

Memo

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To: A/Police Commissioner James Smith
Cc:
From: Dan Duguay
Date: May 8, 2009
Re: Clearance of Audit Report – Review of Expenditures for Special Police Investigation Tempura

Attached, please find a confidential draft copy of the audit report for the review of expenditures for Special Police Investigation Tempura. Due to delays in obtaining certain costing information, the draft is coming out later than I would have liked.

As one of the main contacts for the clearance of this report, I would appreciate if you would provide me your comments on the factual nature of the report and any changes you believe are necessary to improve the report as information for the Legislative Assembly. Please do not make copies of this draft report and, if possible, return it to my Office with your comments.

As you will note, there are places in the report for responses to our recommendations. Once we have received your comments on this draft report, we will be requesting the Portfolio of Internal and External Affairs to co-ordinate an official response.

Please provide me your comments by May 22, 2009. If you would like to meet with me or Martin Ruben to discuss the draft report, please call me at 244-3201 or 244-3206 respectively.

Dan Duguay, MBA, FCGA
Auditor General, Cayman Islands

Parts Redacted

**ROYAL CAYMAN ISLANDS POLICE SERVICE
OFFICE OF THE POLICE COMMISSIONER**

Memorandum



To: Dan Duguay, Auditor General
From: James Smith, Acting Commissioner of Police
Date: May 14, 2009
Re: Clearance of Audit Report – Review of Expenditures for Special Police Investigation "Tempura"

My comments relating to the context of the captioned report are as follows:

Page 3

- 2.03 Insert "Chief" before "Superintendent". ✓
- 2.05 Change text to "a 2nd Phase commenced to receive confidential information from persons alleging wrongdoing" -- this stage has never involved any "investigation". ✓
- 2.06 Change "trial" to "Judicial Review". ✓

Page 3 & 4

- 2.08 This draws both Phase I and Phase II into one entity – it has never been. I think it is important to keep a separation between Tempura, the taking of confidential source information (Phase II) and Cealt. *redacted comment*
- 3.01 Can you make it clear that the costing exercise was done up to the end of January 2009, at which point, Acting Commissioner of Police, Mr. James Smith took responsibility for the remaining budget. ✓

Page 6

- 3.06 Not really for me to comment upon but is your office "uniquely qualified" or are there other bodies that could have done this work. ✓

Page 8

4.04 Whilst I was not here, I have never been aware that the project "home" was at the RCIPS in any early stage. The Team reported to HE, The Governor, Mr. Stuart Jack and never to the Acting Commissioner of Police. If this refers to the very initial stages, then I think it would be appropriate to "time line" this, since from my viewpoint major costs were accrued when this moved into an investigation into Mr. Kernohan and Mr. Jones.

OK ✓

4.05 Again, can I ask that the approval of costs for Cealt are identified here. It is my intention to deliver on budget or under and, as such, I would wish clarity at the beginning.

TO DISCUSS

4.06 Same comment as above – I have a fixed budget for Cealt and I will adhere to it. The Phase II budget might well be "mixed" with Phase I but not with Cealt.

CEALT
STARTED
MAR 08

4.07

1) Can you clarify that the date range of October 2008 to January 2009 is accurate. ✓

OK

2) Perhaps, there needs to be some further research or explanation here. Services provided by any U.K. police service, other than within the U.K. and under "mutual aid" arrangements, are naturally charged at the full cost recovery rate. The MPS is the first point of call by the FCO since they have a unique international policing role in many areas and therefore have the most expertise. The costs charged by the MPS are therefore reflective of the costs of any U.K. police force. The way this is written infers that "cheaper" service could be found elsewhere. There is no evidence that another country was approached but you may appreciate that the jurisdictional/legal issues, i.e. links to Government etc., would have made this an almost impossible scenario. In any event, from my enquiries respecting Cealt, all the countries I contacted being the U.K., Ireland, Australia operate on "full cost recovery". The MPS' costs are straightforward and I know they have been regularly put to internal/external affairs.

DISCUSS
✓
EDITS
MADE

Page 9

4.10.7 The costs provided to Cabinet through to June 2009 do include vehicle costs. I do not anticipate any legal costs (and have not incurred any) so they are not included. The CIG does not, to my knowledge, have a mechanism to estimate "labour costs" so they are not included.

OK

changed
OK

Page 11

5.02 Same observation as previous – unsure of RCIPS "home" but agree it is an issue.

✓ OK

5.04 I took over as Chair in December 2008.

✓ OK

5.06 Financial Management from February 2009 was provided by me – I only expected to seek assistance from the SIAG if there was an overspend/shortfall issue, otherwise what was to be reported.

SIAG

? SPEAK INVESTIGATIONAL ADVISORY GROUP

NO
CALCULATE

5.07 Can you please make it clear that from February 2008, I provided authorization for costs as a CIG employee.

NO / AFFIRM AND IF DATE

Page 12

5.08 -

5.12 I know it may seem repetitive but there needs to be a differentiation between Phase I, Phase II and Cealt. [Please note that the numbering goes from 5.12 to 7.01] ✓

Page 13

Redacted comments

7.04 I am almost certain that no police officer flew first class. The regular flights back to the U.K. were agreed between the MPS and the Portfolio. As highlighted, previously, please differentiate between the process up to then and beyond January 2009.

OK changed

6.01 Numbering Requires Rearrangement

Redacted DID NOT go BGP WLD

You state Operation Cealt started in June 2008 and on page 14 at 7.06, you stated 3rd September 2008, being the date the contract with BGP was entered into. I was not here, therefore, I cannot clarify these dates, but I would ask that you make it clear – that either the work commenced in June 2008 with NO contract in place OR the work started in June and the contract was not put into place until September.

OK changed

Page 14

7.11 You state the value of the contract was not to exceed \$140,000 [July – December 2008], not as above. Can you just clarify when the contract was in place.

OK Done

Page 15

7.12 You mention at 7.11, the BGP contract does not cover flights, accommodation, per diem, vehicle rentals – is it, therefore, fair to state, it was overspent by \$303,900. Would it not be more accurate to state that these items should have been properly costed or included at the outset by the Portfolio as I understand BGP achieved significant savings on flights and accommodation compared to what was on offer from the CIG (Internal/External Affairs).

Disuss. change not in Swiss

Page 16

7.18 Please note that whilst unable to impact much on the contract of Martin Bridger, I did reduce the rate by £87 per day. The contracts for Messrs. and were similarly reduced.

OK - BGP added 31/1.

redacted

7.19 I am unclear why Mr. Bridger was paid £50,387 for overtime worked. As a Chief Superintendent, he is not entitled to overtime pay. Perhaps, this is an issue that should be revisited.

** ✓*

overtime vs. PMY full EXTRA PMYS worked - DISWSS.

please see note on next page.

Conclusion

I would wish a distinction be made clear on the management of these enquiries finances from the time that I assumed responsibility for them. I am aware that your report is not seeking to attach or apportion blame but others will utilize it for just that.



James Smith
Acting Commissioner of Police

Addendum

Don / Martin.

1. Please see the attached email from the MPS that helps explain the 'extra' payment to M. Bridges - it "apparently compensation for extra days worked & not overtime"
2. In the same email the points made re. accountability are well made & I would ask that the final document makes it clear whom it holds accountable.
3. Sorry for the hand-written note but Fagge is away for a few days & I do not have access to the original document

regards

