

In the matter of the Commission of Inquiry appointed pursuant to section 1A of the
Commission of Inquiry Act 1935 dated 24 February 2016

Witness Statement of Anthony Manders

ANNEX I

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Ministry of Finance Headquarters

Ministerial Statement
To the House of Assembly
By
The Hon. Paula A. Cox, JP, MP.
Premier and Minister of Finance

The Office of Project Management and Procurement

Mr. Speaker, I rise this morning to advise Honourable Members of the exciting new developments regarding the Office of Project Management and Procurement.

Honourable Members will recall that in the 2010 Throne Speech, the creation of a Project Management and Procurement Office was first touted. In the 2011/12 Budget debate, I advised this Honourable House that the establishment of the Office of Project Management and Procurement is yet another pillar in our efforts to strengthen financial accountability in Government and to enhance our governance framework. By establishing this office, we are communicating a strong and clear message to the public that the Government has zero tolerance for behavior and practices that do not accord with the highest standards of good governance. When fully staffed, the Office of Project Management and Procurement will be manned with people with the requisite skill and experience to ensure that there is no bias in the tendering process; that Government will obtain value for money; and there is adequate oversight of capital projects. This office will also ensure that the processes for tendering and selecting qualified vendors are transparent and in accordance with international standards; and that all businesses including small business owners will have an equal opportunity to obtain government contracts to provide goods and services.

Mr. Speaker, I had also advised this Honourable House that we had been approached by audit firms and private sector companies to assist in transitioning this important unit even further. The Ministry of Finance circulated a request for proposal to the accounting firms and other interested vendors. Four companies responded with very attractive offers to work with us for a reasonable and competitive rate.

Mr. Speaker, in order for this important Department to achieve its objectives, we require persons with significant and superior experience in procurement systems. I am pleased to announce that, as of June 1st, the successful firm, Pricewaterhousecoopers, has provided us with an interim Director, Ms. Janet Albion, Senior Consultant in their UK Government & Public Sector Procurement practice. Ms Albion is a Member of the Chartered Institute of Purchasing & Supply (CIPS) with over 15 years' public sector procurement experience. She has previously held the position of Director of Procurement for the Association of Greater Manchester Authorities (AGMA), a collaborative procurement organisation for the 10 Greater Manchester local government authorities. She was also Director of Procurement for a large Metropolitan Borough Council in the United Kingdom.

Ms. Albion has been contracted to us for up to six months, in the first instance, and during that period, she will:

- 1) Establish the office, and recruit and train a suitably qualified team, including a permanent successor for the Director role;
- 2) Produce and implement a code of practice that will define the policies and procedures for the purchase of goods and services; the tendering and management of capital projects; complaint handling and dispute resolution;

3) Review current contracts to identify opportunities for further efficiencies to enhance value for money.

Mr. Speaker, we intend to table legislation in this session that will: (1) establish the Office of Project Management and Procurement as the authority to have oversight of all procurement functions in Government; (2) introduce regulations to legislate the code of practice; and (3) establish penalties for non-compliance.

Mr. Speaker, by establishing this Office; we intend to fulfill our commitment to transparency and good governance and to achieve value for money by:

- Raising the profile and importance of procurement as a strategically critical function;
- Striking an effective balance between cost management, quality service, timely delivery, investment in the Bermuda economy and people, long-term sustainability and compliance with legislation;
- Ensuring compliance with approved policies and processes;
- Managing suppliers and contractors to ensure long-term sustainability and long-term relationships;
- Maximising value by collaborating with the private sector and identifying shared service opportunities; and
- Requiring timely, accurate and appropriately detailed reports on government spending.

Mr. Speaker, I cannot end this statement without recognising the stellar efforts of the staff who worked diligently to make this Office a reality; in particular, staff of the Ministry of Finance headed by Acting Financial Secretary, Mr. Anthony Manders; Management Consulting Services led by Mrs. Ianthia Fox and consultant, Mr. Wayne Dill.

Thank you Mr. Speaker

ACCOUNTANT GENERAL'S DEPARTMENT

RECORD OF REPORTED BREACHES OF FINANCIAL INSTRUCTIONS

Apr-2014		May		Aug-2016	
Date Reported	Dept. Name & No.	Description of Incident	Est. Value	Action	ACG Comments
Sep-2014	Social Insurance	Use of govt credit card for personal purchase.	\$600	Credit card privileges withdrawn/cancelled by ACG.	Violation communicated to the Financial Secretary. As cardholder fully reimbursed the amount charged to the card and indicated (reluctantly) the card was used in error, no further action taken by the ACG.
Oct-2014	Public Works	Use of Public Works personnel and materials to effect repairs to MPW XXXXX's residence during following hurricane, as directed by the Permanent Secretary. Agreement entered into with XXXXX for advisory services prior to addressing lack of multiple quotes or requesting departure from FL.	<\$1,000	XXXXX invoiced for cost of materials and labour by MPW.	Violation communicated to the Financial Secretary. No further action taken by the ACG due to low value involved and invoice for costs.
Apr-2015	Airport Operations	AGC (sale of capital assets) and lending.	<\$50,000	AGC requested that DAO provide support for value-for-money provided by XXXX engagement. MPW confirmed that all material removed from the site was returned to Govt Quarry. Mgmt further confirmed that the site team and deputation heads were all subsequently made aware of the requirements and responsibilities under FI.	Violation communicated to the Financial Secretary. No further action taken by the ACG once DAO provided value-for-money rationale. Retrospective permission is not granted.
May-2015	Public Works	Removal of Bermuda stone material, Blackwatch Pass	<\$1,000	MPW confirmed that all material removed from the site was returned to Govt Quarry. Mgmt further confirmed that the site team and deputation heads were all subsequently made aware of the requirements and responsibilities under FI.	Violation communicated to the Financial Secretary. No further action taken by the ACG. Due to low value, assessed by MPW, multiple quotes would not have been required.
Jun-2015	Public Works	Govt vehicle sold to an employee without consultation of ACG (sale of capital assets) and lending.	\$5,000	Employee issued a formal written warning by MPW	No further action taken by the ACG
Jul-2015	Communications & Information	Residential telephone line discovered, being paid for by the department.	<\$3,000	Telephone line terminated immediately by DCI.	Difficult to confirm whether line originally was established for a legitimate purpose, as the employee responsible is no longer with govt. If legitimate, at a minimum should likely have only been for a short term, but failed to cancel the service. Unclear whether FI violated, but service appropriately terminated by DCI.
Sep-2015	Education	Request by MOE to waive FI requirements for multiple quotes for legal services of XXXXX obtained by MOE, after provision of services commenced.	\$55,000	None taken	It has long been unclear from FI whether the procurement of outside legal advice in coordination with AG Chambers is bound by FI. In this case, ACG was approached by MOE, but after the fact, ACG recommended consistency of approach on legal matters.
Nov-2015	Public Works	Multiple contracts for works performed at Mogens Point not appropriately approved by Cabinet.	ea. >\$50,000	Retrospective Cabinet approval was being sought by MPW	Violation communicated to the Financial Secretary. Not yet complete.
May-2016	Bermuda Police Service	Cycle mechanics training services sourced without obtaining the appropriate number of quotes required.	\$12,000	BPS provided copy of a communique sent to all personnel involved in the purchasing process, copied to all members of the BPS, reinforcing the FI requirement for multiple quotes for purchases exceeding \$1,000.	No further action taken by the ACG
Apr-2016	Education	Request by MOE to waive FI requirements for multiple quotes to utilize XXXXX to fund govt scholarships, after work was completed.	<\$10,000	None taken	ACG acknowledged that permission to depart from FI would have been given if the request had been made in advance of the services being procured. Retrospective permission is not granted.
Jun-2016	Health Insurance Dept	Use of govt premises for non-govt purpose. XXXXX used HID office space and personnel in connection with XXXXX Perseus Fund (not Bda Govt entity) Brought to PS' attention by two Ministers. Various alleged breaches of F.I. by XXXXX per June 2, 2016 memo from FC. Breaches occurring over an extended period and including use of service providers without the benefit of multiple quotations and appropriate contracts in place; personal use of govt-issued credit card; charging fees either not legislated or legislated at a different tariff.	<\$1,000	XXXXX agreed to reimburse govt based on staff time used and source footage.	Individual involved confirmed that this occurred due to a lapse in judgment. Infraction took place over a short time frame and was not malicious in nature. ACG satisfied with course of action taken by PS Health, no further action taken by the ACG. s. 10.4, 2.3.5
Jun-2016	Registrar of Companies	Failed to obtain multiple quotes for works performed on work South Road Foot (just west of traffic lights). Incident took place September 2015. Purchase Order created after works completed, thereby avoiding approval controls	>\$50,000	Email from XXXXX acknowledging receipt of and indicating that the FC's memo detailing the FI breaches was to be discussed by XXXXX, the Minister and him. Was to be followed up by a detailed written response from XXXXX that would be provided to ACG. Actions taken to obtain sole source from ACG and Cabinet approval for works being performed by XXXXX (sole source prospective only). Remaining matters still pending.	Matter is ongoing. Written response letter promised by XXXXX outstanding. Resolution to appropriateness of services provided by other than XXXXX outstanding. Overcharging for XXXXX legislative amendment outstanding. Response re. personal use of credit card outstanding. ACG will continue follow up through September and confirm notification of FS and CS.
Jun-2016	Public Works	Failed to obtain multiple quotes for works performed on work South Road Foot (just west of traffic lights). Incident took place September 2015. Purchase Order created after works completed, thereby avoiding approval controls	>\$5,000	CFD discussed with XXXXX; individual involved to be written up for FI breach. Specifics (actual value, individual involved, etc.) to be provided to ACG.	Confirmation of actual consequences to govt employee outstanding. ACG will follow up through September and confirm notification to FS and CS. In order for this to have happened, the service provider would have to have acted on verbal instructions from the govt employee in question. ACG to reinforce to PS Public Works and CFO that service providers should provide services on the basis of a purchase order, not verbal requests. ACG also to ensure in consultation with MPW that govt received value for money. If cost is deemed not reasonable, ACG reserves the right to recommend to the MOF that actions be taken beyond those of the MPW.

<p>Jun-2015</p>	<p>Public Works</p>	<p>Expanding employee XXXXXX, who is purchasing approval, approved his own relocation expense reimbursement purchase order. Reimbursement had been discussed and agreed with DHR and XXXXX prior to the approval being made.</p>	<p><\$5,000</p>	<p>XXXXX never notified the CFO of the breach of segregation of duties, indicated he had approved the purchase order, but was not at the time aware of a B.10 (progression), CFO accepted that this breach was inadvertent and no sanctions were levied.</p>	<p>Clear that there was prior agreement to the amount of the reimbursement by management and DHR, ACG accepts that the breach was inadvertent and resulted in no financial loss to the gov. Reimbursement expenses were in connection with XXXXX's completion of his employment with gov and he is no longer an employee. ACG is unaware of PS Public works and CFO that financial signing authorities should not be approved for least not solely approval) expenditures where they are to be the recipient of payment.</p>
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