

OFFICE OF THE DEPUTY GOVERNOR CAYMAN ISLANDS GOVERNMENT
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Hon. Deputy Governor's Statement:

Office of the Auditor General - General Report on the 2023 Financial Audits

December 12th, 2024

Mister Speaker, I rise to address the findings of the Auditor General's report on the Financial Reporting of the Cayman Islands Government for the year ended December 31st, 2023. Mr Speaker as Head of the Civil Service I am responsible for the performance of the Civil Service, I have never shied away from that responsibility and I am honoured to lead the Civil Service. Mr Speaker I am committed to ensuring that we build on our achievements, address challenges, and uphold the principles of accountability, transparency, and efficiency in managing public funds. This report reflects our collective progress in achieving these goals, and provides a roadmap for us to continue strengthening our financial reporting regime. Mr Speaker I am making this statement today because the Auditors General report has received much publicity and rightly so. The media plays a key role in promoting transparency and accountability. However, I believe that their role works best when their reporting is balanced. Reading some of the news articles and listening to some of the comments on talk shows I had to wonder if they were reading the same report. The Audit Report is a well balanced report that sets out excellent progress being made in key areas and also identifies areas of improvement. Today I would like to take this opportunity to first and foremost acknowledge the positive developments highlighted in the report, and to commend our hard-working public servants for the successes achieved.

Recognising Progress

The report notes that 44 of 46 public service entities, or 96%, submitted their financial statements to the Auditor General by the February 29th, 2024 deadline. Additionally, 39

of 46 audits, or 85%, were completed by the April 30th, 2024 deadline, and all 39 of those entities received unqualified opinions. Mr. Speaker, this means that, at the time of reporting, no core-government entity has received a qualified opinion in the past 5 years; and over the same period, only 1 SAGC received a qualified opinion. Mr Speaker this means that the public can have the highest confidence in the accuracy of the Government financial statements. Mr Speaker these achievements are outstanding and deserve commendation. We must remember that not long ago the former chair of the public accounts committee threatened to jail CFO's because their accounts were submitted on time. Just a few years later that same chair gave awards to CFO's for submitting their accounts on time. This outstanding performance has continued.

In her report the Auditor General has also recognized that the number of entities submitting annual reports alongside their financial statements has increased considerably, with 35 of them, or 76% being submitted prior to the deadline. The report also notes an increase in the number of Annual Reports being laid in Parliament, with 22 of them, laid by September 30th, 2024; but certainly Mr. Speaker, we are striving for higher numbers in this area as well. In fact Mr Speaker I am confident that when the AG reviews this area in 2024 near perfect compliance will have been achieved,

Addressing Areas for Improvement

Mr. Speaker, as you well know, the Auditor General and her team do a thorough job of scrutinizing the public service, and in doing so, they are a valued partner in our efforts to achieve world class standards in transparency and accountability. Given our ambitions, we know that there is always room for improvement, and we depend on her office to highlight where those improvements need to be made. Mr Speaker a strong Office of the Auditor General is a key component of our good governance machinery and I work closely with the office and support the work of the AG and her team.

We acknowledge that the report notes the need for improvement in a few areas, including procurement activities. I have already discussed its findings with Chief

Officers and we will continue to make the required improvements to our processes. Today I will speak to a few of our related initiatives.

Procurement

Mr. Speaker the public service conducts between 1600 and 2,000 procurement exercises per year for goods and services valued at CI\$10,000 and above; with over 350 of them being valued at CI\$100,000 and above. Therefore, while we aim for perfection, I am confident in saying that the shortcomings identified in the report are not indicative of the norm, and our procurement regime is strong. In fact Mr Speaker both the AG and the Director of Procurement has assured me that procurement is not the major issue in the civil service. Our Director of procurement has stated that we have one of the best if not the best procurement regimes in the region. The vast majority of time we get procurements including complicated procurements right. The public can have confidence in our procurement regime.

Procurement Reform

Mr. Speaker, our prime resource in making improvements to our procurement regime is the Central Procurement Office (CPO). This office is responsible for administering the Procurement Act, Regulations, and the related Code of Conduct, as well as managing Government's online procurement platform and evolving our procurement processes to better support the procurement function. In doing so the office has created a help-desk function to support those responsible for carrying out procurement exercises and performs regular reviews of projects on the electronic platform to provide feedback to project owners on ways they can make improvements. The office has also developed and refined useful templates for all procurement related documents, including tender documents and business cases; and has developed guidance documents for procurement and contract management.

Capacity Building

Mr. Speaker, over the past few years we have developed a key focus on capacity building through training and development to ensure that our staff are equipped to carry

out their duties efficiently and effectively. There are a myriad of education and training options available to our staff that are either directly related to their roles, or provide transferrable skills. Therefore, in relation to the purchase of goods and services, staff can access procurement, contract management, project management, accounting, and fraud prevention training, just to name a few, through the Civil Service College, the Central Procurement Office, the Strategic Reforms Implementation Unit, and third party-providers. The uptake of these opportunities is high and growing. In fact, just a few weeks ago the Central Procurement Office hosted a 3-day workshop led by an expert in detecting and preventing contract and procurement fraud, which was attended by over 200 public servants. During this training they learned how perpetrators of fraud in and outside the organization think and operate. This workshop is but one example of our commitment to improving the procurement process.

Performance Management Framework

Finally Mr. Speaker, I want to highlight the importance of the budget transformation initiative being spearheaded by the Financial Secretary and his team in the Ministry of Finance. As you know, that team is currently working with a consultant to convert our budget framework from an output-based budget, that asks ‘what have we delivered to the country?’ to an outcome-based budget, that asks ‘how have we impacted the country?’ Mr. Speaker this will be the next evolution for the Cayman Islands Government in our financial management reform efforts. This transition will allow for improved financial reporting and accuracy in determining value for money, as we will be better able to measure our performance against a robust set of key performance indicators to determine how well we achieve the government’s policy goals. We expect that the 2027-28 budget will be the first to be delivered under this new format.

Conclusion

Mr. Speaker, the findings of the Auditor General’s report are both a reminder of the challenges we face and a testament to our progress. As she has stated in the report, “while there is always work to do to improve upon what went before, we should not lose

sight of the vast improvements that have been made over time to Cayman's public services financial management and reporting".

The public service is resolute in its commitment to transparency, accountability, and a culture of consistent improvement. With the continued support of the government and the Auditor General, we will continue to build a public sector that operates with integrity and serves the best interests of the people of the Cayman Islands. Mr Speaker in the civil service we believe that you can go from failure to success but you cannot go from excuses to success.

Finally Mr Speaker our Auditor General Mrs Sue Winspear has announced that she will leave her post early next year. Mr Speaker the Government and people of the Cayman Islands owe Mrs Winspear a debt of gratitude for the work she has performed during her time in Office. She has tackled the difficult subject matters and made tough calls for change. She can be proud of the fact that she is leaving the financial management of the Government in a much better place than she found it. We wish Mrs Winspear success in her next chapter and good health.

Thank you Mr. Speaker.