



Annual Report

Of

Portfolio of Finance and Economics

For Year Ended 30 June 2005

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1. Overview of Performance for the Year

Introduction

This annual report details the performance of the Portfolio of Finance and Economics for the fiscal year ending 30 June 2005.

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the Portfolio of Finance and Economics for 2004/5, as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2004/5 as amended through the supplementary appropriation process.

Normally the quarterly reports would be prepared and published following the end of each quarter and the annual report at the end of the year. However, in 2004/5 Hurricane Ivan disrupted the budgeting and reporting cycle of the Government and individual ministries and portfolios.

Summary of Performance

Output Performance

Under considerably challenging circumstances, the Customs department worked feverishly without any additional staff in processing the huge volume of imports resulting from Hurricane Ivan. Finance Admin processed over 3000 waivers of duties under Government concessions while administering the district assistance program.

The Budget Management Unit handled the insurance claims and settlement issues for the entire Government. That unit also covered the pre-election financial update (PREFU), the pre-appropriation exercises and two supplementary budget processes. The Treasury Department also performed remarkably well under extremely adverse conditions and was able to prepare the monthly payroll for the Government ahead of schedule immediately following the storm.

Ownership Performance

2004/5 was a challenging year; we endured the hurricane Ivan experience which occurred less than three months into the practical implementation of the financial reform (FMI) that was being driven by the Portfolio of Finance. This affected the timeliness aspect of our quarterly, half yearly and annual reports as well as the EPS consolidation.

Another department significantly affected was the General Registry. Prior to the storm that department occupied the Tower building. In the aftermath their operations were split into 5 different locations and for a period of time, records had to be stored in rented containers. However they pulled through and will be moving into their new secured location at Citrus Grove in the 2005/6 fiscal year.

Reprioritization is key when faced with any state of emergency. A significant portion of the Portfolio's resources were spent ensuring the continuation of basic Government functions, as a result the level of detail that we aspired to in areas such as quarterly reports for the 2004/5 budget year was not achieved as the available resources were focused elsewhere.

PART A
OUTPUTS DELIVERED DURING THE YEAR

2. Statement of Outputs Delivered

2.1 Outputs delivered by the Budget Management Unit

BMS 1		Policy Advice to the Financial Secretary		
Description				
Policy Advice to Financial Secretary on:				
- Financial and Personnel Reform Initiative; - Budgeting related issues; - Risk Management Issues; - Agency and EPS performance; - Quarterly Reporting matters; and - Fiscal and Budget Strategy.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
Number of pieces of advice		5	5-15	0
Quality				
Advice reports and Speaking Notes are prepared accurately, using robust data and analytical and appropriate methods to support findings and/or recommendations		100%	100%	0%
All are reviewed and signed-off by the Director or Deputy Director BMU		100%	100%	0%
Timeliness				
Advice reports and Speaking Notes are delivered by agreed dates		95%	95%	0%
Location				
Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$30,128	\$41,198	(\$11,070)
Price (paid by Cabinet for the output)		\$13,626	\$41,198	(\$27,572)

Explanation of Annual Variances:

There was an error in the computation of the unit price used to bill Cabinet. That resulted in a significant variance for the price paid by Cabinet for the output vs. the annual budget.

It was expected that in the initial year of output budgeting, there would be some variances in relation to the budgeted cost of producing the output vs. the actual cost of delivering it. As time goes by and we have better historical data, we should see a closer relationship between budget and actual for costs. In addition to that, the Unit operated with fewer staff members as it was difficult to do recruitment in the post Ivan era.

BMS 2	Ministerial Servicing for the Financial Secretary		
Description Provision of ministerial services to the Financial Secretary and Cabinet including: • Preparation of Cabinet Papers and Notes • Ministerial Briefings			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Cabinet Papers/Notes • Number of Ministerial Briefings • Number of Speaking Notes	14 2 0	10-25 5-10 5-10	0 (3) (5)
Quality • Cabinet Papers/Notes, Speaking Notes are prepared accurately, using robust data, analytical and appropriate methods to support findings and recommendations. Reviewed by Director/Deputy Director of Budget and Management • Ministerial briefings are prepared and delivered by Director of Budget and Management or other experienced and knowledgeable senior personnel	100% 100%	100% 100%	0% 0%
Timeliness • Cabinet Papers and Notes, Speaking Notes are prepared by target dates • Ministerial briefings are delivered within time requested	95% 100%	95% 100%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$14,916	\$42,567	(\$27,651)
Price (paid by Cabinet for the output)	\$46,414	\$42,567	\$3,847

Explanation of Annual Variances:

It was expected that in the initial year of output budgeting, there would be some variances in relation to the budgeted cost of producing the output vs. the actual cost of delivering it. As time goes by and we have better historical data, we should see a closer relationship between budget and actual for costs. In addition to that, the Unit operated with fewer staff members as it was difficult to do recruitment in the post Ivan era.

BMS 3	Preparation of Entire Public Sector Budget Documents		
Description			
Preparation of the Government as a whole budget documents, involving:			
• Preparation of a Pre-election economic and financial update • Design of budget process, preparation and gazetting of timeline • Preparation of Strategic Policy Statement (SPS) • QA and review of AP&E Information Packs, Ownership and Purchase Agreements • QA and Review of Annual Budget Statements (ABSs) • Preparation and production of Draft/Approved Annual Plan & Estimates (AP&E) Book • Preparation and Production of Draft/Approved ABS Consolidated Book • Preparation and production of Draft/Approved Consolidated Purchase Agreement Book • Preparation and production of Draft/Approved Consolidated Ownership Agreement Book • Preparation of Draft/Approved Appropriation Bill • QA and review of Supplementary AP&E Information Packs • Preparation and production of Draft/Approved Supplementary AP&E Book • Preparation of Draft/Approved Supplementary Appropriation Bill • Preparation of Budget and Supplementary Budget Speeches • Provision of MLA/Press Briefings on budget documentation • Provision of support to Financial Secretary, Ministries/Portfolios during Finance Committee • Provision of advice and support to Ministry/Portfolio • Provision of S12 Appropriation Changes			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity			
• Number of Pre-election economic & financial update • Number of Timeline gazetted • Number of Strategic Policy Statements prepared • Number of ABS QA and reviewed • Number of AP&E Information Packs QA and reviewed • Number of Ownership Agreements QA and reviewed • Number of Purchase Agreements QA and reviewed • Number of Supplementary AP&E Packs QA and reviewed • Number of Draft AP& E (EPS) books prepared • Number of Draft/Approved Consolidated ABS Book prepared • Number of Draft /Approved Consolidated Purchase Agreement Books prepared • Number of Draft/Approved Consolidated Ownership Agreements Books prepared • Number of Draft/Approved Appropriation Bills prepared • Number of Draft/Approved Supplementary AP& E Books prepared • Number of Draft/Approved Supplementary Appropriation Bills prepared • Number of MLA's and press briefings delivered • Number of Budget and Supplementary Budget Speeches prepared • Number of man hours re. Finance Committee proceedings • Number of pieces of advice • Number of S12 Appropriation Book • Number of S12 AP&E Information Packs QA and reviewed	1 1 1 1 0 0 0 26 1 1 1 0 0 1 1 0 3 579 N/A 1 12	1 1 1 0 0 0 0 1-13 0 0 0 0 1-2 1-2 250-285 N/A 1-2 12-25	0 0 0 1 0 0 0 13 1 1 1 0 0 0 (1) 1 294 N/A 0 0

Quality				
• Pre-election update will include economic forecasts and financial information for the current financial year and the next two financial years and be prepared fully in accordance with the Public Management and Finance Law (PM&FL), 2003 Revision	100%	100%	0%	
• Timeline are prepared in accordance with the PM&FL, 2003 Revision	100%	100%	0%	
• SPS reflects Cabinet's strategic decisions; figures used will be current and based on the latest forecasted financial position	100%	100%	0%	
• AP&E are accurate and reflect Cabinet's decisions and in accordance with the PM&FL, 2003 Revision	N/A	N/A	N/A	
• Checks will be made to ABSs, Ownership Agreements and Purchase Agreements to ensure compliance with Cabinet's decisions and other directives	N/A	N/A	N/A	
• Draft Appropriation and Supplementary Appropriation Bills are prepared in accordance with the PM&FL, 2003 Revision; vetted and signed off by Legal Draftsman	100%	100%	0%	
• Draft AP&E, Supplementary AP&E and S12 Appropriation Changes are prepared in accordance with Cabinet's directives and PM&FL, 2003 Revision	100%	100%	0%	
• All approved Budget Documents including Appropriation bills will include amendments as recommended by Finance Committee	100%	100%	0%	
• Budget and Supplementary Budget Speeches will be prepared accurately and include Cabinet's priorities and strategic decisions	100%	100%	0%	
• MLAs and Press briefings will be conducted by professional and knowledgeable personnel	100%	100%	0%	
• Representation at Finance Committee will be well informed, knowledgeable and professional	100%	100%	0%	
• Advice and support will be provided by professional, qualified and knowledgeable personnel	N/A	N/A	0%	
Timeliness				
• Pre-election update will be prepared and gazetted within 28-42 days before Election Day	100%	100%	0%	
• Timeline prepared and gazetted by October 2004 or as directed by Cabinet	100%	100%	0%	
• SPS presented to Cabinet no later than the 30th of November 2004 or as directed by Cabinet	100%	100%	0%	
• QA and review of ABSs, AP&E Information Packs, Ownership Agreements and Purchase Agreements by April 2005	N/A	N/A	N/A	
• QA and review of Supplementary AP&E Information Packs by April 2005 or as directed by Cabinet	N/A	N/A	N/A	
• Draft AP&E and Appropriation Bills are prepared by dates determined by Cabinet but not later than the 1st of May 2005	N/A	N/A	N/A	
• Approved Budget Documents finalised no later than 1st July, 2005	N/A	N/A	N/A	
• Preparation of Supplementary AP&E and Supplementary Appropriation Bills by June 2005 or as directed by Cabinet	90%	90%	0%	
• Budget and Supplementary Speeches to be prepared 1-2 weeks before Budget/Supplementary Budget day	90%	90%	0%	
• MLA's and Press briefings will be delivered during the week of Budget/Supplementary Budget day	100%	100%	0%	
• Representation at Finance Committee proceedings will be provided for the full duration of the respective meetings.	100%	100%	0%	
• Advice and support will be provided ongoing	N/A	N/A	N/A	
• S12 Appropriation Book delivered by date requested by Cabinet	100%	100%	0%	

Location			
Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$460,294	\$362,896	\$97,398
Price (paid by Cabinet for the output)	\$587,523	\$362,896	\$224,627

Explanation of Annual Variances:

The passage of Hurricane Ivan resulted in a greater than anticipated activity in this area. The unit undertook the re-estimation of the Government's Budget, re-prioritization, additional supplementary, as well as the pre-election Financial Update under very challenging circumstances. Since the resources were not as anticipated and the activities were not as anticipated, costing the outputs proved to be very challenging and we expect that this will get better in future years.

BMS 4	Monitoring of EPS Performance		
Description Monitoring, analysis and provision of advice to Financial Secretary and Cabinet on of EPS performance involving: - Ministry/Portfolio Output Delivery - Ministry/Portfolio Financial Performance - Ownership Performance of Ministries, Portfolios, Statutory Authorities and Government Companies - Appropriations Compliance - Government overall financial position			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of monthly reports - Number of quarterly reports	0 0	1-6 1-2	(1) (1)
Quality - Monitoring and analysis is conducted by trained and knowledgeable personnel - Reports/Advice papers are accurate and prepared using robust data, analytical and appropriate methods to support findings and recommendations - Reviewed by Director/Deputy Director, BMU or other senior personnel	N/A N/A N/A	100% 100% 100%	N/A N/A N/A
Timeliness - Monthly analysis, advice report - completed within 10 days subsequent to end of each month - Quarterly analysis, advice report completed within 4 weeks after end of each quarter	N/A N/A	100% 100%	N/A N/A
Location Grand Cayman	N/A	100%	N/A
Cost (of producing the output)	\$13,979	\$84,486	\$56528
Price (paid by Cabinet for the output)	\$0	\$84,486	(\$84,486)

Explanation of Annual Variances:

The reporting aspect of FMI did not get underway as expected during 2004/5 due to adverse circumstances relating to Hurricane Ivan.

BMS 5	Preparation of Entire Public Sector (EPS) Reports			
Description Preparation of EPS quarterly reports, involving: • QA and review of Ministry/Portfolio performance quarterly reports • QA and review o f Entire Public Sector (EPS) performance quarterly reports • QA Statutory Authority and Government Companies (SA/GOC) Half-Yearly Reports • Preparation of Entire Public Sector (EPS) quarterly performance report Book • Preparation of Ministry/Portfolio consolidated quarterly performance report Book				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Ministry/Portfolio quarterly performance reports QA and reviewed • Number of EPS quarterly performance Information Packs QA and reviewed • Number of Half-Yearly Reports of SA/GOC QA and reviewed • Number of EPS quarterly performance report books prepared and produced • Number of Ministry/Portfolio consolidated quarterly performance report books prepared and produced • Number of SA/GOC consolidated performance report books prepared and produced		0	12-13	(12)
		0	12-13	(12)
		0	20-24	(20)
		0	1	(1)
		0	1	(1)
		0	0	0
Quality • QA and review conducted by trained and experienced personnel • Quarterly Performance Reports reflects the requirements under the Public Management and Finance Law, 2003 Revision • Quarterly Performance Books are subject to peer review, vetted by Director/Deputy Director BMSU or other Senior management		100%	100%	0%
		100%	100%	0%
		100%	100%	0%
Timeliness • Ministry/Portfolio quarterly performance reports QA within three weeks after end of each quarter • Ministry/Portfolio report book prepared within 4 weeks after end of each quarter and gazetted no later than 8 weeks after the end of each of the first three quarters • EPS quarterly information packs QA within 6 weeks after the end of each of the first three quarters within the financial year • EPS quarterly report book prepared and gazetted no later than 8 weeks after the end of each of the first three quarters • SA/GOC Half-Yearly Reports QA within 3 weeks after end of half-year • SA/GOC Half-Yearly consolidated book prepared no later than 4 weeks after end of half-year		100%	100%	0%
		100%	100%	0%
		100%	100%	0%
		100%	100%	0%
		100%	100%	0%
		100%	100%	0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$3,057	\$197,982	(\$194,925)
Price (paid by Cabinet for the output)		\$0	\$197,982	(\$197,982)

Explanation of Annual Variances:

The reporting aspect of FMI did not get underway as expected during 2004/5 due to adverse circumstances relating to Hurricane Ivan.

BMS 6	Renewal and Management of Insurance Program			
Description				
Management, coordination and placement of insurance coverage including:				
- Coverage consulting - Provision of written and oral advice and assistance on Risk Management issues - Negotiating policy terms with Broker/Underwriter - Dealing with all coverage enquiries - Collection and follow-up of updated renewal proposals and schedule data - Premium Allocations				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
Number of policies renewed		0	14	(14)
Number of Renewal Negotiation Meetings		0	5-15	(5)
Number of Risk Management Reports on Summary of coverage		0	5-10	(5)
Quality				
Policies cover agreed risks at the best terms in the market		N/A	100%	N/A
Accurate asset data provided to underwriters		N/A	100%	N/A
Meetings are attended/chaired by experienced and qualified personnel		N/A	100%	N/A
Premium Allocations are accurate and based on up-to-date data		N/A	100%	N/A
Responses to enquiries are accurate and dealt with by experienced personnel		N/A	100%	N/A
Timeliness				
Renewal negotiations completed and policies renewed by April 1, 2005 or before expiration date		N/A	100%	N/A
Meetings held/attended by agreed dates		N/A	100%	N/A
Response time for enquiries - within 5 working days		N/A	90%	N/A
Premium allocations provided by agreed dates		N/A	100%	N/A
Location				
Cayman Islands		N/A	100%	N/A
Cost (of producing the output)		\$27,927	\$104,332	(\$76,405)
Price (paid by Cabinet for the output)		\$0	\$104,332	(\$104,332)

Explanation of Annual Variances:

The report is based on billings to Cabinet. In this instance, whilst the Government's policies were renewed, due to a shortage of staff within the risk Management Unit, cabinet was not billed for the activity.

BMS 7	Oversight and coordination of the FMI Project		
Description Oversight and coordination of the Financial Management Initiative, including: - Monitoring implementation against implementation strategy and work plan; - Briefing the Financial Secretary/Cabinet/LA on the status of FMI; - Facilitating briefings and training for Ministries and Portfolios; - Technical assistance to sections responsible for sub-project implementation; and - Advice on legislation, regulations and other matters affected by the reform.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Implementation Monitoring Reports - Number of briefings - Number of briefings and training courses - Number of hours for technical assistance - Number of pieces of advice	1 3 0 107 22	2-4 5-8 10-15 200-300 5-10	(1) (2) (10) (93) 12
Quality - Reports are accurate and monitoring reflect the FMI implementation strategy - Briefings, training and technical assistance provided by suitably knowledgeable persons	100% 100%	100% 100%	0% 0%
Timeliness - Monitoring conducted and reports prepared quarterly - Financial Secretary briefings as required - Briefings, training courses and technical assistance to Ministries/Portfolios in accordance with FMI work plan	100% 100% 100%	100% 100% 100%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	299,643	\$47,224	\$252,419
Price (paid by Cabinet for the output)	\$37,826	\$47,224	(\$9,398)

Explanation of Annual Variances:

It was expected that in the initial year of output budgeting, there would be some variances in relation to the budgeted cost of producing the output vs. the actual cost of delivering it. As time goes by and we have better historical data, we should see a closer relationship between budget and actual for costs.

BMS 8	Claims Management		
Description			
Management and coordination of settlement of all claims including:			
- Liaison with Ministries/Portfolios and Statutory Authorities in all post loss activities - Provision of all necessary documentation/protocols to guide the claims process - Analysis of coverage and consultation with brokers - Liaison with Adjuster and/or Underwriter, private sector providers and the general public - Management of all loss and/or incident data			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of reviewed Incidents - Number of Claims managed - Number of loss data reports	0 0 0	150-250 250-400 20-60	(150) (250) (20)
Quality - Internal procedures are followed for reporting and documenting incidents - Procedures for filling claims are based on criteria relating to approved policies - Reports are accurate, subject to peer review and signed off by the Risk Manager or other senior management - Follow internal claim procedures for reporting, documenting and closing claims in an accurate and timely fashion	N/A N/A N/A N/A	100% 100% 100% 100%	N/A N/A N/A N/A
Timeliness - Incidents are reviewed within 24 hours of report - Claims are filed within time-framed established by Insurance Providers - Reports are produced within 30 days of report of loss/ damage	N/A N/A N/A	90% 100% 90%	N/A N/A N/A
Location Cayman Islands	N/A	0%	N/A
Cost (of producing the output)	\$9,499	\$209,842	(\$200,343)
Price (paid by Cabinet for the output)	\$0	\$209,842	(\$209,842)

Explanation of Annual Variances:

The report is based on billings to Cabinet. In this instance, significantly greater activity than shown occurred, however, due to a shortage of staff within the risk Management Unit, cabinet was not billed for the activity.

BMS 9	Loss Control		
Description Management of operational, financial, strategic and hazardous risks, involving: - Developing and managing risk management projects - Identifying, evaluating and reviewing risks - Examining Incidents - Reviewing contractual agreements - Arranging and coordinating loss control and risk awareness courses - Conducting On-Site inspections			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of risk management projects developed and managed - Number of risks identified, evaluated and reviewed - Number of incidents examined - Number of Contracts reviewed - Number of loss control training and risk awareness courses - Number of On-Site inspections	1 2 0 1 0 4	2 2-5 20-40 25-50 0 10-20	(1) 0 (20) (24) 0 (6)
Quality - Reports are accurate and evaluation of reports by internal peer review criteria - Training, review of contracts and on-site inspections provided by experienced and qualified personnel	100% 100%	100% 100%	100% 100%
Timeliness - Education & awareness information provided to departments quarterly - Reports are produced within 2-4 weeks of incident - Contracts are reviewed before expiration date - On-site inspections are carried out on a monthly basis	50% 50% 100% 50%	50% 50% 100% 50-100%	50% 50% 100% 0%
Location Cayman Islands	100%	100%	100%
Cost (of producing the output)	\$17,997	\$45,485	\$9,491
Price (paid by Cabinet for the output)	\$21,333	\$45,485	(\$24,152)

Explanation of Annual Variances:

The report is based on billings to Cabinet. In this instance, significantly greater activity than shown occurred, however, due to a shortage of staff within the risk Management Unit, cabinet was not billed for the activity.

BMS 10	Management Systems Training and Support			
Description The provision of training and hands-on support to Ministries and Portfolios to assist in the development or enhancement of management systems and processes or improve effectiveness and efficiency.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Number of hours of hands-on assistance provided - Number of training courses		60 20	300-350 0	(240) 20
Quality Training and hands-on assistance for FMI and Personnel Reform provided by technically knowledgeable persons reflecting the philosophy of FMI and Personnel Reform		100%	100%	100%
Timeliness Training and hands-on assistance provided in accordance with timing agrees with the ministry/portfolio concerned		100%	100%	100%
Location Cayman Islands		100%	100%	100%
Cost (of producing the output)		\$68,674	\$56,654	\$12,020
Price (paid by Cabinet for the output)		\$82,431	\$56,654	\$25,777

Explanation of Annual Variances:

Agencies required a higher degree of training as the reform was implemented and resources were shifted to accommodate accordingly.

BMS 11	Recovery Estimation & Prioritisation Support		
Description The impact of Hurricane Ivan on the Government's finances, the country's infrastructure and the well-being of residents inevitably means that the Budget needs to be recast. To this end, a three Phase process has been identified. This output deals with the first two phases, which are detailed below: - The Recovery Estimation Phase established - - Additional operational expenditure required as a result of Hurricane Ivan - Additional capital expenditure require as a result of Hurricane Ivan - Revised Revenue forecasts for 2004/5 - Low priority operating and capital expenditures in the existing 2004/5 Budget that could be used to finance additional expenditures - Other possible financing options - The Prioritisation Phase during which Cabinet will prioritise both new and existing expenditures in light of the information provided in the Recovery Estimation Phase and the available finances.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of man hours to support Recovery Estimation and Prioritisation Phases - Number of circular/reports to Cabinet covering Recovery Estimation matters - Number of meetings attended	1,322 3 4	1,300-1,500 2-4 5-10	0 2-4 (1)
Quality - Reports to Cabinet will give comprehensive picture of the financial situation and pressures and be a key informational input into the Prioritisation Phase - Support and attendance at meetings will be provided by competent and qualified staff	100% 100%	100% 100%	0% 0%
Timeliness - Support provided during normal working hours - Recovery Estimation Phase and Prioritisation Phase to be completed by target dates - Attendance at meetings when required	100% 100% 100%	100% 100% 100%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$53,972	\$151,358	(\$97,386)
Price (paid by Cabinet for the output)	\$151,346	\$151,358	(\$12)

Explanation of Annual Variances:

This activity was unprecedented, management used their best estimate at the time for developing the output cost, however, in the end, the delivery was accomplished with much fewer than expected resources.

2.2 Outputs delivered by the Customs Department

CUS 1	Processing and Inspection of Passengers and Vessels		
Description Processing and inspection of passengers and crew arriving by aircraft and marine craft (both local and international).			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of airline passengers processed per annum in million - Number of cruise ship passengers processed daily per annum in million - Number of aircrafts cleared per annum - Number of marine craft cleared per annum	.197 2.33 11,425 1,730	.182 – 328 2.74 – 3.65 3,650 – 7,300 2,920 – 5,475	0 (.41) 4,125 (1,190)
Quality - Passengers are processed and inspected, in accordance with local and international Customs Laws and Procedures - Aircraft and marine craft are cleared in accordance with Customs Laws and Regulations	100% 100%	100% 100%	0% 0%
Timeliness - Airline passengers exiting Customs control points within 20 minutes of queuing - Marine craft boarded at first port of arrival in Grand Cayman - Aircrafts processed within 10 minutes of arrival	95% 100% 90%	95% 100% 90%	0% 0% 0%
Location General Aviation and Airport terminal, Grand Cayman Seaport, George Town, Grand Cayman	100% 100%	100% 100%	0% 0%
Cost (of producing the output)	\$4,100,738	\$1,799,765	\$2,300,973
Price (paid by Cabinet for the output)	\$1,467,548	\$1,799,765	\$332,217

Explanation of Annual Variances:

In the immediate aftermath of Hurricane Ivan, the priority was on activities aimed at getting the island back up and running. The Customs Department was integral in this process, along the way, records as to the quantity of outputs being delivered were not maintained to the level desired. This resulted in significant departures from the amount of activity that actually took place and what the Department was able to bill Cabinet.

CUS 2	Provision of a drug Awareness Education			
Description Provide drug awareness education sessions for schools and service clubs on the following: • Drug identification • effects of drug abuse				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of sessions to be conducted		5	5 – 8	0
Quality • Sessions are clear and well presented and cover the relevant material by qualified and experienced Officers		100%	100%	0%
Timeliness • Session conducted within 2 weeks of request • Sessions consists of 1 hour lecture and ½ hour demonstration		100% 100%	100% 100%	0% 0%
Location Cayman Islands		100%	100%	0%
Cost (of producing the output)		\$35,606	\$23,941	\$11,665
Price (paid by Cabinet for the output)		\$23,941	\$23,941	\$0

Explanation of Annual Variances:

Variance is attributable to this being the first year of output budgeting and the developmental nature of output costing.

CUS 3	Inspection and Clearance of Cargo		
Description Inspection and Clearance of Cargo, involving: • Pre-clearance of goods; • Inspection and clearance of Imported Cargo entries; • Inspection and clearance of Exported Cargo sentries; and • Issuing of Temporary Importation permits.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number if pre-clearance entries receipts issued weekly • Number of Import entries cleared per month • Number of Export entries cleared per month • Number of Temporary Importation permits per month	0 104,052 0 0	416-780 60,000 – 72,000 2,400 – 4,800 96 - 180	(416) 32,052 (2,400) (96)
Quality • Clearance and inspections are carried out in accordance with the Customs Law (17 of 1990) 2003 Revision	100%	100%	0%
Timeliness • Clearance issued within 30-45 minutes • Monday – Friday 8:30am – 4:30pm • Saturday 8:30am – 12:30pm	95% 100% 100%	95% 100% 100%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$1,336,094	\$1,969,089	(\$632,995)
Price (paid by Cabinet for the output)	\$2,301,306	\$1,969,089	\$2633523

Explanation of Annual Variances:

The greater than expected activities are due to Hurricane Ivan which resulted in a surge of import entries.

CUS 4	Ministerial servicing for the Financial Secretary		
Description Provision of support services to the Financial Secretary, including: - Recommendations on requests for concessions & waiver of duty - Responses to parliamentary questions			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of reports per annum - Number of responses to parliamentary questions per annum	0 0	96 - 144 12 - 24	(96) (12)
Quality - Information provided must be comprehensive, accurate with nature and scope clearly defined - Reports subject to review by Collector of Customs or Deputy Collector	N/A N/A	100% 100%	N/A N/A
Timeliness Reports and advice submitted within timeframes agreed	N/A	100%	N/A
Location Grand Cayman	N/A	100%	N/A
Cost (of producing the output)	\$46,332	\$125,551	(\$79,219)
Price (paid by Cabinet for the output)	\$0	\$125,551	(\$125,551)

Explanation of Annual Variances:

There were no activities in this area as the Department resources were focused in other areas following Hurricane Ivan.

CUS 5	Policy advice on Customs related matters		
Description Policy advice to other Government Department on Customs matters, including: - Provision of financial and statistical reports; and - Quarterly reporting.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of reports and statistical information per month - Number of quarterly reports	0 0	1 – 3 4	(1) (4)
Quality Information provided must be comprehensive, accurate with nature and scope clearly defined	N/A	100%	N/A
Timeliness - Reports provided quarterly - Reports documents and advice submitted within timeframes agreed	N/A N/A	100% 100%	N/A N/A
Location Grand Cayman	N/A	100%	N/A
Cost (of producing the output)	\$43,921	\$215,618	(\$171,697)
Price (paid by Cabinet for the output)	\$0	\$215,618	(\$215,618)

Explanation of Annual Variances:

There were no activities in this area as the Department resources were focused in other areas following Hurricane Ivan.

CUS 6	Collection of Customs Duties		
Description Collection of the following Duties and Revenue on the following: • Import Duty • Restoration of Seized Goods • Auction Receipts • Package Tax • Customs Fines • Compounded Penalties • Procedural Fines • Warehouse Fees			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Duty or Revenue items processed • Number of refunds of Revenue processed per annum	92,722 584	75,000- 80,000 300 – 450	12,722 134
Quality • Duties and revenue will be levied in accordance with the Customs Laws, Tariff and Financial stores and Regulations • Collection and banking of Revenue in accordance with FSR and internal procedures	100% 100%	100% 100%	0% 0%
Timeliness • Monday – Friday 8:30am – 4:30pm • Saturday 8:30am – 12:30pm • 24/7 at Airport Terminal • Revenue will be deposited in accordance with FSR	100%	100%	N/A N/A N/A 0%
Location Customs Offices, Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$1,210,964	\$1,117,962	\$93,002
Price (paid by Cabinet for the output)	\$1,213,239	\$1,117,962	\$95,277

Explanation of Annual Variances:

The significant increase in this area is due to Hurricane Ivan related activity.

CUS 7	Patrolling of Coastal Waters		
Description Patrol of coastal and territorial waters to target and to combat drug trafficking, prevent and detect Marine conversation and safety offences, apprehend offenders, conduct search and rescue operations, and involving: - Regular sea borne patrols of coastal and territorial waters; and - Responding to calls of suspicious activity or for assistance.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of patrols of 4 hours duration per annum - Number of calls responding to per month	145 118	180 – 240 144 - 180	(35) (26)
Quality Patrols will be carried out in accordance with the Customs Law and internal procedures, and the Misuse of Drugs Law.	100%	100%	0%
Timeliness - On a daily basis - Calls are responded within 5 minutes of receiving notice	100% 80%	100% 80%	0% 0%
Location Coastal waters around Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$244,639	\$300,109	(\$55,470)
Price (paid by Cabinet for the output)	\$243,213	\$300,109	(\$56,896)

Explanation of Annual Variances:

This output underperformed due to shift in resources following hurricane Ivan.

CUS 8	Investigate Customs Offences		
Description Interdict and investigate offences committed under the Customs Law, Misuse of drugs, Firearms Law and other enactments, including: • Interdicting suspects at the various point of entry • Conducting searches • Undertaking investigations including interviewing suspects and collecting statements • Preparing material for presentation or attendance in Court			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of hours spent in interdiction activity per annum • Number of searches conducted annually including person's vessels and premises • Number of interviews conducted annually • Number of statements taken annually (officers, offenders and witnesses) • Number of prosecutions prepared for annually	9,631 0 0 0 0	1,800-2,600 300 – 400 100 – 150 500 – 550 5 – 20	7,031 (300) (100) (500) (5)
Quality • Staff involved in interdiction activity are trained and knowledgeable in appropriate techniques • Investigations are conducted in accordance with Legal proceedings • Searches are conducted in accordance with the Law and departmental procedures • Prosecution files complete, factual and accurate	100% 100% 100% 100%	100% 100% 100% 100%	100% N/A 100% N/A
Timeliness • Suspects are interdicted immediately • Investigations completed within six months • Prosecution files submitted to the Legal Department within three days of an arrest	100% N/A N/A	100% 80% 80%	0% N/A N/A
Location Grand Cayman	100%	100%	100%
Cost (of producing the output)	\$895,772	\$877,879	\$913,665
Price (paid by Cabinet for the output)	\$357,245	\$877,879	(\$520,634)

Explanation of Annual Variances:

With increased import comes the necessity for increased diligence, additional resources were placed in this area to vet the items being imported into the country following the storm.

2.3 Outputs delivered by the Economics and Statistics Office

ESO 1	Preparation and Publication of Statistical Reports		
Description Preparation and publication of statistical reports, which includes: • Social and economic statistics • Survey and register services • Distribution and sale of general statistical information			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Annual publication of Compendium of Statistics • Annual Overseas Trade Report • Quarterly Consumer Price Index Report • Labour Force Survey • Requests for information • Research on National Income Survey • Conduct Business Survey Report • Household Income & Expenditure Survey (HIES) Report	1.25 .90 3.1 1.2 106 0 .15 0	1 1 3 1 200 0 0 0	.25 (.10) .10 .20 (94) N/A .15 N/A
Quality Move toward preparation and publication of data that comply with United Nations and other international Standards	100%	100%	0%
Timeliness • Annual publication of Compendium of Statistics for 2003 completed by start of fiscal year 2004/05 • Overseas Trade Report to be published by June 2005 • Consumer Price Index to be released 4-5 weeks after the end of Quarter • Initial research on National Income and Balance of Payments to be completed Sept. 30, 2004 • Initial analysis of HIES to be completed by June 30, 2005	90% 100% 50% 0% 0%	90% 100% 50% 0% 0%	0% 0% 0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$666,944	\$427,520	(239,4244)
Price (paid by Cabinet for the output)	\$420,405	\$427,520	\$7,115

Explanation of Annual Variances:

The material variance in cost is due to the developmental nature of the output costing system.

ESO 2	Provision of Technical Advice on Statistical Matters		
Description			
Provision of technical advice on data collection, survey design and associated methodology to other government departments and agencies.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity Number of Government agencies being serviced	2	2	0
Quality Technical advice subject to internal peer review and are in accordance with internationally observed practices	100%	100%	0%
Timeliness Initial response to request within 2 days	98%	98%	0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$6,907	\$26,311	(\$19,404)
Price (paid by Cabinet for the output)	\$33,426	\$26,311	\$7,115

Explanation of Annual Variances:

The material variance in cost is due to the developmental nature of the output costing system.

ESO 3	Policy Advice on Economic Issues		
Description Macro-Economic Analysis and Policy Advice, involving: • Report and Update on economic outlook • Macro-economic Modelling • Technical assistance to departments on economic analysis • Research on selected economic issues			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of reports and updates on economic outlook (SPS) • Number of Marco-Economic Models Developed • Number of technical assistance reports issued • Number of policy paper on economic issues	2.3 3 7 1	2 1 7 1	.30 2 0 0
Quality • Policy papers will involve consultation with relevant parties • Reports and papers are subject to internal peer review	100% 100%	100% 100%	0% 0%
Timeliness • To produce draft within such time to allow review by deadline • In accordance with the deadlines requested by departments • Policy papers completed by the time specified	100% 100% 100%	100% 100% 100%	0% 0% 0%
Location Cayman Islands	100%	100%	0%
Cost (of producing the output)	\$140,770	\$69,062	\$71,708
Price (paid by Cabinet for the output)	\$86,380	\$69,062	\$17,318

Explanation of Annual Variances:

The material variance in cost is due to the developmental nature of the output costing system.

ESO 4	Monitoring and Reporting on the Economy			
Description Monitoring and Reporting on the Economy, involving: • Reporting on world and domestic economy • Quarterly and annual economic reports • Country reports for regional and international agencies				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of reports on world and domestic economy • Number of quarterly and annual economic reports • Number of Country reports for regional and international agencies		0 2.7 0	1 3 1	(1) (.30) (1)
Quality Reports are subject to managerial and peer review to ensure that quality standards are met and signed off by the Director of Economics and Statistics		100%	100%	0%
Timeliness • To produce draft within such time to allow review by deadline • Completed and submitted within given deadlines		100% 100%	100% 100%	0% 0%
Location Cayman Islands		100%	100%	0%
Cost (of producing the output)		\$170,322	\$176,188	(\$5,866)
Price (paid by Cabinet for the output)		\$84,534	\$176,188	(\$91,654)

Explanation of Annual Variances:

Plans for this unit were significantly affected by the passage of Hurricane Ivan. The material variance in cost is due to the developmental nature of the output costing system.

ESO 5	Advice on Capital Investments and Other General Information		
Description Advice on Capital Investments and Other General Information, involving: • Reviews of project proposals for the Public Sector Investment Committee (PSIC); • Public Sector Investment Programme, 2004/5-2006/7; • Training Workshop; and • Servicing of PSIC meetings. Replies to questions from Cabinet for Legislative Assembly and others: draft replies to correspondence, speech notes and briefings or meetings, information requests; Issues briefings; Annual Plan and Estimates. Note that the provision of PSIC secretariat services and the number of reviews and reports are determined by other departments or by the Chair of PSIC; ESO provides a responsive service.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of project proposals submitted for PSIC review • Number of Public Sector Investment Programme reports • Number of PSIC workshops • Number of PSIC meeting organized and documented	0 0 0 1.6	5 1 1 2	(5) (1) (1) (.40)
Quality • Managerial and peer review will be maintained to ensure that quality standards are met • Project proposals for PSIC reviewed in accordance with PSIC Guidelines • Training provided by technically knowledgeable persons	100% N/A N/A	100% 100% 100%	0% N/A N/A
Timeliness • Within agreed time period from date of request • All draft policy papers produced within such time to allow for review and modification • Within deadlines set for the 2004/5 budget	100% 100% 100%	100% 100% 100%	0% 0% 0%
Location Cayman Islands	100%	100%	0%
Cost (of producing the output)	\$9,887	\$42,446	(\$32,559)
Price (paid by Cabinet for the output)	\$891	\$42,446	(\$41,555)

Explanation of Annual Variances:

Activities of the PSIC were extremely limited during the aftermath of hurricane Ivan.

2.4 Outputs delivered by Finance Administration

FIN 1	Policy Advice on Financial Strategies and Financial Services Sector Issues		
Description Provision of policy advice on Financial Strategies and Financial Services Sector Issues, including: - Budgetary and revenue issues; - Financial position of the government; - Financial Reform; - Financial Services Sector issues; - International tax and regulatory initiatives; - Anti-money laundering issues; and - Legislative development.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of revenue papers - Number of reports - Number of legislative drafting instructions - Number of policy papers - Number press releases	1 1 3 3 0	1-3 3-5 3-5 3-5 3-6	0 (2) 0 0 (3)
Quality - All will be prepared accurately, using robust data and analytical and appropriate methods to support findings and recommendations - Managerial and peer review will be maintained to ensure that quality standards are met	95% 98%	95% 98%	0% 0%
Timeliness Revenue papers, Reports, Legislative drafting instructions and policy papers are delivered by agreed dates	90%	90%	0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$221,649	\$423,435	(\$201,786)
Price (paid by Cabinet for the output)	\$267,274	\$423,435	(\$156,158)

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the output costing system.

FIN 2	Ministerial Servicing to the Financial Secretary		
Description Provision of administrative services to the Financial Secretary and Cabinet, including: • Preparation of Cabinet Papers and Notes; • Ministerial Briefings; • Speaking Notes; • Responses to Parliamentary Questions; and • Press release.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Cabinet Papers and notes • Number of Speaking Notes • Number of Ministerial Briefings • Number of responses to Parliamentary Questions • Number press releases	30 5 1 0 0	30-50 10-15 1-6 12-18 0-3	0 (5) 0 (12) 0
Quality • Cabinet Papers, notes, Ministerial Briefings and responses to Parliamentary Questions are prepared accurately, using robust data and analytical and appropriate methods to support findings and recommendations • All are subject to peer review and signed off by senior Management	90% 100%	90% 100%	0% 0%
Timeliness • Cabinet papers, Notes and Ministerial Briefings are delivered by target dates • Responses to Parliamentary Questions are prepared within the timeframe set by the Financial Secretary	90% 90%	90% 90%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$236,636	\$295,582	(\$58,946)
Price (paid by Cabinet for the output)	\$147,072	\$295,582	(\$148,510)

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the output costing system. Certain outputs such as responses to Parliamentary questions or demand driven and hence are not within the control of the Department.

FIN 3	Processing of Stamp Duty Abatements and Assessments		
Description			
Processing of Stamp Duty abatements and assessments.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity Number of abatements and assessments processed	418	250-325	93
Quality Vetted by senior staff for compliance with the applicable laws and regulations and Finance and Economics guidelines	100%	100%	0%
Timeliness Request processed within 5-8 working days of receipt	95%	95%	0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$456,729	\$238,628	\$218,101
Price (paid by Cabinet for the output)	\$300,671	\$238,628	\$62,043

Explanation of Annual Variances:

There were considerably greater than anticipated requests for abatements and assessments during 2004/5. Variances in price and cost reflect the developmental nature of the output costing system.

FIN 4	Administering Sections of the Companies Laws		
Description Administer the following sections of the Companies Law (2002 Revision): • Section 32 (granting permission to own property to exempt companies); • Sections 80 (registration of non-profit organizations); • Section 178 (restoration of assets to struck off companies); and • Sections 181 (management of vested property from struck off companies).			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of letters relating to section 32 • Number of letters relating to section 80 • Number of letters relating to section 178 • Number of letters relating to section 181	32 8 27 0	20-42 10-20 10-20 1-3	0 (2) 7 (1)
Quality • Vetted by senior staff for compliance with the applicable laws and regulations and the Portfolio of Finance and Economics guidelines	100%	100%	0%
Timeliness • Request under Sections 32 and Sections 178 processed within 3-5 days • Requests under Section 181 processed within timeframe agreed • Requests under Section 80 processed within time frame agreed	95% 95% 95%	95% 95% 95%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$89,533	\$101,883	(\$12,350)
Price (paid by Cabinet for the output)	\$166,493	\$101,883	\$64,610

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the output costing system.

FIN 5	Processing of Fee Waivers			
Description				
Process applications for fee waivers under the Public Finance and Audit Law (1997 Revision).				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity Number of fee waivers processed		3,368	3,000-3,500	0
Quality Vetted by senior staff for compliance with the applicable laws and regulations and the Portfolio of Finance and Economics guidelines		95%	95%	0%
Timeliness Response provided within 5-8 working days of receipt		95%	95%	0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$333,662	\$1,055,000	(\$721,338)
Price (paid by Cabinet for the output)		\$928,347	\$1,055,000	(\$126,653)

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the output costing system.

FIN 6	Governance and Administrative Services			
Description				
Provision of governance, secretariat and administrative services to Statutory Authorities, Boards and Committees, including:				
- Central Tender Committee - Private Sector Consultative Committee - Water Authority Board - Cayman Islands Monetary Authority - Public Sector Investment Committee - Shipping Sector Consultative Committee - Public Sector Development Team - Public Service Pensions Board - Company Sector Consultative Committee - Cayman Maritime Authority Board - National Drug Council Board - Cayman Island Ship Owners Advisory Committee - Port Authority Board - The Cayman Islands Stock Exchange - National Hurricane Committee - Community College Board - Museum Board - Civil Aviation Authority - Risk Management Advisory Committee - Cayman Turtle Farm Board - Health Services Authority Board - Public Accounts Committee of the Legislative Assembly				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
Number of boards served on		23	23	0
Number of committee Agendas produced		6	10-12	(4)
Number of committee Minutes produced		4	10-12	(6)
Number of committee Reports produced		1	1-3	0
Number of officer hours to policy related work related to governance of boards and committees		77	350-450	(273)
Quality				
Boards are served on by senior management		100%	100%	0%
Minutes of meetings drafted in correct format, vetted and amended as necessary by respective committees		100%	100%	0%
Subject to internal peer review		100%	100%	0%
Timeliness				
Attendance at meetings when meetings are called – within the time frame agreed upon		95%	95%	0%
Notification of meeting and distribution of agenda 1 week prior to date of meeting		95%	95%	0%
Minutes circulated within 2 weeks after date of meeting		90%	90%	0%
Location				
Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$283,584	\$397,579	(\$193,995)
Price (paid by Cabinet for the output)		\$140,682	\$397,579	(\$256,897)

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the output costing system. Regularly scheduled board meetings were disrupted as a result of Hurricane Ivan.

.5 Outputs delivered by the Financial Services Secretariat

FSU 1	Policy Advice on International Tax and Regulatory Initiatives		
Description Provide policy advice to the Financial Secretary and Cabinet on matters affecting the Financial Services Sector.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Reports outlining status of relevant international initiatives - Number of policy papers, replies to correspondence, speech notes, briefings for meetings, information requests, and issues briefings	4 110	2 80-100	2 10
Quality - Policy advice includes all relevant information and designed to deliver efficient and affective responses - Executive Director or Assistant Financial Secretary I vets all reports	100% 100%	100% 100%	0% 0%
Timeliness - Reports completed not later than four weeks after the end of each quarter - All requests processed within agreed time period from date of request, not exceeding three weeks	95% 100%	95-100% 100%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$629,004	\$991,397	(\$362,383)
Price (paid by Cabinet for the output)	\$999,005	\$991,397	\$7,608

Explanation of Annual Variances:

A significant portion of the budgeted costs for the Secretariat is provisional in nature due to the nature of its activities. The output budgeting is also in its developmental stage and a more accurate forecast is anticipated in the future.

FSU 2	Representation at Meetings Relating to Tax and Regulatory Initiatives		
Description			
Participate in Cayman Islands delegations to various local, regional and international meetings, seminars and conferences.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Meetings attended - Number of Seminars attended - Number of Conferences attended	0 0 0	0 0 0	N/A N/A N/A
Quality Participants professionally qualified, knowledgeable and fairly and accurately represent the views of the Cayman Islands Government	0%	0%	N/A
Timeliness Participants are present when meeting occurred	0%	0%	N/A
Location As instructed by the Financial Secretary	0%	0%	N/A
Cost (of producing the output)	\$18,984	\$0	\$18,985
Price (paid by Cabinet for the output)	\$157,292	\$0	\$157,292

Requirement for representation is dependent on there being a meeting to attend, representation in this form was not required as anticipated during the fiscal year.

FSU 3	Negotiation of Tax Information Exchange Agreements			
Description Negotiate tax information exchange agreements with Organization for Economic Cooperation and Development (OECD) Member States.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity Number of Tax Information Exchange Agreements		7	8-12	(1)
Quality - Negotiations conducted by knowledgeable and trained personnel - When necessary support will be sought from legally qualified personal - All agreements signed off by the Financial Secretary				N/A N/A N/A
Timeliness Negotiated in line with frame line agreed with OECD member States				N/A
Location Grand Cayman and foreign jurisdictions involved in the Negotiations				N/A
Cost (of producing the output)		\$31,157	\$377,733	(\$346,581)
Price (paid by Cabinet for the output)		\$264,211	\$377,733	(\$113,522)

Explanation of Annual Variances:

A significant portion of the budgeted costs for the Secretariat is provisional in nature due to the nature of its activities. The output budgeting is also in its developmental stage and a more accurate forecast is anticipated in the future.

2.6 Outputs delivered by the Financial Secretary's Office

FSO 1	Policy Advice to the Financial Secretary		
Description Provision of Policy advice to the Financial Secretary on the following: • Legislation and regulations regarding the financial services industry; • International tax and regulatory initiatives; • Anti-money laundering initiatives; • Public relations concerning the Financial Services Sector; and • General Financial matters.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of legislative drafting instructions • Number of reports/papers • Number of hours for technical assistance • Number of briefings	0 3 40 2	1-3 3-5 200-400 7-15	(1) 0 (160) (5)
Quality • Legislation and regulations will involve robust consultation process with private and public sector • Legislative drafting instructions are accurate and all material facts have been included • Reports/papers will be prepared accurately and involve robust data, analytical and appropriate methods to support findings and/or recommendations • All are subject to internal peer review and signed off by senior manager • Briefings undertaken by knowledgeable and experienced personnel	N/A N/A 100% 100% 100%	100% 100% 100% 100% 100%	N/A N/A 0% 0% 0%
Timeliness • Achieved within the timeframe set by Financial Secretary	90%	90%	90%
Location Grand Cayman	100%	100%	100%
Cost (of producing the output)	\$192,251	\$83,455	(\$108,796)
Price (paid by Cabinet for the output)	\$17,405	\$83,455	(\$66,050)

Explanation of Annual Variances:

The plans for the year were impacted by changes in circumstance due to Ivan. The difference in cost reflects the developmental stage of output costing.

FSO 2	Ministerial Servicing for the Financial Secretary		
Description			
Provision of Administrative Services to support the Financial Secretary and Cabinet.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity			
• Number of Correspondence produced	10	150-200	(140)
• Number of Cabinet papers and notes	1	15 – 30	(14)
• Number of Ministerial Briefings	1	20-50	(19)
• Number of speeches/speaking notes	1	4-6	(3)
Quality			
• All are subject to internal review by senior staff	100%	100%	0%
• Cabinet papers and notes prepared accurately, in standardized format and involve robust and analytical and appropriate methods to support findings and/or recommendations	100%	100%	0%
• Cabinet papers and notes to be signed off by senior management	100%	100%	0%
• Ministerial Briefings done by knowledgeable, professional and experienced personnel	100%	100%	0%
Timeliness			
• Cabinet Papers, Notes and Ministerial Briefings are delivered by target dates	90%	90%	0%
Location			
Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$40,430	\$62,243	(\$21,813)
Price (paid by Cabinet for the output)	\$5,081	\$62,243	(\$57,162)

Explanation of Annual Variances:

This output is primarily demand driven, the variance in price and cost reflect the developmental nature of output costing.

FSO 3	Media and Public Relations Support		
Description Provision of media and public relations support on the financial services industry, involving: • Monitoring media and development of appropriate media strategies and provision of status reports; • Development of public affairs and public relations strategies; and • Analysis and recommendations on relevant issues.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of status reports • Number of press releases • Number of Briefings per annum	18 10 30	15-20 7-15 24-48	0 0 0
Quality • Press releases should be accurate and informative and vetted and approved by a senior manager • Briefings undertaken by experienced and qualified personnel providing accurate and most up to date information	100% 100%	100% 100%	0% 0%
Timeliness • Informed of any matters that require action or having significant implications for Cayman immediately • Briefings to be done in a timely fashion	100% 90%	100% 90%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$1,506,121	\$2,247,695	(\$741,574)
Price (paid by Cabinet for the output)	\$2,247,695	\$2,247,695	\$0

Explanation of Annual Variances:

The variance in cost reflects the developmental nature of output costing and budgeting.

FSO 4	Secretariat and Administrative Services		
Description			
Provision of secretariat and administrative services to Private Sector Consultative Committee.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity			
• Number of piece of Correspondence	24	60-90	(36)
• Number of Private Sector Consultative Committee Agenda produced	4	4-10	0
• Number of Private Sector Consultative Committee Minutes prepared	3	4-10	(1)
Quality			
• All are subject to internal review by senior staff	100%	100%	0%
• Minutes drafted in correct format	100%	100%	0%
Timeliness			
• Notification of meeting and distribution of agenda 1 week prior to date of meeting	85%	85%-100%	0%
• Minutes circulated within 2 weeks after date of meeting	90%	90-100%	0%
Location			
Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$158,038	\$254,664	(\$96,626)
Price (paid by Cabinet for the output)	\$129,909	\$254,664	(\$124,755)

Explanation of Annual Variances:

Cost and price variances reflect developmental nature of output budgeting and costing, quantity of correspondence is demand driven and the FS office did not produce as many correspondence as originally anticipated.

FSO 5	Governance and Administrative Services			
Description				
Provision of Governance/ownership monitoring, advice and professional assistance to the Cayman Islands Monetary Authority (CIMA).				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
• Number of Reports related to CIMA		0	2-4	(2)
• Number of staff hours of technical assistance		219	180-300	0
Quality				
• Reports will be prepared accurately and involve robust data, analytical and appropriate methods to support findings and/or recommendations		95-100%	95-100%	0%
• All are subject to internal review by senior staff		100%	100%	0%
Timeliness				
• Percentage of reports completed with agreed time frame		90%	90%	0%
Location				
Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$41,681	\$67,987	(\$26,306)
Price (paid by Cabinet for the output)		\$22,706	\$67,987	(\$45,281)

Explanation of Annual Variances:

Variance is primarily related to reports on CIMA which did not occur due to shifting of resources.

2.7 Outputs delivered by the General Registry

REG 1	Policy Advice on General Registry Matters		
Description Policy advice and services to support the Financial Secretary and Cabinet, involving: • Advice on amendments to the various Laws and regulations by which the Registry operates; • Advice on new and revised revenue measures; • Responses to questions addressed to the FS/Cabinet by the Legislative Assembly; and • Replies to correspondence.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of pieces of advice on amendment to Laws • Number of pieces of advice on revenue measures • Number of statistical reports • Number of responses to questions addressed to the FS/Cabinet by the Legislative Assembly	21 1 1 0	4-6 4-6 60-80 12-15	17 (3) (59) (12)
Quality • Comprehensive and accurate • Have involved adequate research • Subject to internal peer review	100% 100% 100%	100% 100% 100%	0% 0% 0%
Timeliness • Provided within agreed timeframe	98%	98%	0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$19,411	\$25,311	(\$5,900)
Price (paid by Cabinet for the output)	\$1,709	\$25,311	(\$23,602)

Explanation of Annual Variances:

Advisory and reporting functions were not carried out to the levels anticipated due to the extraordinary nature of the financial year.

REG 2	Maintenance of Birth, Death and Marriage Registry			
Description Maintenance of Birth, Death and Marriage Registry, involving: • Maintaining the database; and • Issuing certificates.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of database managed • Issuing certificates		2 8,434	2 6,000-6,500	0 1,934
Quality 1 All work to: - o Meet legislative requirements - o Verified by internal management review • Database complete, accurate and secure		100% 100% 98%	100% 100% 98%	0% 0% 0%
Timeliness • Birth certificates processed within 10 minutes • Death and marriage certificates issued within 10 minutes • Database maintained at all times		95% 95% 100%	95% 95% 100%	0% 0% 0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$85,488	\$74,665	\$10,823
Price (paid by Cabinet for the output)		\$78,366	\$74,665	\$3701

Explanation of Annual Variances:

There were greater than anticipated requests for certificates as the public sought to replace items lost during Hurricane Ivan.

REG 12	Collection of Revenue		
Description Collection of executive revenue including: - Processing annual fees for Companies, Partnerships, Trusts, Patents & Trademarks - Filing annual returns for Companies			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity Number of annual fees posted and returns filed: - Companies - Partnerships - Trusts - Patents & Trademarks	38,753 1,643 657 2,572	45,000-55,000 1,800-1,900 550-700 2,000-3,000	(6,247) (157) 0 0
Quality - Revenue Collected as a legislative requirement - How is the revenue collected	100%	100%	0%
Timeliness - Annual fees and Returns to be processed within 1 week of receipt - When is the revenue deposited	98%	98%	0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$114,951	\$109,278	(\$5,673)
Price (paid by Cabinet for the output)	\$96,600	\$109,278	(\$12,678)

Explanation of Annual Variances:

As the financial services industry continue to mature, we seeing greater than previously anticipated activities at the Companies Registry. The filing of annual returns for companies has been an area of consistent growth which continue to outpace our best estimates.

REG 13	Birth, Death & Marriage Registrations		
Description Registration of Births, Deaths & Marriages.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity Number of registration applications processed: - Births - Deaths - Marriages	603 149 531	600-700 150-250 800-1,000	0 (1) (269)
Quality Registrations to meet legislative requirements	100%	100%	0%
Timeliness - Birth registrations and certificates processed within 10 minutes - Death and marriage registrations processed within the same day	98% 98%	98% 98%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$40,046	\$16,207	\$23,839
Price (paid by Cabinet for the output)	\$12,506	\$16,207	(\$3,701)

Explanation of Annual Variances:

Variances in cost and price reflect the developmental nature of the output. The variance for the amount of marriages is partly attributed to the conditions which existed on the island following Hurricane Ivan.

2.8 Outputs delivered by the Internal Audit Unit

IAU 1	Internal Auditing and Review Services			
Description				
Provision of internal auditing and review services to the Entire Public Sector				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
Audit reports on output and financial reporting management systems: - Ministry of Health Services, District Administration and Agriculture - Ministry of Education, Human Resources and Culture - Ministry of Community Services, Women Affairs, Youth and Sports - Portfolio of Internal and External Affairs - Portfolio of Legal Affairs - Cayman Airways (Bank account controls only) - Water Authority (Bank account controls only) - Cayman Islands Community College (Bank account controls only) - Turtle Farm (Bank account controls only) - Cayman Islands Stock Exchange (Bank account controls only)		7.66	10	(2.34)
Audit reports on output and budgeting management systems: - Portfolio of Finance and Economics - Ministry of Planning, Communications, Works and Information Systems - Ministry of Tourism, Environment, Development and Commerce - Cayman Islands Monetary Authority		0	3	(3)
Quality Performed, prepared and reviewed in accordance with the Standards for the professional Practice of Internal Auditing		100%	100%	
Timeliness - Audits and reviews will be completed in time for assurance to the Financial Secretary for the quarterly Statement of Returns - Audit and review services will be carried out throughout the financial year		100%	100%	0%
Location				
Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$682,565	\$745,966	(\$63401)
Price (paid by Cabinet for the output)		\$512,627	\$745,966	(\$233,339)

Explanation of Annual Variances:

The internal Audit Unit was redeployed into support roles for other Departments in Finance following Hurricane Ivan. Many of the clients for which Audits were planned were not in a condition to be audited as many of their records were displaced following the storm.

2.9 Outputs delivered by the Revenue Unit

REV 1	Ministerial Servicing for the Financial Secretary		
Description Provision of support services to the Financial Secretary and Cabinet including: • Preparation of Cabinet Papers and Notes; • Ministerial Briefings; and • Responses to Parliamentary Questions.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Cabinet Papers • Number of Cabinet Notes • Number of Ministerial Briefings • Number of Responses to Parliamentary Questions	3 1 0 0	10-15 5-10 2-10 1-5	(7) (4) (2) (1)
Quality • Cabinet Papers, Notes, Ministerial Briefings and Responses to Parliamentary Questions are prepared accurately, using robust data and analytical and appropriate methods to support findings and recommendations. • All are subject to peer review and signed off/delivered by the Director of Revenue and Debt Unit or other senior personnel	95% 100%	95% 100%	0% 0%
Timeliness • Cabinet Papers, Notes and Ministerial Briefings are delivered by target dates • Responses to Parliamentary Questions are prepared within the timeframe set by Financial Secretary	95% 100%	95% 100%	0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$16,396	\$65,657	(\$32,865)
Price (paid by Cabinet for the output)	\$12,807	\$65,657	(\$52,850)

Explanation of Annual Variances:

The Revenue Unit plans were significantly affected by the storm and the unit was redeployed to manage the application of Government waivers for people who lost vehicles during the storm.

REV 2	Policy Advice on Revenue Measures			
Description Policy advice to the Financial Secretary and Cabinet on the Following: - Revenues measures; - Loans made; and - Collection and Enforcement mechanisms for revenue.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Revenues measures papers - Number of papers on Loans made - Number of Papers on Collection and Enforcement mechanisms for revenue		9 0 1	12-30 0 1-5	(3) 0 0
Quality - Revenue papers will involve robust consultation process with relevant agencies - Loan papers will contain prepared in accordance with internal guidelines - All papers will be reviewed and signed off by director or Assistant Financial Secretary II before release		100% 100% 100%	100% 100% 100%	0% 0% 0%
Timeliness All papers will be delivered in time frame agreed with Financial Secretary		100%	100%	0%
Location Cayman Islands		100%	100%	0%
Cost (of producing the output)		\$81,229	\$123,407	(\$42,178)
Price (paid by Cabinet for the output)		\$73,433	\$123,407	(\$49,974)

Explanation of Annual Variances:

The Revenue Unit plans were significantly affected by the storm and the unit was redeployed to manage the application of Government waivers for people who lost vehicles during the storm.

REV 4	Revenue Forecast			
Description Preparations of revenue forecasts, including: • Short term revenue forecasts; • Med term revenue forecasts; and • Monitoring collection of revenue to forecast.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of Short term revenue forecasts • Number of Med term revenue forecasts • Monitoring collection of revenue to forecast		10 2 1	5-8 5-8 8	2 (3) (7)
Quality • Forecasts are based on professional technical standards • Subject to peer review • Forecasts will be credible at the time they are produced and will take into account all relevant information		100% 100% 100%	100% 100% 100%	0% 0% 0%
Timeliness • Forecasts are prepared in accordance with budgeting and reporting timelines • Monitoring collection of revenue to forecast done monthly		100% 100%	100% 100%	0% 0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$111,671	\$129,856	(\$18,185)
Price (paid by Cabinet for the output)		\$102,190	\$129,856	(\$27,666)

Explanation of Annual Variances:

The Revenue Unit plans were significantly affected by the storm and the unit was redeployed to manage the application of Government waivers for people who lost vehicles during the storm.

2.10 Outputs delivered by the Shipping Registry

SRG 1	Policy Advice to Government		
Description Provide advise to cabinet on: - The effect of International Maritime Affairs and policy - The extension of International Maritime Conventions and treaties agreements to the Cayman Islands by the UK - Economic issues pertaining to Shipping Update Merchant Shipping Law, Regulations and amendments as required.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Draft law regulations and agreements and provide vetting and review for submission to Government - Ongoing continuous update	0 0	18-20 6-12	(18) (6)
Quality - Reports shall contain all pertinent information required for decision making with options when appropriate, vetted by qualified staff - All reports to be reviewed by senior staff, Director and board when necessary	N/A N/A	95% 95%	N/A N/A
Timeliness - Quarterly - Ongoing	N/A N/A	95% 95%	N/A N/A
Location George Town, Grand Cayman	N/A	100%	N/A
Cost (of producing the output)	\$504,480	\$202,432	(\$302,048)
Price (paid by Cabinet for the output)	\$209,102	\$202,432	\$6,670

Explanation of Annual Variances:

NB. This replaces output CMA1. The Shipping Registry did not become an authority on 1 July, 2004 as anticipated; therefore new outputs were added to reflect this in the 3rd Quarter of 2004/5.

SRG 3	Maintain Safety and Survey Capability			
Description • Maintain the quality of Cayman registered vessels to International and Red Ensign Group Standards • Provide in house survey services for all Cayman Registered vessels • Provide shipping notices, advisories and manuals as required • Documentation services for Cayman registered vessels • Ensure compliance with new international security requirements for all Cayman registered ships				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Approve and process crew applications, documents • Approve vessels construction details to insure compliance with International and local code requirements • Review vessel manuals, documentation and procedures for compliance • Inspect and survey Cayman registered commercial vessels		0 0 0 0	1,568 224 178 361	(1,568) (224) (178) (361)
Quality • All survey personnel to be of the highest caliber with full knowledge of their required duties • Continued education and training programs • Surveyors to be monitored and graded by management with yearly review • External and Internal audits		N/A N/A N/A N/A	95% 95% 95% 95%	N/A N/A N/A N/A
Timeliness Surveys to be performed with 24 hours of the agreed time, unless an unforeseen problem arises, insufficient notice, cancelled flights and other variables		N/A	95%	N/A
Location George Town, Grand Cayman and CISR UK office.		N/A	100%	N/A
Cost (of producing the output)		\$2,731,066	\$1,132,196	(\$1,598,870)
Price (paid by Cabinet for the output)		\$1,132,000	\$1,132,196	(\$196)

Explanation of Annual Variances:

The Shipping Registry did not become an authority on 1 July, 2004 as anticipated; therefore new outputs were added to reflect this in the 3rd Quarter of 2004/5.

SRG 4	Registration of Marine Vessels		
Description Register vessels to the Cayman Islands in accordance with Cayman Islands Merchant Shipping Law - Registration of commercial and pleasure vessels - Record and provide information on mortgage to the private sector - Collection of ship tonnage fees on behalf of the Cayman Islands Government - Provision of information and assistance to owners and their agents			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Capability to register ships at any time seven days a week - Fees and taxes collected from all vessels - Assist owner and private sector as needed	0 0 0	100% 1,500-1,952 90-95%	(100%) (1,500) (90%)
Quality - Complete registration in a timely manner - Ensure vessels meet Cayman Islands Merchant Shipping Laws while registered - Ensure owners meet the requirements of the law - Assistance provided by professional	N/A N/A N/A N/A	95% 95% 95% 95%	N/A N/A N/A N/A
Timeliness - Produce required registration documentation on a need basis - Timely billing of registered ships - Completion of registration with 48 hours of receipt of all required documentation	N/A N/A N/A	95% 95% 95%	N/A N/A N/A
Location - George Town, Grand Cayman and CISR UK office - Surveys worldwide at ports where the vessels lie	N/A N/A	100% 100%	N/A N/A
Cost (of producing the output)	\$397,285	\$141,257	(\$256,028)
Price (paid by Cabinet for the output)	\$164,071	\$141,257	\$22,814

Explanation of Annual Variances:

The Shipping Registry did not become an authority on 1 July, 2004 as anticipated; therefore new outputs were added to reflect this in the 3rd Quarter of 2004/5.

SRG 5	Inspections and investigation			
Description - Conduct Port Sate Control inspections on ships entering Cayman waters in compliance with the Caribbean MOU. - Conduct casualty investigation as necessary and in compliance with international standards.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Conduct inspections on 15% of vessels entering Cayman Islands waters - Conduct Casualty investigation and report as required by Cayman Islands Maritime Law		0	36	(36)
		0	391	(391)
Quality Review inspection reports to ensure vessel standards		N/A	95%	N/A
Timeliness Initiate casualty investigations upon notification within 24 hours		N/A	95%	N/A
Location - George Town, Grand Cayman and CISR UK office - Surveys worldwide at ports where the vessels lie		N/A N/A	100% 100%	N/A N/A
Cost (of producing the output)		\$462,679	\$221,063	(\$241,616)
Price (paid by Cabinet for the output)		\$191,776	\$221,063	(\$29,285)

Explanation of Annual Variances:

NB. This replaces output CMA 5. The Shipping Registry did not become an authority on 1 July, 2004 as anticipated; therefore new outputs were added to reflect this in the 3rd Quarter of 2004/5.

2.11 Outputs delivered by the Treasury Department

TSY 2	Prepare the Accounts of the Government		
Description Prepare the monthly, quarterly and annual accounts of the Government.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Monthly Financial Reports - Number of Quarterly Financial Statements - Number of Annual Financial Statements	2 0 1	10 3 1	(8) (3) 0
Quality Annual, quarterly and monthly Financial Reports prepared in accordance with Public Management and Finance Law, 2003 Revision	100%	100%	0%
Timeliness - Annual accounts to be submitted by statutory deadline - Monthly accounts to be submitted by 8th of following month - Quarterly accounts to be submitted by statutory deadline	100% 100% N/A	100% 95% 100%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$487,533	\$716,400	(\$228,867)
Price (paid by Cabinet for the output)	\$315,216	\$716,400	(\$401,184)

Explanation of Annual Variances:

The Treasury, like most other Departments had to grapple with the aftermath of Hurricane Ivan. It was difficult to coordinate information throughout Government in order to provide the monthly and quarterly Financial Statements as most agencies were busy trying to resume normal operations under the circumstances.

TSY 3	Financial Forecasting		
Description Preparation of financial forecasting, involving: - Monthly financial forecasts; - Budget related forecasts; and - Pre-Election economic forecasts.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of monthly financial forecasts - Number of Budget related forecasts - Number of Pre-Election forecasts	0 3 1	10 3 1	(10) 0 0
Quality - All Reports are reviewed by Accountant General and/or Deputy Accountant General before release to members of Portfolio of Finance review panel. - Reports are reviewed by Portfolio of Finance review panel and discussed with the Deputy Financial Secretary prior to submission to the Financial Secretary. - Budget related and pre-election reports subject to peer review as part of budget process.	100% 100% 100%	100% 100% 100%	0% 0% 0%
Timeliness - Monthly Financial Forecast completed within Budget deadline - Budget and Pre-election forecast within Budget deadline	95% 95%	95-100% 95-100%	0% 0%
Location Grand Cayman	100%	100%	100%
Cost (of producing the output)	\$168,163	\$196,092	(\$27,929)
Price (paid by Cabinet for the output)	\$137,263	\$196,092	(\$58,829)

Explanation of Annual Variances:

Difficulties in coordinating the information from various agencies following Hurricane Ivan prevented the Treasury from carrying out its monthly financial forecasting

TSY 4	Record, Maintain and Monitor Public Debt		
Description			
Record, maintain and monitor borrowing of public funds including negotiation draw downs and repayments.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Number of public debt loans managed - Number of self-financing loans managed	5 7	5 9	0 (2)
Quality Loans are managed in accordance with conditions as laid out in the relevant Bond/Loan agreements.	100%	100%	0%
Timeliness - Principal repayments and interest payments made by the due date - Recovery of amounts paid on behalf of Statutory Bodies within 1 month following Treasury's payment date to the lending institution - Recovery of amounts paid on behalf of Statutory Bodies 2 weeks prior to payment date to the lending institution	95% 100% 95%	95-100% 100% 95-100%	0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$48,386	\$32,764	(\$15,622)
Price (paid by Cabinet for the output)	\$54,213	\$32,764	(\$21,449)

Explanation of Annual Variances:

Variances in price and cost reflect the developmental nature of the costing system

TSY 5	Monitor and Manage Government Bank Accounts			
Description				
Monitor and manage the Government's bank accounts and cash funds, including: - Sweeping and funding of bank accounts; - Cash requirements and disbursements profiles; - Investment of surplus cash; - Investment of Reserve Funds; and - Bank reconciliation.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Bank Accounts managed - Number of Bank Reconciliation's - Annual number of local deposits managed - Annual number of overseas deposits managed		81 826 65 0	65 756 20 228	16 70 45 (228)
Quality - Compliance with Section 35 (d) and 35 (e) of the Public Management and Finance Law and the Financial Regulations. - Compliance with policies and procedures laid out in Treasury Procedures Manual. - Compliance with Investment Guidelines - Entity bank accounts maintain favourable positions not falling below zero credit balance. - Compliance with instructions given by the Legislative Assembly for transfer of funds to or from General Reserve Fund		100% 0% 100% 85% 100%	100% 100% 100% 85-100% 100%	0% 0% 0% 0% 0%
Timeliness - Up-date General Ledger for local investments within 24 hours - Up-date General Ledger for overseas investments within 4 days of receipt of monthly statement - Bank Reconciliation to be prepared by 15th of following month - Sweeping decisions made by 2:00pm each working day - Reconciliation of Reserve Funds by 8th of following month		95% 90% 62% 85% 95%	95-100% 90% 85-90% 85-90% 95-100%	0% 0% 0% 0% 0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$646,844	\$450,442	\$196,402
Price (paid by Cabinet for the output)		\$468,346	\$450,442	\$17,904

Explanation of Annual Variances:

Government entities established a higher number than expected bank accounts in order to properly segregate funds. This resulted in higher than expected reconciliations and an overall increase in cost.

TSY 8	Ministerial Servicing for the Financial Secretary			
Description Process advice to Ministries and Portfolios, including: • Preparation of replies to parliamentary questions; • Serve as member(s) of Committees/Boards as directed by the FS; and • Preparation of Papers for Cabinet’s consideration.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity • Number of replies to Parliamentary Questions • Number of draft Cabinet Papers and Notes • Number of Committees/Boards served		1 2 2	6-8 2 5	(5) 0 (3)
Quality • All replies and papers are reviewed by the Accountant General and/or Deputy Accountant General before release		100%	100%	0%
Timeliness • Cabinet Papers and Notes within timeframe agreed • Replies to written questions from FS, DFS for LA/Ministries provided within 2-3 working days before the due date for responses.		95% 95%	95% 95%	0% 0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$84,479	\$34,648	\$49,831
Price (paid by Cabinet for the output)		\$47,490	\$34,648	\$12,842

Explanation of Annual Variances:

Replies to Parliamentary questions are demand driven, board activities were significantly disrupted due to the passing of Hurricane Ivan. Variances in price and cost reflect the developmental nature of the output costing system.

TSY 10	Management and Administration of loans made			
Description Management and Administration of loans made.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity Number of loans Managed		242	293	(51)
Quality - Loans are processed in accordance with conditions laid out in the relevant loan agreement - Repayment schedule prepared for each loan - Loan is secured - Disbursement does not exceed approved amount		100%	100%	0%
		100%	100%	0%
		75%	75%	0%
		100%	100%	0%
Timeliness - Approved loan applications are processed within 5 working days - Late or missed payments followed up within first two weeks of following month.		100%	95%	5%
		100%	100%	0%
Location Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$85,181	\$81,603	\$3,578
Price (paid by Cabinet for the output)		\$5,617	\$81,603	(\$75,986)

Explanation of Annual Variances:

Mortgages along with personal loans make up the largest portion of loans made. Only two new mortgages were disbursed during 2004/05 and a greater than expected number of mortgages were paid off prior to the final payment date.

TSY 11	Revenue Receipting		
Description Receipting of coercive revenue for: • Environmental Protection Fund Fees • Cruise Ship Departure Charges • Debit Transaction Fees			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Number of invoices sent to airlines • Number of invoices sent to cruise ship companies	72 271	140 670	(68) (399)
Quality • Review of manifest to ensure accuracy of amount invoiced and collected • Invoices prepared in compliance with relevant Laws • Compliance with Treasury Procedures Manual	100% 100% 100%	100% 100% 100%	0% 0% 0%
Timeliness • Invoices to be sent within one day after receipt of the manifest • Issue reminder notices within one month after invoice date • Follow up reminders sent two weeks after first reminder • Delinquent accounts turned over to Debt Recovery Unit two months after non-payment of invoice	100% 100% 100% 100%	100% 100% 100% 100%	0% 0% 0% 0%
Location Grand Cayman	100%	100%	0%
Cost (of producing the output)	\$108,454	\$137,574	(\$29,120)
Price (paid by Cabinet for the output)	\$65,304	\$137,574	(\$72,270)

Explanation of Annual Variances:

As a result of Government policy following Hurricane Ivan, there were interruptions to both airline and cruise ship traffic. This resulted in lower than expected billings.

TSY 12	Processing of Debt Recovery			
Description				
Recovering outstanding debts on behalf of Executive and Ministry/Portfolio.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity				
Number of Debts managed		970	811	159
Quality				
Enforcement will be carried out in accordance with departmental procedures		98%	98%	0%
Timeliness				
• Enforcement and compliance will be carried out in accordance with timeframe of relevant law		95%	95%	0%
• Action will be initiated within 30 days of receipt from requesting department		95%	95%	0%
Location				
Grand Cayman		100%	100%	0%
Cost (of producing the output)		\$179,962	\$121,181	(\$58,781)
Price (paid by Cabinet for the output)		\$110,852	\$121,181	(\$10,329)

Explanation of Annual Variances:

There were an increased number of debts forwarded by various departments for debt action. This may be attributed to departments review and analysis of their debtors for the inclusion in the Government's first ever accrual financial statements.

PART B
OWNERSHIP PERFORMANCE

3. Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

The general nature and scope of the Portfolio of Finance and Economics is to provide the government with sound financial and economic advice, accounting, and registry services. The Portfolio is also responsible for the inspection and clearance of people and goods entering and exiting the country and other border control activities.

Scope of Activities

The scope of the Portfolio of Finance and Economics activities is as follows:

- Development and implementation of macroeconomic and budgetary policies;
- Coordination and oversight of Financial Management Initiative (FMI);
- Management of government finances;
- Supervision and Control of matters relating to the financial affairs of the Cayman Islands Government including Internal Audit and governance of Statutory Authorities and government companies;
- Maintenance of a General Registry;
- Border control and enforcement;
- Statistical data collection and reporting;
- Risk Management and Loss Control; and
- To provide Policy Advice and Public Relations on International Tax and Regulatory Initiatives and participate in the negotiation of Tax Information Exchange Agreements with other foreign governments.

Compliance during the Year

The Portfolio operated within its approved nature and scope of activities during the year 2004/5

4. Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the Portfolio of Finance and Economics in 2004/05 and the subsequent two years are as follows:

- Continue implementation of a major public relations campaign to heighten awareness within the global financial services market place of the significance of the Cayman Islands as an international centre and to demonstrate the relevance of its contribution to commerce within the global financial community.
- To manage the continued implementation of the Public Management and Finance Law (2003 Revision) and the Financial Management Initiative (FMI).
- Initiate training for both economics and statistics staff in aspects of statistical concepts, methodology, international standards, data processing and the policy and legislative framework for statistics.
- Develop internal audit methodologies, to guide auditors in reviewing strategic planning and budgeting, output and ownership performance, financial and input acquisition management systems.
- To continue to ensure that the Cayman Islands gains full international recognition from bodies like the International Monetary Fund (IMF), Organisation for Economic Corporation & Development (OECD), G7, and European Union (EU), for its regulatory and international co-operative regime.
- To develop capabilities of staff of the Portfolio of Finance and Economics in the area of accrual-based budgeting, reporting and other financial management skills.
- To improve organizational structure for the Portfolio with a view to improving greater cohesion and establishing clear reporting lines between the various units and sections.
- To continue to improve the storage and retrieval of information for birth, deaths, marriages and public records through the use of microfilm and a web based system.
- To continue the establishment of the Management Support Unit.
- To continue the establishment of the Revenue Unit.
- To continue the establishment of the Cayman Maritime Authority.

Achievement during the year

Significant progress was made in each of the approved ownership goals listed above. There were certain areas (especially those related to training) where the extent of the planned activities were less than anticipated. However, that is mainly due to the extraordinary nature of the fiscal year.

5 Ownership Performance Targets

5.1 Financial Performance

Financial Performance Measures	Annual Actual \$	Annual Budget \$	Annual Variance \$
Revenue from Cabinet	16,807,952	19,870,647	(3,062,695)
Revenue from ministries, portfolios, statutory authorities, government companies	1,854,972	2,628,802	(773,830)
Revenue from others	14,850,276	16,249,655	(1,399,379)
Other Operating Revenue	123,949		123,949
**Surplus/deficit from outputs	9,263,964	12,090,490	2,826,526
Ownership expenses	24,516,977	26,658,614	2,141,637
Extraordinary items	164,965	83,403	(81,562)
Operating Surplus	8,955,208	12,007,087	(3,051,879)
Net Worth	6,088,716	4,757,633	(1,331,083)
Cash flows from operating activities	957,900	11,562,985	(10,605,085)
Cash flows from investing activities	(852,563)	(1,132,440)	821,989
Cash flows from financing activities	2,256,335	(10,852,400)	12,566,624
Change in cash balances	2,361,672	(421,855)	2,783,527

Explanation of Variances:

- Billings to Cabinet were less than expected due to loss of record to substantiate work
- Revenues from other Government Departments were less due to change in focus following Ivan
- Revenue from others were due to interruption of business at the General Registry
- Ownership expenses were less due to unfilled posts during the financial year
- Cash flow from operating activities were less due to unpaid cabinet invoices at year end
- Cash flows from investing activities were less due to asset purchase not occurring as planned
- Cash flow from financing activities was less due to the repayment of surplus not being made until after the fiscal year end

Financial Performance Ratios	Annual Actual	Annual Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	1:1	3:1	(2:1)
Total Assets: Total Liabilities	2:1	5:1	(3:1)

5.2 Maintenance of Capability

Human Capital Measures	Annual Actual	Annual Budget	Annual Variance
Total full time equivalent staff employed	242	250	(8)
Staff turnover (%)			
Managers	20	4	16
Professional and technical staff	13	3	10
Clerical and labourer staff	40	9	31
Average length of service (number of years in current position)			
Managers	4	4	
Professional and technical staff	3	3	
Clerical and labourer staff	3	3	

Explanation of Variances:

Recruitment efforts were interrupted due to Hurricane Ivan.

Physical Capital Measures	Annual Actual \$	Annual Budget \$	Annual Variance \$
Value of total assets	3,794,659	6,039,767	(2,245,108)
Asset replacements: total assets	1.5%	9%	(7.5%)
Book value of assets: initial cost of those assets	64%	63%	(1%)
Depreciation: cash flow on asset purchases			
Changes to asset management policies			

Explanation of Variances:

Asset acquisition did not occur as planned due to interruption by Hurricane Ivan.

Major <u>New</u> Entity Capital Expenditures for the Year	Annual Actual \$	Annual Budget \$	Annual Variance \$
Fit-out of the General Registry at Citrus Grove	56,808	500,000	(443,192)
Replace vehicles for the Customs Department & 1 for GR	191,850	183,500	8,350
To replace furniture and fittings destroyed by storm	24,078	40,938	(16,860)
To remodel the Treasury Department	27,551	72,000	(44,449)
New Generator for the Customs Department	215,488	0	215,488
Fitout the PR Unit	139,285	150,000	(10,715)
New Forklift for Customs Building	0	45,000	(45,000)

Explanation of Variances:

Most capital works were deferred as a result of Hurricane Ivan.

Major Entity Capital Expenditures continuing from previous years	Annual Actual \$	Annual Budget \$	Annual Variance \$

Explanation of Variances:

5.3 Risk Management

Risk	Status of Risk	Action Taken During 2004/5 to Manage Risk	Financial Value of Risk
Loss/absence of critical staff	Unchanged	On-the job training and cross -training; successions planning and develop an organizational structure and environment which provides challenges, promotes advancement and recognize achievements.	Not quantifiable
Absence of accounting skills	New	Recruitment of a Certified Accountant; provision of support and funding in order for designated staff to gain required accounting skills.	Not quantifiable
Loss of important data	Unchanged	Back up vital and important documentation on disks and hard copy and placed and place in a secured environment.	Not quantifiable
Inadequate Office Space	New	Review and reconfigure existing space or seek alternative office accommodation	Not quantifiable
Aged Computers and other office equipment	Unchanged	Maintenance and upgrade on a regular basis. Replacement where feasible.	Not quantifiable
Employee related risk.	Unchanged	Limited work allocation. Restriction on communication with internal & external agencies.	43,000 +
Inefficient data management system	Unchanged	Exploring software system. Utilization of Excel.	40,000
Failure to exercise due diligence or employ informed business judgments	None	Support staff in becoming professionally certified accountants, internal auditors and fraud examiners Support staff in continuing professional education Conduct training for auditors on internally developed audit methodologies Frequently monitor and evaluate auditors' performance to identify weaknesses and opportunities for improvement Regularly update the Unit's policy and procedures manual Fund auditors' membership to the Institute of Internal Auditors (IIA) which provides auditors with access to the IIA's standards, code of ethics, periodicals, newsletters, web-site and updated information on current audit issues Subscribe to The Journal of Accountancy, a monthly publication of the AICPA that is written for CPAs and other accounting professionals and focuses on the latest news and developments related to the field of accounting	Not quantifiable
Lengthy recruitment process		Maintain partial control of the recruitment process (Ad design, telephone interview selection and scheduling, applicant notification, travel scheduling and arrangements for face-to-face interviews) Continuously liaise and follow-up with the Personnel Department on recruitment process	Not quantifiable
Failure of IRIS system if unavailable for more than one week.	None	Financial transactions prepared annually	

6 Equity Investments and Withdrawals

Equity Movement	Annual Actual \$	Annual Budget \$	Annual Variance \$
Equity Investment from Cabinet into the Portfolio of Finance and Economics	2,256,335	1,238,090	(1,018,245)
Capital (Equity) Withdrawal by Cabinet from the Portfolio of Finance and Economics			

Explanation of Variances:

Variance represents the 1/12 working capital that was afforded to all Agencies at the beginning of the 2004/5 Financial Year.

Appendix 1: Financial Statements for the Year

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Statement of Responsibility
Operating Statement
Statement of Changes in Net Worth
Balance Sheet
Statement of Cash Flows
Statement of Accounting Policies
Notes to the Financial Statements

Portfolio of Finance and Economics

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by Portfolio of Finance and Economics in accordance with the provisions of the Public Management and Finance Law (2005 Revision).

I accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

To the best of my knowledge the financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at 30 June 2005 and the financial performance for the year ended 30 June 2005; and
- (c) comply with generally accepted accounting practice.

Sonia McLaughlin
Chief Officer
Portfolio of Finance and Economics
September 18th, 2008

Ronnie Dunn
Chief Financial Officer
Portfolio of Finance and Economics
September 18th, 2008

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**PORTFOLIO OF FINANCE AND ECONOMICS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

		Annual Actual	Annual Budget	Annual Variance \$
	Note	\$000	\$000	
Revenue				
Outputs to Cabinet		16,808	19,871	3,063
Outputs to other government agencies		1,855	2,629	774
Outputs to others		14,850	16,249	1,399
Other Operating revenue		124		(124)
Total Operating Revenue		33,637	38,749	5,112
Operating Expenses				
Personnel costs	1	14,459	15,822	1,363
Supplies and consumables	2	9,477	10,132	655
Depreciation	3	277	408	131
Capital charge		276	275	(1)
Other operating expenses		28		(28)
Total Operating Expenses		24,517	26,659	2,142
Surplus from operating activities		9,120	12,090	2,970
Gains/losses on foreign exchange transactions		0		
Gains/losses on disposal or revaluation of non-current assets		0		
Surplus before extraordinary items		9,120		(9,120)
Extraordinary items		165	83	82
Net Surplus		8,955	12,007	3,052

The accounting policies and notes on pages 81 to 89 form part of these financial statements.

**FINANCE AND ECONOMICS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2005**

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Opening balance net worth	4,374	3,603	(771)
Net surplus	8,955	12,007	3,052
Property revaluations	(542)		542
Investment revaluations			
Net revaluations during the period	(542)		
Total recognised revenues and expenses	12,787	15,610	2,823
Equity investment from Cabinet	2,256	1,238	(1,018)
Repayment of surplus to Cabinet	(8,955)	(12,090)	(3,135)
Capital withdrawal by Cabinet			
Closing balance net worth	6,088	4,758	1,330

The accounting policies and notes on pages 81 to 89 form part of these financial statements.

**PORTFOLIO OF FINANCE AND ECONOMICS
BALANCE SHEET
AS AT 30 JUNE 2005**

		Annual Actual \$000	Annual Budget \$000	Annual Variance \$
Current Assets	Note			
Cash and cash equivalents	4	2,364	2,179	(185)
Accounts receivable	5	10,893	2,396	(8,497)
Inventories	6	0	185	185
Other Current Assets		12		(12)
Total Current Assets		13,269	4,760	(8,509)
Non-Current Assets				
Property, plant and equipment	7	3,795	1,913	(1,882)
Other non-current assets		0		0
Total Non-Current Assets		3,795	1,913	(1,882)
Total Assets		17,065	6,040	(11,024)
Current Liabilities				
Accounts payable	8	1,399	606	793
Unearned revenue		34		34
Employee entitlements	9	193	367	(174)
Other current liabilities		9,350	310	9,040
Total Current Liabilities		10,976	1,282	9,693
Non-Current Liabilities				
Employee entitlements	10	0		
Other non-current liabilities	11	0		
Total Non-Current Liabilities		0		
Total Liabilities		10,976	1,282	9,693
TOTAL ASSETS LESS TOTAL LIABILITIES		6,088	4,758	1,330
NET WORTH				
Contributed capital		6,088	4,758	1,330
Asset revaluation reserve				
Accumulated surpluses				
Total Net Worth		6,088	4,758	1,330

The accounting policies and notes on pages 81 to 89 form part of these financial statements.

**PORTFOLIO OF FINANCE AND ECONOMICS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

		Annual Actual \$000	Annual Budget \$000	Annual Variance \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		8,288	19,871	(12,077)
Outputs to other government agencies		1,803	2,629	(899)
Outputs to others		13,627	16,249	(2,545)
Interest received		7		7
Other activities		150		784
Payments				
Personnel costs		(14,232)	(15,822)	1,590
Suppliers		(8,410)	(10,426)	1,872
Other payments		(276)	(302)	(171)
	12	957	12,199	(11,439)
Net cash flows from operating activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(859)	(2,330)	1,837
Proceeds from investments		7	0	7
Proceeds from sale of non-current assets		0	1,198	(1,198)
Net cash flows from investing activities		(852)	(1,132)	639
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		2,256	1,238	1,018
Repayment of surplus			(12,090)	12,090
Net cash flows from financing activities		2,256	(10,852)	13,108
Net increase/(decrease) in cash and cash equivalents		2,361	215	(2,146)
Cash and cash equivalents at beginning of period		3	1,964	1,961
Cash and cash equivalents at end of period	4	2,364	2,179	185

The accounting policies and notes on pages 81 to 89 form part of these financial statements.

**PORTFOLIO OF FINANCE AND ECONOMICS
STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2005**

Type	One year or less	One to five years	Over five years	Total
	\$000	\$000	\$000	\$000
Capital Commitments				
Land and buildings	959			959
Other fixed assets				
Other commitments [list separately if material]				
Total Capital Commitments				
Operating Commitments				
Non-cancellable accommodation leases	1,503	6,686		8,189
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
Total Operating Commitments				
Total Commitments	2,462	6,686		9,148

The accounting policies and notes on pages 81 to 89 form part of these financial statements.

**PORTFOLIO OF FINANCE AND ECONOMICS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2005**

General Accounting Policies

Reporting entity

These financial statements are for the Portfolio of Finance and Economics.

Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period

The annual reporting period is the twelve months ended 30 June 2005.

As this is the first year in which financial statements have been prepared on an accruals basis no comparative figures are available or provided.

Specific Accounting Policies

Revenue

Output revenue

Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue

Interest revenue is recognised in the period in which it is earned.

Expenses

General

Expenses are recognised when incurred.

Depreciation

Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash held in the Portfolio of Finance and Economics bank account and any money held on deposit with the Treasury Department.

Receivables and advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2005) less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

PORTFOLIO OF FINANCE AND ECONOMICS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PERSONNEL COSTS

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Salaries and wages (including employee pension contributions)	13,209	14,050	841
Employer pension expense	609	1,056	447
Other personnel costs	641	716	75
Total Personnel Costs	14,459	15,822	1,363

NOTE 2: SUPPLIES AND CONSUMABLES

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Supply of goods and services	7,907	6,416	(1491)
Operating lease rentals	1,570	2,482	912
Other		1,234	1234
Total Supplies and Consumables	9,477	10,132	655

NOTE 3: DEPRECIATION

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Buildings	114	12	(102)
Vehicles	3	32	(29)
Aeroplanes			
Boats			
Furniture and fittings	24	29	5
Computer hardware and software	75	304	229
Office equipment	57	3	(54)
Other plant and equipment	3	16	13
Other assets	0	11	11
Total Depreciation	277	408	131

Assets are depreciated on a straight-line basis as follows:

Buildings	Years 40
Vehicles	5-10
Aeroplanes	
Boats	
Furniture and fittings	10-12
Computer hardware and software	3-4
Office equipment	5
Other plant and equipment	8-10
Other assets	5-20

NOTE 4: CASH AND CASH EQUIVALENTS

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Cash on hand	3	0	3
Bank accounts	2,361	2176	185
Deposits with Portfolio Finance and Economic (Treasury)		3	(3)
Total Cash and Cash Equivalents	2,364	2,179	185

NOTE 5: ACCOUNTS RECEIVABLE

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Outputs to Cabinet	9,014	1,661	(7,353)
Outputs to other government agencies	1,580	335	(1,245)
Interest receivable			
Prepayments			
Interest Receivable			
Other Receivables	359		(359)
Total Gross Accounts Receivable	10,953	2,396	(8,557)
Less provision for doubtful debts	(59)		59
Total Net Accounts Receivable	10,893	2,396	(8,497)

NOTE 6: INVENTORIES

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Raw Materials (including Consumable Stores)			
Work in Progress			
Finished Goods	0	185	(185)
Total Inventories	0	185	(185)

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount	Accum. Depreciat ion	Closing Balance
	\$000	\$000	
Buildings	4,578	1,467	3,111
Vehicles	84	30	54
Aeroplanes			
Boats			
Furniture and fittings	297	119	177
Computer hardware and software	436	305	131
Office equipment	342	204	138
Other plant and equipment	198	15	183
Construction in progress			
Other assets (list if material)			
Total	5,935	2,140	3,795

NOTE 8: ACCOUNTS PAYABLE

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Trade Creditors	157	488	(331)
Operating lease rental		117	(117)
Accruals	1,242		1,242
Total	1,399	606	793

NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Long service leave and other leave entitlements	175	347	(172)
Other salary related entitlements	18	20	(2)
Total Employee Entitlements	193	367	(174)

NOTE 10: EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Long service leave and other leave entitlements			
Other salary related entitlements			
Total			

NOTE 11: OTHER NON-CURRENT LIABILITIES

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Provision for agency revenue repayable			
Provision for restructuring			
Accounts payable			
Creditor owed to other Ministries			
Other			
Total			

NOTE 12: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	Annual Actual	Annual Budget	Annual Variance \$
	\$000	\$000	
Operating surplus	8,955	12,007	2,885
Non-cash movements			
Depreciation	277	407	130
(Decrease)/increase in payables/accruals	1,292	(294)	-1563
Personnel	227		-83
Net (gain)/loss from sale of fixed assets	0	82	82
Net gain/loss from sale of investments	0		
Increase in other current assets	0		
Increase in receivables	(9,794)	(640)	9,154
Net cash flows from operating activities	957	11,563	10,605

NOTE 13: RELATED PARTY DISCLOSURE

The Portfolio of Finance and Economics is unaware of any material financial transactions between this entity and any senior government officials or members of Cabinet other than those of an employer employee nature.

As the Portfolio of Finance is a central Government Agency, it transacts business with approximately 120 other Departments in core Government as well as the wider public sector. These business relationships are mainly due to the FMI reform whereby each cost centre seeks to show the true cost of producing its goods or services. These related party transactions will be fully eliminated in the preparation of the accounts for the entire public sector.

A total of \$1,232,979 was paid out during fiscal year 2004/5 to 12 key management personnel. These officers were:

Name	Position
Drummond, Deborah Ann Eileen	Deputy Financial Secretary
Evans, Gregory Vivian	Marine Surveyor
Gladwell, Nicholas Peter	Principal Marine Surveyor
Gough, Peter	Deputy Financial Secretary
Gradwell, Anthony	Maritime Consultant
Jefferson, Kenneth	Financial Secretary
Martins, Angela	Executive Director CI National Recovery Fund
McCarthy, George	Chief Secretary
McLaughlin, Sonia Marcia	Deputy Financial Secretary & Chief Officer
Nixon, Michael Albert	Director, Budget and Management Unit
Owens, Anne Camille	Assistant Financial Secretary
Walton, Arthur Joel	Director, Shipping Registry

Note 14: OPERATING LEASE DISCLOSURE

During the 2004/5 financial year, the Portfolio of Finance and Economics rented various accommodations under operating lease agreements as part of its normal course of business. The table on the following page summarizes the various transactions. CI\$952,182 of the \$1,471,036 in lease costs represent leases from other Government agencies. The leases on these premises are on a year to year basis as there were no formal rental agreements in place for them during fiscal year 2004/5.

Organization	Amount
Airport Authority	\$839,439
Montpelier Properties	123,450
C.I. Shipping Office – London	116,182
Lands and Survey	105,406
UBW Ltd.	97,259
Kirk Freeport Ltd.	84,270
Clarence Flowers	54,880
Crewe Road Tile and Building	17,575
Other	12,318
Mini Warehouse Two Ltd.	11,920
Port Authority	7,337
Platinum Properties	1,000
Total	\$1,471,036



CAYMAN ISLANDS

PORTFOLIO OF FINANCE AND ECONOMICS

CERTIFICATE OF THE AUDITOR GENERAL

To the Members of the Legislative Assembly of the Cayman Islands

A Report on the Statement of Outputs Delivered

I have audited the accompanying Statement of Outputs Delivered of the Portfolio of Finance and Economics for the year ended 30 June 2005 as set out on pages 5 to 65 in accordance with the provisions of Section 44(3) of the Public Management and Finance Law (2005 Revision). The Statements consist of fifty three (53) outputs which are consolidated into nineteen output groups as follows:

- FAE 1 – Policy advice
- FAE 2 – Ministerial servicing for the Financial Secretary
- FAE 4 - Maintenance of General Registers
- FAE 5 – Preparation and Publication of Statistical Reports
- FAE 6 - Financial Management Services
- FAE 7 – Revenue Collection and Management
- FAE 8 - Governance and Administrative Services
- FAE 9 – Processing and Inspection of Passengers and Cargo
- FAE 10 – Provision of a Drug Awareness Education
- FAE 11 – Investigate Customs Offences
- FAE 12 – Management and Coordination of Insurance Policies and Claims
- FAE 13 – Patrolling of Coastal Waters
- FAE 14 – Media and Public Relations Support
- FAE 16 – Processing and Administration of waivers and Assessments
- FAE 17 – Entire Public Sector Budget Management
- FAE 18 – Monitoring and Reporting on the Economy
- FAE 19 – Negotiation of Tax Information Exchange Agreements

- FAE 20 – Disaster Risk Management & Support
- FAE 21 – Registration, Survey and Inspection of Marine Vessels

Management’s Responsibility for the Statement of Outputs Delivered

Management is responsible for the preparation and fair representation of the Statement of Outputs Delivered in accordance with section 44(2) of the Public Management and Finance Law (2005 Revision). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement of Outputs Delivered that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria and measures to the outputs delivered. Management is required to present the following performance indicators for the Portfolio, for each output, for the year ended 30 June 2005:

1. A description of the output delivered;
2. The quantity of the output delivered;
3. The quality of the output delivered;
4. The delivery dates for the output delivered;
5. The place of delivery of the output delivered;
6. The price paid for the output delivered

Auditor’s Responsibility for the Statement of Outputs Delivered

My responsibility is to express an opinion on the Statement of Outputs Delivered based on our audit. We conducted our audit in accordance with International Standards on Assurance Engagements 3000: Assurance Engagements Other Than Audits of Historical Financial Information. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Statement of Outputs Delivered is free from material misstatement.

Our audit of the Statement of Outputs Delivered was planned and performed to obtain all information and explanations we considered necessary to form an opinion based on a reasonable level of assurance. Our audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures included in the Statements and making enquiries of key members of management and the staff of the Portfolio.

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

Overall Scope Limitations

The parameters included for each of the output measures included in these statements have been provided to me by the Chief Officer and are solely her responsibility. I do not accept responsibility for the determination of these parameters as the basis of measure for each of the outputs, or for their appropriateness or relevance. Nor do I accept responsibility for the

accuracy of the information contained in the “Description” field of each statement or the “Explanation of Variances” commentary following each Statement. The information as documented included there in has been determined by the Chief Officer in her best judgment and as such its accuracy and relevance are solely her responsibility.

Basis for Adverse Opinion on the Statement of Output Delivered

1 Unavailable evidence

I was not presented with all information in the output statement relating to quantity, quality and timeliness as detailed in the outputs tested in Appendix A of this report. Because of the insufficiency of evidence available to me, I do not believe the Statement of Outputs Delivered is fairly presented in all material respects.

2 Unappropriated Expenditure

Funds were expended without proper approval from the Legislative Assembly in contravention of the Public Management and Finance Law (2005 Revision) Section 9 (4). The Statement of Unappropriated Expenditure from excel spreadsheets indicates that \$663,767 was incurred in excess of the Appropriation and Supplementary Laws for 2005 for seven output groups - FAE 4, FAE 7, FAE 9, FAE 10, FAE 14, FAE 16 and FAE 21.

A comparison of the actual results produced by ADI (IRIS software) and the excel spreadsheets provided to us by the Portfolio showed differences in eight outputs totalling \$5,742,790. As such, we were unable to determine if the actual results per the spreadsheets were correct. Additionally, the cost allocation system has some noted unreliability that will negatively affect the actual figures stated in the Statement of Unappropriated Expenditure and may affect the level of misstatement in this area. Thus, I cannot ascertain whether the \$663,767 in excess of the original appropriation, including supplementary, is fairly stated.

3 Errors in the mass allocation system

It was observed that 82,510 hours, which translates to \$1,499,588, were not included in the Statistical Ledger and thus were not transferred to the general ledger. This resulted in a material misstatement of the mass allocation process and by extension the allocation of cost from indirect to the relevant outputs. In addition, I tested the allocation of costed hours to the various outputs for selected months and noted differences in the proportion in which these costs were allocated in those months.

4 Difference in Budgeted Amounts

The Appropriation Law does not agree (lower than) to the Annual Plan and Estimate and the Annual Budget Statement by an amount of \$409,283, without explanation from the Portfolio. In addition budgeted amounts listed in the Annual Report (both output and financial statements) were not in agreement with the budgeted amounts listed in the Annual Budget

Statement. It is likely that these discrepancies are as a result of supplementary appropriations, however, we are unable to verify these as there is currently no system in place to split the supplementary appropriations at the Annual Budget Statement level of the output categories.

Adverse Opinion on the Statement of Outputs Delivered

In my opinion, because of the matters discussed in the preceding paragraphs, the Statement of Outputs Delivered do not present fairly, in all material respects the quantity, quality and timeliness for outputs delivered by the Portfolio of Finance and Economics for the year ended 30 June 2005.

B Report on the Financial Statements:

I have audited the accompanying financial statements for the Portfolio of Finance and Economics, which comprise the balance sheet as at 30 June 2005 and the operating statement, statement of changes in net worth and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 75 to 89 in accordance with the provisions of Section 44(3) of the Public Management and Finance Law (2005 Revision).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility for the Financial Statements

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

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

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the Financial Statements

In my opinion the financial statements present fairly, in all material respects, the financial position of the Portfolio of Finance and Economics as of 30 June 2005, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Dan Duguay MBA, FCGA
Auditor General

Cayman Islands
19 September 2008

Appendix A – Outputs Tested

Code	Description	Quantity	Quality	Timeliness	Location
FIN 1	Policy Advice on Financial Strategies and Financial Services Sector Issues	Quantity could not be verified as supporting documents were not available	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated
FSU 1	Policy Advice on International Tax and Regulatory Initiatives	Quantity could not be verified as supporting documents were not available	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated
FIN 2	Ministerial Servicing to the Financial Secretary	Quantity could not be verified as supporting documents were not available	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated
ESO 1	Preparation and Publication of Statistical Reports	Quantity could not be verified as supporting documents were not available	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated

Code	Description	Quantity	Quality	Timeliness	Location
IAU 1	Internal Auditing and Review Services	Fairly stated	Actual measures were not presented	Actual measures were not presented	Actual measures were not presented
TSY 2	Prepare the Accounts of the Government	Fairly stated	Quality understated in some respects	Timeliness overstated in certain cases	Fairly stated
CUS 1	Processing and Inspection of Passengers and Cargo	Quantity understated in some respects	Fairly stated	Fairly stated	Fairly stated
CUS 3	Inspection and Clearance of Cargo	Quantity is overstated in some respects	Fairly stated	Fairly stated	Fairly stated
CUS 6	Collection of Customs Duties	Fairly stated	Fairly stated	Fairly stated	Fairly stated
CUS 8	Investigate Customs Offenses	Fairly stated	Fairly stated	Fairly stated	Fairly stated

Code	Description	Quantity	Quality	Timeliness	Location
FSO 3	Media and Public Relations Support	Quantity could not be verified as supporting documents were not available	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated
BMS 3	Preparation of Entire Public Sector Budget Documents	Majority of the Quantities included in this output were verified	Quality could not be verified as supporting documents or information were not available	Timeliness could not be verified as supporting documents or information were not available	Fairly stated