CAYMAN ISLANDS

2018/2019 Session of the

LEGISLATIVE ASSEMBLY

REPORT

Of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

On the Report of the
Office of the Auditor General on the Ministry of Finance & Economic Development's 2016/17 Financial Statements

Laid on the Table of Legislative Assembly on this day of 2019

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REPORT OF THE STANDING PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT'S 2016/17 FINANCIAL STATEMENTS

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:

Ministry of Finance & Economic Development's 2016/17 Financial Statements

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:

- Report of the Office of the Auditor General on the *Ministry of Finance & Economic Development's 2016/17 Financial Statements*

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 one (1) meeting to consider the Report:

(i) Thursday, 25th October 2018 *(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 **Thursday, 25th October 2018**:

- Mrs. Sue Winspear - Auditor General, Office of the Auditor General
- Mr. Kwame Afrane - Audit Project Leader, Office of the Auditor General
- Mr. Matthew Tibbetts - Accountant General, 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 and a former Minister of Government 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 **Thursday, 25th October 2018**:

- Mr. Kenneth Jefferson - Financial Secretary & Chief Officer, Ministry of Finance and Economic Development
- Ms. Nina Vandine - Chief Financial Officer, Ministry of Finance and Economic Development

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. PAC RECCOMENDATIONS

The financial statements are prepared by the Ministry of Finance and Economic Development in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

9.01 The PAC endorses the recommendations of the Office of the Auditor General.

9.02 The Ministry of Finance and Economic Development should endeavour to fully establish the Public Procurement Committee and ensure that it is fully functional and adequately resourced.

10. GOVERNMENT MINUTE

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.

ACKNOWLEDGEMENT
The Committee is most appreciative of the efforts of the Auditor General and his staff in presenting 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: *Ministry of Finance & Economic Development's 2016/17 Financial Statements.*

Hon. 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

Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES of Meeting with Witnesses
Thursday, 25th October 2018 at 10:30 am

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT'S 2016/17 FINANCIAL STATEMENTS

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 Thursday, 25th October 2018 at 10:30 am

Present:

Hon. D. Ezzard Miller, MLA - Chairman
Mr. Christopher S. Saunders, MLA - Member
Hon. Bernie A. Bush, MLA - Member
Ms. Barbara E. Conolly, MLA – Member
Mr. Austin O. Harris, Jr., MLA - Member

Ms. Manesa Webb, Committee Clerk

Attendees:

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

Mr. Kwame Afrane, - Audit Project Leader, Office of the Auditor General

Mr. Matthew Tibbetts - Accountant General, Ministry of Finance and Economic Development

Witnesses:

Mr. Kenneth Jefferson, Financial Secretary & Chief Officer, Ministry of Finance and Economic Development

Ms. Nina Vandine, Chief Financial Officer, Ministry of Finance and Economic Development

1. Meeting to Order

There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 10:30 am.

2. Welcome

The Chairman gave a brief welcome to the Members and thanked them for attending the Public Accounts Committee ("PAC") Hearing. He also welcomed and thanked the Auditor General along with Mr. Matthew Tibbetts from the Ministry of Finance and Economic Development.

The Chairman advised the Committee that they would be dealing with the *Ministry of Finance & Economic Development's 2016/17 Financial Statements.* The floor was then opened by the Chairman for Members of the Public Accounts Committee to ask questions.

3. Ministry of Finance & Economic Development's 2016/17 Financial Statements

- Ministry of Finance & Economic Development's 2016/17 Financial Statements

The Chairman invited the first witnesses to the Chamber. The Administration of oath was administered to each witness and they were thereafter told to state their names and titles for the record.

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

- Mr. Kenneth Jefferson, Financial Secretary & Chief Officer, Ministry of Finance and Economic Development
- Ms. Nina Vandine, Chief Financial Officer, Ministry of Finance and Economic Development

The Chairman, again, thanked the witnesses for attending the Meeting of the Standing Public Accounts Committee.

4. Any Other Business:

There was no other business.

5. Scheduling of Next Meeting

The next meeting was confirmed for:

- Thursday, 25th October 2018 at 1:00 pm. *(Administrative Meeting)*

6. Adjournment

There being no further business, the Chairman adjourned the meeting at 11:48 am.

OFFICIAL VERBATIM REPORT
STANDING PUBLIC ACCOUNTS COMMITTEE
THURSDAY
25 OCTOBER 2018
10:30 AM

Meeting with witness

"MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT'S 2016/17 FINANCIAL STATEMENTS"

Verbatim transcript of the Standing Public Accounts Committee meeting held 25 October 2018, at 10:30 am, in the Chamber of the Legislative Assembly Building, George Town, Grand Cayman.

PAC Members
Present: Hon. D. Ezzard Miller, MLA, Chairman
Hon. 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. Matthew Tibbetts - Accountant General, Ministry of Finance and Economic Development

Audit Office: Mrs. Sue Winspear, Auditor General, Office of the Auditor General
Mr. Kwame Afrane, Audit Project Leader, Office of the Auditor General

Witnesses: Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development

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[Hon. D. Ezzard Miller, Chairman presiding]

The Chairman: Good morning everyone. Let the records show that we have a quorum and the meeting is called to order.

This morning, in the interest of the listening public, we are dealing with the Ministry of Finance and Economic Development 2016/2017 Financial Statements. Our witness this morning is Mr. Kenneth Jefferson, Financial Secretary and Chief Officer in the Ministry of Finance and Economic Development.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you Mr. Chairman.

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

ADMINISTRATION OF OATH OR AFFIRMATION

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: 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. Thank you.

The Chairman: Good morning, Mr. Jefferson, and thank you for coming.

As you will no doubt be aware, we are dealing with your 2016/2017 Financial Statements for the Ministry of Finance and Economic Development. I also want to take the opportunity to congratulate you, sir, in that your report is actually in the format that we in the Public Accounts Committee like to see them. There is a proper written report, to which the audited accounts are attached.

You also have some wonderful pictures of your staff. I did not know that you had so many staff [members] in the treasury but, obviously, they are all working hard, because I think you are the first to have your 2016/2017 accounts completed and tabled. We want to congratulate you and please, take our congratulations back to your staff and thank them for the hard work.

We look forward to the rest of the civil service following your example, in doing a proper report, to which the accounts are attached. When we get only the accounts on the Auditor General's report, it leads to a lot of sometimes unnecessary questioning, because we do not have the words in the report that supports the actions that are represented in the financial statement. So, again, we congratulate you on doing the job correctly, sir.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman, and good morning to you and all honourable members of the Committee.

I shall certainly pass on the remarks that were made by the Committee. Obviously, I cannot take credit for the good results; it is a team. The Ministry of Finance, as members would have seen from the annual report, has approximately 300 staff. There is quite a significant number made up largely by Customs (approaching 50 per cent of that number), Postal Services and some smaller departments. But I thank you, Mr. Chairman, for your opening remarks and what you said on the annual reports.

I should say, for the benefit of the Committee, Mr. Chairman, and members, that the Treasury did actually, some time ago, send out a template as to what the contents of an annual report should contain. That template has been issued to Ministries, Portfolios and Offices throughout the Government.

The Chairman: Yes, we appreciate that. In fact, a couple years ago, I think you and I tried to organise a retreat around that document, so that you could provide the necessary training for the other entities to do so. We certainly hope, and if they do not do it in the format, the Public Accounts will try to find ways to encourage them to do so in the future, but we hope that most of them will follow your template and do it this time around.

I do not know that we have a whole pile of questions but I will open the floor for questions now.

Mr. Harris?

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman. Certainly, I want to echo your sentiments of congratulations to the Ministry of Finance and Economic Development. I also believe, Mr. Chairman, and certainly, I take your leave and guidance, that your congratulations to the Ministry, to them individually, also serve as encouragement to the wider ministries across Government, to achieve similar standards. I also think it would be important to read into the record, the very short but complimentary remarks of the Auditor General's report Mr. Chairman, with your permission.

The Chairman: Yes, go ahead.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman, through you, again, to the Ministry of Finance and Economic Development, congratulations for being a shining example of what this Committee and, I believe, the people of the Cayman Islands, look for in good governance and prudent financial management, for being the first report submitted on time and unqualified.

I think it is important for the public listening in, to understand what an on time and unqualified report looks like from the Auditor General's Office standpoint. If I could just read a short paragraph from page 4 from the Auditor General's report, it is the second paragraph in her "Opinion" section. It says: **"In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31st December 2017 and its financial performance and its cash flows for the 18-month period from 1st July 2016 to 31st December 2017 in accordance with International Public Sector Accounting Standards."**

The report concludes on page 4 as well, on the reverse side which states: **"We found no fraud or illegal acts came to our attention as a result of our audit. No serious difficulties were encountered in the performance of our audit. We have had no disagreements with management resulting from our audit. There were no other significant matters noted during the audit."**

That is what a clean report should look like and that was obviously shared for the benefit of the public listening in. But I also want to congratulate you, Mr. Financial Secretary, for being proactive in formulating a template under which all government can in fact use, because the relevance to that plays into our discussions yesterday on the Auditor General's report on Workforce Management for the Cayman Islands Government. One of the key areas that keep coming up was the need to produce integrated systems.

As we move further and further into the e-commerce and technological or digital age, our systems, hardware/software and human element, are increasingly important. We are one government, therefore, the procedures and processes that each ministry is responsible for conducting, on an annual basis, are shared across all ministries; both core government and statutory authorities. Therefore, the importance of coming up with one single method for accomplishing an end result. Your template for what a good financial set of statements should look like is, I think, an excellent, very important, start to ensuring that we get it right in terms of the information that we produce as a government.

Again, on behalf of this Committee, I do not believe that I have any objections from my members on the discussions that we have had briefly on these financial statements. We congratulate you, and we certainly do hope that the template, and your example, will be contagious.

Thank you, Mr. Chairman.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Mr. Chairman through you, just to thank Councillor Harris.

Hon. Bernie. A. Bush: A pleasant good morning, Mr. Jefferson.

The Ministry has told the Government that there is a surplus. How much of this surplus has been used to cover any new projects or anything being worked on? How much of this surplus has been used up?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Mr. Chairman, through you, sir.

I just want to clarify with the Honourable Member which financial year. Is it the current 2018 year?

Hon. Bernie. A. Bush: Yes.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Okay.

Hon. Bernie. A. Bush: And to go along with that: what changes have been made to the 2018 Budget; changes that were allowed to be made by Cabinet, after we approved the budget here, in the LA? If that works in with the surplus, you can work it in there and just do one answer.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman.

Mr. Chairman, I am making reference to the Plan and Estimates document for the 2018/2019 Financial Year, which would have been presented to the Legislative Assembly back in November 2017, when the budget was approved.

Mr. Chairman, bear with me a second, sir.

Mr. Chairman, when I look at page 332 of the Plan and Estimates document, it shows that the Government is budgeted to receive approximately $731 million in revenue. Its operating expenses, which are dominated by personnel costs and are also inclusive of financing cost (that is, the cost of interest on our borrowings of various social programs, et cetera); those operating expenses were budgeted to be around $644 million and so, central government itself, was expected to have a surplus for 2018 of approximately $86 million.

The statutory authorities and government companies collectively, were budgeted to have a deficit of around $5.5 million. So, the entire public sector for 2018 was budgeted to have a surplus of approximately $81 million.

In terms of how much of that has been used to date, Mr. Chairman and Honourable Members, what I would say, is that one of the changes that were made to the Public Management and Finance Law, was the requirement for the Government to produce quarterly financial statements and to have them Tabled here in the Legislative Assembly. We have had two such quarters presented to the Legislative Assembly already. The quarter that ended 30th September 2018, is due for presentation the next six weeks after that quarter has ended; mid-November. So, when the Legislative Assembly convenes on the 14th November, the Minister for Finance will be tabling the third quarter results for 2018 and then, honourable members will obviously be able to see the actual expenditures, the actual revenues, the cash flow statement that shows how much cash we have, the capital expenditures as to what we have expended; all of that will be in that document to the end of September.

I cannot give a precise number to the honourable member right now, in terms of how much of the surplus has been used. What I can say, definitively, is that we all know that in the 2018 financial year, there are no borrowings budgeted and appropriated by the LA for the Government to incur. All of the expenditures of government, the day to day expenditures, the capital expenditures, purchasing of lands, building of roads, has to be met from our operating revenues that we receive from import duties, stamp duties on land transactions, bank license fees, work permit fees, and so forth. All of our expenditures in government are met from revenues that we receive during the course of the year or utilisation of some of the brought forward cash balances from the previous year. So, in about two weeks' time, honourable members will be able to see how the third quarter of this financial year has fared against the budget.

The honourable Member also asked about changes made to the 2018 budget, and I will elaborate briefly on that.

Honourable members will know that the Legislative Assembly approves the budget and that gives the Government the authority to incur expenditures. Under the Public Management and Finance Law (PMFL), the Cabinet does have an ability to make changes to that budget that has been approved by the Legislative Assembly. There is a limit, as to the amount of changes that can be made, and that limit is specified again in the Law, as being equal to 5 per cent of the budgeted revenue for the year. So, for 2018, it is going to be 5 per cent of the $731 million that I mentioned previously. That establishes the limit as to the changes that the Cabinet can make and it cannot go beyond that. There have been changes to the budget made by Cabinet for this current 2018 financial year.

Next month, the Minister of Finance intends to bring a supplementary law which will encompass those changes that have been made, so the Legislative Assembly and Finance Committee will get an opportunity to see the extent of the changes that were made by the Cabinet, from what the Legislative Assembly approved for this 2018 financial year. The intention is that that will be done when the Legislative Assembly meets in November.

In addition to that, honourable members might also remember that in September, I think, there were a lot of statements made by Ministers and Official Members of Cabinet, which explained the changes that were made to the budget by the Cabinet. That will happen again for this round of 2018 changes and is set for occurrence in November 2018.

Hon. Bernie. A. Bush: Through you, Mr. Chairman, thank you very much, sir.

The Chairman: Do you know whether those statements that were tabled in relation to 2016/2017, are likely to be a part of the report that we expect to get, along with their accounts for that period? Or is the PAC expected to remember the explanations given and none of it is reported in the actual report itself?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Sorry, Mr. Chairman, I just want to clarify—are you talking about whether the statements have been included in the annual reports?

The Chairman: Yeah, like how you did your report with the accounts.

Are you aware whether the ministries, in doing their annual report, are likely or intend to incorporate those explanations that were given for the changes in their annual report for 2016/2017?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Mr. Chairman, thank you.

I do not believe that they will actually be included as a part of the annual report itself. Even the Ministry of Finance, in its 2016/2017 Annual Report, did not include such a statement from the Minister of Finance in respect of the change that we did. It is actually quite a good suggestion, I think, that the annual reports in the future, actually include such statements, but legally they have to be made in the Legislative Assembly, here on the floor by an Honourable Minister and an Honourable Member of Cabinet. If their Ministry portfolio incurs the change they have to be done.

Obviously, the intention of the Law was that the Parliament is supreme, the Parliament sets the budget, and any deviations from that budget have to be explained back to the Legislative Assembly. So, the intention of the Law is that, if you change the budget approved by the Legislative Assembly, statements have to be made to explain what changes you have made as the Ministry/Portfolio and for those explanations, in the form of statements, to be done very quickly at the next available opportunity. For example, if there was such a change by Cabinet on Tuesday, and if it was the case that the Legislative Assembly was meeting today, the explanatory statement should happen today. Therefore, it is designed to give Parliament a quick and timely explanation as to the changes that were made to the budget that the Legislative Assembly itself approved.

The Chairman: We also know that the ones done in September were basically the first time that they were actually done (to my recollection). There may have been overarching statement by the Minister of Finance when they brought some in towards the end of the Government. In 2013, there were some that were tabled and were not completed. I think that for completeness, particularly, a member of the public picking up the report and seeing that the money for John Gray High School was moved to do something else, it would be good to have an explanation of why the priority was shifted from John Gray High School to something else.

The Auditor General.

Mrs. Sue Winspear, Auditor General, Office of the Auditor General: Thank you, Mr. Chairman.

Just to clarify in a few points: going back to earlier matter of the template that the Financial Secretary developed, I can confirm that every ministry, office and portfolio did submit an annual report with their financial statements in 2016/2017 year. Yes, so that is positive.

On the second point that we are talking about now, there were a number of ministries that had additional funding agreed during the course of the 2016/2017 financial period, where the Cabinet had approved the increase but not the Legislative Assembly. So, with all of those, and we have had discussions with the Financial Secretary and I am really pleased this year, they are being done in the period in which they relate, to give timely reporting back to the House. But there were a number of ministries we raised; it did not result in a qualification but we raised an emphasis matter in my opinion, just to reflect the fact that that budget increase had not actually been through the House but only through the Cabinet.

It is really pleasing that this year they are getting done in a timely way.

The Chairman: One other question: When there is a transfer across ministries; who reports it? Is it the receiver or the giver, or both?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman.

I think the most sensible approach is that both agencies actually make a statement, although I immediately realise that the two statements might be mirror images of one another. Perhaps the one that is receiving the supplementary funding, an increase to their budget would be the dominant one that would make the statement, at a minimum. But there is no harm in both agencies making a statement.

The Chairman: Yeah, because I think it is also important to know why the ministry giving up the funds was willing to do that; whether it was because they just could not spend the money or whether there was a change in government policy related around that, which drove the fact that we could take money from the school to give to the NRA or vice versa.

Following up on that, you will remember the most recent case of the Ombudsman and their office fit-out. Is there any way that you can report on whether those kinds of things have been roped in?

I just happen to have had some conversations with some of the government agencies quite recently about minor, I guess it would be maintenance, expenses, but it could be considered capital. The concern there was that there was now a mad rush to try and spend all the money that they have allocated before the 31st December, and were concerned that they were not likely to get it done because the decision process that requires them to get approval was so slow, although they had a number of, minor stuff.

In my situation, I think one of the things was a \$300 expense being held up, although, they were told that there was still a couple of hundred thousand dollars left in the vote. My concern is that we make sure that they are not hiding it away somewhere, to carry it forward, or they are not paying forward for services that they are not getting.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you Mr. Chairman.

Certainly, sir, it is an area that is known to the Ministry of Finance and, I think the Accountant General recently had a meeting with the CFOs of most of the ministries/portfolios and made the point that it is actually illegal. The Public Management and Finance Law (PMFL) says that appropriations which are the authorities by the Legislative Assembly to a minister and official member of Cabinet to incur expenditure; that is what an appropriation is.

The official member, in turn, relies on a chief officer to carry out the functions of the ministry. But the Public Management and Finance Law actually specifies that appropriations, commonly called budgets, lapse at the end of a financial year and do not automatically carry forward.

We have had these discussions and we have gotten representations from ministries and portfolios, for some of the larger projects, the approval process in the form of outline business cases and so forth, and the procurement process that that has pushed them to not being able to start a project until very late in the year, if it gets started at all, so the entire year's appropriation is lost and it is a source of frustration to them.

I have been requested to meet with chief officers to discuss the way forward. My initial position in a meeting with the chief officers recently, was to say, *I understand the frustration, but the legal position is the legal position and if you come to the end of the year and your budget is unused, it is unused.* The Ombudsman is one of the many cases and we should not concentrate too heavily on the Ombudsman Office at all, but we should simply budget for it again in the second financial year as a supplementary in that second year, and not attempt to deliberately utilise a budget, particularly, for which there is no equal and corresponding amount of work done.

If we have a budget, in simple terms, of \$100 and we reach the end of the year, and we have only got \$15 worth of work done on that project, we should only utilise the \$15 to the end of that year and the 85 falls away. If the project is not completed, we move into the second year and request a supplementary to continue the project in the second year. I think what we will find, Mr. Chair, and members, is that, as time goes by, ministries and portfolios should get better and better at estimating the amount that will actually be incurred as expenditure in a particular financial year, given the procedures of outline business cases and the procurement process, they will then get better and better at estimating an amount that will actually be incurred in a particular financial year.

The Chairman: Part of my concern that comes up in Finance Committee a lot, is that we seem to be putting a lot of blame on business case and procurement processes but those are facts. Really and truly, they should not be budgeting for stuff, unless they have done that section, at least, the business case, because, how do they determine what the budget is going to be? But I kind of get the feeling that that is an excuse being leaned on very heavily, that the business cases have not been completed.

Auditor General?

Mrs. Sue Winspear, Auditor General, Office of the Auditor General: Thank you, Mr. Chairman.

I agree with everything the Financial Secretary says and what the Law requires. It may be worth thinking about the budgeting framework and whether it adequately allows for capital expenditure because, big capital projects, generally, do not all happen in a year, they happen over a period of time. So, returning budget and supplementary estimate is correct, and legally required, but in other jurisdictions they roll over budget for capital projects. Clearly, annual running costs you would expect to be treated separately.

The reason I did want to come in was to correct the issue around the Ombudsman because, as auditor, if money is moved in that way we would pick it up and we would opine on it. I can absolutely, notwithstanding the evidence given to the House at the time, which I have watched, there was no \$500,000 transfer to Public Works in 2016/2017; it was in 2018, when the work was undertaken. So, I do not know why there was the confusion, in terms of the witness testimony given to the House but I just wanted to clarify, as auditor, that there was no $500,000 transfer to Public Works in 2016/2017 from the Ombudsman's budget.

The Chairman: Yeah, that is probably . . . one other question . . . *[INAUDIBLE – not speaking into the microphone]*

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman. Yes, you and member Saunders are correct in recalling that when we were here last, the Honourable Minister for Finance gave an undertaking that we would request internal audit to review that particular scenario. We have not received a conclusion to that as yet, sir.

Mrs. Sue Winspear, Auditor General, Office of the Auditor General: Mr. Chairman, just for clarity, I can bring the audit opinion where it explains the $500,000.

I understand why the House asked for internal audit, but there is no need for internal audit to do anything because, as the external auditor, we have already audited those accounts. So, I know there is a response being prepared, but I am just giving you the facts as the external auditor in terms of what was in our audit opinion and what we found.

The Chairman: One other question: The new Procurement Committee, as opposed to the CTC (Central Tenders Committee), falls under your Ministry, or no?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Yes, sir. The procurement regime, which is obviously being encompassed now in a procurement law, we now have a Central Procurement Office which, at the moment consists of only two persons. There are plans to increase it, but at the moment, there are only two persons. That Central Procurement Office does fall under the Ministry of Finance; yes, sir.

The Chairman: Can you say whether the actual procurement committee has been appointed by the Governor, or is that still pending?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman. The Public Procurement Committee, which is the current replacement to what was formerly the Central Tenders Committee, has been partially established in the sense that the Procurement Law specifies that the Honourable Leader of the Opposition has an opportunity to specify one person to that Committee. I believe that you have done that, sir.

The Honourable Deputy Governor has an opportunity to specify three persons to that Committee and I believe he has nominated three persons; that is four persons of the Committee.

There is a need under the Law, for another four persons to be nominated by the Honourable Premier to the Governor, for acceptance. In the end, the Public Procurement Committee is meant to be a total of eight persons so, half of the eight, have been nominated. I understand that it is very close to conclusion, that the Honourable Premier is considering his final four and the Public Procurement Committee, in totality, should be formed pretty promptly, sir.

The Chairman: But the total of the Law came into effect 1st June 2018; was it not?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: It was either the 1st June or 1st May.

The Chairman: I think it was actually the 1st May.

Who is doing the procurement in Government now? Once the Law came into effect, the CTC no longer existed. Therefore for transitional and proper functioning, the Procurement Committee should have been actually appointed before the Law came into effect, or at least, on the same day.

How is the Government handling its procurement now? Who is doing the selecting of tenders and stuff like that, since the 1st May?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Okay. Thank you, Mr. Chairman.

There is a tier below the Public Procurement Committee, called 'Entity Procurement Committee', which deals with a lower level of acquisitions. From memory, I think it is still around the $250,000 mark and, if it rises above that, then it is the Public Procurement Committee.

Some of the procurement has actually been dealt with by these entity procurement committees, which a ministry portfolio establishes from civil servants within that ministry portfolio to look at the requests being made.

There have been a few projects that ordinarily would have required approval of a PPC and, in the absence (to be brutally frank, Mr. Chair), of a 100 per cent Procurement Committee, civil servants outside of the requesting ministry that is seeking to acquire the goods, civil servants, like myself and the Director of the Central Procurement Office, have performed, to the best of our ability, the function that the PPC would be required to have done.

There is also the thought, that if you have half the committee, could it do the function? We have not gone down that route. There have not been a lot of projects in which this has occurred and we are desperately looking forward to a fully functioning Public Procurement Committee.

The Chairman: But, I do not recall any provision in the Procurement Law that allows civil servants outside of the Ministry, at equal administrative level, to replace the Procurement Committee.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Mr. Chairman, thank you.

We do not see ourselves as replacing the Public Procurement Committee. It was a decision made that we do the scrutiny to the best of our ability, so that the business of the Government continues and does not come to a grinding halt.

I will give you one example, Mr. Chairman, and Committee: the CARIFTA games are scheduled to happen here in April next year. A part of that process requires a re-laying of the track at Truman Bodden and that will take some time. We were told by the Department of Sports that, given the lead time necessary, we have to have a decision pretty promptly, if CARIFTA in April 2019 is going to happen. The value of that particular project was not tremendously huge; it was around US$1 million.

The fortunate thing about that particular one was that the IAAF [International Association of Athletics Federations] told the Department of Sports that they are only recognising one particular supplier that can actually lay the track and so, in that particular instance, there was not much of a competition that could be entertained. That is the best example I can give in a situation like that but, the point that yourself and the Committee are making, about the non-establishment to 100 per cent, is understood. I said earlier that I believe that completion is eminent and I do, genuinely, believe that.

The Chairman: But, is that how the Port is being handled as well; that senior civil servants, other than the Procurement Committee, are going to decide who, out of the three remaining tenders, get . . . because the information in the public is that the decision is under active consideration, and the public has been made to believe that a decision is going to be made, in terms of the selection of one of those three, before the end of next week.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Well, I can say very quickly and very definitively, neither me nor the Director of the Central Procurement Office is going to be making that decision. We were not asked to make it and have not been involved in it.

Mr. Chairman, there are a few projects, and I think the port is one of them, that started under the regime when there was a Central Tenders Committee (CTC) in existence. The Central Tenders Committee (the original Members of it), to my understanding, will continue to have an oversight function over special projects that started under their regime and were not completed, so that there is a finite number of such projects, and I believe that the Port is one such project, as well as the ISWIMS [PHONETIC] and the Mental Health Facility, et cetera. So, that is my understanding.

The Chairman: Again, [in] my recollection of the provisions of The Procurement Law, I do not recall that kind of transitioning being part of the legislation; and one wonders, what legal Authority are they continuing on, because, if I recall, bringing into effect the Procurement Law effectively discontinued the function of the CTC.

I could be wrong. I will check before we make recommendations here.

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

The Chairman: Is the airport another project that this CTC is continuing to judge? I understand that there are some additional selectors of tenders that are currently taking place or have recently taken place since the 1st May for what would probably be substantial money, such as a taxi-way to be added to the Airport project, so, you do not have any idea as to how that is being handled?

Mr. Kenneth Jefferson, The Financial Secretary & Chief Officer, Ministry of Finance and Economic Development: No, Mr. Chairman, I do not.

The Chairman: Okay.

Mr. Austin O. Harris, Jr.: Mr. Chairman, sorry; if I may interject, and certainly, not to question your knowledge or guidance from the Chair at all, but if I may offer a point of elucidation.

On the Procurement aspect, as I understand it, on the Port, from the meetings that have been held in the public domain, what the CTC is expecting to receive is the final bids presented by the three remaining bidders and thereafter, I understand, that should be submitted by the end of November and thereafter, the process of selection will commence. But what is being waited on right now through the CTC, which, again, for the record, does not include any elected representative, are the final bids, for which there will be a selection process. That timeline, as I understand it, Mr. Chairman, is the end of November.

The Chairman: The timeline is not my question. My question is: What provision in the Procurement Law allows the CTC to continue to function in the absence of the appointment of the Public Procurement Committee, which should have been done by the 1st May, when the Law came into effect?

Mr. Austin O. Harris, Jr.: Thank you for that clarification, Mr. Chairman. As I said earlier, I have no challenge to that.

The Chairman: I am glad that the Auditor General is here, because I think this is serious stuff.
[Inaudible interjection]

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Mr. Chairman, we fully understand the point being made. I do not have the Procurement Law immediately in front of me.

The Chairman: Well, I know that I made my recommendation within days of getting the request from the Governor. I guess the problem is that those recommendations are not in consultation with; that is, I could submit a name and he could either accept it or reject it. These are done on the advice of, so he is duty bound to appoint the person that I recommended.

The other disappointment, from my point of view, is that the person whom I recommended from March, has not even been contacted and he keeps asking me, saying *You came and got CVs from me in March and you asked me if I could take this appointment and here we are approaching November and I never got a call from anybody to say whether yes, I was going to be accepted or not.* And when you are dealing with professional people who organise their life, that is not a good place for the Government to be in. So, I would ask you to use whatever you have to contact the person that I recommended. Up until last week he was still willing, but he was getting fairly annoyed that I kept telling him *it's coming, it's coming, it's coming, it's coming,* you know?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Right.

The Chairman: He is refusing other appointments, to make space to do justice to what I have tried to convince him, and it is probably one of the more and most important committees in the Government, in terms of public service to his country. But in the meantime, he is refusing much more lucrative appointments to private sector boards and whatnot, because he is waiting on this. So, I would just ask you to try and make contact with him.

Mr. Christopher S. Saunders: Sorry, Mr. Chairman—

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: I will, Mr. Chairman,

Sorry, Member Saunders.

Just, to quickly say, as well, that the Central Procurement Office does have the intention and training lined up for the PPC members, so that they know what their duties are. I can also say to the Committee that I recently received a request for a job description (if you like) of duties and responsibilities for PPC members; what they will be asked to do, the frequency of the meetings and so forth, for the Honourable Premier. Apparently, he has been getting questions from potential nominees as to how often meetings will be, what are the duties, and so forth. So, he has asked for a description of what they will be required to do. That has been provided, so I think we are pretty close.

Mr. Christopher S. Saunders: Sorry, Mr. Chairman. Just so that we are clear. We are a country of laws. The Law came into effect the 1st May. Across the road is a building that deals with people who do not follow the law. So, the question is simply this: if the law requires X, and X is not being done, anything outside of X is illegal. We cannot choose what laws to follow and what laws not to follow. This is a bigger issue and I think this needs to be escalated to a body above. If we have to go to the UK, so be it, but this is illegal. The Law came into effect to require a certain amount of transparency and everything else, and we are not getting that right now. This cannot continue.

The Chairman: To change the subject—the new border control which is a combination of Customs and Immigration; is that going to come under your Ministry, or are you just going to be concerned with the section of Customs that collects tariffs?

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman.

My understanding is that Customs, in its entirety, is going to go into the new agency that will be created the 1st January, 2019. If you are thinking about budgetary matters and so forth, currently, the budget for Customs falls under the Ministry of Finance and so, come the 1st January 2019, we in the Ministry of Finance will have to essentially give up our budget to the new agency, which will fall under the responsibility of the Honourable Premier. So, that new agency will not be under the Ministry of Finance.

The Chairman: Maybe you can adjust some of these things before they move, while you still have Customs.

One of the complaints I get on a regular basis, is customer service in Customs; not the area of the Customs Officers doing their inspections, but the area of collecting revenue at the airport from passengers, in that, most times, there is only one [agent], or nobody there to collect the revenue, and there is a line of people waiting to pay. I do not know if anything can be done to put more staff there (I made this request a couple years ago, by the way) to look at a time and motion study because, the last time I was there, the

Customs Officer was writing things in a book, then he had to get up from his seat, go across to type it into a computer, then he had to go another direction to get the printed page, then he had to come back to collect my money and go in another direction to get to the cash pan. I believe that we should be able to put him in front of the computer that has a cash pan at the bottom of it and he sits there and completes a transaction without having to get up and down and walk up and down and delay people.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman.

I will investigate further. I was just conferring and confirming that we made one small step forward which is that, at the Airport location, arriving passengers are now able to pay by debit card, which is—

The Chairman: That is a big improvement.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: —but I will investigate in terms of the number of staff there. I am told that normally, there are two. I have actually seen the lines myself, so I will investigate.

The Chairman: And now that we have moved to a system where we are relying more on people to be honest; if they are honest we need to treat them good so that they can collect the money, before they change their mind and on the next trip, decide to be dishonest. So, if we could look into that, I think it would be a big improvement.

Are there any other questions?

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

I definitely want to congratulate also, the Ministry of Finance, in terms of getting their accounts and everything done in time. I think I also echoed my congratulations when the report was first Tabled in the House. I think the timeliness of it is definitely a great achievement and it allows, at least this Committee to function, because we can now look at more current stuff.

One of the things I want to touch on, with regards to the actual report is on page 10, which deals with the different committees and boards in which the Ministry of Finance is represented. I am not going to call any names. I just want to understand from the Financial Secretary how members of his team are chosen for some of these boards, even though they are non-voting but, rather, ex-officio. One of the things that jumped out when I looked at the bigger statutory authorities, such as the Health Services Authority and UCCI, just from a governance standpoint, what the mind-set is in terms of how some of these members are selected. I noticed [that] on some of the boards, there are the more senior members of the finance team and in others they were not. I just want to understand the governance from a visibility standpoint because the truth of the fact is, Mr. Chairman, I do not have much confidence in some members on some boards. I think it is important for the ex-officio to play a very important role in terms of, at least have an idea of what is going on with some of those boards when considering what has happened in the past.

On the National Housing Development Board, I think one member ended up going to jail for fraud, and then looking at the whole issue with the HSA and the whole CarePay/CINICO type stuff. So, I am trying to understand the governance in how the nominees are selected, just from a completeness standpoint.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman; through you, sir, to Member Saunders.

Thank you, Member, for that question. You hit the needle on the head, sir, in that the mind-set, in terms of putting the Ministry of Finance staff on boards, generally reflects the relative importance of the board itself, and how complex the operations of the board would be. We definitely would place persons of senior standing within the Ministry on the most complicated and the larger Statutory Authorities.

By way of example, myself as Financial Secretary, I sit on four boards. I am the Chairman of the Public Service Pension Board which will possibly change soon, in that it creates a conflict for me, because I am Chairman of the Board, but I am also a civil servant with close links with the Cabinet and so there is often a kind of tug-of-war going on.

I am Chairman of the Stock Exchange Authority. The Stock Exchange Authority sits above the Stock Exchange Company. I am also a Director (non-voting as you said, sir) of Cayman Airways, and along with the Auditor General, a member of the Auditor's Oversight Authority.

Senior Assistant Financial Secretaries, we have two within the Ministry; one sits on the Water Authority Board as well as the CINICO Board. The other Senior Assistant Financial Secretary is a Member of the Port Authority Board and the Turtle Centre Board.

The Accountant General is a Member of the UCCI Board and the Manager of the EPS Unit which I think Member Saunders referred to. Within the Treasury Department, he is on the HSA Board. I think, Mr. Chairman, if memory serves me correctly, that particular individual served as a past Chairman of the Sister Islands Affordable Housing Committee Board. So, he obviously does have fairly good experience there. He is a qualified CPA.

The Collector of Customs, at the moment, sits on the Airports Authority Board.

The Deputy Director of ESO sits on the Cayman Islands Development Bank Board.

And the Director of the ESO also sits on the Stock Exchange Authority Board.

So, the member is correct in hinting and believing that the appointments on the boards should reflect the complexity of the board's operation, its size and importance. We do place, as best as possible, the more senior people on the largest and the most complex authorities.

The Chairman: What is the reason that you put senior civil servants . . . obviously, because of their knowledge and expertise, but they are not allowed to vote. How does the governance of that expect them to exercise the duty which you have put them there for? To influence and to guide, if they are not allowed to vote because I would hazard a guess that, in most cases, they are just ignored. If you cannot vote, you should not open your mouth!

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman.

I do understand the questioning of the logic. What I would say to the answer to that, Mr. Chairman, would be that if a civil servant who is non-voting feels particularly strongly against a particular decision that is being made, they certainly have an opportunity to speak up in such a meeting, and there is a possibility that they could influence the voting directors on the board. But I think the best answer to that would be that that civil servant, particularly if in strong disagreement with a decision about to be made, would feed that position back to their Honourable Minister, who then, would question why the decision was being made. That is the best answer that I can give, sir, in terms of the mechanics of how a civil servant, although non-voting, does actually have an ability to influence a decision, as best as they can.

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

The genesis of this question actually arose as I was going through the report and I noticed in particular, on the HSA Board, that the member, as per this report, was not a member of the senior staff. And having been a previous director myself, when Mr. Jefferson at the time was Deputy Financial Secretary, it showed a certain level of seniority on a $100 million operation, when the Deputy Financial Secretary is there or even the Financial Secretary as opposed to having a member on the board which is, as per the chart, not a member of the structure or the key person or the key management.

I was just curious from a risk management standpoint, because I can tell you from experience, if you see Michael Nixon or Anne Owens on the board, it comes with a certain amount of prestige and weight that at least, when they or even the Financial Secretary yourself, open your mouths, it carries a lot more weight as opposed to a more junior staff. That was the one that, as I was looking at the report, that kind of had my mind saying *Wait a minute, why the change from previously having someone at a deputy financial secretary level or a senior assistant secretary level, down to . . .* and like I said, I do not know the person who is there but I was just trying to understand the reason behind it, in terms of a person who is in charge of more a reporting type for the public sector. That is what I was trying to get the thought process behind.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chair. Mr. Chair, I do understand the honourable Member's query.

In terms of relative position, my first thought in placing someone on the HSA Board was the Accountant General. The problem with that choice was that his brother is the Chairman of the Board, so that could not work. But the person Member Saunders is referring to, the hierarchy in the Treasury is the Accountant General at the top of the Treasury. And there are two deputies beneath the Accountant General and, the particular person that is sitting on the HSA Board, representing the Ministry, is one beneath the Deputy Accountant General. So, he has, at the minimum, middle-management-level standing within the Ministry. He is a professionally qualified accountant. He has had both private and public sector experience and he definitely provides a lot of feedback to me as to the major plans at the HSA level. Those would be the considerations as to why that particular individual was chosen. He does have ability but I could not put the Accountant General on it.

The Chairman: Are there any other questions?

Mr. Christopher S. Saunders: Yes, Mr. Chairman.

On page 24, on FED 10, I noticed that there was $856,000 but there was no budget amount so, I was just curious. Was that one of those that shifted pre/post-elections or something? I just did not see a budget amount for a figure that large. It relates to National Mail Service. So, I'm just curious about that one.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman. Through you, sir: Member Saunders is absolutely correct. On page 24, the actual cost in the 18-month period linked to the National Mail Service was obviously in respect of activities at the Post Office. The Post Office, prior to the May 2017 General Election, fell under the hospices of the Ministry of Planning. The election happened and that particular Agency got placed under the Ministry of Finance.

There are two reasons why the budget column shows a dash or a nil. One is that the amounts in that budget column represent the original Ministry of Finance budget for which there was none, because it was not under us at the beginning of the financial year, 1st July, 2016.

Secondly, Mr. Chairman, the re-allocation of budgets from, in this instance, the Ministry of Planning to the Ministry of Finance. It did happen and it was included in that supplementary appropriation Bill that the Legislative Assembly looked at and approved in September, 2018. Obviously, that approval happened after the end of the financial year which was December, 2017.

I would say those were the two reasons why the budget column is showing nil and the actual cost was $856,000, approximately, for the 18-month period, giving rise to Member Saunders' question about a negative variance of $856,000. But it was cleared up, albeit some considerable time later. It was given a budget of $856,000.

Mr. Christopher S. Saunders: Thank you for that. Just one last question I want to touch on. I know it is one of the things that we do not usually discuss during the budget process, and that is revenues.

I remember in a previous lifetime, when I was in the banking business, the Government looked at taking a check on the dormant bank accounts. I remember at the time, Mr. Bush was actually the Premier and Minister of Finance, and having a discussion with him with regards to (I guess I can speak it now since I have left banking) going after that money because, in most banks, those are considered like IRS accounts (they are monitored) and, in essence, banks were just making money, charging a monthly fee and just taking the money out every month. We were like *Wait a minute, if the bank is going to be making money from it, why not the people of the Cayman Islands?* I think at that time, Government maybe picked up maybe $20 million or $30 million, somewhere along that line.

One of the things I want for you to consider is the dormant pension accounts. I understand that is an issue which has arisen with a substantial amount of money where, similar to the bank accounts, fees are just being charged on that. These are people that they basically cannot find, they have taken off, they have returned home—and these are not Caymanians we are talking about; these are non-Caymanians and their pension accounts are just sitting there and fees are basically just being charged to it. So again, you have the pension company just making money, similar to what the banks were doing.

I would very much encourage your Ministry, sir, to take a look at the dormant pension accounts and see what we can do because, if anyone should be benefiting from people taking off and not being able to access their pensions, or whatever, or when the time comes for them to look for it, I think that is something that at least the people of the Cayman Islands should be benefiting from and not any private company. That is just one of the things I would just like to put out there at a minimum and hopefully it is something that you all can address, maybe next year or whatever.

The Chairman: Since the shortfall is being picked up by NAU.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Okay.

The Chairman: For the Caymanians, because the problem is that Caymanians who are in four or five different pension plans for a short period of time, that becomes dormant too.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman, thank you Member Saunders, for his request for a future look.

Under the Dormant Accounts Law, Mr. Chairman, as you and honourable Members may know, if we are talking particularly of a bank account, if there is seven years of inactivity, the banks then are obliged to pass over the money to the Government.

In Government, we then hold those funds in trust for a minimum of four years. I think at one point it was six years but we have reduced it to four. If there is no claim against the dormant bank account funds by the holder of that account within the four year period, those funds are taken into general revenue. That process, though, does not mean that the bank account holder does not have recourse back to the Government. They can come back in year five and say *Here is evidence that I had this account at bank X and the balance was XX, could you please give me my money back beyond the four year period of time?* That has happened a lot.

To agree with Member Saunders about the potential, although he spoke about pensions, in terms of bank account balances, currently, the Government has around CI$13 million from dormant bank accounts in its possession, holding, waiting for possible claims in the future. In this 2018 financial year, if all goes well, close to $4 million would be taken into revenue in 2018. So, the magnitude on dormant accounts is significant.

In terms of pensions, Mr. Chair, the Dormant Accounts Law, actually specifies the particular account. It is described or defined as "account providers". So, an account provider means (I am reading from the Dormant Accounts Law (2011 Revision). An 'account provider' means –

(a) A Class A insurer,
(b) A bank;
(c) A trust company;

(d) A credit union;
(e) A building society; or
(f) Any other type of financial institution which is declared to be an account provider pursuant to section 17A;"

Although Pensions is not listed there, the Cabinet could, actually, specify that a pension provider is an account provider, and therefore fall under the ambit of this Accounts Law.

Mr. Christopher S. Saunders: Sorry, can I get a commitment, from the Ministry standpoint, that you guys will take a look into the dormant pensions. Like I said, in some cases, these accounts are just being charged the normal fee and at some point, they are going to be charging a fee until those funds are depleted. I think, ultimately, that would be unfair to the people who may show up 20, 30 years later, thinking that they have a pension in the Cayman Islands, only to find out that the fees have erased it. Similar to what was happening in the banks with the dormant accounts. Thanks.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you Mr. Chairman. Yes, I can give that commitment, sir.

Obviously, the Minister of Finance will need to work with the National Pensions Office, which has the domain over National pensions. We will have to work with that Office, sir.

The Chairman: Thank you, sir.

Are there any more questions?

If not, Mr. Jefferson, thank you very much, sir. It has been a particular pleasure to have such a pleasant hearing here today.

Thank you very much. Keep up the good work.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Thank you, Mr. Chairman, and thanks to Honourable Members as well.

The Chairman: So for that, we are inviting you to lunch.

Mr. Kenneth Jefferson, Financial Secretary/Chief Officer, Ministry of Finance and Economic Development: Okay, sir. Thank you, sir.

The Chairman: We will break now and we will return for our administrative meeting in the Committee Room at 1:00 pm.

At 11:45 am the Public Accounts Committee Meeting stood adjourned.