

13 August 2015

## WHO WATCHES THE WATCHMAN?

Madam Speaker, I am going to say some words you may never hear me repeat, as long as the status quo remains: I want to thank the Auditor General.

I want to thank that Office, for making my job today so straightforward, because really, I have no choice – and any fair minded person examining this so called Report on the Nation Building Programme (NBP) would likewise have no choice, but to utterly reject it as a fraud. The Report purports to be an audit. It was sent to members, the compass has written an editorial and a story around it. But not sent to the former civil servants, or present ones who were involved to check for accuracy on what he says.

He has failed, as he always do to interview the persons he accuses. We do know that the former Sr. Chief Financial Officer, the former Chief of Staff, who sat on the committee were never contacted. Nor was the coordinator and another civil servant who was part of the authorizing committee, myself as the former minister were not interviewed or contacted. The report was sent to the MLA's.

When does a supposed audit cease to be a genuine audit. When it becomes a witch hunt. What are some of the sure signs of a witch hunt?

- a. When serious allegations are made against specified parties, without those parties being given any opportunity to present any evidence or explanation;
- b. When available evidence is either said to not exist, or is acknowledged only partially, and then twisted to suit a pre existing agenda;
- c. When professionally neutral language is abandoned and replaced by language clearly selected to inflame negative opinions and create a bulwark of bias.

The gravity of the fraud perpetrated by this so called audit may only be fully grasped by detailed examination. I will therefore explain at least the beginning of such an examination. The former senior C.F.O and the former Chief of Staff – the former coordinators of the programme and the other civil servants who served on the committee will be called upon to give evidence to the PAC when that time comes.

Throughout the Report allegations are repeatedly made to the effect that “all decisions about the Programme and how it would operate were made by the former Premier and his Chief of Staff”. The Report concludes that “Senior Government figures” “Failed to discharge their duties to safeguard public funds, failed to protect the public interest, and, ultimately, failed in their duties under the law”.

Since “the former Premier and his Chief of Staff” are deemed throughout the Report to be wholly and solely responsible, obviously the conclusion of the report is that it is these persons who are guilty of these very serious charges.

Now let's be clear from the outset that this corporate persona, “the former Premier and his Chief of Staff” is a fictional creation; a fictional two-headed lead character in an almost completely fictional presentation by the Auditor General.

The fact is that in the reporting period of the report 2009 - 2013, the Office of the Premier, and the post of Chief of Staff, was only created in November 2011. Similarly the first installation of the first Premier took place in November 2009 and the second Premier, (being yourself obviously Madame Speaker), was installed in December 2012. The Report is written in such a way as to mislead the public into believing that two specific individuals carried on a consistent set of actions from beginning to end of the period. Like every other piece of foundational material, this fabrication ignores certain facts and distorts others, because the truth obviously is too complicated to serve the purpose of laying blame on two specific persons, as the report seeks to do. So the report glosses over the truth.



I have already noted the first fatal counter charge against the authors of this Report- that they would purport to accuse, try, and find persons guilty, without advising them of the charges or otherwise allowing them to present their case. The reason for this, is that the Office of the Auditor General never intended to allow the truth to interfere with its witch hunt.

This is why they would claim that the Office of the Premier failed to secure proper Legislative Assembly authorization for NBP funding, when the facts are

- NBP description and funding levels were explained and both granted LA approval in successive budgets, beginning from December 2009 – the first interim expenditure after the election.

I lay on the table copies of several, and there are more, copies of the Hansards which is the proof of the many times that I made statements to this Honorable House of the criteria and reasoning for the Nation Building Programme.

And also - Variances in NDP funding for urgent expenses were authorized through Cabinet and subsequently ratified by the LA; this covers the cases of the ICO, CCTV, Randyke Gardens flooding etc. that the fund had to assist.

The Report claims there was unlawful Ministerial involvement in the administration of the Programme. In fact, the rule is that Ministers are permitted wide and direct discretion over the use of Executive Asset funds.

Transfer Payments (TPs) fall within this category and accordingly so does the NBP (TP 52 in the Budget) of the day.

It is also the fact that within the NBP scholarships, a detailed ongoing administration was required and in place, virtually all other grants from the fund being one-off payments. The Minister (or Premier) was naturally kept informed of progress of scholarship holders from time to time, but the only direct involvement in the administration came at points where probation or termination had to be considered.

With respect to that particular point, I should note that there again the Report states, blatantly contrary to the truth, that there was no consequence for failing grades among scholarship holders. While there certainly was consequences, and the recipients adhered to the possibility. What I did as the minister and a representative was to ensure that funding was available and I gave specific instructions that no child was to be turned away at any time without getting some assistance.

With reference to grants made to churches, the Report alleges that beneficiaries were hand picked, and no attempt was made to ensure accountability for the use of the funds. It fails to acknowledge Government's ~~the~~ openly declared policy of greater support for churches; and misrepresents what actually unfolded – that is, a combination of Ministers identifying needs through normal constituency work, and institutions coming forward with requests, having come to know that Government was more willing to consider granting such assistance.

The Report singles out two cases. One appears to be the only instance of the 26 examined, where he says any actual wrongful use was made of the funds received. Our outlook is that this reinforces the validity of the reliance placed on the integrity of our religious institutions, to self-regulate, even if there was some lax in external oversight. Nevertheless, in fact there were a number of site visits done, to verify the progress in the use of the funds for identified projects; even though this Report claims there were no such inspections. How can that man say that, when there were inspection by the Chief Officer and the Chief of Staff and the Minister?

In the other case singled out by the Report, the allegation is made that the Premier paid out a \$1.3million grant to a church, on the basis of their claim that the previous government had made a verbal promise of such funds. This is a falsehood. The previous government prior to May 2009 had in fact provided this undertaking to the church in writing; this is a matter that has in fact been publicly aired already, and the letter of commitment which we sought to honour, is on record.

That church started their building on the strength of the letter and the commitment gave to them by the Government of 2005 – 2009 . In April 2009 the letter was presented to this Honourable House in a statement. It was laid on the table and read as follows, as recorded in the Hansard.



The contribution of our churches to Cayman's social cohesion is deserving of a more robust partnership with government. The services the churches render to the community, and the influence they exert on our moral and ethical standards, our sense of justice and equity, suggest how much improved public governance might be if government worked more closely with them, rather than condemning them, as this Report does, for having difficulty in completing major projects - which in the end will be assets to the population at large. It must be noted that from 2000 until 2013 my manifestos carried the commitment to assisting the churches with their programs and facilities. If there was any corruption it is in the person who claim so, for political reasons and those who don't believe in God. We campaigned on the basis that we would help people, especially, those who were falling through the "cracks" and had no assistance to help them up and give them a chance. We campaigned to help our churches and reach our people through that medium. We thought it was easier for a church to have a building that could be utilized and not locked up all week. We thought it was best for the government to assist the churches with buildings and programs as this is where many of our people congregate all week. As an example of the many ways that the Government has used funds in such ways over the years - Government has given grants to the Tourism industry to sink ships - so that Tourist have something to look at while in the water; why is it wrong to give churches so that they can build a building and create programmes - so that our people are given some real guidance in their lives? Well, we've had a mandate - from 2000 - 2013. I lay on the table copies of the planks in our manifesto since 2000; which states our intention.

It must be noted that all over the island churches took direct hits in Ivan. In West Bay 4 churches went down. Even though we gave some assistance, members are still struggling to complete 3 of those. During Ivan people had to shelter in the church bus at the Wesleyan Church, which was sheltered in the garage. The Mission home could not hold anymore. With West Bay not having a Civic Center – we agree with the church to help build one together where the church would provide the up-keep. It never got off the ground and the church even though used some of the funds, gave back the balance to Government. Other churches gave back due to the accusations and shellacking they took from certain quarters.

Madame Speaker, the Report on the NBP seeks to build its case against “the former Premier and his Chief of Staff” by making a number of other allegations which conflict with the facts. It is claimed that ‘no information about the NBP was available to the public’, thus enabling these individuals to ‘hand-pick’ who they wished to give grants to, taking fullest advantage of the situation by not establishing any policy.

The Report contradicts itself, however; since it's very justification is seemingly based on the “high public interest” in the NBP. Most importantly, it flies in the face of the facts, once again. Just because they say so doesn't mean that the public did not hear the policy statements made in this very House on the matter. The public also saw and heard the press releases and the media articles and Radio shows.



Many telephone calls and many meetings conveyed further information by word of mouth, when the enquiries started to come in, whether to the Ministry or the Office of the Premier. There was no need to seek people out nor were they hand-picked.

This leads on to the next major allegation - that the NBP operated without any criteria and that no controls were exercised on how funds were dispersed or to whom. Again, the Report contradicts itself; at one point it says there was no application process, but then it goes on to assert that applications for scholarships were 'received, reviewed and approved' by – of course – “the former Premier and his Chief of Staff”. It also notes that requests from churches and others were accompanied by project details, estimates from suppliers, etc.

The fact is that all requests were required to be in writing. Scholarships being granted to individuals, and requiring repeated disbursements over extended periods, were handled most rigorously. Various details were required, including letters of acceptance, pro forma invoices, and cost estimates from schools. Bonds had to be signed by the scholar prior to any disbursements. In a few instances the recipients were minors, so counter signatures were required from parents, and payments were made to the parents for certain expenses. Care was taken, contrary to the sinister impression the Report tries to convey, to keep such payments to a minimum, and to pay as much as possible directly to schools etc. providing the scholarship holder with services. Semester by semester reviews were conducted with each student to validate expenses and affirm satisfactory grades performance. Over 3.6 million were granted for scholarships.

Another area of 'control' was critical to the Nation Building Programme, though perhaps more difficult to verify. This was the aspect of 'Nation Building' itself. I have already alluded to the significant social contribution of our churches. However, according to this report, 185 in total scholarships that is what he says, were issued that were of "no benefit" to the people of the Cayman Islands.

The bond signed by all successful applicants contained a pledge to contribute to nation building. A few students began to 'give back' immediately, from playing in musical concerts to volunteer sports coaching. Beyond that, however, if 185 more young Caymanians who was granted \$3,676,000.00 gained further and higher education; could any responsible auditor say carte blanche, that such training and exposure produces no benefit to our community? Scholarships granted were for various levels of study in various careers. Accounting – Special Needs Training – Professional Flight Training, Business and Finance – Culinary Studies, degree in Criminal Justice. Among others I lay on the table some photos and testimonials of recent graduates. For instance Cayman Traditional Arts, is a program which over 400 children in attendance each week in Grand Cayman, plus those in Cayman Brac. Is that not value? And how can you put a monetary value to that kind of experience a child gets from such a program? So we spend \$70,000.00 per year, per prisoner, but according to the Auditor General we must not spend on the churches.

What kind of forensic evidence could support such an insult to the students and their families? Let alone the institutions they attended, and the several civil servants who supported and guided them along the way. This is but yet another of the wild and irresponsible claims made in a report that supposedly has been prepared in accordance with International Audit Standards.

I wish to God all 185 students, all the churches, every beneficiary of NBP funding, including the hundreds of school children who took part in the Cayman Traditional Arts after school lessons, would come and stand before us here today, and see if the Auditor General would accuse and belittle them to their faces as he does in this Report.

The Report's conclusion repeats the allegations made throughout. As previously demonstrated in detail, those sweeping and potentially damaging claims of wrong doing are based on weak or non existent foundations in fact; and a failure to take cognizance of whole swathes of evidence contrary to the claims made. The resulting shambles of this so called audit renders the report virtually worthless.

Indeed, the Office of the Auditor General should be called on to demonstrate against such poor performance, where value for money may be shown in relation to the preparation of this audit. That Office should also apologize for any damage to reputations arising from the many grave, but unfounded allegations in the Report.



In its closing the Report invokes 'good governance' but makes no real contribution to it. Supposedly, the "public service culture" existing during the audit period, made it "very difficult to challenge Ministers about their actions". According to him at no point in this Report is any properly assessed evidence presented to support such claims about the state of the public service culture in general; and absolutely no basis is shown for believing that if such problems did exist, they neither existed before this period nor continue to exist even now. His, and others, Modus Operandi has been to paint the civil service as incompetent as possible and Politicians in a bad a light that he could find language to say.

This is a further demonstration of the carelessness and bias with which this Report is thrown together. Does the Office of the Auditor General truly believe, and expect the public to believe, that the challenges of setting boundaries of propriety and authority between civil servants and Ministers were not previously an issue, and does not remain one now?

That with the advent of the current administration all is now sweetness and light? I know that the present government knows different.

Surely we are not meant to take seriously the 'no tolerance' assurances apparently provided by the Deputy Governor? Is this really a matter for the Deputy Governor or for the Governor for that matter?

I believe to change a public service culture requires commitment from both the political and administrative leadership, and, the ability on their part to carry all concerned along with them.

If the Office of the Auditor General wants to contribute to improved governance, it could begin by withdrawing any inference that the Deputy Governor has any right to provide a management response to an National Building Fund audit. It is the persons who were responsible for and who managed the Nation Building Programme who should provide a management response.

Since this so called audit did not provide the opportunity, Madam Speaker, what I have just explained may be regarded as a management response: In summary, the Report is biased; it fails to properly assess available evidence, and makes grave and unfounded allegations against public officers.

This toxic report should therefore be struck from the record. Or he should withdraw this Report. It should never be published the way that it is. He should try and rectify some of the damage done to the privileged position of his Office. Withdraw this report, and I would have reason to offer him a real thanks, in the interests of the good governance of these blessed Cayman Islands.

This is meant to damage myself and our Civil servants. He is not far off – from being sued – and there are those who want to join me in putting forward a formal case of defamation and slander against him.

We cannot allow him to wrongfully influence Public opinion without rebuttal. That is his Modus Operandi. It is doing nothing to build confidence and certainly cannot improve good governance.

Thank you, Madam Speaker.