



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 1 (January 2022)

February, 2024

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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 1 (January, 2022):**
 - The Government’s Use of Consultants and Temporary Staff (February 2018)
 - The Government’s Use of Outsourced Services (June 2019)
 - Fighting Corruption in the Cayman Islands (November 2018)

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 the Auditor General and her team’s acknowledgement of the progress the Government had made in implementing the past recommendations, and wished to congratulate these entities for the progress and achievements thus far in implementing several recommendations listed within these reports.

The PAC stated that there remained several recommendations that were still outstanding per the Auditor General’s conclusions. On 1st February 2022 the PAC wrote to the relevant Government parties to request an update on the status of each of the recommendations where ‘no progress’ had been made. They summarized the responses received and made additional recommendations and acknowledgements.

The Management Responses to the PAC recommendations are provided below.

a) The Government’s Use of Consultants and Temporary Staff (February 2018)

Recommendation 1

Responsibility – Financial Secretary & CO, POCS

The Government should monitor its spending on consultants and temporary staff to provide management information that will help inform decisions on how to best obtain the skills and knowledge that it needs while obtaining value for money.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance & Economic Development (MFED), and Mrs. Gloria McField-Nixon, Chief Officer, Portfolio of the Civil Service (PoCS), indicated in their response of 16th February 2022, that MFED had not started regular reporting on Government's spending on consultants and temporary staff. However, the MFED expects to be able to start this reporting in the Government's 2nd Quarterly Report for 2022 with the assistance of the Portfolio of the Civil Service. This information will also be sent to the Central Procurement Office so that a "deep dive" can be performed to determine if efficiencies and further value for money can be achieved.

The PAC acknowledges the MFED's response and welcomes seeing this information in future quarterly reports that are tabled in the House.

Management Response:

The MFED aims to have this included in the 3rd Quarter Report for 2023.

Recommendation 2

Responsibility – Financial Secretary &
CO, POCS

The Government should better plan for its need for consultants and integrate this planning with its workforce planning and budgeting processes.

Mrs. McField-Nixon acknowledged and praised the Government's investments in its internal civil service capacity, including hiring and training so that it can respond to the Government's policy initiatives to manage the country's response to the pandemic without the use of external consultants.

Mrs. McField-Nixon further noted that workforce planning is the subject of a separate OAG report in which the original PoCS management response indicated that a three-year period (2020-2022) is the timeframe within which Chief Officers and Heads of Department would develop and adopt workforce plans on a rolling basis, with a Government-wide workforce plan in development by 31st December 2023. The PAC is concerned that this timeline for the central workforce plan will mean that it will not be part of the 2024-25 budget, further delaying its implementation.

The Chief Officer further acknowledged that a readiness assessment on workforce planning was undertaken to be carried out and was delivered despite setbacks from the pandemic, and noted that PoCS adopted an integrated HR management system that would support talent management, an initiative that is being rolled out across Government. She asked that the PAC close the recommendation.

The PAC acknowledges the response from the PoCS and MFED, which indicate that this recommendation is now in process. The PAC does not agree with the request to close this recommendation and requests that the OAG follow-up on this alongside its recommendations in the relevant report on workforce planning and management.

The PAC recommends that the PoCS provide the OAG with examples of the workforce plans that have been developed and adopted from 2020 to now.

The PAC recommends that the PoCS brings forward the completion and implementation date of the Government-wide workforce plan to 30th June 2023 rather than 31st December 2023, to ensure that it can be fed into the 2024-25 budget cycle.

Management Response:

During 2020-2022, CIG prioritized the national response to the COVID pandemic and border reopening. Nonetheless, the Portfolio of the Civil Service has progressed work on the following key dependencies in talent management:

- Conducted a Readiness Assessment for the adoption of workforce planning,
- Facilitated training of numerous HR professionals in workforce planning methodologies,
- Commenced a multi-year implementation of an integrated human resource information management system to, among other things, support real time analysis of talent management data including key demographics and skills inventory,
- Provided options to reallocate the existing workforce in the areas of HR, Finance and Policy following the 2021 election and CIG organizational restructuring,
- Commenced drafting of job families and professional competency frameworks,
- Commenced identification and adoption of an integrated Learning Management System,
- Provided a tool to assist centralised analysis and decision making on talent investments during the 2024-2026 budget preparations, and
- Commenced work to support the development of multi-year strategic plans for all government entities.

These preparations will culminate in integrated strategic work force planning tools by the end of Q1 (March) 2025.

Recommendation 11

Responsibility – Office of the Deputy Governor

The Government should develop guidance to help identify which contracts should be reviewed by lawyers or be subject to legal advice prior to signing (OAG recommendation).

The Acting Deputy Governor provided a response on behalf of the Office of the Deputy Governor (ODG), detailing that they had submitted a draft set of proposed criteria to the Portfolio of Legal Affairs, for determining when legal advice is to be sought prior to awarding new contracts (non-employment related). The ODG advised the PAC that the Senior Management Team will review and discuss the criteria in March 2022.

The PAC recommends that the Office of the Deputy Governor submits its finalized criteria to the OAG.

Management Response:

CIG Guidance on Contracts and Legal Advice was issued on 28th June, 2022 and is available on the HUB. The guidance is for senior Civil Service leaders and managers with responsibility for agreeing the terms and conditions of contracts on behalf of the Cayman Islands Government.

Recommendation 13

Responsibility – Financial Secretary and
Director of the Central Procurement Office

The Government should develop clear policies and procedures for extending contracts.

Mr. Tariq Bashir, Director, Central Procurement Office (CPO) and the Financial Secretary noted that the CPO has have produced clear guidelines for extending contracts published on the CPO website under the title “Contract Variation Policy”. The PAC note that this policy states that contracts should not be extended. Mr. Bashir noted that the responsibility for entering into contracts rests with the Chief Officers and Chief Executive Officers of Core Government and Public Sector entities, and that a contract extension without procurement would be non-compliant with the Cayman Islands Procurement Act and regulations. The PAC read that the CPO would not be aware of an entity’s contract unless that entity approached the CPO for advice on how to carry out a compliant procurement process.

The PAC acknowledges the Director’s and Financial Secretary’s responses and closes this recommendation.

Mr. Jefferson responded that the MFED does not have the information available on hand on the current number and value of all Government contracts that have been extended without procurement. However, the MFED has commenced an exercise as of 15th February 2022 to obtain this information by 30th June 2022.

The PAC further recommends that the MFED reports back to the OAG on the outcome of the above exercise by 31st August 2022.**Management Response:**

The MFED has undertaken to carry out this exercise, by requesting from each Ministry/Portfolio/Office, the details of any existing contracts that have been extended without subsequent procurement procedures, as this information was not readily available to the CPO. MPO will be requested to provide details of any contracts extended without proper procurement by 31 October 2023.

Mrs. Reshma Sharma, Solicitor-General and Chief Officer of the Portfolio of Legal Affairs (POLA), noted in her response of 15th February 2022, that POLA is awaiting instructions from the MFED on whether a policy has been adopted or proposed in this regard. Mrs. Sharma indicated that the Chambers stands ready to assist if and when it is instructed to do so with regard to the extension of contracts.

The PAC read that the Portfolio of Legal Affairs was not aware of the guidelines that were referenced above from Mr. Bashir and Mr. Jefferson. Therefore, the PAC recommends that the MFED and the CPO actively promote the policy, and rename it to be easily identifiable for

contract extensions.

Management Response:

The guidelines refer to the policies and procedures for extending contracts. The Central Procurement Office (CPO) has consolidated all public procurement policies and guidelines into a new single document titled: PROCUREMENT POLICIES & PROCEDURES. This document is publicly available on the Cayman Islands Government's procurement website and can be found at the following link:

<https://www.procure.gov.ky/procurement-legislation-policy-amp-guidance>

Since the production of this new document, online training has been delivered on the contents of this document in April 2023. Further training sessions are planned for August and November 2023. Invitations to this on-line training is sent to all 1,000 plus users of the Cayman Islands electron procurement portal 'Bonfire'

The Solicitor General was copied on correspondence regarding the above to ensure she is aware of this and all other procurement policies and can also advise the POLA team of their existence and location.

b) The Government's Use of Outsourced Services (June 2019)

Recommendation 2

Responsibility – Financial Secretary

Recommendation 2: The Government should, as soon as possible, update the Financial Regulations to rectify any inconsistencies with the Procurement Regulations.

Mr. Jefferson noted that the Financial Regulations have been updated to rectify the inconsistencies with the Procurement Regulations, and included the relevant amendments and gazettes where these updates were put into practice. The PAC notes that the amendments to the Regulations were gazetted in January 2022, after the date of the OAG's report.

The PAC acknowledges this response and closes the recommendation.

Management Response:

The PAC's acknowledgement stated above is noted.

Recommendation 8

Responsibility – Financial Secretary and
Director of the Central Procurement Office

Recommendation 8: The Government should look at options to centrally procure and contract out similar type of services in order to make better use of its collective buying power, while meeting other policy objectives such as supporting small and medium sized companies.

Mr. Jefferson indicated that the CPO has provided support for the procurement of outsourced services such as mobile telephony services, document scanning and cataloguing services, global cyber threat intelligence services, and Human Resource Management Systems. The CPO's approach is that when an entity procures services that can be beneficial across the entire public sector, the CPO will support the procurement to be accessible to all other entities either by converting the procurement to a framework agreement or enabling access to all entities of the final contract for that service.

Mr. Bashir confirmed that the CPO has produced guidance on framework agreements which is available on the Cayman Islands Government Procurement website (<https://www.procure.gov.ky/procurement-legislation-policy-and-guidance>). The CPO will support procurement to be accessible to all other entities either by converting the procurement to a framework agreement or enabling access to all entities of the final contract for that service.

The PAC acknowledges the responses of the MFED and the CPO and closes this recommendation. However, the PAC recommends the CPO reviews some of the outsourced services that were the focus of the original OAG audit, such as security services, to determine whether there is scope to join up procurement across government.

Management Response:

It is noted that the PAC closed this recommendation and thank the PAC for its further recommendation.

In March 2023, the Central Procurement Office (CPO) reached out to Government Entities through a survey seeking feedback on which services entities wished to be procured centrally.

In response to this survey, the CPO is in the process for centrally procuring computers. Other areas for future central procurement included vehicles, uniforms and building supplies. Regarding security services and janitorial services identified in the original OAG audit, these were deemed as not suitable for frameworks because of the specific nature and differences in requirements and scale for each property. For example the security requirements for the Government Administration building are very different to those for a smaller building and there is no advantage in establishing a framework. Also the suppliers bidding for these contracts would be different due to the variation in scale. To improve the procurement process, the CPO has established template procurement documents for security and janitorial services to make these procurements more efficient.

c) Fighting Corruption in the Cayman Islands (November 2018)

PAC Recommendation 13

Responsibility – Solicitor General

Recommendation 13: All future legislation that carries a clause to bring the law into effect by order in Cabinet to have a date by which the law should come into effect (PAC recommendation).

Mrs. Sharma indicated that it would not be appropriate or feasible for the Chambers to give a commitment since the commencement date for any legislation to take effect is not determined by POLA. Mrs. Sharma confirmed that the Hon. Attorney General will take up the matter with Cabinet and will provide the PAC with a more substantive response at a later stage. The ODG supports the response from POLA.

The PAC notes that this recommendation remains open without progress.

The PAC further recommends that the Hon. Attorney General provide the Committee with an update on his discussions with Cabinet regarding the implementation of this recommendation.

Management Response:

The Honourable Attorney General raised the OAG's Recommendation with Cabinet for its consideration. Cabinet did not accept the recommendation.