



CAYMAN ISLANDS

2012/2013 Session of the

LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Special Report of the Auditor General

on Internal Audit's Report of

Fuel Card Usage and Management

Laid on the Table of Legislative Assembly on this day of 2012

TABLE OF CONTENTS

1.	REFERENCE	3
2.	PAPER CONSIDERED.....	3
3.	CHAIRMAN AND MEMBERS OF THE COMMITTEE	3
4.	MEETINGS OF THE COMMITTEE	4
5.	ATTENDANCE OF MEMBERS	4
6.	PERSONS IN ATTENDANCE.....	4
7.	WITNESSES CALLED BEFORE THE COMMITTEE	5
8.	PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77 (6))	5
9.	INTRODUCTION & PAC COMMENTS	5
	ACKNOWLEDGEMENT.....	6
	REPORT OF THE COMMITTEE TO THE HOUSE.....	6

**REPORT OF THE STANDING
PUBLIC ACCOUNTS COMMITTEE
ON THE SPECIAL REPORT OF THE AUDITOR GENERAL
ON INTERNAL AUDIT'S REPORT ON
FUEL CARD USAGE AND MANAGEMENT**

SUMMARY REPORT

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77, met to consider the Special Report of the Auditor General on Internal Audit's Report of Fuel Card Usage and Management as prepared and submitted by the Auditor General.

2. PAPER CONSIDERED

In accordance with the provision of Standing Order 77(1), the Committee considered the following paper referred to it by the House:

- ☐ Special Report of the Auditor General on Internal Audit's Report of Fuel Card Usage and Management

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly were the Members of the Standing Public Accounts Committee who dealt with this Report of the Auditor General –

Mr D Ezzard Miller, JP, MLA - Chairman

Hon Cline A Glidden, Jr., MLA

Mr. Ellio A Solomon, MLA

Mr. Dwayne S Seymour, MLA

Mr Moses I Kirkconnell, JP, MLA

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

Mr Moses I Kirkconnell, JP, MLA - Chairman

Hon Cline A Glidden, Jr., MLA

Mr D Kurt Tibbetts, OBE, JP, MLA

Mr. Ellio A Solomon, MLA

Mr. Dwayne S Seymour, MLA

4. MEETINGS OF THE COMMITTEE

The Committee reviewed the Minutes of three (3) meetings held by the Committee, to consider this Report:

- (i) Thursday 29th April 2010
- (ii) Thursday 6th May 2010
- (iii) Wednesday 13th June 2012

5. ATTENDANCE OF MEMBERS

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

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 77(8), the following persons were in attendance at the meeting:

Mr. Dan Duguay, Auditor General

Mr. Garnet Harrison, Deputy Auditor General

Mrs Ann Owens – Senior Officer/Ministry of Finance

Mrs Debra Welcome – Accountant General

Mrs Gloria Myles – Deputy Accountant General

Mr Donald House – Acting Director/Internal Auditor Unit

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee may invite Controlling Officers and support staff to give information or explanation to assist the Committee in the performance of its duties. The Committee agreed that the following person would be called to give evidence:

Mr. Dale Dacres – former Director/DVES
Mr Steven Ashford – Acting Director / DVES
Mr Ernest Ebanks – Fleet Manager / DVES
Mr David Baines- Commissioner / RCIPS
Mr Gilbert McLaughlin – Fleet Manager / RCIPS
Mrs Michelle Motta – Fleet Manager / NRA
Mr Roydel Carter – Director / DEH

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

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

9. INTRODUCTION & PAC COMMENTS

9.01 The review of the Auditor General related to the Internal Audit Report on the distribution of gasoline and diesel from the Department of Vehicle and Equipment Services (DVES) facility on North Sound Road. The DVES uses a fuel management system called GASBOY which allow management to control fuel usage in their organizations. The Internal Audit Report noted that many of the controls were either ignored or were not effective and there was inadequate monitoring of fuel usage.

The Committee noted the Internal Audit's conclusion that the internal controls surrounding the fuel usage and management processes require drastic improvements

in order to provide reasonable assurance that the selected agencies are adequately managing the consumption of fuel and to satisfy the audit objectives. The Internal Audit also concluded that given the lack of control it was quite likely that some of the transactions were fraudulent.

The Committee agreed with the Auditor General's conclusion that the controls in the system of fuel purchase were very poor and the management review of purchases were ineffective. The lack of controls provided a situation where fraudulent use of fuel for non-governmental purposes was a virtual certainty. After hearing evidence from the witnesses listed above the Committee concur that a percentage of the fuel transactions might not have been for governmental purposes, however it does not agree that it was 25% nor that the annual loss of more than \$500,000.

The Committee agrees with the Recommendations of the Internal Audit as set out in their Report dated 11 December 2009.

ACKNOWLEDGEMENT

The Committee is most appreciative of the efforts of the Auditor General and his staff in presenting a very fair, detailed and informative Report on Internal Audit's Report of Fuel Card Usage and Management and for the support, assistance and constructive advice given throughout its deliberations.

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

REPORT OF THE COMMITTEE TO THE HOUSE

The Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the Special Report of the Auditor General on Internal Audit's Report of Fuel Card Usage and Management.

Mr Moses I Kirkconnell, JP, MLA - Chairman

Hon Cline A Glidden, Jr, MLA, Member

Recurrent	269.766	274.237	252.295	259.384	(2.73)
Capital Acquisitions	5.034	5.461	3.064	3.941	(22.25)
Capital Development	15.998	17.512	14.543	22.156	(34.36)
Statutory	<u>49.786</u>	<u>49.786</u>	<u>49.923</u>	<u>46.968</u>	6.29
TOTAL EXPENDITURE	<u>340.584</u>	<u>346.996</u>	<u>319.825</u>	<u>332.449</u>	(3.80)
(DEFICIT) BEFORE FINANCING	(0.511)	(6.923)	(3.131)	(44.821)	(93.01)
FINANCED BY					
Local Loan	12.000	12.000	10.866	49.607	
External Loan	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.097</u>	
SURPLUS FOR THE YEAR BEFORE TRANSFERS TO RESERVES	11.489	5.077	7.735	4.883	
NET TRANSFER (TO)/FROM GENERAL RESERVE	<u>0.000</u>	<u>0.000</u>	<u>(1.500)</u>	<u>6.900</u>	
SURPLUS FOR THE YEAR	11.489	5.077	6.235	11.783	
CASH MOVEMENTS BELOW THE LINE					
(Increase) in Imprests			(0.369)	(0.047)	
(Decrease)/Increase in Deposits			(3.954)	2.407	
(Increase) in Advances			(1.445)	(1.445)	
NET CASH FLOW FOR THE YEAR			0.467	12.698	
CASH AND CASH EQUIVALENTS					
Beginning of Year			<u>5.406</u>	<u>(7.292)</u>	
End of Year			<u>5.873</u>	<u>5.406</u>	