



**Special Report of the
Auditor General
on the
Royal Naval Dockyard Cruise Ship
Pier – Heritage Wharf**

March 2015

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**The mission of the Office of the Auditor General,
derived from its legislative mandate, is
to add credibility to the Government's financial reporting and
to promote improvement in the financial administration
of all Government Ministries, Departments and all other entities
for which the Government is accountable to Parliament.**



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The Honourable K.H. Randolph Horton, JP, MP
Speaker of the House of Assembly
Bermuda

Sir:

Pursuant to Section 13 of the Audit Act 1990, I have the honour to submit herewith my Special Report on the Royal Naval Dockyard Cruise Ship Pier – Heritage Wharf.

Respectfully submitted

Heather A. Jacobs Matthews, JP, FCPA, FCA, CFE
Auditor General

Hamilton, Bermuda
March 2015

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1. INTRODUCTION

1.1 Auditor General's Comments

During the period 2006-2009, the Government of Bermuda (the "Government") undertook a \$60 million construction project (the "Project") to build a cruise ship pier known as Heritage Wharf located at the Royal Naval Dockyard ("Dockyard").

Pursuant to Section 16 of the Audit Act 1990 (the "Act"), we conducted an investigation to determine whether there was appropriate planning and compliance with procedures for the Project.

This report highlights the planning and other deficiencies which resulted in cost overruns and subsequent spending on Heritage Wharf.

1.2 Audit Mandate, Reporting Authority, Policies and Practices

The legislative mandate for the Office of the Auditor General is derived from the Bermuda Constitution Order 1968 and the Act.

Sections 12 and 13 of the Act authorize the Auditor General to present special reports to the Speaker of the House of Assembly, the Governor and the President of the Senate. Where a matter is of significant public interest, the Auditor General is permitted to make an immediate report in accordance with the legislation. The Act allows considerable discretion in deciding the form and content of such reports to the House of Assembly.

Our work is conducted in accordance with our legislative mandate and our policies and practices. These policies and practices embrace the standards recommended by the Chartered Professional Accountants of Bermuda and Canada.

1.3 Audit Committee

A draft of this report was reviewed by the Audit Committee (the "Committee") established under Section 5 of the Act. The Committee's role includes reviewing drafts of my public reports, discussing the contents with me, and communicating to Cabinet any matters the Committee believes should be brought to Cabinet's attention.

The members of the Committee who reviewed this report are:

Name	Executive Role	Organization
Mr. Kirk L. Davis, CPA, CA, MioD, Chairman	President & CEO	Pin High Limited
Mr. Alan F. Richardson, CPA, CA Deputy Chairman	President & CEO	The Centre Limited
Mr. Andrew A. Griffith, CPA, CA	Group Vice- President & CFO	BAS Group of Companies
Ms. Shade Subair, LLB FR (Hons)	Partner and Director	Mussenden Subair Limited
Mr. Ottiwell Simmons, JP	Consultant	
Mr. Christopher A. Coelho, CPA,CA	Retired - Former Senior Vice- President & CFO	Ascendant Group Limited
The Hon. Everard Trenton Richards JP, MP (ex-officio member)	Minister of Finance	

1.4 Acknowledgements

I thank the members of the Committee for their valued input. I also acknowledge the assistance and co-operation extended to my staff during the course of the investigation. Finally, I am grateful for the hard work, professionalism and dedication of my staff, during the conduct of the investigation and the subsequent production of this report. Their personal and professional commitment to our work is the greatest contribution to the success of the Office of the Auditor General.



Heather A. Jacobs Matthews, JP, FCPA, FCA, CFE
Auditor General

Hamilton, Bermuda
March 2015

2. BACKGROUND

2.1 Royal Naval Dockyard

The British Royal Navy established the Royal Naval Dockyard in 1809 as a maritime fortress. During the 1800s, Dockyard operated as a vibrant, bustling port with the world's second largest floating dry dock. The departure of the British Royal Navy in 1951 resulted in Dockyard being conveyed to the Government.

Between 1982 and 2009, the Government vested 214 acres of land (including Dockyard and its associated reclaimed land) to the West End Development Corporation ("Wedco"). Wedco is a statutory entity responsible for the management and development of designated land in the western end of the island.

2.2 Need for a second cruise pier

As early as 1998, the Government recognized the need to upgrade facilities at Dockyard to meet the demands of the cruise industry which was trending towards larger cruise vessels. In December 1998, the Ministry of Tourism and Transport (the "Ministry") commissioned a Cruise Facilities Master Plan (the "Master Plan") for Hamilton and St. George's harbours. In 1999 the scope of the Master Plan was expanded to examine the existing cruise pier facilities at Dockyard.

The main goal of the expanded plan was the preservation of Bermuda's position as a premier cruise destination keeping in mind the Government's objectives of addressing both the trend towards larger vessels and the need to protect and enhance Bermuda's unique character, environment and overall quality of life.

The Master Plan was based on the premise that Panamax ships¹ would be the cruise industry standard for the future. In 2005, the Master Plan was again updated and included improvements to Hamilton and St. George's facilities to accommodate Panamax ships as well as a second pier at Dockyard to accommodate post-Panamax ships².

¹ Ships less than 1,000 feet in length and capable of traversing the Panama Canal.

² Ships incapable of traversing the Panama Canal.

2.3 Decision to build Heritage Wharf

A decision to proceed with the preliminary design for upgrading the port facilities for St. George's and Dockyard was not made until May 2005, more than six years after the initial Master Plan. The scope of the design work included upgrading Penno's Wharf, modifying Town Cut and developing a single pier in Hamilton to accommodate one Panamax ship.

The design for Dockyard primarily centered on developing Dockyard as Bermuda's primary cruise port by constructing a second cruise ship pier. In addition to the pier, the Project included a cruise terminal building and expansion of the ground transportation area adjacent to the existing King's Wharf.

In October 2006, Cabinet focused its discussion on Dockyard and discussed the funding options for the construction of the new cruise pier. In February 2007 (less than 26 months before the first Post-Panamax ship was scheduled to arrive at Dockyard), Cabinet was invited to approve the selection of the preferred contractor and to authorize the Honourable Premier as the Minister responsible for Transport to negotiate the terms of a contract with the preferred contractor subject to the further approval of Cabinet. The full cost of the Project while not specifically quantified to Cabinet, was expected to be "in the tens of millions".

2.4 Funding for Heritage Wharf

On an annual basis, expenditure estimates are prepared by the Government. Parliament approves appropriations out of the Consolidated Fund based on these estimates.³ Capital development estimates usually indicate the Total Authorized Figure (the "TAF") related to each project. The TAF represents the total estimated cost of a project approved by Parliament. Between 2007 and 2010, Parliament approved a TAF of \$59.7 million for the Project as outlined in Figure 1.

³ The Consolidated Fund is the general operating fund of the Government of Bermuda which records the financial transactions of the Senate, the House of Assembly, all Government departments and offices and all courts.

Figure 1— TAF/Capital Development Expenditures for Heritage Wharf

	2007/08	2008/09	2009/10	2010/11
Ministry	Cabinet Office	Cabinet Office	Cabinet Office	Tourism and Transport
Total Authorized Figure (TAF)	\$35.0 M	\$15.0 M	\$10.0 M	0
Cumulative TAF	\$35.0 M	\$50.0 M	\$60.0 M	\$60.0 M
Actual Expenditure in year	\$39.5 M	\$15.8 M	\$2.8 M	\$1.6 M
Cumulative Actual Expenditures	\$39.5 M	\$55.3 M	\$58.1 M	\$59.7 M

Source: Government of Bermuda; Approved Estimates of Revenue and Expenditure for the Year

The original estimate of costs as indicated in contract documents was \$38.9 million. Upon completion of the Project, the Government recorded expenditures of \$59.7 million in the Consolidated Fund.

Subsequent to the Project’s completion, a number of construction issues became apparent, calling into question the adequacy and quality of the new facility. For example,

- the thruster wall (built to protect the shoreline and nearby dolphin habitat) was significantly damaged during a storm and
- the catwalk bridge (connecting the berthing apparatus to the pier) bent out of alignment, possibly indicating movement of the mooring apparatus to which it was attached.

The Government subsequently contracted a site inspection to investigate the thruster wall and mooring apparatus.

2.5 Ministerial responsibility for the Project

The Ministry of Works and Engineering (“Works and Engineering”) had a mandate to carry out capital development projects and the accounting responsibility for all such projects was vested in its Permanent Secretary.

In order to carry out its mission, Works and Engineering had developed governance structures, accountability relationships, and rules and procedures for managing major capital projects⁴. This Project did not leverage the expertise of Works and Engineering.

Instead, the ultimate responsibility for the Project was delegated to the Ministry. At this point, the Ministry had not demonstrated the capacity (systems, processes and qualified personnel) for the oversight or management of a project of this magnitude.

Additionally, Financial Instructions did not permit the delegation of the management of capital development projects to any entity other than Works and Engineering. The Public Treasury (Administration and Payments) Act 1969 in fact provided that every person “concerned in or responsible for ... the payment of public monies... shall obey all instructions ... issued by the Minister (of Finance) ...”.

These instructions unequivocally provided that the accounting responsibility for major capital development projects rests with Works and Engineering. As previously noted in other reports of the Auditor General, the Government did not follow the law⁵.

⁴ P.F.A.2000 – Purchase of Goods and Services, and P.F.A.2002 – Procurement of Contract Services.

⁵ Government of Bermuda; Approved Estimates of Revenue and Expenditure for the year 2007/08 includes an explanatory note (C-1 Note 3) that for those capital projects which the Ministry of Finance delegates the accounting responsibility for such expenditure to a Ministry other than Works and Engineering, the applicable Permanent Secretary or Head of Department shall be regarded as the Accounting Officer for such projects. However, an explanatory note is not the law.

3. APPROACH AND FINDINGS

3.1 Objectives

We conducted an investigation to determine whether:

- The Project was effectively assessed and selected based on a prioritized infrastructure needs analysis;
- Sufficient upfront planning was conducted;
- The tender process was properly executed in accordance with the Government's rules and regulations for tendering; and
- Government departments involved in the Project complied with Financial Instructions⁶ with respect to the expenditure of public funds to protect the Government's interests.

3.2 Scope

Our work was limited to an investigation of the processes and procedures the Government used to plan and manage the Project from 2006 to 2009. During this period, the Project was subject to Financial Instructions applicable to the period.

Our investigation consisted of interviews with various Ministries' staff and persons involved in the design and construction of the Project and the examination of relevant documents. Documents examined included meeting minutes, Cabinet Conclusions, articles, estimates, procurement documents, tenders, quotations, contracts and supporting documentation related to the Project.

⁶ Financial Instructions include instructions issued by the Accountant General's Department to ensure that financial transactions are properly recorded and controlled on a consistent basis as well as related rules (P.F.A.2000 – Purchase of Goods and Services and P.F.A.2002 – Procurement of Contract Services issued by the Ministry of Works and Engineering for the purchase of goods, materials and procurement of services).

3.3 Findings

We found that:

- Government did not follow approved policies and procedures for tendering (4.1.1);
- Cabinet did not approve the construction contract (4.1.2),
- Government did not critically assess the priority and affordability of its major capital projects (4.2.1);
- Government did not conduct a comprehensive financial assessment of the Project before awarding the contract to the preferred contractor (4.2.2);
- Appropriate planning and design was not conducted before construction began resulting in significant cost overruns (4.3.1/2);
- The Ministry did not protect the financial interests of the Government when it accepted the preferred contractor as its own guarantor and failed to perform financial due diligence (4.4.1); and
- Appropriate oversight of construction or costs was not performed by the Ministry (4.4.3).

3.4 Conclusion

We concluded that the Government did not use effective practices in planning and managing the spending of public money to build Heritage Wharf and its related infrastructure. Inadequacies in the management of the Project did not protect the Government's interests or provide the Government with the ability to measure whether value for money was achieved in many areas.

The blatant disregard for the policies, rules and procedures designed to protect the public purse is unacceptable and violates principles of good governance, accountability and responsibility. Those guilty of such violations and neglect must be held to account and the appropriate sanctions should be applied including appearance before the Public Accounts Committee.

3.5 Recommendations

We provide the following recommendations that we believe, if implemented, will help the Government to deliver infrastructure projects which meet its objectives within budget:

- Approved policies and procedures for tendering should be followed;
- Funds should not be released if Cabinet’s approval has not been obtained;
- A process to critically assess the merits of proposed capital projects and prioritize such projects within fiscal constraints should be implemented so that approved projects align with the Government’s strategic objectives and policy priorities;
- Government should improve its processes for planning major infrastructure projects to include a comprehensive cost-benefit analysis or business case so that decision makers have sufficient appropriate information on which to make decisions;
- Appropriate planning and design should be conducted before construction begins;
- Government should take all steps necessary to protect its financial interests; and
- Appropriate oversight (such as project management and budget monitoring) should be performed to achieve accountability and to mitigate the risks of over expenditure and project failure.

4. KEY FINDINGS

4.1 Procurement Process did not comply with Financial Instructions

Governments have options for the delivery of projects. In the case of Heritage Wharf, the Government engaged a designer to design the pier, a project manager to oversee the Project and a contractor to undertake the construction. In selecting this method of delivery, the Government had a responsibility to comply with Financial Instructions for the tendering of those contracts. When Financial Instructions are not complied with, there is a risk that public assets are not safeguarded and value for money is not achieved.

4.1.1 Project management contract

Financial Instructions require that contracts over \$50,000 must be submitted to Cabinet for approval before the contract is signed and must generally be by public tender⁷. Additionally, an evaluation of tenders for services over \$50,000 must be submitted in writing to the Head of the Department and copied to the Permanent Secretary and Comptroller and their recommendation forwarded to Cabinet for contract approval. The project management contract did not comply with these requirements.

Government determined that a project manager was needed to manage the construction of the pier, terminal and ground transportation areas. Specifically, the project manager's responsibilities included:

- certifying the preliminary design to include a registered engineer's stamp;
- overseeing the permission process through the Department of Planning;
- developing the construction tender to include detailed design;
- pre-qualifying suitable contractors to conduct the construction work;
- performing site inspections during construction; and
- providing sign-off services for various construction works.

In direct violation of Financial Instructions, the project management contract was not publicly tendered. Instead, three companies were invited to submit bids for the project management contract. Two of these companies submitted bids of \$1.1 million and \$1.0 million respectively. The third company declined to bid.

⁷ A public tender is a competitive process published in the official gazette where eligible contractors are invited to bid on a project.

Cabinet selected the higher bid on the basis of bid analysis and the company's recent experience in design and review work at Dockyard. Documentation supporting the selection indicated that there was some analysis of the bids. However, we were not provided with the documented analysis of the evaluation of either bid. Accordingly, we cannot comment on the due diligence leading to the decision to award the contract to the higher bidder.

4.1.2 Construction contract

The construction contract was not publicly tendered. The Ministry instructed the project manager to recommend a suitable local marine contractor for the construction project. Instead of using the already established public tender process, three contractors were invited for interviews with the project manager. Each contractor was asked a series of questions regarding their knowledge, experience, staff levels and capacity to complete a \$35 million project within the deadline, etc. None were asked to provide a quotation on what the project would cost or any other financial information. Based on the contractors' responses in the interviews, the project manager recommended the preferred contractor and Cabinet was asked to approve the selection.

From the onset, there were substantive concerns raised regarding the selection process for contractors as well as the knowledge and expertise of the preferred contractor. Questions were raised and concerns expressed not only at Cabinet level but by senior officials in Works and Engineering.

Cabinet members questioned the method used to award the construction contract noting the brief timeframe used to assess and select the preferred contractor. Questions were raised about the background and ability of the preferred contractor. Concerns were also raised on behalf of other contractors regarding the lack of an open tender process with contractors themselves noting that they would have preferred to bid on the Project as part of a competitive bidding process.

Senior officials in Works and Engineering highlighted the fact that the contracting process did not adhere to Financial Instructions and noted that there were significant unmanaged risks. As well, the Government was warned that the lack of a detailed design as well as proceeding with a contract without sufficient information (such as geotechnical, environmental and other types of surveys and analyses) could detrimentally affect the cost and delivery of the Project.

Despite these concerns and based on the project manager's recommendation, Cabinet:

- approved the selection of the preferred contractor; and
- authorized the Premier as Minister responsible for Transport to negotiate the terms of a contract with the preferred contractor subject to the further approval of Cabinet.

Cabinet did not approve the negotiated contract terms. The Ministry admits that this failure to obtain Cabinet's "further approval" was due to an administrative oversight.

The fact that critical requirements of the Government's Financial Instructions were not consistently applied raises questions regarding transparency in the award of contracts on the Project. Further, the failure to obtain Cabinet's approval for a contract of such significant financial magnitude and national interest represents a blatant disregard for the rules of the Government, exposed the Government to significant financial risk and ignored the role of Cabinet in providing scrutiny in safeguarding the country's interests.

4.2 Prioritized Infrastructure Needs Analysis not done

The prudent management of the public purse requires the Government to critically assess all of its capital needs across ministries and entities in order to determine the relative overall priority and affordability of its major capital projects.

When a prioritized needs analysis is not done, there is a risk that approved projects may not be the most efficient use of scarce resources or scarce resources may not be used at the appropriate time.

4.2.1 Strategic Capital Planning

Government did not critically assess and prioritize capital projects within its resource constraints. While individual capital project requests from Ministries were assessed, the Government did not conduct a coordinated analysis over ministries nor did it prioritize its capital needs across the Government as a whole.

At some point, the Government did have a six-year rolling Capital Expenditure Plan (CEP) in place. The CEP accumulated capital requests from ministries and entities and allocated funding over time. However, the process of accumulation did not include a critical assessment of the merits or priorities of individual projects.

Government had also established two committees to critically assess proposed projects. The Technical Committee (led by the Director of Budget and composed of administrative officials) reviewed existing and newly proposed projects, based on project plans, business case, budget, etc., and made recommendations to the Cabinet Capital Committee. The Cabinet Capital Committee considered the merits and priorities of projects within fiscal restraints and made recommendations to Cabinet which could in turn make informed decisions on the CEP.

However, there was no evidence that either the Technical Committee or the Cabinet Capital Committee deliberated on Heritage Wharf.

4.2.2 Cost-benefit analysis

While a justifiable reason for building Heritage Wharf was documented and the Master Plan addressed such matters as changes in ship size, optimal pier location and benefits to Bermuda, there was little evidence that a formal cost-benefit analysis or business case was prepared. Such documentation would have included:

- the Project's justification (prior to key decisions being made by the Government);
- how the Project aligned with the Government's strategic objectives and policy priorities;
- an examination of whether benefits were expected to outweigh the costs of the Project;
- an identification of key risks;
- consideration of societal and environmental impacts;
- the projected costs including different financing options; and
- possible alternative methods of delivery for the Project.

There was some limited consideration given to financing the Project in partnership with the cruise lines. However, there were persuasive reasons expressed for not entering into such a partnership. In the end, the Government opted to finance the Project itself and contract the project management and construction services to private companies.

When the Government embarks on a major capital project, it has a responsibility to critically assess the merits of the project by way of a cost-benefit analysis or business case so that informed decisions can be made. Given the lack of financial information provided to Cabinet, the rationale for decisions made in the planning phase remain unclear.

4.3 Adequate Planning and Design not done

Appropriate project planning and design is a critical part of major capital projects. Without adequate and appropriate planning, there is a risk of cost overruns, delays and construction failure with the result that the project will not meet its objectives within budget.

4.3.1 Preliminary planning

The construction contract was signed in April 2007 and an advance payment of \$8.9 million was made to the preferred contractor. However, there appears to have been little consideration given in the planning stages to the following requirements:

- preparing sufficient appropriate geotechnical information,
- considering alternate methods of construction to determine the most cost effective method;
- assessing the environmental impact (for example, dolphin mitigation and wreck survey was not considered prior to commencement);
- complying with the necessary procedures of the Planning Department;
- designing the ground transportation area prior to commencement,
- scoping additional works to the surrounding areas;
- designing the terminal building; and
- planning for the thruster wall.

Notwithstanding the impending deadline of April 2009 and potential revenue lost from a cancelled cruise ship season (estimated to be \$25 million in lost Government revenue and other spending), the Government had a responsibility to be sure that such factors were identified and assessed. The failure to critically assess these factors contributed to the Project costing \$20.8 million more than anticipated. Without adequate and appropriate planning, completed projects might not meet the Government's needs or construction failures may occur.

4.3.2 Detailed design

Government did not ensure that a detailed design was completed and approved before construction began. A conceptual design for Heritage Wharf had been completed in July 2006 by the firm that created the Master Plan. The conceptual design drawings were clearly marked 'Not For Construction'. However, it would appear that these drawings in fact formed the basis for the work which was carried out and the design

changes which evolved as the Project progressed. Had the Project undergone a significant design phase, it is likely that delays, redesign and significant costs relating to the following would have been mitigated:

- pre-cast versus insitu concrete;
- use of a vibratory hammer for piling works;
- increased size of terminal building;
- increased ground transportation area; and
- additional security requirements.

It is generally accepted that without a comprehensive design phase, changes required during the construction process will tend to be more expensive for several reasons. The changes are not typically subject to an open tendering process so it is up to the client, project manager and contractor to determine a fair price without the benefit of competition. Changes are also typically done at a premium when time constraints exist because it is difficult to make major changes without further delaying the Project.

4.4 Government's interests not protected

The lack of competitive bidding, adequate planning and design, the failure to secure a guarantee and perform due diligence on the guarantor's financial capacity along with the overall lack of contract oversight did not protect the interests of the Government. Instead, it exposed the Government to cost overruns with every change order providing the contractor with a significant advantage given the looming deadline and the natural reluctance to substitute a new contractor.

4.4.1 Lack of due diligence in negotiated price and parental guarantee

A contract price of \$38.9 million was negotiated with the preferred contractor. Given the lack of competitive bidding, it is not clear what basis was used to determine that \$38.9 million was a fair price. The designer's conceptual design, produced years in advance of the actual construction, clearly indicated that it did not include elements which were later incorporated into the Project. Government had a responsibility to ensure that a comparative budget was prepared by suitably qualified individuals to compare contract rates and to ascertain the reasonableness of amounts.

In addition, the preferred contractor was required to provide a Parent Company Guarantee (“PCG”) for the repayment in full of an advance payment of \$8.9 million made by the Government. In violation of standard business practice, the preferred contractor was named as both the contractor and the guarantor in the PCG. The guarantee accepted by the Government was not a parent company guarantee. It was a guarantee from the preferred contractor itself.

Best practice dictates that a parent company guarantee is acceptable only if the parent company is financially strong and its financial resources are largely independent of those of its subsidiary.

Further, we found no evidence that the Government performed the appropriate due diligence to evaluate the guarantor’s financial capacity to honour its liabilities to the Government.

4.4.2 Pier construction did not meet all business requirements

The Project did not meet certain business requirements that were known or should have been known at the outset. This included, for example, the pier’s ability to withstand winds of 35 knots and the strength of the thruster wall. Because appropriate up-front planning and design was not done, much of the design evolved concurrently with construction.

In September 2011, Works and Engineering commissioned a review of the pier which identified several concerns regarding the quality of construction and other failures in the construction phase including:

- The thruster wall built at a cost of \$6 million (originally estimated at \$600 thousand) experienced failure during a storm in September 2010 which it should have easily withstood;
- The mooring apparatus suffered failure to the northern mooring under load with the noticeable bending of the walkway; and
- There was poor documentation of the review of structural capacity.

In November 2012, a subsequent report not only confirmed these findings but determined that the thruster wall did not serve any structural significance with respect to the maneuverability of the cruise ships and recommended remedial work to address the concerns.

4.4.3 Costs not verified

The Project incurred \$20.8 million in additional costs relating to:

- increased ground transportation area;
- in-situ instead of pre-cast concrete;
- dolphin mitigation;
- pile overdrive;
- terminal building; and
- thruster wall.

Changes initiated throughout the Project have been blamed for the additional costs. Senior officials told us that costs were verified by the project manager. However, given the Ministry's lack of experience in the management of capital projects, it would have been expected that some level of independent oversight would have been undertaken to protect the Government's interests. We found no evidence that the Ministry performed due diligence on the amounts submitted.

5. CHRONOLOGY OF KEY DECISIONS/EVENTS

Date	Key Decisions/Events
December 1998	Government retains Bermello, Ajamil & Partners Inc. (“B&A”) to prepare a Master Plan.
April 1999	B&A’s terms of reference are expanded to include cruise facilities at Dockyard.
December 1999	The Master Plan is completed and presented to the Government. The master plan effectively proposes two alternatives for the cruise ship facilities development at Dockyard. The alternative subsequently accepted by the Government is the construction of a new cruise ship pier and related facilities.
July 2006	A final schematic design summary and cost estimate is completed by B&A. Drawings clearly state that the design work is “NOT FOR CONSTRUCTION”. The estimated cost of the Project is \$34.0 million.
October 2006	Cabinet grants approval to proceed with the development of a second cruise pier at Dockyard.
November 2006	Government invites proposals for project management support. Three companies respond. Entech Limited (“Entech”) proposes design costs of \$1.095 million, one company submits a lower bid and the third company declines to participate in the Project.
January 2007	<p>Cabinet approves the consultancy of Entech to conduct project management for the development of the second cruise pier, terminal and ground transportation at Dockyard.</p> <p>The Ministry instructs Entech to proceed with the selection of a contractor for the construction.</p> <p>Entech completes contractor interviews with three companies. Entech recommends Correia Construction Company Limited (“CCCL”) for the Project as the preferred contractor.</p>
February 2007	Cabinet expresses concerns about the process used to select the contractor and the lack of information regarding the contract price. Cabinet (i) approves the selection of CCCL as the preferred contractor for the Project and (ii) authorizes the Honourable Premier as the Minister responsible for Transport to negotiate

	<p>the terms of a contract with CCCL subject to the further approval of Cabinet.</p>
March 2007	<p>Government notifies CCCL (“the preferred contractor”) of its success in securing the contract for the construction.</p> <p>Government enters into a project management contract with Entech.</p>
April 2007	<p>Government enters into a construction contract with CCCL for a total contract price of \$38.9 million (consisting of a contract value of \$33.2 million and provisional sums of \$5.7 million).</p> <p>CCCL provides the Government with a “Parent Company Guarantee” to secure an advance payment of \$8.9 million.</p> <p>An advance payment of \$8.9 million is made by the Government to CCCL.</p>
May 2007	<p>CCCL subcontracts Norwalk Marine International (NMI) for a period of 18 months, to assist with piling and meeting the deadline of April 2009.</p> <p>CCCL submits a variation to the contract to allow NMI to be contracted for an additional six months in order to assist with both sheet piling and pipe piles as well as placing pre-fabricated concrete form sections on the main pier and barge works as needed to speed up the project. The change order was for the amount of \$1.1 million (\$48,300 per week) to compensate NMI for extra assistance.</p> <p>Government approves the change order.</p>
September 2007	<p>Entech provides the Government with a summary of revised contract costs for the Project showing a revised total contract sum of \$47.8 million consisting of revised figures for the contract value (\$41.6 million), provisional sums (\$4.7 million) and variations to date (\$1.5 million). The revised cost is due to delays with respect to dolphin mitigation, planning approvals and resultant change in design and construction methods to meet the completion date.</p>
March 2008	<p>Entech/CCCL submits a variation to the contract in the amount of \$2.2 million. The increased cost is to allow CCCL to strengthen the thruster wall on the bridge section and catwalk to help prevent coastal erosion and sediment transport towards the Maritime Museum and Dolphin Quest and also to handle forces exerted by Voyager class cruise ships berthing bow north or south.</p>

October 2008	Entech/CCCL submits a variation to the contract of \$2.0 million relating to an increased scope of work in the Terminal building. Government approves the variation.
November 2008	Cabinet approves a single-source contract to Conyers and Assoc. for design work relating to the interior of the terminal building in the amount of \$97,000.
December 2008	CCCL terminates its sub-contract arrangement with NMI.
April 2009	An Occupancy Permit is issued by the Planning Department. The first cruise ship arrives at Heritage Wharf.
August 2010	Entech informs the Government that all construction is complete and that defects are corrected.
September 2010	Thruster wall suffers damage.