



Annual Report

of

Portfolio of the Civil Service

For the 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 the Civil Service 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 the Civil Service 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.

Summary of Performance

Output Performance

The Portfolio of the Civil Service was established on the 1st November 2004, and as such did not deliver outputs in the first quarter of 2004/05. The impact of Hurricane Ivan lead to a change in the emphasis of the output delivery, particularly in the second and third quarters, that lead to some distortion of the quarter by quarter figures.

Ownership Performance

The Portfolio produced an operating deficit in the amount of \$308K since it was established on November 1, 2004. The deficit is due to revenue being below budgeted projections and both Personnel costs and Supplies and Consumables being higher.



Cayman Islands

PORTFOLIO OF THE CIVIL SERVICE

CERTIFICATE OF THE AUDITOR GENERAL

**To the Chief Officer of the Portfolio of the Civil Service
and 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 Civil Service for the year ended 30 June 2005 as set out on pages 10 to 16 in accordance with the provisions of Section 44(3) of the Public Management and Finance Law (2005 Revision). The Statement consists of the following six outputs which are consolidated into four output groups:

- PER 6- Reception and Information Services to the Public
- PER 8 – Administrative and Secretarial support to Public Service Commission
- PER 13 – Provision of Promotional, Management and Administrative Services to the Cayman Islands National Recovery Trust Fund
- PER 14 – Provision of Policy advice to the head of the Civil Service
- PER 15 – Strategic HR Functions of Government
- PER 16 – Management of Civil Service Reform

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 of Civil Service, for each output, for the year ended 30 June 2005:

- 1) A description of outputs delivered;
- 2) The quantity of the outputs delivered;
- 3) The quality of the outputs delivered;
- 4) The delivery dates for the outputs delivered;
- 5) The place of delivery of outputs delivered;

- 6) The price paid in respect of each output delivered compared to budgeted costs for each output as duly approved in the “Budget 2004/5”.

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 Civil Service’s management and are solely their 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 therein has been determined by the Civil Service’ management in their best judgement and as such its accuracy and relevance are solely their responsibility.

Basis of Qualified Opinion for the Statement of Outputs Delivered

Quantity, Quality Timeliness

PER 6 – Reception and Information Services to the Public; \$88,864

Quantity- number of clients presented with information was not measured by the Portfolio as the client’s budget for this measure was exhausted in December. The service was however provided throughout the year.

Quantity-Number of calls expedited- From the sample selected for testing we counted more calls being expedited than was reported.

Quality and timeliness-We were unable to test these measures as the information was not received from the Portfolio.

PER 8 – Administrative and Secretarial Support to the Public Service Commission: \$184,267

Quantity- Of the six output measures three were fairly stated. From the sample selected for testing of the other three the measures did not agree to the actual recorded by the Portfolio.

Quality and Timeliness- We were unable to test the measures of quality and timeliness of the outputs as the actual measures were not received from the Portfolio.

PER 13 – Provision of Promotional, Management and Administrative Services to the Cayman Island National Recovery Trust: \$41,156

Quantity- Five of the six outputs were not measured by the Portfolio. The output measured did not agree to the audited amount.

Quality and Timeliness- We were unable to test the measures of quality and timeliness of the outputs as the actual measures were not received from the Portfolio.

PER 14 – Provision of policy advice to the Head of the Civil Service: \$31,154

We were unable to test the measures of quantity, quality and timeliness of the output as no information was received from the Portfolio to support the actual figures reported in the Statement of Output Delivered.

PER 15 – Strategic HR Functions of Government: \$20,096

We were unable to test the measures of quantity, quality and timeliness of the output as no information was received from the Portfolio to support the actual figures reported in the Statement of Output Delivered.

PER 16 – Management of Civil Service Reform: \$27,340

Quantity- One of the two output measures was fairly stated. Evidence to support the actual measures for the other output was not provided by the client.

Quality and Timeliness- We were unable to test the measures of quality and timeliness for one of the outputs as no information was received from the Portfolio to support the actual figures reported in the Statement of Output Delivered.

The other output was fairly stated.

Cost

Errors in the mass allocation process:

Approximately 17% of the hours employees worked were not included in the statistical ledger, resulting in a material misstatement of \$83,391 to the mass allocation process and by extension the allocation of cost from indirect to the relevant outputs.

Qualified Opinion for the Statement of Outputs Delivered

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the information relating to quantity, quality and timeliness as detailed in Appendix A; and errors in the mass allocation of \$83,391, the Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of the Civil Service as of 30 June 2005.

B Report on the Financial Statements:

I have audited the accompanying financial statements of the Portfolio of Civil Service, which comprise the balance sheet as at 30 June 2005, and the income statement, statement of changes in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 25 to 38 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 for the Financial Statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio of the Civil Service 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
29 May 2008

Appendix A

Code	Description	Quantity	Quality	Timeliness	Location
PER 6	Reception and Information Services to the Public	1 of the two measures was not measured as the Portfolio's budget was exhausted. The other measure was not fairly stated.	Actual measures were not presented by the Portfolio at the time of the review.	Actual measures were not presented by the Portfolio at the time of the review.	Fairly stated
PER 8	Administrative and Secretarial Support to the Public Service Commission	3 of the 6 outputs were fairly stated. The other 3 outputs were not fairly stated.	Actual measures were not presented by the Portfolio at the time of the review.	Actual measures were not presented by the Portfolio at the time of the review.	Fairly stated
PER 13	Provision of Promotional, Management and Administrative Services to the Cayman Island National Recovery Trust Fund	5 of the 6 outputs measure were not presented by the client. The 1 output measured was not fairly stated.	Actual measures were not presented by the Portfolio at the time of the review.	Actual measures were not presented by the Portfolio at the time of the review.	Fairly stated
PER 14	Provision of policy advice to the head of the Civil Service	Evidence to support the actual measures were not provided by the client	Evidence to support the actual measures were not provided by the client	Evidence to support the actual measures were not provided by the client	Fairly stated
PER 15	Strategic HR functions of Government	Evidence to support the actual measures were not provided by the client	Evidence to support the actual measures were not provided by the client	Evidence to support the actual measures were not provided by the client	Fairly stated

PER 16

Management
of Civil
Service
Reform

1 of the 2 output
measured was fairly
stated. Evidence to
support the actual
measures for the
other output was not
provided by the
client

Evidence to
support the
actual
measures
were not
provided by
the client

Evidence to
support the
actual
measures
were not
provided by
the client

Fairly stated

Part A
Outputs Delivered During the Year

3. Statement of Outputs Delivered

PER 6	Reception and Information Services to the Public			
Description Provision of Reception and Information Services involving receiving answering and expediting phone calls and providing general information to the public				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Number of calls expedited - Number of clients provided with information		3,684	850 -1900 500-1,000	1,784
Quality - Visitors and the expedition of calls are dealt with according to internal rules and regulations - Information provided is accurate and staff are kept up-to-date with new information		99-100% 95-100%	99-100% 95-100%	- -
Timeliness Reception is manned at all times between the hours of 8.30 a.m. to 5:00 p.m.		99-100%	99-100%	-
Location Grand Cayman		100%	100%	-
Cost (of producing the output)		\$88,864	\$23,582	(\$65,282)
Price (paid by Cabinet for the output)		\$23,582	\$23,582	\$0

Explanation of Annual Variances:

Note – This output was formally PER 6 under the Portfolio of Internal and External Affairs until 1st November 2004

PER 8	Administrative and Secretarial Support to Public Service Commission			
Description				
Provision of Administrative Services to implement all decisions of the Governor in respect of employment issues e.g. appointments, terminations and training				
Measures	Annual Actual	Annual Budget	Annual Variance	
Quantity				
• Number of PSC Minutes prepared	19	24-34	(5)	
• Number of PSC Extracts issued	294	400-660		
• Employment letters issued	341	400-660		
• Number of PSC agendas prepared	19	24-34	(5)	
• Submission to PSC	244	0-4	240*	
• Amendments to General Orders	1	0-4	-	
Quality				
• All recruitment administrative services provided in accordance with Public Service Commission Regulations	100%	99-100%	-	
• All employment letters issued subject to peer review	100%	99-100%	-	
Timeliness				
• Agendas issued two days before the PSC meeting	100%	90-100%	-	
• Minutes issued by the following PSC meeting	100%	97-100%	-	
• Extracts issued within ten working days of Governor's approval	100%	97-100%	-	
• Contracts and Letters issued within 14 working days of PSC Decision	95%	97-100%	(2%)	
Location				
Grand Cayman	100%	100%	-	
Cost (of producing the output)	\$184,267	\$259,384	\$75,117	
Price (paid by Cabinet for the output)	\$205,246	\$259,384	(\$54,138)	

Explanation of Annual Variances:

Notes: This output was formally PER 8 under the Portfolio of Internal and External Affairs until 1st November 2004.

** - The 2004/05 budget for 'Submissions to PSC' was an erroneous duplication of the 'Amendments to General Orders' line.*

PER 13	Provision of Promotional, Management and Administrative Services to the Cayman Island National Recovery Trust Fund		
Description			
Provision of Promotion, Management and Administrative Services to the Cayman Island National Recovery Trust Fund:			
- Promote the Fund both nationally and internationally through various medias - Provide information and publicity services - Receive and properly record applications for funds - Assess applications and recommend approvals to the Trust and the level of disbursements - Disburse grants to successful applicants - Monitor the approved grants to ensure that they are being used for approved purposes - Provide reports to the Trust and the Chief Officer on timely basis			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity			
- Number of promotions - No of informational leaflets issued - No of applications	2,489	5-10 2000 1300 -1500	989
- No of grants disbursed - No of reports - No of grants monitored		100 45-50 300	
Quality			
All promotional and informational activities to reflect the Trust policy and procedures	100%	100%	-
Applications to be checked for accuracy			
Recommendations in line with Trust policy	100%	100%	-
Reports to the Trustees and to the Chief Officer to be accurate and up to date	100%	100%	-
	100%	100%	-
Timeliness			
In line with promotional programme	100%	100%	-
Applications recorded on receipt			
Recommendations to the Trustees within 7 days of receipt of application.	100%	100%	-
Grants disbursed within 1 days of Trustee approval	100%	100%	-
	100%	100%	-
Location			
Grand Cayman	100%	100%	-
Cost (of producing the output)	\$41,156	\$90,000	\$48,844
Price (paid by Cabinet for the output)	\$90,000	\$90,000	\$

Explanation of Annual Variances:

Note – This is a new Output in 2004/05 from the 1st November 2004

PER 14	Provision of Policy advice to the Head of the Civil Service		
Description Policy advice and support relating to: • Service wide, human resource policies and practices for the civil service; • Legislative matters (the Public Personnel Management Law) and any changes thereto; • Personnel Regulations (and amendments thereto) including changes over time to terms and conditions and broad banding; • Parliamentary questions; • Higher salaries levels; • The Head of the Civil Service's responsibilities over inappropriate political influence; • The Head of the Civil Service's machinery of government powers			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity • Capacity for providing ten pieces of written advice per month	80	80	-
Quality • All reports and papers will be prepared with due care and will define issues clearly both in nature and scope • All reports and papers will be researched and data properly analyzed to ensure accuracy and comprehensiveness	100% 100%	95-100% 95-100%	- -
Timeliness • All documents will be submitted in accordance with schedules as agreed by the Head of the Civil Service	100%	98-100%	-
Location Grand Cayman	100%	100%	-
Cost (of producing the output)	\$31,154	\$46,838	\$15,684
Price (paid by Cabinet for the output)	\$46,838	\$46,838	\$0

Explanation of Annual Variances:

Note – This is a new Output in 2004/05 from the 1st November 2004

PER 15	Strategic HR Functions of Government		
Description Provide strategic HR services for the Head of the Civil Service including: - Promoting the public service values and public servant's code of conduct; - Maintaining service wide personnel statistics and data.			
Measures	Annual Actual	Annual Budget	Annual Variance
Quantity - Updates of the Civil Servants Code of Conduct - Reports on the service wide personnel statistics	1 1	0-1 0-1	- -
Quality - The Civil Servants Code of Conduct clearly defines acceptable standards of conduct - Service wide personnel statistics accurately reflect the key human resources data required by the Civil Service	100% 100%	100% 95-100%	- -
Timeliness - The Civil Servants Code of Conduct is updated at least once per year - Service wide personnel statistics are compiled within six weeks of the quarter end.	100% 100%	100% 95 - 100%	- -
Location Grand Cayman	100%	100%	-
Cost (of producing the output)	\$20,096	\$48,029	\$27,933
Price (paid by Cabinet for the output)	\$48,029	\$48,029	\$0

Explanation of Annual Variances:

Note – This is a new Output in 2004/05 from the 1st November 2004

PER 16	Management of Civil Service Reform			
Description Provide support to the Head of the Civil Service in overseeing, coordinating and monitoring implementation of the Civil Service Reform and the wider public sector management reforms. Manage the legislative processes and implementation relating to Personnel Reform.				
Measures		Annual Actual	Annual Budget	Annual Variance
Quantity - Number of Implementation Monitoring Reports - Hours spent on the management of Civil Service Reform		0 175	1 – 3 100-300	(1) -
Quality Reports are accurate and monitoring reflects the implementation strategy		0	100%	N/A
Timeliness Monitoring conducted and reports prepared quarterly		0	100%	N/A
Location Grand Cayman				
Cost (of producing the output)		\$27,340	\$55,535	\$28,195
Price (paid by Cabinet for the output)		\$55,535	\$55,535	\$0

Explanation of Annual Variances:

Note – This is a new Output in 2004/05 from the 1st November 2004

No formal reports of progress on Public Sector Reform were provided in 2004/05

Part B

Ownership Performance Achieved During the Year

4. Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

The Portfolio of the Civil Service provides policy advice and operational Human Resources services to the Civil Service and to the Public Service Commission. Policy advice is provided for both human resource management and public sector management and reform initiatives.

Scope of Activities

Human Resource Management

Strategic HR

- Policy advice and support relating to service wide, human resource policies and practices for the civil service and the personnel functions of the Governor or the Head of the Civil Service.
- Development and maintenance of legislation and regulations governing civil service HR practices.
- Job evaluation assessment for civil service positions.
- Maintenance of service wide personnel statistics and data.

Operational HR

- Technical and administrative support to the Head of the Civil Service, the Public Service Commission and (where relevant) the Governor, in relation to chief officer HR matters including appointment, remuneration, dismissal, succession planning, and performance agreement and performance assessments of chief officers.
- Technical and administrative support to the Head of the Civil Service, the Public Service Commission and (where relevant) the Governor, in relation civil service entity staff HR matters, including recruitment, discipline, dismissal and other employment related matters for which they are responsible.
- HR and/or personnel management services for Ministries and Portfolios including, recruitment, records management, training, succession planning and advice on specific HR matters.

Public Sector Management

- Design, coordination and monitoring of the implementation of the Civil Service Reform and other public sector management reforms;

Compliance during the Year

The Portfolio operated within its approved nature and scope of activities during the year 2004/05.

5. Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the Portfolio of the Civil Service in 2004/5 and the subsequent two years are as follows:

1. Facilitate the completion of any further constitutional review exercises in accordance with the timetable set by the Government.
2. Implement and manage a new Personnel Management System within the public service following the enactment of a Public Service Act and Personnel Regulations.
3. Establish the Management training and support unit within the Portfolio.
4. Maintain, and where possible improve, the capability of the available fixed asset base for use in the delivery of the Portfolio's outputs.
5. Create greater administrative efficiency within the Portfolio to ensure that all services to other Government Agencies are provided in a timely, quality- oriented, customer focused, efficient and effective manner.

Achievement during Year

Significant progress was made during 2004/05 on Goals 2 – 5. No activity took place on Goal 1 during the financial year as no activity was required by the Government

6. Ownership Performance Targets

6.1 Financial Performance

Financial Performance Measures	Annual Actual \$	Annual Budget \$	Annual Variance \$
Revenue from Cabinet	469,329	523,368	(54,039)
Revenue from ministries, portfolios, statutory authorities, government companies	819,910	852,000	(32,090)
Revenue from others	0	0	0
Surplus/deficit from outputs	(292,897)	89,976	(382,873)
Ownership expenses	0	0	0
Operating Surplus/Deficit	(295,802)	0	(295,802)
Net Worth	80,342	238,270	(152,543)
Cash flows from operating activities	(246,066)	36,311	(291,521)
Cash flows from investing activities	(35,923)	(119,916)	93,122
Cash flows from financing activities	381,528	238,270	143,258
Change in cash balances	99,539	154,665	(55,141)

Explanation of Variances:

The balance sheet of the Portfolio was only definitively established after the 30th June 2005.

Financial Performance Ratios	Annual Actual	Annual Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	133%	186%	(53%)
Total Assets: Total Liabilities	125%	204%	(79%)

Explanation of Variances:

The balance sheet of the Portfolio was only definitively established after the 30th June 2005.

6.2 Maintenance of Capability

Human Capital Measures	Annual Actual	Annual Budget	Annual Variance
Total full time equivalent staff employed	16	17	(1)
Staff turnover (%)			
Managers	0%	0%	0%
Professional and technical staff	22%	11%	(11%)
Clerical and labourer staff	29%	29%	0%
Average length of service (number of years in current position)			
Managers	4.1	4.1	0
Professional and technical staff	3.5	3.7	(.2)
Clerical and labourer staff	6.1	5.7	.4
Changes to personnel management system:			

Explanation of Variances:

One leaver in the fourth quarter of 2004/05 was not anticipated.

Physical Capital Measures	Annual Actual \$	Annual Budget \$	Annual Variance \$
Value of total assets	23,540	91,160	(67,620)
Asset replacements: total assets	100%	100%	
Book value of assets: initial cost of those assets	35%	52%	(17%)
Depreciation: cash flow on asset purchases	0%	17%	17%
Changes to asset management policies	None	None	

Explanation of Variances:

The balance sheet of the Portfolio was only definitively established after the 30th June 2005.

Major <u>New</u> Entity Capital Expenditures for the Year	Annual Actual \$	Annual Budget \$	Annual Variance \$
None			

Explanation of Variances:

Major Entity Capital Expenditures continuing from previous years	Annual Actual \$	Annual Budget \$	Annual Variance \$
None			

Explanation of Variances:

6.3 Risk Management

Risk	Status of Risk	Action Taken During 2004/5 to Manage Risk	Financial Value of Risk
Natural Disaster – Loss of Vital Information	Unchanged	Employees transfer vital Information on a regular basis to the Archives Department for proper storage.	
Loss of Vital Human Resources	Unchanged	- Cross Training of staff ensuring that staff are well versed in all areas of operation to facilitate continued smooth operations in the event of loss of vital staff. - Succession Planning	
Equipment Failure or Loss	Unchanged	- Ensuring that IT Systems in the Portfolio of the Civil Service are properly maintained and backed up on a regular basis to minimize data loss. - Ensuring that contingency manual systems are in place should an equipment failure occur.	
Staff Security	Unchanged	Testing of the 911 panic button in the Glasshouse reception carried out monthly.	

Explanation of Variances:

7. Equity Investments and Withdrawals

Equity Movement	Annual Actual \$	Annual Budget \$	Annual Variance \$
Equity Investment from Cabinet into the Portfolio of the Civil Service	381,528	238,270	143,258
Capital (Equity) Withdrawal by Cabinet from the Portfolio of the Civil Service			

Explanation of Variances:

The balance sheet of the Portfolio was only definitively established after the 30th June 2005.

Appendix: Financial Statements for the Year

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Statement of Responsibility
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Statement of Changes in Net Worth
Balance Sheet
Statement of Cash Flows
Statement of Accounting Policies
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PORTFOLIO OF THE CIVIL SERVICE

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by *Portfolio of the Civil Service* 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 the end of each of the first three quarters and as at 30 June 2005 and the financial performance for each of the first three quarters and for the year ended 30 June 2005; and
- (c) comply with generally accepted accounting practice.

Peter Gough
Chief Officer
Portfolio of the Civil Service
2nd June 2008

Matthew Tibbetts
Chief Financial Officer
Portfolio of the Civil Service
2nd June 2008

**PORTFOLIO OF THE CIVIL SERVICE
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Annual Actual \$000	Annual Budget \$000
Revenue			
Outputs to Cabinet		469	523
Outputs to other government agencies		820	852
Outputs to others			
Interest Revenue		1	
Total Operating Revenue		1,290	1,375
Operating Expenses			
Personnel costs	1	888	851
Supplies and consumables	2	691	425
Depreciation	3	4	6
Capital charge		12	3
Other operating expenses			
Total Operating Expenses		1,595	1,285
Surplus from operating activities		(305)	90
Gains/losses on foreign exchange transactions			
Gains/losses on disposal or revaluation of non-current assets			
Surplus before extraordinary items		(305)	90
Extraordinary items		(3)	(90)
Net Surplus		(308)	0

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2005**

	Annual Actual \$000	Annual Budget \$000
Opening balance net worth	0	0
Net surplus	(308)	0
Property revaluations		
Investment revaluations		
Net revaluations during the period		
Total recognised revenues and expenses		
Equity investment from Cabinet	389	238
Repayment of surplus to Cabinet		
Capital withdrawal by Cabinet		
Closing balance net worth	81	238

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
BALANCE SHEET
AS AT 30 JUNE 2005**

	Note	Annual Actual \$000	Annual Budget \$000
Current Assets			
Cash and cash equivalents	4	100	155
Accounts receivable	5	297	196
Inventories	6	0	
Total Current Assets		397	351
Non-Current Assets			
Property, plant and equipment	7	24	105
Other non-current assets		8	11
Total Non-Current Assets		32	116
Total Assets		429	467
Current Liabilities			
Accounts payable	8	235	37
Unearned revenue		0	0
Employee entitlements	9	27	25
Other current liabilities		45	134
Total Current Liabilities		307	196
Non-Current Liabilities			
Employee entitlements	10	41	33
Other non-current liabilities	11	0	0
Total Non-Current Liabilities		41	33
Total Liabilities		348	229
TOTAL ASSETS LESS TOTAL LIABILITIES		81	238
NET WORTH			
Contributed capital		389	238
Asset revaluation reserve			
Accumulated surpluses		(308)	0
Total Net Worth		81	238

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Annual Actual \$000	Annual Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet		439	474
Outputs to other government agencies		580	743
Outputs to others		0	
Interest received			
Payments			
Personnel costs		(828)	(771)
Suppliers		(438)	(409)
Other payments			
Net cash flows from operating activities	12	(247)	37
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		(36)	(131)
Proceeds from sale of non-current assets			11
Net cash flows from investing activities		(36)	(120)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity investment		381	238
Repayment of surplus			
Capital withdrawal			
Net cash flows from financing activities		381	238
Net increase/(decrease) in cash and cash equivalents		100	155
Cash and cash equivalents at beginning of period		0	0
Cash and cash equivalents at end of period	4	100	155

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
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				
Other fixed assets				
Other commitments [list separately if material]				
Total Capital Commitments				
Operating Commitments				
Non-cancellable accommodation leases				
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
Total Operating Commitments				
Total Commitments	0	0	0	0

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2005**

Summary of Quantifiable Contingent Liabilities

\$000

Legal Proceedings and Disputes

Item 1 description

Item 2 description

Total Legal Proceedings and Disputes

Other Contingent Liabilities

Item 1 description

Item 2 description

Total Other Contingent Liabilities

0

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description

Item 2 description

The accounting policies and notes on pages 32 to 38 form part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2005**

General Accounting Policies

Reporting entity

These financial statements are for the Portfolio of the Civil Service

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. The Q1 reporting period is for the three months ended 30 September 2004. The Year to Date Q2 reporting period is for the 6 months ended 31 December 2004. The Year to Date Q3 reporting period is for the nine months ended 31 March 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 the Civil Service bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

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 THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: PERSONNEL COSTS

	Annual Actual \$000	Annual Budget \$000
Salaries and wages (including employee pension contributions)	847	810
Employer pension expense	41	41
Other personnel costs		
Total Personnel Costs	888	851

NOTE 2: SUPPLIES AND CONSUMABLES

	Annual Actual \$000	Annual Budget \$000
Supply of goods and services	567	300
Operating lease rentals	124	125
Other	0	0
Total Supplies and Consumables	691	425

NOTE 3: DEPRECIATION

	Annual Actual \$000	Annual Budget \$000
Buildings		
Vehicles		
Aeroplanes		
Boats		
Furniture and fittings	1	1
Computer hardware and software	3	4
Office equipment		
Other plant and equipment		1
Other assets		
Total Depreciation	4	6

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

	Years
Buildings	15 – 50
Vehicles	5 - 10
Aeroplanes	N/A
Boats	9 - 20
Furniture and fittings	10 - 20
Computer hardware and software	3 - 10
Office equipment	4 - 25
Other plant and equipment	5 - 20
Other assets	5 - 20

NOTE 4: CASH AND CASH EQUIVALENTS

	Annual Actual \$000	Annual Budget \$000
Cash on hand		
Bank accounts	100	155
Deposits with Portfolio Finance and Economic (Treasury)		
Total Cash and Cash Equivalents	100	155

NOTE 5: ACCOUNTS RECEIVABLE

	Annual Actual \$000	Annual Budget \$000
Outputs to Cabinet	32	50
Outputs to other government agencies	74	109
Outputs to others		
Interest receivable		
Prepayments		
Interest Receivable		
Other Receivables	191	37
Total Gross Accounts Receivable	297	196
Less provision for doubtful debts		
Total Net Accounts Receivable	297	196

NOTE 6: INVENTORIES

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

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount \$000	30 June 2005 Book Value Actual \$000
Buildings		
Vehicles		
Aeroplanes		
Boats		
Furniture and fittings	18	9
Computer hardware and software	37	15
Office equipment	12	0
Other plant and equipment		
Construction in progress		
Other assets (list if material)		
Total	67	24

NOTE 8: ACCOUNTS PAYABLE

	Annual Actual \$000	Annual Budget \$000
Trade Creditors	188	3
Operating lease rental		
Accruals	47	34
Total	235	37

NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)

	Annual Actual \$000	Annual Budget \$000
Long service leave and other leave entitlements	27	25
Other salary related entitlements		
Total Employee Entitlements	27	25

NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	Annual Actual \$000	Annual Budget \$000
Long service leave and other leave entitlements	41	33
Other salary related entitlements		
Total	41	33

NOTE 11: OTHER NON-CURRENT LIABILITIES

	Annual Actual \$000	Annual Budget \$000
Provision for agency revenue repayable	0	0
Provision for restructuring		
Accounts payable		
Unearned revenue		
Other		
Total	0	0

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

	Annual Actual \$000	Annual Budget \$000
Operating surplus/(deficit)	(308)	0
Non-cash movements		
Depreciation	4	6
Increase in provision for doubtful debts		
(Decrease)/increase in payables/accruals	347	204
Net (gain)/loss from sale of fixed assets		(3)
Net gain/loss from sale of investments		
Increase in other current assets	8	
(Increase)/decrease in receivables	(297)	(170)
Net cash flows from operating activities	(246)	37

NOTE 13: EVENTS OCCURRING AFTER BALANCE DATE (30 June 2005)

There are no post balance sheet events as related to the Portfolio of the Civil Service.

NOTE 14: RELATED PARTY DISCLOSURES

There are no related party transactions that require disclosure as they relate to the Portfolio of the Civil Service.

NOTE 15: EXTRAORDINARY ITEMS

Extraordinary items are outputs which were not included in the original budget; rather, these were expenses incurred as a result of Hurricane Ivan. Expenses from extraordinary outputs are shown separately in the "Extraordinary items" section of the Operating Statement.