Major Capital Projects
Follow Up

October 2017

To help the public
service spend wisely

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EXECUTIVE SUMMARY

Over the past decade, the Cayman Islands Government has experienced significant financial constraints as a result of the global economic downturn. The Government has relaxed some of the austerity measures it had put in place and has announced its overarching ambition to maximise economic growth in the Cayman Islands.[1] The Government and the wider public sector are investing significantly in developing infrastructure through a range of major capital projects that aim to support economic growth. [2] These projects are strategically important to the Cayman Islands and will provide improved infrastructure to support the provision of essential services in education, transportation, tourism, waste management, health, and justice.

We estimate the capital cost of Government and the wider public sector's current and planned major capital projects at around $500 million over the five years to 2022.[3] This is a significant level of investment and it is important that the Government manage these projects well in order to obtain best value for money.

In addition to the capital investment needed to build these new assets, the Government also needs to consider the costs over the life of the contracts (or 'whole-life' costs) to maintain them in good condition for future generations. The long-term financial consequences of new builds are not always considered adequately when the decision is made to invest, and these costs can be significant. The Government is currently developing two Public Private Partnership (PPP) projects for the first time.[4] These two projects alone will cost the Government between $280 million and $310 million in payments to the operators for 20 to 25 years after they are completed. This cost will need to be paid through future operational expenditure, and taken into account in future budgets.

The OAG has previously published two reports on major capital projects: *Management of Major Capital Projects* (June 2012) and *Major Capital Projects – Building Schools* (May 2015). These reports identified significant weaknesses in the way major capital projects were being governed and managed.

This follow-up report examines Government's governance and management framework for the planning and implementation of major capital projects. It follows up on the recommendations made in our two previous audit reports. The objective of this audit was to determine how well the Government has

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[1] *Strategic Policy Statement 2018*, August 2017
[2] We have defined major capital projects as those with a capital cost of $10 million or greater.
[3] Our estimate includes major projects currently planned and in progress; additional projects that are in the pipeline and investment in roads by the National Roads Authority. Most of these projects will be funded by Government and the wider public sector.
[4] Public Private Partnership (PPP) projects are between public sector and private sector contractors. The private sector provider pays the up-front construction and ongoing maintenance costs and the public sector pays an annual charge to the private sector provider over the life of the asset (generally 20-30 years). The asset transfers to public ownership at the end of the contract.

responded to our previous reports on major capital projects and whether the actions it has taken have improved the management of major capital projects. The follow-up audit specifically addressed the following audit questions:

- How well does the Cayman Islands Government consider and oversee capital investments for the country, including the affordability, prioritisation, and capacity to deliver major capital investment?
- Does the Government have a governance and management framework that meets good practice expectations in place for developing and managing major capital projects?
- How well are governance and management arrangements for managing major capital projects implemented in practice?

KEY MESSAGES

Our follow-up audit focused on seven major capital projects that were planned or in progress in Spring 2017. These projects are estimated to cost almost $500 million to build over the five years to 2022. The Government and Statutory Authorities and Government Companies (SAGCs) will be paying for most of this capital cost. In addition to the capital costs of these projects, two of them are PPP projects that require payments to be made to the operator over the life of the contracts. The estimated whole-life cost of these two projects is between $280 million and $310 million over 20 to 25 years.

In mid-2014, the Government established a centre of excellence for major capital projects – the Major Projects Office (MPO) - within the Public Works Department (PWD). The MPO provides support and guidance to Ministries and SAGCs that are responsible for major capital projects (other than roads).[5] The MPO is managed by a Chief Project Manager and is staffed by professional project managers, some of whom have specialist and technical expertise and have been hired for specific projects. The MPO staff work collaboratively; develop and apply consistent standards and methodology; and share lessons learned. This is a good first step in strengthening the capability and approach to managing major capital projects across the public sector.

In 2016, the MPO started to develop a new governance framework for planning and implementing major capital projects (with a capital cost of $10 million or more). It is based on recognised good practice and has been adapted to ensure it meets legislation and other requirements of the Cayman Islands. The MPO has been applying the new governance framework to major capital projects that it is involved in since December 2016. In July 2017, the MPO presented the new governance framework to

[5] Roads projects are managed by the National Roads Authority (NRA), which has its own project management framework.

the Deputy Governor and Chief Officers who were supportive of the approach. It is important that the framework be embedded as general practice.

The MPO's input and new governance framework are improving project management. The quality and consistency of key documents such as Strategic Outline Cases (SOC) and Outline Business Cases (OBC) that demonstrate the need for a project and justify the preferred option have improved over the last few years, although there is still scope for further improvement. Projects are managed by professional and experienced project managers who use independent professional technical advisors, where appropriate. The application of the governance framework has varied in the projects we examined. This is to be expected as most projects started before the governance framework was developed. The MPO plans to continually review the framework to ensure that it is fit for purpose. We endorse this approach and have identified some areas where project documents could be improved and where there are some good practices that could be replicated in other projects.

In 2015, we reported that the budgeting process for major capital projects needed to improve. This is still the case. Decisions on capital investment are made in two separate approval processes – agreeing on budget amounts for capital investment as part of Strategic Policy Statement (SPS) considerations; and on a case-by-case basis when Cabinet considers key documents for individual projects. It is not clear if these two separate decision-making processes are aligned. The SPS includes some high-level information on capital projects as a whole. However, this does not include specific budgets for individual major capital projects, and information is limited to the period for which the budget is prepared, leaving uncertainty on the availability of and commitment to funding in future periods to complete projects. Even where key project documents had been approved by Cabinet and expenditure could be incurred it was difficult to identify whether estimated costs had been factored into budget documents. We found some examples of short-term and incomplete budgets being allocated to Ministries after Cabinet had approved that the projects should go ahead. Continuing to run two distinctly separate approval processes without clear alignment presents risks that projects may start and later stop, if funding is unavailable; that they may take longer to complete; and that overall costs will increase, jeopardising good value for money.

A long-term capital investment plan is needed that is clearly linked to an updated National Development Plan and other long-term strategies and policies. It should include relevant information about individual major capital projects, such as estimated costs and timescales and the public policy needs being addressed by projects. It should also provide an assessment of the financial and economic impact of simultaneous projects. This would enable capital investment decisions to be made with full information on all major capital projects, including their affordability and the capacity of the Government and industry to deliver them. It would also provide clear links to medium and long-term financial plans. Such a plan could help the Government and Cabinet prioritise projects to ensure that they deliver value for money and make the best contribution to economic growth. We appreciate that priorities change, and the capital investment plan therefore needs to be a "living document" that is responsive, flexible and regularly updated. Despite recommending a role for the Public Sector Investment Committee in our 2012 report, this committee has yet to be established.

The Government still needs to improve how it reports on the progress of major capital projects and how this progress fits with capital investment decisions. Although Cabinet receives reports providing information on capital spending, there is no reporting to either Cabinet or the Legislative Assembly that provides an update on all major capital projects that are currently being planned or in progress. We would expect regular, publicly available, updates on what has been delivered including latest information on the value for money attributes of cost, time and quality.

In summary, the development of project management arrangements through the creation of the Major Projects Office is a very positive improvement in managing major capital projects. However, there remains much that needs to be done to develop an overarching capital investment strategy and to improve the budgeting and financial frameworks to ensure that major capital projects are adequately funded and value for money is achieved.

INTRODUCTION

GOVERNMENT IS INVESTING SIGNIFICANTLY IN INFRASTRUCTURE

1. Over the past decade, the Cayman Islands have felt the impact of the global economic downturn. In November 2011, the Cayman Islands Government (the Government) and the UK Government entered into an agreement – the Framework for Fiscal Responsibility (FFR) – that introduced a range of measures to contain spending and improve governance and management arrangements across the public sector, including those related to capital projects.The FFR was incorporated in the *Public Management and Finance Law* (PMFL) in November 2012. It sets out the following principles:

   - Effective medium-term planning;
   - Putting value for money considerations into decision making;
   - Effective management of risk; and
   - Delivering improved accountability.

2. In August 2017, the Government set out its 2018 Strategic Policy Statement. It outlines the Government's overarching ambition of economic growth and the importance of delivering key infrastructure projects in achieving this growth.

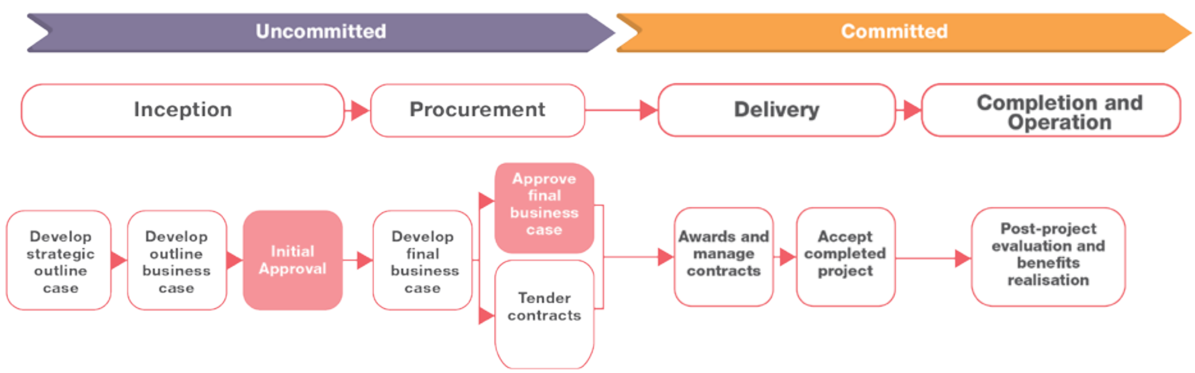
3. The Government and wider public sector currently have a number of major capital projects planned or in progress. They cover a wide range of government programmes, including education, transportation, tourism, waste management, health, justice and roads. In total they are estimated to cost around $500 million to build over the five years to 2022. In addition, they will have associated lifetime costs to maintain these new assets or make payments to private sector operators. The Government does not routinely consider the lifetime costs of maintaining assets over their lives once constructed. This is an important part of the process as assets need to be maintained to ensure that they are in good condition and fit for purpose for future generations, thereby maximising value for money. The Government is considering Public Private Partnership (PPP) projects for the first time. The two PPP projects alone could cost between $280 million and $310 million over the next 20 to 25 years in payments to private sector partners. These costs need to be factored in to future budgets.

4. It is important that major capital projects are managed well to ensure that they deliver value for money. Good project management and governance do not guarantee that a project will deliver its required outputs within the budgeted cost. However, they do increase the likelihood that it will deliver a good quality output within cost and time estimates and they can help managers respond

effectively if problems arise. Exhibit 1 sets out the key stages of good project management for major capital projects. Key features of good practice include the following:

- Before projects are approved for construction, they should be soundly researched and planned, and demonstrate that they fit well with the Government's strategic objectives and policy priorities.
- Projects should be well organised, with clear aims, objectives and delivery arrangements.
- Competent, experienced teams, with good leadership and properly defined roles and responsibilities, should be appointed to deliver projects.
- A risk assessment should be completed and an effective strategy developed to manage and mitigate the risks identified.
- An effective partnership with suppliers, whose appointment is based on a well-designed and well-executed competition.
- Accountability for and transparency of a project's progress.
- At all stages of a project, there should be a clear focus on outcomes and how they will support and improve business performance.

Exhibit 1 – Key stages of good project management



Source: Office of the Auditor General

5. Our follow-up audit covered seven major capital projects, managed by the Major Projects Office (MPO), that were in various stages of progress when we carried out our work in Spring 2017. Most of the projects are being directly funded by Government or the public sector. Two of the projects will be funded through PPPs, which means that the private sector provider will pay up-front construction costs and ongoing maintenance costs for the life of the contract, and the public sector (Government and SAGCs) will pay an annual fee to the contractor over the same period. The whole-life costs will be significantly higher than the cost of construction.

6. Exhibit 2 provides a summary of the projects, including their stage of development; procurement type; and latest cost and timescale estimates as at September 2017. Depending on the phase of the project, the costs and timescales may be early estimates (where they are more uncertain) or fairly certain or fixed if a contract has been signed. We have therefore provided a range of costs for some projects. For the two PPP projects, we have included the whole-life cost, i.e. the annual charges that will be paid by the Government (or SAGCs) over the life of the contract.

7. As at 30 September 2017, the Government has spent a total of $45 million on these seven projects.

Exhibit 2 – Status of seven major capital projects reviewed as part of the follow-up audit (as at September 2017)

Major Capital Project	Procurement Type	Project stage	Planned Capital Cost	Planned Completion Date
John Gray High School – Phase 2 Gymnasium	Traditional	Completed and Operational	$8.6m (actual) [1]	May 2017 (actual)
John Gray High School – Phase 3-5 – Completion of Campus[2]	Traditional	Inception	$60 to $70m	2021
Owen Roberts International Airport (ORIA) - Terminal Redevelopment	Traditional	Delivery	$55m [3]	December 2018
Cruise Berthing Facility	Public Private Partnership	Procurement	Whole-life cost - $150m to $170m over 20 years[4]	2022
Integrated Solid Waste Management System (ISWMS) [5]	Public Private Partnership	Procurement	Whole-life cost - $130m to $140m over 25 years	2021
Long-Term Residential Mental Health Facility (LTRMHF)	Traditional	Procurement	$16.2m [6]	2019
New George Town police station	Traditional	Inception	N/A - project documents do not yet have cost or time estimates.	
New court facility	Traditional	Inception	N/A - project documents do not yet have cost or time estimates.	

Notes to exhibit:

1. *Actual project cost per final account is $8,634,093 ($164,283.79 under budget). We have not audited this figure.*
2. *Completion of the campus includes relocation of CIFEC and new playing fields. Estimated affordability cost range from SOC; indicative dates show that the Campus will be complete by January 2021. Demolition and rehabilitation of the old school will be completed by 2022.*
3. *Planned project cost per signed contracts.*
4. *Construction costs will be borne by the private sector provider. The whole-life cost of the PPP contract is estimated to between $150m and $170m.*
5. *In October 2017 a Dart-led consortium was announced as the preferred bidder. Construction costs will be borne by the private sector partner. Latest information identifies updated estimates of waste quantities. New estimates are to be reflected in the Final Business Case. The whole-life cost (net present value) of the PPP project is estimated to between $130m and $140m. Some parts of the project are expected to be completed and operational before 2021.*
6. *Estimated cost per OBC; The OBC for this facility also identifies lifetime costs of $133.5 million.*

ABOUT THE AUDIT

8. In June 2012, the Office published '*Management of Major Capital Projects'*. The report stated that the governance framework for major capital projects needed to be improved. We reported weaknesses in the development of comprehensive business cases and in the definition of clearly defined roles and responsibilities for procurement and project management, and the need for sound financial management practices. In May 2015, the Office published '*Major Capital Projects – Building Schools*'. That report noted that value for money was not achieved due to unclear responsibilities between the Ministry and Minister, and inadequate project management and procurement practices.

9. We carried out this follow-up audit because the Government is currently spending or planning to spend significant funds on major capital projects. Given the estimated costs and technical nature of some of these major capital projects - and the limited budget and capacity to deliver them - it is important that informed decisions are made about their affordability and priority. It is also important that projects are managed well to deliver the best possible outcomes.

10. The objective of this audit was to determine how well the Government has responded to our previous reports on major capital projects and whether this has improved the management of major capital projects. We aimed to answer the following audit questions:
    - How well does the Cayman Islands Government consider and oversee capital investments for the country, including affordability, prioritisation, and capacity to deliver major capital investment?
    - Does the Government have in place a governance and management framework that meets good practice expectations for developing and managing major capital projects?
    - How well are governance and management arrangements for managing major capital projects implemented in practice?

11. The report is structured in to two sections:
    - Managing and overseeing major capital projects; and
    - Capital investment decision making and reporting.

12. In carrying out this work, we interviewed key officials in the Major Projects Office, Ministries and Statutory Authorities and Government Companies (SAGCs) responsible for major capital projects. We reviewed a range of documents and analysed data drawn from a variety of sources. More information about the audit, including the audit criteria, approach and methodology can be found in Appendix 1.

13. As part of the audit we assessed the actions taken by the Government in response to the recommendations we made in 2012 and 2015. We concluded that seven of the nine recommendations had been fully or partly implemented. Appendix 2 provides a summary of the recommendations, the actions taken and our assessment of whether the recommendations have been implemented.

14. Our report focuses on seven major capital projects managed by the MPO that were at various stages at the time of our audit. We carried out a high-level review of these projects to determine how they were being managed and selected one project – the Owen Roberts International Airport (ORIA) Terminal Redevelopment project - to review in further detail. We selected this project for detailed review as it was the most advanced and was in the construction stage. We examined the project from its inception planning through the design to the current Phase 2 construction. We make reference to this project throughout the report.

MANAGING AND OVERSEEING MAJOR CAPITAL PROJECTS

15. In our 2012 report, '*Management of Major Capital Projects*', we identified a number of weaknesses relating to how the Government was managing and overseeing major capital projects, including:
    - a need to improve governance for major capital projects;
    - weak documentation of project needs and development of business cases;
    - understated initial estimated costs and timeframes for completion; and
    - the need for a standardised approach to project management.

16. We made a number of recommendations aimed at addressing these issues and improving how the Government managed major capital projects. This section of the report comments on how the Government has implemented the recommendations; what difference they are making; and where further improvements can be made.

GOVERNMENT HAS ESTABLISHED A MAJOR PROJECTS OFFICE TO SUPPORT THE DELIVERY OF MAJOR CAPITAL PROJECTS

17. From 2011, the Framework for Fiscal Responsibility (FFR) set out some specific requirements for major capital projects, including:
    - robust appraisal and business cases;
    - the use of independent experts to provide advice where appropriate;
    - development of competent project management teams; and
    - post-completion evaluation of projects to provide lessons learned.

18. In 2013, to help deliver the requirements of the FFR, the Government asked the Public Works Department (PWD) within what was then the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure to take on the role of project manager for the Cruise Berthing Facility project and the Airports Development project. In mid-2014, the PWD created the Major Projects Office (MPO) as a centre of expertise, to provide project management for major capital projects (except roads).[6] The MPO provides support and guidance to Ministries, and to SAGCs as they become responsible for major capital projects and it plays a role (along with PWD) in recruiting and selecting Senior Project

[6] Roads projects are managed by the National Roads Authority (NRA)

Managers (SPMs). In addition, the Central Procurement Office, set up in 2015, provides advice on the procurement of major capital projects.[7]

19. As at August 2017, the MPO is headed by a Chief Project Manager (CPM) and has five SPMs. The CPM and all of the SPMs are qualified and experienced project managers. The CPM oversees the management of the MPO, the SPMs that work there, and the projects that fall under the MPO's mandate. The MPO is continuing to build its expertise and capacity and plans to add a Projects Administrator in September 2017 to support the Office.

20. Due to the nature of the major capital projects currently being delivered most of the SPMs have been recruited for specific projects. For example, John Gray High School, ORIA Terminal Redevelopment, Integrated Solid Waste Management System (ISWMS) and Cruise Berthing Facility projects. The SPMs have the specialist and technical expertise and experience needed for these types of projects. In addition, the MPO contributes to the Public Works Department's succession planning and training initiatives by supporting the development of Caymanian staff, including supporting one staff member to achieve a professional qualification in project management. It is useful to have a mix of specialist and generic project management skills to deliver a portfolio of major capital projects. The CPM and SPMs are responsible for a range of activities, including:
    - Managing projects to ensure that they are delivered on time, to specification and within budget.
    - Overseeing the preparation of business cases and project specifications.
    - Monitoring and reviewing consultant services throughout the design, construction and commissioning phases.
    - Supporting and reporting to Project Steering Groups, and Senior Responsible Owners (SRO), including identifying new risks and issues and proposing actions to resolve or mitigate them.[8]
    - Managing the project completion and handover processes and preparing post-project evaluations.

21. The CPM and SPMs are physically located within the MPO office. This helps ensure that a consistent and standardised approach is applied to all major capital projects they oversee and that they share experiences and lessons learned and cover for each other during absences. For example, they share knowledge about Cayman Islands planning and contracting requirements and procurement practices, and what has or has not worked in the past to learn lessons for other projects.

[7] The Central Procurement Office is part of the Ministry of Finance and Economic Development.
[8] The Senior Responsible Owner (SRO) is the individual responsible for ensuring that a project or programme of change meets its objectives and delivers the projected benefits.

22. The establishment and structure of the MPO address the requirement of the Framework for Fiscal Responsibility that the Government will "put together sufficiently competent teams to manage all projects." This professional expertise is important in building capacity within the Government and increasing the credibility of the MPO. Although it is still early days, we believe that this is a good example of functional leadership across government.

23. The MPO was established at a time when the Government had significant budget restrictions and a strict headcount limit for each Ministry. This meant that the MPO could not employ project managers directly, as it was unable to increase its headcount. Currently, SPMs are recruited through the MPO by Ministries or SAGCs on fixed-term contracts and then seconded to the MPO. The CPM is also funded through service agreements between the MPO and various Ministries and SAGCs.

24. This was a reasonable approach and allowed the Government to set up the MPO at a time when other restrictions applied. This approach also ensures that project management costs are counted towards the overall costs of individual major capital projects. While we acknowledge the importance of capturing all costs of the project, the manner in which the MPO is currently funded and staffed carries with it some inherent risks:
    - SPMs are employed by different organisations, on contracts with different terms and conditions depending on the employing organisation.
    - The MPO faces an uncertain future when it has little control over its funding or staff and may find it difficult to respond to changes in major capital projects or plan its workforce in the longer term.
    - Due to the fixed-term nature of the CPM and specialist SPMs employment contracts, the MPO needs to ensure that knowledge and skills continue to be transferred among the project managers for longer-term benefit.
    - SPMs are being managed under a 'matrix management' arrangement where they report to the CPM and the Ministry Chief Officer and/or SAGC Chief Executive Officer (depending on who the Senior Responsible Owner is for the project). This could lead to difficulties if there are disagreements among these people.

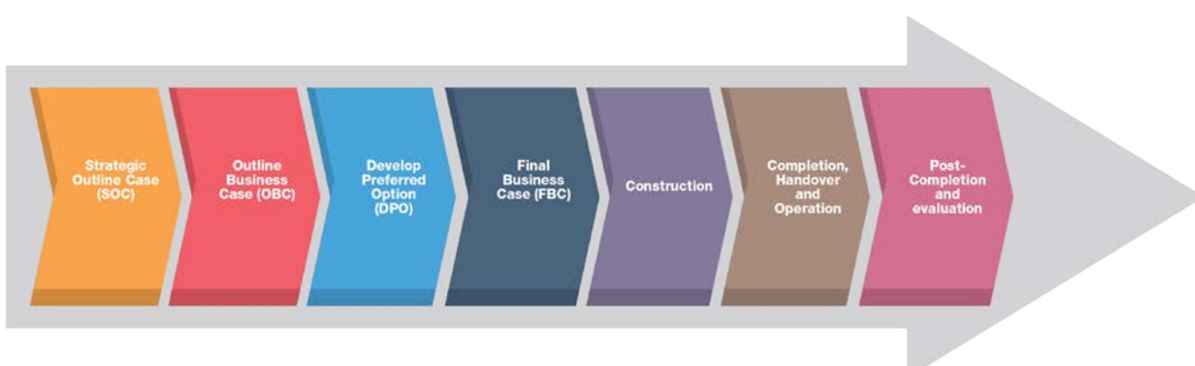
Recommendation 1: The Government should review the way the Major Projects Office is established, staffed and funded to ensure that it can continue to provide strong functional leadership for the management of major capital projects across the public sector in the longer term.

A NEW FRAMEWORK FOR GOVERNING AND MANAGING MAJOR CAPITAL PROJECTS HAS RECENTLY BEEN DEVELOPED

25. Since the new CPM started in June 2016, he has been developing a new governance framework for the management of major capital projects. The framework is intended to provide a consistent and robust approach to managing major capital projects that is based on recognised project management principles and ensures compliance with legislative requirements. The SPMs have been following this approach since late 2016.

26. The new MPO governance framework is in line with recognised good practice. It is based on the UK HM Treasury Green Book and other UK good practices and has been adapted to suit the Cayman Islands. For example, steps have been included to ensure that the framework complies with procurement requirements, such as Central Tenders Committee (CTC) approvals before contracts are awarded. Exhibit 3 summarises the key stages and milestones in the MPO governance framework. It:
    - Applies to all major capital projects that have planned capital costs above $10m. It has been developed for major capital projects being delivered through traditional procurement routes in the first instance i.e. Government-funded. An adapted version will be used for PPP projects.
    - Sets out seven key stages, the processes to be applied within each stage, and the approvals required for each major capital project, including the need for:
        - proper options appraisal – to include 'do nothing' and 'do minimum' options in the Outline Business Case (OBC);
        - the development and approval of a Final Business Case (FBC) before construction contracts are signed;
        - risk management and the development of costed risk registers; and
        - post-project evaluations.

Exhibit 3 - Key stages and milestones in the MPO governance framework for major capital projects



Source: Major Projects Office based on UK HM Treasury Green Book and Office of Government Commerce

27. The new governance framework addresses the relevant recommendations from our previous reports. It also clearly meets the FFR requirements for options appraisal and business cases; use of independent experts to provide advice; and post-project evaluations.

28. However, the FFR requirements apply to all capital projects with an "expected lifetime value" of $10 million or more. The FFR defines the $10 million expected lifetime value as the financial obligations that arise from the decision to proceed with the project and that therefore apply when project funding decisions mean that debt will be incurred. The FFR definition could therefore cover capital projects that have a significantly lower capital cost than $10 million as the expected lifetime value should also include ongoing maintenance costs over the life of the asset. It is not clear how many capital projects meet this definition or what project management approach is being applied.

29. The MPO governance framework is now being fully applied to new major capital projects. It is important that the MPO review and update the framework on a regular basis to ensure that it remains fit for purpose. For example, the framework has been developed to comply with the Procurement Law 2016. However, at the time of preparing this report the *Procurement Law 2016* had not been brought into force and there were no supporting Regulations. The MPO will need to keep in view any additional requirements in Procurement Regulations that may affect the governance framework. In addition, the framework needs to be supplemented by additional guidance and standardised approaches in certain areas, for example risk management, monitoring of costs and quality assurance.

30. A good road network is also a critical part of the national infrastructure system. It is important that decision makers take care to plan and build roads that allow for the smooth movement of people and goods and that deliver value for money. The National Roads Authority (NRA) oversees road building and improvements. These projects are outside the remit of the MPO. The NRA is staffed by qualified engineers and uses its own project management approach. It is essential that the Government ensure a coordinated approach between MPO and NRA.

31. During discussions with Chief Officers and Chief Executive Officers (CEOs) we also found that there is a need for a better understanding of the time needed to complete each of the key stages. We understand that there may be an urgency to complete projects quickly but each stage takes time to do well and therefore ensure value for money. Other audit offices have reported that most major capital projects take between two and four years from inception to completion and some take longer depending on their complexity or on other issues.[9] In 2012, we reported that the Government Office Accommodation Project employed good project management practices and took

[9] *How government works: major capital projects*, Audit Scotland, 2008

almost five years from inception to completion. Adding high-level indications of timescale into the framework would provide valuable information for decision-makers when they are considering projects. We understand that the MPO plans to update the governance framework to include this information.

32. As part of our audit we surveyed Chief Officers and CEOs to determine whether they were aware of the MPO and its new governance framework. We found that most Chief Officers and CEOs knew about the MPO but only a quarter were aware of the governance framework. The Government should promote the MPO and the new governance framework more widely and encourage its use.

33. In July 2017, the Director of PWD and the CPM (MPO) presented the new governance framework to the Deputy Governor and Chief Officers, who were supportive of the new approach. To ensure that there is full ownership of the new governance framework the Government may want to extend these discussions to Cabinet and others.

Recommendation 2: The Public Works Department (PWD) Major Projects Office should regularly review and update the project governance framework to ensure that it remains fit for purpose, including providing indicative timescales for each stage, and develop further guidance as necessary.

Recommendation 3: The Government should identify and take additional actions needed to ensure full ownership of the new governance framework, coordination with the National Roads Authority for roads projects, and to ensure application of the framework to all major capital projects in the future.

GOVERNANCE ARRANGEMENTS ARE IMPROVING BUT MORE CAN BE DONE

34. Our previous reports highlighted a lack of clarity around roles and responsibilities for major capital projects and a need to improve accountability. The new governance framework helps with these improvements. It clearly sets out the roles and responsibilities for major capital projects by requiring the following:

- Senior Responsible Owners (SRO) for major capital projects - normally the Ministry Chief Officer. The SRO chairs the Project Steering Group and provides and obtains approvals (such as Cabinet approvals) to proceed to the next stages.
- Project Steering Groups that provide governance and oversight for major capital projects, including approving key documents such as the Strategic Outline Case (SOC), Outline Business Case (OBC) and Final Business Case (FBC) before they go to Cabinet for formal approval. The terms of reference and membership of the group are normally included in key documents, such as the SOC. In cases, where the project is being led by a SAGC, its CEO is also a member of the Project Steering Group. The Director of PWD and the CPM (MPO) are members of all Project Steering Groups to provide oversight and consistency.

- Senior Project Managers (SPM) who act as secretary to the Project Steering Group and carry out the project management responsibilities set out in paragraph 20 of this report.
- Formal approval by Cabinet of important documents, such as the SOC, OBC and FBC before projects can proceed further.
- Central Tenders Committee to approve procurement decisions and ensure compliance with procurement legislation and policy.

FURTHER CLARIFICATON IS NEEDED WHEN SAGCS ARE THE MAIN CLIENT

35. The governance framework does not set out a clear role for SAGCs. This presents a risk of confusion in governance and accountability when SAGCs are leading major capital projects. Two of the projects we reviewed are led by SAGCs: - the Cruise Berthing Facility (led by the Port Authority of Cayman Islands) and the ORIA Terminal Redevelopment (led by Cayman Islands Airport Authority (CIAA)). Different approaches are being used in each of these projects, which opens them to risk of inconsistencies, adds complexity and could create confusion in the governance arrangements.

36. Under the governance framework, the Ministry Chief Officer is generally the SRO for major capital projects. However, where the lead client is a SAGC, its CEO also has a significant role to play as he or she is generally accountable for the organisation's assets and spending. For the ORIA Terminal Redevelopment project the Chief Officer of the Ministry of District Administration, Tourism and Transport (DATT) is the SRO but he has delegated the chairing of the Project Steering Group to the CEO of CIAA. For the Cruise Berthing Facility Project, the Chief Officer of DATT is the SRO and chairs the Project Steering Group.

37. The Project Steering Group is the main oversight body for major capital projects. However, SAGC boards also have a role to play and may expect to make some critical decisions relating to major capital projects. This is especially important where the SAGC is paying for all or most of the capital costs and will own the asset when it is completed. For example, the CIAA Board requested changes to the scope of the ORIA Terminal Redevelopment project.

38. At the time of our audit, the CIAA, Port Authority, Ministry of DATT, and the MPO were managing these arrangements in a pragmatic way. However, it would be better to make the roles and responsibilities in the governance framework clearer to ensure consistency and avoid confusion. Establishing a clear role for SAGC CEOs and Boards in decision making for major capital projects may help the new governance framework become embedded across the public sector.

    Recommendation 4: The PWD Major Projects Office should review and update the governance framework to make clear how the Chief Executive Officers and the Boards of Statutory Authority and Government Companies fit in to the decision-making process when they are the main clients.

BETTER FINANCIAL INFORMATION ON PROJECTS IS NEEDED

39. We have previously identified the need to better manage costs and provide financial information while projects are being delivered. For example, in 2012 we reported that the management team for the Government Office Accommodation Project did not receive regular financial reports on the project from its Ministry; it developed its own financial reports so that it could carry out its oversight responsibilities.

40. In June 2016, the CPM introduced new monthly status reports for all MPO projects. These status reports are issued to SROs on a monthly basis. They include a brief summary; Red-Amber-Green ratings for key project elements such as schedule, risk, cost, commercial, quality, and health and safety; and an update on key milestones. From our review of these reports we believe that they are a useful summary and a welcome addition to the process. However, they do not include sufficient information on costs. For example, the monthly status reports for the ORIA Terminal Redevelopment project in January 2017 assessed cost as an amber risk but provided no actual cost information in the report. However, the Project Steering Group minutes from January 2017 note that members were told (for the first time) of a risk that the contingency fund was almost fully committed and the project might overspend. It is important that all project information be easily accessible to decision makers to ensure that they have up-to-date, complete and accurate information on projects, particularly in relation to cost, time and quality.

41. We identified some good practices, where the MPO used financial information to measure the project's progress at any point in time, forecasting the completion date and final cost and analysing variances in the schedule and budget as the project proceeds. This allows the MPO to analyse and challenge consultants' and contractors' progress reports. This approach was used in the John Gray High School Phase 2 – Gymnasium project. We understand that the MPO plans to implement this approach for current and new major capital projects.

    Recommendation 5: The PWD Major Projects Office should work together with Finance staff and Senior Responsible Owners to improve and align the format and content of monthly status reports to include up-to-date information on all project risk areas, including costs.

ADDITIONAL SUPPORT IS NEEDED FOR PROJECTS BEING FUNDED THROUGH ALTERNATIVE FINANCING

42. The Framework for Fiscal Responsibility calls for PPP or other alternative financing methods to be considered, where projects are expected to cost at least $15 million. The Government is currently planning to have the ISWMS and Cruise Berthing Facility projects delivered through PPP. While generally there is a need for financial expertise earlier in major capital projects, with PPP projects there is a particular need to understand costs and cost implications as early as possible. The financial arrangements for these types of projects are usually more complex than for traditional construction

projects and have long-term financial consequences of around 20 to 30 years. We previously recommended that the Government implement policies and procedures to govern alternative financing initiatives.[10] In July 2017, we reported that the Government plans to include guidance on alternative financing initiatives in the Public Finance Manual due to be finalised by December 2017.[11] This will be a welcome move but in the meantime the Government needs to have arrangements in place to provide appropriate advice and guidance on PPP and other alternative financing initiatives.

43. The PPP contracts will need to be carefully drafted and managed once in place. It is not clear who will provide the ongoing contract management role for them. Support will be needed to ensure that the PPP partners responsible for construction, maintenance, operation, and finance of projects are meeting all of their contractual commitments. Strong contract management is important to ensure that high-quality operations are delivered and that the assets transferred back to Government (or SAGC) ownership at the end of the contract term are in good condition. This may require specialist or technical expertise.

Recommendation 6: The Government should ensure that it has the specialist expertise needed to properly manage contracts for Public Private Partnership projects over their entire term.

THE MPO AND NEW GOVERNANCE FRAMEWORK ARE HAVING A POSITIVE IMPACT ON MAJOR CAPITAL PROJECTS

44. The seven major capital projects that we reviewed were at various stages of development. We found that the projects followed the new governance framework to varying degrees depending on when they started. This is reasonable as the framework was not in place when some of these major capital projects started, although they should have been complying with the requirements set out in the FFR. Exhibit 4 sets out each of the projects and our assessment of compliance with the governance framework, including using the five-case model. [12] Overall, our view is that the guidance is being followed and it is having a positive impact on how major capital projects are managed and delivered.

45. The governance framework requires Cabinet approval at key stages before a project can progress any further i.e. at SOC, OBC and FBC. To inform these decisions, Cabinet is provided with the relevant document and a covering paper from the relevant Minister with recommendations for

[10] Recommendation 14 in *National Land Development and Government Real Property*, Office of the Auditor General, June 2015
[11] *Follow-up on past PAC recommendations*, Office of the Auditor General, July 2017
[12] The five-case model covers: the case for change (strategic); how the intervention represents public value (economic); that the deal is attractive and can be procured (commercial); that it is affordable (financial); and that what is required is achievable (management). Public sector business cases using the five case model: updated guidance, HM Treasury, 2015

approval. From our review, we have identified the need for better information to be included in some of these documents for more informed decision making.

Exhibit 4 – Assessment of seven MCPs against the MPO governance framework

MAJOR CAPITAL PROJECTS	SOC		OBC		FBC	
	Completed	Complies with Governance framework	Completed	Complies with Governance framework	Completed	Complies with Governance framework
John Gray High School Phase 2 Gymnasium	✓	✗	✓	✓	✓	✓
Integrated Solid Waste Management System	✓	✗	✓	✓	Not yet at this stage	
Owen Roberts International Airport Terminal Redevelopment	✓	✗	✓	✗	✗	N/A
Cruise Berthing Facility	✓	✗	✓	✓	Not yet at this stage	
Long-term Residential Mental Health Facility	✓	✗	✓	✓	Not yet at this stage	
New George Town Police Station	✓	✗	Not yet at this stage			
New Court Facility	✓	✗	Not yet at this stage			

Note: the FBC for JGHS Phase 2 was not completed until April 2017, just before the project was completed and handed over.

Source: OAG assessment using key documents (SOC, OBC and FBC) and MPO governance framework and HMT Green Book

STRATEGIC OUTLINE CASES DO NOT ALWAYS SET OUT THE CASE FOR CHANGE

46. The Strategic Outline Case (SOC) should set out the case for change and provide an early indication of the preferred way forward. It should be prepared in line with the five-case model, evaluating strategic, economic, commercial, financial, and management aspects. Although, at this stage assessments for each of these areas are generally at a high level they should identify a wide range of options and provide some early analysis of these. Project Steering Groups and Chief Officers review and approve SOCs before submitting them to Cabinet for formal approval.

47. All of the projects that we examined had a SOC. All of SOCs were developed before the MPO governance framework was put in place, so we would not necessarily expect them to comply with it. However, our review identified areas where improvements could be made to future SOCs to better inform decision makers:

- Few of the SOCs included a strong case for change. Ideally the case for change would be based on a strategic plan or similar document that sets out the long-term objective, policy and outcomes and provides an indication of the capital investment needed to deliver them. However, many Government Ministries do not have this type of document. For example, the SOC for the ISWMS project was prepared before a waste management strategy was in place. The SOC recognised this gap and highlighted the need for a strategy to be in place before proceeding further. While this was an appropriate measure, it meant that the clear strategic need for the project was first considered in the OBC, after the strategy had been developed.
- The MPO governance framework states that early estimates for cost and time should be included in the SOC. Most of the SOCs we reviewed did not include any estimated project cost, indicative timescales or critical path factors. Although it will not be possible to provide detailed or precise information at this stage, it would be helpful to give an indication of the potential cost and timescale. This is important for decision-makers to properly consider whether to proceed to the next stage and to provide direction, if necessary, on parameters that need to be factored in, such as affordability.

THE QUALITY OF OUTLINE BUSINESS CASES VARIES

48. The Outline Business Case (OBC) is normally prepared after a detailed planning phase. It should revisit the SOC assumptions and analysis, using the five-case model, and identify a well-supported preferred option. The MPO governance framework specifies that ‘do nothing’ and ‘do minimum’ options should also be considered in the OBC.

49. We found that the overall quality of the OBCs varied. This may be partly due to the arrangements in place at the time they were prepared. We found that:

- Some of the newer OBCs were prepared in line with the MPO governance framework, including the OBCs prepared in 2016 for the ISWMS and Long-Term Residential Mental Health Facility (LTRMHF) projects.
- The OBC for the Airports Development project pre-dates the MPO governance framework and does not clearly cover the areas we would expect to see in a business case. The OBC covers all three airports in the Cayman Islands, identifies five options and includes a lot of information but it does not assess each of the options using the five-case model. It identifies the ORIA Terminal Redevelopment as the second priority and it is difficult to identify specific information for that project alone. Neither a separate OBC nor FBC was prepared for the ORIA Terminal

Redevelopment project, which could have more clearly demonstrated the value for money to be achieved from the investment.

50. OBCs can be lengthy – typically around 200 pages. It is therefore essential that key facts are summarized for decision makers. We found that neither the executive summaries in OBCs nor Cabinet covering papers consistently provided a summary of key facts, such as estimated costs and timescales and the main benefits to be delivered. This is essential information for decision makers when considering the affordability and value for money of individual major capital projects.

51. The MPO governance framework states that procurement strategies should be developed before proceeding to tender. Our review found that the Cruise Ship Berthing project had a separate procurement strategy. Three of the projects have not yet reached this stage.

FEW FINAL BUSINESS CASES HAVE BEEN PREPARED

52. The Final Business Case (FBC) is expected to be produced concurrently with the project's main procurement activity and should be finalised before signing a contract. Its purpose is to revisit the OBC, reworking the analysis and assumptions and highlighting any significant changes since the OBC that may affect decisions. The FBC should provide fairly precise indications about project costs, timeline and design concepts, as these should be informed by transparent, competitive procurement processes.

53. Completion of a FBC is a relatively new requirement since the new governance framework was developed. Of the projects we reviewed, two were at the implementation stage but only the John Gray High School Phase 2 – Gymnasium project had a FBC and it was not prepared until the project was largely completed. As outlined earlier, a FBC had not been prepared for the ORIA Terminal Redevelopment project. We expect to see FBCs prepared at the appropriate time for all major capital projects in the future.

GOVERNMENT NEEDS TO ENSURE THAT POST-PROJECT EVALUATIONS ARE DONE

54. The MPO governance framework requires that post-project evaluations are completed. This is an important step in the process and helps to ensure that lessons are learned from a project and are shared. Our understanding is that post-project evaluations have not been undertaken in the past, even though it has been a requirement of the FFR since 2011. Of the seven projects we reviewed, only the John Gray High School Phase 2 – Gymnasium project has been completed (in May 2017). We understand that workshops are planned to learn lessons from this project that can be taken in to the John Gray High School Phases 3-5 project and a formal post-project evaluation report will be completed later in 2017.

55. The MPO should ensure that post-project evaluations are completed and combined with those of other completed projects. The MPO should share this information and use it to update the governance framework as appropriate. However, it should also ensure that important lessons are learned and shared throughout the progress of projects, as necessary; waiting until projects have been completed may be too long.

Recommendation 7: The PWD Major Projects Office, the Government and Statutory Authorities and Government Companies should ensure that key approval documents for all major capital projects, such as the Strategic Outline Case, Outline Business Case, Final Business Case and Post-Project Evaluation Reports are prepared in line with the governance framework to support informed decision making.

CAPITAL INVESTMENT DECISION MAKING AND REPORTING

56. The Government is currently undertaking a significant level of investment and expects this to contribute to economic growth. It is important that sufficient, relevant and good-quality information is provided to decision makers to allow them to make informed decisions about the affordability and priority of projects. In our 2015 report '*Major Capital Projects – Building Schools'* we found weaknesses in the Government's budgeting process for major capital projects; in the process for approval of appropriations and supplementary appropriations by the Legislative Assembly; and in how the Government accounts for and reports on spending for major capital projects.

57. This section of the report comments on how the Cabinet and the Legislative Assembly make capital investment decisions and the information they are provided with to make informed decisions and monitor progress. Where applicable, we comment on progress made since our 2015 report.

THE PMFL SETS OUT THE BUDGETING FRAMEWORK

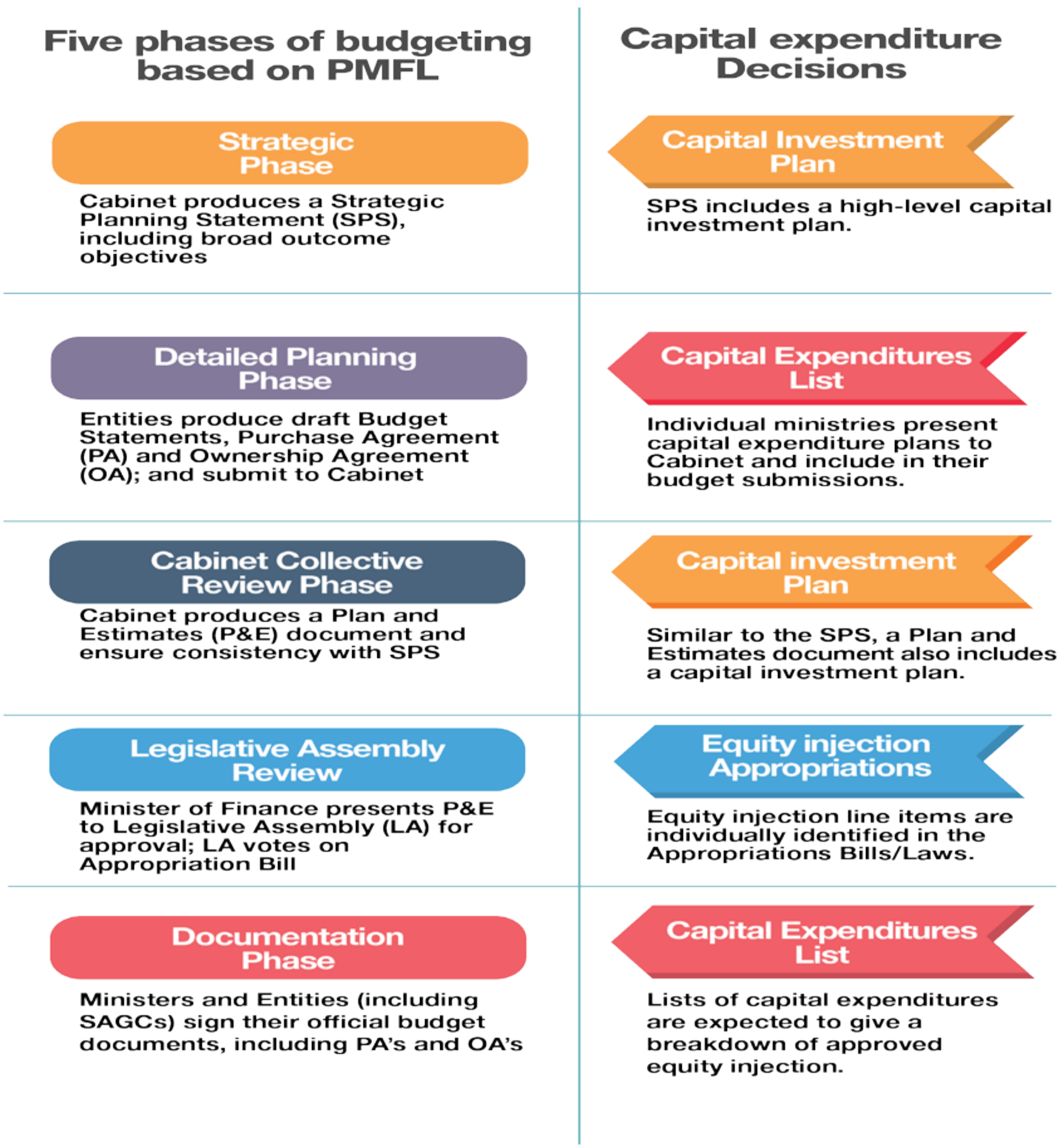
58. The Government's budgeting and accounting framework is set out in the *Public Management and Finance Law (2017 Revision)* (PMFL). It requires an annual budgeting process, covering the next financial year and the following two years.[13] Budget needs for capital investment (major capital projects, ongoing maintenance and smaller capital projects) should also form part of this budgeting framework alongside budgets for operational expenditure. In relation to capital investment, the PMFL specifically requires the following:
    - The Government assesses the impact of all proposals and decisions on expenditure, revenues, and borrowing in the context of a Strategic Policy Statement (SPS) covering a period of at least three fiscal years.
    - All proposed capital projects with an expected lifetime value of $10 million or more are incorporated in the published SPS.
    - The SPS contains a capital investment plan for the next financial year and for each of the following two years. For new and continuing projects, which are expected to have a lifetime value of over $10 million, the investment plan should include details for the next financial year and for each of the following two years. [14]

[13] From 2018 Government is moving to a two-year budgeting cycle.
[14] *Public Management and Finance Law (2017 Revision)* Schedule 6 Framework for Fiscal Responsibility – sections 7, 19 and Annex A - clause 15 respectively.

59. Exhibit 5 sets out the five phases of the budgeting framework and how capital investment decisions are expected to fit in to this.

60. From our review of budget documents and approvals of capital expenditure we found that many of the issues we highlighted in 2015 remain.

Exhibit 5 – The budgeting and accounting framework



Source: Public Management and Finance Law

THE APPROVALS PROCESSES FOR BUDGETS AND MAJOR CAPITAL PROJECTS ARE NOT ALIGNED

61. There are two separate approval processes in operation:

- Budgets are considered and approved on an annual basis (as set out in Exhibit 5).
- Individual major capital projects are approved on a case-by-case basis throughout the year.

62. These two approval processes are not aligned. It is difficult to extract from budget documents how much capital budget has been allocated for major capital projects, even with Cabinet approval that a project should proceed. It is also difficult to track capital allocations through the various budget documents.

63. Core government and SAGCs prepare budget submissions that inform the SPS. As part of this process they include requests for capital funding to cover proposed major capital projects and other capital costs such as repairs and maintenance. It is not clear how this information is dealt with in preparing the SPS. We appreciate that the Government cannot afford to fund all major capital projects at the same time and indeed may not wish some of those proposed to proceed, so difficult decisions need to be made. However, there is a need for better transparency of what is expected to be funded from the capital allocations provided. For example, budget documents do not clearly identify how much capital funding has been allocated for individual major capital projects. Due to the longer-term nature of major capital projects, the SPS should also recognise any financial commitments needed for major capital projects beyond the three years covered.

64. For example, in the 2016-17 SPS submissions, the Ministry of Health and Culture requested capital funding of $24.1 million over a three-year period, which included capital funding for the ISWMS and LTRMHF projects, a range of smaller capital projects and other capital needs, such as maintenance. In the final 2016-17 SPS the Ministry received a total capital allocation of $16.4 million for three years. The SPS refers to the ISWMS and LTRMHF projects and states that funding is included to acquire property for ISWMS, but it does not provide any information on how much capital has been allocated for the projects. From the budget submission made by the Ministries this capital allocation was not sufficient for the two projects to progress in line with the original timescales.

65. After the strategic phase, core government and SAGCs prepare detailed budget documents in the form of budget statements and Ownership Agreements. Information from these documents is consolidated in a public-sector-wide budget document (Plan and Estimates) and then in to the final *Appropriation Law* that is approved by the Legislative Assembly. [15] It is not always easy to track capital allocations through these various budget documents. Using the same example of the

[15] The Annual Plan and Estimates provides information on the outputs CIG plans to purchase from entities as well as non-government suppliers of outputs. From 2018 this is known as the Plan and Estimates.

Ministry of Health and Culture, each of the budget documents reports a different capital allocation for 2016-17:

- The 2016-17 SPS allocated $10,650,000 capital for executive capital expenditure.
- The 2016-17 Annual Plan and Estimates allocated a total of $15,071,000. This is made up of $3,983,000 equity investment for the purchase of equity assets; $11,088,000 equity injection for purchase of entity assets; and nil for the purchase or construction of executive assets.
- The *Appropriation Law 2016-17* allocated $11.1 million.

66. It is not clear why these figures are different or what is expected to be funded from each. The Plan and Estimates does not provide sufficient information on major capital projects e.g. on their status and whether they have been approved by Cabinet; and the information is not presented consistently.

67. In addition to the budget approval process, Cabinet approves the go-ahead for individual major capital projects as and when key documents such as SOCs and OBCs are submitted for approval. We have commented in the previous chapter on the quality of the information provided to inform these decisions. It is not clear how these decisions are then taken forward to budget documents.

68. We identified some cases where capital funding was being allocated for one year only, although fuller information was known about the estimated project costs and when funding would be needed. In the case of the Long-Term Residential Mental Health Facility project, the SPS included $2.5 million of capital funding for 2016-17 but there was no recognition of additional costs estimated for the following two years. In September 2015, the Ministry of Health and Culture requested capital funding of $10 million for the project as part of its 2016-17 SPS submission, as it was planning to start developing the OBC. Cabinet approved the OBC in May 2016, which estimated a capital cost of $13.5 million. The OBC indicated that funding of $0.75 million was needed in 2016-17 to purchase land and a further $12.1 million would be needed in 2017-18 for construction. The timeline indicated that construction was due to start in June 2017. From our review of the 2016-17 SPS, we can see no evidence of additional capital funds being allocated for this project in 2018. A contract was awarded to consultants to design the facility in July 2017.

69. The mix of funding for capital projects and equity injections also makes it difficult to track expenditure. Although funding may be intended for a major capital project, if it is not specified as such in budget documents it may be used for any capital-related expenditure. For example, if capital funding is allocated for a capital project that does not go ahead as planned, the Ministry does not have to return the funds or set them aside for when the project restarts but can spend the amount on other capital projects which may be a much lower priority.

70. These two approval processes need to be integrated to ensure that the budgeting process and budget documents capture all decisions made on individual major capital projects and other

planned capital investment. This would help demonstrate the affordability of major capital projects within the budget available and better ensure value for money of capital projects.

IT IS NOT CLEAR THAT LONGER-TERM FINANCIAL CONSEQUENCES OF CAPITAL INVESTMENT DECISIONS ARE BEING FACTORED IN TO FUTURE BUDGETS

71. As already noted, the Government is planning to proceed with the ISWMS and Cruise Berthing Facility projects through PPP contracts. One advantage of PPP projects is that capital construction costs are paid by private sector partners. However, the Government will still incur some capital costs as it pays for the development of key project documents such as the OBC, procurement and FBC. It may also have other capital costs such as buying land.

72. PPP contracts mean that the Government will need to pay private sector partners a fee for running operations over the life of the contract. The estimated total cost of the two PPP projects is between $280 million and $310 million over 20 to 25 years. It is important that funds are allocated to pay these costs in future years. We can see no evidence from our review of budget documents that these costs have been factored in to future budgets.

73. Since 2013, consecutive governments have made commitments to no new borrowing. Alternative financing arrangements, such as PPP, are generally regarded as a form of borrowing. They have long-term financial consequences due to payments that need to be made and the public sector takes back ownership of the assets at the end of the contracts. It does not appear that this has been considered when calculating future debt ratios.

74. From our discussions we also found that the Ministry of Finance and Economic Development, which has overall responsibility for preparing budget documents, was not always aware of the longer-term financial consequences of Cabinet approvals of individual major capital projects. This could mean that capital or operational funds needed to pay for these projects may not be included in the SPS and other budget documents or factored in to longer-term financial planning.

75. Having separate approval processes for the budget and individual major capital projects presents risks for Government. Decisions appear to be made in the short-term without full consideration of the long-term financial implications for budgets. This is an important consideration to ensure that projects are financially sustainable in the longer term, are completed on time and provide value for money.

Recommendation 8: The Government should ensure that its approval processes for budgets and major capital projects are aligned and that budget documents include complete and consistent information on capital investment decisions, including indicative capital and operational costs such as the implications of Public Private Partnership projects. It should also ensure that these approval processes are taken into account when considering compliance with the Framework for Fiscal Responsibility in the short, medium and long-terms.

THERE IS NO LONG-TERM INFRASTRUCTURE INVESTMENT PLAN TO INFORM CAPITAL INVESTMENT DECISIONS

76. In our 2012 report, we highlighted the need for government to determine its long-term capital needs and the relative priority and affordability of all major capital projects proposed.

THE SPS INCLUDES A CAPITAL INVESTMENT PLAN BUT THIS IS SHORT-TERM AND AT TOO HIGH A LEVEL

77. The Government includes Capital Investment Plans in its SPS each year as required by the PMFL and FFR. It is expected to include multi-year information and details of new and continuing projects. However, it provides only high-level information and we do not believe that this is sufficient or that it fully meets the requirements set out in the FFR. For example, the Capital Investment Plan included within the 2016/17 SPS:

- Reports very high-level information. For example, it states total planned capital investment of $188.5 million over the forecast period, providing total figures for 2016/17, 2018 and 2019. It provides some detail for 2016/17, stating that the planned capital investment of $94.7 million is a mix of funding: $34.5 million to SAGCs to meet their debt obligations and fund operational losses; $59.2 million to Ministries and Portfolios for a range of projects; and $1 million for employee and overseas medical loans. However, it provides no details of the $59.2 million for projects i.e. how much has been allocated for individual projects.
- Focuses on the short-term, providing information for three years. Although this meets the requirements of the PMFL and FFR there is scope to improve the information. For example, it would be useful to acknowledge that major capital projects generally take more than three years to complete and so capital funding may be required in future years. It also does not recognise the longer-term cost implications of major capital projects, such as operational payments for PPP projects.
- Does not include details about new and continuing projects. Some major capital projects are named in the capital investment plan but no details are given on the stage of the projects, their timescales or the budgets allocated for them. In our view, capital funding allocated for major capital projects valued at more than $10 million should be clearly specified for each of the years in the estimated time to completion. Including information on the stage of the project is also important, as once contracts are signed they are legally binding and the expenditure is committed.

GOVERNMENT NEEDS TO PLAN FOR CAPITAL INVESTMENT OVER THE LONGER TERM

78. We reported in 2015 that the Government did not have a comprehensive or up-to-date National Development Plan that set out the longer-term needs of the country and how they would be met.[16] The National Development Plan had not been fully updated since 1997. This is still the case. In August 2017, the Government confirmed that it had asked the Central Planning Authority to carry out a new survey to inform an update of the Plan. [17] A fully up-to-date National Development Plan will help identify capital investment needed from the public sector to support the delivery of high-quality services and support economic growth.

79. Some parts of the public sector are thinking about the longer term and have developed strategies setting out what they aim to achieve and how they will do this. Long-term strategies should also identify any capital investment needed and when to support the delivery of services. For example, the CIAA developed an airport masterplan in 2014 covering the next twenty years. It identified the investment needed in the three airports to be able to cope with increasing passenger numbers and to ensure that they could deliver a good quality experience for people travelling through the airports. The long-term strategy for solid waste management also helped direct the OBC for the ISWMS project that is currently in progress. However, this is not consistent across the public sector.

80. There are currently a number of major capital projects in progress and there are more in the pipeline. It is important that the Government has a full picture of capital investment needs to ensure that they are affordable and that any inter-dependencies are considered and coordinated. For example, the OBC for the Cruise Berthing Facility project states that its success is also dependent on the George Town revitalisation project and other roads developments due to the expected increase in the volume of passengers that will visit Grand Cayman. It is therefore important that decision makers are aware of these inter-dependencies and what they mean for prioritising projects and allocating capital funds.

81. We understand from our audit that there was limited interest from local contractors in bidding for some projects. There is a considerable amount of private sector infrastructure development going on in the Cayman Islands, with new roads, hotels and homes being constructed, and there are a limited number of construction companies and a limited local workforce. It may be helpful for local contractors to be aware of potential public sector projects in the pipeline so that they can make informed decisions about what projects to bid for and can ensure that they have the capacity to deliver them.

[16] *National Land Development and Government Real Property*, Office of the Auditor General, June 2015
[17] PAC hearing on 16 August 2017 on the OAG report *Follow up on past PAC recommendations*

82. We believe that all of this information should be brought together to form a long-term capital investment plan for the Government and the public sector. Such a plan should:

- clearly indicate the level of public sector capital investment over the longer term;
- demonstrate how public sector capital investment will contribute to Government priorities;
- identify all major capital projects that are planned and in progress, including estimated costs and timescales. This information may be presented in the form of cost and time ranges or more exact information, depending on the stage of the project;
- inform decision making and allow priorities to be identified;
- be flexible, allowing reprioritisation of major capital projects and capital investment where appropriate while maintaining value for money and best use of resources;
- be used to inform the budget process and ensure affordability and longer-term financial sustainability (including capital investment and ongoing operational costs);
- support public sector workforce planning, for example, helping to identify when specialist project management staff will need to be employed, and allowing the public sector to grow its own talent; and
- be publicly available and inform citizens and potential contractors about the projected level of construction in the future to support the economy of the Cayman Islands.

83. Such a plan should be regularly updated, to capture latest information on major capital projects as they progress through the various stages and as cost and time estimates become more certain. It should also be flexible enough to respond to new or urgent priorities.

84. The 2018 SPS sets out the Government's overarching ambition of economic growth, with eight broad outcomes. Most of these require infrastructure investment to support their achievement. We believe that developing a long-term capital investment plan that sits alongside a National Development Plan and transparent budgeting and accounting documents, would help support the delivery of these broad outcomes.

85. In 2012, we reported that the *Financial Regulations (2013 Revision)* provide for a Public Sector Investment Committee (PSIC) with a role in assessing the viability of capital projects and making recommendations to Cabinet. However, we found that a PSIC was never established. A commitment was made at that time that it would be set up with a revised role, but this did not happen.

86. We believe there is a need for a cross-Government committee of this sort to oversee the development and maintenance of a long-term capital investment plan. It needs to have a strong financial management and sustainability role, with clear links to national planning, project management (including MPO and NRA) and the budgeting framework. Such a committee could

support Cabinet by advising on the affordability and inter-dependencies of proposed major capital projects to inform decisions about their priority and the level of capital investment needed. This could be a role for a PSIC.

Recommendation 9: The Government should develop a long-term capital investment plan, that includes the elements set out in paragraph 82 of this report, update it on a regular basis and make it publicly available.

Recommendation 10: The Government should identify who will be responsible for developing and maintaining the long-term capital investment plan, ensuring that there are strong links to the budgeting framework, and that capital investment is affordable while maintaining the financial sustainability of the Cayman Islands in the longer term. In doing this, it should also consider the need for and role of a Public Sector Investment Committee.

REPORTING PROGRESS ON MAJOR CAPITAL PROJECTS COULD BE IMPROVED

87. In 2015 we reported that Ministries were not required to account to the Legislative Assembly for the funds that had been approved and spent on a major capital projects, either on an annual basis or over the life of the project. This is still the case. The Government made changes to the PMFL in the 2017 revision but it is too early to say whether these will result in more effective reporting on major capital projects.

88. Current accountability and reporting arrangements for government and public sector bodies largely focus on the financial statements. Since 2016, entities are also expected to produce annual reports, which may provide an update on any major capital projects. However, financial statements generally only provide historical information as they are prepared after the year end. Relying on the financial statements for updates on major capital projects will not provide sufficient, timely or comprehensive information.

89. Ministers and Cabinet receive a range of reports that include some information on capital spending and projects, including:

- A quarterly financial update prepared by the Ministry of Finance and Economic Development. These updates include some high-level information on capital appropriations drawn down and capital investments. However, it does not provide information on the progress of major capital projects.

- Updates on specific major capital projects, as requested. For example, we are aware that Chief Officers and the MPO prepared updates for incoming Ministers on the status of major capital projects.
- Updates on Project Future, which include some information on three major capital projects.[18]

90. As reported earlier, relevant Chief Officers and Chief Executive Officers receive monthly status reports on the major capital projects for which they are responsible. The MPO also provided an update on current major capital projects to Caucus in June 2017. However, there is no cohesive framework that provides regular updates to Cabinet, MLAs, senior officials and the general public on the progress of all major capital projects in terms of completion, funding status (including potential over or under-spending) and any major changes from the approved plans. We believe that there is a need for regular reporting on the progress of all major capital projects that could be used to inform key decisions such as setting budgets for future years and making in-year adjustments.

Recommendation 11: The Government should prepare and publish regular update reports on the progress of all major capital projects and capital investment. It is important that these update reports include robust financial information to inform the budgeting cycle.

[18] Project Future includes three major capital projects – ORIA Terminal Redevelopment, Cruise Berthing Facility and ISWMS.

CONCLUSION

91. The Government has made significant progress in implementing the recommendations made in our previous reports in relation to its governance and management of major capital projects. However, it has made little headway in relation to improving the information needed to support informed decisions about capital investment. There has been limited improvement in the budgeting framework, strategic planning of capital investment, or reporting arrangements for major capital projects and a Public Sector Investment Committee has still not been established.

92. The Government has improved its project management approach for major capital projects. It has established a centre of expertise, the Major Projects Office within the Public Works Department, and developed a new governance framework that is in line with good practice, to ensure a consistent approach to project management. However, many of the projects reviewed had started before the new governance framework was developed and some of the early documents that informed decisions were not as comprehensive or robust as they could have been. Government needs to ensure that the new approach is now fully incorporated into general practice across the public sector. There are risks in how the Major Projects Office has been established. Given that its existence as a centre of expertise is integral to the new approach, it is important that it is sustainable in the longer-term.

93. The Government and the wider public sector are investing significantly in developing the infrastructure of the Cayman Islands through a range of major capital projects. However, there is no long-term capital investment plan that provides an overarching strategy for public sector investment. Government needs to develop such a plan that clearly informs decision makers about the public sector capital investment needed, and at what time, to support the delivery of Government objectives; and demonstrates the affordability in the short, medium and long term. Government needs to clearly assign responsibility for developing and maintaining the plan and in doing so, should consider the role that a Public Sector Investment Committee or similar overarching committee could play in this.

94. The budgetary framework and approval processes for major capital projects are not aligned which presents risks to the use of funds or project timescales. There is evidence of insufficient budget being provided to deliver approved priority projects. Government needs to ensure that approvals processes are aligned so that approved budgets are sufficient to deliver committed and priority major capital projects.

95. There is still no cohesive framework that reports to Cabinet, the Legislative Assembly or the public about progress of major capital projects in terms of cost, time and quality. Government needs to improve reporting on the progress of major capital projects to enhance accountability to the Legislative Assembly and the people of Cayman.

96. We gratefully acknowledge the cooperation and assistance we received from Government and SAGC officials in all phases of our audit work.

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Auditor General
George Town, Grand Cayman
Cayman Islands

19 October 2017

APPENDIX 1 – ABOUT THE AUDIT

OBJECTIVE

1. The objective of this audit is to determine how well the Government has responded to previous Office reports on major capital projects and if this has improved the management of major capital projects. It will seek to answer the following audit questions:

    - How well does the Cayman Islands Government consider and oversee capital investments for the country, including the affordability, prioritisation, and capacity to deliver major capital investment?
    - Does the Government have a governance and management framework in place for developing and managing major capital projects that meets good practice expectations?
    - How well are governance and management arrangements for managing major capital projects implemented in practice?

CRITERIA

2. Audit criteria set out the expectations, or standards, against which an audit can assess observed performance in order to develop findings, make recommendations as appropriate, and conclude on audit objectives. We set the following criteria set for this follow-up audit:

    - Establish an appropriate oversight mechanism for identifying and selecting projects that meet the country's major capital needs while considering its fiscal and technical capacity to deliver the selected projects.
    - Establish appropriate governance structures to ensure that prior to contractually committing to a major capital projects it is well researched and planned and meets the Government's legislative requirements, strategic objectives and business needs.
    - The major capital projects framework is structured in a manner that top-level principles are clearly linked to activities prescribed in the processes.
    - Establish and continuously improve (maintain) an effective major capital projects framework that lays out appropriate and clear processes and gateways as well as roles, responsibilities and authorities.
    - Projects should be organised with clear mandates, delivery arrangements and experienced project teams that have the capability to deliver the project.
    - Project design should be reviewed to ensure consistency with the approved budget proposal and adopted procurement strategy.

- The procurement strategy for major capital projects should fully incorporate the requirements of an approved business case, the building design, applicable legislation, and clear eligibility and assessment criteria.
- Good project management practices are employed to ensure that key project requirements are monitored and supervised for the quality and quantity of work performed, project scope, costs incurred, completion time scheduled, and key safety and environmental requirements.

AUDIT SCOPE AND APPROACH

3. The audit reviewed the Government's processes for identifying and selecting major capital projects (over $10 million capital cost) based on affordability, priority and capacity to deliver. The audit focused on major capital projects that result in physical infrastructure. It did not cover roads being delivered by the National Roads Authority, although we did obtain high-level information on the extent of current capital investment in roads. The audit did not cover major IT projects.

4. We reviewed the Major Projects Office (MPO) and the governance and management arrangements it has put in place for developing, managing and delivering major capital projects. We reviewed seven major capital projects that were being planned or implemented at the time of our audit (Spring 2017) and assessed key documents, for example, the Strategic Outline Case (SOC), Outline Business Case (OBC), and Final Business Case (FBC) against the MPO governance framework. We reviewed the Owen Roberts International Airport (ORIA) Terminal Redevelopment project in further detail as this project was in the implementation (construction) phase.

5. The audit was conducted in accordance with International Standards on Assurance Engagements. Our approach to the audit included:
   - Obtaining the agreement of relevant government officials to the audit objective, questions and criteria.
   - Researching processes to gain a full understanding of activities.
   - Interviewing key individuals.
   - Reviewing documents, such as the MPO governance framework for major capital projects and key documents for individual projects.
   - Reviewing minutes and other documents in relation to governance and decision making.
   - Analysing financial information.
   - Surveying Chief Officers and Chief Executive Officers on their awareness about the MPO and the new MPO governance framework.
   - Providing a draft report to relevant government officials for review of factual accuracy and obtaining responses to the report's recommendations set out in Appendix 3.
   - Presenting a final report of the audit to the Legislative Assembly.

AUDIT STAFF

6. The audit was carried out under the direction of Angela Cullen, Director of Performance Audit and assisted by Julius Aurelio (Audit Manager) and Kevin Potter (consultant).

APPENDIX 2 – GOVERNMENT'S PROGRESS IN IMPLEMENTING PREVIOUS OAG RECOMMEDATIONS

Management of Major Capital Projects (June 2012)		
Audit Recommendation	**Actions Taken**	**Assessment**
1. Government should ensure that there is clear guidance on the roles and responsibilities for both the political and administrative aspects of the delivery of major capital projects, that the guidance adheres to legislative requirements, and that the guidance is followed in practice.	The Major Project Office (MPO) and the new governance framework provide specific roles for Cabinet and administrative officials. The governance framework is based on recognised good practice.	Recommendation implemented.
2. Government agencies should produce business cases, for all proposed major capital projects, that clearly outline management's considerations concerning the business objectives to be achieved, the various options for delivery and the full life time cost associated with each option. A business case should be an important part of Cabinet's consideration of whether to approve a proposed major capital project based on affordability and alignment with policy objectives.	The Framework for Fiscal Responsibility sets out specific requirements for appraisal and business case to be produced. The MPO new governance framework requires three evaluations for each project – Strategic Outline Case (SOC), Outline Business Case (OBC), and Final Business Case (FBC).	Recommendation implemented. From our review we have determined that business cases are being developed, although there is scope to improve them.
3. The Public Sector Investment Committee should ensure that all Government agencies are made aware of the Committee's expectations for future major capital submissions and its review process.	The Public Sector Investment Committee has not been constituted.	No progress.

Management of Major Capital Projects (June 2012)		
Audit Recommendation	**Actions Taken**	**Assessment**
4. The Government should ensure that proposed major capital projects have clearly established objectives and definition of need, which are the basis for realistic estimates of project cost, at the time it makes its decision to proceed with project development and when it makes the decision to proceed with the investment.	The MPO new governance framework requires that a SOC, OBC and FBC are prepared for each project. These business cases should clearly set out the project need and objectives and estimated costs.	Partly implemented. From our review we can see that SOCs and OBCs are being developed for major capital projects. These state the need and objective for projects but do not always provide cost estimates to inform decision making. It is also important that estimated costs and timescales for major capital projects are built into budget documents.
5. The Government should establish a centre of excellence for the management of major capital projects which would be responsible for establishing standardised policies and practices for capital project management, to employ and train project managers, and to be responsible to manage all Government major capital projects.	The MPO was established in mid-2014. As at August 2017 it had a Chief Project Manager and five Senior Project Managers, all of whom are professionally qualified and experienced project managers. The MPO has developed a new governance framework that provides a standardised approach for project management and oversight. The MPO is currently overseeing seven major capital projects (over $10 million capital cost). Roads projects in Grand Cayman are currently overseen and managed by the National Roads Authority (NRA). Roads projects in the sister islands are the responsibility of District Administration within the Ministry of DATT.	Recommendation implemented. The new MPO governance framework needs to be embedded and all public bodies encouraged to use this where they have a major capital project that is likely to cost $10 million or more. Our audit did not review the NRA, which has responsibility for roads maintenance and construction in Grand Cayman, or District Administration (Public Works), which is responsible for roads maintenance and construction in Cayman Brac and Little Cayman. We therefore cannot comment on the approaches used in these organisations.

Management of Major Capital Projects (June 2012)		
Audit Recommendation	**Actions Taken**	**Assessment**
6. Government agencies should not allow work to commence on major capital projects without a contract or some other appropriate legal instrument in place so that the interests of the Cayman Islands Government are protected.	The MPO governance framework sets out the key stages of project management, including key approvals before a project proceeds to the next stage.	Recommendation implemented.
7. The Government should move to ensure that the Government Administration Building is more fully occupied so that the benefits planned with its construction are more fully realized.		Not applicable. We did not specifically review the Government Administration Building as part of this audit. We are therefore unable to comment on the progress of this recommendation.

Major Capital Projects – Building Schools (May 2015)		
Audit recommendation	**Actions taken**	**Assessment**
8. The Government should consider changing the governance framework, including amending the *Public Management and Finance Law* and *Financial Regulations*, to improve the transparency of planning and budgeting processes that lead to requests for appropriations for specific major capital projects and to improve accountability for major capital projects.	The MPO has developed a new governance framework for major capital projects over $10 million. The PMFL was amended in March 2017 to include provisions aimed at improving transparency of planning and budgeting processes that lead to requests for appropriations for specific major capital projects. New arrangements – quarterly financial statements to the Legislative Assembly – are due to start in 2018.	Partly implemented. It is too early to assess whether the changes made to the PMFL will sufficiently improve the transparency of the planning and budgeting processes for specific major capital projects.

Major Capital Projects – Building Schools (May 2015)		
Audit recommendation	**Actions taken**	**Assessment**
9. The government should carry out an assessment of the John Gray High School project site and develop a strategy to manage its risks and future development before Cabinet is requested to approve further funding.	An assessment was completed for the John Gray High School – Phase 2 – Gymnasium project. The project was completed in May 2017. Government has started planning John Gray High School - Phases 3-5 - completion of the campus project. It is currently being managed by a MPO SPM and is following the new governance framework. Consultants were appointed to develop the OBC in October 2017.	Recommendation implemented.

APPENDIX 3 – RECOMMENDATIONS

Recommendation	Management Response	Responsibility	Date of planned implementation
1. The Government should review the way the Public Works Department (PWD) Major Projects Office is established, staffed and funded to ensure that it can continue to provide strong functional leadership for the management of major capital projects across the public sector in the longer term.	Management fully supports this recommendation and has been working towards this for some time. The first Senior Project Manager (SPM) employed by another entity (SPM Airport Project) has now been transferred to a direct PWD contract with a Service Level Agreement (SLA) in place such that the "Capital Project" pays for all costs related to PWD's employment of the SPM. It is planned to transfer all SPM's currently employed by other Ministries / Statutory Authorities and seconded to PWD to PWD contracts, but charged to the capital project by SLA.		Implementation has commenced with SPM Airports transferred from CIAA to a PWD contract as of 1 October 2017. SPM's for Schools, ISWMS and Cruise Berthing Projects to transfer to PWD by 31 March 2018. (On the ISWMS project, this transfer is subject to the approval of one additional post with funding for the specialist expertise to manage the long term operational aspects of the PPP contract as detailed in management response to recommendation 6)
2. The PWD Major Projects Office should regularly review and update the governance framework to ensure that it remains fit for purpose, including providing	Management fully supports this recommendation.	Director PWD and Chief Project Manager (CPM)	Framework to be reviewed annually to ensure it remains current.

Recommendation	Management Response	Responsibility	Date of planned implementation
indicative timescales for each stage, and develop further guidance as necessary.			
3. The Government should identify and take additional actions needed to ensure full ownership of the new governance framework, coordination with the National Roads Authority for roads projects, and to ensure application of the framework to all major capital projects in the future.	Management agrees that CIG should take actions to ensure full ownership of the governance framework and to ensure that it applies to all major capital projects.	Deputy Governor Chief Officers Director PWD CPM	Deputy Governor to issue policy directive by 31 December 2017 to CO's / Heads of SAGC's that all major projects are to adhere to the governance framework. Director PWD / CPM to ensure that governance framework (Traditional delivery) is available to all on the procurement website by 31 December 2017 and by 1 March 2018 for PPP and Design Build Delivery projects.
4. The PWD Major Projects Office should review and update the governance framework to make clear how the CEO and board of a SAGC fit in to the decision-making process when they are the main clients.	Management fully supports this recommendation.	Director PWD CPM	To be updated by 31 December 2017.
5. The PWD Major Projects Office should work together with finance staff and Senior	Management agrees with this recommendation but notes that there are currently two levels of	Director PWD CPM	31 March 2018

Recommendation	Management Response	Responsibility	Date of planned implementation
Responsible Owners to improve and align the format and content of monthly status reports to include up-to-date information on all project risk areas, including costs.	report / information being produced. The PWD MPO Monthly status reports highlight high level areas of risk, including cost risk. The SRO's monthly report which the MPO contributes to contains detailed financial reporting undertaken with the CFO. CIG to consider how this information is fed to Ministry of Finance.	Senior Responsible Owners (SROs) for major capital projects Financial Secretary	
6. The Government should ensure that it has the specialist expertise needed to properly manage contracts for Public Private Partnership projects over their entire term.	Management agrees with this recommendation. Management recognises that whilst CIG has the necessary project management and procurement expertise within PWD / MPO, to see projects through to handover of the capital project to the client, there is a need for additional resources to manage the PPP contract through its 25+ year term. There is a need for: 1. Expertise to manage the long-term financial aspects of the PPP contract. (Likely based at Financial Administration or Procurement Department) 2. Expertise to manage the long term operational aspects of the PPP contract (Likely based at Client Ministry / Department) 3. PPP legal expertise will need to be provided on an as needed basis either through legal department or through private sector.	Financial Secretary (PPP financial expertise) SROs (PPP operational expertise)	To be in place at least one year prior to project handover. (ISWMS and Cruise Berthing Projects) (On the ISWMS project, this is subject to approval of one additional post with funding for the operational specialist)

Recommendation	Management Response	Responsibility	Date of planned implementation
7. The PWD Major Projects Office, the Government and SAGCs should ensure that key approval documents for all major capital projects, such as the SOC, OBC, FBC and Post Project Evaluation Reports are prepared in line with the governance framework to support informed decision making.	Management agrees with this recommendation. As the initiator of the governance framework, PWD / MPO are intent on ensuring that all documentary requirements of the governance framework are met.	Director PWD CPM	In effect
8. The Government should ensure that its approval processes for budgets and major capital projects are aligned and that budget documents include complete and consistent information on capital investment decisions, including indicative capital and operational costs such as the implications of PPP projects. It should also ensure that the approval processes are taken into account when considering compliance with the FFR in the short, medium and long-terms.	Management agrees with this recommendation. The MPO can support Ministry of Finance and SRO's in advising them on estimated capital costs, cashflows and in the case of PPP's, full life costs on major projects. Management would like to expand this recommendation to improve the manner in which capital funds are managed through the budget process as this would support better alignment of the approvals process for budgets and major capital projects. The proposed improvements were recommended in clause 14 of the Jan 2013 report of the procurement sub-committee. Cabinet has approved the recommendations of this report. This would include moving major capital project funding from the annual budget process and placing it in a separate capital development reserve fund account. This reserve fund would be ring-fenced such that major capital project funds do not	Financial Secretary SROs (Supported by the MPO providing project and cost information on major capital projects.)	30 June 2018

Recommendation	Management Response	Responsibility	Date of planned implementation
	expire at the end of the budget year. This would immediately eliminate the annual year end rush to expend unspent capital funds on other projects and the questionable procurement practises that this rush to spend brings about. The fund would be managed by a capital development committee which would have some authority to manage the allocation of funds between major projects. This would for example allow a major project that is running ahead of schedule to more easily access additional funding from savings elsewhere in the capital development reserve fund.		
9. The Government should develop a long-term capital investment plan, that includes the elements set out in paragraph 82 of this report, update it on a regular basis and make it publicly available.	Management supports the development of a long-term capital investment plan as described.	Chief Officer Ministry of Commerce, Planning and Infrastructure (CPI) Client Chief Officers Financial Secretary (Supported by the MPO providing project and cost information on major capital projects.)	30 June 2018
10. The Government should also identify who will be responsible for developing and maintaining the long-	The development of the long-term capital investment plan will require a capital investment committee or similar to be	Chief Officer Ministry of CPI Client Chief	30 June 2018

Recommendation	Management Response	Responsibility	Date of planned implementation
term capital investment plan, ensuring that there are strong links to the budgeting framework and, that capital investment is affordable while maintaining the financial sustainability of the Cayman Islands in the longer term.	established to manage this process. This same committee should take on the role of the capital development committee outlined in 8 above as there is considerable overlap between the two committees.	Officers Financial Secretary (Supported by the MPO providing project and cost information on major capital projects.)	
11. The Government should prepare and publish regular update reports on the progress of all major capital projects and capital investment. It is important that these update reports include robust financial information to inform the budgeting cycle.	Management agrees with this recommendation. The MPO would prepare these update reports in conjunction with SRO's, Ministry CFO's; SAGC CFO's and Ministry of Finance. Some aspects of the commercial information are in confidence where contracts have not already been awarded.	Director PWD CPM SRO and CFOs for major capital projects Financial Secretary	31 December 2017 followed by 6 monthly updates.

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