

EXECUTIVE COUNCIL

PUBLIC

Title: Public Accounts Committee – Response from FIG to ‘PWD Tenders & Contracts’ audit raised at the Legislative Assembly on 27th July 2017

Paper Number: 98/18

Date: 13 June 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

Portfolio Holder: MLA Roger Edwards

Reason for paper: This paper is submitted to Executive Council:

Publication: To meet a statutory requirement
Yes with redactions highlighted in grey

Not Recommended:

Under Executive Council Standing Order 23(2), Executive Council must have regard to the categories of exempt information in Schedule 3 to the Committees (Public Access) Ordinance when determining if information should be withheld

The categories which are potentially relevant to this paper are:

Paragraph 16 – Internal Audit Reports

Previous papers: None

List of Documents: Appendix A: Letter to the Legislative Assembly 17th July 2017
Appendix B: Internal audit report – PWD Tenders & Contracts FUR 06/17

1. Recommendations

Honourable Members are recommended to approve:

- (a) Agree the submission of the response to the Legislative Assembly;

- (b) That this report is made public after submission of the response to the Legislative Assembly.

Executive Council further resolved that:

- (c) That the Director of Public Works provides and update within six months of the progress on the remaining outstanding recommendations.

2. Executive Summary

- 2.1 This paper is submitted to provide a response to the Public Accounts Committee through the Legislative Assembly regarding the letter submitted by the Public accounts Committee on 17th July 2017. This is an overview response and does not provide the detailed responses that will be supplied to the Internal Auditor.

3. Background

- 3.1 The Public Accounts Committee submitted a letter on the 17th July 2017(Appendix A) to the members of the Legislative Assembly (laid on the table on 27th July 2017) following their review of the audit report (Appendix B)

- 3.2 The Public Accounts Committee Ordinance 2009, Section 14 (1) states:

If the Committee, in reporting to the Legislative Assembly, recommends that the Government should or should not take a course of action, the Governor is to submit within six months a written response to the Assembly”.

- 3.3 The Audit report, the audit follow up report and the PAC letter have been received and reviewed by PWD. Some actions were dealt with immediately but due to resource levels other have taken longer to address.

- 3.4 Proposed response to PAC

Further to the letter from the chair of the Public Accounts Committee (17th July 2017) I can confirm that PWD are progressing recommendations made on both the Morrison-FIG partnership and the PWD Tender & Contracts.

The partnership document has been reviewed and updated by both parties. There were delays due to changes in FIG senior management and proposed changes to the procurement process. These have now been agreed and the revised document is progressing and will be considered by ExCo for approval in July 2018. All the recommendation raised within the audit and the PAC are addressed in the proposed new agreement.

The Tenders & Contracts report listed six un-actioned items. Of these six items, three have now been completed and the remaining three are in progress. It is expected that all items will be satisfactorily completed by December 2018. Documents such as the PWD procedures manual and the project initiation document are live documents and will remain under regular review.

4. Resource Implications

4.1 Financial Implications

None

4.2 Human Resource Implications

None

4.3 Other Resource Implications

None

5. Legal Implications

5.1 Falklands Islands Law & Regulation Department will be involved in the continued drafting and approval of the proposed partnership agreement.

6. Environmental & Sustainability Implications

None

7. Significant Risks

None

8. Consultation

8.1 Consultation has taken place between PWD, Law & Regulation and Morrison Falkland Limited in respect of the proposed partnership document. This will be submitted to members prior to final submission to ExCo.

9. Communication

9.1 There are no additional communication requirements as a result of this report. Publication of the above draft response is detailed in recommendation 1 b)

LEGISLATIVE ASSEMBLY

ORDER PAPER

THURSDAY 27 JULY 2017

MOTION

Motion 12 of 2017 by the Honourable Ian Hansen

That this House notes the comments and recommendations of the Public Accounts Committee in respect of:

- Internal Audit: Falkland Islands Community School
- Internal Audit: Health and Safety
- Internal Audit: Follow up report: PWD Tenders & Contracts

and in accordance to the Public Accounts Ordinance 2009, clause 14 (1) a written response is to be submitted to the Legislative Assembly by the Governor within six months.

Proposed by: The Honourable Ian Hansen

Seconded by: The Honourable Dr Barry Elsby

Public Accounts Committee

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Ref: PAC/17/06/13 rev

17th July 2017

Members of the Legislative Assembly
Gilbert House
Stanley

Dear Members,

Internal Audit follow up report: PWD Tenders & Contracts

At our Committee Meeting held on 8th June, the Chief Internal Auditor appraised us of an Internal Audit regarding a follow up report on PWD tenders and contracts.

Whilst it was pleasing to see action had been taken against the Financial Instruction recommendations, Members are concerned that contract management recommendations remain outstanding. A number of these contract management recommendations are similar to issues raised in the PAC report on the Morrison-FIG partnership.

PAC Members would like assurance that the recommendations in both the Internal Audit report and the PAC report are progressed.

Yours sincerely,

Dr Andrea Clausen
Chairman
Public Accounts Committee

cc: Chief Internal Auditor