



**CAYMAN ISLANDS LEGISLATIVE ASSEMBLY
COMMITTEE OF PUBLIC ACCOUNTS**

ANNUAL REPORTS OF
CAYMAN TURTLE CONSERVATION AND
EDUCATION CENTRE LTD. (CTCEC)
FOR THE PERIODS ENDING 31ST DECEMBER
2017, 2018, AND 2019

*Official verbatim transcript relating to the Official Report of the
Standing Public Accounts Committee Meeting
18 November 2020*

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PAC Members Present:

Mr. D. Ezzard Miller, MLA, Chairman
Mr. Bernie A. Bush, MLA, Member
Mr. Austin O. Harris, Jr., Jr., MLA, Member
Mr. Christopher S. Saunders, MLA, Member
Ms. Barbara E. Connolly, MLA, Member

In attendance: Mrs. Patricia Priestley, Committee Clerk

Mr. Kenneth Jefferson, Financial Secretary,
Ministry of Finance and Economic Development

Mr. Matthew Tibbetts, Accountant General,
Ministry of Finance and Economic Development

Audit Office: Mrs. Sue Winspear, Auditor General, Office of the Auditor General

Patrick Smith, Deputy Auditor General (Financial Audit),
Office of the Auditor General

Mr. Julius Aurelio, Audit Manager, Office of the Auditor General

Witnesses: Mr. Timothy Adam, Chief Executive Officer,
Cayman Turtle Conservation and Education Centre (CTCEC)

Ms. Peggy Hamilton, Chief Operating Officer,
Cayman Turtle Conservation and Education Centre (CTCEC)

Mr. Sean Glidden, Finance Manager,
Cayman Turtle Conservation and Education Centre (CTCEC)

**OFFICIAL VERBATIM TRANSCRIPT
STANDING PUBLIC ACCOUNTS COMMITTEE
WEDNESDAY
18 NOVEMBER 2020
9:30AM**

Meeting with witnesses

**ANNUAL REPORTS OF
CAYMAN TURTLE CONSERVATION AND
EDUCATION CENTRE LTD. (CTCEC)
FOR THE PERIODS ENDING 31ST DECEMBER 2017, 2018, AND 2019**

Verbatim transcript of the Standing Public Accounts Committee Meeting held 18 November 2020, at 9:33am, in the Chamber of the Legislative Assembly Building, George Town, Grand Cayman.

[Mr. D. Ezzard Miller, Chairman presiding]

The Chairman: Good morning everyone.

Let the record show that we have a quorum present. So, I would like to call this public hearing of the Public Accounts Committee (PAC) on the Office of the Auditor General's report on the accounts of the Cayman Turtle Conservation and Education Centre, Ltd., commonly known as the Turtle Farm to order.

I need to apologise for one of my Committee members, Ms. Barbara Conolly, who is doing duties filling in as a Minister because the Minister of Finance is on leave. At this time I would invite the Deputy Serjeant-at-Arms to bring the witness in.

[Pause]

**CAYMAN TURTLE CONSERVATION AND
EDUCATION CENTRE LTD. (CTCEC)**

**ADMINISTRATION OF OATHS
OR AFFIRMATIONS**

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth, and nothing but the truth.

[Pause]

The Chairman: Good morning, Mr. Timothy Adams.

First of all, let me apologise for the short delay in getting started. We need the Government to do something about the traffic situation for us Committee members that come from the East; but good morning sir, and thank you for coming.

As you would have been made aware, this morning we will be dealing with the accounts and report on the Cayman Turtle Conservation and Education Centre, Limited and we will be dealing with the years [2016], 2017, 2018 and 2019. We will be reviewing your report and the accounts that accompany it.

The only rule is that when you answer the first question, state your full name and your title; that is for the Hansards so when people are reading the transcript they can know why you were and who you represented.

We are a little bit concerned that we are dealing today with 2016, 2017, 2018 and 2019. There is limited relief in the fact that we are dealing with 2019, so I guess the first thing we need is some assurance that the 2020 accounts and reports are going to be audited and delivered within the statutory requirements.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Good morning; Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre, Ltd. (CTCEC).

Mr. Chairman, in regard to 2020, I can report that the audit planning has already started. We actually had a meeting on site with the auditors this week and we anticipate 2020 will not have the same delays that we experienced in 2017, 2018 and 2019 accounts for the reasons that interfered with the 2017 accounts being completed.

The Chairman: Could you detail what the reason was for the long delay for the 2016, 2017, 2018 accounts?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre

(CTCEC): The 2016 and 2017 financial statements and audit were delayed by two main factors: there was an anomaly in cash and an irregularity in procurement and they involved extensive investigations.

The anomaly in cash has been investigated by the Royal Cayman Islands Police Service (RCIPS) and the anomaly in procurement has been investigated by the Anti-Corruption Commission. We understand that there is a court date for the latter, in January, 2021. The cash anomaly we understand is now with the Director of Public Prosecutions (DPP).

As we can see, given the length of time these investigations have taken, they were very complex and that had a knock-on effect on the complexity of the audit for 2016 and 2017, which had to be completed before we could move on to do 2018 and, subsequently, 2019.

The Chairman: But certainly, even though those two events may have been material facts, you should still have been able to produce the accounts and have them audited, with a footnote that there would have to be an adjustment down the road.

Was the delay because you could not quantify it? Was it such that your records did not allow you to quickly quantify what the anomaly was in cash and what the problem was with procurement? Why did it take so long to investigate?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Because of the complexity; they took that long to get the right figures. It involved an investigation that went back, in one case, to 2013, and to the best of my recollection, the other investigation went back as far as 2014.

Mrs. Sue Winspear, Auditor General: Thank you, Mr. Chairman.

Just to clarify from the audit perspective, I wanted to say that the 2016-2017 financial statements were submitted on time by the CTCEC, so there was no delay in the submission.

However, as you will appreciate, when through an audit you start picking up irregularities, the risk levels go up, and the materiality level changes. In particular, we needed to get to the end of the procurement fraud before we could complete the audit because of the impact on the financials of the value of goods that were in question.

So just to clarify, it was very complex. It did involve quite a bit of forensic accounting and we could not sign off on the audit until everything was clarified and we were clear about the value at stake. The cash was much more straight-forward.

Thank you.

The Chairman: Mr. Chris.

Mr. Christopher S. Saunders: Thank you very much.

Through you, Mr. Chair to the Auditor General; in terms of the audit, the normal process is—I am going from memory—that you look at the processes first before you start. In terms of the processes that you found when you carried out the audit, what lack of processes alerted your team to the weakness that would have basically resulted in this fraud?

Mrs. Sue Winspear, Auditor General: Thank you.

Through you, Mr. Chairman: the Deputy Auditor General at the time was the person that oversaw the 2016-2017. I was heavily involved, but I will look to colleagues if they can support.

The cash was just detected through doing routine audit procedures on the accounts receivable in cash and actually working that through—although, as Mr. Adams said, it did go back a number of years which obviously caused some concern about why it was not picked up before—but the really significant portion happened in that 18-month period. I think a part of the issue, if I could say it, was the fact that we moved from a year to an 18-month period as a consequence of government changing its year end and the person perpetuating that particular irregularity had probably just become more and more confident about what they were doing and so it was escalating.

On the other, I have to say if you just looked at the Statement of Financial Performance, and you looked at one area of the spend, and you saw the variation year-on-year, you would immediately say, *that is really strange; why is that?*—which is exactly what I did when I looked at the analytic; from that you then do your samples and you start to find things.

It also corresponded with a new Chief Operating Officer coming into place who sort of quickly worked with us. At the time it was KPMG that was supporting me as a sub-contracted auditor, and that led to further work there; but again, that was a very, very, complex investigation because of the nature of the alleged fraud.

Mr. Christopher S. Saunders: Can you just confirm from your work, if something as basic as the monthly bank reconciliations were being done?

Mr. Julius Aurelio, Audit Manager, Office of the Auditor General: From what KPMG reported in 2016-2017 there were bank reconciliations but there were also errors that were noted there. What KPMG came back with was that they were not prepared with sufficient accuracy.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman.

Through you to the witness: we want to thank the witness for his time and for being in attendance this morning.

Outside of the financial irregularities that were noted by the Auditor General, which by the rules we need to stay clear of in this discussion, I think it is important likewise to recognise the tremendous strides that the Cayman Islands Turtle Centre has achieved in recent years. I think in 2018 it paid off its \$50 million debt and in 2019 it paid off its remaining debt, making the organisation debt-free.

The Turtle Centre has been improving its overdraft facility year-on-year, by decreasing it by more than \$1 million between 2017 and 2019, annualised administrative expenses also decreased from 2016 to 2017 by \$5.6 million; albeit it was up by almost \$300,000 in 2018. Annualised revenue has been increasing in absolute terms since 2017; the majority of revenue, of course, has been derived from admissions which have been contributing I think at a rate of 57/58 per cent.

First of all, through you Mr. Chairman to the Director and his team: congratulations to you for managing the debt load. I think it speaks highly of the institution's credibility and that of its staff and certainly the members of the public who are used to hearing of the various grants or financial assistance that is provided to the Turtle Centre year-on-year. This should be very positive and I want to congratulate the Managing Director on this.

The question is though, with COVID having such a negative impact on all walks of life in the Cayman Islands, particularly in terms of government revenue, what is your forward-looking position and how much impact, in your estimation, will COVID have on your overall cash position going forward?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, thank you for the congratulations and certainly, it would be remiss of me not to say it has been a tremendous team effort. We have an excellent team of executives, managers and staff. I would want to say that what we have achieved has been achieved together and also with some very strong support from the government.

The Turtle Farm as you say, I would rather say Turtle Centre, I prefer to use that word—I know some people listening remember it by the old name but we prefer not to use it.

The Turtle Centre really fulfils several important missions and financial performance, of course, is one of the important elements of that by supporting the tourism industry providing world-class attraction. Introducing eco-tourism events off-site are also important and hopefully we get a moment to talk about those.

Looking at the other elements of what we do: educating visitors and residents, hosting the visitors that come to the Island—that part of it has now been

interrupted by the restrictions of COVID but certain elements are still on-going.

The conservation work is still in full-swing. As a matter of fact, today we are doing a release—in conjunction with one of the schools—of white-crowned pigeons; it is one of our captive pigeon programmes. We continue to sustain Cayman's culinary traditions by providing the turtle meat products as we do. As we know, that is a very important conservation imperative in itself, providing meaningful employment to typically one hundred or more local people.

However, getting to the COVID impact, when we examine the typical year—either one of these three years you look at—and you look at where our revenues derive from, we find that typically, only 10 per cent or less of our guests are residents and right now that is what we are limited to, in terms of the revenue in respect of the tourist attraction line of business. And when I say 'tourist attraction line of business' I cover admissions, retail, and food and beverage; together they comprise, typically, close to 90 per cent of what our revenues are. So looking at year to date, Mr. Chairman—

The Chairman: We do not want too deeply into the 2020 accounts because they are yet to come. So, COVID would only affect your 2020 accounts, not the 2019.

Can you confirm that the only reason your debt is paid off is because Government subsidised and paid off the debt and that each of these years Government has had to subsidise the administrative and operation of the Turtle Centre?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I would say that the ability for Cayman Turtle Centre to have existed has depended upon the equity injection and so in part it is debt—

The Chairman: The simple question is: was it revenue generated and management of the Turtle Farm that paid off the debt, or was it a Government subsidy specifically to serve the debt, plus subsidy of the operation expenses, in each of these three years we are dealing with?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I would prefer to refer to the—

The Chairman: Yes or no? Do not prefer anything, sir; yes or no, because I can go get the budget and show you the figures.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, in terms—

The Chairman: Okay.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): In terms of if you look at the numbers and you compare it with the debt reduction, you could attribute it to that.

The Chairman: So, are you suggesting that in 2018 the Turtle Farm (Turtle Centre) could have paid down a debt, fully operational without any subsidy from the government?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, I am not suggesting that. What I am saying is, even in 2020 and 2021 there is equity injection.

The Chairman: We will get to that when those accounts come up because I have several questions concerning revenue because one of my big concerns in all of your reporting and all the stuff that you say, the word 'revenue' seems to be non-existent; and what is being done to improve and generate revenue but we will get to those in specific questions.

Right now I think Mr. Chris has a question to ask you.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, but if I may Mr. Chairman, just to finish that off, the equity injections have also been reducing, if you look at it.

The Chairman: But that has been reducing as the debt reduced, not because you generated revenue to cover operational costs.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Certainly, yes.

The Chairman: Okay.

Mr. Christopher S. Saunders: Just expanding on something the Member from Prospect said. We reduced annualised cost by \$5.6 million or did you mean to say 5.6 per cent? The annual cost; you said \$ 5.6 million.

[Inaudible Interjections]

Mr. Christopher S. Saunders: Sorry.
[Long pause]

The Chairman: Getting back to the discrepancies in 2017 and 2018, what was the reason it took so many years to discover it? You suggested earlier that it had been going on since 2013, which would have been three, four, years before. Are you suggesting that that kind of cash—whatever word you want to put on it—may have been going on in 2013, 2014, 2015 and 2016 and we did not discover it until 2016 and 2017?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I am somewhat constrained from what I can say about that, because as you know, it is...

The Chairman: Okay. Let us deal with the processes then.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes.

The Chairman: When were you appointed CEO?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I was appointed CEO in January, 2010.

The Chairman: So you were here during 2013.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes.

The Chairman: Can you confirm to the House that you had in place sufficient checks and balances that you should have discovered cash discrepancies over that period of time?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I believe what I can say about it, without crossing any lines as you know I should not, I refer back to what the Auditor General has said, in that, there was a very significant impact during the 2016, the 2017 year. However, for the sake of thoroughness, we initiated forensic audits going back several years until we got to where we figured out it could have started.

Again, referring to what the Deputy Auditor General mentioned, there were certain reconciliations being done as he mentioned, as was reported. Suffice to say that since this discovery, substantial improve-

ments have been made so that we avoid these sorts of things going on in the future.

The Chairman: Okay but, during that time did you have a Chief Financial Officer (CFO)?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, we had a Chief Financial Officer.

The Chairman: Okay.

Was he not required during that period of time to supply you and the board with regular reports which would have brought this thing to surface?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I believe due to the nature of what was going on, the reports that would have come to me or the Board would not have revealed that; and indeed, as was mentioned, were not picked up even in audit at the time, which is why we initiated a forensic audit to really find out the full extent of it.

The Chairman: And your CFO, whom I assume was a board-certified/qualified accountant, et cetera, he did not pick up... Was it him who produced these inaccurate numbers or was somebody else producing them and he was just signing off on it?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The anomaly that occurred was being done by a junior member of staff. Suffice it to say, it went undetected for that period of time until the major impact of it occurred in 2016/2017 and then it was detected.

The Chairman: Did your CFO not have processes in place that he would have detected himself these substantial inaccuracies in the figures?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, again without going into detail which would be inappropriate because of the nature of these circumstances, what I can say is—

The Chairman: I am not asking for details, sir.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Obviously; obviously.

The Chairman: I am not asking for any details; I am not asking for any numbers or anybody's name.

All I am asking is, did the CFO that you had employed not put in place checks and balances that

would allow him to detect substantial inaccuracies between sales and actual cash being deposited and bank reconciliations?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): We have found there were deficiencies in what was being performed, in terms of reconciliations. Again, I do not want to go beyond, so yes—

The Chairman: I am not an accountant, right, but if I have the responsibility to add things and somebody else added it incorrectly, and I continued to add it up wrong myself, then...

From my point of view, as a layman, the CFO should have had the ability to detect those inaccuracies, and if it because he did not have a point of sale, the proper reports that had to come to him, or was he matching point of sale reports which you can get off your regular cash register with deposits, or was none of that being done? He was just accepting the inaccurate figures that were given to him from his lower staff?

[Pause]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I would say that it is obvious that there were processes that were inadequate within the finance department and there were deficiencies in the reconciliation process which led to this. So yes, the CFO, and the people who reported to the CFO, would naturally have been a part of that not having been detected.

The Chairman: When you say “was a part of it”, do you believe that he was part of the scheme that allowed this to happen?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, otherwise it would have been quite a different discussion and a different outcome, in terms of what is going on with the investigations.

The Chairman: Right. The CFO is not one of the former staff members who is in trouble.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, that is what I am saying, sir. There have been thorough investigations of these things and if there had been—

The Chairman: But if he did not have the processes in place, from which he should have been able to detect these inaccuracies, what investigation processes

could you rely on to ensure us that he was not involved in the process?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Not only in terms of what we were able to find out in the process of doing the audit, but also the investigations that were completed by the two entities involved in the two different issues have been thorough; have involved inquiries that involved various people including the former CFO.

I am somewhat constrained as to how much more I can say about this because of not wanting to interfere with—

The Chairman: We will reserve the option to call you back after the court case is finished.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The two cases, yes.

The Chairman: Auditor General.

Mrs. Sue Winspear, Auditor General: I just thought it might help if I clarify what I said in response to Mr. Saunders' questions about cash reconciliations and whether they were being done in earlier years.

As Julius answered, they were being done but there were control deficiencies and other issues found in those reconciliations that were brought out as control points in previous years. Those control issues were there and obviously, through our audit opinions in those years the CFO would have been aware of them and one would have hoped that they would have been improved.

I just wanted to clarify that but reiterate that the earlier year stuff was not material; it is the later 18-month period where there was a real issue.

Thank you.

The Chairman: It seems from the 2019 report that you have moved from a CFO (Chief Financial Officer), to a COO (Chief Operating Officer) who now performs the role the CFO previously performed. Was that a recommendation that you made to the Board based on what came out of this investigation, to improve the management aspect of it?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No. The change to COO was an outcome of an extensive study that we did in conjunction with Deloitte, looking into the way we were organised; the salary scales, the reporting structure.

The COO position was put in place in order to improve how the company was organised, who reported to whom, and drawing together under the per-

son who is responsible with the CFO role, but also responsible for Human Resources, Information Technology, the Admin team, and the Finance Team. That was something that was in the works separate and apart from these issues.

The Chairman: So, the study performed by Deloitte—one of the big four accounting firms here—made a recommendation to you and your board that you should eliminate the position of Chief Financial Officer?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Not eliminate it sir, but to change to where it would be titled Chief Operating Officer and the person in that role is to be a qualified accountant to fulfil the role of CFO, but to incorporate within that role other functions as well. As I mentioned, HR is another important function of it, as well as IT and admin. Previously some of those reported either to me or to other executives within the company.

The Chairman: Given the history of the lack of performance of your financial control entity, you thought it was wise to give that person additional responsibilities such as HR, IT, and other things?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Well, actually, we recruited for the COO and in any case, the CFO that was in place at that time was leaving at the end of 2018 because of rollover.

The Chairman: That is not my question.

The question is, did you as Chief Operating Officer, and the Board, accepted a recommendation that, giving the position Chief Financial Officer, additional duties to perform in addition to the Financial Officer would somehow improve the financial situation that has caused the problem?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It would be incorrect of me to say that we were looking at the person. We were looking at the functions, so that when we were examining how best to structure the company, we determined what the structure should be and then we went to find who is the best person to fill that role. Some of the other roles changed as well in that restructuring.

I cannot draw a clear connection between the board accepting and I accepting the new structure in relation to a particular individual.

The Chairman: No, no, I do not care who the individual is; I am questioning about the function.

My question is: did you as Chief Operating Officer, and the Board—having experienced some of these financial problem that you had—think that the best way to solve that problem and improve the financial accounting was to recruit a person who was a qualified accountant and give them additional complex things like HR and IT to manage, along with managing the financials of the company?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): As long as we found the right person that met the requirements of the job; and it has proven itself. It really has proven itself because in addition to the role of—sorry, Mr. Chairman, I should correct: my title is Chief Executive Officer, and what we were recruiting was a Chief Operating Officer.

The Chief Operating Officer position was not the only change we made; we also increased by adding an Accounts Officer within the Finance Department because, considering what went on, and what would need to be done to avoid it happening again, needed an additional person at that level of accounts officer within the finance department to avoid the issues that contributed to what went on.

The Chairman: And that additional financial person is a qualified accountant who could take on the majority of the Chief Financial Officer's role and produce accounts and sign off and all that?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No; that additional person will perform several of the functions that were deficient, in terms of things like regular monthly bank reconciliations, for example, which are now being done because we now have the staff to do the reconciliations of cash from when the cash is closed at the end of each day, to check that those reconciliations—and quite a few business controls which are important—are done at that level.

That was the level of person that was added in addition to a Chief Operating Officer who has the qualifications of a Chief Financial Officer; and it has proven itself. It is working very well.

The Chairman: No, you did not answer the question. Is the person who is in that role a qualified accountant?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes.

The Chairman: Okay; CPA, ACCA or AC?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): CPA and CMA, to the best of my recollection, sir.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The Chief Operating Officer.

The Chairman: I am not asking about the Chief Operating Officer; I am asking about the person who is doing the accounting now. Is that person a qualified accountant?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No. We have one qualified accounting professional, which is the Chief Operating Officer and then—

The Chairman: Answer the question: is the person who is now responsible for these reconciliations and bank balances a qualified accountant?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No. Not the person that does them but there are checks done by those at higher levels with greater qualification. A fair amount of this work is clerical but then it is backed up by documentation.

The Chairman: But what happened between 2013 and 2016; where is the documentation then?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Well, from what we have learned we put in place what we need both in manpower and internal process.

The Chairman: Okay.

So the Chief Operating Officer also has qualifications in HR and IT?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Experience.

The Chairman: Such as?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Running very successful organisations in Canada before she came to Cayman.

The Chairman: As COO or CEO or a CFO?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): For a period of time she even acted as CEO of, I believe, one of the airport authorities but I do not want to get into too many details...

The Chairman: No, no, I know.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): There were a number of roles that she filled that really fit her well for the Chief Operating Officer position that we created, which included roles that had a broad experience beyond just financial accounting.

The Chairman: So the most important qualification going forward, for the position of Chief Operating Officer will be a qualified accountant?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Certainly.

The Chairman: Okay.

Mr. Christopher S. Saunders: First of all, Mr. Chairman, thank you and I want to thank Mr. Adam for coming here today.

I want to say off the record that I am a big supporter of Turtle Farm. I also want to say that I have absolutely no problem with the Government subsidy. I have always taken the view—and this is my personal view, I am not speaking for anyone else—that, when I look at the Turtle Farm's roughly \$10 million a year in subsidy, of which \$6 million pretty much went towards debt, and \$4 million went towards the operation, when I look at the breakdown of that \$4 million roughly, you are talking about an organisation that employs over 100 staff directly, mostly Caymanians; and another 400 or 500 staff indirectly, again, mostly Caymanians; and have over 200,000 visitors per year.

In a nutshell, for \$4 million a year, which is the true subsidy, to get roughly 500 or 600 hundred people employed, mostly Caymanians, and have a tourist attraction of over 200,000 visitors a year, I would think that is actually pretty good for \$4 million. From that standpoint, if you look at a lot of the visitors' complaints, is that we need more attractions and if we can find more attractions that can have over 200,000 visitors per year and employ 500 or 600 people directly and indirectly, mostly Caymanians, I am fine with it.

Mr. Chairman through you to the witness; the main thing from an over-sight stand point is what can we do? I notice between 2017 and 2019 annualised, the revenues went up by roughly 22 per cent which is in line with the tourist arrivals, but I noticed that the average percentage from admissions has been

around the 58 per cent mark. So it seems to be stuck at that 58 per cent.

The question in all of that, Mr. Chairman, through you to the witness, is what can we do in terms of increasing admissions?

I noticed in one of the annual reports that there should have been a promotion with Cayman Airways that did not materialise. So, what can we do to actually increase the admissions to the Turtle Centre?

Thank you.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you for the question and thank you for the support; much appreciated.

Through you, Mr. Chairman in responding to that question, what can be done to increase admissions, I should put it in context that when you look at the typical market share of visitor arrivals, I believe it is around 14 per cent of air arrivals (stay over) visitors and about 10 per cent of cruise visitors that come to Turtle Centre.

Yes, we believe that there are opportunities; there are some logistical issues, as I understand with some of the programmes that we had in mind with Cayman Airways. I still think there are significant opportunities there, once we resume tourism, for awareness, for doing programmes on board the flights that would build awareness for Cayman Turtle Centre, and would encourage guests to come there and there are also affinities and various other revenue projects that we have done by teaming up, for example, with the Tourism Attraction Board, with Pedro St. James and Botanic Park. We actually developed shore excursions that visit both Pedro St. James and Cayman Turtle Centre and others that we have launched [such as] taking cruise visitors to Botanic Park.

So, we continue to develop in conjunction with other attractions and when tourism resumes of course we will be back on the process of further enhancing those relationships but yes, I think the relationship with Cayman Airways can be expanded even more. For example, until tourism was interrupted we gave a discount on admission to guests that presented a Cayman Airways boarding pass; I think perhaps that could be promoted more in flight.

There is advertising; we understand there are going to be advertising opportunities once the new aircraft are operational and we are keen to have a part in that, that on Cayman Airways flights we are going to get the opportunity to advertise and promote to the visitors coming on those flights.

We promote on the magazines that the other airlines carry to build brand awareness. We also get opportunities for articles in those magazines and we are now about to promote awareness of the Cayman Turtle Centre to opportunities overseas seeking to

have revenues not just from the tourist attraction line of business but also potential for donations and sponsorships.

We created a new website, www.CaymanTurtles.ky / www.caymanturtles.com so those channels are now being developed in order to find ways to reach out, to seek support for our mission of conservation of sea turtles in particular and marine conservation in general.

Mr. Christopher S. Saunders: Through you, Mr. Chairman to the witness, just expanding on my previous question.

Where admissions have been around 58 per cent of revenues which means that the remaining 42 per cent is pretty much from sales; what initiatives are being taken to increase the size of the wallet or to get more? Just this morning ironically, I was listening to an ad—I think you have some Black Friday sale coming up and—

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mm-hmm.

Mr. Christopher S. Saunders:—one of things I am looking at with Turtle Farm is that you maintain a very high fixed cost base, so whether guests come or not, the bottom line is your salaries, which is your largest line still would have to pay. So whether you get one customer or 100, your salary is pretty much the same.

So, in terms of trying to increase the non-admission revenue, especially now with no tourists, is it a situation where you go free entry and then hopefully squeeze some of the other prices up to kind of cover some of those costs? Because the main thing, as I said before, for the \$4 million subsidy, 500 to 600 people employed directly and indirectly, 200,000 visitors on an island where we have limited attractions, I really cannot complain.

However, ultimately that \$4 million competes with other government priorities; so, we definitely would like to see that number reduced down to zero or even something positive. But in the interim, those initiatives, especially now to get people through the door and then, as most movies they make it from the concession stand as opposed to the actual film. What initiatives are you all looking at to really increase that part of the wallet?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, thank you to the member for that question because when we look at the typical customer coming through the door, the average revenue per guest in CI dollars, in round figures, is about CI \$15 for admission, CI \$5 for retail, typically somewhere around CI \$3 for food and beverage.

In terms of initiatives that we have going on, we are looking to expand the retail activity for the local market. For example, we have had retail sale nights recently which have been very successful and we combine those with food and beverage offerings in the courtyard so guests come to the retail job; it is open until 8 o'clock.

The first one we did was on a Tuesday night in October and we had a music, food and beverage in the courtyard along with the retail. It was a very successful night, so we are going to have those nights again in November and December leading up to Christmas. That is one example on the retail side, as well as food and beverage.

The other piece of that is that we are looking to develop happy hours on Fridays. It is a beautiful setting the courtyard, with music, drinks and something to eat; that is something that we are developing and we have launched. Unfortunately, we have several Fridays with a lot of rain but we would certainly invite all of the people who are in Cayman now that want to come out and have a lovely Friday evening. We are having those Friday Happy Hours and you will see more of those promotions.

In addition, we recently hired a Head Chef to develop the menu so that those CI\$ 3 per guest, we aim to push that up by different menu offerings and also through events.

Mr. Austin O. Harris, Jr.: Mr. Chairman.

Mr. Christopher S. Saunders: Sorry, Austin.

Just one question and I will yield to the Member for Prospect. In terms of your long-term vision, ultimately where would you like to see the Turtle Farm go in the next five to ten years, realistically?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Considering where we stood back in 2019, looking at 2020 and 2021, was to find various ways—as you have alluded to—to really significantly reduce the dependence on equity injection by developing offerings for the local market, and the tourist market, as well as reaching out for donations and sponsorships. Entities such as ours, which are involved in conservation of turtles in other parts of the world, receive a tremendous amount of their income from donations and sponsorships. So, we have been developing that side of it as well.

We want to be renowned not only as a world-class tourist attraction, but as a world-class conservation entity, particularly involved in turtle conservation and, to the extent that we can increase the support for Cayman Turtle Centre, through people coming to visit, through expanding the eco-tourism opportunities and seeking potential revenue opportunities from that and, as I said, from the donations and sponsorships, to

gradually find ways to reduce that dependence on equity injection.

Mr. Christopher S. Saunders: In terms of the land usage that you have available, is there any surrounding land that you have set aside for any future expansion that we can look at? I am looking at it like a Disney World concept where they have all of these other future attractions. Is there scope for growth or are we limited to what we have now?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): There is a bit of scope in terms of developing and enhancing the facilities we have. For example, we have been considering how we can integrate a zip line experience into the Cayman Turtle Centre. Each of these things, of course, must be business-case driven. It is unfortunate what has happened this year, because we would naturally need to factor in what is the total number of visitors coming to the Island, what market share can we attract and of those, what market share could we get that would be interested in that experience, as one example, that would use the land that we have presently developed but develop it with additional enhancements.

The company does own a bit of extra land on the North side of the property; the way it connects with the property and the shape is not necessarily the most amenable for a huge expansion, but as we develop opportunities to, for example, enhance our impact on other turtle populations other than green turtle, that in itself could become another attraction.

We have been in discussions, for example, to have a coral propagation facility there. That, in addition to its conservation work, could have been an additional attraction but unfortunately with the turn of events that looks less certain now than we had hoped. So we consider that we will continue the development of various features, various attractions and enhancements, as well as reaching out on the conservation and eco-tourism front, and thereby derive revenues that we do not have today.

Mr. Christopher S. Saunders: I remember from years gone by—I could be getting old—Turtle Farm by itself used to be profitable.

[Inaudible Interjections]

Mr. Christopher S. Saunders: Then, of course, we look at the overall expansion and everything else. Has your team done any analysis, in terms of what the conservation part versus the attraction part costs? Because ultimately, when you look at what you have added, in terms of expanding, there would be some additional costs, but under the conservation part of it, I

do not think you selling meat to basically pay for the actual true cost of conservation.

Even looking back at that roughly \$4 million, how much of it would you probably say is related to the conservation part versus the attraction part? Have you all done anything like that?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, we did that analysis, I think, a year or two ago and you are correct that the conservation part is a substantial amount.

What perhaps is actually not well recognised, is that the production of turtle meat is not a profitable venture when we take into account what it takes to produce and sell one pound of turtle meat for turtle stew, as you know it, and *[inaudible]* or whatever in the current scenario, because in today's world, what was acceptable in the past, in years gone by—things like tank stocking densities and various other features relating to animal welfare—we are now very careful to ensure that we are maintaining stocking densities that will pass inspection, which takes place now typically three, four times a year by the Department of Agriculture experts in those matters.

The production of turtle meat—and this, Mr. Chairman, may not be well understood—is not a profitable venture. It is done because of the conservation imperative, as I believe the member has alluded to. The cost of that, to the best of my recollection, was more than \$1 million out of that \$4 million that we spoke about needed to subsidise the company and its operations; then the conservation part of it, to the best of my recollection, is a bit less than a million but nevertheless substantial.

Mr. Christopher S. Saunders: I know the Member for Prospect has some questions so Mr. Chairman, I will yield at this point.

Mr. Austin O. Harris, Jr.: Thank you.

Mr. Chairman through you, I want to thank the Member for Bodden Town West for exploring the revenue side of the column and I thank the witness for identifying some areas that he believes the organisation might increase its profitability. However, page 4 of the Auditor General's report spoke about some of the going concerns, which is what I want to address—the other side of that revenue equation.

The Auditor General notes that historically, the Cayman Islands Turtle Centre has generated significant losses from operations and experienced cash flow difficulties. When we accept that 58 per cent or more than half of your revenue comes from admissions, which we also acknowledged will be negatively impacted in 2020 and going forward as a result of COVID, what sort of cost saving measures has the Turtle Centre implemented to address the historical

losses from operations? Creating new revenue is one option, but as you have identified, without people visiting the centre, those new revenue streams are fundamentally, for lack of a better word, useless.

How are we saving, in terms of expenses? How are we reducing expenses of the operation of the Turtle Centre going forward, but also recognising the challenges of the current era?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you, Chairman, and through you, thank you to the member for that question.

I need to refer to figures that are post-2019 audited accounts, if I may, and to give some examples. One prime example, the second-biggest item of our operating expenses is electricity. It takes pumping a lot of water to do the various functions that we do, as I mentioned for the welfare of the animals. There is a fair amount of flora that needs to be maintained, as well as to maintain the exhibits.

We have a 1.3 million gallon aquatic life-support system, for example, that can have up to 20 pumps operating at a time. So, in order to reduce electrical costs, looking at those elements has been the topic of quite a bit of work particularly this year. We now have on board professional engineer who has quite a bit of experience in various types of water systems and a year, to date, October, we are approximately 19 per cent lower in electricity costs. That is one example, if I may, of significant cost savings that we have been able to make.

In terms of working through the COVID situation, as a public authority of which the crew members are all public servants, we have respected what has been the intention not to lay off any staff but in respect of saving costs, what we were able to do was that we have a team of staff who are willing to do cross-departmental work. So we have teams for example, from lifeguards that are now performing excellent service in aquatic life support systems.

We have teams from tours that are filling in some of the security duties and thereby we reduced the expense on security by some 29 per cent. We have teams from various departments involved doing landscaping and doing janitorial work. Again, by having those teams doing that work, we have been able to significantly reduce our costs in those areas by having our crew members perform the work. We still have the staff cost, of course, but those are ways that we have been able to really tackle the issue of cost reduction in these times when the revenues are down.

Talking about the going concern issue; remember we did have tourism for January and February this year so the year-to-date figures I am giving you of course include those, but revenues are down year-to-date some 63 per cent. Cost of sales are down as well, but our gross profit—the figure for our

loss if you like—we are worse off by some 70 per cent.

I am giving you examples of how we are trying to minimise that by finding ways to reduce cost.

The Chairman: Was part of the staff cost reduction that staff had to use up their vacation during the COVID lockdown?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): That was not a reduction but what we did in terms of reduction, Mr. Chairman, was that our crew members can work between 37.5 hours and 45 hours a week and what we have done now is insist that it needs to be kept at the 37.5-hour mark, rather than 40 or 45 hours a week. That was one way that the reduction occurred.

If you are referring to during the lockdown and crew members taking vacation, we provided for crew members something like seven different ways that they could earn hours so we could continue paying them through the normal payroll process and one way was take your vacation or take your personal days.

The Chairman: But was it not the Government's published policy that all of government entities would continue to pay their staff throughout the COVID lockdown without people having to consume their vacation? Why did you have to give them an option of taking their vacation during the COVID lockdown when Government public and published policy was that all civil servants, whether in the Government Administration Building or the government-owned companies or in the public authorities were to be paid their full salary?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, if that was a published policy that they were going to be paid regardless of whether they were performing useful functions or not—

[Inaudible Interjections]

The Chairman: To my recollection, there was no qualification by Government that you had to be in office, on-site working.

Maybe the Financial Secretary can clarify if I am making any errors here but certainly it was my understanding and that was not a private policy. It was published in the press on several occasions that all civil servants, employees of public authorities and government-owned companies, were to be paid without using their vacation in order to get paid.

Mr. Kenneth Jefferson, Financial Secretary and Chief Officer, Ministry of Finance & Economic De-

velopment: Mr. Chairman, I will look for the personnel circular and make it available to the Committee later today.

The Chairman: Okay, because that was my understanding and we have had to provide funds in Finance Committee for companies like Cayman Airways and their people did not have to come to work or find other jobs to do on the site; they were paid. Okay, well, let us move on.

Note 7 of your 2019 accounts says that, over time you have accumulated \$437,716 in vehicles and the final value of the vehicles as of 31st December, 2019 is \$100,000. Can you tell us how many vehicles Turtle Farm owns? Does it provide cars for staff? What do these vehicles do?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, if I am reading Note 7 on page 21 of the 2019 correctly...

[Inaudible crosstalk]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, right. I wanted to make sure that we were not talking about having \$366,000 worth of vehicles now, right?

[Inaudible response]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay. Correct.

[Inaudible interjection]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): So what are the vehicles used for.

We have vehicles used, for example, by the buildings and grounds team to collect materials and supplies. We have vehicles used in the conservation work when we are doing releases—typically that involves two, mostly three vehicles usually, at least two vehicles that entails. The team that does production and sale of turtle meat has a vehicle that performs various functions they need to fulfil, and occasionally there is a need for a vehicle for executive use for either a group of executives who are going to a meeting or maybe we are hosting someone and we have to collect them from the hotel, those sorts of things but it is not a huge fleet of vehicles.

The Chairman: What kind of vehicle was it that you bought for \$74,999 in 2018?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I believe that was two vehicles, Mr. Chairman. I am going from memory. I think one was a Ford F-150 pick-up truck and the other was a Ford Explorer and they are used in those various functions I just mentioned.

The Chairman: Your accounts, under your administrative expenses, administration and overhead would include salaries for staff, right?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman is there a...

The Chairman: Page 7 of the accounts—Statement of Comprehensive Loss.

Under administrative expenses of both administration and overheads, that would include salaries?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes. I believe that would be the category under which salaries would be, in that particular list.

The Chairman: Okay. There is \$300,000 increase in 2019 over 2018. Was this because some staff members got an increase in salary, or was just additional staff added?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I would need to start back in 2018 and explain.

At the end of 2018 we made a transition to the new salary structure and we also made a transition to a new salary scale that was evaluated by the consultancy of Deloitte working in conjunction, of course, with the management and the team at Cayman Turtle Centre, and that found that in some areas the salaries being paid were below what the comparable should have been, what the study showed. So there was an adjustment that resulted in an increase in salaries paid.

Mrs. Sue Winspear, Auditor General: Mr. Chairman, if I could just intervene.

Although on page 7, where you have \$3,020,942 it does not reference a note but if you and the Chief Executive want to go note 19 on page 33, it gives you the breakdown of that \$3 million, of which \$1.5 million relates to personnel costs.

It is just unfortunate that the Financial Statements do not cross reference to the note and the note is on page 33.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay, Mr. Chairman, that is very helpful. So if you look under the breakdown we see that, for example, personnel expense...

[Inaudible Interjections]

The Chairman: Personnel expense in 2019 was \$5,348,115. Why is it negative?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I believe that is because it is a cost.

Mr. Christopher S. Saunders: Sorry.

The Chairman: Okay, okay; I am not accountant, you know; but that was what it cost?

Mr. Christopher S. Saunders: Actually that is flagged for me to look at because something I noticed was that between 2018 and 2019, personnel expenses went up \$854,449, which is 19 per cent, but the number of actual staff only increased from 101 to 109, so I was also curious in terms of what was driving that.

The Chairman: You said that the increase in personnel costs for 2019 was a result of the re-structuring, right.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Partly, as well as some additional hires.

The Chairman: Well, we just determined that it was only 4.

Mr. Christopher S. Saunders: Well, we kind of jumped it, Mr. Chairman.

Since we are on this topic, I notice the staff turnover is just below 20 per cent roughly for both 2018 and 2019. So staff is leaving... It did go up by 19 per cent and we do accept that going through the Public Authorities Law and doing all of the readjustments, et cetera, that some staff salaries would increase or decrease.

What I was curious about, looking at the staff turnover rate, which I think is almost 18 per cent for 2018 and maybe, I think, 19 per cent for 2019, is that when those staff are leaving, are they being replaced by more expensive staff, or are they being replaced by cheaper staff?

The question is: why staff is leaving? Because 19 per cent is quite high, using the natural attrition rate of round 5 or 7 per cent for most companies, so this is above normal.

Secondly, if they are leaving because of salary issues and then they are being replaced by people who are costing more, what is driving the high staff turn-over rate?

Are there any exit interviews being done for us to determine why staff is leaving? Nineteen per cent is actually quite high.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, Mr. Chairman, we have had. For example, of the staff that left in 2019 ten were terminated, seven resigned, two were job abandonment, and one employee was made redundant. That is what made up the mix in 2019.

We have had cases where employees have resigned because they found more attractive employment elsewhere; that very often takes place in organisations for example, in retail, food and beverage, and occasionally with the lifeguards as well, because they are well-trained and becoming well-trained makes them attractive for recruitment into other entities as well.

Mr. Christopher S. Saunders: Going back to the ten terminations, what was the leading cause for those terminations in your organisation?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It varies, Mr. Chairman. Sometimes failure to perform, on occasion there are issues of misconduct, and bear in mind, many of these positions are entry-level positions and we are an anomaly, in Cayman. For example, in food and beverage, where among that whole team we have—to my recollection—only one work permit and among the retail team, there are no work permits.

Very similar throughout the organisation; we have an organisation where typically we have less than 5 per cent of our people on work permits. Because they are entry-level positions, and because we are very determined that we are going to hire local people, there are times when in our recruitment we will give someone the benefit of the doubt and take them on. Very often it works out to be an excellent employee, but we do have fairly rigorous systems of progressive discipline, because our aim is to ensure that the teams we have are good performing teams and that they are not only performing their job well but their conduct is what it ought to be.

Mr. Christopher S. Saunders: Thank you very much for that, Mr. Adam.

Based on your numbers of 19 staff leaving, and your head count still went up by 8, which means you brought on 27 staff, naturally I have to ask: in terms of getting staff in the door that quickly when so

many organisations are struggling, what kind of HR processes do you have in place to be able to replace staff so quickly? Because many organisations struggle; you got rid of 19 and you brought in 27.

What is that recruitment and vetting process like?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Well, these jobs are advertised and the applications are received by the HR department. The HR department will vet them, create a list, the hiring manager will short-list, there would be interviews and through that interview process a decision is made.

For people higher up in the levels of the organisation, there is a secondary step, where we will ask them to perform something related to what that job is and then evaluate how they perform on that job. So it is a process that is commensurate within the level of the organisation.

Mr. Christopher S. Saunders: Okay. With both of these positions being entry-level, I would assume the training and development at that level would be quite small. One of things I was curious about while looking at the numbers is, if you have that high turn-over in people coming in then naturally, the training cost of getting people up to speed would actually go up as well.

Now, we do not have the breakdown of that here but, how does that impact training or development in terms of what you are spending in staff in that regard? Because you are spending money to bring someone on and all of a sudden that person leaves and another comes on; that is more cost. So, in terms of year on year, how does that impact your cost structure?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): There is training cost involved and obviously turn-over is not something that we aim to keep high, but we remain determined to give good, meaningful job opportunities among local people.

We are determined to keep that as much as we can and to the extent to which we continue to develop our HR practices, we continue to develop our people management practices and maintain good disciplinary processes. We are aiming at all times to minimise that. We have a philosophy within the company that the purpose of discipline is to teach, because we are aiming to minimise the number of times, like in this case, there were 10 out of 20 due to termination. That is something we aim to keep much lower than that but, because we have so many local people among our staff, they become targets for recruitment by other firms who are looking to recruit good local people. It is a perennial challenge, Mr. Chairman, to attract and

hold on to good people, but we continue to do it. We have a great team.

Mr. Bernie A. Bush: Mr. Chairman, through you.

Do you feel comfortable that your management crew understands the Caymanian culture? How to deal with local people; how to talk to local people who they supervise? Do you feel comfortable with them?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Chairman, given that among the management team that have people reporting to them, out of the four work permits I told you about, two of those are veterinarians. So out of all the management team, the only people who are not local, Mr. Chairman, are two and in their case, they have been here for a number of years.

Each individual manager has their own style and their own way of expressing themselves; but for me to say that I think there is a misunderstanding of local culture, I cannot say that I would agree that that is an issue.

Mr. Bernie A. Bush: Mr. Chairman, through you, at the end of that I took out the culture and said on how to talk to the staff below them; how to deal with the staff below them, because respect begets respect. Do you feel comfortable that those two that are not in the veterinarian section understand how to talk to the type of people that your organisation is bringing in, like you said, at the bottom?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I would say that I believe all of our management team do a good job of talking to local people; but what I would say is that different managers have a different style and we continue to coach and develop, and where we detect issues that could arise in this regard, we aim to coach and talk to them about it. So I am not going to claim perfection in that regard for any of the managers.

Any of us can fall prey to a moment where we do not speak correctly to our team members, but we do ensure that we are going to see the way through with training and coaching and speaking to any of our managers who may have a problem with this.

The Chairman: Mr. Wight.

Mr. David C. Wight: Mr. Chairman, through you. I have three questions I would like to ask the CEO but, before that I would just like to say that our family grew up in a time when the Turtle Farm—I know you do not like the F-word—we grew up as Turtle Farm, but it is the Turtle Centre. We grew up when that was the

main, in fact, the only tourism attraction, so I would love to feel that the Turtle Centre is here to stay and I am extremely proud to be the Councillor of Tourism and have some dealings with the Turtle Centre.

We are dealing with the three-year annual reports ending 31st December, 2019, so in consideration of that I would like to ask:

- Over the last three years, how has the Cayman Turtle Centre performed financially?
- Has the Cayman Turtle Centre really made a difference in the conservation of turtles?
- Has the Cayman Turtle Centre made any plans for eco-tourism?

You can answer these as you wish.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you, Mr. Chairman.

In terms of conservation results, through the years we have seen the evidence of that by the number of green turtles nesting in Cayman, and the huge increase, since turtle nesting records are kept in Grand Cayman beginning, I think, around 1999 or earlier.

Over the years you see that result and we can tell that something is certainly working to preserve the number of sea turtles around our Islands. Something must have been done; but what was even more telling, was a study done and finally published last year in conjunction with the University of Barcelona and University of Exeter and led by the Department of Environment here, that showed through genetic proof that some 90 per cent of the nesting green turtles in Cayman are directly genetically related to our turtles at Cayman Turtle Centre—in other words, a result of the release programme.

We also saw through that study the impact of the turtle meat production and various data were derived from a socio-economic study that was a part of that. There was a part of it where the study was what percentage of the people who consume turtle are consuming farmed turtle meat versus those using wild turtle meat and the percentage using wild turtle meat was very low.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Sorry?

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, it was not us doing the study; this was done by a professional over quite an

extended period of time with a number of different interviewers.

However, what was very telling from that was the ones who said yes, they only used the legal turtle meat were asked, *if there was not a source of the legal turtle meat, would they then consume illegal turtle meat*, and it was something like 46.8 per cent or thereabouts that said yes, they would.

They would consume illegal turtle meat if they could not get the legal turtle meat. So the challenge you have there is we need to keep producing turtle meat because if not, even if only half of those people decided they are going to consume illegal turtle meat, the stock of turtles in the wild around Cayman is not yet at anywhere near the level that can sustain that. You would lose the turtle population.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): In terms of eco-tourism, we have engaged in developing a number of initiatives that I believe have been—

The Chairman: I think you gave us those already.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): About eco-tourism, what I want to speak about, Mr. Chairman, to answer the question, if I may, we do head start turtle releases; in 2019 we did 78 of those, 8 of those in Cayman Brac, so we incorporate the Sister Islands in some of these programmes.

We do hatchling releases from beaches; we had 24 of those and each of them is an eco-tourism event, those hatchling releases. That is over 476 hatchlings released from beaches.

Then we do the egg translocations. In the last three, four years we started doing that and that has been an excellent eco-tourism initiative which attracts a lot of tourists, as well as residents. What is more important, each of those eco-tourism events is also an educational event because we educate people; we talk to them about not only the conservation of turtles but how turtles are a Keystone species and if we conserve turtles, if we do what it takes to save turtles, we will save all of the marine environment because turtles use the beach, the shallow waters and the deep waters—if that suffices, Mr. Chairman.

Mr. Chairman, I would like, if I may, to circle back to talk a bit more because the member previously asked, what sounded like a concern about relations between managers and staff. Mr. Chairman, may I speak a bit more about that?

The Chairman: Yes, you are the person that determines what the answers are.

Mr. Bernie A. Bush: Mr. Chairman, actually, I want to come back to another questions so you will get a chance. We are here, so I want you to answer some questions.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes.

Mr. Bernie A. Bush: How many work permits do you say you have?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): To my knowledge, there are presently four.

Mr. Bernie A. Bush: One of those is in top management, correct?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): One is an executive and one is...

Mr. Bernie A. Bush: Does that person hold both the CEO and the CFO jobs? One person that is a work permit holder holds those two positions, am I correct?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, that is correct.

Mr. Bernie A. Bush: What is being done? There are a lot of well-qualified Caymanians.

I remember sitting over there and looking across and making a remark on one person whose name we cannot comment on because it is in court.

Now I am going to ask you again: what is being done about replacing this person because there are many Caymanians out there, well qualified, wanting jobs, and they will know how to talk and deal with people in a respectful manner.

What is being done about that? Is there any succession planning for that particular post where the work permit is.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, as with any of our posts that have a work permit, we run the advertisements, we look for the people that have the right qualifications and experience and that is something that is repeated at every occasion when we are applying for a work permit.

We have a robust recruitment, as we talked about a little earlier and it is no less robust when it comes to recruitment of an executive on a work permit.

Mr. Bernie A. Bush: So then we should see that post advertised before February when the permit is up? It should be advertised any time now?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Whenever the permit is up, I don't think...

Mr. Bernie A. Bush: Yes, February.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I cannot confirm or deny that. I do not exactly know the month or year of the permit coming up, but what I can say is that, of course, we are going to do recruitment and we are looking for the right calibre of person that wants that job.

The Chairman: The qualifications for that job, as I recall is CFO, experience in HR and experience in IT.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): And administration.

The Chairman: Qualifications in those three things.

[Inaudible Interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, what we will be looking for is somebody to fulfil the role; so, yes, the full professional qualification as an accountant, and experience in management at a high level involving human resources, administration, information technology and finance, of course—running a finance department.

The Chairman: Okay.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, if I may go back.

There is a concern about relations between staff and people *[inaudible]* as management. What I would want to assure you, Mr. Chairman, is that within the company we have implemented a conflict resolution process so that for any member of our crew—at whatever level—who has a conflict, there is a clear-cut method by which they can take the steps to raise that conflict through the proper process, often including to me.

If there is any crew member that is aggrieved or has a conflict about how they have been spoken to, we have a process and it works. Our crew members are encouraged to use it. So that is, if you would like, a safeguard if there are issues in that regard because

as I said, I am not claiming that we are perfect, but I will tell you that we are determined to do it well.

The Chairman: Okay.

I want to get back to the \$804,000 increase in personnel cost between 2018 and 2019. You said it was a result of the restructuring. How much more are you paying the COO than what you are paying the CFO?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I would need to look at the salary ranges.

The Chairman: But it would be more because you got additional duties.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, the COO is in a higher salary range than the CFO would have been, correct.

The Chairman: And this restructuring was as a result of a consultancy with Deloitte?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): That is correct.

The Chairman: Okay.

When you got the consultancy, was the implementation approved by the board and done in accordance with the Public Authorities Law? Did you get specific Cabinet approval for those increases?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Perhaps I should speak first to how we did the Deloitte consultancy and then speak to how we come in compliance with the Public Authorities Law. If I could break it down into those two.

The Deloitte consultancy: The board realised that we needed to conduct a salary survey because there were concerns that perhaps our ranges were no longer reflective of the ranges that are appropriate within the Cayman employment context. In pursuing the Request for Proposal (RFP) for that, getting in various bids and examining the bids, the chosen bidder, being Deloitte, proposed that actually doing a salary study alone would not really fulfil what they understood the intent was to achieve, which entailed looking at the structure as well, as I mentioned.

The board was very much involved in the initiation of that; the board was involved in approving the final report of it and the board was involved in establishing what the salary ranges should be based on the result of that study.

In respect of compliance with the Public Authorities Law, there is an exercise that is being conducted, and as I understand it, it is now down to the larger SAGCs, in which a consultant has been appointment, to best determine how to map our jobs into the civil service salary scale because a declaration has been made under—

The Chairman: Yes, but that is to come. I am talking about this structure adjustment and the Public Authorities Law would have been in place when this was done. Was this structural adjustment recommended by Deloitte and approved by the board done in accordance with the Public Authorities Law which was in place at the time?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I would say it definitely was done in accordance with the board and the board's approval and I believe there are elements of the Public Authorities Law that is recognised would come into place.

The Chairman: No, they were all in place in 2019. I can assure you of that because I forwarded—

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The particular section I believe you are referring to is: Did we give an across-the-board raise because that would require, as I understand, a Cabinet approval.

The Chairman: No, I think any increase in any positions under the Public Authorities Law, particularly where this seems to be largely concentrated at the top, in terms of restructuring the management structure based on Deloitte's recommendations, would have been at the top level jobs.

So you are saying that, in your view, that would not have required compliance with the Public Authorities Law?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): To the extent that the exercise had not been completed and still has not been completed, that will map our jobs.

The Chairman: No, but I do not want to get two or three things *[inaudible]*. So the exercise of awarding increases in salary and restructure as recommended by Deloitte in 2017/2018 has not been fully implemented?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre

(CTCEC): No, that was implemented but it was not across the board raise, they were individual raises and as I understand it, individual raises are a matter for the entity itself.

The Chairman: I do not think so, but anyway.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I could be wrong.

Mr. Bernie A. Bush: Through you, Mr. Chairman: Is there a specific person in charge of HR or is the COO/CFO responsible for that as well?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The Human Resources Manager reports to the Chief Operating Officer and the Human Resources Manager has a position that reports to them—the Human Resources Administrator—for which recruitment is being done because the person previously in post left. So, to answer that, there is structure for HR that deals with HR matters.

Mr. Bernie A. Bush: So who handles conflict within the organisation?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The conflict resolution process we have in place takes place at each level of the organisation. For example, if there is a conflict between two—let us call them—line staff, and they do not resolve it between themselves the aggrieved member, whoever that is, brings it to the next level of the organisation to get it resolved.

If there is a conflict involving a member of staff and somebody who is in a higher position within the organisation, and they cannot resolve it within themselves... Because that is the first step: If there is a conflict between two individuals, whatever it is, whoever is aggrieved, should express what they are aggrieved to the person that aggrieved them and if that does not work, then they both need to come to the next level up. So it is throughout the organisation; if we were to say there is only one point of conflict resolution that would be incorrect.

Mr. Christopher S. Saunders: Sorry, Mr. Chairman, through you; just trying to understand the governance structure and expanding on what the Chairman was asking earlier.

With regards to the Deloitte study, originally you said Deloitte was brought in to do a salary survey but I am trying to figure out how the decision was arrived at to do away with the CFO or merging it into a COO position.

I am trying to understand the backdrop: Was that a Deloitte recommendation or what was the term of reference in terms of the engagement for Deloitte. What was it that they ultimately wanted?

Was it a separate decision that was made with regards to doing a COO role or was that a Deloitte recommendation?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, yes. It was a recommendation of the Deloitte consultancy that we needed to rationalise things like the expanse of control and so on. There were a number of positions reporting directly to the CEO. For example, there used to be a Chief Human Resources Officer and various things like that, that were part of Admin reported to the CEO, as well as several other executives. That was just one example where a change was made and the reporting structure changed.

There was another example in another executive level where many different things reported to the one executive and it was divided so now we have, for example a Chief Marketing and Merchandising Officer to whom the marketing, retail, and the food and beverage report to; a Chief Tourism Customer Experience Officer and customer service, lifeguards and tours report to them. Lifeguards, for example, used to report into a whole different entity—the Chief Infrastructure Office.

Many different changes were made and good rationalisation was made to create an organisation that runs better and it does.

Mr. Christopher S. Saunders: Mr. Chairman through you: The reason I am asking is so that I can understand because I find it very hard to believe that Deloitte—and it is possible, I am not saying it is not—a company of accountants, is going to basically go and remove a CFO role. One of the things that came out of the old Sarbanes–Oxley going back to the days of Enron back in the early 2000s was the important role of a CFO because outside of the normal operating role, one of the primary functions of the CFO is to safeguard the interests of the shareholders. That has always been something separate because the CFO is, in essence, the corporate snitch on management and management decisions.

So, in doing away with that role and incorporating it into an operational role, where a person is making operational decisions you have lost your corporate snitch. The shareholders, in this case, the government, has lost its corporate snitch who in essence, does not normally get too involved in the day-to-day decisions or management decisions but reports on whether those decisions make sense or not.

For ease of reference, would it be possible to provide this Committee with a copy of the Deloitte re-

port? I am curious to see how that governance came around. I am not saying that there is not a need for a Chief Operation Officer; I believe an organisation of this size with this complexity does require a COO—there are no ifs, ands or buts about that. At a minimum, I would have expected a Chief Financial Officer, a Chief Operating Officer and a Chief Executive Officer, but the loss of that corporate snitch to look out for the shareholders is of grave concern to me.

That is something we would like to take up with the board to understand because, one of the things with most boards to make them function effectively is that they normally would have these sub-committees. You have an HR sub-committee, which in essence would consist of your Chief Human Resources person; you would have your Finance sub-committee that would also have your Chief Financial Officer. The reason you have these sub-committees is that it gives senior management an opportunity to interact directly with the board outside of other senior managers to be forthright and straight forward with them.

I am just trying to understand the overall governance structure and then, seeing the challenges that we had with Turtle Centre, with regards to the internal controls, et cetera, naturally the governance would be a big part for us.

As I said before, I think the support of Turtle Farm—and I speak for most Members of this House—is marrow-deep because it is something that I think provides a very vital function to our country as a whole, but ultimately, one of the things we need to make sure of is the governance and the efficiency of that organisation, and that is what we are trying to determine here today.

I am not going to ask you to get into the Deloitte matter because that would have been years ago, but just to provide us with copy of the report so that we can get a better understanding of where Deloitte's head-space was when that recommendation was made. I find it very unusual for accountants to make an accounting position redundant from that standpoint.

Thanks.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, if I may respond. It might help illuminate some of this.

The decisions and recommendations that were made by Deloitte bore in mind that we also needed to keep efficiencies and cost efficiencies within the company. I will give you another example: Whereas normally we used to talk about a Chief Financial Officer, Chief Marketing Officer, Chief Sales Officer, and so on and so forth, that is where the decision was taken to combine certain functions and certain roles. So that is where the decision was taken.

For example as I mentioned, Chief Marketing and Merchandising Officer. So we do not have a separate CMO, but the CMO is a very important role but included under that and given additional responsibilities to that individual is also retail, food and beverage; likewise, what occurred with the CFO.

So, I do not want to leave any impression that the Chief Operating Officer's roles and its functions as incorporating the Chief Financial Officer were in any way diminished. In fact, it was enhanced, upgraded and has an even more extensive impact, in terms of its impact on the company and in terms of enhancing governance of the company and the ability to perform these financial reporting.

The Chairman: Can you send a copy of the Deloitte Consultancy report via your CO this afternoon, please?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Deloitte Consultancy Report.

Mr. Christopher S. Saunders: Mr. Chairman, sorry. I can understand the rationalisation for Sales, Marketing, Retail and all of that, but in terms of overall governance, like I said, going back to the CFO role of being that corporate snitch, is that—sorry, one second.

[Inaudible Interjections]

Mr. Christopher S. Saunders: Thank you, Mr. Chairman, sorry about that.

Going back to the overall governance, the CFO has always been the one independent role of management that directly deals with this because they are outside of a lot of the decision-making process but more on the analytic, et cetera. They have always been that independent voice. So in terms of losing that independent voice and increasing governance, I cannot see how it is possible, when the Chief Operating Officer, which is also by nature, a position that deals specifically on strategic direction or strategic implementation, and works very closely with the CEO because those two positions—the CEO and the COO who work very closely together and the CFO is basically the one that snitches them out.

So what you have now is the CEO and the COO working together and—the snitch—the CFO role is now incorporated into the COO role. That role has traditionally been the one that looks at the actions or inactions of the COO and the CEO.

That is what I am trying to understand because as it stands right now, the corporate snitch that we—the Members of this House and the Government, in terms of being the shareholders of Turtle Farm—have lost the snitch for both the CEO and the COO

and we need to understand where our corporate snitch is now.

We need to know where that person is because that is the position that we would have called here separately today and that would have said *well, these were decisions that were made by the CEO and the COO and this was my opinion or this was my disagreement with it*. Just as in any House committee, for example this Committee, the Committee can prepare a majority report, but if there is also the possibility for a minority report and that dissenting voice—which is normally from the CFO—is something that is missing from the governance such as the Turtle Centre and that is something we need to understand now—how is that going to work.

However, that is more something that the board should have been concerned about, not something for the CEO.

Going back to what the Chairman said, we are curious to see what the Deloitte recommendation for that one was.

The Chairman: I missed a question way back when.

There were two problems in the 2016, 2017, 2018 accounts: One was cash and accounting thereof and the other one was some procurement stuff, right?

In those procurements, who made the final decisions? Who signed off on those procurement decisions, was it the CFO, you as the CEO or was it the board?

What are your break-off positions, in other words, a department head can make procurement on \$1,000 up to—

[Inaudible Interjections]

The Chairman: Authority limits. And who would have signed off on these complicated procurements after they went on.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, again I am being cautious as to what I say because of this but—

[Inaudible Interjections]

The Chairman: Rephrase the question, then.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mm-hm.

The Chairman: In your organisation, what are your authority limits for procurement and who signs off on each one?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay, what we presently have is a situation in which—

[Inaudible interjections]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Let me say this and hopefully this is helpful: Back in 2019, a manager could have raised a purchase order up to a certain level. I do not have that number in front of me; it was a fairly low level, but it was enough that could accumulate to a substantial amount if you did various procurements over time and that was how it was done then. Now there are certain division of responsibility so—

The Chairman: Okay. In 2019 your manager signed off on all procurement, and there were no limits that promoted certain things requiring greater authority signature like a CFO or CEO or board approval?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): For example, where the limit required getting three bids, three local quotes, the manager could do that and the manager could submit...

The Chairman: What I am looking for is: Normally, when we bring people like you in, they can tell us *well, a manager can sign off on \$10,000 even though he is required to get three quotes. The CFO has to sign off on \$100,000; the CEO is necessary for \$250,000 and the board is responsible for anything above that*. None of that existed in 2019?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, Mr. Chairman, it did.

The Chairman: I am trying to find out what it was in 2019.

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, if you give me a moment. I need to refer.

[Long pause]

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chair, [I would need to refer back](#).

Unfortunately, the document that I have would be post the date of this issue. We want to go back to what existed then. I want to give you the right number.

The Chairman: Not a problem. You can send it by the COO when she comes at 2 o'clock this afternoon, okay? Not a problem.

Mr. Christopher S. Saunders: I have other questions, Mr. Chairman, but there are some things I need to get first, so can we reserve the right if needs be?

[Inaudible Interjections]

Mr. Christopher S. Saunders: Yes, thanks.

The Chairman: Mr. Adam, thank you very much for your time, sir, and we reserve the right to call you back depending on what other witnesses say, okay?

Mr. Timothy Adam, Chief Executive Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you, Mr. Chairman and thank you to the Committee.

The Chairman: The Committee is adjourned until 2 o'clock.

The meeting adjourned at 11:36am

Meeting resumed at 2:07pm

The Chairman: The Public Accounts Committee is called back to order and I invite the Deputy Serjeant to bring in the witness.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD. (CTCEC)

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth, and nothing but the truth.

The Chairman: Good afternoon, Mr. Sean Glidden. Mr. Clarke, can you bring me the paper, please?

Are you going to give evidence directly or you are only going to be supporting Ms. Peggy Hamilton? Is he going to be giving evidence himself or?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Whatever is needed.

The Chairman: Okay. In that case, I need you to repeat after me, okay.

ADMINISTRATION OF OATHS OR AFFIRMATIONS

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): Yes, Mr. Chairman.

The Chairman: I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth, and nothing but the truth.

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): I swear by Almighty God that the evidence I shall give to this honourable Legislative Assembly shall be the truth, the whole truth, and nothing but the truth.

The Chairman: Thank you very much.

Ms. Peggy Hamilton, let me take the opportunity to thank you for making yourself available to the Public Accounts Committee.

You would have been informed that today we are looking at the Annual Reports of the Cayman Turtle Conservation and Education Centre Limited for the years 2017, 2018 and 2019.

For both of you, Mr. Glidden as well, first question you answer, please give your full name and your title so that it is recorded in the Hansards.

Mr. Austin.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman.

On behalf of the Committee I, too, want to thank the witnesses for attending this hearing on the Annual Reports for 2017, 2018 and 2019 for the Cayman Turtle Centre.

I only have one or two questions for the witnesses but I think perhaps to the chagrin of some of the other members, I am going to start out with some compliments as represented by these annual reports which I think, whilst we can appreciate where Turtle Centre has come from, we must also pause to recognise how far they have come. I think that is important for the public record at the very least.

We see that by 2018 the Turtle Centre paid off its bank loan; the following year it paid its remaining debt and it is now debt-free.

We see that the Turtle Centre by 2019 has improving on its overdraft year on year, decreasing by more than \$1 million.

We see the annualised expenses for 2016 to 2019 decrease, albeit increasing slightly in 2019 and I suspect, with COVID we can probably expect a little bit of the same in 2020 but you are free to surprise me.

We see annualised revenue also being based primarily by 58 per cent admissions and again, that is

why I say, with the impact of COVID we expect to see quite a difference in the revenue and expenses column.

However, I think overall, the dependence on the government's capital contributions has halved, getting less, and we see shareholder equity increasing both by 6.4 per cent in 2018 and again by 15.4 per cent in 2019. I think all of those things are very, very, positive financials and I want to congratulate the team, Ms. Peggy, and Mr. Sean, on our behalf.

Ms. Peggy, just a question specifically; I wonder how you see your role and the responsibilities of your role as Chief Operating Officer, particularly against the backdrop that we learned earlier from the CEO that the responsibilities of Chief Financial Officer are somehow imbedded in your responsibilities as Chief Operating Officer.

How do you see your role and, specifically, how do you see your role separately from Mr. Glidden's role as Finance Manager?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you for the opportunity and thank you for the question.

My name is Peggy Hamilton and I am the Chief Operating Officer at the Cayman Turtle Conservation and Education Centre.

With regards to my role, I am at the executive level, so I am a Chief along with five other executives including the CEO. How I see my role is the oversight of corporate services in general, so I am responsible for all of the finance accounting matters, HR, IT and Administration.

I do absorb the CFO role inherently, because I do have oversight of finance and accounting. So I am performing that role as well and have a very active role within the all the financial matters and preparing for the audits.

Mr. Austin O. Harris, Jr.: Thank you.

Mr. Chairman, through you, just a follow up: We see from the Auditor General's findings that some of the going concerns financially of the Centre have been cost-overruns and minimal internal controls—which would otherwise seek to protect the organisation from some of the pit falls that have at least been alleged. Whilst we expect revenue to decline and not to see the centre fall back into a debt-laden era—now having come through that—what sort of cost-saving measures will you, or have you since, implemented as part of your participation in the organisation?

What internal controls, as highlighted as missing, what gaps as highlighted by the Auditor General's roles have been filled, and what sort of cost-saving measures can we expect to see from the Turtle Centre going forward?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you.

With regards to internal control improvements, since I joined in January 2018, we have certainly tightened the restrictions around cash. So our protocols now are that there always has to be two sets of eyes on every stage of the cash. So even going from the office to go pick up at the drop safe every day from the three revenue centres, there has to be two people and everything is recorded as it is lifted out of the drop boxes and signed off by both people.

We have an Accounts Officer who is responsible for reconciling the POS to the cash daily. We also have an armoured service pick up twice a week or depending on the frequency and need for cash.

We also added an extra position to the finance team that was needed because there was a gap between the accounts payable, accounts receivable and the Finance Manager, so we have a Finance Officer who is now responsible for digging into the General Ledger (GL) consistently reconciling all of the accounts and doing the bank recs on a regular basis.

With regard to the cost-savings, we have been really monitoring everything within my remit, so everything under IT, HR, administration, and accounting to try to streamline wherever I could. Since COVID hit in the last couple of months, I, along with another executive have formed a cost-efficiency team. So we have a team of managers that gets together regularly and looks at every area of the business where we can improve and find cost efficiencies.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman through you: Whilst we believe that it is important to obviously compensate your team properly, motivation, et cetera, all attached to it, we have noticed that the cost associated specifically with salaries has increased I think by a margin of 19 per cent year-on-year.

In her report, the Auditor General also acknowledged that there seemed to be an absence of some salary standardisations across the board. Can you tell us a little bit about first of all, that 19 per cent increase on salaries justified or otherwise but, more importantly, how does it play a role in those salary standardisations that are expected across the board?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay. Thank you.

With regards to the 19 per cent: On the 1st December 2018 the board approved a new pay policy guide. We looked at our current salary scales and revamped them and this was in consultation with Deloitte as part of the organisational structure, looking at how to set up a job evaluation committee.

It was all part of that study that they undertook. A part of it was the reorganisation of the company. The other part was the pay policy guide that was implemented with the new salary scales and this was all in accordance, as far as we are aware, with section 48 (2) of the Public Authorities Law.

With regards to the statement in the audit, that is in regards to the Public Authorities Law, section 47, in which all government departments will be under the same salary scale. We have been working alongside the Portfolio of the Civil Service (PoCS); we have provided all of the job descriptions and all the documentation that they needed and they have informed us that the consultant has now been hired and the work done to compare the two salary scales and make recommendations will commence early 2021.

Mr. Austin O. Harris, Jr.: Thank you, Mr. Chairman and I thank the witness.

The Chairman: You say that the salary adjustments were made in December 2018 with the board's approval based on the Deloitte Consultancy report.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The Deloitte Consultancy report helped us create a job evaluation committee which allowed us to then develop a new salary scale based on points.

We—the HR Manager, the CEO and I—took some of the recommendations that they made, looked at it and came up with what we thought were fair salary scales based on the methodology suggested. This pay policy guide was then presented to the board in November 2018 and approved to be implemented December 1st, 2018.

The Chairman: And you said that as far as you all are aware, that was done in accordance with the Public Authorities Law.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct. We are following Section 48 (2).

The Chairman: Okay, which is the section that says you must have Cabinet approval for increase in salaries and things like that.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The sub-section 1 of that says you need Cabinet approval for all cost of living adjustment; sub-section 2 says it is required for individual salary adjustments, which is the one we are following.

The Chairman: Okay, so you regard your multiple organisational resetting of salary scales as individuals, not a collective thing that would require Cabinet approval.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The way it was implemented, just by points and by positions. So we looked at it as an individual, knowing that we were in the process of completing the exercise with POCS to then abide by Section 47.

The Chairman: Have there been any salary adjustments since December 2018?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Only in accordance with our pay policy guide that was approved by the Board of Directors.

The Chairman: What is that pay policy guide? Is there some link to cost of living, or is it based on performance appraisal? What is the guide?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It is based on performance appraisals; there are a number of different areas that can be addressed for change in salary.

One of them is through the performance but because of the financial year, we also have it in our pay policy guide that if we did not meet our budget and cash flow was tight, then we reserve the right to not have that increase as well.

The Chairman: Okay. When you are making judgments as to whether your cash flow is tight or not, is it fair to say that the reason you have achieved the pay down of your debt is because of equity injection directly by government for that specific purpose?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Most of that was prior to my arrival; I only arrived in January, 2018 so I can only speak from 2018 and 2019 with regards to this.

The Chairman: But the subsidy given to the Turtle Farm in 2018, 2019 was also a subsidy for operational expenses, as well as debt service.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct; for both years debt service and operational.

The Chairman: You are not currently generating revenue to cover your expenses.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Not currently, based on the COVID-19 pandemic.

The Chairman: No; we are talking 2018, 2019.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct, yes.

The Chairman: So, in 2018 and 2019 you did not have sufficient revenue to cover your operational expenses so you needed government subsidy.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct.

The Chairman: Because the government subsidy was more than the debt servicing in both of those two years.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct.

The Chairman: Okay.

What initiatives have you put in place to try and improve revenue, not necessarily to expand the areas of revenue, but to enhance collecting the cost of those areas because if you have fallen short to the point where you need government subsidy for your operational expenses, my layman question would be, *well your pricing must be wrong for some of these things if you are not generating the revenue to cover the expenses.*

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes; we are looking at that and have actually made some price adjustments. That falls under the responsibility of the Chief Tourism Customer Experience Officer. He is the one in charge of all the admission pricing and the contracts with the cruise lines. He has increased all admissions, but of course we are waiting for the presumed resumption of tourism.

The Chairman: We have had some cash management problems in the past and I think your answer to Mr. Austin indicates that you put in place sufficient checks and balances now to prevent that from happening in the future, or at least be able to recognise if it is happening.

What have you done on the procurement side, in terms of introducing levels of control for procurement and who signs off and what are the dollar values?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): On the procurement side, our table of authorities internally working for managers, they can sign up to CI\$5,000.

Our internal policy is anything over CI\$1,000 and has to be with three quotes. It also has to be a budgeted item as well, to reach the \$5,000. Anything that is not budgeted has to be with my approval and the Chief Executive Officer's.

The Chief Officers—you know, the different executives—have a signing authority of CI\$10,000 and again, it has to be budgeted.

For anything over that amount, I can approve up to CI\$ 50,000 with the CEO's approval.

For the procurement side we follow the Procurement Law. We have an entity procurement committee of which I am the Chair and we look at all the different steps and we have our procurement manual. There was once the ability for a lot of managers to raise a PO through our financial system, and we have narrowed it down so only two administrative assistants can raise the PO. That same administrative assistant cannot set up a new vendor and a new vendor cannot be set up unless we have a Trade and Business Licence first.

The Chairman: Okay. And these sign-off levels existed in 2018, 2019?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): In 2018 these sign-off levels were implemented, yes.

The Chairman: Okay. So for any large procurement the CEO would have to sign off on it.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Well we always had—I am trying to remember the exact name—like a 'tenders' committee' that got switched in this year to the Entity Procurement Committee. So for capital expenditures, the CEO would not sign it off unless there was an entire committee that met and discussed it and approved it.

The Chairman: Okay. Mr. Glidden, what is your position?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, my name is Sean Glidden,

Finance Manager of the Cayman Turtle Conservation and Education Centre.

The Chairman: Are you a qualified accountant? What is your accounting qualification —CPA, ACCA, or what?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, I hold two Bachelor Degrees, one in finance and the other in administration.

The Chairman: So you are not a professionally qualified accountant?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): No, sir.

The Chairman: Okay.

[Pause]

The Chairman: Chris, do you want to take over?

[Pause]

The Chairman: I just have one more question.

The CEO indicated in his evidence that you now have the ability to calculate profit and loss from various cost centres like the shop and the scientific side. Is there any entity within the Turtle Farm that is making money or that has a profit?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Right now, it is the retail because we are getting a lot of support from the locals and they are actually covering their cost. So the retail is the only centre right now.

The Chairman: One other question on the procurement: The supplier for turtle feed has been the same for a long, long, time. I believe the new procurement legislation requires you to tender that now.

Are you going to take the option in the Procurement Law for single source supplier or are you going to tender it?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It is already tendered. It has gone through our Entity Procurement committee and I sent it through for the Public Procurement committee to put it on their agenda for December.

The Chairman: How many bidders did you have?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): One.

The Chairman: Pardon—only one?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Only one; which we were surprised.

The Chairman: And you all consider that a successful tender?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, we do not, unfortunately, but we were told, anecdotally, when we asked, that it was because of the whole COVID-19 pandemic and that other feed mills that were going to bid, ended up picking up more business because other ones, due to the COVID-19 pandemic did not have workers and became overworked and over capacity. So that is anecdotal; I do not know if it is true or not, but we only had one bidder.

The Chairman: In your professional judgment, do you think it needs to be retendered?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I put it forward to the Entity Procurement Committee and there was a quorum present at that—which are three—and the committee agreed to put it forward to the Public Procurement committee for their review because it was over \$250,000 threshold anyway. But the recommendation from the Entity Procurement committee was to put it through to the Public Procurement committee with the one bidder.

The Chairman: But what is the Public Procurement committee going to decide if you only have one bidder, or are you just asking them to comment on the process?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Well, they have to give approval and I have not been present at a Public Procurement committee meeting. So I am not sure what level of discussion takes place. I am not sure on that process.

Mr. Christopher S. Saunders: Through you, Mr. Chairman: First of all, I want to thank the witnesses for attending today. Out of curiosity, food and beverage servers, roughly what do they get paid per hour?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education

Centre (CTCEC): It depends on the position, but the servers are approximately \$11-something. Line cooks are around \$15 and of course they get gratuities on top of that, plus all their benefits—pension, health insurance.

Mr. Christopher S. Saunders: Okay, thanks very much.

One of the things that naturally jumped out, and I know that we probably have to walk on chalk line for what I am about to say because I understand it is before the courts. However, looking back at the issue with the procurement process where in essence, it was clear that there was a breakdown in the basic segregation of duties: the person ordering the goods, the person receiving the goods and the person paying for the goods should be separate.

I am curious: With the size of your responsibilities, how does the basic segregation of those three functions operate outside of the operations department?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Just to clarify: Do you mean the actual ordering and receiving of the goods per department?

Mr. Christopher S. Saunders: Yes. It is my understanding that the reason we had the problem that we have—and I think this is public knowledge—was because we paid for goods that we basically did not receive.

I am just trying to figure out where, along the line the finance department, would have paid for something but no one confirmed that they actually did not receive it. I am just trying to understand what process is in place now because generally those are different functions somewhere along the line.

In a small organisation you may have two people doing one of the roles, but you very rarely would find all three. So I am trying to figure out now just seeing what happened before and the lessons learned. What processes and procedures are in place now to make sure that those three functions are actually verified and someone is there accounting for it.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): So, in each of our revenue departments, the person ordering the goods cannot receive them, or if they do receive them because of a small staff such as food and beverage, they have to have a second person actually receiving the goods with them. So there is the ordering process, and of course it can only be from an approved vendor; if it is a new vendor it has to have a Trade and Business Licence so the Purchase Order is raised.

When the goods are received, it is received either by themselves and another person or two totally different people. For most levels of authority, for our retail purchases for example, there has to be the approval of the Chief Marketing and Merchandising Officer along with the Retail Store Manager. We try to keep the two sets of eyes policy on every step of the process in procurement and cash.

Mr. Christopher S. Saunders: Thanks very much for that.

Looking at the history of the Turtle Centre itself, where it appears that most of the breakdown generally comes about from collusion, which is very difficult to audit sometimes. Those two eyes—are they from two different departments or the same department?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): If they are receiving goods, it is from the same department, but when it comes to the accounts department then, it is a different set of eyes that look at it.

The Accounts Payable person makes sure that the invoice is there, the receiving slip is there with signatures and the Purchase Order is received, before she will send it for processing. Then we have the Accounts Officer who looks at it and puts together the payment batch, so it is a different person looking at it to see that everything is in order to make sure the Accounts Payable person did not miss anything.

Then the Finance Manager, Sean, he also looks at it before it goes through and then I also review it as well if there is an electronic payment batch and there is a batch that is sent; we started that process over COVID because of the lockdown, so we got rid of cheques. Then there is a batch sent and I review it and check the back up as well and then when it goes to electronic signatures, then the CEO and another “A” signature, which is another board member, also has to review it and sign off on it.

Mr. Christopher S. Saunders: Okay, thanks very much for that. Now, that sounds good on paper, in theory, and in practice but, unfortunately, the Turtle Centre history is that that is not what has happened and that is what we are trying to figure out in terms of where the breakdown was.

Now, I do recognise that some of these things happened before your arrival, but I also recognise that some of the weakness or the people who were asleep at the wheel are still there. So at the end of the day, while you may have brought a fresh set of eyes and fresh energy, the reality is some of the culprits in the past, where the incompetence was in the past, are still there.

I am trying to figure out what processes or procedures that you put in to basically safe-guards against what has happened.

In the past, we have had Managing Directors giving themselves pay increases without board approval. In some other places if anyone did that, it is called theft. It has been that kind of history throughout and like, I said, fortunately you have come on board an organisation that is plagued with many of these deficiencies and short-comings.

What I am looking for is the change in the culture, so while I recognise that you would have brought something new to the process and procedures, there is that underlying culture that we need to make sure is not still there at this point. That is what we are trying to flush out from this Committee.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Thank you for that.

I guess the way I see it is that we are on a journey of continuous improvement and that is my mission, to continuously improve all internal controls. Try to get it so that hopefully one day we will not be reliant on EI subsidies or injections.

Everything we put in place is reviewed and monitored, and I check the GL accounts. We have a checklist now which was not in place before for every month end so every person knows the part they have to play and the accounts they have to reconcile and then I am responsible as well for making sure all those steps are completed. Then I have the final review of all the monthly accounts before they are sent to the board of directors.

I also attend the board of directors meeting to answer any questions that they might have on any accounts, anomalies, or anything that they want to question me on.

Mr. Christopher S. Saunders: In your role, having been there now a little over two years, what do you see as the biggest risk items that would probably keep you awake at night?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The ones that did keep me awake at night I think have now been resolved.

Mr. Christopher S. Saunders: What are those, if you do not mind me asking just for clarity?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Just from what you read in the Annual Reports, the cash anomalies and the procurement irregularities. So, of course, I came in January 2018, and the cash was discovered within a couple of

weeks from when I started. Those were the things that kept me up and making sure the internal controls were in place.

While I do not think we are finished—because I think continuous improvement is just that, continuous—I will never be satisfied; I just want to continue to improve the internal controls.

I sleep a lot better at nights knowing that I am doing everything I can to continue to point the company in the right direction and have a culture of accountability. That is what I am trying to help instil.

Mr. Christopher S. Saunders: One of the things that jumped out on my radar with regards to the old weaknesses in the finance function—and I will just address them as weaknesses—is that this was one of the entities that were actually audited by an outside entity. It is my understanding that the person who was actually in charge of finance previously worked for the outside entity that was auditing them.

I am wondering now, bearing in mind, are we now looking at that to make sure that the persons that we have in finance are not from the same background as the people that are auditing? These are the kind of independence issues that popped up and I can tell you that some feedback I received from people previously on the board, was that they were very uncomfortable with that relationship from that standpoint. So, what is being done now to safeguard against those kinds of issues?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I am assuming you are referring to the prior CFO. Again, he was gone before I started and I am aware of his connection with an auditing firm.

For me, I guess, it is just because I have oversight of finance. I am a Chartered Professional Accountant, I have a Bachelor of Commerce Co-Op; I have many years of general management experience—I ran a 148-room hotel with three F&B (food and beverage) outlets for five and a half years. I was the Director of Finance and Human Resources for an airport authority and my last position before moving from my island, which is Newfoundland in the middle of the Atlantic to this nice, warm Island in the middle of the Caribbean, I was regional director for Newfoundland Labrador Housing, which is an affordable and public housing. So I am quite familiar with provincial government and federal government laws and authorities.

Canada is very much under the British system so I am familiar with that. So from that point of view, I can only speak to my qualifications and what I bring and my experience and I cannot comment... I came up through the Certified Management Accounting route and then, of course, Canada had a lot merger of

the Charter of Professional Accountants. So I have a great deal not only of accounting, but extensive executive and management experience as well.

Mr. Christopher S. Saunders: I am looking at the Deloitte plan that was sent through with regards to the number of FTEs. They have, I think, 92 or something that was considered within their structure, but I notice that at the end of 2019 we had like 108, which is 16 above what Deloitte recommended.

In terms of the actual optimum level of employees and to get to that max efficiency, where do you eventually see the FTE count to be? Because there is a big jump between 92 and 108; I mean, that is quite up there. I am trying to figure out what is driving in the FTE count to be well above what the professional recommendation was.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Right now we have 98 employees so we are sliding backwards, but from my understanding, a lot of the additions are just from the growth in the tourism sector. We needed more people with tours, more dispatchers on the peers because of the coordination that goes on there, as well as F&B.

Then we have had more events and we are trying to streamline more events and open more outlets to increase the revenue, so it is more on the revenue generation side; and the education, because we are conservation and education, we did add a position of Education Programmes Officer which is under the curator, who is responsible for that because again, we wanted to focus on the education piece. Then there were other restructuring changes as we went along, and of course the Accounts Officer that was well-needed in the finance team.

With regards to a perfect number, we are still working our way through that because of this whole COVID-19 and we are doing a ton of cross-training; everybody is really pitching in and helping out wherever we can so, until I guess we figure out what the new tourism levels will look like, I do not think we can really answer that question yet.

Mr. Christopher S. Saunders: No problem.

I notice that between 2018 and 2019, in 2018 the total advertisement spend was just over \$339,000 and by 2019 it actually dropped by over \$60,000 to just under \$279,000.

I am curious to know what the thinking or the strategic direction was, in terms of dropping the advertisement by at least 18 per cent; that is on page 46 of the 2019 report and page 35 of your 2018 report.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): While I am not responsible for that

because it is under the Chief Marketing and Merchandising Officer's Portfolio, from my understanding it was we had a change in personnel, so we had an Acting Chief Marketing Officer. The restructure came the Chief Marketing and Merchandising Officer and then we had a Marketing Manager, so the Marketing Manager, the new person that came on board, most of the reductions were through looking at all of the contracts that were previously signed and getting the ones that she felt at that time that we were not getting return on the investment. So really, trying to streamline and get the return on investment for the advertising spend.

Mr. Christopher S. Saunders: Okay; thank you very much.

I notice that the retail operating expense actually went up between 2018 and 2019 and you said that was one of the areas that is actually paying for itself, so is it fair to assume that the increase in cost was pretty much—I know it is not personnel cost because that is accounted for separately. I am just trying to figure out what would normally go inside the retail operating expense line that would have driven the cost up that much; is it merchandise or...

I am just trying to figure out what goes there.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It was a change in product mix and merchandise in 2018.

Mr. Christopher S. Saunders: Okay.

The Chairman: Getting back to the restructuring at the top.

Unfortunately, though we asked the CEO to send us a copy of the Deloitte report, what he sent us is a draft of a report which is basically dealing with the organisational structure and organisational changes. Specifically we were looking for the rationale for combining CFO and COO, et cetera.

The question I want to ask you is: Was the restructuring done on this draft report or on a final report? His e-mail indicates that he does not know whether you all got a final report or not.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Again, all that re-structuring was concluded before I started. That was a decision made in 2017 and from my understanding I was the first hire of that restructure.

The Chairman: So you have not seen the Deloitte report? You are not operating from the recommendations made by Deloitte?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I have seen the report, yes.

The Chairman: Is it a draft report or is it the final report?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Adam is checking with Deloitte. I actually called them as well and they were trying to remember if the one that is marked “draft” is actually the final. They were trying to determine that.

The Chairman: This was done complimentary or what?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No. I just do not know whether or not they actually sent one that was marked “final” and I was not involved in that process, like I said.

The Chairman: But do you understand my predicament? All of this could have changed in a final report; we do not know. It is a little troubling to me that the board and the management of the Turtle Farm are implementing recommendations contained in a draft report. You would expect that a draft report was a report that was submitted for management to comment on and then you go back and do a final report based on what management said they had the resources to implement out of what was there. That is rather troubling.

How many people were given this salary increase as an individual award?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It was not an individual award.

Every position was ranked in terms of the job evaluation committee that was formed and trained by the Deloitte consultants and they were awarded points by the position and then the individual within the position would have received a change in salary based on the new points and the new salary scale.

The Chairman: My understanding of section 48 of the Public Authorities Law and I am getting old but I believe that section 2 was only put in the law to allow government agencies to award increments within salary bands to individuals who had completed a year or got a special appraisal.

I do not think it was ever intended to cater for large scale, top-management restructuring, reassigning and re-evaluation of positions. I believe that you would require Ministry and Cabinet approval for that

kind of across the board adjustments. We will have to take that up with the legal people, but...

Mr. Bernie A. Bush: Okay. Through you, Mr. Chair: The Chairman just asked you how many and once again you reverted to saying individuals.

Can we then say there are only a certain number of people at the top who got these pay rise? Can we say that, then? We are not going to discuss whether it was a group of people or individuals, but the people who got these pay rise were at the top?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No. It was all levels of the organisation.

Mr. Bernie A. Bush: Okay. Can we say that as COO you have oversight for HR?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct.

Mr. Bernie A. Bush: And you have oversight for IT.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Correct.

Mr. Bernie A. Bush: And then you also chair, as you said just now, the Procurement committee?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The Entity Procurement committee, yes.

Mr. Bernie A. Bush: Yes, okay. The CEO was here earlier and he said something about—Mr. Chairman?

Mr. Chairman, through you, was it seven things. . .

The Chairman: That was referring to the conditions under which people were paid during COVID and that they were given seven options.

Mr. Bernie A. Bush: Can you list those seven options for us, please?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I would have to think about it off the top of my head; I do not have them written down. This is in relation to whether or not. . .

The Chairman: Just to be safe you can submit them by e-mail.

Mr. Bernie A. Bush: Yes.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay, will do.

Mr. Bernie A. Bush: Thank you, Mr. Chair but through you: Were people told that they had to take their vacation and get paid for it during the COVID time?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): That was one of the seven ways; if they chose to take annual leave or personal leave, or whatever leave applied at the time. They had a choice.

The Chairman: Mr. Jefferson, are you listening?

Mr. Bernie A. Bush: Hold on a second, Ma'am. I want you to repeat that so the Chairman can hear it.
Could you repeat that, please?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): That was one of the seven ways in which they could earn hours, was to take their paid leave which is in the form of annual vacation or their personal or any other leave that was applicable to them and their circumstances as approved by their line manager.

The Chairman: Did anyone take that option?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes, there were several.

The Chairman: Okay.

Mr. Bernie A. Bush: They were not given much choice.

The Chairman: When they were given that option, were they required to make an application for leave?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Through their line manager; not all of them had access to LightWork, which is our time-keeping system, because normally you have to go into LightWork and apply.

We did work with our providers to get it to a point that it was an app on your phone that you could use. So once they could access it, they did so during the process and if they did not, they did a request through their line manager.

The Chairman: Okay. Well, I do not know how to say this now.

[Inaudible Interjections]

Mr. Bernie A. Bush: Okay. When there is a position, there is a job description for it; how often do you change a job description to suit someone or what would cause you to change a job description?

You would have John Doe working as a server. Suddenly you decide you are going to release John Doe but you change the job description to fit someone else coming in. Does this happen and has it happened?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): To my knowledge, during my time of being involved in recruitment, I am not aware of it happening and the only time the job description is changed is when we revisit it and are missing components which the Portfolio of the Civil Service requires.

There are certain components that need to be contained in each job description, so we do that. If we decide to restructure—which we have done on different occasions based on the needs of the business—and a new job description needs to be created, that job description then goes to the job evaluation committee, of which I think there is like six or seven members, each of them has a voice to score each of the components, with regards to the job evaluation training that they all undertook. Then it is a consensus to arrive at the amount of points for any new job description and then that determines the salary scale; so there is a complete process that we do.

Mr. Bernie A. Bush: Last but not least, I have heard you repeat over and over about training these people in different positions to be able to do this. Has there been any—I will use a diplomatic word—sensitivity training, that when you top people, talk to the people below, there is not a bullying element to the way you deal with the staff?

Is there anything to show you to do it and how to take into consideration that, as the CEO or some of the people that have been hired at the bottom there is a right way to talk to those types of people?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): We do not have a specific policy on how to talk to people; we are against any type of bullying activity. We do have access to Degreed, which is the online programme that the Civil Service uses for all their training and we have made those courses mandatory for all new employees; the Anti-Fraud and

different ones that speak to what you have just spoken to.

We have also implemented a conflict resolutions policy, so if there are two people in conflict there is a whole chain of command of how it is resolved all the way up to the Chair of the board so I am not aware of anything. I have an open door policy, so I get lots of conversations and if there is an issue, then we follow the right protocol and try to get it resolved.

Mr. Bernie A. Bush: If staff has a problem they cannot resolve with you, who would they go to above you?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): They would go to the CEO.

Mr. Bernie A. Bush: Okay. That is it, Mr. Chairman. Thank you.

The Chairman: Not to leave you out, Mr. Glidden. As a Finance Manager, the CEO indicated this morning that you are now the person responsible for the cash balances and bank reconciliations. Do you want to take us through the processes that you use to ensure that they are accurate?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): Yes, Mr. Chairman.

The way that we are doing it currently, and the processes that the CEO and Ms. Peggy have stated, is that we have now hired an Accounts Officer who performs the bank reconciliations and then I review those bank reconciliations to ensure that they are done properly and in a timely manner.

The processes that we have in place now are that, as Ms. Peggy has stated, we have two sets of eyes on everything, which we did not previously and we were also short a staff member in my department to be able to do that function. With the hire of the Accounts Officer, we now have the capability of having two sets of eyes on everything, on every process that we have in place.

The Chairman: What documentation do you require to substantiate the cash balances, or do you just check the figures?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): We have several things that we utilise: We have the cash out reports that are done on a daily basis that are reconciled by the Accounts Receivable Officer and then double-checked by the Accounts Officer; I review those reports to ensure that they are signed.

All deposits that are going to the bank are signed off by me. I ensure that I review the report of daily cash that has been collected to see what the sales report states and the amount of cash that is being deposited. I sign those reports now.

The Chairman: Are you satisfied that there is sufficient documentation, whether it is a point-of-sale or whatever that accompanies the cash to you are accurate and cannot be altered and tampered with before you review them?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): Mr. Chairman, the current reports—

The Chairman: Yes, go ahead.

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): The reports that we have do give us the detail of what the cash should be and it is then matched actually to the deposit slips themselves that are actually sent off to the bank. That is what I am actually signing off.

I actually sign off to verify and I look at the deposit slips myself and the cash and verify that they are equal to the report and that they are then placed into the bag that is sent off to the bank.

The Chairman: In your point-of-sale, how often do you do an inventory check to determine that the number of items that, say, have been sold, are correct and that they are not other items that are gone out of the inventory but you do not have a sale sheet for. Do you do those kinds of checks on a regular basis as well?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): We do those; we do a spot-check on inventory on a monthly basis and we also do a spot check on their cash registers basically the cashiers' floats, on a regular basis now.

We spot-check inventory for retail and also we spot-check the inventory for food and beverage and those reports then are done. We also do an inventory count as well, more often than just once a year.

The Chairman: Does your point-of-sale item adjust your inventory according to sales or how do you spot-check your inventory against your sales?

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): We spot-check based on the items that we have selected at random, and then we spot-check on the inventory of those items. If you are asking if the reports show the items that are sold, yes, we have a

report that can show the items that have been sold and then we can also reconcile those back to the sales as well—if that is what you are asking, Mr. Chairman.

The Chairman: When you say you spot-check certain items, how do you select those items and are they rotated to ensure that all items are checked at least weekly? Because you could just be not checking the right item and \$200,000 has been sold in that month and you would not know.

Mr. Sean Glidden, Finance Manager Cayman Turtle Conservation and Education Centre (CTCEC): No, Mr. Chairman. What we do is: The item itself that we select at random so I look for high-dollar items that we spot-check more often than the lower-end items and so with the number of items that we have in inventory, Mr. Chairman, those items would be very difficult to check every item unless we do a full inventory count.

The Chairman: Mr. Chris.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman. Just so I can fully understand the HR process: Looking at page 58 of the 2019 report, I notice the staff turnover is 19.4 per cent for 2018 and 18.7 per cent for 2019, and the CEO in his testimony gave a breakdown in terms of termination, natural attrition, redundancy, et cetera.

I am just curious from HR management standpoint, what do you find to be the biggest issue with regards to keeping staff because this is actually quite high in terms of turn-over.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Our turn-over has been high in 2018 and 2019 and there is a combination of terminations and voluntary resignations.

The terminations are due either to failure to perform or misconduct issues. I think that attributes to our HR Manager who has been there since August 2018, really instilling the disciplinary process and having all managers understand that it is not a negative thing, it is meant to teach and really, getting the message out there of doing the proper discipline and going all the way of all the channels and also making sure that people are held accountable, if they are not fully performing their role to have those conversations and implementation if necessary.

So part of that turn-over is I think a stronger HR disciplinary accountability culture and then the resignations are just through people leaving to go to different companies or their own private reasons for their own work/life balance or what have you.

Mr. Christopher S. Saunders: In terms of performance evaluation, how regularly are those done?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): On a formal basis they are done semi-annually but we encourage all managers to have the weekly meetings and monthly chats. Some of them—like food and beverage and retail—have their daily line-up so they quick chats with everybody to start off the day. We are trying to increase the communication.

Mr. Christopher S. Saunders: What is the process for an employee to receive a salary increase?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It has to be stated as one of the reasons in our pay policy guide that was approved by the board.

Mr. Christopher S. Saunders: How is the recommendation made; is it made via the manager?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes. There is a salary recommendation form that we use; the starting point would be the line manager putting the justification on the form. If that is approved, then it gets sent to their executive then their level of approval. Then it goes to the HR Manager, then it goes to me, then it goes to the CEO.

Mr. Christopher S. Saunders: Okay. And in the event, let us say for example, the CEO was to get a salary increase what is the process for that?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The proper process for his salary increase is to go to the board. The Chair would have to bring it forward to the board.

Mr. Christopher S. Saunders: Okay. Were there any salary increases in 2019 at the senior management level?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Yes.

Mr. Christopher S. Saunders: Okay. Were those salary increases were all approved by the board?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): There is a matter that is not en-

closed in here that we have been in consultation with our auditors and we are currently in the process of rectifying. So I would rather not comment on that because it is not contained in any of those Annual Reports.

Mr. Christopher S. Saunders: Well, unfortunately, in this Committee it does not work like that; I hate to disappoint you.

The reason I raised that issue is because in the past we had a Managing Director at the Turtle Centre who gave himself a pay increase without any board approval and that person ended up being—was he terminated or he resigned? Which was it?

No, he actually resigned but it was a big issue back then. So, recognising that we have had that issue in the past where the Managing Director gave himself a pay increase without board approval, I am wondering now... This is why we have these meetings. Do we now find ourselves in a situation where there have been increases at management level without board approval?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I am aware that there were increases given without board approval but under the remit of the pay policy guide which was approved by the board. There was a misunderstanding by a member of the HR department of how to give an increase. It was a misunderstanding of a certain section of that pay policy guide and that has since been addressed, but I am not aware of ever the Managing Director or CEO giving himself an increase.

Mr. Christopher S. Saunders: Going back then to the sign-off process, because what you just explained a while ago is that any of these pay increases would be signed off by the CEO. So I am curious now, with regards to the CEO, he would have signed off his own pay increase?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): No, he would not. That would have gone to the board. There was some issue around the proper form.

Mr. Christopher S. Saunders: But going back to your earlier testimony then, if that is the process that your team has in place to process any pay increases, the question then is: Could that payment have been processed without all of those requisite documents being signed?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education

Centre (CTCEC): Yes, but were consequently found, addressed and rectified.

The Chairman: How long before it was discovered? How many months?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): It depends; some within a matter of two months.

The Chairman: And some were six months.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Some were six months. Well, the culmination of all that was [inaudible]

Mr. Christopher S. Saunders: You see, I will tell you exactly where my line of questioning is coming from: It is the concept of doing away with the corporate snitch which is the CFO. Normally there is a board finance sub-committee that the CFO would sit on and the CFO has been the check and balance between the CEO and the COO within that whole C-Suite environment.

Now, you as the CEO, and I do understand from people who have interacted with you they have actually found you to be—the exact words I will use is—switched on, which is actually complementary for where we are coming from. They basically speak highly of you from a professional standpoint but at the same time, as I said, I do recognise that you have inherited an organisation with a culture that is quite embedded.

What I am looking for is to make sure that that corporate snitch is now missing... The reason why it is even a bigger problem for me is that the previous corporate snitch that should have been doing his job as a corporate snitch did not do it and that is missing, and the major shareholder of the Turtle Centre is still the Cayman Islands Government and in essence, the Cayman Islands people, which we are exercising through this Committee here today.

What I am trying to get to the bottom of is: When is that culture leaving the Turtle Centre?

That is what I am looking for because if there is a situation where the CEO basically got a pay increase without the board's approval, then that is a major problem and that is one of the reasons the Public Authorities Law was brought in; because many of those Government entities were going crazy, in terms of some of the salaries and the processes and everything else.

What I would like from the Auditor General here today, is to know if there were any pay increases to senior management team and to basically have that looked at separately because I do have serious con-

cerns with regards to the governance and I would hate to know that the CEO or anyone else on the chief level receive salary increases without board approval. I will tell you, that is something that requires a whole different conversation with a different set of people from the legal background because that cannot happen, it cannot fly—not in this day and age.

That is what I need to ensure. It is because of that culture that we have at the Turtle Farm, why this entity is actually here today and it is that governance issue.

Now, I do recognise that you have inherited a culture that unfortunately was there before you and you are just one person basically to skate uphill, in terms of an organisation, with a lot of different governance issues. That is the reason we wanted to have this conversation today. Some of the deeper questions that I have must be done at the board level, and ultimately that is where we will take it from but, we will deal with that tomorrow.

Mr. Bernie A. Bush: Yes, Mr. Chairman, through you: Can you advise this Committee what is being done now to help the staff who do not have any gratuities coming in and are taking home practically nothing? Is anything being done to help those staff?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): We already pay well above the minimum wage for the ones that would receive gratuities, which are the servers.

They are being paid over \$11 an hour, where most in the industry are \$6 or less. So yes, there is gap right now with their gratuities, but what we are trying to do is have as many events and try to introduce new things that people want to come to, so that their gratuities will at least increase as much as possible with the guests that we have.

The Chairman: I have a question: A while ago you said that those salary increases were a mistake made by the HR person. Has that adjustment in the salaries been made? In other words, have they had to pay back the salaries that they inadvertently got by someone's mistake?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): The board is dealing with that on a board level, so we brought it to the board's attention.

This was something that was—I am sorry, but I disagree, I guess with the 'corporate snitch'. My philosophy is more oversight of deficiencies and internal controls. So I still see myself with that role so that was something that I discovered that was not done quite the way it should have been.

This was brought to the CEO and the board's attention so it is handled at the board's level.

The Chairman: Certainly that is not a matter for the board. The CEO should be able to tell the staff, even if it includes him, that you got this unintended salary increase, shall we say, or this mistaken salary increase for x number of months, *I am sorry, but you have to pay it back* and maybe not take it off in one lump sum, but we will give it back to you over the same whether it was a two-month or six-months period you got it, but what decision is the board going to make on that, to grant it retroactively? Is that what is being recommended to the board?

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): I would prefer if you spoke to the board on that.

The Chairman: Oh, they are coming tomorrow, Ma'am, trust me.

Ms. Peggy Hamilton, Chief Operating Officer, Cayman Turtle Conservation and Education Centre (CTCEC): Okay. So I would prefer that you leave it with them. I just know it was brought to the board level and there was full disclosure on the issue.

The Chairman: Okay.

Thank you very much Ms. Hamilton, we really appreciate your forthrightness and we wish you luck in trying to get the necessary controls put in place in that environment that Mr. Chris just referred to. Mr. Glidden, we also want to thank you for coming in by zoom. God bless you all until we meet again.

The Committee is adjourned until 10 o'clock tomorrow morning.

At 3:15 pm the Public Account Committee Meeting stood adjourned until Thursday, 19 November 2020 at 10:00 a.m.