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## PRESS RELEASE

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The Auditor General, Alastair Swarbrick, made public today his performance audit report on the Government's "Management of Major Capital Projects". In his report, Mr. Swarbrick assesses how well the Government manages approximately 25% or about \$150 million of annual spending and provides information on the Government Administration Building and the three high school projects.

In the report, Mr. Swarbrick describes his concerns about how Government manages major capital projects to ensure the effective use of public funds for this significant expenditure. He found a number of problems with the way Government spends its money including:

- Business cases are not prepared leading to projects that change significantly in size and cost and can't demonstrate good value-for-money;
- Roles and responsibilities between politicians and administrative staff are not clearly defined;
- Lack of sound financial management practices; and
- Need for basic quality standards for how major capital projects such as buildings should be built.

*"While there are problems with the Government's management framework for major capital projects, we found good practices used in the building of the Government Administration Building," said the Auditor General. "The government may wish to consider these for standard practice for the management of all future major capital projects."*

However, the audit concluded that the significant gaps and weaknesses in how Government manages its spending for major capital projects contributes to a waste of scarce resources and a lack of accountability for public expenditures.

*"Government needs to ensure that effective and robust practices are in place across the public service to manage these significant capital projects to demonstrate due regard for value-for-money. We found it is left up to the individual ministries to determine how it is done," said Mr. Swarbrick. "Therefore, we have recommended that there be a centre of excellence created to ensure these projects are managed more effectively in the future".*

The audit report includes how the problems he found impacted the building of the Government Administration Building and the design and contracting of the three high schools projects. For example, Mr. Swarbrick points out that the high schools projects were handed over to the Ministry of Education, Training and Employment to build. He goes on to say that the Ministry did not have the management expertise or experience to execute these kinds of projects. The lack of an experienced project manager, together with the involvement of politicians in the conceptual design phase of the projects resulted in them being poorly managed and controlled leading up to the signing of the contract with the general contractor in 2008.

More information regarding this report can be obtained by contacting Martin Ruben at the Office of the Auditor General at (345) 244-3206. A copy of the report is available at [www.auditorgeneral.ky](http://www.auditorgeneral.ky).