

REPORT OF THE PARLIAMENTARY STANDING COMMITTEE ON THE PUBLIC ACCOUNTS ON: AUDITOR GENERAL'S PUBLIC INTEREST REPORTS ON THE BERMUDA GOVERNMENT'S RESPONSE TO COVID-19

**TO HIS HONOUR THE SPEAKER AND THE MEMBERS OF THE HONOURABLE HOUSE OF
ASSEMBLY:**

The Parliamentary Standing Committee on the Public Accounts has the honour of submitting the following Report:

1 Introduction

Your Public Accounts Committee (PAC) is pleased to report to the Honourable House of Assembly that we have completed our review of the Auditor General's Public Interest Reports on the *Government of Bermuda Response to COVID-19 (February 2021)* produced by the Auditor General and tabled in the House of Assembly on 5th March 2021. The Auditor General undertook this work not only because of queries from the Public, but also because of the nature and significance of the impact of the pandemic on our island, the Government's unprecedented need to spend public funds to counter the negative effects of the pandemic, and the importance of independent reporting to Parliament and the Public.

Your PAC held a number of interviews on this subject during in camera meetings with senior public officers representing the Ministry of Health, the Ministry of Finance, Department of Workforce Development, the Office of Project Management and Procurement and the Head of the Public Service.

Meetings involving discussion and examination on this subject were held on the following dates:

- 13th October 2022
- 20th October 2022
- 28th October 2022

- 10th November 2022

2 Witnesses

The list below identifies the persons who appeared before the PAC at in camera meetings and provided information and assistance to the Committee:-

Oral Testimony:

- Mrs. Heather Thomas - Auditor General – Office of the Auditor General
- Ms. Agnes Te – Audit Manager - Office of the Auditor General
- Ms. Pricilla Ogamba-Oduovi – Audit Principal - Office of the Auditor General
- Mrs. Aideen Ratteray-Pryse – Chief Strategy Officer – Ministry of Health
- Dr. Jennifer Attride-Stirling-Former Chief Strategy Officer – Ministry of Health
- Ms. Shivon Washington – Acting Permanent Secretary – Ministry of Health
- Mr. David Kendall – Director of Health – Ministry of Health
- Mrs. Pandora Glasford – Acting Permanent Secretary - Ministry of Economy and Labour
- [Mrs. Dionne Morrison-Shakir](#) – Accountant General – Ministry of Finance
- Ms. Cheryl Lister – Acting Financial Secretary – Ministry of Finance
- Mr. George Thomas – Consultant – Ministry of Finance
- Ms. Crystal Burgess – Consultant - Ministry of Finance
- Dr. Derrick S. Binns – Head of the Public Service
- Mrs. Elaine Blair-Christopher – Director of Office of Project Management and Procurement
- Mr. Edward Fox – Senior Project Manager - Office of Project Management and Procurement

3 Summary

The Covid-19 pandemic tested the Bermuda Government's crisis and business continuity preparedness and its ability to respond to a major health emergency. The PAC took a deep dive into timelines and responses as well as wide ranging health, social and economic impacts at the onset of Covid through to post pandemic business as usual.

Government's response to the pandemic exposed several administrative gaps, including ineffective or non-existent procedures leading to poor data collection, data protection and data quality, as well as poor co-ordination between the Ministries of Health, Social Services, Finance, the Department of Workforce Development and other supporting departments.

4 Findings

Legislation and Governance:

The Public Health Act 1949 had very little on public health emergencies and nothing on a global pandemic of this nature. The Ministry of Health, in collaboration with the Attorney

General's Chambers, were placed under incredible pressure to draft, table, debate, and pass legislative amendments to address the public health emergency.

The Public Health Act 1949 was also amended to introduce: Public Health Covid-19 Regulations 2020, Public Health Covid-19 Emergency Order 2020 and Public Health Covid-19 Emergency Powers Regulations 2020. All effective March 2020.

The Quarantine Act 2017: Amendments to the law were urgently needed to protect the public from exposure to the virus and prevent the spread of Covid.

All Covid-19 expense instructions were based on, and ultimately authorised by Cabinet.

Response and Communications

No plans or training had been in place or previously carried out as a matter of regular crisis management at the ministerial or departmental levels. There were no formal business continuity plans to follow as a guide under health emergency circumstances. The Health Ministry did divulge a pandemic emergency plan, started with SARS, but little evidence was provided by the Ministry to demonstrate much of the plan was familiar to government employees or that any of the existing pandemic emergency plan was executed by the Ministry of Health at the onset of Covid.

The government's Chief Medical Officer did meet weekly by conference call with Covid specialists from Imperial College in London, the Pan American Health Organisation, Public Health England and the World Health Organisation to craft a strategic direction for Bermuda and her people.

It was also noted that Minutes were not presented for the weekly meetings led by the Chief Medical Officer with these world-class agencies.

Public Health Emergency Response Team (PHERT): Convened in 2019 in response to the Ebola Virus pandemic. Local health officials met regularly to look at core competencies and conduct table-top exercises for internal crisis management but did not address external pandemic impacts effecting the broader local community. For example, interfacing with the local Emergency Measures Organisation (EMO).

National Security Emergency Team: took on the role of incident command instead of the EMO. Representatives included The Governor, The Deputy Governor, Ministers of National Security, Health and Education, the Police Commissioner, as well as private and public sector stakeholders.

Port Health Unit: Convened for front-line worker support which included Ministries of Immigration and Labour and the Royal Bermuda Regiment. The Unit held regular meetings and established core competencies at Bermuda's ports of entry to mitigate national health threats and other risks.

Fiscal Management

Crisis Plan:

The Accountant General's Office had no playbook. There was insufficient crisis management and business continuity planning. There is an existing and operational crisis management system, but there's no evidence this system was fit for purpose or used as a tool at the onset of Covid 19.

Management of Information Handover Instructions:

Senior personnel turnover during the first two years of administration under Covid restrictions was quite high. Unfortunately, newly appointed Permanent Secretaries, Directors or other senior positions were given insufficient formal handover instructions, and insufficient historical background, records or files of activities, decisions, and processes adapted for Covid administration.

There was no evidence of accountability for non-performance. In addition, other deficiencies highlighted include: weekly management meetings had no formal minutes on record; emergency budget was not established through the Ministry of Finance; no special payment instructions were documented; and there was no indication that the Code of Practice was in place. Only Cabinet conclusions and ministerial approvals on spends over \$100k were formally recorded.

Register of Waivers:

Moved to the Office of Project Management Procurement and the Financial Secretary before Covid.

Office of Project Management and Procurement Lessons learned:

Conclusions for future scenarios include: expertise is needed for future crisis management; Need to Improve government's ability to be nimble when having to make payments quickly; Need to review legislation specific to the Accountant General's Office; Documentation of Accountant General's decisions should be done for future application; Action items and background notes (stored with Financial Secretary and Finance Ministry). Access to computer Drives: instructions and decisions should be documented; and should be documented who has access.

Compliance:

Unfortunately, approvals were waived for spending leaving no recourse for unsubstantiated purchases. Charge codes designed for Covid spending were not adopted by ministries. Emergency protocols were put in place, but ministry personnel were unaware, or the emergency protocols were "not Covid friendly".

Consequently, Government and Auditors may never know exactly how much was spent on Covid or related expenses.

Capital Project funding was re-directed to cover Covid related expenses.
For example: Establishing The Molecular Diagnostic Laboratory operations.

Procurement During the Pandemic

Office of Project Management and Procurement played an advisory role during Covid.

The waiver process was compromised.

Value for Money Audit-aborted because there were no financial benchmarks established before spending began.

Procurement Process: Advisory services incomplete with Technical Officers on record documenting duplicate and multiple purchases for supplies not needed (e.g. Hazmat Suits)

Bermuda Hospitals Board: Became immediate procurement source due to their flexibility in ordering PPE with established suppliers. Procurement was centralised with BHB as local supplier, and reimbursed by the Ministry of Health/Government. There was no Memorandum of Understanding in place for this.

Government Ministries: In an effort to expedite PPE purchases, Ministries went on their own to expedite purchases.

Ministry of Health began buying bulk PPE end of 2021 and continues to provide tests and PPE to the Ministry of Education and rest homes through the Health Ministry.

The Full Cost of the Covid 19 Pandemic: The full cost of the Covid Pandemic from the onset in March 2020 to date has not been accurately quantified by all Government Ministries. Cost centers and cost structures were not identified by each Ministry. There was no distinct cost center or identifier recorded on each Ministry's books or financial statements, as these costs in many cases were buried within other expenses of each Ministry.

The problem was exacerbated by the fact that each Ministry was operating in its own silo.

International Price Gouging: Efforts were made to avoid high prices, but Bermuda and other countries fell victim without prior procurement mechanisms in place for such supplies. PHERT was active for managing the health emergency but was not responsible for procurement of supplies.

A better job should have been done when screening and checking vendor identification and anti-money laundering risks on suppliers and vendors, i.e. verifying company identity and business addresses, banking details, and business reputation research.

Public Health Activities for Pandemic

Helix Lab was hired by the Ministry of Health through an RFP and was the initial and only laboratory in Bermuda conducting Covid testing at the onset of the pandemic.

Molecular Diagnostic Laboratory (MDL): was established once pooling was introduced. Helix Laboratory was not able to 'scale up' to the volume of testing. MDL was decided and approved by Cabinet.

5 Recommendations

Given the findings, PAC makes the following recommendations:

Ministry of Finance

Contracts with independent auditors should include a clause stating, 'in an emergency, the external auditor may be called on as Internal Auditor for the duration of the crisis.'

Financial Scrutiny

More real-time audits should be introduced in government Ministries to expand and improve the role of Internal Audit. The benefits: capture costs in real-time, and leverage expertise in the time of crisis. This kind of contractual agreement allows for the design of systems that will be available to the government in the event of a national emergency.

The Accountant General's office should include staff with national emergency skill sets and appropriate remuneration for such staff should be considered.

The government's internal Information Technology (IT) systems should be improved and have better infrastructure and more stable platforms to improve reporting to the Office of the Auditor General.

Compliance: Improve due diligence for setting up new vendors.

PAC recommends that PHERT interface with the EMO at regular intervals suitable for the Teams.

The government should look at establishing a more nimble procurement process before the arrival of the next pandemic.

The accounting officers should insist that pandemic cost centers be established on the book of each ministry to cover covid related expenses as Covid is still with us.

In accordance with corporate governance best practices, rules defined by the Head of the Public Service, for business continuity requirements, should include handover instructions. All relevant documentation, procedures, status reports, etc.... should be made available to all new, Acting Permanent Secretaries and Directors of each government ministry. If this does not occur,

the incumbent Permanent Secretary or Director should be held accountable and sanctioned on the advice of the Head of the Public Service.

6 Acknowledgements

The PAC would like to acknowledge the advice and assistance provided by the Auditor General, Mrs. Heather Thomas, and her professional staff during our deliberations; as well as the sterling work done on behalf of the Committee by Deputy Clerk to the Legislature, Mr. Clark W Somner and Assistant Clerk, Mrs. Kara A. Beale.

Your Committee requests that this Report be forwarded to the Ministry of Finance and other relevant Ministries for consideration and response on the Recommendations made by the Committee.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Hon. N.H. Cole Simons, J.P., M.P. – Chairman _____

Mr. Neville S. Tyrrell, J.P., M.P. _____

Ms. Susan E. Jackson, J.P., M.P. _____

Mr. Jache A. Adams, M.P. _____

Mr. Jarion C. Richardson, M.P. _____

Dated: January 2023