

Jabs, Ryan GCPE:EX

From: Greg Johnson <gjohnson@ticorp.ca>
Sent: Thursday, September 22, 2016 2:28 PM
To: Chambers, Craig GCPE:EX; Jabs, Ryan GCPE:EX
Cc: Sampson, Lia TIC:EX
Subject: FW: Request for interview today re: 2009 KPMG review for TIC (Metro News)

Just received this. Assume it's from Integrity BC's post today. http://www.integritybc.ca/?page_id=6269

Looking into response points now.

Greg

From: Ball, David [<mailto:David.Ball@metronews.ca>]
Sent: Thursday, September 22, 2016 2:17 PM
To: Greg Johnson
Subject: Request for interview today re: 2009 KPMG review for TIC (Metro News)

Hi Mr. Johnson,
I'm a reporter with Metro News based in Vancouver, and would like to request an interview with you or another spokesperson for a story in tomorrow's edition.

My deadline is 6pm PST today.

I am writing about allegations surrounding a KPMG review that TIC commissioned in regards to a major highway infrastructure project in 2009, and overseen by KPMG's Mr. Gary Webster.

I would like to confirm whether Webster, in his previous role immediately before joining KPMG, oversaw the TIC's contracts on the same project — and whether the project was in fact the Port Mann bridge.

I would also like to seek TIC's response to allegations that the two roles, first as TIC's representative and later at KPMG, would or would not place him in a conflict or be construed as a threat to independents as per accounting industry guidelines. Thank you for your time and helping to clarify the facts of the case, and clear up any misconceptions or inaccuracies for our readers.

David

David P. Ball

Reporter/Photographer

Metro Vancouver

D: 604-648-3240

C: 604-653-7641

Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 12:44 PM
To: 'david.ball@metronews.ca'
Subject: Request - Ministry of Transportation and Infrastructure

Hello David,

Unfortunately the minister is not available for an interview. Please see below the response to your request on behalf of the Ministry of Transportation and Infrastructure.

Government is committed to transparency and accountability. Financial updates on projects are provided through annual reports and service plan updates.

During construction of the Port Mann/Highway 1 Improvement Project, TI Corp released regular project updates and financial information while the project was being built, and TI Corp continues to account for its ongoing operations. KPMG is a well-respected international leader in business management, accounting and oversight of small and large-scale public and private projects. In hiring KPMG, there's an expectation that all work will meet or exceed their industry's standards for quality, integrity and accountability.

The new 10-lane Port Mann Bridge and associated improvements to Highway 1 and the Mary Hill Bypass has reduced congestion, and is saving commuters up to an hour a day. It's also allowing Rapid Bus service across the bridge for the first time in a generation.

As we invest taxpayer dollars on vital infrastructure that keeps goods and people moving, we're confident that our procurement process is fair, open and transparent.

Best,
Kate

Kate Mukasa | Public Affairs Officer
Ministry of Transportation and Infrastructure
Government Communications and Public Engagement
Tel: 250.356.8241 | Mobile: 250.361.6839 | email: kate.mukasa@gov.bc.ca

Jabs, Ryan GCPE:EX

From: Greg Johnson <gjohnson@ticorp.ca>
Sent: Tuesday, September 27, 2016 1:08 PM
To: Chambers, Craig GCPE:EX
Cc: Jabs, Ryan GCPE:EX
Subject: RE: Responses to Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Craig, Ryan,

Ran through this with Irene. She's good with the high level approach.

s.13

Also, we should add the fact we're audited by the OAG every year.

Greg

From: Chambers, Craig GCPE:EX [<mailto:Craig.Chambers@gov.bc.ca>]
Sent: Tuesday, September 27, 2016 11:02 AM
To: Greg Johnson
Subject: Responses to Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Greg – Ryan and I will give you a call on this in 5 minutes or so.

Craig

Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Monday, September 26, 12:45PM

Deadline: Today, 6PM

Reporter's Request: I'm investigating new allegations surrounding a KPMG review commissioned by the Transportation Investment Corporation in 2009 — scrutinizing a Port Mann contract valued at roughly \$100 million paid to Kiewit/Flatiron.

1. I would like to ask Minister Stone what exactly that money paid for since little work had been done (it was just two weeks after the March 2009 contract signing) and the contract had just been cancelled and reworked.
2. Was the invoiced \$98-million disbursed to Kiewit/Flatiron, and who authorized the payment?
3. Was it repaid?
4. I would also like to confirm what then-CH2M Hill vice-president Gary Webster's role was in that contract for TIC, and what other BC infrastructure contracts he has been involved in since 2001.
5. And I would also like to ask if the BC government raised concerns or has concerns presently about KPMG partner Webster allegedly being tasked to oversee the KPMG review of the very \$98-million spending authorization he signed off on.

Responses:

- Government is committed to transparency and accountability. Financial updates on projects are provided through annual reports and service plan updates.
- During construction of the Port Mann/Highway 1 Improvement Project, TI Corp released regular project updates and financial information while the project was being built, and TI Corp continues to account for its ongoing operations.
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- The new 10-lane Port Mann Bridge and associated improvements to Highway 1 and the Mary Hill Bypass has reduced congestion, and is saving commuters up to an hour a day. It's also allowing Express Bus service across the bridge for the first time in a generation.
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Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 1:19 PM
To: Jabs, Ryan GCPE:EX; Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Will do

From: Jabs, Ryan GCPE:EX
Sent: Tuesday, September 27, 2016 1:17 PM
To: Mukasa, Kate GCPE:EX; Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

I've connected with Greg to get back to the reporter... once I confirm with him, you can let the reporter know that the TI corp has the details on this piece as part of the original contract with Kiewit-Flatiron and will be in touch with the info.

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 1:13 PM
To: Chambers, Craig GCPE:EX
Cc: Jabs, Ryan GCPE:EX; Rorison, Trish GCPE:EX
Subject: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Hi Craig,

Reporter has circled back with follow up.

Minister Request Y/N: Yes. Phone interview with MTS.
Topic: Port Mann contracts (Follow Up)
Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca
Outlet: Metro Vancouver
Date/ Time received: Tuesday, September 27, 2016
Deadline: ASAP
Reporter's Request:

Were you able to find out any information on the \$98 million invoice in March 2009? In the interests of transparency, and the fact the TI Corp. flagged it for a KPMG review, it would be in the Ministry's interests to be clear that this particular payment was above board — or rectified if improper/in error. As it stands, the allegation is that this was a payment of taxpayer dollars was made for no work completed, but the same man who later audited it.

I certainly do not want to publish a story that unfairly suggests misspending and a coverup of improper taxpayer spending, if there is another explanation.

BACKGROUND:

(Below is what was sent to reporter this afternoon)

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Kate Mukasa | Public Affairs Officer
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Government Communications and Public Engagement
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Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 2:02 PM
To: Jabs, Ryan GCPE:EX
Cc: Chambers, Craig GCPE:EX; Rorison, Trish GCPE:EX
Subject: Re: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Reporter says tomorrow noon is good

Sent from my iPhone

On Sep 26, 2016, at 1:54 PM, Jabs, Ryan GCPE:EX <Ryan.Jabs@gov.bc.ca> wrote:

Kate,
Craig is digging into this, but can you let the reporter know we're going to need some more time, as he's looking for us to comment on something from over seven years ago?
Thanks,
Ryan

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 12:57 PM
To: Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX
Subject: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Hi Craig,

Reporter is looking to speak to MTS by 6pm tonight.

Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Monday, September 26, 12:45PM

Deadline: Today, 6PM

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KM

Kate Mukasa | Public Affairs Officer

Ministry of Transportation and Infrastructure

Government Communications and Public Engagement

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Jabs, Ryan GCPE:EX

From: Chambers, Craig GCPE:EX
Sent: Monday, September 26, 2016 1:36 PM
To: Jabs, Ryan GCPE:EX
Subject: Re: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Trying to get into see Patrick right now.

Sent from my iPhone

On Sep 26, 2016, at 1:08 PM, Jabs, Ryan GCPE:EX <Ryan.Jabs@gov.bc.ca> wrote:

Craig, can you check in with Patrick on the 98 million question? We can see what Greg has...

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 12:57 PM
To: Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX
Subject: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

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Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

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Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 1:56 PM
To: Jabs, Ryan GCPE:EX
Subject: RE: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Will do

From: Jabs, Ryan GCPE:EX
Sent: Monday, September 26, 2016 1:54 PM
To: Mukasa, Kate GCPE:EX; Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX
Subject: RE: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Kate,

Craig is digging into this, but can you let the reporter know we're going to need some more time, as he's looking for us to comment on something from over seven years ago?

Thanks,

Ryan

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 12:57 PM
To: Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX
Subject: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

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Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Monday, September 26, 12:45PM

Deadline: Today, 6PM

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Jabs, Ryan GCPE:EX

From: Ives, Andrew TRAN:EX
Sent: Tuesday, September 27, 2016 12:28 PM
To: Mukasa, Kate GCPE:EX
Cc: Bell, Jordan TRAN:EX; Clark, Nathan TRAN:EX; Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX; Chambers, Craig GCPE:EX; Gordon, Matt GCPE:EX; Wolford, Jessica GCPE:EX
Subject: RE: FOR APPROVAL: Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Approved on background.

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 11:48 AM
To: Ives, Andrew TRAN:EX
Cc: Bell, Jordan TRAN:EX; Clark, Nathan TRAN:EX; Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX; Chambers, Craig GCPE:EX; Gordon, Matt GCPE:EX; Wolford, Jessica GCPE:EX
Subject: FOR APPROVAL: Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Hello Andrew,

FOR APPROVAL:

Recommend sending on background.

Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Monday, September 26, 12:45PM

Deadline: Today, 12PM

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Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 1:13 PM
To: Chambers, Craig GCPE:EX
Cc: Jabs, Ryan GCPE:EX; Rorison, Trish GCPE:EX
Subject: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Hi Craig,

Reporter has circled back with follow up.

Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts (Follow Up)

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Tuesday, September 27, 2016

Deadline: ASAP

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Were you able to find out any information on the \$98 million invoice in March 2009? In the interests of transparency, and the fact the TI Corp. flagged it for a KPMG review, it would be in the Ministry's interests to be clear that this particular payment was above board — or rectified if improper/in error. As it stands, the allegation is that this was a payment of taxpayer dollars was made for no work completed, but the same man who later audited it.

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Jabs, Ryan GCPE:EX

From: Mukasa, Kate GCPE:EX
Sent: Monday, September 26, 2016 12:57 PM
To: Chambers, Craig GCPE:EX
Cc: Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX
Subject: HEADS UP! Media request – Metro Vancouver– David P. Ball– Port Mann contracts

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Reporter is looking to speak to MTS by 6pm tonight.

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Jabs, Ryan GCPE:EX

From: Greg Johnson <gjohnson@ticorp.ca>
Sent: Tuesday, September 27, 2016 4:27 PM
To: Jabs, Ryan GCPE:EX
Cc: Chambers, Craig GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Minor edits, as per Garry Dawson. Here's what's been sent to the reporter:

The \$98 million paid in March 2009 was based on requirements of the Design Build contract with Kiewit Flatiron.

The request for proposals allowed for early work to proceed in order to maintain the schedule. This payment went towards commencement of design, pre-purchase of materials and other work such as a pile load testing. These fees are included in the total project budget of \$3.3 billion.

It is important to note that every year TI Corp receives an audit by the Office of the Auditor General of BC.

KPMG is an international leader in business management, accounting and oversight of small and large-scale public and private projects. In hiring KPMG, there's an expectation that all work will meet or exceed their industry's standards for quality, integrity and accountability.

From: Jabs, Ryan GCPE:EX [mailto:Ryan.Jabs@gov.bc.ca]
Sent: Tuesday, September 27, 2016 2:26 PM
To: Greg Johnson
Cc: Chambers, Craig GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

s.13

. thanks.

From: Greg Johnson [mailto:gjohnson@ticorp.ca]
Sent: Tuesday, September 27, 2016 2:24 PM
To: Jabs, Ryan GCPE:EX
Cc: Chambers, Craig GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Here's what we're prepared to email to Metro:

The \$98 million spent in March 2009 was per the Design Build contract signed with Kiewit Flatiron. The contract allowed for early work to proceed in order to maintain the schedule, and this payment went towards pre-purchased materials and work such as a pile testing. These fees are included in the total project budget of \$3.3 billion.

It is important to note that every year TI Corp receives an unqualified audit by the Office of the Auditor General of BC.

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From: Jabs, Ryan GCPE:EX [<mailto:Ryan.Jabs@gov.bc.ca>]
Sent: Tuesday, September 27, 2016 1:16 PM
To: Greg Johnson <gjohnson@ticorp.ca>
Cc: Chambers, Craig GCPE:EX <Craig.Chambers@gov.bc.ca>
Subject: FW: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)
Importance: High

Follow-up, Greg... can you respond to the reporter on this point? Important to clarify that this money was part of the contract for development, design and early works – actual work done –and the total amount we've reported publicly that went to Kiewit flatiron?

I'm assuming the audit was done, as part of good business practice... and you had KPMG audit all spending along the way?

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 1:13 PM
To: Chambers, Craig GCPE:EX
Cc: Jabs, Ryan GCPE:EX; Rorison, Trish GCPE:EX
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1. I would like to ask Minister Stone what exactly that money paid for since little work had been done (it was just two weeks after the March 2009 contract signing) and the contract had just been cancelled and reworked.
2. Was the invoiced \$98-million disbursed to Kiewit/Flatiron, and who authorized the payment?
3. Was it repaid?

4. I would also like to confirm what then-CH2M Hill vice-president Gary Webster's role was in that contract for TIC, and what other BC infrastructure contracts he has been involved in since 2001.
5. And I would also like to ask if the BC government raised concerns or has concerns presently about KPMG partner Webster allegedly being tasked to oversee the KPMG review of the very \$98-million spending authorization he signed off on.

Responses:

- Government is committed to transparency and accountability. Financial updates on projects are provided through annual reports and service plan updates.
- During construction of the Port Mann/Highway 1 Improvement Project, TI Corp released regular project updates and financial information while the project was being built, and TI Corp continues to account for its ongoing operations.
- KPMG is a well-respected international leader in business management, accounting and oversight of small and large-scale public and private projects. In hiring KPMG, there's an expectation that all work will meet or exceed their industry's standards for quality, integrity and accountability.
- The new 10-lane Port Mann Bridge and associated improvements to Highway 1 and the Mary Hill Bypass has reduced congestion, and is saving commuters up to an hour a day. It's also allowing Rapid Bus service across the bridge for the first time in a generation.
- As we invest taxpayer dollars on vital infrastructure that keeps goods and people moving, we're confident that our procurement process is fair, open and transparent.

Kate Mukasa | Public Affairs Officer
Ministry of Transportation and Infrastructure
Government Communications and Public Engagement
Tel: 250.356.8241 | Mobile: 250.361.6839 | email: kate.mukasa@gov.bc.ca

Jabs, Ryan GCPE:EX

From: Livolsi, Patrick C TRAN:EX
Sent: Tuesday, September 27, 2016 4:14 PM
To: Jabs, Ryan GCPE:EX
Cc: Chambers, Craig GCPE:EX; Kerr, Irene TIC:EX
Subject: RE: FOR APPROVAL: Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Talked to Irene and they are digging into background with Garry and how the payments were made. It appears as if we might have had Kiewit (and possibly other contractors) undertake some early works on the project while TICORP was in the process of negotiating the final DB agreement with them. More to follow from Greg and Irene after their discussions. Holding messages are good right now.

Thanks

Patrick

From: Jabs, Ryan GCPE:EX
Sent: Tuesday, September 27, 2016 12:02 PM
To: Livolsi, Patrick C TRAN:EX
Cc: Chambers, Craig GCPE:EX
Subject: RE: FOR APPROVAL: Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Just got a call from TI Corp... sounds like it's all part of the total payments made to Kiewit and disclosed as part of the final budget for the project.

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 11:48 AM
To: Ives, Andrew TRAN:EX
Cc: Bell, Jordan TRAN:EX; Clark, Nathan TRAN:EX; Rorison, Trish GCPE:EX; Jabs, Ryan GCPE:EX; Chambers, Craig GCPE:EX; Gordon, Matt GCPE:EX; Wolford, Jessica GCPE:EX
Subject: FOR APPROVAL: Media request – Metro Vancouver– David P. Ball– Port Mann contracts

Hello Andrew,

FOR APPROVAL:

Recommend sending on background.

Minister Request Y/N: Yes. Phone interview with MTS.

Topic: Port Mann contracts

Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca

Outlet: Metro Vancouver

Date/ Time received: Monday, September 26, 12:45PM

Deadline: Today, 12PM

Reporter's Request: I'm investigating new allegations surrounding a KPMG review commissioned by the Transportation Investment Corporation in 2009 — scrutinizing a Port Mann contract valued at roughly \$100 million paid to Kiewit/Flatiron.

1. I would like to ask Minister Stone what exactly that money paid for since little work had been done (it was just two weeks after the March 2009 contract signing) and the contract had just been cancelled and reworked.
2. Was the invoiced \$98-million disbursed to Kiewit/Flatiron, and who authorized the payment?
3. Was it repaid?
4. I would also like to confirm what then-CH2M Hill vice-president Gary Webster's role was in that contract for TIC, and what other BC infrastructure contracts he has been involved in since 2001.
5. And I would also like to ask if the BC government raised concerns or has concerns presently about KPMG partner Webster allegedly being tasked to oversee the KPMG review of the very \$98-million spending authorization he signed off on.

Responses:

- Government is committed to transparency and accountability. Financial updates on projects are provided through annual reports and service plan updates.
- During construction of the Port Mann/Highway 1 Improvement Project, TI Corp released regular project updates and financial information while the project was being built, and TI Corp continues to account for its ongoing operations.
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Jabs, Ryan GCPE:EX

From: Jabs, Ryan GCPE:EX
Sent: Tuesday, September 27, 2016 3:28 PM
To: Bell, Jordan TRAN:EX; Clark, Nathan TRAN:EX; Ives, Andrew TRAN:EX
Cc: Rorison, Trish GCPE:EX; Chambers, Craig GCPE:EX
Subject: FW: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Metro Vancouver followed-up with us on the \$100 million... We've referred him to TI Corp, as they have the details on the project and contract. Their response is below (100 million was part of the contract to do early works and pre-purchase materials).

From: Greg Johnson [<mailto:gjohnson@ticorp.ca>]
Sent: Tuesday, September 27, 2016 2:24 PM
To: Jabs, Ryan GCPE:EX
Cc: Chambers, Craig GCPE:EX
Subject: RE: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Here's what we're prepared to email to Metro:

The \$98 million spent in March 2009 was per the Design Build contract signed with Kiewit Flatiron. The contract allowed for early work to proceed in order to maintain the schedule, and this payment went towards pre-purchased materials and work such as pile testing. These fees are included in the total project budget of \$3.3 billion.

It is important to note that every year TI Corp receives an audit by the Office of the Auditor General of BC.

KPMG is an international leader in business management, accounting and oversight of small and large-scale public and private projects. In hiring KPMG, there's an expectation that all work will meet or exceed their industry's standards for quality, integrity and accountability.

From: Mukasa, Kate GCPE:EX
Sent: Tuesday, September 27, 2016 1:13 PM
To: Chambers, Craig GCPE:EX
Cc: Jabs, Ryan GCPE:EX; Rorison, Trish GCPE:EX
Subject: Media request – Metro Vancouver– David P. Ball– Port Mann contracts (Follow Up)

Hi Craig,

Reporter has circled back with follow up.

Minister Request Y/N: Yes. Phone interview with MTS.
Topic: Port Mann contracts (Follow Up)
Reporter/ Contact: David P. Ball, 604-653-7641, david.ball@metronews.ca
Outlet: Metro Vancouver
Date/ Time received: Tuesday, September 27, 2016
Deadline: ASAP
Reporter's Request:

Were you able to find out any information on the \$98 million invoice in March 2009? In the interests of transparency, and the fact the TI Corp. flagged it for a KPMG review, it would be in the Ministry's interests to be clear that this

particular payment was above board — or rectified if improper/in error. As it stands, the allegation is that this was a payment of taxpayer dollars was made for no work completed, but the same man who later audited it.

I certainly do not want to publish a story that unfairly suggests misspending and a coverup of improper taxpayer spending, if there is another explanation.

BACKGROUND:

(Below is what was sent to reporter this afternoon)

I'm investigating new allegations surrounding a KPMG review commissioned by the Transportation Investment Corporation in 2009 — scrutinizing a Port Mann contract valued at roughly \$100 million paid to Kiewit/Flatiron.

1. I would like to ask Minister Stone what exactly that money paid for since little work had been done (it was just two weeks after the March 2009 contract signing) and the contract had just been cancelled and reworked.
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Responses:

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Tel: 250.356.8241 | Mobile: 250.361.6839 | email: kate.mukasa@gov.bc.ca

Jabs, Ryan GCPE:EX

From: Jabs, Ryan GCPE:EX
Sent: Wednesday, September 28, 2016 10:27 AM
To: Bell, Jordan TRAN:EX
Cc: Rorison, Trish GCPE:EX
Subject: TI Corp - proposed statement re Metro News article

From: Greg Johnson [mailto:gjohnson@ticorp.ca]
Sent: Wednesday, September 28, 2016 9:05 AM
To: Jabs, Ryan GCPE:EX; Chambers, Craig GCPE:EX
Subject: FW: Statement re Metro News

I've drafted a statement TI Corp can release should this story continue today.
I have not received any calls this morning, but I want to be able to respond should they start coming in.
It's being reviewed by exec now.

From: Greg Johnson
Sent: Wednesday, September 28, 2016 9:03 AM
To: Irene Kerr <ikerr@ticorp.ca>; Garry Dawson <gdawson@ticorp.ca>; Sveto Plavsic <splavsic@ticorp.ca>; Mario Piscitelli <mpiscitelli@ticorp.ca>; Max Logan (mlogan@ticorp.ca) <mlogan@ticorp.ca>
Cc: Lia Sampson <LSampson@ticorp.ca>; Geoffrey Nutter <gnutter@ticorp.ca>; Stephanie Van Veen (svanveen@ticorp.ca) <svanveen@ticorp.ca>
Subject: Statement re Metro News

I've prepared a statement we can issue should this story gain any momentum.
Could I please get this group's review of these four bullets?

Transportation Investment Corporation (TI Corp) is clarifying points made in an story reported earlier today.

- At no time has any private party had signing authority for contracts or spending on the Port Mann/Highway 1 Improvement Project. TI Corp has always had a strict authorities and delegations protocol that requires executive, CEO, and Board of Director review and approval. These controls have ensured project spending is transparent, properly reported and visible.
- Early in construction, TI Corp hired KPMG to perform a review of invoicing procedures. This was unrelated to any specific payments, but to ensure project deliverables and fees were being properly allocated against the design build contract. Outcomes included a detailed breakdown of capital and operational expenses, and this invoicing procedure continued through the term of the contract.
- The invoicing review conducted by KPMG was independent of the project's Authority Representative. It was done separately by an independent review team that reported directly to TI Corp.

- Every year, TI Corp receives an audit of its financial reporting by the Office of the Auditor General of BC. That audit includes scrutiny of contracts with KPMG and other suppliers. Every year, the Auditor General's office has signed off on TI Corp's finances and the results are publicly reported.

TI Corp is the Crown corporation responsible for the construction and operation of the Port Mann Bridge and Highway 1 improvements. TI Corp is repaying the project costs through tolling on the bridge and is scheduled to repay all debt by 2050.

Greg Johnson
Transportation Investment Corporation
gjohnson@ticorp.ca
www.ticorp.ca

From: Greg Johnson
Sent: Wednesday, September 28, 2016 8:14 AM
To: Irene Kerr <ikerr@ticorp.ca>; Garry Dawson <gdawson@ticorp.ca>; Sveto Plavsic <splavsic@ticorp.ca>; Mario Piscitelli <mpiscitelli@ticorp.ca>; Max Logan (mlogan@ticorp.ca) <mlogan@ticorp.ca>
Cc: Lia Sampson <Lsampson@ticorp.ca>; Geoffrey Nutter <gnutter@ticorp.ca>
Subject: Metro News story

Metro ran a story today. It's a recap of the integrity BC piece, but with quotes.

Quotes from:
Dermot Travis, Integrity BC
Claire Travena, Transportation Critic
Jordan Bateman, Taxpayer's Federation
TI Corp, Greg Johnson email
MoTI, Kate Mukasa email

<http://www.metronews.ca/news/vancouver/2016/09/28/bc-former-port-mann-rep-oversaw-kpmg-review-of-invoicing.html>

B.C.'s former Port Mann bridge rep later oversaw KPMG review of 'invoicing process'

Critics call for scrutiny after revelations a senior KPMG partner oversaw a review of 2009 expenses he'd overseen in a previous role.

By: David P. Ball Metro Published on Wed Sep 28 2016

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ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Transportation and Infrastructure
Date: Jan. 25, 2017

Minister Responsible: Todd Stone

PMH1 - TI Corp Call for Independent Review of Project Oversight

ADVICE AND RECOMMENDED RESPONSE:

- Government is committed to transparency and accountability for taxpayers' dollars on each and every project, large or small.
- Financial updates on projects are provided through annual reports and service plan updates.
- As well, the Office of the Auditor General provides oversight to all ministries and Crowns.

If asked about TI Corp and its KPMG contract review:

- During construction of the Port Mann/Highway 1 Improvement Project, TI Corp released regular project updates and financial information while the project was being built, and TI Corp continues to account for its ongoing operations.
- To be clear – at all times, all signing authorities have been with TI Corp and never with a private party.
- We do hire private contractors like KPMG for their expertise to support the ministry on major projects.
- KPMG is a well-respected international leader in business management, accounting and oversight of small and large-scale public and private projects.
- In hiring KPMG, there's an expectation that all work must meet or exceed standard for professional conduct and industry standards for quality, integrity and accountability.
- As well, TI Corp receives a robust audit of its compliance and control processes, which includes annual audit by the Office of the Auditor General.
- The new 10-lane Port Mann Bridge and associated improvements to Highway 1 and the Mary Hill Bypass has reduced congestion, and is saving commuters up to an hour a day. It's also allowing Rapid Bus service across the bridge for the first time in a generation.
- As TI Corp invests in vital infrastructure that keeps goods and people moving, we're confident that procurement processes are fair, open and transparent.

KEY FACTS REGARDING THE ISSUE:

In a Sept. 28, 2016, Metro News story, NDP transportation critic Claire Trevena said B.C.'s practice of having private sector contractors oversee taxpayer spending is "extremely worrying" and called for an independent review. She is quoted as saying, "That's why we have the Auditor General, with the role of oversight of major projects — that's where the oversight should be. Their role is to oversee government spending, not to bring individuals from the private sector."

This stems from questions about an accounting firm partner who oversaw a review into the Port Mann/Highway 1 improvement project's invoicing process - a process the KPMG partner, Gary Webster, had overseen months earlier in a previous job for the Transportation Investment Corporation (TI Corp.), the Crown corporation B.C. created to implement the Port Mann/Highway 1 project, according to court documents.

The invoice in question - \$98 million paid in March 2009 to Kiewit/Flatiron - was based on requirements of the Design Build contract with Kiewit Flatiron. The request for proposals allowed for early work to proceed in order to maintain the schedule. This payment went towards commencement of design, pre-purchase of materials and other work such as a pile load testing. These fees are included in the total project budget of \$3.3 billion.

At no time has any private party had signing authority for contracts or spending on the Port Mann/Highway 1 Improvement Project. TI Corp has a strict authorities and delegations protocol that requires executive, CEO, and Board of Director review and approval of all spending. These controls have ensured project spending is transparent, properly reported and visible.

Early in construction, TI Corp hired KPMG to perform a review of invoicing procedures as the project was ramping up. This was unrelated to the \$98 million paid to Kiewit or any other specific payments, but to ensure project deliverables and fees were being properly allocated against the design build contract. Outcomes included a detailed breakdown of capital and operational expenses, and this invoicing procedure continued through the term of the contract.

The invoicing review conducted by KPMG was done by an independent review team that reported directly to TI Corp.

TI Corp confirms that each year it receives an audit of its financial reporting by the Office of the Auditor General of BC. That audit includes scrutiny of contracts with KPMG and other suppliers and ensures compliance with all legislation and laws. Each year, the Auditor General's office has signed off on TI Corp's finances and the results are publicly reported.

KPMG is an international leader in business management, accounting and oversight of small and large-scale public and private projects. In hiring KPMG, there's an expectation that all work must meet or exceed its professional code of conduct and their industry's standards for quality, integrity and accountability.

KPMG is presently a business advisor for the George Massey Tunnel Replacement Project, under contract with Partnerships BC. KPMG's Gary Webster has been a senior project advisor involved in the Due Diligence committee on the GMT replacement project. The committee provides a comprehensive assessment and critical eye for the project to ensure the Province receives competitive proposals from bidders.

Communications Contact: Craig Chambers
Greg Johnson – TI Corp – 778-783-1220

	Program Area	ADM	Comm. Dir
	GJ/IK	PL	