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**Governor's Office  
Cayman Islands Government**

25 May 2009

Mr Dan Duguay, MBA, FCGA  
Auditor General  
Cayman Islands

Dear Dan

**Review of Expenditure for Special Police Investigation Tempura**

Thank you for sending us a copy of your draft audit report of this Review. Please accept my apologies for not quite meeting your deadline for responses. The Governor has asked me to convey the following comments, on a paragraph by paragraph basis, whilst pointing out that from the outset of this investigation, he made clear his expectation that the Strategic Oversight Group and those financially responsible (ultimately the PIEA and the RCIPS) would take due care with respect to the costs, as the Governor does not himself hold any money or exercise financial control. It should also be noted that in the covert stage, the range of officials who would normally manage financial arrangements could not be involved. The Governor's Office did, however, bring in the Financial Secretary in confidence. Tempura evolved considerably with time. Initially it was seen as a limited investigation, not a major project. Once overt, budgetary approval was sought from Cabinet.

Page 7 – clearance: Should not your draft be cleared by the Chief Secretary? The Financial Secretary was also involved in the early covert stages.

4.07: You say that the services of the Metropolitan Police Force were acquired without competitive process or consideration of options. Initially this was not possible; the investigation was urgent, covert and there were few sources of such expertise in the UK. There was no reason at that stage to believe that the investigation would broaden, last so long, or require further contractors.

5.03: Our understanding is that the Terms of Reference were drawn up on 16 November 2007 on the recommendation of Assistant Commissioner of the Metropolitan Police, John Yates who visited Grand Cayman earlier that month. This should be reflected at the end of the second sentence. The Governor's attendance at the SOG was initially only occasionally.

5.03: First sentence – as mentioned above, ToRs were drawn up in November 2007. New ToRs were agreed in January 2009.

5.07: Second sentence – should not the “various departments involved” be specified? If the SOG did not do so, (as the Governor had expected) then this fell to the normal financial management procedures of the relevant Ministry or Portfolio.

5.09: In the covert stage this was inevitable. But overall, much expenditure was approved by Cabinet under the appropriate Section of the Public Management and Finance Law.

7.04: Travel: was the frequency of travel not stipulated in their contracts, or as required by the investigation? (If they travelled BA the class of travel would have been Business, and not First).

7.05: Agreed, especially in the early stages where investigations could be seen more as part of police work (if by overseas officers, who are occasionally used for other investigations, where local expertise is unavailable) rather than a project.

7.06: Correct spelling for Surrey.

7.07: John Yates is **Assistant** Commissioner of the Metropolitan Police Service.

7.11: First sentence – it would be useful to say where this was set out.

Finally, The Governor has asked me to say that he agrees with the recommendations in your draft. If a Management Response is expected at this stage, this should presumably come from the Portfolio and the RCIPS.

Yours Sincerely

Alan Drury  
Acting Head of the Governor's Office  
Grand Cayman