

"SUBIRA"
15A Beacon Hill Lane
Sandys MA 02
Bermuda

17th August, 2016

Commission of Inquiry
Attn: Chairman
Box 20
Swan Building
26 Victoria Street
Hamilton HM 12
Bermuda



Dear Sir,

RE: Witness Statement

I refer to your of letter 1st instant on behalf of the Commission of Inquiry established by the Premier of Bermuda (the "Commission") to inquire into matters arising in particular from Section 3 of the Report of the Auditor General on the Consolidated Fund of the Government of Bermuda for the Financial Years that ended on 31st March in 2010, 2011 and 2012 (the "Report").

The Commission has requested me to provide it with a witness statement setting out responses to a list of questions contained in the letter. Herein, I shall reply to the questions in the order in which they were given and note that they are partitioned as follows in your letter of 1st instant:

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As part of my statement, I shall make introductory remarks including concise particulars about my employment in government and some brief comments on the audit process, the Report and government-initiated actions to improve and strengthen financial administration since 2010.

By financial administration, I am referring to the collection, custody and protection of government revenue and government assets, and the controls around government expenditure.

Introduction

I, DONALD ANDREW MONTGOMERY SCOTT, of 15A Beacon Hill Lane, Sandys MA02, Bermuda, born February 4, 1953 say as follows in reply to the questions put to me in the letter dated 1st August, 2016 by Sir Anthony HM Evans, Chairman, Commission of Enquiry:

"I retired from the post of Secretary to the Cabinet/Head of Civil Service on November 30, 2013 after 34 years of public service, including 27 years at senior executive levels, some of which included policy advisory roles to Ministers and the Premier. I held the post of Financial Secretary from April 2000 to November 10, 2010 when I was appointed Secretary to the Cabinet. Prior to my tenure as Financial Secretary, I held posts of responsibility as Chief Statistician in the Department of Statistics, Assistant Financial Secretary (Economics & Finance) in Ministry of Finance Headquarters and Permanent Secretary in the Ministry of Health.

As Financial Secretary, I had oversight of six departments including Ministry of Finance Headquarters. The other departments in the Ministry of Finance at the time were the Accountant General's Department, the Office of the Tax Commissioner, HM Customs, Registrar of Companies and the Department of Social Insurance. These departments had 426 staff positions, collected \$902 million in revenue (90 per cent of total government revenue) and had an expenditure budget of \$200 million.

During my long tenure as a senior executive officer in government, I was closely involved with many of the key aspects of the audit process.

I consider that it may be helpful to place some context around the process that exists in Bermuda to take account of reports by the Auditor General.

Before an audit report is finalized and released to the Speaker of the House of Assembly, there are important discussions with key officials in government departments and ministries to agree the facts relating to revenue and expenditure by ministry/department and in particular the areas of concern raised by the Auditor. If there are mistakes in the Auditor's working tables and schedules, these may be eliminated prior to the next stages.

One of the last stages is a meeting with the Government-appointed Audit Committee where the Auditor's draft report is considered at length. Ministry of Finance officials, the Auditor General

and senior audit staff and the Accountant General and senior staff attend at this meeting or meetings.

When an audit report is presented to the Speaker of the House of Assembly, it is referred to the Public Accounts Committee (PAC) of the House of Assembly for review. The Public Accounts Committee submits its report to the House and the Minister of Finance (of the day) is obliged to respond to the PAC report.

It is not clear whether with respect to the Report, the Commission will usurp this final part of the process or not. Indeed, it may appear irregular to some observers that the Commission was established ahead of the completion of the statutory audit process involving the House of Assembly.

In addition, the recently released Report is considerably late - by more than five years in relation to the 2010 financial year. During the review period of the Report, significant actions were taken by the former government administration to address issues related to financial administration generally, and particularly with respect to management of capital projects.

First, the Internal Audit Act 2010 was enacted to provide for an independent assessment of the stewardship, performance and cost of Government policies, programs and operations. This was to provide reasonable assurance that persons entrusted with public funds carry out their functions effectively, ethically and in accordance with the law.

The work of the Internal Audit Department has led to significant improvements in public administration since its inception in 2010.

The recently released Report highlighted, amongst other things, issues in the management of capital projects. Similar issues were a concern for the former government administration. The concerns were met head on by the Good Governance Acts of 2011 and 2012.

The Good Governance Act 2011 amended the Public Treasury (Administration and Payments) Act 1969 to establish the Office of Project Management and Procurement and to provide legislative support for Financial Instructions (which were under review). It also strengthened the Internal Audit Act 2010 and the Audit Act 1990.

The Good Governance Act 2012, amongst other things, made further amendments to the Public Treasury (Administration and Payments) Act 1969 to create criminal offences relating to collusion in the awarding of government contracts.

Second, the replacement and upgrading of government's financial information and management system was underway in 2010. The implementation of the new system – JD Edwards EnterpriseOne or 'E1' began in the final quarter of 2011. The new financial management system has stronger protection features in the purchasing and payments process based on a strict requirement for all non-payroll expenditure requests to be supported by an approved purchase order for each payment transaction. This means that if a payment batch request does not have a

documented connection to an approved purchase order number that is unique in the payments system, it will be rejected for payment.

Third, a revised set of FI was released in March 2013 and included updates to payment authorization, financial approval authority, contract register for capital goods and requirements for daily deposit of revenue as some of the major changes and enhancements.

The Report has understandably raised general concerns about financial administration in government. However, it is a dated report and much has been put in place since the period under review to make improvements in financial administration in Government.

The question therefore today, 4-6 years on, is whether or not the improvements have taken hold and whether there are fewer issues of the same nature now than before.

Notwithstanding, I consider that the audit process is an important component of the checks and balances in financial administration of the public sector.

Processing of payments

In the Report at section 3, the Auditor General made a general point about some expenditures by some departments not being approved by Cabinet or being paid without signed contracts during the period in question. The Auditor General was also concerned about observed failure to comply with Financial Instructions or FI.

I do not dispute the general point made by the Auditor General, albeit there could be disagreement about some of the orders of magnitude involved as well as the accuracy of some of summary tables shown in Section 3 of the Report. Notwithstanding, Ministry of Finance shared many of the Auditor General's concerns relating to procurement and management of capital projects. During the period of the Report, the Ministry of Finance had a number of policy, administrative and legislative initiatives underway to address some of the observed weaknesses in financial administration as noted above, namely, a review of FI, the Good Governance Acts of 2011 and 2012 and the modernization of Government's financial information and management system.

On the matter of Financial Instructions, it is correct that they constitute a body of rules that govern the custody, handling and accounting for public money. They also provide guidance on the management of capital projects.

However, FI is a policy document. FI is neither law nor regulations. Therefore instances of non-compliance with the process or procedural guidance contained in FI, in and of themselves, are not legal infractions. It is important to understand the difference between policy and law so that instances of non-compliance with FI are viewed in the appropriate context.

With respect to my understanding of the process followed by the Accountant General's Department (ACG) in processing payments on behalf of user departments, the relevant officers would ordinarily check that supporting documentation is included in payment batches. Where such documentation is absent, the user department would be contacted for an explanation and the payment would not be processed unless a satisfactory explanation was given. Contracts however would be retained on file in the user department and not ordinarily submitted as part of the payment batch.

The general expectation is that the necessary due diligence re compliance with Financial Instructions (FI) is conducted by the Accounting Officer and senior officers in the user department to avoid delays in payments to vendors and service providers once the batches reached ACG for processing. This custom and practice has been institutionalized over decades of the organization and process of making government payments.

The Accountant General has the responsibility for ensuring that system integrity of the payments process is maintained within the Department as well as throughout Government Departments with the assistance of Financial Controllers in Ministries and Departments.

As Financial Secretary, my oversight over the Accountant General was exercised through:

- i. monthly meetings noting any operational or policy issues requiring attention at Ministry HQ level;
- ii. reports on aspects on the Accountant General's systems and operations by Internal Audit noting areas for improvement;
- iii. the annual audit cycle noting areas for improvement; and,
- iv. the annual performance appraisal process.

With respect to the issues raised in the Report, these matters would be addressed in detail as part of the annual audit finalization process where the Auditor's findings would be discussed in meetings involving the auditors, senior ACG staff and relevant officials from Ministry of Finance HQ. In the instant case, this usual stage of the process was precluded by the lateness of the Report in that I had retired from service by time the Report was released. Further, my information is that this important aspect of the finalization process did not occur in relation to the Report.

Delegation of accounting responsibility to Ministry of Tourism and Transport

The Commission's understanding in relation to the delegation of accounting responsibility for capital development projects by the Ministry of Works and Engineering to the Ministry of Tourism and/or Transport is that it was justified and/or announced by the Explanatory Notes which appeared in the Approved Estimates of Revenue and Expenditure.

The Commission's understanding of the process for delegating accounting responsibility for capital development projects may be assisted by the following explanation as to the process for the delegation of accounting responsibility for capital projects.

One of the standing committees of the Cabinet that existed prior to and during the period of the Report was the Cabinet Capital Development Committee. The Committee was chaired by the Minister of Finance and the other standing member of the Committee was the Minister of Works and Engineering. Other Ministers were invited to join the Committee from time to time depending upon the ministry profile of expenditures reflected in the capital development plan.

This Cabinet Committee was supported by a Technical Committee comprised of Ministry of Finance officials and technical experts from the Ministry of Works and Engineering and the Department of Planning. The Technical Committee was chaired by the Director of Budget (Budget Office, Ministry of Finance Headquarters). Depending upon the ministry profile of capital expenditure in any given year, other senior officials from relevant ministries attended at Technical Committee meetings at the request of the Director of Budget.

All capital projects proposed for inclusion in Government's capital development budget were screened initially by the Technical Committee before being presented to the Cabinet Capital Development Committee for finalization in terms of priorities and funding levels. The decisions of the Cabinet Committee are policy decisions that are then ratified or amended by the Cabinet as part of the final internal approval process of the proposed Government Budget in any given year.

While it is correct that pursuant to clause FI 13.1.2 (FI 12.1.2 more recently) that W&E has accounting responsibility for all capital projects, the Cabinet Capital Development Committee which is chaired by the Minister of Finance and under whose authority FI is issued, had the authority to make exceptions in relation to a particular capital project and assign a Ministry other than W&E with accounting responsibility for a capital development project. Decisions on delegation of accounting responsibility taken in the committee were reflected as explanatory notes to the Capital Development Schedule in the Approved Estimates of Revenue and Expenditure. This notification in the Schedule avoided any possibility of confusion as to which entity was responsible for a capital project.

Notwithstanding any exception made to FI 13.1.2/FI 12.1.2, the Permanent Secretary of W&E remained charged with an obligation to ensure proper consultation with the Accounting Officer of the client department throughout all phases of the project.

The note in the Schedule to capital account estimates is not the authority for the decision but a reflection of the policy decision taken in the Cabinet Capital Development Committee.

Further, once the House of Assembly approves the Appropriation Act, of which the capital development estimates stand as a constituent part, the Act stands as the legal authority for the management and control of the projects included therein.

The Ministry of Transport was assigned the accounting responsibility for capital development projects within its Ministry in the 2002/2003 budget year – see explanatory notes to Capital Estimates in *Approved Estimates of Revenue and Expenditure for the Year 2002/2003*.

The delegation of accounting responsibilities for capital projects within Ministry of Transport was maintained in place in subsequent years up to and including fiscal year 2010/2011.

Similar delegations of accounting responsibilities for specific capital projects had previously been assigned to the Ministry of Education and the Ministry of Health.

- (i) As Financial Secretary, I do not recall being involved in the Cabinet Capital Development Committee meeting (circa 2002) where the exception to FI 13.1.2 was agreed in relation to capital projects in the Ministry of Transport.
- (ii) During my tenure as Financial Secretary, I do not recall being consulted as to whether my permission was required for the delegation from W&E to MOTT.
- (iii) During my tenure as Financial Secretary, I do not recall whether there were any instances when the Accountant General's permission to waive FI was sought in relation to matters arising in the Report.

Specific Contracts relating to Ministry of Tourism and Transport

1. Port Royal Golf Course Remediation

The Commission's concern relates to the decision to delegate responsibility for the management of the remediation project to the Trustees of the Port Royal Golf Course rather than to the Ministry of W&E.

The Commission's understanding of the issues raised in the Report about the Port Royal Golf Course remediation work may be assisted by the following facts: i) The Golf Courses (Consolidation) Act 1998 was amended in 2006 to replace the Ministry of Works and Engineering with the Ministry of Tourism and Transport as the oversight ministry; ii) the matter of delegating accounting responsibility for capital projects has been explained in the section above of similar name; the Golf Course Act imbues the Board of Trustees of the Golf Courses with powers of general control, management and administration; when Cabinet approved the capital remediation project for Port Royal Golf Course in November 2007, there was no express direction in the Cabinet Conclusion for any ensuing contracts to be submitted to Cabinet for approval.

My understanding is that there was a tender process in relation to the Golf Course works in June 2008.

In relation to payments for works associated with the remediation work, the Board of Trustees made such payments directly to vendors and service providers and were reimbursed by Government at a later stage.

In this case, the reimbursement request would have been made by officials in the Ministry of Tourism and Transport and there was a clear line of authorization for such payments to be made by the Accountant General on behalf of the Ministry.

2. Heritage Wharf

The Commission's concern relates to MOTT's decision to handle the Heritage Wharf project rather than the Ministry of W&E and MOTT's decision to select Correia Construction without an open tender process.

The Commission's understanding of the issues raised in the Report in relation to the Heritage Wharf capital project may be assisted by the following explanation of the process for delegating accounting responsibility for capital projects.

The Cabinet Capital Development Committee, which is chaired by the Minister of Finance and under whose authority FI is issued, had the authority to make exceptions to clause FI 13.1.2/FI 12.1.2 in relation to a particular capital project and delegate another ministry in the place of Ministry of W&E. Such a decision would be taken in the said committee and reflected in the explanatory notes to the Capital Development Schedule in the Approved Estimates of Revenue and Expenditure. This notification in the Schedule avoids any possibility of confusion as to which entity is responsible for a capital project. The note in the Schedule is not the authority for the decision but a reflection of the policy decision taken in the Cabinet Committee. The delegation of responsibility was made in 2002/2003.

It is a fact that the contract with Correia Construction (CCCL) was not subject to an open tender. The selection of CCCL was affirmed by Government in March 2007.

Given Government's acceptance of the contract with CCCL, the Accountant General's Department faced no impediment to processing payments related to the contract.

Notwithstanding, Ministry of Finance was concerned about some aspects of the management of the project and this project was selected for inclusion in a diagnostic review of capital projects launched by the Ministry in 2010.

3. Bermuda Emissions Control Ltd

The Commission's concern relates to MOTT's decision to handle the Bermuda Emissions project rather than the Ministry of W&E and MOTT's decision to select Bermuda Emissions Control Ltd without an open tender process.

The Commission's understanding of the issues raised in the Report in relation to the Bermuda Emissions Control Ltd capital project may be assisted by the following explanation of the process for delegating accounting responsibility for capital projects.

The Cabinet Capital Development Committee, which is chaired by the Minister of Finance and under whose authority FI is issued, had the authority to make exceptions to clause FI 13.1.2/FI 12.1.2 in relation to a particular capital project and delegate another ministry in the place of Ministry of W&E. Such a decision would be taken in the said committee and reflected in the explanatory notes to the Capital Development Schedule in the Approved Estimates of Revenue and Expenditure. This notification in the Schedule avoids any possibility of confusion as to which entity is responsible for a capital project. The note in the Schedule is not the authority for the decision but a reflection of the policy decision taken in the Cabinet Committee. The delegation of responsibility occurred in 2002/2003.

With respect to the fact that the contract was not tendered, the Government had the power and authority so to do. It must also be recognized that the Attorney-General, Government's legal adviser, is a member of Cabinet and has a duty to ensure that Government decisions comply with the laws of Bermuda.

It is not my information that the Accountant General's Department made any payments against the contract prior to its approval by Cabinet. All payments made subsequent to the approval of the contract would have been properly made.

4. GlobalHue

The Commission's concern relates to the tendering process in relation to the contracts with GlobalHue.

The Commission's understanding accords with the facts as I recall them in relation to the selection of GlobalHue as a result of a tender process in 2006 and then as a sole source candidate in 2009.

With respect to the fact that the contract was not tendered in 2009, the Government had the power and authority so to do. It must also be recognized that the Attorney-General, Government's legal adviser, is a member of Cabinet and has a duty to ensure that Government decisions comply with the laws of Bermuda.

It is not my information that the Accountant General's Department made any payments against the GlobalHue contract prior to its approval by Cabinet in 2009. All payments made subsequent to the approval of the contract would have been properly made.

5. Ambling

The Commission's concern relates to a contract with Ambling which was not tendered.

I am unable to recall any additional facts that would assist the Commission in further developing its understanding of the contractual arrangement between the Government of Bermuda and Ambling.

With respect to the fact that the contract with Ambling was sole sourced, the Government had the power and authority so to do. It must also be recognized that the Attorney-General, Government's legal adviser, is a member of Cabinet and has a duty to ensure that Government decisions comply with the laws of Bermuda.

It is not my information that the Accountant General's Department made any payments against the Ambling contract prior to its approval by Cabinet in 2008. All payments made subsequent to the approval of the contract would have been properly made.

Specific Contracts relating to W&E

1. Renovations to Department of Human Resources

The Commission's concern relates to the lack of a tendering process and Cabinet approval.

It seems apparent that Cabinet was not invited to review this contract and that the notification to proceed was given by the then Head of Civil Service. It is unclear on what authority the Accountant General's Department made payments on the contract.

In the ordinary course of events, following the exit conference to do with the audit, Ministry of Finance officials would have discussed any material irregularity in the financial administration of this particular capital project with all relevant officials with a nexus to the matter with a view to pinpointing lapses and agreeing upon remedial steps. Such action steps would have been built into performance objectives for relevant officials during the next performance assessment period.

So far as I am aware, there was no exit conference with the Auditor General on this matter during my tenure in office.

2. The Maintenance and Stores Building

The Commission's concern relates to the lack of Cabinet approval in relation to the contract with Central Construction Ltd (CCL). The Commission's understanding is that the Minister of W&E appears to have awarded the contract without obtaining Cabinet approval.

The Commission's understanding appears to accord with the facts as presented in the Report: that the contract award for construction of a Maintenance and Stores Building was initially considered by Cabinet but Cabinet expressed unreadiness and asked for the contract to be returned with additional information the following week.

I am advised that there is no record that has been found to indicate that the contract was returned to Cabinet for approval.

There is an email in the witness bundle (D. Scott) at page 119 that indicates the contract was signed on 11th February 2008 in the Ministry of W&E.

If the signed contract was presented to the payments section of ACG as support for payments against the contract, payments staff in ACG would have processed the payments with the confidence that Ministry of W&E had completed its due diligence.

When payment requests are delivered to the ACG for processing, there is an expectation and a reliance that the payment is properly presented and accords with all requirements of FI by the user department.

3. Central Laboratory Building Project

The Commission's concern relates to the fact that Carruthers Shaw & Partners was awarded a contract to provide architectural services without the contract going out to tender or receiving Cabinet approval.

I am unable to provide comment on the Commission's understanding of the circumstances related to the contract associated with this capital project.

With respect to authorization for payments against the contract by the ACG, there is an email message on page 147 of the witness bundle (D. Scott) that there was contract in W&E files relating to the project.

If the contract was cited to the payments section of ACG as support for payments, the payments staff in ACG would have processed the payments with the confidence that Ministry of W&E had completed its due diligence.

When payment requests are delivered to the ACG for processing, there is an expectation and a reliance that the payment is properly presented and accords with all requirements of FI by the user department.

4. The Laboratory Contract in Southside

The Commission's understanding is that there was Ministerial involvement in the determination of the contract in this matter. I am unable to provide comment on the Commission's understanding of the circumstances related to the contract award associated with this capital project as I have no evidence in this regard.

It is unclear on what authority the Accountant General's Department made payments on the contract. Notwithstanding, my sense is that a plausible (and perhaps defensible) rationale was given to ACG staff by the senior official or his designate – in real time – to enable processing the payment(s) related to the contract.

In the ordinary course of events, following the exit conference to do with the audit, Ministry of Finance officials would have discussed any material irregularity in the financial administration of this particular capital project with all relevant officials with a nexus to the matter with a view to pinpointing lapses and agreeing upon remedial steps. Such action steps would have been built into performance objectives for relevant officials during the next performance assessment period.

So far as I am aware, there was no exit conference with the Auditor General on this matter during my tenure in office.

5. Purchase of Sand and Rock

The Commission's understanding is that the tender process was followed but the lowest bidder was rejected in favour of a company called Harmony Holdings Ltd.

I am not familiar with this contract and therefore I am unable to provide comment on the Commission's understanding of the circumstances related to the purchase of sand and rock.

It is unclear on what documentation the Accountant General's Department relied upon to process payments related to the purchase of sand and rock.

In the ordinary course of events, following the exit conference to do with the audit, Ministry of Finance officials would have discussed any material irregularity in the financial administration of this particular transaction with all relevant officials with a nexus to the matter with a view to pinpointing lapses and agreeing upon remedial steps. Such action steps would have been built into performance objectives for relevant officials during the next performance assessment period.

So far as I am aware, there was no exit conference with the Auditor General on this matter during my tenure in office.

Office of Project Management and Procurement

The Commission seeks to have a better understanding of the rationale behind the establishment of the Office of Project Management and Procurement and its objectives and asked also for comments on other actions that may be taken.

Ministry of Finance had concerns about weaknesses in the management and control system for capital projects. In the early months of 2010, Ministry of Finance engaged KPMG Advisory Ltd to conduct a diagnostic review of selected capital projects (small, medium and large) to pin-point weaknesses and to make recommendations in line with leading practice in other countries.

The scale of capital projects included in the review sample ranged in size from less than \$1 million to \$10 million or higher. The selected projects were from the following Ministries: Works & Engineering, Health, Education, Environment and Sports, Tourism and Transport, and Labour, Home Affairs & Housing.

In June 2010, Ministry of Finance convened a workshop amongst the most senior officials in the Ministries of Finance, Works & Engineering, Health, Tourism and Transport, Environment and Sports, Education, and Labour, Home Affairs and Housing to confirm facts collected in the review, share findings and to seek input regarding next steps.

KPMG's findings indicated that 50 per cent of the projects reviewed did not comply with Government policies and procedures for capital project development, procurement or management. One of KPMG's key recommendations was for the Ministry of Finance to develop an independent oversight authority to help manage capital projects and ensure compliance with Government policies and procedures.

The internal report – ***Diagnostic Review of Selected Capital Projects, Ministry of Finance 2010*** – led to prioritized actions by the Ministry of Finance to establish the Office of Project Management and Procurement (the "OPMP").

The Good Governance Act 2011 amended the Public Treasury (Administration and Payments) Act 1969 to establish the Office of Project Management and Procurement and to provide legislative support for Financial Instructions (which were under review). It also strengthened the Internal Audit Act 2010 and the Audit Act 1990.

The primary purposes of the Office of Project Management and Procurement are:

- a) to provide professional, qualified procurement expertise and advice to Government;
- b) to ensure that there is no bias in the awarding of Government contracts;
- c) to identify and apply performance measures to ensure that Government obtains value for money
- d) to ensure that best practices are adhered to in the oversight of capital projects; and,
- e) to advise on, guide and support the development of, and adherence to, procurement, regulations, policy and best practice.

While a little more time may be required before the Office of Project Management and Procurement demonstrates its full effect with respect to the sourcing, management and control of public sector capital projects, my belief – based upon information about achievements to date – is that the OPMP has had a positive and beneficial beginning on delivering its mandate.

I consider also that the changes to FI and the new E1 financial and management information system has had a positive impact on financial administration in the public sector.

I am aware that the Auditor General has given unqualified audit opinions on Government's Consolidated Fund for the years ended 31st March 2013, 2014 and 2015. This seems to suggest

that the foundation for improvements laid down in period 2010-2012 has achieved some of the intended objectives in the enhancement of financial administration in the public sector.

Taxes are raised to fund the delivery of public goods and services to the community. These services include health care, education, financial assistance, policing services, development and maintenance of economic and social assets such as cruise piers, airport works, bridges, schools and hospitals.

Tax payers wish to be assured that their taxes are collected properly and protected by public servants charged with this important responsibility. During the period of the Report, total government revenue collected amounted to \$2.8 billion without adverse comment in the Report.

Tax payers also wish to be assured that the expenditures out of their taxes on health, education, and other public programmes as well as capital projects are disbursed carefully and for good value.

During the period of the Report, total government expenditure on all outlays for goods, services, debt service, and capital projects amounted to \$3.5 billion. The Report made adverse comment on a portion of the total expenditure over the three year period amounting to the approximate equivalent of ~~0.025~~^{4.0} per cent of the \$3.5 billion.

An audit process that is timely can help provide assurances of good financial governance to the tax payer and help to avoid controversy many years hence resulting from the late release of an audit report that may have its own internal issues.

In my view, the late release of audit reports is a serious matter as the reports are an important element of the overall financial accountability process in the public sector. It would be most helpful to government organizations if they were able to review the Auditor's Report on the Consolidated Fund within nine months after the financial year-end.

Accordingly, the Commission may wish to consider a recommendation that the Audit Act 1990 be amended to provide a fixed length of time within which an audit report on the Consolidated Fund is produced following the end of a government financial year.

I believe the facts stated in this witness statement are true."

Respectfully submitted,



Donald AM Scott, JP

ad
24. Oct. 2016