



CAYMAN ISLANDS

2009 Session of the

LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Special Report of the Auditor General

on the Royal Watler Cruise Terminal Capital Project

Summary Report

Laid on the Table of Legislative Assembly on this day of 2010

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**REPORT OF THE STANDING
PUBLIC ACCOUNTS COMMITTEE
ON THE SPECIAL REPORT OF THE AUDITOR GENERAL
ON THE ROYAL WATLER CRUISE TERMINAL CAPITAL
PROJECT**

SUMMARY REPORT

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77, met to consider the Special Report of the Auditor General on the Royal Watler Cruise Terminal Capital Project as 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:

- Special Report of the Auditor General on the Royal Watler Cruise Terminal Capital Project Summary Report.

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly were the *past* Members of the Standing Public Accounts Committee and dealt with this Report of the Auditor General –

Mr. Osbourne V. Bodden, MLA – Chairman
Mr. Rolston M. Anglin, MLA
Mr. Cline Glidden, Jr., MLA
Mr. Moses Kirkconnell, JP, MLA
Mr. W. Alfonso Wright, MLA

The following Members of the Legislative Assembly are the present Members of the Standing Public Accounts Committee –

Mr. D Ezzard Miller, MLA - Chairman

Mr Cline A Glidden, Jr., MLA

Mr. Ellio A Solomon, MLA

Mr. Dwayne S Seymour, MLA

Mr Moses I Kirkconnell, MLA

4. MEETINGS OF THE COMMITTEE

The Committee reviewed the Minutes of six (6) meetings held by the previous Committee in 2008 and the current Committee in 2009, to consider this Report:

- (i) Tuesday 4th March, 2008
- (ii) Tuesday 22nd April, 2008
- (iii) Wednesday 23rd April, 2008
- (iv) Tuesday 27th May, 2008
- (v) Monday 27th July, 2009
- (vi) Tuesday 15th September, 2009

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. Dan Duguay, Auditor General

Mr. Garnet Harrison, Deputy Auditor General

Mrs. Sonia McLaughlin, Deputy Financial Secretary

Mrs. Debra Welcome, Accountant General

Mr. Donovan Hutchinson, Senior Auditor

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee may invite Controlling Officers and support staff to give information or explanation to assist the Committee in the performance of its duties:

1. Hon. W. McKeeva Bush - Previous Minister and Board Chairman
2. Mr. William Steward - Managing Director, Chalmers Gibbs Martin Joseph
3. Mr. Ian Pairaudeau - Managing Director, McAlpine Ltd
4. Mr. John Hurlston - Port Director (ABSENT)
5. Mr. Paul Hurlston - Port Director
6. Mr. Clement Reid - Deputy Port Director
7. Mr. Wayne Panton – Chairman to the Port Authority Board
8. Mr. Raybourne McLaughlin - Present Port Authority Board Member
9. Mr. Carlon Powery – Present Port Authority Board Member
10. Mr. James A. Bodden – Present Port Authority Board Member
11. Mr. Rudolph Gavin – Past Port Authority Board Member
12. Mr. Frank Flowers – Past Port Authority Board Member
13. Mr. Colford Scott – Past Port Authority Board Member
14. Mr. Joel Walton – Past Port Authority Board Member
15. Mr. Burns Conolly – Tender Assessment Project Manager
16. Mr. Cabell Acree – General Council to Misener Marine Inc.
17. Mr. Craig Sivert – Onsite Manager Port Project (*Misener Marine Inc*)

Other Persons in Attendance:

18. Mr. Michael Alberga – Attorney-At-Law (*with Mr. Burns Conolly*)

19. Mr. Thomas O'Dwyer – Maples and Calder Attorneys-At-Law (*with Misener Marine*)
20. Colin Mckie – Maples and Calder Attorneys-At-Law (*with Misener Marine*)

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) that its meetings, at which Controlling Officers and other 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. PAC COMMENTS

9.01 The Auditor General overall Audit conclusion was “The Project was financially viable but we are of the opinion that it was poorly planned and managed. The procurement activities did not secure the best value for money and there is strong evidence of overcharging. I believe the project could have been completed for at least \$4.2 million less than the final project amount which is estimated to be \$18.5 million when complete.”

9.02 A review of the verbatim minutes (copy attached) of the previous Public Accounts Committee hearing from Controlling Officers and witnesses indicate that the Auditor General’s claim that there was overcharging of \$4.2 million was not substantiated but was mitigated by the witnesses evidence that the project was expanded in scope on land side by doubling the size of the buildings and the reclaiming of an additional acre of land.

The verbatim minutes of the witness’s evidence also mitigated some of the claims of the Auditor General that the project was poorly planned and managed.

9.03 The Committee is of the position that such unsubstantiated comments by the Auditor General’s Office, as identified in paragraphs 9.01 and 9.02, are concerning to say the least and that such unsubstantiated comments may cause damage to the reputation of individuals or businesses and that in the drafting of such reports the utmost due care and attention must be given.

**Table 1: Budget Estimate and Outturn for the Year Ended 31 December 2002 - Combined Funds
(Except General Reserve)**

Report of the Public Accounts Committee on the Special Report of the Auditor General

	Original Estimate 2002 \$m	Approved Estimate 2002 \$m	Actual 2002 \$m	Actual 2001 \$m	Increase/ (Decrease) 2002 %
REVENUE					
Local Revenue	<u>340.073</u>	<u>340.073</u>	<u>316.694</u>	<u>287.628</u>	10.11
EXPENDITURE					
Recurrent	269.766	274.237	252.295	259.384	(2.73)
Capital Acquisitions	5.034	5.461	3.064	3.941	(22.25)
Capital Development	15.998	17.512	14.543	22.156	(34.36)
Statutory	<u>49.786</u>	<u>49.786</u>	<u>49.923</u>	<u>46.968</u>	6.29
TOTAL EXPENDITURE	<u>340.584</u>	<u>346.996</u>	<u>319.825</u>	<u>332.449</u>	(3.80)
(DEFICIT) BEFORE FINANCING	(0.511)	(6.923)	(3.131)	(44.821)	(93.01)
FINANCED BY					
Local Loan	12.000	12.000	10.866	49.607	
External Loan	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.097</u>	
SURPLUS FOR THE YEAR BEFORE TRANSFERS TO RESERVES	11.489	5.077	7.735	4.883	
NET TRANSFER (TO)/FROM GENERAL RESERVE	<u>0.000</u>	<u>0.000</u>	<u>(1.500)</u>	<u>6.900</u>	
SURPLUS FOR THE YEAR	11.489	5.077	6.235	11.783	
CASH MOVEMENTS BELOW THE LINE					
(Increase) in Imprests			(0.369)	(0.047)	
(Decrease)/Increase in Deposits			(3.954)	2.407	
(Increase) in Advances			(1.445)	(1.445)	
NET CASH FLOW FOR THE YEAR			0.467	12.698	
CASH AND CASH EQUIVALENTS					
Beginning of Year			<u>5.406</u>	<u>(7.292)</u>	
End of Year			<u>5.873</u>	<u>5.406</u>	

Mr Moses Kirkconnell, MLA Member