with me, and honestly the only point I remember from it right now is that the design as stands did not accommodate enough shelving space, for example. Teachers need a lot of shelving space. So one of the sub-projects is to add shelving to the buildings.

The Chairman: Any other questions from Members?

Hon. W. McKeever Bush, Leader of the Opposition: I was going to talk about value for money, but I think I wouldn't go there.

The Chairman: Mr. Connolly?

Hon. W. McKeever Bush, Leader of the Opposition: Or even if we had the money.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Just one final question, Mr. Chairman.

What was the final square footage cost of Clifton Hunter? Do you have that information?

Mr. Christen Suckoo: One second, Mr. Chairman.

Mr. Chairman, while I couldn't un-pick that number, because the total construction costs of Clifton Hunter include, for example, the legal matters, I can at this point give a gross (and we'd have to un-pick that later) of about \$704 per square foot.

But again, I stress that that is based on the total cost of delivering the school, which includes litigation and claims and settlements.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Thanks, Mr. Chairman. My final question is a two-part question, and I will wait for the first answer then I will ask the second.

What have you learned from this project that will help in the completion of future schools projects?

Mr. Christen Suckoo: Mr. Chairman, the Ministry, as I said earlier, changed the format for delivery to one of having an external project manager, an internal project manager, and a construction manager involved in the project. That format served us well in finalising Clifton Hunter and in finalising John Gray to the point where it stands today.

To add to that, what I would say (and after reading the Auditor General's report and other reports that have come out recently on procurement) is that there is no question that the Ministry would need to develop sound business cases going forward. And we view that as a vital first step to any continuation of John Gray or other capital projects done under the Ministry's remit.

We would also seek to involve a steering committee on any project. And that steering committee should include key stakeholders including the Internal Audit Unit to ensure that we are dotting our i's and crossing our t's in preparation for audits; the Procurement Office that is being put forward in another report and key persons with project management experience within the civil service, such as Mr. Scott, who is above us now.

Mr. Winston C. Connolly, Jr.: Okay. The second part is to ask if that process is now documented and set out in some sort of management framework including organisation policies, procedures and practices for building high schools in general.

Mr. Christen Suckoo: Mr. Chairman, no. That process is not yet set out, structured, in the way the question was asked. What we have done is a preliminary look at completing John Gray High School. And that preliminary look at this point is looking only at what changes would need to be made to the school to better teaching and learning and how we can take advantage in terms of changes of design, learning lessons from the schools that we just completed.

The next step would be, if we are given a direction to go forward with John Gray, or with another major capital project, to ensure that this structure is in place and move forward based on the structure.

The Chairman: Thank you, Mr. Suckoo.

Any other questions from Members?

Mr. Suckoo you touched briefly regarding the work at John Gray High School and looking at that. I seem to recall there was quite a bit of construction that had already taken place. Does the Education Department know what is the state of those assets at this time, although construction has progressed and whether, if they move forward with building and finishing that school, significant remediation would need to take place.

Mr. Christen Suckoo: Mr. Chairman, as stands, the project phase that we completed delivered four build-

ings at John Gray High School to water-tight stage. In other words, the buildings are intact for obvious reasons, to preserve them for future construction re-start.

The Chairman: Thank you.

One last time, any questions?

We're finished? Great!

Gentlemen, thank you very much for your testimony and your time today. We really appreciate you coming and giving testimony this morning. You are excused.

Mr. Christen Suckoo: Thank you.

[Witnesses depart]

The Chairman: Members of the Committee, that concludes the testimony which we will be taking today on this report of the Auditor General.

As a Committee, I think, really, we at some point need to consider the report and accept the recommendations of that report in forming our own report which will be laid upon the [Table]. It strikes me from the testimony we heard today that there appears to be general acceptance of the report and the contents by those affected by the report.

I am not sure at this point how we move forward in dealing with this. Is it something that we should now be taking a decision to accept? I am looking for some guidance here from more experienced Members of our Committee.

Anyone?

[No audible reply]

The Chairman: I am happy to break at this time and discuss this [off the record]. I think we will break for lunch and reconvene at 1:15 pm for consideration and taking testimony on our second report.

PROCEEDINGS SUSPENDED AT 12:18 PM

PROCEEDINGS RESUMED AT 1:16 PM

[Mr. Roy M. McTaggart, Chairman]

The Chairman: I will go ahead and call our meeting to order and to say at this point proceedings are resumed and we are ready to consider the second report of the day.

This next report that we are going to consider and receive testimony on is entitled, Management of Air Ambulance Services: Public Interest Report – June 2013.

Mr. Auditor General, do you have an opening statement that you wish to make, sir?

Mr. Alastair Swarbrick: I am going to ask Mr. Ruben to make the statement on behalf of the Office at this time.

The Chairman: That will be fine, sir.
Mr. Ruben.

MANAGEMENT OF AIR AMBULANCE SERVICES: PUBLIC INTEREST REPORT – JUNE 2013

Mr. Martin Ruben, Audit Principal: Mr. Chairman, Members of the Committee, Finance Ministry officials, good afternoon. My name is Martin Ruben, and I am the performance audit principal in the Office of the Auditor General.

Thank you for the opportunity to provide the Committee with the highlights of the public interest report entitled Management of Air Ambulance Services, issued in June 2013. We identified this issue during the audit of overseas medical services in May 2012. At that time we found that air ambulance services were costing the Government about \$700,000 per year and were concerned about how the costs were being incurred and managed by HSA and CINICO.

As we were focused on other issues around how CINICO was managing overseas medical services, we decided to park this particular issue and carry out the work later. So we carried it out last fall and into the winter.

This is a public interest report and simply it reports information we found without assessing it against agreed upon criteria. In summary, we found it was unclear about how management ensures value for money for the expenditure it incurs. There are three government players involved in the acquisition and management of air ambulance services, CINICO, HSA, and the CIAA (Cayman Islands Airport Authority).

CINICO is responsible for the provision, cost and oversight of air ambulance services, HSA determines who will begin the process to procure an air ambulance service and coordinates the transfers, and the CIAA is involved to the extent their facilities are used by air ambulances and they are responsible for giving access and ensuring the ground handler is properly licensed to serve the aircraft.

We found that the Government employs two brokers on their behalf to acquire air ambulance services. When the Government employees contractors to enquire services on their behalf, we would have expected to find well documented contracts with the brokers that were put in place according to the Procurement Regulations and good practice. What we found was that one broker's contract was awarded without tender, and for the other broker there was no contract in place.

Neither of the arrangements had any evidence that management had carried out its responsi-

bilities to ensure value for money, or that the arrangements were working as intended. We also found that one of the brokers acts as the ground handler for all air ambulance services in the Cayman Islands, both public and private sector, and charges a fee for this service. While this fee is charged back to CINICO, they were unaware it was being incurred. The broker is not licensed to carry out this activity either by way of business licence or by way of ground-handler operating licence through the Cayman Islands Airport Authority.

While we have concerns about due regard about value for money, we believe that the Government is exposed to a number of business risks by not having the appropriate contractual arrangements and licensing in place by ensuring that these are followed up properly.

Mr. Chairman, the Auditor General and I are prepared to answer any questions regarding the report at this stage.

The Chairman: Do any Members have questions of the Auditor General before we actually call our first witness?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, I have some questions in relation to this, but I prefer the witnesses to be here.

The Chairman: Okay.

Does any other Member wish to ask a question before we summon our first witness?

Okay. If there are no questions, then we call our first witness. I believe this will be Mrs. Jennifer Ahearn who is here at the request of Mrs. Lizette Yearwood, the CEO of the Health Services Authority.

So we call Mrs. Ahearn.

Hon. W. McKeeva Bush, Leader of the Opposition: Are people here from—

The Chairman: Pardon?

I apologise, I got it wrong. Mrs. Yearwood is here. I would like to go ahead and call her as our first witness.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Yes sir?

Mrs. Yearwood and Mrs. Ahearn, thank you both for taking time out to be here and attend this session of the Public Accounts Committee.

I would ask you, in the course of your testimony, to speak into the microphones so it can be recorded, and to also state your name and your position.

Mrs. Lizette Yearwood, Chief Executive Officer, Health Services Authority: Lizette Yearwood, Chief Executive Officer, Health Services Authority.

Mrs. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Sports, Youth and Culture: Jennifer Ahearn. I am the Chief Officer and Permanent Secretary in the Ministry of Health, Sports, Youth and Culture.

The Chairman: Thank you both.

We open up the Committee to questions.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, who did the Audit Office get? What kind of professionals did the Audit Office rely on for the audit scenarios that he has provided? Who is the unbiased professional expert witness?

Mr. Alastair Swarbrick: Our professional expert witness today is Martin Ruben in terms of this audit.

Hon. W. McKeeva Bush, Leader of the Opposition: No, no, no, no. No, Mr. Chairman. They brought in someone to help them—

Mr. Alastair Swarbrick: Yes, we bring in, as we do for a number of our performance audits, we bring in consultants to support our work.

Hon. W. McKeeva Bush, Leader of the Opposition: A consultant. Right. Who is the consultant that you brought in? that's what I am trying to get to.

Mr. Alastair Swarbrick: I don't think the specific individual is important, from my perspective.

Hon. W. McKeeva Bush, Leader of the Opposition: I think it's very important. It's very important in this matter, Mr. Chairman, because it goes to the very heart of what is good governance and . . . it goes to the very heart of how people . . . when these reports go out . . . and, again, I complain that these reports are going public before we can sit down and staff can sit down and even, Mr. Chairman, that . . . they don't even call when they even . . . you are berated, downgraded, downloaded, whatever the word is. Mr. Chairman, your name is out there and you haven't had an opportunity, sometimes—I know I haven't—to clear the air on a matter. So it is very important to know who the consultant is.

Now, he shouldn't . . . the Auditor can't say that that is not important; it is very important. The fact is, it is so important that we have to pay for him. And we just authorised payment for someone. Who was the person that did these audit scenarios? Who was the consultant.

Mr. Alastair Swarbrick: The management and the resources are within my ambit to determine who it would be the best resources to do the work, and that is where I will stay [inaudible].

Hon. W. McKeeva Bush, Leader of the Opposition: No. Well, Mr. Chairman, I can see why the Auditor General is not cooperating here.

Isn't it a fact that this person that they brought in came from Trinity? Isn't it a fact that CMN, the provider, cut her services off? And then, isn't it a fact that she came here and tried to do business, not only with HSA but with the fact that she came here to try to do business with the broker, Mrs. Marjorie Bodden?

Isn't it a fact that the reason why that expert, unbiased, consultant, witness, whatever you want to call her, that a patient died when her company was being used? She was cut off, not used by Mrs. Bodden, after that. That's a fact. This person is not an unbiased and a credible witness, as when we go through this whole scenario I can point out several things that are at fault here in this matter.

Mr. Alastair Swarbrick: I think it is appropriate for me to interject here that the individual that Mr. Bush is talking about was not involved in this audit whatsoever. It was a consultant who's a lawyer from Canada.

Hon. W. McKeeva Bush, Leader of the Opposition: The person from Trinity is the person who did this, wasn't it?

Mr. Alastair Swarbrick: No, it was not. And it isn't Trinity Healthcare. The name is Angeline Galloway [PHONETIC].

Hon. W. McKeeva Bush, Leader of the Opposition: We will get to the bottom of it, then.

The Chairman: In any event, I think these are just facts that are just now before us and a part of this report.

Hon. W. McKeeva Bush, Leader of the Opposition: No, no, this has . . . Mr. Chairman, all the question that I am going to go on to which has to do with CINICO, I don't know whoever, if there are any witnesses here, is going to deal with CINICO, or if they are waiting on someone from CINICO itself. But we will get down to the airport services; we will get down to the airport ambulance services. We will get down to that. So I only started out to say who was the expert witness.

Mr. Alastair Swarbrick: And I have told you who it was. It was nobody to do with Trinity, who are based in Florida, as I understand. We had a consultant who is from Canada who has no involvement with that service involved in doing this audit, and it was all under

the management of Mr. Ruben, who is the principal for our performance audit practice and he had significant involvement in this work as well. So I can't state the facts more clearly than that, that Trinity were not involved in this audit at all.

The Chairman: Thank you, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, we shall find out whether she is still with Trinity, or whether the person is off doing something else. My understanding is that it is one and the same person, though. Anyway, Mr. Chairman, as I said, I want . . . I don't know if you are going to ask me, because I have questions to deal with CINICO.

The Chairman: We do have a witness from CINICO who should be here for questioning.

Hon. W. McKeeva Bush, Leader of the Opposition: So you want to wait, then, until that person comes?

The Chairman: That would be best, to question that person from CINICO, if they relate to CINICO.

Let's go ahead and open the floor again for questions of Mrs. Yearwood and Mrs. Ahearn.

Members?

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to Mrs. Yearwood, how does the HSA determine which of the two air ambulance brokers are to be used for specific services? On a case by case basis, or a rotation, or some other way?

Mrs. Lizette Yearwood: Mr. Chairman, the role of the HSA in the air ambulance provision is really a matter of facilitation. Once the referral is placed through the physician, that referral goes to our referrals coordinator who then contacts the insurance third party administrator or, in the case of a private insurance company, the insurance themselves. So it is the third party administrator, and in this case for CINICO, it is CMN that will then acquire the services of the air ambulance. We have no role in procuring the air ambulance.

The Chairman: Thank you.

Mr. Winston C. Connolly, Jr.: In terms of procedure that you have in place, which you just described, have there ever been any documented issues with the terms of those procedures? And, if so, have they now been corrected?

Mrs. Lizette Yearwood: Mr. Chairman, I believe what the Member is asking is if there are any documented procedures in regard to that process. At the time of the audit there were no documented procedures in the HSA's Policy and Procedure official template, and that

has now been documented. Those are clearly indicated and all of the referral coordinators are familiar with those policies and procedures at this time.

Mr. Winston C. Connolly, Jr.: Thank you, Mr. Chairman.

The Chairman: Any other questions from the Committee for these ladies?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, they are just here to deal with HSA matters, not CINICO, right?

The Chairman: That's what I understand.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes, that's what I am asking. I just want to make sure. I have nothing on the HSA matter.

The Chairman: Okay.

Then it is quite short, simple and sweet! Thank you ladies . . . hold on.

Mr. Winston C. Connolly, Jr.: I do have for Mrs. Ahearn. Sorry, I thought you were splitting them up.

I think, Mrs. Ahearn, what we are trying to determine is what actions the Ministry has taken to address the issues raised by the Auditor General's report. Can you describe what, if anything, has been done in regard to that report by the Ministry?

Mrs. Jennifer Ahearn: Mr. Chairman, the Ministry, when we reviewed the report and discussed it with CINICO and the HSA, as Mrs. Yearwood has indicated, has put procedures. They recorded the procedures at the HSA. CINICO contracts with the TPA, or third party administrator, to procure the air ambulance services and the Ministry didn't see any reason to change the arrangements in that regard. So the actions that have been taken at the HSA are as has been described and CINICO has continued with the contractual arrangements that they have with their TPA.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just a continuing question on that: Were there any cataloged reasons why it was felt that there was no need to change the process? Was there a report done by the Ministry just acknowledging the report, but saying they didn't accept it for X, Y, Z reasons?

Mrs. Jennifer Ahearn: Mr. Chairman, the Ministry, HSA and CINICO did issue a joint response to the public on the report that basically outlined that we had reviewed and considered the contents of the report and we responded to some of the issues that had been raised.

One thing that we found, and one of the reasons why we put the response out that we did, is that the report seemed to generate some confusion regarding the roles of the different agencies in the process. For example, thinking that the HSA procured the air ambulance services directly, or that CINICO would be the ones to pick up the phone and call for the air ambulance, when in fact, through a CTC tender process as part of the TPA overseas case management contract the TPA had that role and that responsibility.

As Mrs. Yearwood said, when there is an overseas referral actioned, the TPA is contacted. The referrals office doesn't call CINICO. They don't call the Ministry. They call the TPA who has the contract and, therefore, the responsibility and the authority to do that.

So, when we reviewed it, the response that we came with was that press release, that joint release. And it was really to try and clarify the relative roles of the different agencies. And just to confirm to the public that we believe that the processes that were in place were sufficient and adequate.

Sorry, Mr. Chairman, one moment.

[Pause]

Mrs. Jennifer Ahearn: Okay, so Mrs. Yearwood just wanted to make sure that I clarified that the concern about the broker and the usage of the broker, and whether that has been tendered properly.

The party that contracts the broker is actually the air ambulance company. So the TPA will contact the air ambulance company and say that we need an air ambulance to be sent, and here are the details of the patient. The air ambulance company is then the people who contact the local broker and procure her services, or their services, for when they come. So, again, it is not . . . the Ministry is not contacting or procuring that service from the broker. CINICO is not doing it directly, nor is the HSA.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, on page 7, numbers 19 and 20, the audit report complained that there is no contract between CINICO and the air ambulance broker for such services and that CINICO is being charged by the air ambulance companies that pay the broker, which is Marjorie Bodden, \$900 for each ambulance that ran.

My question is, would there need to be an agreement with the broker and CINICO for these services? It seems to me that the broker . . . the arrangement or agreement must be between the broker and the air ambulance company. As I understand it, the arrangement is made between TPA and Marjorie Bodden (whatever her company's name is; anyway she's the broker). So what does CINICO have to do with it? From my perspective, I don't see what they have to do with it. Did the auditors check this fact out? That's my question.

CINICO pays the air ambulance company its fees, and they are not responsible for what the air ambulance company does with their money. They are entitled to pay the broker, that is, the air ambulance is entitled to pay the broker, whomever they chose, whatever fees they have agreed with the broker. And so did the auditors check this fact out, Mr. Chairman, before they made the headlines and went all over the world that something was amiss here?

Mr. Martin Ruben: Mr. Chairman, there is no one from CINICO here to answer that question, but if I could just help the Member here . . . the \$900 fee is charged for ground handling services. This is not the broker that acquires the air ambulance service itself, although there is a dual role that we talk about in the report.

Hon. W. McKeeva Bush, Leader of the Opposition: Same company.

Mr. Martin Ruben: There are two brokers involved, and I am just trying to understand from the comments made by the witnesses here . . . there is broker CMN, which is the TPA that Mrs. Yearwood and Mrs. Ahearn have mentioned, as well as there is also a second (we call it) broker who acquires air ambulance services mainly for, as we understood from the information we got, for trips to Jamaica and around the local region, as opposed to Florida. And she charges for those services as well, to procure air ambulance services on behalf of CINICO. So there is a dual role.

Mr. Bush has referred to the role that the broker plays for the ground handling service, for which she charges a separate fee. And that's the \$900.

The Chairman: Okay.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, to Mrs. Ahearn (I think), How does one become a broker? What is the process?

Mrs. Jennifer Ahearn: Mr. Chairman, the broker is engaged by CINICO's TPA. How CINICO gets the TPA is through a central tenders process and they have a couple of TPAs. One is for claims adjudication and the other is for overseas case management. And the air ambulance service is part of that overseas TPA. So it is not a situation where CINICO has gone out and said, *We want this air ambulance and this broker*. CINICO has gone out and said, *We want this company to do our overseas case management*, and that company has identified the subcontractors, I guess, if you will, that they utilise. So there isn't a direct relationship between CINICO and the air ambulance company or the broker.

Mr. Winston C. Connolly, Jr.: Again, Mr. Chairman, if we understand that there are only two brokers that

operate in Cayman, and one does regional and one does, I guess, the US, then that means there is really no choice by the TPA, or, sorry, by CMN, because if they are going to the US then they have to use the one broker that provides to the US. If they are going regionally then they have to use the other.

I guess my concern, just from a public interest standpoint, is how are those brokers licensed? How do we check value for money? How do we check proper procedures, that sort of thing? And who is responsible for that?

Mrs. Jennifer Ahearn: Mr. Chairman, the arrangement, I guess, is that the TPA takes on that responsibility and the liability as well. Obviously if we procured that overseas case management service from the TPA and they use a provider that there are some issues with, the liability rests with the TPA if there are any concerns.

We aren't in a position to vet all of the subcontractors that the TPA utilises. We would be looking at what the sum total is in terms of the cost that we get from them. And imbedded in that are going to be the air ambulance costs or any other costs of the care and the case management. Again, it is a sort of arm's length situation in that we are not directly procuring that service. So we wouldn't be vetting it in the same way as if we had a direct procurement with them. But the liability is with the TPA.

In terms of the regional referrals, that is something that the rep from CINICO is going to be able to address in more detail. They do manage that in house, and it is something that he would be able to address when he comes.

The Chairman: In the case of the TPA, and the CMN thing that you mentioned, can you confirm that it would be their responsibility to ensure that the ambulance service provider is properly licensed? They are responsible for due diligence to ensure that the service providers are fit for purpose?

Mrs. Jennifer Ahearn: Yes, Mr. Chairman.

Hon. W. McKeeva Bush, Leader of the Opposition: Can I just ask, Mr. Chairman . . . on page 7, number 22, the audit complains that the broker is not licensed to carry on the activity of ground handling services on behalf of CINICO, by way of trade and business licence. Who are they talking about?

The Chairman: Auditor General?

Mr. Martin Ruben: That would be the local broker that we are talking about there, Executive Air.

Again, I go back to the fact that what we found out in the audit, and maybe it's a little bit confusing, and I just hope with the witnesses we can make sure that the Committee here has clarity around it. There

are two brokers that obtain air ambulance services. One is CMN, as Mr. Connolly asked the question about, do they ensure that the air ambulances that they acquire to come in to provide the services are they licensed and have all the attributes that they want to have for an air ambulance service, CMN does those. And then there is another way of acquiring air ambulance services and that is through Executive Air, the other broker. They are the ones that do, as I said . . . and our understanding from talking to the staff at HSA and the overseas referral office at the time we went in there and documented the procedures, was that they would . . . they sometimes get the Executive Air to acquire those services on behalf of the government . . . I say the government, whether it's on behalf of CINICO or on behalf of HSA, but to get those services in so that they can be used to get patients off possibly to Jamaica or to other areas within the Caribbean. That was our understanding and that is what we confirmed in our report.

So, when CMN acquires the services of an air ambulance as a broker, CMN charges a fee for that. And when Executive Air acquires the services of an air ambulance on behalf of the government, they charge a fee for that. So it's a procurement process. Sometimes they go out and get three bids. Sometimes it's a question of which air ambulance is available to provide the service at that time. But it's about . . . it's their responsibility to bring that aircraft in and to provide the service on behalf of that HSA patient.

Mrs. Lizette Yearwood: Mr. Chairman, if I may.

I think that was what Mrs. Ahearn was just pointing out when she mentioned earlier that any services that are procured regionally, any referrals that are done regionally, are done through the CINICO office and that is why she was saying that CINICO needs to speak to that, because, again HSA's role is to facilitate it through the insurance company or their TPA, which is, CMN or through CINICO for the regional services.

Hon. W. McKeeva Bush, Leader of the Opposition:

So, Mr. Chairman, let me get back to page 7, number 22, where they complain that the broker is not licensed to carry on the activities of ground handling services on behalf of CINICO, they are saying by way of a trade and business licence.

Now, he says that there are two brokers. That is what the Audit Office is saying. So what, they are talking about the broker is not providing ground handling services CINICO, at least one of them . . . they are providing the service for the air ambulance company. If I am understanding correctly.

Maybe somebody needs to answer that to me. If there are two companies—he is saying there is not just one company, there are two companies. There is CMN and then there is, let's say Executive Air, Marjorie Bodden. Now, who is it that he is complaining

about that does not have a licence? Who is the Audit complaining about?

Mr. Martin Ruben: Mr. Chairman, the company that doesn't have a licence to operate as a ground handler or as a broker for acquiring air ambulance services is Executive Air.

We obtained the business licence of Executive Air, and the business licence for Executive Air is to operate an air ambulance.

Hon. W. McKeeva Bush, Leader of the Opposition:

To operate the air ambulance.

What kind of ground handling services would they do?

Mr. Martin Ruben: Mr. Chairman, maybe someone from the CIAA should answer that question, but since they are not here, the ground handler provides a number of services when an airplane comes in. It helps make sure they get proper serviced, there is fuel that the—

Hon. W. McKeeva Bush, Leader of the Opposition:

Yes, we understand all of that aspect of it. But in this instance . . . I get back to the point. Is . . . they are providing the service to CINICO, or are they providing this to the air ambulance company? And why would there need to be an agreement with them and CINICO? Why would there need to be an agreement between Executive Air, if that is who you are talking about, and CINICO?

Mr. Martin Ruben: Because CINICO is paying for the services of the air ambulances. CINICO's representative is sitting across the way there from me and may be able to confirm this.

CINICO is paying for the services of acquiring the air ambulance services so they have, as Mrs. Ahearn pointed out, a contract with CMN whereby they use CMN to acquire those services for aircraft that would have to go to Miami and usually areas in the States. But they also pay for the services of acquiring another broker they pay for Executive Air to acquire those aircraft as well.

Hon. W. McKeeva Bush, Leader of the Opposition: Stop there, please.

You are saying that CINICO pays Executive Air. Is that what you are saying? Is that what he is saying, Mr. Chairman?

Mr. Martin Ruben: I am saying that there are charges that come through from Executive Air for the cost of acquiring air ambulance services and . . . whereas it's \$900 that she charges for the ground handling service, there is an additional fee that she would be charging . . . that ends up being paid for by CINICO for the work that they do to put out for bids, possibly

(as we talked about before—we interviewed the brokers, as a matter of fact) . . . to either put out for bids or to simply acquire, to the best of her knowledge, which air ambulance company could best provide that service at that time.

Hon. W. McKeeva Bush, Leader of the Opposition:

I am wondering if Mr. Tibbetts could explain a few things here in regard to what exactly does Executive Air do and how do they interact with CINICO, whether they interact directly or whether they are providing the service for the air ambulance company.

Can I get—

The Chairman: Well, I think we need to take a step here because we have not recognised Mr. Tibbetts who has just come in, and agreed to take his testimony at this time. But if Members are mindful for us to do so we will go ahead and ask Mr. Tibbetts to . . . welcome him in and ask him to speak.

Any objections?

Okay.

Mr. Joseph X. Hew: Mr. Chairman, no objections. I was just wondering whether or not, being cognisant of everybody's time today with what's happening back at the government building, whether or not we would need Mrs. Yearwood and Mrs. Ahearn.

The Chairman: That was my next statement. I was going to ask if Members have more questions for Mrs. Yearwood and Mrs. Ahearn, whether we could release them from this—

Hon. W. McKeeva Bush, Leader of the Opposition:

Mr. Chairman, this has to do with CINICO. I think it all impinges upon HSA as well. While I wouldn't want to hold them up, I do believe that the three of them complement each other in this regard, in the matter, whether we directly question them. But I think perhaps it is a good idea for them to be here.

The Chairman: Okay. They have agreed that they can stay. So we will go ahead.

Mr. Tibbetts, I welcome you to this meeting of the Public Accounts Committee. I would ask for you to speak into the microphone. If you don't mind, state your name and your position.

Mr. Lonny Tibbetts, CEO CINICO: Thank you.

Lonny Tibbetts, CEO of the Cayman Islands National Insurance Company.

The Chairman: Thank you, sir. Welcome.

We can go ahead and proceed now.

Mr. Lonny Tibbetts: Mr. Chairman, could Mr. Bush repeat the question for me please?

Hon. W. McKeeva Bush, Leader of the Opposition:

I am trying . . . I have asked the question and I have stated that on page 7, if you have the report, at number 22, the audit complains that the broker is not licensed to carry on the activities of ground handling services on behalf of CINICO by way of trade and business licence.

They have stated that three are two brokers or two people, there is CMN and Executive Air, or Mrs. Bodden. My observation seems to be, from what I can glean out of this report, is that the broker is not providing ground handling service to CINICO. That is, Mrs. Bodden is not, Executive Air is not doing so. They are providing the service for the air ambulance company. And I am asking, because of what he has said, and he is still banging on the fact that there are two, what . . . and about this \$900, I want to get that clear. What kind of connection, what interaction does Executive Air have with CINICO?

Mr. Lonny Tibbetts: Mr. Chairman, the air ambulance services that we utilise throughout the Caribbean and I think we need to be cognisant that air ambulance services that CINICO acquires utilises both the US and Jamaica, and sometimes other destinations as well. The way that we procure an air ambulance starts primarily based on the actual acuteness of care, need, et cetera. The use of two entities, so to speak, for the procurement of an air ambulance has been genuinely defined most commonly by the actual need and the specific destination, which is the most common component of our decision when it comes to air ambulance acquisition.

For US based cases, we utilise CMN. Canadian Medical Network is utilised exclusively for the US or . . . let me rephrase that, predominately for the US destinations. And for Jamaica based destinations we utilise CMN as well and sometimes Executive Air.

In performing our due diligence on the need for any type of licence and requirement from the perspective of CINICO, the only requirement that we recognise needed to exist was that of a trade and business licence under the Trade and Business Licensing Law for the broker or for Executive Air locally. CMN does not require a licence to provide such services locally and we utilise them on a per fee basis. As for the broker, there is no agreement between ourselves and that broker, and we have come to understand that they are paid on a commission basis by the different air ambulance companies that they select and solicit for the particular referral.

Hon. W. McKeeva Bush, Leader of the Opposition:

So when you say "broker" you mean Executive Air?

Mr. Lonny Tibbetts: Executive Air. Yes.

Hon. W. McKeeva Bush, Leader of the Opposition:

Okay.

And the \$900, because I think what was being explained to us was that CINICO is still paying out and somehow paying out to Mrs. Bodden, Executive Air. I think that's what I am getting from the Audit Office.

Mr. Lonny Tibbetts: This was a debate that we had during this audit as well, sir. Our records will indicate that there was a payment made to Executive Air some years ago and the amount and the quantity of that payment was for, I believe at that time, a specific air ambulance case in which the total sum was paid directly to her, and I suspect she remitted it to the air ambulance company.

Since then we have not paid any fee, commission or anything to Mrs. Bodden or Executive Air.

The Chairman: Auditor General?

Mr. Martin Ruben: Yes, Mr. Chairman, Mr. Tibbetts is correct. There is no direct payment from CINICO to Executive Air.

However, when the air ambulance charges a fee to CINICO, they recover all the costs incurred as a result of conducting their business. And part of that, if they pay a fee of, say, \$1500 to Executive Air, which would include the procurement fee (if they were procured), as well as the \$900 for the ground handling, which includes the ground handling fee. Then that would be passed on back to CINICO and we confirmed that with the air ambulance companies that are operating, that any fees that they incurred become part of their fee structure and they charge for that back. So while it's not a direct payment, it is incurred by CINICO as part of their cost for providing air ambulance services to the Cayman Islands.

Hon. W. McKeeva Bush, Leader of the Opposition: So why . . . I mean why . . . how does the Audit Office feel that the broker, this broker (because you said there were two before, but we see that we are still dealing with air ambulance, Executive Air) . . . why did the Audit Office feel that they need to have a contract with CINICO, and that they are not licensed to do so, why do they feel that way?

Mr. Martin Ruben: We are simply saying that for the broker part of their responsibilities they are acting on behalf of CINICO to acquire air ambulances on their behalf. In other words, Executive Air is an agent, if you wish, on behalf of CINICO to do a procurement process. They are expected to find the lowest cost air ambulance and/or the one that's available or, as Mr. Tibbetts pointed out, the one that can best serve that particular patient at that time.

So if that is the case, if there are expectations being made of that company to do certain activities, such as in this case here, to procure an air ambulance and to bring it to the Cayman Islands to provide a service, we would have expected that someone, and we

believe it's CINICO, should have an agreement, a contract, with that company to do those arrangements so that . . . say, in the event, in terms of managing business risks, if that particular activity wasn't carried out the way that they expected, what is their recourse? Normally you would have a contract in place to ensure that your expectations for services are clear and there is recourse for things that happen when they don't happen the way they are supposed to.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, it is very somewhat confusing. If the broker is not providing . . . I am talking about the ground handling services now, right.

Mr. Martin Ruben: Sorry sir, if it is dealing with the ground handling service, I apologise.

For the ground handling services, the company operates at the airport and provides aircraft with services. You are absolutely correct that they are providing the aircraft those services and would be charging the aircraft for those services. CIAA, as we say in our report, facilitates that by way of ensuring that any ground handlers that are operating at the airport have a particular, again, a set of rules that you have to follow and certain requirements that they have to be following as a ground handler. And it is between the ground handler and CIAA to make sure that there is a proper arrangement in place for them to operate at the airport.

What we found out during the course of the audit as we put in our report is that there is no licence agreement, there are no expectations, again, in place for that ground handler to be operating as a ground handler at the airport.

Hon. W. McKeeva Bush, Leader of the Opposition: Has the Audit Office checked to find out whether they have a trade and business licence in order to do that? You are stating that they don't.

Mr. Martin Ruben: Mr. Chairman, once again, we got a copy of the business licence for the company, for Executive Air, and on that business licence, and I guess we could provide a copy if necessary, but it says on there to operate, operate, an air ambulance. The licence for this company was issued many, many years ago and it has never been changed in terms of what it was licensed to do as a business in the Cayman Islands.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, can CINICO shed any light on it?

Mr. Lonny Tibbetts: Yes sir.

When we began using, and this has been for a number of years. Once this issue presented we, again somewhat retrospectively, examined and performed some due diligence on Executive Air to ascer-

tain the validity of some of the statements of some of these findings. What we discovered was that the Trade and Business Licence which Executive Air Services, Limited, trade and business licence number 821067, operates under the ISIC [PHONETIC] code Q8690, categorised by the Department of, I think it's, Commerce and Investments, as under a category of Other Human Health Activity.

It does not currently, the department does not possess or offer a licence for specifically entitled Air Ambulance Broker. The nearest thing to that which they do provide to similarly match the services which Executive Air Services currently possesses is a licence entitled Air Ambulance Charters Licence. This is the licence which Executive Air Services currently possesses. It is recognised as the licence for any organisation that will provide services of that equivalence.

The second component of their licensing requirements would be that of a ground handling permit which is issued exclusively by the Cayman Islands Airports Authority. We did inquire of them why they did not possess one, or if they were required to possess one. Mrs. Bodden presented to my offices I think two separate documents whereby the Directors of Civil Aviation had given her exempt status based on the limited use of the airport exclusively for air ambulance charters. However, I have no capacity to understand if that exempts her from the requirement or not. However, she does possess letters of exemption for the requirement of that licence.

So, essentially, Mr. Chairman, the answer is yes and no. Yes, she does . . . or, no, she does not possess a licence; but, yes, she is essentially told she can operate without one.

Hon. W. McKeeva Bush, Leader of the Opposition: And she has been doing that for how many years?

Mr. Lonny Tibbetts: Yes sir, a very considerable gamut of years now.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes. Long years. I mean, ever since I have been in Government I know that Marjorie Bodden has provided that service. I don't know . . . I knew that there was some exemption provided . . . and I say that, Mr. Chairman, and I will go on, because on page 7 and 23 the Audit Office says that they found evidence that **"the former Premier, McKeeva Bush, had informed the Board of the CIAA to restrict ground handling licenses to only three companies. There was no rationale or reason provided. The former managing director informed us that he had recommended the licensing of all companies operating at the airport, but was precluded from doing so by the direction of the former Premier."**

Mr. Chairman, I was . . . there was a question at that time handed to me about who could provide ground handling service.

I have here, which I will give to you, Mr. Chairman, two letters going back to 1998. And it originated before that, Mr. Chairman, when one company, Air Agencies, Limited, on the 24th of August 1998, wrote to the Director of Civil Aviation. And I quote, I will give it to you so you can follow, I have the other information here. And there is a slew of information which I don't know if they inquired, whether the Audit Office went to Air Agencies, and asked them what the process was or what they knew about it. It seems like they talked to one person, anyway, and that was the former director.

But here in this 1998 letter, Air Agencies writes to the Director of Civil Aviation, and said that there seems to be some uncertainty as to what companies are approved by the Civil Aviation Board to offer ground handling services here at the Owen Roberts International Airport for commercial services of over 19 seats. "I am of the understanding that Cayman Airways and Air Agencies are the only two approved companies for such services." [UNVERIFIED QUOTE]

On the 26th of August [1998], Mr. Chairman, which you have that letter, the Director of Civil Aviation at the time, David Frederick, writes this back to Air Agencies: **"Dear Sir: In response to your letter inquiring as to companies approved to providing ground handling services at the Owen Roberts Airport."**

"The Civil Aviation Authority has given approval for three companies to provide aircraft and passenger handling services at Owen Roberts International Airport. They are Cayman Airways, Air Agencies and Island Air. Island Air's approval is restricted to aircraft having nineteen seats or less."

"On the matter of baggage handling . . ." and he goes on to talk about another matter **"there are two approved companies, namely Cayman Dispatch Services and Flowers Air Dispatch."**

Now, I have those letters to say that I was neither part of policy-making decisions at the time in 1998. I was not part of Executive Council in any way, shape or form. When they have complained in stating ways, if you put the two together, if you look at 22 and 23, you can see what it is meant to do. It is meant to say just how bad governance is being performed.

You take this letter and you can see that is a policy that existed. We didn't change any policy. It stayed in place. As well as Mrs. Bodden. It is the same thing. It was an existing thing for years. Nobody changed anything. She had a right by grandfathering in as far as I can tell. And I am sure that if the Audit Office had done their job properly and interviewed everybody whose name they called, rather than one

person to make their case, they would have found that out, Mr. Chairman. Here is it, from 1998.

No, no. It's too easy to besmirch McKeeva Bush and anybody else that they want to. And that's what they keep doing.

Now, from what I understand, Mrs. Bodden was one of those people that was grandfathered in from years ago. And she hasn't just started providing service. And I know. I can say that that company has saved this country a lot of money. A lot of money. You are not going to see that. You are not going to hear it. You are just going to talk about she doesn't have a licence and she doesn't have a licence with CINICO. She doesn't need a licence with CINICO. Not as far as I am concerned, as a member of this Committee.

She has a direct working relationship with the other company that CINICO pays. I don't see that it's any business of CINICO who that company gets to do work for them. It is the airport's business and they have allowed her to do it. What is she doing wrong? Is she doing anything wrong? She is not doing anything wrong. Yet this report besmirches her to say the least.

Mr. Chairman, those two letters are tabled for information of this Public Accounts Committee. It goes back years before I existed in Executive Council. You need to interview people. The Audit Office needs to, when they are going to call people's names and company's names, interview people. They do not need to take people and put them on the street, as it were, much less the whole world when it goes on . . . when my good friend Wendy Ledger gets it. It goes to the whole world. And it is not right, as you can see. The policy existed.

Mr. Chairman, I have other questions.

The Chairman: Would you care to respond?

Mr. Alastair Swarbrick: I think it's important to note that our report is not about the Executive Air; our report is about how government manages the air ambulance services. I would intimate that we interviewed a lot of people in regard to this, and gave plenty of opportunity to discuss this report. At that point I think it's probably [inaudible]

Hon. W. McKeeva Bush, Leader of the Opposition:

Well, Mr. Chairman, all I am going to say to that as a member of this Committee is that obviously he didn't interview air ambulance, Executive Air. I know he didn't talk to me. They never do. They just write about me, whoever gives them information and they write it the way they want.

Certainly they didn't talk to Executive Air, certainly they didn't talk to the other company. So who did they talk to?

Mr. Alastair Swarbrick: As a matter of fact, we did actually speak to Marjorie Bodden at Executive Air.

Hon. W. McKeeva Bush, Leader of the Opposition:

Yeah, well you didn't put the information in that she gave you, because I know that they told him, I wanted them to say they talked to her. I know that she told them the same thing that is being related here in this meeting today. I wanted them to talk to her; they didn't talk to me. They never do.

I have other questions, Mr. Chairman.

The Chairman: Mr. Hew?

Mr. Joseph X. Hew: Thank you, Mr. Chairman, I would like to ask this question directly to Mr. Tibbetts.

In the conclusion of the Auditor General's report, number 24, it says as their conclusion, "**The operations relating to the provision, costs and oversight of air ambulance services have not been managed effectively, resulting in uncertain value-for-money for services solicited through the Air Ambulance Broker.**"

My question to Mr. Tibbetts is simply do you agree with that statement, sir?

Mr. Lonny Tibbetts: Mr. Chairman, no, I do not agree with that statement, Mr. Hew.

We have to, in the essence of this report, I think there is a lot of information—if you would allow me to elaborate for a bit, Mr. Chairman. We have to recognise that essence of an air ambulance transfer and the crux of what causes it and basically the impetus of the actual event. I think Mrs. Yearwood would certainly elaborate on the number of moving parts that have to occur at the HSA before this decision is made.

Once the decision is made that the caliber of care or the capacity to care for the patient, or the actual injured member or the person in acute need, is beyond the scope of, first the HSA and then subsequently ancillary services locally, an air ambulance transfer falls into place. But more importantly, the facility and the receiving physician overseas must be identified. This is a very complex decision and it entails a lot of moving parts very quickly.

Contrary to popular belief, the last decision to make when it comes to an air ambulance transfer is that of cost. The first of which is who will receive the member, the physician as well as the facility needs to be consulted, the medical records have to be exchanged, and we have had a number of situations in which that has taken place on the initial auspices or the initial receipt of that. The response is that, yes, they will receive the member, and yes they will take them. Almost in the middle of that, sometimes, there have been stand-downs and they say, *No, wait a minute we realise there are other issues here and this other complexity and we will not be able to facilitate that member.*

Therefore, concrete evidence or acceptance of that member is key. Once that occurs, we now have essentially what is called a "destination."

The second step is immediately which air ambulance, or which route do we take. Traditionally we utilise Ms. Marjorie, or Executive Air, for Jamaica based referrals because it essentially costs CINICO nothing directly. So we will contact Ms. Marjorie and ask if she can get us an air ambulance quickly to transfer this patient to Jamaica. Sometimes in the middle of that transfer, or in the middle of that, we kind of . . . this process begins on a simultaneous track.

So Jamaica, for example, may say, *Okay we'll take them*, initially, and then all of a sudden full medical records will arrive and they say, *No. Wait a minute there are other morbidity issues that we can't manage and this risk and that risk, and no we are not going to be able to*. So Ms. Marjorie is usually involved at that point. We may then continue with her to get to Florida. But the focus then shifts on getting a Florida based facility.

For air ambulance transfers there is usually a very limited amount of destinations because depending on the level of trauma not every facility in south Florida can accept acute care. Now, if at the beginning of that process we recognise that this is a US based case, our current protocol is that we utilise CMN. Now, CMN operates on a protocol whereby they get the information, they identify the facility, they confirm who, what and where will receive them. Then they go about finding out how they will get them to the US. Again, that is done on a simultaneous basis.

They send out a bid to five, six, seven different aircraft, different providers. Sometimes it could be as limited as two or three, depending on the specific needs of that particular transfer. They then ask them to bid. The bid is then evaluated on timeliness, capacity to manage, and how quickly they are going to get to Cayman, and then finally price. CMN records all of that information for us and we get an actual report. For that, they charge us a fixed fee of US\$1,000 per air ambulance transfer. That is a fee that we pay above the actual air ambulance cost.

In examining both avenues in which we solicit air ambulances, we have not found a material variance with air ambulances that have been solicited by Ms. Marjorie Bodden, or air ambulances that have been solicited by CMN. But we do know immediately any that went through CMN have the fee.

One of the reasons why CMN plays such a critical role at this time in regard to this is that CMN is also our US network provider. What is lost in this is how difficult it is to get a hospital bed and any type of trauma surgery team, for example. And CMN, because of their network contacts, have expedited access to that capacity. That is why it is key that they are the ones who knock on the door and say we're about to transfer this patient from the Caribbean to here, et cetera, under our contract, under our guarantee, et cetera.

So it is very rare that we utilise Executive Air for US based transfers. But they do happen now and

then and it is usually when it is somewhat of a follow up, or CMN will still coordinate it in and out of there, but I have no record that we have ever double paid.

So to make a statement that we are not managing it effectively, there is a component of that whereby we may not be on the front-end aspect of that. And I think we concurred from the Auditor General that they would like to see us kind of play a more active role in what we consider the rolling of the ball, rather than the viewing of it. But every part of it is monitored.

We have had situations in which retrospectively we denied a claim, or denied a certain amount, or negotiated, even though we guaranteed everything on the front end, but we have had a significant charge for a specific team that came to take maybe a neonate case to south Florida and charge us just for that team, maybe \$30,000 or \$40,000.

So we do nickel and dime air ambulance companies, so to speak, and the whole transfer, so I do not feel that it is . . . to make that specific statement I think is maybe 10 per cent, 15 per cent accurate. I think we have a very good grasp on this. I do agree with the Auditor General that we could do a better job on the front end aspect of that, and we are certainly making those changes now. But I don't feel that anything is significantly lost in there and it is . . . like I said, there are certain ways in which we could do a better job. But we also have to recognise the risk associated with that.

We could partner with air ambulance companies, and we could contract with Executive Air. But the risk we have then is that most of those contracts they want exclusivity to give us a better price, so to speak. We felt that the bidding process that we currently utilise achieves that as good as us giving them an exclusivity.

The disadvantage of exclusivity is that we are stuck with this company, or these two companies. And in the event we have an air ambulance transfer or emergency and they are unavailable we could be stuck with a patient that we can no longer get off island because of a contractual issue.

So we found that the bidding process has worked very effectively. We continue to see trends where every now and then we will get a lot of payments in a month for a particular company and then in the next month another company will kind of outbid them and get more of the work again. So, we found that by us implementing . . . and I will certainly submit for evidence or for the record that CMN has utilised, I think it's a 20-plus point process that clearly pits them against one another to get the best deal as quickly as possible.

And again, we have to be cognisant that, Mrs. Yearwood would probably state as well, this decision is made in about 20 to 30 minutes. All of these parts to be moving immediately. So it is quite complex. The teams that we have in place and how it is done is very

experienced, very well oiled, and Ms. Marjorie has played a key role in not only saving us costs, but in saving the lives of our citizens as well.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, you said that you don't contract, because you would be stuck with these two companies. Why is that if there are only two companies? Can he explain that for me?

Mr. Lonny Tibbetts: Mr. Chairman, CMN provides us a network access to the US. They are what we consider our network provider whereby they negotiate with the hospital, the physicians, other ancillary based service providers. And they get discounts on actual services that they provide in accordance with their aggregated group of business which they contract throughout the Caribbean and actually globally now.

We utilise them . . . this was a traditional service that they provided inclusive of their case management network access and then they provided us air ambulance coordination. Those three services they provided before. We completed an RFP which dissected their services. We felt from a risk model it was better for us to isolate these different components of our overseas care.

At that point, CMN retained the network access capacity. The case management services went over to Mmsi [Mayo Management Systems Inc.], who does not do any type of networking they just provide (which is the Mayo Clinic) . . . they provide medical management utilisation services. The remaining service of the air ambulance transfer was left between either of those two, because those, essentially, were the two finalists. We essentially pit both of them against one another and the provision of that service was won by CMN on a fixed-cost basis of \$1,000 per transfer.

The bid that came back from Mmsi was very different, obscure perspective, but at the time we felt it was too risky to take that chance and history has proven that we made the right decision. Mmsi gave us a bid for those services in the amount of US\$1.8 million per year. Actually, let me rephrase that. It was based on \$10.80 pm/pm (which is per member, per month). At that time we had an estimated average of 13,500 covered members under CINICO, which would have yielded \$1.8 million for the annual total, for which they would have provided us 130 flights from the Cayman Islands to the US. They did not have any capacity, or in this bid they did not provide any bid for Jamaica. And we utilise Jamaica. About 20 per cent to 25 per cent of our air ambulances go to Jamaica.

So, whilst it looked good for one check for the provision of this service, we looked in the opposite direction and said what would be utilised. Though that was inclusive of flights, it worked out to be an average of \$11,500 per flight. In reality, we pay around that average now, sometimes 16, 17, depending on the three legs. Jamaica air ambulance, ironically, is more

expensive than Miami, because it is two legs. Jamaica is three.

When we looked at this retrospectively, we made the right decision, because CMN was \$1,000 per use. If we didn't use them and we utilised Ms. Marjorie, for instance, we didn't pay Ms. Marjorie anything. The bids that we were getting for the aircraft were very similar. We have not found anything of any material difference to say *\$10,000 by CMN and \$10,900 by Ms. Marjorie*. We have never seen that. We have actually seen some places where Ms. Marjorie bids beat CMN's bid.

Now, we are cognisant that we don't require Ms. Marjorie to document any bidding that she performs internally. We are cognisant that we have never asked her to declare what her commission is or if any brokerage fee exists or how she is repaid. However, we felt that the contract with her, when the provision of the service is there for free, it's . . . we found that it was almost a redundant exercise. But, in recognising what we consider prudent governance of our services and any indirect value to the provision of a service for us, she does receive some financial benefit for getting an air ambulance to us.

So we may examine some type of agreement with her that on the provision of such services going forward we would like to see that a bidding process occurred, et cetera, that we got a competitive price.

But, like I said, retrospectively, Mr. Connolly, we didn't find anything materially that was different that we could say we were getting a much better value elsewhere.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you, so it is your opinion, Mr. Tibbetts, that we are getting value for money on air ambulance services?

Mr. Lonny Tibbetts: Yes sir. We have competitive evidence of bidding. We have . . . now, I could not sit here and tell you that I have not seen bids that come through the door, if we walk an exclusive perspective on this, we can give you a better deal. We are cognisant of that.

We have recently been approached by a local Cayman Islands company, a young pilot has approached us, as well as the Health Insurance Commission, to present what I think has been a long desire of all of the insurance companies in this country, a locally stationed air ambulance provider. A number of individuals have presented this for a while, but the challenge that exists in that is the down time employment of the staff—we may get two a week; we may get two a month. And that's the risk that they have.

The numbers that he presented at the time were preliminary numbers and show that he is very competitive to the traditional overseas providers. I can only imagine that he has done his numbers correctly. And, as I have committed to him as well as other members of the standing committee of the health in-

surers, if it's here and it's available we would certainly try to utilise the services as best as possible.

But I do believe that on paper there are numbers and values that are presented out there to say that they can give a better deal. But there is a catch to that, and that means they all want exclusivity. And that is the risk that we are scared to take.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, one last question. What is the risk to Government for utilising these air ambulance services, if any?

Mr. Lonny Tibbetts: It is no different than us utilising a commercial aircraft to take a business trip, sir.

The risk exists between the HSA . . . the transportation component from a risk perspective ends the minute that that vehicular ambulance opens the door and exchanges the stretcher, I believe (Ms. Lizette can give you the best perspective from the HSA's risk). But once in flight, and until they land in south Florida and deliver that member to the receiving ground ambulance, that risk exists with the air ambulance, sir, not with the actually with CINICO.

Mrs. Lizette Yearwood: Mr. Chairman, if I may just add to that.

The Chairman: Go ahead.

Mrs. Lizette Yearwood: From a healthcare perspective, the only risk would be that an inappropriate team accompanies the air ambulance. And this is something that our physicians are intimately involved in. First of all, the indicate what is the makeup of the team and they require to be assured that that is a composition of the team that is coming with the air ambulance. And they have . . . before it even leaves whatever soil it is leaving from. And from time to time there has actually been a delay because the physician will say, *No. That is not the team that I am indicating and that is not what we are going to accept.* And there is a pushback there.

If there is an anesthetist that is going to be required on that flight, we require that patient to go with the appropriate skill set. We won't let that patient go in an unsafe position. So our physicians are the ones to mitigate that risk from a health provision perspective.

Mr. Joseph X. Hew: Mr. Tibbetts, thank you for your response to my original question. You indicated that there were some things pointed out in the Auditor General's report that you were working on. Are we going to see an action plan addressing those issues?

Mr. Lonny Tibbetts: Mr. Chairman, yes. We are currently in . . . we just completed an RFP to actually switch our US network provider. We are in contract phase now with United Health Care. They are the

winning organisation to essentially replace CMN. At this phase one of the components is the correct coordination of the air ambulance services, how they propose the best way forward.

We are also going to examine both aspects as we continue to see the provision of similar services now on the cusp of being provided locally as well as a multiple approach. Mrs. Yearwood and I have talked about maybe eliminating some of that \$1,000 middle-man fee and looking at utilising either the broker exclusively under provision of a bidding war (I guess), or direct contracts with a number of the air ambulance providers, again, being very cognisant of the coordination, the skill sets especially and no exclusive type contracts. That is the biggest risk that we have.

But it is a part of it. Under the current contract with United Health Care they do have the complete provision of air evacuation from anywhere in the world, not only on an individual basis, but large groups of organisations. That provision is already available in their contract. From an air ambulance aspect they are a lot more expensive than CMN on a one-off basis. So we certainly want to look at an additional option for that and having spent \$1,000 before through CMN, I know Mrs. Yearwood would not object to that revenue being added to the HSA for the coordination through our network.

So, we are certainly going to work as a partnership. But we are responsible for that member from here to there. The new changes that we are making are going to be cognisant of all the factors that are here right now. But in the existing United Health Care contract, the replacement of CMN, this particular service is already in there.

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman, on page 5 . . . no, 13, it complains that sometimes family members will call the air ambulance broker directly to procure an air ambulance and that is not clear if the HSA is aware of this practice.

I don't know what the Audit Office means by "it's not clear." I suppose they would have asked the HSA if they didn't know. Did the Audit Office enquire from HSA or CINICO under what circumstances would a family member contact the air ambulance broker directly?

Mr. Martin Ruben: As we said, we interviewed the owner of Executive Air and confirmed with her that her procedures for taking orders, if you wish (if that's the best way to describe it), taking requests from HSA patients, and she informed us that quite often she would get calls directly from the patients themselves regarding the services that needed to be provided.

By the way, as I said, we are doing an audit of the Government, and not of the broker. So we are concerned about the relationship that the Government has with the broker. All we were trying to find out was how . . . what is the current relationship, and how

does it work. When we approached, as we say in the report here, it wasn't clear to HSA. When we spoke to the staff there they were not aware that particularly that that particular broker has already been contacted by the patients and certain arrangements have already been made in advance because of the lack of clarity around the relationship between Government and that particular broker.

Mrs. Lizette Yearwood: Mr. Chairman, if I may, I can only deduce that being it's a small community that individuals may contact Ms. Marjorie because they know her personally. They know her involvement in procuring the services of the air ambulance companies.

However, I would just like to state for the record again that HSA does not activate any air ambulance unless it is through the insurance company. So the process is followed, even though the individual may have contacted air ambulances because they know that an air ambulance is required. And I guess this would only be the prudent thing to do if she knows for sure there has been a motor vehicle accident and there is somebody who needs to be flown out, she might start doing her investigations. But HSA does not move on anything unless we contact the insurance company because we need to know how the service is going to be paid.

Hon. W. McKeeva Bush, Leader of the Opposition:

And so, Mr. Chairman, if I should ask has . . . when you were interviewed on this matter did they ask you whether, in fact, you acted on the basis of anybody going to one of the providers themselves, or on the basis of what you just said, you only act when the insurance, everything has been covered. Not on the basis of someone going and asking Mrs. Bodden.

You were interviewed?

Mrs. Lizette Yearwood: Mr. Chairman, I personally was not interviewed. But my team in the referrals office was interviewed, and in communication with them after the fact they have indicated that they communicated the same thing to the Audit Office.

Hon. W. McKeeva Bush, Leader of the Opposition:

So they told the Audit Office exactly that, more or less?

Mrs. Lizette Yearwood: They would have had to do the same thing that I have just done, deduce how Mrs. Marjorie might have gotten involved, because it certainly wasn't through the HSA and they would not have acted on that arrangement without doing a formal review through the insurance company.

Hon. W. McKeeva Bush, Leader of the Opposition:

But you see, the air is not clear. If we were not to ask you, the public would read this to say, *HSA has not*

done its work and people are just willy-nilly going here and there and getting things done and nobody has any control, while there is perfect control—and I know that, as a Representative!

Just to say, those that are elected will find out, if they are going to serve the public, that the public, when somebody is affected they run helter-skelter. They go all over the place; they come to us, put pressure on the elected Member. The elected Member then has to try to get to the officials. Like Ms. Yearwood just said, they will run to Mrs. Bodden and try to get . . . because it is an emergency. And they wanted to satisfy themselves that their family is going to get off as quick as possible, that there won't be any delay.

I have been through this personally, so I know my own personal problems, but because of the fact that people have come to me in the past, as a Representative, to get such services. But, as I said, you look at this report and you would say, because of how this is written, it leads the public to believe there is no control when, in fact, there is a control.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just a question for Mr. Tibbetts.

In the report, I can't remember what page, but it said there was some \$800,000 spent last year on 71 trips . . . or, sorry—

Hon. W. McKeeva Bush, Leader of the Opposition: \$814,000.

Mr. Winston C. Connolly, Jr.: Yes.

What is the average air ambulance cost going off island as it stands now?

Mr. Lonny Tibbetts: The current range of air ambulance service is from \$20,000 to about, I think the lowest we've had so far is about \$7,000.

Again, there is no . . . it is tough for me to say on average, because depending on the complexity of the case it's not just the air ambulance service. So, as Mrs. Yearwood may give you details for example, if it is a neonate, if it is a premature child, there is an incubator team. There is also another set of medical team, pediatric team, et cetera, that will actually attend and accompany the aircraft on the first leg and then collect the child, the patient, and the family as well, whoever can fit in the ambulance, essentially. And then return to the US with them. Those cases can be \$20,000 to \$25,000.

Then you can actually have a case where we utilise an air medical transport, not necessarily an air ambulance, but the patient, the member is actually in a state where a commercial aircraft or commercial flight cannot accommodate their transportation back to the Island. So that price can be \$5,000 or \$6,000. It can be slower, but it is still under some type of medical monitoring perspective.

To simply take the total number and divide it by the total number of trips is very misleading. I wouldn't recommend that. We have recognised, subject to some of our data issues that we are currently experiencing . . . but we certainly would like to create a generic classification of some of our air ambulance costs, naming it's a "type A, B or C" so to speak. If we dig into the notes we can certainly get that, but we . . . our current issues and data capacity right now is somewhat limited to give you a better explanation.

But there is a range between \$7,000 to about \$20,000. The main will fall somewhere close between that. I know it's wide, but that's where it's at.

Hon. W. McKeeva Bush, Leader of the Opposition:

Mr. Chairman, there is no comparison figure. They are using a figure end of June 30 2012. They are saying it was \$814.6 thousand. And that included 71 emergency air evacuations.

Do you have any comparable figures? What was it in 2011? For anyone reading it, I think that would have been a good thing to have put in. It really would determine if there was an escalation or reduction in fees paid by CINICO.

But my observation of it is, my knowledge of it is, look, there are a lot of people that have to be transferred overseas. We have no . . . when it comes to those kinds of emergencies, we don't have the facilities. That is the position of the country. We don't! And we are going to continue to have this kind of cost because we don't have the kind of facilities to deal with the various things. I mean, there are no straight sicknesses across the board anymore. There are all sorts of things today that are cropping up here and there that Health Services has to deal with.

And for those of you just elected to this House, you are going to find out that you are going to have to deal with it too over the years because people are going to start dumping it in our lap, as they have been doing a lot over the years.

But is there any kind of comparable figures form what they are quoting?

Mr. Lonny Tibbetts: Mr. Chairman, I have a report, unfortunately I didn't have time to kind of redact any of the information on it to a certain extent. It does contain names of individuals, which I would certainly have to redact. But the actual numbers of air ambulances, and this was the last report that we were able to ascertain that was run on this, from January 1, 2009, through April 1, 2011, we spent a total of \$1.75 million on air ambulance transfers.

And those are discounted. As I have said before, there are some here for \$8,000; some here for \$15[,000]. So there is a significant range across the board on different ones. We do lack some of the . . . I think there is a subsequent report that the Auditor General obtained independently from our TPA at the

time that gave more accurate and specific period. So the numbers are correct.

We also have to be cognisant that we do have air ambulance transfers from the Brac, as well. We have a number of air evacuations from the Brac. We even utilised the police helicopter once for an evacuation from Little Cayman, for an emergency. And yes, CINICO pays for all of this. And we have had that to utilise at the HSA as well.

Again, at this point we are really trying to get the patient to the best facility with the best possible care, but the actual numbers specifically I do not have by year in front of me at this time unfortunately.

Hon. W. McKeeva Bush, Leader of the Opposition:

Mr. Chairman, I only have one question for Mr. Tibbetts.

In this audit, how many persons interacted with CINICO?

Mr. Lonny Tibbetts: From the Auditor General's office there were just two individuals, Mr. Ruben and there is a young lady by the name of Angela Galloway [PHONETIC]. She was the consultant to perform the audit.

Hon. W. McKeeva Bush, Leader of the Opposition: Only those two persons?

Mr. Lonny Tibbetts: Yes sir, that I can recall.

Hon. W. McKeeva Bush, Leader of the Opposition: Thank you.

The Chairman: Are there any other questions for these witnesses?

If not, then I will thank you all very much for your time. You are excused.

[Witnesses depart]

Mr. Winston C. Connolly, Jr.: Mr. Chairman, do we have anyone from the CIAA that would . . .

The Chairman: That was supposed to be our final witness for this afternoon, Mr. Kerith McCoy. I think he will be accompanied by his financial controller, Melantha Wright.

Same report, we just have a final witness to call, Mr. Kerith McCoy. I think he is the acting CEO of the Cayman Islands Airports Authority.

[Pause]

The Chairman: Good afternoon, sir.

Mr. McCoy, thank you for attending this session of the Public Accounts Committee. You are our final witness for the day. I would ask you to speak clearly into the microphone so that it can be recorded.

And for the sake of good order, please state your name and your position, and the name of the young lady next to you, and her position.

Mr. Kerith McCoy, Acting CEO, Cayman Islands Airports Authority: Good afternoon, Mr. Chairman, and panel. My name is Kerith McCoy; I am the Acting CEO, Cayman Islands Airports Authority. I brought with me Ms. Melantha Wright, our Financial Controller.

The Chairman: Thank you very much, sir.

I would like to open up this matter for discussion and for questions of these two witnesses.

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Thank you, Mr. Chairman.

I would just like some clarification as to how a ground transportation company comes to not be licensed by the CIAA.

The Chairman: I think you mean ground handling.

Mr. Winston C. Connolly, Jr.: Sorry, ground handling. Thank you.

Mr. Kerith McCoy: Mr. Chairman, the Cayman Islands Airports Authority [CIAA] does not, and has not, had a programme of licensing operators at the airport in any category. The handling of aircraft was assigned many years ago through the Civil Aviation Authority [CAA] when it operated the airport, and, I must clarify, not in the context of the CAA's current role as a regulator. But up until 2004 the CAA was also the operator.

And going back to the '80s and '90s there were permissions issued to three companies to handle aircraft operations. Those were Cayman Airways, Air Agencies, and Island Air, with a restricted category. Other than that, there is no operating permit or formal licence. As I said earlier on, the Airports Authority does not have that in its operating protocol.

However, written approval has been issued over time to operators. In this case, Executive Air has benefitted from a similar, or referenced, approval over the years to provide services at the airport. One could probably term that as a grandfather-type arrangement because these approvals were issued by the various Boards over time and have been accepted and passed down as standing practice.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, how does the country make money off these people who are operating a business on country property, so to speak?

Mr. Kerith McCoy: That's a good question, sir. That's certainly a business consideration for the Airports Authority.

Now, if I might identify from a business perspective, as early as 1993 draft operating permits were prepared (and that is in all categories of commercial operations at the airport, not just air handling) and submitted to the Board of the day. It was not approved at that time. In 2006 this concept was again revived and presented, and, again, not approved.

I am assured that the current Board sees the clear business deficiency of not making money from these opportunities, and I have been assured that this Board has its full intention to proceed with implementing that business practice at the CIAA.

Mr. Winston C. Connolly, Jr.: Finally, Mr. Chairman, is it, then, [Mr. McCoy's] recommendation, or does he agree with that line of action taking place, given the fact that we are foregoing certain revenue, and we are allowing them to operate on our property and there could be some risk involved with that at some point in time that we would not have, I guess, mitigated or been able to control to a certain degree.

Mr. Kerith McCoy: Certainly, sir, the first part of your question regarding taking up that opportunity, I most certainly support that. As a matter of fact, I happen to be the person, as a junior officer in the management in 1993, who had the permits drafted, and again, as Senior Manager of Operations in 2006 I again revived it. So I can assure you that from a personal perspective and in terms of my responsibilities as acting CEO I fully, fully support the view of developing this as a business revenue source.

To the other part of your question regarding risks, the Airports Authority has maintained the requirement for operators to have adequate liability insurance naming the CIAA as additional insured. And that's a longstanding and current continuous practice. So from the point of view of risks, the CIAA has not been exposed in that aspect; but, certainly, the loss of revenue opportunities is recognised.

Hon. W. McKeever Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Go ahead, sir.

Hon. W. McKeever Bush, Leader of the Opposition: The question posed to Mr. McCoy in regard . . . can someone explain to me what they are talking about in regard to business opportunities? I gather it must be licences. So, what you are saying is that none of these companies pays [for] licences to the Civil Aviation Authority?

Mr. Kerith McCoy: Mr. Chairman, we have a number of category of service providers at the airport. And when I say service "providers," companies that provide service to the airlines, not necessarily to the airport—baggage handling companies, the people who

service the aircraft in terms of janitorial and lavatory services, catering services, et cetera. None of them pay any fees to the Airport Authority, other than minor fees for their equipment being active on the air side. But as far as a business permit, it has never been implemented.

As I mentioned, efforts going back to 1993 have tried to address that.

Hon. W. McKeeva Bush, Leader of the Opposition:

So Cayman Airways doesn't pay for their . . . give me a minute . . . ground handling services? They don't pay a fee?

Mr. Kerith McCoy: I am not sure if you want me to go that direction what Cayman Airways pays for, but—

Hon. W. McKeeva Bush, Leader of the Opposition:

They are supposed to pay and don't pay. I don't care. However you want to say it, we all know what the situation is.

Mr. Kerith McCoy: No sir. Neither Cayman Airways nor any other airline pays for handling other . . . or any air operating fee, any air handling fee when they sub-service or handle other airlines.

Hon. W. McKeeva Bush, Leader of the Opposition:

Awhile ago, Mr. Chairman, Mr. McCoy mentioned what I referred to about this longstanding agreement, whether what we were always told, they were grandfathered in. And correspondence from the Civil Aviation from 1998, which I have, said that . . . given approval for three companies to provide aircraft and passenger handling services at Owen Roberts International Airport, Cayman Airways Air Agencies and Island Air, and Island Air being restricted because of the nineteen seats or less. They were grandfathered in. That's what you more or less confirmed just now.

Mr. Kerith McCoy: That is essentially correct.

When the CIAA was created in 2004 as the operator of the airport, the operating arrangements for those companies you mentioned were accommodated and allowed to continue as per what had been the case.

Hon. W. McKeeva Bush, Leader of the Opposition:

When the new airport was built, you are talking about?

Mr. Kerith McCoy: No, when the Airports Authority was formed in 2004.

Hon. W. McKeeva Bush, Leader of the Opposition:

Because if you go back . . . I have correspondence from 1989 where they had to . . . those persons, not just operated . . . I mean, they had to make the business themselves. In granting this authority, the board took into consideration the needs of those carriers and

the lack of terminal facilities to accommodate the airlines at the time, unfortunately chosen by them to arrive and depart. "To this end we are allowed to redesign, you" (and they were writing to a specific company, that is Mr. Sheldon Hislop at the time, the Director at the time). "To this end you are allowed to redesign the - counter space to accommodate the projected traffic. We sincerely hope that the service provided will be the same for and all." [UNVERIFIED QUOTE]

And they had to build their own counter space. We knew that happened up there. Those of us who have been around long enough and have a little history about what happened in Government know that that took place. Some of these people were grandfathered in for several reasons.

Mr. Kerith McCoy: And that is, indeed, the case, sir.

This grandfather concept has been recognised by the two operators of the airport, meaning the CAA and in transition the CIAA. Again, going back to decisions of the various boards over the time that these permissions were granted. But as far as operating licences in a largely defined scope as a revenue earning vehicle, that has never existed.

The Chairman: Mr. McCoy, if I understand . . . I make a bit of a distinction between the commercial operators and airline handling. You know, someone like Island Air that's operating an FBO and basically providing services to private aircraft. And they don't pay any kind of licensing fee for that privilege?

Mr. Kerith McCoy: No sir.

To use Island Air as an example, Island Air pays a land lease for the site on which their hangar is placed. They also pay the aforementioned fee for their vehicles being on the air side, that I mentioned, which is nominal. They pay other fees relating to the security passes and safety training, just like other operators. But as far as a permit to provide FBO services, a licence to provide FBO services, no sir.

Capt. A. Eugene Ebanks: Mr. Chairman, when the commercial aircraft . . . they have a landing fee that they pay every year, a considerable landing fee. Is it not possible that these companies who service these aircraft . . . their charges to the aircraft could be incorporated into the landing fees?

Mr. Kerith McCoy: We do not have any intercession in the business relationship between the airline and its own service provider. The opportunity . . . and certainly landing fees would not be an area where a third party would be involved. Landing fee or navigation fees in general, aeronautical fees (we call them), are strictly between the aircraft operator and the Airports Authority.

The third party service provider charges the airlines that they service. And I will use an example

again. The companies that clean the aircraft between flights, they charge for that service. The big hole here is that we are not capitalising on that by recouping a fee.

Now, I must clarify that prior to the creation of the CIAA the Civil Aviation Authority, when it operated the airport (prior to July 2004), charged what was called a "concession fee" to all businesses at the airport. It was one flat fee of \$250 a year—again, nominal, but the mechanism did exist. But that fell away for some unknown reason in the transition, in the structuring and in the implementation and creation of the CIAA.

The Chairman: Mr. McCoy, what is it going to take for you to be able to put this into effect? And what sort of timeline do you think it will require? Legislative changes, for one?

Mr. Kerith McCoy: There will be a requirement to amend certain aspects of the Airports Authority Law and Regulations. The current board sees this as a crucial priority, not only from the perspective of what should be in the normal course of airport business, but clearly as a revenue stream to fund any airport redevelopment projects as the country is very anxious for us to do.

So I have every reason to be assured that our Board will want this matter to progress quite promptly.

Going back to the historical attempts that I mentioned, the benefit of that is that we do have draft licences and permits in our possession that it would not take long to create a model.

Mr. Joseph X. Hew: Mr. Chairman, through you, Mr. McCoy, based on these revelations that none of the ground handlers are licensed by the Authority itself, are there any mechanisms in place? And if there are, who is responsible for ensuring that these handlers have the necessary insurances, et cetera?

Mr. Kerith McCoy: It is an annual exercise that we require all operators at the airport to provide their liability insurance. That's functioned through our administrative departments. That is not a matter of concern. Our operators are very diligent in providing that information.

Invariably, by the first quarter of every calendar year we are in possession of all the assurances and insurances from our operators.

Hon. W. McKeeva Bush, Leader of the Opposition: I am sure, Mr. McCoy, that you are not going to have any difficulties getting your fees increases with this Government that believe . . . you know, they are very protective of local business and they are very protective against increases to the public. I am sure that you will get that.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you, there were certain concerns and actions recommended by the Auditor General. Where are you with an action plan for addressing them or stating that in some cases you either agree or do not agree with the findings?

Mr. Kerith McCoy: Well, in general, the Auditor General's findings specific to the air ambulance (I assume you are referring?) . . . that was really not a matter for debate. The facts are there that the mechanism and structure doesn't exist. What we have done in the interim is issue, or refresh (I should say), a letter of approval to Executive Air in accordance with previous letters that they have had over the years just recognising and acknowledging that they have the permission of the Airports Authority to conduct these services.

Executive Air satisfied the requirement for insurance, like I mentioned. They provided business licensing confirmations. Like other air side operators, they have gone through safety training and security awareness programmes. So they have met all the requirements that do exist.

As far as moving forward, as I mentioned earlier on, it is a business intention of this Board to move forward. Already with framework in hand, we expect to move quite promptly to get a licensing programme, a formal licensing programme, in place.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just to echo what Mr. Bush said, I think that I can speak, especially for me and on behalf of the Government, that anything that needs to be done to bring best practice and good governance into play, and not just accepting same-old, same-old, will be done by the current Government.

Thank you.

Hon. W. McKeeva Bush, Leader of the Opposition: I'm glad to hear the Councillor say that he can speak for the Government. I always try to hold up the Government too. But best practice and what cost is in the country are two different things. You can get accountability and good governance without increasing fees. We certainly had to do enough of that in the last couple of years because of the financial position of Government, not because they have recommended that we should just say it and jump to do so.

When you look at fees that are presently being paid, they are not cheap. So maybe if they are going to increase fees they might have to look at what fees are presently paid and how that might have to be rebalanced to make sure that there is not going to be something passed on to the public that will be a further cost that adds on to the cost of living. I await to see, Mr. Chairman.

As I gave proof, and as Mr. McCoy has said, this wasn't instituted by me, or by the past Government. That is something that has been place from the '80s.

The Chairman: Thank you, sir.

Mr. McCoy, I just have one other question, you know my aviation background too, but has this issue ever been picked up on by any of your oversight regulators as something that needed to be addressed throughout the years?

Mr. Kerith McCoy: The business arrangements, or the business practice, of our airport operator is normally not under the remit of the regulators. Their remit usually addresses air safety.

The Chairman: Okay. Thank you, sir.

Any other questions for these witnesses?
Okay.

Mr. McCoy, thank you both for taking time. Ms. Wright, thank you for being here too. We appreciate your time and the evidence you have given us this afternoon. Thank you.

[Witnesses depart]

The Chairman: Members of the Committee, this conclude our Public Accounts Committee meeting for the day. I think we are scheduled to be back together tomorrow morning at 9:30.

Hon. W. McKeever Bush, Leader of the Opposition:
Mr. Chairman.

The Chairman: Yes, sir?

Hon. W. McKeever Bush, Leader of the Opposition:
There is such a thing as human rights in this country. And there is such a thing as proper governance, and what is good governance. This Committee cannot do its work and clear the air on matters when people are not interviewed and only one side of the story is given.

I am going to put on record that the practice that the Audit Office has of writing things about people and not finding out the facts and not even interviewing the person cannot continue in a democratic country adhering to human rights.

Mr. Chairman, it is absolutely wrong. If you are writing something about somebody, then give that person their chance to put their side of the story, to give their facts as they know it. I don't want to hear that that is not our responsibility; we pay them. This Committee is responsible for managing them. See that they are managed properly.

I will say no more, Mr. Chairman. But remember that we do have laws on human rights now.

Mr. Alastair Swarbrick: I would just clarify that. You have oversight of my office; I am responsible for managing the Audit Office and its resources effectively.

Hon. W. McKeever Bush, Leader of the Opposition:
Well, you . . . Mr. Chairman—

Mr. Alastair Swarbrick: And otherwise that's called political interference, sir.

Hon. W. McKeever Bush, Leader of the Opposition:
I know . . . sorry?

Mr. Alastair Swarbrick: Otherwise, that is called political interference.

Hon. W. McKeever Bush, Leader of the Opposition:
Heh, heh, everything is political interference with you all. But you all have to be . . . need to understand that you just can't run ramshackle over everybody either.

Mr. Alastair Swarbrick: I would just clarify that.

We follow due audit process. We issue draft reports. We ask for comments. We take into account factual accuracy. We ask for factual accuracy and comments on our reports and reflect those in our reports—

Hon. W. McKeever Bush, Leader of the Opposition:
No you don't!

Mr. Alastair Swarbrick: —with all officials.

Hon. W. McKeever Bush, Leader of the Opposition:
No you don't. You do that with some people; you don't do it with everybody, as is evident, if you look at some of the answers given here today. It is obvious that people are not given the chance to respond in the way they are supposed to respond. That's because the Audit Office wants . . . they want to put forward a view. And if it wasn't today, Mr. Chairman, that we had the witnesses from HSA and CINICO, a different view would have been painted, would have been left out there.

All I am saying is that people need to be given an opportunity when you are going to call people's names and say that people have done something wrong. Or maybe the Audit Office doesn't think, Mr. Chairman, that they can be sued.

Mr. Alastair Swarbrick: I don't think there is any point in me answering any further at this point in time. I will be happy to discuss this in private with Members if they wish.

The Chairman: Okay.

And I am going to declare the meeting closed for the evening and we will be back together again tomorrow morning at 9:30.

Thank you all for attending today. I appreciate everyone's patience as we move through.
Thank you.

At 4:15 pm the Public Accounts Committee stood adjourned until 9:30 am, Thursday, 19 September 2013.



THE STANDING PUBLIC ACCOUNTS COMMITTEE MINUTES OF PROCEEDINGS

Meeting
Thursday, 16th January 2014
11:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Thursday, 16th January 2014 at 11:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, MLA – Chairman
Hon McKeeva Bush, MLA – Member
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, MLA – Member
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Persons in Attendance:

Mr Garnet Harrison, Acting/ Deputy Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 11:20am.

2. Apologies

All Committee Members were present therefore there were no apologies.

3. Approval of PAC Minutes

- Thursday, 11th July 2013
- Wednesday, 18th September 2013
- Wednesday, 18th September 2013 (*with Witnesses*) – Verbatim (Draft)
- Thursday, 19th September 2013 (*with Witnesses*) – Verbatim (Transcribing)
- Friday, 27th September 2013 (*with Witnesses*) – Verbatim (Final)
- Thursday, 17th October 2013

The above Minutes, as amended, **approved** on a motion moved by Capt Eugene Ebanks and seconded by Mr Winston Connolly.

4. Matters arising from the Minutes

Mr Winston Connolly suggested that going forward the Minutes should have a list of 'action points' or list of task so that the Members can easily identify what task were completed or outstanding.

The Committee was in agreement with this suggestion.

5. Memorandum from the Attorney General

This Memorandum regarding the post of Deputy Chairman of the PAC dated 10th January 2014 was deferred to be dealt with under any other Business.

6. Approval of Auditor General Invoices

- Invoice No. 206241 dated 5 December 2013 for the amount of \$24,364.38
- Invoice No. 206258 dated 9 January 2014 for the amount of \$7,452.40

Hon McKeever Bush addressed those present from the Office of the Auditor General ("OAG") with his concerns. He questioned how the OAG can say it is a fair audit when there are internal bodies that pertain to their work. There are standards that should be followed and Hon Bush indicated that serious action could be taken against the OAG. Hon Bush claimed that persons whom the Auditor General wrote about in his Reports were never interviewed.

Mr Martin Ruben confirmed that the OAG do follow the *International Organization of Supreme Audit Institutions (INTOSAI)* procedures.

Hon Bush concerns still stands with regards to the production of the OAG Invoices and is only in agreement because the vendors who did the work need to be paid. With reference to previous Minutes, Hon Bush reminded the Committee that additional documentation or invoices should be provided when there are external consultants included.

Mr Connolly suggested approving the invoices since they were small amounts, however with a motion that the OAG provides an invoice from Ms Patricia Forsberg, an external consultant, to confirm the consultant fees indicated in the November expenses of Invoice No. 20624. The Committee agreed. Mr Harrison noted the request and said he would provide this following the adjournment of the meeting.

The above invoices were then **approved** by a motion moved by Mr Winston Connolly and second by Capt Eugene Ebanks.

7. OAG Reports for Consideration

- a) Financial and Performance Reporting - Status Update as at 30 September 2013
The OAG recommends that there not be a bearing for this report as it is an update and can be Tabled.
- b) Governance in the Cayman Islands Government: Key Messages – December 2013
- c) Governance in the Cayman Islands Government: Describing the Framework – December 2013
- d) Governance in the Cayman Islands Government: How Core Government Manages Resources – December 2013
- e) Governance in the Cayman Islands Government: The Accountability of SAGCs – December 2013

f) Governance in the Cayman Islands Government: A Survey of SAGC Governance – December 2013

Mr Ruben gave an introduction as well as provided handouts with notes and information in regards to the Governance reports. He also indicated that these Reports took a year to complete.

Mr Harrison noted over a period of 6 months comments were received and changes were made however management responses to the recommendations were not received in a timely fashion. The amendments to the above mentioned SAGC Reports were sent out to the Members as Appendixes to the Report.

Witnesses will be called for hearing for all the above 'Governance in the Cayman Islands Government' Reports. Mr Ruben briefed the Committee on each Report and in conclusion Hon Bush commended the OAG for their work on the Reports however suggests that the reports be debated by the PAC in Chamber.

The Committee was in agreement and briefly discussed who should be called for questioning and the type of questions that should be asked. The PAC will discuss how they wish to address the witnesses after reviewing the Reports. The Chairman suggests a separate meeting to confirm the questions and witnesses.

Mr Harrison suggested that the PAC to call witnesses from the Private Sector. The following witnesses were recommended to be called from the Cayman Islands Government:

- *Peter Golf, Advisor to the Deputy Governor*
- *Gloria McField-Nixon, Chief Officer - Portfolio of The Civil Service*
- *Ken Jefferson, Financial Secretary – Ministry of Finance & Economic Development*
- *Mrs Sonia McLaughlin, Senior Assistant Financial Secretary – Ministry of Finance & Economic Development*
- *Jennifer Ahearn, Chief Officer – Ministry of Health, Sports, Youth & Culture*

Mr Ruben noted that there were a few persons or boards that did not respond to the OAG on *Governance in the Cayman Islands Government: How Core Government Manages Resources – December 2013*. These were:

- *UCCI*
- *Cayman Airways*
- *CIDB*
- *Deputy Governor*

For the Report on *Governance in the Cayman Islands Government: A Survey of SAGC Governance – December 2013*, there were 25 voluntary query submissions to persons of those entities and only 17 responded.

Mr Ruben advised the PAC that the reports will be made public on the 22nd January 2014 and it will also be televised at the Government Administration Building at 10am. There will be a press conference held by the Deputy Governor.

Hon Bush disagreed with this approach and made his concerns known stating that it should be the PAC hosting the press conference and not the Deputy Governor.

8. PAC Reports for Consideration

- a) Management of Air Ambulance Services: Public Interest Report - June 2013
- b) Restoring Financial Accountability: A Time for Change? - June 2013
- c) Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011
- d) Management of Major Capital Projects – June 2012
- e) Consultation on our Future Performance Audit Programme – June 2013

The Chairman indicated that the above mentioned Reports are now ready for PAC conclusions. He wished to have the draft PAC Reports ready for the Committee to review in the coming weeks.

9. Schedule of Meetings

The Chairman distributed a schedule for PAC meetings for 2014. The months that were omitted due to House Sessions were the month of March and May.

It was suggested that the meetings be sent via outlook calendar for the dates listed. This was **approved** by a motion moved by Mr Winston Connolly and second by Hon McKeeva Bush.

10. Any Other Business

The Chairman referred back to Item No. 5 of the Agenda, the appointment of a Deputy Chairman. The Committee opened to floor for nomination of a Deputy Chairman of the PAC. Hon Bush was nominated by Capt Eugene Ebanks. Hon Bush indicated that in the past the PAC was headed by the Opposition so he would accept the position of Deputy Chairman for the PAC.

Hon McKeeva Bush was **nominated** as the Deputy Chairman of the Public Accounts Committee on a motion moved by Capt Eugene Ebanks and second by Mr Winston Connolly.

The PAC made a recommendation to increase the number of Members of the committee from five (5) to six (6) with an Independent Member to balance the Committee.

11. Adjournment

There being no further business, the Chairman adjourned the meeting at 12:55pm.



THE STANDING PUBLIC ACCOUNTS COMMITTEE MINUTES OF PROCEEDINGS

Meeting
Wednesday, 19th February 2014
10:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Wednesday, 19th February 2014 at 10:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, MLA – Chairman
Hon McKeeva Bush, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, MLA – Member
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the meeting to order at 10:30am.

2. Apologies

All Committee Members were present therefore there were no apologies.

3. Approval of PAC Minutes

- Thursday, 16th January 2014

The above minutes were deferred to the next meeting.

4. Matters arising from the Minutes

As the minutes were deferred there were no matters arising from the minutes.

5. Matters arising from the Verbatim Transcript
Comments received from:

- Wednesday, 18th September 2013 (*with Witnesses*) – Verbatim

I Performance Audit Report of the Office of the Audit General on the Management of Major Capital Projects – June 2012

- (a) *Mr Christen Suckoo, Acting Chief Officer – Ministry of Education, Employment & Gender Affairs*
- (b) *Mr Tommy Ebanks, Project/Facilities Manager – Ministry of Education, Employment and Gender Affairs*

II Report of the Office of the Audit General on the Management of Air Ambulance Services: Public Interest Report – June 2013

- (a) *Mr Kerith McCoy, Acting Chief Executive Officer – Cayman Islands Airports Authority*

The above mentioned persons submitted comments and or corrections to their respective verbatim which were implemented where appropriate. All other comments and or updated information which would not be used to alter the verbatim transcripts will be noted in these minutes.

Mr Christen Suckoo, Acting Chief Officer for Ministry of Education, Employment and Gender Affairs was called before the Committee for questioning on the Performance Audit Report of the Office of the Audit General on the Management of Major Capital Projects – June 2012. Mr Suckoo would like it to be noted that there was a correction to his statement on the operational cost for Clifton Hunter High School. He had stated that it was \$2.6 million and upon review after the PAC hearing this number was found to be \$2.4 million.

Mr Suckoo further confirmed where he stated an increase of \$400,000 in operational cost, after review, it should be \$200,000.

The Committee agreed to include the email correspondences to show the respective persons comments to the verbatim on a motion **moved** by Hon McKeeva Bush and second by Mr Winston Connolly.

6. Approval of Auditor General Invoices

- Invoice No. 206272 dated 11 February 2014 for the amount of \$36,541.27

Mr Alastair Swarbrick, the Auditor General provided the Committee with supporting documentation for the consultant fees and travel expenses with reference to Mr Kevin Potter. Hon Bush would like it to be noted that his objections in regards to the Auditor General Invoices remains unchanged.

The above invoice was **approved** on a motion moved by Mr Winston Connolly and second by Mr Joseph Hew.

7. OAG Reports for Consideration

The Auditor General gave a brief background on the following Reports:

- a) Governance in the Cayman Islands Government: Key Messages – December 2013

- b) Governance in the Cayman Islands Government: Describing the Framework – December 2013
- c) Governance in the Cayman Islands Government: How Core Government Manages Resources – December 2013
- d) Governance in the Cayman Islands Government: The Accountability of Statutory Authorities and Government Companies (“SAGCs”) – December 2013
- e) Governance in the Cayman Islands Government: A Survey of Statutory Authority and Government Company (“SAGC”) Governance – December 2013

The Committee discussed their views on the Reports.

Mr Connolly mentioned that the SAGC seniors salaries is much higher than the Civil Service seniors and believe that the decision of the salary scale should not be left up to the Board Members of that SAGC to decide. The Chairman agreed and interjected that there seems to be no clear understanding or framework for the SAGCs.

- Mr Ruben suggests that the Core Government using the SAGCs should have a certain amount of control and correlation which in his opinion is currently missing.
- The Chairman’s observation from the recommendations set out in the Reports is that he sees a pattern of an unclear picture of what Government want to achieve in regards to the SAGCs.
- The Auditor General advised that his office had discussions with the Deputy Governor regarding the management of the different areas that need central management.
- The PMFL has sections that need to be updated or no longer apply to the current procedures. There is no clarity and although there is provision for how the outputs should be reported, it is not being followed.
- The Committee questioned Government’s plan on the administration of the SAGCs and suggested a Public Authority Law.
- The OAG Reports advised that there are six (6) principles of good governance which are outlined in the recommendation section of the Reports and how to achieve them.

The Auditor General advised that the OAG had conducted a seminar and brought down personnel from the University of Cincinnati to speak on ‘Risk Management’ within Government.

The Chairman asked for clarity on what the Auditor General meant by the process of Government producing Financial Statements. Mr Ruben indicated that once the Financial Statements were completed that they then were reviewed by the Deputy Governor. Hon Bush indicated that the process was that the Reports went through his Office when he was Premier and not through the Deputy Governor. Hon Bush further indicated that there was a change in the Law with regards to the procedure of Financial Statements and how they should be presented but the Chief Officers continued to produce the Financial Statements the same way without implementing the changes.

8. Required Witnesses & Questions for Consideration

The following Witnesses were agreed to be invited to the PAC Hearing on the Governance Reports:

- Mr Franz Manderson, Deputy Governor - Office of the Deputy Governor
- Mr Peter Gough, Deputy Governor's Advisor - Office of the Deputy Governor
- Hon Kenneth Jefferson, Financial Secretary - Ministry of Finance and Economics Development
- Michael Nixon, Senior Assistant Financial Secretary - Ministry of Finance and Economics Development
- Gloria McField- Nixon, Chief Officer - Portfolio of the Civil Service
- Mrs Jennifer Ahearn, Chief Officer - Ministry of Health, Environment, Youth, Sports & Culture
- Mr Vinton Chinsee, Chief Financial Officer - Ministry of Home & Community Affairs
- Sample of Chairs of Authorities such as:
 - CIDB
 - Cayman Airways
 - Tourism Attraction Board

Mr Connolly suggested inviting Ministers as well to answer questions that will relate to their Ministry. The Committee as well as the Auditor General thinks it's a good recommendation but is not sure how to approach this because it may be an interest of conflict.

The Chairman recommended that the Committee look at a process for following up on the Reports after the PAC hearing. Witnesses who are called before the Committee and who give undertakings should be called back before the Committee to follow up on what had transpired since the initial PAC hearing, regarding their undertakings.

The Chairman acknowledge that once the PAC Reports are laid on the Table that the Government have three (3) months to respond. It should be PAC duty to call the Witnesses back for an update as it is the Committee that has to set the tone and demand the results.

9. Any Other Business

There was no other business.

10. Scheduling of Next Meeting

The Chairman hopes to have the PAC Reports drafted and sent out next week after which the Committee would be able to meet to discuss and review the Reports.

11. Adjournment

There being no further business, the Chairman adjourned the meeting at 12:00pm.



THE STANDING PUBLIC ACCOUNTS COMMITTEE MINUTES OF PROCEEDINGS

Meeting
Tuesday, 15th April 2014
10:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Tuesday, 15th April 2014 at 10:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, MLA – Chairman
Hon McKeeva Bush, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, MLA – Member
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Garnet Harrison, Deputy Auditor General – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 10:20am.

2. Apologies

All Members of the Committee were present therefore there were no apologies.

3. Approval of PAC Minutes

- Thursday, 16th January 2014
- Wednesday, 19th February 2014
- Tuesday, 4th March 2014

Thursday, 16th January 2014 minutes as amended were **approved** on a motion moved by Mr Winston Connolly and seconded by Hon McKeeva Bush.

The minutes for Wednesday, 19th February 2014 and Tuesday, 4th March 2014 were deferred until the next meeting.

4. Matters Arising from Meetings

No matters that arose from the minutes.

5. Approval of Auditor General Invoices

Mr Alastair Swarbrick, the Auditor General provided the Committee with supporting documentation for the consultant fees and travel expenses.

- Invoice No 206303 dated 7 April 2014 for the amount of \$64,792.45

Hon Bush objected to the CI\$790.00 fee listed on the invoice as a billed amount to PAC for the OAG to attend PAC meetings. It being a clear line item on the invoice, the Committee questioned the Auditor General and asked for further details as to why PAC would be billed.

The Auditor General explained that the cost was administrative; the general overhead was billed and the allocation was kept segregated to show the particular cost and time spent. The Auditor General agreed that it should be moved and included with the administrative fees rather than itemized in such a way going forward.

The above invoice was **approved** on a motion moved by Mr Winston Connolly and second by Capt Eugene Ebanks.

- Invoice No 206288 dated 6 March 2014 for the amount of \$82,123.21

Hon Bush would like his objections to be noted with regards to the Auditor General Invoices as his view on the OAG Invoices remains unchanged.

The above invoice was **approved** by a motion moved by Mr Winston Connolly and second by Capt Eugene Ebanks.

6. Review and Approval of the PAC Reports to be Tabled

- a) Management of Air Ambulance Services: Public Interest Report - June 2013
- b) Restoring Financial Accountability: A Time for Change? - June 2013
- c) Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011
- d) Management of Major Capital Projects – June 2012
- e) Consultation on our Future Performance Audit Programme – June 2013

The Chairman discussed the above named PAC Reports with the Committee and advised that he had prepared Section 9 of the Reports. Discussions ensued on the Reports and the Committee agreed to the insertion of the recommendation section in each respective Report:

- a) Management of Air Ambulance Services: Public Interest Report - June 2013

9.02 *The Committee noted that while the report does not make any specific recommendations, it does identify a number of shortcomings in the management of air ambulance services by CINICO and CLAA, specifically:*

- *There was no tendering process for an air ambulance Third Party Arrangement (TPA);*
- *Air ambulance procedures were not properly documented;*
- *No contract with the air ambulance broker for procuring air ambulances;*
- *No license or authorization for ground handling services for air ambulances at the airport; and*
- *The air ambulance broker is not operating with a valid license.*

9.03 *The Committee agrees with the conclusions as found in paragraphs 24 and 25 of the Report. The operations relating to the provision, costs and oversight of air ambulance services have not been managed effectively, resulting in uncertain value-for-money for services solicited through the air ambulance broker and that the practice of utilizing the services of a non-contracted air ambulance*

broker, if continued, represents an unmanaged risk to the Government in the event of a catastrophic incident because of the lack of prudent management of public resources.

9.04 While the Committee acknowledges that these practices and procedures have existed from the commencement of the air ambulance service, the Committee strongly recommends that CINICO and the CLAA take immediate steps to address the recommendations of this Public Interest Report.

b) Restoring Financial Accountability: A Time for Change? – June 2013

9.02 The Committee noted and accepts the recommendations made in this Report, namely to:

- Simplify the Financial and Performance Reporting Framework;*
- Restructure Government Financial Functions;*
- Strengthen Accountability;*
- Improved Transparency for Financial Information and Transactions; and*
- Financial Accounting Systems need to be improved.*

9.03 The Committee also noted and accepts the primary recommendation of this report that Government is to immediately commence a far reaching and comprehensive review of the Public Management and Finance Law ("PMFL") and seriously consider what kind of financial management, performance management and accountability reporting framework it needs, and the organisational structure it would require to deliver it effectively and efficiently.

9.04 The Committee recommends that Government, as a matter of priority, undertake a comprehensive review of the PMFL and make the changes needed to ensure that the framework will:

- a) enhance accountability and transparency;*
- b) support more effective decision-making;*
- c) reduce the bureaucratic burden and generate efficiencies;*
- d) achieve better results for the use of public resources and ultimately; and*
- e) increase public trust in Government.*

The Committee acknowledges that continuing efforts are being made to address the issues identified by the Auditor General. There now exists a Committee appointed by Cabinet and chaired by the Chairman of this Committee which is charged with undertaking a review of the Public Management and Finance Law and reporting its recommendations to the Minister of Finance.

c) Financial and Performance Reporting: Statutory Authorities and Government Companies for the year ending 30 June 2011

9.02 The Committee notes with concern that while the Auditor General continues to see improvements in the quality and timeliness of the financial statements presented for the SAGCs, a number of smaller entities continue to struggle to present reliable and credible financial statements for audit. The Committee recommends that government take steps to remedy the situation. One potential solution is for these entities to enter into a shared service arrangement with other SAGCs or government entities to avail them of the expertise needed to ensure the quality and timeliness of financial statements.

9.03 The Committee also notes with concern the number of other significant issues that have come to the attention of the Auditor General during the course of his audits and identified as common themes across the audits, namely:

- Governance – board members are unclear about the role of boards and management; and*
- Internal control weaknesses.*

9.04 *The Committee notes the Auditor General's observation that many of these issues are remediable if the organization spent the time necessary to ensure their internal control framework was properly implemented and operating effectively. The Committee recommends that management of the SAGCs develop a practical and realistic plan to address the weaknesses identified to ensure that their internal control framework is fully implemented and functioning as intended.*

d) **Management of Major Capital Projects – June 2012**

9.02 *The Committee noted and agreed with the recommendations of the Report, namely:*

- a) Government should ensure that there is clear guidance on the roles and responsibilities for both the political and administrative aspects of the delivery of major capital projects, that guidance adheres to legislative requirements, and that the guidance is followed in practice;*
- b) Government agencies should produce business cases for all proposed major capital projects that clearly outline management's considerations concerning the business objectives to be achieved, the various options for delivery and the full life time cost associated with each option. A business case should be an important part of Cabinet's consideration of whether to approve a proposed major capital project based on affordability and alignment with policy objectives;*
- c) The Public Sector Investment Committee should ensure that all Government agencies are made aware of the Committee's expectations for future major capital submissions and its review process;*
- d) The Government should ensure that proposed major capital projects have clearly established objectives and definition of need, which are the basis for realistic estimates of project cost, at the time it makes its decision to proceed with project development and when it makes the decision to proceed with investment;*
- e) The Government should establish a center of excellence for the management of major capital projects which would be responsible for establishing standardised policies and practices for capital project management, to employ and train project managers, and to be responsible to manage all Government major capital projects;*
- f) Government agencies should not allow work to commence on major capital projects without a contract or some other appropriate legal instrument to be in place so that the interests of the Cayman Islands Government are protected;*
- g) The Government should ensure that for future major capital projects total costs are maintained and monitored from a legislated budget perspective and appropriate project costing systems are available to that agency and project managers can maintain control over project activity; and*
- h) The Government should move to ensure that the Government Administration Building is more fully occupied so that the benefits planned with its construction are more fully realized.*

9.03 *The Committee noted and agreed with the response of the Deputy Governor with regard to recommendations 1 to 5 that legislation is needed to prescribe the roles and responsibilities for the entire project cycle and to complement and support these with appropriate administrative guidance, systems, resources and support. The Committee recommends that Government develop an action plan to implement the appropriate legislation as quickly as possible.*

9.04 *The Committee also recommends that the Government prepares an action plan to implement recommendations 6 to 8 as soon as possible.*

The Committee is mindful that care should be taken to ensure that the recommendations do not result in increased bureaucracy and significant cost to government.

e) Consultation on our Future Performance Audit Programme – June 2013

The Auditor General indicated that this was Consultation Report and did not require going before the House to be Tabled. The Chairman agreed and recommend removing this Report from the list of PAC Reports that are to be Tabled.

With the Committee's approval, the Chairman agreed to remove the above named PAC Report by a motion **moved** by Hon McKeeva Bush and second by Mr Winston Connolly.

The above PAC Reports as amended was **approved** by the Committee on a motion **moved** by Mr Winston Connolly and seconded by Mr Joey Hew.

7. **Any Other Business**

The Committee discussed how they can implement the change to increase the Members of the Committee. The Committee strongly suggested that the increase in Members would be beneficial to PAC however the Standing Orders would have to be amended before this can be done. This in itself will be a process and a delay to meet that goal.

With regards to the public hearings of the PAC, Mr Connolly queried on the action plan the Committee purpose after a hearing. The Chairman noted that there is a 90-120 day time line for Government to respond to the Reports once they have been laid on the Table. He therefore suggest that PAC bring back the witnesses so that they can provide the Committee with updates or results of the recommendations and or undertakings. The Committee agreed to hold them accountable but this should be done in a timely manner.

8. **Scheduling of Next Meeting**

The Committee agreed to hold PAC public meetings with Witnesses on Wednesday, 7th May 2014 commencing 9:00am for a full day and Thursday, 8th May 2014 for half a day commencing at 9:00am.

The meeting that was set for tomorrow 16th April according to the dates set out by the Chairman's meeting list has been cancelled.

9. **Adjournment**

There being no further business, the Chairman adjourned the meeting at 11:53am.