



# Annual Report FY 2015 - 2016



CAYMAN ISLANDS  
GOVERNMENT  
ADMINISTRATION  
133 ELGIN AVENUE



MINISTRY OF  
**HOME AFFAIRS**  
CAYMAN ISLANDS GOVERNMENT



[www.mha.gov.ky](http://www.mha.gov.ky)

# MHA Mission Overview

*Follow us on the web & social media – get to know us.*

## Cayman Islands Fire Service

CIFS delivers firefighting and rescue services, inclusive of aerodrome and domestic response, as well as enforcement of fire prevention codes.

## Department of Community Rehabilitation

DCR serves to assess, manage, supervise and rehabilitate adult offenders in the community, and promote victim interests.

## Department of Immigration

DOI has two central functions – to protect the borders and to manage migration to the Islands.

## Department of Public Safety Communications

DPSC operates a public safety answering point (PSAP) and dispatch centre on a 24/7/365 basis to support emergency services, the national CCTV programme, and electronic monitoring of offenders.

## Hazard Management Cayman Islands

HMCI has overall responsibility for the national hazard management programme, including preparedness, response, mitigation and recovery related disasters.

## Her Majesty's Cayman Islands Prison Service

HMCIPS imprisons persons committed by the courts, and supervises such persons while providing services to support rehabilitation and reduction of recidivism.

## National Drug Council

NDC formulates, coordinates, monitors, and evaluates the implementation of the National Anti-Drug Strategic Plan and its component elements.

## Royal Cayman Islands Police Service

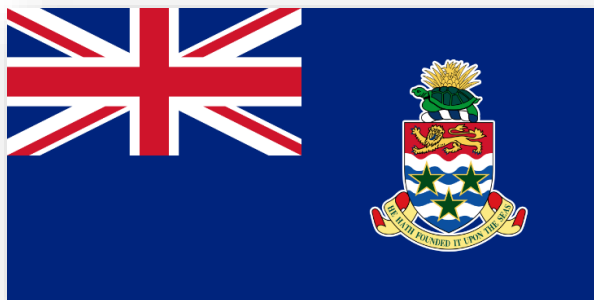
RCIPS upholds the law fairly and firmly, and in doing so aims to prevent and detect crime in order to pursue and bring to justice those who break the law.



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*The Ministry of Home Affairs' primary mission centres on protecting the country's national security and delivering public safety services. Our key goals include reducing crime, managing migration, national preparedness and resilience, as well as protecting and rehabilitating the vulnerable. —*

Hon. Alden McLaughlin, MBE, JP, MLA  
Premier of the Cayman Islands and  
Minister for Home Affairs, Health & Culture

## Foreword from the Minister

One common challenge faced by every organisation is that of discerning how to improve the quality of services provided to its customers. The Public Service, and indeed the Ministry of Home Affairs (MHA), is no different in this regard. Historically, the Public Service has been viewed as simply a mechanism that passively facilitates policies embedded in legislation. The MHA and its departments, however, are steadily shifting their business models to that

of 'service providers' with the intent to ensure quality services, accessibility to information, and adherence to standards in the delivery of their services.

Throughout this Report there is ample evidence demonstrating successful delivery of services across each of the MHA departments. Notably, in many instances these departments have achieved such successes despite resource constraints, lack of stable leadership, and



significant staff disciplinary proceedings. In particular, organisational challenges have directly impacted service areas including law enforcement, immigration, cyber security, offender rehabilitation, and fire rescue. It is

certain, therefore, that a clear majority of the staff across the MHA departments have risen to overcome the pressures of such challenges and in doing so have demonstrated a collective desire to deliver quality services to the people of the Cayman Islands.

From a strategic perspective, the Ministry has focused on improving business processes and workflow management. The staff in the Ministry understand the necessity and the obligation to deliver public services with high availability and in a manner consistent with acceptable standards and best practices. In turn, the improvement of business processes reflects the value placed by the MHA on quality assurance; especially as it relates to finance management and operational capacity building.

The country's economy and population have each continued to grow, and in tandem with such growth the MHA must evaluate and coordinate limited internal resources to

maximize effectiveness in the delivery of critical public safety and security services. This dynamic approach is at the heart of the MHA team, who are wholly committed to implementing cost optimization strategies to support service delivery outcomes for the benefit of Caymanians, residents, and visitors.

We are at a point in time where the complexities underpinning national security and public safety are rapidly evolving. As such, the MHA can ill-afford to fall short in its aim to embrace the highest standard of risk management, performance management, and fiscal responsibility.

In the coming Financial Year each of the MHA departments will continue to manage operational, strategic, and transformational challenges in response to growing, shifting and contradicting public expectations. As such it will be essential for senior managers to leverage internal and external collaboration to

build response capacity, capability, and continuity.

I take this opportunity to publicly thank Chief Officer Eric Bush and the MHA executive team for striving to shape the Ministry of Home Affairs into a centre of excellence. Congratulations for being recognized as a Top Employer (Best Places to Work in the Cayman Islands) for the second straight year!

As Mr. Bush transitions within our Public Service to head up the CIG London Office, I welcome the Ministry's new Chief Officer, Mr. Wesley Howell. Under the leadership of Mr. Howell, the MHA will undoubtedly continue to develop the structural and operational reforms necessary to optimise the Government's policies in support of the country's security and public safety.



**MINISTRY OF  
HOME AFFAIRS**  
CAYMAN ISLANDS GOVERNMENT



*At the Ministry of Home Affairs our driving purpose is to Make Cayman Better. At the heart of the MHA is a complement of over 1,000 dedicated public servants working across 9 departments. Our mission entails delivery of services connected with criminal justice, public safety, and national security including immigration controls, policing, information security, detention and rehabilitation of offenders, targeted substance abuse intervention and prevention strategies, firefighting, and disaster preparedness. —*

Eric Bush, JP

Chief Officer

Ministry of Home Affairs

## MHA – About Us

The guiding principle of the Ministry of Home Affairs is to “Make Cayman Better”. In this process our customer base is 60,000 persons strong – a diverse society for which we strive to provide excellence in national security and public safety services.

As a means to drive efficiencies in the delivery of our services the Ministry’s executive team focuses heavily on strengthening vertical and horizontal alignment with respect to our departments and the business units within

those departments. We believe that such alignment is rooted in clarity of purpose and leadership that firmly grasps the value of emotional intelligence, the spirit of collaboration, and customer service.

To meet changing socio-economic forces, priorities, and demands relative to public safety and security, we strive to build a workforce that is professional, agile, capable, and diverse in skillsets. In turn, we recognise that capacity-building requires us to take careful decisions that will drive the optimal

investment of resources in the various elements of capability.

Our approach to operational and strategic leadership is built on risk-management – the principles of which we apply to our core business including legislative reform, policy development, financial management, and programme delivery. On this footing we deliberately channel efforts to leverage collaboration among our operational departments, and with our external partners, stakeholders, and customer bases.



*We believe that Caymanians, residents, and visitors deserve a foundation of security and resilience. To successfully deliver our services in a dynamic and fiscally challenging environment we prioritize our essential programs and core capabilities. Managing risks that constantly evolve requires us to continuously improve capability and capacity. —*

**Wesley Howell, MBA**  
Chief Officer (designate)  
Ministry of Home Affairs

## Alignment Via Change Management

Capacity is driven by alignment—having the right people in the right place—which enables and directs employee effort, in turn, facilitating effective delivery of strategies.

Over the period, the Ministry experienced significant challenges linked to leadership gaps, employee turn-over, organisational culture, and business processes. For many of our departments, extended periods of leadership uncertainty coupled with limited resources negatively impacted operational performance and employee morale. Faced with such challenges, we have undertaken to leverage

change management as a catalyst for increased productivity and performance.

In this regard we operate on the principle of supporting our staff to adapt not necessarily to individual change events, but rather to the continual changes required in the context of having to “do more with less”.

Ultimately, we believe there is value in shifting the focus of change management from obtaining employee commitment on a change-by-change basis, to building employee capability through continuous change. Creating alignment between the Ministry and

our departments is dependent on how well we communicate shifts in strategic direction.

Inevitably, in the absence of strategic leadership, alignment and effort will decrease significantly, creating a substantial capacity gap. As such, we believe that the achievement of greater alignment and delivery of outcomes will require strategic allocation of capacity.

Moving forward, we will continue to identify legacy alignments that are harming the ability of our departments to increase performance, and subsequently support the realignment of employees and resources in accordance with our strategic direction.



*The Ministry is committed to the continuous improvement of our people, processes, and resources. We strive to empower, inspire, and motivate our staff to grow personally and professionally as they develop skills that enable the delivery of world-class public services to Caymanians, residents, and visitors. –*

**Briana Ebanks, MS-HRM**  
Chief Human Resources Officer  
Ministry of Home Affairs

## Strategic Workforce Planning

The Ministry's strategic priorities are key organizational drivers that influence the shape and structure of the workforce within the core Ministry as well as the frontline departments. From this perspective, our HR managers are increasingly faced with the challenge of identifying and adapting workforce priorities to meet changing strategic talent priorities.

Moreover, during the reporting period many of the Ministry's frontline departments have been negatively impacted by HR challenges

stemming from prolonged vacancies in key operational, technical, administrative, and leadership posts while the demand for criminal justice, public safety, and security services has continued.

Moving forward it is clear that coping with such human capital challenges and mitigating the connected strategic implications will require HR managers within our frontline departments to build workforce strategies that go beyond employee satisfaction. Our approach must focus acutely on increasing retention,

improving talent to drive business outcomes, and simultaneously reinforcing a culture of performance management and accountability at all levels.

Essentially, our HR managers and teams must enhance engagement strategies by moving beyond traditional approaches. Our goal will be to improve employee alignment in relation to key outcomes and business priorities while also creating agile workforces that sustain engagement and performance over the long term.



*Leveraging collaboration and capacity building has allowed us to deliver informed policy interventions and evidence-based programing. We strategically manage cost drivers and risks to service provision, and empower our departments' senior management teams to continually identify opportunities that achive value for money in the public interest. —*

Kathryn Dinspel-Powell, MSW  
Deputy Chief Officer  
Ministry of Home Affairs

## Our Principal Services

The Ministry's strategic plan has identified five 'pillars' that steer the strategic and operational decisions that underpin delivery of our principal services.

The 5 strategic pillars are –

- Fostering a culture of corporate excellence through professional training and development;
- Protecting the people and property of the Cayman Islands from crime, hazards and disasters;
- Developing public confidence through transparent and responsive governance;
- Delivering modern and effective immigration and border management services; and
- Reducing crime and recidivism.

MHA's operational departments lead our front-line services, and are the heart of the MHA. With regard to each of these specialist components, the Ministry provides resources, analyses, equipment, policy advice, legislative reform, and operational support to ensure the front-line organizations have the tools and capacity to deliver essential national security and public safety services. This report provides a description of the key activities undertaken by the departments during the past financial year, based on funding authorized by the Legislative Assembly through the budgeting process. For more information about the MHA and each of our departments visit us online at [Facebook](#) or [www.mha.gov.ky](http://www.mha.gov.ky)



*Our mission is broad in scope, consistently challenging, and vital to ensuring that Cayman remains secure, safe, and resilient. We're a team with a clear understanding of our purpose, and pride ourselves on acting with a sense of urgency to deliver essential public services to our customers and stakeholders. –*

**Michael Ebanks, MSCJ**  
Assistant Chief Officer  
Ministry of Home Affairs

## Emerging Risks – Cyber Crime

**T**he Ministry anticipates that the security and resilience of the Cayman Islands will continue to be tested by new and emerging threats that present increasingly complex risks.

Cyber-crime has become prevalent and impactful on the Public Service. Unfortunately, phishing, trolling, malware, online scams, and other such threats and forms of exploitation are occurring at a disproportionately faster rate in comparison to the speed with which the police service has embraced techniques and tools to combat cyber-crime; and at a disproportionately faster rate than the speed

with which the public service (generally) has embraced measures to mitigate these cyber security risks.

Although previously considered the domain of individuals with specialised IT skills, cyber-crime now encompasses a diverse base of offenders, which is the direct result of easily accessible technical knowledge and tools.

We will continue to see the vulnerabilities of our staff, business processes, and technologies challenged by those who are intent on seeking out and exploiting vulnerabilities for unlawful purposes. Indeed, both the types and magnitude of risk we face are increasing. For

this reason, we are adopting a “zero tolerance” policy towards ineffective risk management.

Looking ahead, the MHA will steadily strengthen our focus on building risk-based strategies, principles, frameworks, and business processes. Ultimately, our aim will be to improve decisions relative to risks and their management. In light of our finite resources, we will continue striving to reduce uncertainty and increase the likelihood that organisational objectives and outcomes will be achieved, resulting in the delivery of our services to the public.



*One of our key focus areas is the improvement of business processes and workflows within our frontline departments. On this basis we have empowered leaders within our departments to institute a culture of risk management to ensure that our resources are used appropriately to deliver public services and impactful outcomes. –*

Vinton Chinsee, CPA  
Chief Financial Officer  
Ministry of Home Affairs

## Continuous Improvements

The Ministry has been making continuous improvements over the past few years. As we continue with the reform, focus must now be placed on improving those core business processes that support service delivery to the populace and strengthening accountability.

We continue to develop staff and capacity in the governance by training and most importantly, coaching. The Ministry trained

thirty people in fraud prevention and detection over the last year and this will play a critical role in strengthening the financial controls as we improve our business processes. This is being supported by another significant set of civil servants in conjunction with four other ministries being trained in business process management.

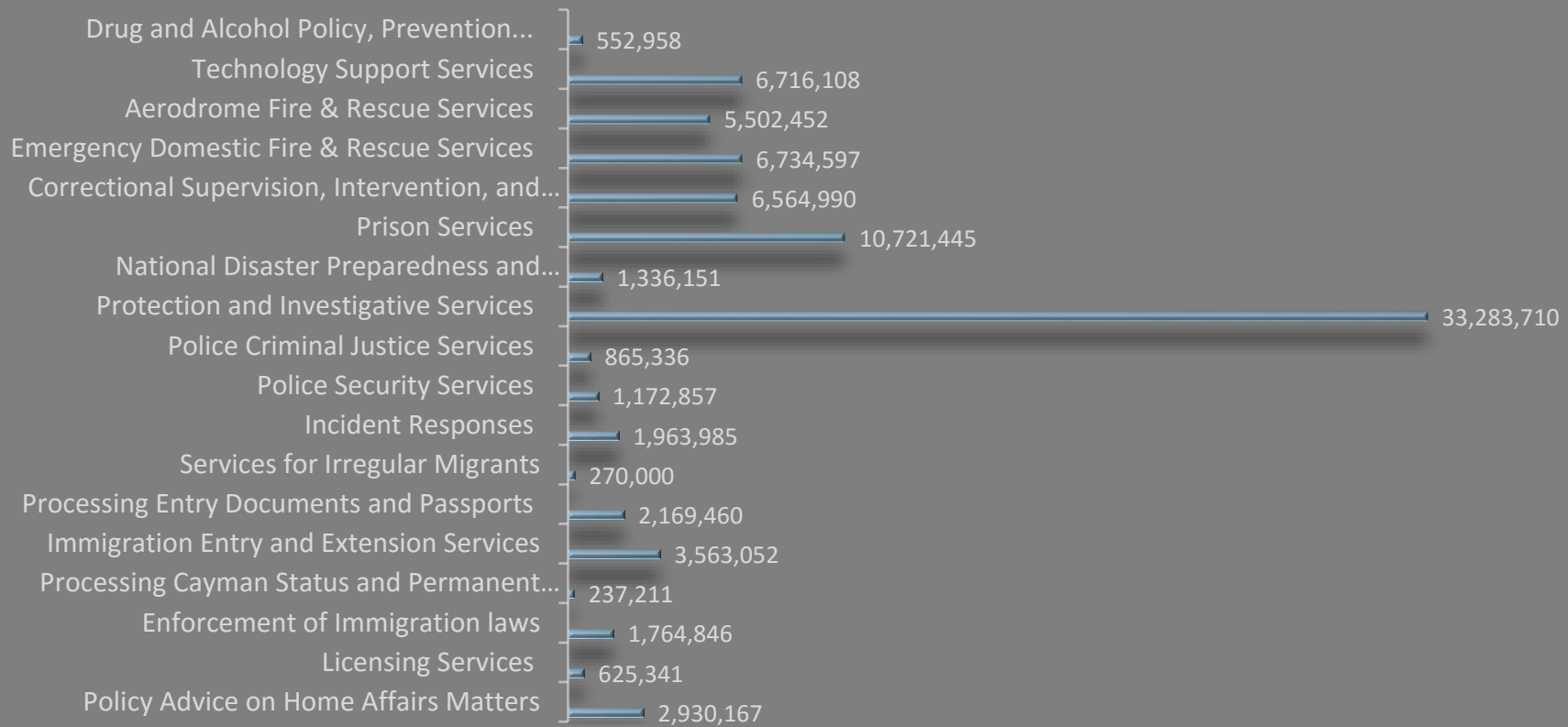
Over the next two years, we will push for further modernising of our reporting and

reengineering of the supporting business processes. The will no doubt require us to continue our investments in human capital and coaching of staff and management at all levels.

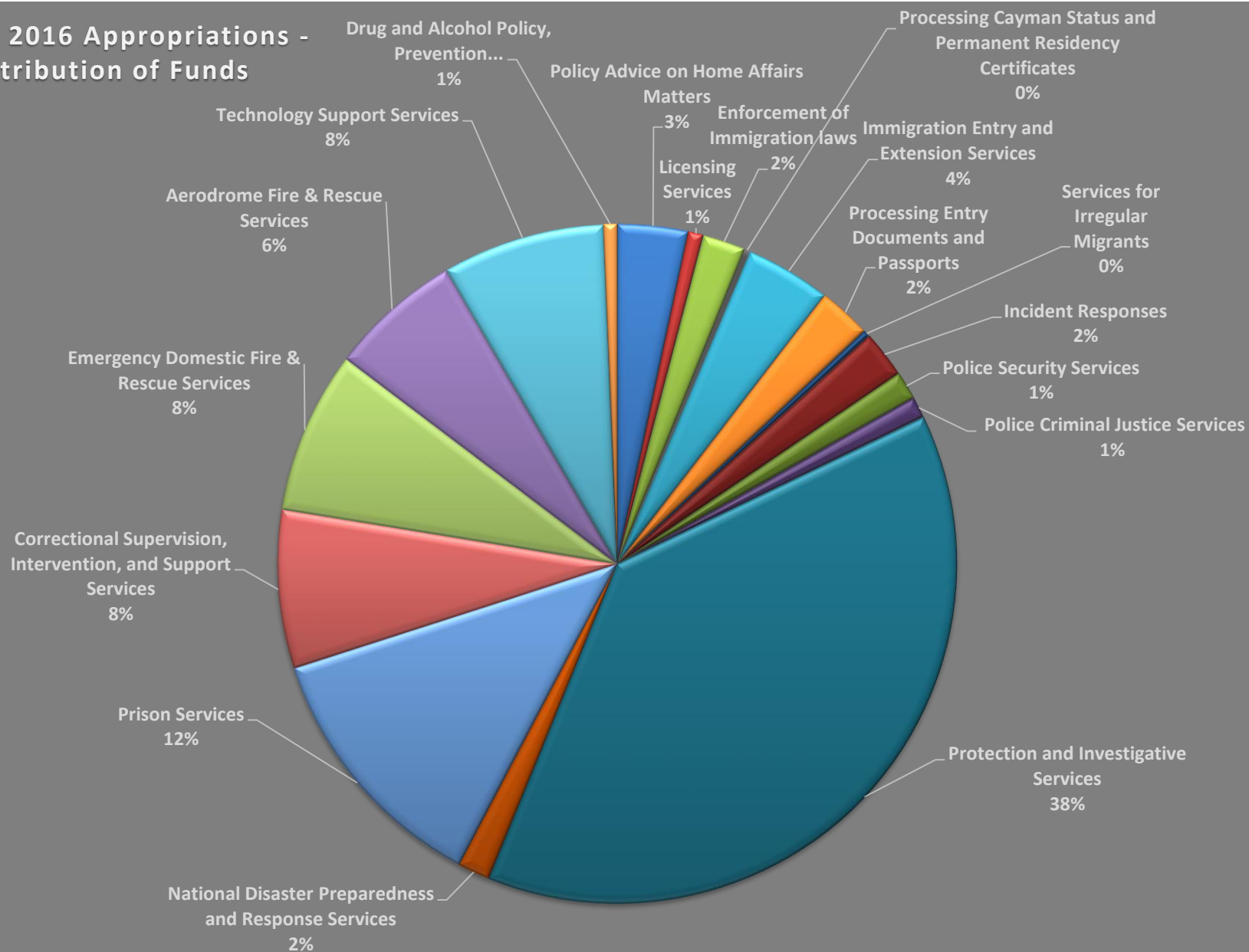
Our strategic approach will also incorporate the use of technology to improve efficiency, reduce costs and support additional services.

We look forward to tackling those challenges over the next eighteen months as we strive towards *Making Cayman Better*.

## 2015 - 2016 Appropriations - Distribution of Funds



## 20015 - 2016 Appropriations - Distribution of Funds



# Department of Community Rehabilitation



D C R

Department of Community Rehabilitation

## Nature and Scope of Activities

The Goal of the Department of Community Rehabilitation (DCR) is “To develop and implement effective strategies that will reduce recidivism and victimization; enabling offenders to become law abiding citizens.” Assessments, Rehabilitation, Supervision, and Prevention are key components in the works of the DCR. A significant focus of this Department is to supervise and assist adult offenders towards becoming more productive citizens. The efficiency and effectiveness of DCR services will contribute towards reducing the level of offending behaviours and promoting public safety. This is accomplished through various activities and services as well as from a collaborative approach with other allied agencies.

The Department’s scope of activities includes but is not limited to the following:

- Preparation of Reports to assist the Courts and Parole Board with the disposal of cases;
- Facilitation of the rehabilitation and empowerment of offenders through Individual and Group Sessions / Interventions;
- Supervision of adult offenders in the Community on Court Orders, Parole & Conditional Release Licenses;
- Provision of awareness and education to the general public about the Department’s role and responsibilities, to foster community engagement and partnership in the process of re-integration of offenders;
- Advocate across the system for services that DCR clients require during the re-integration process and fostering of a collaborative, multi-agency approach;
- Advocate across the continuum for new rehabilitative and preventative services, and for rights and needs of both victim and perpetrator;
- Participate actively in the revision of existing and /or the implementation of new legislation, policies and procedures related to the rehabilitation of offenders, Probation and Parole services, etc.

## Our People

The Department of Community Rehabilitation's main clientele are adult offenders (17 and older). However, services to offenders cannot be offered independently, therefore support and services are inevitably provided to persons directly connected with the offenders, such as family members, employers, victims, etc.

Services are provided throughout the Grand Cayman and Cayman Brac community and when necessary to Little Cayman. Some services are provided independently whilst others are offered in collaboration with various other allied agencies.

DCR provides services to a wide range of persons and agencies and as a result, contributes to the safety of the entire community. DCR provides the following key services to some of the client types below:

- Supervision and Intervention to offenders 17 and older, in the community and prisons. Based on statistics the main recipient group are male offenders in their 20's & 30's, from the districts of George Town and West Bay.
- Provision of Reports and Assessments to the Courts and Conditional Release Board.

- Support services to Relatives and Employers of Offenders.
- Reports and Advocacy services to Victims of Crime.
- Collaboration with various agencies such as the Prisons, Police, Mental Health Department, Immigration, DCFS to deliver various inter-agency initiatives and programmes.

DCR Services are provided by a group of 33 highly qualified, experienced, hardworking, dedicated and professional staff members.

- Of the 33 staff members, 30 have a Bachelor's Degree or higher combined with years of experience and knowledge in the Criminal Justice field. The Administrative staff possess a minimum of Associates Degrees together with professional certifications and years of experience.
- Of the 33 staff, 20 are Caymanians.
- Of the 5 Senior Managers, 4 are Caymanians.

**BASED ON ORGANIZATIONAL DEMANDS & RISK LEVEL, THE STAFF RATIO IS LESS THAN THE BEST PRACTICE STANDARD.**

## Special Services

**Victim Services** – At present 2 Probation Officers assist, support and advocate for Victims referred to DCR. In accordance with the newly implemented Conditional Release Law, DCR Victim Services has a responsibility to notify, guide, and speak on behalf of Victims as and when required.

Following the implementation of the Conditional Release Board, sittings increased from quarterly to monthly and demands on the Victim Service Team escalated. At the end of the 2015/16 Budget Year the Probation Officers assigned to Victims Services supervised 90 cases per month on average and completed 206 Victim related Reports.

It is necessary to expand this team to 3 Probation Officers to provide timely and effective services, to ensure compliance with the Conditional Release Law and to enhance public safety from a Victim perspective.

**Domestic Violence Services** – The need for Domestic Violence Intervention Services continued to increase. Despite providing two, 32-session Men's Non-Violence Programmes (MNVP) groups simultaneously, DCR has had to establish a waiting list.

During the 2015/16 Budget Year, 25 participants completed MNVP (14 in December 2015 and 11 in April 2016). In addition to group services, Probation Officers are also assigned to monitor cases and prepare Court Reports. Due to demands, the Court has dedicated 1 day per month to review all DV cases and on average, 83 persons are supervised per month.

DV Services are presently provided by a team of 3 Probation Officers. However, based on demand and level of risk, this team should be increased to 4 Probation Officers to allow for smaller, more manageable caseloads that can be more closely supervised.

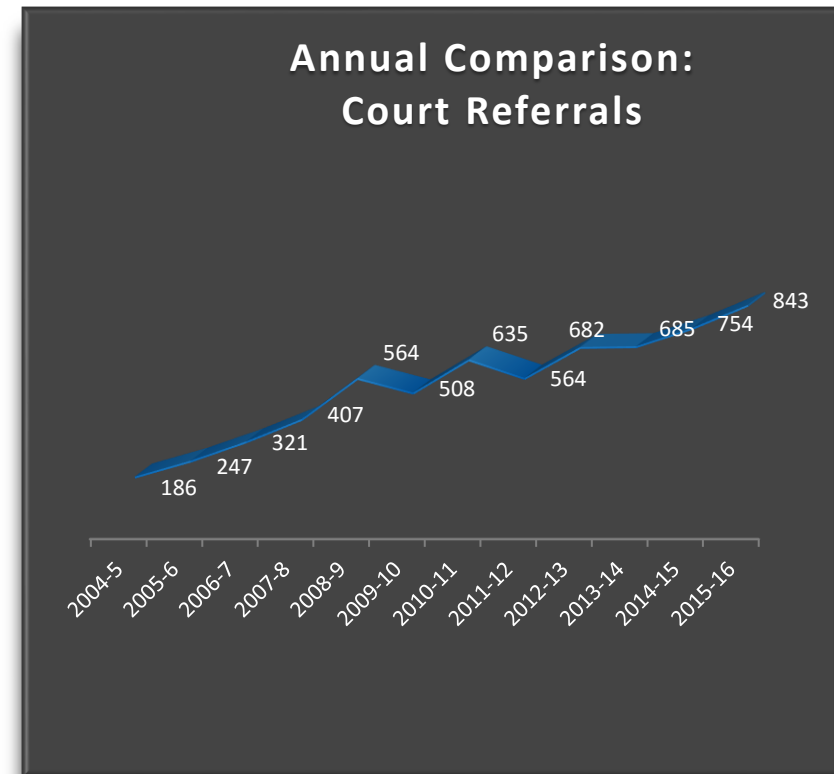
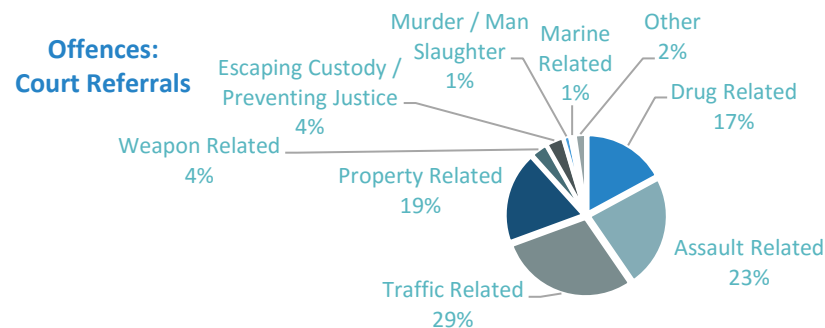
**Mental Health Services** – Demands for Mental Health Court services also continued to grow. Currently 3 Probation Officers are assigned to this team and together they supervised an average of 65 clients in the community per month, who had Mental Health illness and were involved in criminal activities. Basic living needs such as food, clothing and accommodation continue to be a challenge for these clients. They are also getting older and no longer have parental or family support. At the same time, clients are being identified at a younger age and family members lack the understanding and capacity to cope with their behaviours. More intensive supervision and guidance is required to prevent these clients from entering the prison system where resources are inadequate. Large numbers of clients are dual diagnosed and require interventions for both Mental Health and Substance Abuse/ Addiction, in addition to increased supervision.

## Court-Related Services



To assist with suitable case disposition and monitoring, DCR provided the Courts with 2550 reports during the reporting period. These included: Social Inquiry Reports, Case Status Reports, Drug Court Reports, Domestic Violence Reports, Mental Health Reports and other miscellaneous reports.

Offenders with Traffic Related offences topped the referral list, followed by those with Assault and Property offences. Previously the highest numbers fluctuated between Drug Related and Property Related Offences, with many Property Related Offences being committed by those with Substance Abuse issues.

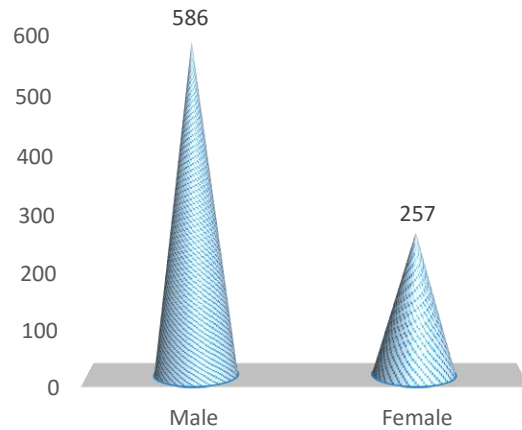


## COURT REFERRALS

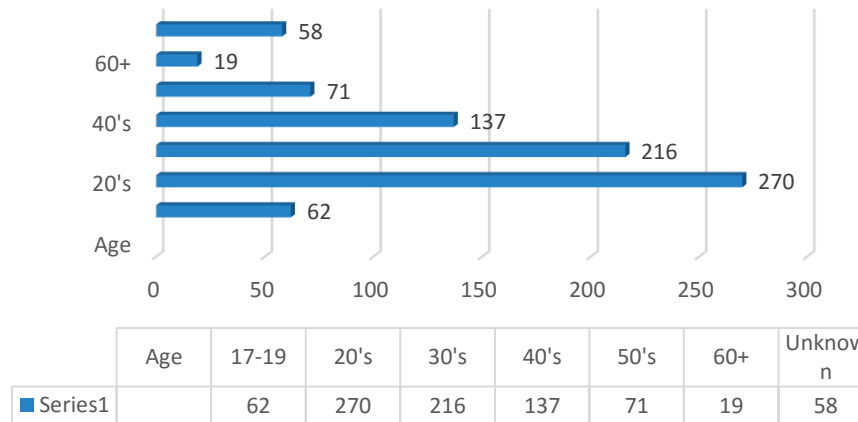
Significant resources were placed on daily Court duty services, and report/assessment services, which lead to over 2500 reports being submitted just to the Courts.

Statistics show that 309 new referrals were received by DCR from the Courts, in addition to existing clients on Court orders or bail supervision.

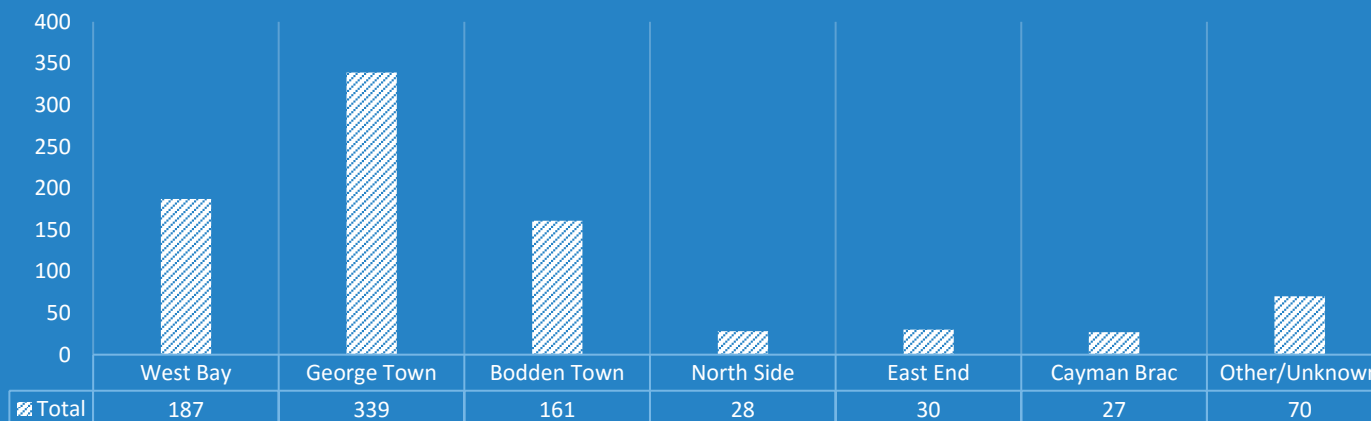
### COURT REFERRALS BY GENDER



### COURT REFERRALS BY AGE



### COURT REFERRALS BY DISTRICT

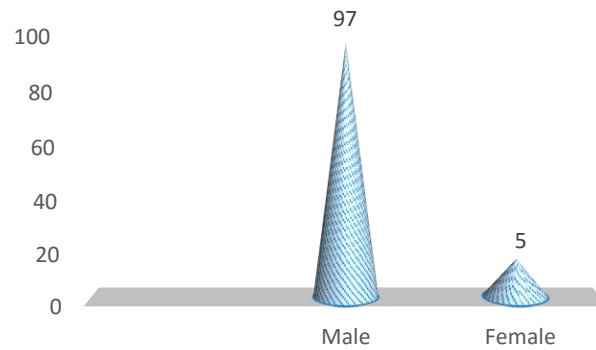


## PAROLE REFERRALS

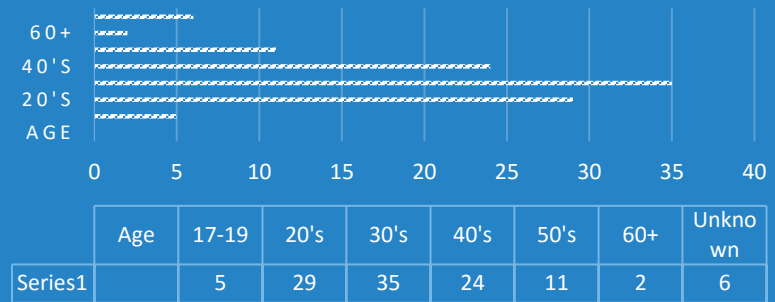
Services were provided to the Parole Board and recently implemented Conditional Release Board, as well as to the Prison for Through Care services and groups, and supervision of offenders on Parole.

In addition, presentations were organized by DCR with the support of other local agencies prior to Parole Board Meetings.

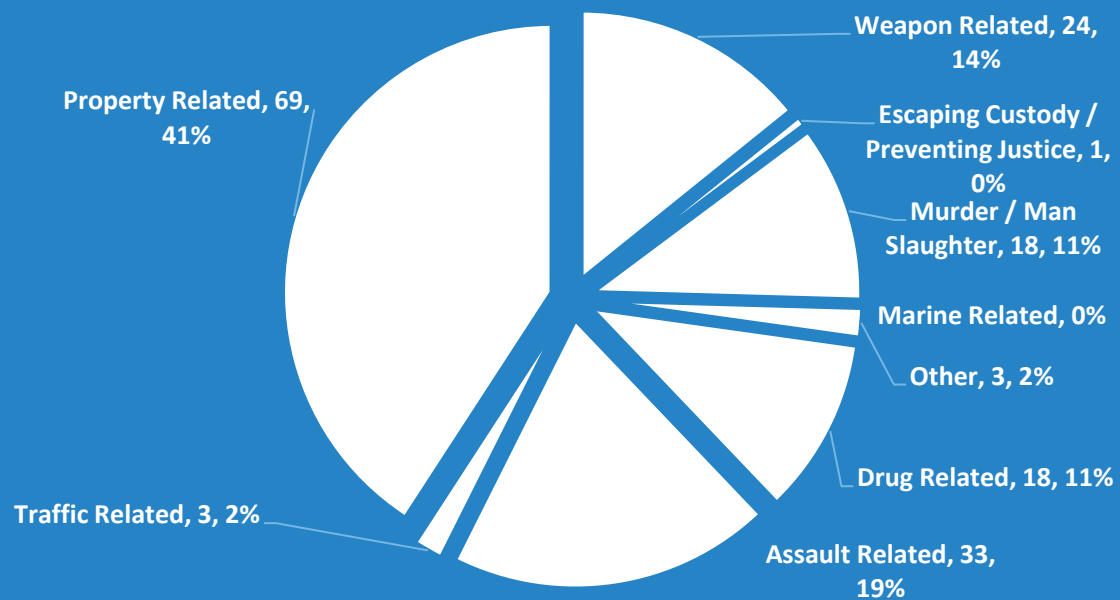
PAROLE REFERRALS BY GENDER



PAROLE REFERRALS BY AGE



TYPE OF OFFENCES (PAROLE REFERRALS)



## Through & After Care Services

These services, provided by a team of 3 Probation Officers, cover Through-Care referrals for persons serving time in Prison as well as After-Care services for those released on Parole.

During the 2015/16 Budget Year, there were 112 Through and After Care referrals, with 32 being for Home Background Reports (HBR's) to assist the Parole Board. Eighty (80) reports consisting of HBR's, Supervision Reports, Travel Request, Non-compliance Reports, and Notification of Completions were completed.

On average 24 persons in the Community per month were supervised on Parole, and 78

Through Care clients on average per month in the Prison.

In addition, DCR received 213 new Alternative Sentencing and 177 new Community Service orders during the reporting period and supervised 447 Community-based Court Orders on average, per month. These orders were a combination of Probation Orders, Community Service Orders, Drug Court related orders and other Alternative orders. However,

the majority of the Court Orders were for Probation Orders.

### Community Programs

Domestic Violence (Perpetrator)

Anger Management

IREAP

Making a Difference (Female Services)

Stress Management

Aftercare Group/Parole Support Meetings

Pre-release Parole Presentation

 **213**  
New  
alternative  
sentencing  
orders

 **177**  
New  
community  
service  
orders

 **447**  
Monthly avg no.  
persons supervised  
on Community  
Court orders

*According to the 2015/16 statistics the main clientele referred to DCR for Parole consideration were Males, in their 30's, for Property Related offences and were from the district of George Town.*

## Financial Performance and Analysis

Despite exceeding output numbers, DCR has managed to operate within the allocated budget to date. However, DCR is not an income generating business and despite the importance of its role, the operational budget continues to be extremely tight. More than 80% of the annual Budget allocation is for Personnel costs, which leaves minimal funding for the implementation of new initiatives/ services to meet increasing clients' needs.

If DCR was operating on a "fee for service" basis, the value of the services provided would be evident. Some examples of costed services are:

### Reports

|                          |           |
|--------------------------|-----------|
| <i>Cost per report</i>   | 450       |
| <i>Number of reports</i> | 2,500     |
| <i>If charged</i>        | 1,125,000 |

### Group Services

|                                         |        |
|-----------------------------------------|--------|
| <i>Cost per Anger Management Group</i>  | 4,200  |
| <i>Cost per Domestic Violence Group</i> | 12,320 |
| <i>Cost per IREAP Group</i>             | 3,380  |

*The above does not factor in the cost for Supervision and other interventions. However, based on a combination of personnel costs plus the benefit of having some persons remain in the community for family involvement, employment and intervention, research internationally shows that community supervision would be significantly more cost effective than incarceration.*

## Scrutiny by Parliament and Public

The safety of locals and visitors alike is of paramount importance to the Parliament and the Public. With an increase in the number of serious offences being highlighted in the media, the effectiveness of rehabilitative services offered in the Prison system and the Community is often questioned. It is important to note the following as it relates to these crimes:

- Unfortunately, Crime exists throughout the world and is therefore not specific to the Cayman Islands.
- Management and control is often guided by proper laws, structures, and interventions. Prevention, Education, and Rehabilitation are key.
- Without proper social structures and a continuum of offender management strategies, an increase in crime is expected in:
  - any growing and developing country
  - during times of economic challenge.
- Adequate Resources and Collaboration is key to ensuring effective Prevention and Offender management and to help reduce recidivism.

A committed Strategic approach is necessary to ensure public safety.

## Forward Looking

Based on anticipated requirements resulting from new laws and policies, social changes and issues and client needs, it is imperative that a strategic and holistic approach is taken to ensure effective and efficient delivery of prevention, intervention and rehabilitation services. Offender management must be collaboratively addressed and guided by a National Strategic Plan as no one entity can

cost effectively and successfully achieve positive outcomes and reduce recidivism in isolation. In the 2016/2017 budget year the department will endeavour to provide services in alignment with the Ministry of Home Affairs to achieve our collective purpose – to “Make Cayman Better!” The focus will be on maintaining existing services and specialized programmes without compromising standards.

Utilizing additional funding received in the 2016-17 Budget, DCR will expand the Through and After care services to assist with institutional intervention and facilitate the Conditional Release Law. In conjunction with the National Lead Institute of Nassau, Bahamas, the Cayman Islands will host the Annual Caribbean Correctional Training Conference in June 2017.

Although not budgeted for in the FY2016-17, the initiatives outlined below must be explored and included as part of planning processes –

## **Implement New Services**

### *Female Services*

Establish a team for Female offenders to meet their specific needs and provide relevant supervision and support.

### *Intensive Supervision Services*

Establish a newly structured team to address and focus on offenders assessed as High and Very High Risk. This is based on gaps identified in 2 key areas: intensive supervision and specialized services for high risk cases, such as Sex Offenses, Murders, Gang Related Offences, etc.

These services will also include intervention and supervision for Mental Health, Domestic Violence, and Drug Court Clientele.

## **Expand Existing Service**

### *Empowerment Services*

Expand and combine Programme Services, Community PayBack Services and Victim Services to empower and advocate for offenders and victims. Enhance and expand resources and services to Cayman Brac to allow for more collaboration and prevention programmes.

### *Court Services and Sister Islands Services*

Slightly expand existing services and restructure to include Cayman Brac.

Increased focus on General Court Services for Traffic, Summary and Grand Court, with emphasis on Pre-sentencing reports, general community based supervision, intervention and daily court duties.

## **Advocacy and Collaborative Efforts**

### *Supportive and Independent Living Services*

Advocate for and/or provide a Residential Facility for clients with Dual Diagnosis.

Unfortunately, despite significant needs and services identified, especially for female offenders and high risk offenders such as Sex Offenders, inadequate funding and resources will not allow for the implementation within this Budget year.

It is important to note that continued delays to enhancing such services, especially to high risk offenders, places public safety in jeopardy.

# Her Majesty's Cayman Islands Prison Service



## Nature & Scope of Activities

Her Majesty's Cayman Islands Prison Service provides safe and secure custody, whilst promoting and protecting the individual rights of all prisoners committed by the Courts; maintains good order in prison facilities; provides support to prisoners; cares for prisoners with humanity and provides opportunities for prisoners to address their offending behaviour. The aim is to deliver:

- Offender management services, programmes and activities which address the causes of offending and reoffending
- Work in partnership with other organizations in the public, private, and voluntary sectors to achieve key offender outcomes

## \$13M budget

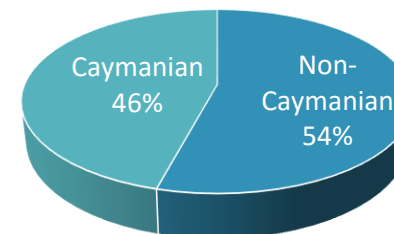
During FY15/16 the Prison Service continued the pursuit of its 'Changing Attitudes, Changing Lives' approach through Correctional Excellence.

Though oftentimes challenging, the past year has been both busy and highly productive. The Prison Service reviewed its Strategic and Business plans and re-focused on achieving results in key areas. The review was informed by recommendations arising from the follow-up inspection by Her Majesty's Inspectorate of Prisons 2015 & budget allocation.

Defined focus was again placed on the two major aims of the Prison Service – Rehabilitation and Security.

The Release on Temporary License (ROTL) scheme, which was introduced in May 2014, continued to gain significant momentum during this period and has had a significant influence on the attitudes of stakeholders, i.e. public officials, members of the public, law enforcement, prisoners and employers.

## Staff



## Performance Indicators & Deliverables

| UNIT RESPONSIBLE / OUTPUT TITLE                                        | MEASURE                                                                                   | Actual  | Target            |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------|-------------------|
| <b>Business Department<br/>PRI 1300 - Custodial Services</b>           | Number of Prisoners held in secure custody - average per day                              | 203     | 185-220           |
|                                                                        | Number of prisoners received and discharged                                               | 629     | 540-720           |
|                                                                        | Number of prisoner escorts to courts and other environments                               | 2,561   | 2,160 - 2,400     |
|                                                                        | Number of targeted drug tests carried out monthly                                         | 223     | 300 - 360         |
|                                                                        | Number of Searches carried out monthly                                                    | 1,259   | 540 - 720         |
| <b>Business Department<br/>PRI 1400 - Prison Order</b>                 | Provision of safe and orderly supervision of prisoners (average per day)                  | 203     | 185-220           |
|                                                                        | Number of prisoner adjudications heard                                                    | 776     | 300-360           |
| <b>Business Department<br/>PRI 1500 - Prisoner Care</b>                | Number of meals provided (three meals per day per prisoner)                               | 222,987 | 202,575 - 240,900 |
| <b>Re-entry Unit<br/>PRI 1612 - Prisoner Development Opportunities</b> | Number of prisoners attending prisoner development opportunities                          | 118     | 130-150           |
|                                                                        | Number of Case Management / Re-entry Treatment Plans created for new receptions per month | 1       | 15                |

## Staffing Challenges



*HMCIPS Recruit Class 2015-2016*

Through overtime, Prison Officers have continued to successfully supervise the Immigration Detention Centre and Juvenile Unit. However, this is an unsustainable approach, as it results in greater personnel costs than if dedicated staff were hired.

Over time, also leads to burnout, increased incidence of sick leave, etc. Staff assigned to the Vocational Training Facility are often removed from providing the workshops/classes that they are qualified to deliver, which results in a lack of consistency in the delivery of rehabilitative courses and an under-utilization of this one-of-a-kind facility.

## Recruitment

During the period HMCIPS conducted a recruitment exercise to fill the seven (7) vacancies for the post of Prison Officer.

In total four hundred and fifty-seven (457) applications were received, of which sixty-four were from Caymanians and fifty-nine (59) were from Permanent Residents.

Following the recruitment process, seven (7) applicants were selected to commence training between October 2015 and January 2016.

The recruit class was comprised of five (5) Caymanians, and two (2) Permanent Residents. Six (6) of the seven (7) recruits successfully completed the training program.

## Staff Development

A Senior Management Retreat was held on October 19<sup>th</sup> and 20<sup>th</sup>, 2015 for the first time, enabling managers to meet outside of the prison to discuss core issues and policies and collectively agree solutions for business process improvement.

**Supervisor Retreat** – Supervisors were granted the same opportunity to meet on June 24<sup>th</sup>, 2016 to identify and discuss core challenges and identify strategic solutions.



*Prison Support Officer, Steve Miller*

# Offender Rehabilitation



## ROTL Scheme

Since the inception of the Release on Temporary License scheme there have been 20 participants and 17 have successfully completed the programme.

10 out of the 20 have gained paid employment.

The 3 who were unsuccessful failed for the following reasons: 1 recalled from parole; 1 suspended for attempting to smuggle drugs into the Prison; 1 released from prison.

Currently, there are 4 participants on the scheme; one of whom is new to the programme.

## Forensic Psychologist

During the reporting period, HMCIPS recruited a Registered Forensic Psychologist, whose primary focus is to conduct risk assessments and provide reports to inform the Parole Board, Conditional Release Board, Re-Categorization process, and Release on Temporary License. Between February & October a total of 148 1:1 sessions, 69 individual Sex Offender sessions and 46 group sessions were conducted.

## Correctional Counsellor

The Prison Service's Correctional Counsellor offers counselling and support for offenders with a dual diagnosis of Mental Health and Substance Misuse/ Abuse/ Addiction. An average of 6 individual sessions are offered per day and he also attends Mental Health Court.

## Chaplaincy

The Prison Chaplain provides counselling services and supports offenders dealing with a wide variety of issues including: pre-marital & marital, grief, family, individual and conflict resolution.

Talented prisoners are given the opportunity to take part in music ministry, spiritual teachings and the establishment of the chaplaincy library.

## Sycamore Tree Project

This Restorative Justice initiative was implemented by the Prison Chaplain with the support of Prison Fellowship Cayman Islands. 3 groups were completed during the reporting period and 20 male and 8 female offenders graduated. The programme requires participants to consider the impact of their crime and focuses on their responsibility and accountability for the same. Whilst offenders do not meet their actual victims, they learn how to make amends in writing at a later date, of their choice.

## Motivational Talks

During the reporting period, a programme was introduced whereby public and private sector leaders deliver motivational talks to prisoners, share their success stories and highlighting in particular any challenges and obstacles that they encountered and overcame. This monthly programme provides prisoners with encouragement and support in their rehabilitation journeys.

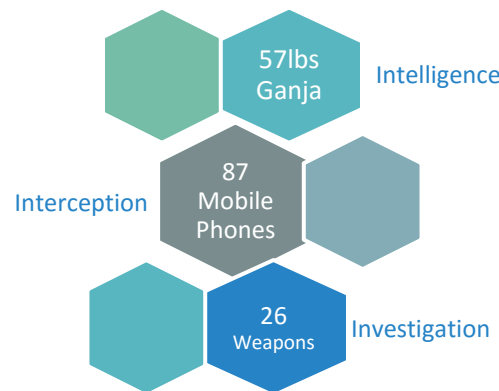
## Security Enhancements

During the year CCTV was installed around the perimeters and connected to the National CCTV cameras at 911 Emergency Centre.

The installation of internal fencing around the Vocational Training Building and fencing between IDC and Fairbanks was completed.

The visiting room was reconfigured with added security measures to reduce smuggling of contraband.

To complement existing security and surveillance measures, the Prison Service onboarded the use of drones which has increased the capacity to locate contraband and those who attempt to introduce the same into the Prison, from the air.



Upgrades to the prison service telephone system have resulted in cost savings & similar work is being undertaken to upgrade the prisoner telephone system, which will also positively impact safety and security.

## Renovation Projects

### HMP-Northward

Renovations to the kitchens at both HMP-Fairbanks and Northward were conducted during the reporting period. Northward's kitchen had to be gutted and this project commenced on March 22<sup>nd</sup> and was completed in just over 2 months. These were the only capital projects that were funded and they were prioritized in order to ensure compliance with industry standards. Re-wiring of B-Wing was also completed in order to meet Fire Safety standards and a local company was employed to identify and fix water leaks, which has improved water pressure and reduced the water bill.

### Exercise Pods HRU

Exercise pods designed specifically for use with high risk prisoners were installed to enhance the exercise regime for prisoners housed in the High Risk Unit.

## Administration Building

The new administration facility was refurbished and the administration staff were able to move into the office accommodation on June 24, 2015.

## Immigration Detention Centre (IDC)

HMCIPS carried out renovations to the rear section of the IDC which was previously uninhabitable. The section can now accommodate 60 more detainees, taking the capacity to 120. This has reduced the need to house detainees in external sites i.e. civic cntrs.

## VOLUNTEER WITH HMCIPS

### Volunteers in Prison

Volunteers play a significant role in the prison setting, because of their first-hand experience and / or devoted interest in rehabilitation of offenders. Volunteers have the ability to gain the attention and respect of offenders. Volunteers make a difference!

### What is the role of a volunteer?

To provide programs and services in an effort to assist with carrying out the mission of HMCIPS – provide public safety, promote positive change in offender behavior, and reintegrate offenders into society and assist victims of crime.

Visit us at our [Facebook](#) page.



OVER THE REPORTING PERIOD, OPERATION OF THE IDC REQUIRED IN EXCESS OF **\$1,000,000** IN OVERTIME SPEND.

MEANWHILE HMP FAIRBANKS AND HMP NORTHWARD DESPERATELY REQUIRE NEW INVESTMENT AND REFURBISHMENT.

## Forward Looking

- Conduct a full Prisoner needs analysis, inclusive of a Health Needs Assessment.
- Ensure that all prisoners receive an initial Health Screening on reception.
- Implement a violence reduction strategy.
- Introduce a prison drug strategy that addresses both supply and demand.
- Review the current Segregation of Prisoners policy and issue clear guidelines for consistent treatment of prisoners.
- Review and implement an Incentive and Earned Privileges Policy that is consistent and fit for purpose.
- Produce incident and use of force grab bags.
- Introduce a Staff Rotation Scheme.
- Introduce a care team for staff.
- Review the current Prison Law, Regs. and Prison Rules.
- Implement a Multi-Agency team to ensure correct management of prolific and dangerous offenders.
- Continue to collaborate with DCR & other agencies re: The Continuum of Care Plan.
- Ensure that all 7 Pathways are involved in the sentence planning process, and for all prisoners to have a reintegration plan.
- Review all interventions to determine the degree to which they are fit for purpose.
- Reinforce the importance of Dynamic Security, and continue to promote the use of Security Information Reports.
- Continue to foster and develop links with local voluntary and community agencies.

# Department of Immigration



## About Us

The Department of Immigration (DOI) is a key component of the national security regime for the Cayman Islands. As such, the DOI contributes to the protection of the Islands' borders and the management of people across those borders.

Under the authority of the Islands' immigration legislation, the DOI is responsible for achieving a broad remit that touches many parts of Caymanian life such as residency, industry, and commerce; law enforcement; national security; security of Cayman's maritime jurisdiction; and collection of revenue.

The Cayman Islands border is considered by the DOI as a national asset; one that holds national security, economic, and strategic value. In turn, effective border management is the catalyst for seamless and legitimate

movement of people in and out of the Cayman Islands, which drives employment, travel, and migration.

Notably, the Department's operating environment is becoming increasingly complex with significant risks linked to many aspects of its business. However, close cooperation with partners in the arenas of border management, national security, law enforcement, and intelligence, is allowing the DOI to contribute more effectively to the management of immigration through a collaborative.

In carrying out its function, the DOI deploys administrative services and operational responses. Accordingly, the department aims to intervene only against those persons and corporate entities detected as being unlawfully in breach of Cayman's borders, circumventing

immigration controls, or acting contrary to statutory obligations connected to the remit of the DOI.

## Key Outcomes of the DOI

**Strong national security**— increase Cayman's security and safety by managing the borders, including management of the arrival, stay, and departure of all persons.

**Sustainable economy**— advance Cayman's economic interests through the facilitation of commerce to and from the Cayman Islands and the collection of revenue.

**Prosperous and cohesive society**— support a prosperous and diverse society, and advance Cayman's economic interests through the effective management of the visa and residency programmes and the provision of refugee and humanitarian assistance.

## Core Activities of the DOI

### Enforcement & Intelligence

The Department's operational Enforcement & Intelligence Section is responsible for investigations, intelligence analysis, compliance, and immigration detention operations. The Enforcement & Intelligence Section contributes to the national, regional, and international border protection, law enforcement, and national security priorities. This section is also responsible for matters involving irregular migration, refugees, and asylum.

### Border Control

The Department's Border Control Section is responsible for the management of travel into and out of the Cayman Islands, through the provision of policy advice, visas, and services to

CIG and travellers. In this area, the Department facilitates legitimate travel while remaining vigilant to attempts to circumvent regulations, and maintains the capability to intervene where and when needed.

The DOI forms part of the Joint Marine Unit (JMU) in conjunction with the Royal Cayman Islands Police Service (RCIPS) and the Customs Department. The JMU is responsible for the security of Cayman's maritime zones, the delivery of maritime search and rescue services, and the conduct of investigations concerning certain maritime incidents.

### Residency, Work Permits, Visas & Passports

The residency, work permits, visas, and passport sections involve management of persons entering and leaving the Cayman Islands. These sections, inclusive of immigration Boards, therefore, support monitoring and resolution of persons' immigration status through applying established laws, public policy, and business processes to deliver services.

### Finance & Customer Service

The revenue collection function is supported by customer service, finance and administrative personnel. Collectively the section ensures that charges are correctly assessed, reported, and paid, and that revenue concessions, exemptions and refunds are properly applied.



## Key Accomplishments

Over the last year the Department accomplished various key objectives that supported our immigration management operations. The following is a summary of some of those accomplishments –



*Snr. IO Darwin Elvis Cook Bodden (L) greeted by Deputy Governor Hon. Franz Manderson (R)*

- Increased Advanced Passenger Information System (APIS) team from two to four officers
- Implemented a passport fraud electronic reference guide
- Opened in-transit area to eliminate burden of requiring arriving passengers to interact with frontline border control officers
- Implemented administrative fees for aircrafts arriving and departing during abnormal hours
- Created an electronic facility for tracking improperly documented persons

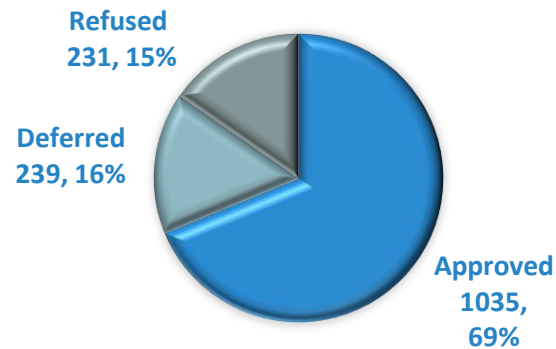
| Administrative Fines  |                         |                      |
|-----------------------|-------------------------|----------------------|
| Imposed:<br>\$372,761 | Collected:<br>\$365,296 | Balance:<br>\$32,905 |

During the reporting period the DOI has embarked on various customer-centred initiatives. One of its fundamental goals is to continually improve services through the deployment of solutions that better meet customers' needs. Below is a summary of some of the solutions the Department deployed to improve the customer experience –

- Technology to facilitate multiple payment processing (Debit/Credit Cards)
- Technology to enable electronic booking of English tests via email or Call Centre
- Extended operating hours until 7pm on Wednesdays at HQ
- Free Wi-Fi and hotspot service for customers at HQ
- HQ wait-time information for subscribers of the Immigration Online service

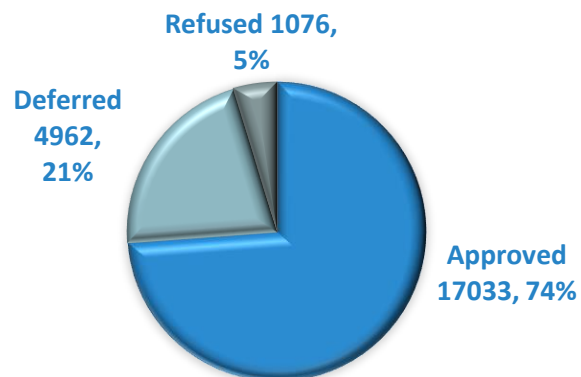
The Work Permit Board considers applications for work permits. This Board also hears appeals in respect to temporary work permits and decisions of an Immigration Officer.

### WORK PERMIT BOARD



permits and certain categories of annual work permit.

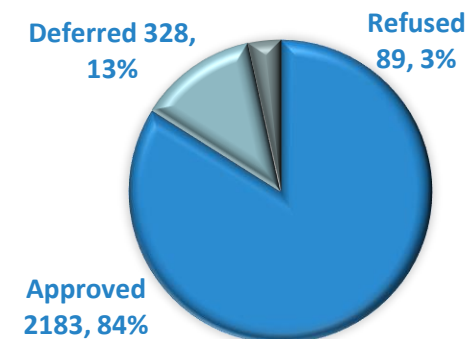
### ADMINISTRATORS



The Immigration Law requires every company which employs fifteen or more persons on work permits to have a Business Staffing Plan. The Business Staffing Plan Board considers applications for a Business Staffing Plan and work permit applications made in accordance with it.

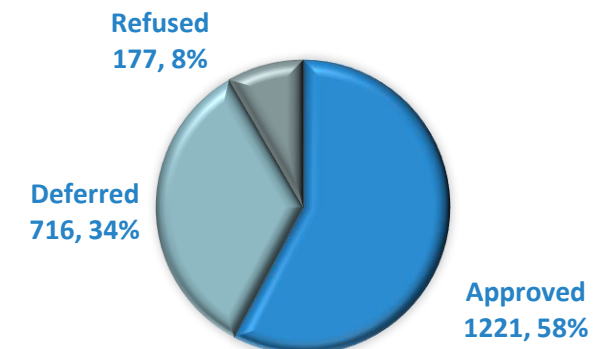
The Chief Immigration Officer (and persons designated by him/her, called Work Permit Administrators) consider applications for temporary work

### BUSINESS STAFFING PLAN BOARD



Applications for permanent residence, the right to be Caymanian, and Residency & Employment Rights Certificates for the spouse of a Caymanian are considered by the Caymanian Status & Permanent Residency Board.

### CAYMAN STATUS & PERMANENT RESIDENCY BOARD



# Risk Management

## Unannounced Cash Audit

In November 2015 the CIG Internal Audit Unit conducted an unannounced cash audit. Auditors compared total cash on hand to the relevant receipts and system-generated reports. While the audit included the use of enquiry and observation to assess internal controls, those measures were limited to specific cash counts and did not involve audit sample. The results of the cash count did not identify any variances between the cash in hand and the cash collection reports.

## PR Application Back Log

In August 2015 the Chief Justice delivered a judgment concerning the Permanent Residency ‘points system’, in which he cited “immediate and obvious concerns” regarding use of the system to award PR applicants points in relation to their occupation and points if their job was considered a “priority occupation”. The Chief Justice’s judgment also

clarified that applicants cannot be disadvantaged by a version (amendment) of the Immigration Law if they applied under an earlier version of the Law. As such, the Law under which the person applied for PR must be the same Law used to determine his or her appeal, if one is lodged.

Although the law firm Ritch & Conolly delivered a review of the matter as contracted by the Honourable Premier, the government has not since issued a policy steer on which the Cayman Status & Permanent Residence Board and the Department can be guided in terms of process and procedure. Currently, there are near 800 PR applications pending resolution.

The firm’s report has not been released publicly.

The prolonged delay carries potential legal implications which have been voiced publicly

by various local law firms representing the interests of their clients.

## Detention of Irregular Migrants

During the reporting period 32 migrant vessels arrived in the jurisdiction, resulting in the detention of 338 persons and 39 repatriation missions. Consequently, CIG incurred approximately \$3.6M in expenses for detention, accommodation, and repatriation of illegal migrants. Although the Cayman Islands and Cuba signed a MoU regarding the repatriation process, that process is often delayed due to a high volume of economic migrants claiming asylum, which in turn places a burden on the Immigration Appeals Tribunal to hear cases where the Chief Immigration Officer has refused an asylum application.

Repatriation delays drive expense increases and places CIG at risk of non-compliance with the MoU.

# Cayman Islands Fire Service

## Mission & Vision

The mission of the Cayman Islands Fire Service (CIFS) is to provide the community with progressive, high quality emergency and preventive services.

Our vision is to deliver efficient and effective services by working together to maintain a progressive, caring, professional organization that remains flexible within a changing environment. We strive to be recognized for our leadership within the Islands by fostering cooperative working relationships. We work to be innovative, fiscally responsible, and financially stable and secure. The world is changing all around us and we envisage great change to the Cayman Islands in the years to come. To continue to deliver an excellent emergency service to our communities over the next 10 years and beyond, we must look ahead to what we want the organisation to look like in the future and move swiftly to prepare for what is to come. Our vision is an aspirational one and creates a long-term destination for the Cayman Islands Fire Service, without being constrained by what is deemed to be possible today. Our Strategic Plan, and the various strategies underpinning that plan, will gradually move us towards becoming the Centre of Excellence that we want to be.



## MESSAGE FROM THE CHIEF

As a department comprised of career members, the Cayman Islands Fire Service prides itself on being part of the community as we strive to provide the highest quality emergency services to our residents and visitors.

We strongly believe in community involvement and providing the highest levels of service to all of our customers.

Our value to the community is measured by the quality of service we provide. It is important to note that if it were not for the commitment and hard work of our firefighters, fire inspectors, dispatchers, and support staff on a daily basis, the provision of modern, professional, and high-quality emergency services could not be delivered to the citizens and visitors of the Cayman Islands.

## ABOUT US

The CIFS is the only fire rescue department in the Cayman Islands, and maintains 5 fire rescue stations located throughout the islands –

- Grand Cayman [3 domestic / 1 Aerodrome]
- Cayman Brac [1 Domestic / 1 Aerodrome]
- Little Cayman [0 Domestic / 1 Aerodrome]



**130 personnel**

The Fire Department is a hierarchal organization which was established in 1956 as an Airport Fire Service with an Airport Fire Officer in command.

In 1980 the role of Chief Fire Officer was established because of the Domestic Section which was formed in 1979 and joined with the Aerodrome Service.

There are currently three fire stations in Grand Cayman, one in Cayman Brac and one in Little Cayman. Services throughout the Cayman Islands are delivered with the same underlying philosophy and ethos in mind: “Everything we do is about Safer Communities and Safer Firefighters”. To deliver this we are committed to maintaining our focus on the management of the risks identified in our day to day activities and interactions with the community. We primarily achieve this through:

**Preparing** communities to deal with the effects of fires and other emergencies that do occur so they are able to help themselves, and those who are most vulnerable.

**Preventing** fires and other emergencies by successfully engaging with our communities, and minimising the effects if they do occur by promoting safety measures.

**Protecting** communities, through advice to businesses and enforcement against those who do not comply with fire safety legislation.

**Responding** quickly to emergencies, with highly effective personnel, appropriate equipment and modern procedures.

**Recovering** by helping our communities get back to normal when fires and other emergencies do occur.

## Our People & Teams

The CIFS consists of a dynamic and diverse team of administrative and operational personnel made up largely of Caymanians, and entirely of persons capable of executing their respective duties when called upon.

Our staff is the most essential asset of the organisation. As a result, CIFS will continue to meet the expectations of our communities by providing a consistent and effective service through the application of skills, qualifications, and experience.

### Fire Prevention

The ever expanding role of the Fire Prevention Section includes fire prevention, public education and fire investigation services.

The goal of the Cayman Islands Fire Service is to reduce the loss of life and property and promote the protection of the environment. One way in which this is achieved is through public fire and life safety education to both children and adults of our community.

Public fire and life safety education are critical elements of the overall activities of the fire department and the fire prevention section. Our public education initiatives strive to educate and bring awareness to every person who lives, learns, works and plays in our community.

Our fire prevention officers and firefighters bring lifesaving messages to the community through our programs, from school and business lectures, to our innovative home safety program.



*CIFS community outreach*



*CIFS Firefighter delivers fire prevention education at a school visit*

## Aerodrome

The aerodrome section, located at the Owen Roberts International Airport, provides coverage for any aircraft movements with the objective of saving lives during an aircraft accident or incident occurring at, or in the immediate vicinity of the aerodrome. The aerodrome category, as published in the Aeronautical Information Publication is a category seven aerodrome. A category is determined by the largest aircraft using the aerodrome.

The aerodrome section meets all international obligations which are governed by the Civil Aviation Authority of the Cayman Islands, Air Safety Support International, which is a subsidiary of the UK's Civil Aviation Authority, responsible for the Overseas Territories and the International Civil Aviation Organization Annex 14 Chapter 9 requirements.

## Domestic

The domestic section responds to a variety of emergency situations, including: the extinguishment of fires, treatment and extrication at vehicular accidents, hazardous materials responses, fire alarms, weather-related incidents and providing assistance to EMS in line with international best practices. The section also provides aid response to the aerodrome section in the event of an aircraft accident/incident.

## Maintenance Department

The maintenance department has the overall responsibility for the care, maintenance and management of all apparatus and equipment belonging to the fire department. The team consists of a fleet manager, and two mechanics.



*Aerodrome firefighters conducting daily drills*



*Ladder Truck 4 responding to structural fire*

## Dispatch Centre

The Cayman Islands Fire Service operates and maintains a communication centre that serves the islands. There are currently six operators assigned to the communications section. The communication section has the overall responsibility for the receiving and recording of all emergency calls, switchboard activities and the dispatching of proper apparatus and equipment in accordance with standard operating procedures. They actively dispatch emergency vehicles, receive and re-route all administrative phone calls, act as a liaison between on-site officers and other persons and agencies off site through the use of our various communications systems and provide advice and support to callers regarding emergencies.

## Administration

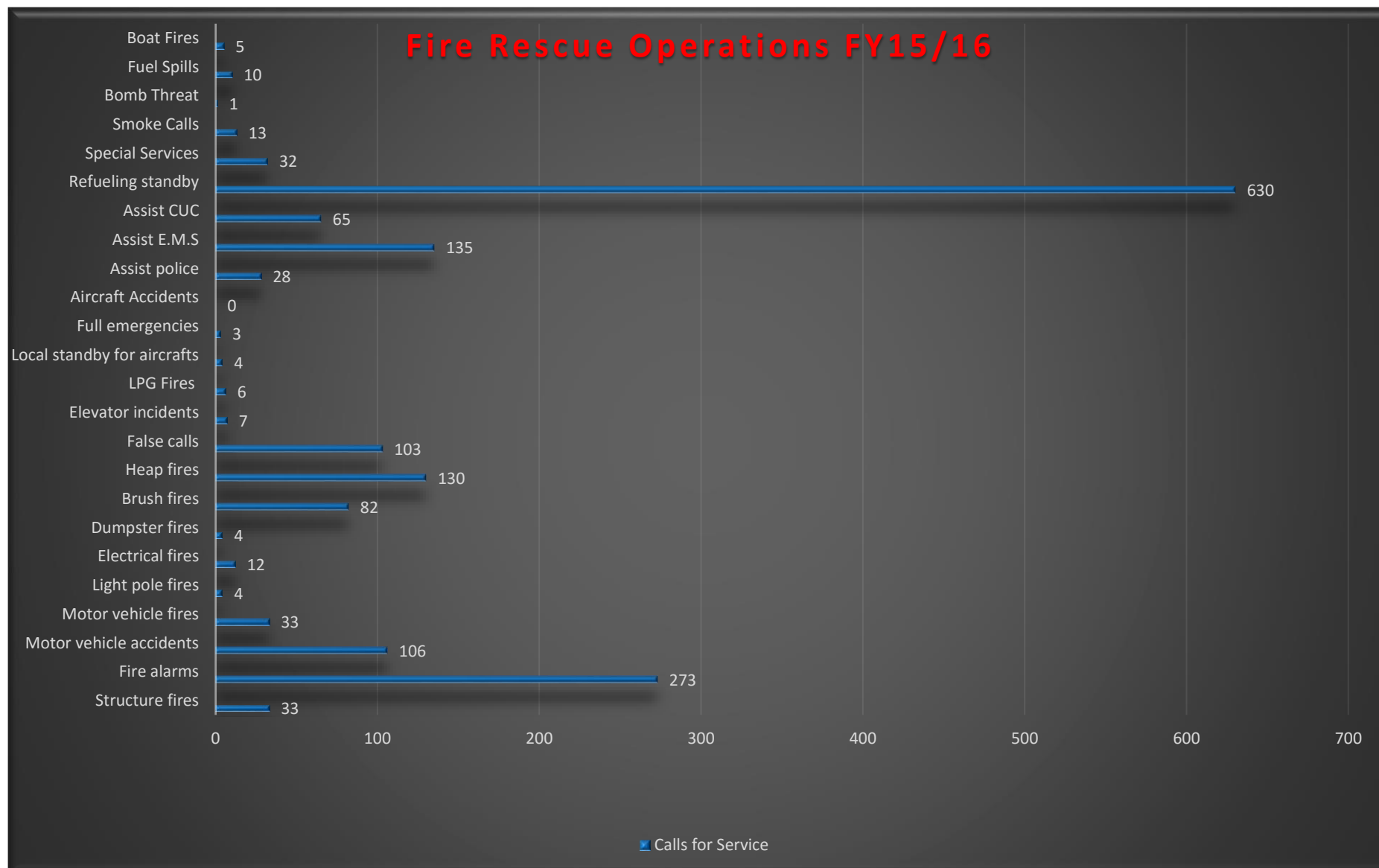
The Administration section of CIFS primarily reviews and develops objectives, goals, policies and procedures; compiles statistical information; prepares, monitors, and manages finances. This section is also responsible for coordinating all support services for the CIFS including personnel management, labour relations, procurement, and payroll.

## Governance

The Cayman Islands Fire Service is governed by the Fire Brigade Law Revision 2006, the Public Service Management Law 2013 Revision, Personnel Regulations 2013 Revision the Overseas Territories Aviation Requirements (OTARs), the International Civil Aviation Organisation (ICAO) and the Civil Aviation Authority of the Cayman Islands.



*Fire Chief, David Hails (L) speaking to firefighters*



## Training & Development

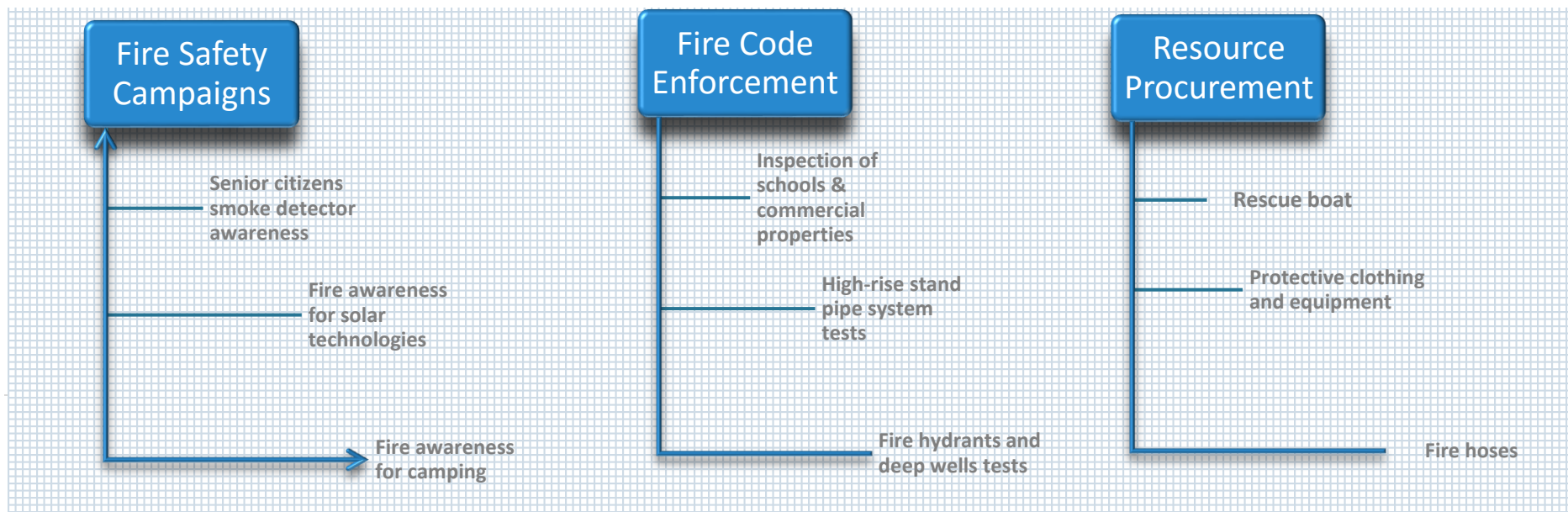
Fire fighters within the CIFS are exposed to a wide range of Fire Rescue and Safety programming each year in order to meet the growing demands, risks, and safety standards that are part and parcel of a modern fire rescue service. Training and development encompasses technical, operational, managerial, and leadership development. CIFS has a duty to provide appropriate training and development for its entire staff in order to provide an effective and efficient services for the people of the Cayman Islands.



*CIFS Recruit Class 2015 with senior CIG officials*



## Fire Safety Initiatives



## Key Accomplishments

The greatest challenge that the Fire Service endured during the 2015/16 fiscal year was a significant shortage of staff. In turn, staff shortages resulted in driving up expenses related to overtime, and fuelling the risk of firefighter fatigue, burn-out, and low morale. Due to the shortage of staff, officers were unable to take their vacation and had to work excessive hours. Notwithstanding, CIFS delivered the following key accomplishments during the reporting period –

- Procured new personal protective gear for the firefighters.
- Developed new policies to drive operational efficiency, consistency and clear communication.
- All firefighters successfully completed recertification as required by the Governing body for the Civil Aviation Authority, Air Safety Support International, which is responsible for the Overseas Territories.
- We were not only successful, during the Owen Roberts International Airport RFFS audit by the Civil Aviation Authority, but exceeded their expectations by meeting the requirements of the Overseas Territories Aviation Requirements.
- Successfully resolved a number of findings from previous audits by the CAA auditor.
- The Fire Prevention Unit received certification to inspect and certify private fire protection systems.
- The CIFS acquired new specialist equipment such as: thermal imaging cameras, battery powered hydraulic rescue equipment, trauma packs and automated external defibrillators.
- The Fire Prevention Section made great progress on delivering a smoke detector awareness campaign by assisting elderly citizens with the installation of smoke detectors.
- The CIFS acquired a new rescue boat for the aerodrome section, allowing the service to meet international requirements, for the introduction of the Boeing 777 to Owen Roberts International Airport from London.
- The Cayman Brac Fire Station received long-overdue renovations to the kitchen and living areas.

## Forward Looking

- Provide leadership and support to enable the CIFS to accomplish its mission.
  - Develop a "Fire Department Strategic Plan".
  - Introduce a Safety Management System within the CIFS.
  - Conduct job description review for all ranks.
  - Provide employee development that enhances proficiency and professionalism.
  - Mitigate hazards and emergencies by rapidly responding to all request for service with professional skills.
  - Maintain a high standard of training and education for our employees in order to maintain a high degree of operational capability.
- Provide public safety education and awareness and Fire Code compliance and enforcement.
  - Conduct in depth medical checks for all Fire Officers including an Electron Beam Tomography (EBT) scans of the heart and vascular system.
  - Introduce a mandatory physical fitness program for all employees.
  - Train personnel to the standard of Emergency Medical Responders to assist the EMS.
  - Ensure fiscal responsibility by finding opportunities for cost saving measures.
  - Re-instate the "Fire Prevention Week". (A week dedicated to educating the public on fire safety.)
- Acquire new portable radios for personnel.
  - Procure specialist vehicles.
  - Assess the CIFS Control room function with the intention of ensuring collaborative arrangements with other emergency services to enhance emergency response standards.
  - Collaborate with partner agencies to strengthen response capacity for large scale events.
  - Work to achieve an internationally recognized level of compliance with minimum manning levels emergency response times.

# Hazard Management Cayman Islands

## Hurricane Season

2015/2016 was an active year for the Caribbean and Atlantic region however none of the storms produced affected the Cayman Islands. The Atlantic hurricane season produced 11 named storms, including four hurricanes (Danny, Fred, Joaquin and Kate), two of which, Danny and Joaquin, became major hurricanes. Tropical Storm Erica was the only storm to enter the western Caribbean.

## Public Education

The media is the primary source of presenting the public awareness program to residents. In conjunction with GIS, a number of Hurricane Awareness memes were produced and subsequently regularly broadcast on GIS news, the GIS website and HMCI's social media sites, awareness tips were produced for rotation on 4 DMS radio stations.

| RADIO<br>COMMS  | Faults<br>reported | Radios<br>Programmed | Radio<br>Minor<br>Repairs | Radio<br>Major<br>Repairs | 911<br>Time (hrs) | Down |
|-----------------|--------------------|----------------------|---------------------------|---------------------------|-------------------|------|
| Jul to Dec 2015 | 5                  | 24                   | 84                        | 1                         | 10                |      |
| Jan to Jun 2016 | 15                 | 5                    | 42                        | 4                         | 1                 |      |
| Totals          | 20                 | 29                   | 126                       | 5                         | 11                |      |



## CERT TEAMS

HMCI focused heavily this year on disaster preparation within our communities, which resulted in the continued expansion of the Community Emergency Response Team (CERT) programme:

- A Cert Challenge was held in 2016 with competing teams from communities across the Cayman Islands trained in basic disaster management.
- Establishment of Campus Cert within John Gray High School as 26 students became certified in readiness and response skills.

## National Radio Communications

The National Radio Communication System remains generally in working condition, despite its age. However, public safety radio services continue to experience service interruptions as a result of poor coverage in certain areas of the islands. These interruptions present various risks including the reduction of communication capability for first responders.

- The Master Site was working as expected. The major concern is parts for the equipment installed are challenging to source in the

market, and Motorola Solutions have had problems trying to restock these parts.

- The move from the George Town RCIPS tower to the Radio Cayman tower was completed and reports indicate significantly improved coverage in West Bay.
- The Base stations at Northward are showing signs of degradation. Spare parts for these Quantro Base Stations are no longer supported by Motorola Solutions, and if they are found, the cost is significantly expensive.
- A contract was awarded for a consultant to assist with replacement of the existing radio system.
- An RFP was issued for a replacement system with three responses from one vendor.
- A bid was issued and contract signed for the maintenance of towers & replacement of site several antennas.
- A departmental tender was issued and awarded for the maintenance of all radio site generators & UPS systems.

## HMS Mersey

HMS Mersey was deployed in the region providing reassurance to UK overseas dependent territories, providing humanitarian and disaster relief during the hurricane season (June to November) and conducting counter narcotic patrols as part of the wider international effort.

Officers from the ship made a visit to Hazard Management Cayman Islands, the delegation included Commanding Officer Lt Cdr. Richard Hewitt, Lt Alexandra Harris, Defense Engagement Officer; and CPO Allan Hurley, Assistant Defense Advisor, British High Commission, Kingston. The officers shared information about the response capabilities of the vessel and crew and discussed their participation in disaster response. The ship's crew also took part in exercises with the Royal Cayman Islands Police Marine Unit.



*Cayman Islands Premier Hon. Alden McLaughlin welcomed crew members from the HMS Mersey at his office during the visit. From left are Lt. Alexandra Harris RN, Lt. Cmdr. Richard Hewitt RN, Premier McLaughlin and CPO Allan Hurley.*



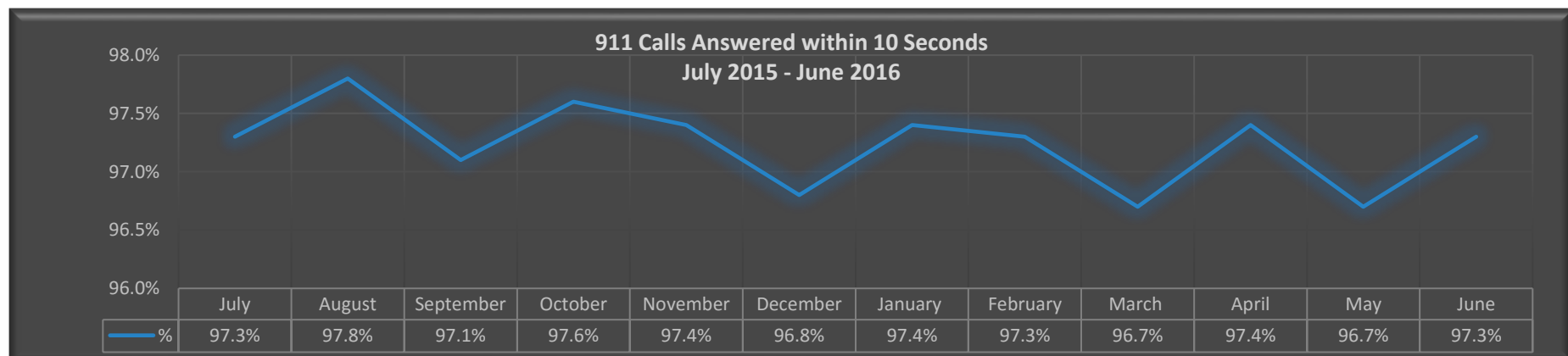
# Department of Public Safety Communications

## Nature & Scope of Activities

Our primary mission has been to process 9-1-1 telephone calls, dispatch police, EMS and fire resources to requests for assistance, electronically monitor offenders and process requests for evidence from National CCTV cameras.

The Public Safety Communications Centre provides 24/7 processing and coordination of all police, Emergency Medical Services, fire, search and rescue, hazardous materials, and Tsunami incidents. The Centre answers over 5,000 9-1-1 telephone calls and over 2,700 Calls for Service are processed through the Computer Aided Dispatch software each and every month.

Electronic Monitoring Centre provides 24/7 monitoring and tracking of persons referred to the Electronic Monitoring Programme by the Courts (ASL & Bail), Police (Bail), and Prison (Executive Release). There are typically between 30 and 34 clients being monitored at any given time. The EMC also monitors the 250+ National CCTV Programme cameras and provides video images to police for investigations and to be used as evidence in Court. The primarily regulatory instruments impacting the operations of the DPSC are the Alternative Sentencing Law, Police Bail Law (Electronic Monitoring of Offenders), and Code of Practice (National CCTV Programme).



## Succession Planning & Professional Development

Julian Lewis, formally the department's Assistant Director, was selected as the new Director of Public Safety Communications at the conclusion of the former Director's contract. Mr. Lewis' appointment to his new post is the result of his individual talents, qualifications, and leadership skills.

During the, the management team placed emphasis on staff development and training. The Assistant Director, Communications Supervisor and the Public Safety Systems Administrator attended conferences facilitated by the Association of Public-Safety Communications Officials (APCO).

The training received by staff focused on enhancing capacity in areas such as –

- Industry Standards
- Emerging Technologies & Trends
- Management, Supervision, and Team Building

The current Director, Julian Lewis and Deputy Director, Leslie Vernon both hold professional certification as a Communications Centre Manager.



*Former Director, Brent Finster (L) & Director, Julian Lewis (R)*



## National CCTV Programme

The Department of Public Safety Communications (DPSC) is responsible for the management and maintenance of the cameras in the National CCTV Programme, through which the authorized users of the system have access to public space CCTV video. The National CCTV Programme comprises 273 cameras at 93 different locations across Grand Cayman.

DPSC staff perform passive 24/7 monitoring of the National CCTV system. The officers of the RCIPS also have 24/7 monitoring access to the National CCTV Programme via monitoring stations at the district police stations. Requests for recorded images are made to the DPSC.

The most striking finding from user interviews conducted by the CCTV Administrator is the considerable amount of time that can be saved during the investigation process due to the use of evidence found on the footage from the National CCTV system.

The CCTV administrator completed Automatic Number Plate Reader (ANPR) testing of the new motor vehicle license plate configuration for the RF ID project implementation by DVDL. Additionally, CCTV cameras were aligned at the Smith Road/Melrose Lane junction after the road enhancement by the NRA.

In partnership with local media, the Director provided insights and information to enhance the public's awareness of the national CCTV



system and the supporting role of the systems in the country's public safety service

**CCTV Programme Update:** Phases 1.7.1 and 1.7.2 of the CCTV programme are complete, which delivered 273 cameras located at 97 locations across Grand Cayman. Phase 1.6 includes 17 cameras at 8 locations to be located along the West Bay Road and the Easterly Tibbetts Corridor; this phase is currently being installed. Phase 2 has not been initiated due to a lack of funding; albeit preliminary designs have been completed.

Capital funding needs – in relation to upgrading and adding additional cameras – were identified during the latest budget planning session. Moreover, the need for additional operational funding was highlighted with respect to the need to increase DPSC staff as a means of meeting growing demands from public safety partners for CCTV monitoring and to support additional Electronic Monitoring devices as required by the Courts.

## Critical Projects

The Next Generation 9-1-1 (NG9-1-1) upgrade is a capital project for which the MHA has partnered with the ICTA. The complexity of the project requires specialist support to effectively manage risks related to technical analyses, vendor management, and solution implementation. The project commenced with a public tender which sought bids from qualified consultants interested in providing specialist project support and technical advice. This project will need to receive adequate funding and support from the Cabinet to move forward to completion.

## Key Challenges

### DPSC Staffing

Staffing of the 9-1-1 Communications Centre has historically been challenging. Special efforts have been undertaken to maintain service levels while at the same time providing opportunities for Caymanians. The department's Succession Plan drives professional growth and training opportunities; however, the only way in which to more rapidly "Caymanize" the Department would be through investment in a minimum of 4 additional Telecommunicator Trainee posts. Successful candidates would be required to successfully complete the training programme; only after 1-2 years thereafter could the department realistically undertake not to renew contracts of overseas Telecommunicators.

The demands placed on the 9-1-1 Communications Centre by our public safety partners as well as the future incorporation of fire dispatch duties places the department in a position to justifiably advocate for an increased minimum staffing level. Notwithstanding, additional operational funding is needed to increase DPSC staff in order to meet growing. Consolidating the CIFS dispatch centre (Control Room) into the DPSC during the FY16/17 is, however, an opportunity to alleviate the high turnover associated with the role of emergency dispatchers (Telecommunicators). With the added Telecommunicator posts the DPSC can increase minimum staffing level from 2 to 3 on duty, improve responsiveness to the public, and reach targets related to standards for call processing and dispatch.

### PSAP Cyber Security Risks

Development of capacity and capability through implementation of new technologies including devices, systems, and integrated platforms presents critical challenges. Principle among the challenges is the security of the networks, systems, and data related to our operations, and the need to not only prevent but also detect unwanted intrusions and cyber-attacks. As such it will be vital that the department undertake a risk-based approach to cyber security and information management with a view to appropriately manage risks related to our current infrastructure and critical data, as well any new solutions.

# Computer Services Department

## Core Activities of CSD



The department is currently comprised of 51 full-time employees; 37 of whom are Caymanian.

Collectively, the CSD provides IT business, security, and technical solutions that support the operations of a multitude of public service entities. Current customers are located in various locations across the country as well as direct customers in the UK and USA and indirect customers distributed around the world.

### Services

Business analysis and design | Business Process Reengineering | Software/website development/maintenance and support/assistance | User support Helpdesk services | Enterprise Document Management Services and Support | Onsite/remote technical support for IT fault resolution and assistance | IT Procurement and Implementation services | IT Project Management, oversight and consultancy | Network, server and storage installation, maintenance and support | IT Security advice and services | Data backup and recovery | PC, Smart Phone, Tablet, and Security Tokens support and assistance | File server, email, and data base services and support

## Key Accomplishments

### Service Desk

*Raised 10,864 logs and*

*Fielded 37,567 telephone calls*

*Serviced 3,308 requests for IT procurement*

The new-hire onboarding process was improved through coaching and training new hires. The team also incorporated new roles and tools to resolve calls at first level support

rather than engaging second level support resources; efficiencies were realised with introduction of Tokens, creation of a new print queue, imaging, and testing of new devices.

### Technical Support – Key Deliverables

- Networking of the RCIPS Custody Suites
- Networking of machines at HMP Fairbanks and Northward
- Installed fibre optic capability at HMP Fairbanks and Northward

### CIG Network – Key Deliverables

- Upgraded of firewalls and modernized network infrastructure
- Replaced particular legacy systems (on-going)
- Introduced Cable Management standards in both data centers
- Replaced remote legacy switches

### ECM, APEX, Web – Key Deliverables

- Launched the new Department of Labour & Pensions website
- Built a Minimum Wage Calculator
- Upgraded the Portal platform to an 11g supported version

### Security – Key Deliverables

- Movement toward adoption of NIST cyber-security framework
- Assessed security monitoring tools
- Implemented Solarwinds apps, server system health, and storage monitoring
- Carried out FATCA workflow service test environment patching

- Conducted Windows XP replacement exercise
- Upgraded the Department of Immigration’s Qmatic System
- Installed fibre optic capability at the Commissions Secretariat

- Upgrade MHA Cisco phone system
- Connected to Flow’s Metro Ethernet leased lines
- Redundant incoming link for Electronic Data Management System (EDMS) with Brac Informatics
- PEB split from CIG to their own private network

- Implemented a new scanning solution for Lands & Survey - Registry
- Implemented the first CSD Change Management Process
- Implemented ECM document upload solution for DCI – SEZA

- Upgraded & repaired card access system
- Upgrade RSA multifactor authentication software
- Decommissioned WIN 2003 servers and virtualized physical server
- Installation of critical patches and database upgrades

## Key Challenges

The department has been impacted by the sustained lack of strategic leadership in the absence of a permanent Chief Information Officer/Director.

Moreover, the department has not effectively gauged the business needs and requirements of its customers through the lens of risk management or cost optimization. Notably, there is a lack of proficiency among CSD staff with respect to strategic business analyses, cyber security, major-project management, and solution testing. Such constraints are heavily perpetuated by year-on-year moratorium restraints and annual budget cuts.

## Forward Looking

Following the appointment of a new Director, the Department will undergo a series of key operational and strategic transformational reforms. The transformation of CSD will focus on redefining the core business of the department and reshaping the organisational structure to effectively deliver corresponding services. Such transformation will involve implementation of ITIL Service Management and the NIST Cyber Security Framework. Moreover, the transformation will involve a paradigm shift with respect to operational functioning which will impact key stakeholders

Major challenges impacting the department during the period included -

- Software licensing non-compliance
- Lack of info-sec governance, structures, and procedures
- Incomplete redundancy / failover of systems for business continuity and disaster recovery
- Hardware and software legacy systems beyond end of vendor support
- Non-compliance with security best practices including reliance on various legacy tools to combat modern-day security issues

and the relationships with our customers. The process of not only determining customer needs but also sustaining a continuous improvement approach to the delivery of our services will require the department to fill posts in relation to Business Relationship Management, Business Analysis, Business Process Reengineering, Cyber Security, and Project Management. Such roles are fundamental to customer-centric service delivery models, and of significant value to driving efficiency gains as well as value-for-money solutions.

# Royal Cayman Islands Police Service

## Crime Statistics

Crime statistics for the first six months of 2016 showed a significant drop in serious crimes but a spike in the number of lower-level offences. The aggregate crime rate has increased by 10.15% over the same period last year.

**Burglaries – Reduced by 34%**

**Attempted Burglaries – Reduced by 31%**

Improvement in detection rates for burglaries were offset by an increase in “volume offences” such as theft, threatening offences and domestic violence. Serious assaults and robberies also increased notably during the period.



Police investigators increased the number of firearm recoveries and related arrests compared to the previous year, mainly as a result of intelligence-led deployment patterns that have improved overall coverage of the islands by specialist armed officers.



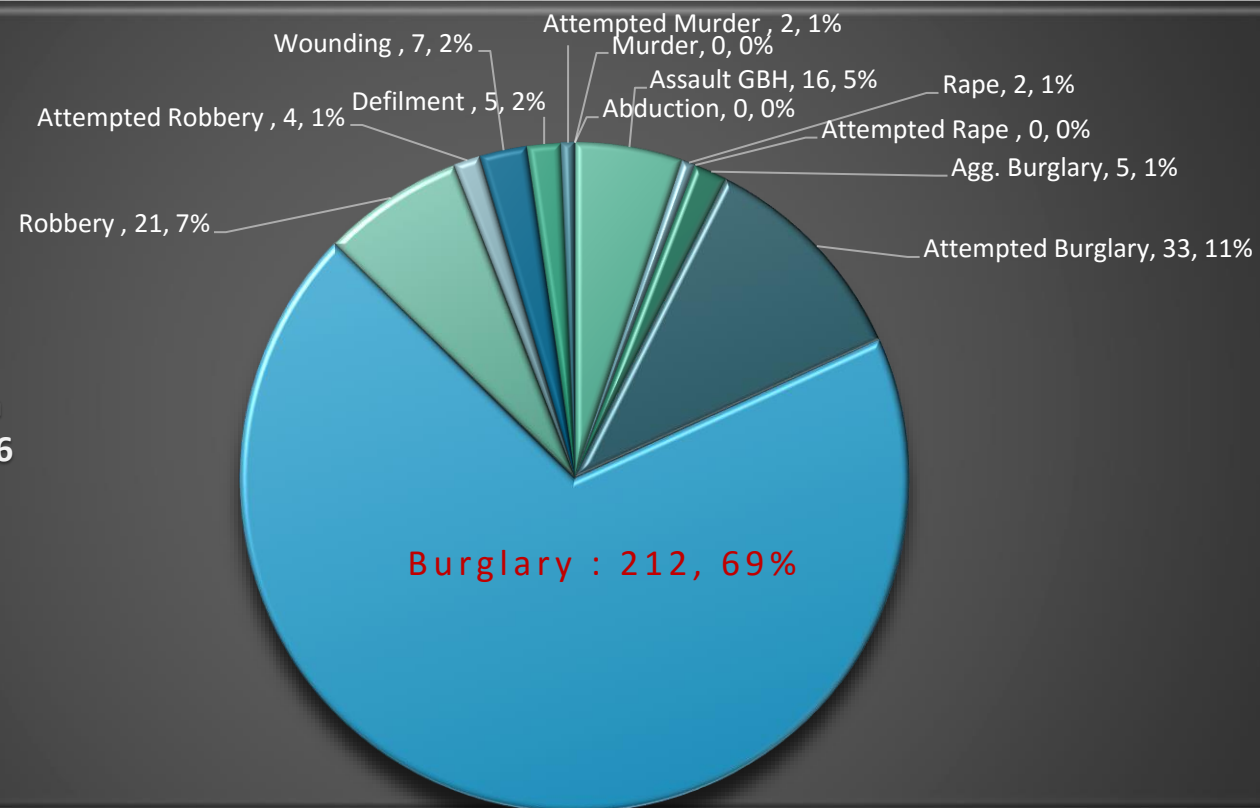
*Acting Commissioner of Police,  
Anthony Ennis*

Speeding enforcement increased 28%. While, traffic accidents across the islands increased by 19%, there was been a decrease in fatalities. Operations targeting specific road safety issues as well as general enforcement continue to be executed across the islands on a regular basis.



*Aux. Constable, Curtis Ebanks (C) - January 2016 CIG Employee of the Month*

**Crime Distribution  
January - June 2016**



**Police Calls for Service  
July 2015 - June 2016**



## Case Management Unit



The Case Management Unit (CMU) was formed to increase efficiency of case file management within the Uniform Branch. Beyond managing case files, officers within the CMU also provide training and mentorship as a means in which to develop case management skills among officers.

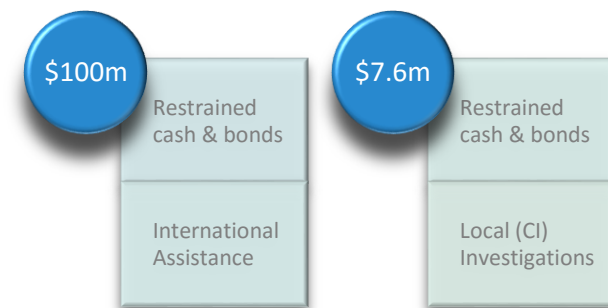
The Uniform Response Branch responded on average to over 2,000 calls for service per month and are seen as the core component of police response for the Cayman Islands. In January 2016, the RCIPS restructured the shift pattern to address staff shortages as RCIPS continued to face challenges with staff attrition.



## Financial Crime Unit (FCU)

2015 was a successful year for the RCIPS FCU's continual fight against money laundering and other financial crime related offences in Cayman. The FCU continued to strengthen its relationships with domestic and international partners including Law Enforcement Agencies and Financial Institutions. In 2015 detectives assisted restraining over US\$100 million or recovered throughout the world. In the Cayman Islands over US\$ 9.7 million was restrained by FCU detectives. Some of the more significant successes included a series of ATM frauds, where several foreign nationals were arrested, formally charged and sentenced to over 10 years' imprisonment (in total) for money laundering and other financial crimes.

In 2016 FCU investigations resulted in a 12-year prison sentence for an offender who committed complex fraud and money laundering offences against a vulnerable resident of the Cayman Islands. During this investigation KYD \$593,000, USD \$550,000, CAD \$51,000, together with a condominium have been restrained locally and are currently awaiting a confiscation order.



## Community Policing

Over the period the RCIPS restructured resources to enable greater visibility of police officers within neighbourhoods. The strategy, which calls for foot patrols and bicycle patrols, is based on resource assignment according to crime patterns, and relies heavily on building trust within those neighbourhoods as it relates to the police as well as problem solving by consultation with external partners.

In January 2016, ten officers attached to the Neighbourhood Policing Department received certificates from the University of West Indies (UWI) for successful completion of the Community Policing programme. The 11-week course was facilitated through the local branch of UWI.

## New Custody Infrastructure

In March of the reporting period, the RCIPS operationalised a new custody facility, which is equipped to accommodate up to 24 prisoners.

The new RCIPS Custody Suites, located in the Fairbanks area of George Town, will be used to detain prisoners in a Human Rights compliant environment. The cost of the facility was US\$2.1 million.



*RCIPS Neighbourhood Officers – UWI ceremony*

## Police Officer Pay Increase

Police officers received annual salary increases between \$3,000 and \$5,000 depending on position and length of service. The uplift was retroactive to July of the reporting period.

As a result, the RCIPS accepted the risk of leaving 30 posts vacant. The risk was managed by reassigning officers to address emerging demands.

## Senior Command Shift



*Former CoP, David Baines*

During the reporting period, David Baines opted to vacate his post as Royal Cayman Islands Police Service Commissioner earlier than originally planned. Consequently, as a result of a recruitment exercise, the new Commissioner of Police will take up the post in the FY16/17.

In addition, the RCIPS successfully recruited officers into the posts of Deputy Commissioner, Detective Superintendent and Police Superintendent – 3 key posts within the RCIPS Senior Command team.

After a comprehensive local recruitment exercise, Chief Superintendent

Kurt Walton was selected for promotion to the rank of Deputy Commissioner of the RCIPS.

Chief Superintendent Walton will continue in his current role of Chief Superintendent until he assumes his new post on 29 September 2016.



*Deputy Commissioner (designate), Kurt Walton*

Detective Superintendent Peter Lansdown took up his post which entails responsibility for specialist and detective sections including – CID, Financial Crimes Unit, Drugs and Serious Crime, and the Joint Intelligence Unit.



*Detective Superintendent, Peter Lansdown*

Police Superintendent Robert Graham also took up his post which entails responsibility for District Operations including – all uniformed policing, Uniform Support Group (armed response team), the Joint Marine Unit, Neighbourhood Policing Department, and the Traffic Unit.



*Police Superintendent, Robert Graham*

# Cyber Crime – An Evolving Threat

While serious crimes have generally trended downward, cybercrime is becoming increasingly prevalent and impactful with a direct effect on all aspects of the Cayman Islands.

Phishing, trolling, malware, online scams, revenge pornography and the proliferation of child abuse imagery are each largely unreported and unrecorded; the result is that the RCIPS lacks a proper analytical understanding of cybercrime. Moreover, the RCIPS currently lacks a strategic framework and operational action plan for tackling cybercrimes.

Consequently, criminals are continuing to exploit technology and the tools to preserve anonymity online at a disproportionately faster rate in comparison to the speed with which the RCIPS has introduced the skills, resources, and tools to combat cybercrime. The criminal exploitation of new and emerging technologies requires the RCIPS to incorporate new

policing measures in order to keep pace in this digital era. As such, there is a need to upskill frontline response police officers to recognise cybercrime and potential sources of digital evidence while ensuring the specialist cybercrime investigators are equipped with relevant certifications, hardware, software, and investigatory environments.

Cybercrime investigations differ significantly from traditional criminal investigations. They have a greater requirement for operating in online environments through open source analysis and covert means, and obtaining and analysing data – and potential digital evidence – to drive investigations and support prosecutions. Such work is critical to criminal investigations with cyber elements, and the demand for such work is expected to increase in complexity and volume as criminals continue to exploit technologies



## Defining Cyber Crime

*technology-as-target:* criminal offences targeting computers and other information technologies, such as those involving the unauthorized use of computers or mischief in relation to data.

*technology-as-instrument:* criminal offences where the Internet and information technologies are instrumental in the commission of a crime, such as those involving fraud, identity theft, intellectual property

infringements, money laundering, drug trafficking, human trafficking, child sexual exploitation, or cyber bullying.

# National Drug Council



## Nature and Scope of Activities

The scope of the National Drug Council activities includes –

### Policy and Prevention

To formulate policies intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.

### Surveillance, Research and Information Dissemination

To conduct or support surveys/research and publish reports or other documentation on drug abuse and maintain a database of information on issues related to the use, misuse and abuse of substances in the Islands;

### Monitoring and Evaluation

To co-ordinate the efforts of drug abuse prevention, treatment and rehabilitation. Through monitoring and evaluation of the implementation of anti-drug programmes within the Cayman Islands.



## Our People

All staff at the NDC are Caymanian with the required qualifications for their respective positions. Ongoing training occurs at regional and international forums to ensure professional development and the organisations ability to ensure best practices in its activities.



*NDC Director, Joan West-Dacres*

During the reporting period the Director achieved the Certificate of Advanced Study in Evaluation through distance learning at Claremont University in California. Claremont Graduate University offers one of the leading certificate programs in the world for the Advanced Study of

Evaluation where participants build and renew their knowledge and skills in the rapidly expanding field of Evaluation. The program culminates with a practicum experience tailored to the current practice or research interests of each student. The program has been designed to cover five key areas of professional evaluation: reflective practice, technical practice, situational practice, management practice and interpersonal practice.

The Prevention Officer completed the TIPS Certification to facilitate the certification of food and beverage servers. TIPS® (Training for Intervention ProcedureS) is a dynamic, skills-based training program designed to prevent intoxication, drunk driving and underage drinking by enhancing the fundamental "people skills" of servers, sellers and consumers of alcohol. TIPS gives individuals the knowledge and confidence they need to recognize potential alcohol-related problems and intervene to prevent alcohol-related tragedies. As the final step of a TIPS session, participants complete a multiple-choice exam. Participants who pass the exam receive a certification card, valid for three years in most areas. Exams, grades and other relevant information are maintained online for review.



The Research Officer was afforded the opportunity to attend the Centre for Addiction and Mental Health (CAMH) in Canada where various processes were reviewed and key areas for development were undertaken.

## Public Policy Engagement



## Prevention Activities



UCCI nursing students

Bonaventure Boys Home

Talk Therapy radio media

Cayman Crosstalk radio media

Prevention programming to churches

Prevention programming within schools

Kiwanis Club

Family Resource Centre

Her Majesty's Cayman Islands Prison Service

Cayman Islands Youth Development Consortium

TIPS training to employees of Jungle Bar and Lounge

Y2Y weekly meetings, community events and Youth Advisory Boards

*Prevention and education are key components of our efforts at the NDC. These components are conveyed through the provision of various presentations to students, parents, community/special interest groups and teachers in Grand Cayman and Cayman Brac as requested.*

## Sample of Research Findings

### Age of First Use of Various Substances (%)

| 2015                     |     |            |              |
|--------------------------|-----|------------|--------------|
| Age of First Use         |     |            |              |
|                          | n   | Mean (yrs) | Median (yrs) |
| Tobacco                  | 130 | 10         | 10           |
| E-Cigarette              | 40  | 29         | 29           |
| Alcohol                  | 135 | 10         | 9            |
| Marijuana                | 128 | 13         | 14           |
| Crack Cocaine            | 23  | 26         | 26           |
| Cocaine Powder           | 25  | 24         | 26           |
| Ecstasy                  | 4   | 24         | 24           |
| LSD                      | 5   | 26         | 24           |
| Methamphetamine          | 2   | 24         | 24           |
| Valium / Benzodiazepines | 11  | 32         | 30           |
| Methadone                | 1   | 33         | 33           |
| Donkey Weed              | 14  | 18         | 15           |
| Season Splif             | 12  | 29         | 29           |
| Magic Mushrooms          | 9   | 23         | 23           |
| Other Drugs              | 5   | 13         | 13           |

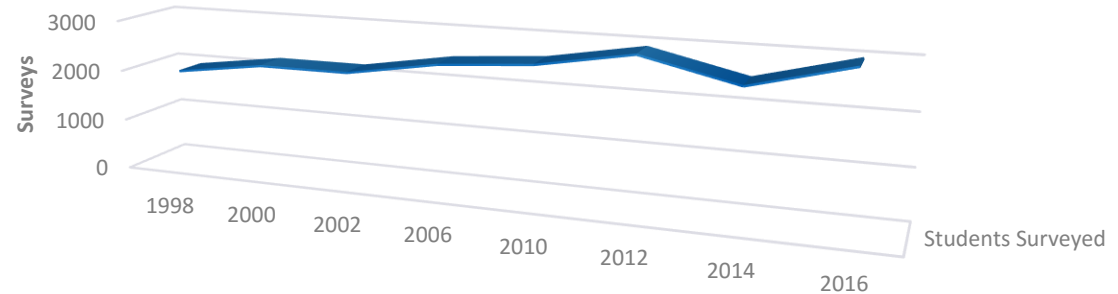
## Cayman Islands Student Drug Use Survey (CISDUS) 2016

The *CISDUS* employed a complete census of students enrolled in grades 7 to 12.

In 2016, 2,983 students in all private and public schools were asked to complete anonymous, self-administered questionnaires.

The data entry and analysis is near completion with a report expected by September 2016.

## Students Surveyed

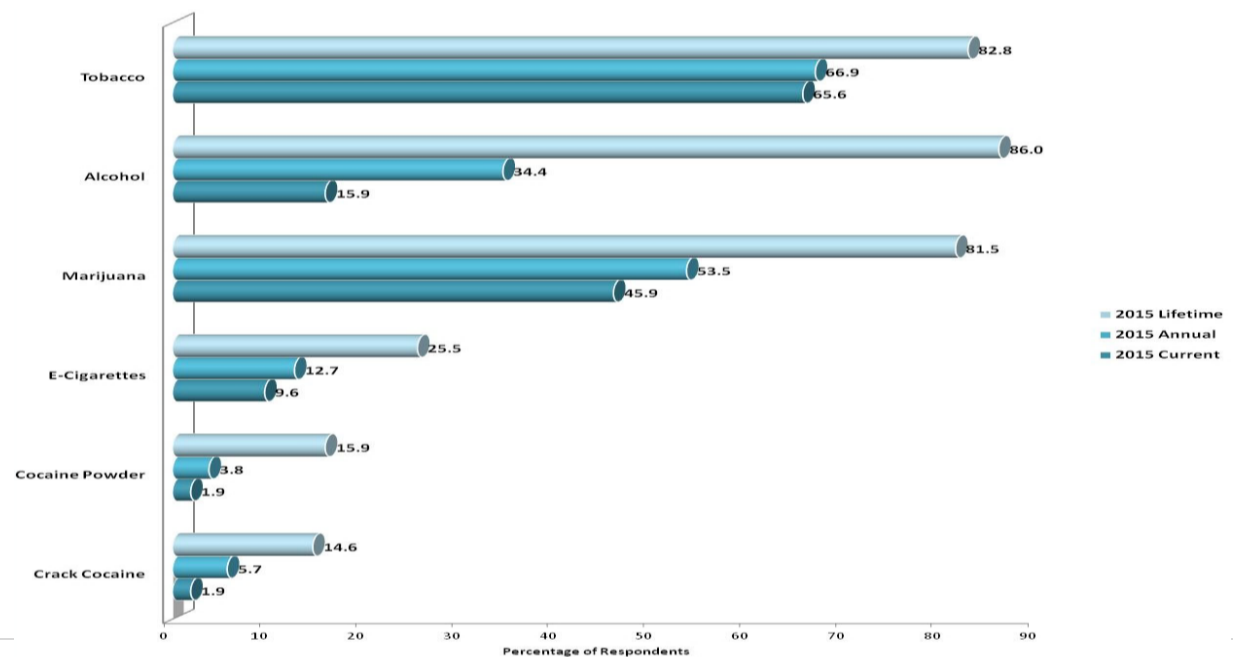


|                   | 1998 | 2000 | 2002 | 2006 | 2010 | 2012 | 2014 | 2016 |
|-------------------|------|------|------|------|------|------|------|------|
| Students Surveyed | 1946 | 2186 | 2187 | 2480 | 2612 | 2928 | 2510 | 2983 |

## Her Majesty's Cayman Islands Prison Services Survey (HMCIPSS)

HMCIPSS2015 reflects the need to know the pattern of drug use in local prisons.

The prison population presents different epidemiological parameters to the general population. Such a study allows for the analysis of factors including family, personal use, health, criminal history, weapons, drug market and other indicators that seek to highlight parameters elaborated in the study.



## Key Challenges

While the NDC has enjoyed many successes this year we are continuing to be limited in many areas. Most importantly are the following:

No guiding strategy at a national level to direct the efforts of drug control;

A dated legislative framework that does not provide the NDC with the ability to function or enforce as is necessary. Areas necessary to improve functioning of the organisation includes, but is not limited to –

- Collection of data
- Board composition
- Functions as dictated in the law

Limited resources –

- Staffing levels are too low for the needs of the community
- Funding does not allow for the impacts that need to be made in our communities especially when it relates

to education and prevention materials and promotions

### Risk Management

Key risks for the NDC are those which are organisational in nature.

Such risks include working outside of the necessary frameworks required for strategically addressing the issues related to alcohol, tobacco and other drugs, lack of personnel, inability to achieve outcomes or targets and delivery of services.

To this end the NDC relies on volunteers, constantly reviews its programming delivery to ensure areas of priority are addressed and works closely with stakeholders.

The NDC continues to advocate for an update to the governing legislation and for the implementation of a National Anti-Drug Strategy to address supply and demand control for the Cayman Islands.

Other areas of concern include compliance risk for reporting as required by stakeholders and CIG.

With limited staffing and a vacancy for the administrative and financial position the NDC relies on external accounting services to ensure sound financial management. In addition, the NDC has recently proposed the addition of an accounting professional to the board of directors as a means in which to leverage specialist insights and technical knowledge.

### Internal and External Audit updates

#### Delayed Deposit of Funds Collected

The policy and procedure manual will be updated to reflect the practice of NDC depositing any funds received even if it is uncertain that a project will be undertaken, and issuing a refund of the donation to the donor if the project does not occur. This replaces the practice of holding a cheque until confirmation of the project.

The policy and procedure manual will be updated to reflect that in the absence of key personnel, any deposits will be made within 3 days of the return of key personnel to office.

Allowing access to the safe by additional staff undermines the NDC's financial management efforts and has proven not to be prudent in the past.

**Implementation Date:** *Policy and procedure manual update – First Quarter 2016/17 (i.e. no later than September 30, 2016)*

#### Inadequate Handover and Reconciliation

To establish appropriate handover procedures to increase accountability within the cash collections process. Such procedures should necessitate the documentation of amounts being handed over and require the signatures of the transferor and the transferee signifying agreement with the amounts recorded.

Counts of collections/reconciliations are conducted and documented on each occasion

that collections are received. Evidence of said reconciliations should be maintained for audit purposes.

**Implementation Date:** *January 31, 2017 a log/journal book will be kept to address handover and counts of receipts of any CASH received.*

#### Lack of Review and Approval Trail

The Director of NDC will ensure that evidence of review and approval is documented and maintained for all accounting entries and reconciliations.

**Implementation Date:** By first review scheduled in 2016/17.

## National Drug Council

The National Drug Council (NDC) is an independent statutory body set up under the National Drug Council Law, 2003 revision to co-ordinate anti-drug measures in the Cayman Islands.

For access to our online library of resources and information visit us at [www.ndc.ky](http://www.ndc.ky)

## Forward Looking

The NDC has received additional funding for the 2016/17 budget year which has been earmarked to increase personnel. This will allow for the further development and implementation of programming in our communities. One position will be based in Cayman Brac, the other post will be based in Grand Cayman and will provide for additional services especially for primary aged children in the schools.

The NDC intends to advocate for changes to the following areas of legislation (or further development of policies in these areas):

- National Drug Council Law
- Misuse of Drugs Law
- Customs Law

The NDC has identified the need to implement a strategic approach for the purpose of addressing alcohol, tobacco and other drugs,

which is critical to the success of reducing the negative impacts of these substances in our communities.

The NDC also intends to, again, present a National Anti-Drug Strategy for the Cayman Islands, a four-year plan to strategically address supply and demand reduction.



# **GOVERNMENT OF THE CAYMAN ISLANDS**

## **Ministry of Home Affairs**

### **ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED**

**30 JUNE 2016**

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## Ministry of Home Affairs

Cayman Islands Government  
Government Administration Building  
Grand Cayman, Cayman Islands, BWI  
TEL: 949-7900 FAX: 949-7544

### STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Home Affairs in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2013 Revision)*.

As Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry of Home Affairs.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Home Affairs financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Home Affairs for the financial year ended 30 June 2016.

To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of Ministry of Home Affairs for the year ended 30 June 2016;
- (b) fairly reflect the financial position as at 30 June 2016 and performance for the year ended 30 June 2016;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

A handwritten signature in black ink, appearing to read 'Wesley Howell'.

Wesley Howell  
Chief Officer

October 31, 2016

A handwritten signature in black ink, appearing to read 'Vinton Chinsee'.

Vinton Chinsee  
Chief Financial Officer

October 31, 2016

## AUDITOR GENERAL'S REPORT

### To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Home Affairs

I have audited the accompanying financial statements of the Ministry of Home Affairs, which comprise the statement of financial position as at 30 June 2016 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 34 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)*.

#### ***Management's Responsibilities for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## AUDITOR GENERAL'S REPORT (Continued)

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Home Affairs as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'Sue Winspear', with a stylized, cursive script.

Sue Winspear, CPFA  
Auditor General

31 October 2016  
Cayman Islands

**MINISTRY OF HOME AFFAIRS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 June 2016**  
**(Expressed in Cayman Islands Dollars)**

| Restated<br>Prior Year<br>Actual<br>\$'000 |                                            | Note | Current Year<br>Actual<br>\$'000 | Original Budget<br>\$'000 | Final Budget<br>\$'000 | Variance (Orig<br>vs Actual)<br>\$'000 |
|--------------------------------------------|--------------------------------------------|------|----------------------------------|---------------------------|------------------------|----------------------------------------|
| <b>Current Assets</b>                      |                                            |      |                                  |                           |                        |                                        |
| 29,102                                     | Cash and cash equivalents                  | 2    | 25,939                           | 36,741                    | 36,741                 | 10,802                                 |
| 25,678                                     | Trade receivables                          | 3    | 17,872                           | 18,565                    | 18,565                 | 693                                    |
| 1,188                                      | Other receivables                          | 3    | 2,484                            | 142                       | 142                    | (2,342)                                |
| 106                                        | Inventories                                | 4    | 115                              | 205                       | 205                    | 90                                     |
| 709                                        | Prepayments                                | 5    | 551                              | 354                       | 354                    | (197)                                  |
| <b>56,783</b>                              | <b>Total Current Assets</b>                |      | <b>46,961</b>                    | <b>56,007</b>             | <b>56,007</b>          | <b>9,046</b>                           |
| <b>Non-Current Assets</b>                  |                                            |      |                                  |                           |                        |                                        |
| -                                          | Other Receivables                          | 3    | 150                              | -                         | -                      | (150)                                  |
| -                                          | Other Non-Current Assets                   |      | 447                              | -                         | -                      | (447)                                  |
| 48,109                                     | Property, plant and equipment              | 6    | 55,727                           | 44,449                    | 44,449                 | (11,278)                               |
| 348                                        | Intangible Assets                          | 7    | 292                              | 161                       | 161                    | (131)                                  |
| <b>48,457</b>                              | <b>Total Non-Current Assets</b>            |      | <b>56,616</b>                    | <b>44,610</b>             | <b>44,610</b>          | <b>(12,006)</b>                        |
| <b>105,240</b>                             | <b>Total Assets</b>                        |      | <b>103,577</b>                   | <b>100,617</b>            | <b>100,617</b>         | <b>(2,960)</b>                         |
| <b>Current Liabilities</b>                 |                                            |      |                                  |                           |                        |                                        |
| 1,366                                      | Trade payables                             | 8    | 1,679                            | 11,845                    | 11,845                 | 10,166                                 |
| 12,679                                     | Other payables and accruals                | 8    | 6,816                            | 889                       | 889                    | (5,927)                                |
| 1,830                                      | Provisions for legal and other liabilities | 27   | 961                              | -                         | -                      | (961)                                  |
| 4,646                                      | Employee entitlements                      | 9    | 4,550                            | 2,879                     | 2,879                  | (1,671)                                |
| 12,215                                     | Repayment of surplus                       |      | 1,329                            | -                         | -                      | (1,329)                                |
| <b>32,736</b>                              | <b>Total Current Liabilities</b>           |      | <b>15,335</b>                    | <b>15,613</b>             | <b>15,613</b>          | <b>278</b>                             |
| <b>32,736</b>                              | <b>Total Liabilities</b>                   |      | <b>15,335</b>                    | <b>15,613</b>             | <b>15,613</b>          | <b>278</b>                             |
| <b>72,504</b>                              | <b>Net Assets</b>                          |      | <b>88,242</b>                    | <b>85,004</b>             | <b>85,004</b>          | <b>(3,238)</b>                         |
| <b>NET WORTH</b>                           |                                            |      |                                  |                           |                        |                                        |
| 60,285                                     | Contributed capital                        |      | 64,496                           | 73,727                    | 73,727                 | 9,231                                  |
| 13,225                                     | Revaluation reserve                        |      | 23,994                           | 11,409                    | 11,409                 | (12,585)                               |
| (1,006)                                    | Accumulated surpluses                      |      | (248)                            | (132)                     | (132)                  | 116                                    |
| <b>72,504</b>                              | <b>Total Net Worth</b>                     |      | <b>88,242</b>                    | <b>85,004</b>             | <b>85,004</b>          | <b>(3,238)</b>                         |

The Notes to the Financial Statements on pages 9 to 34 form part of these financial statements.

Property Plant and Equipment for the prior year was restated by \$789k to accommodate changes in revaluation of property. (See Note 28)

**MINISTRY OF HOME AFFAIRS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 June 2016**  
**(Expressed in Cayman Islands Dollars)**

| Restated<br>Prior<br>Year<br>\$'000 |                                                                         | Note | Current Year<br>Actual<br>\$'000 | Original<br>Budget<br>\$'000 | Final Budget<br>\$'000 | Variance<br>(Orig vs Actual)<br>\$'000 |
|-------------------------------------|-------------------------------------------------------------------------|------|----------------------------------|------------------------------|------------------------|----------------------------------------|
| <b>Revenue</b>                      |                                                                         |      |                                  |                              |                        |                                        |
| 93,367                              | Sale of goods and services                                              | 11   | 95,849                           | 95,414                       | 95,414                 | (435)                                  |
| 36                                  | Investment Revenue                                                      | 12   | 30                               | -                            | -                      | (30)                                   |
| 15                                  | Donations                                                               | 13   | 10                               | -                            | -                      | (10)                                   |
| 95                                  | Other revenue                                                           |      | 121                              | -                            | -                      | (121)                                  |
| <b>93,513</b>                       | <b>Total Revenue</b>                                                    |      | <b>96,010</b>                    | <b>95,414</b>                | <b>95,414</b>          | <b>(596)</b>                           |
| <b>Expenses</b>                     |                                                                         |      |                                  |                              |                        |                                        |
| 69,592                              | Personnel costs                                                         | 14   | 70,248                           | 70,657                       | 70,657                 | 409                                    |
| 15,752                              | Supplies and consumables                                                | 15   | 18,653                           | 17,615                       | 17,615                 | (1,038)                                |
| 5,221                               | Depreciation                                                            | 6    | 4,824                            | 4,630                        | 4,630                  | (194)                                  |
| 391                                 | Amortisation of Intangible Assets                                       | 7    | 310                              | 437                          | 437                    | 127                                    |
| 7                                   | Impairment of property, plant and equipment                             | 6    | 479                              | -                            | -                      | (479)                                  |
| 394                                 | Litigation costs                                                        | 17   | 59                               | 50                           | 50                     | (9)                                    |
| (39)                                | (Gains)/losses on foreign exchange transactions                         | 18   | (59)                             | 3                            | 3                      | 62                                     |
| 46                                  | (Gains)/losses on disposal/revaluation of property, plant and equipment | 18   | 62                               | -                            | -                      | (62)                                   |
| (968)                               | Revaluation legal liability provisions                                  | 27   | (295)                            | -                            | -                      | 295                                    |
| (1,005)                             | (Gains)/losses from derecognition of assets                             | 18   | (350)                            | -                            | -                      | 350                                    |
| <b>89,391</b>                       | <b>Total Expenses</b>                                                   |      | <b>93,931</b>                    | <b>93,392</b>                | <b>93,392</b>          | <b>(540)</b>                           |
| <b>4,122</b>                        | <b>Surplus for the period</b>                                           |      | <b>2,079</b>                     | <b>2,022</b>                 | <b>2,022</b>           | <b>(57)</b>                            |

The Notes to the Financial Statements on pages 9 to 34 form part of these financial statements.

Policies were changed not to amortise the revaluation reserves in line with newly issued policies of the government to not amortise reserves and to incorporate revaluation depreciation in the budget cycle. This resulted in the 2015 Depreciation for Property Plant and Equipment being restated by \$0.693m.

**MINISTRY OF HOME AFFAIRS**  
**STATEMENT OF CHANGES IN NET WORTH**  
**FOR THE YEAR ENDED 30 June 2016**  
**(Expressed in Cayman Islands Dollars)**

|                                                                | Contributed<br>Capital<br>\$'000 | Revaluation<br>Reserve<br>\$'000 | Accumulated<br>Surplus/<br>(deficits)<br>\$'000 | Total<br>Net worth<br>\$'000 | Original<br>Budget<br>\$'000 | Final<br>Budget<br>\$'000 | Variance<br>(Orig. vs.<br>Actual)<br>\$'000 |
|----------------------------------------------------------------|----------------------------------|----------------------------------|-------------------------------------------------|------------------------------|------------------------------|---------------------------|---------------------------------------------|
| <b>Balance at 30 June 2014</b>                                 | 58,310                           | 11,887                           | 1,025                                           | 71,222                       | 79,439                       | 79,439                    | 8,217                                       |
| Prior Year Adjustments                                         | -                                |                                  | (466)                                           | (466)                        | -                            | -                         | 466                                         |
| Restated balance                                               | 58,310                           | 11,887                           | 559                                             | 70,756                       | 79,439                       | 79,439                    | 8,683                                       |
| <b>Changes in net worth for 2014/15</b>                        |                                  |                                  |                                                 |                              |                              |                           |                                             |
| Transfer of revaluation reserves                               | -                                | -                                | -                                               | -                            | (508)                        | (508)                     | (508)                                       |
| Equity Investment from Cabinet                                 | 1,975                            | -                                | -                                               | 1,975                        | -                            | -                         | (1,975)                                     |
| Capital withdrawals by Cabinet                                 | -                                | -                                | -                                               | -                            | 4,026                        | 4,026                     | 4,026                                       |
| Repayment of surplus to Cabinet                                | -                                | -                                | (4,349)                                         | (4,349)                      | (1,975)                      | (1,975)                   | 2,374                                       |
| <b>Net revenue / expenses recognised directly in net worth</b> | 1,975                            | -                                | (4,349)                                         | (2,374)                      | 1,543                        | 1,544                     | 3,917                                       |
| Surplus/(deficit) for the period 2014/15                       | -                                | -                                | 4,122                                           | 4,122                        | -                            | -                         | (4,122)                                     |
| <b>Total recognised revenues and expenses for the period</b>   | 1,975                            | -                                | (227)                                           | 1,748                        | 1,543                        | 1,544                     | (205)                                       |
| <b>Balance at 30 June 2015 carried forward</b>                 | 60,285                           | 11,887                           | 332                                             | 72,504                       | 80,982                       | 80,982                    | 8,478                                       |
| <b>Balance at 30 June 2015 brought forward</b>                 | 60,285                           | 11,887                           | 332                                             | 72,504                       | 80,982                       | 80,982                    | 8,478                                       |
| <b>Changes in net worth for 2014/15</b>                        |                                  |                                  |                                                 |                              |                              |                           |                                             |
| Changes in accounting policy                                   | -                                | 1,338                            | (1,338)                                         | -                            | -                            | -                         | -                                           |
| <b>Balance at 30 June 2015 Restated</b>                        | <b>60,285</b>                    | <b>13,225</b>                    | <b>(1,006)</b>                                  | <b>72,504</b>                | <b>80,982</b>                | <b>80,982</b>             | <b>8,478</b>                                |
| Reorganisation of Ministries                                   | (106)                            | -                                | -                                               | (106)                        | -                            | -                         | 106                                         |
| Prior Year Adjustments                                         | -                                | -                                | 65                                              | 65                           | -                            | -                         | (65)                                        |
| Restated balance                                               | 60,179                           | 13,225                           | (941)                                           | 72,463                       | 80,982                       | 80,982                    | 8,519                                       |
| <b>Changes in net worth for 2015/16</b>                        |                                  |                                  |                                                 |                              |                              |                           |                                             |
| Gain/(loss) on property revaluation                            | -                                | 10,769                           | -                                               | 10,769                       | -                            | -                         | (10,769)                                    |
| Transfer of assets to other Ministries                         | (123)                            |                                  | -                                               | (123)                        | -                            | -                         | 123                                         |
| Equity from forgiveness of debt                                | 2,449                            | -                                | -                                               | 2,449                        | -                            | -                         | (2,449)                                     |
| Equity Investment from Cabinet                                 | 1,991                            | -                                | -                                               | 1,991                        | 2,000                        | 2,000                     | 9                                           |
| Repayment of surplus/Dividends to Cabinet                      | -                                | -                                | (1,386)                                         | (1,386)                      | -                            | -                         | 1,386                                       |
| <b>Net revenue / expenses recognised directly in net worth</b> | 4,317                            | 10,769                           | (1,386)                                         | 13,700                       | 2,000                        | 2,000                     | (11,700)                                    |
| Surplus for the period 2015/16                                 | -                                | -                                | 2,079                                           | 2,079                        | 2,022                        | 2,022                     | (57)                                        |
| <b>Total recognised revenues and expenses for the period</b>   | 4,317                            | 10,769                           | 693                                             | 15,779                       | 4,022                        | 4,022                     | (11,757)                                    |
| <b>Balance at 30 June 2016</b>                                 | <b>64,496</b>                    | <b>23,994</b>                    | <b>(248)</b>                                    | <b>88,242</b>                | <b>85,004</b>                | <b>85,004</b>             | <b>(3,238)</b>                              |

Policies were changed not to amortise the revaluation reserves in line with newly issued policies of the government to not amortise reserves and to incorporate revaluation depreciation in the budget cycle. Additional revaluation for land was included in the opening balance as at June 30<sup>th</sup>, 2014 totaling \$0.789m (See Note 28). Amount for debt forgiveness relates to insurance debt forgiven by the Ministry of Finance.

The Notes to the Financial Statements on pages 9 to 34 form part of these financial statements.

**MINISTRY OF HOME AFFAIRS**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 June 2016**  
**(Expressed in Cayman Islands Dollars)**

| <b>Audited<br/>2014/15<br/>Actual<br/>\$'000</b> |                                                             | <b>Note</b> | <b>Current<br/>Year<br/>Actual<br/>\$'000</b> | <b>Original<br/>Budget<br/>\$'000</b> | <b>Final<br/>Budget<br/>\$'000</b> | <b>Variance<br/>(Orig vs<br/>Actual)<br/>\$'000</b> |
|--------------------------------------------------|-------------------------------------------------------------|-------------|-----------------------------------------------|---------------------------------------|------------------------------------|-----------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      |                                                             |             |                                               |                                       |                                    |                                                     |
|                                                  | <b>Receipts</b>                                             |             |                                               |                                       |                                    |                                                     |
| 76,434                                           | Outputs to Cabinet                                          |             | 93,592                                        | 86,152                                | 86,152                             | (7,440)                                             |
| 328                                              | Outputs to other government agencies                        |             | 1,219                                         | 329                                   | 329                                | (890)                                               |
| 9,740                                            | Sale of goods and services - third party                    |             | 8,603                                         | 8,880                                 | 8,880                              | 277                                                 |
| 39                                               | Interest received                                           |             | 28                                            | -                                     | -                                  | (28)                                                |
| 16                                               | Donations / Grants                                          |             | 10                                            | -                                     | -                                  | (10)                                                |
| 97                                               | Other receipts                                              |             | (287)                                         | -                                     | -                                  | 287                                                 |
|                                                  | <b>Disbursements</b>                                        |             |                                               |                                       |                                    |                                                     |
| (69,339)                                         | Personnel costs                                             |             | (69,986)                                      | (70,657)                              | (70,657)                           | (671)                                               |
| (11,336)                                         | Supplies and consumables                                    |             | (16,918)                                      | (17,615)                              | (17,615)                           | (697)                                               |
| -                                                | Interest paid                                               |             | -                                             | -                                     | -                                  | -                                                   |
| (789)                                            | Other payments                                              |             | (4,817)                                       | -                                     | -                                  | 4,817                                               |
| <b>5,190</b>                                     | <b>Net cash flows from operating activities</b>             | <b>20</b>   | <b>11,444</b>                                 | <b>7,089</b>                          | <b>7,089</b>                       | <b>(4,355)</b>                                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                                                             |             |                                               |                                       |                                    |                                                     |
| (2,908)                                          | Purchase of property, plant and equipment                   |             | (2,933)                                       | (2,000)                               | (2,000)                            | 933                                                 |
| -                                                | Purchase of Intangible Assets                               |             | (151)                                         | -                                     | -                                  | 151                                                 |
| 31                                               | Proceeds from sale of property, plant and equipment         |             | 22                                            | -                                     | -                                  | (22)                                                |
| <b>(2,877)</b>                                   | <b>Net cash flows from investing activities</b>             |             | <b>(3,062)</b>                                | <b>(2,000)</b>                        | <b>(2,000)</b>                     | <b>1,062</b>                                        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                                                             |             |                                               |                                       |                                    |                                                     |
| 1,233                                            | Equity Investment                                           |             | 793                                           | 2,000                                 | 2,000                              | 1,207                                               |
| 0                                                | Ministry Reorganisation                                     |             | (65)                                          | -                                     | -                                  | 65                                                  |
| -                                                | Repayment of Surplus                                        |             | (12,273)                                      | -                                     | -                                  | 12,273                                              |
| <b>1,233</b>                                     | <b>Net cash flows from financing activities</b>             |             | <b>(11,545)</b>                               | <b>2,000</b>                          | <b>2,000</b>                       | <b>13,545</b>                                       |
| 3,546                                            | <b>Net increase/(decrease) in cash and cash equivalents</b> |             | <b>(3,163)</b>                                | <b>7,089</b>                          | <b>7,089</b>                       | <b>10,252</b>                                       |
| 25,556                                           | Cash and cash equivalents at beginning of period            |             | 29,102                                        | 29,652                                | 29,652                             | 550                                                 |
| <b>29,102</b>                                    | <b>Cash and cash equivalents at end of period</b>           |             | <b>25,939</b>                                 | <b>36,741</b>                         | <b>36,741</b>                      | <b>10,802</b>                                       |

The Notes to the Financial Statements on pages 9 to 34 form part of these financial statements.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Description and principal activities

The Ministry of Home Affairs is a Government owned entity as defined by section 2 of the *Public Management and Finance Law (2013 Revision)* and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Deputy Governor as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2016.

#### Note 1: Significant Accounting Policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

##### Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The practice of amortising the revaluation depreciation has been changed to be consistent with the newly issued policy across government to include revaluation depreciation in the budgets and consistent apply the same practice across all government entities.

Segment reporting has been included in accordance with IPSAS 18.

## **MINISTRY OF HOME AFFAIRS**

### **Notes to the Financial Statements**

#### **Year Ended 30 June 2016**

(Expressed in Cayman Islands Dollars)

#### **Note 1: Significant Accounting Policies (continued)**

##### **(b) Budget amounts**

The original budget amounts for the financial year are as presented in the 2015/16 Annual Budget Statement and approved by the Legislative Assembly. The exact presentation of few items has been improved to supply more information and conform to future presentation.

##### **(c) Judgments and estimates**

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

##### **(d) Revenue**

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

The Ministry derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

##### **(e) Expenses**

Expenses are recognised in the accounting period in which they are incurred. Non-coercive Interagency costs are not recognised in the expenses of the accounts.

##### **(f) Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

##### **(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

##### **(h) Prepayments**

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

## **MINISTRY OF HOME AFFAIRS**

### **Notes to the Financial Statements**

#### **Year Ended 30 June 2016**

(Expressed in Cayman Islands Dollars)

#### **Note 1: Significant Accounting Policies (continued)**

##### **(i) Inventories**

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

Costs are assigned to inventories using first in first out method.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

##### **(j) Property, plant and equipment**

Property, plant and equipment except land and buildings, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

#### **Asset Revaluation**

Property (land, buildings and structures) were revalued as at the 30 June 2016 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

## **MINISTRY OF HOME AFFAIRS**

### **Notes to the Financial Statements**

#### **Year Ended 30 June 2016**

(Expressed in Cayman Islands Dollars)

#### **Note 1: Significant Accounting Policies (continued)**

##### **(j) Property, plant and equipment (continued)**

##### **Valuation methods**

The valuations contained within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the Royal Institute of Chartered Surveyors (RICS). Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation) The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

##### **Valuation assumptions**

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it perform a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practice.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use. These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### **Note 1: Significant Accounting Policies (continued)**

##### **(j) Property, plant and equipment (continued)**

Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Where applicable, the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations, information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings).
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.

Land and Buildings were revalued as entire classes of asset.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

At the time of preparation of these financial statements, a new valuation of land and buildings was being undertaken. A significant number of the valuation for properties for the Ministry was not yet available at the time of presentation of this report and thus in accordance with the requirement to revalue the entire class of asset, the Ministry elected not to revalue the class until next year which is within the timeframe acceptable under the standard.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 1: Significant Accounting Policies (continued)

##### (j) Property, plant and equipment (continued)

| <u>Asset Type</u>                                  | <u>Estimated Useful life</u>                                             |
|----------------------------------------------------|--------------------------------------------------------------------------|
| • Buildings and structures                         | 10 – 60 years                                                            |
| • Building fit-out (when accounted for separately) | 5 – 25 years                                                             |
| • Leasehold Improvement                            | Over the unexpired period of lease or the useful life of the improvement |
| • Computer Equipment                               | 3 – 10 years                                                             |
| • Developed software                               | 4 – 10 years                                                             |
| • Office equipment and furniture                   | 3 – 25 years                                                             |
| • Motor vehicles                                   | 3 – 20 years                                                             |
| • Boats and marine equipment                       | 3 – 25 years                                                             |
| • Cleaning, refuse and recycling equipment         | 3 – 15 years                                                             |
| • Construction and other equipment                 | 3 – 25 years                                                             |
| • Telecommunications                               | 5 - 50 years                                                             |
| • Books, Music, manuscripts and works of art       | 2 – 10 years                                                             |
| • Clothing                                         | 0 - 4 years                                                              |
| • Aeroplanes and airport/aviation equipment        | 5 years                                                                  |
| • Firefighting plant and equipment                 | 10 – 12 years                                                            |
| • Other equipment                                  | 5 – 20 years                                                             |
| • Medical and medical laboratory equipment         | 1 – 25 years                                                             |
| • Library assets                                   | 5 – 10 years                                                             |
| • Scientific and laboratory equipment              | 4 – 25 years                                                             |
| • Canine                                           | 6 – 8 years                                                              |

##### Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

##### (k) Intangible assets

Acquired computer software licenses lasting over a year are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The carrying value of an intangible asset with a finite life is amortized on a straight line basis over its useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. Amortization charge for each period is recognized in the statement of financial performance.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 1: Significant Accounting Policies (continued)

##### (l) Employee benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% are made to the fund by the Ministry.

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000 the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

##### (m) Financial instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as an expense in the Statement of Financial Performance.

##### Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents, trade and other receivables and prepayments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of trade and other payables, accrued expenses and employee entitlements.

##### Recognition

The Ministry recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statements of financial performance.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 1: Significant Accounting Policies (continued)

##### (m) Financial instruments (continued)

###### Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

###### De-recognition

A financial asset is de-recognition when the Ministry realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

##### (n) Contingent liabilities and assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised. Where it is prudent to make a provision for an expense, the evaluated amount is included in the accounts.

##### (o) Foreign currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

##### (p) Comparative figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 1: Significant Accounting Policies (continued)

##### (q) Revenue from non-exchange transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodations in the central government building, maintenance and project management by the Public Works Department, fuel and vehicle maintenance from the Department of Vehicles and supplies, exemption of duties and charges from Customs and human resource management from the Portfolio of the Civil Service. The Ministry has designated these non-exchange transactions as services in kind as defined under IPSAS 23 – Revenue from Non-Exchange Transactions. When fair values of such services can be readily estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in kind. Where services in kind offered are directly related to construction of fixed assets, such service in kind is recognised in the cost of the asset. Otherwise, such transactions are not recorded.

#### Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name Ministry of Home Affairs are maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. The Ministry's unrestricted cash balances as at 30 June 2016 and 30 June 2015 are presented below. No restricted cash balances were held by the Ministry at 30 June 2016.

| Audited<br>2014/15<br>\$'000 | Description                                          | Foreign<br>Currency<br>\$'000 | Exchange<br>Rate | Actual<br>Current<br>Year \$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original<br>vs Actual) |
|------------------------------|------------------------------------------------------|-------------------------------|------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
| 5                            | Cash on hand (IRIS Confirmation Account/Petty Cash)  | 5                             | 1.00             | 5                                | 73                           | 73                          | 68                                  |
| 382                          | Cash in transit (IRIS Remittance Account)            | 1,156                         | 1.00             | 1,156                            | 454                          | 454                         | (702)                               |
| 15,604                       | CI\$ Operational Current Account held at Royal Bank  | 8,837                         | 1.00             | 8,837                            | 15,383                       | 15,383                      | 6,546                               |
| 372                          | US\$ Operational Current Account held at Royal Bank  | 129                           | 0.84             | 108                              | 95                           | 95                          | (13)                                |
|                              | Payroll Current Account held at Royal Bank of Canada | -                             |                  | 1                                | 4                            | 4                           | 3                                   |
| 181                          | Bank Accounts held at other financial institutions   | 88                            | 1.00             | 88                               | 125                          | 125                         | 37                                  |
| 15,716                       | Treasury Internal Deposits                           | 15,744                        | 1.00             | 15,744                           | 20,607                       | 20,607                      | 4,863                               |
| <b>32,260</b>                | <b>TOTAL</b>                                         |                               |                  | <b>25,939</b>                    | <b>36,741</b>                | <b>36,741</b>               | <b>10,802</b>                       |
| (3,158)                      | Payroll Current Account held at Royal Bank of Canada |                               |                  |                                  |                              |                             |                                     |
| <b>29,102</b>                | <b>NET</b>                                           |                               |                  | <b>25,939</b>                    | <b>36,741</b>                | <b>36,741</b>               | <b>10,802</b>                       |

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 3: Trade receivables and other receivables (current)

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors. Expected losses have been determined based on an analysis of the Ministry losses in previous periods.

| Audited<br>2014/15<br>\$'000 |                                    | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|------------------------------|------------------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
|                              | <b>Trade Receivables</b>           |                                  |                              |                             |                                     |
| 334                          | Sale of goods and services         | 708                              | 9,935                        | 9,935                       | 9,227                               |
| 25,519                       | Outputs to Cabinet                 | 17,209                           | 10,659                       | 10,659                      | (6,550)                             |
| 8                            | Outputs to other government        |                                  | 159                          | 159                         | 159                                 |
| (183)                        | Less: provision for doubtful debts | (45)                             | (2,188)                      | (2,188)                     | (2,143)                             |
| <b>25,678</b>                | <b>Total trade receivables</b>     | <b>17,872</b>                    | <b>18,565</b>                | <b>18,565</b>               | <b>693</b>                          |

Aging of trade and other receivables are as follows:

| Audited<br>2014/15<br>\$'000 | Receivables                | Trade<br>Receivable<br>\$'000 | Other<br>Receivable<br>\$'000 | Actual<br>Current<br>Year | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|------------------------------|----------------------------|-------------------------------|-------------------------------|---------------------------|------------------------------|-----------------------------|-------------------------------------|
|                              | <b>Current</b>             |                               |                               |                           |                              |                             |                                     |
| 25,678                       | Past due 1-30 days         | 17,872                        | 2,484                         | 20,356                    | 18,707                       | 18,707                      | (1,649)                             |
| -                            | Past due 31-60 days        | -                             | -                             | -                         | -                            | -                           | -                                   |
| -                            | Past due 61-90 days        | -                             | -                             | -                         | -                            | -                           | -                                   |
| -                            | Past due 90 days to 1 year | -                             | -                             | -                         | -                            | -                           | -                                   |
|                              | <b>Non-Current</b>         |                               |                               |                           |                              |                             |                                     |
| -                            | Past due 1 year and above  | -                             | 150                           | 150                       | -                            | -                           | (150)                               |
| <b>25,678</b>                | <b>Total</b>               | <b>17,872</b>                 | <b>2,634</b>                  | <b>20,506</b>             | <b>18,707</b>                | <b>18,707</b>               | <b>(1,799)</b>                      |

Changes in the provision of doubtful debts:

| Audited<br>2014/15<br>\$'000 | Description                                | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|------------------------------|--------------------------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
| (2,153)                      | Balance at 1 July                          | (183)                            | -                            | -                           | 183                                 |
| (18)                         | Additional provisions made during the year | (20)                             | -                            | -                           | 20                                  |
| 1,988                        | Receivables written off during the year    | 158                              | -                            | -                           | (158)                               |
| <b>(183)</b>                 | <b>Balance at 30 June</b>                  | <b>(45)</b>                      | <b>-</b>                     | <b>-</b>                    | <b>45</b>                           |

During the prior fiscal year the Ministry wrote off most of the doubtful debts which relates to old interagency receivables from other government departments as instructed by the Ministry of Finance. This included amounts written off for the Judicial Department and the Portfolio of Legal Affairs.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 4: Inventories

The carrying amount of inventories held for distribution as at 30 June 2016 was \$115k. Included in inventories is \$137k of building materials originally meant for building a new general population cell block at the Her Majesty's Prison Service. There was no write down to net realisable value at the year end. No inventories are pledged as security for liabilities.

| Audited<br>2014/15<br>\$'000 | Description                                                   | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|------------------------------|---------------------------------------------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
| 106                          | Inventory held for use in the provision of goods and services | 115                              | 205                          | 205                         | 90                                  |
| <b>106</b>                   | <b>TOTAL INVENTORIES</b>                                      | <b>115</b>                       | <b>205</b>                   | <b>205</b>                  | <b>90</b>                           |

#### Note 5: Prepayments

| Audited<br>2014/15<br>\$'000 | Description              | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|------------------------------|--------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
| 708                          | Accrued Prepayments      | 551                              | 354                          | 354                         | (197)                               |
| 1                            | Prepaid Insurance        | -                                | -                            | -                           | -                                   |
| <b>709</b>                   | <b>Total Prepayments</b> | <b>551</b>                       | <b>354</b>                   | <b>354</b>                  | <b>(197)</b>                        |

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 6: Property, plant and equipment

| COST or OPENING VALUATION  | Land   | Plant & Equipment | Buildings & Leasehold | Furniture & Office Equipment | Computers Hardware | Other Assets | Infrastructure | Motor Vehicles | Marine Vessels | Aircraft | Assets under construction/development | Total   |
|----------------------------|--------|-------------------|-----------------------|------------------------------|--------------------|--------------|----------------|----------------|----------------|----------|---------------------------------------|---------|
|                            | \$000  | \$000             | \$000                 | \$000                        | \$000              | \$000        | \$000          | \$000          | \$000          | \$000    | \$000                                 | \$000   |
| Balance as at 1 July 2014  | 6,315  | 16,355            | 42,785                | 2,354                        | 7,830              | 113          | 6,728          | 5,663          | 4,107          | 3,224    | 4,471                                 | 99,945  |
| Ministry Reorganisation    | -      | -                 | -                     | -                            | -                  | -            | -              | -              | -              | -        | -                                     | -       |
| Revaluation                | 788    | -                 | -                     | -                            | -                  | -            | -              | -              | -              | -        | -                                     | 788     |
| Additions                  | -      | 17                | 235                   | 7                            | 668                | -            | -              | 137            | 273            | -        | 1,510                                 | 2,847   |
| Disposals / Transfers      | -      | (508)             | (1)                   | (311)                        | (3,031)            | (17)         | (245)          | (617)          | (95)           | -        | -                                     | (4,825) |
| Balance as at 30 June 2015 | 7,103  | 15,864            | 43,019                | 2,050                        | 5,467              | 96           | 6,483          | 5,183          | 4,285          | 3,224    | 5,981                                 | 98,755  |
| Balance as at 1 July 2015  | 7,103  | 15,864            | 43,019                | 2,050                        | 5,467              | 96           | 6,483          | 5,183          | 4,285          | 3,224    | 5,981                                 | 98,755  |
| Ministry Reorganisation    | -      | -                 | -                     | (3)                          | -                  | -            | -              | -              | -              | -        | -                                     | (3)     |
| Prior period Adjustment    | -      | -                 | -                     | -                            | -                  | -            | -              | -              | -              | -        | -                                     | -       |
| Revaluation                | 3,972  | -                 | 6,797                 | -                            | -                  | -            | -              | -              | -              | -        | -                                     | 10,769  |
| Additions                  | -      | 185               | 4,408                 | 147                          | 390                | -            | 82             | 1,105          | 23             | 99       | (4,131)                               | 2,308   |
| Disposals/Transfers        | -      | (182)             | -                     | (142)                        | (184)              | -            | (21)           | (575)          | -              | -        | -                                     | (1,104) |
| Balance at 30 June 2016    | 11,075 | 15,867            | 54,224                | 2,052                        | 5,673              | 96           | 6,544          | 5,713          | 4,308          | 3,323    | 1,850                                 | 110,725 |

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

| ACCUMULATED<br>DEPRECIATION        | Land   | Plant &<br>Equipment | Buildings &<br>Leasehold | Furniture &<br>Office<br>Equipment | Computers<br>Hardware | Other<br>Assets | Infrastructure | Motor<br>Vehicles | Marine<br>Vessels | Aircraft | Assets under<br>construction/<br>development | Total   |
|------------------------------------|--------|----------------------|--------------------------|------------------------------------|-----------------------|-----------------|----------------|-------------------|-------------------|----------|----------------------------------------------|---------|
|                                    | \$000  | \$000                | \$000                    | \$000                              | \$000                 | \$000           | \$000          | \$000             | \$000             | \$000    | \$000                                        | \$000   |
| <b>Balance as at 1 July 2014</b>   | -      | 10,220               | 19,499                   | 1,745                              | 7,129                 | 91              | 3,739          | 4,164             | 1,405             | 2,166    | -                                            | 50,158  |
| Ministry Reorganisation            | -      | -                    | -                        | -                                  | -                     | -               | -              | -                 | -                 | -        | -                                            | -       |
| Impairment Reserve                 | -      | -                    | -                        | -                                  | -                     | -               | -              | -                 | -                 | -        | -                                            | -       |
| Fair value Depreciation            | -      | 1,169                | 1,617                    | 116                                | 570                   | 36              | 663            | 481               | 261               | 308      | -                                            | 5,221   |
| Disposals / Transfers              | -      | (495)                | -                        | (285)                              | (3,020)               | (11)            | (242)          | (585)             | (95)              | -        | -                                            | (4,733) |
| <b>Balance as at 30 June 2015</b>  | -      | 10,894               | 21,116                   | 1,576                              | 4,679                 | 116             | 4,160          | 4,060             | 1,571             | 2,474    | -                                            | 50,646  |
| <b>Balance as at 1 July 2015</b>   | -      | 10,894               | 21,116                   | 1,576                              | 4,679                 | 116             | 4,160          | 4,060             | 1,571             | 2,474    | -                                            | 50,646  |
| Ministry Reorganisation            | -      | -                    | -                        | -                                  | -                     | -               | -              | -                 | -                 | -        | -                                            | -       |
| Impairment Reserve                 | -      | -                    | -                        | -                                  | -                     | -               | -              | -                 | -                 | -        | 479                                          | 479     |
| Fair value Depreciation            | -      | 1,120                | 1,702                    | 117                                | 513                   | 9               | 579            | 514               | 268               | 2        | -                                            | 4,824   |
| Disposals / Transfers              | -      | (120)                | -                        | (127)                              | (184)                 | -               | (21)           | (499)             | -                 | -        | -                                            | (951)   |
| <b>Balance at 30 June 2016</b>     | -      | 11,894               | 22,818                   | 1,566                              | 5,008                 | 125             | 4,718          | 4,075             | 1,839             | 2,476    | 479                                          | 54,998  |
| <b>Net Book value 30 June 2015</b> | 7,103  | 4,970                | 21,903                   | 474                                | 788                   | (20)            | 2,323          | 1,123             | 2,714             | 750      | 5,981                                        | 48,109  |
| <b>Net Book value 30 June 2016</b> | 11,075 | 3,973                | 31,406                   | 486                                | 665                   | (29)            | 1,826          | 1,638             | 2,469             | 847      | 1,371                                        | 55,727  |

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 7: Intangible assets

| COST or OPENING<br>VALUATION      | Computer<br>Software | Assets under<br>construction/<br>development | Total        | Original<br>Budget | Final Budget  | Variance<br>(Orig vs<br>Actual) |
|-----------------------------------|----------------------|----------------------------------------------|--------------|--------------------|---------------|---------------------------------|
|                                   | \$000                | \$000                                        | \$000        | \$000              | \$000         | \$000                           |
| <b>Balance as at 1 July 2014</b>  | <b>6,326</b>         | <b>249</b>                                   | <b>6,575</b> | <b>10,012</b>      | <b>10,012</b> | <b>3,437</b>                    |
| Ministry Reorganisation           | -                    | -                                            | -            | 696                | 696           | 696                             |
| Additions                         | 307                  | (177)                                        | 130          | -                  | -             | (130)                           |
| Disposals / Transfers             | (618)                | -                                            | (618)        | -                  | -             | 618                             |
| <b>Balance as at 30 June 2015</b> | <b>6,015</b>         | <b>72</b>                                    | <b>6,087</b> | <b>10,708</b>      | <b>10,708</b> | <b>4,621</b>                    |
| <b>Balance at July 1, 2015</b>    | <b>6,015</b>         | <b>72</b>                                    | <b>6,087</b> | <b>10,708</b>      | <b>10,708</b> | <b>4,621</b>                    |
| Additions                         | 109                  | 145                                          | 254          | -                  | -             | (254)                           |
| Revaluation                       | -                    | -                                            | -            | -                  | -             | -                               |
| Disposals/Transfers               | (63)                 | -                                            | (63)         | -                  | -             | 63                              |
| <b>At June 30, 2016</b>           | <b>6,061</b>         | <b>217</b>                                   | <b>6,278</b> | <b>10,708</b>      | <b>10,708</b> | <b>4,430</b>                    |

| ACCUMULATED<br>DEPRECIATION      | Computer<br>Software | Assets under<br>construction/<br>development | Total        | Original<br>Budget | Final Budget  | Variance<br>(Orig vs<br>Actual) |
|----------------------------------|----------------------|----------------------------------------------|--------------|--------------------|---------------|---------------------------------|
|                                  | \$000                | \$000                                        | \$000        | \$000              | \$000         | \$000                           |
| <b>Balance at July 1, 2014</b>   | <b>5,961</b>         | <b>-</b>                                     | <b>5,961</b> | <b>8,864</b>       | <b>8,864</b>  | <b>2,903</b>                    |
| Ministry Reorganisation          | -                    | -                                            | -            | -                  | -             | -                               |
| Impairment Reserve               | -                    | -                                            | -            | 663                | 663           | 663                             |
| Amortisation                     | 391                  | -                                            | 391          | 583                | 583           | 192                             |
| Disposals / Transfers            | (613)                | -                                            | (613)        | -                  | -             | 613                             |
| <b>At June 30, 2015</b>          | <b>5,739</b>         | <b>-</b>                                     | <b>5,739</b> | <b>10,110</b>      | <b>10,110</b> | <b>4,371</b>                    |
| <b>Balance at July 1, 2015</b>   | <b>5,739</b>         | <b>-</b>                                     | <b>5,739</b> | <b>10,110</b>      | <b>10,110</b> | <b>4,371</b>                    |
| Ministry Reorganisation          | -                    | -                                            | -            | -                  | -             | -                               |
| Impairment Reserve               | -                    | -                                            | -            | -                  | -             | -                               |
| Amortisation                     | 310                  | -                                            | 310          | 437                | 437           | 127                             |
| Disposals / Transfers            | (63)                 | -                                            | (63)         | -                  | -             | 63                              |
| <b>At June 30, 2016</b>          | <b>5,986</b>         | <b>-</b>                                     | <b>5,986</b> | <b>10,547</b>      | <b>10,547</b> | <b>4,561</b>                    |
| <b>Net book value 30 June 15</b> | <b>276</b>           | <b>72</b>                                    | <b>348</b>   | <b>598</b>         | <b>598</b>    | <b>250</b>                      |
| <b>Net book value 30 June 16</b> | <b>75</b>            | <b>217</b>                                   | <b>292</b>   | <b>161</b>         | <b>161</b>    | <b>(131)</b>                    |

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 8: Trade payables, other payables and accruals

| Audited<br>2014/15<br>\$'000 | Description                                                | Total<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Final<br>Budget<br>\$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|------------------------------------------------------------|---------------------------------|------------------------------|---------------------------|---------------------------------|
| 768                          | Creditors                                                  | 797                             | 128                          | 128                       | (669)                           |
| 5                            | Creditors Ministries/Portfolios                            | 5                               | -                            | -                         | (5)                             |
| 593                          | Creditors other government agencies                        | 877                             | -                            | -                         | (877)                           |
| 20                           | Payroll Deductions                                         | 441                             | 439                          | 439                       | (2)                             |
| 4,306                        | Accrued Expenses                                           | 1,878                           | 11,717                       | 11,717                    | 9,839                           |
| 6,904                        | Accrued Expenses Ministries/Portfolios                     | 3,941                           | -                            | -                         | (3,941)                         |
| 1,150                        | Accrued Expenses other government agencies                 | 309                             | -                            | -                         | (309)                           |
| 299                          | Other payables                                             | 247                             | 450                          | 450                       | 203                             |
| <b>14,045</b>                | <b>Total trade payables, other payables &amp; accruals</b> | <b>8,495</b>                    | <b>12,734</b>                | <b>12,734</b>             | <b>4,239</b>                    |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

#### Note 9: Employee entitlements

| Audited<br>2014/15<br>\$'000                             | Description                        | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual) |
|----------------------------------------------------------|------------------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------------|
| <i>Current employee entitlements are represented by:</i> |                                    |                                  |                              |                             |                                     |
| 3,094                                                    | Annual Leave                       | 2,587                            | 2,587                        | 2,587                       | -                                   |
| 1,253                                                    | Comp Time                          | 1,629                            | -                            | -                           | (1,629)                             |
| 299                                                      | Accrued salaries                   | 334                              | 291                          | 291                         | (43)                                |
| -                                                        | Pension                            | -                                | -                            | -                           | -                                   |
| <b>4,646</b>                                             | <b>Total employee entitlements</b> | <b>4,550</b>                     | <b>2,878</b>                 | <b>2,878</b>                | <b>(1,672)</b>                      |

The retirement and long-service leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

#### Note 10: Unearned revenue

There are no unearned revenues in this fiscal period for the entity.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 11: Sales of Goods and Service (Revenue)

| Audited<br>2014/15<br>\$'000 | Revenue type                                                       | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|--------------------------------------------------------------------|----------------------------------|------------------------------|-----------------------------|---------------------------------|
| 83,632                       | Outputs to Cabinet                                                 | 85,281                           | 86,152                       | 86,152                      | 871                             |
| 8                            | Outputs to other Ministries and Portfolios                         | 23                               | -                            | -                           | (23)                            |
| 284                          | Outputs to other Statutory Authorities and<br>Government Companies | 1,188                            | 329                          | 329                         | (859)                           |
| 9,443                        | Outputs to other 3rd Parties                                       | 9,357                            | 8,933                        | 8,933                       | (424)                           |
| <b>93,367</b>                | <b>Total sales of goods and services</b>                           | <b>95,849</b>                    | <b>95,414</b>                | <b>95,414</b>               | <b>(435)</b>                    |

Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government.

#### Note12: Investment revenue

| Audited<br>2014/15<br>\$'000 | Source                                 | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|----------------------------------------|----------------------------------|------------------------------|-----------------------------|---------------------------------|
| 36                           | Interest on deposits held with cabinet | 30                               |                              |                             | (30)                            |
| <b>36</b>                    | <b>Total Investment Revenues</b>       | <b>30</b>                        |                              |                             | <b>(30)</b>                     |

#### Note13: Donations

| Audited<br>2014/15<br>\$'000 | Source                 | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual)<br>\$'000 |
|------------------------------|------------------------|----------------------------------|------------------------------|-----------------------------|-----------------------------------------------|
|                              | Description            |                                  |                              |                             |                                               |
| 15                           | Other                  | 10                               | -                            | -                           | (10)                                          |
| <b>15</b>                    | <b>Total Donations</b> | <b>10</b>                        | <b>-</b>                     | <b>-</b>                    | <b>(10)</b>                                   |

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 14: Personnel costs

| Audited<br>2014/15<br>\$'000 | Description                    | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|--------------------------------|----------------------------------|------------------------------|-----------------------------|---------------------------------|
| 54,134                       | Salaries, wages and allowances | 57,423                           | 56,155                       | 56,155                      | (1,268)                         |
| 10,116                       | Health care                    | 9,812                            | 11,510                       | 11,510                      | 1,698                           |
| 4,203                        | Pension                        | 2,763                            | 2,829                        | 2,829                       | 66                              |
| 787                          | Leave                          | (100)                            | 7                            | 7                           | 107                             |
| 352                          | Other personnel related costs  | 350                              | 156                          | 156                         | (194)                           |
| <b>69,592</b>                | <b>Total Personnel Costs</b>   | <b>70,248</b>                    | <b>70,657</b>                | <b>70,657</b>               | <b>409</b>                      |

#### Note 15: Supplies and consumables

| Audited<br>2014/15<br>\$'000 | Description                             | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|-----------------------------------------|----------------------------------|------------------------------|-----------------------------|---------------------------------|
| 2,350                        | Supplies and Materials                  | 2,831                            | 2,813                        | 2,813                       | (18)                            |
| 6,198                        | Purchase of services                    | 8,529                            | 7,306                        | 7,306                       | (1,223)                         |
| 1,568                        | Lease of Property and Equipment         | 1,429                            | 1,477                        | 1,477                       | 48                              |
| 2,984                        | Utilities                               | 2,793                            | 3,068                        | 3,068                       | 275                             |
| 1,778                        | General Insurance                       | 1,756                            | 1,779                        | 1,779                       | 23                              |
| 151                          | Interdepartmental expenses              | 150                              | 153                          | 153                         | 3                               |
| 251                          | Travel and Subsistence                  | 290                              | 174                          | 174                         | (116)                           |
| 394                          | Recruitment and Training                | 789                              | 739                          | 739                         | (50)                            |
| 78                           | Other                                   | 86                               | 106                          | 106                         | 20                              |
| <b>15,752</b>                | <b>Total Supplies &amp; consumables</b> | <b>18,653</b>                    | <b>17,615</b>                | <b>17,615</b>               | <b>(1,038)</b>                  |

#### Note 16: Finance costs (Bank overdraft)

During the year the Ministry had no finance cost on the overdraft balance charged to the accounts.

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 17: Litigation costs

The Attorney General's Office provides litigation services to The Ministry of Home Affairs. However, during the year ended 30 June 2016 the use of legal services from outside of the Government were authorised by the Attorney General's Office. The costs of these services were \$151 thousand in 2014/15 and 2015/16: \$44 thousand). Provisions for legal cost and settlements are evaluated periodically based on the latest information. This resulted in a net overall increase in the provision.

| Audited<br>2014/15<br>\$'000 | Description                   | Actual<br>Current Year<br>\$'000 | Original<br>Budget<br>\$'000 | Revised<br>Budget<br>\$'000 | Variance<br>(Original vs<br>Actual)<br>\$'000 |
|------------------------------|-------------------------------|----------------------------------|------------------------------|-----------------------------|-----------------------------------------------|
| 394                          | Legal Fees                    | 59                               | 50                           | 50                          | (9)                                           |
| <b>394</b>                   | <b>Total litigation costs</b> | <b>59</b>                        | <b>50</b>                    | <b>50</b>                   | <b>(9)</b>                                    |

#### Note 18: (Gains) / Losses

During the period, potential liabilities relating to the Jamaica Visa Office which was provided for in prior years was written back to the Statement of Financial Performance after legal advice demonstrated that this liability is no longer warranted. Of the total gain/losses from derecognition \$297 thousand related to the Jamaica Visa Office provision.

| Audited<br>2014/15<br>\$'000 | Description                                                             | Actual<br>Current Year<br>\$'000 | Original<br>Budget \$'000 | Revised<br>Budget \$'000 | Variance<br>(Orig vs<br>Actual) |
|------------------------------|-------------------------------------------------------------------------|----------------------------------|---------------------------|--------------------------|---------------------------------|
| 46                           | (Gains)/Losses on disposal/revaluation of property, plant and equipment | 62                               | -                         | -                        | (62)                            |
| (39)                         | Foreign Exchange (gains)/losses                                         | (59)                             | 3                         | 3                        | 62                              |
| (1,005)                      | (Gains)/losses from derecognition of assets                             | (350)                            | -                         | -                        | 350                             |
| <b>(998)</b>                 | <b>Total (gain)/ losses</b>                                             | <b>(347)</b>                     | <b>3</b>                  | <b>3</b>                 | <b>350</b>                      |

#### Note 19: Revenue from non-exchange transactions

During the year ended 30 June 2016, the entity received services in-kind in the form of accommodation in the central government building. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### Note 20: Reconciliation of net cash flows from operating activities to surplus

| Restated<br>2014/15<br>\$'000 | Description                                                     | Actual<br>Current Year<br>\$'000 | Original<br>Budget \$'000 | Revised<br>Budget \$'000 | Variance<br>(Orig vs<br>Actual) |
|-------------------------------|-----------------------------------------------------------------|----------------------------------|---------------------------|--------------------------|---------------------------------|
| 4,122                         | Surplus from ordinary activities                                | 2,079                            | 2,022                     | 2,022                    | (57)                            |
|                               | <b>Non-cash movements</b>                                       |                                  |                           |                          |                                 |
| 5,221                         | Depreciation expense                                            | 4,824                            | 4,630                     | 4,630                    | (194)                           |
| 391                           | Amortisation of Intangible Assets                               | 310                              | 437                       | 437                      | 127                             |
| (1,005)                       | Gain/Loss on Derecognition of Asset/Liab                        | (350)                            | -                         | -                        | 350                             |
| 7                             | Impairment of property, plant and Equipment                     | 479                              | -                         | -                        | (479)                           |
| (968)                         | Revaluation legal liability provisions                          |                                  | -                         | -                        | -                               |
| 18                            | Provision for Doubtful Debt                                     | 20                               | -                         | -                        | (20)                            |
| (39)                          | Exchange (Gain)/Loss                                            | (59)                             | -                         | -                        | 59                              |
| 46                            | (Gain)/losses on sale of property plant and equipment           | 62                               | -                         | -                        | (62)                            |
|                               | <b>Changes in current assets and liabilities:</b>               |                                  | -                         | -                        |                                 |
| (7,198)                       | (Increase)/decrease trade receivables                           | 8,310                            | -                         | -                        | (8,310)                         |
| (396)                         | (Increase)/decrease in other current assets                     | (431)                            | -                         | -                        | 431                             |
| (135)                         | Increase/(decrease) trade payables                              | 330                              | -                         | -                        | (330)                           |
| 5,732                         | Increase/(decrease) other payables and accruals                 | (3,160)                          | -                         | -                        | 3,160                           |
| 824                           | Increase/(decrease) in provisions relating to employee costs    | (101)                            | -                         | -                        | 101                             |
| (1,430)                       | Increase/(decrease) in provisions for legal & other liabilities | (869)                            | -                         | -                        | 869                             |
| <b>5,190</b>                  | <b>Net cash flows from operating activities</b>                 | <b>11,444</b>                    | <b>7,089</b>              | <b>7,089</b>             | <b>(4,355)</b>                  |

#### Note 21: Contingent liabilities and assets

|                                           | Beginning<br>Balance<br>\$'000 | Additions<br>\$'000 | Disbursements<br>\$'000 | Adjustments<br>\$'000 | Ending<br>Balance<br>\$'000 |
|-------------------------------------------|--------------------------------|---------------------|-------------------------|-----------------------|-----------------------------|
| <b>Other Contingent Liabilities</b>       |                                |                     |                         |                       |                             |
| Potential ongoing claims                  | 144                            | -                   | -                       | 5,106                 | 5,250                       |
| <b>Total other contingent liabilities</b> | <b>144</b>                     | <b>-</b>            | <b>-</b>                | <b>5,106</b>          | <b>5,250</b>                |

Contingent liabilities are not carried in the statement of financial position. While the Ministry has several potential legal disputes pending, it is unreasonable to estimate what if any provisions are necessary for these claims. These will be reviewed on a continuous basis to establish if provisions are necessary. Adjustments of net \$5.1m were made to our carrying list of contingent liabilities to reflect current information. . See Note 27 for provision of legal and other liabilities.

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### NOTE 22: Commitments

| Audited<br>2014/15<br>\$'000 | Type                                 | One year or less<br>\$'000 | One to five Years<br>\$'000 | Over five Years<br>\$'000 | Total<br>\$'000 |
|------------------------------|--------------------------------------|----------------------------|-----------------------------|---------------------------|-----------------|
| <b>Operating Commitments</b> |                                      |                            |                             |                           |                 |
| 652                          | Non-cancellable accommodation leases | 577                        | 146                         | -                         | 723             |
| <b>652</b>                   | <b>Total Commitments</b>             | <b>577</b>                 | <b>146</b>                  | <b>-</b>                  | <b>723</b>      |

#### NOTE 23: Related party and key management personnel disclosures

##### Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2016 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

##### Key management personnel

Key management personnel, defined as Ministers of the Government, are also considered to be related parties.

| Audited<br>2014/15<br>\$'000 | Number of<br>persons | Description                                   | Actual Current Year<br>\$'000 | Number of<br>persons |
|------------------------------|----------------------|-----------------------------------------------|-------------------------------|----------------------|
| 1,737                        | 18                   | Salaries & other short-term employee benefits | 2,021                         | 17                   |
| <b>1,737</b>                 |                      | <b>Total</b>                                  | <b>2,021</b>                  |                      |

There were no loans granted to key management personnel and or their close relatives. Janitorial services totalling \$7k for the year 2015/16 was procured from Affordable Assistance and \$23k for the year 2015/16 from A & G Janitorial Services. Both organisations were declared as owned by relatives of two different employees in the contracting department.

## **MINISTRY OF HOME AFFAIRS**

### **Notes to the Financial Statements**

#### **Year Ended 30 June 2016**

(Expressed in Cayman Islands Dollars)

#### **NOTE 24: Financial instrument risks**

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, trade and other receivable and creditors and trade and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

##### **Credit risk**

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. The Ministry does not have significant concentrations of credit risk for its other financial instruments.

##### **Currency and interest rate risk**

The Ministry has no significant exposure to currency exchange loss risk and interest rate risk.

##### **Liquidity risk**

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from Cabinet and receipts from third parties. The Ministry maintains a target level of available cash to meet liquidity requirements.

All of the Ministry's financial liabilities (creditors and payables) will be settled in less than six months from the date of these financial statements.

#### **Note 25: Financial instruments – fair values**

As at 30 June 2016 and June 2015, the carrying values of cash and cash equivalents, trade and other receivable, trade and other payable and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

### NOTE 26: Segment reporting

| 2014/2015<br>National<br>Security | 2014/2015<br>Good<br>Governance | Restated<br>prior year<br>Total |                                                     | 2015/2016<br>National<br>Security | 2015/2016<br>Good<br>Governance | Total          |
|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------------------------|-----------------------------------|---------------------------------|----------------|
| \$'000                            | \$'000                          | \$'000                          |                                                     | \$'000                            | \$'000                          | \$'000         |
|                                   |                                 |                                 | <b>Revenue</b>                                      |                                   |                                 |                |
| 74,179                            | 9,453                           | <b>83,632</b>                   | Outputs from Cabinet                                | 76,342                            | 8,939                           | <b>85,281</b>  |
| 9,586                             | 295                             | <b>9,881</b>                    | Sale of goods and services & other revenue          | 10,372                            | 357                             | <b>10,729</b>  |
| <b>83,765</b>                     | <b>9,748</b>                    | <b>93,513</b>                   | <b>Total Revenue</b>                                | <b>86,714</b>                     | <b>9,296</b>                    | <b>96,010</b>  |
|                                   |                                 |                                 | <b>Expenses</b>                                     |                                   |                                 |                |
| 63,654                            | 5,938                           | <b>69,592</b>                   | Salaries and Wages                                  | 64,636                            | 5,612                           | <b>70,248</b>  |
| 14,052                            | 1,700                           | <b>15,752</b>                   | Supplies and Consumables                            | 15,512                            | 3,141                           | <b>18,653</b>  |
| 4,840                             | 381                             | <b>5,221</b>                    | Depreciation of PPE                                 | 4,446                             | 378                             | <b>4,824</b>   |
| 172                               | 219                             | <b>391</b>                      | Amortisation of Intangibles                         | 143                               | 167                             | <b>310</b>     |
| 7                                 | -                               | <b>7</b>                        | Loss on revaluation                                 | 479                               | -                               | <b>479</b>     |
| 394                               | -                               | <b>394</b>                      | Litigation Costs                                    | 35                                | 24                              | <b>59</b>      |
| (33)                              | (6)                             | <b>(39)</b>                     | Gains and Losses on FX                              | (34)                              | (25)                            | <b>(59)</b>    |
| 41                                | 5                               | <b>46</b>                       | Gains and losses on disposal of assets              | 63                                | (1)                             | <b>62</b>      |
| (591)                             | (414)                           | <b>(1,005)</b>                  | (Gains)/losses from derecognition of assets         | (297)                             | (53)                            | <b>(350)</b>   |
| (968)                             | -                               | <b>(968)</b>                    | Revaluation legal liability provisions              | (295)                             | -                               | <b>(295)</b>   |
| <b>81,568</b>                     | <b>7,823</b>                    | <b>89,391</b>                   | <b>Total Expenses</b>                               | <b>84,688</b>                     | <b>9,243</b>                    | <b>93,931</b>  |
| <b>2,197</b>                      | <b>1,925</b>                    | <b>4,122</b>                    | <b>Surplus/ (Deficit) from Operating Activities</b> | <b>2,026</b>                      | <b>53</b>                       | <b>2,079</b>   |
| <b>2,197</b>                      | <b>1,925</b>                    | <b>4,122</b>                    | <b>Net Surplus/ (Deficit)</b>                       | <b>2,026</b>                      | <b>53</b>                       | <b>2,079</b>   |
|                                   |                                 |                                 | <b>Assets</b>                                       |                                   |                                 |                |
| 21,416                            | 35,367                          | <b>56,783</b>                   | Current Assets                                      | 13,573                            | 33,388                          | <b>46,961</b>  |
| 44,864                            | 3,593                           | <b>48,457</b>                   | Non-Current Assets                                  | 52,681                            | 3,935                           | <b>56,616</b>  |
| <b>66,280</b>                     | <b>38,960</b>                   | <b>105,240</b>                  | <b>Total Assets</b>                                 | <b>66,254</b>                     | <b>37,323</b>                   | <b>103,577</b> |
|                                   |                                 |                                 | <b>Liabilities</b>                                  |                                   |                                 |                |
| 25,917                            | 6,819                           | <b>32,736</b>                   | Current Liabilities                                 | 10,562                            | 4,773                           | <b>15,335</b>  |
| -                                 | -                               |                                 | Non-current liabilities                             | -                                 | -                               | <b>-</b>       |
| <b>25,917</b>                     | <b>6,819</b>                    | <b>32,736</b>                   | <b>Total Liabilities</b>                            | <b>10,562</b>                     | <b>4,773</b>                    | <b>15,335</b>  |
| <b>40,363</b>                     | <b>32,141</b>                   | <b>72,504</b>                   | <b>Net Worth</b>                                    | <b>55,692</b>                     | <b>32,550</b>                   | <b>88,242</b>  |

The Ministry reports on two segments of business. The National Security segment includes all the components in the Ministry relating to national security and public safety. This segment includes the Royal Cayman Islands Police Service, the Immigration Department, Hazard Management Emergency Service Communications, the Her Majesty's Prison Service, the Fire Department and the Department for Community Rehabilitation. The Good Governance segment includes those components supporting good governance and supporting administration. These include the Chief Officer's Office and the Computer Services Department.

# MINISTRY OF HOME AFFAIRS

## Notes to the Financial Statements

### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### NOTE 27: Provisions for legal and other liabilities

|                                            | Beginning<br>Balance<br>\$'000 | Provisions for<br>the year<br>(adjustments)<br>\$'000 | Settled &<br>Adjustments<br>during the year<br>\$'000 | Ending<br>Balance<br>\$'000 |
|--------------------------------------------|--------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------|
| Provisions for legal and other liabilities | 1,830                          | (295)                                                 | (574)                                                 | 961                         |
| <b>Total provisions</b>                    | <b>1,830</b>                   | <b>(295)</b>                                          | <b>(574)</b>                                          | <b>961</b>                  |

#### NOTE 28: Restatement of the Prior year

The Ministry has adopted new guidelines from the Treasury to consistently account for the revaluation reserves. This change in policy requires that the annual depreciation be restated and future budgets accommodate this increased amount:

| Financial statement areas               | As reported in<br>the 30 June 2015<br>audited financial<br>statements<br>CI\$000 | Adjustments<br>arising from<br>current year<br>restatement<br>CI\$000 | Restated 30<br>June 2015<br>balances<br>CI\$000 |
|-----------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|
| <b>Statement of Financial Position:</b> |                                                                                  |                                                                       |                                                 |
| <b>Non-current assets</b>               |                                                                                  |                                                                       |                                                 |
| Property, Plant and equipment           | 47,320                                                                           | 789                                                                   | 48,109                                          |
| <b>Net Worth</b>                        |                                                                                  |                                                                       |                                                 |
| Revaluation reserves                    | 10,405                                                                           | 2,820                                                                 | 13,225                                          |
| Accumulated surpluses                   | 1,025                                                                            | (2,031)                                                               | (1,006)                                         |

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

#### **NOTE 29: Explanation of variances to budget**

##### **Statement of financial position**

Cash balance at the end of the fiscal year was below budget by \$10.8m due primarily to combination of outstanding equity injection \$1.9m, cabinet billing outstanding in excess of budget of \$6.5m, the payment of over \$1m to Oracle corporation for licencing penalties and the settlement of outstanding insurance debts.

Net trade receivable from due to the Ministry of Home Affairs was \$0.7m below budget but significantly lower than prior year due to lower cabinet billing outstanding over the previous year. Prepayments were above budget by \$0.2m and above the previous year by \$0.16m due within the next year.

Other receivable was increased by a total of \$2.3m over the budget primarily due to \$1.9m in equity injection receivable from Cabinet at the end of the 2016 fiscal year and receivables of abnormal hours' fees due from Cayman Airways. The same category was \$1.3m above the previous year.

Other non-current assets were not anticipated. The non-current prepayments resulted from a reclassification of amounts prepaid in work in progress to suppliers due to loss of current funding for the new general cell block at the Prison. This is due to changes in the timing of prepayments as it relates to software licences in CSD as well as the reclassification of payments made to suppliers of materials for the new cell block at the prison. The project was terminated due to a lack of budgeted funding.

Budgeted property plant and equipment was \$11.3m over the budget partly due to the revaluation exercise as at June 30, 2016 which provided a net increase in fair values on land and buildings of \$10.8m, additional costs of completion of the custody suites and the restatement of revaluation reserves totalling \$0.8m.

Accounts payables and accrued liabilities was \$4.2m below budget due mostly to the settlement of outstanding insurance liabilities to the Ministry of Finance. The provision of legal and other liabilities was materially increased as a result of the evaluation of claims upon the Ministry by the Attorney General's Chambers. The total of these liabilities was not materially over the prior fiscal year.

Employee liability was \$1.7m more than budgeted due to increased liabilities to employees for comp time and annual leave. This was \$0.1m below the prior year amount.

Net worth was above budget due to primarily to the revaluation of buildings and land which yielded \$10.8m in revaluation reserves. This was partially offset by shortfalls in opening net worth

##### **Statement of financial performance**

###### *Revenues*

Third party revenues were \$0.4m above budget mostly due to higher intake of immigration application fees of \$750k. Prison sales contributed \$160k, while radio communications earned in an additional \$130k above budget. Output to statutory organisations and Government Companies was up by \$0.9m due mostly to \$0.4m in abnormal hours fees to Cayman Airways.

#### **NOTE 29: Explanation of variances to budget (continued)**

## MINISTRY OF HOME AFFAIRS

### Notes to the Financial Statements

#### Year Ended 30 June 2016

(Expressed in Cayman Islands Dollars)

##### *Expenses*

Personnel costs were in aggregate \$0.4m more than budget. The split in the components were vastly different between line items and departments. The RCIPS officers were awarded increases for the year and the amount resulted in the basic salary being \$1m above budget. The other departments had savings in basic salary. Immigration was under budget by \$556k, CSD \$426k and staff shortages in the Fire department resulted \$1.1m in savings from basic salary. This savings in basic salary, however, resulted in excesses over budget in overtime in Fire by \$1.6m, CSD \$171k, RCIPS \$545k and Immigration by \$271k as they satisfy their regulatory requirements. Due to the high levels of vacancies, acting allowances in Fire was over budget by \$396k and duty by \$124k. Police duty and acting allowances were below budget by \$303k and \$200k respectively. Leave was also below budget by \$274k in the RCIPS. Prison comp time was over the budget by \$82k and leave down by \$284k.

Supplies and consumables was \$1.1m above the budget for the year. The main reasons were the payment of professional fees for the Ritch and Connolly report on the Annual Permanent Residency points system totalling \$312k USD and software licencing penalties from Oracle Corporation. It was discovered in an audit that the government was in fact using a number of licences from Oracle Corporation to an extent in excess of our licencing agreements. This resulted in a negotiated settlement totalling \$1.6m.

For utilities, communications cost was in excess of budgets by \$104k and electricity down by \$279k. Staff shortages in the Sister Islands and professional development for senior ranking officer resulted in an excess in official travel of \$102k for the Fire Department to support Little Cayman and Training for Cayman Brac.

Impairment of property, plant and equipment resulted from the cancellation of the construction of a new cell block at the prison due to a lack of budgeted funding and the impairment of message switches in 911 due to obsolescence in technology. Newer alternative technology is now available with a lower operating cost which renders the technology less economically feasible. The switches were impaired to the tune of \$248K and the foundation of the cell block to the tune of \$231K.

Gains and Losses derecognition of provisions for liabilities evaluated as no longer relevant to the Jamaica visa office.

Revaluation of legal liability provisions was below budget by \$0.3m because of adjustments to potential claims made relating to current legal suits managed by the RCIPS.

##### **Cash flow statement**

Cash flow from operations was \$4.4m above budget and \$6.3m over the prior year. The additional amount was due mostly to outstanding Cabinet Billings totalling \$7.4m collections above budget, \$0.5m in favourable collections from sales to third parties, lower personnel payments of \$0.7m. These positive flows were offset partially by other payments such as the CSD Oracle licensing penalties, and the settlement of various accrued expenses.

#### **NOTE 29: Explanation of variances to budget (continued)**

## **MINISTRY OF HOME AFFAIRS**

### **Notes to the Financial Statements**

#### **Year Ended 30 June 2016**

(Expressed in Cayman Islands Dollars)

The cash outflow from purchase of property, plant and equipment was an adverse \$1m primarily due to timing delays in the payments relating to the custody suites and procurement of vehicles and computer equipment.

Cash flow from financing activity saw a \$1.2m adverse variance due to timing of the collection of equity injection was below budget by \$1.1m due to delays in the payment of equity injection from Cabinet.

#### **NOTE 30: Surplus repayment**

Pursuant to Section 39 (3) (f) of the *Public Management and Finance Law (2013 Revision)* any net surplus is transferred to surplus repayable. Accumulated surpluses for the prior years were paid over to Cabinet during the fiscal year totalling \$12.2m. Surplus for the fiscal year was \$2m, however, adjustments from prior years reduces the amount payable to \$1.3m.