

STATES OF JERSEY

Education and Home Affairs Scrutiny Panel Issues surrounding of the Review of Financial Management of Operation Rectangle

FRIDAY, 15th JULY 2011

Panel:

Deputy T.M. Pitman of St. Helier (Chairman)

Deputy D.J.A. Wimberley of St. Mary

Deputy R.G. Le Hérissier of St. Saviour

Witness:

Chief Officer, Home Affairs Department

Also present:

Mr. M. Haden (Scrutiny Officer)

[15:16]

Deputy T.M. Pitman of St. Helier (Chairman):

We welcome you once again to Scrutiny. I know you are very familiar with the oath, so I am sure I can take it that you are fully happy with that; I do not need to run through it. To begin with then, could you just outline for the record why it was necessary in your opinion to commission an external review of financial management, in a nutshell?

Chief Officer, Home Affairs Department:

Yes. I think you have to go back quite a long way to I think the sort of genesis of expenditure, if you like. So I think I will start with the former Chief Minister's statement on 26th February 2008 where he said that all necessary resources will be made available to the investigation. That had various interpretations at the time and I think the former Chief Minister himself sought to clarify it later what he meant by that. But, as we now know, because it is a matter of record, that gave rise to quite an unprecedented level of spending, during the course of which, because I am the Accounting Officer for the Home Affairs Department and I am legally accountable for public money, I clearly had an eye on expenditure right the way through. So, in the course of the next few months, we did have 2 sample audits, one was on the police budget, which was a routine audit of expenditure. I then followed that up with a sample audit of some of the expenditure, which was just to check that some of the invoices had been correctly authorised. At the same time, I was in liaison with the Treasury and Mr. Harper and [former Police Chief] over what arrangements were being made to make sure that money was being spent appropriately. I will not go into that unless you want to, but I think that then culminated, towards the end of 2008, with a situation where most people still, including me, still wanted some reassurance about what had been spent, how it had been spent, whether it was value for money, and so there seemed no alternative than to authorise a value-for-money audit. That was first authorised by the former Minister, the then Deputy Andrew Lewis, but because of the timing, it was December 2008, we then had a new Minister, and it was the current Minister who then made the Ministerial Decision to commission the audit in February 2009.

Deputy R.G. Le Hérissier:

Did you have a major part to play in framing the terms of reference?

Chief Officer, Home Affairs Department:

Yes,

Deputy R.G. Le Hérissier:

Did you discuss those with the Minister?

Chief Officer, Home Affairs Department:

The Minister was aware of them because they were attached to the Ministerial Decision.

Deputy R.G. Le Hérissier:

Did he question them?

Chief Officer, Home Affairs Department:

I recall we had a discussion at the time; the Minister is not in the habit of just signing Ministerial Decisions, and we always put a report with a Ministerial Decision so that [the decision] is a matter of audit what it was taken for. So he would have been aware at the time what was being agreed, yes.

Deputy R.G. Le Hérissier:

I may be running slightly ahead; at that point, were you aware that there was, or was about to start, an internal police review, which was going to look at some areas, which it appears overlapped with the BDO report?

Chief Officer, Home Affairs Department:

Well, I have read [then Acting Police Chief]'s submission, but when I read it I did not know at the time that there was such a detailed review going on that [Police consultant] was involved in. [Police consultant] was taken on by [former D/Superintendent] I think it was to assist with the BDO report, but the significance of why else he might have been in Jersey was not apparent to me at the time.

Deputy R.G. Le Hérissier:

Did it become apparent to you?

Chief Officer, Home Affairs Department:

Not until I read the submission.

Deputy D.J.A. Wimberley of St. Mary:

Sorry, I did not quite catch it; you said the significance of what, of being in Jersey?

Chief Officer, Home Affairs Department:

[Police consultant]. Yes, I mean my understanding of why [Police consultant] was in Jersey was to help BDO do what was a very unusual value-for-money audit, because of course they have no pre-knowledge of police procedures or how the police do their business, other than what is common knowledge, and so to do an audit of that fashion it was decided that they should have an advisor who knew about those things and that was his role.

Deputy T.M. Pitman:

Obviously you were following this closely, were you surprised when you read [then Acting Police Chief]'s submission?

Chief Officer, Home Affairs Department:

I was mildly surprised that there was that other review going on, but then again I am fully conversant with need-to-know principles, so why I say "mildly surprised", because there is no reason why I should have known; it is a police matter. There is no reason why [then Acting Police Chief] should confide in me deeply as to what else he might be doing.

Deputy T.M. Pitman:

While we are on that issue, the view very strongly expressed by [then Acting Police Chief] that he was not happy with this joint report, as he had never agreed to that. Was that more than a surprise to you?

Chief Officer, Home Affairs Department:

No, in fact I had a conversation with [then Acting Police Chief] about broadly whether a joint report should be produced, so I was aware of his concern at the time, I just did not fully understand the context in which we were having that conversation until I read his submission.

The Deputy of St. Mary:

I am just looking at the engagement letter and I cannot find [Police consultant]'s name in it. Maybe I am wrong; maybe it is there somewhere, but it looks as if BDO are contracting to provide certain services and they will review the documentation, identify further documents, prepare a written report, and then they specify how that report is to be distributed, and then the fees and so on. But no mention that there is going to be someone to help them with the interface with the police, with getting into the whole setup and finding out the things they need to find out.

Chief Officer, Home Affairs Department:

No, in the terms of reference we just asked for an audit job to be done, with these terms of reference. We did not say how they should go about it; that was a matter for them.

Deputy T.M. Pitman:

So to take on from Deputy Wimberley's question, because it has been quite difficult for us, and especially the Minister seems to be having memory problems, he is struggling with what he can remember and what he cannot. Were there any boundaries or limitations set by you in your role on the review that was going to take place. Obviously you set the terms of reference, but was there any: who could be spoken to; who could not, I mean what part did you play in that?

Chief Officer, Home Affairs Department:

No, not at all. We did not specify that and I mean I must stress it was a request to do a value-for-money audit, pure and simple, for the purposes of checking that taxpayers' money had been wisely used. To anticipate your next question, I did ask in a meeting, I think we had in July with the auditors, whether Mr. Harper was going to be interviewed, because I thought he should have been, not because the report was about him, it was not, or the audit was not about Mr. Harper, but you cannot escape the fact that he authorised most of the expenditure. So I then remember having a conversation with [then Acting Police Chief] about Mr. Harper's contribution, so I was not surprised in his submission that he laid out what the issue was. He did not tell me precisely what it was at the time, again I did not inquire, it was just explained to me that, for policing reasons, he did not think it was the right thing to do. Bear in mind that the Wiltshire investigation was ongoing and I think it was connected with that. I now know more precisely why he had an objection to it.

Deputy R.G. Le Hérissier:

You are now aware, having read [then Acting Police Chief]'s submission, that he thought or he believed he was saying he cannot be interviewed for the internal report for the States of Jersey Police, but he put no proscription on having him interviewed, or him being interviewed, for the BDO report. Was that your understanding?

Chief Officer, Home Affairs Department:

No. My understanding at the time was that any interview with Mr. Harper in his estimation might have cut across the Wiltshire investigation.

Deputy R.G. Le Hérissier:

Did you contest this with him?

Chief Officer, Home Affairs Department:

No, I trusted his judgment in that, and ...

Deputy R.G. Le Hérissier:

Did you feel it was possible to write the report without input or without the leading participant contesting the evidence; did you feel it was possible to write a fair report on that basis?

Chief Officer, Home Affairs Department:

Well let us be clear, this was not an investigation; it was an audit, and ...

Deputy R.G. Le Hérissier:

But it was inevitably going to lead to possible accusations against people, was it not?

Chief Officer, Home Affairs Department:

I am sure you have read the BDO report. If you read the report, it is not couched in accusatorial language; it makes a number of recommendations. In fact when I read it, if in fact you read it, I picked out 9 places where it says: "This was good practice." Maybe it is me, but I read it in that light. It was an audit report based on evidence, based on financial evidence, which in my view tried to be objective about what they found. It was not an investigation. I am not naive enough to think it would not impact on certain people. Frankly, it was quite a risk for me to commission this audit, because I am the Accounting Officer, but I felt it was the right thing to do, I was prepared to stand by the decisions I had made over the last 2 years, at the time, it has now been 3 years, and so I was prepared to take whatever they concluded.

Deputy T.M. Pitman:

While you are on that subject, we have considered quite a lot today that Jersey is quite a unique system and not a normal system you find for the police to work in, in a big case like this. How did you feel in your position, because clearly your position was less than perfect in that you have got no power over the police but, as you say, you are the accounting officer?

[15:30]

Chief Officer, Home Affairs Department:

Yes, it is and remains an imperfect arrangement, I will call it that, but we have strengthened it since. I had a written memorandum of understanding with [then Acting Police Chief] about the interface between the Home Affairs budget and the police budget and I have got a similar one with Mr. Bowron which we signed in January. I think what Rectangle showed up was the imperfection in our system when it comes to the control of the police budget and hopefully that will be fully put right when we get the police authority. At the moment the M.O.U. (memorandum of understanding) that I have, which sets out in 2 pages what I expect the Police Chief to do for me and what he can expect from me, does give us something better to work to.

The Deputy of St. Mary:

Going back to your statement that there was a risk in commissioning this audit, and I can see what you mean, how do you react, maybe, to the criticism that some have expressed that the BDO report looks at the way the police spent the money and does not look at the way Home Affairs could have had responsibility there, that the torch was shone more on one side than on the other?

Chief Officer, Home Affairs Department:

Bear in mind that the BDO report is one thing, the Wiltshire finance report is another and the Comptroller and Auditor General's report is another. I think if I had been found seriously wanting I would be gardening by now but the Comptroller and Auditor General summed it up in his report of 14th July 2010. If you have not read that then you need to read that because that sums up all the reports and gives his view on whether I did enough, frankly.

The Deputy of St. Mary:

It is not so much whether you would be gardening now. I think gardening is nicer than sitting here.

Chief Officer, Home Affairs Department:

I like gardening but it does not put bread on the table.

The Deputy of St. Mary:

My question was about the balance of the report and it is not what I am saying. The whole thing is about what different people are saying about this and there is a view that BDO were very intent on looking at the expenditure of the police and what occasioned it and the triggers and then the details of the dog and so on but they were not as interested in if expenditure is running at £300,000 a month or £400,000 a month, something like that. Home Affairs is where the accounting expertise is; there is none in the police. I seem to have read that they have not got much in the way of that. So was there not room at that point to say: "Hey, come on, let us sit around the table and get somebody with their hands on the purse strings inside the police"? I know it is hindsight.

Chief Officer, Home Affairs Department:

Yes, but that does raise a number of issues. The first thing is that we are way off terms of reference here but you have asked me the question. To take that point though, I will say this - it is not my knowledge, it is obviously in other reports - that it is part of the procedures with major inquiries to appoint a finance team to cope with the expenditure. That was not done. The police had access to the Home Affairs finance staff, as they do every day of the week. The problem we had was that we were always looking in the rear view mirror. There was no budget for this operation or investigation. If you have read the reports, one of the first things I had to do was ask the Treasury how I am supposed to account for all this, and I did that right at the beginning. It is very difficult to run a proper set of accounts with no money upfront. The other thing, of course, is we were not party to any of the spending decisions so things were being looked at in retrospect and we had to build a pattern of expenditure based on what had already happened rather than what was going to be authorised. So it is not right to say that there was not access to financial knowledge or expertise. One of the finance managers in the department sits on the Force management board as a finance adviser, so there was finance advice available continually. I met Mr. Harper myself in person once on finance specifically but we were in contact through most of May 2008, because the expenditure was starting to kick off in a big way, about what exactly was happening. So it is not true to say or suggest that they were cut adrift from a financial point of view.

Deputy T.M. Pitman:

Obviously I am not a forensic accountant, none of us are. I do not think I would want to be either, but from your position - and we put this question to the Minister so I will ask you - when you compare, say, the Wiltshire expenses, which I have questioned myself. The Minister in his answer said he was quite happy that was above normal expense, £80 or whatever it is, for a room but he justified it by saying they were close to where they were working. What sort of guidance, if any, were BDO given in coming to their conclusions on what was good value? Could you just clarify that for me? As I say, I am not an accountant. What I am trying to say is are there some sort of consistent guidelines for all these exercises?

Chief Officer, Home Affairs Department:

The Force themselves have policies on things like entertainment and travel, so they have got their own rules. That is where you would go first of all to have a look to verify things. Then I think it is generally known that the States has got, through procurement, approved rates on hotels and accommodation. So those are the non-specialist areas of expenditure. Of course there are things like the drugs dog and the cordons and that sort of thing, which are more specialist, but for these things which are common or garden expenditure anybody who is a public servant would know what you are supposed to do.

Deputy T.M. Pitman:

Yes, I fully appreciate that but I am saying the Minister's answer was he brought up the fact these

people were put up on the other side of the Island from where they were working, and you have to say again Jersey is 9 by 5. Now, if it can be justified on the one side, all I am asking is is there consistency and would BDO have been given guidance on anything specifically from Home Affairs? What I am trying to establish is if there is consistency in the approach to what is appropriate and what is not.

Chief Officer, Home Affairs Department:

I did not give them any guidance on that but then it is part of an audit function to find that. I do not think that is a particularly complicated area. From reading the report, they benchmarked what was being spent in various places against the rates that they knew were about or against where other people were staying.

Deputy R.G. Le Hérissier:

Again, I may be exceeding the terms. You said and you implied it was a bit of a courageous thing to have commissioned this report, but do you think we should never have been there in the first place? In other words, people knew there was not a structure to financial management and that there could have been and should have been much stronger intervention at an earlier point when it was quite obvious to some people that things were not right.

Chief Officer, Home Affairs Department:

I knew from 26th February 2008 that I was on a bit of a sticky wicket. I am old enough to know that this was going to be difficult. Here is a huge amount of expenditure, unprecedented really, no budget, nobody telling me how the money is going to be refunded, no control over instructing the police how to spend it, and yet I am legally responsible in law. All I could hope was that in the fullness of time people would take a broad-minded view of it, weigh up all the factors involved and reach a sensible conclusion. Bear in mind, and this is a serious point which I have not made yet, we did think at the time we were talking about child genocide. I am not a dyed-in-the-wool civil servant. In February 2008, when the former Chief Minister made that statement, I was going to be the last person to interfere with what the police were doing and the last thing they needed was me on their backs saying: "Have you filled in these balance sheets?" There was a time and a place for that but it was not just then. So I think here we are in the cold light of day 3 years later. What you have to do is remember that the Island was potentially, and we thought we were, dealing with something really horrible and the focus at the time was on what exactly had gone on, not about whether we are spending the precise amount of money on this or that. So I did want to let the police get on and do what they had to do.

Deputy R.G. Le Hérissier:

Okay, although the irony is, of course, as the situation was to unfold it was then alleged by some parties that the eye was taken off the child abuse allegations and it became this pantomime about finance. The whole thing then became a scandal about finance. So it is hard to judge.

Chief Officer, Home Affairs Department:

But I, in my water, knew that would happen eventually.

Deputy R.G. Le Hérissier:

Looking at the report, so the report is going on, we have the role, as we find [Police consultant], who seems to pop up in various capacities. Did BDO come back to you regularly and say: "This is what we have found. These are the issues. Can we sit down and discuss them? These are the steps we propose to take for the future"? Did that discussion take place?

Chief Officer, Home Affairs Department:

We had 3 meetings in person, which I have got file notes of.

Deputy T.M. Pitman:

Sorry, what period was that over, roughly?

Chief Officer, Home Affairs Department:

From about March 2009 to the end of 2009. During that time they were involved in the grinding out of the evidence and looking at the stuff. We did not question findings at that point. Where we got more involved was late 2009, early 2010 when the first drafts of the report started to come out. Originally it was very detailed and I did see an early draft, which was their working draft if you like, and the main observation I had at the time was that you could not put it into the public domain. I said to BDO: "Look, this is all very good stuff, very detailed, but the public are going to want to see this. We need a report that you can put out." It did take them quite some time to then change that. For example, there was lots of email correspondence and quoting of people and what they had written, this sort of thing, rather than things written in reported speech, which would be right. They had a number of iterations of editing the report so that you have what you have today.

Deputy R.G. Le Hérisier:

But when you read it, aside from the presentational issues, did you spot anything, for example: "This conclusion is not sound. I do not think you can say that without more evidence. You have jumped too many steps here"? Did you come across any of that?

Chief Officer, Home Affairs Department:

There was no need for that, no. They had done what I thought was a professional audit. They had based their conclusions on evidence and what they had looked at and, no, I did not have any reason to question that.

Deputy R.G. Le Hérisier:

There is a strange form of logic. There is a discussion about Mr. Harper and why he would have been essential and so forth, and they answer their own darts because they then give a list of reasons - it is under 20, [in BDO Alto written submission] I got it wrong this morning - why they did not expect Mr. Harper to turn up. Surely it was not their prerogative to determine whether or not he was going to turn up. They assume he is not going to turn up so do not invite him. Did you pick that up?

Chief Officer, Home Affairs Department:

Turn up for which?

Deputy R.G. Le Hérisier:

Turn up to give evidence, were he to be given an invitation.

The Deputy of St. Mary:

They assume that in their submission, or they suggest that.

Chief Officer, Home Affairs Department:

Yes, but he never was going to be asked to turn up, was he, because they followed [then Acting Police Chief]'s advice on that?

The Deputy of St. Mary:

So you were aware of this advice? You were aware of the conversations between [Police consultant] and [then Acting Police Chief]?

Chief Officer, Home Affairs Department:

I was aware from [then Acting Police Chief] himself that he would not sanction Mr. Harper being asked to give a statement.

Deputy T.M. Pitman:

I am sorry. To make that quite clear, from what we have heard today, yes he was going to be prevented from speaking to [Police consultant] on the internal inquiry, but from what we have heard, he could have spoken to BDO.

[15:45]

Chief Officer, Home Affairs Department:

No. It is not ... I think I answered the question, and that is not my understanding.

Deputy T.M. Pitman:

I am saying, that is not what was said to us today, so ...

Chief Officer, Home Affairs Department:

I can only tell you what I understood.

Deputy T.M. Pitman:

I just want to get that ...

Chief Officer, Home Affairs Department:

I am quite firm on that.

The Deputy of St. Mary:

Right. So you had this view from [then Acting Police Chief] that it is not possible, for reason X, to talk to Mr. Harper, and did that give you ... did that give you ... not sleepless nights, but did that give you cause for concern? Did that worry you that [then Acting Police Chief] was saying no, they cannot speak to Lenny Harper, given his role in the whole ...

Chief Officer, Home Affairs Department:

My judgment was, he had a good reason for saying that.

The Deputy of St. Mary:

Did it worry you?

Chief Officer, Home Affairs Department:

No.

The Deputy of St. Mary:

You did not think it might affect the credibility of the report, given that the report also refers to the Met report, where the same situation attained that Lenny Harper had not spoken ... that they had not spoken to Lenny Harper or Graham Power, for that matter.

Chief Officer, Home Affairs Department:

No, because my frame of mind was that, as I said before, it was an audit, and it was an audit for the Minister and for me. I would accept the criticism, that it is preferable, or would have been preferable, for Mr. Harper to have been interviewed because, as I said before, I thought he should have been. If I had had a free hand, he should have been asked about it, yes.

Deputy R.G. Le Hérissier:

What I was wondering is, you did not think it was worth then saying, or it was worth suggesting to BDO: "Look, the main participant, the person who drove the expenditure, has not been interviewed, and this must inevitably short change the report. It cannot be a complete report."

The Deputy of St. Mary:

It would taint it. It would taint it, as well. The point about this whole investigation, the whole lot was tainted, is it not? It is like people do not believe anything, and so you have to make this report bullet-proof, clear, and you have to have the main protagonist. It may be that it would not have changed the report in any way other than that. What matters is that he was not able to give his view. Question mark.

Chief Officer, Home Affairs Department:

Yes, you can take that view. It was not one I held at the time.

The Deputy of St. Mary:

I want to pick up on what you say about ... and I was very surprised when I read it in the document by [then Acting Police Chief], I think, where he says that it was not a ... it was not an investigation, it was a review. You say the same thing, it was an audit, it was: "Just an audit." Whether you would like to comment on what the *Jersey Evening Post* termed "just an audit", on the 15th of July, when this became public, where we see 4 pages of "just an audit", of sensational headlines. Would you like to comment on how "just an audit" becomes ...

Deputy T.M. Pitman:

We appreciate that you do not control the media.

The Deputy of St. Mary:

It is a problem, though, with something that is an audit.

Deputy T.M. Pitman:

It must be disappointing for you, though, I would have thought?

Chief Officer, Home Affairs Department:

You have to have a thick skin if you are a public servant.

The Deputy of St. Mary:

But the point is it is not covered as an audit is covered as an investigation. I mean, quite plainly, that is ... it comes out as a hatchet.

Chief Officer, Home Affairs Department:

If you gave the BDO report to a civil servant and said: "Do me a précis of this", it would not look like that.

The Deputy of St. Mary:

The problem is that it does look like that.

Chief Officer, Home Affairs Department:

But we are in different professions, are we not?

The Deputy of St. Mary:

But you see, now I am getting sort of twitchy, I am getting kind of shades of Murdoch and saying: "I did not really mean to do that, these guys just did it, you know, I do not know anything about it." Yet, this is how it ends up in the paper, and so on. I just put it to you there is something ... there is something worrying about this process where an objective report, as you are saying that it ... well, are you saying ... Do you think that is a thorough and objective report?

Chief Officer, Home Affairs Department:

Yes.

The Deputy of St. Mary:

So then the question is, how does he get it turned into this? Or is this thorough ...

Chief Officer, Home Affairs Department:

I am not a journalist. I mean, I cannot possibly explain or justify why journalists make that of an audit report. Not as Chief Officer for Home Affairs, I could as a member of the public.

The Deputy of St. Mary:

But you might be able to as a politician, though.

Chief Officer, Home Affairs Department:

Sorry?

The Deputy of St. Mary:

As a politician, you might be able to predict how the report would look in the *J.E.P. (Jersey Evening Post)*.

Chief Officer, Home Affairs Department:

Well, I thought it was an objective report.

The Deputy of St. Mary:

It is not really a fair question to give you.

Deputy R.G. Le Hérissier:

I was going to make the point that there was no doubt that this was being played out almost as a massive propaganda battle. Even though you had, for the finest of motives, commissioned this report and reports like that, they were clearly moving in a certain direction, and there was a view that if you rubbish the investigation officer (not you, but if the system does) then you rubbish the inquiry, that the 2 things were becoming conflated, as they say. There was an awful lot of evidence starting to appear in the public domain, which seemed to be focused on, and I think my colleague put it well, Deputy Wimberley: I am investigating the senior investigating officer. I am not defending him; I am not an apologist for him at all.

Chief Officer, Home Affairs Department:

For the record, you are not suggesting I commissioned it to rubbish the ...

Deputy R.G. Le Hérissier:

No, but what I am suggesting is that it was moving very strongly in that direction, and there was an unending sort of supply of notes of information, ending up in the public domain. Do you think that is what was happening? Not with your active connivance, I should say, but that is essentially what happened.

Chief Officer, Home Affairs Department:

Well, it is mere supposition, is it not? We do not go to work every day to indulge in any of that. It is not part of being in the public service. I do not know what other people do, but certainly, you know, I can talk for Home Affairs, me and my staff. That is not what we get up in the morning to do.

Deputy T.M. Pitman:

Something that has worried me today at the hearing, and obviously, we have to check it out. You said you are happy it is an objective report to the best of your knowledge. Obviously, you did not write it. But if you are going to engage a firm of accountants to do that, and we know, we have seen the document from BDO, they did conflict of interest checks on those staff, which apparently is quite normal, I can imagine. As I say, I am not an accountant. But when we hear that allegations that one of the key people who wrote this was actively involved on the internet in an anti-Mr. Harper group, would that worry you? You obviously do not know that, so I am just putting it to you. Does that not concern you, if that is true?

Chief Officer, Home Affairs Department:

Until you just said it, I had no knowledge of that. But if it is true, of course it would, yes. I mean, if that had been ... if that is true, and generally known at the time, you would not ignore that, would you?

Deputy T.M. Pitman:

I would hope not.

Chief Officer, Home Affairs Department:

No, we would not. But until you just said it, I had no prior knowledge of any suggestion of that at all.

Deputy T.M. Pitman:

If something like that would have been brought to your attention, then what could you have done? What would happen, I mean, how would you take that up with the people doing the review?

Chief Officer, Home Affairs Department:

I think you would have to see if there was anything in it. There is so much supposition and accusation around, you would have to verify it. If it was found to be substantiated, you know, you could not end up appointing a firm, you know, who had had a conflict like that.

Deputy R.G. Le Hérisier:

Can we move to the allegations of a leak, and again, we are not accusing you of this you, by the way, but it is more to explore the issue. Were you aware that there was leaking, initially to the local press, and then there was this major leak to an English national paper of information derived from or replicating the BDO report?

Chief Officer, Home Affairs Department:

No. The first we knew about it was after (it was the 4th of October, was it not) was the first working day when we came to work. Then our first thought was to ask BDO what was going on, because it was not from the Home Affairs, obviously. I was sure of that, so we asked BDO if they knew anything about it. That was our first reaction. I think it is in the submissions, it is clear now what happened.

Deputy R.G. Le Hérisier:

Had there been any other leakings, as far as you are aware?

Chief Officer, Home Affairs Department:

Not that I am aware of, no. Other people may have been, if they were closer to other information, but we did not have much meaty information.

Deputy R.G. Le Hérisier:

This sounds an astoundingly naive question, but it has to be asked (not because I am naive ... well, I might have been) what are the major lessons you have learnt from all of this?

Chief Officer, Home Affairs Department:

Despite all the problems, and I knew there would be problems, and here we are, 3 years down the line, I think as the Home Affairs Department, we tried hard to let the police get on and do their job, but in the real world, you have to be able to back everything up, justify what you did, account ... you know, I am accountable, I am the Accounting Officer. So at the same time you are giving people latitude to do an important job, you do have to spend some time making sure that you can account for decisions. Now, I found that very difficult, because the system was not perfect, as we now know. You know, we have mentioned all the other problems, like not having a budget. All those things made it very, very difficult. One of the reasons I said I found this quite an objective report was because if it happened again, and God forbid it ever does, but if we had anything similar, you could go to that [BDO Alto report]. If you look at the recommendations in there, even if you did not go to the major incident procedure manual that the police have to work to, you could pick this up and say: "Well, hang on a minute, what did we miss last time?" So for me, this is a good reference document. So a lot of the lessons that, from an accounting point of view, were there to be learnt, are in there and in many ways it vindicates the reason for commissioning the value for money audit, because it has been very helpful from that point of view.

Deputy T.M. Pitman:

You just reminded me of one question I wanted to follow up before, from Deputy Le Hérisier. When speaking with Mr. Harper, and [former Police Chief] I suppose, as well, why things were unfolding, Mr. Harper has expressed the view that Home Affairs were always happy with the explanations given and how things were being spent, it would seem. Is that a fair reflection, what he said, or is it only later when you were ... dissatisfaction emerged? Could he have gone away with that impression wrongly, that everything ... you were all happy with?

Chief Officer, Home Affairs Department:

No. That was his way of expressing it. I think, if you had been a fly on the wall, you could not say I was happy with everything that was going on. Bear in mind, I was questioning everything in retrospect. I did not have a chance to be happy, because I was not ever being approached and asked whether: "We are about to spend this large sum of money, is that okay?" Or what could we be doing to put in place measures to make sure that there is an appropriate use of funds. That is a different way of doing it. The only conversation that we have ever had was (and bear in mind, I was the instigator of these discussions) saying: "You have done these things. How can you assure me that you have spent the money appropriately?" Or efficiently and effectively, to use the right words. He would then explain, and he would give a justification. All I could do was ask questions and accept the explanation or otherwise. It is not me endorsing what had happened. I was not in a position to do that.

Deputy T.M. Pitman:

Perhaps I am getting confused, and correct me if I am, but one of the big expenses would have been the serious crime incident room, would there not? Is that fair, to say that was? Should that have been an expense attributed to the general police budget, rather than unfolding of the Haut de la Garenne?

Chief Officer, Home Affairs Department:

No. You mean the Holmes investigation suite?

Deputy T.M. Pitman:

Yes.

[16:00]

Chief Officer, Home Affairs Department:

No, because they would not normally have a need for anything of that scale, so that, in my view, is correctly attributed to the investigation. But bear in mind, you know, you have to maintain some balance here. I appreciate that Mr. Harper and anybody involved with the inquiry was having to make decisions on the hoof, half the time. You do not have the chance to sit back with your feet up on the table, mulling over what to do, necessarily. Some things ... there has to be ... the BDO report says there was not the need for urgency, but there was ... But there were a lot of difficult decisions to be taken, and so we forget that in the calm of today, but in the cut and thrust of the time, people had to make some pretty serious operational decisions.

The Deputy of St. Mary:

But I still have to come back to ... I just quote what Mr. Harper said, which is fine, and I think you have just spoken about it, you have given your version of this. He says he got very little guidance from Financial Affairs. "The nearest we got was sitting down and talking with the Chief Officer and the Head of Finance, and going through the expenditure, and both of those always, at every stage, expressed satisfaction." You have a slightly different gloss on that, you asked questions. "And I have to say, some frustration as well with the fact that they were aware that we were trying to keep costs down to a budget that we did not have." So there you are, each month, having these meetings, roughly? And it was looking at this quite big river of money going, and asking questions as well as you could. But was there not a point at which you thought: "Gosh, can we not set up something a bit better than this, to manage the expenditure, so that it is not Mr. Harper who is saying: 'I will decide

on this and I will decide on that, and what about the transport, and what about the hotels, and ...” You know, which is what the BDO report ... that is what they say: “Should have happened”, in quotes. So my question is, I suppose, why did it not happen?

Chief Officer, Home Affairs Department:

Well, it did. As I said, during May 2008 there was a lot of correspondence between Mr. Harper and myself about whether he could justify the amount that was being spent, and he gave me those assurances. But as part of questioning and verifying that I wrote twice to Chief Officer. So I wrote to [former Police Chief] saying: “I have been told this, I need an assurance from you that this is right.” It was not answered the first time, but [former Police Chief] did suggest that we set up an oversight board to meet on a monthly basis to look at financial expenditure, which was a good idea, and we set it up. But I did have to write to him another 2 weeks later and say: “You know that question I asked you, I still need your assurance.” Then he wrote back and said he had been assured by the people in charge that expenditure was being appropriately made. So that was me trying to get, from the top, the fact that they were looking after public money. But to answer Deputy Wimberley’s question, we did set up this board. When [then Acting Police Chief] came in, I think it was August 2008 when Mr. Harper had gone, he set up a different group. He ran it more on operational lines (it is referred to as a Gold Group in some of the literature) which was a more formal board, where financial matters were part of that, and I attended those meetings, where part of that was, if they were going to incur significant expenditure, it had to be agreed at that meeting, in advance. So that was an improvement.

The Deputy of St. Mary:

Can you tell us when the F.O.B. (Financial Oversight Board) was kicked off? I know it is in one of the documents, so maybe I can just find it.

Chief Officer, Home Affairs Department:

No, no, I will find it. The first meeting was on 23rd July 2008, the second meeting was on 3rd October 2008, and the third meeting was on 12th February 2009.

The Deputy of St. Mary:

By then it was running in parallel with the Gold Group?

Chief Officer, Home Affairs Department:

Yes. But we subsumed it within for obvious reasons. [then Acting Police Chief] and [former D/Superintendent] were at the last meetings, obviously, because they had now become the new team.

Deputy T.M. Pitman:

Can I just ask then your feelings when this leak, which allegedly came from [former D/Superintendent]; it seems that way, [Police consultant] told us it had been confirmed to him by [former D/Superintendent] it was him. What concerns did that raise for you at that time, the fact that it ... did you worry it was going to undermine the inquiry that was going on, the review? Did you wonder what the motivation was for that?

Chief Officer, Home Affairs Department:

I think it was a personal decision taken by [former D/Superintendent], obviously, to go public with his feelings.

Deputy R.G. Le Hérisier:

Have you told him these feelings?

Chief Officer, Home Affairs Department:

No, I never spoke to him personally. I doubted the wisdom of that at the time. I remember thinking I would not have done it myself. But I think, again it is only my view. He obviously felt very strongly about the issue, and felt that that was his way of dealing with it. It is not my style, but we are not all the same, are we?

Deputy T.M. Pitman:

Do you have any other points that you want to make to us?

Chief Officer, Home Affairs Department:

No. Only that it is easy to reflect in hindsight. I think people forget too easily that at the time ... We may be all divided now, but at the time, I would say everybody in this room had one objective, and that was to get to the bottom of whatever it was that caused this investigation. In many ways, ironically, we are glad it did not precipitate into something else. I think one of life's ironies is that we were all united in early 2008, in trying to get to the bottom of something completely ghastly. It is just a shame now that we all have different positions on it. But that is a personal thing.

Deputy T.M. Pitman:

Thank you again for giving evidence, and I will end it there. I am sure if we need to speak to you again, you will be more than happy to spend some time. Thank you.

[16:07]