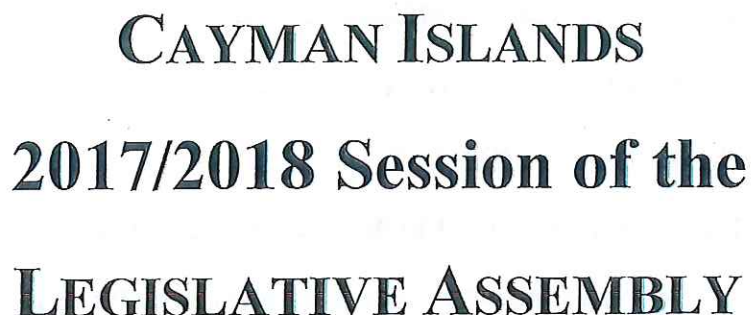




of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Report of the

Office of the Auditor General on the

- Review of the Cayman Islands Health Services Authority Financial Statements for 2015 & 2016**

Laid on the Table of Legislative Assembly on this *day of* *2018*

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**REPORT OF THE STANDING PUBLIC ACCOUNTS COMMITTEE
ON THE REPORT OF THE OFFICE OF THE AUDITOR GENERAL
ON CAYMAN ISLANDS HEALTH SERVICES AUTHORITY
("HSA")**

SUMMARY REPORT

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77(1), met to consider the following Report prepared and submitted by the Auditor General:

The Cayman Islands Health Services Authority Financial Statements for 2015 & 2016

2. DOCUMENT CONSIDERED

In accordance with the provision of Standing Order 77(3), the Committee considered the following Auditor General Report which was referred in the House of the Legislative Assembly:

- The Cayman Islands Health Services Authority Financial Statements for 2015 & 2016

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly are the present Members of the Standing Public Accounts Committee:

Mr. D Ezzard Miller, MLA – Chairman

Mr. Christopher S. Saunders, MLA – Member

Mr. Austin O. Harris, Jr, MLA – Member

Hon. Bernie A. Bush, MLA – Member

Ms. Barbara E. Conolly, MLA – Member

4. MEETINGS OF THE COMMITTEE

The Committee held two (2) meetings to consider the Report:

- (i) Tuesday, 10th October 2017 (*hearing*)
- (ii) Tuesday, 24th October 2017 (*hearing*)

5. ATTENDANCE OF MEMBERS

The attendance of Members at the meetings is recorded in the Minutes of Proceedings which are attached to and form part of this Report.

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 77(8), the following persons were in attendance at the meeting held with witnesses on **Tuesday, 10th October 2017**:

- Mrs. Sue Winspear, Auditor General – Office of the Auditor General
- Mr. Patrick Smith, Financial Audit Director – Office of the Auditor General
- Mr. Winston Sobers, Audit Manager – Office of the Auditor General
- Mr. Ruel Huet, Audit Project Leader – Office of the Auditor General
- Hon Kenneth Jefferson, JP, Financial Secretary and Chief Officer – Ministry of Finance and Economic Development
- Mr Matthew Tibbetts, Accountant General – Treasury Department: Ministry of Finance and Economic Development

The following persons were in attendance at the meeting held with witnesses on **Tuesday, 24th October 2017**:

- Mrs. Sue Winspear, Auditor General – Office of the Auditor General
- Mr. Patrick Smith, Financial Audit Director – Office of the Auditor General
- Mr. Winston Sobers, Audit Manager – Office of the Auditor General
- Mr. Ruel Huet, Audit Project Leader – Office of the Auditor General
- Hon Kenneth Jefferson, JP, Financial Secretary and Chief Officer – Ministry of Finance and Economic Development
- Mr. Matthew Tibbetts, Accountant General – Treasury Department: Ministry of Finance and Economic Development

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee invited public officers to give information and explanation to assist the Committee in the performance of its duties. The following persons appeared before the Committee to give evidence on **Tuesday, 10th October 2017**:

- Mrs. Heather Boothe, Chief Financial Officer - Cayman Islands HSA
- Mrs. Brenda Riley, Human Resources Director - Cayman Islands HSA
- Ms. Lizzette Yearwood, Chief Executive Officer - Cayman Islands HSA
- Dr Delroy Jefferson, Medical Director - Cayman Islands HSA
- Mr. Jonathan Tibbetts, The HSA Board Chairman -Cayman Islands HSA
- Ms. Jennifer Ahearn, Chief Officer, Ministry of Health - Cayman Islands HSA

The following persons appeared before the Committee to give evidence **Tuesday, 24th October 2017**:

- Ms. Lizzette Yearwood, Chief Executive Officer - Cayman Islands HSA
- Mr. Jonathan Tibbetts, The HSA Board Chairman -Cayman Islands HSA

8. PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77(6))

The Committee agreed that in accordance with the provisions of Standing Order 77(6), all meetings at which witnesses were invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.

9. INTRODUCTION AND PAC COMMENTS

9.01 The PAC called the witness sessions to question the reasons for the qualified audit opinion given on the 2015/16 financial statements for the Cayman Islands Health Services Authority (HSA) and the HSA's response to those qualifications points.

9.02 The Auditor General also provided the Committee with the report to those charged with governance on those matters arising from audit of the financial statements for the years ended 30 June 2016

9.03 Under sections 7(1) and 18 (3,c) of the HSA Law, the Health Authority is required to maintain a cash reserve at a level no less than estimated expenses for 90 days. The OAG roughly estimate that the authority is over \$21.5 Million short at 30th June 2016 in meeting this requirement.

9.04 The PAC remains concerned with outlook for the financial position and future audit opinions for the HSA in spite of the employment of outside consultants to support them. The PAC was not impressed by the continued assertion's by the board chairman that the HSA will achieve unqualified audit opinion for the financial year 2018.

9.05 The PAC strongly recommends that the board of the HSA urgently address the staffing issues unearthed during the hearings on the HSA financial statements.

9.06 The PAC is gravely concerned with the quality and accuracy of responses to questions by the Chief Officer Ms. Jennifer Ahearn, Chief Executive Officer Ms. Lizzette Yearwood, Chief Finance Officer Mrs. Heather Boothe and HR Director Ms. Brenda Riley.

9.07 In Ms. Ahearn evidence to the PAC on Tuesday, 10th October 2017 as recorded in the verbatim of this meeting on page 13, she misinformed the PAC.

Quote -

The Chairman: So, the Ministry is not concerned in that in changing members of the licensing authority that they may be more lenient, particularly with the command of English since there is no standard established and it is a very subjective thing?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, the changes to the various councils are Cabinet decisions that—

The Chairman: That is the problem.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —Cabinet has made and they—

The Chairman: The political appointments.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —I believe, and I don't have the list in front of me, but I believe that there has been continuity. I don't think that there has been a change that we've changed the board wholesale. But again I am speaking from memory and not from paper in front of me and I don't know for certain. But certainly a recommendation from the Ministry when appointments are being considered is to make sure that there is some continuity for that very reason,

to ensure that there is some consistency from one to the next as those appointments are being made.

These responses are contradicted by evidence obtained by the PAC namely the Cayman Islands Gazette issue No. 20/2017 dated Monday, 25th September 2017 page 1453, under the title Government Appointments.

APPOINTMENTS TO THE MEDICAL AND DENTAL COUNCIL

In accordance with Schedule 3, Constitution and General Proceedings, etc. of the Councils, of The Health Practice Law (2017 Revision) the following persons have been appointed to serve on the Medical and Dental Council, effective immediately until 1 September 2019:

- Dr. Louis Cona, Chair
- Dr. Krishna Mani, Deputy Chair
- Dr. Howard Ironstone, Member
- Dr. Darley Solomon, Member
- Ms. Judyann Frederick, Member
- Registrar

Dated this 12 day of September 2017

KIM BULLINGS

Clerk of the Cabinet

The evidence obtained by the PAC namely the Cayman Islands Gazette issue No. 65/2015 dated Friday, 28th August 2015 pages 26 - 27, under the title Government Appointments.

PREVIOUS APPOINTMENTS TO THE MEDICAL AND DENTAL COUNCIL

In accordance with Schedule 3, Constitution and General Proceedings, etc. of the Councils, of The Health Practice Law (2013 Revision) the following persons have been appointed to serve on the Medical and Dental Council, effective 15th September 2015 until 1st September 2017:

- Dr. Sidney Ebanks, Chair
- Dr. Virginia Hobday, Deputy Chair
- Dr. Naude' Dreyer, Member
- Dr. Eugene Foley, Member

- Mr. Wayne Cowan, Member
- Ms. Lyria Josephs, Registrar/Ex-officio

Dated this day 25 of August, 2015
MEREDITH A HEW
Acting Clerk of the Cabinet

The PAC is of the view that this misinformation was knowingly done that the Gazette notice was only 15 days old at the time this evidence was given. The PAC is also aware that the Chief Officer would be involved in producing the paper to Cabinet to request approval of these board appointments. The PAC asserts that changing all members of a board qualifies as wholesale changes.

The PAC also has some evidence that these changes were made for specific purposes some of which may not be in the best interest of the healthcare of the Cayman Islands.

The PAC has not charged the Chief Officer with contempt of the Legislative Assembly but, instead will refer the matter in writing to the Deputy Governor for him to take disciplinary action as he sees fit. The letter will refer to the relevant legislation that governs such behaviour. However given Ms. Ahearn's history with the PAC, the PAC reserves the right to pursue the charge of contempt.

9.08 The PAC is concerned with the practice of appointing persons who do not meet the advertised qualifications to positions in the HSA.

10. GOVERNMENT MINUTE

10.01 The Public Accounts Committee wishes to draw Government's attention to Standing Order 77 sub-order 7 which reads;

"The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates."

The PAC expects the Government to honour the requirements of this Standing Order.

10.02 The Public Accounts Committee is particular interested in the Government Minute stating with clarity and timelines how the progress on the implementation will be reported to the Legislative Assembly.

*Report of the Public Accounts Committee on the
Review of the Cayman Islands Health Services Authority Financial Statements for 2015
& 2016*

ACKNOWLEDGEMENT

The Committee is most appreciative of the efforts of the Auditor General and her staff in presenting a very fair, comprehensive and informative Report and for the support, assistance and constructive advice given throughout its deliberations.

The Committee also thanks the staff of the Legislative Assembly for the assistance provided.

REPORT OF THE COMMITTEE TO THE HOUSE

The Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the following Report of the Office of the Auditor General: -
*Review of the Cayman Islands Health Services Authority Financial Statements for 2015
& 2016*

Mr D. Ezzard Miller, MLA – Chairman

Hon. Bernie A. Bush, MLA –
Member

Mr. Christopher S. Saunders, MLA – Member

Ms. Barbara E. Conolly, MLA –
Member

Mr. Austin O. Harris, Jr, MLA – Member

Phone: (345) 949 4236
Fax: (345) 949 9514



Legislative Assembly
Cayman Islands

P.O. Box 890
Grand Cayman KY-1103
Cayman Islands

MEMORANDUM

To: Hon Deputy Governor, Hon Franz Manderson, Cert Hon
From: Public Accounts Committee Chairman, Hon D Ezzard Miller
Date: 12th March 2018
Subject: Public Accounts Committee Concerns

Ms. Jennifer Ahearn appeared before the Public Account Committee on Tuesday, 10th October 2017 to give evidence on the 2015/2016 Financial Statement of the Health Services Authority. Ms. Ahearn was dutifully sworn that the evidence she would give would be the truth.

During questions on the Appointment of the Medical and Dental Council, Ms. Jennifer Ahearn stated "I don't think that there has been a change that we've changed the board wholesale." (Please see attached a copy of the PAC Verbatim Transcript for Tuesday, 10th October 2017 on page 13.)

The PAC has discovered evidence that demonstrated this to be a statement that is grossly inaccurate and borderlines on an attempt to mislead the PAC. The Cayman Islands Government Official Gazette in Issue No. 20/2017 published on Monday, 25th September 2017 on page 1453 under Government Appointment carries notice of Appointments to the Medical and Dental Council. (See attached copy of gazette)

The PAC is of the view that changing all members on the Medical and Dental Council constitutes "wholesale changes". The PAC is also cognizant that given how Cabinet papers are prepared in a Ministry it is highly unlikely that the Chief Officer would be unaware of such a submission to cabinet.

The PAC has decided at this time not to exercise the option of a charge of contempt of the Legislative Assembly against Ms. Ahearn. However given Ms. Ahearn's history with the PAC, the PAC is therefore referring the matter to you to take the necessary disciplinary action under your authority. However, be advise that we reserve the right to pursue the charge of contempt.

The PAC in making this referral would draw your attention to the provisions of the Penal Code, the Immunities, Powers and Privilege Law, the Legislative Standing Orders in addition to the Public Service Management Law, as detailed in the attached memorandum from the Attorney General's Chambers.

Sincerely,



Hon D Ezzard Miller
Public Accounts Committee Chairman
Leader of the Opposition

CC Governor of the Cayman Islands
Premier of the Cayman Islands
Speaker of the Legislative Assembly

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, that would be probably toward the middle of next year after we have done the review of the National Health Policies, so that we can make sure that we have that in line.

The Chairman: And the Ministry is not concerned with the expansion beyond the legislated countries from which we accept registration? Now that that has been expanded, the Ministry does not believe that that should have an impact and increase the urgency of having a proper objective standardised test?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, there has been quite a bit of discussion since the amendments were put in place to create the category of institutional registration which is what you are referring to, to allow the registration of practitioners from jurisdictions other than the seven that are recognised for the principal list. As part of those amendments, some requirements were put in place regarding how the councils can go about satisfying themselves with regards to the educational qualifications of the practitioners, the work experience, the knowledge, and so on. All of the applications for registration for that category are required to tick the same boxes in terms of satisfying the councils before they can be registered.

So, one of the challenges I think that the council have had is because . . . because what we have done historically with the seven jurisdictions that we recognise for a principal list registration is we basically said if you have gone through their exam system, if you have passed whatever registration requirements they have, we believe that that is good enough for us. We are satisfied if you have satisfied them. We don't have a local examining board; we don't have a local framework set up to make those assessments. We have relied on CAMC [Caribbean Association of Medical Councils] exams for some of the registrations as well. So, one of the challenges that I think the councils have had is determining particularly with regards to the educational qualifications with the countries that they are not familiar with because we have not dealt with them.

The guidelines that were gazetted by Cabinet in May 2013, I believe it was, in May or June, outlines some of those guidelines that the councils are to use. And those are another thing that we are going to have to look at. Now that we have the benefit of a few years of practice with the framework that we have, the guidelines that we have and the experience of the various councils in registering these practitioners, and the experience of having these practitioners here practising, I think we are in a better position now to make an informed amendment going forward to see if we need to look at eliminating some of these categories

of registration, adding some countries to the list for principal registration, staying with what we have and so on. So, that is something that we are going to be looking at as part of the overall review.

The Chairman: So, the Ministry is not concerned in that in changing members of the licensing authority that they may be more lenient, particularly with the command of English since there is no standard established and it is a very subjective thing?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, the changes to the various councils are Cabinet decisions that—

The Chairman: That is the problem.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —Cabinet has made and they—

The Chairman: The political appointments.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —I believe, and I don't have the list in front of me, but I believe that there has been continuity. I don't think that there has been a change that we've changed the board wholesale. But again I am speaking from memory and not from paper in front of me and I don't know for certain. But certainly a recommendation from the Ministry when appointments are being considered is to make sure that there is some continuity for that very reason, to ensure that there is some consistency from one to the next as those appointments are being made.

The Chairman: Are there any other questions?

Hon. Bernie A. Bush: Mr. Chair, through you.

The Cayman Medical and Dental Board, I think is the right name for them; the one that approves licences and things like that?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Medical and Dental Council.

Hon. Bernie A. Bush: Correct, the Medical and Dental Council. They are supposed to be independent. Is that correct?

[No audible reply]

Hon. Bernie A. Bush: They are an independent body with their own regulations. They should not be interfered with or influenced by the Ministry or by us. Is that correct?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair: The Registering Councils are set up under statute, under the Health Practice Law and the Health Practice Regulations. Again, I don't have my laws in front of me but I believe that there are sections of the legislation that speak to, should the Minister be minded to issue a directive to the councils, how they would be able to go about doing that. There are some controls around that but again I don't have the legislation in front of me so I can't point you to a chapter and verse of it that speaks to it.

Hon. Bernie A. Bush: Okay. Has your Ministry, you or anyone there tried to have any influence or interfere with the board at any time? Or, has the Minister ever given you a directive to give them, like you just said that there may be a clause in there? Forget the clause that is there. Outside of that, has the Ministry, you, or anyone there ever tried to influence or interfere with this board?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair: Not that I am aware of.

Hon. Bernie A. Bush: Thank you very much, Mr. Chairman. That's all for me.

The Chairman: Are there any other questions?

Thank you very much, Ms. Ahearn, for coming.

We need to have a short admin meeting afterwards.

[Inaudible interjection]

The Chairman: Right here, after they all leave.

At 5:23 pm the Public Accounts Committee Meeting adjourned.

GOVERNMENT Appointments

APPOINTMENTS TO THE MEDICAL AND DENTAL COUNCIL

In accordance with Schedule 2, Constitution and General Proceedings, etc. of the Councils, of The Health Practice Law (2017 Revision) the following persons have been appointed to serve on the Medical and Dental Council, effective immediately until 1 September 2019:

- Dr. Asmita Chinn, Chair
- Dr. Vishnu Mann, Deputy Chair
- Dr. Howard Ironstone, Member
- Dr. Wendy Solomon, Member
- Mrs. Indram Fredericks, Member
- Registrar

Dated this 12 day of September 2017

KIM BULLINGS
Clerk of the Cabinet

The Special Economic Zones (Amendment) Law, 2016

In accordance with Section 3(2) of The Special Economic Zones (Amendment) Law, 2016 Cabinet has appointed the following persons to the Board of Directors of the Special Economic Zones Authority to hold office until 31 August 2019.

Accordingly, the following appointments to the Board have been made:

<u>Name</u>	<u>Position</u>
Mr. Stephen Price	Member
Mr. Langde Poway	Member

Accordingly, the following resignation from the Board has been accepted with immediate effect:

<u>Name</u>	<u>Position</u>
Mrs. Sophia Davis	Member

Dated this 12 day of September 2017

KIM BULLINGS
Clerk of Cabinet

APPOINTMENTS TO THE EDUCATION COUNCIL OF THE CAYMAN ISLANDS

In accordance with Section 7(1) of the Education Law, 2016 and Part 2 of the Education Regulations, 2017 and as laid out in the Schedule of the Education Regulations, 2017, Cabinet has appointed the following persons to be on the Education Council of the Cayman Islands to serve from 1 September 2017 to the 31 August 2018.



ATTORNEY GENERAL'S CHAMBERS

Memorandum

To: Chairman of the Public Accounts Committee
From: Attorney General's Chambers
Date: 3 November 2017
Subject: Public Accounts Committee- Perjury

Reference is made to the captioned matter.

1. General guidance is sought in relation to the evidence of witnesses given before the Public Accounts Committee in relation to perjury. We have not been provided with any specific set of facts or allegations, therefore this advice is of a generic nature.
2. The Cayman Islands Constitution Order 2009 makes provision for the Public Accounts Committee as follows:
'Public Accounts Committee'
87.—(1) There shall be a Public Accounts Committee of the Legislative Assembly with power and responsibility to examine the public accounts of the Cayman Islands and the accounts and financial dealings of all authorities, offices and departments of Government, of all courts, and of all Government-owned companies.
(2) The members of the Committee, and any person authorised by it to act on its behalf, shall have access to all books, records, reports and other documents relating to the accounts referred to in subsection (1).
(3) The Committee shall receive reports from the Auditor General as provided in section 114(7).

(4) The Committee shall be re-elected as soon as practicable after the Legislative Assembly first meets following a general election.'

3. The Public Accounts Committee is a 'Committee' as defined by section 2 of the Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) which states as follows: '2. In this Law - "committee" means any standing, select, special or other committee appointed by a resolution of the Assembly.'
4. The Public Accounts Committee may require the oral examination of witnesses and may request that they be examined under oath as per section 7 of the Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) which provides as follows: '7. The Assembly or any committee may require that any facts, matters and things relating to the subject of enquiry before such Assembly or committee be verified or otherwise ascertained by the oral examination of witnesses, and may cause any such witnesses to be examined upon oath, which the Speaker or the chairman of the committee, as the case may be, or other person specially appointed for that purpose, is hereby authorised to administer.'
5. Section 77 of the Legislative Assembly Standing Orders (2006 Revision) (as amended) provides in relation to the Public Accounts Committee as follows: '77 (4) In accordance with Standing Order 72, the Public Accounts Committee may call any public officer or, in the case of a report on the accounts of or relating to a non-Government body or organisation, any member or servant of that body or organisation, to give information or any explanation or to produce any records or documents which the Committee may require in the performance of their duties.'
6. Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) section 16:

'16. Any person who before the Assembly or a committee intentionally gives a false answer to a question material to the subject of enquiry put to him during the course of any examination commits an offence.

(a) If such answer was given on oath, against section 104 of the Penal Code (2013 Revision); or

(b) If such answer was given otherwise than on oath, against section 103 of the Penal Code (2013 Revision).'

7. Sections 102 and 103 and 104 of the Penal Code (2013 Revision) are identical to sections 102 and 103 and 104 of the Penal Code (2017 Revision).

8. Penal Code (2017 Revision) section 103 deals with fabricating evidence and states as follows:

'103. A person who, with intent to mislead any court or tribunal in any judicial proceeding, fabricates evidence by means other than perjury or knowingly makes use of such fabricated evidence commits an offence and is liable to imprisonment for seven years.'

9. Penal Code (2017 Revision) section 104 deals with false swearing and states as follows:

'104. A person who swears falsely or makes a false affirmation or declaration before any person authorised to administer an oath or take a declaration upon a matter of public concern under such circumstances that the false swearing or declaration is committed in a judicial proceeding would have amounted to perjury, commits an offence.'

10. Penal Code (2017 Revision) section 102 deals with evidence required in relation to a charge of perjury:

'102. A person cannot be convicted of committing perjury or subornation of perjury solely upon the evidence of one witness as to the falsity of any statement alleged to be false.'

11. Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) section 18:

'18. (1) A person who-

(a) disobeys an order made by the Assembly or a committee for attendance or for production of papers, books, documents or records, unless such attendance or production is excused under section 8(1).

(b) refuses to be examined before, or to answer any lawful and relevant question put by the Assembly or a committee unless such refusal is excused under section 8(2).

"

(g) presents to the Assembly or a committee any false, untrue, fabricated or falsified document with intent to deceive the Assembly,

commits an offence and is liable on conviction before the Grand Court to a fine of one hundred dollars and to imprisonment for six months.'

12. Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) section 8:

'8. (1) Where any person ordered to attend, give evidence or produce any paper, book, record or document before the Assembly refuses to answer any question put to him or to produce any such paper, book, record or document on the ground that it is of a private nature and does not affect the subject of enquiry, the Speaker may excuse the answering of such

question or the production of such paper, book, record or document, or may order the answering or production thereof.

(2) Where any person ordered to attend, give evidence or produce any paper, book, record or document before any committee refuses to answer any question put to him or to produce any such paper, book, record or document on the ground that the same is of a private nature and does not affect the subject of enquiry, the chairman of the committee may report such refusal to the Speaker with the reasons therefor; and the Speaker may thereupon excuse the answering of such question or the production of such paper, book, record or document or order the answering or production thereof."

13. Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) section 19:

"19. No prosecution for an offence under this Law shall be instituted except with the written sanction of the Director of Public Prosecutions."

MISCELLANEOUS SECTIONS.

14. 'Standing Orders' is defined by section 2 of the Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) which states as follows: '2. In this Law - "Standing Orders" means the Standing Orders of the Legislative Assembly referred to in section 71 of the Cayman Islands Constitution Order 2009;'

15. Section 77 of the Legislative Assembly Standing Orders (2006 Revision) as amended by section 21 of the Legislative Assembly (Amendment) Standing Orders, 2017:

'Public Accounts Committee

77. (1) There shall be a standing committee, to be styled the Public Accounts Committee, to consider reports of the Auditor General -

(a) on the accounts of the Government;

(b) on such other accounts required to be laid before the House as the committee may think fit; and

(c) on any matter incidental to the performance of his duties or the exercise of his powers as the committee may think fit.

(2) The Public Accounts Committee shall be nominated by the House at the beginning of a new session following a general election and consist of six elected Members. The quorum shall be a majority of Members, including the chairman.

(3) Upon its receipt by the Speaker, a report mentioned in paragraph (1) shall be deemed to have been referred by the House to the Public Accounts Committee for consideration and shall forthwith be distributed to all Members and shall become a public document.

(4) In accordance with Standing Order 72, the Public Accounts Committee may call any public officer or, in the case of a report on the accounts of or relating to a non-Government body or organisation, any member or servant of that body or organisation, to give information or any explanation or to produce any records or documents which the Committee may require in the performance of their duties.

(5) The Public Accounts Committee shall make their report upon the report of the Auditor General on the accounts of Government before the Auditor General's report is laid on the Table of the House and both the Committee's report and the Auditor General's report shall be laid at the same time.

(6) Subject to these Standing Orders, the practice and procedure of the Public Accounts Committee shall be determined by the Committee.

(7) The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates.

(8) The Auditor General, the Chief Officer in the Ministry with responsibility for finance and the Accountant General shall be in attendance when Chief Officers or other persons are providing information or explanations to the Committee.

(9) Notwithstanding Standing Order 74, the report of the Public Accounts Committee shall be deemed to have been agreed to.

(10) Nothing in this Standing Order shall be read as abridging the generality of any powers conferred by section 87 of the Constitution."

16. ADVICE.

In relation to perjury, section 102 of the Penal Code (2017 Revision) provides that a person cannot be convicted of committing perjury or subornation of perjury solely upon the evidence of one witness as to the falsity of any statement alleged to be false. It follows that for any such allegations to be pursued there needs to be corroboration as to the alleged falsity.

As per section 16 of the Legislative Assembly (Immunities, Powers and Privileges) Law (2015 Revision) any person who before the Assembly or a committee intentionally gives a false answer to a question material to the subject of enquiry put to him during the course of any examination commits an offence-
(a) if such answer was given on oath, against section 104 of the Penal Code

(2013 Revision); or (b) if such answer was given otherwise than on oath, against section 103 of the Penal Code (2013 Revision). As per section 103 of the Penal Code, a person who, with intent to mislead any court or tribunal in any judicial proceeding, fabricates evidence by means other than perjury or knowingly makes use of such fabricated evidence commits an offence and is liable to imprisonment for seven years. As per section 104 of the Penal Code provides that a person who swears falsely or makes a false affirmation or declaration before any person authorised to administer an oath or take a declaration upon a matter of public concern under such circumstances that the false swearing or declaration if committed in a judicial proceeding would have amounted to perjury, commits an offence.

It is specifically noted that section 16 requires proof that the person intentionally gave a false answer. Further, section 103 requires proof that the person intended to mislead and fabricated evidence by means other than perjury. Further, section 13 (g) requires proof of intent to deceive.

Again we have not yet been provided with any specific facts hence this advice is of a generic nature.

We so advise.

Attorney General's Chambers

Attorney General's Chambers



Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting with Witnesses

Tuesday, 10th October 2017 at 9:00am

Cayman Islands Health Services Authority (“HSA”)

Minutes and verbatim transcript of the meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building, Grand Cayman on **Tuesday, 10th October 2017 at 9:00am**

Present:

Hon. D Ezzard Miller, MLA – Chairman

Mr. Christopher Selvin Saunders, MLA – Member

Hon. Bernie Alfredo Bush, MLA - Member

Mr. Austin Osmond Harris, Jr, MLA – Member

Ms. Barbara Elizabeth Conolly, MLA - Member

Ms. Manesa Webb, the Committee Clerk

Apologies: There were no apologies.

Attendees:

Ms. Sue Winspear - Auditor General, Office of the Auditor General

Mr. Patrick Smith - Financial Audit Director, Office of the Auditor General

Mr. Winston Sobers - Audit Manager, Office of the Auditor General

Mr. Ruel Huet - Audit Project Leader, Office of the Auditor General

Mr. Kenneth Jefferson - Financial Secretary/Chief Officer- Ministry of Finance and Economic Development (FED)

Mr. Matthew Tibbetts - Accountant General Ministry of Finance and Economic Development (FED)

Witnesses:

Mrs. Heather Boothe: Chief Financial Officer - Cayman Islands HSA

Mrs. Brenda Riley: Human Resources Director - Cayman Islands HSA

Ms. Lizzette Yearwood: Chief Executive Officer - Cayman Islands HSA

Dr. Delroy Jefferson: Medical Director: - Cayman Islands HSA

Mr. Jonathan Tibbetts: The HSA Board Chairman - Cayman Islands HSA

Ms. Jennifer Ahearn: Chief Officer, Ministry of Health - Cayman Islands HSA

1. Meeting to Order

There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 9:20 am.

2. Welcome

The Chairman gave a brief welcomed to the Members and thanked them for attending the Public Accounts Committee (“PAC”) Hearing. He also welcomed the Auditor General and thanked her along with the OAG staff, Hon. Kenneth Jefferson and Mr. Matthew Tibbetts for attending the hearing.

The Chairman advised the Committee that they would be dealing with the Cayman Islands Health Services Authority Financial Statements year ending 30 June 2016.

The Chairman then opened the floor to questions from the Members of the Public Accounts Committee.

Ms. Winspear, Auditor General, Office of the Auditor General offered opening remarks on the background and current standing of the HSA.

3. Review of Financial Statements:

- Cayman Islands Health Services Authority Financial Statements 30 June 2016

The hearing commenced at 9:20 am the Chairman invited witness to the Chamber and asked them to state their names.

The following persons appeared in their named capacity as witnesses before the Committee for this Report:

- Mrs. Heather Boothe, Chief Financial Officer - Cayman Islands Health Services Authority
- Ms Salome Trinidad, Financial Controller - Cayman Islands Health Services Authority

The Committee continued the hearing with the next witnesses at 10:47 am. The following person appeared in their named capacity as witnesses before the Committee for this Report:

- Mrs. Brenda Riley: Human Resources Director - Cayman Islands Health Services Authority

The Committee continued with the next witnesses at 11:28 am. The following person appeared in their named capacity as witnesses before the Committee for this Report:

- Ms. Lizzette Yearwood: Chief Executive Officer - Cayman Islands Health Services Authority
- Ms Salome Trinidad, Financial Controller - Cayman Islands Health Services Authority

The Chairman thanked the witnesses for attending and stopped for lunch for at 12:42 pm.

The Committee resumed the PAC hearing at 2:06 pm. The following person appeared in their named capacity as witnesses before the Committee for this Report:

- Dr Delroy Jefferson, Medical Director - Cayman Islands Health Services Authority

The Committee continued with the next witnesses at 3:30 pm. The following person appeared in their named capacity as witnesses before the Committee for this Report:

- Mr. Jonathan Tibbetts: The HSA Board Chairman - Cayman Islands Health Services Authority

The Committee continued with the next witnesses at 4:30 pm. The following person appeared in their named capacity as witnesses before the Committee for this Report:

- Ms. Jennifer Ahearn, Chief Officer, Ministry of Health - Cayman Islands Health Services Authority

The Chairman thanked the witnesses for attending the public hearing of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building.

4. Any Other Business:

Approval of Auditor General Invoice(s):

- *Invoice No. 207026 dated 5th October 2017 for the amount of \$88,549.95*

The above invoice was **approved** by a motion moved by Mr Austin Harris and seconded by Mr Chris Saunders.

5. Scheduling of Next Meeting

The next meetings were confirmed for:

- Tuesday, 24th October 2017 at 10:00 am.

6. Adjournment

There being no further business, the Chairman adjourned the meeting at 5:30 pm.

**OFFICIAL VERBATIM TRANSCRIPT
STANDING PUBLIC ACCOUNTS COMMITTEE
THURSDAY
10 OCTOBER 2017
9:16 AM**

[Meeting with witnesses]

**FINANCIAL STATEMENTS OF THE CAYMAN ISLANDS HEALTH
SERVICES AUTHORITY—JUNE 2015-2016**

Verbatim transcript of the Standing Public Accounts Committee meeting held 6 September 2017, at 9:16 am, in the Chamber of the Legislative Assembly Building, George Town, Grand Cayman.

Present: Mr. D. Ezzard Miller, MLA, Chairman
Mr. Bernie A. Bush, MLA, Member
Mr. Austin O. Harris, Jr., MLA, Member
Mr. Christopher S. Saunders, MLA, Member
Ms. Barbara E. Connolly, MLA, Member

In attendance: Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development
Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development

Audit Office: Ms. Sue Winspear, Auditor General
Mr. Patrick Smith, Financial Audit Director, Office of the Auditor General
Mr. Winston Sobers, Audit Manager, Office of the Auditor General
Mr. Ruel Huet, Audit Project Leader, Office of the Auditor General

Witnesses: Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority
Mrs. Brenda Riley, Human Resources Director, Health Services Authority
Ms. Lizzette Yearwood, Chief Executive Officer, Health Services Authority
Ms. Salome Trinidad, Financial Controller, Health Services Authority
Dr Delroy Jefferson, Medical Director, Health Services Authority
Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors
Ms. Jennifer Ahearn, Chief Officer, Ministry of Health, Environment, Culture and Housing
Ms. Nellie Pouchie, Chief Financial Officer, Ministry of Health, Environment, Culture and Housing

[Chairman presiding, Hon. D. Ezzard Miller]

The Chairman: Good morning everyone. Let the record show we have a quorum present and the necessary civil servants who need to be in attendance are here. Welcome to everyone and we will try to get started, so I will ask the Serjeant to bring in Mrs. Heather Boothe and have her sworn in, please.

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Salome Trinidad.

I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth.

**ADMINISTRATION OF OATHS
OR AFFIRMATIONS**

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Heather Boothe.

I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth.

The Chairman: Thank you, Serjeant-at-arms.

My apologies, I should have let the listening public know what we are doing this morning in these hearings. We are dealing with the Cayman Islands Health Services Authority Financial Statements and Audit Report ending the 30th June, 2016.

At this time I will invite the Auditor General to make any opening statements she wishes to make.

Ms. Sue Winspear, Auditor General: Thank you, Mr. Chairman.

The HSA was established in July 2002 under the Health Services Authority Law. Up until the year ending 30th June 2010, the HSA was unable to complete financial statements and therefore received disclaims of opinion for each and every year up until that point.

From the year ended 30th June, 2011 onwards, the HSA has received qualified audit opinions. And consistent with recent years, I issued a qualified audit opinion for the HSA's financial statements for the year ended 30th June, 2016, with three basis for qualification. The first two points of qualification are related. The first one relates to uncertainty around patient services fees completeness, because the HSA lacks internal controls to enable management to adequately assert that their reported patient fee income is complete.

Closely related to this first qualification point is the second which is the uncertainty regarding the associated accounts receivable. Due to the impact of the completeness issues there are issues that impeded our ability to complete procedures in order to reach audit conclusions about the bad debt provision and write-off. And I know and am sure witnesses today will be referencing that recently the HSA have employed Deloitte to undertake some review and to do some consultancy work around this area with a view to trying to move away from these qualification points.

The third qualification again is not unique to the HSA but relates to not having a recorded liability for post-employment health care under the government plan.

In addition to the qualified audit opinion, the Health Services Authority Law requires a minimum cash reserve and the HSA have not been able to achieve that and therefore I have also reported the breach in cash. So, for the 30th June 2016 there was some \$21.5 million below the calculated legal requirement.

In terms of giving a bit of an overview about the income and expenditure at the HSA, for the year ended 30th June 2016, \$105.2 million was the total HSA revenue of which \$89.5 million or some 85 per cent was income from patient services. And \$13.1 million or 12.4 per cent was from government programmes and \$2.6 million or 2.5 per cent other income. The HSA's total expenditure for the same year was \$105.2 million of which staff costs of \$62.5 million or 59.4 per cent and provision for bad debts of \$14 million; supplies and materials of \$12 million were the most significant components.

For the year 2015/16, the HSA recorded a very small net income of just under \$68,000, however, that was before other comprehensive losses for the year resulting from the re-measurement of the defined benefit pension, was deducted of \$1.75 million. This

resulted in a total comprehensive loss of \$1.684 million for the year.

The financial statements also reflect the significant challenges the HSA faces in collecting its revenues on which this Committee has had a hearing before.

The provision for bad debts at the end of the 2015/16 was \$94.5 million on a total accounts receivable of \$122.3 million. So, that is the equivalent of just over a 77 per cent impairment rate.

Over the last five years the HSA has made additional provisions for bad debt of \$64.6 million and has written off bad debts totaling \$27 million. While the increase in provision is growing year on year, it is pleasing that the annual increase in the provision is gradually reducing.

The HSA reported a net count asset position of \$22.6 million given good liquidity through account ratio of \$2.12, and again, this is an improvement on last year. Current liabilities include pension liabilities of \$13.3 million. With respect to its statement of financial position at 30th June, 2016, the HSA reported a healthy position with net worth of over \$94 million and with more than sufficient resources to meet its liabilities, meaning there are no concerns about its ability to operate into the future. However, it is worth noting that the HSA has generally accumulated deficits of \$70 million since it came into existence, and the positive position in its ability to continue operating, reflects the significant equity injection of over \$138.3 million over the years from the Government.

Indeed, 2015/16 saw a further equity increase of \$7 million to the HSA, although the bulk of this, some \$6.4 million related to debt to equity reclassification as it was related to the forgiveness of a debt for insurance premiums.

My colleagues and I would be happy to assist the Committee with any questions during the course of the day. I have with me, Patrick Smith who is the Director of the Financial Audit Practice, Winston Sobers who is Audit Manager on the financial audit side, and, Ruel Huet who leads the HSA audit. Thank you.

The Chairman: Thank you very much, Auditor General.

Good morning, Mrs. Boothe. I guess I will lead off with the questions and then open it up.

How long have you been the CFO at the HSA?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Good morning, Mr. Chairman; 12 years.

The Chairman: Twelve years.

The evidence given to us when we had the hearing on the 2014/15 accounts was that the HSA was expecting to get a clean opinion or unqualified

opinion by December 2018. Can you give us an outline of what progress has been made towards that and how you expect to achieve that?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the Auditor General outlined the four major qualification points. The patient services fees and the patient related accounts receivable, the concern is based on the lack of internal control. We had engaged an independent audit firm to review our financial controls and processes and the document was received in July 2017, and we are actively working on implementing those controls and expect to complete it by the end of this fiscal year.

The post-employment health costs are related to the lack of an estimate for this liability due to the absence of an actuarial valuation. To address this point, the HSA engaged with an international actuarial company that has provided us with a valuation in August 2017, and now we have a valuation basis to make the appropriate provision and disclosure with respect to the post-employment health care costs.

The accumulated deficit, based on the Auditor General's concern, was relating to the non-recognition of post-employee health care benefit and with continued work with our actuaries we expect to remove this qualification to a matter of emphasis in early years.

Hon. Bernie A. Bush: Through you, Mr. Chair: What is the cost of this report ma'am?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: The report from Deloitte?

[No audible reply]

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: It is \$179[,000], I think.

The Chairman: Can you give us a synopsis of your role and responsibilities, because, is it not the review of the internal controls and the recommendations and implementation thereof, a part of your remit as the CFO?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the question is of my role as it relates to the implementation of internal control?

The Chairman: Yes.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman, that is a part of my role.

The Chairman: So, in the 12 years that you have been there, how often have you looked at the internal controls of what you have in place and made recommendations to the CEO, up to the Board, to put in place certain controls?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, throughout the years the HSA has had a wide variety of operations and what we did was a step by step approach in looking at the internal controls that exist. Prior to the HSA being an Authority, the staff complement and the associated procedures were lacking and what we conducted was a review first, of the overall position and gradually eliminated the low-hanging [INAUDIBLE] control that were in existence.

The Chairman: The HSA was created in 2002 and during that period of time your review of the procedures and controls . . . I don't want to say that it was inadequate but in your reviewing of that stuff, has led to the HSA having to spend \$189,000 to bring in a consultant firm to recommend controls?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, when the HSA started in 2002 there were no books on which the HSA could operate or any information as to how we executed our financial management. And over the years we have eliminated some of the internal control issues related to inventory; the documentation of accounts into our books; recognition and incorporation of our work.

The patient services fees and accounts receivable encompass a variety of employees. It is not isolated to one department; it is what we call the revenue cycle which has a clinical arm to it and an administrative arm. So, what we did was to look at the standards that needed to be created so that we have an overall document outlining what needs to be done and what steps need to be implemented to capture the overall revenue and expenses of the organisation.

We did not have an accounting charge or nothing within the HSA in 2005 when I joined the Authority.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Thank you, Mrs. Boothe, for coming here this morning. Just so we are clear, is this the first time since the HSA started that we are using consultants to help the organisation?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, in 2005, I believe, or 2003, before my time, a consultant came and throughout my tenure, this is the first consultant that has come since 2005.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman. Through you, the reason I asked the question is because when the HSA started in 2002, I am aware that Ernst and Young was actually hired as consultants to set up an organizational chart and everything else in terms of the finance function and other functions. So, I am a bit surprised that that was done. Clearly, what you are saying is that when you arrived, the Ernst and Young report was basically never implemented and, as such, 12 years now, we have basically brought in another consultant firm to tell the hospital or to advise on how to measure their income or other internal controls.

I am going to tell you just so that we are clear and for everyone present, what it is that I am expecting to get from today is that I have taken the balanced scorecard approach in terms of how businesses should operate or how an entity should operate. The balanced scorecard approach basically looks at four primary metrics of the financial performance of a business, the internal controls, their processes, and, it also looks at the ability to bring out new products and services. For the purpose of this portion of the questions and answers of the section, would be primarily more focused on the financial performance and on the internal controls.

What we are looking for, and myself in particular, expect to get out of today, is some level of confidence that 1) the HSA and the senior management staff and its leadership team are aware of their responsibilities to the Cayman Islands community; 2) that they are on the right path and hopefully by the end of today I will leave with some level of confidence that those who are charged with the administration of health care in this Island, something that is very vital, is on the right path. So, what I am looking for is a certain amount of confidence.

I know the HSA has its own challenges and it is very easy for, I guess, being in your position to be very defensive, and that is normal; that is human nature. One of the things, I have said publicly and want to repeat it here today, is that there are some areas of government that we should never play politics with and health care is one of them, for the nature that it has. So, what we are looking for today, at least for me, as I can speak for myself; what I am looking for is that level of confidence that 1) management is aware of the issues and 2) that they are on the right path in which to fix those issues. But before we can even fix an issue, first we have to recognise that there is an issue.

What scares me the most in looking at the 2015/2016 is when I see staff costs are up \$4.5 million but revenues are only \$2.2 million. The first thing that jumps out to me is a certain amount of inefficiencies and it is those issues that I need some level of comfort today that we are on the right path to make sure that we have health care or we can provide health care

that is sustainable in the long run and is not a burden to the taxpayers of this country. So, I just need to clear the air in that regard that people can understand where I am coming from and so that you can understand where it is that I am coming from.

What we are looking for, are the issues surrounding those internal controls, because at the end of the day, as auditors, one of the first to be tested is internal controls. If the internal controls are strong, the information coming out can be relied on. If they are weak, a lot more testing must be done. And so, it is important for us to get these internal controls. And when I am seeing the trending in terms of where the numbers are going, it is that lack of the internal controls that has now become tantamount of being very important that we actually get it right.

I am curious in terms of the Deloitte Report. Do you have a copy of that, that you can provide members with?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, yes, sir.

Mr. Christopher S. Saunders: Okay. Good. I will be curious to see the recommendations that would have come from that report, because at the end of the day we are just here to make sure that you guys are doing it right. I don't want you to feel as if though it's the inquisition or anything like that. That is not our goal here. Thank you, Mr. Chairman.

The Chairman: You were presented basically with a clean slate, in that there were no existing financial rules and regulations and procedures when you went in, so you had the opportunity to put the best standards in place, which you would be aware of, being a qualified individual—right?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: Okay.

Every year in Finance Committee, this Legislative Assembly allocates substantial funds. In 2016, the total was \$19 million for specific purposes at the HSA. Let me give you an example: HEA 17, Medical Care Beyond Insurance Cover or Uninsured, \$2,020,000. Can you explain to me what procedures you have put in place to access that money and how it is allocated for in your income stream?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, uninsured children, the procedure that we have in place is that an assessment is done at the back office to ensure that persons who are Caymanians or residents of the

Cayman Islands do not have insurance or are under-insured.

What we also do is that we inform the Health Insurance Commission if the persons do not have insurance before they can access that output. And over the past couple of years that amount has been reduced, the amount allocated for uninsured due to our continuous work with NAU [Needs Assessment Unit] to identify persons who are Caymanian that can be transferred to an indigent status.

The Chairman: I think you are misunderstanding my question.

We know what the money is for. If I show up at the hospital and I give you my health insurance card, I am assuming (and correct me if I am wrong) that at that point when I hand you my insurance card, you have the ability to electronically determine instantly whether the insurance card is active, whether it is my insurance card, i.e. through picture ID on the card or in your system, and some other form of identification, and I will also tell you whether my insurance for the year has been consumed. You can do all of that now.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, not everything. For some insurance companies they have an insurance portal for which we can obtain eligibility. Accumulated benefits are sometimes not easy information to acquire. We have approximately 11 insurance companies that use our facility and at least 70 per cent of them provide an eligibility portal. The portal only indicates that they have insurance but not necessarily that that service they are requesting is actually covered.

The Chairman: But, why would you accept insurance from a company that is not complying with the legislation and providing you with that information?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the legislation requires that persons have insurance. Also, the insurance companies, they do have some portal but after five it is a telephone call for some insurance companies. The 24 hour access is not available for all insurance companies.

The Chairman: How long has that been going on?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, in 2005 we had no insurance portal then, but today, 2017, more than 70 per cent of the insurance companies do have a portal. So, we are gradually interacting with them to ensure that they improve the information availability to the HSA.

The Chairman: So, you have no way of knowing whether the insurance has consumed the allowable for the year?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, no, sir.

The Chairman: Then how do you access a vote in government provided for by this Parliament that is specifically for care beyond insurance coverage?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, could you repeat the question?

The Chairman: Okay. We have a vote for \$2,020,000 that is specifically for people who have used up all of their insurance for the year. How do you access that \$2 million and how do you draw down from government, the money from that account?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the insurance company will indicate, after presentation of various invoices to them, that the insurance has been maximised. So, it is from that, that we will know they are underinsured or has insufficient coverage.

The Chairman: Okay.

So, customer B shows up and by a series of invoices being denied because they have reached their maximum, you know that that person has used up their allowance for the year; correct?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: How do you then access the coverage that this Legislature provides for that person?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, additional financial assessment is done on that patient.

The Chairman: But there should be no requirement for financial assistance if the vote is very specific.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Financial assessment, sorry.

The Chairman: Assessment. The vote is very specific. The vote is specifically for people who have used up their insurance for the year. That is the only assessment that should be necessary.

We are consuming a lot of time here and going around in circles. How does government pay you this \$2 million a year?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the HSA provides an invoice to the Ministry with the details of the medical service and the name of the patient.

The Chairman: So, you do that monthly or quarterly?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, monthly.

The Chairman: So, you submit to government a list of people and the services that you have provided because of the assessment and you are paid according to that invoice?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes.

The Chairman: Okay.

And you said it was being reduced. How come then, your projection in the 2017 financial year is exactly the same amount that you got in 2016 of \$2,020,000? How do you generate the amount that you ask government to provide in that vote?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, we look at the trend of access to the programme and make the projection, because with health care it is an unpredictable environment and the estimate is provided to the Government in the event that these patients are presented to the HSA. If the funds are underutilised we do not draw down on the allocation.

The Chairman: And a similar system would exist across all of these votes: medical care for indigents which we know requires a NAU; ambulance services; mental health services; geriatric services; medical care for chronic ailments. All of those are drawn down on a patient billing system.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes, sir.

The Chairman: Okay.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Except for ambulances and operating loss.

The Chairman: Ambulance?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Ambulance services.

The Chairman: Well, we are giving you \$2,247,293 and you are saying ambulance services cost more than that per year?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the revenue generated for the ambulance service against the expenditure, whatever that loss is, is what is billed to the Government with a detailed costing report submitted to them.

The Chairman: So, you are losing \$2.2 million? You lost \$2.2 million in the 2015-2016 year on the ambulance services?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: Do you bill insurance companies that cover ambulance services for ambulance service calls?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes, sir.

The Chairman: Would you happen to have there the total cost of your ambulance services for the year? If you are losing \$2 million, what is the revenue?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the gross revenue for ambulance services is \$1.1 million.

The Chairman: And that is based on billings?

Are you suggesting that this \$2.2 million is not billed or it is billed for people who do not pay? Do you bill for every ambulance call?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, not for all ambulance calls. At some instances when the ambulance is called, the patient might indicate that they are not willing to go with the ambulance but it is still an ambulance run and it is an expense.

The Chairman: Okay.

But for all ambulances that do calls and make a delivery to the hospital, you do bill someone?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes sir.

The Chairman: And you are only receiving one-third of what you are billing for? Because if you are collecting one point something million dollars—

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, through you sir and I think we are on the same track. What I guess we are trying to get to is: If you are losing \$2.2 million and you are making \$1.1 million in revenue, it means the total cost for the ambulance care per year is \$3.3 million.

Through you again, Mr. Chairman, out of curiosity: How many people do we have in the Ambulance Unit working?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: At least three persons. We have three locations that we cover North Side, West Bay and George Town and it is a 24 hour shift.

Mr. Christopher S. Saunders: So, there are three persons on each shift. I am just trying to get the total number of staff in that Unit.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: The estimate, I believe, is around 28 but I can provide that information to the Committee.

Mr. Christopher S. Saunders: Okay, thank you.

The Chairman: So, none of these votes that I just detailed are paid out from the Ministry (I would assume)? The Ministry of Health would be paying them on a monthly or quarterly basis? They are all billed for individually, according to patient cost?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes, sir.

The Chairman: Okay.

Let's talk a bit about the other concern—

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, just before you move off from the ambulance. Roughly, just ballpark-ish, what would be the average cost for each of the staff members in that Unit? What would it start with, \$50,000 a year or whatever?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, can I provide that information at a later date, because the combination of staff on the ambulance is an EMS, a general EMS and a paramedic and different levels of coverage is provided on the ambulance?

Mr. Christopher S. Saunders: Okay. Who would be the most senior person there? Is it the—

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Paramedic.

Mr. Christopher S. Saunders: The ballpark salary for a paramedic is what?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, I don't

remember at this point in time. I can provide that information.

Mr. Christopher S. Saunders: Just so you aware, Ms. Boothe, where I am getting is, I mean, if I even take 30 staff members at an average of even \$60,000 per year in terms of cost; let's even say \$70,000 when factoring in all of the costs, we are still looking around \$2.1 million. So, I will just be curious to know just where I am getting at, where the additional \$1.2 million in cost in that area would come from to generate that \$3.3 million in cost. So, that is what we are pretty much looking for.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: The ambulance operation in terms of servicing in the vehicle, fluid in the vehicle, for providing human resource services, IT overhead costs, health care are some of the costs that are associated with employing staff to the HSA.

Mr. Christopher S. Saunders: One of the things we are looking at, just so we are clear, and through you, Mr. Chairman, is pretty much . . . and this goes back to the point I made earlier in terms of level of efficiencies because one of the things that we just want to make sure at the end of the day is that there is a certain amount of efficiencies. And one of the things like you said, if there is \$3.3 million in cost and only receiving \$1.1 million and the taxpayers are picking up the other \$2.2 million, we would be curious to know what that \$2.2 million would come from.

To segway into my next question in terms of looking at the 2016 financial statements where we roughly have of the three revenue lines, between patient services fees and other income, that total is \$92 million. I would be curious of that \$92 million as to: What percentage would be government related? What percentage would be from insurance companies and what would be from, I guess, private self-funded? These are just ballpark. I am just trying to get a percentage distribution in terms of the revenues.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: Commercial insurance contributes approximately 22 per cent of our overall revenue; government entities, 72 percent; self-pay, around 12 per cent.

Mr. Christopher S. Saunders: That is 106 per cent. I am just trying to get to the 100.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Seventy-two per cent, government entities and 28 per cent, commercial and self-pay together.

Mr. Christopher S. Saunders: Okay. Thank you much.

Hon. Bernie A. Bush: Mr. Chairman, through you: It has gone on quite a bit since I asked to ask my question.

I understood the Chairman to ask you and I think you answered in the affirmative, that when you took over there was a clean slate for you to start with and I think you said 'yes'. Were you not aware of the Ernst & Young Report that was sitting there that cost us, if my informant is correct, close to \$125,000? Were you not aware of the Ernst & Young Report that had just been done?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you sir, the Ernst & Young report that was at the HSA was basically a report talking about the job descriptions and the relevance of the job within the HSA. When I got there a lot of the job descriptions were not totally relevant to our operations. The health care environment is very dynamic and things are changing. And, also recruitment is difficult within the HSA. And we use a portion of the Ernst & Young Report to start the ground work of our operations.

Hon. Bernie A. Bush: Thank you, Mr. Chairman.

The Chairman: I want to move on to the—

Mr. Christopher S. Saunders: Thank you, Mr. Chairman. I know you have your set of questions.

In terms of the 72 per cent that is generated by government, roughly, is the government generally a good paymaster? Do they pay the full 72 per cent or do they generally not pay a portion of it?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: Generally, they are a good payee; generally.

Mr. Christopher S. Saunders: Okay. I am very happy to hear that, Mr. Chairman, and that brings me to my next question.

Of the \$92 million and 28 per cent of it is roughly the self-pay and the insurance, this would have basically been \$26 million of your revenues, and I am not including in that the government programme, so, \$26 million is what we make from self-pay the insurance companies. What I am getting is that I noticed your provision for the 2016 was actually \$14 million or roughly 53 per cent. So, the question for us is simply this: Are the insurance companies paying? Because for more than half of the revenues we are making provisions for, then, it means that somebody is not paying which, for me, is the biggest issue that the HSA has in

terms of collecting money. So, the question is: Are the insurance companies paying?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: Yes sir, they are paying. The denial ratio is around 3 to 4 per cent but it is not for the insurance company, but is the portion relating to the patient that needs to pay out of pocket. But for the majority related to the insurance, they are paying.

Mr. Christopher S. Saunders: Well, the thing about it is that if we have \$26 million in revenues from commercial and self-paying customers, we are basically not collecting \$14 million of that, which basically leaves \$12 million. So, it means then that if the insurance companies are paying, based on that ratio then, it would assume that the \$14 million would be the private people and in essence, people showing up at the hospital and just not paying.

[Inaudible interjection]

Mr. Christopher S. Saunders: Well, that is what I am trying to understand. So, if the Government is paying and the insurance companies are paying, why then, is the bad debt so high?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: The majority of our bad debt is related to self-pay clients.

Mr. Christopher S. Saunders: But you are talking to the tune of roughly \$14 million now.

The Chairman: When you define self-pay you are talking about the section of the co-pay for a privately insured person, because government does not have any co-pay?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the self-paying portion, the self-pay patient can be outright self-pay or there is a co-pay or a deductible.

The Chairman: When you have somebody show up and say they are self-pay because they do not have health insurance, do you ask any questions as to why they do not have health insurance? Or, do you just allow them to promise to pay and they do not pay?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, basically a front-end interview is conducted and they will complete a promissory note, however, a notification goes to the Health Insurance Commission to say that this

particular patient does not have health insurance and is required by law to have insurance.

The Chairman: Do you ask any questions of whether the person is employed, who they are employed by, or if they are self-employed?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman—

The Chairman: Is that a part of the interview?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, I would say, yes, sir.

The Chairman: Do you report the employer as well as the person?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes we do by the health notification form.

The Chairman: Thank you.
Mr. Austin.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman, through you: We are chatting, of course, about the unpaid debts to the HAS, which previously, the Auditor General's reports have stated as well as other witnesses to this Committee, that these debts have been accumulated largely by public hospital system patients using other services or pharmaceuticals and not paying for those services.

Since 2012 the HSA partnered with two collection agencies; I believe one was Sunbelt Medical for overseas collections and a local company, The Cayman Islands National Credit Bureau, to recover local debts. Can you state for the benefit of this Committee as well as the listening public, how much of that total bad debt has been collected, and can you break it down in terms of what has been collected in overseas collections as well as what has been collected in local bad debt from the two companies?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you sir: Sunbelt is an international collection company. I don't have the information for Sunbelt but I do have the information for the local collection company, and the HSA had given them \$4.5 million and they have collected less than 3 per cent.

Mr. Austin O. Harris, Jr.: Mr. Chairman, less than 3 per cent. Could you state of the local debts, how is that debt collection agency paid? Are they paid based on a percentage of collected assets or is a flat fee?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, they charge the patient their administrative fee and they provide the HSA with the full amount that is collected.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman.

The Chairman: Recently, you awarded the collection agency to a law firm. Are they collecting on a percentage basis or is it a fixed fee?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, we have just completed the RFP and we are currently in negotiations with them as to the terms of the collection and that has not yet been finalised.

The Chairman: But the terms of collection was not part of the RFP on which they would have . . . why is that being negotiated after the fact?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, in terms of how they are going to execute the collection, sir.

The Chairman: Okay.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: What is the normal process before it becomes a bad debt? Do you have internal processes within the HSA that goes after the debt for us and if they don't pay, after what period do we put it out to an outside agency?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: The HSA tries to work on debts between 1 to 365 days internally and then we will outsource to a collection agency. Right now, we are not doing that and we have just completed that RFP and will be in the process of transferring some of our debts to them.

Mr. Christopher S. Saunders: Through you, Mr. Chairman, which department is in charge of generally trying to get the first round of collections?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: Patient Financial Services.

I just want to point out through to the Committee that we have beefed up and enhanced our internal control processes over the last year. And for the first 12 month period from August 31st 2016, the HSA collected \$61 million. And for the similar period of 31st August, 2017, we collected \$95 [million]; that is a \$34 million increase and 55 per cent increase in our collection. And our bad debt for the period of 31st August,

2016, provision was \$15.5 million. August 31st 2017, our provision is \$7.4 million; that is a 52 per cent improvement.

We have embarked on internal efforts, such as reorganising the PFS Department in terms of collections. We are streamlining and improving our registration points, and we are also reviewing the delivery of our bills to the insurance companies. Roughly, 90 per cent of our claims are going electronically.

The Chairman: Here is part of our big concern with this bad debt. What we do not understand is why it is not dealt with annually. But in terms of its accumulation, records of previous reports will show that for 11 years, from inception to 2014, the bad debt accumulation was only \$57 million. From 2014 to 2016, it has gone to \$122 million which is a \$65 million increase in two years as opposed to \$57 million accumulated over 11 years. How is that explained?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, when you look at our financials for 2015 and the debts between 1 to 365 days, the total accounts receivable was \$42.1 million. And, in 2016 the accounts between 1 day to 365 is \$42.3 million; it is just a half of a per cent increase between that year, because, the HSA is trying to manage those debts internally between the 1 to 365 days.

The Chairman: But you still have not explained how it has gone from \$57 million for 11 years accumulated to \$122 million in 2 years. And, based on the evidence you are giving us, the government is paying you all of this money and this \$19 million is billed on a patient per patient basis and not drawn down monthly or quarterly, and your insurance companies are paying. How is it possible to accumulate all of this bad debt?

[Inaudible interjection]

Mr. Christopher S. Saunders: Mm-hmm.

Hon. Bernie A. Bush: Makes clear sense.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, in 2015 and 2016, the insurance companies were paying, however, one of our major adjudication company was having some . . . claims submission . . . claims adjudication is to do with the change of their TPA. So, that would be reflected in the provision. But since 2016/2017, we have been submitting claims and the adjudication is coming twice per month.

The Chairman: You lost me somewhere along the line. I don't understand.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, you asked why the provision was increasing and I am pointing out that in 2015 and part of 2016, one of our major peer had some adjudication issues and that was the reason why we had a built—

The Chairman: But if you are actively negotiating the settlement of a debt, why is it classified as a bad debt?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, our bad debt provision is based on aging and if the aging is a particular number of days, we take a provision percentage for that.

The Chairman: So, your bad debt is strictly based on how long the bill is owed, not whether it is collectable or not?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, yes, sir.

Mr. Christopher S. Saunders: Sorry.

The Chairman: No, go ahead.

Mr. Christopher S. Saunders: I am just looking at the 2014-2015 Financial Statements and just to expand on what the Chairman is asking. Through you, sir: At the end of 2014 the total accounts receivable was just under \$69 million for 2014, and by the end of 2016 the total accounts receivable was \$122 million. So, in essence it took 12 years to accumulate roughly \$69 million in accounts receivable but it took basically two years to increase an amount by roughly that \$53 million. So, just to be clear, in 12 years to the end of 2014 we accumulated \$69 million in debt but in the last two years we added \$53 million in just that two year period. So, there is serious non-collection right there. And I am just going by the face of . . . and these are on page 20 of both the 2014-2015 financial statements and also page 20 of the 2015-2016 financial statements. And, in particular Note 5—Accounts Receivable is what I am looking at, just so we are all on the same page.

So, \$53 million growth in accounts receivable in a two year period and that, I think, is—

[Inaudible interjection]

Mr. Christopher S. Saunders: Yeah, this is just . . . no, no, I am just looking at this accounts receivable.

The Chairman: Okay.

Mr. Christopher S. Saunders: I am just trying to understand that.

[Short pause]

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: In 2015 and 2016, as I said before, the adjudication of a particular insurance company was having issues and that is why for that two years there was a built up, but our provision is based on aging.

Mr. Christopher S. Saunders: But based on that, I mean, we are looking at \$53 million growth and we establish that in last year for the 2016 that the non-government portion was \$26 million. So, it would basically mean that two years' work; 26 million times 2 is actually \$52 million, so, in essence, we basically went two years without collecting any private money if the government is actually paying.

The Chairman: something is wrong with this picture and we need to find out what it is.

[Background conversation amongst the Chairman and Members of the Committee]

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you sir: We collected \$19.3 million from the commercial insurance.

Mr. Christopher S. Saunders: In a two year period?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: One year period, sir.

The Chairman: So, it is government that is not paying then?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: The Government is paying the self-pay that is our major contributor of our provision, sir.

The self-pay account collection can range from zero to 25 per cent in that fiscal year or throughout. And within this current period, based on our improved collection and vigilance upfront at the registration point, our collection has improved from the self-pay portion.

[Inaudible interjection]

Mr. Christopher S. Saunders: Well, if that is the case then, through you, Mr. Chairman, then, the percentage that was provided to this Committee before of 72 per cent being government and 28 per cent being. . . those numbers are not adding up.

The Chairman: In the interest of time, can I ask a more global question? Do you make a recommendation to the board, through the CEO on an annual basis to write off bad debt based on the provisions that you have allowed for bad debt? Do you write off that provision every year?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, no sir.

The Chairman: Why not?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, in order for us to write off our debts, a presentation is made to the board and depending on the standard that the board has taken, then, an approval would be given.

The Chairman: Right. But you say that you do not do it on a regular basis, once a year or whenever. When you finalise the year accounts and you have budgeted for \$20 million in bad debt, do you ask the board to write off that \$20 million because you have certified it as bad debt?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, no sir.

The Chairman: What are your policies and procedures to qualify something as a bad debt? And, when is that request made to the board to honour their bad debt provision in the accounts?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the finance department will present the financials to the board and the board will have to meet and make a decision as to what they are willing to write off. Right now, I do believe that the board has taken the position to transfer the provisions out to a collection agency.

The Chairman: But if you believe something is collectible it should not be a bad debt. That is why I am asking: How do you certify something as a bad debt? Is everything that is not paid at the time the service rendered, considered a bad debt or certified by your department as a bad debt?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, it is the aging of the account balance. If the account balance is over 365, then, a portion of that will be classified as a provision.

The Chairman: Okay. So, you should at least be making to the board a recommendation for 2015 to write off the bad debt provision that was allocated in

the budget, because the 365 days would have expired on all of those debts. Is that done?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, no sir.

The Chairman: Why not? Your policies and procedures do not provide for that? And, has not the board agreed for that?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the policies and procedures do provide for that but I do believe that when the information goes through as a financial, the board might be reluctant to write off the debt. They prefer to try to see if there is anything collectible in that provision.

The Chairman: But if your policy says that any debt that is not collected within 365 days is a bad debt—Is that how we do it based on aging?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes sir.

The Chairman: Okay. The board authorised a budget for you which contain a figure for you to write off as bad debt. My question is: Why is not the application made to the board for the board to honour its provision it gave to you?

What we are getting here is that we have now, \$122 million which, according to the evidence you provided to us, is unlikely to be collected. Have you done any analysis of the \$122 million to determine, by age or by effort made to collect that it is uncollectible? Or, do you believe that \$122 million is a quasi-bad-debt in that you might collect it?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the HSA makes every effort to collect its accounts receivable, but—

The Chairman: That is not the question I am asking you, ma'am. I understand you make every effort to collect it. You made every effort to collect it, you did not collect it for a whole year; it is now classified as a bad debt. Why is it not written off? And, why are you not making a recommendation to the board that it be written off on an annual basis instead of making it accumulate to this level?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, the policy of the HSA is to make the recommendation to the board, however, at times when the recommendation is made, the board has to convene and decide if that is the part that they want to pursue.

The Chairman: Okay. Can you send us a copy of the recommendation that you would have made for 2015 bad debt when you submitted the 2016 financials to the board? Can we get a copy of that recommendation?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: Thank you.

Mr. Austin O. Harris, Jr.: Through you, Mr. Chairman: Just so we can try to understand the challenges related to the level of bad debt, you stated that of the two collection agencies that the HSA partnered with since 2012, one of the them being the Cayman Islands National Credit Bureau, if I remember correctly and if I am incorrect, I trust that you will correct me, the debt that was given to that company was \$4.2 million and you testified that they collected less than 3 per cent of that which is somewhere in the region of \$126,000.

When you answered the Chairman's question that you do everything possible to collect this bad debt, can you outline to this Committee what are some of the steps taken, whether by HSA or these debt collection agencies to collect this bad debt? Is it more than a phone call? Are there legal ramifications to it? Do we take those persons to court? Can you please enlighten us as to how we specifically make attempts to collect this bad debt, either, directly with the HSA or *vis-à-vis* the collection agencies?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: We do phone calls, we send statements to the patient. Whenever the patient presents at the hospital, we inform the patient that there is an outstanding balance with the Authority and we try to make a payment plan with that patient.

With the collection agency, they will contact the patient, either, by email or telephone call and work on a payment plan to service that debt.

Mr. Christopher S. Saunders: What is the complement of the patient financial services department?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, the classification first is registration officers, collectors, billers, pre-cert officers, payment processors; that is the general complement.

Mr. Christopher S. Saunders: Okay. And how much registration officers you would have—roughly?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Between 24 to about 28, sir.

Mr. Christopher S. Saunders: And collectors?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Approximately 8 collectors, sir.

Mr. Christopher S. Saunders: Billers?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Four billers.

Mr. Christopher S. Saunders: Pre-cert officers?

Ms. Heather Boothe, Chief Financial Officer, Health Services Authority: Two, sir.

Mr. Christopher S. Saunders: And payment processors?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Four, sir.

Mr. Christopher S. Saunders: Okay. So, that would roughly be [counting] 24, 32, 36, 40—roughly it would come to 42 staff.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes sir, approximately.

Mr. Christopher S. Saunders: And, how many managers/supervisors in that Unit?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: We have one supervisor, one manager and three team leads, sir.

Mr. Christopher S. Saunders: And I guess it will be one team lead for each shift or something like that; is that how it work?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: No, the team leads are collectors and payment processors.

Mr. Christopher S. Saunders: Okay.

In terms of experience, are you confident that you have the right team in place to collect these funds?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you sir: I do believe so, sir.

Hon. Bernie A. Bush: Mr. Chairman.

Mr. Christopher S. Saunders: Okay.
The three team leads, are they locals?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes sir.

Mr. Christopher S. Saunders: Okay. And the one supervisor, is that person also local?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes sir.

Mr. Christopher S. Saunders: Is the manager also local?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: No sir, that is an interim through a Cayman Islands company.

Mr. Christopher S. Saunders: Interim through—

Hon. Bernie A. Bush: A Cayman Islands company.

Mr. Christopher S. Saunders: Sorry, I don't understand.

Ms. Heather Boothe, Chief Financial Officer, Health Services Authority: Interim manager.

The Chairman: Part-time—temporary.
Waiting on appointment or what?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: No, sir. We are recruiting for that position right now.

The Chairman: And how long has that been going on?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: It has been vacant two months now.

The Chairman: And there is no one in the organisation that could have been promoted to that level?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, not at this point, sir.

Mr. Christopher S. Saunders: You said this person came through an agency?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, sir.

Mr. Christopher S. Saunders: Okay.

The Chairman: So, I guess we will deal with the HR person when she comes next. But you did not have time to recruit the person but you had time to deal with an agency and make sure you were getting the right person and everything? How long is that contract for?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, we received a resignation from that manager and because of the processes that we have in place, in order to provide continuity with reinforcing our controlled environment and keeping our collection up to par, we engaged to have an interim person and then recruit for the position.

The Chairman: What about . . . no succession planning? No one else in the organisation acted for that person when they went on leave or every time the person goes on leave, do you get someone from an agency?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, whenever that person goes off on leave, usually the leave for that person, the maximum is 10 days and myself, some of the team leads will act by taking some of the responsibilities for coverage of that position.

The Chairman: How long is your average recruitment?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Around six months, sir.

The Chairman: I beg your pardon! Six months?

Mr. Christopher S. Saunders: Sorry. Here is where I am trying to get to, and this was just coming from the financial statement on page 9 for both 2014-2015 and also page 9 for 2015-2016. On those for 2014-2015 the training budget was roughly \$305,000 and \$181,000 was spent. In 2015-2016 the training budget increased to roughly \$414,000 but roughly only \$153,000 was spent. Mrs. Boothe, this goes back now to the point I was making earlier. I am looking for a sense of confidence that these inefficiencies and these issues are something that are aware of by management and are basically being dealt with.

If I am going to have roughly more than 40 staff members in one department and there is one resignation and we have to go to an agency to bring someone in to management that unit, what it basically tells me is that of the 40 staff members that are there before, there is pretty much no training, no investment or anything in them, that if a vacancy does arise (and it did), that we had to basically go to an interim agency or interim company to bring in someone to head up the PFS.

[Inaudible interjection]

Mr. Christopher S. Saunders: The second issue, and the reason why I asked the question I asked, if they were local or not, is that what I have found, when it comes to collections, local knows how. It is actually very important when you can know who is who and who to call to get what. And the reality of it is that you are going to bring in someone who is not local. Were they on Island before? Where is the interim manager from originally, if you don't mind?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: The manager is from Jamaica.

Mr. Christopher S. Saunders: So, in essence you have 40 staff members, the majority of which are Caymanians and a vacancy arises and rather than finding one of those 40 to act, you basically went out to an agency, bring someone in and this person is supposed to have the local know-how. If the major issue in collections is the local self-paying people not paying, don't you think it would be best to have a local person pretty much in charge of that section so they will know exactly who is who and how to get it done?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: The remit of this person is still . . . we are to advertise for the position and one of the prerequisite needs to be a Caymanian who will fill that position.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Don't you think it would be best then to have a person or have a rotation of the people who are employed there, because you do have three team leaders being rotated around during this interim time, as opposed to going out to an agency.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: Right now the persons who are team leaders are not really supervisors and the skillset is not there in order for them to manage that department.

[Inaudible interjection]

Mr. Christopher S. Saunders: Through you, Mr. Chairman: How many resumes did these agencies send over?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: One resume, sir.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman, I have no more questions.

The Chairman: Mr. Austin.

Mr. Austin O. Harris, Jr.: Mr. Chairman, thank you and through you: Getting past the host of financial bad debts that we have but seeking some, I guess, encouragement that we have learnt something from our past mistakes, in addition to the bad debts the HSA has spent hundreds of thousands of dollars . . . sorry, the Government has spent hundreds of thousands of dollars settling law suits by CINICO. We introduced the CarePay system which was designed to prevent the accumulation of bad debt but in reality it actually cost us even more money.

The Auditor General at, one point in time, recommended that an anti-fraud programme be established and written into the policy and procedures of the HSA. Can you state whether or not this fraud programme has yet been implemented, written or considered to prevent the past mistakes from occurring again in the future?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, a fraud policy has been developed.

Mr. Austin O. Harris, Jr.: Again, Mr. Chairman, through you: A fraud policy has been developed, has it been implemented?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you, no sir.

Mr. Austin O. Harris, Jr.: Can you state why not?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, through you: We are waiting on the review of the board or the committee to sanction that policy before it is rolled out. It was developed internally by our staff.

Mr. Austin O. Harris, Jr.: Thank you.

The Chairman: One final—

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, just one final statement I want to make. Miss Boothe, I just want to thank you first of all for coming here today. And, as I said at the outset, the two things I was looking from the financials and from your testimony here today were: 1) certain awareness of the issues; and 2) for us to see if we could get some comfort level that the internal processes that are supposed to be there are actually in place. I am going to state for the record that that confidence level for me has not been met because some of these numbers and the analysis do not add up. And maybe this is something that we

can take off line in terms of getting some of the answers.

What is scary to me—and what I am going to say to you, I am going to say to every witness—is that there is a certain amount of nepotism that has been going on within the HSA and I am going to tell you right now, it is going to stop. It does not matter to me what happened previously, even though there are a lot of lessons learnt, but I can tell you for the next four years, while I am a Member of this Legislative Body, there is going to be an extra two pairs of eyes on the HSA and its activities.

I am going to tell you right now and everyone coming behind you all, that there is a culture inside the HSA that is already brewing that is being developed and that is not in the best interest of good governance and accountability. I am going to tell you right now, you guys need to start looking because you will find yourself back here many times answering many questions. And the reason for that being is that 1) I am getting far too many complaints from staff at the HSA with regards to succession planning, training and too much “friend-friend” business that needs to stop.

So, I just want to state that right now. And within your area, there are too many complaints that we are receiving now. This is something from the PAC standpoint that we will asking the Auditor General to be taking a closer look at a lot of the HR policies and a lot of the HR issues because I am still uncomfortable that we are at our maximum operating levels in that regard. So, I just needed to put that out there. Thank you, Mr. Chairman.

The Chairman: One final clarification for me. In relation to the bad debt, you said earlier that you had issued an RFP and you have awarded that contract now to a law firm. Was the law firm HSM that won the bid?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: But you are now negotiating with them to determine how they are going to collect it and how they are going to be paid?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, we are discussing more effective ways in which we would like the collections of the outstanding accounts to be executed.

The Chairman: But was not a part of the RFP?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman.

The Chairman: Well, how—

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: It is a part of the RFP but the HSA needs to ensure that in the execution of the agreement all the requirements are captured and agreed by both parties.

The Chairman: But why are you so concerned about that if they are going to give you 100 per cent of the fee that they collect? Should not your objective just be that they collect the money as you have given them the job to do it? Because the methodologies that you have been using, I can't really describe them as being successful. My concern is that we don't want those methodologies transferred now that you have hired a big law firm to do it, to them and then they can come back and say, *Well, we could not collect it because you put these limitations on us.* All of that should have been in the RFP. I would have thought that the successful bidder would have been awarded based on their methodologies to collect it and the likelihood of them collecting it and not in a position where you award it to them because I have not seen the RFP. But now you turn around and you are going to negotiate what limits and controls and methodologies you are going to put on them to collect it.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, in terms of the agreement, the prior collection agency, the agreement was for them to charge the patient an administrative fee. This is not the case in the second RFP; it is a percentage of the collection that the company will take. So, we are looking at giving them a period in which they need to collect X amount to see what returns we will be able to obtain from the outstanding debt. So, it is not changing the RFP.

The Chairman: Okay. But you are going to pay a law firm a commission which may include legal activities in court. Is that legal under our system for lawyers? Are lawyers in this country now allowed to charge on a percentage basis for appearance in court?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Mr. Chairman, that is a separate thing; fees for going to court are separate and apart from the collection fees.

The Chairman: So, you are going to agree that if they write a letter and they collect \$100, they will get a percentage of that \$100? If they have to take the person to court to collect it, you are going to pay them for the court charges separately from the commission on the collection?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Yes, Mr. Chairman. And remember that when things go to court, there is some

requirement that the law firm . . . we should be able to recoup that legal fee from the patient.

The Chairman: Anyway, just to bring this a close, I want to remind you all . . . sorry, go ahead.

Hon. Bernie A. Bush: One last question, Mr. Chairman.

The Chairman: We are running late.

Hon. Bernie A. Bush: We understood that you have about 40 staff [personnel] in your section. We understand that one person is on secondment from a . . . What do we call those firms?

The Chairman: Agency. I don't know which one.

Hon. Bernie A. Bush: The firms that get temporary [personnel].

How many staff do you have in your section that are under contract and are not Caymanian of the 40?

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: I think it is one in that section, sir.

Hon. Bernie A. Bush: Thank you very much.

The Chairman: I just want to remind you of all of the statement made by the honourable Financial Secretary, Mr. Kenneth Jefferson, when you all were here on Wednesday, September 7th 2016, dealing with the 2014-2015 accounts. And, Mr. Jefferson, I hope you do not mind me quoting you. This is so informative and obviously it has been ignored and I do not take kindly to people like Mr. Jefferson giving you all advice and it is completely ignored. So, I am going to read verbatim what he said with the hope that attention is going to be paid to it now.

I quote: "Mr. Chairman, if I could just add a few comments. Excuse me, sir. I am certainly not meaning to turn this into an accounting lesson or anything but there is a very important distinction between a bad debt and a doubtful debt.

"A debt that is deemed to be a bad debt should be written off completely immediately. A debt that is deemed to be doubtful, obviously, form its very terminology . . . a doubtful debt is a debt that would then give rise to a provision and the extent of that provision can vary, it can be . . . as an organisation you may deem that it is fairly good on collection but there is some doubt, so the percentage that we put into the provision for doubtful debt could be 25 per cent. If you are very worried about it, it could become 80 per cent or 90 per cent. But a debt that is completely bad and

you have no doubt about it, should be written off completely and that debt should not form part of the provision.”

We keep getting back to what is your definition of a bad debt and I am very troubled by the fact that you say all of this is bad debt but you hope to collect it and there is no annual write off of the bad debt, what has been certified as a bad debt as opposed to a doubtful debt. You need to take the suggestion of the Financial Secretary seriously and complete the analysis a.s.a.p. because we asked for this in September 2016 and obviously it has not been done; that this debt be analysed to what is bad debt and what is doubtful debt. From what you have said this morning, it appears that once you have not collected in a year, you transfer it from doubtful debt to bad debt. And if it goes on a bad debt the Committee tends to agree or agree fully with the Financial Secretary. If you have certified it as a bad debt it should be written off and not continued to be carried on your books as a doubtful debt.

Thank you very much, for your time, ma'am.

Mrs. Heather Boothe, Chief Financial Officer, Health Services Authority: Thank you.

[Pause as the next witness enters the Chamber]

ADMINISTRATION OF OATH OR AFFIRMATION

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I truly declare and affirm that the evidence I shall give in this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth.

The Chairman: Thank you. Good morning, Mrs. Riley and we want to welcome you to the Committee and thank you for taking time to come here.

I think this is your first appearance before the PAC, so if you could give us a summary of your role and responsibilities within the HSA, that would be a good place to start.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I am the Human Resources Director and I am responsible for the strategic direction of the organisation as it relates to its employees.

[Inaudible interjection—microphone not turned on]

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Yes, it is.

The Chairman: What are the hiring policies of the HSA in terms of encouraging Caymanians to apply and to get positions at the HSA?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: We invite people through advertisement or career affairs or we reach out to people overseas, summer internships, those kinds of programmes, encourage Caymanians to come to the workforce.

The Chairman: How much—

Hon. Bernie A. Bush: Mr. Chairman, before you go to that.

This is the first time you have come before this Committee?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Yes . . . Mr. Chairman, through you.

Hon. Bernie A. Bush: Yes ma'am, through the Chairman.

Can you give us an idea of your previous experience or your qualifications in HR please?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Sure.

My qualification is a Masters in Human Resources Management from the Portsmouth University in the UK. For experience, I have been working at the organisation from 1993 and I have grown through that organisation to this position.

Hon. Bernie A. Bush: Thank you. Thank you, Mr. Chair.

The Chairman: How much involvement did you have in the rationale in the decision-making process to do self-health insurance for your employees' versa contracting with a provider?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: We are actually contracting with Brit-Cay to offer health insurance. We are administer of the Plan if that is what you are asking, Mr. Chairman.

The Chairman: Well, that is not the evidence that has been given to this Committee. When did you go fully to Brit-Cay?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: We started in, I think it is 2012 . . . I think.

The Chairman: Okay. The last evidence we were given at this Committee in September last year was that the HSA self-insures and they only use Brit-Cay for anything over \$300,000 mostly for overseas care. So, you can't have both; you have one or the other.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Mr. Chairman, let me explain that: For the local care, the HSA uses the Brit-Cay to administer that and it is covered through the HSA. For overseas care, we use Brit-Cay through their third party network to administer health care benefits.

The Chairman: Serjeant-at-Arms, can you determine who the people are in the Gallery and make sure that they are not any potential witnesses, please?

So, you said that you—

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: For the overseas care—

The Chairman: Let's talk about the local care.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Right.

The Chairman: You use Brit-Cay to administer your care?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Here yes, at the HSA. Yes sir.

The Chairman: But you do not buy insurance from them?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: No, we don't; we just pay for administration fees.

The Chairman: But why would you be paying them . . . Can you administer your own health care in your own organisation?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I think the background to that, Mr. Chairman, was that to make sure we have all the data and to help us as well with that overseas aspect of managing expenses associated with persons that we send overseas.

The Chairman: But does not most of the private insurance companies and CINICO use you all as a means of managing the health care when you refer somebody overseas for health care, i.e. if you send me overseas for heart, they don't turn around and treat me for burn foot?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I cannot speak to back then but what I can speak for is now Brit-Cay is managing that, Mr. Chair.

The Chairman: At what cost?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I don't have the details on that, sir. I can get that.

The Chairman: Please.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Sure.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Any reason why Brit-Cay as opposed to CINICO?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman, I know we did an RFP some time ago and they came out the successful bidder; that is as much as I am aware of.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Unfortunately, Mrs. Riley, it does not work like that down here.

We are expecting Civil Servants and everyone to get insurance through CINICO. CINICO is the entity that actually pays via the Government, the most money into the HSA. When business is done between two government entities, regardless of cost of whatever, it still nets zero when we look at the entire public service. So, we are now being made to understand that the HSA which is the biggest customer for CINICO, when their time comes where they actually need services, they turn around and go get a private sector company. What does that say about CINICO or CINICO's ability to administer these kinds of benefits? What does it say to the public when the HSA is using (no offence) a competitor of CINICO?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman, your concerns are noted. Unfortunately, I cannot give you the background into the thought process of why CINICO was not used at that time.

The Chairman: But—

Mr. Christopher S. Saunders: Sorry.

The Chairman: Are you not the person responsible for managing employee benefits?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Mr. Chairman, I am but for the RFP section, that is how I was involved in terms of . . . I don't know the details into the background.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: One of the reasons why we ask people to explain their roles and responsibilities is that we do not want to ask someone a question to which it falls outside of their remit. In your opening statement you basically said that you were in charge of the strategic direction or something along that line, as it relates to employee benefits. Are we, the Committee, now to understand that something as basic as the strategy direction that should be taken for employee benefits, you were not consulted on?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman, as I said, we started this in 2012. I was not the HR Director then. I became the HR Director in April, I believe, and the strategy behind who goes where or what company we use, I am not familiar with it. I do know that from a competitive bid we really decided to go through Brit-Cay.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: So, within the five years that you have been there, are we to understand then, that at no point did you guys sit back and revisit this, even from a cost or an efficiency standpoint to see if it was . . . to send it back out to bid or revisit the tendering process?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman, unfortunately, I am not familiar with that piece of information.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: I realise that this witness had missed part of my opening statement and I just want to repeat it so that you can understand, Mrs. Riley, where I am coming from.

One of the concepts that I use within business is a balance scorecard approach where we look at financial performance, internal processes, customer service levels and we also look at basically new initiatives to see exactly if the HSA or whichever entity is staying current. What we are looking for today from the testimonies that we are to receive is 1) the internal controls if they are there, to ensure that the HSA is operating efficiently; and 2) the people charged with those responsibilities are aware of those responsibilities and to provide the Committee with some level of comfort that in essence they are the ones to do the job.

At the end of the day what we are looking for is that based on these reports that I have gone through—and just for the record, these are all public documents—I have read “Ensuring Quality Health Care and a Healthy Population” which was put out by the Auditor General in January 2017; and the “Cayman Islands Health System” by the Auditor General, 2017; the “National Health Policy and Strategic Plan for the Cayman Islands 2012-2017”; and also the 2014-2015 and 2015-2016 Financial Statements. So, that is how I prepared for coming to this Committee. And based on what it is I have been reading in these report, it does not paint a good process or it does not provide me the level of comfort or confidence that I need within the HSA.

When you understand how important the HSA is to the overall Cayman Islands economy, we need a certain level of confidence and the Caymanian people also need a certain level of confidence that the people who are in charge of the HSA, the strategic direction and the day to day operations are the ones carrying it out.

So, what we are looking for and if this is something that falls under your remit, is that 1) we are looking for answers; if you do not have them, then, that fine, there's nothing wrong with sending back some answers. However, what we are looking for is 1) the more strategic direction; 2) the level of efficiencies; and 3) your understanding of your role and what it is that is expected of you within this role.

So, to basically say that this happened before your time does not bode well because at the end of the day, it is now your responsibility. I mean, if that is the case, every witness can come here and say, what they started from was in the 70s and 80s and it does not work like that within an Authority. So, that is really what it is that we are looking for.

I know this is your first time, so I am just trying to explain to you. But don't worry; it is my first time too so, do not feel bad. But I have watched it enough on television.

The Chairman: Mr. Austin.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman, through you: Mrs. Riley, thank you for being here. From a human resources standpoint, the Auditor General noted that for the year ending 30th June, 2016, overtime expenses amounted to \$2.9 million which represented an increase of some 310 per cent over and above that which was budgeted for. In her report, the Auditor General stated, and I quote: “Overall, the Government lacked the resources and information required to manage the health care system effectively.” [UNVERIFIED QUOTE]

We heard earlier in terms of the available staff complement for just one department alone, that being, Patient Financial Services that has been charged with

recouping some of this bad debt, that that department alone has some 40 staff [personnel]. My question is threefold and I will ask them all at once:

- 1) Can you state for the benefit of this Committee, what is the total staff complement of the HSA?
- 2) Can you state whether or not the HSA has achieved the desired staff complement that would eliminate or reduce this reliance on overtime?
- 3) If not, how many additional staff [personnel] are needed to meet this threshold?

Thank you, Mr. Chairman.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman: The first question, if I understand correctly; the overtime cost . . . can you restate that, please?

Mr. Austin O. Harris, Jr.: Yes. I was just stating that in June 2016 overtime amounted to \$2.9 million or an increase of 310 per cent. Presumably the limitation of staff [personnel] is working more hours to fill the gap, so, the question is: Can you state what the total staff [personnel] complement to the HSA is? Can you state whether that staff complement has achieved the desired complement that would otherwise reduce this overtime, and if not, how many additional staff would the HSA require in order to meet that threshold?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Through you, Mr. Chairman: The total count for budgeted positions is 890 and on a monthly basis roughly 833 are on staff at any given time. That is as a result of turnover. So, of the overtime totals, this year we have had significant turnover in areas such as nursing, mostly nursing. So, you would see some overtime coming through that area.

Mr. Austin O. Harris, Jr.: Again, thank you.

You have answered the first question. Your total staff complement is 890 with 833 staff on staff.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Right.

Mr. Austin O. Harris, Jr.: Is this number sufficient to meet the staffing requirements of the HSA?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: We have had for this but the next budget year . . . oh my goodness. Sorry, Mr. Chairman. Through you, Mr. Chairman—

The Chairman: Once you deal with that the first time, you do not have to repeat every time; you have established the protocol.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Okay. Thank you, Mr. Chairman.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: We have budgeted because we have identified some areas that need to be enhanced and for the next budget year we have, I think it is about 9-something; I don't have the exact information for that but it is roughly 900 and something. We are bringing that budget amount up to help us to close those gaps.

Mr. Austin O. Harris, Jr.: Just so I can understand—total staff complement presently of 890 which is 10 away from 900.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Right.

[Inaudible interjections]

Mr. Austin O. Harris, Jr.: The budget is 890.

Mr. Christopher S. Saunders: But actually it is 833.

Mr. Austin O. Harris, Jr.: It is 833 on staff. To give this Committee and the listening public some understanding as to how many additional staff [personnel] are needed, of the 9-something, is it closer to 910 or is it closer to 950?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Maybe about 930.

Mr. Austin O. Harris, Jr.: Nine-thirty.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: And some of those areas are probably . . . not probably; are set aside that we should be making revenue from them.

Mr. Austin O. Harris, Jr.: So, an increase in the region of 100 additional staff?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: If it is 890 and 930 . . . no, pardon me.

Mr. Austin O. Harris, Jr.: So, 40 additional staff?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: About 40; that is correct.

Mr. Austin O. Harris, Jr.: About 40 additional staff?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: About 20-something in the output and the balance on the HSA books.

Mr. Austin O. Harris, Jr.: Alright.

Of that 40 increase that is needed, are these administrative staff or in the areas where you are seeing the most turnover in the medical staff; nursing for example?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Some in nursing but it is mostly clinical because we had to show that we are going to be able to fund these positions. So, physicians, nurses and then some clinical support staff to go with that.

Mr. Austin O. Harris, Jr.: In terms of your nursing staff complement . . . Are you alright?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I'm okay. I will be okay. Thank you.

Mr. Austin O. Harris, Jr.: Do you need a moment? Do you need water?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I am kind of wheezing but I that is okay.

Mr. Austin O. Harris, Jr.: The PAC has that effect. Don't feel too bad. They pride themselves on it.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I will be okay. Thank you.

Mr. Austin O. Harris, Jr.: Of the staffing resources as it relates to nursing in particular, we have the School of Nursing at UCCI right now. Have you identified any staff that could potentially be attracted from that nursing programme? Or, can you state to this Committee what efforts have been made to identify these additional sources and from where will they come from?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Absolutely! We have nurses that were actually on staff at the HSA that we supported to do the nursing training and they are scheduled to return after they have finished their registration enrollment.

Through you, Mr. Chairman, I do need some water. Thank you.

The Chairman: Does your staff work an 8 hour shift or a 12 hour shift?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: It depends on the area. Most clinical staff does 12 hour shifts.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman. Of the 833 staff, Mrs. Riley, how many are Caymanians?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Okay. Fifty-seven per cent. Four hundred and seventy-six employees are listed on the books as Caymanians and that does not include PR or persons married to Caymanians.

Mr. Christopher S. Saunders: Okay. Thank you, Mrs. Riley.

Now, here is where I am trying to get my head wrapped around. I am looking at the last Compendium of Statistics that was released about a little over two weeks ago by the Economics and Statistics Office. In particular page 53 of the Compendium of Statistics, when looking at the number of people admitted to the hospital, in 2012 it was 5,301; 2013, 4,722; 2014, 4,927; 2015, 4,955; and 2016, 4,667.

I also noticed that there is a steady decrease in the number of dental clinic patients between 2012-2016.

The Chairman: Do you need a break, ma'am? Okay.

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I do.

Mr. Christopher S. Saunders: Okay.

The Chairman: Do you have an inhaler or something you can use with you?

[No audible reply]

The Chairman: You did not bring your medication? You have asthma?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: Not diagnosed.

The Chairman: Do you want us to call 911 for you?

Mrs. Brenda Riley, Human Resources Director, Health Services Authority: I think I will be fine, I just need a moment, and if I could get the water, Mr. Chairman.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: The water is coming right now.

The Chairman: Let's take a break.

Proceedings suspended at 10:46 am

Proceedings resumed at 10:49 am

[Next Witness enters the Chamber]

**ADMINISTRATION OF OATH
OR AFFIRMATION**

Ms. Lizzette Yearwood, CEO, Health Services Authority: I Lizzette Rachael Yearwood, do swear by the Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth, so help me God.

The Chairman: Thank you. Miss Lizzette, Good morning and thanks for coming. There is a little stack of papers that I stacked there that belongs to Mrs. Riley. She had an unfortunate medical issue that we had to take her to the hospital, and so, I would appreciate if you could take those for her for me please.

Ms. Lizzette Yearwood, CEO, Health Services Authority: I will with pleasure.

The Chairman: Have a seat, ma'am. Have a seat.

As you know, Mrs. Yearwood, we are dealing with the 2016 audited accounts and once again you have gotten a qualified opinion. The other aspect I noticed was that there were a number of adjustments that had to be made during the audit. Can you give us some explanation as to why so many adjustments were necessary to the accounts?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, before I start, I just want to publicly thank the finance team at the HSA for the hard work that they have been doing in order to get our financials to a clean opinion. I am sure the honourable Public Accounts Committee will recognise that the number of qualification points has significantly reduced over the years and we are in a position now that we are quite confident that by the end of 2018 we will be able to clear away these qualification points and be able to achieve a clean opinion.

Now, remaining on the Auditor General's report, are four qualification points and those are the patient services fees and the accounts receivable. Those are areas where we are trying to strengthen the internal controls to make sure that there are controls in place that we can reliably have the Auditor General have those two qualifications removed. And, we have also employed a third party company in order to do our post-employment employee health cost review, and that report we have in hand so that is something we will present at the next audit.

The Chairman: Thank you very much.

We were just told by your Chief Financial Officer that it has taken six months to recruit personnel at the HSA. Can you explain to us why it has taken that long to recruit someone?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes sir.

Mr. Chairman, we had an unexpected resignation of one of our key positions because, as you can appreciate, for the remaining part of this year it is very crucial for us to have a lot of work in place so that we can get a clean opinion for our 2018 financials.

The resignation of that key position came, like I said, quite unexpectedly. So, what we have done is to actually use a local company to fill that position while we recruit somebody to fill it permanently. The reason why we gave them a six month contract is to ensure there continuity in the work that is being done, because as you can appreciate, if you are bringing in somebody brand new into that position who does not really have the experience that is needed, there is going to be some experience that is going to have to be gained. There is going to be a learning curve and at this point in time we cannot let off of the pressure that we have on us in order to make sure that these things are put in place for a clean opinion to be achieved.

So, it is not that we knew in advance that it was going to take us six months; the reason being is that we know that between now and the end of the year we have a significant amount of work to be done, and therefore, we need somebody who can be working on those items without any break in that momentum.

The Chairman: Some of the questions that the Committee are concerned about is bringing somebody in from overseas right into the system that you are putting them. Do they have a learning curve that they are going to have to go through as well?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Good observation, sir.

The reason why is that it is not just anybody, it is somebody who is working with a local firm. The benefit we have from that individual is that the local company also has experience in this area, being that they have been a former member of government, so we also have the benefit of having additional skill sets from the company, it is not just one individual.

The Chairman: Are you suggesting that the local firm is continuing to supervise and train this person while she or he is working for you?

Ms. Lizzette Yearwood, CEO, Health Services Authority: The local firm is in collaboration, yes, be-

cause we have hired the firm, not the individual. So, it is the local company that we have hired in order to do the work. So, there are additional skills that will come from the company that knows the local environment.

The Chairman: Okay.

We provide every year a number of votes for specific purposes, for instance, medical care for indigents, ambulance service, mental health service, geriatric services, medical care beyond insurance, medical care for chronic ailments. Separate and apart from the public health related and school health and other sources, how does the HSA access these accounts? And, how do you get paid for them by government?

Ms. Lizzette Yearwood, CEO, Health Services Authority: There are basically two categories of the outputs that you are referring to, Mr. Chairman. There is one for direct services that we provide and the others are for those that are for operating deficits of a couple of the departments. So, for those that we are providing direct services, a billing is done every month to the Ministry and those funds are drawn down for those services. If those services are not used then we do not draw down on their funds.

The Chairman: Are you ready?

Mr. Christopher S. Saunders: Thank you Mr.—

The Chairman: Just hold on one minute.

Miss Lizzette, is somebody else coming to assist you?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I was expecting someone, yes, but with the transition she had not arrived as yet.

The Chairman: Oh. Is she here now?

Ms. Lizzette Yearwood, CEO, Health Services Authority: So, I would appreciate if she could come in.

The Chairman: Okay. When they are here just bring them in.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you so much.

The Chairman: Sorry, Mr. Saunders.

Mr. Christopher S. Saunders: Thank you, Miss Lizzette, for coming here today.

What we are trying to understand is, and going back to this—you said it was a local firm from a former government person. What is the name of that firm?

Ms. Lizzette Yearwood, CEO, Health Services Authority: FINCOR is the name of the firm. It is a local company.

Mr. Christopher S. Saunders: Alright, I have an idea who that is.

Now, where I am a bit curious about is that I am looking at the 2014-2015 Financial Statements and 2015-2016 Financial Statements and on the face of those statements on page 9 of both years, is that in looking at training and in 2015 we budgeted \$305,000 and we spent \$181,000; and in 2016 we budgeted \$414,000 or just thereabouts, and we spent just under \$153,000. What really jumps out at me is that when we have a department of over 40 staff members and then we basically have to bring in someone from outside an organisation with over 800 staff, it does not bode well 1) for succession planning; and 2) in terms of the training development of the staff members that you have. And I have said this speech and kind of forgive me because my colleagues are probably going to be hearing it for the third time.

One of the things that we are looking for, at least I am looking for today, and I take the balance scorecard approach in terms of kind of looking at the performance of a business where we are looking at the financial performance, the internal controls and the internal processes and also basically new services that may be coming online. We are looking for a certain amount of comfort level that 1) management is aware of these issues; and 2) that management has a plan to deal with these issues. And in nutshell this is a \$100-odd million a year organisation. It is not a small amount of money; it is one of the largest entities and one of the largest areas that government spends money and where the taxpayers and the people of the Cayman Islands invest a lot of money into. So, what we are looking for at the end of today is to have some comfort level in terms of what is going on at the HSA and thus the reason why we are here today.

There are some departments that are performing quite well and they are not here. And the fact that we are having this public hearing today says that there are questions, both from the public and from the Members of this Legislative Body with regards to what is going on with the HSA. So, that is the reason why we are here today. If everything was honky-dory and we were happy with everything, you would have gotten a letter from the Chairman that we were pleased, but the fact that we are here means that we have questions.

One of the things we are looking for or I will be looking for from your testimony today, is the strategic direction and also efficiencies. I can say to you that even in your earlier statement when you were thanking the finance team for their work, we are also very grateful for the work that the finance team has put in, but for us, putting in the hours and what is be-

ing put into the hours are two different things. And I can say to you unequivocally that in speaking for myself and some other members, that we were not overly impressed in terms of the responses and also the overall understanding of the financial issues thus far. So, that in itself is an area of concern. I will be curious to know and will take it up with the Chairman when he comes here today, of what is the complementarity of the Finance Sub-Committee on the Board and how the CFO is evaluated. I can say to you as a former CFO and former board member, the ability to evaluate a CFO is different. If you don't have certain skills a CFO cannot be evaluated. So, from that standpoint we need that level of comfort. And so far in terms of the numbers that we have been getting, I can tell you I am not impressed from that standpoint, and so, I just needed to state that for the record.

So, what we will be looking for from your testimony here today is more on the strategic side and more on the efficient side. And to give credit where credit is due, so I can just start out now, over the past five years revenue has been increased by \$19.5 million and expenses has been increased by \$16.6 million. So, in essence revenue has gone up by 22.8 per cent and the cost has gone up by 18.4 per cent. From my finance colleagues here, they will tell you that is positive jaws, so that is good for business over a five year period.

The problem is now is that when looking over the last three years, revenues have gone up by \$4 million or 4 per cent but expenses have gone up by \$6.8 million or 6.8 percent over the last three years; so we are looking at 2014-2016. And, between, 2015-2016, revenue is up \$2.2 million and expense is up \$2.1 million, so basically it is flattened out. And then, when it is realized that the cost is going up and we are making these kinds of revenues and are not collecting any cash, at the end of the day that really means nothing. And the fact that over a 12 year period where it was accumulated, I think, it was like about \$58 million or \$59 million and the last two years we added \$53 million to accounts receivable. This says that there is a serious cash collection problem. So, from that standpoint it is important for us to get some comfort level that the management team at the HSA is aware of these issues to have a plan and to have the will go get it done, and that is really what we are looking for here today. Thank you.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you very much.

Through you, Mr. Chairman, if I may respond to that: I think that the honourable House can be assured that there is the commitment, that we are going to make sure that all of these qualifications are removed from the books.

We have had a number of gaps in the controls over the years and as you can appreciate, you being a

former board member with the responsibility for Finance, you would understand the complexities for the HSA are quite varied. And what we have been doing over the years is basically chipping away one by one because they are not just varied but there are many; and therefore we are at the point now where what we have done for this last year, we had a report done to look at all of the remaining gaps that we have with our controls. Over the years we have been looking at it internally and we have been trying to make sure that there are controls in place to speak to all of those deficits to fill the gaps. But what we have now is basically a score card with the additional recommendations for the controls that are there.

I am quite confident as a CEO that we have the team in place with the additional resources to help us make sure that all of those gaps are filled. We have worked with the current CFO. I know that just by the face of it, it may look like there is not a lot of work that has been done over the years but I can guarantee you that she has been working very diligently with the team.

You spoke a while ago the aspect of training and that is, I think is a very key point. When we started off in 2002 we were a very manual based system and over the years we have become electronic and there has been a number of other financial regulations that have come into play. So, we have had to work with our staff in order to try to keep their training level up, so that they could basically work with the changes and keep abreast with those changes.

We now have another training plan that has just been ruled out for the Patient Financial Services team to again get them up to speed where those needs are, especially in the area of the registration. As you know, if you have been users of the facility when you come into the organisation, that is a key point of contact. If the right questions are not asked and the right documents are not produced at that point in time, often the services that are incurred might not be collectible. So, we have really focused on our registration team and just a couple of weeks ago we had them in a training session and we need to continue to do that internal training to keep them abreast of what is expected of them as an organisation, and also, what is expected of them from the finance and insurance industry.

The Chairman: Mr. Austin.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman. Through you: Good afternoon, Miss Yearwood.

Quoting from the Auditor General's Report and trying to quote it as much as possible as stated: "Overall the Government lacked the resources and information required to manage the health care system effectively; the lack of oversight and enforcement practices and the failure to properly oversee budget-

any usage to ensure value for money.” [UNVERIFIED QUOTE]

She goes on to state: “Without the resources and information needed to effectively manage the health care system, the Government cannot provide assurances to legislators and the public that it delivers high quality health care and achieves value for money.” [UNVERIFIED QUOTE]

We were told earlier from the previous HR Director that the HSA has approved funding for 890 total staff but presently it only has 833 on staff. We also noticed from the Auditor General’s Report that overtime for the year ending June 30th, 2016, saw an increase of 310 per cent over and above what was budgeted for. Obviously, this additional overtime presents wear and tear, not only on your human capital but certainly also on your budgetary financing.

Can you state to this Committee what the reasons are for the delays and hiring the 57 additional staff which budgetary financing has already been approved for?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you very much, sir.

Through you, Mr. Chairman: There are a number of reasons that create challenges for recruitment; one of which is the difficulty recruiting some of our professional staff. There are some positions that have been on our books now for a couple of years; oncologist is one that we are just not able to attract the individual that we desire with the current remuneration package that we have. We have been in discussion with the board about that and adjustments have since been made. So, we hope that this attempt now for recruitment will be more successful.

That also is a problem with some of our other clinical staff. With the nursing staff there is a high turnover. I think you may have recognised it in some other jurisdictions. They are giving citizenship papers to certain professional. So, we have been having to compete with that sort of environment. And over the years, you know, the professional team has been trying to make sure that we have other areas of satisfaction other than salary, but in an environment such as ours where the cost of living is high, that does play in, unfortunately.

There are some other areas as well that has impacted on the overtime, for example, where we have extended sick leave. We have had a number of deaths unfortunately in our staff cadre and we have had some extended sick leave with some various serious illnesses. So, what we have to do in the interim is to cover those vacancies with overtime until we can recruit. And in some areas those recruitments have been challenging.

There is another area as well that we are working on outsourcing the service, so there has been a number of vacancies on the books in that department,

and we have chosen to keep those until we can go through the outsourcing process rather than having to displace any additional staff that are hired in that department.

So, the reasons, Mr. Chairman, are varied, but we recognise that this is a key area and we are diligently working to fill those vacancies as we speak.

Mr. Austin O. Harris, Jr.: Mr. Chairman, again, through you: Of the 57 staff that have been budgeted for, would you say those 57 staff members are clinical in nature or non-clinical in nature?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I would say it is both; the majority are clinical in nature.

Mr. Austin O. Harris, Jr.: And as it relates to the overtime, the Auditor General made a very keen observation when she stated that “Reliance on overtime to such an extent could have a detrimental impact on staff wellbeing and the quality of care. Speaking specifically on the quality of care, there have been certain suggestions before this Committee, that, for example, the hours worked by your staff are having a detrimental impact on the patients at the HSA. Would you agree that this is happening or would you disagree?”

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you, I disagree with that. It certainly has not come to my attention because whereas we are focused on the quality of patient care. We are also focused on the quality of the staff, the HR environment that we provide for our staff. And if ever that had come to my attention, we would definitely make sure that that is dealt with. If the staff members are tired, we definitely ensure that they have time in order to be able to have some downtime.

Having said that, our staff members work very hard, and, of course, any number of overtime hours can be quite taxing from time to time, but it is not something that is sustained because overtime is shared amongst the staff; it is not one or two individuals that do the bulk of it.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman.

The Chairman: You currently work an 8 hour shift or a 12 hour shift?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, not with any respect, but I work a 24 hour shift.

The Chairman: No, I am not talking about you; I am talking about your staff.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Oh no, well, both.

The Chairman: I am not talking about managers; they do not work shift—you know that.

Ms. Lizzette Yearwood, CEO, Health Services Authority: The professional staff mainly work a 12 hour shift, for example, nursing and other clinical staff. For lab and radiology, those physicians work 8 hour shifts but they are on call as well, so they have an on-call rotation depending on the number of persons that are within their department.

The Chairman: Do you believe . . . so, when you work a 12 hour shift, what are you working? Is it four days on and 3 days off?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Normally it is four on and four off.

The Chairman: Four on and four off.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, sir.

The Chairman: Have you done a cost benefit analysis of a 12 hour shift with four on and four off versus an 8 hour shift with only two days off?

Ms. Lizzette Yearwood, CEO, Health Services Authority: It is not something that we have done in the recent past, Mr. Chairman, no, sir.

The Chairman: Because I would hazard to suggest that nurses in particular working 12 hour shifts, by the time you get to our 10, 11 and 12, if they are working, they are working at diminish capacity simply because they are human beings and not machines.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I am not sure if I agree with you in that regard. I mean, we have spoken to the staff on a personal level about how they feel about working 12 hour shifts versus 8 hour shifts in the past and they prefer . . . I mean, I guess it is something that you would have to adjust to—right? You would adjust your lifestyle; you adjust your family—

The Chairman: They like the four days off.

Ms. Lizzette Yearwood, CEO, Health Services Authority: And we do not see any difference in their workload and the work that they produce when they do the 12 hour shifts. But that is something that we can look at.

The Chairman: How many breaks do they get in a 12 hour shift?

Ms. Lizzette Yearwood, CEO, Health Services Authority: They get one hour and a half and they can split that.

The Chairman: No, but I mean is it regulated? Do they get a 15 minute break after three hours and then a lunch break after six hours and then another 15 minute break at nine hours, or do they just take a the one hour and a half at any time that they want during that 12 hour shift?

Ms. Lizzette Yearwood, CEO, Health Services Authority: To be honest, it is according to what the workload allows but we try to encourage that they take a 15 minute break earlier in the shift and then later they can have another break again. But it really is dependent on the workload, as I am sure you understand.

Hon. Bernie A. Bush: Mr. Chair.

The Chairman: Mr. Bush.

Hon. Bernie A. Bush: Over the past three years I have been asking questions with staff of the hospital, and make me say that both of my parents died there and you all did a good job. So, I am not here to grind the axe as some people would say, but do you feel that in the environment (and you may not be aware of as maybe you are perceived as a part of it) the staff will answer you honestly seeing the fact that the top echelon of the HSA is viewed as a cleft with nepotism and all of the various [INAUDIBLE] that go with it, that you will get a true answer.

I am going to give you a few things that I have made note of and you can then take your notes and come back. You said that the nurses, especially, with the 12 hour shift, it is not a problem. Well, I am telling you out of the 14 nurses I spoke to, 10 did say it was a problem.

Some of the other things that they complained about were nurse managers. What do nurse managers do? What is their role on the floor? Sometimes they are not even sure. Is it normal or acceptable for the nurse manager to be unreachable during the shift? I think she should be. Locked up in the office all day does not offer support for help to the staff even when they are short-staffed. When I went there one day a staff member said, "Come and we will show you." I walked in, looked, and then left and the senior came back and checked. I sat and observed for three hours, because there is one thing about the hospital, you will see everyone so there can be good conversations and observe at the same time.

Some of the other things besides their regular nursing duties, there is a problem at times in getting medication, and this is an added responsibility for the nurses because sometimes the patients need medication and they have to go and get the medication as the stock they have has been used.

Another thing which is amazing to some of the nurses is paper charting versus computer charting. And they ask the question of: Why do nurses have to complete any paper charting if they are documenting via computers what they are doing? They are wasting time, paper and it is another stress on the nurses. These are the kinds of things.

I asked two nurses why they were leaving and I asked them if they were giving an exit interview—no! I happen to have had an in-law working there who refused, under instructions from her husband, to give me any information, which I can live with and understand because at some point in time they may have to come back here.

Mr. Chair, through you: Being tired, being stressed, and sometimes it will not show in one week but it will show up eventually, and especially in the medical field it will lead to big mistakes. And we have had our share of mistakes, even as much as we try to cover up, we have had our share at that HSA. So, I am saying to you that something has to be done and looked at very carefully.

My last question now is: How is the upper management evaluated? Are there any goals set for them? And, how are these goals evaluated? There is a difference between output and evaluation because you can do something but whether or not it is done good, is another question. Thank you, Mr. Chair.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chair, through you: I start at the beginning by saying that the nursing department is one of the areas that has been affected by some of the shortages that we have had, so, yes, indeed, some of the nurses have had to work additional overtime hours and I publicly thank them for doing so. In the past and currently, our nurses put our patients first at all times.

It rather surprises me that you have heard from them to say that they do not have the support from management. You mentioned a word earlier that quite concerns me and that is “nepotism”. In a country like Cayman it is very difficult to say that we do not have . . . or we have a policy where we do not hire family members of staff that we have there, because, then, our recruitment challenges would be much different.

Hon. Bernie A. Bush: Mr. Chairman, through you: Madam, let me interject there for one second. “Nepotism” does not necessarily have to be family. You can use the word “cronyism” with friends. A perfect example is that you had a young Caymanian on temporary

for three years, but yet, someone came from the church of a certain higher person in the hospital (and these are facts; I got it all, because one thing you all have learnt since I have been sitting here, unless I don't have my facts, I do not say anything). That individual had no more qualifications than the Caymanian who was there but in six months they were confirmed. But the young Caymanian was kept on temporary for three years; those are the things that why . . . you can ask them all they want, they are not going because the view of the top echelons . . . maybe if there was a questionnaire or put your complaints in writing on a piece of paper without any name to it, then, maybe you would get some truths.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you very much, sir. Through you, Mr. Chairman: Just to continue to respond to that. We do have our HR policies that are rolled out. I personally do not recruit any of the staff other than the senior management team; however, I do trust that the practices are carried out. However, there are possible breaches in those policies and you bring to me those situations—if there is somebody in particular that you have a concern that we have not followed our process, I will endeavor to look into that to determine whether that is the case and hold the relevant managers or recruitment officers accountable for that.

Having said that, you mentioned that the nurses have exited the organisation without having had the opportunity for exit interviews, and I know this is something that the HR department is doing. I am not saying that everybody agrees to an exit interview but that is part of the performance, in that they are to offer them an exit interview. And recently we got back a report with some of the things that people were saying when they left and I was quite pleased actually with the information that they gave us. So, you know, the reason why they were leaving was usually to do with family reasons and not necessarily any reasons where they felt they were not treated properly within the organisation.

You mentioned that the nurses were having difficulties accessing medication and therefore they had to leave the unit to get that for the patient. I must say that within the last few years we have actually put in place an inpatient pharmacy and that has really, really helped significantly in the way that the team is able to administer their responsibilities to patients, because that is staffed by the pharmacy team. So, if pharmaceutical supplies needed that are not on the unit, then, it is not the nurses that would necessarily have to go and retrieve them as the pharmacy staff are able to do that. So, I am very happy about the performance of the inpatient pharmacy. In fact, the recent report that I got from them is that they are doing such a good job. We need to expand the location that they are in because they want to have additional supplies

in the inpatient area in order to be able to service the needs of the patients.

You also mentioned paper charting, sir, and I am not sure exactly what that is related to because we are fully electronic and whereas there may be some charts that are not in the electronic health record, there certainly is not a duplication of records that I am aware of but I would be willing to listen offline to see what that duplication and documentation is, because already there is enough required documentation that I certainly would not support any duplication in documentation if it is in electronic format and be requesting it in paper format as well. So, I will be interested to talk to you offline to find out what that is.

The last item that you queried was how the senior management team is evaluated. Those objectives are directly linked to the strategic objectives for the year and anything that is directly relevant to their department, those are objectives that they are required to report on and we work with them in that regard. I hope that answers all of your questions, sir, but if not, I am definitely willing to supplement.

The Chairman: Mr. Austin.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman.

Taking a look again at the finances of the HSA, the Cayman Islands HSA, according to the Auditor General has failed to maintain the legally required cash reserves for at least five years, 2012-2016, which a lot of that has been pegged to unpaid patient debts or bad debts. According to the Auditor General, the amount of account receivables, the HSA deems to be uncollected some \$94 million, is greater than the HSA revenue earned for one year in patient services of some \$84 million in 2016. In short, the Authority is not following its own relative Law as it relates to cash reserves. In your view, what is the solution to reducing the amount of bad debt, both in terms of recouping this outstanding bad debt which has largely been written off, but more importantly, reducing it for the future?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you very much, sir.

Through you, Mr. Chairman: In regards to the bad debt, that is something that we have been working with to reduce over the years and I think you will be quite pleased that we are now at the point where we have significantly reduced the provisions for the bad debt for this year because our collections have significantly improved. Now, that has not been an easy task, as I am sure you can appreciate we have done this with a lot of negative feedback from the public as well, but what we are trying to do, because we know that government has provisions and programmes in place in order to make sure that persons

living in Cayman who do not have the means to pay, can access health care.

What we have been trying to do with implementing our payment policy over the last few years—and, you know, I must appreciate the support that we have had from the board because they have really worked with us to make sure patients receive the care that they require, but we do that by helping them to access the programmes that are available within government; one being the indigent programme. So, we have been seeing a lot of the patients at the HSA over the years, treating them and not necessarily helping them to access the resources that are in place through the Needs Assessment Unit (NAU) and the Department of Children and Family Services (DCFS).

If you look at the records in recent years, we have actually had an increase in the number of indigents but it is because we are actually working to give them the coverage that they require now so that when they come to the Health Services it is no longer documented as bad debt or doubtful debt; we can actually collect for those services. So, I think that that is one of the areas of making sure that when people come, they have the means to pay because we do have an Insurance Law and the number of persons insured are still around, I think it is 90 per cent that was the last I have heard. So, that 10 per cent that is not insured, we have to work with them to find out why they do not have insurance, and if it is because they are not working or if it is because their insurance plan has been exhausted, that is when we have to assist them at accessing these other programmes in resources.

So, that is one of the areas, and then, when I spoke earlier about what we are doing in-house in order to strengthen the controls, that is another area. So, where we have bad debt, we need to make sure that we have done everything that we can in the beginning to give the Patient Financial Services team the best opportunity to be able to collect on that debt, because we know the older the debt, the longer it is owing, the less the chance of us collecting for it. So, there are a number of prongs that we have approached this through to ensure that we reduce that bad debt.

The other thing we are working with because I know at the last PAC we talked quite a bit about—why are we not writing off the bad debt? This financial statement was already in play and we had that discussion and we are working with our board in that regard as well. So, the efforts that we are making now in order to augment the internal team in their collection efforts, is really to ensure that we have done absolutely everything. We have analysed the debt. We have done everything that we can to collect it, so at that point we can reassure the board that we have done everything we can and that is truly is bad debt that is to be written off. I think over the years we have kind of just been holding on to it thinking, You know, we got

to try to do something else to collect this because surely we can't be writing off all of the debt. But the efforts that it takes to collect the debt that is over 365 days old is significantly more than when it is a new debt.

The Chairman: You said that you are trying to increase your access to indigents getting medical care, but yet, your provisions in the budget remain flat.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, what we are doing is working with the Needs Assessment Unit and if the amount is exhausted in the output, then, we go back to the Ministry and have a discussion in regards to a supplementary. But what we put in the output budget is based on the trend that we have seen in the past year.

The Chairman: That is the difficulty I have because while I accept the fact that you are making a greater effort to get people through that, it is not represented in the numbers, because there is no increase and you say it is based on actual patient billing for all of these areas.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes sir, Mr. Chairman.

There is another fund that the Ministry also pays from other than the output and that is the Segregated Insurance Fund. I think you are aware that that is a fund that is put aside for the indigent programme, so that too is used to supplement the actual output and that is why the output is a fixed number and then we draw down on those figures.

The Chairman: How is income from these votes treated in your account? Is it included in your patient revenues?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, Mr. Chairman.

The Chairman: The CFO said that you just contracted, I think, it was Deloitte for \$180,000 I believe was the figure, to analyse your bad debt, but yet she insisted that her bad debt is an aging criteria only as applied. What is this company going to analyse if your bad debt criteria is simply an aging one?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I think that maybe that was either misspoken or misinterpreted. We hired the Deloitte company in order to assist us review our controls that are in place, so that we can make sure that we are targeting all of the right areas when we say that we are fixing all of the controls for a clean opinion. As far as the bad debt is concerned, that is something we have been looking

at internally to analyse it and we are going to be hiring an external company to augment the efforts that we are making internally, and that is basically to escalate the debt to the courts if necessary, in order to make sure that we collect it.

Let me just also say that what we are doing, because we recognise that it is not an easy task obviously, because what we have actually yielded over the previous years has not been great. So, what we have done is to actually say that we are going to be piloting this and so, we are going to give them a segment of our debt and see how they can actually do in regards to collections and then we will roll out a process once we see how that works.

The Chairman: But she also said that through an RFP you had changed your debt collector and given it to a major law firm. Those are the ones now that the RFP, you are only given them a sector of the debt, is that division again being made on an annualised basis or a time or what criteria are you using to decide what chunk you are going to give them?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes sir, Mr. Chairman, what we are doing with that company, because it is a pilot that we are doing, we are giving them \$1 million and giving them two years to collect and are giving them anything that is over \$1,000 that is over 365 days old.

The Chairman: So, out of the \$122 million there is only \$1 million that is individually charged for over \$1,000?

Ms. Lizzette Yearwood, CEO, Health Services Authority: That's correct. That's to start with and then we will continue from there.

The Chairman: So, you are saying that out of \$122 million in bad debt, there is only \$1 million of that is made up of charges that are greater than \$1,000?

Ms. Lizzette Yearwood, CEO, Health Services Authority: No sir, what I am saying is that we have given them one segment and we are asking them to perform in that regard to help us collect in that regard, and depending on their performance in the collections there, then, we will determine how we move forward with the balance rather than giving them the whole debt and leaving it when we could actually be working to do other things in-house with it.

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, I just want to understand this for the record. The firm that we are hiring, we are only going to give them \$1 million of the debt that is over 365 days?

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is what I said, Mr. Chairman. We are giving them that initially, to work on and when they have completed that, then, we can fine tune the process to ensure that we can then expand on that to be learn from some of the lessons and be able to compound that.

Mr. Christopher S. Saunders: Just for the record—based on the 2015-2016 Financial Statements, the amount that is over 365 days is \$80 million and we are only going to be handing \$1 million of the \$80 million out, so what is going to happen to the other \$79 million.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, what I said is that what we are doing is we are starting there and based on how we perform and based on what works, then, we will be expanding that.

The Chairman: What timeframe is that?

Ms. Lizzette Yearwood, CEO, Health Services Authority: We gave them two years

The Chairman: You are giving them 2 years to collect \$1 million and so, in the meantime the bad debt continues to grow?

Ms. Lizzette Yearwood, CEO, Health Services Authority: And in the meantime we will continue our internal efforts, Mr. Chairman, to collect.

The Chairman: But the evidence before us based on the numbers, is, that your internal efforts are for naught because the HSA took 12 years to get to \$63 million in collected bad debt and two years to go to \$122 million beyond that.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I think in the last two years, what has impacted the bad debt is really the doubtful debt, in that we had provisions made for claims that were not adjudicated on a regular basis. So, that does not necessarily mean that it is bad debt; we would have collected on some of that subsequently.

The Chairman: I don't want to accuse you of cooking the books, but that is what it looks like if you're putting things into bad debt that you know are not bad debt.

Ms. Lizzette Yearwood, CEO, Health Services Authority: So, Mr. Chairman—

Mr. Christopher S. Saunders: Sorry. Just to keep it, I guess, more simple; if we look at the audited financial statements, in 2014 there was a total of just under \$69

million in accounts receivable, and at the end of 2016 there was \$122 million, so that was like \$53 million increase in accounts receivable over a two year period. And that, if anything, is alarming because going back to what the Chairman said, considering that you took 12 years to get to \$69 million, in the last two years you added \$53 million after you took 12 years to have \$69 million. So, that massive increase over the last 2 years is really alarming and I think that is really where the Chairman is. Ignoring the bad debts and the allowances this is just accounts receivable.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Absolutely! And I completely understand where your concern would be as a PAC. However, like I said, the recommendations that we discussed in September 2016, in regards to the definition of doubtful debt versus bad debt have not actually been implemented because this would not have been implemented in the June 2016 financials. So, that is where you see the difference. Again, it comes down to a matter of definition; doubtful debt versus bad debt because the doubtful debt is . . . because we have a policy where we put in place a provision for anything that is over 30 days old. So, that is where you see that the aging would have then been the reason why these debts were actually provided for, whereas, afterwards we would have collected. So, that truly is not the \$53 million for the two year period. It would not have been—

Mr. Christopher S. Saunders: Oh, sorry, Mr. Chairman, no. These are the numbers that the PAC is working on that the Auditor General audits. And what these numbers say is simply this: At the end of 2014 financial year, \$68,740,553 was owed to the HAS; that is the audited number. What it also says at the end of the financial year 2016, \$122,324,869 is owed. This is not about allowances, this is money owed to the HSA and what we are saying is that in the space of the last two years, a total of \$53 million was owed to the HSA, and when considering that during that period of time that you guys would have basically made around \$200 million, it basically means 25 per cent of what it is that you have in income is not being collected.

So, this is just what is owed, not about any definition; it is just raw. And why it is that is alarming is that at present at the end of the financial year, 2016, \$80 million was owed. And you are saying now that you are going to do \$1 million on a test case for two years, so the \$79 million you guys are going to try to manage in-house while this pilot programme for two years is going on. And what the Committee is saying is that in the last two years your accounts receivable grew by \$53 million. So, by the time you guys get around at this rate if you are consistent, this \$80 million would be basically \$133 million and we are only still chasing. So, that is really the issue. It is not about a definition, it is about what is owed to the HSA.

It is Note 5 on page 20 for both the last two financials where the information is coming from for ease of reference.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you, can I refer the Committee to page 10 and then I will ask my Financial Controller just to run you through those numbers, please?

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Through you, Mr. Chairman, we recognise that—

Mr. Christopher S. Saunders: Page and where?

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Oh.

The Chairman: You are talking about the Cayman Islands Health Services Authority accounts for 30 June 2016 financial statements?

Mr. Christopher S. Saunders: Page 10—Statement of Changes and Equity.

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Page 20.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Sorry, Mr. Chairman, it is page 20 on your report.

Mr. Christopher S. Saunders: Okay. Yep. It was the same one that we were looking at.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, sorry.

Ms. Salome Trinidad, Financial Controller, Health Services Authority: We do recognise, Mr. Chairman, that we have a gross receivable of \$122 million in June 2016. As explained by our CFO that there was major delay adjudication of claims from one of our major DPA during that time. And, as you recognise, we have also made a significant improvement in our collections going forward, July 2016 up to present. In fact, this August 2017 our gross accounts receivable had now went down to \$108 million from \$122 million in June 2016. So, that is around \$12 million reduction for the last 14 months.

Mr. Christopher S. Saunders: So, that is less than . . . sorry, so, August 2017 you are now at how much?

Ms. Salome Trinidad, Financial Controller, Health Services Authority: August 2017 it is now \$108 million because—

Mr. Christopher S. Saunders: So, that is \$14 million down in the last—

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Fourteen months.

Mr. Christopher S. Saunders: Fourteen months. You are doing \$1 million a month in terms of bringing it down.

The thing about it is if you are bringing this down by \$1 million a month and you are making roughly about \$8.5 million a month and you are bringing down your receivables by \$1 million, then, we can see why it got to \$53 million in the two years.

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Yeah, because of those—

Mr. Christopher S. Saunders: But the thing about it is . . . and I am sorry, this major adjudication issue, we have already established from speaking to your CFO that 72 per cent of your revenues are from government and the government pays. We also understand that 28 per cent is from the non-governmental which would be the insurance plus the private individuals. So, even if that is 50/50 and the insurance companies are paying, we still would have not gotten any clarity yet as to what the impact of this major adjudication is, because unless it is government, the reality of it is there is no way if government is paying, that you can go up to \$53 million in two years. So, based on that and based on the numbers that she gave us, this is the reason why I add my concerns.

Based on the numbers that she gave us, what it is basically saying is that the entire amount that was non-government for the past two years was uncollected. And that is really where the issue is and if government is paying. So, if you take, for example now . . . and we basically ran the numbers with her and we went through this, I mean, you are talking about \$27 million to \$28 million thereabouts, and twice that is \$54 million of which your accounts receivable went up by \$53 million and government is paying. So, there is a major disconnect between who is paying and the percentages. But either way, for these numbers to be what they are, then the breakdown of revenues can't be as how they are mentioned. And if that is the case, then I am really more concerned because thus the reason we can understand now the qualified opinion because it basically tells me that the management of the HSA does not know where the revenues are coming from and who it is coming from. And I think that is the comfort level that we need to understand.

We can now understand why Deloitte is being brought in to basically help them to recognise revenue, but this is a major issue.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: I understand where the discrepancy the member is referring to because government is made up of CINICO and the government outputs, and CINICO obviously is our major payer.

Mr. Christopher S. Saunders: So, CINICO is paying or they are not paying?

Ms. Lizzette Yearwood, CEO, Health Services Authority: At that period of time there was a transition and their TPA so the delay in the accounts being adjudicated then impacted the provision that we made for bad debt. I think that should put everything in context.

Mr. Christopher S. Saunders: Actually, no. You see, I am not been speaking about the provision of bad debt; I am just looking on pure accounts receivable. Basically from \$69 million to \$122 million in two years is all I am looking at—\$53 million.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Right. So, Mr. Chairman, through you, if the accounts are not being adjudicated, obviously, they are not being paid, so it is still accounted for in our receivables.

The Chairman: And that adjudication is still ongoing?

Ms. Lizzette Yearwood, CEO, Health Services Authority: That has now been confirmed and completed.

The Chairman: Why has it not been reduced by the amount that was being adjudicated, if that was the problem that created it in the first place? Once you got the adjudication completed, then, that should have disappeared and it should not be a bad debt. But we are still carrying the adjudication and you are telling us it has been paid and blaming the adjudication.

Mr. Christopher S. Saunders: Sorry.

Can somebody on the government side try to explain this to us because I am trying to wrap my head around this? Sorry.

The Chairman: Mrs. Winspear.

Mrs. Sue Winspear, Auditor General: Similarly, I just wonder if you could clarify the point you put something into CINICO. Does it not hit the accounts receivable at that point regardless of adjudication?

Ms. Salome Trinidad, Financial Controller, Health Services Authority: Yes

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes?

Mrs. Sue Winspear, Auditor General: Well, then that doesn't . . . well, then, the adjudication should not impact the accounts receivable number.

Mr. Christopher S. Saunders: That is correct.

Okay, I am just making sure I am not going crazy. Alright, thanks. That has been established. Thank you.

The Chairman: Okay. I think we need to move on because obviously we are not going to get—

Mr. Christopher S. Saunders: Mr. Chairman—

Mrs. Sue Winspear, Auditor General: Mr. Chairman, if it helps offline we could do some more work and do the report perhaps.

Mr. Christopher S. Saunders: Mr. Chairman, thank you.

We can move on. I guess the area I am concerned about, if you do not mind—going back again to efficiencies, the HR Director testified to this Committee that the budget was actually 890 staff members and she only had a complement of 833. So, in essence the HSA was running 6 per cent below budget in terms of the number of staff members. I the HSA is below budget regardless to the number of staff members, then, I am curious to know why the actual amount is above budget. So, you are 57 staff members short but you are roughly \$368,000 over budget even though you are 57 short of staff members.

The next issue for me that really alarms me the most is that 1) we are looking to increase now, according to the HR Director to 930 staff which in essence would increase which is roughly a 97 increase from what we have right now, and that will move your staff cost based on these numbers roughly within the \$70 million per year region once those positions are filled. The scare part for me is that if I take that number it then means that over the last three years staff cost would have increased by roughly 50 per cent but revenues over that period of time has been growing by around 9 per cent. So, that in itself is a serious inefficient use.

This is further, I guess, evidence. If you look between the 2015-2016 financial statement on page 9, staff costs actually went up by \$4.5 million but revenues went up by less than half of \$2.2 million. So, right there, what this is saying to us is that the inefficiencies are growing and we need to have some comfort level that the HSA management and the board is aware of these inefficiencies, what is actually growing and the fact that they have a plan in place. And if you look at it even with the budget for the 2015-2016 year,

you guys actually missed the patient services fees by roughly \$5 million, \$6 million short.

Just to close off and to put a bit of context in terms of where I am coming from, if you look at page 50 of the Compendium of Statistics that was released two years ago, you will see that between 2012 and 2016 that a lot of services that has been offered by the HSA has been trending downwards. Now, this is something we would be curious to hear later, if this is the Health City effect that is now kicking in, and if that is the case, then, what are the HSA's strategic plans to deal with this loss of revenues in key areas while at the same time growing cost? So again, this is really what it is that we are looking for from a more strategic standpoint that the management is aware of these inefficiencies, it is not going in the right direction and then what are the overall plans to deal with it. I think ultimately that is the main take away that I need from today.

We do recognise that there are challenges, yes. We do recognise it is not easy. And I can probably say that within this entire process, it is not easy. I can probably say that within this entire process, this Committee probably has the easiest job. You are the ones who have to deal with the public and everything else. We just have to make sure that the public is getting value for money and that the health services are there. But we need that level of confidence that the management is aware of these issues and are moving in the right direction and thus far, from the first two individuals who testified today, that confidence level has not moved and this is really where the issue is; is that it is more strategic which is your area of responsibility and that is really what we need to understand, what is the HSA's plans, because ultimately, this will remain a strain on the government purse and also for the people via taxation.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you.

Through you, Mr. Chairman, as has been identified, the staff cost have been exceeding the budget and we talked about some reasons for that earlier of the fact that where we have overtime. And also, the health cost is actually built in. The cost for health care is built into the overall staff costs as well. And we have had a number of staff that has had some major illnesses.

Now, where the HR Director had alluded to is in subsequent years in regards to some positions that are actually revenue generating positions, and that would really be the strategic direction of the organisation. Because, as many of you would appreciate the waiting time in some of our clinical areas is quite high. So, we need to ensure that we can actually service the patients in a more readily manner. We are going to be including some additional clinical positions hopefully in the next budget year. So, that will definitely

improve on our revenue generating basis as we will be able to reduce our waiting time and overall, improve the quality of care that we are able to offer.

Mr. Austin O. Harris, Jr.: Mr. Chairman.

The Chairman: Thank you, Mr. Chairman.

Just speaking to the efficiencies in your approach to dealing with bad debt, but also so I can understand better your approach, you just stated that in past years you, being the HSA, have not achieved much success in recouping bad debt. I think we all can accept that is quite the understatement. But you also stated that you are about to engage in a pilot programme with a new debt collection agency to test their rate of collection success, starting with a small collectible of \$1 million, however, a period of five years between 2012 and 2016, the HSA partnered with not one, but two, debt collection agencies; one responsible for overseas patient fees and the other responsible for local debt. Whilst we were not informed of the success rate of the collection for overseas patient fees, the local company was given an allotment of some \$4.2 million worth of debt for collection with less than 3 per cent actually collected; some \$126,000. Is it safe therefore to say that the pilot for whether these debt collection can be successful has already been tested and found wanting or perhaps is there something different in this new agency, HSM, I believe, as compared to previous attempts?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you, sir.

Through you, Mr. Chairman: The strategies that we are going to be implementing with the new collection process have not actually been utilized before. As I said earlier, we will be pursuing those debts to the full extent of the Law. If necessary, we will take them to court. And we believe that that is necessary for those cases that we have a good idea that they are able to pay and then we will be able to recoup those fees through the courts.

You made reference to an overseas collection agency but just to be clear, I think that that is with Treasury because with the HAS the only overseas debts we have are really for visitors. Those visitors would have access services on Island. We are not in the position to recoup debt that is incurred otherwise.

Mr. Austin O. Harris, Jr.: So, Sunbelt Medical, this company which is listed as an overseas collector, what is that?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Okay. My Financial Controller has just reminded me. Those are the ones who will then pursue the visitors' debt. When they leave the Island they will

then pursue the debt that is incurred by visitors. Thank you.

The Chairman: But don't you require visitors to produce a credit card or some other form of payment prior to . . .

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, we do request for credit cards. Sometimes when we go to run the claim the credit card is no longer . . . you know, it is maxed out or no longer in place. We have a number of—

The Chairman: You do not test it before you accept it?

Ms. Lizzette Yearwood, CEO, Health Services Authority: We have to apply the charges after they are incurred, Mr. Chairman. And what we try to do is to work with them as much as possible upfront but sometimes when the claims are levied, they've . . . or maybe they don't have any means when they come into the emergency room. They don't have an insurance card; they don't have credit cards, so obviously when they come into emergency we have to treat them and then we deal with the payment afterwards.

Mr. Christopher S. Saunders: Through you, Mr. Chairman.

One of the reports I read in preparing for this PAC was a report that was issued in January 2017 by the Office of the Auditor General entitled "Ensuring Quality Health Care and a Healthy Population." On page 3 of that report it says: "We concluded that there are shortcomings in the government's management of some its roles and responsibilities, to the extent that they may compromise the achievements of its stated aims of ensuring quality health care for the people of the Cayman Islands and a healthy population.

"The Government does not have the resources or the information required to manage the health system effectively and neither the Legislative Assembly nor the public can be confident that high quality health care is being delivered or that value for money is being achieved." [UNVERIFIED QUOTE]

Between this report of "Ensuring Quality Health Care" and also the "Cayman Islands Health System", and, as well as the "National Health Policy and Strategic Plan for the Cayman Islands 2012 to 2017", when we actually go through those three reports, there are major concerns with regards to overall health care. And the thing I am looking for more than anything, Miss Yearwood, is the fact that clearly something is amiss with the current system, and some of it would have to be changes re: legislative, some may have to be political.

What we would expect from the people into the day to day systems is to say: *Guys, listen, this is*

not working. A \$53 million increase in two years in accounts receivable is not working. We are not on the right path. And at some point we need to have the national conversation as to—do we move to a universal health care system? Do we move to something else? But the reality of it is there are a lot of expectations that are being placed under the HSA.

Now, my personal opinion and it is that personal. I start with two questions: Is health care a benefit, or, is it a right? If it is right, then, it changes the way in which we administer health care in this country. If it is a benefit, then, we continue on this path. But either way, the reality of it is that this system is not working. The reports have said it is not working. There are really no measure practices for it and what I would expect ultimately—and this is why the National Health Policy and Strategic Plan is important in terms of updating. Now, some of this (and I recognise that you are a part of that also) we will have to deal with it later at a Ministry level where policy is set, but in your role as the day to day person that carries out the administering, we would expect at the end of the day, not just a defence of the system as it is right now, but what is it that you think would be the ideal scenario.

What I am having a problem with is that the people of the Cayman Islands are being taxed twice. In the private sector we are paying premiums to health companies and contrary to being told here that they are actually collecting from the hospital, because we accept that 10 per cent of the people do not have insurance (let's accept that based on the testimonies that we have received) and that 90 per cent of the revenues are basically from people who some level of insurance that comes into the HSA, there is no way under God's green earth that these numbers can be that way when looking at the trends. And we are going to say that 10 per cent of the people who are not insured are responsible for \$53 million growth in two years? Impossible!

So, clearly there is something amiss and what we would expect more from your role—and this is, I guess, the one question I would like from you, in that your years of being there recognising that every year the hole is going to get bigger and bigger and bigger. The trends do not show the HSA revenue is growing. There's definitely impact from Health City and we see it in their marketing and everything else where they are taking more local businesses. We can't be just throwing cost and we expect revenues to grow just as quickly. What we would more expect is a strategic answer to say: *Guys, this is what the ideal situation would look like.* If you do not have that answer today that is fine but ultimately it is that strategic. The day to day stuff we expect from your team but that strategic direction is more what it is that we are looking for.

Trying to fix this, I am going to tell you right now, between 2002 and 2017 (15 years) this hole is going to get bigger and bigger and bigger and the so-

lution cannot be that we continue business as usual. And that for me, hopefully, the next time when you do arrive here, that is more the answering that we will be looking at, more strategic as opposed to operational.

You have a big organisation; it is over \$100 million a year. It is a lot of moving parts. I do not expect you to know where every single screw and every single joint is. But what I would expect is ultimately in your role as CEO, you know the direction of where the HSA is going, and based on these numbers and the trends in what we are seeing when we put everything together, the reality of it is, the numbers are not trending the right way. It is not a sense of optimism so we need to change strategic direction. And I think this is where the Ministry and the HSA will have to work together now to say, Guys, what else can we look at? Bringing consultant after consultant, trying to fix this, is not going to work.

Mr. Austin O. Harris, Jr.: Mr. Chairman, if I can just compliment the remark in question my learned colleague just made, looking for some degree of a strategic direction, five years ago the Government introduced what we understand to be the strategic plan for health care in an attempt to return some degree of consumer confidence to those who would utilise the facilities but also in the same token, manage expectations from a governmental standpoint. It was called the National Health Policy and Strategic Plan for the Cayman Islands, 2012-2017.

Like most strategic plans, according to the Auditor General, this has not been fully executed. The Auditor General stated and I quote: "Implementing the NHPP will result in some improvement to the health system but some goals are too ambitious. The good intentions are there but there is not the means to fulfill them." [UNVERIFIED QUOTE]

Going back to the means, can you state for this Committee, what aspects of the NHPP have been implemented versus what aspects still lack the necessary means to achieve them? And, of those "necessary means", is that connected to a lack of human capital?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you very much.

Through you, Mr. Chairman: I will start off with the first member's comments. In regards to the strategic direction for the HSA, we have a strategic plan and we have had discussions over the years in regards to the direction of that plan, with the Ministry and other stakeholders because, as you can appreciate, it is not something that, you know, we can decide on our own. We all know that where we are going to make an impact on the cost of health care is with prevention. After the individual has high blood pressure and diabetes and obviously the cost of dialysis, it is quite high. So, we need to look at exactly what you spoke about as

far as health is concerned, whether it is a right or whether it is a benefit.

We have been having dialogue with previous governments as well in regards to primary health care, the preventative aspect of it, because we believe that if we as a country had the funds to be able to really put into that area where we could make primary health care something that is more of a right, according to the WHO [World Health Organisation] principles, then, I think that in the subsequent years we will see an impact to the cost of health. But obviously that is a costly exercise and as a country we need to be in the position to be able to do that. However, the discussions continue with the Ministry in regards to how we can fund the primary health care we have. We have funds in the budget now for that but persons are still having to fund that through their insurance if they have insurance available.

Moving on to the second member's question in regards to the National Health Policy. The National Health Policy is a Ministry Health Policy that involves health services throughout the Islands, not just at the HSA. There are obviously implications for the HSA as well, but I am sure that the Chief Officer will be able to speak better to that later.

The Chairman: Just a couple of final questions from me: When your staff work 12 hours, do they get paid for 12 hours, straight time or 9 hours straight time and 3 hours, time and a half?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, we look at the weekly allocation, not the daily allocation. So, we look at the 37.5 hours per the week. So, they would only get overtime if they were to work over that.

The Chairman: But the Labour Law does say that anyone who works over 9 hours in a single day period is entitled to overtime for anything beyond 9 hours.

Ms. Lizzette Yearwood, CEO, Health Services Authority: That's right.

The Chairman: Are you getting the staff to sign a disclaimer on that?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes sir. Yes, thank you very much.

Mr. Christopher S. Saunders: Mr. Chairman, I just have one final question: From a strategic standpoint, Madam CEO, where do you see the HSA in the next three to five years?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: We see the HSA in a significantly stronger position. As far as our finan-

cials are concerned, we will be able to collect better on the receivables that are owing to us. And we see ourselves focusing on what we are currently doing well. We are in the position that we have started an accreditation process and we hope that that will be completed in the next year. And we believe that we will be providing high quality services on the services that we are currently providing and doing that well, rather than expanding the scope, because, as we know, we have a number of other players in the health care market locally.

The Chairman: Any other questions?

If not, thank you very much, Mrs. Yearwood for attending.

We will take the lunch break now and will come back at 2 pm.

Proceedings suspended at 12:46 pm

Proceedings resumed at 2:04 pm

The Chairman: Let the record show that we have a quorum present and I would like to call the Committee back to order.

The next witness is Dr. Jefferson, the Medical Director for the HSA. We can bring him in please.

[Pause as the Witness enters the Chamber]

The Chairman: Good afternoon, Dr. Jefferson. Thanks for taking the time to come here because I know you doctors are like us politicians, don't have anything to do, we are just busy all of the time.

We have a few questions for you; not so much on the money side of things or the business side, but more to do with the . . . I know that you are actively and constantly trying to improve and document the quality of care.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

The Chairman: The last time we were here, we kind of got a commitment from the people around you that they were going to give you some funds.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is correct.

The Chairman: And we know that those funds would not be represented in these accounts because that was the 2016 Accounts and that money would be in this year's budget. But we just wanted you to give us an update on the training particularly of the Cayman Medical Staff up to Board Certification. How is that going?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thanks, Mr. Chairman, for inviting me and thanks to the other Members of the Committee.

The training for Caymanian doctors has started and it is going relatively well. In fact, I am pretty optimistic. I will give you some details. The Cayman Islands at the HSA as you said earlier, one of the things that has been very dear to me and very dear to quite a number of the other Members at the Hospital, is to see young physicians trained up to specialist level. Gone are the days when it was okay to just complete medical school and then just put up a Practice somewhere. We are now in the era where you have to be adequately trained; you have to be at that point where the patients are confident that when they see a physician, they are seeing a well-trained physician. So, in that regard we have put in a number of strategies to try and train the Caymanian physicians who have left medical school.

At the HSA now, there are two levels. We bring our young Caymanians back home; they have a choice. Once they are through with medical school they can decide to go on directly to post graduate training after they have completed internship and the Senior House Officer Year. Or they can come back to the Cayman Islands, spend two years and then go off to training.

The reason we give the second option is because sometimes by coming home, that is the only time they see where the need really exist and that helps them to make up their minds into what areas they want to go into. We have found that to be very useful. Right now we have a total of six Caymanians in training at the HSA. Four, are currently in post-graduate training and of the four at the HSA they are two who obtained scholarships through the Education Council, and there are two others that are salaried. Well, they are all salaried.

In addition to those at the HSA there are a number of others abroad. There are at least six who are in training overseas right now. There is one young Caymanian who is being trained to be a consultant in Obstetrics and Gynaecology. He has the option of spending his penultimate year at the HSA working in the department to get a feel of the local colour, a feel of what is he going to be expecting to be working with. And also, I have encouraged him to do a sub-speciality in an area of obstetrics and gynaecology that is going to be of interest and is going to be needed.

In addition to that we have one Caymanian who is doing Pathology which is something that we really need, and she is at the University of the West Indies. There is another one who is doing Mycobiology at the University of the West Indies. And we have a few others who are either, in the UK or in the US. So, the training is going well.

Now, there are a number of others to be trained that are waiting to be trained. There are at least four who are at the level now to be trained and we have put together a programme. The Ministry of Health along with the Ministry of Finance have committed to providing funding for the training of these four; actually, there are five but four will be going into training next year and the fifth one will spend another year at the HSA. So, I am very optimistic.

The Chairman: Good. That sounds really well.

Some time ago I know you were working on the introduction of Tropical Medical Staff By-laws and other regulations. How is the implementation of that going?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Well . . . right. Thanks for asking, Mr. Chair.

The By-laws were written. It was ratified by the Board and also recently you know we are going into a period of accreditation. Again, that is one of the passions that I have; the passion of ensuring that policies, procedures, protocol are followed. And, also, there is an accreditation. The Senior Management at the Hospital has been focusing on ensuring that we are adequately accredited. Now, this accreditation manager that was recently employed, he has asked, prior to the complete implementation of the By-laws, just for him to have an overlook to see what is going on. Basically, he is pretty pleased with the document that has been produced. We have implemented aspects of it with respect to some of the governance areas of health care, especially, in relation to oversight for the non-HSA physicians because that requires a degree of special gymnastics to ensure that there is proper oversight. So, the essential and crucial areas that look into the delivery of quality care have been implemented. The full implementation I am hoping will be done by the time the year is finished; I am just waiting on a few more words from our manager who is overseeing quality.

The Chairman: And does that include the ability for medical audits and pay reviews?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Yes. Well, medical audit and pay reviews have been going on at the HSA for some time. In fact, there are different levels of clinical audit that we do. About four years ago we implemented a system where once per month a group of senior consultants sit around a table and have very frank painful discussions about health care quality. There are several levels. If we are concerned about a specific thing that has happened at the hospital, a specific outcome, the Medical Director will look into it as an individual, and with some degree of expertise will look at the out-

come, look at what was expected, look at the deviation and see how it was deviated from what would be the norm based on evidence.

The Medical Director will then call for a meeting of colleagues relating to whatever the incident was, and others who may have some expertise. This is on an adult basis. After discussion about this, we normally have a discussion with all of the individuals involved and that again takes place on an adult basis. But every month we have a formal meeting where we have a clinical review and look at all of those cases; and it is not just cases that happened at the HSA, but we have opened it to cases where some incidents have taken place in other hospitals or elsewhere. We discuss it frankly. Behind closed doors it is not a system of trying to put blame or anything, and the physicians are told it is a tough meeting and is a meeting that often ends up with colleagues crying, but, at the end of the day we learn something from it. It is basically an opportunity to see what could have been done differently—did something go wrong? It is frank discussion of what could have been done in a different way. And sometimes, you know, there are a lot of tears but it is very useful. So, that has always been in place.

Now, with the By-laws, it has sort of made it more formalised because now . . . and, by the way, this Committee is chaired by a non-HSA physician and 50 per cent of the physicians on the Committee are non-HSA physicians. Dr. Meggs is the Chairman and we have private sector physicians and public sector physicians. And of recent times we have been having quite a lot of participation from some of the other hospitals. All of the most recent meetings we have had persons from other hospitals participating.

The Chairman: Good. That is all good.

Earlier, the Committee in questioning some of the staff adequacy or inadequacy thereof, raised some concerns particularly about the clinicians working 12 hour shifts; that is, the nurses and others. Are you comfortable that 12 hours is not a tough call, particularly on the—

Dr. Delroy Jefferson, Medical Director, Health Services Authority: On the nurses?

The Chairman: Yes. In the environment that we are where a lot of those nurses have home obligations, family, so the four days off are not really days off, they are only, you know . . .

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right. And, Mr. Chair, that is a very good point.

The medical profession has gone through a number of evolutions; in fact, there was a time when shifts were 8 hour shifts and this is speaking interna-

tionally. For example, when I was in the UK they moved to 12 hour shifts. So, you worked for four days and then had three days off and you would work another four days off and that is how it was. So, from the nursing perspective they had moved from 8 hours to 12 hours and today, internationally, there are still a number of facilities that have 12 hours and some others have just 8 hours. At the HSA for a good time now we have been doing 12 hour shifts and we have not really had much of a problem or complaint. And not just for the nurses but also the paramedics do 12 hour shifts. The physicians traditionally, we just work. Basically, we have been known to go on beyond 12 hours; 14, 16, 24 hours. But even the physicians there are some specialties where there is now a move to change that.

I remember about four years ago I was in the UK and there was a meeting to change the working hours for anesthetists from 24 hours to 12 and there were a group of senior consultants who were protesting the move because they are accustomed to doing 24/48. From the physicians perspective I have not had any complaint.

From the nursing perspective I must say I really do not have much reason to be very concerned about the 12 hours.

The Chairman: Mr. Bush.

Hon. Bernie A. Bush: Through you, Mr. Chairman: Now, Dr. Jefferson, I need your guidance. I am going to give you the scenario like I told one of your previous people. Over the last year or two, as an MLA I have to go to the hospital often to look for friends, constituents, et cetera. I said this earlier to one of the previous HSA personnel that came here—paper charting versus computer charting (this is one nurse now): “Why do nurses have to complete any paper charting if they are documenting via computer everything they have done? It is a waste of time, paper and it is another stress on us nurses.”

Now, here is another nurse: “It is standard working 12 hours shifts. The difference is that since I have left Cayman and am now in the United States, we are only required to work three days a week and four days off. In Cayman the nurses work four days a week a lot of times and they usually work longer than 12 hours because they do not have a good system for charting of patients.”

Here it comes up again. “So, they stay after their shift trying to chart everything. How they do it: Nursing assignments should be made prior to every shift allowing for a smooth transition when it is time for change of shift. Nurses can then report on their assigned patients and start their day instead of waiting for the charge nurse to make an assignment after receiving reports.” Do you understand?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Yeah.

Hon. Bernie A. Bush: Here is the third nurse. “What makes it difficult? I don’t want to throw the nursing assistance under the bus but they need to do a little more because they should be doing all of the patients hygiene care and help with their meals if necessary, and so forth. Nurses barely have enough time to do medications, vital signs and other care needed for patients on top of taking new orders from doctors, getting admissions and discharging patients, helping with procedures on their patients, taking them down to surgery. . .” and the list continues.

Those are some—

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Concerns.

Hon. Bernie A. Bush: Thank you. I see you shaking your head so I will say no more.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Mr. Chair, through you, I will respond to this to the extent that I am able to. Unfortunately, the management of the nurses is overseen by another senior manager but I am intimately involved to some extent because I work with these nurses as well. I must say that we are fortunate in the Cayman Islands in general and that we have some of the most qualified nurses. We have some of the absolute best nurses here and they take their jobs very seriously.

When we recruit nurses, even though I am not the person doing the recruiting, but I have happen to know that there are certain things that are taken into consideration when the nurses are recruited. In fact, they must be able to adequately look after the patients with a degree of professionalism and we are seeing this, in some areas more than others, but by and large, it is very professionally done.

The move from paper charts to electronic medical records has improved significantly as per accountability; it has improved significantly how we are able to follow patients. It is much better for auditing and much better for the physicians to have everything in one place by the click of a button or mouse. But with this comes some disadvantages. One disadvantage is that sometimes depending on the particular individual, it takes a while longer to be able to put all the details or information into a chart. And, it is not uncommon for clinicians, not just nurses . . . it is not uncommon for physicians after clinic is finished to stay back and put the notes in. We audit to ensure that the notes are there because if it is not recorded it never happened and first to be able to go back and see what has been going on with the patients, we have it done electronically.

I have also heard some nurses say that they have had to stay back just like the physicians do, to put the notes in and so, this definitely increases the amount of time that they are there. I'm not too sure, Mr. Chair, what the answer is as it relates to the electronic medical records beyond providing the nurses with more tools to be able to adequately do this.

To the question of change-over, it is one of the things that for some time have been an issue in a number of organisations. The nurses complete the shift and then, a new shift comes, and then, a period of time is spent familiarising the nurses with the ones who were there before. There has been some concerns raised that the change-over should probably have taken place rather than at the end of the shift, which requires for the new nurses coming on to stay for an additional 30 minutes, it should probably take place 30 minutes before the end of the first shift. Again, I am not too sure how best to work that out. I think I would probably have discussions with the Chief Nursing Officer to see how well that could be implemented. But I take your point and I have written the concerns and will take them to the Chief Nursing Officer to see how best she can address those.

Mr. Christopher S. Saunders: Thank you very much, Mr. Chairman and Dr. Jefferson.

Firstly, I want to thank you for coming here today. Now, from an economic standpoint, we are normally concerned with three areas of health care, namely, access, cost and quality. The access and the cost are normally something that are more driven by the political directorate, but the quality of care is something that is more on the medical side to which none of us in the political field, at least, that I am aware of, could more, I guess, get an idea on the quality.

One of the things and I am reading from page 2—Ensuring Quality Health Care and a Health Population Report that was completed by the Auditor General. One of the areas, the second to last paragraph, says, “Data from the 2010 Census about an incidence of some diagnosis illness shows, for example, that the incident of heart conditions is nearly six times greater among the Caymanian population and that of diabetes is three times higher.” [UNVERIFIED QUOTE]

One of the things I am more concerned about and this is more from a long term strategic standpoint, is, what do you think we can do better in terms of preventative care, because clearly if heart conditions are definitely going to be an issue, then, looking at the future of the HSA which is still responsible for the overall provision of health care in the Cayman Islands, regardless of whatever private institutions may offer, in terms of 1) the number of cardiologists; and 2) the types of doctors that we have who deals with diabetes.

Sorry, I am not familiar with those types of doctors. But then, from a long term standpoint in terms of your roles as the Medical Director, what is it that we are doing now? Are we on the path to make sure that using the information that we do have, that we have the right structure in place or the right complement of staff in place? Because I understand recently that, I think we went out and may have gotten some doctors from elsewhere. But I just want some comfort level that based on the trend of what we have here in the Cayman Islands, that the HSA medical staff is equipped to deal with the cases we have today and potentially the cases that we may have tomorrow. And in your position if that is the case, that is good, but if that is not the case, what do you think we need to do? Thanks.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: A very good question. Thank you very much and through you, Mr. Chair: I like the questions. Actually, it speaks to population health and it speaks to the population health of the country in general and where we are now and where we should be. And you are correct.

As it is now, the cardiovascular disease is one of the major issues in the Cayman Islands and it is right up there with cancers and with some of the endocrinology issues of diabetes and hypertension which is actually mostly cardiovascular. So, myocardial infraction, strokes and those things that are cardiovascular related is very high.

Statistics has shown that we as a country are probably similar in the disease profile pattern as in some of the other countries within the Caribbean and so we are in the Cayman Islands not significantly different to what we see in the other Caribbean Islands. It therefore means that since we have such a large population of patients with cardiovascular abnormalities; diabetes and other endocrine abnormalities—cancers—that our focus really should be from the primary health care preventing these. So, primary prevention and focus on building the primary care is one aspect of focus.

The other aspect is to ensure that when you do get these patients who are unfortunate enough to have gotten these diseases, then, the secondary and tertiary care is available is to support and make them better.

I will speak to the primary care: There are a number of initiatives. You may have heard about one and where we are trying now [INAUDIBLE 0.26.16]. let us say the Ministry of Health has actually approved for the Public Health Department to have a mechanism for registering and tracking and identifying those patients who are at risk. So, some funding was made available for that from the Ministry of Health through the Public Health Department. So, the first thing we need to do is to know who these patients are, where

are they living, what are they doing, what is going on with them and to whom are the family members, what are the risk factors that they are exposed to. So, to that end, the Medical Officer of Health and I have decided to partner with the other facilities on Island, to get their figures and so, it is not just the HSA figures from the primary care perspective, but what is happening at the Doctors Hospital; what is happening at Health City; what is happening at the private offices.

What we have done was to have lunch meetings and we have gotten input from the private sector physicians to get a mechanism of getting their figures. And also, we have brainstormed implementing some of the more evidence based strategies that have already been well established in a number of other places, to reduce the complications associated with diabetes, hypertension, cardiovascular abnormalities, and to decrease the risk factors that are leading to cancers. So, that is from the primary health care perspective.

From the secondary health care perspective, we at the HAS have a responsibility to ensure that we have physicians and not just physicians, but support staff to care for those persons who do come with these diseases. So, to the aspect of the diabetes and patients suffering from the diabetes, we have expanded our family medicine areas. So, we have now expanded urgent care in order for more access to quality family physicians. But not only that, we have partnered with the University of the West Indies to train family physicians. So, I made an initiative with the University of the West Indies to have the HSA certified as a UWI affiliate facility where family physicians can be trained through partially at the University of the West Indies and partially at the HSA. So now, we have six of these physicians in that programme in preparation for the expanding availability of family physicians.

In addition to that, we need specialists. We need more internists and we have expanded the internal medicine [INAUDIBLE] so that there are more internists available for these patients with diabetes and hypertension and those sorts of things.

As it relates to cancer, that was one of our difficulties. We had a long period of time where we were unable to recruit for oncologists and hematologists. I must say that we have been fortunate that we have now had a very well renown oncologist sign on and will start with us in a few months. So, that will address the oncology.

I am pretty hopeful there are mechanisms that need to be put in place to better manage the population health of Cayman. I have just gotten back from an international conference where we had a number of representatives from all over the world, and when I look at what is happening here, compared to what is happening elsewhere. . . . Actually, I sat in a meeting and listened to the CEO from another Health Services

Authority in the region, and when she gave her figures I felt a bit better. I mean, I was not completely comforted because our figures in terms of chronic health is not very good either, but I was comforted in the fact that we were only as a percentage of seeing a third of what she was presenting. And they have as equal amount of resource, if not more, but for some strange reason their outcomes were not as good as ours, for whatever reason. And so, whereas it is not perfect, we have been expanding in a number of different areas to ensure that we have adequate amount of physicians to satisfy what we have here on Island, what we are seeing.

Mr. Christopher S. Saunders: Thank you, Dr. Jefferson.

In terms of home visits, do your doctors do those?

The Chairman: The District Clinics.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: I am pretty sure they do. Unfortunately, that falls under the Medical Officer of Health and—

The Chairman: I can help you with that because I am constantly pressuring them for North Side. But they do it through the District Clinics under the Public Health aspect of it.

Mr. Christopher S. Saunders: Okay.

The Chairman: From the District Clinics and they would also be doing the same thing—

Mr. Christopher S. Saunders: The reason why I asked is because I am looking at the compendium of statistics and in 2015 it was roughly a total of 2,500 and in 2016 it jumped to 7,628; so more than a 1,000 visits and so I think that is actually one of the stats that is actually moving in the right direction.

The next question I have, Dr. Jefferson, if you do not mind, is: In your opinion and assessment, what do you think ultimately would be the right model, or what success would look like for the Cayman Islands in approximately the next five years? What part do you think we should be going down or embarking on to ensure that we have a healthy population?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right; very good.

Through you, Mr. Chair: One has to set out a plan that speaks to quality. One of the focuses in the Cayman Islands has got to be quality health care. Quality, as you say, cost effectiveness, access to care. And the reason I chose 'quality' first is because that is my own burning pet peeve. I think unless you

have a way of measuring what is being delivered. And unless you have a way of reporting what is being delivered; unless you have a central body that is responsible for managing the data of what is being delivered, then you cannot truly confidently say that you are seeing quality care. So, that is the first thing.

The first aspect in my mind is to establish some quality standards [INAUDIBLE] and report it.

The second thing like I alluded to earlier is expansion of the primary care and preventative medicine. A focus on ensuring that there is adequate access to care at the primary level throughout the Island. Strategically placed, we have throughout the districts the district clinics which form the adequate nidus for building on and expanding primary care. I mean, we are having good primary care going there and I can confidently say we have good primary care because I have been exposed to what obtains elsewhere. And comparatively we have very good primary care. But there is always that place for expansion of greater level of primary care. So, that would be the second thing I would want to see happen.

The third thing, again, as I mentioned, would be for there to be within this secondary and tertiary level, adequate access to care, either, it be at the government facility or the private facility. But a coming together of all the providers to strategise as to how best to ensure that the patients will have access to care. It does not matter if it is within the private sector or within the public sector but there must be identified. I mean, we have sent a lot of patients off-island and we still continue to do that and we probably will always be sending patients abroad because it is some of the higher-end specialist service we will definitely not be able to provide on the Cayman Islands. But if we can move to a strategy that keeps more patients at home, that would be ideal. That is not easy because it is not just the issue of having of the facility here but within the Cayman Islands there has been a culture of wanting to go to North America because if it is done in North America it is done better, and sometimes, in fact often, that is so absolutely wrong. I have seen where we . . . I have invested in getting the best experts in a particular field, right here in Cayman, the best experts that I only . . . I mean, God has helped me to recruit from Europe and they are here and I have had patients asking me for referral to go overseas to be seen by some specialist who is substandard to the ones who are right here at home. So, that again would be something that I would want to see; some sort of indication programme where patients are taught that, *Listen, this think of going to North America to get care is not necessary anymore, in a number of respects*. So, that would be the second thing.

The Third thing [sic], I mean, Mr. Chair, started by talking about the sustainability, even though he did not call it sustainability. The sustainability of health care through ensuring that we have adequate staff

trained to provide the care that is going to be needed. I am please and am sort of happy because I have seen over the 20 years or so that I have been involved in health care here, a significant change where now we have a number of locals providing the health care that was previously provided by persons from abroad.

Just prior to this meeting I was looking and seen that we have at the HSA right now the Caymanian physicians. We have 30-something per cent of the physicians are Caymanians; actually, 38 per cent. If we count those with permanent residence as well, it will be 57 per cent which is much better than when I arrived several decades ago. But what I have noticed also is that there are so many young Caymanians coming up and with this provision of funding that is being made available through the Health Ministry and the Ministry of Finance, I see even more Caymanians being trained. Right now as we speak there are 17 young Caymanians. I have a roster of Caymanians and I have 38 Caymanian physicians that are out there. Seventeen of them will finish their post graduate training within the next year to four years, and that is something wonderful. There are seven already trained and finished whom I have been trying to massage to come back home. And so, to your question it is multiple things that would make health care perfect in Cayman. It is not as bad as some people think it is right now. And I can tell you confidently, that we are moving in the right direction.

With the advent of Health City, that has provided a new dimension and it has afforded us the opportunity to access another level of cardiac care for patients that would normally have had to be sent abroad. But we are on the path, in my mind, the right path. We are not there yet and will probably take a while to get there but I am hopeful.

Mr. Christopher S. Saunders: Mr. Chairman, through you sir: Dr. Jefferson, I want to thank you for that answer and the reason—

The Chairman: I want to follow up on what he said. Is it different—

Mr. Christopher S. Saunders: No, no, it is on the same thing.

The reason I am kind of happy to hear that is that I have long held the belief (my personal belief) that there are some aspects of society that can't be achieved or done through competition but through cooperation. And I am kind of hearing that and one of the things I would like before you wrap up your testimony is to just explain to this Committee and the listening public, in your opinion, from a structural standpoint within the HSA . . . because one of the things as I mentioned before is that we are looking at access, at cost and the quality. From that standpoint when we start looking at the cost and the direction of the cost, I

am seeing a model where eventually it is going to be a bigger burden if we do not deal with it or arrest it from that standpoint. And this is something that that part we will have to deal with at the political level.

In your humble opinion, of the different places you have worked and different seminars that you would have been to, what do you see as being ultimately the role of the HSA within the Cayman Islands as a whole? And where would you like to see it as an organisation within, say, the next five years? Because one of the things I have found that is really missing and we have not received that as of today, is the strategic direction of the organisation.

I know this question may be slightly off and I know the Chairman had a question based on what you said previously, but I want to put that one there while I still remembered it but will yield to the Chairman for his follow up on what you said before.

The Chairman: Dr. Jefferson, are you aware of any pressure being put on the Health Services Authority to reduce services for financial reasons?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Mr. Chair, not that I am aware of, no.

The Chairman: Start looking.

Another question is the role of the Chief Medical Officer. A lot of the things you just talked about, I see as being the role of the Chief Medical Officer who should be in the Ministry and the person who advises the Ministry on public policy which you need to over-arch all of the things you are trying to do. And, unless you have the public policy at that level, which the Board is supposed to take and implement through the HSA, it is going to be very difficult for you to achieve the things that you need to achieve. So, is there any likelihood that the position of Chief Medical Officer within the HSA could be transferred to the Ministry so that it can be more of a policy directive and engineering stuff?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thanks for asking, Mr. Chair. I will answer your question since it is fresh in my mind and then I will move on to the next Member's question.

With respect to the Chief Medical Officer, the Chief Medical Officer within any country, within any region, has a very important strategic role. The Chief Medical Officer is responsible to survey what has been happening with respect to health care in the country to which he is appointed. And his responsibility is to ensure that quality care is delivered on behalf of the people that he represents. So, it is more a strategic position [INAUDIBLE] on behalf of the Ministry of Health, to ensure that there is cost effective health care being provided so that the health care is cost effective; it is relevant; it should be evidenced-based

and he or she has a significant regulatory responsibility. So, one is provisioning and the other one is regulation.

Advice—strategic advice with respect to policy direction and is the chief technocrat, is the person with the technical know-how as it relates to advice advising the relevant Ministry. As such it is ideal for the Chief Medical Officer to operate from the perspective of being in the Ministry itself. Currently, the Ministry of Health recognising the need to have this person there, they have now put in place plans to move that office to the Ministry of Health so that they can operate on that policy strategic level.

The Chairman: Just to follow on; then we can get the necessary policy on the kind of physicians that we should be licensing.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Exactly.

The Chairman: Because what we are having now is that we are accommodating anyone who walks through the front door and relicensing them in that specialty. So, some specialties are totally are totally overprescribed.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

The Chairman: And other specialties are underprescribed or do not exist. But the policy and the direction for that regulatory function must come from the CMO within the Ministry down to the Board and demand for the kind of specialty that is needed to be generated at your operational level of looking at the indices of disease, et cetera, in saying that we need to find some people of the likes of this specialty.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Mr. Chair, that is correct. So, that Chief Medical Officer has the responsibility to see where the needs are, see where there is a bigger bang for the buck and to make an input and advice to the Ministry to say, *This is where the funds should go*. And so, I am definitely in agreement with that.

With respect to the question concerning collaboration which is the key for the health care the Cayman Islands is small, we are just under 60,000 people, and as such, we will not succeed if we are do it individually. Unless we find a way to collaborate we will be having several ducks running in different directions. We have to find a way to bring everybody to the table to say, *Okay, you do so and so very well, let us see how you can enhance that*. We are going to ask you to focus on this because you are doing this very well. And I see us having an opportunity for finding out where the need is, where this particular team should be encouraged to focus on enhancing what is happen-

ing in this particular area. There is no point in competing in this small setting, because there really are no winners in competition actually in the art. What you find with stiff competitive framework is an increase in the total cost of care delivery. So, what you really ought to be doing is looking at what it is that we do well and do it well.

The HSA will always have a place; will always have a function. The HSA is the country's . . . well, let me be —

The Chairman: It is the only sustainable thing that we have.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Exactly!

It is the country's sustainable and the new for delivery of care, and therefore it is important that the HSA focuses on ensuring adequate primary care, adequate secondary care and the tertiary care that the HAS does well to continue to do that. I mean, there are some areas that the HSA is the leader and will always be the leader in tertiary care levels. I mean, you know it's . . . I will just tell you one. One of them is orthopaedic surgery.

We have three Orthopaedic surgeons who together as a team can do a magnificent job better than anywhere in North America or anywhere else. So, the thing is that we have some tertiary care that is fantastic, if only people knew about it. But then, there is no need to compete. There is no need, for example, for us at the HSA to expand into very advance cardiothoracic because we have a cardiothoracic facility here. Now, if we see where this kind of a facility is not going to be sustainable, then, it behoves to ensure that put mechanisms in place in the government facility to mitigate any problem that could arise with not having that facility anymore.

We have a responsibility as the sustainable government facility to scan health care on the Island and to see where the deficits and defects are and see if we can patch it ourselves, or if we can encourage others within the private sector to patch it or make sure that that service is available.

So, to your question, I see a value in collaboration, but at the same time, we have to collaborate smart. We have to ensure that the facility that we have is maintained because it is the sustainable provider of health care for the people.

The Chairman: And because you do not have the necessary public health policies, you do not have any ability now to regulate what some of these other private sector agencies are doing, which may be outside the original licence, but they see it as bringing a few extra dollars in the door. And, as a temporary thing and if you abrogate your responsibility, then, the country is going to be left without it if it fails on a financial front somewhere else.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is correct, Mr Chair.

The Chairman: Do you have any idea when we are likely to get the Public Health Law revised?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Revised.

The Chairman: Because we had the revision in 2002 but that was done by the legal personnel in terms of incorporating all of the amendments. The last amendment that was made to this Law in relation to the public health, I think was made in 1990. And this Law needs to seriously be reviewed and updated and in here is where we need to frame that policy framework oversight monitoring, et cetera.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Fantastic.

The Chairman: And that the HSA be the implementor of what the Public Health Law generates in policy.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you, Mr. Chair.

The Chairman: And everybody else must fit into that mode.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you, Mr. Chair.

To the question of when it is going to be amended, I am not too sure, but there are some aspects of it that needs amending. And, as you rightfully said, one of my concerns is that there is a need for that Public Health Regulatory Body that oversees quality; oversees quality from a norm of perspectives, but that is something that I am hoping will, in the very near future, be able to achieve. But that is something that I am hoping in the very near future we will be able to achieve.

The Chairman: Mr. Austin.

Mr. Austin O. Harris, Jr: Thank you, Mr. Chairman. And thank you, sir.

In terms of enhancing the training and development for both the existing medical personnel as well as to enhance the further development of a new talent, creating a Caymanisation, if you will, of the medical profession, I think, again, to your point, we can be proud of our collaboration vis-à-vis the development of the school of nursing at UCCI and likewise the various programmes being offered at Health City. And I agree with you that competing is not in our best interest as it is collaborating. However, some medical professionals have argued that as a country we need to do more to

develop Caymanian medical personnel by offering them exposure outside of the Island. Some have stated that as a country we need a larger population base in order to build competence, as medicine is a profession involving a large experimental apprenticeship component. I wonder if you agree with that.

Also, do you believe that there would be a benefit in Cayman to offer (and forgive me if the term is incorrect) secondment, similar to what the law profession does to allow its participants practitioners to become better lawyers? Do you believe there is an opportunity for us in the Cayman Islands to offer a similar exposure opportunity for Caymanian medical personnel, whether it is the University of the West Indies or whatever, to build that competence so that we can in turn translate that into confidence to the Caymanian public.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you very much. Through you, Mr. Chair, that is a very good observation.

We cannot have physicians who are trained and remain in Cayman providing the quality of care that is expected. The population is too small. The pathology that you see is too limited. The experience and exposure is just not there, so, as it is now, it is mandatory for physicians who were trained abroad who have returned as young physicians, for them to go back before they are fully registered. They have to go back to a high volume centre to do what is called a SHO [Senior House Officer] Year, and that is not an optional. So, all of the physicians who are trained wherever they are trained, we allow them to come home for a year and thereafter they have to go back to a high volume institution that is accredited by the University; either, the University of the West Indies or a large university hospital facility anywhere. So, that is one thing.

The other aspect of it has to do with post graduate training. Except for family medicine students, we do not prescribe post-graduate training here; they have to go on to North America, Europe or Jamaica. The only exception is those doctors doing their doctorate in family medicine which is, as I have explained earlier, I have negotiated an arranged along with the University of the West Indies. And that is a strategic move. But even these doctors have to go back to Jamaica to UWI or even to Kingston Public Hospital to be exposed to a large volume of a greater pathology.

So, we recognise, and that was a struggle because we have had some doctors who have been resisting this, and who fought, not understanding that if you don't know what you don't know, then you are fool-fool. And my thing is, he who knows not what he knows that he knows not, is a fool. And you have physicians who think that they know it, they have it; they have finished medical school and so they are now doctors and they are wrong.

I have been a doctor almost 30 years and I still know that there are a lot of things that I don't know. And even at my level I go away from time to time. People complain how Dr. Jeff is always gone, but you know what—it is important that I go, because even at my level I have to ensure that I am keeping up to date with the top evidence-based medicine. I have to know what is new in my field. I am an intensive care specialist and that is a field that changes. I am anesthesiologist as well, and a pain specialist and it changes, and what I learnt 10 years ago, 10 years later there is newer technology, newer techniques, better outcomes. So, for those physicians who resist the move, fortunate as it is now they have no choice. And so, I am very pleased that you asked that question, because there is definitely the need to ensure that the physicians who come back to the Cayman Islands are physicians who are adequately exposed.

The Chairman: A couple of years ago Dr. Nealy Panton, who I will declare is a school mate of mine and a personal friend, volunteered and offered to help Caymanians in the Canadian system, and he has never gotten a response. Could I invite you to contact him because I know that he is more than willing and, of course, he has his full professional status now, I think, it is the University of Vancouver or one of them, and is a full consultant, and nothing would please him more than being able to help train some of the Caymanians in the post graduate course. And, as you would be aware, a lot of the Caribbean countries have arrangements with the Canadian Government and they pay a little stipend to the people and accommodations and they get top-notched training. So, I would invite you to contact him. I spoke to him recently and he is still very much interested.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you, Mr. Chair.

Mr. Christopher S. Saunders: Through you, Mr. Chair. My final question, Dr. Jefferson: Just out of curiosity, it appears that in regards to the quality of health care, at least you guys are switched on in that regard. One of the things that we have been concerned with has been pretty much the inefficiencies within the HAS. So, as the person who is ultimately charged in terms of the task of carrying out the primary function of the hospital which is to take of people, in your humble opinion, doctor, what, if there were three things that you could get rid of, you would get rid of? And if there were three things that you could do that you would do that you think the HSA a better place?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Okay sir.

Three things if I could get rid of . . . right . . .
[laughter].

Mr. Christopher S. Saunders: Listen, doctor, ultimately, as I said earlier this morning, some things—and you can tell, I guess, by the questions from my colleagues and everyone else, that this is something that we are determined not to play politics with. At the end of the day regardless of how many other hospitals are out there, the HSA is still the primary caregiver and is still tasked with the primary functions of delivering health care in the Cayman Islands. So, yes, there may be other specialists and everything else, but at the end of the day this is still something that the people of the country still have a responsibility to ensure that is there. So, from that standpoint this is the reason why I recognise that you may, as is said, “Step on somebody’s corn” depending on what the answer may be. But ultimately, as per the public’s concern . . . and I am going to say this, that your testimony today of all the witnesses we have had, has been the first that has given me some level of optimism and confidence with what is going on at the HSA. I am going to put it out there. And, from that standpoint, I will be curious to know. I have been working there and everything else.

One of the things missing is that we spend more time trying to defend the system as opposed to what can be fixed with the system. And, like I said, there are some things that have to be done at a political level and there are some things that will have to be done by you guys in that profession. But from our standpoint, especially with the budget around the corner and everything else, because we are going to fight to make sure that health care and education get the funds. We will be fighting for those; but at the same time, we need to understand what it is that we will also be fighting for. And, as you said, it will require some level of public education, which the Members of the Legislative Body is tasked with, because we are linked between the public and the government services that are there. So, the three things that you think would make it more efficient (for a better choice of words) and the three things that you basically think we need to stop doing.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

I will speak about the efficiency first. The things that would make it more efficient: One of the primary things in my mind is physician involvement. For some strange reason . . . I mean, we have some very, very good physicians; in fact, we have some of the very best physicians. I don’t get a lot of complaints about my physicians’ credentials or the work they do because we are fortunate and very blessed, and I could expand on that but in the interest of time I won’t.

In 2012, I invited a group of Chief Medical Officers as I was the Chief Medical Officer hosting a conference here in the Cayman Islands and we had 17 Chief Medical Officers who came to participate. I asked for an informal assessment of our health sys-

tem based on certain criteria that I laid out, and one of the criteria was to look at our physicians and what they were doing. Those Chief Officers were very complimentary. They gave glowing reviews concerning our physicians. The first thing was to get them more involved in the decision making process, because for several years they have remained on the periphery of several of the decisions and the question is that there is no blame as it relates to administration; it is just that we need to have the physicians recognised that they themselves have a role to play and be encouraged to get more involved in what is happening. So, that would be one of the things I would recommend.

Another thing that I would recommend is education of the population, that right here in the Cayman Islands we have good health care. There are stigmas and unfair stigmas, relating to the HSA. For some strange reason I am not too sure how historically that has happened. But there is a need for educating the population to say, *Hey, the care here is good*. And I have had patients who have said, *You know, I have been living in the Cayman Islands for several years and I come to the HSA for the first time not realizing that you guys provide such wonderful care*. So, that would be the second thing.

The third thing I mentioned earlier has to do with a more coming together of the facilities that provide health care on Island, and have a think-tank of experts who could sit together to say how we could go forward. We have had this in the form of, you know, the Ministry hosted a group of persons to put the Strategic Plan in 2012, 2017, together. But going beyond that, I am now talking about within the clinicians themselves getting together to say as a group how they can collaborate. We have actually started moving in that direction. We are now having joint meetings between our physicians and the physicians at Health City and some other physicians in the private sector, and that is doing quite well. So, those would be three things I would want to see done, and of the three, the one I am most passionate about is physician involvement in health care delivery and in the decision-making process.

What would I want to see done differently and changed? There has been an emphasis in cost-effectiveness and cost-effectiveness is a bit different from cost-deficiency. We all need finances in order to ensure that we deliver the care that we ought to deliver. But sometimes if the focus becomes too much on finance we will lose; we will lose the plot because we will always lose something at the expense of finance. I am not saying that it is not crucial; we have to be physically responsible. But health is a merit-good, just as education is a merit-good, and we will not necessarily fiscal return, financial return in its direct form, but you get it in an indirect form. So, where else there is the direct benefit of having the cash coming with seeing the patient, there is so much indirect benefit

from ensuring we have a population that is healthy and that does not necessarily translate to having the direct funds coming. So, I would want to see a bit less emphasis placed on having the perfect financials. So, that would be one.

I think as it relates to the . . . okay, there is another aspect of the care that has caused me some concern and it really has to do with persons who do not fully understand what it is that goes on in the Has making decisions. And it is sometimes a problem because unless we have a full understanding of the dynamics and all of the various parts that are operating, it is difficult to make a decision on behalf of the organisation. The organisation needs to spend some time understanding their role and function, but, at the same time, has to be given leeway to make the decisions because they are the one intimately involved with what is going on. And so, that would be my second thing where I would love for there to be more autonomy in the decision-making process from that perspective.

The third thing, I will think about it and get back to you, Mr. Chair— *[Laughter]*. I have more than three, I can guarantee you but it is probably best to stop there.

Mr. Christopher S. Saunders: No, that is good.

Dr. Jefferson, I really want to thank you today for taking my questions. You have given me a sense of optimism and a sense of hope. As you said, when we started out, I said to every person who testified before, that we took a balance work-hard approach. So, we are in agreement with you where we are not just looking at the financial performance. We want to look at the processes; we want to look at your controls; and we also want to look at your ability to do new stuff and the ability to innovate. And, ultimately, as you said, I can tell you, we do not have the population to realistically sustain the hospital or the health care that we have, much less having two more hospitals; let's be realistic. At some point as a country and as a people we have to ask the question: Do we see health care as a benefit or is it a right? If it is a benefit, that is one road we will have to go down, but if it is a right, then, we have to revisit it in the way of which we look at it. And I think ultimately that that is a conversation that we need to have on a national level and something more for the political directorate to deal with. So, I just want to say thank you very much for your candid response and I yield, Mr. Chairman.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Mr. Chair, there is just one other thing I did not mention earlier, if I may. Space limits the HAS and that is one of the challenges that we have. There is so much that could be done better if only we had the space to do it. It is a challenge that I am not too sure of how to address, but it needs urgent

attention. We are limited and locked in where we are, and we do the best we can with the space that we have, but the staff identifies the problem. The patients will come in and identify the problem and so much more could be done, had we had the space in which to do it. There are programmes that we want to implement. I don't even bother to write about these because, where am I going to put these programmes? We just don't have the space there.

Mr. Christopher S. Saunders: Mr. Chairman, [INAUDIBLE]

The Chairman: I don't want to say, "I told you so." But that was the whole idea behind the Doctor Hortor Hospital on ten acres of land on a separate site, specifically to allow for this kind of expansion for the kind of needs you are talking about now. Unfortunately, the country is now beginning to see the folly in that decision in 1993. But that is water under the bridge. We have to address it now. But I will agree with you that it is urgent and my troubling issue is that nobody seems to be talking about it. You will be hearing more about it in the future.

Thank you very much for your time, sir. I appreciate it very much.

Hon. Bernie A. Bush: No, no, no, sir, I—

The Chairman: I'm sorry.

Hon. Bernie A. Bush: Mr. Jefferson, through you, Mr. Chairman: Mr. Harris covered some of it but I want to break it down for the public because it then comes into an answer that you just gave. A young Caymanian wants to be a doctor. He passed all of his high school requisites, goes off to medical school; five years.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

Hon. Bernie A. Bush: Going back to what you said and the public should understand that because there are forces looking to circumvent this.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Correct.

Hon. Bernie A. Bush: If they come back home for a year they will then go to UWI or something like that. And the reason for that is that in Cayman if in the emergency area, you may see a gunshot, a chop, a broken arm or leg. But if you go to Jamaica to GP [General Practice] . . . what is it called?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: To the emergency room, to the—

Hon. Bernie A. Bush: To the HPH.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Yes.

Hon. Bernie A. Bush: —you will see 25 chops, 50 shots and various things.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Exactly!

Hon. Bernie A. Bush: And that gives you the practice; instead of only doing four or five, you are doing 100 a day or whatever.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is correct.

Hon. Bernie A. Bush: That is correct what you are trying to get at.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is correct.

Hon. Bernie A. Bush: I want the public to understand that.

Now, where does the specialisation come in? Do you do that first or whey they finish their five, can the specialisation be done then?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: No. After they finish their five, they have to go on to now doing what is called an internship, and after the internship—

Hon. Bernie A. Bush: How long is the internship?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: The internship is two years but it is split into two distinct areas. The first year there is a mandatory for specialties that you have to rotate through—internal medicine, obstetrics and gynecology, pediatrics and general surgery.

Hon. Bernie A. Bush: And an individual coming back will have to rotate through all of them?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Has to do all of those.

Hon. Bernie A. Bush: Beautiful!

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is the first year. The second year of the internship is what is called the . . . that is the year where you now do your SHO in the area—

Hon. Bernie A. Bush: Forget the abbreviations, the public do not understand.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: SHO-Senior House Officer year which is the second year, and that second year as Senior House Officer, you now focus on what you are planning to do your specialisation in.

Hon. Bernie A. Bush: Correct.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: So, if you think you are going to become a general surgeon, then that SHO year is spent doing general surgery. Or, something similar to a general surgeon that gives the skills that would be useful as a general surgeon.

Hon. Bernie A. Bush: That individual would then have to go off?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That person has to go off. In the Cayman Islands we do not allow the Senior House Officer year in the Cayman Islands.

Hon. Bernie A. Bush: Once again, there are not enough subjects here to give the expertise?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is correct.

Hon. Bernie A. Bush: So, when we are giving our young Caymanians scholarships, it should not be five years and then turn them loose; do you agree?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Oh yes.

Hon. Bernie a. Bush: Okay. Beautiful!

The second thing is: Do you feel in your professional opinion that scholarships for medicine should be run through you guys instead of the Education Department?

Let me tell you why I am asking that. A young man sat in this chair right here in the Youth Parliament and was playing the role of the Premier in the Youth Parliament. He went off and did some time at Michigan State University or somewhere up in the US and he is back now. I know of four young people who are sitting and waiting and some of them have had to go to St. [Matthew] which I understand is not the best of places from talking to people around the world.

[Inaudible interjection]

Hon. Bernie A. Bush: Do you feel it would be better for education scholarships . . . sorry, for medical scholarships, for you all to be given the funds and

deal with it? What is your opinion of that? Because you understand medicine, you understand what the people want to study, whereas, the people at the Education Ministry (and not putting them down, they are doing a decent job) do not know anything about medicine—

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

Hon. Bernie A. Bush:—whereas you guys do.

When you said earlier about people outside making decisions that do not understand the true ramifications and the full scope, here, it comes back to that again. What is your professional opinion on that?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Through you, Mr. Chair: As it is now in the Cayman Islands, as you have said, the Education Department provides the scholarships. Now, the needs of that which is needed and in the areas of need, the specialty that needs the support is known within the HSA; within the physicians on Island. So, the physicians on Island know where the needs are.

The Education Department has a framework that is already established, and because they already have a framework established, it is easy for it to be administered through the Education Department. But with involvement of those stakeholders that are on the ground and understand where the needs are, so that these stakeholders, for example, the Chief Medical Officer who is supposed to have a pivotal role in understanding where the needs are, he or she should be able to, along with the Medical Director and other stakeholders that know what is going on, inform the Education Council where they should be focusing the scholarships.

That being said, the Education Council does invite the Chief Medical Officer and the Medical Officer to sit on the interviews for medical scholarships.

Hon. Bernie A. Bush: Okay.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: So, the Education Council will do an initial evaluation and after they have done that evaluation, they invite members from the HSA who now understand where the needs are. They invite us to assist in that process.

Hon. Bernie A. Bush: So, in the future I am going to send my young Caymanians to you directly at first, so there should not be any hitches when they get to you?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: *[Laughter]*

Hon. Bernie A. Bush: Okay, we got that part clear.

The second part: Whatever happened with the offer that was made about the Bahamas?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right. So, the Bahamas is a very, very good question. As it is now, the Bahamas has provided us with the opportunity for some of our SHOs to be sent there. We had a need for quite a number of persons needing SHO training and we were having difficulty getting them into SHO positions in Jamaica. So, the Bahamas through another colleague of mine from the Medical and Dental Council, made some contacts and we actually had exchanges and the Bahamas is available. The thing is now that we do not have any SHOs that are not placed.

Hon. Bernie A. Bush: Okay.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: So, all of our SHOs are now placed but the Bahamas have said that if we run into problems they are there. So, they are there as an option and so, no longer do I have to send the SHOs to Jamaica as I could send them to the Bahamas as another option.

Hon. Bernie A. Bush: Okay. This is my last one. Getting back to the scholarships: What if scholarship funds for medical was set aside, would that be better?

Dr. Delroy Jefferson, Medical Director, Health Services Authority: That is better but managed through Education Department.

Hon. Bernie A. Bush: As long as you all have the final say. They can administer it but you have the final say.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Right.

Hon. Bernie A. Bush: Thank you very much, Mr. Chairman.

The Chairman: Are there any other questions?

Thank you very much Dr. Jefferson. Thanks for coming.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you, Mr. Chairman.

The Chairman: Enjoy the afternoon.

Dr. Delroy Jefferson, Medical Director, Health Services Authority: Thank you.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr.

Chair, I would just like to inform the Committee that the next witness is actually my brother, so I will avoid coming in as much as possible.

[Inaudible interjection and laughter]

[Pause as next witness enters the Chamber]

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, Mr. Chairman, good afternoon.

The Chairman: Thanks for coming.

As you have been informed, we are looking at the 2016 Accounts for the HSA, and we need to talk a bit on some questions for the Board. When you answer the first question, as is usually done, state your name and—

[Inaudible interjection]

The Chairman: One of the first things that comes to mind is the . . . and we are aware that the Auditor General in addition to auditing the accounts, sent some notes to those charged with governance. Have you seen those notes?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, good afternoon, Jonathan Tibbetts, Chairman of the HAS Board of Directories.

I have seen the notes regarding Governance, yes sir.

The Chairman: Okay.

We have some concerns. You have set up an audit . . . well, before your time an auditor was hired, I think it was in 2011, and basically he has not done any reports to the Board. Can you tell us what your Board is doing about getting internal audit up and running and . . .

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, if you are referring to the internal auditor, yes, the Board hired an internal auditor, I think, in 2011—correct. And we have come to realise through communication with the Internal Audit Office that the internal auditor was playing more of a role of a compliance officer as opposed to an internal auditor, and as such, we are in the process of shifting her to the Internal Audit Office to basically fulfill the role of an auditor and we are hiring compliance officers to work with us in that capacity.

The Chairman: I see in the response that the Board has established an Internal Audit Sub-Committee in June this year, which is up and functioning.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: That is correct, sir. Mr. Chairman, we will be having one of the first meetings coming up at the end of October, with the new Finance Director who is coming on board tomorrow with the Board of Directors.

The Chairman: Okay.

The second thing raised was the fraud assessment, and I guess the troubling thing about this is that you are not looking to solve that matter until fiscal year 2018 and we wonder why.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, our anti-fraud policy has come to the Audit Committee in the past . . . our Finance Committee in the past, sorry, and there were some workings that we were going back with the internal auditor and it will be brought to the Board, hopefully by the end of this year so that we can put it in place for 2018.

The Chairman: And you have implemented the necessary procurement procedures to correct the inadequacies and the risk in not following the proper procurement procedures? You said that you have done that in May 2017?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that is correct, yes sir.

The Chairman: What impact has the Public Authorities Bill had on your Board?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, we have reviewed the Public Authorities Bill and it has not had a major impact on us, other than, I think, the Declaration of Interest and so forth, which has played a part, but there has not been a major impact on the Board itself, I think it has actually done some effect to some of the employees of the HSA, more so than the Board members themselves.

The Chairman: Does the Board get or request regular submissions from the administration of the HSA in changes that need to be made in personnel and policies of procedures? And how do you handle policies and procedures from the Board to the Chief Executive Officer?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the CEO would provide to the Board of Directors a monthly board report which we review and question; of course, similar to a Public Accounts Committee Hearing. Any questions, of course, would be brought

up at that time; any directives that the Board feels necessary to implement would be brought forth at a board meeting.

The Chairman: And those directives are issued in writing?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes sir, that is correct. They are assigned by myself monthly and they are also tracked by the board secretary who keeps track of everything as to the deadlines for them and when they were accomplished and completed. It is something we have put in place in the last two years where not only do we issue directives, but we issue timelines for the directives, and then sign off on completion of each directive.

The Chairman: For several years now, there has been the average wait time for a dental appointment of five or six months. Have you had any submissions from the HSA Chief Officer in terms of employing one or two more dentists to reduce that down? And obviously they should be able to generate income from it if they are six months booked up ahead of time.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the hiring of staff does not come to the Board at all. It would only be unless the headcount number would need to be increased. As, I think was mentioned earlier, any position that generates revenue is looked at through the Finance Sub-Committee and the HR Sub-Committees, and they can be approved at that point. Wait times, I am sure, can vary depending on the situations, but I do know there have been numerous requests for different positions. I can't say specifically what positions because again it does not come to the Board for what positions; just whether they are revenue generating or not.

Mr. Christopher S. Saunders: Mr. Chairman.

Thank you very much, Mr. Tibbetts.

One of the things I wanted to clarify or to get from your testimony today is section 15 of the Health Services Authority Law, where the side subheading is "power to employ staff . . ." et cetera. And reading from section 3 it says: "**The Board shall also determine- (a) the professional qualifications and requirements of employees of the Authority and persons under contract for services with the Authority; (b) the terms and conditions of employment and contract for services; and (c) The medical staff structure relating to registered doctors, dentists . . .**" and so forth and so on.

One of the things, and I am saying this as a former director of the Board, that one of the things that we were, I guess, a bit taken back on when we had

just started out as an Authority is that the Board actually used to literally have to approve each contract and that is one of the things that we saw as onerous per the Law, but seeing some of the stuff that has happened since, that I am one of the things I am happy that is within the Law. So, I am curious now where the Law is clear, that the Board has this responsibility under the Law and I am wondering why it is that you guys, as a board, are not seeing these contracts for these new employees. Because, I can tell you there are some hiring that has happened recently that are quite questionable, at least, to me as a committee member, and would have felt a bit better if the Board was actually involved or a bit more involved as per the Law.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: The Board delegates the authority for hiring and firing through the CEO and her senior management team. As you can appreciate, every single contract to be signed or seen by the Board would require a lot of work that we may not be perhaps qualified to even do in the sense of doctors. We do not have any doctors sitting on the Board at this time and so forth. So, you know, the delegation for the HR process has been delegated to the CEO and her senior management team.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman; through you: Why not as sub-committee of the Board or something that would make up that. That would have been a bit more efficient and would at least ensure that we have the governance and the oversight.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: We do have an HR Sub-Committee and that does the oversight as far as the number of employees, the status as to whether or not they are Caymanian, the qualifications necessary. In some cases, the HR Sub-Committee would do the requirements for different positions, especially of the senior management level. And they are also responsible for review of the entire organisation when it comes to HR matters. So, there is an HR Sub-Committee of the Board which has some oversight, but more on the policies as opposed to the actual operational items of the hiring and resigning or retiring of employees.

Mr. Christopher S. Saunders: Mr. Chairman, through you: The makeup of the Finance Sub-Committee of the Board, which members form that Sub-Committee?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through

you, Mr. Chairman: We have the Finance Director, the Board Chairman can sit on any of the sub-committees except the Fraud and Risk Committee; and there is legal representative who sits on the Finance Sub-Committee as well, and the IT Director sits there.

Mr. Christopher S. Saunders: One of the things that really jumped out at me is that when I look at the Auditor General's Report, and when I look at the Summary of Adjusted Differences and the amounts, the quantities and everything else of the report, it actually scares me. And I will pretty much tell you as a CPA that if I had found myself in that position I would resign. I mean, these are quite material adjustments that have to be made. And one of the things this Committee needs to be satisfied with is the level of governance that is basically happening at the HSA. When looking at even some of the financial performances and some of the audits, the reality of it is, from the Board standpoint which is ultimately charged under the HSA Law, to ensure this, that we need some level of comfort that the management is basically being held to task and there is not like some kind of fun club down there, because the financial results and the financial performance does not bode well in terms of reflecting well on the Board in terms of keeping management to account.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: When I joined the Board of Directors . . . I absolutely agree with the statement you just made, that it did seem like a bit of a fun club; not that employees were taking it as a joke or whatever. However, from a board standpoint I felt as though who was giving the authority to give away drugs, for example, where we were losing somewhere in excess of \$5 million a year through the Pharmacy; who gave the authority to do those sorts of things. So, I came in late 2014 and began the process of cleaning up the procedures as to the way we were doing things, including the payment policy which was met with a lot of resistance, because obviously people may be turned away. We had to work around that and to include the Needs Assessment Unit in there, as well as meetings with CINICO, various Ministers, and there was combined effort through different Ministries in order to get people the assistance they needed and still be able to collect from the Health Services Authority position.

We had to change the mindset of the employees to have them realise that we were not a lending institution; we are not in the business to give away services. It took a while but we are seeing a significant change in the 2017 financials and we are able to see where our payment policy is now being spread throughout the entire organisation. It is working, our bad debt provision is less than half of what it has been in the past and we are seeing material changes and

being able to collect on the funds that we are billing for.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Let me kind of give you my mindset of what it is that really scares me from a governance standpoint. One issue that still remains a sore point for me is the CarePay contract. Twelve individuals within the service, from what I understand, signed off on that contract and the scariest part about it is: Here is the HSA to which the primary source of revenue is CINICO, the Government. Any way you want to slice and dice it, two government entities doing business with each other still nets the zero. If it is revenue for one, it is an expense to the other. Someone agreed to a contract to stick a third party vendor inside there to take anywhere from \$2 million to \$4 million of the people's money; something that was previously zero.

The fact that someone is in prison for it, goes to show the level of fraud, when considering that the amount of fraud cases against the Government that has been successful has been very limited. This is one that the Government was actually able to successfully prosecute. And what scares me is the very people who should have been in a position to make sure that kind of fraud was not perpetrated on the Caymanian people, is still sitting in key management positions, and then, when reading an auditor's report, it is realised that not only is this a breakdown of internal controls, a weakness in governance, but it is also downright incompetent on many people who are sitting there.

What I am looking from you, Mr. Tibbetts is that somebody needs to get fired somewhere. I mean, we can't allow this culture to continue where the auditor and everyone is coming through seeing this poor performance at the HAS and people still getting paid. Somebody needs to hit the road. And what it is that we would like very much from your Board eventually, is to start seeing more people hit the road. Now, the Law gives the Board the power to approve every single contract. And, a lot of this stuff that is being delegated is being delegated to weaker people.

We have an employee . . . right now there is a department with over 40-odd staff, and rather than [INAUDIBLE] resignation, and rather than to find someone who can act as the interim manager, they go out and bring in someone they said . . . they send it out to the agencies and only one resume was sent back. I can tell you that is some kind of friend-friend type business that is going on within the organisation and it is that kind of behaviour that erodes the public confidence within the HSA.

So, what we are looking for now, is firm leadership at a board level that can keep the management accountable and if need be, some people getting fired. Now, I know a lot of this came after you—

The Chairman: Before.

Mr. Christopher S. Saunders: Sorry, before you, and you are in an untenable position. But the reality of it is that we need, the public needs some level of confidence that the HSA is in fact being managed properly. Even if it makes a loss I can live with that. But at a minimum, the controls need to be there. And right now there is a free for all and I am begging you, sir, as per the Law, if you have delegated that responsibility, take it back from management, because management is actually, in my opinion, abusing that delegation of authority that you have given to them. Start looking at these contracts, start looking at these overtimes, start looking at some of these people as to how they got there, start asking which church they are members of, who their friends . . . it is a small Island; you know what I mean? And take this back to the Board and deal with it.

What frightens me is when someone tells me that we have 833 staff members and the budget is 890. So, it is six per cent down on your staff complement but over in staff budget. When it tells me that that revenue is being grown but not collecting it and can't do a basic understanding of what accounts receivable is—not allowance, not bad debt—the basic. This is not something that we are just finding out today. The honourable Financial Secretary, highlighted this last year when he came out, in terms of explaining definition, and a year later the definition is still not clear. So, this is the kind of stuff that scares us and when I consider that the HAS is \$100-odd million a year organisation, we need people who are switched on managing this entity and we are not seeing that. So, I am begging you, Mr. Chairman [of the Board] for your directives, please take a more . . . if you have to micro manage via your sub-committees, please do. These levels of audit adjustments, I can tell you, if I was the Chair of the Finance Sub-committee, the only testimony I would be given today is, this is who got fired for this. Thank you, Mr. Chairman.

The Chairman: In following along with that, how is it possible for the administrators to exceed the overtime budget by 300 per cent? Or did the Board authorise that?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, I think that question was actually asked earlier to the CEO. The Board does not authorize overtime as such. We don't have any—

The Chairman: What are the consequences of a chief officer exceeding budget allocation in relation to something like overtime by 300 per cent?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that would go through the HR Sub-Committee in which case the Director responsible for the HR Sub-Committee would be made aware of it. There would obviously be allocations to be able to cover the overtime budget; however, it would then be put in for the new budget to hire the additional staff going forward.

The Chairman: The curious thing here is that management response to this 300 per cent exceeding overtime allowance is to do a business case to outsource this stuff. That is not addressing and we know that there are 57 people approved in the budget that have not been employed. Now, whether these are the same people because those have not been hired, the existing staff members are being overworked.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Correct.

The Chairman: You know.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes sir.

Mr. Chairman, I think that is the point; that some staff [personnel] are filling dual roles right now, and we are working to streamline to make sure that each person is responsible for their job and not trying to halfway fill another job. So, that is something that the Board has taken through the HR Sub-Committee to identify the best possible scenario for staff. We do not want to overstaff the organisation but at the same time, obviously, we are in need of certain staff in certain areas to cut down on overtime and minimise it.

The Chairman: Because, I mean, if this is outsourced you are going to be paying whoever it is out sourced to, a profit, and it is very unlikely that they can do the service for any less than you can do it.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes sir.

The Chairman: Well, it says it is going to be in the fiscal period 2018, so, maybe you can put a stop to that before it get started.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: That is the intention.

The Chairman: The other concern on the governance structure is the submission of the Register of Interest, and the implementation date is a.s.a.p. This was some months ago. Do you know whether the Register of Interest is completed?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, are you referring to the Board of Directors or are you referring to management or staff?

The Chairman: Both.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: I know that for the Board of Directors, Mr. Chairman, we received that notice and it was completed. And I do know that the staff not only . . . the Board felt that in a better governance pattern, we should go ahead and get the register of interest for the physicians as well because there was some murmuring in the community that some of the physicians were referring patients to friends or perhaps other interests that they may have, and so, we have done that for the physicians as well.

The Chairman: What is the Board doing about the breaches of the HSA Law in terms of the 90 days cash reserve?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that is something that we are working on as far as being able to be within the Law. Obviously, one of the best ways to do that is to actually do the job of the HSA and that is to collect funds for the services provided and be able to maintain the 90 days shortfall.

The Chairman: Does that implementation require any incremental increases in your reserve? Or, are you just waiting until you can do it all one time?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, I think it is an incremental increase and obviously we can't hit it all one time with the shortfall, but I know that it is something that the Finance Committee is working towards to getting us back on par with the Law in regards to the reserves.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Since you just raised the Finance Subcommittee, Mr. Tibbetts, I want to highlight that when I look at the Summary of Audit Adjustments that came out of this audit; adjustments for \$6.4 million, \$1.4 million, \$251,000, \$506,000, \$1.752 million, \$789,000, \$600,000, \$17.4 million, \$9.5 million, \$26.9 million, \$8 million, \$55 million. The one that scares the most, surprisingly, is one of the smallest ones for bank charges because what it is basically telling me is that the bank accounts were not reconciled and this is like one of the basic functions which is talking about cash to which in itself is a high risk area. I am going to be honest, I am 44 [years of age] and I have been doing accounts from when I was 16 [years of age] and I have never ever in my life seen something like this

and I have seen some stuff. I have done cash tracing for BCCI in trying to find an \$18 billion black hole and I am going to tell you, this is right up there in terms of adjustments. I have never ever seen anything like this. I am begging you to please get your finance sub . . . I think your new Finance Director is—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, the new Finance Director I am actually meeting with her this evening after this.

Mr. Christopher S. Saunders: Yes, I think Miss Solomon. I think that is who—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: No, it is not Miss Solomon.

Mr. Christopher S. Saunders: Or Cover or something.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Cover.

Mr. Christopher S. Saunders: Well yes, she was previously Solomon; my bad.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sorry.

Mr. Christopher S. Saunders: Ask her, please, to really take a look at these adjustments because I can tell you right now, seeing this, it has completely eroded my confidence within the finance function. These are serious material numbers. How can you be missing numbers for [\$]50-odd million, [\$]17 million and that kind of stuff? When considering that, the fixed asset is only [\$]72 million. Literally the auditor came in and did the job. So, now they went out and hired a consulting firm to basically come in and look at the internal processes again. Previously, they hired another consulting firm to set up the department.

I have to ask this: Is the finance function equipped to deal with a \$100-odd million institution? Like I said, this report does not reflect that and that is pretty much what it is that we want from the Board; a more active role, way more governance.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: The Board hired a firm to come in and assess the audit points and how to get us a clean opinion in the upcoming year and that is obviously one of the items that have to be addressed; would be any kind of adjustments and so forth.

The point of the firm coming in would not be to continue to hire some outside firm but, as I mentioned, to clean up the audit points and maybe put the con-

trols in place because we are about 85 per cent compliant at this point, however, that 15 per cent is causing all of the issues. So, the firm will come in and give us the controls and the plan to be able to get the clean audit opinion, and so, going forward with that, we would reduce the adjustments and hopefully be able to have a straight line financial statement for the end of 2018 which is the goal.

Mr. Christopher S. Saunders: Just heads up, through you, Mr. Chairman: The EPS for government is not signed off because of the post-retirement health care liability issue which is standard in that one, so I would just caution you to caveat it. If there is a qualified opinion next year, it will be based on that because understand it is a difference of opinion between the Government and the Auditor General's Office which we can probably live. But I will just caution you to caveat it along those lines to say that if anything, it should just be that one left as opposed to.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: Member you are absolutely correct, however, I have written to the Minister requesting a government standpoint on the pensions benefit. So, from the Board's standpoint we are trying to get a clear understanding as to how we can go forward with that without it being a point and we can get the clean opinion as well.

Mr. Christopher S. Saunders: Yeah.

Just wanted to caution you that when you over promise that you are going to have a clean one and the next year we come back and we see this thing sitting there.

The Chairman: I am not sure that your understanding of why the consultants are being brought in is the same as we have been given the evidence this morning, in terms of what . . . you are talking about, I think, it is Deloitte you are hiring?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes sir.

Mr. Christopher S. Saunders: Yes, it is Deloitte.

The Chairman: But was not the evidence we got this morning that they were going to be more involved in trying to tighten up the policies and procedures as opposed to the working and getting it to a clean audit?

Mr. Christopher S. Saunders: Well, I think that would be part of it too, because internal controls are weak, and I think that is one of the reasons—

The Chairman: Agreed, but what he is telling us now is that basically they are being hired to move the audit to a clean audit in all areas.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that is correct.

The Chairman: If I know those consulting firms, that is going to be another consulting fee.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the Board hired the firm Deloitte to get put in place policies and procedures for us to get the clean audit opinion. They are not coming in to do the work and such but to put policies and procedures in place. And I have told, as member Saunders stated, the senior management that if we do not have a clean opinion by the end of 2018, at that point heads will roll.

Mr. Christopher S. Saunders: You are generous.

The Chairman: If I recall, they also put some concerns about your inventory management and not having perpetual balances and stuff. Is that also going to be a part of the consulting work?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that would be part of the procedures that they evaluate.

The Chairman: The SPS that was just delivered, the Government made a big deal that it has gone to reverse option for purchasing, and I think it claims 37 per cent reduction in cost. What controls has been put in place with reverse auctioning, particularly as it relates to pharmaceuticals and other time barred stuff, to ensure that reverse auction is in fact a good thing to do?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, what we will have to do is to look at the procedures of the past and how other work, obviously, with pharmaceuticals, in particular, they are time sensitive and, as you are well aware, it is not something that you can just jump and grab anytime if they are going to expire shortly and so forth. So, it will take some time to be able to evaluate the reverse auction versus the prior procedures.

The Chairman: Under reverse auction, if the original bid is for a particular medication made by a particular company, does the person who is underbidding in the reverse auction have to bid the same medication by the same company?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, that would be up to the Medical Director to decide. I would not be able to confirm whether he would accept a different medication from a different company. I can't speak to that.

The Chairman: I think it is something you need to pay attention to, because if the original bidder was established manufacturers with proper track record and it has gone through all of the processes for approval and everything else, so you know you are getting by availability, you are getting dissolution rates, et cetera, and all the bindery and stuff is [INAUDIBLE], if that person is competing against some generic thing that is made in some Third World Country, obviously, they would get a cheaper price.

What mechanisms, if any, have we put in place to ensure that if we are buying that kind of stuff that we know we are getting what we are paying for and it does in fact have in it the active ingredient that we are trying to buy.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, I agree with your point that indeed if we are looking for a particular drug from a particular manufacturer, obviously, we would have to get the exact same bid on it, otherwise it would be of no use. I know that there are generic drugs that are used; however, when a bid goes out for procurement of a certain drug, that particular drug has to be purchased.

The Chairman: Are there any other questions?

Hon. Bernie A. Bush: Mr. Chairman, through you: If I said to you, Mr. Chairman [of the Board] that a unit needs to be deep cleaned and the ventilations cleaned, you would understand where I am coming from?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: Yes sir, I do.

Hon. Bernie A. Bush: Could I ask you to get us a schedule and show documentation of how often the units . . . how it is scheduled? Could I ask you to get that for us please, as quickly as possible?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you: Member, are you referring to the ventilation system? Or—

Hon. Bernie A. Bush: In the units where the patients are.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Okay.

Hon. Bernie A. Bush: I have been in some of those units for 5, 6, 7, 8, 9, 10 days continuously everyday but for different people. You turn around and the next morning they move out, by evening someone is in.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mm hmm.

Hon. Bernie A. Bush: I just want to know how often and the schedule of those units being deep cleaned, and the ventilations in those rooms as well..

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, I will provide that schedule from the CEO's Office.

Hon. Bernie A. Bush: Thank you very much.

The Chairman: If you could include in that the methodology for cleaning a room that is unoccupied, for cleaning a room that is occupied and for cleaning a room when an occupant leaves. So, there should be three separate—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: The report will include the different techniques used for each of those particular requests.

The Chairman: Okay.
Are there any other questions?

Mr. Christopher S. Saunders: I just want to wish you luck. Anything we can do to help . . . but I just need to say this Jonathan, I mean, I have confidence in you and some of the members there that I do know, but I am going to say to you, take control of that organisation. It is a \$100 million organisation and based on some of the testimonies I have heard from the seniors . . . well, three of the senior staff that came this morning, it is not reflective of an organisation of that size with that level of responsibility. If you need to train them, train them. Try to manage them up and if not, manage them out. It is as simple as that. It is something we need to get right. This is not on the job training for the kind of business of what we expect from the HSA.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: Member, thank you and I certainly will take your advice.

If I could just share briefly; coming on to the organisation it has been a challenge to say the least. From my own background in working with the power

company, to working with a health organisation, to change the mindset of some of the people, for years I was told that there is this unwritten law that you have to take care of anybody and everybody, and I said that is absolutely right, we do but we have to get the funds for it. And I must say the senior management, in most cases, has [INAUDIBLE] it about face as far as the idea of just providing services as opposed to collecting a fee for it. So, we are seeing that and we are pushing for it. In every aspect of the organisation it has not been something that happened overnight. It has been years, and, in fact, about two years now, that it has taken for us to get to this idea that every single service must have a fee attached to it and every fee must be collected, whether it is through a programme through the government, whether it is through an insurance issue, or whether it is through a self-pay, it has to be collected. And the senior management has come on board with that. I trust that our new Finance Director will continue to push and support that.

I do take to heart your genuine advice, member, and you can be assured that next year you will see a different report, and I am looking at numbers. Perhaps you may not have from 2017 and it is already encouraging to see that the efforts are rolling in the right direction and I appreciate the support of this Committee.

Mr. Christopher S. Saunders: Thanks very much, Mr. Board Chairman. What I would say to you is that if you take a look at your revenues in terms of what is government versus non-government, and look at what is costing you to collect the non-government and your bad debt, you may as well say it is just probably cheaper to not collect it and just have nobody collecting it, the HSA may be better off. If you are spending more money trying to collect something that you are collecting, then clearly, there are serious inefficiencies there. That was just a bit of analysis you may probably want to consider.

The Chairman: One last question: Is the HSA charging the fees that are prescribed by the Health Insurance Commission?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, those are only the fees that we can charge. Unfortunately, we don't have—

The Chairman: You are charging the full amount of the fee?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Correct sir.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: —through the charge master. There was a delay in the charges to government, as far as other private insurance firms were receiving charges, and there was an agreement with government that there would be a three year hiatus on charging the full fees; however, that is now happening as well. So, that is another thing where we saw that there was a shortfall and we fixed that.

The Chairman: Thank you very much, sir.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Thank you all.

[Pause as next witnesses enters the Chamber]

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Ms. Jennifer Ahearn, Chief Officer, Ministry of Health, Environment, and Culture: I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth.

Ms. Nellie Pouchie, Chief Financial Officer, Ministry of Health, Environment, Culture and Housing: I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth.

The Chairman: Good Afternoon, Ms. Ahearn, thanks for coming, and also to Ms. Pouchie as well.

As usual, when you answer the first question, just state your name for the purpose of the record.

As you would have been informed, we are dealing with the Health Services Authority (HSA) financials for 2016 and what we want to talk to you all at the ministerial level in that we have some concerns about the financials, and we wonder whether they have been reviewed by the Ministry and what is the Ministry's position on the 2016 financials. So, maybe we will start there. You have seen it. What is your response to the financials?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Thank you, Mr. Chair.

My name is Jennifer Ahearn. I am the Chief Officer and Permanent Secretary in the Ministry of Health, Environment, Culture and Housing. And if I may, Mr. Chair, before I respond to the question, could I just give an update on Ms. Brenda Riley from this morning?

The Chairman: We would appreciate that very much.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: I have been advised that she is stable. They are still running a few tests trying to determine what the situation is, but she is stable for now.

The Chairman: Thank you very much; that is very much appreciated and we wish her well and will keep her in our prayers.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Okay. Thank you, sir.

The Ministry did receive the financials. Our responsibility is to review them and submit them to Cabinet for their approval to be submitted to the Legislative Assembly for tabling. These, I believe they were tabled on the 24th August, so they have been tabled in the Legislative Assembly. When the financials came to the Ministry we reviewed them and we noted the qualifications that were outlined in them and we asked the Health Services Authority to provide us with their comments on those qualifications and their plans to try and address them and resolve them. I am sure that you have heard through the course of the day about some of the steps that the HSA been taken to that end with their goal of a clean audit opinion. I believe it is the 2018 audit that is their goal.

The Chairman: The big one that we have been talking about all day is the alarming increase in public debt . . . sorry, not public debt. Mr. Jefferson, my apologies. In the bad debt provision for the HSA in that we have almost doubled in two years what it took to accumulate in 12 previous years. And we wonder what the explanation that was given to the Ministry, or whether the Ministry queried that or not.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Thank you, Mr. Chair.

It was a question and continues to be a question that the Ministry asked the HSA in terms of how they plan to address the issue of what appeared to be unrecoverable debts and their treatment of them. Obviously, accumulating it year on year without addressing it is not really a satisfactory position for them to take. And I believe that they have now moved forward with looking at actually writing off some of the very old historic debt and looking at how they are going to prevent it from accumulating at such a rapid rate as we move forward through time.

I think one of the benefits that we are seeing now that we are catching up with these financial audits is that some of the issues that are being flagged, they are now able to address them and hopefully resolve them with success of audits going forward.

The Chairman: Just to back up a bit: Is there any particular reason why? Because normally, I think the PMFL, if I recall correctly, requires a report to be tabled along with the financials. Did the HSA not present to you an annual report with the financials for Cabinet consideration?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Thank you, Mr. Chair.

In the past we have received annual reports but I believe and perhaps the FS can advise the requirement for the annual reports which I thought had been deferred under the PMFL for a period, or . . . ?

[No audible reply]

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: No. Okay.

So, I don't recall if we have an annual report to go with the 2016 financials. We received these in, I think, it was April of this year, so I have not seen an annual report to go with it.

The Chairman: We would expect that a lot of the things that we have to generate questions about now, would be explained or dealt with in the annual report. And, as I understand the PMFL, what the law talks about is an annual report of which the audited financial statements are a part. It seems that most entities are now resorting to simply tabling the audited financial statement, which is not, I don't believe, what the PMFL requires.

I don't know if Mr. Jefferson has anything to add to that or not.

Mr. Kenneth Jefferson, Financial Secretary, Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chair.

Mr. Chairman, just to clarify very quickly, in terms of deferral, as Ms. Ahearn just spoke about, that was the situation with respect to the reporting of outputs back to the Legislative Assembly. That aspect has been deferred.

Most recently, in fact, a lot of agencies, meaning ministries and portfolios of central government and statutory authorities have actually done a much better job in recent years by actually producing annual reports which you have just correctly said, does include the raw financial statements themselves. In addition to then sitting on top of that, would be comments about how the information on the particular organisation; how many staff it had; the makeup of staff, key events that have taken place during the course of the year—

The Chairman: Strategies and—

Mr. Kenneth Jefferson, Financial Secretary, Chief Officer, Ministry of Finance and Economic Development: —key performance indicators and plans for the future et cetera. So, we have actually improved. At the very beginning, it would be correct to say that the agencies throughout the public sector, their primary concern largely because we were some years behind, was to submit the audited financial statements as quickly as they were available as representing an annual report but that is not correct. The financial statements are not an annual report but we have done a lot better in recent years and it is something that we certainly want to continue to do going forward and not to just revert to tabling of the financial statements themselves without management information on top of that.

The Chairman: So, next year we would expect to get a proper annual report of which the financials are a part of, because it makes our job easier and it gives the public a rounded position.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: We will, certainly. The Ministry has a draft annual report for the 2015/2016 financial year. However, our Ministry audit is still ongoing and the HSA contributed to that annual report. So, they may have the document. I will see if I can get it through Cabinet and have it brought to the Legislative Assembly.

The Chairman: Part of the explanation given to us on the rising in the bad debt is that there does not appear to be proper policies and procedures from the Ministry level down to the board, in that there is an expectation that there will be an annual adjustment to the bad debt rather than allowing it to accumulate. Does the Ministry have any plans? Or, has any such policies been issued to the HSA to say that if you have a bad debt provision for the year, that amount at least is written off while you deal with the rest and you just don't simply add it to the pile?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Thank you, Mr. Chair.

The Ministry has not issued a policy to that effect. My understanding is that the authority for that rests with the board, but certainly given that they are taking steps, I think they are taking it in hand and looking at addressing it.

The Chairman: The board seems to believe that they only have the authority to recommend to the Ministry to ask Cabinet to forgive the bad debt, and I think somewhere along the line we need to get that clarified because I think that is part of what is just adding it to the pile as opposed to trying to adjust it annually.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Sorry, Mr. Chair, we did. I just had a sidebar with my CFO. That is something we will look into clarifying.

The Chairman: The other thing we have a bit of concern with is that the classification at the HSA for bad debt seems to be only time as opposed to other considerations. And I think there needs to be, probably a policy director or something from the Ministry down to them to get this thing cleared up once and for all and then make sure that it is adjusted annually.

We provide some of the money in your Ministry for a number of votes which totals somewhere in the region of \$19 million. What is your requirement in terms of documentation from the HSA to access those votes?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, thank you.

The funding that the HSA receives from our Ministry is in two different pockets; one is for services and that, for example, is HEA2 which is the health care provided to the indigents. Some of the other outputs are operating subsidies to make sure that the HSA maintains a particular level of services with it, that they can't recoup either through 'fee for services charges' for the services provided.

The Health Services Authority submits invoices to the Ministry for us to review along with some supporting documentation. I am actually going to ask my CFO to give you more of the technical details behind some of the control processes that the finance team at the Ministry has in place in dealing with those requests for funding.

Ms. Nellie Pouchie, Chief Financial Officer, Ministry of Health, Environment, Culture and Housing: Mr. Chairman, Nellie Pouchie, Chief Financial Officer at the Ministry of Health, Environment, Culture and Housing. Apologies for my voice, I seem to have gotten a sore throat so it sounds a bit scratchy.

In terms of our billings received from the HSA on a monthly basis, we would receive request invoices and sometimes those are in advance as the HSA would need to receive payments prior to some of the actual numbers being realized, so that they would have adequate funding for cash flow purposes. However, on a quarterly basis, those invoices are tried up against actual spent to ensure that we are paying against actual numbers. We usually receive an email invoice and we will get some supporting information as to what is behind the numbers in the outputs that are received. In terms of an estimated number, usually it is in the region of about \$2 million that we fund on

a monthly basis to the HSA and that is across the majority of their outputs.

The Chairman: Mr. Austin.

Mr. Austin O. Harris: Thank you, Mr. Chairman.

Just a question going back to the origins of the bad debt, which again as the Chairman alluded to, has dominated our conversation much of the afternoon. In 2011 the CarePay system was introduced with the goal of preventing the ongoing accumulation of bad debt, but as we all know it worked the exact opposite; it actually cost us more money to implement that system. And there is a growing perception that the accumulation of bad debt has a lot, if not everything to do with the billing process itself at the HSA. Looking forward as a means of avoiding the mistakes of the past, can the Ministry state what alternative to CarePay will be instituted to address the issue of the billing process at the HSA?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, through you.

The Health Services Authority's operational processes and decisions are something that I know they are looking at on a continuous basis, and looking at tightening up their claim submission turnaround times; how clean the claims are when they go in; looking at reducing the rejections of the claims and so on. I can't speak to that in detail because I am not familiar with their operational systems there.

From a national or a ministry perspective, one of the things that appear to be driving the bad debt allowance that the HSA is carrying is the category that is termed "self-pay patients". So, these are patients who come in and either have no health insurance or don't have the ability to pay their co-pay or their deductibles on their health insurance plan. Some of those we pick up at the Ministry level through some of the outputs that we have. We have uninsured and underinsured children; we have chronically ill patients over 60, but there are going to be others who just fall into that pure self-pay bucket.

We are going to look at increasing our enforcement capacity at the Department of Health Regulatory Services (DHRS) that has oversight for the Health Insurance Commission. One of the things that we have been struggling with, for example, is uninsured children. So, under the Health Insurance Law all residents of all ages are required to have at least the Standard Health Insurance Contract (SHIC) in place. There was a misconception for a number of years that children's health care was free and that they did not need to have health insurance, and so, what was happening a lot of times at the HSA is that parents were showing up with their children and even if they had insurance they were not necessarily pulling out

the card. We introduced a form that the registration clerks have the parent fill out to say, "I acknowledge that I should have health insurance for my child." That gets sent into the Health Insurance Commission. When we introduced that we found some parents were then able to pull out their insurance cards and we were able to process it, but one of the challenges is that the Health Insurance Commission has had is the capacity to follow up on all of those forms, so it has been a continuous battle for them along with all of the other things that they need to do.

One of the things that we are hoping to do in the upcoming budget is to add another health insurance inspector to the cadre at DHRS. And we are also looking to recruit for Deputy Director of the Health Insurance to further bolster that capacity.

Mr. Austin O. Harris: If I may ask in the broader strategic context of a question I directed earlier to the CEO and was told that it was a better question to address to the Ministry and the Chief Officer, and so I present it again. The Auditor General's report identified, and I quote: "Cayman's health care system needs a major overhaul if Government is to properly meet the health care needs of the local population." The HSA or the Ministry's response to the strategic context was the development in 2012 of the National Health Policy and Strategic Plan for the Cayman Islands 2012-2017, but unfortunately it has not been fully executed.

The Auditor General further went on to state that- "Implementing the NHPP will result in some improvement of the health system but some goals are too ambitious. The good intentions are there but there is not the means to fulfill them." I wonder if you can state to this Committee what aspect of the NHPP have been implemented versus what aspects still lack the necessary means to achieve them. And, are these necessary means "connected with the lack of human capital" which again is something that we also heard today, that there is budgeted for 890 positions but we have staff of 833, so not only do we need 57 more positions, but potentially another 40 on top of those 57? So, the question is: Of the aspects of the NHPP that have not been implemented, is it because of a lack of human capital?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, through you.

I don't have my NHPP document with me and I don't have an update that I can provide on that basis at this point. I would say, and just to clarify the number of staff that you are referring to, that is at the Health Services Authority?

Mr. Austin O. Harris: That is correct.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Okay.

I would say that certainly the review of the National Health Policy is something that we are planning to work with PAHO [Pan American Health Organization] early next year, 2018, with a view of identifying what the strategic priorities are; revisiting what we have there as a framework to see what is applicable today and what some of the adjustments are that we need to make. I think the observation that it was an ambitious plan is a valid one. And I think that over the timeframe of the policy . . . well, there has not been a formalised work plan done for each of the objectives. I think the work that the Ministry has done and the work that the HSA has done, the work that the Department of Health Regulatory Services has done, has fed back into looking at achieving the overall vision of the policy which is health and wellbeing for all.

Mr. Austin O. Harris: When you state that that plan is still being developed with PAHO or otherwise, can the Ministry state whether an operational plan for that national health policy, which will deal with things like implementation, monitoring and evaluation to track the progress, what is working, what is not working? Has that operational plan that would be somewhat of the companion document to the overall strategic health policy been developed yet?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair.

No, that document has not been finalized. We had started working on that with the technical assistance of the Pan American Health Organization but we did not complete it. We do plan to make sure that one of the . . . because we found that in the absence of that kind of a document, it is very difficult to track the progress, and it very important to identify what those key performance indicators are going to be, so that we can determine if progress is being made along the road that we want to be moving down. So, certainly, one of the things that we have discussed with PAHO in talking about the process in the new year is to make sure that right on the heels of doing that policy, that the operational plan is done so that we will have that road map.

The Chairman: Mr. Saunders.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman, and through you sir.

Madam Chief Officer, thanks very much for coming.

What I am trying to understand and my question takes a different track than the others. I am trying to understand from a governance standpoint the role

the Ministry plays with regards to the HSA, and secondly, from a strategic standpoint, the role that the Ministry plays in this regard. And the reason I am asking this is that we were trying to kind of determine a strategic direction of where we see the HSA going. From some of the non-medical staff or personnel that testified this morning and the answers were not forthcoming, more as to defer policy to the Ministry. So, I was trying to get a better understanding of the Ministry's role in that regard.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair.

The Health Services Authority is a statutory Authority that is set up as an arm's length body. Under the Health Services Authority Law, the Minister is only able to issue directives to the HSA proactively and not in response to an emerging issue. The ability of the Ministry to influence and direct the HSA is evolving with some changes with the Public Authorities Law that is coming on line or has come on line.

Generally, the Ministry's direction to the HSA has been that their role is as the public hospital, to make sure that they are the primary health care providers for the Government for the public, and that they make sure to deliver those in a high quality-accessible cost effective manner. That has been something that the HSA has been working on through the years and something that I think they are taking steps to make sure that they are delivering on.

Mr. Christopher S. Saunders: Thank you very much.

What I wanted to gather from your answer, and what I am about to read is coming from the Auditor General's report entitled "Ensuring Quality Health Care and a Healthy Population". On page 1 it says: **"The Ministry of Health (the Ministry) is responsible for the regulation and oversight of all health services. Its main objective is to ensure a healthy population and a quality health care to the people of the Cayman Islands. Accordingly, the objective of this audit was to determine whether the Government's role and responsibilities in achieving these aims are defined and communicated clearly and managed effectively. The audit examined the manner in which the Government has established and communicated its roles, responsibilities, policies and strategies in the health system; Its authority and capacity to deliver on its related accountabilities; it means for promoting and monitoring compliance with the legislative framework; the performance management and reporting framework it has implemented; and, finally, the extent to which the results and outcomes of the health system are consistent with any performance expectations established by the Government with relevant international standards."**

If I shift over just on page 3 in terms of the conclusion and there are other things there but I just want to get to the conclusion in terms of the purpose of the audit and what the conclusion was.

"We concluded that there are shortcomings in the Government's management of some of its roles and responsibilities, to the extent that they may compromise the achievement of its stated aims of ensuring quality health care for the people of the Cayman Islands and a healthy population. The Government does not have the resources or the information acquired to manage the health system effectively, and neither the Legislative Assembly nor the public can be confident that high quality health care is being delivered, or that value for money is being achieved."

With that said, this is where I guess the rubber meets the road in that as I have said to Members before, this is a \$100 million organisation. It is not a "patty shop" and it has a serious responsibility. And when we look at the financial performance of the HSA and then we recognise also that a lot of the shortcomings and the reason for the qualified opinion are because the internal processes are weak. And when we look at the number of audit adjustments that take place, I mean, some of these, when I say a quit material, it literally blows my mind. I am wondering where along the way does the Minister put his hands up and say, *Guys, ultimately this is our responsibility. We have delegated a portion of this responsibility to you but I have a report here which basically states that the Legislative Assembly, nor the public, can be confident of what is going on over there.*

The reason why I am saying that is in listening to the CFO this morning, based on the numbers and the feedback she gave us, it is clear that there is a complete misunderstanding of the numbers. And what scares me is the fact that the Ministry staff and those who are more in a governance role to some extent, basically comes and repeats the same inaccurate information and to kind of borrow from Regan, "It is okay to trust but verify." And it is when we start digging into the numbers we realise that 1) the numbers does not make sense. And 2), when we do look at the level of audit adjustments, and I don't know if this is something you look at but I am begging you to please take a look at it as it is literally mind boggling, and ask yourself a question then: Can we seriously trust any information that we are receiving from the HSA in this regard?

At the end of the day you're the one who is here giving account of their financial performance and it also leaves you in an untenable and unfair position, that you are basically being asked to evaluate or comment on someone else's performance, when, in fact, an organisation of that size with those qualifications of employees, should be able to stand there on

their own two feet and not for us to be calling to the Ministry.

We asked about strategic direction, that's been deferred to the Ministry and that is a bit disappointing. Luckily, Dr. Jefferson, at least in his own way as his vision, which is something good, but that is one of the things that we would have expected to be hearing from the Senior Management of the HSA and that is not happening. So, the thing about it is that as we look at all of this, what we are trying to figure out now, from a governance standpoint is: What does the Ministry expects of their role? And, more importantly, how do they deal with the level of either incompetence or the issues that are within the HSA. That is what we are looking comfort from; at least that is where I am looking comfort from.

Thank you.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, through you.

The role of the Ministry that is referred to in the Auditor General's Performance audit, it speaks to the various facets that make up our health care system in the Cayman Islands. And we have legislative frameworks. We have a regulatory arm in the Department of Health Regulatory Services. We have service delivery. In the Health Services Authority, the private sector health care providers. We also have the public health functions at MRCU [Mosquito Research and Control Unit] and the Department of Environmental Health (DEH) that are performing as well.

From the Ministry's perspective we have the responsibility and have worked hard to, when it is brought to our attention by the relevant departments or in the course of the directives that we receive from Cabinet, to make sure that the legislation is reviewed and updated that is responsive; make sure that the things that need to be in place to facilitate some of the different roles and responsibilities of the departments are addressed.

You mentioned the issue with (what was it?)—"it's okay to trust but it is better to verify". I can assure that our Ministry finance team does do that. When we receive the invoices from the Health Services Authority, I know that my CFO and her team do go through them.

The budget requests that we get and the forecast that we get from the various departments, in particular the Health Services Authority here today, they are based on what their projections are for the cost of services that they expect to provide. When we receive the invoices the CFO and her team make sure that the amounts are supported. The do question the figures when we receive their budget request to make sure, for example, there is a projected increase in a particular output and we do ask what is driving it and how it

might be addressed. I am not sure if that answers all of the questions that you had.

The Chairman: I think what seems to be the grey area is what the role and function of the Ministry is and what is the role and function of the HSA.

As I understand it, the Ministry is the body responsible for policies and procedures and legislation governing the public health of the country. The HSA is simply an arm that is created under statutory legislation to implement a certain aspect of that policy. What we are not hearing is any alarm bells from the Ministry in that whether the HSA is meeting its responsibility in its implementation to achieving the objectives, and we are wondering who sets the policy, who sets the objectives for the HSA to retain. What kind and how often are directives, or have any directives been issued to the HSA board in terms of what is expected to do?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Okay, thank you, Mr. Chair.

That is what you have described as the function. The HSA is a service provider; they are a service delivery agency and they are to deliver those services in line with what the overarching policy of the Ministry should be. The Ministry, under the guidance of the Minister in Cabinet, viewed our role as a facilitator to make sure that, as I was saying earlier, the appropriate frameworks are in place, the appropriate agencies are empowered to do what they need to do to deliver.

The HSA as an organisation have their own organisational strategic plan that they have set and I don't have it and I don't know the last time they reviewed it but I do think it was fairly recently, and they identified some strategic directives from that plan. That plan is in keeping with, and in line with some of the goals that are outlined in the National Health Policy. In addition, it has happened in previous instances where an incoming Minister of Health has met with the board and sat down and expressed their views and their vision in terms of what role they see the HSA playing in the health care system. The HSA is the largest provider in the system. They are the largest provider of primary care and they are the Government Hospital, so they have a fairly significant role to play.

The Chairman: It was suggested this morning by the Chief Officer of the HSA that one of their strategic goals is that they want greater emphasis on primary health care. What policies does the Ministry have under consideration? And does the Ministry agree that that needs to be one of their major concerns of the primary health care? And, how does the Ministry expect to achieve this emphasis on primary health care?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Thank you, Mr. Chair.

I would agree that absolutely the emphasis needs to be on primary care and prevention. I think we have heard and have seen over the years that really what we need to do as a country is to . . . and globally; this is a global situation. Everybody needs to make sure that they are taking steps for prevention and wellness and they are trying to preserve good health as opposed to letting it go.

One of the things that the Ministry did in 2013 is that we reviewed the Health Insurance Law and the Standard Health Insurance Contract that is the minimum level of benefits that everybody is legally required to have. And one of the main changes or one of the significant changes was to increase the outpatient benefit. Prior to the amendments to the legislation, the maximum outpatient benefit was \$100 per year, which obviously if you are at that level of coverage, you are not likely to use that to go and get a wellness checkup, you are going to save that until you feel unwell and you want to use that benefit to go to the doctor. So, we amended the Standard Health Insurance Contract to increase the outpatient benefits. We also introduced a wellness benefit as part of the base plan that people can use specifically for those wellness checkups. And it was put in place in order to facilitate people taking those steps and embracing primary care and making sure that they get those checkups, that they get their medications and that they take care of themselves and hopefully do not end up being catastrophically ill.

Another initiative that the HSA embarked on, I think it was in 2009 or 2010, was to focus on the Department of Children and Family Services clients who went to the Health Services Authority and to align them with a primary care physician. Previously before that, if you made an appointment you might see the same doctor or you might not; you did not have a doctor who was responsible for making sure that you kept up with your blood sugar checking or your hypertension, your blood pressure checking. So, with the CayHealth programme the Health Services Authority put that in place for the DCFS clients and we have seen over the years that the numbers that they have been measuring from that in terms of the control hypertension, the control diabetes, have been improving. So, that is something that they are looking at and I believe the HSA are in discussion with CINICO about rolling that out to a broader population of CINICO insured patients.

Some other things that we did within the . . . one of the other things we are looking at right now in regards to the Health Insurance Law is trying to identify whether we need to have another standard plan just designed for seniors, the older persons. Obviously, there is going to be some benefits in the current SHIC

that probably are not applicable for seniors; their needs are going to be different. So, one of the things that the Health Insurance Commission is looking at now is whether we need to arrive at a second standard plan that would be targeted for older persons with a different plan of benefits.

The Chairman: Is that not going to fly in the face of the whole concept of health insurance, in that the younger help pay for the old? I can promise you that if you give the health insurance providers the opportunity to price a separate plan for seniors, that is going to be priced and when we look at the demographics of seniors on which an actuarial would calculate a premium for that, it is going to be astronomical.

My limited knowledge of the industry, my recommendation is that that be discontinued immediately because that is fraud with danger and it is not going to help the situation, I can promise you. Because the whole concept of global health insurance is that the young help pay for the old and if you spread the risk across the whole demographic, if you do it for 65 and older, then the next thing we are going to hear is that the young people want one for under 20s and under 30s because they should not be . . . it has to be a global . . . but I would be very—

Mr. Christopher S. Saunders: True.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: One of the things we are asking the actuaries to advise us on in this is that type of impact and what that impact might be. It is something that has been put forward as a result of some of the complaints that we have heard about the SHIC Plan particularly for older persons and the shortcomings of that Plan for that group and so one of the things that we have flagged that we would want to consider and we would want advice on from the actuaries, is exactly that. If we were to move forward with that kind of plan, what the impacts would be across the premiums across all of the cohorts.

Mr. Christopher S. Saunders: Through you, Mr. Chairman, before I ask my next question, I just want to confirm with the audit team, if generally (and forgive me, I have been out of audit a long time), do you guys use 5 per cent of balance sheet as materiality? Or what do you guys normally use for materiality?

Patrick O. Smith, Director of Financial Audit, Audit Office: Through you, Mr. Chair: It depends on the entity but generally it would be for the expenditure. We would use 2 per cent at the higher level if it is a very low risk client. If it is a high risk client we use 0.5 per cent of expenditures.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: What was roughly the materiality that you guys used on the HSA audit?

Patrick O. Smith, Director of Financial Audit, Audit Office: Through you, Mr. Chair: We actually used 2 per cent, however, we used a level of performance [INAUDIBLE] level for testing items that were more aggressive than 2 per cent. So, there are two tiers; there is a global authority level that was 2 per cent of all expenditures, and we took a portion of that at 60 per cent, I think it was, to test the expenditures and the assets.

Mr. Christopher S. Saunders: Okay. Thank you.

Through you, Mr. Chairman: The reason I asked that question is when I look at the total assets for the HSA for the 2016 Financial Year, it is \$115 million in total assets and the liability plus equity would also be \$115 million just to get it to balance. The total amount of audit adjustments is \$105 million; that is 91 per cent of the total. And what I am trying to get from the Ministry is at what point or what number is it going to take when your total assets is \$115 million and your auditors have to recommend \$105 million worth of adjustments in order to sign off on the accounts. At what point does the Ministry intervene to say, *Guys, we have the ultimate responsibility for ensuring this delivery. You guys are charged with this delivery but this is a no, no.* And that is really what I am looking for from a more governance standpoint between the Ministry and the HSA because it is clear from listening to the CEO that, *Oh, basically speaking of how hard the finance team is working.*

I can tell you as a finance person, if you have \$115 million balance sheet and the auditors tell you to make \$105 million worth of adjustments to sign off on it, they have done your work. They have, in essence done 91 per cent of your work. And now, you are going to hire another consultant firm to come in to, I guess, get you to a clean audit and fix up your internal controls. At what point does the Ministry say that they do not have a functioning or competent finance team? And this is really what I am trying to get to, because what we don't want is a repeat of this next year. And if you look into the 2014, 2015, 2016, it is a continuous of the same.

Now, what I am going to say is that this unacceptable and this cannot continue. And it is clear that the people we have there cannot do this work. And to be sitting and having accounts receivable continue to grow, I mean 53 million growth in accounts receivable in two years when it took 12 years to accumulate 63 million thereabouts and in 2 years 53 million was put on. This is not something that is on the right path. This is not delivery of what it is that the Ministry is charged with, and it seems as if though the Ministry is contented to allow the HSA to continue in this function and be

a burden to the Caymanian people, and that I am going to tell you cannot work, cannot continue.

The Chairman: What does the Ministry see as the role of the Chief Medical Officer?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Okay.

The Chairman: Oh, I thought you . . . I'm sorry.

Mr. Christopher S. Saunders: My question is: At what point—

The Chairman: Oh, okay. Yeah you did ask the question.

Mr. Christopher S. Saunders: —does the Ministry step in and say . . .

The Chairman: Sorry.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chairman.

The Ministry, when we receive the financials from the Auditor General's Office, we note the qualifications and we do note with concern the qualifications that are there and some of the adjustments as you referred to. We do receive assurances from the Health Services Authority regarding the steps that they are taking to address them. We have been, and the FS mentioned earlier that, as a government, we have been in the state of catching up on our audits with our financial statements, and it is really only in the last couple of years, I think, that we have really come up to date with them and had some opportunities to see some of the corrections being made and coming to fruition in the financial statements.

I believe that my understanding from what I have been advised by the Health Services Authority is that we start to see, certainly in the upcoming . . . in the current financial year's audit and in the subsequent financial year's audit, that some of these things we are talking about today are no longer issues and have been addressed. If it is the case that we are seeing the same things over and over again going forward, then, obviously those are matters of concern, as you have mentioned.

In terms of the Ministry's role with regards to the competency of the finance cadre at the Health Services Authority, we do not have any operational authority over their staff. It is not a situation where their finance people report to the Ministry that we are in a position to manage them. The CEO is the liaison between her team and our Ministry. As I mentioned, the Ministry's finance team, when we receive the

monthly invoices, when we receive the budget request, there is quite a lot of the back and forth between the finance people at the Ministry and the Finance people at the Health Services Authority and I know that there is lots of clarifications that are sought and questions that are asked.

So, as I said, I think we have been in the catch-up, we have now identified the way forward and I would expect that in the next financial year's audit, we would start to see these improvements reflected in the financials.

Mr. Christopher S. Saunders: Through you, Mr. Chairman:

What I am about to say is more directed to the honourable Financial Secretary and the Accountant General. You guys or your team is responsible for creating the EPS which includes the HSA, Correct?

[No audible reply]

Mr. Christopher S. Saunders: I just want for you guys to just let me know if you guys are comfortable that you are getting numbers from the HSA that you included in government with \$105 million type of adjustment and a \$115 million balance sheet. If this is something that you guys are comfortable with, then I am fine.

Mr. Kenneth Jefferson, Financial Secretary, Chief Officer, Ministry of Finance and Economic Development: Thank you, member Saunders. I am just conferring very quickly with the Accountant General.

I think the position from the Ministry of Finance is where really I don't believe we are aware in advance of the level of audit adjustments, that member Saunders just spoke about. I don't believe that we would receive that. We certainly would get the end product which is the audited financial statements.

The Chairman: But I would assume that this went to the board and we just amended the law to put representatives from Finance and the Ministry on the board, and the whole justification given to me on that was that they were being put there so that they could be the watchdogs, because we thought it was necessary to have them on the board in order to make sure we had the necessary controls in place. So, you are saying that this has not been presented to the board?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance, Ministry of Finance and Economic Development: Mr. Chair, the appointment from the Ministry of Finance onto the board was only a recent appointment. Definitely after the 2015/16 accounts we would expect to see something—

The Chairman: But this document that he is referring to is dated 2 May, 2017; that is certainly after you were put on the board.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: It was one of my colleagues who was put on the board. And I don't think actually his appointment was—

The Chairman: Don't you agree with the member of the Committee that your person on the board should be alarmed about this, and if the reason you put him there was so that you could have ability to exercise . . . because you know I did not agree with you putting him on to start with—right?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Yes sir.

The Chairman: But certainly now that you have put him on, he is not doing his job and you need to find out why.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Most definitely it does cause alarm.

Mr. Christopher S. Saunders: Well, I can tell you, the reason being is that I am going by the assumption that the board would have been receiving monthly financials or at least quarterly at the minimum, and if that is the case, they would have received these management accounts prior to the commencement of the audit, and at a minimum the board would have at least seen some numbers before the audit would have started. So, with that said, the question then is: The quality of work that was going to the board that you would have seen at an interim basis, whether monthly or quarterly, that by the time you get the end product or the final product comes back, there is \$105 million of movement and a \$115 million size balance sheet, somewhere along the line, whether it flows through the penal or whatever, therefore the question is: What reliance can you guys put on your monthly or your quarterly or your interim numbers when these are the levels of adjustments that are being made and they are not small? That is really what I am trying to understand; the governance of this.

Gentlemen, what we don't want and I am saying this in all honesty, is these crazy numbers because at the end of the day you guys are tasked with putting all of these numbers together and when these adjustments come (and I am going to tell you) it is a big job that you guys have—well done to you all. But at the end of the day you also need some comfort that when you are putting numbers together, that they are at least somewhere within the ballpark and not this far

out. With 2 per cent versus 91 per cent is all I am saying, from a governance standpoint. Thanks.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chair, the point is noted and we completely agree.

The only issue we have is, because the appointment from the Ministry of Finance was a recent appointment, he would not have had historical knowledge of the monthly accounts. But your point is definitely noted.

Mr. Christopher S. Saunders: No, no, no, [INAUDIBLE]

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: And we will definitely follow it more closely in the future. Thank you for that point.

Ms. Sue Winspear, Auditor General: Mr. Chairman and members of Committee, I am just conscious that one of the big adjustments there was to do with the revaluation which I was hoping the Accountant General might talk about, of assets, which was the consequence of trying to correct the asset base and get the consistent basis across government to avoid any PS qualification. So, I think if we took the \$53 million out or \$55 million, you know, it gets to a smaller amount but that was—

Mr. Christopher S. Saunders: Still \$2 million.

Ms. Sue Winspear, Auditor General: Yeah.

The Chairman: Still \$2 million.

Ms. Sue Winspear, Auditor General: Okay.

The Chairman: Half dozen of one and six of the other.

Ms. Sue Winspear, Auditor General: But I am just saying half of it was to do with across the government issues about the reevaluation of assets that the Accountant General led.

The Chairman: Can you tell me what the Ministry sees as the role of the CMO and what is the current role of the CMO for the Hospital?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: The Chief Medical Officer's role should be the main health policy advisor for the Government. It is a role that we actually are going to . . . we are advertising it again this week; we are going to try to recruit again this week. But it is a policy advisor role, it is meant to have some oversight at the health

care system. It is to make recommendations to the Minister and Ministry regarding changes that we might need to make in policies and legislation; identify where there may be some gaps; help us to identify some key performance indicators to track the status of our health care system and the delivery. You know, one of the challenges that we have which was flagged in the Auditor General's report is around data and knowing what the status is and how we compare against some other jurisdictions and benchmarks and so on. So, the CMO's role would be one that would recommend what we might want to be looking at, how we might want to measure it.

The CMO is also meant to be the primary liaison between our Ministry and some of the international organisations such as the World Health Organization (WHO), Pan American Health Organization (PAHO), Caribbean Public Health Organization (CPHO) and so on.

We have struggled with not having someone in that role full time at the Ministry level. It is a capacity gap that we have been trying to address through recruitment. We have been very fortunate that we have had physicians who have filled the role in an acting capacity, but the difficulty for them has always been that because it has not been a fulltime role for them, they have not been able to perform all of the duties that come with the role, just because there is only so much that one person can do. So, I am hopeful that with the next recruitment that we are successful and will be able to have that role at the Ministry level. And, even though we have had a situation where the Acting Chief Medical Officers have been Health Services Authority physicians, the Chief Medical Officer role is not the Health Services Authority role. Historically, the CMO was also the Medical Director of the Hospital but they now have the separation where the Medical Director at the Health Services Authority is responsible for the Health Services Authority and the Chief Officer should be sitting up at the Ministry in that capacity.

The Chairman: So, are you suggesting that if you were successful in recruiting a new CMO, the position will be moved from the HSA into the Ministry?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: No, because the position is not currently at the HSA.

The Chairman: Yes, but I would hazard a guess that all the same reasons you are giving now by the person acting, does not have the time to do the important role of the CMO. As long as the person remains a physician and doing physician duties at the HSA, it is not possible for them to do the role that they need to do.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: That is correct. And so, what we envision is that they would be fulltime at the Ministry in that CMO role and would retain a much smaller portion of practice as a physician.

The Chairman: Yes, but do you not see a conflict in that?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: In terms of them maintaining some practice?

The Chairman: Yes.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: I think it is a difficult situation in that, and it is something that we have had a lot of discussions with the various stakeholders about the role and how in a small jurisdiction like we have here, we want somebody who has a feeling . . . the experience within the health care system as a provider. We want them to have an awareness of what is happening on the ground but we also need to have them spending most, if not almost all of their time, in that oversight role. It is something that, as the job description is currently drafted we certainly envision them being at the Ministry fulltime, but something that we are expecting might need to be addressed when we go through the recruitment in terms of what they might want to do in order to keep their practice up.

The Chairman: What specialty are you advertising to recruit as a CMO?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: The qualification of a CMO is that in addition to their basic medical qualification they have Masters in public health and 10 years of experience.

The Chairman: Mr. Bush.

Hon. Bernie A. Bush: Mr. Chair, through you: When a motion is brought to this House, like a Private Member's Motion, and it is approved and passed, what are the steps? Does it then come to you at your Ministry?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, through you, once we are aware of a Private Member's Motion that is—

Hon. Bernie A. Bush: It comes to this House, passed unanimously and then the next step is that it comes to you?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: That's correct.

Hon. Bernie A. Bush: Okay. A Private Member's Motion was passed here last year unanimously. I think, in fact it may have been brought by the Chair. The 2017 Revision completely ignored things that were passed. Comparing it to other countries, the laws and regulations are very low standard. Things were in the Motion if I remember correctly, like three years of experience after board certification. People have to finish their training to board certification level or equivalent thereof. These are some things that are important which were completely left out. Is there any particular reason why? Or is this why we need a CMO in there that can lead you guys that know nothing about medical, to put the right things in these laws? Why were those things left out which were passed in here in the 2016 Law and now in the Revision 2017 it is not there? How could that have happened?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, through you, I am assuming that the member is referring to the Health Practice Law.

Hon. Bernie A. Bush: Yes ma'am.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Okay. The amendment or the consolidation, I think the 2017 Health Practice Law was really just an updated consolidation. It wasn't the result of an overall review that was done.

I am aware of the Private Member's Motion that is being referred to and my recollection of it was that the undertaking given was to look at, including those provisions in the overall review of the Health Practice Law, when the Government undertook that. It has not been done yet. So, as I said, my recollection of the 2017 Revision that you referred to is that it was a legal drafting tidy-up exercise; it does not reflect a comprehensive review of the legislation that was done. So, it is not the situation that the Private Member's Motion has been ignored in creating, or is part of an overall review. The review has not yet occurred. It is scheduled to occur and that Private Member's Motion is part of the information that will be fed into it for consideration.

The Chairman: So, the Ministry does not see the urgency in having doctors, specialists whose first lan-

guage is not English, do an English test but we currently require it for a gardener and a plumber and an electrician, and we can get a cardiac surgeon who can come here, English is not their first language but they do not have to do an English test?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, no; that is not what I am saying at all. The requirement for an English language test is an existing requirement at the discretion of the relevant registering council. I don't have my legislation in front of me today, but one of the requirements that the councils have to consider when reviewing an application for registration of a practitioner is that they have sufficient knowledge of English. That is one of the requirements that has been in the legislation for some time. And if I remember, and again, I don't have it in front of me today, but the Private Members' Motion spoke to setting in stone in the regulations what the benchmark would be to make that determination in terms of the English language capability. That is something that the individual councils have the discretion to put in their guidelines now and have done so, and it is something that I know they have been applying, because I am aware of a couple of instances that applications have not been approved on the basis of inadequate performance on an English language test. So, it is not the situation that we do not think it is important. It is important enough that it is in the legislation, the requirement to have the command of the English language. It is in there now.

The Chairman: But only in a subjective way, if you don't have any standards, it is not an objective assessment and you do not have to have a passing grade; it is just something that if they feel it is okay. If they feel like doing it, they do it, and if they do not feel like doing it, they do not do it. What happens if they do not do it?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr.—

The Chairman: Who is accepting the liability? Is it Government?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, it is currently at the discretion of the individual council in terms of how they satisfy themselves regarding the various criteria for registration, for applications for registration. Some of the councils have issued guidelines or have put guideline forward that have outlined for applicants what the expectations are in terms of the different criteria that need to be satisfied. So, one of the discussions that

we need to look at and something that we have been having discussions about in keeping with the Private Member's Motion, was whether we want to legislate that; whether it is something that needs to be detailed in the regulations; or whether it is sufficient to require that the councils have those established and gazetted in order to review the applications.

The Chairman: And, are you comfortable with the existing situation?

When does the Ministry plan to review the law in its entirety?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, that would be probably toward the middle of next year after we have done the review of the National Health Policies, so that we can make sure that we have that in line.

The Chairman: And the Ministry is not concerned with the expansion beyond the legislated countries from which we accept registration? Now that that has been expanded, the Ministry does not believe that that should have an impact and increase the urgency of having a proper objective standardised test?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, there has been quite a bit of discussion since the amendments were put in place to create the category of institutional registration which is what you are referring to, to allow the registration of practitioners from jurisdictions other than the seven that are recognised for the principal list. As part of those amendments, some requirements were put in place regarding how the councils can go about satisfying themselves with regards to the educational qualifications of the practitioners, the work experience, the knowledge, and so on. All of the applications for registration for that category are required to tick the same boxes in terms of satisfying the councils before they can be registered.

So, one of the challenges I think that the council have had is because . . . because what we have done historically with the seven jurisdictions that we recognise for a principal list registration is we basically said if you have gone through their exam system, if you have passed whatever registration requirements they have, we believe that that is good enough for us. We are satisfied if you have satisfied them. We don't have a local examining board; we don't have a local framework set up to make those assessments. We have relied on CAMC [Caribbean Association of Medical Councils] exams for some of the registrations as well. So, one of the challenges that I think the councils have had is determining particularly with regards to the educational qualifications with the countries that

they are not familiar with because we have not dealt with them.

The guidelines that were gazetted by Cabinet in May 2013, I believe it was, in May or June, outlines some of those guidelines that the councils are to use. And those are another thing that we are going to have to look at. Now that we have the benefit of a few years of practice with the framework that we have, the guidelines that we have and the experience of the various councils in registering these practitioners, and the experience of having these practitioners here practising, I think we are in a better position now to make an informed amendment going forward to see if we need to look at eliminating some of these categories of registration, adding some countries to the list for principal registration, staying with what we have and so on. So, that is something that we are going to be looking at as part of the overall review.

The Chairman: So, the Ministry is not concerned in that in changing members of the licensing authority that they may be more lenient, particularly with the command of English since there is no standard established and it is a very subjective thing?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Mr. Chair, the changes to the various councils are Cabinet decisions that—

The Chairman: That is the problem.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —Cabinet has made and they—

The Chairman: The political appointments.

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: —I believe, and I don't have the list in front of me, but I believe that there has been continuity. I don't think that there has been a change that we've changed the board wholesale. But again I am speaking from memory and not from paper in front of me and I don't know for certain. But certainly a recommendation from the Ministry when appointments are being considered is to make sure that there is some continuity for that very reason, to ensure that there is some consistency from one to the next as those appointments are being made.

The Chairman: Are there any other questions:

Hon. Bernie A. Bush: Mr. Chair, through you.

The Cayman Medical and Dental Board, I think is the right name for them; the one that approves licences and things like that?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Medical and Dental Council.

Hon. Bernie A. Bush: Correct, the Medical and Dental Council. They are supposed to be independent. Is that correct?

[No audible reply]

Hon. Bernie A. Bush: They are an independent body with their own regulations. They should not be interfered with or influenced by the Ministry or by us. Is that correct?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair: The Registering Councils are set up under statute, under the Health Practice Law and the Health Practice Regulations. Again, I don't have my laws in front of me but I believe that there are sections of the legislation that speak to, should the Minister be minded to issue a directive to the councils, how they would be able to go about doing that. There are some controls around that but again I don't have the legislation in front of me so I can't point you to a chapter and verse of it that speaks to it.

Hon. Bernie A. Bush: Okay. Has your Ministry, you or anyone there tried to have any influence or interfere with the board at any time? Or, has the Minister ever given you a directive to give them, like you just said that there may be a clause in there? Forget the clause that is there. Outside of that, has the Ministry, you, or anyone there ever tried to influence or interfere with this board?

Ms. Jennifer Ahearn, Chief Officer and Permanent Secretary, Ministry of Health, Environment, Culture and Housing: Through you, Mr. Chair: Not that I am aware of.

Hon. Bernie A. Bush: Thank you very much, Mr. Chairman. That's all for me.

The Chairman: Are there any other questions?

Thank you very much, Ms. Ahearn, for coming.

We need to have a short admin meeting afterwards.

[Inaudible interjection]

The Chairman: Right here, after they all leave.

At 5:23 pm the Public Accounts Committee Meeting adjourned.



Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting with Witnesses

Tuesday, 24th October 2017 at 10:00am

Cayman Islands Health Services Authority ("HSA")

Minutes and verbatim transcript of the meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building, Grand Cayman on **Tuesday, 24th October 2017 at 10:00 am**

Present: Hon. D Ezzard Miller, MLA – Chairman
Mr. Christopher Selvin Saunders, MLA – Member
Hon. Bernie Alfredo Bush, MLA - Member
Ms. Barbara Elizabeth Conolly, MLA - Member

Ms. Manesa Webb, the Committee Clerk

Apologies: Mr. Austin Osmond Harris, Jr, MLA – Member

Attendees: Ms. Sue Winspear - Auditor General, Office of the Auditor General
Mr. Patrick Smith - Financial Audit Director, Office of the Auditor General
Mr. Winston Sobers - Audit Manager, Office of the Auditor General
Mr. Ruel Huet - Audit Project Leader, Office of the Auditor General

Mr. Kenneth Jefferson - Financial Secretary/Chief Officer- Ministry of Finance and Economic Development (FED)

Mr. Matthew Tibbetts - Accountant General - Accountant General Ministry of Finance and Economic Development (FED)

Witnesses: Ms. Lizzette Yearwood: Chief Executive Officer - Cayman Islands Health Services Authority
Mr. Jonathan Tibbetts: The HSA Board Chairman - Cayman Islands Health Services Authority

1. Meeting to Order

There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 10:00 am.

2. Welcome

The Chairman gave a brief welcomed to the Members and thanked them for attending the Public Accounts Committee (“PAC”) Hearing. He also welcomed the Auditor General and thanked her along with the OAG staff, Mr. Kenneth Jefferson and Mr. Matthew Tibbetts for attending the hearing.

The Chairman advised the Committee that they would be dealing with the continuation of the Human Resources segment, and the Cayman Islands Health Services Authority Financial Statements.

The Chairman then opened the floor to questions from the Members of the Public Accounts Committee.

Ms. Winspear, Auditor General, Office of the Auditor General offered opening remarks on background and current standing of the Cayman Islands Health Services Authority.

3. Review of Cayman Islands Health Services Authority Financial Statements & Contract Agreement for Consultant Services

The hearing commenced at 10:30 am the Chairman invited witness to the Chamber and asked them to state their names.

The following persons appeared in their named capacity as witnesses before the Committee for this Report:

- Ms. Lizzette Yearwood: Chief Executive Officer - Cayman Islands Health Services Authority
- Mr. Jonathan Tibbetts: The HSA Board Chairman - Cayman Islands Health Services Authority

The following Cayman Islands Health Services Authority documents were reviewed during the Public Accounts Committee hearing:

- Cayman Islands Health Services Authority - Contract Agreement for Consultant Services 26 April 2017
- Cayman Islands Health Services Authority - Request For Proposals for Consultant Support Services Tender # HSA/ 16-17/ SER03
- Cayman Islands Health Services Authority – Client Engagement Letter Ref :Tender # HSA/16-17/ SER03
- Cayman Islands Health Services Authority – Tender Evaluation Report Consultant Support Services HSA/ 16-17/ SER03

- Cayman Islands Health Services Authority – Bad debt request made to the Board Directors
- Resumes, Qualifications & Certificates of Key - Health Services Authority Senior Positions
- Cayman Islands Health Services Authority Policy
- Cayman Islands Health Services Authority Memorandums & Invoices
- Deloitte – Cayman Islands Health Services Authority - Financial Management Process & Controls – Findings and Recommendations
- Deloitte – Cayman Islands Health Services Authority – Consultant Support Services – Cost Model Development Roadmap
- Cayman Islands HSA –Revenue Management Review
- HSA Revenue Current State Flows

The Chairman thanked the witnesses for attending the public hearing of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building.

4. Any Other Business:

There was no other business.

5. Scheduling of Next Meeting

The next administrative meeting were confirmed for:

- Tuesday, 24th October 2017 at 1:30 pm.

6. Adjournment

There being no further business, the Chairman adjourned the meeting at 12:30 pm.

**OFFICIAL VERBATIM TRANSCRIPT
STANDING PUBLIC ACCOUNTS COMMITTEE
TUESDAY
24 OCTOBER 2017
10:08 AM**

[Meeting with witnesses]

**FINANCIAL STATEMENTS OF THE CAYMAN ISLANDS
HEALTH SERVICES AUTHORITY – JUNE 2015-2016**

Verbatim transcript of the Standing Public Accounts Committee meeting held 24 October 2017, at 10:08am, in the Chamber of the Legislative Assembly Building, George Town, Grand Cayman.

Present: Mr. D. Ezzard Miller, MLA, Chairman
Hon. Bernie A. Bush, MLA, Member
Mr. Christopher S. Saunders, MLA, Member
Ms. Barbara E. Connolly, MLA, Member

Apologies: Mr. Austin O. Harris, Jr., MLA, Member

In attendance: Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development
Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development

Audit Office: Ms. Sue Winspear, Auditor General
Mr. Patrick Smith, Financial Audit Director, Office of the Auditor General
Mr. Winston Sobers, Audit Manager, Office of the Auditor General
Mr. Ruel Huet, Audit Project Leader, Office of the Auditor General

Witnesses: Ms. Lizzette Yearwood: Chief Executive Officer, Health Services Authority
Mr. Jonathan Tibbetts: Chairman, Health Services Board of Directors

[Chairman presiding, Hon. D. Ezzard Miller]

The Chairman: Good morning. Let the record show that we have a quorum present and I would like to call this meeting of the Public Accounts to order.

I need to clarify a couple of things: there seems to be some continued doubt or questioning or mysteries surrounding what the Public Accounts Committee can ask for and what it cannot ask for and whether we need to seek certain permissions from higher authorities before requesting information.

I need to quote from the Legislative Assembly Standing Orders (2006 Revision). Standing Order 72(1) says: "Every Select Committee shall have power to send for persons, papers and records."

Standing Order 73(1)(2) and (3) states: "If a Committee desires to summon a witness, the Chairman shall supply the name, residence and occupation of every such witness to the Clerk at least seven days before his evidence is required. The Clerk shall then, subject to the directions of the Presiding Officer, summon the witnesses on behalf of the House. The Committee may, at its

discretion, refuse to hear any irrelevant evidence or any recalcitrant witness. Each witness shall be taken in turn and no two witnesses shall, at the same time, attend the Meeting of a Select Committee, unless they are being examined together."

And in Standing Order 77(1), which is the Standing Order specifically for the Public Accounts Committee, it says: "There shall be a Standing Select Committee to be styled the Public Accounts Committee to consider reports of the Auditor General -

- a) on the accounts of the Government;
- b) on such other accounts required to be laid before the House as the Committee may think fit; and
- c) on any matter incidental to the performance of his duties or the exercise of his Powers as the Committee may think fit."

Sub-clause 4 reads: "In accordance with Standing Order 72, the Public Accounts Committee may call any public officer, or, in the case of a report on the accounts of or relating to a non-Government body or organisation, any member or servant of that body or organisation to give information or any explanation or to produce any records or documents which the Committee may require in the performance of their duties."

So, I think it is well established in our Standing Orders that the Public Accounts has the authority to do what we are trying to do. And as the public should be aware, in cases where we do not believe that our Standing Orders are exhaustive, we turn to Erskine May which states on page 839 and I quote: "Disobedience to the order of a Committee made within its authority, is contempt of the House. Individuals have been held to be in contempt who did not comply with orders for their attendance made by Committees with the necessary powers to send for persons, as have those who have disobeyed or frustrated Committee Orders for the production of papers."

"To prevent, delay, obstruct or interfere with the execution of the orders of a Committee of either House is also contempt. Among the particular actions which are being considered to fall within the decision are absconding in order to avoid being summoned; being served with a summons to attend a Committee; assisting those whose attendance is required as witness to avoid giving their attendance; and attempting illicitly to produce from a third party, a document, the production of which had been required before the Committee." [UNVERIFIED QUOTE]

I just want to record that in the Hansards of the Public Accounts Committee and of this honourable House, because it has come to my attention that certain individuals have been seeking from higher authorities some kind of decision or rationale as to why they should not do something. I want to issue a clear warning to persons that if you receive a summons from the Public Accounts Committee, we expect you to act in accordance with the Standing Orders that I just quoted and with the quotation from Erskine May. And as Chairman, I have no tolerance of any variations from the Standing Orders or Erskine May. Thank you all very much.

Does anybody have any comments? In that case we can invite in the two witnesses or the witnesses and her support that she has brought with her.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Ms. Lizzette Yearwood, CEO, Health Services Authority: I, Lizzette Yearwood, swear by the Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth, so help me God.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: I, Jonathan Tibbetts, swear by the Almighty God that the evidence that I shall give to this Honourable Legislative Assembly shall be the truth, the whole truth and nothing but the truth, so help me God.

The Chairman: Good morning, Ms. Yearwood and Mr. Tibbetts, and thank you all for coming. As you are aware, we are continuing our hearings on the Health Services account 2016. As usual, when you answer the first question, for the record, just state your full name and your position that you occupy.

Ms. Lizzette, I would just like to back up a little bit. We got the impression, during the evidence that you gave, the evidence that the Chairman gave, the evidence that the CFO gave, that the Deloitte Consultancy was going to solve the problems and implement the corrections that were identified by the Auditor General in the report. The documentation that we have been supplied with, (i.e. the RFP), the contract for Deloitte, seems to indicate otherwise, in that they seem to have been employed to identify the problems but there is another round to come, where somebody else will be hired to fix the solution. Can you give us an explanation as to a particular reason why it was done that way?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Lizzette Yearwood, Chief Executive Officer of the Health Services Authority.

Mr. Chairman, the Deloitte Company was hired on a consultancy in order to identify the gaps in the systems, in the various controls and make recommendations. We felt that this was the most productive and expedient way in order to do so, because how we have actually approached it, once their recommendations were made we recognised that there was some of the work that could actually be done in house in order to mitigate some of the financial overheads.

The Chairman: But was it not part of the Auditor General's remit? Did they not identify the areas that they thought should be improved in order to get a clean audit report?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, could you repeat that question? Who are you referring to that did not make the recommendations?

The Chairman: It is my understanding as Chairman that the Auditor General, in performing their audit, identified, through management letters, the areas that needed to be improved to get to an unqualified report.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, Mr. Chairman, that is correct but those

were broad areas that needed improvement, for example, it speaks to receivables, but what we had done was the consultant came in and went through all of the controls that were in place to determine how far are we in order to meeting those expectations.

The Chairman: So, we misunderstood your evidence, and the CFO evidence and the Chairman's evidence that Deloitte was employed to fix the problem. Deloitte was never employed to fix the problem; Deloitte was employed to identify the problem in great detail?

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is correct, Mr. Chairman.

The Chairman: Given the timeline in that the Chairman has gone on record and gone out on a limb to say that he will produce a clean report December, 2018, that all of these corrections will have to be in place on January 1, 2018, do you believe that you will accomplish that through the process of having two different consultancies?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I am quite confident, based on the report that came back from the consultant, it was recognised that we had pretty much 85 per cent of all the controls in place, so they did identify the area that we still had to do some work on and work has already started on that area.

I must say that, as far as the receivables are concerned, we have seen a tremendous improvement since beginning of the year, even with some of the work that we have been doing. Because recognising that you know, there is a lot of work to be done, we have to make sure that we have the processes and the systems in house to be able to continue this past December, 2018, and really, the work that has been done by the Patient Financial Services team and the accounts team, has really been tremendous.

For example, I mean, the collections that we have seen since the beginning of the year has drastically increased. We moved from an average of six million dollars a month collection to this month, October. We are almost up to \$14 million dollars and the month still has a few more days to go. So, the controls that we are putting in place in order to improve revenue capture has already beginning to yield some very positive results. To make a long answer short, yes, I am very confident that by the end of 2018 we will be able to have a clean opinion.

The Chairman: What is the expectation of the HSA in having the consultants spend so much time and effort on developing a costing model for the HSA?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, the costing model is something that has been necessary now for many years, really,

since from the inception of the hospital. And I think you have actually asked questions around that in previous hearings, because we genuinely cannot say that what we are charging for the services that we provide are actually the cost that is put into providing them.

So, that is one of the reasons behind having a costing model in place, that we can be more confident that all the consumables and all of the non-consumables that go into delivering a service is actually captured in a very succinct way and that is something that previous boards have recognised as well was necessary and we are very happy to be able to work on that. But that is not necessary to achieve the clean opinion, so that is why that is something that we will start working on at the beginning of the year, rather than for the remaining months of this year, sir.

The Chairman: But is it not what you can charge largely established by the Health Insurance Commission in setting the rates for charging?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Absolutely, sir. Mr. Chairman, those charges are put in place by the Health Insurance Commission, however, when the Health Insurance Commission is doing that exercise, what they do is that they go around to all of the local providers to ask us what our charges are, and basically from that they have their actuaries go through and do an analysis to determine what those standard health insurance fees should be. So, in essence, if we are submitting to them what our billing is, or our charges are, and there is really no comfort that those charges are actually what it is costing to provide the service, then, they will just use numbers that perhaps are erroneous in providing the actuaries information to do the standard health insurance fees.

The Chairman: The timelines as put forward by Deloitte do not seem to concur with your assertion that you will have it done by December. Or, have you met all of the timelines in the report to date and all the stuff that they say should have been implemented is already implemented?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, we have the finance team that is putting together that report now to give us some feedback as to where they are at but, so far, my last look at what our achievements were, yes, we have met what we feel we comfortably do before the end of the year that will meet those recommendations and expectations.

The Chairman: Have you gone out with an RFP for the second stage of the consultancy or you do not think there is going to be any need to do that consultancy?

Ms. Lizzette Yearwood, CEO, Health Services Authority: At this point in time, we have not recognised any need to go out for a second consultancy but what we have decided to do is that their recommendations that we can almost use as an a-la-Carte, so we can use components of the recommendation to say we need a consultant for X and then we go and look for a consultant to help us.

For example, with the costing model, if that is something that we want to look at a consultant to help us do, we will go and just look for a consultant through an RFP process, in order to get someone in-house to do that, whereas, if we had looked at it previously, we would have looked to see we need an RFP to get all of the recommendations covered. But we really feel that we have the ability to do some of that work in-house, now that it has clearly identified and the recommendation set out in such a succinct way that we can actually work on some of that.

The Chairman: I guess the million dollar question is: Are you suggesting that the lack of revenue correction was one of competence rather than policies and procedures being in place?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, no; that is not what I am saying. I think what we said was that 85 per cent of the controls were already in place, so, there are a number of controls and training that needs to be done in order to make sure that everybody is on the same page.

We have staff that, you know . . . well, there is a staff turnover and obviously whenever there is new staff come in they have to understand the culture, the expectations and also all of the processes and procedures and there sometimes we see that there is gap in their understanding and their performance based on the need for training and retraining. So, training has been a particular emphasis this time as well.

The Chairman: Okay. I do not know if you have the Deloitte report there with you, but on Page 28 of the Implementation Plan – I will just pick one of them.

"Work Stream, Update and Develop Policies and Procedures, Major Activities:

1. Performance review of existing policies and procedures and update as required, to ensure alignment with business processes and objectives.
2. Develop policies and procedures for areas currently not captured e.g. claims processing, insurance provider payment receipts.
3. Establish a process whereby policies and procedures undergo an annual review to ensure that they remain current and up to date. Evidence of the review

should be retained; additional changes should be communicated to staff.

4. As part of work stream six, training, communicate new and revised policies and procedures to staff and perform training sessions to ensure staff [personnel] have a clear understanding of the process and expectations.

Deliverables recommended by the consultant:

1. Update and new policies and procedures
2. Policy and procedures library and supporting process for review and approval of policy and procedures.

Estimated duration: four months."

You got the report in July—July, August, September, October, November— and you are saying this is all completed; that 80 per cent of these policies and procedures were already in place, you only need to update and get new policies on 20 per cent of the spaces and most of that has already been completed.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, sir, that is what I am saying.

The Chairman: Okay. And that would be, that would be for all of these areas in the Implementation Plan that is under four months—

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes.

The Chairman: —because the training, obviously, is projected out to the end of next year, I think. The implementation plan timeline by the consultants is . . . you would have gotten . . . they were predicting that it would take four months to update and develop policies and procedures; to establish a three-lines of defence framework it would take six months; implement a change management processes and steering committee would take three months; audit the revenue cycle and Cerner would take four months; implement and remediate control deficiencies, two months and then, two months later another two months; training, the whole year; statistical reporting, six months; develop a performance management system, and you are comfortable that all of this, other than the training, which I agree with new staff coming in, but all the training required for existing staff will be completed by the 31st December, 2017 and we start 2018 with a clean slate?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, the training has already started

and it is pretty much completed and we need just to continue to make sure that we are updating them with any new policies and procedures. Yes, Sir.

The Chairman: You already put in place the three lines of defence framework?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, Sir. Let me talk a little bit about the three-lines of defence. Mr. Chairman, what we had in place was an internal audit office and we did not have a compliance department and as a result, the internal auditor was having to do some of the compliance work as well as internal audit work. So, instead of trying to now implement an office for the compliance in addition to the internal audit office, what we have decided to was to look around within government to see where some of our resources lie and we have had discussions with the internal audit office and came up with an agreement with them that what we would do is to put in place a service level arrangement that they would help us with the internal audit function.

So, we are actually outsourcing the internal audit function; what we did was, we have seconded our internal auditor to the internal audit office to work along with them in order to be able to provide that function.

The other line of defence is compliance, so we are actually setting up a compliance unit within the hospital to be able to provide that level of service. So, rather than having compliance as well as internal audit, in order to try to expedite the process, be more productive, we have outsourced that function to Government's Internal Audit.

The Chairman: So, are you confident that you got your money's worth from Deloitte if they only addressed 20 per cent of the problem because you fixed 80 per cent of it yourself?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I think we can be assured that the consultant has provided the full scope of the service that we hired them to provide because, in order to come up with the recommendations and with the gaps, they had to look at everything that was currently in place as well, and that included the 85 per cent of the controls that were already there.

The Chairman: I have a couple of questions on the RFP. Are you confident that the RFP complied entirely with the procurement legislation of Government?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, the RFP for . . .

The Chairman: For the consultant—

Ms. Lizzette Yearwood, CEO, Health Services Authority: . . . for the consultant?

The Chairman: —which Deloitte won.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Yes, sir. We followed all of the steps, as far as compliance is concerned, with the PMFL.

The Chairman: Does anyone have any questions while I look for some documents?

Mr Christopher S. Saunders, MLA: Good morning and thanks very much for the CEO and the Chairman joining us this morning. My question today or questions rather, are centred around two areas— governance and competence. And the first question I have to ask is, seeing that this has been an ongoing problem and, in some cases, the same individuals have been there for a long time: Do you have the confidence team at this time to make sure that this problem is fixed.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Through you, Mr. Chairman. Yes, sir, I am confident with the action plan that we have in place that we have the team that is not only competent but dedicated and passionate in making sure that this takes place.

Mr. Christopher S. Saunders, MLA: Thank you very much, Madam CEO.

Through you, Mr. Chairman: the reason why I am asking this question is that one of the things we had asked for was the job descriptions and also the role profile for the senior functions within the Finance department, namely the CFO, the Chief Financial Officer and the Financial Controller.

And I was a little bit surprised that, while we did receive a job description or role profile for the HR position, we did not receive one for the Chief Financial Officer's position and that was a little bit odd. It is almost as if to insinuate that there is no formal job description. Now, we did receive an evaluation tool but that in itself is simply that; a performance evaluation tool and we were specifically looking for the job description for the Chief Financial Officer, which was not submitted to the Committee.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you. I think maybe there is a bit of a misunderstanding in regards to the template, because what we were doing was changing over the template from the standard job description and incorporating all of the aspects of the job description in the performance tool and that is something that we started doing, I think it was back in 2010. So, we were gradually integrating all the job descriptions in that new format. So, in essence, what you have seen

in that document would have been the expectations of that position.

Mr. Christopher S. Saunders: Well, with that said, I just want to touch in essence of what is required of the role that you guys have submitted.

Inside the position for the Chief Financial Officer it asks for a Bachelor Degree in Accounting or Finance with a Master Degree preferred under education. Certificate and Licences, it says it must be a Chartered Accountant, Certified Public Accountant or Certified Management Accountant, and in terms of experience it says that it must have at least seven years of relevant work experience as in accounting or Finance Manager, preferably in the health care system.

Now, one of the things that kind of really I found odd is that the experience that they asked for, for the Chief Financial Officer is less than the experience that they asked for the Financial Controller that reports to the Chief Financial Officer. I would expect that the CFO would have been pretty much the one that would have had the most experience that would be acquired in that position, so I do not understand why the Financial Controller is being asked for more than the CFO. That one kind of really threw me off a little bit.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, is there a question?

Mr. Christopher S. Saunders: Yeah, well, the question is: Why is the experience requirement for the Chief Financial Officer less than it is for the Financial Controller? That is the question, sorry.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Through you, Mr. Chairman. Can you specifically indicate what experience you are referring to that is required of the CFO that is . . . or is not required of the CFO but is required of the Financial Controller?

Mr. Christopher S. Saunders: Yeah, I can read it out of here for you. The CFO...I am sorry. I just want to make sure I got the right one here, okay.

The CFO experience is: "Must have at least seven years of relevant work experience as an accountant or finance manager, preferably in the health care system." [UNVERIFIED QUOTE] That is the experience required for the CFO.

The experience required for the Financial Controller is: "Must have at least five to seven years post-qualification experience, health care experience preferred, have a thorough understanding of accounting policies and procedures, knowledge of generally accepted accounting principles (GAP), in the US, Canada or UK, knowledge of computer systems and programs utilised in accountant processing at the HSA, knowledge and skills with word processing, data

base and other software." [UNVERIFIED QUOTE] That is the Financial Controller versus one line for the CFO.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: I think the CFO obviously is the oversight of that position and the Financial Controller is required to have more technical capabilities but certainly the CFO will have to oversee that position.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Why is there requirement for both the CFO and the Financial Controller to have a degree in accounting or finance?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: I think it is pretty obvious why they would need to have a degree in accounting and finance. Maybe I am missing the point of your question.

Mr. Christopher S. Saunders: No, well, the point is going to be made clear. Both positions ask for a degree in accounting or finance but yet the CFO possesses neither. Neither! Based on the qualifications that were sent through, the CFO here, degree is actually in economics and management, not accounting or finance. They are two completely different disciplines.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: I would need to look again but I am pretty sure that she also has a degree in accounting. And I would need to come back to you in regards to that.

Mr. Christopher S. Saunders: Through you again, Mr. Chairman: The reason, I am going to tell you where this line of questioning is going. It is that we ask for experience of "must have at least seven years of relevant work experience as an accountant or finance manager, preferably in the health care system." This is what is asked for of the CFO position now, and also "must have five to seven years post-qualification experience for the Financial Controller."

When I look at the Resume, Mr. Chairman that was submitted, for when the CFO was hired, the CFO basically possessed none of these skills; as a matter of fact, prior to, based on the resume submitted to this Committee, other than a group accountant job at the Shipping Services Ltd. from 2001 to 2003, there is no other work experience listed on the resume that was submitted for us for the CFO.

I am really concerned when the HSA, a \$100 million dollar organisation, hires a person with two years of accounting experience, none of the requirements that the job asked for and then pretty much wonder why we are where we are today. Twelve years in the role and still having the challenges that we are having. And this, Ms. Yearwood, is really and

truly the crux of the matter that we have. And this is the confidence that I am looking for and maybe others in this Committee are looking for, that we have a mismatch of skill sets. The job asks for one thing, we hired something else and then we are surprised at the results we are having. And I think this is really what needs to stop within the HSA.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: Just to go back a little bit; the Authority was put in place in 2002. In 2005, it was not under my leadership, but in 2005 was when the CFO was brought on as a consultant at that time to assist. Prior to that, there had been four CFOs that had been with us from 2002 to 2005 and there actually had been a large period of time when there was not a CFO in place at all. So, the current CFO was brought in at that time as a consultant and worked to help get the accounts in place and was subsequently, after that, hired to take on the role of CFO, which was not something that was a highly desired position at that time.

I can tell you that the current post holder has worked diligently; has worked hard in order to bring the accounts from where it was then to where it is now and often hindsight is 20/20, right? But, there were, there were a number of management points back at that time and we have come down from what I think is like eleven management points to where we have four in place now and we are about to close those in order to get a clean opinion in the next year.

So, having said that, I think that the current post holder has really proven her worth in the organisation and I think what needs to be recognised is the level of complexity. I think any accountant or CFO or any lay person looking into an organisation will think that, you know, it is something that is easy and should have been done long time ago, but the complexity that we have with all of the services that we provide and the different areas that they are provided, is a lot coming forward, and tremendous work has been done in order to put in place the various controls to make it what it is today. So, I think that the post-holder is really proving her worth in that post, Mr. Chairman.

Mr. Christopher S. Saunders: Through you, Mr. Chairman, I completely disagree. You hired a person with a person with a degree in Economics who had two years' worth of accounting experience at a shipping services company and you hand them a \$100 million hospital thereabouts to run. I am sorry, I cannot accept that. And the question that I really need to ask is: What was the process where this consultant was brought in. What is the genesis of this consultant arriving at the HSA?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: I cannot speak to that process because I was not in post at the time.

Mr. Christopher S. Saunders: Mr. Chairman, through you: This is the advantage of being a prior member on the HSA Board and having access where I don't delete e-mails. Ms. Lizzette, I just want to remind you of your involvement in your previous role as Deputy CEO, where you were also involved in the recruitment process of prior CFOs, so this is something that is actually not news to you.

I do have copies of e-mails here, where you were copied on and in some cases you were the author of the e-mail where we were actually going through the process of finding CFOs. And one in particular where you actually forwarded the CFO's CV, so this is something in your role as Deputy CEO. I cannot see where this is something that would just be outside your remit, but here is what I am going to submit then. Prior, to the person starting in the HSA in June 2005, the person was not employed. The person is actually the wife of a doctor at the HSA and it is this kind of culture at the HSA that needs to be tackled.

So basically, you took someone who was unemployed, sitting at home, who was a dependent on the husband's work permit and brought her in, gave her something to do. She ended up in a role and the reality of it is that it has been a mismatch in that position since. The reality of it is you need with a person with a Degree in accounting to do this job, or finance, as required. You need the relevant experience, you do need the big four, big five, big six accounting experience required. There are certain things that you pick up along the way that accountants would tell you that you picked up, that an economist would not pick up. And this is something now that don't care how much we have spent along it, this is going to be a problem that is going to go on and you need solid leadership within the finance function of the HSA.

To now sit down and ask for other people over the years to have qualifications that the CFO does not have, is one of the reasons we have this problem that we have. I can tell you, based on the resume that was submitted here, when this person was hired, I can tell you there is no way this person should have been hired as a consultant to work in any finance function within the HSA.

And Mr. Chairman, I do not know if anyone wants to see it but I just want to submit the resume here, along with the qualifications, so the public can see the kind of behaviour because I can tell you, there are Caymanians out there that have far more qualifications than this, that were not given an opportunity; that applied and were not given an opportunity and now, twelve years into the role, we are still having the same problems that we have. So, I just want to submit it for the record, so the public can see exactly what it is that we are working with and then they can make their own decision.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you, just to clear the air. I know that the Member is referring to e-mails from me in regards to various positions in the finance department, but I would like him to indicate whether he had any e-mails to represent the fact that I was on a recruitment committee for the current CFO at that time.

Mr. Christopher S. Saunders: No, I do not have any for that; I just have one in the past where—

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you, Mr. Chairman.

Mr. Christopher S. Saunders: —she was submitting for other CFO positions.

The Chairman: I think it is fairly obvious why we are where we are, but let us get back to the hiring of Deloitte as a consultant. From the documentation supplied to the Committee, it appears that the HSA outsourced the selection. You did . . . well, let us back up a little. You did an RFP, but it was done not through public advertisements in the media, et cetera. It was done by invitation. Is that correct?

Ms. Lizzette Yearwood, CEO, Health Services Authority: It was a departmental RFP, as far as I am aware. Yes.

The Chairman: But it was done by invitation, not by—

Ms. Lizzette Yearwood, CEO, Health Services Authority: I think all . . . yes. They went out to the big four to make sure that we . . .

The Chairman: So therefore, all of the firms that were invited would have been pre-qualified before they got an invitation letter.

Ms. Lizzette Yearwood, CEO, Health Services Authority: I cannot say that for sure.

The Chairman: But, I mean, that would be logical. If you are selecting firm A, B, C and D to send them an RFP by invitation, I think the procurement legislation would require that everybody who is invited meets the criteria to do the job.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Sorry, Mr. Chairman. Can you repeat that question?

The Chairman: I said it is fair to assume that, if you are doing a tender process by invitation - as opposed to total public advertisements and anybody can apply; before a company was invited they would have met the in-house criteria to qualify to do the job.

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is a fair assumption, Mr. Chairman.

The Chairman: Okay. What I do not understand then is that, in looking at the tender process, you tendered to . . . KPMG was invited, Deloitte was invited, Bookkeeping Concepts was invited, PriceWaterHouseCoopers was invited, Ernst & Young was invited to do a tender.

From the documentation here, PriceWaterHouseCoopers did not want to prejudice opportunity to participate in the potential second phase because the RFP said, quite clearly, that whoever won the Part 1 would not be allowed to tender for Part 2. I would like a little explanation for the rationale behind that. Why would you automatically eliminate a person who is making recommendations from implementing those recommendations?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I think that the rationale at the time, the thought process at the time, was that they would have an unfair advantage, having gone through the first phase, to be in a position to be able to then tender and be successful in the second phase, so I think it was meant to be something that was fair.

The Chairman: Okay.

The tenders were received from KPMG for \$184,500, from Deloitte for \$198,000, from Bookkeeping Concepts for \$52,000. The analysis of the tenders says that Bookkeeping Concepts were eliminated because they only had three years' experience but the RFP asked for five. The question is: Knowing that they only had three, why were they invited to tender on a document requiring five years' experience?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, as I was not intimately involved with that process, I cannot say that Bookkeeping Concepts were actually invited or whether they heard about it and applied afterwards. I cannot speak to that.

The Chairman: But, if you invite companies based on selection criteria, you would not accept a bid from somebody whom you did not invite.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, your point is well taken but I cannot say with any level of confidence that they were invited to. If you understand what I am saying; I mean, they . . . you know, you are saying that all of the companies were invited to bid. I cannot say that they were and it was knowing that they did not meet the requirements.

The Chairman: The Letter of Invitation for them to bid comes from you.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Right. But what I am saying is I did not see what their qualifications were before they bid.

The Chairman: But, earlier we established that under the spirit— and I believe the letter of the Procurement Law—if you were going to do a tender by invitation, there would have to have been some kind of pre-selection, pre-qualification criteria established and documented. You are saying that was not done; they were just invited to tender?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I did not personally do it, so I would have to go back and look at the documents, sir.

The Chairman: Okay. Okay.

The other Big 4, KPMG was eliminated because they provided insurance in US rather than CI, and there does not seem to be any attempt in the analysis process to find out whether that was simply a mistake and they would, could, quite willingly provide it in CI so that the successful tender actually wound up to be the highest bidder on the contract because we eliminated the other two.

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is correct, Sir.

The Chairman: Okay.

If we could look a little bit at the bad debt which has been hanging around for a long time: As requested, you did produce for the Committee a request from yourself, as Chief Executive Officer, a request to the Board to write off substantial amounts of the public debt which, I must confess I have not had the opportunity to read all this in great detail and study it the way I would normally do. But since you so willingly and kindly brought the Board Chairman along, I wonder if I could ask the Board Chairman why was a bad debt policy established; a bad debt allocation approved in the budget was, but then, the Board refuses to write off a request, to write off debt coming from the Chief Executive Officer of the HSA.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, Jonathan Tibbetts, Chairman of the Board, HSA. Mr Chairman, to answer your question, sir, when the bad debt report came to the Board to be written off we wanted to get additional supporting information to ensure that all avenues had been explored, all possible ways of collecting the funds had been exhausted and we would therefore be only writing off debts that we knew were absolutely uncollectable.

The Chairman: You are not suggesting that the Board does not have the confidence in the CFO and the Chief Executive Officer to believe that when they request bad debt they have exercised all of that and meet the provisions of the policy that you approved?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, not at all.—

The Chairman: So—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: —We do believe that the CEO and CFO have certainly the skills and the foresight into looking to this information, however, due to the fact that we felt that there could be any outside information that may not have been privy to the CEO and the CFO, we wanted to review it and ensure—

The Chairman: And how would the Board access that information?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through personal contacts, through business associates and so forth, we would perhaps have knowledge of certain accounts that may not be privy to the CEO and CFO.

The Chairman: Are you still confident that the bad debt policy that you put in place should remain as it is, or should it be tweaked in order that you would be in a position to accept recommendations from the Chief Executive Officer to actually write off the debt? What more do they need to do before the Board will agree to write off the debt?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the Board has already written off some of the bad debt, as I think you have been able to see. And the policy is always one that is a working document; I do not think there is ever any policy that should not or could not be changed based on the needs of the population at the time.

Mr. Chairman, the bad debt policy certainly has been put in place as far as us being able to utilise it through the CEO and via the CFO after that, but certainly is one that we continue to review and, as the Board continues to evolve as far as its needs and the needs of the organisation change, we need to make sure that the document is one that can be fluid, that can adjust with the times and it is certainly never, to me, a policy that would be not able to change or adjust according to the needs of the population and the organisation.

The Chairman: Well, the CEO requested total recommendation for write-off was \$27.6 million and it seems like the Board agreed only to write-off \$9.2 million. What percentage of that unwritten-off debt has the Board's contacts been able to collect?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the amount that was written off was any amount over six years old; that was based on the recommendation, actually, of a senior CPA with one of the big four or former senior CPA with one of the big four, in consultation with the Board that anything over six years should be—

The Chairman: So the Board has consultations with big four accountants—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: No, sir.

The Chairman: —separate or apart from the—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: No, sir. The person that we consulted at the time would have been the Councillor for the Ministry of Health. So—

The Chairman: Oh-oh-oh-oh. You are saying that you consulted with the Councillor responsible for Health on the bad debt request from the CEO of the HSA and on his recommendation you only agreed to write off less than, well, about a third?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, the consultation regarded the fact that debts over six years old would not be collectable. I did not in any way consult with any Ministry official as far as what the bad debts were; the amounts and so forth. The consultation was a conversation in regards to the age of any bad debts being over six years old as uncollectable, due to the statute of limitation in the law.

The Chairman: Is there any written record of that consultation with the councillor?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman that would have been a casual conversation. I do not recall a written or e-mail regarding that.

The Chairman: Is it recorded in the Minutes of the HSA why that judgement call was made based on that consultation or . . . ?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: No, sir, not to my knowledge.

Mr. Chairman, if I may add as well, the Director of Finance on the HSA Board also made the recommendation that because it was over six years old, it would be uncollectable due to the statute of limitations.

The Chairman: Okay.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: And that would be recorded.

The Chairman: All of the existing bad debt of the HSA, the \$122 million that appears in the accounts, none of that is over six years old?

Mr. Jonathan Tibbetts: Sir, I would have to confirm that, but I do not believe that it would be over six years old.

The Chairman: Do you have anything?

Mr. Christopher S. Saunders: Thanks. Through you Mr. Chairman, just switching gears to the HR Department. What is the current size of the HR department?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you: The current head count of the Health Services Authority is 833 and we have 890 FTEs with some of those being vacant at this time.

Mr. Christopher S. Saunders: Sorry. I am looking for the Human Resource Department head count.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Oh. Mr. Chairman, if my memory is correct, I think we have a head count of seven or eight persons in HR.

Mr. Christopher S. Saunders, MLA: Okay, and thank you very much. Through you, Mr. Chairman: And it has been like that for quite some time now in terms of have there been any vacancies or redundancies in that department or has it been roughly like that for quite some time?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman through you: That has been for some time; we have a number of . . . I think there are two other positions that have been identified to be added to that department, but the current post holders have been there for some time.

Mr. Christopher S. Saunders: Okay. Through you Mr. Chairman, sorry: Who was the previous HR Director before Ms. Riley?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Through you Mr. Chairman: We had a gentleman that was there by the name of Etsitty.

Mr. Christopher S. Saunders: And roughly, through you Mr. Chairman, how many people did he supervise or manage?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, that number was pretty much static.

Mr. Christopher S. Saunders: Okay. Well, thank you very much for clarifying that for me, because one of the things I am also looking at is the requirements, both in knowledge and experience with the HR Director, and I noticed she has a Master Degree in HR Management but I was trying to understand what the undergraduate degree was in.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, the post holder also has a Diploma in HR and she basically grew up in the organisation. She started out as a clerical officer in the organization and then she worked in the HR Department while she was undergoing her studies.

Mr. Christopher S. Saunders: The reason why I ask is because I am looking at the job requirements for that position, both in experience and qualifications, and it appears that at the time of her appointment she also did not meet the requirements that are being asked for in that position, both from experience and a qualification standpoint.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman through you: The current post holder was in the process of getting her Degree at the time and was part of our succession planning to work with her while she was actually supervised by the then HR Director.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman.

The reason why I am actually going through this is because I noticed you had other applicants who were more qualified, had more experience but for whatever reason were not given the job; which brings me then to the position of CEO.

Basically, where I am looking at of the requirements for the job that is required now, Ms. Yearwood, when you were appointed to that role, you yourself did not have the necessary qualifications that is being asked for in that role at this point.

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is right, but during that period of time, Mr. Chairman, I was able to get a Masters in Health Care Administration.

Mr. Christopher S. Saunders: Okay. Thank you very much.

Through you Mr. Chairman and this is now directed to the Chairman of the HSA. Section 15 of the HSA Law clearly gives the power to employ staff to the Board and not to the senior management, and I am wondering now, basically, where we have three senior positions in the HSA—CEO, CFO and HR Director, when none of those positions at their appointment met the qualifications that are outlined in those posts.

Now, I am a big fan in terms of succession planning, employee development and everything else but it seems that there is a culture of taking persons who are not qualified for the role but has been to basically put into the role, and that is fine. I am all for giving people chances, but the question is now, that based on the performance of the HSA and given this culture and the problems that we have had now for more than a decade, at what point is the Board going to step in and say, *You know what, that may have been fine in the past but at some point now, we need to put our foot down and recognise this is not working or that is not working?*

It is that confidence now that we are looking for today and it is that governance that we are looking for today, to have some level of, I guess, confidence, that the HSA is on the right path.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: The previous appointments as has been mentioned in the past were certainly before my time, however, I can assure you that my tenure as the Chairman of the Board, we have confirmed qualifications, certainly for the CEO, which is the direct responsibility of the Board. The other delegations, as far as the hiring of senior management, has been given to the CEO as the Board is not considered to be a working board where we get involved with operations.

It would be hard for the Board to simply state who should be hired or not hired for certain positions, as the CEO would have, certainly a more intimate knowledge of the needs of the organisation as opposed to the Board members who meet once a month and on various sub-committees.

Mr. Chairman, the CEO has been in her position for a number of years now; the current Board of Directors has taken a vote and has voted that they would continue with the current CEO as we feel that she is the person to lead the organisation and we whole-heartedly support her in this position. We have also made recommendations going forward, for the CEO to bring on the position of a COO to help her, to be able to remove herself from some of the daily operational matter and allow her to focus on the strategic goals of the organisation of which she has brought on. I can assure this honourable Committee that indeed

the COO is qualified for the position and would be one that would continue to work along with the CEO to lead the HSA in the right direction.

Mr. Chairman, also, to further elaborate, the various positions, for example, the HR Director, has been taken under consideration by the HR sub-committee of the Board led by Karie Bergstrom, Director for HR, and she has provided training where needed for or . . . sorry, support, where needed for the HR Director in order to get the training for the various members of the HR team to elevate the standard. And I can say, sir, within the last two years, we have seen a dramatic improvement in the function of the HR Department at the HSA, and the sub-committee itself has worked very diligently to bring the entire organisation training which has been needed for many, many years.

Mr. Chairman, this Board of Directors, sir, is one that ensures that staff gets the necessary support, where in the past I cannot say that has ever happened as opposed to a Board coming in and taking control. That is not what we are about; we are about making sure that the support is there to see the results that are needed, sir. Within the last year alone, the bad debt has been reduced drastically and I can give you figures for this; it went from \$15 million in 2016 down to \$7 million in 2017, so that is not political talk, that is actual figures.

The Chairman: But your Certified Accounts say that the total . . . You are talking about annually?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir, year-end; from year to year.

The Chairman: Because the audited accounts say you have \$122 million.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Right. And in 2017 sir, when you get that report it will show that it is down to \$108 million and it will continue to decrease based on it, and I think we have justified the reason why the increase was due to adjudication processes which we have now been able to resolve mostly.

What I am saying is that the Board has ensured that policies and procedures that needed to be put in place, that needed to be enforced, that needed to be given the support to the CEO to say when these policies and procedures are in place, the Board will stand fast on these and these are not something that we are going to waver on or if we get outside influence on it, it is not something that we will bend to.

The Chairman: You just wavered.

You have a bad debt policy that was propagated the 1st July, 2009, and given the submission from the Chief Executive Officer, qualified, as we were

told earlier, that once something is placed as a bad debt, based on this criteria, it should be written off but yet the Board is second guessing a request by the Chief Executive Officer and the CFO, following this policy with the Patient Financial Services to write off debt and not writing it off because they believe they can collect it.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, to you, sir. As I mentioned earlier, the bad debt policy is one that can be adjusted as necessary and the wavering I was referring to was not in regards to policy or procedure but in regards to outside influence on that policy and procedures.

If the Board reviews and sees that we need to make adjustments, we will have to do so. The finance director at the time that was on the Board, reviewed the bad debt and did accept a portion of it, based on his experience and the six year Statute of Limitation was something we could not pursue further.

The Chairman: Is there an amended bad debt policy that post-dates 1st July 2009?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sir . . .

The Chairman: That is what is presented to this Committee as the bad debt policy of the HSA. If you are now telling me that there exist amendments to this document that we have not been informed about . . .

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, there are no amendments *per se* to the Policy as such. There would be in that policy where it states that it can be reviewed by the Management or Board of the organisation.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, if I may add, I think what has changed within the last couple of years is actually our payment policy. As you know, prior to the last few years, persons coming to the Health Services Authority were seen and then later on the charges were pursued.

That now has changed where we make sure that we request the means of payment upfront unless it is an emergency. And the other thing that we have not really explored in the past, is really taking our debtors or bad debtors through the Court system. We believe, in consultancy with the Board, we believe that with more stringent practice now, that we will actually see an improvement in the way that our debtors are actually responding to the request that we make for payment of this old debts, and I think that is something that the Board has been very diligent on in the recent years.

Mr. Christopher S. Saunders: Through you, Mr. Chairman. I am reading the Law and I am listening to the comments of the Chairperson. And maybe, I am a freshman MLA, Mr. Chairman, so maybe you can help me.

What is the provision for someone who has a legal requirement by law to delegate that responsibility to someone if the Law does not basically say that they have that I am looking at the Section 15—"Power to employ staff at the HSA", which is something that is given to the Board and the truth of the fact is that when I see that Section 3 says: "The Board shall also determine -

- (a) The professional qualifications and requirements of the employees of the Authority and persons under contracts, for services with the Authority;
- (b) The terms and conditions of employment and contracts for services;
- (c) The medical staff"; et cetera

The thing about it, Mr. Chairman, where this break down has happened, is that the Board, our previous Boards, decided to allow people on the job training to develop themselves into the roles and then basically left them unsupervised to some extent. And successive Boards have just come on and have perpetuated the issue. The reality of it, Mr. Tibbetts, is that you cannot put someone to develop in the role and then say the Board cannot do this or that on a day-to-day basis when, the Law is clear as to the Board requirements; basically you have people who are in a trainee role in a very senior organisation.

Let's be clear here: we are talking about a hospital. It is a \$100 million institution with probably the most PhDs or Doctorates inside the entire civil service. This is not a patty shop. This is a place where it is big business. The expenditures alone is a good chunk of the Government's annual expenses each year, and to have key positions in a more trainee role and then a Board now that is basically delegating its own responsibilities to people who are in a trainee role, is really smacks of bad governance.

The issue for us now, as legislators in this House, we need to now ask ourselves the question of: Are these statutory authorities that we set up, now doing the purpose that they were intended to have done? Because this is really the crux now for us as Legislators; whereas we have built these Authorities, we have created them and we have just basically allowed them to just run off and it is almost like no accountability. You know what I am looking for, Mr. Tibbetts was more from a governance stand-point rather than, *Oh, well, this is what management are doing and we are fully on.*

I think this is really where the issue is because, when I find a Board and a Management too

much in sync, the question is then, where is the governance, where are the checks, where is the accountability? The questions that we are asking are the questions that the Board is supposed to be asking by Law. It is not something that we should just be addressing for in this Committee, and this is the conversation that we need to take with the Minister and the Ministry of Health in terms of what model of governance is there. We have already had a Chief Officer who came in and basically said, *Well, it is an Authority, they are free to do what they want.*

Now, the Board is basically saying . . . I mean, this is a culture at the HSA that needs to stop. I mean, there is no way, when you look at what is required in terms of qualification of Board members, this Law is one of the very few Laws that basically states the qualification required for Board Members. And the truth of the fact is the Board Members have been tardy in their governance of the various sub-committees and the people they should be managing. The finance alone speak for itself, where the Auditor General, the amount of adjustments that had to be done on the Statutory Accounts of the HSA before it could even get a qualified opinion; in essence, the Auditor General did the work.

There are no internal controls; you are hiring consultants to do that. I mean, there has got to be some level and something as basic as even a job description. You sent one for the HR post, but something as easy as simple as a job description for CFO we cannot even get at this Committee level. I mean, what confidence should we take away from this today?

The Chairman: I think to answer your question, I do not think anybody who has a statutory responsibility to perform a function can delegate that responsibility. They can delegate the authority to somebody else to do it but they still retain the responsibility and the accountability in Law in order to see that it is being done. Even if they delegate the authority for someone to do it, they cannot delegate the responsibility that the statutes set out.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, sir: To address the Member's questions regarding whether the Board has questioned this; I think the Minutes over the last three years will show that the Board has questioned, on many occasions, the various positions' qualifications through the sub-committees through the Board level itself. So, these are questions that are not new to us; perhaps they are new to the public through this forum—

The Chairman: We accept that the Board has questioned. What has the Board done about it? Because we are still looking at 2016 accounts with the same problems of 2015, with the same problems of 2014,

with the same problems of 2013 and with the same problems going back.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, sir: As I mentioned, the HR Director Ms. Karie Bergstrom, has put in place numerous actions and action plans, and—

The Chairman: And these are all policy-documented that was handed to the CO [Chief Officer] by the HR Sub-Committee of the Board.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Pardon. Can you repeat that, sir?

The Chairman: These are all policy positions taken by the HR Sub-Committee of the Board that were given to the Chief Officer of the organisation in writing.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: That would be correct, sir. And they would be carried out and then reported back on to—

The Chairman: Okay. Then why have they not been implemented?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: They have been, sir. And that is what I am telling you; you are looking at a case that is a year and a half—

The Chairman: Okay. In the case of the HR, you say they have been implemented. Why it was not implemented when it was done by the Financial Sub-Committee? Because you cannot tell me that the Financial Sub-Committee issued instructions that they were implemented and we still get accounts that require \$50 million in corrections by the Auditor General.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, sir, you are looking at data that is one year and half old. So the implementations do not turn around overnight; it has been going in the right direction. As the CEO mentioned, we were about 85 per cent compliant with the report that was provided by Deloitte. The additional changes, sir, would show that the organisation is in the right path and will deliver a clean opinion for 2018.

The Chairman: You keep referring to this 80 and 80-plus per cent compliant. Why did you hire a consultant in the first place?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sir, I think

the CEO has answered that question for you, in regards to—

The Chairman: I do not think so.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Okay, well, the consultant was brought on to provide the fine-tuning or adjustments that needed to be—

The Chairman: No, no, no, no, no, no.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: —in order to—

The Chairman: We have gotten representation from Deloitte saying that what has been said here of what they were supposed to do was not what they were consulted to do. They were not consulted to fine-tune anything; they were simply consulted to find the problems and you were going to hire somebody else to find the solutions and to implement them.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sir, if 85 per cent of what was in place was being done correctly, the other 15 per cent is what I would consider to be fine-tuning as far as identifying the areas where the adjustments were needed. I do not know if that clarifies it for you. The recommendations from Deloitte were taken into consideration and put into two phases which would have begun implementing immediately in order to make the deadline of a 2018 clean opinion.

The Chairman: We hear that promise, you know—right?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sir, I will deliver on that. That is not going to be a promise; that is a certainty.

The Chairman: There is a good possibility that I will still be Chairman of PAC.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir. And I will be glad to put that report on your desk, sir.

The Chairman: All right. Okay.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Thank you very much.

Mr Christopher S Saunders: Through you, Mr. Chairman: One of the things that I want to point out is, if memory serves me correctly, one of the few Gov-

ernment agencies or statutory bodies that applied for work permits through our immigration is actually Cayman Islands Monetary Authority.

As a past member of the Business Staffing Plan Board, I remember seeing them coming through the application process and one of the things I want to read . . . and this is where the issue is, because, at a company in the private sector people were employed who were not qualified in the role and gave them a job over qualified Caymanians and then, that would have been an issue.

One of the things I just want to read for Members here is a declaration that must be signed by every single employer in the private sector when they are applying for a permit or for someone who is not Caymanian in a role. I will read it, and it says: "I declare the information contained in this application to be correct to the best of my knowledge and belief and I am aware that it is a criminal offense to make a statement or representation that is false in a material fact which I know to be false or do not believe to be true." [UN-VERIFIED QUOTE]

This is the standard in which we are holding the private sector in this country to; where it is a criminal offense to apply for a work permit to make a false statement. And when I am looking at some of these roles here within the HSA, and recognising now that there is literally nothing to be held with, the question is: Why is not even the permits of the HSA similar to CIMA that is actually going through the Business Staffing Plan Board, where at least somebody is vetting the hiring policies or something else to make sure that people who should be given opportunities are given opportunities?

Why is the HSA, an Authority, being held at a different standard than even the Cayman Islands Monetary Authority, which is another authority of Government? These are the kinds of checks and balances and the reality of it is that the overall hiring practice of the HSA is a serious problem where the public is concerned. And, based on just looking at three senior positions where, at inception, they were not qualified for the role but granted, we gave them a chance, and I support giving Caymanians a chance to improve themselves, but at the same time, this is where the Board is supposed to bring the expertise to basically guide the Senior Management in terms of where the direction and everything else. I mean, this is what the Law states.

It appears from listening here that it is more like the management guiding the Board, other than the way around and this is a serious governance issue. And where politics are concerned, I think we need to start really re-looking now at some of these Authorities that we have set up to see if they are really fulfilling the purpose in which they started out or they set out to fulfil but we need to get the HSA back on track. This is going on now for too long.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, I can assure you that the management is not guiding the Board as far as the decisions and Directors of the Board. The Board is making the decisions and management is responsible for carrying out those decisions when it comes to policies and procedures of the organisation. In no way does the management tell the Board what is going to happen. We may, of course, at any time, gain insight from management as needed because of the complexity of a situation perhaps; however, if we feel as though we need to contact them; then, that is what happens.

The Board does not and will not be taking directions from management. I can assure you, like I have said, in the last two years you would have seen and you will note that there is turn around as far as the organisation goes in regards to the hiring procedures, as far as the training goes and so forth. The Board has taken complete control of the organisation as far as the role and responsibilities of the Board and the Board Members and sub-committees as such of the Board of Directors.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: Since your time when you, Mr. Tibbetts, have been Chairperson of the Board, how many disciplinary actions have you dealt with, roughly?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, I would not be able to give the exact number, however, there have been a number of disciplinary actions that I have been involved with regarding the dismissal of employees as well as letters of warning and so forth regarding various employees in the organisation.

Mr. Christopher S. Saunders: So, just so we are clear, Mr. Chairman, the Board is involved with the dismissal or the discipline of staff, but the Board is not involved with their hiring?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, the discipline and so forth would be related directly to employees of the Board; those are certain individuals within the responsibility. As far as the involvement goes, there would be an awareness of employees and so forth at certain management levels being dismissed, not the fact that the Board would write a specific letter to the employees saying that they are being dismissed. We, again, delegate the authority for that to the CEO and her team.

Mr. Christopher S. Saunders: I just want to remind you, Mr. Chairman, Section 15(3)(d): "The Board shall also determine disciplinary procedures for employees of, and for persons under contract for services within

the Authority." Again, sir, that is something for the Board that, even though you may delegate the day to day running of it, the responsibility still remains with the Board. And we have yet convinced that the Board has employed the level of governance required, as required by the Law, in managing the HSA. And that is pretty much what it is we are looking for today and I am hoping that, at least by the end of this session, we will have some level for both the Committee and for the public as a whole.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, if I could just add there: the Board puts in place the broad Strategic Policy Direction, and as far as recruitment and disciplinary of any HR matter for that fact, is contained in our HR manual, which the Board approved when that was put in place.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, just to support that statement. I think, if the Member looks at the sub-section of the Law, it will state that we are responsible for it and, as the CEO has mentioned, it is certainly something that the Board has approved as far as the policy and procedure in regards to disciplinary matters.

Hon. Bernie A Bush: I am not going to be as long because, Mr. Saunders has covered three of my listed questions but the first one I would like to ask, which I have asked other HR people. Is it standard procedure to keep an individual on four years of temporary? I cannot hear anyone else doing it, except for the HSA where it has been done to two Caymanians.

There is a feeling in the public; there is a feeling at the hospital, that if you happen to be an indigenous Caymanian, it is a strike against you when it comes to dealing with the HR; just to let you know what the perception is.

One night at a function, a doctor who I think is an individual retiree said, and I quote: "At the HSA, incompetence and sloppiness are seen as virtues, once you are my friend and you are not brighter than me." "The only prayer," "is that Mrs. Yearwood will interfere and save us from two sections of that hospital." I wrote it down afterwards and I went on to ask which two sections. It is so amusing that the two sections that have been questioned the most here happened to be the two sections.

The last time we were in here, we asked for a few documents to be delivered. We were told that they would be delivered. There is one that I noticed has not been [delivered] and those were the questions of: How often are the units deep cleaned and the ventilators cleaned? Is there a set schedule and can you show documentation that the schedule has been followed? Those are the things we have not received as yet.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, to the Member. Member, the request has been put forth to the various departments and they were supposed to deliver to you. I will ensure that that is delivered to you today because there is a schedule and there is compliances that sign off on each of those, so, I have put the request forward and the CEO can confirm that. But we will deliver that today, if it has not been delivered as yet.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, if I could just add; I have seen the response but I guess with all of the others that have been sent forward, maybe that one got missed, but that was actually in place. So, we will make sure that arrives today.

Hon. Bernie A Bush: Mr. Chairman through you: Mr. Saunders has stated here on a few occasions, I will repeat—business as usual will not continue.

Mr. Saunders also read what the Law says about the hiring and I do say to the Chairman, I am 150 per cent sure you have not ran or run (whichever is the correct word you want to use) the Brac and Light Power Business like the way . . . or allowed your HR people to run it the way this has gone on at the HSA.

I do think it is time for the Board to take a close look at HR. It is in the Law that you can and it is high time that yourself take and put your finger on this section. I am not strong into the finances, except when you tell me you are going to spend \$5 million to collect \$1 million, and I can understand that does not make much sense; those things like that. But I leave those sections of the questioning to the more learned experts. When it comes to dealing with human beings and my Caymanians, I step in. That is where a lot of people talk to me in confidence, and I am telling you sir, that there is a lot to be desired, especially for our people.

I have documented instances where requests in writing have been put forward to advance themselves and yet, when you look at who is advanced, the words they use are, *Oh, they got papers*. Mr. Tibbetts, sir, please put your finger on this section of the HSA because, it has come time that our people have to stop being put at the back and applications and so forth because they are not friends, because they do not go to the same church, because they are not from the same country. These things have got to stop. At the end of the day, a lot of people can leave here and go home because they call where they come from home, even though they have papers.

The indigenous Caymanians cannot leave and go anywhere and if they are willing, if they are able and they are competent, they must be given a fair share. Please.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you. To speak to this particular point, the Board of Directors and myself, in person, has requested from the HR Sub-Committee a report of Caymanians being hired and being replaced and there is a plan that for every time there is a position available that a Caymanian must be hired for that position once the qualifications are met. I can assure you that that has been put in place now for about 18 months; that is a directive that has been issued by the Board of Directors to the Senior Management and they must bring that report to the Board of Directors at its meeting, to notify the Board on the Caymanians within the position.

I can also assure the Member that any Caymanian, certainly, if I am made aware of it, without question that has been taken up as far as ensuring training, as far as ensuring that a fair opportunity be given above anybody else as far as the position is concerned. Any Caymanian is at the forefront of my agenda to promote them and to see them excel.

Mr. Chairman, there are many instances in the organisation where young Caymanians have come in and, as Mr. Saunders alluded to, we have taken them and we have trained them and we are bringing them up through the ranks. I think that is something that the HSA should be proud of; it is something, perhaps, that we are not telling the story well enough to the public for but it is something that I sat down with the CEO just these last few weeks alone, to say to her, this is a story that we need to tell. We need to get out into the public the number . . . the tens and perhaps hundreds of those Caymanians that have come up through the organisation that we are continuing to support, that we are continuing to provide support and education and certifications for, that the public has no idea of.

I think of young Caymanians just out of high school, in college, who come to work for the organisation, the CEO has taken them under her wing to say, *Listen, we want you in this organisation. We want you to be the future of the organisation. Here is where my suggestion would be for you to go as far as your education is concerned.* And they have taken that advice very seriously, following through on it and we have a number of Caymanians, young Caymanians, indigenous Caymanians that are coming through the ranks and they are being trained, they are being qualified and in the future, when you and I are long gone, we look at these young Caymanians to be the future of the organisation, just as someone took the opportunity to bring the current ones through the system.

We continuously, continuously—there is never a Board meeting that goes by without the Board of Directors saying, *Where is the report on the Caymanians* and the CEO delivers the report as to the Caymanians that are hired, the number of foreigners that had to be hired because there were no Caymanians

available for the position, and then, the HR Sub-Committee bringing the training necessary for the Caymanians to replace the foreigners that were hired. We do not give long-term contracts to foreigners because the idea would be to replace them with a Caymanian in the position.

Hon. Bernie A. Bush: Mr. Chairman—

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Sorry, not to cut you, Member.

Mr. Chairman, also, I do not want to seem as if though we do not appreciate those that have had to come in to be in positions through the years because of their qualifications; however, the fact is that we are promoting and we continue to promote, educate and train our Caymanians first and foremost without a question. That has been the number one goal of this Board of Directors.

Hon. Bernie A. Bush: Mr. Chairman, through you: This is not at the top level where you have had to bring in people with qualifications that we do not have. This is nothing whatsoever to do with that level. But the last time you all were here and I questioned another one of your members on what was the feeling of money being allocated or training of Caymanian doctors now, going through the Education Council, which I think should be removed and put . . .

I went back and did some homework: The Health [Practice] Law, Section 21(1)(d)(iii): **“There is a Council which shall regulate the training requirements of registered practitioners on the Islands.”** Most of those people on the Education Board, they do not know the difference between an artery and a vein. This is something that maybe you as the Chairman can push forward and say we need our own budget to train doctors, train nurses, train them properly and they come through . . . well, I am not so sure going through where the people who are doing the hiring there now. But maybe it should be a Board set up with all medical people because we have young people . . . right now I have a young man who sat in this chair during Youth Parliament, went off and came back. He did his pre-requisites through some university, topped the Honours, now he is back and sitting, waiting, because he could not get a scholarship to study to be a doctor.

Luckily, we have a young lady who is in Liverpool, who was very fortunate to have the Chrissie Tomlinson [Hospital] and two other private people who helped her with money for her to do her studies; all young Caymanians are bright and sharp. There is something that maybe you, the Board, the Authority, should say to Government that instead of putting this five or six million there, give it to us directly to we can say, *Okay, we need surgeons, we need a heart specialist, we need an oncologist and the money is there*

for you to train to this level or whatever. You guys would have it.

I know the person said you meet in consultation, but this here gives you the Law, gives you the power to do it. It should be with you guys.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, through you, if I can just add to what the Board Chairman was saying, the HSA is committed to be able to provide opportunities for Caymanians to join the workforce and this actually demonstrated in the percentage of Caymanians that we have working at the HSA, close to 60 per cent. And that is recognising the fact that we have many health care professionals that we need to recruit from overseas.

Having said that, one of the things that the Board has done through us, is to ensure that we designate certain entry-level positions as available for Caymanians-only. And we do not distinguish between Caymanians who are indigenous or Caymanians through the immigration process, but we actually do a lot of other things to outreach to Caymanians who are perhaps interested or have not even determined whether or not they are interested in entering health care professions. And I think we can see that with the amount of persons that are now pursuing doctors, nurses. We also have a lot of other health care professionals that are studying in the fields; forensic science, for example, is one that has become quite popular in recent times.

We also do a lot of other outreach through the school career fairs. We actually have a summer internship program. This year we had over 70 students come through the program and those are at various levels; they could be at high school where they are contemplating whether they will go off to study in the health care field or they may already be in school. And we want to keep them close; we want to be able to mentor them as they go through their training process. In fact, just recently I was contacted by a member of the National Work Force Development Agency as well, requesting if we would partner with them in order to provide internships for local Caymanians whom they would actually fund through the training program, to be able to provide internship placement. So, you know, if we were to do that, then obviously we would have more Caymanians coming in to the workforce.

So, there are a number of things that we are doing; a number of strategies that are in place and I do want to personally thank yourself as well as the Chairman in recent past for the advocacy and support that you have had in regards to the specialist training of Caymanian doctors because we are seeing an influx into the profession as far as medicine is concerned, but we do not want them to stop just with their initial training, we want them to go on to develop into the specialist areas. And I can tell you that our Board and this Government has taken that seriously; the dis-

cussions that we have had in the past, and I believe you will see that reflected in the upcoming Budget, where priority is being placed in regards to scholarships for Caymanian doctors to become trained specialists.

Having said that though, as far as the education process is concerned, just to clarify, even though that scholarship program remains in a different Ministry, every time an individual approaches the Scholarship Board for training in any health care field, we are actually approached by the Scholarship Secretariat to participate in that interview process. So, I know the Medical Director as well as the Chief Nursing Officer and the Chief Dental Officer have all participated in that interview process. However, I do acknowledge the recommendations that have been made going forward and I believe that further discussion will come out for the next Budget.

Hon Bernie A Bush: Mr. Chairman, let me wrap up please—my last one.

Through you, Mr. Chairman: It is one thing the Honourable Anthony Eden taught me: do not ask a question unless you have an answer. And a lot of good things are said but are not practised. I know that I had to personally pick up the phone and call a medical institute because I happened to know someone through sports, who happened to know the Minister of Health in that country. And what that individual, who is from Cayman, had to go through with the Scholarship people here. So, regardless of what you all say or whatever, something is still not connected. Regardless of what you all say, it is not connecting, because I am saying a local person took their own money, had to fly out of this country and spend their money, stay in a hotel to go stand at the front of the institute to talk to the person to get in because of our people here.

Anyhow, human nature—it just so happens that the both of you happen to be from the Brac. The reason I am saying this piece, Mrs. Yearwood—

[Inaudible interjection]

Hon. Bernie A Bush: You wish.

—is that human nature takes over some times. If you grew up in the same community with an individual and their qualifications are just the same or a little bit below an individual who is from someplace else, you will most likely go with the person that you grew up with because of the comfort level, the ability to communicate, everything is something you are used to. When you said the part about you do not notice whether it is indigenous or by paper; neither do I. But the fact is: a lot of people who are making decisions are not indigenous and they are not giving the indigenous a chance even when they are the same. They are bringing people from their own locality or people within their circle of friends, and so forth, and that is what is being said.

I am waiting until the Health Services improves of the HR people for when they come back here for me to unleash the rest of my facts because, this should not fall at your level because you have enough work to do except micro-managing people.

Yes, sometime you have to step in and that is why I am doing this. When the Law was read, they have a lot of authority in the hiring, just as they get involved in the firing so, that is the point I want to get clear. It is nothing about anti-anyone, it is about pro-Caymanian. It seems to be a bad thing in this country the minute someone stands up for Caymanians, and especially those who happen to be indigenous, but the fact is, when certain individuals have gotten their Caymanian papers, they are only Caymanian when it is convenient but they still continue to bring their clique of friends and their connections at the expense of the indigenous, so, that is what is not fair; it is not anti-anyone.

So, thank you very much, and I appreciate you all. Look carefully again, Mr. Chairman, about the taking over of the section of our Caymanian people having to through another Board to get their scholarship money and get off to study medicine. Education and Health are the two things that we have allowed to get out of hand in this country. It is time to straighten both of them up.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: Thank you, Mr. Bush for your words. In regards to Education, there is only a certain amount of money that the Government allocates for funding for particular fields and I can only assume that perhaps this particular young Caymanian fell, unfortunately, just on the outer layer of that. I would like to say though, however, not knowing who the individual is that the Member is referring to, that we do have a number of well-qualified, well-educated, well-trained Caymanians that are going through the process, through the Scholarship Board in order to get their qualifications and to return and work at the HSA. They know that the attitude and the atmosphere at the HSA had changes in recent times as far as promoting the Caymanians and starting with the idea of putting Caymanians first in all areas, not just the front lines, but also as far as doctors go.

A report was given by the Medical Director not long ago that we actually have more Caymanians training right now to become doctors than we have ever had in the history of the Cayman Islands and the majority of them, almost every single one of them, want to return and work at the HSA. And I think that is—

The Chairman: But he is talking numerical, not percentage.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir, absolutely, absolutely. But the fact remains that the—
The Chairman: Big difference.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: The fact remains that the people return qualified for the positions and we give them the experience necessary to meet their final requirements and also then encourage them to go on to do the specialization as the CEO has mentioned, and that is certainly something that we cannot let our doctors return with base level qualifications and think that they are . . . that that is the end of their education.

We encourage them, we push them. I will never forget hearing, sir, that a young Caymanian wanted to become a paediatric nurse and one of the people on the panel that sat there said, "Why are you stopping at that and not going on to be a doctor?" That has always sparked me and my interest in pushing our young Caymanians to not just become a doctor. Where is your specialisation? Is it in cardiology or whatever the specialisation may be? And that is something our Medical Director and CEO continue to push, our Caymanian to the next level when it comes to specialisation and as well as all our staff, from the very entry right through to our top level doctors.

Mr. Christopher S. Saunders: Through you, Mr. Chairman to Mr. Tibbetts: Are you aware of any administrative level work for the HSA being done overseas?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, I am not aware of administrative level other than perhaps surveys being done overseas. We have contracted an organisation that deals with patient satisfaction, in contacting patients and so forth; they put the numbers together, we benchmark that against other hospitals in the region and that would be why it would be done by an overseas company. That is the only knowledge that I have or I can recollect of overseas administrative work.

Mr. Christopher S. Saunders: Well, through you Mr. Chairman, this is something I would like for Mr. Tibbetts to look into. There is an employee at the HSA, who I understand has filed for US papers and as a result had to move to the US that is still employed by the HSA working remotely and basically getting paid. Now, if someone needs to move to the US to get their US papers, at a minimum I would think that that kind of job should have just passed on to somebody as opposed to having someone overseas working remotely on doing coding or whatever within the HSA.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman: I am not aware of that particular situation, other than to say, an employee who for medical purposes had to relocate for a period of time to the US to deal with mental health issues of her particular child but is now back in Grand Cayman and working at the organisation. That is the only person I can think of and that did not come through the Board level; that is just happening to know the person outside of the organisation. But I cannot say and maybe the member can speak to me offline to indicate who is referring to.

Mr. Christopher S. Saunders: Oh, I will.

Mr. Jonathan Tibbetts: I will certainly look into that situation because that is not something that we promote at all.

Mr. Christopher S. Saunders: I will give you the information offline, Mr. Tibbetts, do not worry about that.

The other issue too, and you see, it is the culture within the HR section that is becoming an issue where you have had employees who have left the HSA, resigned, but now if they need a job letter to get something like a loan from a bank or so forth. These are the kind of things that are happening at the HSA, Mr. Tibbetts, that you need to be aware of. And I can assure you that we are now in the business, and I would say that is politician politics, of stuff appearing on our windshields, so I understand where Mr. Miller is coming from with information. And it is that deep-seatedness that needs to be dealt with.

I can tell you right now, it is not only the HSA, because I guarantee when Finance Committee comes around, there are a lot of questionable hires inside the Civil Service itself that I guarantee you, as night follows day, that we will be bringing out also within the light. But I want to read something here to you, Mr. Tibbetts.

I know we are running for time now and I just want to make sure that you are aware of it. There is an old saying that says an error does not become a mistake until you fail to correct it. Ms. Yearwood announced . . . well, she stated previously that she was not in place when the current CFO . . . it was not her decision with the current CFO. I am just going to read to you the position summary of the CFO just so we are clear and everyone is clear and also what was it that we ended up with, and I am going to do the same so it is in the record:

- **Job title:** Chief Financial Officer
- **Department:** Finance
- **Reports to:** Chief Executive Officer
- **Position Summary:** Overall responsibility for strategic financial planning, internal and external financial reporting, timely billing and col-

lections; responsible for the strategic administration of procurement, patient financial services and material management. The post holder is a shareholder for the budgeting, reporting and financial authorisation of the Health Services recurrent budget of approximately CI \$82 million. Works mostly under own initiative but is given general direction from the Chief Executive Officer. Plans, prioritizes own work schedule in order to achieve both long and short term goals.

- **Education:** Requires a Bachelor Degree in Accounting or Finance with a Master Degree preferred.
- **Certification/Licences:** Must be a Chartered Accountant/Certified Public Accountant or Certified Management Accountant.
- **Experience:** Must have at least seven years of relevant work experience as an Accountant or Finance Manager, preferably in the Health Care System.
- **Work schedule status:** Full time

That is the requirement for the Chief Financial Officer of the HSA. This is what we hired:

In 2001–2003: Group Accountant, Shipping Services Ltd. Had responsibility for tax planning for a group of companies, monitoring the accounting functions for all seven companies, preparing consolidated financial statements, liaison with external auditors and statutory regulatory institutions, treasury management for the group companies, supervision of companies' accountants, supervision of groups' payroll department.

That is what we got for an \$82 million hospital, and of, course, a degree in economics and management.

Turning now to HR, so, that we are clear: This one is very long, which I am grateful for. That is the proper . . . but basically it asked for:

- **Knowledge:** Master Degree in Human Resource Management or Health Care Administration or related field required.
- **Human Resource Leadership:** Executive Education preferred.
- **Licence/Certification:** PHR or SPHR Certification preferred. (I think that stands for Senior Professional HR, just for the record.)
- **Experience:** Eight to ten years of previous experience in Human Resource Management in a hospital or health care setting required. Broad knowledge and experience in employment law, compensation, organisational planning and development, employee relations, safety and training. A proven track record of building and managing a successful customer

service organisation. (and there are some additional job-specifics which I will not get into.)

Here is what we hired—and I am just going by what was submitted to the Committee. And I am a little bit lost on this resume but, it is it is.

Health Service Authority—February 2004 to October 2009—Managed a Human Resource Officer, managed all staff activities such recruitment, retention and reparation of specifically assigned groups of employees.

Now, make a note of that date: February 2004 to October 2009.

Then, the next line up—Health Service Authority Human Resource Supervisor: Led a team of six employees in the management of all operational HR matters such as interpreting and administering contracts, conflict resolution, advising on appropriate employee corrective action, establishing consistent hiring practices. The date of being a Human Resource Supervisor was November 2000 to June 2010. So, just for anyone listening: From February '04 to October '09, they were a Human Resource Officer and then from November 2000, which is before that role, to June 2010 they were a Human Resource Supervisor and then, of course, July 2010 to March 2012 HR Designate.

First of all, I mean, the resume itself for the HR Director, the dates did not even match up. I mean, you are talking about basically a one page resume with then a Diploma in Office Administration and Technology and then a Post-Graduate Certificate in HR Management from University of Portsmouth and then a Master in HR from University of Portsmouth. When you compare this to a Caymanian that applied for the role; and again, this is what was submitted to us. I am just going to compare the two.

- 1994 – 1999 Florida State University - Tallahassee, Florida. Bachelor of Science in Community Health Education.
- 2000 – 2001 University of South Florida – Tampa, Florida, Master in Public Health Education Promotion.
- 2003 – 2004 Portsmouth, England Certificate in thing there (meaning relevant field).

This person was the training manager for one of the largest employers on the island. They had worked in Government. When looking back, and I mean I compared the two and having known both individuals here, because I just want to state that I worked with Mrs. Riley when I started in Government, so I am familiar with Mrs. Riley and actually, I think personally she is a very nice person. I just want to state that. And also the other Caymanian that applied. I mean, I know her, again equally, and she is also employed in Government.

It is this culture that when we send our young people off to get the requisite experience and also, to some extent, international experience too, based on what was sent through here, and then when you look at even the person's extra-curricular activities—Cayman Aids Foundation; Past VP Member; National Youth Policy Task Force Member; National Gender Policy Task Force Member; Together We Can HIV Program; Rotary Club of Grand Cayman; David Foster Foundation; Mentoring Cayman; Labour Appeals Tribunal; Young Parents Program; Leading Edge High School; Meals on Wheels; Cayman Islands Society of Human Resources Professionals; Member, Young Caymanian Leadership Award Finalist;

When you go through and you look at this resume compared to this resume, there is no way on God's green earth that someone can sit down and compare these two and then make this kind of selection. And it is this kind of culture, not just within the HSA, but within Government itself, and I guarantee you that come next month, with Finance Committee, there is going to be a weeping and a wailing and a national teeth for all of those people that have gone out and employed their friends, have employed their church friends and their this and that, because I am going to tell you it needs to stop. And unfortunately, it is just that the HSA is the one who is taking centre stage today but, Mr. Tibbetts, I am begging you, sir, take control of your HR and your Finance function as required by the Law. Please, sir, I am begging you.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, I can assure the Member that as the Chairman of the Board I have taken full control within what the Law allows to have charge over the HR and all portions of the HSA. I will let the CEO speak to it some more.

However, I do note that, in reference to the CFO, for example, the CFO was a Chartered Accountant from 1999, certainly well before the date that she was hired. Although I, of course, was not around at that time and I cannot speak to the mind-set or the thought process behind why she was hired in the position. That is certainly on record and I think you have been provided with that information, as far as the short-list goes and also a justification at the time of why, for prior CFOs, have not or did not stay with the organisation.

I have also made note that I think CFO designate had been attempted to be hired several years ago to replace the CFO and I do not think . . . not replaced but to eventually come in to work as that position, so I guess it would be replaced; but that person did not stay with the organisation either. So, I think it speaks highly to the CFO, the fact that she is dedicated to the organisation and certainly her qualifications will speak for themselves. I do not think there would ever been a hire where she could say that she was

hired without the qualification necessary as a Chartered Accountant.

Mr. Christopher S. Saunders: Mr. Chairman, through you, sir, to Mr. Tibbetts: We had asked for the information to be provided concerning the job advertisement, none was provided. And I can tell you, looking back at what has happened in 2005, this was a selection process. This was not a hiring process. And until then, until now, we have not asked and you talk about being qualified in 1999, the reality of it is the person only had one accountant job prior to that. The person was not employed from August 2003, when they arrived on Island as a dependent on their husband's work permit, who is also an employee at the HSA. Twenty one months the person basically did nothing and then was just brought into the HSA to work.

There was no recruitment process back then for this position and that is the reality and this is the reason why when we asked for this information it could not be provided. The person . . . and thus, when I go back, as Mrs. Yearwood has distanced herself from the decision, which is fine; if she did not make it, she did not make it. Thus the reason I said, an error does not become a mistake until you fail to correct it. And the reality of it is where now, is the advertisement to even show that the HSA was serious about even employing someone?

Yes, you acquired, I think it was back in 2010, I believe you may have recruited someone where an offer was made and the person chose something else, but that was seven years ago, sir. And the reality of it is when are we going to put a Caymanian into that role?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, since that time, there was a young Caymanian that was hired for the position and worked in it for a number of years, so I am not sure where the Member is missing the information here, however, you know maybe we can provide—

Mr. Christopher S. Saunders: No, the person was the CFO designate and then another role came up in Government that the person took and that is fine. So, the question is then: What happened to the recruitment process since then? I mean, the reality of it is based on this person's resume, I can tell you right now there are many Caymanians that have a far better resume than when this person entered the role. And the question is: What is being done now for a recruitment standpoint to get a Caymanian in that role?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, after that time, the particular person in question, the CFO—

Mr. Christopher S. Saunders: Got PR [Permanent Residency].

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Got papers, yes. And so, that would be why the position was not pursued further to be replaced by a Caymanian.

Mr. Christopher S. Saunders: So, the question is this then: If the person has PR and has now basically done the job, then, why is the requirement then a Bachelor Degree in Accounting or Financing when the person still does not have the requisite degree? The person has a degree in Economics and Management. So in essence, you are asking for a requirement that the person still does not have. You might as well just amend the job description to suit the profile which would be consistent to what many other companies do on Island.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman, the person, the CFO is an ACCA-qualified person for the position which would speak to the fact that she has an accounting qualification. I cannot say specifically the date of that qualification other than she has been an ACCA qualified since 1999, but in regards to the undergrad degree, I cannot specifically to when that would have been.

Mr. Christopher S. Saunders: No, but through you, Mr. Chairman: The reality of it is that you asked for three requirements and the person only has one and if that is the case, then why ask for three. The person only meets one.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you: I cannot speak, like I said, to why this person was selected at the time. I can say that the qualification for being an accountant is there, as far as the certification goes and a young Caymanian had been brought in and filled the position for a number of years. They took a job somewhere else in Government and during that time the CFO did receive her papers and therefore the post—

Mr. Christopher S. Saunders: Just so we are clear, sorry, Mr. Chairman, I will wrap up with this; just clearing this point. There are 4,550 thereabouts, give or take a few hundred people on Island with about work permits would be about close to the 5,000 – sorry with permanent residency – 5,000. Are we basically then saying that once a person becomes a Permanent Resident, that a job that is required for a Caymanian that a PR now qualifies to replace a Caymanian? Is that now the . . . what is it we were to take away from your statement, sir?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, through you, that is not what I stated and I certainly would not promote that, Mr. Chairman. I have said it to the other Members and I will re-state it that I am Caymanian first and foremost above everything else. That all of my staff that have anything to do with the HSA, we are promoting and we continue to support and train and develop our Caymanians first and foremost. That is what I stated and I will continue to state that and that is what we actually put into practice.

What I am saying is that because Permanent Residency was acquired during this time, a Caymanian was not sought *per se* actively to replace her at that time. Not to say that that will not happen in the future, however, there are plans in place as far as the particular position goes with delivering certain outputs and once those are not met, then of course, we will look at a replacement however, thus far, the outputs have been met by the CFO and we are continuing to give the support.

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, just so we are clear and I just want it for the record, you are basically saying now that because the person has PR you are no longer interested in finding a Caymanian for the role?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: No, sir. Mr. Chairman, what I am saying is that because the person has PR, because they are in the position, because they are more intimate with the organisation and we are striving towards a clean opinion for 2018, to bring somebody else at this point in time in the organisation would disrupt and therefore absolutely confirm that it would be next to impossible for us to deliver a clean opinion. The outputs that have been requested by the CFO, are being delivered, and we do feel confident that in 2018 we will deliver a clean opinion to this honourable House and that this CFO is an intricate part of delivering that clean opinion at this time.

Mr. Christopher S. Saunders: Mr. Chairman, let the record show that, and this where the private sector criticizes Government the most, it is that once a person attains PR, the interest of finding a Caymanian in the role basically becomes non-existent.

The Chairman: I have a more fundamental question: Are you as Chairman saying that you are satisfied with the performance appraisal of your CFO when the Auditor General has to—forget the \$105, we accept that some percentage of that, almost 50 per cent of that was due to property re-evaluation—but you are saying that you are satisfied with a CFO that when you call in, an Auditor has to table some \$50 million dollars out of a \$100 million dollar budget in correc-

tions. You are satisfied with the performance and the accounts that your Chief Financial Officer has produced?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Through you, Mr. Chairman. What I am saying is that the Chief Financial Officer has been given specific outputs that must be delivered to the Board of Directors. If at any time these outputs have not been met, then at that time the evaluation will take place as to whether they are capable or incapable of the position.

The Chairman: One of those outputs obviously was not accurate accounts.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, I cannot speak to what happened with previous Boards as far as their requirements for the CFO. I can speak to what my Board of Directors is delivering and one of those things that will be delivered will be a clean opinion and if for any reason the CFO does not deliver that, at that time, of course we will be—

The Chairman: You are in the hot seat now. You have accounts that were delivered for 2016 that needed close to 50 per cent of the actual accounting corrected by the Auditor General's staff. Are you satisfied that that is a performance of a Chief Financial Officer that you can accept?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman, I can say that I am satisfied that as of the years going forward, once the plan has been put in place . . . I came in basically as Chairman in late 2014 and at that point in time the financial years were running differently, as you well know, and therefore it would not have been time to turn around the finances for '15 and '16. However, I can say that during that time, procedures and policies were put in place and expectations were put in place of the CFO, in order to allow her to deliver to the Board of Directors the clean opinion for 2018. So I can say that based on what the recommendations have been for the organisation . . . sorry, from the Board of Directors for the organisation, the CFO has delivered on those expectations.

The Chairman: You were appointed in 2014, correct?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir, that is correct.

The Chairman: The accounts that we are currently dealing with is from July 1st, 2015 to June 30th, 2016. That is during your administration.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir, that is correct but as I have stated, there were policies and procedures that were put in place during that time. As you well know, sir, you would not come into an organisation and day one turn everything around. There are things that have to be changed and it takes time to make some changes therefore, for 2017 I can say that the procedures, the policies that were put in place by this Board of Directors under my leadership would have begun to take shape in the fact that we were able to bring down some of the audit points and now, for 2018, we will be delivering a clean opinion to the House.

The Chairman: So, you are satisfied that it takes a year and a half to correct policies, particularly in the financial realm of the Health Services Authority?

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Mr. Chairman through you, sir and with the entire history of the HSA, it has taken twelve years, sir, to get to the point where we are now going to be able to deliver a clean opinion. The fact that we have turned it around in a matter of a year and a half, I think that speaks extremely well of the Board and the CEO, in particular. The fact that in twelve prior years, no one was able to do it, however, we will be able to do that in this coming year. I think that should speak very well of itself.

The Chairman: Okay. Let me ask you—

Mr. Christopher S. Saunders, MLA: But the person has been here for twelve years.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Yes, sir. Through you, Mr. Chairman: That may well be the case. However, sometimes it takes the right chief to deliver the product and I feel that this Board will be the one that delivers the actual clean opinion to this honourable House and I will let that speak for itself.

The Chairman: Okay.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, just for the record. I think based on what the Member read as far as the CV for the CFO is concerned, I think there may have been a page that was missing, so I will undertake to resend that entire document so you can have it on record.

The Chairman: Okay.

A very practical question: let us take Ambulance Services. You have a number of Caymanians employed in ambulance services. You have a number of non-Caymanians employed in ambulance services.

A Caymanian shows up qualified to US standards, applies for a job—what happens?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, if there is a vacancy for the position, the Caymanian would be interviewed and would be taken on board. Whenever there are Caymanians who are qualified for those positions, there is no question.

The Chairman: Okay. The only statutory legislation that I am aware of that defines who jobs are for in the Cayman Islands is the Immigration Law and it says "All jobs are for Caymanians." So, if you do not happen to have a vacancy, although you have three or four or five or six non-Caymanians in the position, the Caymanian is not employed and they are left unemployed until a vacancy comes up sometime in the future.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I think you appreciate that when the person comes out of school with a qualification there needs to be an orientation program in order to orient them into that job and we have done that in a number of areas, where the individual might not be able to hit the ground running because they do not have experience, but we mentor them. As in the case of the ambulance services—

The Chairman: But you just said the person is told there is no vacancy; they are turned away.

Ms. Lizzette Yearwood, CEO, Health Services Authority: I am saying that they would not be hired into a position if a position was not available, but what we would do are other things in order to get them on board to get them the experience that they need in order to take on a position. So, in the case of the EMS [Emergency Medical Services] service, there is a ride along program where they would be able to work with the EMS team and do ride alongs in order to get the necessary experience.

I am not aware of any position or any person who has come back with the qualifications, who has not been given the opportunity to work in the EMS service because, as far as I am aware, there are some vacancies in that area now. So much so, that we have actually done training programs for the EMS service, so that we can train EMTs, in order to take on positions and we did that just probably three years ago in the Sister Islands and that yielded a number of qualified EMTs to be able to take on positions.

The Chairman: Maybe I just selected a bad one. The last time you were here, you confirmed that certain employees worked twelve-hour shifts. Do those twelve hours include a paid lunch time?

Ms. Lizzette Yearwood, CEO, Health Services Authority: The twelve-hours include a lunch break, yes.

The Chairman: Which they are paid for.

Ms. Lizzette Yearwood, CEO, Health Services Authority: That is not included in their full hours, I do not believe.

The Chairman: So, if they work twelve hours and they are not paid for lunch time they are actually only paid for eleven hours.

Ms. Lizzette Yearwood, CEO, Health Services Authority: I would need to go back and see exactly how that schedule template is rolled out.

The Chairman: And if they are expected to get a lunch time during those twelve hours, because they are not paid for it, they are only paid for eleven hours, what happens if they do not get that lunch time?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I-

The Chairman: Do they get overtime?

Ms. Lizzette Yearwood, CEO, Health Services Authority: Mr. Chairman, I have to go back and look and see exactly how that is implemented.

The Chairman: Is there a regular occurrence where your supervisors are authorised to alter time cards of employees?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I am sorry. Can you repeat that, sir?

The Chairman: Is there any instance where any of your supervisors are authorised to alter time cards for employees?

Ms. Lizzette Yearwood, CEO, Health Services Authority: I am not sure what you are talking about because we do not actually have time cards. We have schedules—

The Chairman: To alter hours worked and claim for payment, whether it is a card or whatever.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Authorised to alter it for what purposes?

The Chairman: I guess to reduce the pay.

Ms. Lizzette Yearwood, CEO, Health Services Authority: I am not aware of anybody authorised to something that is like that.

The Chairman: Okay.

The Chairman: Any other questions?

Okay, thank you very much, both, Mr. Tibbetts and Ms. Yearwood. Thank you very much for your time.

Mr. Jonathan Tibbetts, Chairman of the Health Services Authority Board of Directors: Thank you, sir.

Ms. Lizzette Yearwood, CEO, Health Services Authority: Thank you.

The Chairman: We will suspend for lunch and come back at 1:30 for an admin meeting in the Committee Room.

At 12:25 pm the Public Accounts Committee Meeting adjourned.

