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By email

Mr. Alan Cammidge
BGP Training and Consultancy Ltd.

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Re: Clearance of Audit Report – Review of Expenditures for Operations Tempura and Cealt

Mr. Cammidge,

As we discussed with you during the course of our audit, we are requesting comments from you on those sections of the audit report that discuss your company. If you have any comments and concerns regarding the references we have made, we would appreciate hearing back from you by next Friday, July 3, 2009. Attached are the references in the report.

In the meantime, if you have any questions or concerns, please don't hesitate to call me or Martin Ruben at 345 244-3201 or 345 244-3206 respectively.

A handwritten signature in cursive script that reads "Dan Duguay".

Dan Duguay, MBA, FCGA

References in audit report:

1.01 The lack of appropriate project management processes led to the poor management of contracts associated with both investigations. For example, the Government overpaid one contractor over \$440,000 on a contract that ended in December 2008 and is still paying this contractor for services provided with no contract in place.

2.02 We were informed by the Senior Investigating Officer that in March 2008, members of the public voluntarily started coming forward to report additional allegations of wrongdoing by police officers. In June 2008, a second phase commenced to receive confidential information from persons alleging wrongdoing. At that time, the investigation team started asking for individuals to come forward and provide statements relating to possible police misconduct. While the objectives of the second phase were made public, the means by which the investigation team was conducting this work was not publicized until March 2009. A consultant firm called BGP Training and Consultancy was engaged at this time to conduct a significant portion of this investigation work.

With the contract to BGP Training and Consultancy in September 2008 who have had as many as seven individuals assigned to the project,

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| June 2008 | BGP Training and Consultancy contracted to conduct debrief services related to complaints brought forth in first part of investigation |
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Contract for BGP overspent by \$440,700

8.01 On September 3, 2008, the Cayman Islands Government entered into an agreement with a firm called BGP Training and Consultancy, located in Surrey, England and headed by Mr. Alan Cammidge. Even though the contract was not signed until September, my review indicated that BGP personnel started work in June 2008. The purpose described in the contract was to provide de-brief services, taking the project into another phase of the investigation. A contract with BGP was determined necessary when the investigation team realized it needed expertise and capacity to conduct the briefings of individuals coming forward as a result Operation Tempura entering its second phase, an investigation into other alleged instances of police wrongdoing.

8.02 The contract was obtained without tender. This is contrary to the Public Management and Finance Law which requires tenders for all contracted services greater than \$50,000. Permission to use a single source supplier was granted by the Chairman of the Central Tenders Committee. We were told that the firm and its principals were known to Mr. Martin Bridger and Mr. John Yates, the Assistant Commissioner of the Metropolitan Police, and that they had the necessary skills and expertise to conduct the work. Mr. Yates was an advisor to the Governor who, early in the project, was asked to provide ongoing counsel with respect to the operations of the investigation team. He has continued that role to the time of writing this report.

8.03 It was explained to us by several officials that this firm offers unique services that could not be obtained anywhere else. We ascertained that BGP Training and Consultancy was established in 2007.

8.04 As part of our audit, we reviewed the decision to contract services from BGP Training and Consultancy without tendering or without reviewing other service providers who would have been in a position to conduct the work. We found at least one other company that provides similar services as BGP Training and Consultancy and were made aware that there are other companies who do similar work. However, we did not find any evidence to support the Government's decision to award this contract without a competitive process. That Law requires that all contracts with a value of \$50,000 be offered for public tender and that all contracts greater than \$250,000 be referred to the Central Tenders Committee to ensure a fully competitive process for the acquisition of services. There is provision, however, for contracts greater than \$250,000 to not be offered for public tender. That requires the Government to document why the services could not be obtained from another vendor and how it is obtaining the services with due regard for value-for-money.

8.05 While we understand the Government's need to keep the details of the contract with BGP secret for operational reasons, we expected that the rules for contracting would be followed. This would have entailed documenting the reasons for signing a contract with BGP and why the investigation team believed the firm had unique expertise and was obtaining the services with due regard for value-for-money. This was not done.

8.06 The total value of the contract for services was not to exceed £140,000 GBP (approximately \$203,000 CI) for the period July to December 2008. In addition to these costs the Cayman Island Government was required to pay all additional expenses for flights, accommodation, per diem, rental vehicles and provide office premises to conduct the work. Work started in June 2008 according to the billings and the contract was signed on September 2, 2008. The company continued to provide services to the Cayman Islands Government after December 2008 with no contract in place.

9.01 As at January 31, 2009, the total amount paid to BGP Training and Consultancy for consultancy services only totalled £443,950 GBP (\$585,700 CI). If just the billings to December 2008 are included, the amount paid was £361,350 GBP (\$524,000 CI). This amounts to an overpayment of £303,900 GBP or approximately \$440,700 CI on the contracted value.

9.02 Invoices for BGP Training and Consultancy were authorized by Martin Bridger, a consultant and the Senior Investigating Officer on the project and approved for payment by Mr. Donovan Ebanks, Chief Officer for the Portfolio of Internal and External Affairs. We understand from our discussions that both these individuals had knowledge that the expenditures were being made well in excess of the contracted amount, and later, without a contract in place.

*BBP is being
paid for
services to
the Cayman
Islands
Government
with no
contract in
place.*

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Response to Auditor General's Report

Re: Review of Expenditures for Special Police Investigation Tempura

Thank you for providing me with the opportunity to respond to your report

As one of the main contractors engaged in operation Tempura and the sole contractor in Operation Cealt, I would like to make the following observations regarding its content.

BGP has a number of contracts to provided specialist 'Police Services' to Police Forces and Law Enforcement Agencies in the United Kingdom. We currently have a contract with the Metropolitan Police.

BGP individuals lead within the United Kingdom in 'Assisting Offender Debriefing' and debriefing within the professional standards world. I am familiar with the UK market and there is no other company who provides these skills with the necessary accreditation.

It is on this basis we were invited to the Cayman Islands to assist in the Tempura operation.

As you have stated all invoices were authorised by Mr Martin Bridger, providing clear audit trails of all the expenditure.

BGP had on a number of occasions provided the Portfolio of Internal and External Affairs with further draft contracts and addendums to support the additional costing, which were submitted to Mr. Erik Bush from that department. Copies of all of these documents I have provided to you.

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However these documents were never signed, but with the approval of the Governor and the 'Strategic Oversight Group' the authority to continue was approved on a monthly basis.

All of these issues I have brought to your attention and therefore I find it disappointing that you describe in your document at **section 8.01 Contract for BGP overspent by \$440,700.**

Value for money

BGP strives to demonstrate value for money in all its products and services, and much of our business is 'repeats and referrals'. When first negotiating the terms and conditions of the BGP contract it was agreed by all parties that flights, accommodation, and vehicle hire would be cost recovery only. BGP has not in the past or would not seek to in the future profit from a public funded project, monies generated from these costs.

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Whilst this matter is between those contractors and the Government, BGP made their position clear. BGP agreed to the following

- CI\$20 Daily Allowance
- Hotel/Condo sharing with 2 operatives sharing
- Small hire vehicle one vehicle between 2 persons
- No flight allowance built upon a daily rate.

With no flight allowance the Client only paid for the cost of the flight booked, so when certain staff stayed on island for many months there would be significant cost savings, also supported by taking advantage of booking months in advance and the British Airways sales.

BGP has saved the Cayman Island Tax payer, tens of thousands of dollars, which again I have discussed with you, but does not make the report.

BGP also agreed a fixed daily rate per contractor of £350 per day, which I know you are aware, is significantly below any other daily rate paid to any other contractor. BGP contractors also work unlimited hours and do not recognise, worked rest day's weekends or public holidays, which would attract enhanced rates, in either overtime payments or paid days in lieu.

In addition other contractors and Metropolitan Police officers have over the past 12 months been returned to the United Kingdom, and have been replaced by BGP staff, reducing overall ongoing costs drastically.

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Therefore I will defend our position rigorously around the issue of 'value for money'.