



Public Accounts Committee

House of Assembly of the Commonwealth of The Bahamas

The Urban Renewal Commission

First report of 2012 Session of Parliament

*The main focus of this Report is the Urban Renewal's
Small Homes repair program.*

*Date Presented to Parliament: **November 2, 2016.***

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1. Summary

1. The financial and operational procedures employed by Urban Renewal 2.0 (UR) have suffered from a host of functional deficiencies and are severely lacking in transparency, accountability and the minimum fiscal safeguards that are to be expected of any public programme.
2. The Small Homes Repair (SHR) project is an instructive case in point, having been found to lack appropriate record keeping and filing systems; to have applied unacceptable standards when engaging contractors; and to have failed to maintain even minimal levels of oversight.
3. In addition, highly questionable quality control standards were employed, resulting in full payment for work that was either substandard or nonexistent. It is quite clear that the public did not get value for its money, and that opportunities for dishonest dealing, fraud and profiteering abounded.
4. In the following report, the Public Accounts Committee (PAC) outlines our substantial concerns regarding the SHR in particular and the systematic weaknesses endemic to UR generally.
5. The report concludes with a series of recommendations aimed at ensuring accountability and best practices in the execution and management of this programme and others of its nature going forward.
6. The committee also calls for a detailed public review of Urban Renewal 2.0 in its entirety, to be carried out by a properly constituted and independent review board.

2. Introduction

Public Accounts Committee

The Public Accounts Committee (PAC) was appointed by the Honourable Speaker of the House of Assembly, Dr. Kendal Major at the beginning of the 2012 Parliamentary session. The Members appointed to the Committee were:

Mr. Hubert Chipman, MP – *Free National Movement, St. Anne's (Chair)*
Mr. K. Peter Turnquest, MP - *Free National Movement, East Grand Bahama*
Mr. Richard Lightbourn, MP - *Free National Movement, Montague*
Hon. D. Shane Gibson, MP - *Progressive Liberal Party, Golden Gates*
Hon. Ryan Pinder, MP – *Progressive Liberal Party, Elizabeth*

The PAC is principally concerned with whether government policy is carried out efficiently, effectively and economically. Its main function is to see that government expenditures are applied for the purposes prescribed by Parliament, effectively, honestly and follow establish best practices. The committee is a crucial mechanism for ensuring transparency and accountability in public affairs and as such has an absolute right of unfettered access to public files, records and other documents relevant to government's financial operations.

At its first meeting on April 11th, 2013 the Chairman of the PAC brought to the attention of the Committee concerns that had been raised by the public over the purpose and operations of the Urban Renewal 2.0 Commission under the direction of the Ministry of Works and Urban Development and superintended by a Board Co-Chaired by the Hon. Cynthia Pratt and Hon. Algernon Allen.

On May 26, 2015 by order of the Honourable Speaker, the work of the PAC, was interrupted for a period of four months following an objection from the Government and the Co-Chairs regarding the use of an Audit Report presented to the Committee as a resource document prior to such document being tabled in the Honourable House.

This interruption was eventually overturned when the Speaker ordered the Report tabled on July 15, 2015.

3. Summary of Evidence

Background

Urban Renewal 2.0 was launched in July 2012 under the sponsorship of the Ministry of Works and Urban Development. The stated aim was to fight crime and build stronger communities through grants for community improvements, citizen crime watch associations, and after-school programmes such as marching bands and computer classes and a robust police presence in schools. Just over \$5 million was disbursed to the programme in its first year, with \$10 million allocated in the 2013/2014 budget, a further \$9 million in 2014/2015, along with an additional \$20 million for “special employment projects”, to be managed by the Urban Renewal Commission in conjunction with the Ministry of Finance.

From the outset, management of this substantial outlay of public funds was fundamentally flawed, with no financial structure in place, no quality assurance standards and no independent oversight. This is exemplified by subpar record keeping with regard to the programme’s various bank accounts, multiple disbursements which lack a proper paper trail and one account in particular, the “Private Account” to which the co-chairs are signatories, existing with no oversight whatsoever for the first six months, contrary to the stipulations of the Ministry of Finance, acting in accordance with the Financial Administration and Audit Act.

There were also concerns about the security of government information, with one senior official, Permanent Secretary Diana Lightbourne, admitting she discussed sensitive URC business using her personal email account which at some point was compromised.

There are also grave concerns over the level of inefficiency, low performance standards and meddling by URC staff in construction works under the Small Homes Repair (SHR) project, as well as a trend of engaging unqualified or under-qualified contractors.

In April 2015, a report by Bahamas Auditor General Terrence Bastian into the SHR was aired in the public domain. It revealed a lack of due diligence, transparency and accountability, payments disbursed to contractors for subpar or incomplete work, contracts collectively worth over \$10,000 issued without ministerial approval (approvals retrospectively given and admitted by Diane Lightbourne) contrary to the stated guidelines, and serious questions concerning the performance of the

Quantity Surveyors contracted to oversee the programme. The report also concluded that contrary to the SHR's fundamental mandate, homes were repaired where occupants were neither elderly, disabled nor unemployed.

The government and the Urban Renewal co-chairs strongly objected to the criticisms contained in the report and in a highly unusual move, commissioned an independent study by Island Dimensions & Development Co Ltd and J D Chisholm & Associates.

Differing substantially in its assessment of the work on certain individual homes, this second report nevertheless found several of the same structural and systematic deficiencies as the Auditor General across the SHR as a whole. In particular, the independent report found funds disbursed to contractors for subpar or incomplete work, work signed off as complete without the approval of an inspector, and substantial gaps in record keeping.

The testimony of Lisa Tucker, lead quantity surveyor for the SHR, tasked with issuing certificates of completion on hundreds of repaired homes, revealed that she was NOT a licensed quantity surveyor, did not fulfill the terms of her contract and claims she was no more than a "rubber stamp" for a project which Urban Renewal Commission officials wanted to see swiftly completed.

Results of Testimony and Physical Evidence Reviewed

For the purposes of this report, the PAC examined records, correspondence and other documents provided by the Urban Renewal Commission (URC), the Ministry of Finance, the Minister of Works and Urban Development and the independent Quantity Surveyor CCMG.

The committee also interviewed several key figures involved in the administration of the Urban Renewal Commission over the past three years. These included, but were not limited to:

- URC Co-Chairs Algernon Allen and Cynthia Pratt
- Lisa Tucker, principal of CCMG
- URC Administrator Anya Symonette
- URC Permanent Secretary Diana Lightbourne
- URC Financial controller Francina Horton
- URC Deputy Director Gregory Butler
- BAIC Consultant Ricardo Smith

- RBPF Band Director

1. Urban Renewal Commission Co-Chair Algernon S. P. B. Allen

From testimony of 17th September 2015

Mr. Allen testified that he was appointed as Co-chair of the UR 2.0 Commission sometime in August 2012 and earns a salary of \$52,000 per annum and is provided together with a vehicle and gas allowance, a mobile phone and an office. His duties are not considered full time although he is available to the Commission.

The URC is not a statutory body and operates under the auspices of the Ministry of Works and Urban Development.

Mr. Allen stated that it was lamentable that a Statutory Board had not been set up to administer the URC but the body currently operates as a unit of the Ministry of Works and Urban Development. Its authority is loosely defined and operates primarily as a coordinating entity for various governmental agency services, operating out of nine centers.

The URC co-chairs authority is limited to New Providence.

Mr. Allen confirmed that his authority as co-chair is limited to New Providence. He testified that this was not a satisfactory arrangement from his prospective and that in his view, the Commission should have responsibility for the entire Bahamas. In respect to Grand Bahama and other islands, Mr. Allen stated that the programme is administered by Deputy Director Michelle Reckley. He and his co-chair have no say nor authority and dare not trespass in that part of the Bahamas, which he does not say lightly.

Mr. Allen indicated that in his opinion, having been involved in politics an accommodation was made for the Minister of Grand Bahama so that he could have something to do within his portfolio.

There were no clear written guidelines or policies established by the Ministry of Works & Urban Development or the URC governing the award of contracts to small contractors and tradespersons.

The co-chair confirmed that the SHR was established without proper policy and procedure documentation. He did not seem to have a clear understanding of the role of Chairman in this regard.

The established practice limiting the award of repair projects to two per contractor was exceeded on a number of occasions.

Mr. Allen confirmed that the practice was to limit the number of repair contracts under the SHR scheme to two projects per contractor to ensure a fair distribution of work among eligible contractors. He indicated that on several occasions the allocation policy was overridden by direct intervention on the part of the Minister of Works and Urban Development specifically and other efficiency considerations.

One such contractor identified was a Mr. Terry Delancy, Virgo Construction, who was allocated at least nine (9) contracts and Mr. Deshawn Thompson who was allocated eleven (11) contracts. Mr. Allen indicated that it was never made clear to the URC the rationale used for departing from the allocation policy.

Several homes which appeared to be abandoned, uninhabitable or otherwise not fitting the selection criteria were selected for repair by the SHR.

Mr. Allen was forced to concede that homes that were obviously derelict and unoccupied should not have been the subject of SHR contracts. For example, a home on Royal Palm Street that was plainly abandoned and had no windows somehow received a new roof under the programme.

The Financial Officer (FO) of URC, Francina Horton did not have control of the Private Bank Account.

Evidence was provided to the PAC of written instructions via email from Mr. Allen that no government employee was to have anything to do with the private bank account. Mr. Allen denied giving such instructions however the documentation provided suggest otherwise.

Mr. Allen explained that the private bank account was a precursor to the establishment of the Urban Renewal Foundation. It accepted donations from the public and spent those funds as the co-chairs directed.

This instruction was overruled by the Financial Secretary and the account was subsequently closed.

The records reflect that operational expenses were paid from the Private Bank Account on occasion.

It was acknowledged that there was some comingling of funds, particularly on the expense side. Documentation to support such disbursements were unaccounted for in several instances reviewed by the PAC, e.g., payments to Ms. Rubyann Darling for services rendered, Ms. Cynthia Pratt for reimbursement of expenses and to ACP Stephen Dean for emcee services.

It was agreed that these expenses should have been drawn on the operations account.

Funds allocated to URC were disbursed without the co-chair's acknowledgement or approval

The PAC noted that the Auditor General highlighted three firms utilized by URC for clearing of overgrown lots constituted 83% of the total contracts granted for this phase of the URC project:

- (a) Virgo Construction – \$ 132, 500
- (b) Harrison Construction - \$ 108,750
- (c) Davis Trucking Backhoe - \$100,980

It was revealed from the testimony that the Ministry of Works and in some cases Members of Parliament would determine the lots to be cleared and the contractor to be utilized. The Ministry of Works requests payment from the URC for the work done through the PS. Mr. Allen agreed that clarification of the role of URC in this matter is necessary as they approve the disbursement but have no role in determining the lots to be cleared or the contract value and do not receive copies of the back up to support the approval for disbursement from the PS.

Expenditure for URC centers were made without proper planning resulting in \$18,700 being spent to relocate a trailer on land unsuitable for the intended purpose and exceeding the original approved estimate.

The co-chair admitted that the URC ran out of money in respect to this project and it was never completed, even after exceeding the original budgeted amount for the

trailer and site preparation.

The Foundation operates outside the remit of the political operatives of government and is considered by the co-chair as being an independent body separate and apart from the URC. The use of the private bank account and the Foundation for the purpose of soliciting and utilizing funds received from the public do not fall within the scope of URC, the Minister responsible or the Financial Administration and Audit Act.

The Foundation carries the name “The Urban Renewal Foundation” and its public solicitation of donations have not been clearly distinguished from the URC. The PAC finds this Foundation program highly irregular as funds are solicited on behalf of programs managed and sponsored by URC. As such it is the PAC’s considered opinion that it does fall within the ambit of the Financial Administration and Audit Act and is subject to audit by the Auditor General.

The Foundation’s accounts had not been audited up to the time of the Auditor General’s review. The PAC noted that the Foundation’s auditor is Grant Thornton and that this firm’s Managing Partner, Paul Andy Gomez is also a member of the Foundation’s Board. This is a clear conflict of interest in contravention of the rules on audit engagements under International Auditing Standards followed by the Bahamas Institute of Chartered Accountants of which, Mr. Gomez is a member.

One Million Dollars (\$1,000,000) allocated for an urban agriculture program was redirected to other programs

Mr. Allen agreed that the urban agriculture program “died on the vine”. Staff hired for this purpose was instead assigned to the SHR program. The co-chair could not say how the funding intended for the agriculture was redirected.

The SHR program was exceeded on at least eight occasions to include complete rebuilds of homes

Mr. Allen indicated that on a number of occasions the SHR evolved into complete rebuilding of homes as a result of problems identified after the repair scope of work began. This supports the view of the PAC that the scope of works on a lot of these projects was not done in a thorough and professional manner by competent individuals. As a result unplanned expenses, reconstruction, demolition and construction of new homes, contrary to the mandate of the program were carried out.

The selection of homes to be reconstructed was completely subjective leaving the program open to speculation and political abuse.

Observations

The PAC found Mr. Allen to be by in large forthcoming, however it was obvious that his role is largely ceremonial and public relations orientated rather than acting as a functioning Chairman giving the PAC reason to question the value for money received from the co-chairs.

2. URC Co-Chair Cynthia Pratt

From testimony of 17th September 2015

Mrs. Pratt testified that she was appointed as co-chair of the URC sometime in August 2012 and earns a salary of \$52,000 per annum and is provided together with a vehicle and gas allowance, a mobile phone and an office. Her duties are not considered full time although she is available to the staff.

Mrs. Pratt saw her role with URC as bringing relief to the inner city and to wayward youths in particular. In this regard, the PAC notes and commends her decades-long commitment to alleviating the plight of the poor.

The PAC found Mrs. Pratt to have been naïve in the extreme when it came to her role with URC. It would seem from her testimony that she paid little attention to details, administrative systems, accounting practices, questions of transparency or, any other questions of protocol.

Her testimony generally linked up with that of Mr. Allen, with both accepting limited responsibility for the administrative operations of the URC.

3. URC Permanent Secretary Diana Lightbourne & Deputy Director Gregory Butler.

From testimony conducted 26th March, 2015

While the co-chairs of the URC have been appointed and active, the remainder of the URC have not been formally appointed

PS Lightbourne confirmed that the URC co-chairs had been appointed however formal approval for the appointment of other members has not been received although individuals have been identified.

Operational control of the URC Centers rest with the Royal Bahamas Police Force under the command of ACP Steven Dean.

ACP Dean maintains direct operational control of the URC Centers however, his time is split between these functions and his regular duties on the Royal Bahamas Police Force. From testimony, the role of the Police Force appears to be much like the community policing initiative outlined in the Commissioner's Policing Plan and thus may constitute a duplication of effort and wastage of financial resources.

The use of a personal email account resulted in the loss of potentially useful information relative to the work of the PAC and exposure of sensitive data to unauthorized access.

According to PS Lightbourne, due to the unreliability of her government email account, she used a personal email account to correspond with others on internal URC business. She told the PAC that at some point this account was hacked, compromising sensitive government information and resulting in the loss of some information sought by the PAC.

Several homes selected for repair were the subject of multiple contracts, collectively totaling in excess of \$10,000

PS Lightbourne revealed that in some instances a single home was the subject of multiple contracts that collectively amounted to more than \$10,000. These contracts were allowed to proceed without the approval of the Deputy Prime Minister despite this contravening established protocol.

PS Lightbourne was unable to provide the PAC with adequate explanation of the control errors that allowed these multiple contracts in relation to a single home, which individually did not exceed the \$10,000 threshold but collectively far exceeded it and in some cases totaled in excess of \$30,000.

Evidence of approval from the Minister of Works and Urban Development for the award of SHR contracts in excess of \$10,000 was not evident

Following the review of several projects in excess of \$10,000, which should require individual sign off by the Minister, the PAC was unable to locate evidence of a sign off by the Minister. In a subsequent interview session, PS Lightbourne produced an undated document, purporting the same to be a blanket approval issued by the Minister giving approval to a number of repairs. When questioned as to when that document was signed as it did not exist prior to the last interview session, PS Lightbourne admitted that the list was signed off by the Minister just three days prior to the interview.

Questioned as to the appropriateness of blanket approvals verses the sign off of individual projects as is the indicated policy, PS Lightbourne could give no satisfactory answer.

The procedure for securing approval for SHR in excess of \$10,000 was lax at best but more appropriately classified as negligent

PS Lightbourne admitted that individual files requiring approval by the DPM for repairs in excess of \$10,000 were not necessarily viewed by the DPM prior to commencement of scopes of work or sign-off at completion. PS Lightbourne stated that once she satisfied herself that the file was complete, she would send an email with pertinent information to the Minister for approval, which he would approve sight unseen.

Proper documentation to support scopes of work and qualification of contractors selected to perform work was not always evident.

DD Butler indicated that while the policy is to always have all documents required on file, including the DPM's approval for projects in excess of \$10,000, there were exceptions.

The PAC reviewed files where a complete set of documents to qualify contractors for engagement in SHR were not present. Documents omitted included insurance certificates, evidence of current business license, evidence of NIB status, scopes of works documents signed by the homeowner, contractor, inspector or quantity surveyor reports.

Building inspectors appeared incompetent or negligent in preparation of scopes of works for SHR

In a number of cases the PAC observed reports of incomplete or dissatisfied work performed by selected contractors. In one instance DD Butler gave an account of a house that was inspected with a scope of work issued for a particular aspect of the project only to have the entire house collapse upon initiation of the work. The PAC concluded that this was due to negligence on behalf of the inspectors in not doing a proper assessment or to careless contractors. In either case, the Bahamian people did not receive value for money and incurred additional cost to reconstruct this home.

Homeowners were not verified in several instances prior to repairs being carried out.

PS Lightbourne admitted that there were several “gaps” where the inspector and SHR coordinators did not complete their duty to ensure that properties selected for repairs were in fact owner occupied. As a result, at least one home in the Centerville constituency was given a new roof when the building was unoccupied by the alleged owner.

Homes to be repaired and contractors to perform the work were identified and nominated by Members of Parliament

DD Butler indicated that some home repairs and most contractors were recommended by their Member of Parliament and URC had little ability to overrule the nomination. As a result, the quality and standards of the work can be inconsistent. This practice gives the opportunity for victimization, abuse and corruption.

The use and operation of the private bank account was not subject to normal use and controls

In a series of exchanges between the committee and Lightbourne it was found that there was gross negligence in the operation of the bank accounts and particularly the Private Account, for which she was ultimately responsible.

Account opening documentation for the private bank account was established with co-chairs Allen and Pratt as ‘A’ signatories and PS Lightbourne and Financial Officer, Francina Horton as ‘B’ signatories. Documentation reviewed from the Ministry of Finance stipulated that all cheques issued from this account must display a signature from at least one signatory from each category, however PS Lightbourne

stated that she and Ms. Horton did not know that they were signatories to this account for the first six (6) months of its operation.

Contracts for SHR could be generated via referral from a Member of Parliament, Social Services or from the Urban Renewal co-chairs.

From DD Butler's testimony, the PAC found that a house could have attracted \$9,000 worth of contracts from each of the three sources as well as others totaling \$27,000 and still not attract ministerial scrutiny. Clearly the opportunity for abuse is ripe.

Several homes were approved for payment by the PS without visual evidence of satisfactory approval of repairs.

PS Lightbourne admitted that she signed off approval for final payment of several homes without all required documentation on file. In one case she specifically stated that had she seen the photos produced by the Auditor General she "would never have signed off on" final payment. Clearly in this case, there was a dereliction of duty resulting in the taxpayer and homeowner not receiving value for money spent on the repairs.

The administration of SHR was undermined resulting in inconsistent application of policy, quality control and administration.

DD Butler admitted that although he was designated to be responsible for SHR, there were three different people dealing with the project, reporting to different persons. As a result there were a lot of times things would have taken place that he had no knowledge of. The other two coordinators reported directly to the PS or the Minister.

SHR case managers/inspectors were assigned according to area, except that Mr. Ricardo Smith who was seconded from BAIC was given charge of all contracts involving Social Services and the Centerville constituency.

The PAC found it unusual for a consultant from BAIC, with no known expertise in construction or project management, to be seconded to SHR and given specific charge over Social Services and the Centerville constituency rather than being assigned in a manner similar to the other case workers. The PAC noted several cases of deficient work in these areas, including two homes that were repaired when it was obvious that the buildings were uninhabitable and abandoned.

A member of URC staff benefited directly from the SHR project

We noted that the mother of a staff member was selected for assistance under the program. Evidence of independent review and approval of the scope of work was not presented.

The absence of an objective policy or criteria for selecting homes for construction leaves the approval procedure open to abuse and subjective considerations. PS Lightbourne agreed that the policy was subjective and that there is no written policy to cover this area.

Summary

The PAC found PS Lightbourne to be an evasive witness. We are not satisfied as to the completeness of her answers based upon a number of inconsistencies in her responses to questions put to her by the PAC.

4. CCMG principal Lisa Tucker

From the testimony of 17th September 2015

The external quantity surveyor (QS) contracted to conduct cost analysis, on-site inspections and to sign-off on completed scopes of work was unqualified to hold that position.

Ms. Lisa Tucker is the owner of CCMG Consultants Ltd (CCMG) a firm engaged by URC sometime around 15 October 2013 to act as quantity surveyor for SHR. Ms. Tucker is a mortgage broker and ex-banker by profession and admitted that while she has taken the quantity surveyor course, she is not qualified. She could not recall how she came to be engaged by URC.

Ms. Tucker told the PAC that she employed part time consultants who are qualified quantity surveyors and worked on weekends as well as on an "as needed" basis. Their qualifications were not presented to the PAC. We are unaware if they were ever presented to the URC. Their names are Hopeton Austin, Daynon Tynes and Donavon Henry.

CCMG was often pressured unduly to signoff projects without having physically inspected the work done.

Ms. Tucker was quoted as follows:

"I resented all of the pressure being deployed against me by people like Ricardo Smith and I sent an email in protest. I work in an orderly fashion and they expected me to 'rubber stamp' everything."

It was put to Ms. Tucker and accepted by her that she was contractually required to:

1. Itemize the defects in all houses marked for repair;
2. Prepare a budgetary estimate for each house identified for repair;
3. Undertake site inspections prior to the commencement of the work on each house;
4. Undertake a final physical inspection upon completion of the works and before certification of payment.

The committee found that all of these undertakings were honored mostly in the breach, rather than the observance.

Ms. Tucker claimed that in December 2013 the CCMG contract was orally varied to the effect that URC sent out their own inspectors, Clifford Moss and Oswald Pinder to inspect homes earmarked for repair in order to set the scope of work and to certify completion. As a result of the change, CCMG's fees were reduced from \$600 to \$300 per house.

Ms. Tucker admitted that she never satisfied herself that the designated inspectors from URC were properly qualified, yet she signed "completion certificates" on the basis of before and after photos produced by these individuals without a physical inspection of the homes.

The PAC finds that she did this without regard to the rights or safety of homeowners and occupants of any of these homes, as she must have known that there were potential liability issues with respect to these third parties.

The witness admitted to being nothing more than a "rubber stamp" and claimed she was constantly pressured by staff at URC, specifically Ricardo Smith and other personnel at the Ministry of Works to issue completion certificates without the benefit of having done site inspections for various projects. She said that Mr. Smith habitually sat in her office until the certificates of completion were signed.

It is clear in this case, that the Bahamian taxpayer and the homeowners concerned did not receive value for money spent.

Abandoned homes were selected for repairs in clear violation of the stated URC policy

The PAC discovered that several homes noted by the Auditor General as being uninhabitable were in fact assigned to be repaired. The stated guideline for selected home repair assistance mandated that the homes were inhabited, and were owned by the occupant who must be unemployed and indigent, elderly or disabled.

The PAC found that a house identified in the Auditor General report on Royal Palm Street in the Centerville constituency was in fact uninhabited and unlivable as it had no windows or doors, yet a new roof was authorized for the home without doors and windows included

Ms. Tucker did believe that it was her job to consider whether this was a sensible use of public money. She felt her remit constrained her to an assessment of whether or not the roof was properly erected.

Summary

This witness appeared incredibly naive and obviously unqualified for the task she was contracted to perform. CCMG lacked independence and was directed to approve completion statements for a number of unsatisfactorily completed projects based upon photograph of unverified origin. Sight visits were not undertaken on a number of occasions to verify the condition of the properties before work was done, to certify the scope of work to be done, to ascertain the reasonableness of the estimates, the qualification of the contractors to do the work, the financial and documentary fitness to undertake the project or to physically inspect the work upon completion of the documented scope of work (where one existed) to certify completion in accordance with the agreed scope between owner, URC and the Contractor.

As a result of this critical breach in accepted best practice, many projects were completed with dissatisfaction to the property owners. There were also many misunderstandings by home owners as to the scope of works to be completed also resulting in dissatisfaction. Additionally, projects which did not meet the stated guidelines were completed without regard to the most effective use of public funds.

5. URC administrator Dr. Anya Symonette

From testimony of 14th September 2015

The stated policy of the URC was that projects awarded to individual contractors should be limited to no more than two.

Dr. Symonette acknowledged the policy was as indicated however specific approval from the Deputy Prime Minister and Minister of Works and Urban Development, Hon. Philip Davis, as communicated by the Permanent Secretary could override this.

Terry Delancy and Dashawn Thompson were identified as two such permitted exceptions, with the former receiving in excess of nine contracts. It was noted on an occasion both Mr. Delancy and Mr. Thompson received contracts for the same home.

The PAC took note that Mr. Delancy was the net beneficiary of a significant percentage of the land clearing contracts also assigned by the Minister of Works and Urban Development.

Any repair project exceeding \$10,000 required the specific signed approval of the Minister of Public Works and Urban Development.

The threshold for the Minister's approval was set at \$ 10,000. The PAC reviewed several projects exceeding \$10,000 individually or in the aggregate via multiple contracts without evidence that the project had been given such written approval prior to the commencement of work.

The filing system at URC was inadequate to ensure proper tracking and maintenance of records.

URC was reconstituted by October/ November 2012 and the witness was assigned as the Human Resources Manager and Administrator until July of 2014.

Dr. Symonette described the filing system as haphazard and indicated that there was never any organized filing system at URC, and no internal accounting system until September or October 2013. She said everything including payment of expenses was handled through the Ministry of Works, hence the URC was nothing more than a conduit for the Ministry of Works.

URC files did not contain evidence of prequalification of selected contractors

Several files reviewed showed that contractors for the SHR project were qualified if they had nothing more than a business license and was current with National Insurance. In most cases, the business license was for business other than construction/handyman or maintenance services. No technical proficiency was demanded to repair homes under this project.

Homeowners were not required to sign off on the original scope of works under SHR

Homeowners were generally required to sign off at completion of repairs to ensure satisfaction with the work but they were not required to agree and sign off on the original scope of work at inception in order to confirm their understanding of the work to be done. In the witnesses view this often led to disagreements on job performance by the contractor and misunderstanding of the scope of works done.

Summary

Dr. Symonette could not recall details when questioned on a number of issues such as the assignment of telephone numbers, the opening of bank accounts and other administrative matters.

6. URC Financial Officer Francina Horton

From testimony conducted 9th March, 2015

Francina Horton joined URC on 1st August, 2013 having previously been assigned to the Ministry of Finance.

Financial and Operational procedures were not reduced to written protocols.

The SHR payment protocols were:

- For contracts \$5,000 and under, 50% payment was issued on deposit and the balance at completion.
- For contracts \$5,000- \$10,000, 40 % payment was issued on deposit with the balance at completion.
- For contracts \$10,000 and over, the ratio was 30/30/40.

Ms. Horton said she typically followed the civil service format for spending URC funds as follows;

Instructions for payment would emanate from the Permanent Secretary (PS) supported by a purchase order and three quotes. An effort would be made to secure the best possible price. Then the cheque would be prepared and sent to the PS for signature and payment issued. All documentation would be filed.

SHR files were often incomplete and did not contain all required documentation prior to final payment by the Financial Officer

The witness said very often files were received for payment without mandated documents, such as a scope of works, properly executed contracts, evidence of contractors being qualified in accordance with government policy, completion statements or certifications. She indicated that once there was a contract in the file and written instructions from the PS she would make payments.

Documentation to support the Minister's approval of contracts in excess of \$10,000 was not evident on file prior to granting of contracts or final payment.

For contracts in excess of \$10,000, the written approval of the Minister was required. However, FO Horton told the PAC that frequently, this approval was certified by the PS herself. This was a clear breach of internal controls and established protocols. The witness agreed and said that at some point she began insisting that she see approval under the Minister's hand.

The operation of the URC bank accounts lacked formal policy documentation and proper system of internal controls

FO Horton, in giving evidence regarding the URC bank accounts, complained of an instance where she was pressured to issue a cheque to the private bank account as a reimbursement for a payment made to Dan Dan Holdings, Ltd. in the amount of \$12,244.84 for trucking services which were not a SHR expense. It related to some arrangement concerning the placement of a trailer in Bozine Town to be used as a URC center.

The Private Bank Account did not have a proper cash book as required under the Financial Administration and Audit Act, 2010

The witness said she generally refused to sign off on private bank account transactions because the cheques were poorly written, there was no cash book and there was no reconciliation. Accounting Outsource Services, Lynden Maycock, a consultant to URC, was ultimately asked to conduct a reconciliation however, the PAC is concerned that this arrangement may give rise to the appearance of a conflict.

Although originally included in her job description, the FO was subsequently relieved of her responsibility to maintain the accounts of the Foundation.

FO Horton showed the PAC a document which appeared to vary her job description and relieving her of responsibility to maintain the private bank account and the Foundation account on the instruction of co-chair Allen. The former was subsequently closed and the latter was transferred to Mr. Andy Gomez, a member of the Foundation's Board.

Summary

FO Horton was a transparent and honest witness who pointed out a number of inconsistencies in the testimony of previous witnesses.

7. URC Band Director, Inspector Theodore Campbell

Urban Renewal Band

There were no inventory controls in place to safeguard the instruments of the Urban Renewal Band

There were no proper inventory controls for the over 300 band instruments and as such several instruments were unaccounted for. - Most of the cheques written for band instruments were to individuals with no support and no record of expenditure were ever produced before the PAC.

There may have been comingling of funds as donations procured from public and private performances of the band were paid into the Police Account rather than the URC operations or any other account. The band suffers from poor organizational structure.

There were issues with the filing of information associated with the Small Homes Repair program.

It should be noted that the office of the Auditor General obtained copies of a number of documents relating to the Urban Renewal Program as part of the auditing process. The purpose of some of the documents was for the identification of the properties that had been repaired by Urban Renewal. The Committee's investigation revealed weaknesses in the filing systems of the Urban Renewal Program. One of the effects of this was that at least one House was incorrectly identified as a House for which disbursements of funds had been made when in fact that house was never the subject of any repairs done by the Urban Renewal Program.

4. Conclusion

This PAC finds that best practices have not been employed in the administration of Urban Renewal 2.0. As a result, through a serious lack of transparency and fiscal accountability, the public interest has not been served and it cannot be said that taxpayers have received value for money.

The lack of proper record keeping regarding grants, disbursements and other expenditures has made it impossible to reliably 'follow the money' and thereby ensure that it had been put to proper and effective use. Security standards with regard to protecting information were either woefully lax or totally nonexistent. Meanwhile, oversight of URC bank accounts left much to be desired. It is our view that these deficiencies opened the door to the potential for profiteering, fraud, corruption and other forms of malfeasance. Certainly, it encourages inefficiency and low performance standards while paving the way for unqualified contractors to be engaged.

The testimony of URC Permanent Secretary Diana Lightbourne represents a microcosm of the deficiencies that have plagued the URC. According to Ms. Lightbourne, due to the unreliability of her government email, she used her personal email account to discuss internal URC business. At some point this account was hacked compromising sensitive government information and destroying an audit trail that may have proven helpful to the PAC.

She also revealed that in some instances, a single home was the subject of multiple contracts that collectively amounted to more than \$10,000, but were allowed to proceed without the approval of the Minister of Works and Urban Development despite this contravening established protocol.

Perhaps most alarming were Ms. Lightbourne's revelations concerning URC's Private Bank Account. The account was established with co-chairs Allen and Pratt as

A signatories and the PS and Financial Officer Francina Horton as B signatories. The Ministry of Finance had stipulated that all cheques issued from this account display one signatory from each category. However, Ms. Lightbourne and Ms. Horton allege that they did not know they were signatories for 6 months. Yet the account was active during this time, raising serious questions concerning transparency and accountability with regard to these funds. The Ministry of Finance later instructed URC to close the Private Bank Account.

Another stark example of the deficiencies that have plagued URC was furnished by the testimony of Lisa Tucker, principal of CCMG Consultants Ltd. Ms. Tucker was the quantity surveyor engaged to oversee the entirety of the Small Homes Repair project, yet she is not a licensed quantity surveyor. She testified that she has part time consultants who work weekends on an “as needed” basis. She claims they are qualified but the PAC found no record of their qualifications on file. In any case, this is far from an ideal arrangement. It should go without saying that lead quantity surveyors on such projects must actually themselves be qualified to do the job they are being paid for.

Other problems with the CCMG contract include: that there is uncertainty with regards to the start date; that the firm was paid despite failing to meet the terms of the contract (no budgetary estimate for each house, no pre-work site inspections, no final inspections in many cases); and that Tucker complained of being repeatedly pressured by URC staff like Ricardo Smith to issue completion certificates speedily, leading to a lack of proper site inspections and a “rubber stamp” for many of the homes.

As a result of these many failures, serious questions arise regarding the health and safety of the owners and occupants of these homes, not to mention potential liability issues for the government.

In this regard, the PAC finds the Auditor General’s reports into both the SHR specifically and the administration of URC as whole to be credible, and the criticisms leveled against these reports to be for the most part unfounded. In fact any mistakes that were made would seem to have resulted from a lack of information or else incorrect information having been provided by the URC.

The URC and the Ministry of Finance also failed to furnish this PAC with several requested documents and this proved a substantial hindrance to our efforts to shed further light on this matter. The imprecision and lack of clarity in the testimony of some witnesses proved unhelpful to our efforts to get at the underlying facts.

In this regard, it is necessary to mention the contentious attitude adopted by the URC co-chairs to this process, as this proved a tangible hindrance to the PAC's information gathering efforts and timeliness.

The commitment of co-chair Pratt in particular to alleviating the plight of the underprivileged in our society is highly laudable, and the PAC would like to commend her decades-long record of service to the disadvantaged. However, Mrs. Pratt's defensiveness under questioning and her claim to lack an understanding of the details of the inner workings of Urban Renewal were surprising to say the least, particularly as she was an active signatory on the controversial Private Bank Account.

The testimony of co-chair Allen was for the most part evasive or unclear and did little to further the committee's work. In addition, it is noteworthy that his many public pronouncements on the shortcomings SHR programme have failed to materialize. For example, that he would pursue contractors "to the depths of hell" to collect funds paid to them for incomplete work. He claimed in April 2015 that this process had already begun, but no evidence of the same has been found by this PAC.

In the face of such obstacles, what herein presented is by necessity not an exhaustive account of the administration of the URC. Rather, it reflects the PAC's best attempts to penetrate the cloudy inner workings of a programme still shrouded in secrecy and severely lacking in accountability.

5. Recommendations

- All bank accounts falling under Urban Renewal 2.0 should henceforth be operated in accordance with the Financial Administration and Audit Act, 2010 and reconciled on a timely basis, with proper reviewed and approved by a senior accountant.
- All disbursements of funds for grants, works or the purchase of equipment be mandated to be transparent and accountable, including the availability for public scrutiny of all relevant work orders, purchase receipts, inspection certificates, etc.;
- All independent contractors (including quantity surveyors, building inspectors, architects, etc.) should be qualified and licensed professionals in accordance with the laws of The Commonwealth of The Bahamas.

- All contractors have third party liability insurance so as to fully protect homeowners and occupants of homes repaired under SHR and other URC programmes.
- All contractors be fully vetted according to appropriate industry standards and acceptable levels of experience for the work they are seeking to undertake;
- A full forensic audit and review of the inner workings of URC up to this point be conducted by an independent entity or entities, with a view to establishing the extent of wastage of public funds thus far, and whether or not any intentional malfeasance may have taken place.
- A statutory framework be crafted for Urban Renewal, including a proper organizational regime and proper financial structure. Laudable though its aims may be, the programme simply cannot continue to operate as a loosely knit, ad hoc operation under the informal remit of the Ministry of Works and Urban Development.
- URC be formally separated from the Ministry of Works and become an independent authority, headed by a professional who is qualified in the area of urban regeneration and redevelopment, and is granted security of tenure to assure independence.
- This URC Authority have its own financial controller who is responsible and accountable for all records and accounts. It must also be managed by a full time, independent, statutory commission that oversees the work of the co-chairs and other senior officials attached to UR. This Commission should include a statutory Board drawn from distinguished citizens in the community.

The PAC would further recommend that going forward, the very important work of the Auditor General receive fair and impartial support from Parliament and all of its members, as the functions of this office rise above partisan politics to the level of national significance.

The Auditor General is appointed by the Governor-General and is mandated by the Bahamas Constitution to audit all branches of the executive, law enforcement and the judiciary each year. The holder of this office is entitled to have access to all books, records, returns and reports relating to such accounts and the reports thus produced are to be tabled in the House without undue delay.

We take this opportunity to remind parliamentarians that the constitution prohibits the Auditor General from being subject to the direction or control of any other person or authority in the execution of these duties and should be exempt from unfair or political criticisms.

Finally, the PAC would like to publicly acknowledge the competent and able assistance of its secretary and other members of the parliamentary staff in the conduct of this investigation and the compilation of this report.

END

MEMBERS OF THE COMMITTEE

Mr. Hubert Chipman, M. P. (Chairman)

Hon. Shane Gibson, M. P. (Member)

Hon. Ryan Pinder, M. P. (Member)

Mr. Peter Turnquest, M. P. (Member)

Mr. Richard Lightbourn, M. P. (Member)