



THE GOVERNMENT MINUTE

The Government's Response to the Report of
The Standing Public Accounts Committee (PAC)
On the Report of the Auditor General entitled:

"Follow Up On Past PAC Recommendations 2022 - Report 2 (Feb 2022)"

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Follow Up on Past PAC Recommendations 2022 - Report 2 (Feb 2022)

1. BACKGROUND

Section 77(7) of the Legislative Assembly Standing Orders (2018 Revision) states that the Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Standing Public Accounts Committee (“the Committee”) and of the report of the Auditor General to which it relates.

This Government Minute constitutes the Government’s response to the Report of the Standing Public Accounts Committee tabled in the Legislative Assembly on 9th June, 2022 on the following Report prepared by the Auditor General:

Follow Up On Past PAC Recommendations 2022 - Report 2 (Feb 2022)

- *Major Capital Projects Follow Up (October 2017)*
- *Customs in the Cayman Islands (May 2019)*
- *School Education (October 2019)*

The Government Minute lists any additional PAC recommendations made in relation to the Auditor General’s report, together with Management Responses submitted by the relevant Government Ministry/Portfolio to which each recommendation relates.

2. MANAGEMENT RESPONSES TO PAC RECOMMENDATIONS

In its report, the Public Accounts Committee (PAC) endorsed and supported the recommendations of the Office of the Auditor General (“OAG”) and made five (5) additional recommendations.

The additional PAC recommendations and the Management Responses to these recommendations are provided below.

Major Capital Projects Follow Up (October 2017)

PAC Recommendation 1

Responsibility: Deputy Governor

The PAC recommends that the Deputy Governor remind all Chief Officers and Chief Executive Officer of SAGCs of his 2018 policy directive that all major capital projects (valued at \$10 million or more) should adhere to the governance framework for major capital projects and that all major capital projects are managed by the Public Works Department’s Major Projects Section.

Management Response:

The Deputy Governor agrees to remind Chief Officers of the policy directive.

The PAC is further advised that, subsequent to the publication of the PAC report, the Director of

the Public Works Department (PWD) has advised that the PWD structure has changed, and the Major Projects Office has been integrated under the Capital Development Division and under the direction of the Deputy Director, Capital Development. Changes to the structure include transitioning into a P3M model, to include the establishment of a PMU. There is no longer a Chief Project Manager. Instead, Senior Project Managers will function in a Programme Manager capacity, reporting directly to the Deputy Director, Capital Development.

The Director has further advised that the new structure provides a more robust governance, delivery support and quality assurance for all capital projects that fall under the remit of the division.

PAC Recommendation 2

Responsibility: CO, Ministry of PAHI

The PAC recommends that the Ministry of Planning, Agriculture, Housing and Infrastructure commences the recruitment for a suitably qualified Chief Project manager, for the Major Projects Section, as soon as possible, and aim for the post to be filled by the end of 2022 at the latest.

Management Response:

The Public Works Department (PWD) has undergone a departmental reorganization, rendering the role of Chief Project Manager redundant, as the Deputy Director of Capital Development now encompasses these responsibilities. Additionally, PWD has introduced a new Deputy Director position solely dedicated to Facilities Maintenance, diverging from the previous approach of having a single Deputy Director overseeing both Projects and Maintenance functions within the department.

Furthermore, it's important to note that the incumbent in this position possesses the requisite qualifications in academia, professional experience, and professional certifications.

Customs in the Cayman Islands (May 2019)

PAC Recommendation 3

Responsibility: Financial Secretary

The PAC recommends that all Ministries, Portfolios and Offices of the Government share information, as part of their routine month-end reporting, on all revenue concessions awarded and the resulting revenues foregone, with the Ministry of Finance to allow more accurate reporting of the 'tax gap'.

Management Response:

The Government accepts this recommendation and will include such details in the monthly financial information included in Cabinet Notes that are sent to Cabinet.

PAC Recommendation

Responsibility: Financial Secretary

The PAC recommends that the Ministry of Finance and Economic Development, working with others as necessary, analyses historical information on alcohol imported, comparing volume and

value to determine any difference in the duty receivable. This analysis should then be used to inform any decision Cabinet may make on whether to change the basis for alcohol duty.

Management Response:

The Government accepts this recommendation and represents that the earliest timeframe such changes might be made is during the 2024 to 2025 financial years.

PAC Recommendation

Responsibility: Financial Secretary

The PAC recommends that the Government includes stricter conditions of concession to insist upon the employment of Caymanians when awarding concessions to developers and other employers.

Management Response:

The Government accepts this recommendation and recent awards of Concessions have included the employment of Caymanians as a condition to be satisfied upon the activation of the concessions.