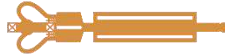




PARLIAMENT
OF THE CAYMAN ISLANDS



**PARLIAMENT OF THE
CAYMAN ISLANDS
2025-2026 Session**

REPORT
of the
**STANDING
PUBLIC ACCOUNTS COMMITTEE**

*on the Report of the
Office of the Auditor General:*

***FINANCIAL REPORTING OF THE CAYMAN ISLANDS
GOVERNMENT: GENERAL REPORT ON THE
RESULTS OF THE 2024 FINANCIAL AUDITS 31
DECEMBER 2024 (OCTOBER 2025)***

Laid on the Table of Parliament on this day of , 2026

REPORT OF THE STANDING PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE OFFICE OF THE AUDITOR GENERAL

“Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)”

1. REFERENCE

The Standing Public Accounts Committee (“PAC” or “the Committee”) of the Parliament of the Cayman Islands, established under Parliament Standing Order 97 (2025) and the Cayman Islands Constitution Order 87 (2009), met to consider the following Report of the Auditor General, hereinafter referred to as “the Report”:

- ***Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)***

2. DOCUMENTS CONSIDERED

In accordance with the provision of Parliament Standing Order 97(3) (2025), the Committee considered the Report which was referred in the House of Parliament. The Committee also considered testimony provided in a public hearing to the Committee by the Chief Officer, Ministry of District Administration & Home Affairs; Former Chief Financial Officer, Ministry of District Administration & Home Affairs; Chief Officer, Ministry of Education and Training; Chief Financial Officer, Ministry of Education and Training; Acting Chief Officer, Ministry of Health, Environment and Sustainability; Chief Financial Officer, Ministry of Health, Environment and Sustainability; Chief Executive Officer, Cayman Islands Health Services Authority (HSA); Chief Financial Officer, Cayman Islands Health Services Authority (HSA); and the Deputy Governor, The Office of the Deputy Governor.

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of Parliament are the present Members of the Standing Public Accounts Committee as of 16th January, 2026:

- Mr. Roy M. McTaggart, JP, MP – *Chairman*
- Mrs. Julie J. T. Hunter, JP, MP – *Member*
- Hon. Kenneth V. Bryan, JP, MP – *Member*
- Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
- Hon. G. Wayne Panton, JP, MP – *Member*
- Mr. Christopher S. Saunders, JP, MP – *Member*

The Clerk to the Committee is Ms. Tishel McLean.

4. MEETINGS OF THE COMMITTEE

The Committee held four (4) meetings to consider the Report and the Committee’s report on:

- 2nd October 2025 (Administrative Meeting)
- 14th January 2026 (Administrative Meeting)
- 15th January 2026, continued on the 16th January 2026 (Hearing)
- 19th January 2026 (Administrative Meeting)

5. ATTENDANCE OF MEMBERS

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

6. PERSONS IN ATTENDANCE

In accordance with Standing Order 97(7), the following persons were in attendance at the meeting held with witnesses on the 15th and 16th January 2026:

- Mr. Patrick Smith – Auditor General, Office of the Auditor General
- Mr. Winston Sobers – Deputy Auditor General (Financial Audit), Office of the Auditor General
- Ms. Brenda Kyomugisha – Audit Project Leader, Office of the Auditor General
- Mr. Michael Nixon – Acting Financial Secretary, Chief Officer, Ministry of Finance and Economic Development
- Mr. Matthew Tibbetts – Accountant General, Ministry of Finance and Economic Development

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 97(3), the Committee invited persons to give information and explanations to assist the Committee in the performance of its duties. The following persons appeared before the Committee to give evidence on 15th and 16th January, 2026:

- Mr. Michael Ebanks: *Chief Officer, Ministry of District Administration & Home Affairs*
- Mr. Carrol Cooper: *Former Chief Financial Officer, Ministry of District Administration & Home Affairs*
- Ms. Cetonya Cacho: *Chief Officer, Ministry of Education and Training*
- Mrs. Denise Hutchinson: *Chief Financial Officer, Ministry of Education and Training*
- Ms. Bobeth O’Garro: *Acting Chief Officer, Ministry of Health, Environment and Sustainability*
- Mr. Troy Claxton: *Chief Financial Officer, Ministry of Health, Environment and Sustainability*
- Ms. Lizzette Yearwood: *Chief Executive Officer, Cayman Islands Health Services Authority (HSA)*

- Ms. Sheila Thomas: *Chief Financial Officer, Cayman Islands Health Services Authority (HSA)*
- Hon. Franz Manderson: *Deputy Governor, Office of the Deputy Governor*

Though not called to the hearing, the following persons accompanied the witnesses to the hearing:

- Mr. Mark Ray – *Director, Department of Education Services*
- Mr. Ibimitomi Ogbe – *Senior Project Manager, Ministry of Education and Training*
- Mr. Craig Maitland – *Facilities Manager, Department of Education Services*
- Mr. Richard Wildman – *Deputy Director, Department of Education Services*
- Mr. Clive Baker – *Project Manager, Ministry of District Administration & Home Affairs*
- Mr. Wayne Riley – *Project Manager, Ministry of Planning, Lands, Agriculture, Housing & Infrastructure*
- Mr. Christen Suckoo – *Chief Project Leader, Office of the Deputy Governor*
- Ms. Amanda Stone – *Vetting Officer, National Secure Vetting Unit, Office of the Deputy Governor*
- Ms. Shanelle Lalor – *PMO Project Manager, Office of the Deputy Governor*
- Mrs. Teresita DaSilva – *Senior Policy Analyst, Office of the Deputy Governor*
- Mr. Elroy Bryan Watler – *Acting Deputy Chief Officer, Ministry of Education and Training*
- Mr. Jerome McCoy – *Deputy Chief Officer, Ministry of Education and Training*

8. PRACTICE AND PROCEDURE OF THE COMMITTEE

The Committee agreed that in accordance with the provisions of Parliament Standing Order 97(5) (2025), all meetings at which witnesses are invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.

The Committee also agreed for all witnesses to be sworn in, either by oath or affirmation, prior to giving testimony.

9. GOVERNMENT MINUTE

The Public Accounts Committee wishes to draw Government’s attention to Parliament Standing Order 97 sub-order 6 (2025) which reads:

“The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates.”

The Committee expects the Government to honour the requirements of this Standing Order and that includes responses to the Office of the Auditor General’s recommendations that the PAC endorses.

10. PAC OBSERVATIONS AND RECOMMENDATIONS

Per section seven of this report, the Committee heard from nine witnesses at the Hearing held on 15th and 16th January 2026: Mr. Michael Ebanks: Chief Officer, Ministry of District Administration & Home Affairs; Mr. Carrol Cooper: Former Chief Financial Officer, Ministry of District Administration & Home Affairs; Ms. Cetonya Cacho: Chief Officer, Ministry of Education and Training; Mrs. Denise Hutchinson: Chief Financial Officer, Ministry of Education and Training; Ms. Bobeth O’Garro: Acting Chief Officer, Ministry of Health, Environment and Sustainability; Mr. Troy Claxton: Chief Financial Officer, Ministry of Health, Environment and Sustainability; Ms. Lizzette Yearwood: Chief Executive Officer, Cayman Islands Health Services Authority (HSA); Ms. Sheila Thomas: Chief Financial Officer, Cayman Islands Health Services Authority (HSA); and Hon. Franz Manderson: Deputy Governor, Office of the Deputy Governor.

On review of the Auditor General’s Report, *Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)*, together with critical analysis of witness testimony from the witnesses listed in section seven of this report, the PAC strongly endorses and supports the six recommendations made by the Auditor General in the Report.

The PAC makes the following recommendations:

1. Ministry of Finance and Economic Development should provide mandatory training for Chief Financial Officers, Deputy Chief Financial Officers, and finance staff across all public bodies within six months of this report, with the aim of improving the quality of financial reporting and reducing the number of post-submission adjustments in all future financial statements.
2. All public bodies should immediately comply with the Procurement Act, Procurement Regulations and other relevant Central Procurement Office guidance.
3. The Cayman Islands Airport Authority and Ministry of Health, Environment and Sustainability should work together with the Office of the Auditor General (OAG) to develop audit backlog elimination plans within sixty days of this report.
4. Ministry of Finance and Economic Development (MFED) should review and update the current EPS action plan to include clear timelines for rectifying the outstanding qualification points, by 31 May 2026, and submit this to the OAG and PAC. MFED should update the action plan regularly providing quarterly updates to the OAG.
5. The Health Services Authority should review its inventory management controls, and remediate all identified deficiencies within three months of this report. The Authority should

conduct a follow-up assessment within six months to confirm full compliance to the PAC and OAG.

6. The Ministry of Health, Environment and Sustainability should finalise and publish the national healthcare strategy within six months of this report.
7. The Health Services Authority should develop and implement a cost accounting framework and accurately determine the cost of delivering healthcare services within six months of this report. The framework should identify any loss-making services, and be used to inform decision-making, including resetting prices, to ensure the Authority is financially sustainable.

11. WITNESS UNDERTAKINGS

Per section seven of this report, the PAC heard from nine witnesses at the Hearing held on 15th and January, 2026: Mr. Michael Ebanks: Chief Officer, Ministry of District Administration & Home Affairs; Mr. Carrol Cooper: Former Chief Financial Officer, Ministry of District Administration & Home Affairs; Ms. Cetonya Cacho: Chief Officer, Ministry of Education and Training; Mrs. Denise Hutchinson: Chief Financial Officer, Ministry of Education and Training; Ms. Bobeth O’Garro: Acting Chief Officer, Ministry of Health, Environment and Sustainability; Mr. Troy Claxton: Chief Financial Officer, Ministry of Health, Environment and Sustainability; Ms. Lizzette Yearwood: Chief Executive Officer, Cayman Islands Health Services Authority (HSA); Ms. Sheila Thomas: Chief Financial Officer, Cayman Islands Health Services Authority (HSA); and Hon. Franz Manderson: Deputy Governor, Office of the Deputy Governor.

MINISTRY OF DISTRICT ADMINISTRATION & HOME AFFAIRS

- a. The Chief Officer committed to providing the Committee with a breakdown report on the following:
 - The medical expenses of the prisoners at His Majesty’s Prisons in the Cayman Islands, including the expenses for Caymanians vs. non-Caymanian inmates.
 - Of the mentioned non-Caymanian inmates, provide the percentage that are classified as violent vs. non-violent.
- b. The Chief Officer undertook that going forward, there would be no future contracts awarded without first obtaining the required approval from the Public Procurement Committee (PPC).

MINISTRY OF EDUCATION AND TRAINING

- a. The Chief Officer committed to providing the Committee with confirmation of the schools that will receive financial funding by the end of Thursday, 15th January 2026. During the Hearing, the Chief Officer verbally confirmed that the following schools would receive funding at different stages of completion, and that this funding would not be drawn from the Ministry’s depreciation funds.

- Lighthouse School Expansion
- New Layman E. Scott High School
- Joanna Clark Primary School Hall
- Sir John A. Cumber Primary School Block

- b. The Chief Officer committed to providing the Committee with the New John Gray High School Project B Lessons Learned report.

MINISTRY OF HEALTH, ENVIRONMENT & SUSTAINABILITY

- a. The Acting Chief Officer committed to providing the Committee with confirmation of the number of board meetings of the Cayman Islands Health Services Authority that were attended by a representative of the Ministry of Health, Environment & Sustainability (MoHES).
- b. The Committee strongly recommended to the Acting Chief Officer and Chief Financial Officer that the MoHES revisit and accept the offer of the Office of the Auditor General to issue a disclaimer of opinion for the backlogged audits for the period 2020–2023. This approach would enable MoHES to complete the 2024 and 2025 audit during the 2026 calendar year, thereby eliminating the audit backlog and ensuring that current and valid financial information is made available to the public, in support of transparency and accountability. The Acting Chief Officer advised that she would be required to liaise with Ms. Tamara Ebanks, Chief Officer of MoHES, before any decision could be made.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY (HSA)

- a. The Chief Executive Officer committed to advising the HSA Board on a policy decision aimed at managing the high costs associated with providing care to self-pay customers (non-insured patients), including both Caymanians and non-Caymanians.
- b. The Chief Executive Officer, together with the Chief Financial Officer, committed to providing the Committee with a comprehensive financial report and detailed cost breakdown of medical care provided to HSA self-pay customers, disaggregated by nationality, including Caymanians, non-Caymanians, and non-insurance holders.
- c. The Committee requested that the Chief Executive Officer and the Chief Financial Officer provide detailed information on HSA’s late insurance claims for the period 2023–2025, including the total dollar value of those claims.
- d. The Committee noted the volume of audit adjustments for the HSA and requested that the Chief Executive Officer provide the Committee with a breakdown of the 39 identified audit

adjustments, specifying those related to inventory discrepancies and system glitches, including the number of such adjustments and their associated dollar values.

- e. The Chief Executive Officer undertook to liaising with her team in order to provide a deadline date of having the HSA’s inventory issue resolved. During the Hearing, the Chief Executive officer verbally confirmed the deadlines are as follows:
 - Q1 of 2026: Barcoding Project will be completed
 - Q2 of 2026: Lot Tracking and Barcoding with Valuation
 - Q3 of 2026: Interfacing of System
 - Full Implementation by end of year 2026
- f. The Committee requested that the specified deadlines be provided to the Committee via email and that confirmation be given of the name of the consultancy firm that will be assisting in addressing the inventory and system issues at HSA.
- g. The Chief Executive Officer undertook to implement and communicate a protocol to HSA pharmacy employees for managing out-of-stock medications, including advising customers of prescription shortages and making reasonable efforts to source the medication from a local pharmacy within a reasonable timeframe.
- h. The Chief Financial Officer undertook to providing a detailed breakdown report of remunerations paid to the members of the HSA Board by Tuesday, 20th January, 2026.
- i. The Chief Executive Officer committed to providing a date of completion for the report being commissioned by the Ministry of Health, Environment & Suitability on board member remunerations.

OFFICE OF THE DEPUTY GOVERNOR

- a. The Committee requested that the Deputy Governor speak with H.E. the Governor regarding her raising the matter with the Premier, to ensure that Ministers prioritize the timely completion and submission of civil service entity annual reports for Tabling in the House of Parliament, in keeping with the principles of good governance and accountability.
- b. The Deputy Governor advised the Committee that to ensure timely filing of annual reports, the Chief Officer’s performance appraisals now include timeliness of filing annual reports as an objective.
- c. The Deputy Governor undertook to speak with the Chief Officer and Minister of the Ministry of Health, Environment & Sustainability regarding the recommendation of the ISA Report, as prepared by the OAG, and the acceptance and implementation of those recommendations.

- d. The Deputy Governor committed to providing the Committee with a copy of the approved policy on Government/SAGC board remunerations.
- e. The Deputy Governor undertook to ensure that the outstanding Government Minutes are brought up to date through their submission to the House of Parliament.

12. ACKNOWLEDGEMENTS

The Committee is most appreciative of the efforts of the Auditor General and the staff of the Office of the Auditor General, for the constructive feedback given throughout the deliberations. The Committee expresses its thanks to the Chief Officer, Ministry of District Administration & Home Affairs; Former Chief Financial Officer, Ministry of Home Affairs; Chief Officer, Ministry of Education and Training; Chief Financial Officer, Ministry of Education and Training; Chief Officer, Ministry of Health, Environment and Sustainability; Chief Financial Officer, Ministry of Health, Environment and Sustainability; Chief Executive Officer, Cayman Islands Health Services Authority (HSA); Chief Financial Officer, Cayman Islands Health Services Authority (HSA); and the Deputy Governor, The Office of the Deputy Governor for their time in providing information and evidence to the Committee in an effort to continuously improve the work of the Cayman Islands Government and its entities.

The Committee also wishes to thank the Clerk of the Parliament, the PAC Clerk, and the Hansard staff for the assistance provided.

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13. REPORT OF THE COMMITTEE TO THE HOUSE

The Committee hereby agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the following Report of the Office of the Auditor General:

- ***Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)***

Signed on 27th April 2026:

Mr. Roy M. McTaggart
JP, MP - *Chairman*

Mr. A Royston Tatum
Cert. Hon., JP, MP – *Member*

Mrs. Julie J. T. Hunter
JP, MP – *Member*

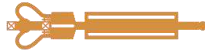
Hon. G. Wayne Panton
JP, MP – *Member*

Hon. Kenneth V. Bryan
JP, MP – *Member*

Mr. Christopher S. Saunders
JP, MP – *Member*



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Administrative Meeting

2025-2029 Term

Thursday, 2nd October, 2025 | 2:00 p.m. – 3:00 p.m.

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Mrs. Julie J.T. Hunter, JP, MP – *Member*
Hon. Kenneth V. Bryan, JP, MP – *Member*
Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
Mr. Christopher S. Saunders, MP – *Member*

Apologies: Hon. G. Wayne Panton, JP, MP – *Member*

PAC Clerk: Ms. Tishel McLean – *Procedural Clerk*

Attendees: Mr. Patrick Smith – *Auditor General, Office of the Auditor General, (OAG)*
Mr. Winston Sobers – *Deputy Auditor General (Financial Audit), (OAG)*

1. Meeting to Order

There being a quorum present, the Chairman called the meeting to order at 2:10 p.m.

2. Apologies

Hon. Panton extended his apologies as he is Acting as Minister of Financial Services and Commerce and is unable to attend.

3. Approval of Minutes

- 3.1. 28th August 2025 (Administrative Meeting): The Committee reviewed and discussed the minutes. **The minutes were approved on a motion by Mr. Christopher Saunders and seconded by Hon. Kenneth Bryan.**
- 3.2. 4th September 2025 (Hearing): The Committee reviewed and discussed the minutes, noting minor grammatical revisions. **Pending these minor revisions, the minutes were approved on a motion by Hon. Kenneth Bryan and seconded by Mr. A. Royston Tatum.**

4. Matters Arising from Minutes

- 4.1. 28th August 2025 (Administrative Meeting): None.
- 4.2. 4th September 2025 (Hearing): Hon. Bryan requested clarification on the undertakings listed in section 2(ii). The Committee Clerk confirmed that the witness, Hon. Franz Manderson, reviewed and accepted the undertakings as stated.

5. Approval of Auditor General's Invoices

- 5.1. Invoice #208258: Members of the Committee questioned the Auditor General on the invoice. **The Committee approved both invoices on a motion by Hon. Kenneth Bryan and seconded by Mr. Christopher Saunders.** The Chairman signed the invoice and provided the original copy to the Committee Clerk.

6. Auditor General's Report(s)

- 6.1. "Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)"

The Auditor General briefed the Committee on the report, noting the key matters.

The Chair informed the Auditor General of a discrepancy in the numerical values presented in the last row of Exhibit 48 on page 80 of the report. The Auditor General thanked the Chair for the observation and advised that his office would revise the report accordingly and provide an updated copy to the Committee Clerk to be sent to all PAC Members.

The Committee agreed to hold a hearing on the report with the following witnesses:

- i. CEO and CFO of the Ministry of District Administration and Home Affairs
- ii. CEO and CFO of the Ministry of Education and Training
- iii. CEO and CFO of the Ministry of Health, Environment and Sustainability
- iv. CEO and CFO of the Cayman Islands Health Services Authority (HSA)
- v. Deputy Governor, Office of the Deputy Governor

The Committee agreed for the hearing to be held on the 4th December, 2025, starting at 10:00 a.m. with a one-hour lunch break. A briefing would be held with the PAC Members and the Auditor General at 9:00 a.m. prior to the hearing.

7. Auditor General's Update

7.1. OAG Quarterly Report: Q2 2025 (30 June 2025):

The Auditor General briefed the Committee on the report.

The Auditor General committed to providing the Committee Clerk with the list of seven (7) entities with outstanding 2024 audits, which the Clerk will then circulate to all PAC Members. Discussion ensued.

8. Any Other Business

None.

9. PAC Report

9.1. The Chair advised the committee will review and discuss the PAC report on the OAG report, "*Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)*", at the next scheduled admin. meeting.

10. Scheduling of Next Meetings:

- The next *Administrative Meeting* was scheduled for **Thursday, 27th November, 2025** at **10:00 a.m.**
- The next *Hearing* was scheduled for **Thursday, 4th December, 2025** starting at **10:00 a.m.** that will include a briefing on the following Auditor General's Report:

"Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)"

11. Adjournment

There being no further business, the Chairman thanked the Committee Members, the Auditor General, the Deputy Auditor General, and the Committee Clerk, and adjourned the meeting at 3:44 p.m.

Approved by Round Robin on 1st December, 2025.



Parliament of the Cayman Islands
THE STANDING PUBLIC ACCOUNTS COMMITTEE

Round Robin

1st December, 2025

We, the Members of the Standing Public Accounts Committee, hereby approve the following Minutes of the Standing Public Accounts Committee:

- Thursday, 2nd October, 2025 (Administrative Meeting)

Signed on 1st December, 2025

Mr. Roy M. McTaggart, JP, MP
Chairman

Mr. A Rosyton Tatum, Cert. Hon., MP
Member

Mrs. Julie J.T. Hunter, JP, MP
Member

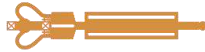
Hon. G. Wayne Panton, JP, MP
Member

Hon. Kenneth V. Bryan, JP, MP
Member

Mr. Christopher S. Saunders, MP
Member



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Administrative Meeting

2025-2029 Term

Wednesday, 14th January 2026 | 12:00 p.m. – 2:30 p.m.

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Mrs. Julie J.T. Hunter, JP, MP – *Member*
Hon. Kenneth V. Bryan, JP, MP – *Member*
Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
Hon. G. Wayne Panton, JP, MP – *Member*

Apologies: Mr. Christopher S. Saunders, JP, MP – *Member*

PAC Clerk: Ms. Tishel McLean – *Parliamentary Procedural Clerk*

Attendees: Mr. Patrick Smith – *Auditor General, Office of the Auditor General, (OAG)*
Ms. Brenda Kyomugisha – *Audit Project Leader, Office of the Auditor General (OAG)*

1. Meeting to Order

There being a quorum present, the Chairman called the meeting to order at 12:30 p.m.

2. Apologies As noted above.

3. Approval of Minutes

3.1. 2nd October 2025 (Admin. Meeting): The Committee acknowledged that the following Minutes were approved by Round Robin on 1st December 2025, and reviewed for any matters arising for discussion.

4. **Matters Arising from Minutes** None.

5. **Approval of Auditor General's Invoices**

5.1. The Committee noted that the below listed invoices were approved by Round Robin.

- Invoice #208259 for KYD\$150,861.94 (*Approved on 1st December 2025*)
- Invoice #208310 for KYD\$83,334.44 (*Approved on 1st December 2025*)
- Invoice #208312 for KYD\$86,097.38 (*Approved on 10th December 2025*)

5.2. Invoice #208313: Members of the Committee reviewed and questioned the Auditor General on the invoice. **The Committee approved the invoice on a motion by Hon. Kenneth Bryan and seconded by Mr. A. Royston Tatum.**

The Chairman signed the invoice and provided the original copy to the Committee Clerk.

6. **PAC Report(s)**

6.1. 2024-2025 Annual Report of the Standing Public Accounts Committee:

The Committee reviewed the 2024–2025 PAC Annual Report and discussion ensued. The Committee noted that no Government Minutes were included in the report, as the most recent Government Minutes laid in the House of Parliament were in 2023, and expressed concern regarding the outstanding Minutes.

The Auditor General confirmed that his Office had liaised with the Deputy Governor regarding the outstanding Government Minutes and committed to providing the Committee with updates on the progress towards their completion.

The Committee Clerk clarified that the 2024–2025 PAC Annual Report covers the period from 7th October 2024 to 31st December 2025 and is presented on a calendar-year basis rather than by parliamentary session, in line with previous annual reports. The Committee further noted that this approach will be adopted going forward.

The Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Kenneth Bryan and seconded by Hon. G. Wayne Panton. The Chairman signed the signature page, providing the original signed report to the Committee Clerk.

6.2. PAC Report on OAG Report, “Improving Financial Accountability and Transparency: Long-term Financial Sustainability (February 2025)”

The Committee acknowledged that this PAC Report was approved by Round Robin on 1st December 2025.

7. **Auditor General’s Update**

7.1. OAG Quarterly Report: Q3 2025 (30th September 2025):

The Auditor General briefed the Committee on the report, highlighting key matters.

The Committee expressed concern regarding the backlog of audits for the Ministry of Health, Environment and Sustainability (MoHES), which, along with Cayman Islands Aviation Authority, has the highest number of outstanding audits. The Committee noted that the most recent audit completed for MoHES was in 2019. MoHES had previously been advised to clear the outstanding audits and to commence new audits from 2025 onwards; however, MoHES has indicated its intention to complete the outstanding audits, which would result in the Ministry continuing to operate with a backlog.

Hon. Kenneth Bryan questioned the reasons for the backlog of audits at Cayman Islands Airport Authority. The Auditor General advised that a number of factors had contributed to delays in the reporting process, including staffing and employment changes.

Discussion ensued.

8. **Auditor General’s Report(s)**

8.1. “Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)”

The Auditor General provided a detailed review to the Committee on the report and lines of questioning for the Hearing scheduled for the 15th January and continued on the 16th January, 2026.

The Committee was provided by the Auditor General with a copy of the OAG’s report titled *“Cayman Islands Health Service Authority: Report to Those Charged with Governance on the 2024 Financial Statement Audit (November 2025).”*

Discussion ensued.

9. Any Other Business

9.1. Clarification on Attendance of Members Acting as Ministers

Hon. Kenneth Bryan sought clarification, following a recent occurrence, as to whether PAC Members who are acting as Ministers may cite that role as a reason for non-attendance at PAC meetings or hearings. He reiterated the importance of full attendance in order to maintain a quorum and to effectively discharge the PAC's responsibilities.

The Committee Clerk confirmed that she would seek clarification from the Clerk/Chief Officer and the Hon. Speaker and advise Members accordingly.

9.2. Swearing-In of Witnesses for PAC Hearings

The Committee sought guidance from the Clerk, who confirmed that the Committee has the authority to require witnesses to take an oath before giving testimony to the Committee. It was therefore agreed by the Committee to reintroduce the swearing-in of witnesses appearing before PAC Hearings, in order to ensure accountability for their testimony, with effect from 15th January 2026.

10. Scheduling of Next Meetings:

The next admin. meeting was scheduled for **Thursday, 12th February 2026 at 10:00 a.m.**

11. Adjournment

There being no further business, the Chairman thanked the Committee Members, the Auditor General, the Audit Project Leader, and the Committee Clerk, and adjourned the meeting at 3:11 p.m.

The minutes were approved in the administrative meeting held on 19th February 2026 upon a motion by Hon. G. Wayne Panton, seconded by Hon. Kenneth Bryan.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting with Witnesses
Thursday, 15th January 2026
Chamber, House of Parliament

Hearing on the Report from the Office of the Auditor General:
“FINANCIAL REPORTING OF THE CAYMAN ISLANDS GOVERNMENT:
GENERAL REPORT ON THE RESULTS OF THE
2024 FINANCIAL AUDITS 31 DECEMBER 2024 (OCTOBER 2025)”

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Mrs. Julie J. T. Hunter, JP, MP – *Member*
Hon. Kenneth Bryan, JP, MP – *Member*
Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
Mr. Christopher Saunders, MP – *Member*

Apologies:

Hon. G. Wayne Panton, JP, MP – *Member*

PAC Clerk:

Mrs. Tishel McLean – *Parliamentary Procedural Clerk (“Committee Clerk”)*

Attendees:

Mr. Patrick Smith – *Auditor General, Office of the Auditor General*
Ms. Brenda Kyomugisha – *Audit Project Leader, Office of the Auditor General*
Mr. Michael Nixon – *Acting Financial Secretary, Chief Officer, Ministry of Finance & Economic Development*
Mr. Matthew Tibbetts – *Accountant General, Ministry of Finance & Economic Development*

Witnesses:

Mr. Michael Ebanks, *Chief Officer, Ministry of District Administration & Home Affairs*
Mr. Carrol Cooper, *Former Chief Financial Officer, Ministry of District Administration & Home Affairs*
Ms. Cetonya Cacho, *Chief Officer, Ministry of Education and Training*
Mrs. Denise Hutchinson, *Chief Financial Officer, Ministry of Education and Training*
Ms. Bobeth O’Garro, *Acting Chief Officer, Ministry of Health, Environment & Sustainability*
Mr. Troy Claxton, *Chief Financial Officer, Ministry of Health, Environment & Sustainability*

The following individuals, while not called as witnesses, attended the Hearing in support of the witnesses.

Mr. Elroy Bryan Watler – *Acting Deputy Chief Officer, Ministry of Education and Training*
Mr. Jerome McCoy – *Deputy Chief Officer, Ministry of Education and Training*
Mr. Mark Ray – *Director, Department of Education Services*
Mr. Ibimitomi Ogbe – *Senior Project Manager, Ministry of Education and Training*
Mr. Craig Maitland – *Facilities Manager, Department of Education Services*
Mr. Richard Wildman – *Deputy Director, Department of Education Services*
Mr. Clive Baker – *Project Manager, Ministry of District Administration & Home Affairs*
Mr. Wayne Riley – *Project Manager, Ministry of Planning, Lands, Agriculture, Housing & Infrastructure*

1. MEETING TO ORDER & WELCOME FROM THE CHAIR:

There being a quorum present (Parliament Standing Orders 77(2) (2025) refers), the Chairman called the Public Accounts Committee (PAC) hearing to order at 10:12 am. The Chairman invited Mrs. Julie Hunter to say the prayer.

The Chairman gave a brief welcome to Members of the Committee and Attendees and thanked them for attending the PAC Hearing.

The Chairman acknowledged receipt of apologies from PAC Member, Hon. G. Wayne Panton. The Chairman recognised that the Committee was still quorate and could proceed with the hearing.

2. REPORT OF THE AUDITOR GENERAL FOR CONSIDERATION:

The Chairman welcomed Mr. Patrick Smith, *Auditor General, Office of the Auditor General* and Ms. Brenda Kyomugisha, *Audit Project Leader, Office of the Auditor General*.

The Chairman invited the Auditor General to introduce the report.

The Auditor General introduced the report, “*Financial Reporting of The Cayman Islands Government: General Report on The Results of the 2024 Financial Audits 31 December 2024 (October 2025)*” (the “Report”) for the listening public and the Committee, highlighting the key areas of concern. The Auditor

General formally acknowledged the contributions of Mr Gabriel Ncube and Mr Winston Sobers, who were not in attendance, to the completion of the report.

The Chairman provided a preamble before inviting the first witnesses to be seated in the Chamber for the first witness session.

i) WITNESS SESSION:

- **MR. MICHAEL EBANKS, CHIEF OFFICER, MINISTRY OF DISTRICT ADMINISTRATION & HOME AFFAIRS**
- **MR. CARROL COOPER, FORMER CHIEF FINANCIAL OFFICER, MINISTRY OF DISTRICT ADMINISTRATION & HOME AFFAIRS**

The Chairman welcomed the first witnesses, Mr. Michael Ebanks and Mr. Carrol Cooper, and advised them of the requirement for all witnesses to be sworn in, either by oath or affirmation, prior to giving testimony. Both witnesses were sworn in by way of affirmation.

The witnesses each stated their name and title before responding to the first question.

Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Chief Officer committed to providing the Committee with a breakdown report on the following:
 - The medical expenses of the prisoners at His Majesty's Prisons in the Cayman Islands, including the expenses for Caymanians vs. non-Caymanian inmates.
 - Of the mentioned non-Caymanian inmates, provide the percentage that are classified as violent vs. non-violent.
2. The Chief Officer undertook that going forward, there would be no future contracts awarded without first obtaining the required approval from the Public Procurement Committee (PPC).

Before departing the Chamber, the Chairman thanked the witnesses on behalf of the Committee for attending the Hearing.

The Chair advised that the Hearing would adjourn at 11:40 a.m. for lunch and re-commence at 12:30 p.m.

ii) WITNESS SESSION:

- **MS. CETONYA CACHO, CHIEF OFFICER, MINISTRY OF EDUCATION AND TRAINING**
- **MRS. DENISE HUTCHINSON, CHIEF OFFICER, MINISTRY OF EDUCATION AND TRAINING**

The Chairman welcomed the witnesses, Ms. Cetonya Cacho and Mrs. Denise Hutchinson, and advised them of the requirement for all witnesses to be sworn in, either by oath or affirmation, prior to giving testimony. Ms. Cacho and Mrs. Hutchinson were both sworn in by way of standard oath.

Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Chief Officer committed to providing the Committee with confirmation of the schools that will receive financial funding by the end of Thursday, 15th January 2026. During the Hearing, the Chief Officer verbally confirmed that the following schools would receive funding at different stages of completion, and that this funding would not be drawn from the Ministry's depreciation funds.
 - Lighthouse School Expansion
 - New Layman E. Scott High School
 - Joanna Clark Primary School Hall
 - Sir John A. Cumber Primary School Block
2. The Chief Officer committed to providing the Committee with the New John Gray High School Project B Lessons Learned report.

Before departing the Chamber, the Chairman thanked the witness on behalf of the Committee for attending the Hearing.

iii) WITNESS SESSION:

- **MS. BOBETH O'GARRO, ACTING CHIEF OFFICER, MINISTRY OF HEALTH, ENVIRONMENT & SUSTAINABILITY**
- **MR. TROY CLAXTON, CHIEF FINANCIAL OFFICER, MINISTRY OF HEALTH, ENVIRONMENT & SUSTAINABILITY**

The Chairman welcomed the witnesses, Ms. Bobeth O'Garro and Mr. Troy Claxton, and advised them of the requirement for all witnesses to be sworn in, either by oath or affirmation, prior to giving testimony. Ms. O'Garro and Mr. Claxton were both sworn in by way of affirmation.

The witnesses were reminded to state their name and title before responding to the first question.

Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Acting Chief Officer committed to providing the Committee with confirmation of the number of board meetings of the Cayman Islands Health Services Authority that were attended by a representative of the Ministry of Health, Environment & Sustainability (MoHES).

2. The Committee strongly recommended to the Acting Chief Officer and Chief Financial Officer that the MoHES revisit and accept the offer of the Office of the Auditor General to issue a disclaimer of opinion for the backlogged audits for the period 2020–2023. This approach would enable MoHES to complete the 2024 and 2025 audit during the 2026 calendar year, thereby eliminating the audit backlog and ensuring that current and valid financial information is made available to the public, in support of transparency and accountability. The Acting Chief Officer advised that she would be required to liaise with Ms. Tamara Ebanks, Chief Officer of MoHES, before any decision could be made.

Before departing the Chamber, the Chairman thanked the witness on behalf of the Committee for attending the Hearing.

3. Any Other Business: None.

4. Adjournment:

There being no further business, the Chairman thanked the PAC Members, the Auditor General and his team, the Acting Financial Secretary and Accountant General, the witnesses, and the Committee Clerk.

The meeting was adjourned at 3:23 p.m.

The minutes were approved in the administrative meeting held on 19th February 2026 upon a motion by Mr. Christopher Saunders, seconded by Hon. Kenneth Bryan.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

Financial Reporting of the Cayman Islands Government: General Report on the
Results of the 2024 Financial Audits 31 December 2024 (October 2025)

*Official transcript relating to the Official Report of the
Standing Public Accounts Committee Meeting
held on 15th January, 2026*

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PRESENT WERE:

PAC Members: Mr. Roy M. McTaggart, JP, MP, Chairman
Mrs. Julie J. T. Hunter, MP, Member
Hon. Kenneth V. Bryan, MP, Member
Mr. A. Royston (Roy) Tatum, MP, Member
Mr. Christopher S. Saunders, MP, Member

Audit Office: Mr. Patrick Smith, Auditor General
Ms. Brenda Kyomugisha, Audit Project Leader

Witnesses: Mr. Michael Ebanks
Chief Officer
Ministry of District Administration & Home Affairs

Mr. Carrol Cooper
Former Chief Financial Officer
Ministry of Home Affairs

Ms. Cetonya Cacho
Chief Officer
Ministry of Education and Training

Mrs. Denise Hutchinson
Chief Financial Officer
Ministry of Education and Training

Ms. Bobeth O'Garro
Acting Chief Officer
Ministry of Health, Environment and Sustainability

Mr. Troy Claxton
Chief Financial Officer
Ministry of Health, Environment and Sustainability

In attendance: Mr. Matthew Tibbetts
Accountant General
Ministry of Finance and Economic Development – (MFED)

Mr. Michael Nixon
Acting Financial Secretary and Chief Officer
Ministry of Finance and Economic Development – (MFED)

Mr. Elroy Bryan Watler
Acting Deputy Chief Officer
Ministry of Education and Training

Mr. Jerome McCoy
Acting Deputy Chief Officer
Ministry of Education and Training

Mr. Mark Ray
Director
Department of Education Services

Mr. Ibimitomi Ogbe
Senior Project Manager
Ministry of Education and Training

Mr. Craig Maitland
Facilities Manager
Department of Education Services

Mr. Richard Wildman
Deputy Director
Department of Education Services

Mr. Clive Baker
Project Manager
Ministry of District Administration and Home Affairs

Mr. Wayne Riley
Project Manager
Ministry of District Administration and Home Affairs

Apologies: Hon. G. Wayne Panton, JP, MP, Member

PAC Clerk: Mrs. Tishel McLean

**OFFICIAL TRANSCRIPT
STANDING PUBLIC ACCOUNTS COMMITTEE
THURSDAY
15 JANUARY, 2026
10:11 A.M.**

**FINANCIAL REPORTING OF THE CAYMAN ISLANDS GOVERNMENT:
GENERAL REPORT ON THE RESULTS OF THE 2024 FINANCIAL AUDITS
31 DECEMBER 2024 (OCTOBER 2025)**

Verbatim transcript of the Standing Public Accounts Committee Meeting held on Thursday, 15th January, 2026, at 10:11 a.m., in the Chamber of the House of Parliament; George Town, Grand Cayman.

[Mr. Roy M. McTaggart, Chairman, presiding]

The Chairman: Good morning, everyone.

I'd like to ask you all to stand please as we begin this meeting of the Public Accounts Committee (PAC) with a prayer. I call upon Mrs. Julie Hunter to lead us in prayer this morning.

Mrs. Julie J. T. Hunter: *Heavenly Father, we thank you for this privilege to come into the Committee this morning. Thank you for your many blessings that you've afforded upon each one of us. We thank you for another beautiful day. Thank you that we live in the Cayman Islands where we're free. Lord, we have a lot of freedoms that we enjoy that so many around the world do not have. We pray that you would help us to continue to be thankful and grateful for what we have. Thank you for this opportunity.*

Bless the Committee today, give us wisdom and knowledge. We pray that we might do the work of the country to the best of our ability, but we know that we can only do that through your help. We solicit your help throughout this day and tomorrow as these proceedings continue.

Father, for all that you will do, bless the witnesses, help them, Lord, that in their deliberations and their answers they might have the wisdom and the knowledge that they not only need as well, but they must have. Father, for what you do, we'll give you the praise. We pray in Jesus' Name.

Amen.

The Chairman: Amen.

Thank you and members, you may all be seated please.

Thank you all for being here this morning to get this Hearing underway. We have had apologies from the Honourable Wayne Panton, a member of this Committee who is unable to be here with us today. Notwithstanding that, we are quorate and the Committee can proceed to conduct its business and this Hearing this morning.

I'd like to welcome everyone from the Auditor General's Office as well as the Ministry of Finance and Economic Development. I'm thankful that you are all here and I welcome you this morning.

From the Auditor General's Office, we have Mr. Patrick Smith who is the Auditor General, and with him is the audit project leader for the report we will be examining this morning, Ms. Brenda Kyomugisha. Finally, Mr. Michael Nixon, who is now the Acting Financial Secretary and Chief Officer of the Ministry of Finance and Economic Development; together with Mr. Matthew Tibbetts who is the Accountant General.

This morning we are going to be examining the report issued in October 2025 by the Auditor General's Office entitled *Financial Reporting of The Cayman Islands Government*. It is a general report on the results of the 2024 Financial Statement audits, majority of which were completed last year, but I know that there are still a number of them that are still ongoing.

Before we actually begin, and I invite the Auditor General to introduce the report to us this morning, I'd just like to point out that the Committee has taken a decision that from today and moving forward, we will reintroduce the policy of asking witnesses to make an oath to the Committee before giving their testimony. Witnesses will have two choices: they can take the standard oath or they can also do an affirmation as a witness before the Committee. Thus, it would be up to the individual to choose which one they give.

With that having been said, I would like to turn matters now over to the Auditor General and ask him to give his introductory remarks to the Committee this morning.

Auditor General.

OFFICE OF THE AUDITOR GENERAL

Mr. Patrick Smith, Auditor General: Mr. Chairman, members of the Public Accounts Committee, officials from the Ministry of Finance, the listening public, good morning. Thank you for the opportunity to make some opening remarks.

The report we are considering today is my office's annual general report on the Cayman Islands Government's financial reporting for 2024, which was published on the 3rd October, 2025. The report focuses on the 2024 audits completed by 10th September, 2025. It summarises financial results for 2024, highlights significant audit matters, identifies issues on audits, and status of audits, including backlog audits and financial reporting. By the 10th September, 2025, I am pleased to say that 39 of 46 audits of the 2024 financial statements have been concluded. Of these, 38 received a clean or unqualified audit opinion. Overall, these audits covered almost \$2 billion of the public sector's \$3.7 billion financial transactions in 2024.

I will start with a summary of the financial results for 2024 which show a mixed picture. Of the 18 core government audits completed, 11 ministries, portfolios and offices recorded a surplus, 5 broke even, and 2 recorded a deficit. Overall, these 18 core government entities recorded a combined surplus of \$31 million. Of the 21 completed Statutory Authorities and Government Companies (SAGCs), 15 recorded operating surpluses, 5 made operating deficits and 1 broke even. Overall, the 21 SAGCs reported a combined operating surplus of \$3.8 million.

However, it is worth noting that the financial performance of individual public bodies varies significantly. For example, within core government, financial performance ranged from a surplus of almost \$16.4 million in 2024 to a deficit of \$34,000. SAGCs financial performance ranged from an operating surplus of over \$8.5 million to a loss of around \$12.4 million.

I also want to highlight that the value of SAGCs post-retirement healthcare liability has reached \$394 million at December 2024. Within this total, some SAGCs liabilities are significant. For example, the post-retirement healthcare obligations for:

- Health Services Authority (HSA) - \$221 million;
- Water Authority - \$57 million;
- Port Authority - \$45 million; and
- National Roads Authority (NRA) - \$25 million.

I now want to highlight some of the significant issues identified during the audit of the 2024 financial statements. I mentioned earlier that I gave clean audit opinions to 38 of 39 public bodies audited in 2024; however, despite this, the quality of financial submissions needs improvement. I am concerned about the number and monetary value of the audit adjustments to the 2024 financial statements that were necessary for clean audit opinions to be given. For the 39 audits reported on, over 336 audit adjustments valued at \$150 million were made. These adjustments mean that decisions could have been made based on inaccurate financial information.

My report highlights some of the public bodies with high numbers and values of audit adjustments. The Health Services Authority had the highest number

and value of adjustments, which was 40 adjustments valued at \$63 million.

We continue to identify a large number of significant control deficiencies throughout our audits. Of the 39 audits completed, we reported 163 significant issues in our reports to those charged with governance. Of these 163 issues, 68 were identified in core government entities and 95 in Statutory Authorities and Government Companies. The issues fall within five categories: financial management, non-compliance with Acts and Regulations, information technology, governance, and value for money. I will briefly discuss some of the significant issues identified.

The biggest area of concern is in financial management. We identified and reported 72 significant control deficiencies relating to financial management. These indicate fundamental weaknesses in financial oversight and adherence to statutory requirements. These weaknesses also result in poor quality financial statements being submitted which may contribute to delays in the completion of audits.

Non-compliance with Acts and Regulations continue to be a very serious concern. We identified and reported 71 issues of non-compliance. The majority of these, 57, related to non-compliance with the Procurement Act, which is concerning as we have raised this issue in previous years. We continue to identify a significant number of direct award violations, failure to obtain proper approval for procurement, and failure to publish contract awards. We also noticed several procurements that did not have supporting business cases and a lack of adequate or valid contracts in place. Overall, these matters raised concerns about the value for money being received through procurement.

Finally, I will provide some highlights on audit status and audit reporting. As at 10th September, 2025, 20 audits were backlogged, compared to 18 in 2023. The significant backlogged entities include the Ministry of Health, the Cayman Islands Airport Authority (CIAA) and the entire public sector (EPS), which had outstanding audits for at least four years or more.

We completed two backlog audits since the 10th September, 2025. The Cayman Turtle Centre in 2023, which received a clean audit opinion but emphasised that the Centre had operating concerns. EPS was also completed for 2021 and received an adverse audit opinion.

As at September 2025, 52 annual reports spanning over five years from 2020 to 2025 were yet to be tabled in Parliament. Of the 52 outstanding reports, 37 related to Financial Year 2024. Thirty-one annual reports have since been tabled, of which 24 relate to the Financial Year 2024. These delays in the tabling of annual reports remains an area of concern as it negatively impacts the level of accountability and transparency in financial reporting.

In closing, I would like to acknowledge my team, including Ms. Brenda; and also Messrs. Winston

Sobers and Gabriel Ncube, who are not here, for their role in this report.

Mr. Chairman, I thank you.

The Chairman: Thank you, Auditor General for that opening statement.

We are going to move on now to begin the questioning of our first witness. We have the Chief Officer from the Ministry of District Administration & Home Affairs, Mr. Michael Ebanks and the former Chief Financial Officer of the Ministry of Home Affairs (now, the Ministry of District Administration and Home Affairs), Mr. Carrol Cooper; they will be our first witnesses. I'd like to call them into the Chamber.

[Pause]

MINISTRY OF HOME AFFAIRS

The Chairman: Messrs. Ebanks and Cooper, I'm going to ask you if you would first take the oath for us, please. Your choice as to whether you actually swear the oath or you affirm it. I'll ask you first, Mr. Ebanks.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Good morning, Mr. Chair and members.

Affirmation of the witness, Michael Ebanks, Chief Officer for the Ministry of District Administration & Home Affairs: I do solemnly, sincerely and truly declare and affirm that the evidence I shall give this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

The Chairman: Thank you.

Mr. Cooper.

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Carrol Cooper, Chief Financial Officer. Affirmation: I do solemnly, sincerely and truly declare and affirm that the evidence I shall give this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

The Chairman: Thank you very much, sir.

Good morning to you both. Happy New Year and welcome to this Public Accounts Committee meeting this morning where we are examining the Auditor General's report on the results of the 2024 financial audits. We are going to commence with your questioning and taking your testimony before the Committee. This section of the report, the questioning is going to be led by Mr. Kenneth Bryan, but before we actually begin, I do have a short opening statement that I would like to make in my capacity as Chair; so, I might try here to set the tone for this morning's Hearing.

The Auditor General's 2024 General Report on the Results of Financial Audits presents a comprehensive overview of the financial performance and audit

findings of public bodies for the year ended December 31st, 2024. Whilst most public bodies received unqualified, or what we call "clean" audit opinions, the report identifies significant and persistent concerns relating to the quality of financial statements submitted for audit, widespread non-compliance with the Procurement Act, and various governance and internal control deficiencies across the public sector.

The report notes that 336 audit adjustments, valued at \$150 million, were made to financial statements, after submission. These adjustments indicate that financial decisions may have been made during the year based on inaccurate financial information. Additionally, the report identifies 163 significant findings across 39 audited public bodies, with financial management and non-compliance with Acts and Regulations representing the most critical areas of concern.

Further, the report indicated some financial pressure for some public bodies as they have consistently reported deficits or losses year on year.

Now, in past years, the PAC has invited the Deputy Governor (DG), Financial Secretary and other senior officials to discuss these thematic issues. However, this year, the PAC has decided to invite witnesses from several public bodies to discuss these matters. As such, we will be focusing on specific matters relating to these public bodies.

I welcome and thank the witnesses and thank you for being here today. With that short statement, I will turn matters over to Mr. Bryan for him to begin the questioning.

Hon. Kenneth V. Bryan: Thank you, Mr. Chairman. Good morning, everyone.

Mr. Chairman, I would like to just say a quick word just before we get started, particularly for our listening audience.

We are here today to review the Auditor General's 2024 report. It is a vital process to maintaining our transparency and the financial health of our country. Our objective here today is not to cast blame but to understand the significant concerns that were raised by the Auditor General.

To our witnesses who are here now and those to come, we appreciate your presence and we recognise the challenges that you face in governing the administration of our country. However, it is our duty to ensure that the public funds are managed with the highest level of integrity to protect the national financing. Thus, let us proceed with the goal of strengthening our public institutions for the benefit of all Caymanians and those who call Cayman their home.

With that being said, I want to say special good morning to our witnesses, Mr. Michael Ebanks and Mr. Cooper, both people whom I know very well. We're going to focus on what was said in the Auditor General's report and I'm just going to take some comments that I'm quite sure both of you have seen, in respect of the relevant areas of responsibility that you have.

We have noted that the Ministry of Home Affairs has received an unqualified—better known as “clean”, for those who are listening—audit opinion for 2024. Typically core government entities budget to make a surplus or at the very least, break even.

The Ministry of Home Affairs recorded a deficit in each of the last three years—so, they didn't make the mark that they normally would like—cumulatively totaling almost \$3 million. For 2024, the most recent year, the deficit amounted to \$34,000 after budgeting to break even, and the Ministry has reported that this deficit was primarily due to higher than anticipated litigation expenses, which happens.

My first question is: what are the reasons and nature for the year on year deficits that the Ministry is experiencing, and is this something that needs to be fixed? Given that this has occurred for three years in a row, have any attempts been made to rectify it. Is this a systemic issue that we need to be aware of, and can you give us an indication of what the future is likely to look like in respect of these reports?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

Thank you to the Member for that question and the observation. Mr. Chairman, before answering the question, if I might express on behalf of the entire Ministry that our partnership with the Office of the Auditor General has been phenomenal. We certainly view them as a critical friend as we do the PAC. It's our privilege and honour to be here before the PAC this morning.

To the Member's question: the nature of work at the Ministry of Home Affairs is one of security and public safety. In the majority of instances, a 365/7 days a week operation around the clock, so to speak. In many instances, what that means is the volatility of service demand can fluctuate beyond what is typically forecasted from hindsight. In numerous instances, we may have extended, prolonged unforeseen operations. The nature of the Ministry of Home Affairs also is that we do not work necessarily in just the silo of Home Affairs, but the nature of security and public safety work extends itself way outside of the Ministry, that translates to indirect pressures from other partners. Where law enforcement activity, for example, may drive successes, downstream, that may create pressures on other aspects of the public safety and security apparatus. Those fluctuations that you're referring to year on year have a lot to do with that, in particular, as the OAG highlighted, over time, again, directly related to irregular activity that is difficult to forecast.

Hon. Kenneth V. Bryan: Thank you so much, Chief Officer, and it sounds pretty logical because you can't really predict security matters that will pop up. So, you're right to have that volatility, so to speak. However, there are other procedures available to you to adjust as

you go, such as permissions for money, Cabinet papers and so forth, so that at the end of the year, the audit is clean and better represented of the truth.

Would you say that you're doing a good enough job in a quick enough manner that you don't have deficits reported?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, to the Member's question: I like to see that the 2024 number was declining from a year on year perspective. I think that speaks to our heads of department in particular, looking at how we can better forecast operations that, by their nature, are volatile. They certainly do have the assurance and commitment of the Ministry, in terms of gatekeepers of funding and access to Cabinet for extended funding, if necessary. What we're directing our heads of department to do is to strengthen that forecast so that requests don't necessarily need to come to the Cabinet or otherwise too far down in the year when things are lost, so to speak. Strengthening the forecasting, sir, is at the top of the agenda to avoid those future instances.

Hon. Kenneth V. Bryan: Okay, perfect.

Throughout this exercise of examination with you as a witness, it's also important to let the public understand that, like I said in my opening, this is not casting blame. The public needs to understand if your Ministry has had some failings, what is it? Is it realistic? Is it understandable? Thus, I want you to go back now to your first part about the volatility and security measures and give a real-life example, so people can understand and say, *listen, we didn't budget for this, didn't plan, it just so happened*. The first thing that comes to my mind is Cubans, Cubans coming in, right? You didn't plan that. Can you give the public or listening audience an example so your Ministry could be fairly examined in the public's eye?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you. Thank you for this opportunity to do so.

What I'm about to say is a description of how upstream pressures translate to downstream pressures where the Home Affairs is only involved in the downstream consequential impact. Your example is a prime example, where the regular arrival of migrants into the country forces a downstream issue for, in our case, the prison service, where overtime is leveraged in order to provide security services in partnership with Customs and Border Control.

Another example, if I might, is relative to the year 2024: Having a major national criminal event in a public forum drove the need for an immediate multi-agency response. Under Home Affairs, the Department of Public Safety Communications was a key part of that immediate solution that translated into us being able to put solutions in place very quickly that we might not

have otherwise forecasted if it was not for this event that took place. We feel we have a duty to cooperate and provide those solutions as a continuum of public safety, but I think we appreciate that the difficulty in forecasting comes when we're unable to know when there might be, in this instance, an unfortunate public shooting, but our response to that was immediate, though not forecasted.

Hon. Kenneth V. Bryan: All right. Well, thank you for that. I'm happy that you've got the opportunity to give real life examples. However, I also have to highlight that you have provisions available to your Ministry to ensure that by the end of the year, you can rectify those, so you don't have the situation that has recurred three years in a row.

I also want to highlight the fact that with your Ministry being one that is exposed to volatility, you should be more mindful, within your Ministry, to keep ahead of it and prepare. At the end of the day, the PAC and the Auditor General's job is to ensure that you are having reports on time, and with it a balance or at the very least a surplus because we will continue to examine and accuse and say *you're not doing your job according to the law*, and we don't want to do that unnecessarily. I've heard you say there's a reassured commitment to doing that. Can you give any examples of that before we move on to the next set of questions, please?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you to the Member. Yes, following the OAG's report and identification of issues, it was clear to me that, that actually presented a road map for the Ministry to tighten our internal controls, which is why at the outset, I made a point to thank the OAG as a critical friend. Their report, findings and recommendations have directly translated into a programme of work that I undertook over 2025 to reduce some of those issues that were presented from a preventative standpoint.

Some of those included the onboarding of an enterprise risk management (ERM) framework in coordination with the wider civil service, but having recognised that was an opportunity, I put forward our Ministry as a leader for that pilot programme. That came with a series of training opportunities for various managers, supervisors and leaders to better equip us to manage these risks. The Ministry has trialled a new post, a Strategic Advisor, a part of the executive group and reporting directly to the Chief Officer. That individual's portfolio is directly related to enterprise risk management. Their responsibilities include contract tracking, KPI development and tracking, enterprise risk management and the development of risk registers, in conjunction with the Office of the Deputy Governor's initiative for ERM.

Those are just three points, sir, but I do have others to demonstrate that, the assurance I referenced

earlier on is a true reference and it was actively demonstrated in 2025.

I might point out that as recent as two months ago, the Ministry hosted a good governance workshop for our leaders, managers, supervisors and anyone involved in the procurement exercises. That was a workshop delivered in coordination, again, with our partners from the Central Procurement Office (CPO), the Internal Audit Service and our Enterprise Risk Management Office— demonstrating that capacity building for our personnel is at the heart of how we are hoping to resolve some of these risk management issues.

Thank you, Mr. Chairman.

Hon. Kenneth V. Bryan: Thank you CO; sounds very detailed and I know the Auditor General's Office is taking note and it's on public record. We'll continue to monitor and see. Hopefully, those improvements will result in no more deficits in respect of our annual reports.

Before I move on to the next subject of questioning, which has to do a little bit more with your compliance with the Procurement Act, I want to ask if my colleagues have any questions in this space.

Mr. Christopher S. Saunders: I do.

Mr. Chairman, through you.

I want to thank both the Chief Officer and the CFO for attending.

In terms of understanding your Ministry—and I'm looking at your financial statements here—your revenues are pretty much all from Cabinet, barring the fees that CBC would collect. Your revenues are pretty much all from Cabinet. Correct?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, that's absolutely correct. Just to draw the point though that Customs and Border Control would not have been under the Ministry's remit relative to the financial statements being examined.

Mr. Christopher S. Saunders: Even better for what I'm getting at.

Just so I'm clear: the departments we're looking at are His Majesty's Prison, Department of District Administration, Department of Public Safety Communications, Cayman Islands Fire Service, Cayman Islands Cadet Corp... and which other Ministry or department would we be looking at?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Thank you, Mr. Chairman.

District Administration was the only one on your list so far that would not be included.

Mr. Christopher S. Saunders: Okay, even better.

So, for Prison, Public Safety, Fire and all of that, how much revenue would those departments make each year?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Thank you, Mr. Chairman.

It's not a material amount.

Mr. Christopher S. Saunders: Okay.

The point I'm making or what I'm trying to get at is: how much of your deficit really is a timing issue? You have some expenses that once you go past the year-end, when you're doing your adjustments and everything else you would have realised that *I have this that I didn't accrue for*. I'm assuming that most of these would be accrual expenses that would have basically driven your deficit, and those are things that you would not know until after the year-end.

In essence then, your deficit is more of a timing issue, because if your revenues are coming from Cabinet, there are some things that you will not know by 31st December and there are things that you would only find out once you do your accrual, post year-end that, *oh, I need the funding for this*, but unfortunately, year-end would have closed and you would not have gotten the funds. I'm trying to understand if the deficit is more because of timing than anything else.

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Through you, Mr. Chair.

Thank you for your question. With Prison in particular, there are two major expenses for them: One has to do with healthcare for the inmates, and this is also very volatile and uncertain.

I recall that throughout the year, and particularly down to the end of the year too, we did have a number of cases that were significant in both ways: the healthcare cost, as well as the overtime cost to the prison officers. As you can understand, it requires 24-hour presence by the prison officers. Hence, those are examples of major costs for Prison where it's difficult to understand what the final numbers will be.

Mr. Christopher S. Saunders: In essence then, your deficit spending is really a timing issue because you would not have known some expenses by the time the year ends.

What I don't want is the listening public to sit down and believe that you guys are running a deficit when in fact, you really have no revenues, all your revenues come from government. Your departments don't make any money—the Fire [Department] doesn't make any money, the Prison doesn't make any money other than maybe selling whatever it is that they sell. So, it's not something for us to lose sleep over.

You touched on two things that I want to go on: your litigation expenses. Now, with your litigation expenses being higher than anticipated, what were those litigation expenses related to?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Thank you, Mr. Chairman, to the Member.

The majority of those litigation costs seem to have been driven mainly by cases related to pensions and to other HR matters that were driven by our Attorney General's Chambers, in terms of representing government and arriving at a settlement that was not necessarily budgeted around one particular cost. Again, a forecasting issue where we might not necessarily know the end result given that process and how that works.

Mr. Christopher S. Saunders: Okay, just for the record: I'm going to put something in the public domain, which is something I will be pushing back for. Those litigation expenses that relate to pension were related to those that should have been on defined benefit versus defined contribution. Correct?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

There were some of those cases.

Mr. Christopher S. Saunders: Yeah. The reason why I raised that is because I think at the end of the day, central government or public service need to go back to Defined Benefit Pension Plan. This defined contribution is not going to work. However, I will leave that, because that is something I'm just planting out there.

Now, the other issue of medical expenses, and you can provide this answer at a later date. I don't expect you to have this number now, but how much of those funds relate to medical expenses for non-Caymanian prisoners; and of those non-Caymanian prisoners, how many of them or what percentage of them are non-violent people? In other words, people who we can basically deport and save the country a ton load of money.

I will say right now, I do have a fundamental problem. While I expect that we have a duty of care to prisoners, for non-Caymanian prisoners who are non-violent, if they're going to cost us a lot of money medically, is there any thought given to sending them back to their countries early for their own country to take care of them or work out some arrangement where they can continue their prison service in a different country and not run up those medical costs here?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you to the Member.

The Prison Service and that process is bound by the law. The amount of time in which someone

would have to serve their sentence before those options could be exercised are set out in legislation.

Thus, to your point, that is a policy decision that can certainly be revised, if it's found necessary to do so.

Mr. Christopher S. Saunders: Okay. Well, in the meantime, I don't know for other Committee members, but I would like a breakdown of those medical costs between Caymanian and non-Caymanian; and then of the non-Caymanian, what is violent versus non-violent people and the reason they're incarcerated.

Those are pretty much my questions on this topic at this time. Thank you.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Thank you, Mr. Chairman.

The Ministry notes the member's questions and requests.

The Chairman: Go ahead Mr. Tatum.

Mr. A. Roy Tatum: Thank you, Mr. Chairman.

I also welcome the witnesses and a Happy New Year to you both.

Your previous answer referenced an enterprise risk management framework or enterprise risk management several times. For our benefit and for the benefit of the listening public, could expand upon that a bit and just explain exactly what that is and how that will benefit you, in terms of assisting with your deficit issue? It was just noted though that you don't really make revenues, and it is up to the government to fund the amounts that you need.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you to the Member. Thank you for the opportunity.

Enterprise Risk Management as a concept is fairly new, in as much as our commitment to mature it as a part of the organisation's functioning. Every organisation is bound to confront its risks and that will differ from department to department. What we are trying to do from an enterprise risk management perspective is to identify not just our current issues that are causing uncertainty in decision making, but to be able to equip us to forecast better and determine the emerging risks that are presented, based on the activities that are currently happening that obviously in and of itself presents a challenge. We are moving, not just from writing down our risks independently and in silos, but rather trying to capture our entire enterprise's set of risks, so that we aren't working on those challenges independently, but taking a more holistic multi-Ministry, multi-agency approach to risks that in fact, we all share as common risks relative to the outcomes, especially those set out in the Strategic Policy Statement (SPS).

Mr. A. Roy Tatum: Mr. Chairman, through you.

Thank you very much for that. If I heard you correctly, you mentioned that an individual is now hired to assist you in that process?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

The Office of the Deputy Governor undertook to onboard a Chief Risk Officer who has been tasked with a portfolio of responsibility. In response to that, and certainly on the heels of the OAG's report, the Ministry of Home Affairs recognised the need to introduce a particular post to offset our risks; that is a strategic advisor post that the Ministry has been trialling. Responsibilities in that post include contract tracking, KPI development and tracking, procurement awareness and capacity building; and of course, the enterprise risk management part of it entails developing risk registers, not just for the core Ministry but making sure that risk registers are embedded in each of our departments as well.

Mr. A. Roy Tatum: Through you, Mr. Chair.

I compliment you on that. The DG did mention at a previous Hearing, the risk management that he's putting in place. I'm very pleased to hear that you've incorporated that also within the work that you're doing.

Thank you.

The Chairman: Thank you.

Mr. Ebanks, I just want to go back briefly to the losses that you had accumulated over the last three years, roughly \$3 million. Can you explain for the benefit of the Committee and listening public what actually happens here, in terms of how those accumulated losses are actually dealt with in the Ministry's financial statements? Does it require additional funding from the Treasury to ensure that the Ministry remains solvent—if I might use that term? Have you got sufficient cash to help cover the related liabilities that are obviously driving the losses?

[Pause]

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, thank you.

In consultation with the CFO, just to confirm, yes, that some of what is driving that is related to non-cash items. Also, though to say that, we are cognisant of the volatility in our operations and the need to pay close attention to that forecasting element, so that if supplementary funding may be necessary we're able to achieve that sooner rather than later.

I just wish to underscore though that forecasting those irregular activities is certainly a challenge, but I am pleased to say that we have taken a much more multi-agency approach to looking at these enterprise

risk issues and I'm hopeful that collective approach brings us closer to a better forecasting model.

Mr. Christopher S. Saunders: Mr. Chairman, just on that topic, I went and got a copy of their financial statements, and what I can say is that for the end of 2024 they had sufficient reserves in the positive to absorb the losses. Therefore, it's actually not really an issue.

The Chairman: That's the assurance I was seeking because I note the loss of \$34,000 for 2024, not at all bothered with that; as far as I'm concerned, you broke even. I just wanted to understand, and what he has said really has given me that assurance and reassurance that I was seeking so, I appreciate it.

Mr. A. Roy Tatum: Mr. Chairman, just one final question. Your question reminded me of something I wanted to ask, if I could.

A reference was made earlier to overtime, I don't have the numbers for that here but is that a significant issue? Were you referring to the Prison?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Thank you, Mr. Chairman.

In fact, the Prison Service and the Fire Service were both drivers of overtime for very similar reasons, in as much that operations that are not forecasted necessarily lead to extended activity and the need for personnel above and beyond what is typically rostered in any one setting. We don't just have the internal drivers from, for example, fires or car accidents or other fire-fighting services; but as I was explaining earlier on, we also have the downstream effect of the activities of other departments and operations within the wider public safety and security space.

Mr. A. Roy Tatum: Mr. Chairman, I thank the witness for that.

What I'm hearing is that the issue is not so much insufficient staffing because often that's a cause for a lot of overtime—regular staff having to pick up slack—but it's more an issue of unexpected things happening, accidents and fires or whatever and therefore, having to use the existing person. In terms of [a] staffing issue, as far as you're concerned, there's no need for additional staffing to solve the overtime problem?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, we certainly do have a capacity issue, in terms of matching human resources to demand. However, I can say that through the government, we have presented solutions to that. For example, increasing the personnel with the Fire Department, in addition to other strategic measures, which have directly translated to a decline in the overtime at the Fire Service, as the OAG report

kindly pointed out. For the Fire Service, we have a number of other more complex drivers of overtime that present challenges to us.

To your point, there are two departments that are encountering this issue.

Mr. A. Roy Tatum: I thank the witness for those answers. I will leave it there. Thank you.

Hon. Kenneth V. Bryan: Mr. Chairman, through you.

Chief Officer, I recognise that there are several reasons for potentially not seeing your expenses. I also see that there are many highlighted topics to give sympathy to you, but unfortunately, I have to rein it back in now because there are structures upon which you can do better at projections, as well as be closer with your Minister about getting supplementaries before the end of the year. At the end of the day, if these reports are not adequately ready, those authorities in policing of our country's entire public sector, can't do their job.

Though I may sympathise with it, unfortunately, I am going to say that your Ministry has to do a better job. I'm hoping though, that there's been a window of sympathy available to you today, that the things that you said before we went into the other line of questioning will be rectified, even with those difficulties for projecting over time.

To be honest with you, I personally do not accept that projecting overtime is something that can't be rectified in a timely manner, because it tells me that those entities who are in charge need to know their manpower—or should I say, personnel power, not man, because there are many strong women out there doing the job as well—[and be] better with their projections of the employees that they need. It trickles down not only from the Ministry but down to the entity so that it doesn't come back on you to say, *oh, I now have to get you money because you didn't plan right.*

The question is simply this: are you confident that the things you now have in place and the things the Auditor General's Office has queried about your process will be rectified so we don't have this problem? Regardless of whether it's \$34,000; it shouldn't be \$34,000, it should be none. The total amount is \$3 million over three years, and if you want to just break it into three parts, it's a million dollars per year. As much as I want to be sympathetic, I want to know that it's not going to continue. Therefore, are you confident in the things that you're doing?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman to the Member.

I certainly share your exact concern as a Chief Officer for the Ministry, recognising that pattern and trend. I do have confidence that the programme of work that we've identified is a logical one. I'm not saying that in isolation. As I mentioned earlier on, I do have the good advice and support of not only the OAG, but also

key partners like the Internal Audit Service, our Enterprise Risk Management Office and the Central Procurement Office. Thus, I believe sir, that I have surrounded myself with the key advisors to tackle the issues identified in the OAG's report.

Hon. Kenneth V. Bryan: All right. Thank you so much, CO.

We are going to move on now to another area which has to do with the Procurement Act compliance, and this part is a little bit... I don't think you're going to get as much sympathy as you got before, in respect of this space. However, I will give you some context before we open up the line of questioning.

The 2024 audit identified 20 incidents of non-compliance with the Procurement Act and the Procurement Regulations at the Ministry of Home Affairs, through the ISA 260 Report. The Ministry of Home Affairs awarded contracts without complying with statutory requirements, including: three contracts for the supplying of food to the prison, totalling \$1.2 million were awarded without the required approvals of the Public Procurement Committee (PPC) or the publication of the award notices. (This transparency is necessary for the scrutiny and compliance to make sure that there is no funny business happening.)

The Procurement Regulations require that all contracts exceeding \$250,000 be approved by the PPC. In addition, a contract for preventative maintenance of masts valued \$259,000 was awarded without proper business case approval and PPC endorsement. The people who are charged with keeping an eye on this didn't get a chance to even look at it. These four contracts violated 16 aspects of the Procurement Act and the related Regulations.

Now, these violations represent a clear failure to comply with the statutory procurement requirements and raise concerns about the transparency and accountability of the Ministry and its process for procurements.

The first question is: can you tell me why those contracts missed the procurement process? Let's just start there.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

In relation to the Prison Service and the contracts relative to the supply of food, I think it is important for the Committee to appreciate the context in which the prison service is operating and how this relates to the department's operations.

Within the prison service, the supply and distribution of food is not just a day to day activity, but it is one of operational necessity and if the continuity of that supply is not managed correctly, in other words, there's disruption of that supply, it may well escalate to a security issue. The supply and distribution of food within the prison service is paramount to good order and safety.

We have encountered instances in the past where being down, in terms of that supply, has in fact caused operational issues.

For the benefit of the prison service and keeping continuity with that food supply, there are three main suppliers that are able to achieve or meet their demand. Within that context however, not every supplier has everything that the prison service may need; that's one aspect to consider. The second aspect to consider is that there is not a storage facility for bulk buying for extended periods of time. The purchasing for the prison service is an ongoing activity that is, in and of itself, relatively stable, but responsive to the movement of the number of prisoners that we have within the prison service.

That context is the basis for why there was not one procured solution for the supply of food. The prison service has, with the support of the Central Procurement Office, sat down and looked at this context and we have found a bespoke solution that allows the prison service to be able to tender for services in a way that we can give assurance of that continuity of food supply. I am very grateful to the CPO for their advice and guidance. The business case in that regard has been completed, it has been reviewed by the EPC [Entity Procurement Committee] and our next step would be to tender that in the public domain.

Hon. Kenneth V. Bryan: Thank you, CO.

I do agree with you that God forbid the prisoners don't get their food you can have a serious problem on your hands, so there's a level of sympathy from that perspective.

Can I take it that you're saying that you have fixed this problem, whereby procurement procedures will not be missed anymore, so a contract for food will never not see the eyes that are necessary to oversee it? That wouldn't happen again, is what you're saying?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you. *That is certainly the undertaking that I have given here today.*

Hon. Kenneth V. Bryan: Thank you, CO.

Can we just get into those because we see it as a failing, maybe not intentionally, which gets into the questioning of those who are responsible for understanding the procurement procedures within the Ministry.

Let's talk about your ministry's staff and their understanding and training around the Procurement Act. Do you think your Ministry, and those who are involved specifically in that—because not everyone in your Ministry has to deal with the money matters, but those who are tied directly to ensuring that the requirements as per the Procurement Act are completed—are fully trained and up to par, or do you think there needs

to be some excessive training or more? What is your viewpoint on that?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

Certainly, we are never in a position to rest on our laurels, as it may. As I mentioned earlier, I am grateful to the OAG for highlighting some of these deficiencies and giving us the opportunity to remedy them. We do have room to grow, in terms of how we are managing our risks at the Ministry and certainly across CIG as a whole, but in particular and specific to the Ministry, the undertakings that we went after in 2025, I believe, give me grounds to give the assurance to you as I did earlier on.

We have introduced a post, as I mentioned, specifically called the Strategic Advisor, but more importantly, the responsibilities of that portfolio speak directly to giving the Ministry the benefit of oversight in the core to help offset some of these risks that are on the operational side of the Ministry's business.

We've introduced a key post. We've put responsibilities into that post, not just for the monitoring of the activity, but also the building of capacity and capability around procurement. Working with the Central Procurement Office, we are definitely extending training and development opportunities across our Ministry, and one of the key steps that we took in 2025 in fully establishing our EPC is to ensure that our EPC now comprises a representative from all of our departments. That was a deliberate step to give myself assurance that we had a level of standardisation on our EPC, so that best practices weren't just sitting within the EPC, but those best practices could be devolved out into those respective departments.

Again, sir, I can't impress enough the collaborative and collective approach to mitigating some of these risks, but starting within the core to make sure we have capacity was certainly top of mind for me.

Hon. Kenneth V. Bryan: Thank you so much, CO.

Before I hand it over to my colleagues to open up further questions about procurement, I have to ask you about three more questions.

Why do you think it's important that we have a Procurement Act and procurement procedures? The public will hear about the Procurement Act and there's a reason for it, right? It protects the people, but I want them to hear it from you, your understanding of why it's important that we do not miss procurements in these types of situations.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, thank you. To the member's point.

Our stability and prosperity as a country hinges in many ways on our ability to demonstrate good gov-

ernance, not just locally but internationally. It is a jurisdictional reputational issue which I take personally, and I also take it personally on behalf of the government, to your point, because we are responsible for public funds.

The Procurement Act is one instrument of that good governance apparatus that the country has. I believe it's a strong mechanism for good governance.

I believe that training and awareness across our civil service could be enhanced. The more we know, the stronger we are as a civil service, not only to comply with those instruments but also advocate for their compliance. That was one of the reasons, as I mentioned, to have an EPC that isn't just comprised of specialists or members from my executive team, but an EPC inclusive of all of our departments, demonstrating that we're all sharing in this risk and we all need to be a part of that solution together.

Hon. Kenneth V. Bryan: Thank you so much. I want to flip the switch a little bit now.

We know that it's not a good look when anyone doesn't adhere to the Procurement Act. However, we've also heard the other side of the conversation, which is the Procurement Act sometimes hinders the ability for government to deliver policy, or sometimes the Procurement Act may end up trying to secure and protect money, but end up costing us time and the obligations for reports and business cases and so forth, particularly when the money gets larger. Some people are of the view that maybe it's time to review it and the amounts that are obligated for certain procurement requirements.

Do you think that the Procurement Act is doing what it was intended to do? Is there any truth to some sentiment that it has become a bureaucratic exercise and it's not really doing what it was supposed to do, or not doing so in its entirety or at certain levels? Given that the current threshold is \$250,000, should it be at \$500,000 or should it be lowered to \$100,000, based on your everyday experience as a Chief Officer?

Sometimes people say, '*oh, you know, we can't get the thing done that we need to do,*' particularly politicians and policymakers who want to deliver services, projects and all of these things—so, I'm getting into the whole ethos of procurement. Do you think it's doing exactly what it's supposed to do? Do you think there's scope for amendment from your real life experiences every day?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

Our procurement legislation, I believe, is a strong piece of good governance legislation. Without speaking on behalf of the OAG, they may feel the same way as well.

I believe really and truly that it is about promoting capacity building and allowing our staff, our members from top to bottom in our organisations to understand, as you are pointing out, the value of good governance and the role of procurement in good governance. I believe in my mind that this is about connecting individuals across our departments to the 'why', and it's the 'why' that you're driving at, in terms of 'how do we sustain good governance if we don't have individuals with skill sets and motivations to drive compliance with procurement or otherwise?'

My experience has been that the Procurement Act is doing what it was intended to do and that is to demonstrate to the international community and certainly the local community that we take public funds seriously, and the expenditure of those seriously.

I don't underestimate the responsibility encapsulated in that statement, so, to your point, every dollar matters, and I certainly will not debate that \$1 necessarily is valued more than another, so to speak. My focus over 2025 on receiving this report has been '*what can I do from the Chief Officer's post to drive prevention?*' What that has translated to, as I mentioned earlier, is a programme of work where I've deliberately tried to impress on managers and leaders, and anyone who has responsibility for procurement that we do need to be deliberate and we do need to take the time now necessary to ensure and demonstrate that compliance. That then obligates us to be better at strategic planning and the forecasting, which we were talking about earlier in the other line of questioning. Hence, I think that just in and of itself demonstrates that this is all tied together.

Hon. Kenneth V. Bryan: Thank you so much and I hope my delivery wasn't one of suggesting the Procurement Act be taken away, but more so examine maybe the thresholds. I was focusing more on the thresholds. Do you think the thresholds are enough? Do you think they should be tightened or loosened? That's really the question I was trying to ask on your day to day experience with it.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you, apologies for not getting to the question. Thanks for restating it.

I believe it is not a question about the thresholds. I think it is an issue of the procedures that are in place behind and in front of those gateways. Yeah.

Hon. Kenneth V. Bryan: Okay. Thank you.

Lastly, but [a] more important question for now is: have any additional compliance breaches been identified in all the contracts issued in 2025? Have there been any other breaches beyond the one we have already specified? We specified the prison situation. Within your Ministry, are there any other breaches or concerns that should be examined today, whether within your Ministry or the other entities or so forth?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, what I can say is that I mentioned the Strategic Advisor post that is within the core Ministry at the moment; and a part of that officer's remit is to thoroughly and comprehensively examine our contracts across all of the Ministry. As I am here today, I don't have any others that we are actively pursuing that I can communicate to you, but what I can say is that we are not stopping there. It is a proactive approach to make sure that we are actively tracking contracts that are in place and managing the procurement of future contracts as well too.

Hon. Kenneth V. Bryan: Thank you, CO.

Mrs. Julie J. T. Hunter: Through you, Mr. Chairman and good morning to the listening public and to our Chief Officer Michael and Mr. Cooper.

A couple of quick questions for me. I am just wondering CO, how quickly do you know or how quickly is it brought to your attention when the Procurement Act has been broken? When something goes wrong, do you know as you're going along or when it happened? Are you not aware of that until the OAG's report is done?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you. Thank you Ma'am for the question.

In many instances, we have built in the mechanisms so that oversight is delivered and that the Chief Officer is receiving updates and information without being necessarily inundated.

That said, there are clearly issues highlighted by the OAG that demonstrate that in the case of the Ministry of Home Affairs, I certainly did need to put additional mechanisms in place to ensure that if it wasn't myself, as a Chief Officer, receiving information, the correct other officer or officers have the opportunity to receive that information. That again is part of the reason why we took some deliberate steps over 2025 to build capability and enhance those mechanisms whether through training, different policies and procedures, also the EPC and expanding our departments on that.

We are actively and always trying to improve lines of communication in a way that improves our risk management, and this report certainly tells me that we have work to do. What I am thankful for, is that I'm able to say that in light of that we are making inroads as we've been discussing this morning.

Mrs. Julie J. T. Hunter: Okay, thank you for that. That's exactly what I was thinking because if you're being made aware of it as you go along, instead of having to wait until the end of the year when the report is done, there could be fewer infractions going forward once you

put recommendations, staffing and all that in place so you will know what's happening.

Are there any cases where the Procurement Act is not being followed? Is there scope for you all to go outside of the Procurement Act, but it can be authorised or is that not a possibility at all; or once it's in the Act, it has to go purely by what the Act says or you'll get an infraction? Do you understand what I'm asking? Can there be some leeway where you say, *'well, it's an emergency, we have to do this; this is how we need to act in this instance?'*

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through to the member's question. My response to the member's earlier question on the status of the Procurement Act was such because in my view, we have a mechanism in place now that makes sense, and if we are able to have lines of communication that are strong, I'm hopeful that we can offset what you're pointing out.

Mrs. Julie J. T. Hunter: Okay. My final question: I know you said that you have a business case completed, and to me that sounds sort of like a work around has been formed for...I don't know if that was to let you know or to advise you quicker, but can you elaborate a little bit more on what the business case entailed so the Committee and listening public could know what's in that business case and how that will help? Also, is the new employee that you mentioned a part of that business case? What are you proposing?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: The process of business case development is one of explaining the risk at hand, presenting possible solutions and then evaluating what would give us not just value for money but also operational delivery. In that sense, the business case has been developed. As I was mentioning earlier on, our work and cooperation with the Central Procurement Office has allowed us to move from business case to the development of an RFP. Specific to the prison service, an RFP that allows them to have continuity with their specific services as it relates to food supply.

Mrs. Julie J. T. Hunter: Are you saying that is another process in place of the procurement?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Yes, ma'am.

The procurement process itself is governed by legislation and in that legislation, there are various thresholds and financial gateways for levels of approval in that process, is what I'm referring to.

Mrs. Julie J. T. Hunter: Okay, thank you.

Mr. A. Roy Tatum: Mr. Chairman, just to make sure that I'm clear: What I thought I understood from you earlier on was that there is now an arrangement that you just referred to it as a 'mechanism' in place already that has solved the issue for the prison, in terms of having a variety of people who they can actually go to for procurement. Is that correct?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you. That's correct. The business case has been developed to examine that specific context, if you like, and we're developing a solution that meets those needs, but also allows us to comply fully with procurement regulations.

Mr. A. Roy Tatum: Thank you very much. The mechanism or arrangement is not yet in place, it's currently being fleshed out?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: That's correct, sir. That would be the outcome of the public tenders.

Mr. A. Roy Tatum: Can you say more about exactly what that solution might look like?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: It needs to be a solution where the prison service has assurance of food supply, in other words, assurance that disruption of the food supply is not going to occur and lead to operational and security risks. That is what we are focused on: *'how can we create a solution that is fair, transparent, and competitive, but also allows us to ensure business continuity where stopping the supply of food is really not an option for us within the prison service context?'*

Mr. A. Roy Tatum: Mr. Chairman, just for a bit more clarity, maybe it's just me, but a bit more clarity: When you say a "solution", because from my perspective — maybe I'm just being overly simplistic— the prison just needs the authority to be able to purchase from—I think you said—three sets of businesses. So, you need to be able to purchase from three sets of businesses depending on the needs.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: That's absolutely correct.

Mr. A. Roy Tatum: That is the solution you are looking to have.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Yes, sir.

Mr. A. Roy Tatum: Why does that need a business case?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Because it is a procurement of services to a level. The accumulated amount reaches that level which is governed by procurement regulations and legislation that says we are required to produce a business case before a tender and before a contract.

Mr. A. Roy Tatum: Okay. It sounds a little complicated to me, but again, I may be missing something.

Are you happy that you are very close to having, what you call a "solution" in place? Obviously, it doesn't sound like it is something... It sounds like it is an ongoing need and is not just something that happens occasionally. Will that "solution" as you call it, be in place shortly? How far away is that?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Yes, sir. The Business Case itself has been approved by the EPC and with the cooperation and support from the Central Procurement Office the next step would be the public tender for those services, which is essentially imminent at this point.

Mr. A. Roy Tatum: There would be a tender for you to access these other companies to be able to purchase from them, is that what you are saying?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: That is correct, sir.

Mr. A. Roy Tatum: Okay, and you are anticipating that the business case will be done, and not far from now, from your perspective, the problem will be solved. It is not going to be dragged out for another six months.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: No, I couldn't see how it would go another six months. My expectation would be that the tendering process would happen in Q1 of this year, which will then lead us into a contractual arrangement, presumably way ahead of the six-month marker that you mentioned.

Mr. A. Roy Tatum: I certainly hope so.

Thank you, sir.

Mr. Christopher S. Saunders: Mr. Chairman.

The Chairman: Mr. Saunders.

Mr. Christopher S. Saunders: Through you, Mr Chairman. Before I ask the witnesses, I just want to understand something from the Auditor General, directly.

It says, three contracts for the supply of food to the prison, totalling \$1.2million were awarded without the required approval. Now, was that a series of contracts over a period of time that went above the limit? Is that how this happened?

Mr. Patrick Smith, Auditor General: Through you, Mr. Chairman.

This amount basically related to three separate vendors, I can give the individual amounts. There was one vendor that was \$579,000; one was \$3,073 [sic] and the other one was \$243,000. That's the three separate vendors basically that actually accumulated to that amount of \$1.1 million.

Mr. Christopher S. Saunders: Yeah, and the \$579,000, for example, was that over a period of time? How many transactions would that have been?

Mr. Patrick Smith, Auditor General: I don't have the details of transactions, but that would have occurred basically during the course of the year, January 1 to December 31st, 2024.

Mr. Christopher S. Saunders: Okay, so it would probably be several.

Mr. Patrick Smith, Auditor General: Yeah.

Mr. Christopher S. Saunders: The reason I'm asking that question is, first of all, what is the total amount of money that we spend on the prison food programme? Ballpark.

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Through you, Mr. Chair.

For 2024, that was about \$950,000. Just to address that point, it's many transactions; so, it's the accumulative effect of it. Thus, with those three or four vendors, you're looking at a series of several contracts. As the Chief Officer said before, there is a lack of storage space so they do weekly purchases to maintain their supplies.

Mr. Christopher S. Saunders: That's the point I am actually getting at because at the end of the day, you're talking about a series of contracts. I mean, how many vendors actually provide supplies to the prison, about three or four?

[Inaudible interjection]

Mr. Christopher S. Saunders: Okay, about three or four. All of these would have been over an accumulated period.

Each individual purchase would have been under the \$250,000 limit, correct? It would be like \$40,000 here, \$50,000 here, and then over a period of time they would add up past the threshold.

Now, the law as it stands, if my memory serves me right, also allows the provision of single providers. In other words, you all can make the case in the sense of *'this person is just a single provider'*, so, it'd be Uncle Clems, Progressive, maybe Kirks, maybe Fosters. I mean, it's not that many people or different merchants or vendors that you can buy things from. Hence, my question: from an entity procurement standpoint, from a Ministry procurement standpoint where the law allows you to document the reason why there is a single provider—because these are all small—why wasn't that option used?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

I guess the concept of a direct award in this case is almost counterproductive to what the prison service is trying to achieve, which is continuity and service. Not all of the three or four suppliers have all of the same product to sell at the same time, either nonetheless. Therefore, to pin the Ministry or the government into one sole supplier for food would not meet the needs of the prison service and would in fact enhance the risk of disruption. The solution that we are progressing toward is one where we have a pool of vetted and qualified suppliers—those three or four—which gives the opportunity to the prison service to draw from that pool as needed continuously. That is how I'm hoping we can address compliance with procurement, but also avoid disruption of food supply.

Mr. Christopher S. Saunders: That's actually the point I'm getting at, and the reason why I said what I said is, you look at \$1.2 million...

Now, part of having this procurement process is to ensure fairness of awards. If you know that you have three or four suppliers and there's a \$1.2 million award, on average, each should be getting around \$300,000 because you're giving everyone an equal opportunity. Thus, from an entity and ministerial standpoint, you can document where you have agreed to a portion of \$300,000 to each of them. At the beginning of the year, you would document that these amounts are intended to be the direct awards to be distributed over a period of time, averaging \$300,000. What you don't want is one person receiving \$900,000 and then other vendors... But if every vendor is getting something equally...

If you know the four vendors, or your main suppliers, are in excess of the \$250,000 limit, you should document that at the beginning of the year to say *'these are going to be the direct awards over a period of time to these vendors'*. Now, as things progress throughout the year, one may have something and one may not have, you would then basically update the records, because the law does give you the flexibility.

From the Auditor General's standpoint, once this has been documented at the beginning of the year,

at least the intention will be clear that you intended to give everyone a fair opportunity to bid on government services. That is really where the problem comes in. If you only had one vendor across the entire island then it is not a problem.

I am saying to document it because I think the law does give you that flexibility. You can then review it in the middle of the year to see where you are with the \$300,000 that you have assigned to each, and then update the records, so at least when the Auditor General roles in, even if you are in breach...

Listen, you're not going to get \$250,000. Like I said, these are a series of small transactions, but cumulatively, over a period of time as the year progresses, you're going to be in breach of the \$250,000 limit, which would have gone to the PPC. That is why I am saying this should be documented so you can at least give yourself that out, from the Auditor General's standpoint; at least you would have complied with the law. That's really all I'm getting at.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, I thank the Member for the insight and the points are well taken for sure.

Mr. Christopher S. Saunders: Okay, which brings me on to the next question: there used to be a prison food programme where the prison used to generate a lot of their own food, which saved the country a considerable amount of money. Where are we with that programme right now?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, through you.

The prison service continues to generate food on campus and that does offset some of the food supply needs. However, it's certainly not at a point where it's sustainable or even sort of meeting any kind of large demand. It has a dual purpose, in the sense that it's not just for the supply of food within the prison service, but it also serves as a mechanism for rehabilitation and engagement of prisoners as part of their reintegration programme.

Mr. Christopher S. Saunders: Well, thank you very much for that. The reason I raised that issue—and again, looking at the broader picture—whether Caymanians realise it or not, the drums of war are beating. I mean, you look at what China is doing. China is literally preparing for war and for us who depend on a lot of imports...

There's a different initiative, which I've already spoken to the Minister of Agriculture about, in terms of starting to push more food sustainability. They're going to come; it is not a matter of if, it is a matter of when. Are there any initiatives being looked at to start posi-

tioning the prison to become a little bit more sustainable? I'm going to tell you, things are going to get bad. We saw the import challenges during COVID, and none of us have been alive during a global war to see what the impact would have been, but everyone still needs to eat because there's no app for that.

Is there any long-term planning being looked at now to have the prison a little bit more sustainable?

I know they used to have the external farm but ever since that unfortunate incident, that programme got shut down. Is there anything else that's being looked at to increase the amount of food that the prison produces for itself?

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman through you, sir.

At the moment, not a long-term comprehensive solution that would somehow rise to a national food security initiative. The focus thus far has been more internal, a departmental programme and initiative. One, like I said, that provides a rehabilitation aspect of operations, but also helps us to offset some of our financial needs and supply food as well.

The movement of current state to the future state that you're indicating, that concept would certainly require investment of various kinds, partnerships of various kinds. What I can say is the prison service has already turned its mind to that opportunity, in terms of a greenhouse, and what that kind of facility might do, in terms of upscaling the food supply operation.

We've also had conversations with the Ministry of Agriculture, in terms of how those two Ministries might be able to partner for outcomes.

Your point is well taken, in terms of upscaling the operation. We have a strong foundation of generating farming and food produce within the prison service, so in my mind, it is a strong foundation that we can certainly build on.

Mr. Christopher S. Saunders: You definitely have enough herbalist up there who can help.

The last thing I want to touch on is spoilage. How much food per year do you estimate is now spoiled at the prison? In other words, that's basically discarded, expired or...

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Through you, Mr. Chairman, to the member's question. The spoilage is not material. They purchase on a weekly basis, sometimes daily. As we mentioned before, they don't have much space for storage so they tend to purchase more frequently; so spoilage is not material.

Mr. Christopher S. Saunders: When you say not material... I mean, \$1.2 million is still a lot of money. I mean \$60,000, \$70,000, \$80,000 could be immaterial. When you say "not material"...

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: No, it's not that level. It's probably less than \$5,000 or \$10,000 there about.

Mr. Christopher S. Saunders: Per year?

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Yeah.

Mr. Christopher S. Saunders: Okay. All right.

Mr. Carrol Cooper, Former Chief Financial Officer, Ministry of Home Affairs: Estimated.

Mr. Christopher S. Saunders: Remember now, I don't ask questions to which I don't know the answer, but thanks.

The Chairman: Are there any other questions from the Committee? If not, then I draw this segment of our Hearing today to a close.

Mr. Ebanks and Mr. Cooper, I thank you both for your presence this morning and the candid and forthright way in which you have dealt with the questions before the Committee. I'll go ahead and I will excuse you from the Chamber at this time.

Thank you all again.

Mr. Michael Ebanks, Chief Officer, Ministry of District Administration & Home Affairs: Mr. Chairman, thank you and to the members, I expressed my sincere gratitude at the start, but I wish to reiterate that to yourself and the entire PAC; certainly, to the OAG, our partners, and the Ministry of Finance as well.

Thank you, sir.

The Chairman: Thank you too.

Members of the Committee, we are going to go ahead and take the lunch break. We were scheduled to be back at 12:30, so we have about 50 minutes. I just ask members to be back at 12:30 so we can keep ourselves on track.

Thank you all.

Proceedings suspended at 11:41 a.m.

Proceedings resumed at 12:39 p.m.

The Chairman: I will go ahead and call the meeting back to order.

For the first afternoon session we are going to be questioning the Chief Officer of the Ministry of Education & Training, and the Chief Financial Officer of that Ministry. Ms. Cetonya Cacho is the Chief Officer and Mrs. Denise Hutchinson is the Chief Financial Officer. I'd like to go ahead and call them into the Chamber.

[Pause]

MINISTRY OF EDUCATION & TRAINING

The Chairman: Ms. Cacho and Mrs. Hutchinson, welcome to this Hearing of the Public Accounts Committee. We had a very productive morning with the CO and CFO from the Ministry of District Administration and Home Affairs. Now it's your turn.

As part of the process, I announced this morning that from this day forward, in any further Hearings of the Committee we are going to be asking witnesses to swear an oath or to affirm an oath before the Committee to tell the truth and nothing but the truth. I think you may have the wording there. What I'll do is invite you before we proceed any further, to take that oath. The choice is yours as to whether you swear or you affirm.

Ms. Cacho, I'd ask if you would say the oath. No need for you to stand.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Good afternoon, and thank you. My name is Cetonya Cacho. I'm the Chief Officer in the Ministry of Education & Training.

I swear by Almighty God that the evidence I shall give to this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

The Chairman: Mrs. Hutchinson.

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: Good afternoon. I am Denise Hutchinson, the Chief Financial Officer in the Ministry of Education & Training.

I swear by Almighty God that the evidence I shall give to this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

Thank you.

The Chairman: Thank you both for that.

Ms. Cacho, you brought a number of people here with you as well. If at any point they are giving evidence to the Committee then we will also need to swear them in as well. Okay?

This segment of the Hearing, I'm going to turn it over now to my colleague, Roy Tatum and he is going to lead the initial questioning of you in this section.

Mr. A. Roy Tatum: Thank you, Mr. Chair, and I also welcome Ms. Cacho, Mrs. Hutchinson and the folks who came with her. Happy New Year to you all. Good to see you.

I will start with a short preamble.

We note that the Ministry received an unqualified "clean" audit opinion for 2024. We also note that the Ministry has broken even in each of the last three years, matching its budget performance. The Ministry maintains the largest cash balances, \$129.8 million, and the largest networking capital position, \$176 million, among all core government entities. The Ministry

spent \$145 million in 2024 accounting for 23 per cent of total core government expenditure, making it the largest spender among core government entities. Whilst the significant cash holdings demonstrate the Ministry's strong financial position, the PAC would like to explore reasons for such a situation.

Mr. Chair, I'll start off by noting that in 2020 the Ministry of Education had a surplus of \$696,000; in 2021, a surplus of \$7,390,000; and in 2022, 2023 and 2024 was flat and at break even. That's a very commendable thing to see in terms of how you're managing your money. If you could please advise, how is it that you've managed to make that change from not having a deficit, not having a surplus, but actually breaking even over the course of the last three years, what has changed?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you very much for the question. I need to state that I re-joined the Ministry of Education in May 2025 and I was previously in the Office of the Deputy Governor from June 2022, so I was not in the Ministry of Education for some of the period here. I will ask the CFO to address this question, please.

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: Thank you for your question, Mr. Tatum. The cash balance for the Ministry of Education is a result of our depreciation. The Ministry of Education is the largest capital portfolio, so our fixed assets are our schools. We have 16 schools across the island, plus the library service buildings and we have—

Mr. A. Roy Tatum: Just to make sure I explain myself properly, what I'm actually asking is in terms of the last three years, the position of the Ministry has been that you've broken even every year, there's no surplus, there's no deficit; so what has caused you to be able to arrive at that position? In prior years, there was surplus; what has changed that it is now flat across. If you're breaking even, what you've been given to spend is exactly what you spent.

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: Okay, thank you for the clarification. The Ministry of Education is not a revenue generating entity, therefore all our revenue comes from Cabinet. In 2021, our buildings were revalued, so because of our large portfolio of buildings we had a significant surplus on revaluation. That was what was shown as our surplus at the end of that period. In subsequent years, all the monies that we spent for expenditure was funded by Cabinet revenue, so that's why we broke even.

Mr. A. Roy Tatum: Thank you. What you're saying is that what was being allocated is exactly the amount you spent.

I meant to say this at the start and I'll say now actually, I read that the 2024 audit was unqualified and "clean" and I want to congratulate you on that. Well done.

The answer that you gave was what I was probably expecting it would be. I want to thank you for that. I won't inquire any more on that, but again, it's actually good to see that you're not in a deficit because what you spent is actually what you were given.

This is what I think you were going on to ask just now with regard to the \$129.8 million in cash that you have. That's a very large sum. It's the largest of any entity within the government. How was that accumulated, and what is it expected to be used for?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you for the question. I'll start and then I'll turn it over to the CFO.

The Ministry of Education is the largest entity within government. We have the largest staff complement of over 1,000 people spread across schools, core DES [Department of Education Services], Sunrise and libraries. The majority of the funding is linked to personnel. I'll let CFO add any additional details.

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: We do accrual accounting. Across government, accrual accounting is what is adopted. In accrual accounting, we have to account for the depreciation, so the depreciation forms a part of our expenditure each year and that is also funded by Cabinet. The actual cash that we receive from Cabinet for the depreciation is set aside; however, by the regulations from the Ministry of Finance, those funds are not spent. We do not touch those funds.

Mr. A. Roy Tatum: How do you have those ring-fenced, exactly?

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: The full amount is ring-fenced, and it is for whenever we are instructed by the Ministry of Finance as to how that will be spent. At this time, it is not ring-fenced for a particular purpose, it forms a part of the general cash reserves for the entire government.

Mr. A. Roy Tatum: Okay, thank you for that. The question that I wonder though: is there a schedule of depreciation? You'll have a schedule, I would believe, of what assets are being depreciated and when, but is there a schedule for exactly what amount of the funds will be spent and when?

Mrs. Denise Hutchinson, Chief Financial Officer, Ministry of Education & Training: There's a schedule of depreciation, but what that shows is the annual amount that we charge for the depreciation and then the amount that we draw down from Cabinet to cover

those amounts; so we do not have any plans to spend the money.

Mr. A. Roy Tatum: Mr. Chairman, through you. That then leads me to wonder—we have almost \$130 million sitting in cash, not necessarily ring-fenced but not expected to be used by the government, and there are no expectations by the Ministry to use them any time soon is what I think I'm hearing. I'm just pondering... This may not be a question for you, but maybe for your Minister, I think there's about \$300 million of similar funds across government at a time when government is looking for funds rather than borrowing, for instance. I was wondering if those funds wouldn't be better used by government rather than just sitting there. If you could just respond to that, please.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Ministry of Finance may need to assist with the answer. I think that is a question for the government to answer.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, just to add some clarity to this matter. These funds, while they're sitting with the Ministry of Education, they're invested in fixed deposits as all funds across government are invested, and so we make a return on them even though they're actually held by the Ministry of Education and other ministries across government. These funds aren't just sitting there, they're being actively invested.

[Inaudible interjection]

The Chairman: If I'm understanding you correctly — if I could just jump in here and ask a question — the actual investment of those funds is managed by the Ministry of Finance.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: That's correct, Mr. Chairman. These funds are managed by the Treasury Department and form part of the cash reserves.

The Chairman: Again, just for clarity's sake, does the government's budget completely fund depreciation for all entities across government?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, currently, the arrangement is that the government funds outputs to ministries and part of those output costs include depreciation. We've had discussions in the past with regard to ring-fencing the depreciation element of those outputs. I believe we're actually looking to bring that policy up again to actually have a depreciation fund so that the accumulated depreciation can be

stored and the Cabinet can prioritise their capital expenditure, utilising those funds instead of having these funds spread out across all the different ministries.

The Chairman: I think that's important because I mean, there's always a risk. I recall in many years gone by that, ministries and departments routinely used this funding to do other things.

[Inaudible interjection]

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, that's correct. I think when the law was originally written, there was an intention that depreciation funds could be used to replace assets and so on; however, in practice, it has not been used that way. The way it's being done makes sense because Cabinet is given the choice to prioritise where we spend our funds. Replacement is one thing, but realistically, that's a textbook exercise, because many assets last longer than we are expecting and so we replace them as necessary. However, we also give the decision-makers, that is, Cabinet, the ability to prioritise where we spend our capital funds in practice.

Hon. Kenneth V. Bryan: Through you, Mr. Chairman, and I want to thank the Member for giving me the leeway. Is that best practice? I mean, what's the point of putting aside depreciation money and not ring-fencing it for what it's actually for? What's the point of giving the entity the money to then say, I'm putting it aside for the government to use it again somewhere else. It doesn't make any sense to give it to them.

Explain it to me. Remember now that we're not only doing it for us, we're doing it for the listening audience. Explain the concept of taking money for depreciation for an asset, putting it one side and giving it back to core government for them to use it however they will. It's kind of lost, as in, are we doing what it's supposed to do?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, through you. This tends to be a legacy matter coming out of the Public Management and Finance Act in that it wanted each Ministry to kind of operate like a business where a business is allowed to replace the assets that they own, that are being used to produce outputs. However, because we want to ensure that the decision makers have the final say in prioritising the way capital funds are spent for capital expenditure, we've left it to Cabinet to decide where the actual capital expenditure is made. I believe the Ministry of Finance's official view would be that we'd prefer to hold those centrally because we want to ensure that the decision makers that is Cabinet is given the ultimate choice in where to spend those funds. While the ministries are good with following the capital budgets they

are given, it would be a more effective control to have it held centrally.

Hon. Kenneth V. Bryan: Through you, Mr. Chairman. I'm not disputing that it's probably best governed by central core government, I am asking if the institutional thinking of depreciation is actually doing what it's supposed to do if you don't do the full process of ring-fencing. It doesn't make any sense that we give them money to put aside for depreciation, if we're the ones deciding how it's going to be used. *You can't be half pregnant*, as the old saying goes.

Again, from an accounting principle in management, you have an authority under the Constitution in your role, does that make sense? Yes or no.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, I'm in agreement with the Member that it would be best to be ring-fenced by the Ministry just because of how we actually practice the use of our capital funds. It's just a situation where the wording of the Act right now would need to be updated, or an official policy provided by the Ministry of Finance to change that so that we ring-fence it centrally. Because we're operating in a decentralised environment, currently, each Ministry holds their own funds. However, because of how we actually practice spending it and the decision being made centrally, it would make more sense for that to all be held centrally. I'm completely in agreement with you.

Hon. Kenneth V. Bryan: I didn't specify what position I was, but thank you for agreeing. I'll give way back to my colleague to finish his questioning shortly.

I'm saying, could it not be one or the other, which is — do it the right way by ring-fencing it or don't obligate them to put it aside. I'm asking from your qualifications perspective and the role that the Ministry of Finance does, what would be the best advice for that? Obviously, the policymakers may have a different viewpoint from the political perspective, but you as a professional in your field, what would be the best course of action?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, through you. I believe it would depend on what the government wants to do, if we want to allow each Ministry to make their own decisions or we want to ensure that Cabinet is given the final say in prioritising capital expenditure. My personal view and my professional view as Accountant General would be, the Cabinet gets the final say in where we spend our capital funds, so that the priority is based on a decision by Cabinet, not by the Ministry itself.

Hon. Kenneth V. Bryan: Thank you.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Obviously taking into account what the Ministry thinks are the priorities.

Hon. Kenneth V. Bryan: Thank you so much, Mr. Matthew. I want to go back to the Ministry level.

[Inaudible interjection]

Hon. Kenneth V. Bryan: I'm not going off topic. I staying with this topic in respect of depreciation.

This is for the CO: I know that the government has announced it has plans for some new schools, has it been considered that some of that money that was already outlined, the \$130 million, could be used for those new school plans?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Funding has been identified for those projects at the various stages. Not through depreciation, to my knowledge.

Hon. Kenneth V. Bryan: Okay, one last follow-up. Can you identify what schools those were? The new ones that the government announced, I can't remember what they were.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Would I be able to provide that information to you shortly from the team?

Hon. Kenneth V. Bryan: Yes, as long as we get it today.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Yes, sir.

Hon. Kenneth V. Bryan: Okay, no problem.

Mr. Christopher S. Saunders: Mr. Chairman, through you back to the Accountant General. You've been in that role for quite some time now and I realise that the decentralised model we had is based on the New Zealand model. Now, from what I understand and through the last budget presentation, I could be wrong, but I think there are now initiatives to look at centralising some of those functions that were decentralised previously. Has that exercise started as yet? Are you aware of that?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, the Ministry of Finance is considering some elements of centralisation for some of the financial governance. We're not sure exactly how that looks yet.

At this point, we are looking at doing an overall review to see how it would best work, not necessarily a

full centralisation; potentially centralising some functions of the financial management, but we're not looking at a full financial management until we do a full analysis of what we have and what would work best. We have had concerns in the past that, while we're in a decentralised environment, the Ministry of Finance needs to provide more leadership roles in the financial management area, and so some of those roles may work better having controls around centralisation.

It is something that is going to be considered this year based on what the new Minister of Finance is looking at doing.

Mr. Christopher S. Saunders: You know I don't ask a question unless I know the answer, but I just want to thank the Honourable Minister of Finance in advance for going through this exercise because it is something that's long overdue.

We saw it during the budget process, especially with some of the SAGCs carrying just as much cash as central government, and central government is left with the burden of the framework for fiscal responsibility (FFR), of carrying all the liabilities of the SAGCs but none of their assets and pretty much none of their revenues. It is something I think the country needs to get to.

While we're at it, let's also look at centralising human resources (HR) too, because that is something that has gone completely haywire across the public service. That's all I have to say on that, Mr. Chairman.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, through you, I do have the list as requested. The capital projects listed were the Lighthouse School expansion; the new Layman E. Scott High School, which is underway; the Joanna Clarke Primary School hall; West Bay High School; and Sir John A. Cumber Primary School's school block.

Hon. Kenneth V. Bryan: One follow up with that. The funds allocated for that are not from the cash balance and it would be based on what's budgeted in their capital budgets.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, through you. Yes, that is correct.

Hon. Kenneth V. Bryan: Thank you.

Mr. A. Roy Tatum: Mr. Chairman, thank you. I thank MP Bryan, the line of questioning he went [down] was where my head was at.

Let me ask you this. I recall, and some of you in here may recall as well, many years ago, the Ministry of Finance used to sweep all the excess funds from ministries. This \$128 million would not have stayed with... well, it doesn't sound like it is. They would sweep

all the excess funds, just as MP Saunders was saying. The government overdraft facility was actually cancelled and government then started using the excess funds that it had available to it for its own use rather than an overdraft, or in some cases even borrowing. Is that practice still happening? You mentioned that the \$128 million were actually in a deposit and not ring-fenced. If you could go into that a bit more for me in terms of how it is managed?

As I said, you may recall, there was a finance minister at one point who actually used to sweep the funds and the overdraft facility was cancelled. I don't know if the government has overdraft facility now or not. I think the government then used this excess money that ministries and entities had to make sure it didn't need to go out and borrow.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, through you. The Treasury Department sweeps the profits of each agency into the Treasury Department. That's supposed to be done annually. Additionally, because of depreciation expense, each Ministry would have extra cash, so that's what I assume you're asking about sweeping in. We don't sweep that in yet. It would require a policy be put around that to allow us to take that action to bring that into treasury.

The depreciation funds are factored into all cash, when you see the government having certain cash reserves, that is the general reserves. When you see the numbers that we provide for cash balances, all these "accumulated depreciation expenses" as it's called in the ministry, that's all factored in.

When we talk about an overdraft facility, we don't have a specific overdraft facility that we need to operate. The bank that we use, Royal Bank of Canada, we're allowed to net our funds overall so that we're always in a surplus position when it's all netted off, so it doesn't count against us in that regard. These funds are all part of government's balances and factored in together when we show the cash balances of government.

Mr. A. Roy Tatum: Thank you.

The Chairman: Go ahead Mr. Bryan.

Hon. Kenneth V. Bryan: Thank you, Mr. Chairman. I just want to ask a quick question about the procurement, but I'll wait till we open that line of questioning from my colleague. Sorry.

Mrs. Julie J. T. Hunter: Thank you.

Through you, Mr. Chairman. Good afternoon, everyone. Good afternoon CO and Mrs. Denise, as well, and all the Ministry team. Glad to have you and Happy New Year to those who I haven't seen already.

Moving on to a different line of questioning, we're going to talk a little bit now about the emergency

procurement procedures. The 2024 audit has identified a concerning misuse of emergency procurement procedures.

The Ministry undertook a \$2 million refurbishment project for the old George Hicks campus, procured through what was then called emergency procedures. The initial approved cost for this project was only \$184,000, which covered labour explicitly and excluded materials; however, the project costs exceeded the approved budget resulting in a deviation from the approved scope.

Although the Ministry used the emergency provisions, the condition of the campus had been known to the Ministry for several years, as this was already part of a bigger project. This project was previously part of Project B for the new John Gray High School, which was supposed to be completed by December 2023, but was not delivered as expected. This indicates that reliance on emergency procurement resulted from delays in decision making and planning failures rather than a genuine emergency as defined by legislation. This represents a breach of public procurement discipline and public financial management principles.

We are aware that the Ministry engaged a consultant to conduct a value for money assessment of the work done. According to the consultant's report, the value of the emergency work done was approximately \$651,000.

Firstly, let me ask, since this work was known for a long time and was to be completed otherwise, what was the reason that the Ministry didn't plan these campus upgrades and had to do it within an emergency-type situation?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman through you, I want again to state that I was not in the Ministry of Education at that time. However, I have reviewed all of the documentation that is available to me for that period and I have also spoken to the team about what occurred during that time frame. If it's okay with the Committee, I will answer questions based on the information that has been provided to me.

Mrs. Julie J. T. Hunter: That's fine.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Okay. Thank you for that overview.

It's my understanding that, as you said, the project was supposed to finish in December 2023 but it was not handed over until much later than that. If I could go back just a little bit to give a timeline.

The funding for Project B, which is the George Hicks campus, was reduced to keep in line with the revised affordability limit for the entire new John Gray project. It was split into three projects, Project A being what is now the new John Gray campus; Project B, the refurbishment of what we know as the George Hicks site;

and then Project C which would have been the demolition of the "old" John Gray, where we now have those fields.

The funding for Project B, the George Hicks site, was reduced by about \$10 million to keep in line with the revised budget for the entire project. It is my understanding that most of the savings would have come from a reduction in the scope of the project, but also the removal of additional enhancements to the site.

The John Gray students were able to move from the George Hicks site to their new site in March 2023 and McAlpine, which was the company that the refurbishment of the George Hicks site was awarded to, took possession of that campus in March of the same year, 2023. A decision was taken previously to reduce the scope of works from a full refurbishment to minimum requirements for students and staff to safely get on to the site.

Once McAlpine got onto the site, I'm informed, mechanical, electrical and other surveys were conducted and it was realised that due to the aging facility, there were a number of issues with the buildings that went beyond the scope of what they were initially contracted for that would need to be rectified. There were some delays due to those issues and DES became aware of additional work that needed to be done on their end as well, beyond general maintenance. Like you said, the project was supposed to be completed in December 2023, but because of the progress delays, it was envisioned then that this would not be completed for handover until June/July 2024 with school slated to start in August 2024.

With McAlpine on site, DES didn't have access, nor the facilities team, to the site until later in the year, which happened to be in June 2024. When DES went on to the site with their facilities team through an agreement with McAlpine—

Mrs. Julie J. T. Hunter: For the record, can you just state to the listening public, what is DES? Who is that?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Sorry. The Department of Education Services and their facilities team.

The Department of Education Services were able to get access to the site whilst McAlpine were still working there through an agreement that they made and they identified additional work that needed to be done beyond general maintenance and upkeep as well. I want to point out at this point that McAlpine would have been on the site for about a year. The Department of Education Services would not have had access to the site for any general maintenance, landscaping, painting or anything like that during that time.

Mrs. Julie J. T. Hunter: Can I just interrupt you right there, CO. Does that sound reasonable to you? If I'm building a home, how are you going to say that I can't

go to my home just because my contractor is there? That doesn't make any sense to me. DES should have still had authority to go on the campus to see what was going on and to look. That would just have been good practice. To see how far they're getting, are they doing the work that they set out to do, how much longer it's going take, maybe something that you're doing there is not to my liking, so on and so forth.

I don't buy that they didn't have access. You have to give me a different one from that.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you for the question. Mr. Chair, through you.

What I should mention is that there was a steering committee that had been set up with members from the Ministry of Education, Department of Education Services, as well as the project team that was leading this work. That team, if I'm not mistaken, had access to the site and would report back to the steering committee on progress. I'll get that information shortly.

Reports were being made about what was in scope; what had been de-scoped; what was the responsibility of DES in terms of general maintenance, landscaping, some windows and doors and some other information. So, that did come back to DES through those steering committee meetings, but it was an active construction site.

Keep in mind as well that DES runs the facilities for all 16 of the government school sites.

Mrs. Julie J. T. Hunter: You're saying maybe they didn't have time then to put much effort or oversight into the construction or the work done at George Hicks? That could have been it.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: At that time, the work happening at George Hicks fell outside the remit of the Department of Education Services. It was under the responsibility of the contractor, McAlpine.

Mrs. Julie J. T. Hunter: Can you say the process that was used to determine the initial costs? How did you come up with that \$184,000?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, through you. That was the quote provided by McAlpine for six labourers to finish off some of the remedial work that needed to be done.

Mrs. Julie J. T. Hunter: Okay. Can you also say why it was termed as an emergency and not just as an overrun? This is my understanding that if the initial work had been completed by December 2023 as was envisioned, this wouldn't have been necessary. In my mind, cost overruns would have been a better label than emergency. Why did you all call it an emergency?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: The Department of Education Services was onto the site in June/July of 2024 and that's when they went in and they saw the extensive amount of work that needed to be done to make the school safe for staff and students. This is June/July with school slated to start in August. To be able to get the procurement done through the normal processes, to have children and staff safely onto that campus in four to six weeks, it was not possible. That is my understanding.

They also needed to try to get the works done quickly. There were health and safety concerns.

From the education standpoint, these are Year 12 students. This is, in essence, their second chance to get their math passes, their english passes, and five or more passes for graduation. Cayman Islands Further Education Centre (CIFEC) provides great value added for the education system. Students who go there pick up these additional passes and this can enable them to get into universities, to be able to access scholarships, and for some of them it is their last opportunity to get on that route. It's incredibly important for the Department that that last year of school is not disrupted for those students because what they gain from that is incredibly important for the next steps in their lives.

I am informed that the team wanted to get those works done, the health and safety issues addressed as quickly as possible, in order to try to get students in and reduce the disruption on their final year of learning.

Mrs. Julie J. T. Hunter: Perhaps, that is the real reason why you all would say that even though it started out as \$184,000 and ended up being \$1.8 million, you could still justify that that was an emergency—\$1.8 million to be spent like that. Is that correct? With what you just said about not disrupting the students in their final year and that it was close to school starting, is that kind of why you're saying that it was an emergency?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: It's my understanding that that figure was for the labourers, it did not include materials and supplies to actually do the work.

With the six labourers, it's my understanding that the Department of Education Services would have had to manage the project, if you will. It is a very small facilities management team within the Department. They are responsible for all 16 school sites on all three Islands.

During the summer is when most of the "summer works" happen across schools, so painting, power-washing, prepping all schools for the start of the school year. It would have pulled quite heavily on the small number of resources allotted to the other schools in what is already a time crunch period for summer works across all of those sites.

Further, that fee did not include materials and supplies, it was for the six labourers, is my understanding.

Mrs. Julie J. T. Hunter: Considering that your consultant's report said the value of that emergency work was approximately \$651,000, can you just say how the Ministry is justifying spending \$1.8 million then, compared to \$651,000. It just doesn't sound like value for money according to your consultant's report.

Leading on from that, in the future, is there anything in place since then? You know, these huge discrepancies... It looks bad on us as a department, government, school, whatever — it looks bad on us to have to bring this to your attention. Are there any new procedures that have been put in place since that these kinds of discrepancies would not happen? Under normal circumstances that's a huge difference. To spend \$1.8 million and then for your evaluator to say, *you know, it looks like only about \$651,000 been spent here*. I don't understand that, so maybe you can explain more.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: It's difficult for me to give all of the details without having been in the seat. I'm trying my very best.

Mrs. Julie J. T. Hunter: I appreciate that. Let me just say we know that you're in a precarious situation today because you were not there on seat at that time. We appreciate you trying to help us understand all of this, so thank you so much for being willing to do that.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: I think there were a number of issues identified with the site. It is an old site, aging facilities. There were issues that needed to be addressed with the items that were de-scoped, so outside of the remit of McAlpine, and there were then some issues to be addressed within those projects that were done just to finalise and get them school ready, which led to the additional cost.

In speaking with the team, they were very careful—and it is documented—to ensure that what they were spending in that timeframe were only emergency works. There were a number of other works that were done through the regular procurement process that weren't deemed to be an emergency. An emergency being items and structures that need to be in place for the health and safety of the 200-plus students and staff who were going to come back on site. Then anything else that fell outside of that went through the normal procurement process.

In terms of how does the team ensure that we're not in this position again, there are some things that are quite challenging. When you're dealing with an older structure, they're uncovering things that were not originally in the scope of work. One of the things in this

case was they discovered asbestos in undisturbed areas which they wanted to be addressed; that had additional financial costs.

That was of particular concern because the site that CIFEC was on before, which is the old John Gray, there had been asbestos found there (albeit undisturbed) and there was an outcry, understandably, by students, teachers and parents about wanting to ensure that they were being educated in a place that was safe. The Department of Education Services could not reasonably say to those parents, students and teachers, *we found asbestos here, but it's undisturbed, you can move back in*, and they went ahead and addressed it. There were things like that came up during this process as well.

I think with the late handover, had it been handed over in December 2023 — it actually wasn't officially handed over until October, with special permission to occupy given in December 2024 — I think the team would have had more time then to go through the regular procurement options. As a result of the summer; a very small facilities team; 15 other sites for summer works to be addressed; and the need to ensure that all 200 CIFEC students, who had a very compressed timeline, got their math grades, their english grades or their five passes, it was critical that we got those students back to an environment where they can learn and to do well. I think all of those things created the emergency situation.

To answer your second question about what we do to ensure this doesn't happen again. The team at the Department of Education Services, along with the Ministry of Education, created a "lessons learned" report where they reviewed everything that had happened over those two years, identified where they believed things had gone wrong and made a list of areas that they would be rectifying going forward.

This was, I believe, shared with the CPO because we don't want to be in this situation again. Some things are unavoidable, but where there are things that we could do better, the team identified those and are moving ahead.

In addition to that, right now internal audit is also looking at procurement across government agencies. I believe that was commissioned by the Deputy Governor and I'm sure he will speak to that. The Ministry of Education is partaking in that as well so that any findings that come out of that report, we will be able to utilise those to improve our internal processes.

Mrs. Julie J. T. Hunter: Would it be possible for you all to share that report with the PAC?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: [The "Lessons Learned" report?](#)

Mrs. Julie J. T. Hunter: Yes.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: [Certainly.](#)

Mrs. Julie J. T. Hunter: One of my last questions is: Can you advise us if during the 2025 school year there were any emergency procurement procedures used in other projects; and if so, for what use? Did that term surface again in 2025?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, through you. Yes, there were. At the current Layman Scott High School asbestos was found in one of the ceiling areas and under floor tiles. The same situation, it's a high school and students have very limited amount of time to secure their passes for university. That was found, I think in the summer or just before summer. Contracts had to be in place with an overseas vendor, supported by local vendors, and we were able to get students back in school in early September.

Mrs. Julie J. T. Hunter: Okay, so that was the only incident then? Understandably so, for that incident.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: To my knowledge, yes, ma'am.

Mrs. Julie J. T. Hunter: Thank you very much.

Hon. Kenneth V. Bryan: Through you, Mr. Chairman. Ms. Cacho, I want to say that was a strong response to all of those questions considering the fact you weren't around at the time. I don't think you left out any details and you responded adequately.

I think the bigger problem that we have is contracting, but also contracting in an environment with time limitations, like schooling. I think the biggest problem that I'm hoping is in that "lessons learned" report, is monitoring. I'm kind of concerned to hear that members of the Department of Education Services didn't have a more regular stop in, pop in, check and see what's going on thing.

I think you said it was under the hands of McAlpine so it's their site, and I have to agree with my colleague to say it's not their site, it's our site. At no point in time, regardless of your contractor, unless you have to have safety equipment on, can that contractor say no to any one of the government officials which the Ministry is contracted to and we send down there. We can do it every single day of the contract if we want to. I think that's probably where the biggest failing happened.

I do recall this unfortunate headache for DES at the time. They got a lot of licks, a lot of pressure, and based on the evidence today as well as knowing what happened then, it was something that was unavoidable. They would have gotten licks if the children weren't ready and they would have gotten licks because of the delays in the situation.

Hopefully the listening audience today would see that some of the licks that they got were unjustified, but we have to take responsibility to make sure that this doesn't happen ever again. You're still going to have remodelling of schools and timelines of summers and Easter breaks and Christmas breaks where you have to do amendments. That means learning the habit of working closer with the contractor as well as ensuring what the contract actually says — because this notion of 'it wasn't a part of the scope' means someone dropped the ball of understanding exactly what we're going to do, how long we're going to do it for and what timelines are available. This isn't like any other project where you can extend for another month or two, this is the kids' lives. Hopefully that's the learning opportunity.

I want to take this opportunity to say that though that money was emergency money, I'm proud of the Department for stepping up and taking the reins while there's a Ministry argument with contractors about who has to do what. They said, you know what, to hell with it. We'll take the licks later on. We have to get the kids into school. No one is looking at that side of things, but you're still going to be scrutinised about making sure this never happens again.

I'll ask you this long-winded question, can you give us a scope of what those things are that we have learnt and noted that could be done better? I'm assuming it's some of the things I just highlighted. I'm hoping at least.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you for the comments and the question. Mr. Chair, through you.

If you would allow, I can read the conclusion of the report which is quite short and then the key themes for growth.

The conclusion: Feedback from participants reflect distinct perspectives on how events unfolded — some encountered abrupt and unexpected announcements about project changes, while others struggled with shortfalls or last-minute discoveries of hidden hazards. Many found communication wanting and expressed frustration when scope or expansion or budget shortfalls were announced with little warning, while some felt the need for stronger engagement by committee stakeholders. Delays in approvals and provisioning of information led to project delays and a lack of confidence in some of the actions taken.

Despite these occasional frustrations, reflections consistently highlight a shared desire to optimise future capital projects by strengthening risk management, communication, collaboration, code compliance and planning. By acknowledging each viewpoint in a supportive and forward-focused manner, stakeholders can unite around a goal of delivering a safe, functional educational facility that meets everyone's needs, both now and in subsequent projects.

Key themes for growth coming out of this:

1. Risk-aware planning - conduct deeper site analysis, develop robust contingencies and be prepared for older building surprises.
2. Transparent, inclusive decision-making - involve key stakeholders consistently, ensure that meeting Minutes, scope changes and budget revisions are clear.
3. Adaptive execution - build flexibility into contracts and schedules to handle unforeseen problems quickly.
4. Constructive engagement - foster an environment where all parties can share concerns without blame.
5. Regulatory compliance - recognise that older facilities may require full upgrades. Engage building inspectors early to reduce last minute code conflicts.

By embedding these themes into future project governance and practices, the Ministry and its partners can deliver more predictable, efficient and user-centred outcomes.

You would see that you have captured quite a bit of what was said there.

I want to say as well that because it was an older building, I'm told, there was an expectation of some grandfathering of things which didn't happen because the safety of the children in those facilities outweighed those concerns. There was much communication with the Building Control Unit (BCU) and the additional things that needed to be done on that end as well.

Hon. Kenneth V. Bryan: Thank you so much.

I want to ask two more questions before I know another Member may want to ask. I'm starting to think that this may be a problem across projects, period; not just Education. I can't tell you the last time the government actually did a project that was completed at the time that they started out saying that they were going to do it.

Now, what that tells me is that there's a chance we don't have a structured agreed approach before we actually start. That's what I'm thinking. I could be wrong and I want to be wrong.

The question to you is—and I don't know, you probably would have to seek the team to give you guidance on this—when a project is being executed and signed off, is there a structured framework to make sure these things don't happen, that it is done as a uniformed process across the whole civil service? Sadly, I'm seeing similar situations happening right now with another project that I wish not to name; it just continues to delay and delay and delay and it's always upgrades. This happens in any kind of construction, but there is excessive habitual behaviour that you go, *hold on now, come on now, you can be better than this*. I think that's what the Auditor General and the report is trying to tighten up.

Does the civil service have a code? Maybe the architects tell you how to go about doing these things so these things don't happen, or is every entity having to learn this exercise by themselves to have a report like this? I think there is supposed to be something more central, so whenever an entity goes about it they can make sure to look for these things so we don't have these problems. Do you understand what I'm trying to say?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: I believe so.

Through you, Mr. Chair. Whilst I can't speak for the entire government, generally speaking, there is a project manager assigned for large capital projects, there are steering committees commissioned and outline business cases that do the things that you have just said. I think, speaking specifically to this project, it was an older site so they did discover additional things that needed to be done, there were things that were expected to be grandfathered in that were not for health and safety reasons and perhaps other reasons as well, which led to many of the delays, but there are robust processes in place within government.

Hon. Kenneth V. Bryan: All right. Thank you so much.

Moving away from the procurement, et cetera, I think there's enough for us to examine from a PAC perspective to give some recommendations or highlight some points.

There is supposed to have been a bathroom block at the new school by the field, if my memory serves me well, because the football field and the basketball courts are quite a distance away from the main building. What happened?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, may I be permitted a few minutes just to speak to one of my team members?

[Pause]

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you, Mr. Chair, through you. I have been informed that it was value engineered out to keep within the cost of the entire project.

Currently, the Department of Education Services with the Ministry of Education is looking at partnering with others on how we can reinstate that bathroom block into the field, and with changing facilities I believe, because we recognise that the community is anxious to use the space as well.

Hon. Kenneth V. Bryan: Thank you so much, CO. I'll give a little plug — an amazing, competent CO, by the way, for those who are listening.

A little off topic, Early Childhood Assistance Programme (ECAP). The cost of living has increased.

Have you guys budgeted for the increase of costs for people who would need assistance? I'm trying to take advantage of my opportunity to speak to education here. It has been highlighted through education's Ministry and Minister that the average cost for early education now is, I think, \$800 to \$900. The assistance that we normally offer is what, \$450?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Mr. Chairman, through you. The assistance varies depending on need. There is a process that we go through in evaluating applications. In the last budget period, the ECAP funding increased by \$2 million, based on the things that you were saying in terms of the cost of living going up and the increase in fees for Early Childhood Care and Education (ECCE) centres.

We are also reviewing how we fund ECAP. That review is on the way now and includes us seeking to partner with the Department of Financial Assistance (DFA) which also provides some level of funding for clients so that we can ensure that the persons who need it most have the full level of funding, or as close to it, to be able to access quality early childhood care and education.

Hon. Kenneth V. Bryan: Thank you so much.

Last question from me. Are you guys currently going through any issues with that? I have had at least four individual reports about this review and the effect on the deliverables of the requests for ECAP assistance. Actually, I was just looking at one of the texts that said "we're currently reviewing", I think the young lady said and that's what's holding up much of the... basically saying, well, whether or not certain people qualify for it anymore. I think the criteria of availability to the average Caymanian seems to be changing.

Is that causing problems? Is there any information you can give the Committee today?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you for the question.

Firstly, I'll say if there's any individual who needs assistance, they can reach out to us directly. If they need us to look into their case, we are certainly willing to help. In general, the reason that we're doing this review is for what you've stated, to ensure that the people who need it most have access.

For example, we are aware of persons who previously may have been awarded from DFA for example, or from us, a percentage of the cost for early childhood care and education, but they may not have the rest of the funding. If a child care centre costs \$1,200, they're given \$600, they don't have the additional \$600 to make up for it and so they don't access that funding. Those are the things that we're looking to address so that the persons who need it most, who are not able to afford it, have access to quality childhood care and education.

Mr. A. Roy Tatum: Through you, Mr. Chair, if I could ask, when is that review supposed to be completed?

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you for the question. Q1 of this year. We've just gone through the process of mapping out all of our projects for education and setting deadlines, so that one is due for Q1. We want it in time for the opening of the ECAP registration process.

Mr. A. Roy Tatum: Thank you.

The Chairman: Members, any more questions for these witnesses?

Okay. Thank you very much, Ms. Cacho and Mrs. Hutchinson. Thank you both for appearing before the Committee today. Thank you too for the forthright and direct way in which you responded and answered questions that were put forth to you by the Committee.

This concludes your testimony so I'll excuse you all from the Committee at this time.

Thanks, again.

Ms. Cetonya Cacho, Chief Officer, Ministry of Education & Training: Thank you very much, Mr. Chairman and to the entire Committee for giving us the opportunity to share with the public the behind the scenes of what happened. Sometimes the words or the numbers in the report don't give the full story and so, I appreciate the opportunity on behalf of the Ministry of Education and the Department of Education Services to provide that additional information, which we hope will help the community in understanding why certain decisions were made.

I would also like the opportunity to thank the Office of the Auditor General and the Ministry of Finance for their support.

The Chairman: Thank you too.

[Crosstalk]

Hon. Kenneth V. Bryan: Mr. Chairman, while we are allowing the amazing staff that was here as witnesses today to leave... I think for our report that we will finalise after this Hearing, there's a key component that is starting to recur in many of the procurement issues across the civil service, which is project management.

I'm starting to think that there may need to be a major investigation as to project management across the civil service which is causing some of these cost effect issues, whether overspending, time delays and all of these things. I think it's time for us to start questioning what the project management process is of all projects across the civil service and whether it is adequate. If we fix that, maybe we will find ourselves with less reports of overspending or delays in time. I just thought I would [highlight] that for the Committee to consider in our finalisation of the report.

The Chairman: Well, I do believe it's an issue that we can take up and make the recommendations as well to the government.

[Pause]

The Chairman: We are going to just take a short five-minute break before we resume.

Committee suspended at 1:47 p.m.

Committee resumed at 1:58 p.m.

The Chairman: Thank you. We're down to the last two witnesses for the day and the afternoon. Page, I ask if you may invite them into the Chamber, Ms. Bobeth O'Garro and Mr. Troy Claxton.

[Pause]

MINISTRY OF HEALTH, ENVIRONMENT AND SUSTAINABILITY

The Chairman: We are going to proceed now with questioning Ms. Bobeth O'Garro, who is Acting Chief Officer in the Ministry of Health, Environment and Sustainability; and Mr. Troy Claxton, who is the Chief Financial Officer in the Ministry of Health, Environment and Sustainability.

Before we begin, I'll just mention to you as I did to others this morning, from this day forward, we are asking witnesses before the Committee to swear an oath to tell the truth in giving testimony to this Committee. You have two choices, you can either swear the oath or you can affirm the oath. The choice really is up to you as to which one of those oaths you do take.

Ms. O'Garro, I'll just start with you and ask you to read your oath.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Bobeth O'Garro, Acting Chief Officer for the Ministry of Health, Environment and Sustainability. I'll go ahead with an affirmation please.

I do solemnly, sincerely and truly declare and affirm that the evidence I shall give this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

The Chairman: Thank you very much.
Mr. Claxton.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, members of the Committee. Troy Claxton, Chief Financial Officer of the Ministry of Health, Environment and Sustainability.

I do solemnly, sincerely and truly declare and affirm that the evidence I shall give this honourable Parliament shall be the truth, the whole truth and nothing but the truth.

Thank you.

The Chairman: Thank you very much to both of you.

We are going to open up the questioning. I'm going to ask Mr. Kenneth Bryan, he's kindly volunteered to take the lead in setting the stage and asking opening questions to you both; so, I'll turn things over to Mr. Bryan.

Hon. Kenneth V. Bryan: Thank you, Mr. Chairman. Good afternoon again, everyone, and to the listening audience; and good afternoon to the Acting Chief Officer, Ms. Bobeth; and Mr. Troy Claxton, the Chief Financial Officer.

Before I start with my line of questioning, I just want to say why we're here today; though I've repeated this this morning, I think it's important that we repeat it again. We're here to review the Auditor General's 2024 General Report and it's a vital process for maintaining the transparency and financial health of our country.

Our objective today is not about casting any blame on anyone, but to understand the significant concerns raised by the Auditor General. We appreciate your presence and recognise the challenges you face in carrying out your duties. However, it is our duty to ensure that the public funds are managed with the highest level of integrity to protect the national financing of this country and our people. We're going to proceed with the goal of strengthening our public institutions for the benefit of everyone.

Now, with that being said, I want to go to the report which the Auditor General has done. I'm certain that both of our witnesses have had a chance to see what the Auditor General's viewpoint was on some of the factors that are affecting the Ministry of Health. The audit backlogs is what we're going to be focusing on most today.

You are aware that the Ministry of Health presented the most significant backlog situation of the entire public sector—of every Ministry, every department, unfortunately, the Ministry has the largest one. The Auditor General has not completed any audits for any of the five years from 2020 to 2024, consecutively. This represents a fundamental and complete breakdown of the accountability process for such a crucial and critical Ministry responsible for the health and wellness of the Cayman Islands.

A five-year audit gap means that the Ministry is operating with no financial audit oversight. We can't tell where things are at without knowing where our books are. For five consecutive years, Parliament and the public has been unable to obtain audited financial information on the Ministry's operations, financial performance and the use of the public funds, which I dare say today is in the heavy hundreds of millions of dollars

over a five-year period. The situation limits transparency and accountability to the hundreds of millions of dollars used.

We understand that there have been discussions regarding the possibility of disclaiming all backlogged years, for example from 2020 to 2023, to enable the Ministry to finally catch up because old data is kind of irrelevant for future audits. We are unsure if this suggestion has been considered by the Ministry.

As the Acting Chief Officer, the first question would be, are you aware of any suggestions to just put aside those backlogged years so we can actually kind of start fresh moving forward and we can catch up?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Thank you for that question. Mr. Chair, through you.

I can confirm that the Ministry and I are aware of the backlog from 2020 to 2024; however, we would like to have the audits done and we've been fully cooperative and working with the auditors to complete these audits. Also, to note that all financial statements were submitted within the given statutory timelines. Our stance is we would like the audits to be carried out.

I will allow our CFO to add to that if he wishes to do so.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair, to the Honourable Deputy Leader of the Opposition. Thank you for the question.

The backlog audits remain a high priority for the Ministry. As the Chief Officer has indicated, the Ministry has prepared and submitted its financial statements for each year within the statutory timeline to the Office of the Auditor General for them to be audited.

We have been working along with the Office of the Auditor General and to date, we have completed several of the backlog audits. The last three backlog audits that we completed were 2016-2017, which received an unqualified opinion; 2018, we received an unqualified opinion; and 2019. The 2019 audit was completed effectively at the end of 2024 and it was signed off officially in February 2025.

We have prepared and we are ready to commence the 2020 audit. We have been actively engaged with the Office of the Auditor General in order to complete these audits. However, since the 2019 audit was completed, we have not started any other audits to date. We have not commenced the next audit, which would be the 2020 audit. As part of our process of engagement with the Office of the Auditor General, they had indicated that given their resource model the earliest possible start date that they can commence the 2020 audit would be January 2026, which is the month that we are currently in.

As it stands now, and as I've mentioned earlier, we are actively working with them and we want to com-

plete these audits. These audits are a statutory obligation and as professional accountants and auditors, we have a professional and ethical responsibility to complete these audits; we want to do these audits.

The Office of the Auditor General had indicated as well, given their resource model, it's only practical at the moment to complete approximately one audit per year and in those circumstances, we are going to be in a backlog indefinitely.

We have met with them and we've been very collaborative. We have put forward a proposal and some suggestions. One of those proposals is the possibility or that consideration be given to engage the services of a professional accounting firm who may be able to add some capacity; that way, we would be able to do more than one audit per year and return to our current position as soon as practicable.

This situation is definitely a high priority for the Ministry, the Chief Officer and everyone and we want to have them completed.

Hon. Kenneth V. Bryan: Thank you, Mr. Claxton. I'm not trying to be rude to interrupt you, but I think we get the point and I think it would be only fair that we give way to the Auditor General to respond to that position you put forward.

Mr. Patrick Smith, Auditor General: Through you, Mr. Chair. Thank you, Mr. Bryan.

I think it's important for the members of the public to have context with regard to the submissions by the Ministry and with regards to the current situation. I will concur that we did get submissions from the Ministry timely, but the question is about the quality of those submissions.

To give some perspective, the 2016-2017 financial statements were submitted on time, but it took four years to complete and we had 34 adjustments that actually valued \$32 million. The 2018 was completed basically after three years and had 59 adjustments valued at \$8 million; and the 2019 had 49 adjustments valued at \$6 million. In total, over the three year period, there was \$46 million of adjustments that we had to make in order to get to the point of actually finishing those audits.

I think it's really important that the PAC understands that submission doesn't mean that the audit can be started and completed in a timely fashion. The concern is about the quality of those submissions and those large adjustments are indicative of the fact that the quality was very poor. Our concern obviously for 2020 and beyond is that those errors that were in those previous years will roll forward as well and maybe compound with new issues.

Then secondly, timeliness impacts the relevance of information. We're now in 2026. At this point in time, we see no relevance of 2020, 2022, [or] 2023 financials as far as going forward in 2026.

Mr. Kenneth V. Bryan: Through you, Mr. Chairman. I thank you so much for giving context there and in light of our witnesses giving evidence, I think they also heard the position of the Auditor General.

I think what we in this Committee are trying to resolve is how do we get up to date? From an accounting principle, it sounds like it may be more logical... I recognise you may want to protect the integrity of the Ministry by saying, *we want these audits done*, but the claim of the adequacy, the confidence in the reports... Is there anything that would cause the Ministry to be against such suggestion of a disclaimed backlog audit? Are you opposed to that; and if so, why?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Thank you for the question. Mr. Chair, through you, I will allow our CFO to address that concern.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair, to the Honourable [Deputy] Leader of the Opposition. Thank you for the question.

A disclaimer of opinion is one of the most severe opinions, and a disclaimer of opinion should only be issued when there is legitimate reasons or basis for doing so. In our opinion, there is no basis or justification to issue a disclaimer of opinion—a disclaimer in accordance with the Public Management and Finance Act and the applicable auditing standards. To issue a disclaimer where there is no basis, we do believe would send the wrong message. It would suggest that entities can circumvent the statutory obligation to do financial audits by having those audits disclaimed.

Given that there's no reason or basis... The errors, for example, if I may add to that, meant to the adjustments, those adjustments are applicable to the 2016, 2017, 2018, 2019 financial years. To also add some context to that, in 2016-2017, I think the adjustment was approximately \$30 million plus. In 2019, it went down to about \$6 million.

Further, adjustments by themselves do not mean that there are fundamental errors or misstatements of the financial statements. Many of the adjustments made were reclassifications. For example, moving from a rent account to a lease account within the same category; moving from one balance sheet, one receivable account to another receivable account.

I do believe, maybe the Auditor General or the Office of the Auditor General can confirm, the way of determining those adjustments or the value is just to take the total debits or add the total credits of those adjustments. If I reclassify, for example, I move \$5 million from receivable for Cabinet funding to general receivable, it would be considered an adjustment for \$5 million, but in reality it has no significant impact or effect on the financial statements or the bottom line. It doesn't mean that the surplus or the expenses is understated or overstated.

Yes, there may be some cases where there are adjustment expenses, but not material as \$30-something million or that significant amount. Those adjustments or errors are not basis or reasons for a disclaimer in accordance with the auditing standards.

Mr. Kenneth V. Bryan: Thank you, Mr. Claxton. I'm certain the Auditor General may want to chime in, but before he does so, I want to accept that naturally, a disclaimer on your Ministry would be a very bad look. Not only for your Ministry but for the country's governance of our health care system and Ministry, so I see the reluctance for that.

When you say that there's no basis for it, there is [one] that has been highlighted—to finally get to a point where we are having timely reports. It wasn't the Auditor General or this Committee that has these reports backlogged this long; unless you are suggesting today that it's the Auditor General's Office causing the five-year delay. The time costs us money and resources. The government, all public sector and the Committee of this House of Parliament will have to find resources to give extra services to the Office of the Auditor General in order to catch up.

It's not necessarily the fault... You may disagree, which is a subjective matter, as to the adjustments and whether they are fair or not. I'm not here to dispute that. That is for the Auditor General to suggest in his own taking. However, there are money impacts, accountability impacts, reliability of data impacts and time impacts, which have to be squarely in the responsibility of your Ministry.

I think your evidence is that there's no reason, but there is cost. Are you suggesting that the Ministry take responsibility for those factors so we can get up [to date]? Even if there was a suggestion to add on another accounting firm to help catch up, who would pay for it?

I think I want a response first, through you, Mr. Chair, and then the Auditor General can chime in from there.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Through you Mr. Chair. Thank you for the question, Honourable [Deputy] Leader of the Opposition. Those are valid questions.

Just to confirm, we are not here to blame anyone. Our goal, our focus, our objective is to have these audits completed. There is nothing preventing these audits from being done. Cost is not a basis for a disclaimer in accordance with the auditing standards. A disclaimer of opinion is issued when sufficient information or evidence is not provided to the auditors, for example, if there is a natural disaster or something where your records are destroyed or the entity refuses to work with the auditors. None of those conditions are applicable to the Ministry. We have our records available and we have submitted our financial statements.

This is an objective decision. In accordance with the auditing standards, we have not seen a basis. Cost is not a basis; the adjustments in prior years is not a basis. In fact, they are not relating to the 2020-2024 audit. The only way that we can confirm whether there are adjustments in those audits is that we have to do the audits.

If I may also address directly the issue of cost. These audits have already been accrued for. We have accrued the cost of these audits, so they are already booked as expenses. What we need to consider is what you call the opportunity cost. As per our calculations, if I may... Whether or not the audits are backlogged, there's always a cost associated with them. The only way we would save significantly with cost is if we do not do the audit and that would not necessarily be a real savings, because that savings would come from not fulfilling a statutory obligation.

Based on the numbers, the average cost per year to complete the backlog audits would be \$180,000 plus. We have accrued for those backlog years, approximately \$115,000 per year; so, the additional cost or the opportunity costs, which would be the important factor to consider, is approximately \$68,000 per year.

Relevance in itself, too, is not a basis for a disclaimer. While the relevance of the information may be reduced, the information is still of interest to the various stakeholders, including the public. Much of these costs have already been set aside.

Those are the bases on which we want to ensure that these audits are done and we are committed to doing so.

Mr. Kenneth V. Bryan: Thank you, Mr. Claxton. I'll give way to the Auditor General.

Mr. Patrick Smith, Auditor General: Thank you. Through you, Mr. Chairman and thank you Mr. Bryan for the opportunity to respond.

A few things to unpack obviously. The relevance of the information is a factor with regards to whether or not you can actually have a disclaimer according to the standards.

The standard also addresses the lack of compliance basically with legislative requirements. One of the things that's required with regard to legislation is the timely tabling of the reports that are audited. The Ministry basically just tabled its 2013-2014 Annual Report in December 2025, almost 11 years after the fact. I think it's inconsistent to suggest that the reason for doing the audit basically is to ensure compliance with the law, to ensure public information is actually available, because ultimately to become public the reports need to be tabled, and the Ministry only tabled its 2013-2014, [2014-2015], 2015-2016, 2016-2017, 2018 and 2019 statements last month. We're concerned obviously that they're not meeting the requirements of the law as far as being open and transparent with the public when it comes to the tabling of the information.

There is cost savings for sure. As mentioned before by the CFO, to get to a point where the Ministry is caught up, it would mean duplication of work or additional work being done by external resources, which is an added cost that's currently not being budgeted for. Then of course, the years that we're referring to, 2020 to 2023, again, those years have lost much relevance.

The EPS which is the parent company for government has actually finished its audit and has already been signed off by myself; the 2022-2023 is going to be finished basically by March of this year. Again, having a subsidiary entity requiring an audit when the parent is already completed is irrelevant. Again, there's cost to be saved by not doing those three years' audits as well.

Mr. Kenneth V. Bryan: Almost done.

Mr. Chairman, just for context for the listening audience and some relativeness. I did hear the CFO say that the cost is already put aside, so the money is available, if I understand correctly, but I get your point of, we don't necessarily have to spend it which means there's a cost savings, and I think the listening audience will as well.

However, I want to examine one thing and I'm going to ask you to answer this because the listening audience and this Committee need to understand the significance. I obviously heard the CFO give his opinion, but, as the Auditor General for this country, [I would like to hear] your viewpoint on potential damage of a disclaimed backlog audit. How bad is it? Obviously you heard how it doesn't look good for them and all of that, but I'm not here about people's emotions or how they look. It's no one in this room who caused these delays. How bad is it in the bigger term of Ministry of Health if they were to get that kind of audit? Is it worth that compared to the savings and the time component?

Mr. Patrick Smith, Auditor General: Through you Mr. Chair. I think it's also important to mention that the intent that was proposed with regards to the disclaimer plan was to do a compliance audit basically for the same period of time, 2020-2023, so there is a level of assurance still provided on the numbers.

The disclaimer, yes, is considered to be a poor opinion. That is the reality. However, we have a contingency measure in place to ensure that the public still gets a level of assurance with regards to how the money had been spent during that period of time. Basically, there is a mitigation to the disclaimer and that is a compliance audit being done for the time period. The compliance audit basically doesn't have the same rigor as a financial audit. It will be less time and less cost, but it will still provide a level of assurance to the public about funds that have been spent.

The Chairman: If I could just chime in here for a little bit and give clarity in terms of this suggestion of having the disclaimer. Precedents already exist within the government for doing this. We did it back in, I think, 2008,

2009 period when things got so badly back logged and the Ministry of Finance was struggling to get those audits completed—and the Audit Office as well. The decision was taken and... Well, did any one of you know that?

You knew about it? I mean no one talks about it. I understand it's a way to conveniently deal with things and get you back there. My concern really is the transparency and the accountability aspects of it.

I want to ask you a question, I don't mind who answers it. I know you all haven't been there that long, but how in the world did the Ministry get in this mess? It's so many years now that are outstanding in terms of completing these audits. Can you shed any light on that?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Thank you, Mr. Chair.

Through you, I will allow the CFO to address that, but from my perspective, from what I'm aware of, we were definitely short in financial staffing. Now, we do have a full complement of the team to address some of these concerns. I'll handover to the CFO.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Thank you, Mr. Chair.

We are aware of prior years where disclaimer of opinions were issued and that comes back to the point I was making as well, even though a precedent has been established, one of the concerns is that, that precedent can be used as a way of circumventing the statutory obligation for completing the audits. As I've mentioned earlier, we effectively completed our 2019 audit at the end of 2024, it was officially signed off in February 2025 and we have been pushing to start the next audit. To date, we have not commenced that audit. Had we commenced the audit earlier, maybe we would have completed one or two more of those audits.

In terms of how we got into this backlog, I cannot answer that directly, but what I can say is normally when an entity gets into a backlog position, even if it's one or two audits, that entity tends to fall deeper into a backlog. What would have happened, for example, with the Ministry in the past as well is that, in general, auditors tend to focus on their current audits first. Normally, in the past, they would have worked on the current audits, the ones that are up to date and then come to the Ministry, let's say after the end of April when those current audits are completed. It's not like they would be focused or working on the Ministry throughout the year. In the past, many of the years, they would come after working on the current audits.

Thank you.

Mr. Christopher S. Saunders: Mr. Chairman, if memory serves me right, and to be fair to the CFO I think that this is an issue he actually inherited. I think

he inherited this mess, so I don't want the listening public to think that the current CFO is the reason why this went off the rails. It is not. He inherited a mess. That much I am aware of.

Mr. Chairman, through you to the Committee. What I can say is that the purpose of financial accounting—and I'm going back to the basics, I've been onto this for a long time—is to provide timely information, relevant information, and useful information. A 2020 audit, 2021 audit or whatever, to decision-makers, people like us who use it, is absolutely, at this point right now, no use to anyone. That much I can say. If we believe that monies are stolen or resources have gone elsewhere, then I think that's a completely different story, but for right now at least, I don't think that there's anything untoward with the financial information that is missing.

You said earlier about how they tend to focus on the current audit first; well, the balance sheet is known as the statement of permanent accounts, it is almost impossible to have a clean audit if your opening accounts, your opening statements, your balance sheet is incorrect and the balance sheet has been incorrect now for donkey years. At this standpoint, Mr. CFO, I recognise that as an accountant you are tempted to get everything—i's dotted and t's crossed.

What I can say to you is that as a Member of the Public Accounts Committee and a Member of Parliament, information going back to 2018/2019 at this point, speaking for myself, is completely irrelevant. It is untimely and it will serve no use. The numbers that we are more interested in inside this Parliament deals with NGS 55 and HEA 2, and we can tell from what we approved down here, what the amount is. How you record it versus what is reported is irrelevant. We also know what we approve, so there's also that check and balance. Unless, of course, you overspent.

What I'm more concerned about is looking at your balance sheet. Earlier, the Chairman asked the previous Ministry of Home Affairs concerning their accumulated deficit and the impact it would have on their financial statements. As it stands right now, your financial statements have your Ministry in a deficit position of, I think, over \$16 million. I think that is something that needs to be fixed quickly to be compliant with the law.

What I would say to you, as ultimately the main advisor to the Ministry, is to take the offer, just clear the backlog and move forward, because every year you're going to have the same problem over and over and over and it's not going to be fixed. Take the offer, clear the backlog, whatever opinion that needs to be taken, just take it and just move forward. You inherited the mess, you didn't cause it and it's next to impossible to fix it. That is my honest advice to you as a fellow accountant, just take the offer, and move forward. For us sitting in this Parliament and the listening public, I can tell you it's really immaterial or irrelevant to us at this point. At least, I can say that much for myself.

What I can also say to you is that I commend your commitment to trying to get it done, but at the end of the day, we are where we are, it is what it is, you know what I mean? I know you've been trying your best, I've seen your work. Yes, I see the adjustments and the different classification, but what I can say to you is, going back to the Auditor General's standpoint, when your assets are about \$100 million, \$30 million any way you want to slice it or dice it is still material. When your expenses are around \$60 million, \$5 million, \$10 million or whatever is still material in that standpoint.

We have come a long way in government as a whole, because I remember when the current Speaker was Chair of the PAC and he was threatening to basically jail people, lock people up for not producing government accounts. We have come a long way, but nonetheless, there's still much more work to be done in that regard.

I just want to commend you. I do go through people's financial statements and I have my own way of evaluating accountants and everything else. From that standpoint, I can't sit back and say I'm losing sleep on your Ministry based on what I know that you bring to the table; there are other people who keep me awake at night in government, but I can assure you that you are not one of them.

There are other issues to be dealt with, so I would say to you just try to get it cleared up and move forward and don't waste any more time or public resources on going back to something that far because at this point that information is not going to help anyone in this Parliament, at least that I can think of.

Mr. A. Roy Tatum: Mr. Chair, I just want to join voice with my colleague, MP Saunders. CFO, I also join voice in understanding the feeling you have in terms of making sure that the work gets done, but as you indicated earlier on, and this is my paraphrasing of what you said, when you find yourself in this kind of backlog it's hard to climb out of that hole. I agree. Grab the rope that's being thrown, climb out and let's restart and just move forward. The years that we were discussing are long gone. Let's just do what we need to do and move forward.

Thank you.

Hon. Kenneth V. Bryan: Mr. Chairman, there are still some questions, though I think we're getting some suggestion direction and that's for the Ministry to decide. Hopefully, after this Hearing, communications will come to a point whereby we can have some resolve and get some up-to-date [information].

I want to also ask about confidence, because regardless of whether we do this disclaimer or not, I have to ask the question: how can we be confident that within those five years those books were okay? What can you tell me? I also want to double down on what my colleague said, that this is something you inherited.

There's a level of sympathy for the circumstances, but you are the person in the chair today. My job as a Member of the Public Accounts Committee is to scrutinise the accountability factors and I'm going to do that on behalf of the good people. Therefore, how do I feel confident that the financial management over that five-year period without audits were clean, clear, nothing happened, no funny business. That's the purpose of audits.

Can you tell me? Is there anything you can say? I'm not suggesting that there is anything wrong, but I have no confidence because there has been no audit. What do I tell my people?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you, just one moment.

Mr. Patrick Smith, Auditor General: Mr. Chairman, through you, while they're conferring. To Mr. Bryan's point, to provide the assurance and confidence, like I mentioned before, my office will still do a compliance audit over that time period, so you'll still have a degree of assurance to indicate that there's no potential risks or abuse. It wouldn't be as detailed or comprehensive as a regular audit, but it will still address the higher risk areas and give some level of confidence.

Hon. Kenneth V. Bryan: Mr. Chairman, if the CFO is minded, I'm happy to take that as an answer and leave it there. I don't want to have to make it any worse than it is, but it's your privilege.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. Honourable Members, thank you for the comments. Member, Mr. Saunders; Honourable Deputy Leader of the Opposition and the other members thank you for your comments, they're duly noted.

Part of our process every year, like I said, we prepare our financial statements and we do submit them, so even though they haven't been audited the information is submitted and is available. In terms of confidence as an accountant, that's why we have been pushing to actually do the audits. There is no better confidence than the actual audit themselves.

The comments are duly noted. If we're going to go the route of a disclaimer of opinion, I do believe that we have to be very transparent with the process. If it's an issue of cost and resources, then that needs to be clearly stated as the basis for a disclaimer so that the public or the relevant stakeholders are aware. Transparency would be a key part of that process. If it's cost and resources, which I can understand, I would ask that we be transparent.

A compliance audit does not negate or substitute or replace the obligation for a statutory financial audit. They are two different types of audits with different objectives. Thus, transparency is something that we would ask for as part of that process, to be clear.

Hon. Kenneth V. Bryan: Thank you, CFO.

Just to wrap up because I think we're 99 per cent there to say that the Ministry is open-minded and willing to consider the disclaimer approach as long as transparency is available. Let's take that win for now and we can confirm that in the final report of the Hearing after further dialogue with the two entities.

I want to now ask about the most important part — what are we doing to make sure this does not continue to happen? I did hear the Acting Chief Officer who so adequately responded about staffing issues and how that's no longer an issue; so, I'm thinking that may be the answer. Are there any other systematic issues that will continue to...? Hypothetically speaking, we do the disclaimer, it's all resolved, you get your transparency, what procedures are the Ministry [implementing] to ensure that we don't find ourselves in this situation again?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. Thank you for that question. I can confirm that internally we have started our collection process for our financial statements for our annual reports and that we do send out the statutory dates to our departments. Since 2021, since I've been in the Ministry, we have received that information in a timely manner and that is something that we will continue to do.

Hon. Kenneth V. Bryan: Thank you.

Mr. Chairman, I have some other questions about other areas, but I do see my colleagues may have some questions further on the audit process.

Mr. A. Roy Tatum: I just have one question on this issue. Who is the person who will decide whether you go down the disclaimer road or not? Is it the Chief Officer, is it the Minister; who would be making that decision?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. The Chief Officer and the Chief Financial Officer within the Ministry would be making that executive decision in discussion with the Minister.

Mr. A. Roy Tatum: All right. I thought that there's one boss who would be making decisions; is it the Chief Officer or is it the Minister?

Mr. Christopher S. Saunders: It's the Minister.

Mr. A. Roy Tatum: It's the Minister?

[Inaudible interjection]

Mr. A. Roy Tatum: Let me hear the Chief Officer first, if you don't mind, member.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: The decision is usually communicated after discussion with the Minister, by the Chief Officer. The Minister and the Chief Officer and the CFO would dialogue and the direction or the communication regarding the decision would come from the Chief Officer.

Mr. A. Roy Tatum: Not the Minister.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: The Chief Officer would be speaking on behalf of communication from the Minister.

Mr. A. Roy Tatum: Thank you.

Mr. Christopher S. Saunders: Sorry, just so we're absolutely clear. The funds that we vote here in Finance Committee are appropriated to the Minister. Every member, every MP sees when we go through it, and every public servant when they come here, we talk about Appropriation to the Minister of Finance, Appropriation to the Minister of Education. The funds that the Parliament has allocated in the past was to the Minister. The Minister has a responsibility, just like how they come down here and read all their section 11(5)s and they bring their section 12s, the Minister has the constitutional responsibility to report on the funds that have been allocated to them. The funds that we're talking about here or these audited numbers are monies that have been approved by the Parliament, by the Finance Committee, to the Minister and they are supposed to report on it.

The only person who can ultimately make that decision, just so we're clear, is the Minister, because the Minister is constitutionally responsible for the funds that have been allocated to them. That is not something for the civil servants to even entertain. You go and you have a discussion with the Minister and say this is what is on the table; the Minister then, in consultation with her boss, the Premier, will ultimately make the decision.

There is an obligation by law, as the CFO made clear before, that this is something that ultimately has to come back to be discussed in Parliament. In this situation, there are some noncompliance issues here that have other implications, so it's not as straightforward as just saying this and this, and willy-nilly, because this is still the public's money and there are certain responsibilities that go with it that should include both the Cabinet and the Parliament in terms of this decision.

Let's just be clear with that right now, of the magnitude of this. While we may gloss over this issue, this is still a very serious issue because this is still dealing with public money not being accounted for in the way in which they should be accounted. This is not something that can just easily be done—*well, let's just do this, let's do that*. We have suggestions that we will

support once it comes to the Parliament ultimately, but it is a process.

Hon. Kenneth V. Bryan: Mr. Chairman, in light of much of the commentary, I think it would be dangerous to ask the civil servants, particularly without consultation with the Minister, to give any commitments to this Committee. I'm certain that they can do so in writing later on. I think we're well on our way in a positive perspective. I wouldn't recommend much further, unless they feel free to do so on their own.

I would like to change the line of questioning now, I think that we will find resolve after this Hearing. Is that okay if we move on?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you Mr. Chair. Thank you for that and thank you for the comment, MP Saunders. Yes, that's what we wanted to say, that we would have to go back to our Minister before we could make any sort of decision or provide any additional response on the way forward.

The Chairman: I think we've litigated this issue long enough. Let's change the line of questioning. Proceed.

Hon. Kenneth V. Bryan: Thank you so much, Mr. Chairman.

I want to get into a bit more of the things that may be causing some of those audit problems, which is the healthcare in itself. The Ministry of Health is the key policy driver of the overall healthcare of our country.

Mrs. Julie J. T. Hunter: MP Bryan, I crave your indulgence just for one moment because I did have something else on that same subject.

I know we have talked a lot about the backlog audits, but my question today is, whether that goes forward or not, how close are we? This question is between the CFO and Auditor General, how close are we to getting what we have come up with that is relevant, which is the 2024 audit?

Mr. Patrick Smith, Auditor General: Through you, Mr. Chairman. The intent from the conversations last year of disclaiming 2020 to 2023 was to start 2024 in calendar year 2025, so that in calendar year 2026 we would actually do [the] 2025 financial year, which means in [the] 2026 calendar year, we will be up to date. Because the Ministry wasn't in agreement with the disclaimer process, we've actually had dialogue for the last few months basically, and today, as you can see, obviously, we're still dialoguing the matter.

If we can get a decision within the first quarter of this year, we could potentially have ourselves in a position where we can do 2024 and 2025 within this calendar year, so that by [the] 2027 calendar year, the

2026 audit will be completed and we will be back on track and back on time.

Mrs. Julie J. T. Hunter: Thank you very much. That answers my question. I would just like to encourage our officers here to have that dialogue very early and get a specific direction from the Minister so that this can go forward. We don't want to be in this same position again next year [with the] PAC questioning you about these backlogged audits. If we can get 2024 and 2025 up to date that would be wonderful.

Thank you so much. I just implore you to make that a matter of urgent, national priority. In my mind it is a priority because the Ministry has not been properly audited for so long and it is public funds. It is a serious matter, so I would encourage you to do that.

Thank you very much.

Hon. Kenneth V. Bryan: Mr. Chair, through you. I want to go into the healthcare expenditures, which, obviously, in some of these reports we're talking about cost and savings and so forth and I'm troubled by something I see, a common practice that the healthcare environment, particularly the one that we are in charge of, HSA, as well as [the] Ministry, in my mind, allowing decisions to be made that don't seem practical.

I've seen where the Health Services Authority has expanded into areas that are already adequately offered within the country, to compete but not even be able to cover costs for it; and also, referrals to go overseas where the cost to do the services are more expensive than right here on island. I'm kind of lost as to what the National Health Plan is from the Ministry's direction—recognising that the Authority is an authority and has its own controls, but it also has direction from, if necessary, the Ministry through the policy and Minister.

I'm not here to ask you to talk on behalf of the Minister, but what has been the advice of the Ministry technocrats as to this behaviour, which I've seen over the last, I would say, three to five years, of expanding for what I perceive to be no logical reasoning? Any thoughts or direction from the Ministry as to where we're going from a national perspective, because it's seeming to be just costing us more money?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Thank you for that question. Mr. Chair, through you, there are a few components to addressing the concerns that you have raised —

1. We need to ensure that our national health strategy and plan is in place and we're developing that. We anticipate that this year there will be a roll out and start on that for the nation.
2. Looking at the governance, which includes the revision of the HSA Act that speaks to the way in which the Ministry gets involved

with how HSA operates; and also, even the application of the Public Authorities Act.

However, the Ministry is also looking at having a revision of the governance structure of HSA and they have put out an RFP and secured a vendor to oversee an audit regarding governance and how that would work with the Ministry.

We're also internally restructuring how we have a partnership with HSA to look at some of the purchase agreements and some of the other governance things that we have with them. That is something that will be developed further within 2026 by Q3.

Hon. Kenneth V. Bryan: Thank you so much ma'am.

Based on your answer, there seems to be a culture or an attitude within the Ministry that there is acceptance to what I said is a concern, which is, we're not sure what the plan is in the expansion of HSA and what they're doing and whether it actually makes sense for the overall national healthcare plan. I feel like there's an entity kind of going off and doing their own thing.

My question is: Is the Ministry advised on these significant decisions, like partnering with entities when those services are already available in Cayman? How do you decide who you partner with or how do they decide on whether they should go into a significant new area of healthcare that is already provided? I don't think the HSA wants to compete with every kind of medical procedure being offered, it just can't financially do so. How is the decision made and does [the] Ministry have oversight of that?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. In essence, the HSA Act doesn't allow the Ministry in particular to have oversight in the way in which you're asking, that is actually decided through the board. However, the board is supposed to consult with the Minister and is supposed to provide presentations, reports and analysis of the plans that they have. In recent years that has commenced; what has happened before I'm unable to speak to, but I do know that our current Minister is addressing the concern that you are raising in reference to oversight and clear communication with the board that governs some of the decision making.

Hon. Kenneth V. Bryan: Thank you so much, Acting Chief Officer.

You just referred to, they have done that in recent years. Some of the most recent expansions, significant multi-million dollars' worth of expansions into new services with heavy equipment and land acquisitions have been done in the last few years. Based on that analysis they would have had to brief the Minister. I'm not sure if "getting permission" would be the question, but more so to have advised them, though I guess technically speaking, the Authorities Act allows them to

act without the Minister's permission. Am I understanding that correctly?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you. In essence, that's kind of the sum total, yes. I wouldn't say that they would act without the Minister's permission, but once they operate within a certain parameter as stated by the Act, then they're all right to do so.

Hon. Kenneth V. Bryan: Is there concern within the Ministry that the HSA has over expanded itself?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair through you. I'm unable to speak on behalf of the Minister for that, but I can say that within the Ministry, what we have recognised is that HSA was built as a hospital for 30,000 people, we now have close to 90,000 persons on Island. The expansion that they have undertaken, in many cases, is in order for them to accommodate the growth of our population.

Hon. Kenneth V. Bryan: Okay. Are there any particular areas that they have ventured into recently that the Ministry... I don't want you to speak on behalf of the Minister, because the expansion wasn't done under this Minister so you can't speak for that either, but there must be either analysis, reports or thought processes as to *well, it's good that they're doing that or I'm not sure if that's a good idea* based on the direction of the healthcare providers in the Cayman Islands. Is there anything that they've gone and expanded into that maybe the Ministry said, *I don't think that was a good idea*?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair through you. At the moment, we haven't expressed any concerns regarding their expansion.

Hon. Kenneth V. Bryan: Okay.

There have been some recent discussions and even reports about remuneration for board members. We will be talking to the CEO of HSA tomorrow, and I'm quite sure that the witnesses for tomorrow may be paying close attention to today's proceedings—I suspect that that's the case—but I can't come back to you after they come, so I have to ask you some of these questions.

There's been significant concerns about the remuneration for board members. Ministry does have involvement in remuneration policy direction, but there've been many claims of abuse. I'll just keep to that mount right now, just the word "abuse" of remuneration. What is the Ministry's thoughts and views on the allegations of abuse? I know there's an internal report going on

now, but the Ministry must have some concerns about that; and if so, can you speak to it?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. Yes, we are aware of the numerous concerns and areas for review of the remuneration of the board and the Ministry has taken steps to actually address those concerns and to ensure that they are being compensated appropriately for the work that they do, but also that it is within financial constraints.

For example, we have changed per meeting payments to monthly meetings and we have done this through the consultation with the Deputy Governor who is responsible for reviewing the board remunerations for government and SAGC boards. Based on his guidance, we have recommended a payment per month not per meeting for the chair, the deputy chair and the other members of the board, which will significantly reduce the cost.

Hon. Kenneth V. Bryan: Thank you so much.

Through you Mr. Chair, we have heard of those changes in the public domain and I think most people would celebrate that change. I guess what I'm trying to get at is, obviously you made a change because what was there wasn't good, otherwise you wouldn't have changed it, but the word I said, 'abuse' is going to be scrutinised even more. Is the Ministry's viewpoint that there was abuse? If so, outside of making the change to it, are there any further actions or reports that are going to highlight what the abuses were, if any?

I'm trying my best not to be too direct, but these are the discussions and thoughts that are out there in the public domain as to claims of inappropriate meetings that weren't really meetings and getting compensated for it. As a PAC member and a member of the public, we want to see what the Ministry's viewpoint is on that and what they're doing about it.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. I can confirm that the Ministry did have an internal audit report commence and it has been finalised and presented to the Ministry. The recommendations of that internal audit have been implemented and are being implemented as we speak. One of those is also that we're looking at the governance and we brought in the external provider to conduct another audit of the governance.

In terms of the recommendations within the internal audit, one of them was actually looking at the remuneration, changing that per meeting to per month, and many of the other recommendations are being addressed through the Ministry and through the HSA board themselves.

Hon. Kenneth V. Bryan: Okay, I'll wrap up this area by saying this now then— it doesn't seem like there's going to be any addressing of the past, more so fixing everything moving forward to the future.

I heard that there's been a recommendation that the amounts of money that were paid out for the potentially (I say this lightly) abused meetings to be paid back. Is there any such recommendation that is being considered or is in the process of being considered?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: I can only confirm that the recommendations are being considered by the Ministry and that they are liaising with HSA to address those recommendations.

Hon. Kenneth V. Bryan: Thank you so much, Ms. Bobeth. I'll leave it to my colleague now.

Mr. Christopher S. Saunders: Mr. Chairman, through you to the witness. The HSA Act requires that the Chief Officer for the Ministry of Health or their nominee is a member of the HSA board. Who is the person from the Ministry or the Chief Officer that attends the HSA board meetings?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Currently, it is the Chief Officer who attends that meeting. In the past, at times, myself as Deputy Chief Officer attended.

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

Between 2022, 2023 and 2024 there was a total of 330 meetings by the HSA. At how many of those 330 meetings were the Chief Officer or you present? That is something you can provide afterwards, I don't expect you to have that.

The next thing I'm curious about is, similar to the Minister of Finance who also is a nominee on that board, I remember from a previous life where at the end of the HSA board meeting I would usually get a run-down or breakdown or report from the nominee or the representative from the Ministry of Finance. What is the process inside the Ministry of Health for information to be provided to the Minister post those meeting?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you. To answer the first question, [I'll go back and get the specific numbers for you](#), but I can confirm that for myself personally, I attended every monthly meeting that was held, which would account for 11 meetings per year. The non-paid members are not required to attend all of the additional subcommittee meetings, so the representative from the Ministry of Finance and I would not be at those meetings. We would

only be attending, let's say 11 meetings per year, so if it's a three-year period you're asking me for that'd be 33 meetings out of that 300 something.

In reference to what's presented back to the Ministry, that would be any reports that come from the subcommittee, any reports that come from the chief executive, and any additional reports from the board itself. That information would be presented to the Minister, along with the finalised Minutes which would be presented to the Ministry electronically. If any issues came up that were of concern, they were automatically shared with the Minister or the Chief Officer in a timely manner.

Mr. Christopher S. Saunders: I don't know what the Minister would have received, but what I can say is, was it Karen from Ministry of Finance? Because the updates that she used to provide used to be very, very effective, so much so that we actually flagged the issue of the abuse of those meetings long before it came into the public light as it did.

In other words, you are saying that 33 of 330 meetings is pretty much what the Ministry would have attended.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you. Yes, because we do not attend the additional subcommittee meetings. There are, I think, six subcommittee meetings.

Mr. Christopher S. Saunders: In the past, I remember, God bless his soul, Daniell Rattan from the Ministry used to attend the finance subcommittee meetings for the HSA. So, there is nobody from the Ministry present on those finance subcommittee meetings?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair through you, not that I'm aware of.

Mr. Christopher S. Saunders: Well, I'm going to tell you right now, Acting Chief Officer, your Ministry really and truly needs to get their governance game tightened with regards to the HSA. You're talking about an institution that is spending roughly \$250 million per year and it is almost as if they were running on autopilot to some extent, that Ali Baba and the 40 thieves could have literally sat down and swindled \$828,000 out of this country over three years.

I had a good chat with the Minister yesterday; we had two conversations. In fairness, from the conversations I have had with her I'm a little bit more at ease in terms of the plans she has outlined and I am less worried now than I was before based on my discussion with the Minister. She seems to be on the right path and she seems to want to do the right thing, so I will give her that benefit.

However, what I can say is that, and I think MP Bryan was trying to get to this point, the days of the HSA running on autopilot from the Ministry of Health needs to be looked at to some extent, because there's just too much going on. You will see from tomorrow's meeting some of the things that have come out of it. You will understand why. Almost \$64 million of audit adjustments in one year is cause for concern. At the end of the day, it is still a government entity and it is still being controlled by the Ministry of Health. That's just one of the things that need to be taken care of.

The other issue that I just want to touch on, again, comes back to the governance. What information exactly does the Ministry receive from the HSA on a monthly basis or a weekly basis, on a regular basis?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair, on a monthly basis, what we do receive from the HSA board are the various monthly reports from the CEO and reports from the subcommittee meetings. Then from a financial basis, I will allow the CFO to respond on that. Those reports are operational reports that we receive and any other financial things, I'll ask the CFO to speak to that.

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. Thank you for the question, member.

In terms of the finances, they would submit their annual financial statement, the budget and so on goes through the Ministry. As a statutory authority they are semi-autonomous, so the information flows through, they prepare their own information. We administer all of the outputs, so that information we get on a monthly basis in terms of spending, the amounts we need to pay them, and so on. There isn't currently any official report on a monthly basis, but we do receive annuals like their financial statements and so on that flows through us.

Mr. Christopher S. Saunders: On a monthly basis you guys don't get their financial statements? They're required to basically produce monthly financial statements. You guys do not get monthly financial statements from the HSA?

Mr. Troy Claxton, Chief Financial Officer, Ministry of Health, Environment and Sustainability: They would send a monthly financial report to the Ministry of Finance, the Treasury Department for consolidation within the EPS.

If I may also add, we do get now their core semi-annual reports as well with their performance and financial information.

Mr. Christopher S. Saunders: Mr. Accountant General, help me please.

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, through you. I would expect as a sitting board member, you would be presented with financial statements each month at the board meeting. Are you saying that you're not receiving that?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: We're not always presented with monthly financials for HSA, no, but when they are presented, they're sent to the Minister and the Chief Officer.

Mr. Christopher S. Saunders: Hold on, let me get this straight now. Are we basically saying that an entity that generates \$250 million per year of activity, which is on average more than \$20 million per month, is not producing monthly financial statements?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you. I'm not saying that they are not presenting monthly annual statements. I think myself and the CFO are saying that those annual monthly statements are not always sent directly to the Ministry on a monthly basis.

Mr. Christopher S. Saunders: Through you, Mr. Chairman. This is where I'm worried now about the support that goes to the Minister, because unless you have the right technocrat support going to the Minister, how can we expect...? I mean, we can have a separate conversation, politician to politician, and I know she's probably listening, but from a technical standpoint, from a support standpoint, even from a monthly standpoint in terms of giving the Minister a progress report, don't you all think it's something fundamentally wrong that so much activity is going on at an entity that the Minister has constitutional responsibility for, and no one is providing the Minister with that kind of information?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Mr. Chair, through you, to answer the question.

As I stated before, on a monthly basis, once the meetings are held and all the reports are prepared by HSA, they are presented to the Minister. Sometimes that will include, let's say January and February, but she will on an annual basis have all of the monthly reports, the financials and everything. It might not necessarily be exactly, in January you're getting January and in February you're getting February, but all of the information will have been presented to the Ministry, through Minutes, through reports, through subcommittee reports from the core board.

Mr. Christopher S. Saunders: Through you, Mr. Chairman, to the witness. Earlier, I said there were 330 meetings held over three years. Is it safe to say at a

minimum that the Ministry received at least 330 Minutes of what those meetings represent?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: It is safe to say that any Minutes that were produced by HSA, were sent to the Ministry and were presented to the Minister.

Mr. Christopher S. Saunders: When the board members got paid for cutting ribbons there will be no report for that?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Safe to say that if that's in the report, the Minister would have been aware of that.

Mr. Christopher S. Saunders: Mr. Chairman, I recognise now that the governance concerns that I had, have been escalated. I know the Deputy Governor will be a witness later on and I think I'm at that point right now where my remaining questions on governance needs to be directed to the Deputy Governor.

Hon. Kenneth V. Bryan: Mr. Chairman, in light of my colleague's wrap up, I just want to finalise two or three more questions for the Acting Chief Officer. I want to say thank you again so much for being so candid and informative about your answers.

The country is growing, we can see that. We've seen reports about liabilities of our aging population in the last Auditor General's report. I was going down a line of questioning earlier about expansions and so forth and I'm trying to look at the macro level and trying to think about liabilities to core government. Naturally, your response was HSA will— and I know you can't speak for HSA, but you've given a concept of the country is growing so they'll expand their services.

I want to know if it's the view that as the country grows, HSA will continue to grow, as opposed to recognising they don't have to do every service available. You can outsource some of those services to other entities. There are a number of entities here, there's Doctors Hospital, Health City, Doctors Express — I mean, I'm not here to promote any particular entity. What I'm saying is, I'm concerned that we are going to continue to add on liabilities through expansion of the hospital rather than letting another entity take on the core capital outlay and just buying the services from them as much as we are buying it from HSA, because it ends up coming back on us in a liability perspective.

With the aging population, there's going to be continued need for further and further services, particularly with the advancements of medicine. Is it the viewpoint to just continue growing or is there a strategy of partnerships for our healthcare approach in the Cayman Islands?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Through you, Mr. Chair. Thank you for that question, Deputy.

Just to confirm that the Ministry is of the view that it should be a cooperative approach, a healthcare system. It is my understanding that we want HSA to focus on primary healthcare and to focus on the core areas that a public hospital would cater for, obviously including some of the other areas that they have already started, but not necessarily for them to go out and do anything more than what doesn't necessarily meet the needs of the country in terms of the demand. The idea is that we're going to work collectively between the private sector and the public sector for our *healthcare system*, which is the way that we look at it. That will be evident when you see our national health strategy and plan.

Hon. Kenneth V. Bryan: Thank you. I'm glad to hear that because I'll been looking forward to seeing how we approach that. I think the way we're currently doing it, we're going to over expand ourselves.

I heard you mention core services that we already deliver. For example, I think everyone thinks that HSA does an amazing job with child delivery. Everyone thinks it's done well and if they can get into HSA to have a baby there they go, rather than going to the private sector. There are core areas that we do very, very well at. I just can't fathom the reason or logic from the limited number of clients that we have for them to go into some other areas where you need multimillion dollar machines when it's already being offered somewhere else, and then you come back and your numbers and your budgets and your balance sheets show that you're not making any money on those areas at all.

When you say the core areas, do you have a list of core areas that HSA is focusing on that they will always be in, which ones they have expanded to, and if there are any that they're planning to expand to that the Ministry is aware of?

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Some of those core areas I can speak to would include emergency and urgent care, surgical services, diagnostic services, inpatient care, maternity and child health and specialist clinics that will look at cardiology, oncology, diabetes, and respiratory and mental health, as an example. They would also obviously cater to pharmacy or have a pharmacy of their own. They also look at infection prevention and control, physiotherapy and occupational therapy and of course, nursing, pathology and laboratory services.

Hon. Kenneth V. Bryan: I'm going to leave it there. I'll examine it when you do the healthcare plan, but I definitely want to send a message that we have to be better at partnerships in the Island, because if we don't, the liability will continue.

I am very supportive of HSA, I'm proud of our hospital, but we can't be everything to everybody because we're going to overextend ourselves. Globally, Cayman is going to find itself in some difficult, tense financial liability positions, particularly with the uncertainty of the markets. We cannot continue to try to be everything to everybody. We could be smarter at how we allow our system to develop and not be cutting off our nose to spite our face.

I'm going to leave that there because there will be much more examination of our healthcare system processes as we go further with the government's policy.

Madam Acting Chief Officer, thank you so much. You've been amazing. That's all the questions for me today.

The Chairman: Appears like we have come to the end of our questioning with regard to this part of the Hearing.

I want to thank you both, Ms. O'Garro and Mr. Claxton for being here today. I know we've asked you some tough questions today and I would probably guess you felt a little bit uncomfortable, but you answered them as best you could and I'm grateful for that.

For me personally, I go back to what we were discussing first with regard to the audits. I honestly say this: I don't want to have to come back here next year and we go through this again. I think we can get there if we can find that right solution and get it done. I do believe it can be done. To be honest with you, we have sat inside this committee room here, I've been chair now for five years, and we've discussed it time and time again wondering why we can't get the Health Ministry up to date. I'd really like to see some real progress this year. I wish you both success in your continuing work and hopefully, we can bring this to a firm conclusion by the end of this year.

We're at the end of the Meeting today, so I'll excuse you both from the Chamber. I wish you both well and thanks again.

Ms. Bobeth O'Garro, Acting Chief Officer, Ministry of Health, Environment and Sustainability: Thank you, Mr. Chair for that and thank you to all of the members of the PAC for your questions. We understand it is your duty to ensure that the funds are spent best for the nation. Just to give the commitment of the Ministry of Health that we are doing our best to be financially sound and that we also have the healthcare system at the heart of what we do, along with environment and sustainability, and we will be doing our best.

Thank you for the questions and the opportunity to answer today.

The Chairman: Members of the Committee, that concludes today's proceedings. Thank you all for being here. It's been a long session, but I think we will meet again tomorrow morning at 9:30.

[Pause]

The Chairman: We'll meet at 9:30 here in the big committee room and we'll start promptly at 10 o'clock with the Hearing.

Thank you all and have a good evening.

The Committee adjourned at 3:23 p.m.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting with Witnesses

Friday, 16th January 2026

Chamber, House of Parliament

Hearing on the Report from the Office of the Auditor General:
“FINANCIAL REPORTING OF THE CAYMAN ISLANDS GOVERNMENT:
GENERAL REPORT ON THE RESULTS OF THE
2024 FINANCIAL AUDITS 31 DECEMBER 2024 (OCTOBER 2025)”

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Mrs. Julie J. T. Hunter, JP, MP – *Member*
Hon. Kenneth Bryan, JP, MP – *Member*
Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
Mr. Christopher Saunders, MP – *Member*

Apologies:

Hon. G. Wayne Panton, JP, MP – *Member*

PAC Clerk:

Mrs. Tishel McLean – *Parliamentary Procedural Clerk (“Committee Clerk”)*

Attendees:

Mr. Patrick Smith – *Auditor General, Office of the Auditor General*
Mr. Winston Sobers – *Deputy Auditor General (Financial Audit), Office of the Auditor General*
Mr. Michael Nixon – *Acting Financial Secretary, Chief Officer, Ministry of Finance & Economic Development*
Mr. Matthew Tibbetts – *Accountant General, Ministry of Finance & Economic Development*

Witnesses:

Ms. Lizette Yearwood, *Chief Executive Officer, Cayman Islands Health Services Authority (HSA)*
Ms. Sheila Thomas, *Chief Financial Officer, Cayman Islands Health Services Authority (HSA)*
Hon. Franz Manderson, *Deputy Governor, Office of the Deputy Governor*

The following individuals, while not called as witnesses, attended the Hearing in support of the witnesses.

Mr. Christen Suckoo – *Chief Project Leader, Office of the Deputy Governor*
Ms. Amanda Stone – *Vetting Officer, National Secure Vetting Unit, Office of the Deputy Governor*
Ms. Shanelle Lalor – *PMO Project Manager, Office of the Deputy Governor*
Mrs. Teresita DaSilva – *Senior Policy Analyst, Office of the Deputy Governor*

1. MEETING TO ORDER & WELCOME FROM THE CHAIR:

There being a quorum present (Parliament Standing Orders 77(2) (2025) refers), the Chairman called the Public Accounts Committee (PAC) hearing to order at 10:15 am.

The Chairman said a word of prayer and gave a brief welcome to Members of the Committee, thanking Attendees for their presence at the PAC Hearing.

The Chairman acknowledged receipt of apologies from PAC Member, Hon. G. Wayne Panton. The Chairman recognised that the Committee was still quorate and could proceed with the hearing.

2. REPORT OF THE AUDITOR GENERAL FOR CONSIDERATION:

The Chairman welcomed Mr. Patrick Smith, *Auditor General, Office of the Auditor General* and Mr. Winston Sobers, *Deputy Auditor General (Financial Audit), Office of the Auditor General*.

The Chairman provided a preamble before inviting the first witnesses to be seated in the Chamber for the first witness session.

i) WITNESS SESSION:

- **MS. LIZETTE YEARWOOD, CHIEF EXECUTIVE OFFICER, CAYMAN ISLANDS HEALTH SERVICES AUTHORITY (HSA)**
- **MS. SHEILA THOMAS, CHIEF FINANCIAL OFFICER, CAYMAN ISLANDS HEALTH SERVICES AUTHORITY (HSA)**
-

The Chairman welcomed the first witnesses, Ms. Lizette Yearwood and Ms. Sheila Thomas, and advised them of the requirement for all witnesses to be sworn in, either by oath or affirmation, prior to giving testimony. Both witnesses were sworn in by way of standard oath.

The witnesses each stated their name and title before responding to the first question.

Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Chief Executive Officer committed to advising the HSA Board on a policy decision aimed at managing the high costs associated with providing care to self-pay customers (non-insured patients), including both Caymanians and non-Caymanians.
2. The Chief Executive Officer, together with the Chief Financial Officer, committed to providing the Committee with a comprehensive financial report and detailed cost breakdown of medical care provided to HSA self-pay customers, disaggregated by nationality, including Caymanians, non-Caymanians, and non-insurance holders.
3. The Committee requested that the Chief Executive Officer and the Chief Financial Officer provide detailed information on HSA's late insurance claims for the period 2023–2025, including the total dollar value of those claims.
4. The Committee noted the volume of audit adjustments for the HSA and requested that the Chief Executive Officer provide the Committee with a breakdown of the 39 identified audit adjustments, specifying those related to inventory discrepancies and system glitches, including the number of such adjustments and their associated dollar values.
5. The Chief Executive Officer undertook to liaising with her team in order to provide a deadline date of having the HSA's inventory issue resolved. During the Hearing, the Chief Executive officer verbally confirmed the deadlines are as follows:
 - Q1 of 2026: Barcoding Project will be completed
 - Q2 of 2026: Lot Tracking and Barcoding with Valuation
 - Q3 of 2026: Interfacing of System
 - Full Implementation by end of year 2026
6. The Committee requested that the specified deadlines be provided to the Committee via email and that confirmation be given of the name of the consultancy firm that will be assisting in addressing the inventory and system issues at HSA.
7. The Chief Executive Officer undertook to implement and communicate a protocol to HSA pharmacy employees for managing out-of-stock medications, including advising customers of prescription shortages and making reasonable efforts to source the medication from a local pharmacy within a reasonable timeframe.
8. The Chief Financial Officer undertook to providing a detailed breakdown report of remunerations paid to the members of the HSA Board by Tuesday, 20th January, 2026.
9. The Chief Executive Officer committed to providing a date of completion for the report being commissioned by the Ministry of Health, Environment & Suitability on board member remunerations.

Before departing the Chamber, the Chairman thanked the witnesses on behalf of the Committee for attending the Hearing.

The Chair advised that the Hearing would adjourn at 11:40 a.m. for lunch and re-commence at 12:30 p.m.

ii) **WITNESS SESSION: HON. FRANZ MANDERSON, DEPUTY GOVERNOR, OFFICE OF THE DEPUTY GOVERNOR**

The Chairman welcomed the witness, Hon. Franz Manderson, and reminded him state to his name and title before responding to the first question.

Discussion ensued with questions being asked to the witness by the PAC Members.

1. The Committee requested that the Deputy Governor speak with H.E. the Governor regarding her raising the matter with the Premier, to ensure that Ministers prioritize the timely completion and submission of civil service entity annual reports for Tabling in the House of Parliament, in keeping with the principles of good governance and accountability.

The Deputy Governor advised the Committee that to ensure timely filing of annual reports, the Chief Officer's performance appraisals now include timeliness of filing annual reports as an objective.

2. The Deputy Governor undertook to speak with the Chief Officer and Minister of the Ministry of Health, Environment & Sustainability regarding the recommendation of the Internal Audit Service (IAS) report, and the acceptance and implementation of those recommendations.
3. The Deputy Governor committed to providing the Committee with a copy of the approved policy on Government/SAGC board remunerations.
4. The Deputy Governor undertook to ensure that the outstanding Government Minutes are brought up to date through their submission to the House of Parliament.

Before departing the Chamber, the Chairman thanked the witness on behalf of the Committee for attending the Hearing.

3. **Any Other Business:** None.

4. Adjournment:

There being no further business, the Chairman thanked the PAC Members, the Auditor General and his team, the Acting Financial Secretary and Accountant General, the witnesses, and the Committee Clerk.

The meeting was adjourned at 3:54 p.m.

The minutes were approved in the administrative meeting held on 19th February 2026 upon a motion by Mrs. Julie Hunter, seconded by Mr. Christopher Saunders.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

Financial Reporting of the Cayman Islands Government:
General Report on the Results of the 2024 Financial Audits
31 December 2024 (October 2025)

*Official transcript relating to the Official Report of the
Standing Public Accounts Committee Meeting
held on 16 January, 2026*

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PRESENT WERE:

PAC Members: Mr. Roy M. McTaggart, JP, MP, Chairman
Hon. Kenneth V. Bryan, MP, Member
Mrs. Julie Hunter, MP, Member
Mr. Christopher S. Saunders, JP, MP, Member
Mr. A. Royston (Roy) Tatum, JP, MP, Member

Audit Office: Mr. Patrick Smith, Auditor General
Mr. Winston Sobers – Deputy Auditor General (Financial Audit)

Witnesses: Ms. Lizette Yearwood
Chief Executive Officer
Cayman Islands Health Services Authority (HSA)

Ms. Sheila Thomas
Chief Financial Officer
Cayman Islands Health Services Authority (HSA)

Hon. Franz Manderson
Deputy Governor
Office of the Deputy Governor

In attendance: Mr. Matthew Tibbetts
Accountant General
Ministry of Finance and Economic Development – (MFED)

Mr. Michael Nixon
Acting Financial Secretary and Chief Officer
Ministry of Finance and Economic Development – (MFED)

Mr. Christen Suckoo, Chief Project Officer
Office of the Deputy Governor

Ms Teresita DaSilva, Senior Policy Analyst
Office of the Deputy Governor

Ms. Shanelle Lalor, Project Manager
Office of the Deputy Governor

Ms. Amanda, Vetting Officer
Office of the Deputy Governor

PAC Clerk: Ms. Tishel McLean, Parliamentary Procedural Clerk

APOLOGIES: Hon. G. Wayne Panton, JP, MP, Member

**OFFICIAL VERBATIM REPORT
STANDING PUBLIC ACCOUNTS COMMITTEE
THURSDAY
16 JANUARY, 2026
10:15 A.M.**

**FINANCIAL REPORTING OF THE CAYMAN ISLANDS GOVERNMENT:
GENERAL REPORT ON THE RESULTS OF THE 2024 FINANCIAL AUDITS
31 DECEMBER 2024 (OCTOBER 2025)**

Verbatim transcript of the Standing Public Accounts Committee Meeting held on Thursday, 16th January, 2026, at 10:15 a.m., in the Chamber of the House of Parliament; George Town, Grand Cayman

[Hon. Roy M. McTaggart, Chairman, presiding]

The Chairman: Morning everyone.

I'd like to call this meeting of the Public Accounts Committee (PAC) to order. Before we do so, I would like to open the meeting with a prayer, so I ask if you would pray with me at this time.

Heavenly Father, you have made us in your own image and Father, we live in this life to serve you. We are grateful for the opportunity that we have this morning to attend and to participate in this Public Accounts Committee meeting and inquiry where we seek to do the work of the Parliament and of the government as part of the overall good governance that is required of us all.

Father, I pray that as we go through this hearing this morning that everything we say and everything we do will be done decently and in order. As always, Father, we give you the praise through your only begotten son, Jesus' name. Amen.

Good morning everyone, once again. We are going to get underway with the continuation of our inquiry of the Auditor General's Report on the Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Statement Audits.

This morning we will have as our first witness Ms. Lizette Yearwood, the Chief Executive Officer of the Health Services Authority (HSA), and she is accompanied by Ms. Sheila Thomas, the Chief Financial Officer of the Health Services Authority. At this time we ask that they be brought into the Chamber.

[Pause]

HEALTH SERVICES AUTHORITY

The Chairman: Good morning to you, Ms. Yearwood and Ms. Thomas. Thank you both for being here this morning. We are going to move forward now with

questioning you on the content of this report as it relates to the HSA.

Before we do that though, yesterday we started the procedure of actually asking witnesses to swear an oath before we undertake to take the testimony from you. You have the piece of paper with the two choices, one would be to swear the oath or secondly to affirm it.

I'd ask you, Ms. Lizette, if you would give your oath now; the choice is yours as to which you use.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you sir.

I swear by Almighty God that the evidence I shall give to this honourable Parliament shall be the truth, the whole truth, and nothing but the truth.

The Chairman: Ms. Thomas.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Thank you, sir.

I swear by Almighty God that the evidence I shall give to this honourable Parliament shall be the truth, the whole truth, and nothing but the truth.

The Chairman: Thank you.

We are going to get started this morning and leading off the questioning will be Mr. Kenneth Bryan. Mr. Bryan, I'll turn things over to you and ask you to lead off with the questioning of our witnesses.

Hon. Kenneth V. Bryan: Thank you, Mr. Chairman.

Good morning everyone. We are here today to review the Auditor General's 2024 Report, a vital process in maintaining the transparency and financial health of our country. Our objective here today is not to cast blame on anyone or any entity, but to understand the significant concerns that have been raised by the Auditor General.

To our witnesses this morning, we appreciate your presence and we recognise the challenges you face to run the Health Services Authority organisation. However, it is our duty to ensure that the public funds are managed with the highest level of integrity to protect national financing. As we are all aware, you manage well over \$200 million of the people's money. Let us proceed with the goal of strengthening our public institutions for the benefit of everyone who calls the Cayman Islands home. With that being said, good morning Ms. Yearwood; good morning Ms. Thomas — and good morning colleagues.

I'm going to open with a basic summary to speak of what was in the report. I'm certain that both witnesses have seen it and the suggestions made by the Auditor General and their team, but just to refresh your memory and my line of questioning, I'll give you some summary facts.

We note that the HSA has received an unqualified — for those who are listening who may not know the accounting terms, a clean audit opinion — for 2024; however, despite the clean opinion, the Health Services Authority recorded an operating deficit of \$12.4 million in 2024. Sadly, it's the largest of all the statutory authorities across the Cayman Islands and government-owned companies. This is particularly concerning given that the HSA received \$25.6 million in government funding and earned \$179 million from other sources — interestingly, most of those other sources are from government as well.

This financial performance raises current concerns about the financial management of the authority, funding adequacy, and the operational efficiency at HSA. The HSA budgeted a surplus of \$662,000 but unfortunately reported an operating deficit of \$12.4 million, resulting in a \$13.1 million variance from the budget.

Now, to start the questioning with that background, what are the primary reasons we are in this situation and how, because unfortunately it has occurred before. Can you give us a summary of how we got to that \$12.4 million deficit?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Good morning, through you, Mr. Chairman. I'd like to thank the Public Accounts Committee and you for the opportunity to be here today to discuss some of the challenges that we face at the HSA as the national healthcare provider. I also like to thank the Auditor General's office and his team for the collaboration that we have on an annual basis so they can help us grow from strength to strength.

I'd just like to start off by kind of putting things in context, because HSA as a national healthcare provider provides care in accordance with the mandate laid down in the Health Services Authority Act and that's aligned with WHO [World Health Organisation] standards for national health systems. We use that as

a framework each year when we sit down to look at our strategic planning to determine what services we provide, how we provide them and how we meet the community's growing demand. Our mandate has always been to ensure safe, appropriate care that's accessible for all persons in the Cayman Islands and I think that's one of the things that provides a challenge to us — that we provide care to all residents regardless of their ability to pay when they receive services.

The demands that are placed on us on an ongoing basis are extensive. However, we continue to collaborate with private providers to ensure the best outcomes for our patients. We prioritise timely, safe, accessible care, and with the growing population, you will see that some of the services have been expanded to ensure that care is accessible where the individuals need it and the type of services that are needed.

One of the other things in our mandate is to ensure resilience. As the national healthcare provider, we have to maintain an essential capacity to ensure that we can respond to emergencies and to surges such as we saw during the COVID pandemic. That too is one of our mandates that is used [against] the backdrop of all of this.

Just to give you a little background about the depth of collaboration from a data perspective, we referred over 28,000 local referrals last year and over 1,500 overseas. We recognise that HSA cannot provide all the services despite any expansion that we have done, and from the Minister's mandate we want to make sure that we collaborate so the resilience is not just at the HSA level, but a national resilience. Again, I'm drawing from the experience during the pandemic; when there was no transport available to our people, we here in the Cayman Islands, with HSA and the private health care providers, took care of all the emergency needs during the pandemic, including the neonatal births at the time.

We do have a very detailed referral process that from time to time we go back and review with our physicians to ensure that we are providing timely access. Something that we've done recently as well to focus on the access is that our board and Minister have been working with us to look at the waiting time for outpatient referrals and a directive was given that if those non-emergency referrals were to be anything in excess of 90 days, we should collaborate with the private providers to refer to them in order for patients to get timely access to care.

The other thing we do in the emergency room — because we are at the place now where our hospital is beyond capacity and therefore patients coming into the emergency room sometimes have to wait for beds to be admitted to. If there's a case where individuals are going to be made to wait in excess in the emergency room, we also collaborate with the local providers to transfer patients to them in order to ensure timely access to care. However, I must emphasise that any sort of transfers or referrals are limited to

the availability of insurance for those individuals, because if individuals don't have insurance, they will remain with the HSA.

Against that backdrop, we recognise that the deficit was \$12.4 million, and yes, we do get payments from Cabinet in order to provide certain services; however, I think it's a known fact that the outputs we receive are not sufficient for the care we provide. We have two different types of outputs:

- Episodic: as patients are seen, those funds are released to us;
- Output funding: [also] called programme output. Those are supplementing certain programmes that we have.

Even with the supplementary outputs with the funding, it's not sufficient to carry the full cost of those services. To put that in context, we had outputs for a total of \$25.6 million last year but the actual cost for those outputs was \$59.7 million, almost double what we were actually paid for that.

Going back to access to care, we care for residents across the board. Many of them are uninsured or underinsured, you know, those who have the SHIC coverage. We work with the individuals, we take care of them, and if they don't have the funds to pay out of pocket, we engage with a promissory note or a payment plan. Unfortunately, often those payment plans are defaulted on. Sometimes when we follow up for the individuals, they've left the jurisdiction or we can't find them. We get mail returned from the post office because the post office box they've given us is either somebody else's or incorrect contact details. Sometimes we can't follow up in order to ensure they honour the payment plans they have with us.

Another reason is our charge master. Our charge master is a database of the fees that we charge to patients who access our service. This is a public document that we provide to the Health Practice Commission every year. There are multiple pieces of legislation that impact that charge master and I think that's probably well-known by all of you in the room. Actually, one of the Auditor General recommendations that we implemented, I think it was two years ago now, was to put in place a charge master policy that spoke to all the various pieces of legislation and how that fee index can be updated. There are some services such as the sale of laboratory tests that are based on the operation costs, but there are some fees that are controlled by Cabinet.

In 2024, we did a comprehensive review of the charge master, all of our fees, and we sent a request through the Ministry to update the charge master for some fees that haven't been increased since 2014. As you all know, the cost of living has increased; the salaries to staff have increased, but our fees for some services have remained static for quite a period of time. I'd like to add that the Minister has given us feedback that this is something that's being considered by Cabinet now.

Also, I'd like to recognise that there are some business processes that we have that are not necessarily conducive to timely collection of the cost of providing the services. We recognise that there are some bills that are not produced at the time of service, and we are looking at the business process to see how we can improve that. Some of the services that we provide, the business process has it that the charge will drop after the result is produced. I'll give you an example: if you come in for a lab test, we don't charge for the cost of that lab test until it's resulted. It means that it could be 2, 3 days, or it could be two weeks if that test has gone overseas for results. We have to look at it from two different sides, as a payer — the patient will say, *'well, I want to make sure you have got the results before I pay you'*; but at the same time, we've already invested in providing that service. We're working on that business process to see how we can improve it.

Also, we're looking at our patient flow. We've redesigned our patient flow to try to limit the egress from services, because once a patient gets seen in the clinic or in the emergency room, they just want to go home; they're not necessarily willing to pass through the cashier in order to deal with their bill. There are other points of exit that we are trying to limit so that we can direct the flow of patients across the cashier.

We are also looking at centralising registration in order to, again, ensure that benefits are checked and the details of the coverage are determined before the patient goes in to access the service provider. Overall, we know that providing bills in a timely fashion has been pointed out as an area of concern that impacts the reimbursable — we recognise that and we're working to see how we can improve it.

We are also working to strengthen our finance team because services have grown, services have expanded, but there are certain support teams that haven't expanded, and the finance team is one of those. We have outsourced some support from a private contractor to get us through the 2025 end-of-year audit with the intent of hiring additional resources in order to help us with some of the activities that are taking place because much of our back end business processes are still manual in nature. Some of the accounting is manual in nature, so while we are working with IT (Information Technology) in order to improve our electronic data capture, we also recognise that in the meantime, there are some manual aspects that need to be dealt with, so we have strengthened the support team in that regard.

I know that was a lot, but if there are any other areas that you'd like me to focus on in particular, I'm happy to do so.

Hon. Kenneth V. Bryan: Thank you, Ms. Yearwood. You did go into a significant amount of detail, [which] I appreciate because there were going to be follow-ups

and you've answered some, but I do [still] have some follow-ups from that first one. I know thus far you've said that the timing of collecting bills contributes to this because remember the original question was what is causing this? Also, is it operational or budget failures, and the next question is what are you doing about it?

You've told us you're trying to resolve it, but I have to say that I need a little bit more detail than 'we are working on it to see what we can do better'. What specific things are you doing, other than just saying we're working on it? Are there strategic shifts? I think more staffing on the back end for your accounting is a specific thing where we can hold you accountable. Is there something else that you are doing?

Also, the charge master. I heard you say that Cabinet is considering making some amendments. Now, whether you are collecting the fees necessary on that charge master is one thing, but the charge master would have been what it was when you budgeted for it. I think you're getting into whether there's more opportunity to get more revenue from it, which is a little bit different in my humble opinion as to your ability to actually have a deficit.

Before I ask you any more questions about that, maybe you want to respond to those because I did ask two or three there and there are others.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you. Through you, Mr. Chairman.

I kind of mentioned some of the specific things that we're doing, but I'll go through them again. One is to strengthen our finance team in order to ensure that we are capturing and actually billing on a timely basis. Something that we're also doing, and we're in the process of recruiting for a cost accountant, is to go through and cost our services because, whereas we're saying the charge master hasn't been updated in some areas, we recognise that in some areas what we have to do is go through a detailed costing to ensure that if we are charging \$120 for you to see the doctor that it really does cost us \$120.

We're not here to make a profit, but we actually need to at least break even, right? The costing of the services is something that's important because there's nothing right now to guarantee that the fees in the charge master or even fees that we're asking for the charge master are adequate, because there's been cost of supplies, cost of salaries, all of those things are inputs into the cost of providing the service.

Hon. Kenneth V. Bryan: Would you say then that your in-house team isn't doing a more up-to-date [job] of costing in a timely manner because this is a yearly exercise, right? If your supply chain has increased tremendously, in your next budget you're supposed to be able to say, we have to get more money for this because the charge is only this amount, but the sup-

ply and cost of it have increased. Is this a budgeting projection problem?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: No sir. Through you, Mr. Chair, I wouldn't say it's a budgeting problem, but it's a costing problem. We have to actually cost.

What we're doing from a budget perspective is projecting the cost of providing the services based on the prior year; so we'll say it cost us \$20 million last year and we're projecting an increase this year by X amount, but it goes down even further to the details of what we're charging because we're basing that projection on what we charged previously. We actually need to go through on a cost basis. As you pointed out, every year we should be doing that.

We don't have a cost accountant. We don't have those resources in-house, so that is currently the position that we're recruiting for now so that we can help them prioritise the areas where we have a lot of services so that they can actually go through and ensure that we are charging appropriately, charging adequately. When I say appropriately, it might seem as if I'm charging more than I should be. We know that we're charging way under the market because we do market surveys from time to time, and we know that other providers are in the position where they can move with their fee structure and their costs are different.

Hon. Kenneth V. Bryan: Thank you for that. I just want to clarify that when I say budget, budgeting is also expenses. You're budgeting your revenue, you're budgeting your expenses, your projections and your costs and all of that — so budgeting in its totality. It does seem like it's a budgeting problem whereby we're not adequately preparing for the whole cost component of the operation. That staff in back-end accounting, do you know the timeline for when that hiring will be done?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Hopefully in the next couple of weeks we will actually be able to appoint someone, and then I would say by the second quarter, we should have somebody in-house. It is a priority the board and Ministry have been working on with us.

Hon. Kenneth V. Bryan: Okay. Thank you so much for that Ms. Yearwood. About the charge master, I understand you said Cabinet is currently looking at it. Do you have any idea on timelines for that because we are now in the first month of the new budget and we don't want it to affect this cycle's budget, so do we have an idea fixed on that and a timeline?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I can't

speak to that. I haven't got a recent update, but I know that in the last conversation I had with the Minister, she said it was a priority and it was going before Cabinet. I can't give you a further update than that.

Hon. Kenneth V. Bryan: Okay.

The other part that you said was a bit of an issue was people not paying; it is a major problem. This one is sensitive because if they're Caymanian, I don't believe in pressuring them — they have enough pressure as it is, but I did hear you speak about non-Caymanians and the problem of persons leaving the island, people not at the same addresses and so forth. How significant is that problem for you, as in numbers and dollar amounts?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I will ask you to ask our CFO that question because I can't tell you the exact number, but it is significant enough for us to be concerned; however, having said that, I must say that we have good interagency collaboration.

We're still looking for that National ID that will help streamline things and help us get information across the agencies, but despite that, we have a good working relationship with the Health Practice Commission. We report any individuals who are here on work permits and are not insured because that happens from time to time, but often we see that they are visitors to the island that are not insured as well, and we have the mandate to take care of them because often they come in an emergency situation, whether they've been involved in a motor vehicle accident or they've had a stroke or whatever, so we have to take care of them.

In fact, I can give you an example that took place last year. We had a visitor who was involved in a significant motor vehicle accident, required significant care at the critical care level, and the care was going to be significant on an ongoing basis. We actually cut our losses and repatriated that individual to their homeland to try to reduce the amount of bad debt that we ultimately would have, because the individual —

Hon. Kenneth V. Bryan: Sorry to interrupt, have you brought this issue to your Minister and potentially to Cabinet as a [matter of] significance because what I'm hearing and what the public will hear you are saying is that we're paying costs for outside people. We are a very Christian-like society and we want to take care of people, but we also have to take care of our own.

Before you get into the significant numbers with your CFO, is this an area that you've brought up to say we need to have a review on policy about this because the question is: Is that component a significant percentage of that over \$12 million in deficit or not? Are we talking about \$1 million, potentially about

\$5 million? What are the numbers? Before the numbers come in, can you say whether you have brought this to a review perspective with your Minister?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The year has just started and there are a number of things that we have on the agenda to discuss with the Minister. All I can say is that the board was in collaboration with her at the time the incident took place, but have we sat down and looked at all the details of that? No, we haven't yet, but we have it on our agenda to do so.

The Minister is willing to meet and understand what that is, but when you ask about significance, it is significant on a day-to-day basis, but as far as the portion of that \$12.5 million, I don't think it is more than a million or two.

Hon. Kenneth V. Bryan: Okay, so you would say it's not one of the significant contributors to your deficit, but worth reviewing and considering because *'one, one coco full basket'* to the deficit as well, as they say, right?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Absolutely.

Hon. Kenneth V. Bryan: Are you saying that there will be a review, or can you give a commitment to this committee that you'll bring it to the attention of the board? I know you have kind of a deficit of board members right now, based on recent resignation announcements, but I think it's a priority. The evidence you've given here today shows that we need to review that and the Minister needs to be aware of it too, because we can't be paying other people's bills. We have too many bills now as it is. Can you give that commitment that it will be brought to the agenda of the board?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I will [give you the commitment](#); however, I think the policy decision is much higher than that because when persons come into the emergency room, we don't ask their nationality; we take care of them, right? Like I said, many of these have come [following] a motor vehicle accident or some other extreme illness, so we take care of them. We try to stabilise them and then we work with them and their family to repatriate them.

Just recently, there was somebody who came in who required dialysis services. We couldn't deny that dialysis treatment then and there because she would have died, so we provided the dialysis treatment and then we liaised with her homeland in order to transfer her back to her homeland. We try to do as much as we can to provide the care at the time that it is needed, but then stem the loss by transferring.

Hon. Kenneth V. Bryan: So it's a balancing act.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yeah, ultimately. When you say bring it to the board about a policy decision, the policy decision is really not a board decision; it's more government, Cabinet. It is a—

Hon. Kenneth V. Bryan: A moral one.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yeah. It is a right to care.

Hon. Kenneth V. Bryan: What I'm suggesting, Ms. Yearwood — and I agree with you; I hope I didn't infer that it is something whereby we could decide not to do it, because we have international obligations.

What I'm saying is that we have to recognise it in respect to budgeting. Is there a projected expectation of 3 percent cost-on-loss on our international obligations so the Accounting General and those who police your money can say *this is expected*? It's all about budgeting and accountability. There are always ways to tighten that up, international standards and how they do in other jurisdictions. Other countries don't want to be terrible either. If it's a Caymanian in Jamaica, for instance, or somewhere else and they didn't have any coverage and they're in an emergency situation, I expect those countries to do the same so I don't want it to be taken wrong, but we have to plan and project for a sustainable approach to managing the cost associated with it.

Allow me to stop there and ask the CFO to give us some of those numbers. If you don't have the full thing, that's totally understandable, but I do think that this Committee needs a full outlay of that. If you can provide it to our Committee, if you don't have all of it today, in an email format while we do our assessment of this hearing post and our results of it. I'll allow the CFO to go ahead now.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Thank you.

The Chairman: May I ask you to state your name and position before you say.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Thank you, sir. Sheila Thomas, CFO, HSA.

To respond to your question, through you, Mr. Chair, the revenue from 'self-pay', those are the ones we're talking about, is 6 per cent of our revenue.

Hon. Kenneth V. Bryan: Okay. Ms. Yearwood, you may want to add to that because I don't think that fully answers my question. You said 6 per cent of your

overall revenue comes from persons who are non-Caymanian or visiting?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: No, persons who we consider 'self-pay' means they are not properly insured or their insurance has lapsed, so they are liable directly to the HSA because they don't have insurance coverage in place.

Hon. Kenneth V. Bryan: Got you, those ones who need to be billed and you have to figure out how to get the money from them.

What amount does 6 per cent equate to in dollars of your budget? Because if your budget is closer to \$100 million spending, that would be \$12 million.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: I would say just over \$10 million.

Hon. Kenneth V. Bryan: Oh, that's a lot.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Just to clarify, I think the 'self-pay' is not just for the expatriate population; it could also include Caymanians.

Something we want to do in the next budget period is to review our outputs to determine where the gaps are. If we are mandated to provide care regardless of the ability or individuals' means, then we want to present to the government those outputs and gaps, right? For example, accidents and emergencies. We don't have an output for accidents and emergencies; if you look at all of our outputs, there's a gap there. Even Caymanians coming into the emergency room who are uninsured or underinsured are provided care, so it's not just the expatriate population that defaults on their promissory notes; Caymanians do as well, and so that then falls as a bad debt for the HSA.

Hon. Kenneth V. Bryan: Fair enough and I agree with you there. I think that what you would have is a more sympathetic viewpoint from Cabinet to cover those Caymanians, but I don't think the sympathy would be there for non-Caymanians. The question I asked you was about the non-Caymanians, so— that over-\$10-million, do you have it broken down into Caymanians and non-Caymanians?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I think we need to do that and we can provide it afterward. We can break it down by nationality.

Hon. Kenneth V. Bryan: So it's not recorded that way now. I thank you for giving us that commitment because it's going to be a major question for you.

Ms. Yearwood, I'm going to move on to the next section of questions because my colleague who was going to lead the charge on them had an appointment, so she asked me to do it for her.

Can you give us the HSA's plan to achieve financial sustainability, which are some of the things I've been talking about to make sure that we can plan properly to address this pattern of operational losses over the next three years, but particularly this budget year and the next.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you for that question.

As I explained earlier, some of the things that we're doing to reduce the bad debt are refining our business processes, also ensuring that we look at our staffing and maximise the staffing as much as possible, despite the fact that we have a large population growth. We also look at our expenditure. We're looking to identify areas that we can do better in, where we can reduce costs, and where we can improve on our sustainability. We have solar panels and we try to do things as environmentally efficient as possible. We are also looking at how we can ensure that we reduce the cost of providing other services as far as our inventory is concerned.

There's a number of strategies that we have rolled out and are in the process of rolling out to ensure that we reduce the cost of providing care and at least break even this year. We are projected to have a small profit and we hope to expand upon that for this year.

Hon. Kenneth V. Bryan: Thank you. You said something earlier, Ms. Yearwood, about—

The Chairman: Mr. Bryan, can I just ask you to hold one second. You were trying to get my attention?

Mr. A. Roy Tatum: Just a quick question. Good morning to both of you. Good to see you and Happy New Year to you both.

The question I have is with regard to the timely submission of insurance claims. I recall I've had this happen on two occasions; one was with the HSA a long time ago. A family member passed away and a year and a half or so after the event, I received requests for payments for insurance claims that were not submitted timely and were refused. Obviously, I had a conversation that the person is no longer here, sadly, but I wasn't willing to then pay because it was no fault of mine. What's the situation with that now? Do you have very many of those or have you been able to put processes in place to make sure that insurance claims happen timely and you won't find yourself susceptible to those kinds of losses.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you very much, sir. Through you, Mr. Chair. Yes, that is a recognised weakness that we've had over the years, and we are closing that gap and we will continue to do so in regard to the review of our business processes. Some of the timeliness was because of the way that the charges were dropped. Recently I checked with the CFO and our team; we are providing statements now to insurance companies within 30 days, so that is improved. I'm not saying that there's not one case here and there that falls astray, but that is definitely something that we're working to ensure. We recognise that if the persons have the insurance, the insurance needs to pay then because sometimes they move on to another business and they no longer have that insurance.

To be fair to the insurance companies as well, they have to be able to pay out when the services have been incurred from their business process. Yes, it has been a recognised weakness, but we're working on it. It has gotten better and we hope to continue to improve on that.

Mr. A. Roy Tatum: I'm hearing two things. I'm hearing that it's a recognised weakness and improvements are happening, but I'm also hearing that the problem is not a small problem and there may be one or two things that slip. Which one is it? If it's one or two things, it may not be an issue, so which one is it? Is it still an issue?

The incident that I referred to, by the way, was 20 odd years ago. I was really hoping that between that time and now the problem would have been resolved, so is it still a real problem or not?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: No, through you, Mr. Chair, it has improved; we are billing within 30 days. What I'm saying is there may be an isolated case. For example, it may be something to do with waiting on the charges to come in from overseas for an individual, so it may extend beyond that period but largely we are rolling out our bills in a timely fashion.

Mr. A. Roy Tatum: Thank you, ma'am.

Mr. Christopher S. Saunders: Mr. Chairman, through you, I noticed that well, according to the budget documents, at the end of last year the HSA was forecast to have more than \$70 million outstanding in accounts receivable. Of that \$70 million in receivables, how much is related to the insurance companies?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. I'll need to refer that question

to our CFO. I don't have that number off the top of my head right now.

Mr. Christopher S. Saunders: Yeah, that's fine. I know there are some insurance companies that just don't like to pay, and I can say that as a former member of the board. I remember when billings were sent out, some insurance companies had the audacity to send the bills back unopened — in other words, they weren't even going to look at it to pay. I know many Caymanians are struggling with particular insurance companies that need to be shut down. God only knows how they still have a licence, because they're not paying anything. I understand you need to maintain a good working relationship with people in the healthcare industry; I don't, so I can speak a bit more bluntly. I know some of them don't pay.

I find it hard to believe that some of the very same companies that would owe the HSA are actually still paying on time. I think some of them have cash flow issues, which also impact the HSA's cash flow. I'd be curious in terms of those accounts receivable after \$70.5 million, because I also noticed that the bad debt provision was \$41.5 million. In other words, it is money the HSA basically doesn't expect to get back at this point, and that is a significant amount of money.

Sounds like your CFO has the answer?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Thank you for the question.

While I don't have the exact dollar figure, I could give you in percentages and commit to giving you the exact figures afterwards. The composition of our receivables shows that commercial insurance was under 10 per cent of our total receivable balance, which would be the external ones. The bulk of our receivables, roughly 70 per cent, was between CIG and CINICO.

Mr. Christopher S. Saunders: Okay, basically you're talking about \$7 million. 10 percent of roughly \$70,500,000 is roughly \$7 million. What is the ageing of that roughly \$7 million — 30 days, 90 days?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: For 2024, I would say it was spread pretty much across all the aging buckets.

Mr. Christopher S. Saunders: You're talking about roughly half of it being well over 90 days, then?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Potentially, sir.

Mr. Christopher S. Saunders: All right.

Well, in case members don't realise it CIMA has certain requirements whereby after 90 days those

things will be treated a little differently and, since many of those insurance companies are regulated by CIMA, good luck collecting that money.

Hon. Kenneth V. Bryan: Thank you, Mr. Chairman.

I think the member just highlighted something we as a Committee may have to take off in respect to assisting with collections, because there's only so much HSA can do. If people are not paying by way of insurance, it is our obligation to examine whether the authorities who licence them are doing their part to assist in this collection component, so I hear you.

Ms. Yearwood, before we went into a different line of questioning, I was getting to the fact that you said we normally under-charge; I think what you mean is that we charge much less than most of the other hospitals, and naturally so, because we're the primary facilitator of services to Caymanians. As you said, you're not in the business of making a profit.

With that in mind, the long-term sustainability of healthcare services offered across this country concerns me. I see that we've recently gone into vascular surgery and expanded oncology and dialysis, which is tremendous in Cayman, but the question is, if we're not being able to collect as much, the expansion of these areas, capital outlay, land purchases, staffing (which we're going to get to because I think staffing is a major component of cost), it's about the sustainability of all of this, particularly when there are other offerings on-island.

Can you explain to me why we are expanding to other areas where there are adequate services available that we can refer to locally? I'm lost to the logic there.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair.

As I said earlier, we follow the mandate of the Health Services Authority Act in alignment with the WHO principles for what a national provider should have in order to ensure the resilience of healthcare for the country, right? Having said that, though, we do collaborate with the private providers. In fact, there are discussions that we're having now with both of the hospitals regarding that same service, the vascular surgeon, where we are looking to see if we can utilise facilities. There are services that we need to service the patients that we have, for example, dialysis. Often-times those dialysis patients require fistulas and vascular services that ensure the continuity of their care. We do want to provide continuity of care, but we do collaborate with the private providers to use their services or to combine efforts in order to take care of the patients.

Hon. Kenneth V. Bryan: Okay, I do hear you about the World Health Organisation's obligation to provide the basics, but providing doesn't necessarily mean

you have to do the operations. You have to ensure that it's available [and] it is available on the island.

I'm getting into the cost factor because you're obligated to ensure it's available within our country; it doesn't mean HSA has to do the job. I'll tell you my humble opinion: the more competitors we have in these services, the more expensive the product is going to be. We have a [limited] population, so I was really confused when HSA went into competition — I mean, say what you want to say about Health City, but heart and vascular surgery is their main focus. You've got Doctors Hospital expanding, and other small private places.

I'm wondering if a proper gap analysis has been done, and I'm going to ask you to tell me when was the last time it was done, because I have the ESO [Economics and Statistics Office] stats here as to where you're at with that, and I don't think there's been enough analysis on where the HSA is going and why. I have yet to look and see what the justification for expansion is because what it says to me at the end of it is, it's just going to cost us more money in the long term when we can have those services done elsewhere. Maybe you can just respond to that, because this is a lot of positioning by myself, personally.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I respect that.

Through you, Mr. Chair, I respect it from the layperson's perspective as well. It may seem like HSA doesn't need to do this, but remember where I started off. I said we need to ensure that we provide a resilient service that is sustainable. What we have to ensure we are doing is to provide those services when they're not available in the private sector because sometimes in the private sector, those individuals aren't on island and the patients fall in need; so if we don't have those services on island, we need to send them off island. There is one speciality where there are like five on island at any one time, but yet there have been times when there are none.

It is something I think we need to collaborate further on to ensure that if we do have the specialities on island they don't all go on vacation at one time.

Hon. Kenneth V. Bryan: You're saying that such an assessment wasn't done before you went out and did the expansions in these areas?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Absolutely. We do a business analysis for any one of those service expansions. Going back to your earlier question about when we sat down and looked at our services and looked at a gap analysis — as recently as last year. When we did our strategic planning at the beginning of last year, we looked at what services we were providing; what services are in the private sec-

tor; are there any that we're providing that we shouldn't be providing; and we've gone through that as recently as at the beginning of last year.

Hon. Kenneth V. Bryan: You're saying there are not enough services in those areas that you've expanded to; is that what I understand? I just want to ensure I'm clear, if I understand.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: In order to ensure that we are sustainable and have a resilient healthcare industry, yes.

Hon. Kenneth V. Bryan: Okay, with that being said, how do you balance the pricing comparison?

I'll give you an example. I am fully aware of a number of instances where we have it within the hospital, which the expansion in my humble opinion is not necessary, but also other local providers, and we still send people to overseas institutions. I'm not going to call any names, but I think we are fully familiar with your partnerships overseas, and you check the prices — they're more expensive than they are locally, which goes back into the deficit and cost factors, so can you explain that? Why are we sending people overseas, which comes with flights and hotels and all the other variables, and the service is even costing more?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Our physicians are not in the business of providing the receiving facility. The physicians will say this individual needs X [treatment]; they need to be referred out for X. The referral goes to the insurance provider who determines where within their network the patient goes. There are times when the patient has to go overseas. Even though we provide the service locally, sometimes there's a nuance in the service to the individual needs that is different than what we are providing locally.

Again, this is not the HSA's jurisdiction. I'm just telling you what happens. It's within the insurance company's hands —

Hon. Kenneth V. Bryan: Including CINICO.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I know there are some patients who would have had a long-standing relationship with an overseas provider that they will honour because they have a very complex medical history — and that's honoured. I can also tell you there have been times when the insurers have said no; that we need to provide those services locally because they are available.

Sometimes the patients don't understand where the responsibilities begin and end, so they will call me and ask me to intervene, but it's not within the

HSA's responsibility to determine where the individual goes. We only determine that the need [exists]. Sometimes a physician will advocate for the patient because of the nuance in their medical condition. They may say *this individual is a cancer patient, but this is what is needed and this specific thing isn't available on-island.*

I'll go as far as to say that our healthcare professionals across the island collaborate very well. They attend CMEs [Continuing Medical Education] and conferences together, so our doctors know what services are available locally, because not only do they provide that information to our referrals office and the insurance companies, but they also talk among themselves, so they know what's available locally.

Again, the doctors will say the individual needs X type of treatment. It is then up to the insurance company to decide where the individual goes. We are involved in helping to advocate for the patient. I'm dealing with one such case right now and it's a very complex one. There are multiple stakeholders involved, and sometimes you need somebody to pull them all together [but] as far as determining the cost for where the individual goes, it is not within the HSA's remit.

Hon. Kenneth V. Bryan: Thank you. It gives me an indication to examine CINICO because we can't tell what other insurance companies are doing but whether our government-owned company is not deciding on a more expensive place just for inappropriate reasons. I apologise for putting that on you — and by the way, Ms. Yearwood, you are doing an amazing job. I'm just doing my job too, so don't feel any way.

Let's move on to about two or three more questions before my colleague takes over. Are you comfortable with the current funding that has been projected? There is \$25.6 million budgeted for HSA. Is that adequate enough?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: That's a trick question, Mr. Chair, because we talked about this earlier.

We project the cost of providing services, but all of you know how the budgeting process goes. I explained earlier that we have two types of outputs: one that is on an episodic basis, so we can come back to the Finance Committee to get additional funding if the cost of providing care to indigents goes over what is funded. There are also the programme outputs that are supplementary funding for programmes that we do, and I explained earlier that even with the funding and what we collect from providing those services, it's still not sufficient to fully fund the cost of care.

Having said that, I also mentioned us having to do a costing exercise because that position is based on the current fee structure, but we know that the current fee structure, the inputs into that fee for

any one item have not been reviewed in its entirety. That is an exercise that our board and Ministry would like us to do to at least be able to say *this is truly the cost of providing services.* Not just projected based on last year's or prior years' utilisation, but because we've truly actually costed all the inputs that go into that service.

I'm not saying that doing that is going to allow us to charge more for the service because I recognise that Cabinet has a role to play in determining whether or not those fees can be increased because whenever we increase our fees at the HSA, it impacts the cost of living because even if all the insurance [companies] just raised, and I'm sorry but —

Hon. Kenneth V. Bryan: Don't be sorry.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I'm not throwing anybody under the bus, but sometimes we know insurance companies have just raised a premium, but HSA raises the cost of providing the services and the fee is increased again.

We recognise that the Cabinet has a role to play in determining whether they approve our charge master because it's going to impact the cost of healthcare and ultimately, the cost of living; but at least we can say it because right now, we can't say it with any confidence. I can't tell you with any confidence that I'm charging the right fee. All I can say is there's been many years that it hasn't increased. Cost of living has increased; the cost of providing the services has increased from the salary perspective, so I'm pretty confident in saying that it's not adequate — but I can't tell you by how much.

If we can tell you, we should be charging \$10 million more, then it's for Cabinet to say, *okay, we don't want you to charge \$10 million more, we will work out an arrangement with you to supplement that cost.* Right now, we can't with any confidence tell you that we are providing care at the right cost.

Hon. Kenneth V. Bryan: Ms. Yearwood, I'm going to hold there; my colleague has another question with respect to this specific area, but I'll come back to it in a second.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Sure.

Mr. Christopher S. Saunders: Through you, Mr. Chairman.

Following on something the CEO just said: from what I understand, the system is set up whereby there's a set thing called the standard health insurance rate and that is the maximum that an insurance company is obligated to pay for a particular service. If the SHIF [Standard Health Insurance Fees] says \$16,000 for a knee replacement, it means that even if

the doctor is charging \$40,000, the insurance company is still only obligated to pay the \$16,000.

Now, it is my understanding that those SHIF have not been increased in more than 20 years, so if the costs the insurance companies are obligated to pay have not gone up, then I'm trying to understand what is driving the increase in premiums. Insurance premiums have gone up like crazy over the last 20 years so... what is driving the cost of insurance companies?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair.

The short answer to that is utilisation, because we have more providers and people are utilising the service, but you made a very astute point. The Standard Health Insurance Fees being all that we can charge, it doesn't mean that's the cost of providing care. In all fairness, the Health Insurance Commission will ask us, all the providers, what our fees are; what are the costs we want to charge, and then do their actuarial outsourcing to determine the cost of those fees — and you're right. In some areas, but not across the board, they haven't been increased in 20 years.

In other areas they haven't been increased for a while, but I think some did increase last year or the year before; but in order to be able to inform the Health Insurance Commission, we need to have that costing done. We need to know what it costs to provide the service in order to inform them so they can then do the actuarial calculation and determine the fair reimbursable rate.

Going back to your final question about what is driving the cost, its utilisation. People will come to the HSA and then want a second opinion. They doctor shop quite often. I feel that, whereas it's probably much more than that, it's one of the things — utilisation.

Hon. Kenneth V. Bryan: That's an interesting point, "doctor shop". I think we need to analyse that because that sounds like cha-ching to me. It costs us money and we have to recognise it's a serious thing; in other jurisdictions you don't get the doctor shop luxury. Here in the Cayman Islands we like to feel comfortable with who our doctor is, but we have to have a bit more faith in the system. Probably not something we want to talk about too much.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Can I just mention one point?

Hon. Kenneth V. Bryan: Yes, please.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I think this is really important. I think as a country we have to be very, very proud that all three hospitals are JCI

accredited; it means they have met international standards for safety and quality.

To your point, we need to have faith in the system and not in Doctor Google, because many people come into the hospital and say *I want an MRI because that's what Doctor Google has told me I need for my headache*. You're right, we have to have confidence. These are highly skilled professionals that we hire in the Cayman Islands and then the infrastructure that supports the professionals has met international standards as well, so there is no reason why people need to go overseas because they don't trust us. There may be services, a piece of equipment we don't have that they need to go overseas for, but ultimately, they need to trust the local providers.

I must say it has gotten much better over the years. We have had feedback from patients that have come to us after going overseas and said, *you know what, the care that I was provided at home was better than what was provided overseas*. Or, the other comment — in fact, we've seen it on social media just last year; overseas doctors saying, *without the care that was provided in the Cayman Islands, your loved one would have been dead. In fact, we don't need to do much more here because the Cayman Islands did such a good job at stabilising and providing care for your loved one*.

We do provide excellent care here in the Cayman Islands and I'm confident that I could receive care in any one of the facilities without having to go overseas.

Mr. Christopher S. Saunders: Through you, Mr. Chairman to the CEO. Earlier, you mentioned the cost going up because of utilisation. The last time I checked, I think there were about 180 registered practitioners on the island. Some of them just set up shop and cherry pick, et cetera. When you have that many healthcare providers registered, 180 that we know of — and bearing in mind the three major hospitals, HSA, Chrissie Tomlinson and Health City; and then we have all the other doctors' offices, the Marzoucas and so forth, where is the other roughly 160, 170 coming from?

The reason I ask that question is that when you have this many providers in a market this small and they all need to make some kind of money, this is where people start referring procedures or looking at stuff that people don't need to do. Yes, there is over utilisation, but the suggested utilisation or referral has to come from somewhere. The question is, how does having all of these different shops impact the HSA's and other hospitals' operations?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. That is a very good observation.

As far as the cost of providing care, you're right. Over-utilisation doesn't necessarily come just from the patient; it can also come from the provider ordering more tests, providing more follow-up consultations... It is a multi-pronged problem and you're right, with the growing number of providers on the island, you have to anticipate there's going to be growing utilisation because they have to market their service to be able to break even as well.

Mr. Christopher S. Saunders: That is exactly where part of the problem is. Some of these shops need to keep their doors open so all of a sudden they're referring all different [procedures] for this one and that one to get done, and it is driving up utilisation because at the end of the day, even the way the government system is set up, if civil servants want to go outside of network, they have to get a referral.

The referral issue is still a major one, as my colleague for George Town Central touched on earlier. It is something that needs to be looked at. I think part of it is to [draft] a government policy to start looking at all these guys who come in and set up these shops, who are basically just flying in. We see their services advertised in the newspaper all the time; this one is on island, that one is on island, bearing in mind that these people are just flying in, grabbing business and going; they're not contributing to the local economy.

Much of that has to be factored in. I know it's not something for the HSA to deal with, but at a minimum I need to put it out there in the universe so people can understand that this is a reality of what we have to deal with in healthcare in Cayman.

Thank you, Mr. Bryan, for yielding.

Hon. Kenneth V. Bryan: Thank you, member.

I am very mindful that my colleague for Red Bay has some questions. I just want to get some quick fire questions: Do you think this country has too many providers? Because it gets into the utilisation component, which we are perceiving is causing the increasing cost.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Mr. Chair, I can only speak from what I know anecdotally. I have not done that analysis. I believe that's better done at the Health Insurance Commission, who knows all the groups, how many people, and what is reasonable for a population of our size. I can't answer that question with any sort of confidence.

Hon. Kenneth V. Bryan: I'm sorry to put this question on you. Ideally, you're not supposed to have to answer this, but Ms. Yearwood, you are known to be one of the leading health experts we in Cayman look to, so asking you means something. You don't have to be-

cause it's not really in your remit, but the public would like to hear what Ms. Yearwood would say.

Do you think the Health Commission should consider a review of whether some of these need to expand any further? Most people would say, you know, more competition will bring down the prices, but that's not exactly how it is in health. When you have too many, they all try to bring up the price just to make enough to cover the cost. Setting up a hospital in the Cayman Islands is very, very expensive and it gets into what my colleague was talking about, making recommendations for procedures you really don't even need. Again, I'll ask for your humble opinion. If you don't want to answer, I'll respect that.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I think the cry from the clinicians over the years has been for the review to be done. I'm not sure whether they're in the process of doing it or not. I'm not so sure how easy it is to set a threshold for how many OBGYNs should practise in a jurisdiction of our size; or if there's any sort of international benchmark for that, but there has been cry from the clinicians to say, we as a country need to look at how many practitioners we have here, because the competition does impact every one of us.

Hon. Kenneth V. Bryan: Thank you so much.

Can you say when the last government Strategic Policy on Healthcare was?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The Minister of Health is currently working on a strategic plan. I know they met just last week and they had some follow-up questions that they passed on to us. HSA is doing our strategic plan in two weeks' time and the Minister is going to be a part of that as well.

Hon. Kenneth V. Bryan: When was the last one done?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The last one I think expired in 2017. It has been a while. At least the one that has been published.

Mr. Christopher S. Saunders: The one that expired, when was it actually done? Normally they would go for five years. If my memory serves me right, I think Mark Scotland did the last one around 2011-2012.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: That's correct. I looked at it recently and it had his picture on it, so it would have been. He was the Minister at the time.

Mr. Christopher S. Saunders: Then since 2011-2012, since Mark Scotland left, there has been no government update on healthcare policy.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Nothing written, I suppose. HSA does its strategic planning on an annual basis; we review and make modifications on an annual basis. Each year we request a directive from the Ministry; how would you like to see the HSA go this year? We always touch base with the Minister. Whether there is a written plan or not, we should touch base with the Minister and ask for a direction that will help guide our plan, because we need to support the Ministry's vision or government's vision as a whole for healthcare.

Mr. Christopher S. Saunders: That is exactly where the challenge is and that's the crux of the matter because at the end of the day, the HSA can only focus on the HSA's operational issues. The broader public issue of healthcare needs a national policy and the Constitution is clear that it is the remit of the Cabinet to set the policy. Sad as it is, it basically means that every health minister since Mark Scotland's order expired has basically not done the job they should have done. That's just the reality. You can't say it, but I can. That's fine.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, yes, sir, you're right.

We need that guidance because we want to ensure that our plan dovetails with the Ministry's plan or the Government's plan for health; but I must say that I am very excited and encouraged by some of the plans that the Minister has been communicating to us because I know that the overall review is from a national perspective and there are things on which she wants us to collaborate. Also, the Minister is very data-driven and she's looking at ways for us to actually get better data on an ongoing basis, and that is the movement we are taking now for public health. I mean the STEPS survey was done and we have information from it that says what the state of the country is, but we need that information on an ongoing basis. I know that you're familiar with healthcare because you've sat on the HSA board.

Mr. Christopher S. Saunders: I'll help you get back on your train of thought then. While your organisation is focused on the data, there's one data that I'm focused on: the census. Something I noticed is the top five issues within healthcare that affect Caymanians in this country, especially diabetes and so forth. Those issues are the ones that are basically not covered by the standard health insurance coverage. For example, optometry, dealing with eyesight, these things that are not covered in many insurance plans. Those are win-

ning the top five issues facing Caymanians that are not covered by the standard health insurance coverage. If you want to start there, have a look at the census.

Now, don't get me wrong. I recognise some of these are lifestyle issues. I'm fat for a reason; I love oxtail with the curry goat gravy on the rice, I get that. Doing that at 25 is one thing, doing it at 50 is a different thing. Looking at the top illnesses affecting our people, we need to now cater our whole insurance and healthcare coverage to those issues; you know what I mean? Cardiovascular is still there, diabetes is still there, glaucoma and those kinds of things are still there. At the end of the day, as you're going through this exercise, at least focus on the ailments that many Caymanians are facing. Like I said, diabetes has become a big issue and I know some of it is genetics but much of it is lifestyle.

Again, when you look at the number of visits that people are allowed now in the actual insurance coverage, you get one or two visits a year — those are not sufficient to detect some issues, especially the major issues that we have; by the time you show up again six months later, you could end up losing a foot or toe or something. If they're going to be focused on that, at least use the census because the ESO did a good job of going around and collecting all the information and the public did a good job in cooperating and giving us all this information. The least we can do now is show the public why the census and these surveys actually matter, because we actually use them to make a decision.

If you're going to sit there and go 13, 14 years without even a healthcare plan in this country, people at some point are going to sit back and wonder, why am I answering all these questions if nobody is going to be doing anything about it?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I remember what I was going to say now. Through you, Mr. Chair. You're absolutely right. It was actually the Ministry of Health and HSA that did the STEPS survey to determine where we are as far as those lifestyle-related illnesses, and it's no surprise. Like you said, our diet and our lifestyle have led to those problems.

What we are doing in order to respond to that is working very closely with the Chief Medical Officer in the Ministry of Health to work with schools and workplaces to teach about nutrition and the importance of changing lifestyles. We're tackling it from different angles: the education part of it, doing more testing and more screening, we're actively out there at different fairs, we go into workplaces as well to do screening and education and we're also putting kiosks in various businesses and public places so persons can check their own blood pressure to make sure they are okay.

We are now working on a national registry for the first time. In the last couple of years, the Ministry has been working with our Public Health Department because we haven't been able to [objectively] say this is the number of hypertensives that we have in the country, without a survey.

What I was going to say earlier — let me say it before I forget — the registries have to be updated. We have mandatory reporting of certain illnesses; communicable diseases, for example, are reported every day without anybody asking questions. Every provider knows that if you find somebody who has TB, you have to report it, and we have a national registry that says how many persons have been diagnosed with TB within the island.

Also, the Ministry is looking to work with Public Health to have mandatory reporting of non-communicable diseases as well, and it helps because right now Public Health has been functioning under HSA. There are providers who are saying, *why should I tell you how many hypertensives come into my office; you're a competitor* — right? That's why the Minister wants to put Public Health under the Ministry, so it's from a national perspective and there will be no questions from Doctors Hospital or Dr. Marzouka, since we've mentioned those already; they won't have an issue reporting to a national body.

There are many really exciting things that are coming downstream from this, and one of them is the HEARTS Programme whereby there are persons who are living with hypertension and diabetes who are not taking their medication because they don't have the means to do so. Even though we have outputs and we have other support systems for individuals, we know that we are a very proud population and we don't like to ask for help. This is something that is going to be done on a national basis. I don't have all the details of the programme because we're meeting with the CMO and the CNO to plan its implementation next week, but it's to make basic medication for hypertension and diabetes available to individuals — all individuals.

Then one day, I'm sure the Standard Health Insurance Contract (SHIC) benefits are going to be reviewed. I haven't had those discussions with the Minister, but I'm pretty sure that is something on her radar as well, because there's been much advocacy from the public to expand that list of benefits; but recognising that once we expand it, there's going to be an increase in cost, we don't want to increase it to such a level that it's not accessible to persons who are living and working here on work permits, because that cost then has to be borne by their employer as well.

Yes, the Standard Health Insurance Contract definitely has to be reviewed and updated because right now it is horribly inadequate for outpatient services; it's mainly an inpatient plan. There are some elements for wellness as well, but it's very inadequate.

Mr. Christopher S. Saunders: Well, I'm very happy to hear they are finally getting ready to pull Public

Health out from under the HSA, because it is the biggest thing that led many other hospitals to not want to report what's going on in their hospitals for us to get a better look. Even when you look at the ESO's statistics, for example, they only give you a summary of what happens at the HSA and none of the other hospitals.

I'm very happy to hear that it is coming out; hopefully then we can start getting a proper, national look at exactly what is going on in the country, so thank you very much for that.

Hon. Kenneth V. Bryan: Mr. Chairman, I've been really trying to get on to my colleague's area of questioning, but I think it's important that I highlight some issues. I don't want it to be lost that the last Minister did the majority of this work already. I know we examined that we haven't had a strategic policy on health in a while, but I can stand testimony as witness today that it was started in respect to the last administration.

Say what they want about the last Minister, but there was much work done. The process of bringing Public Health under the Ministry was also started then, so I don't want that to be lost. To be honest with you, I think the current Minister should be quite happy that most of the leg work is already there, so it should be quite an easy exercise for her. I'm happy to hear that hopefully within this two-year budget we're going to see a National Strategic Healthcare Policy. Do you think it is possible?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, yes, I did say they met just last week to look at the National Strategic Health Plan.

Hon. Kenneth V. Bryan: Looking at it...?

Sorry, Ms. Yearwood, I'm going to be straight about it — looking at it, and actually having a completion date are two different things. Do you think they are going to have one before the end of this two-year budget?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yes, sir.

Hon. Kenneth V. Bryan: Thank you.

I'm going to do this last question and then hand it over to my Red Bay colleague. Do you plan to go into any other services in the near future from an HSA perspective?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, like I said, our strategic planning retreat where we will examine that is going to be held in the next couple of weeks; but at this point in time, in talking to the senior managers, there is no

area that we're looking at other than galvanising what we have now. That's what we want to do.

For example, primary healthcare. It's no secret that we need more GPs in order to ensure access, right? We're just looking at galvanising so that we can ensure that people do have access to the care they need, especially primary healthcare because we don't want to leave it until they require more intricate specialist care.

Hon. Kenneth V. Bryan: Okay. I have some questions about post-retirement healthcare obligations, but I want to allow my colleague to go into his line of questioning. I'll catch up with you in the next round. Thanks.

Mr. A. Roy Tatum: Thank you, colleague; thank you Mr. Chair.

Before I leave the last two lines of questioning, I have a request. Regarding the submission of insurance claims that we discussed earlier. It would be helpful if you could submit to the Committee the number of incidents over, let's say 2023, 2024, and 2025, when insurance claims were submitted late and the total dollar value of that, just so we can get a gauge as to where things stand now and if there's been an improvement over the years. I think that would be very helpful.

The other question I have before I move on is, you mentioned earlier in your testimony that you were strengthening the finance team. The inference I got from that was that maybe you were understaffed so you're looking at increasing staffing. Can you give me some idea as to exactly how understaffed you are and how soon would that additional staffing be in place within the finance team?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Yes, we have some key positions that we need in order to strengthen the team.

One is another Deputy CFO. We want to have one Deputy CEO that's in charge of the reporting and another one who's in charge of operations because it's a huge entity that we have and we've grown a lot. Like I said, while the provision of services has grown, support services haven't grown.

We're looking at a Cost Accountant, which I mentioned earlier, and a Bank Reconciliation Officer because right now that function is carried out by the accounts manager, and it takes her focus off the day-to-day work that she needs to do from a reporting perspective. Those are the three off the top of my head; I know there's one more, but those are the key positions.

The Auditor General and his team have also pointed out some of these areas that need to be strengthened in order to make sure that our reporting

is happening in a timely fashion and the quality is the same.

Mr. A. Roy Tatum: Thank you for that. This actually plays into the next line of questioning.

In terms of strengthening the finance team, how happy are you with the skill sets and experience of the people you have there now? What we're going to be getting into next is issues around potential failures within the finance area. How satisfied are you in terms of the skill sets and experience that you have there now? Has anybody vetted to see if there's anything else that's lacking?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I think the area that we really need to focus on to help the finance team as well is automation. We are heavily manual in our processes.

As you know, our accounting system was part of government until just two years ago when they went in another direction; we're in the process of implementing our own accounting structures and that was something that hadn't been completely refined and rolled out before the end of year, which led to a number of the adjustments we're seeing in the 2024 audit. Those are some of the areas that we want to try to galvanise to ensure that we have technology that's working with us so that it will complement the team, instead of us making consideration for that.

Mr. A. Roy Tatum: Thank you. My colleague has a question. Continue, sir.

Mr. Christopher S. Saunders: Thank you, Roy.

Through you Mr. Chairman. How many people are in the finance team as it stands right now? What's the complement?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Can I refer that question to my CFO? I don't have the number off the top of my head.

Mr. Christopher S. Saunders: By all means, please do.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Core finance, which would be the primary team that does the reporting, will be seven, including myself and the Deputy CFO.

Mr. Christopher S. Saunders: Okay, and the patient financial services group, or team, where do they sit?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: They report into finance.

Mr. Christopher S. Saunders: How many people are in patient financial services?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Approximately 30, in 3 teams.

Mr. Christopher S. Saunders: Patient financial services, what would they primarily do?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: They do all of our billing, collections, denials management, and follow-up; all the back-end functions.

Mr. Christopher S. Saunders: I'm going to put something in the universe now.

You're talking about roughly 37 people under finance. As it stands right now, 80 per cent of your revenues come from central government. From where I sit, this is what we call "spaghetti around the plate". Having this many people focused on billing government, spaghetti around the plate, doesn't seem like the best use of resources.

The reason I raised the issue is something the CEO knows I am concerned about when you look at OECD (Organisation for Economic Co-operation and Development) countries. I think there are about 30 of them.

We did an analysis that broke down hospital costs between clinical and nonclinical; Cayman did not come out exactly where it should have been. For example — and again, I'm going by memory from when we did the analysis — in most OECD countries, roughly about 11 or 12 per cent of their costs were administrative. The United States was the worst with around 20 per cent of its costs being administrative. When we did the same exercise with the HSA, it was roughly 50/50. On top of that, if we were to take Public Health out as the CEO indicated earlier, then it would be a bit more.

When I did that analysis with Cayman in a previous lifetime, we were not trending in the right direction in terms of administration. At the end of the day, it is still a hospital; it is there to provide care. Having a majority of people where 80 per cent of your billing is around government or CINICO or whatever, again, money that you're going to get anyway, when you look at the majority, this is too much staff for inter-governmental type transactions. I would suggest you start looking at your head count and at how you can best resource this.

Now, in this day of AI and automation, I'm not going to bring up the billing system, because one of the biggest problems that we have with the HSA is the billing system. We brought in Cerner; at the time we were the guinea pig for an inpatient hospital when the majority of our patients are outpatients, and as far as I

know, we have yet to get that billing system correct and it is far too manual.

Truthfully, in this day and age, we can't be throwing resources and costs that can be used. The public isn't worried about the size of the finance team; what the public is worried about is the waiting times of the HSA. When you look at the amount of money being spent on administrative costs because the systems are weak when it should be spent on clinical issues, I think that's one of the things that's going to be coming down the line.

What I would suggest strongly, as you're going through your strategic review, is to start having a look at lowering the administrative costs and moving up the clinical costs. I can tell you, as a politician, I'm more worried about healthcare as opposed to how quickly the government gets a bill or how quickly the government or CINICO gets paid, because government will write the check to another government department for government services. Just bear that in mind as you go through this exercise.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, if I may respond to that.

I thank you for that point because the current business [model] is that whether it's core government or CINICO we still need to follow the same process to bill government, so those individuals are needed currently; but you're right, we can look at the business process and how those transactions are taking place. I think that's a policy decision that we need to discuss with the Minister.

Mr. Christopher S. Saunders: Industry standards are industry standards. Like I said, the US was worst with 20 per cent admin costs and we were literally running 50/50 with admin costs. The Deputy Governor is coming here later on; if you want to talk about having a world-class civil service or public service, then we need to have world-class standards.

We cannot have the HSA continue like this, even worse once Public Health comes out, because Public Health was included in that. It is not going to look good from that standpoint. People would prefer to see more resources on the clinical side, the 'taking care of people' side, as opposed to the administrative side, and that's just reality. Some of the back office work can move out of town where it does not need to be taking up physical space at the hospital or in George Town; that can be done out of town and just leave the healthcare where it needs to be. We also looked at the number of leases, et cetera that you have, so a holistic view needs to be taken.

I guess the current Chairman can feel vindicated because why build a new hospital for \$16 million when you can renovate the old one for \$70 million, and it can't go up nor out. Time has now told that the current Chairman was correct in his 1992 analysis.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Valid point.

The Chairman: Mr. Bryan, do you have much more left to do? I'm just trying to get a view as to the timing.

[Inaudible response]

The Chairman: Okay. Fair enough.

Hon. Kenneth V. Bryan: Thank you so much, Mr. Chairman. I want to go into the post-retirement healthcare obligations and the funding of these liabilities.

As the CEO of the HSA, how do you feel about the strategy of your organisation and the planning for that? Are you confident in the long-term sustainability of the organisation for the liabilities that we are going to encounter?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Yes, I do. I feel that our services are efficient, but there are areas where efficiency can be enhanced in order to ensure long-term sustainability.

Hon. Kenneth V. Bryan: What areas are those and what are you doing to ensure that they're more efficient?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Those are the areas I reviewed earlier in regard to making sure that we're costing appropriately and looking at our expenses to see if there are any areas where we can reduce those expenses. I think those things need to be looked at in order to ensure sustainability.

Hon. Kenneth V. Bryan: Will those also help with your post-retirement obligations, because I think those were more focused on being able to handle your deficits or reduce the possibility of deficits.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, the post-retirement healthcare obligations are for individuals who are with us that are on the defined benefit plan.

Our board made a decision in 2010, that we were not going to provide those services to employees that came on after that date. That means that number is a reducing number as far as the individuals who are covered is concerned, but the cost of providing that past service liability does fluctuate based on the actuarial evaluations. I think the number is like 345 persons who are covered for the past service liability.

That's a finite number — it's not growing; but as a country, I think we need to look at it because we do have Caymanians who have come on since 2010, who will retire from the HSA one day and they will not have the post-retirement healthcare benefit that some of us and persons in the civil service do. That is a concern from an ethical and practical perspective, but from a financial perspective, it's very difficult for us to change that policy to include them in that pool because you see the cost that is leveraged for that item every year.

Hon. Kenneth V. Bryan: What I heard you say is that we are not prepared for the long-term liability.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: No, I wasn't saying that at all. What I'm saying is that our policy right now only provides post-retirement healthcare benefits for those individuals who were working with the HSA prior to 2010.

As a country, a policy decision needs to be made in order to extend that to individuals who came to work for us after that period of time, because when those individuals retire they won't have post-retirement healthcare benefits; therefore, if they don't have the means to access care, they're going to go to DFA [Department of Financial Assistance] and it's going to be a government responsibility anyway.

However, when you look at our financials, the cost of providing that past service liability is already huge. To expand that group of individuals means expanding that cost, and that will further the HSA's deficit.

Hon. Kenneth V. Bryan: Have you made recommendations to the Minister or the Ministry, past or present, in respect to this liability concern?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. I haven't made any specific recommendations, but it has been in discussion so they know that that is the current situation. We've had that discussion at the board, but in order to expand that, it does have serious implications for our financials.

Hon. Kenneth V. Bryan: Here's my issue, Ms. Yearwood: My job as a Member of PAC is accountability and sustainability.

I hear you say you have discussions about it; what I'm not hearing is your action plan to address it. Discussing it, with no takeaway, no *'what are we going to do about it?'* Whether it's your responsibility, or the government's responsibility, or the Minister's responsibility, sounds like you're just talking. I don't mean to be rude, but if you have a problem, you talk about it, and there is no action plan to address it, then

you aren't doing anything about it. You obviously have recognition of the problem. You are the CEO of HSA and you are the head person whom the staff at HSA look to on this liability. God forbid for those who are really close to retirement now, because they're not getting an answer today. What is the plan to resolve that?

In my humble opinion, if it's out of your control then I think that as the CEO you say, *listen, I've done everything within my power as the CEO to carry it up the ranks, whether it means I have to put forward a budget that is higher, but that's up to the government of the day. They are policymakers; they are the ones that have been elected to solve it.*

Are you saying you have not presented a plan to resolve it?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: No, what I've said is that we've discussed it when we do our strategic planning meetings to say this is a gap; it is something that needs to be considered.

I will bring it up again, but the cost of providing that service will have serious financial implications that would then need to be borne by the government because, as you know, HSA, according to the Public Authorities Act, moved over to the civil service pay scale, and there are a number of things that make it equitable but that is one exception for our staff. Our staff do not have post-retirement healthcare benefits if they join us after 2010. I will bring it back up — to your point — and in consultation with the Minister we'll determine what the direction will be.

Mr. A. Roy Tatum: Mr. Chairman, I will wrap up on that last topic. That is an issue that affects folks like CIMA as well, so it's a very important one. Moving on now though to audit adjustments and financial statement quality.

A bit of a preamble to start: The auditors reported that the HSA's financial statements required 40 audit adjustments valued at \$63 million after the audit commenced. The Auditor General informed us that this is higher than the average for other similar-sized SAGCs, which is 10 adjustments; 10 adjustments are valued at \$8.7 million.

Of the 40 adjustments, one adjustment resulted from the actuarial valuation in relation to the post-retirement obligation, which was valued at \$36 million. The remaining 39 adjustments relate to various areas affecting the financial statements. This represents the highest value of adjustments among all public bodies audited in 2024. In contrast, as the Auditor General informed us, the prior year audit of the HSA required 12 adjustments, totalling \$81 million after the audit began. For the prior year, the adjustments to the actuarial valuation of the post-retirement obligation \$79 million.

The current year adjustments worsened the HSA's operating deficit by approximately \$7 million and reduced its net worth by approximately \$33 million, significantly weakening its financial position. The magnitude and number of adjustments indicate fundamental weaknesses in the HSA's financial reporting processes. It goes on to say, further we noted that the HSA's audit was not completed by the 30th April, 2025 statutory deadline.

With that preamble and given what the Auditor General noted with regard to the 40 audit adjustments, again valued at \$63 million; and that this worsened the HSA's operating deficit by some \$7 million and reduced its net worth by \$33 million — I think I heard you say before, but I'll ask the question: Do you accept that the scale, magnitude, and effect of these audit adjustments are significant and concerning?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, yes, they are concerning, and we have a plan in order to address them.

As you said, the past service liability was a large portion. I understand from the actuaries that it had something to do with the pool of individuals that was looked at; they looked at the entire staffing pool as opposed to the individuals at hand and that resulted in some of the adjustments. Also, often that evaluation comes in after the fact as well; that results in an adjustment.

We also had the problem with the manual nature of our audit; because of our accounting system not being finalised and working properly, we had a number of system glitches. There were also some schedules that needed adjustment and there were some differences in opinion with how they were dealt with. One of them, for example, was the repairs and maintenance for the hospital for the rebranding. I think that was put in as a capital item as opposed to an expense, so it was the way that some of those schedules were completed.

We are addressing the manual nature of this during this audit by outsourcing — not outsourcing. We actually brought in resources to supplement our current team because of the manual nature.

Mr. A. Roy Tatum: Sorry to interrupt you, but some of your responses may be needed later on with a question that I'm going to be asking, so it may be best just to hold those.

You are correct. There was actually one adjustment for post-retirement actuarial. It was a significant number; it was \$36 million, so that still left 39 adjustments that were done for about \$30 million in total. The one adjustment with regard to the actuarial numbers may not be something you could have accounted for, but the other 39, their dollar value and impact on the net worth of the HSA, would you agree that these material audit adjustments would indicate a failure in

the HSA's internal financial controls and pre-audit review process?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. I think definitely it does represent that we need to do significant work in order to streamline our processes and to ensure that the schedules are prepared. The automation of some of this is one of the areas we are looking at to help us going forward, because the manual nature of some of this work has led to some of these issues.

Mr. A. Roy Tatum: That sounds like a yes.

The next question, which I think you were getting into answering, is what specific control weaknesses allowed for errors of this scale to remain undetected until the audit stage? You're saying that part of it was manual processes. Was there anything else?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: In summarising the adjustments, some of it was a matter of interpretation in the way that the accounting standards were applied; some of it was the way that we cost some of the services, for example, staff costs. We have an escrow account held with the Health Practice Commission for registration and that sort of thing; the way it was costed was not in keeping with the recommendations and therefore there was an adjustment. There were quite a bit of adjustments in the inventory, and that piece is due to the manual nature of it. There were some that had to do with system glitches.

What I started to say earlier was, in addition to us working with another company that is helping us get through this audit period, simultaneously we're working with an IT company to help refine the inventory processes so that in coming years, the manual aspect of it is not so heavy.

Mr. A. Roy Tatum: Through you, Mr. Chair. Thank you for that. You mentioned two things I'd like to get a better understanding of — problems with inventory and system glitches. Let's start with system glitches. That sounds a bit easier. What system glitches were you referring to?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Mr. Chair, can I refer that question to the CFO? I don't have that at the top of my head.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. As the CEO indicated, we had just migrated from one system to the other, so there was data migration from an old system that was no longer supported.

Mr. A. Roy Tatum: This is the accounting system.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: It is one of the subsidiaries, the inventory system specifically and also the accounting one. In the past we had two systems, one that was proprietary and that handled our inventory and then we used the government IRIS system. We went ahead and bought a system that would do all the bits of the accounting function for us, including inventory. We migrated that data over from the old system to the new, but there were some configuration issues in terms of how those numbers translated from one system to the other; because of that, the data was inaccurate, so we had to revert to go the old route — pen and paper.

You would appreciate that, for example, in our inventory, an inventory account could be 100 pages. In our pharmacy, for example, we have over 40,000 items and the unit of measurement in some instances was off, the prices were wrong — it was all an Excel nightmare. We had a lot of errors moving between the various bits and pieces to try to get it in time for the audit, so we ended up with material adjustments at that point.

Mr. A. Roy Tatum: Through you, Mr. Chair. Thank you for that. That's actually rather astounding. I feel very bad that you went through that.

Who is responsible for choosing the new software and for implementing the solution, including moving from the older system to the new one? Did you bring somebody in or was that in-house or was that CIG?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, we did it in-house. We had a steering committee and it has been there for a number of years, maybe two or three. We relied heavily on external consultants who are primarily based in India, and I think there were lots of communication issues as well as just understanding our business processes and getting it right. I believe that's where we may have had some challenges, but it was managed primarily in-house.

Mr. A. Roy Tatum: Mr. Chair, a number of things come into mind, but the obvious one is, has that problem been resolved now? Do you now have a working system and are you not back to pen and paper and Excel spreadsheets?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. I'll take that one. No, the problem has not been resolved, but we're progressing. We have an external consultant that's working with the team and they have made progress. While it's not go-

ing to impact the 2025 audit, it will impact the 2026 audit because, hopefully, it should all be implemented by then.

Mr. A. Roy Tatum: The problems will persist then to 2025, but hopefully will be resolved for 2026.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Having said that, our interim audit is in progress and is about to be finalised and I believe that there have been fewer issues during the time, at least that I'm aware of. I may not be able to say that formally, but I feel that this interim audit has gone on a little bit better because we have had a number of other resources to supplement the team. We want to ensure that by the time we do the audit in 2026 some of those systems are automated.

Mr. A. Roy Tatum: I have a friend who once said to me, with regard to something that went wrong that I undertook, he said, '*Roy, you shot yourself in the knee.*' It sounds like that may be what's happened. What lessons have been learnt from this? Or are still being learnt, because it seems like it's a major issue.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Some of the lessons: the team has discussed with me that oftentimes when you buy a solution off the shelf it doesn't necessarily do everything that you want it to do and you then have customisation, sometimes those customisations create problems later on down the line. We are working to make sure that we anticipate all of these issues and put in place exactly what we need right from the beginning so that the system works for us. If it works for us, it's great, but if it doesn't, it causes more problems.

Mr. A. Roy Tatum: I won't go on with that issue anymore. I'm hoping that by the time we get back to PAC next year, we'll be hearing that the issue has been resolved.

What was the issue with inventory?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: That's the system that we refer to now. The system was the bit that we had issues with, in regard to how it produced the data for the inventory. The currency in some cases was misconstrued as well.

Mr. A. Roy Tatum: Okay.

You said earlier on there were two things, problems with inventory — you may not have used the word problem — and then you said system glitch. You mentioned that quite a number of the adjustments were inventory-related; why is that?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Can the CFO take that question? I think she would be able to explain it better than I can.

Mr. A. Roy Tatum: That's fine, thank you.

Hon. Kenneth V. Bryan: Mr. Chairman. Sorry, just before we go much further — I'm not intervening in the question. For our Hansards, please speak directly on the mic. Sometimes you speak [from far away], you can hear the difference and it's important that they hear it so they can record the details of what is being said. Thank you.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Thank you. Through you, Mr. Chair.

The worst part of our transition from the old to the new was our inventory. I don't think we got any bits of that right at all, so we resorted to a manual process; a manual count, manually calculating, making sure of the average price. We use an average costing, for example, and in some instances those average costs weren't accurately calculated. Unit of measures from the count details, for example, maybe it should have said a litre, but it went in as a case or something because the items were small. The data from one system is in our functional currency, which is Cayman Islands dollars; another is in US currency, so it took a lot. It was a very detailed thing to make sure the units were right, prices were right and that the calculations were all accurately reported and the average prices rather than a list price were being used.

Throughout that whole process and because of the window in which we had to get it done, between the count and the audit, it really took the wind out of our sails to get that right. It was a huge undertaking.

Mr. A. Roy Tatum: Through you, Mr. Chairman and thank you for that. I'm hearing that the issue also includes, possibly, your knowing accurately what inventory you have on hand.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chairman, I believe we had the count data right in terms of identifying the physical items and counting those. It was the calculation to value where we had issues and then determining what was slow moving; being able to project what we need, write-offs and those elements.

In the past, we would have had a system that would have just given us that quickly in a day or two, but now it took weeks to get that data together.

Mr. A. Roy Tatum: Thank you for that. Through you, Mr. Chair.

You used the phrase, "I believe.". If someone at the hospital went now and looked at the inventory count for aspirins, bandages, whatever it is that's in your system, it sounds like it's still a manual system you're using. Sorry, or did you say that there's an automated system?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: No, if you go to the hospital now, the data will be there. We can tell you the count, and it's in our system.

Mr. A. Roy Tatum: Okay, to keep it simple, if I go to the aspirins cabinet and I count the number of aspirins and the number of bandages in the bandages cabinet it will tally back with what's in your system. There's no inventory control issues at the moment, in terms of knowing that what's in your system is what's in your stock.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: We are closing those gaps for the most part.

Mr. A. Roy Tatum: So gaps still exist.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: There are some areas where we still have gaps because we are not completely finalised in resolving the issues around our inventory.

Mr. A. Roy Tatum: That's a yes.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Sorry, through you, Mr. Chair.

As I understand it as well, the system doesn't automatically deduct when you actually remove the aspirin from the system. That part is manual. You have to actually look at the utilisation and then match that back to the manual count. That's part of the problem that we're working on now.

Mr. A. Roy Tatum: When did this actually begin, in terms of this system change, when did the problem really manifest itself?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: The problem manifested itself in 2024. We started the migration in 2023, just for the last quarter, so I would say in 2024 fully we realised that we had significant challenges.

Mr. A. Roy Tatum: What time in 2024?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: As early as January 2024.

Mr. A. Roy Tatum: So that's when the system change happened; it may have happened at the end of 2023.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. We migrated in the last quarter of 2023.

Mr. A. Roy Tatum: Thank you.

Through you, Mr. Chair. We went through 2024 with the problem, went through 2025 with the problem, and we're in January 2026 and the problem still exists. That has gone beyond a major concern. I feel bad saying that because I'm very fond of the HSA, but this really needs fixing. This needs parachuting in people who understand what they're doing to put something in place "quick-o'clock". This needs major surgery to use that terminology.

What timeline have you put in place to get this solved? It really can't be December this year.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Progress is actually taking place right now and we're hoping by the middle of the year that we will have significant improvements in that system. We actually had to change consultants a couple of times as well, in order to get people who really understood what we needed. We have actually seen some progress now and we are very, very confident and hopeful that we will have this system that's going to be working for us, instead of us working for the system.

Mr. A. Roy Tatum: It's that word "hopeful" that I'm hearing, that is still giving me concern. I think my colleague wants to ask a question. I'll hold off. I have some others, but I'll come back to them.

Hon. Kenneth V. Bryan: Thank you colleague, for giving way.

I must say that I share your concern because we're talking about medications. Interestingly enough, just this past week, a constituent of mine had to go get medication for their child, waited almost two hours to then be told they didn't have the necessary medication that would normally be there. Is this deficiency, this problem causing people not to be able to get their medication because you can't tell what your count is, because it has to do with your projections of having things available and so forth?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, from time to time there are

stock outages based on the global procurement challenges, so the issue in regard to a stock outage isn't because we don't have the inventory number, it's based on a procurement issue. Sometimes it's difficult for us to get them from certain companies; the company we are contracted to get them from may not have the medication that we need, so we have to get it from somebody else. I don't know the specifics about that one case, but those are the things that I'm aware of globally.

Hon. Kenneth V. Bryan: Okay, I want to examine this for a minute. When you say that it's a procurement issue or the supplier doesn't have it, do you not have backup suppliers? I'm going to give you the context as to why. There are many Caymanians who depend on CINICO to cover them, and they can only go to one place to get it, and affordability is a serious thing. When HSA doesn't have it, it has to come out of their pocket and they don't have the money for it.

In my mind, HSA doesn't have the luxury to be out of medication, and supply chains can't be the excuse because you should have systems in place that have backup plans. You're supposed to have systems in place that can predict whether you will have enough supply for this time; or if you are being told that you're not going to have this amount of supply based on your average consumption of it, you can make your secondary plans to make sure that it's there. Too often I hear persons who are of low income saying, *HSA doesn't have it, so I now need money to go to the pharmacy and buy it*, because you know CINICO is not being taken at other pharmacies. Help me with that.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, I would encourage you to confirm that that's the case before you give that individual money to go buy it privately, because our stock outages have been very few, and in the recent months—

Hon. Kenneth V. Bryan: I can give you an example as close as four days ago. I can happily bring the witness here before we wrap up, if you like.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: No, if you could tell me the name of the medication I can check it out. What I'm saying is, we go through a procurement process for all of our drugs and supplies and we have the primary company that has been given the agreement and we do have others that we can get if they run out. We're trying to strengthen that agreement as well so that there are implications for that company. If they agree to provide Aspirin and they run out of that, they are responsible for assisting us to procure it somewhere else. We also work with

the local providers if the medication is available locally, and we work with the other pharmacies as well, so where there are challenges, we have ways that we have addressed such in the past and we can do so in the future until we get the items in.

Hon. Kenneth V. Bryan: What is told to a person who is using NAU (DFA) insurance when there's no supply for a particular medication? What do you do normally?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, the process is that they would procure it and then get reimbursement; but I appreciate the fact that sometimes they don't have the funds to be able to procure it upfront. When we are aware of that, we will go and procure a small amount from the local supplier until we get our supply in.

Hon. Kenneth V. Bryan: That means there should be nobody being told that you don't have it. I'm asking a practical situation; a person comes there and says they need [medication for] their diabetes or their child's sickness, or whatever, but you've run out. What does that person do? Do you go, hold on, let's run to the pharmacy we have a relationship with; you may have to wait another three hours because we have to procure it.

I'm telling you people are being told they have to go buy it, but you're telling me something different so I'm asking you, what is the procedure in that respect?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. That is the procedure. That is the procedure whereby the individual would purchase it and seek reimbursement from CINICO afterwards; but where there is an issue in regard to the person because they don't have the means to, they need to bring it to our attention so we can do something else in order to assist them.

Hon. Kenneth V. Bryan: Okay. Now I know how to advise the public. If they have CINICO and they cannot afford it because of whatever supply chain failings, the HSA will find a solution; just bring it to their attention at the counter. Is that correct?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: That's correct.

Mr. A. Roy Tatum: Thank you, colleague.

Mr. Chair, continuing. We were discussing the number of adjustments and the issues that created those because of glitches in your new system and issues around inventory.

Do you have on hand the number and dollar value of the adjustments that would be related to those two things? If not, could you provide it to us? What made me ask about it was your saying that quite a number of the adjustments were related to those issues. I don't know if you have the exact numbers on hand — the total number of adjustments and the total dollar value they covered.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, let me clarify: for inventory — are you asking for the dollar value related to inventory?

Mr. A. Roy Tatum: Earlier you mentioned that quite a number of the 39 adjustments (ignoring the actuarial one) were related to issues with inventory and the glitch in the system. What I'm trying to gauge now is what that number is. Of the 39, how many of them were related to those, and if you have a dollar value for them as well.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: According to the breakdown I have here, it is just under \$10 million related to inventory in some sense, and the system glitches were \$4.7 million. Part of the adjustment as well, a significant number was bad debt. We had \$8.5 million adjustment for bad debt. Then there were other adjustments that were smaller in nature, from \$2 million and under.

Mr. A. Roy Tatum: Thank you for that. That's \$15 million of the roughly \$30 million — again, ignoring the actuarial one — was related to those glitches, so half of them. Was it also half of the number of adjustments, half of the 39 accounted for that \$15 million? What was the number of adjustments that accounted for that \$15 million?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I don't have that detailed breakdown. I would need to provide it afterwards.

Mr. A. Roy Tatum: Was that the bulk of it, you believe? Apart from the bad debt?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, from the dollar value perspective, yes sir, but I can't tell you how many adjustments make up that \$10 million.

Mr. A. Roy Tatum: What I was trying to figure out was whether there were any other major issues other than what we've already discussed in terms of the system glitches and your huge problems with inventory and

so on. Are there any other major issues that caused those adjustments? Anything else we should know about?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The bad debt, I just mentioned that. The bad debt was \$8.5 million.

Mr. A. Roy Tatum: Through you, Mr. Chair, I'm guessing that's one adjustment?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I can't with any clarity say how many, but that's the dollar value.

We can provide the number of adjustments based on the dollar value. I don't have the number of adjustments associated with the dollar value, but I can provide that detail.

Mr. A. Roy Tatum: Through you, Mr. Chair.

I'm not trying to nit-pick; what I'm really trying to suss out now is if there are any other major issues because we weren't aware before of the huge problems with inventory, the computer glitches, and bad debt. Apart from the adjustments that were done, are there any that are truly significant that we should be aware of?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The others were smaller in dollar value and I think it was just a matter of the treatment of those transactions; but those that we've mentioned account for the bulk of the adjustments, both the number and dollar value.

Mr. A. Roy Tatum: Thank you. Through you, Mr. Chair. What was the major reason for the audit being delayed?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The adjustments and the manual nature of it. We just couldn't get through the amount of work during that period of time.

Mr. A. Roy Tatum: I thank you for that. Mr. Chair, I thought that would be the answer. I have other questions I want to ask, so I will leave that be.

I understood that, I think you used the word "hope", that the problem would be solved by the middle of this year; how sure are you about that because it is a major issue and I know you're aware of it, but we're now airing it to the public. I need to ensure the public understands that we in this Committee understand exactly what the timeline is for it to be completed. You mentioned that there's now a company or a

consultant helping you to resolve it, so when will it be resolved?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I can't go on record to give you an exact date. All I can tell you is that it is a priority of ours and it's something that the team is working on a daily basis on for the last number of months. [I can go back to the team and get a date, but I can't go on record and say it just off the top of my head right now.](#)

Mr. A. Roy Tatum: I'll end with this and turn it over to my colleague.

Through you, Mr. Chair. The problems began at the end of 2023; you really understood what was happening in January 2024. We finished 2024, we finished 2025, and we're into January 2026.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Fair point.

Mr. A. Roy Tatum: It's been going on for a long time and by now I really would have thought that we'd be hearing something more concrete in terms of what's happening and what's been done and that the goal is to have it fixed and resolved by X date. I'm not hearing that. As you just said, you can't give that. There's nothing else I could ask of that, but thank you very much for your testimony.

It's an unfortunate thing, as you just said. It's a serious thing, so I hope it gets sorted out soon. Thank you very much, ma'am.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you too, sir.

Through you, Mr. Chair, it may be unfair to my team for me not to be prepared to give that date. I undertake to go back to them and get the timeline; I just didn't come prepared to give that date right now. All I know is that it will be within the next couple of quarters.

Mr. A. Roy Tatum: Thank you for that.

Hon. Kenneth V. Bryan: Through you, Mr. Chairman. Madam CEO, I'm quite sure this Committee is prepared to give you a couple of minutes to send a message, with technology the way it is today. This is a serious issue. We need an answer today, because already two years in and then saying the middle of this year, which is another six months...

I don't think the appetite here is understanding why this issue is continuing to be a problem; besides, when you procure outside parties to do a job, it has to have some sort of timelines within that procurement of assistance, which brings my other question — what

outside entity did you say was helping with the financials because I can't seem to find anywhere in the reports which entity was helping us with our books. Can you say?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yes; the entity was appointed following the procurement process. It's Ernst & Young (E&Y) that's working with us to do the inventory. They're helping us with the manual aspects of that inventory.

Hon. Kenneth V. Bryan: Okay, so they're dealing with the inventory as well as the accounting?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair.

We engaged them to assist us with the inventory because, as we said, it's very laborious and we didn't have the resources to dedicate fully just to that and ensure that it came out to the standard that we required; and also our receivables, which is another huge undertaking. They are helping us with both elements.

Hon. Kenneth V. Bryan: Can we get a date of conclusion on both of those elements? Let me just make sure I got this right. They're helping with your accounting backlogs or support systems to make sure they are operational from your accounting practises and billing. I think that's what it was.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, no.

They're assisting us to ensure we are ready for the audit so we can produce proper valuation reports on our inventory and to clean up our receivables, which is also manual and has been a challenge for us as well. Those two are the biggest ones we needed help with, and they're helping us with both.

Hon. Kenneth V. Bryan: Okay. With that being said, because I'm mindful that we have about 19 minutes left —

Mr. Christopher S. Saunders: No, no, no, we don't have 19 minutes left. I have my time to talk. There are non-PPM members here.

Hon. Kenneth V. Bryan: I do apologise to my colleague.

Mr. Christopher S. Saunders: No, you don't need to apologise to me. I've sat down and I've listened to you guys. *Unna ask unna questions, I gah my questions too.* I represent people too.

Hon. Kenneth V. Bryan: Through you, Mr. Chairman. I wonder if I could ask a question in respect to... Actually, I give way to my colleague and I'll wait until he's finished. I'll ask more questions.

Mr. Christopher S. Saunders: Thank you very much. Mr. Chairman, through you to the CEO or CFO. Can you tell me exactly how much money is spent on training each year at the HSA? What's the training budget and how much is actually spent?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, we generally budget \$300 to \$500 thousand per year. The average spend that I've looked at over the year is just about \$300,000.

Mr. Christopher S. Saunders: Okay. The reason I ask that question is that I'm listening to the different issues that you have in finance; there's inventory, bank reconciliation, and others. You have 37 members at your disposal. How much is actually spent on cross-training your team to handle these issues? At the end of the day, you have resources. The question is, how do you allocate the resources? And the question is because I know some of the staff you have on the PFS [Patient Financial Services] team are very capable people and can be cross-trained or up-trained in some cases to actually do more.

There are two terms being batted around here that are giving me pause, and they are external consultants. In a previous PAC, we dealt with all the money the government spends on external consultants. The problem with that is: when these external consultants come in, they fix the problem then leave with the knowledge of both the problem *and* the solution. Ultimately, I would prefer we take our chances with our own people; invest in them and at least they'll learn to solve these problems and the knowledge stays within the HSA but every time you use these outside consultants, coming in and going out, meanwhile you have people sitting there — and I know some of them.

The CEO knows (because I reached out to her on a different issue) about people who want to do more, who are capable of doing more, but we need to make that kind of investment. That is the point I'm trying to get at. How are you deploying the 37-member team? Bearing in mind — the Accountant General is sitting there. Matthew, sorry, how many people have you got working in the Treasury?

Mr. Matthew Tibbetts, Accountant General, Ministry of Finance and Economic Development: Mr. Chairman, through you, about 45 people.

Mr. Christopher S. Saunders: Okay, 45 people to run the entire government of over a billion dollars and 37 to run an SAGC. You see where I'm going with

this? It is how you use your resources. I do not like the use of consultants and as I'm sitting here listening to your inventory issues, the first thing that set off alarms for me in terms of inventories was end-user computing issues in a day and age when just about every single thing has a barcode. You know what I mean?

We have inventory accountants, we have cost accountants, we have different types of accountants, we have bank reconciliation accountants; at this point, take the money you have and invest it with the 37 members on your team before talking about adding anybody else. Train them and deploy them as you need across the HSA; that is the point I'm trying to get at.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through Mr. Chair, you're absolutely right. Training our local Caymanians is one of the HSA's priorities.

We've had significant in-house training. We've actually brought in trainers-to-train-trainers in order to upskill our staff in clinical areas as well as other areas, including finance. However, I think the manual nature of this issue is more than just a training solution; it's really the workload level. I appreciate your point about consultants, but the only reason we brought in these consultants was for a specific task — to give us time to recruit our own Caymanians to be able to help us do this going forward.

Going back to the point you made about barcoding. Barcoding is something that we're implementing in this inventory fix we're doing, and I'm being told the project should be completed by the end of the year, but there are going to be milestones for things like barcoding, lot tracking, et cetera.

We definitely take your point in regard to upskilling our staff. Where we can do that better, we will continue to look for opportunities.

Mr. Christopher S. Saunders: Why was the decision made to change the inventory system? What was the underlying problem with the previous inventory system?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The previous inventory system we had was built in-house, had legacy challenges, and was no longer supported. The individual who built it in-house left the organisation, and it wasn't supported; that's the reason why. There were issues. We had outgrown that inventory solution.

Mr. Christopher S. Saunders: Madam CEO, I was on the board when they went with the CERNER system, and they replaced a system that was built by an individual in-house. If my memory serves me correctly, Mr. Ellis was his name. I remember the then Chair of the HSA telling the Minister he should have taken that

new system, put it in a box and put it back on a shelf, because it was not going to work for what we wanted at the HSA at the time. This is proving that his analysis at the time was correct.

We brought in a CERNER system that was designed for an inpatient hospital when we were primarily an outpatient hospital — completely mismatched. Ever since then, the billing and everything else has gone sideways. Every single time we change these systems, it has been a growing pain that costs a significant amount of resources, and I'm going to tell you as an accountant, much of this stuff is not overly complicated, especially on the inventory side.

The point I'm making is, make the investment, because we have gone through this issue of consultants here already and many times we have listened to consultants and got whatever on the other side of it, and we have not received value for money. Here we are, we went out, we have spent all of this money on an inventory system and I am almost certain that if you go back and ask the OAG people, they would have told you that you are better off leaving the system we had, regardless of its limitations, compared to the mess we have right now.

I looked at your balance sheet — at the end of the day, the inventory you're sitting on is almost \$20 million per year, so it's not a small amount of money and that's just the balance in the account. That doesn't signify the usage throughout the years; that's just what is sitting there. You can't have a system where you have \$20 million worth of supplies sitting there and we have no idea what it is or the value of it.

This goes back to my point: if you're going to go through the growing pains and the teething problems, do it with your people. Make the investment. I would prefer you come here and say, *'You know what? We tried this with our people; it's not quite where we want it yet, but we're getting it fixed'* — at least the knowledge remains. Whoever you're working with, once it's fixed, that knowledge is gone. I don't want to get into it, I just want to voice my opinion on that issue.

The other issue I want to touch on was CERNER itself. An error does not become a mistake until you fail to correct it. We made that error more than 20 years ago. We are at a point now with the HSA — bearing in mind that the HSA is now twice what it was when CERNER came in and we are a bigger outpatient hospital than we were then. The question is this: is the CERNER system now adequate? Can it work to meet the needs of the HSA at this point? That's my question.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, I'll just go back and make a comment on one of the other points that you made in regard to training in-house. One of the responsibilities that the consultant has now that is helping us with the

implementation is to train the staff that are going to be using the system afterwards. That is the materials management and the IT staff that are working with the system. Indeed, I think OAG will support me on here if my recollection is correct. We had an audit point that the prior system didn't meet our needs at the time and that's the reason why we were looking to change it.

Mr. Christopher S. Saunders: Well, clearly the new system didn't meet it either.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I can't argue with you right now because, yes, the proof is in the pudding, but we are working with the team in order to improve on that.

You made the point about CERNER. CERNER is a good system. You said it was an inpatient system; it's a clinical solution. We use it for inpatients, we use it for outpatients, and it's excellent from a clinical perspective, but it's the back-end business functions we have a problem with. That's why we are looking to interface with these other solutions, so it will supplement the clinical component of it. Having said that, from time to time we go back out to tender to see whether or not there's anything better than CERNER out there in order to meet the cumulative needs for us. That's something that we will continue to look at.

Mr. Christopher S. Saunders: The next thing I want to touch on, because this is all integrated, is the coding itself; I remember there was a separate exercise being done on the coding and one of the issues that the insurance companies had raised was the actual coding going on the bill. Remember there was an issue with the clinical staff actually using the correct codes.

The question is now, has that been sorted out because one of the issues I remember from your PFS team — and again, I'm going back in my memory, you probably know this better than me when we started up with this issue — was the actual coding. Have we got the coding corrected yet, because much time was spent correcting the codes, if my memory serves me right.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair.

The coding is linked to the charge master. Every year, AMA, a US-based company, updates those codes. Those are our procedure codes and we haven't been keeping up to date with those because we haven't had the updates in our charge master on a regular basis, but for the most part the codes are up-to-date and the clinicians are dropping those codes and being supported by the team who does the coding as well.

Mr. Christopher S. Saunders: How many people are in the coding team?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Off the top of my head, probably 6 to 8.

Mr. Christopher S. Saunders: As in an average of seven, right?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yeah.

Mr. Christopher S. Saunders: [Who does] the coding team report to? Which area of the hospital deals with the coding?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Health Information Management and IT; they share that responsibility.

Mr. Christopher S. Saunders: Okay. In terms of the actual update, you say it's not being done regularly; The question is: the insurance companies that HSA is sending these bills to, if they are updating their system on a regular basis — and I'm certain they don't have the amount of staff that you do — what are they doing differently that they can recognise there is an issue with the coding that we aren't doing? What do you suspect is the major issue?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: It's really the approval process because they're linked to the charge master. We need to get approval to update them on an annual basis.

Mr. Christopher S. Saunders: Sorry, you need approval from whom?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: When we go through the whole Cabinet process. If there's not a fee change, then I guess we can update them, but right now it's linked to that charge master update process, which is what we are in discussion with the Minister about to see if we can separate that. It's an automatic update; it has nothing to do with the cost of the fees. We're trying to disengage those two processes so that the automatic update of the fees is just something the industry does every year and it has nothing to do with the charge master.

Mr. Christopher S. Saunders: Sorry, you caught my attention with something. To change the code requires Cabinet approval?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Because it's linked to the charge master update.

Mr. Christopher S. Saunders: Yeah, but we're not changing the fee; we're just changing the actual code for the service.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Yeah, but sometimes it does have a knock-on impact on the fees because one procedure code today may be two procedure codes because it becomes more refined in two years' time. That's the reason why it has some links to the cost of providing the service, but I take your point and it is something we are looking at to see if we can disengage those two things.

Mr. Christopher S. Saunders: I want to close on one thing because my other colleague is back and she probably has a few questions. I just want to go back to the post-retirement healthcare liability. I want to read something from the latest plan and estimates from the budget process, and it relates to the Cayman Islands Government as a whole. Under the subject of post-retirement healthcare liability, it reads:

“The Government acknowledges its obligations for the future healthcare costs of Civil Servants (including their dependents). The Public Service Management Act requires Civil Servants to have a minimum of 10-years’ qualifying service with the Core Government and also retire from the Civil Service in order to be entitled to a healthcare benefit upon retirement. The results of the actuarial healthcare valuation, completed in May 2025, estimated the post-retirement healthcare obligation as at 31 December 2024 to be \$2.3 billion. The post-retirement healthcare obligation and any related expenditure have not been recognised on the Statements of Financial Position and Performance for Core Government. The Government is operating on a ‘pay-as-you-go’ plan with respect to post-retirement healthcare liabilities. Currently, no long-term assets are set aside in respect of the Government’s post-retirement healthcare liability.”

I chose to read that because earlier the question was asked in terms of what you're going to do to address your \$221 million problem, and the real elephant in the room is the government's overall \$2.3 billion problem. I think it's a bit unfair to some extent. I just want to put that out there, because this is a problem across the entire public sector.

Mr. Chairman, I raise the issue again because for this year, I'm going to be focusing on government in terms of getting back to that defined benefit pension plan and do away with this contribution plan that we all know isn't working. At some point, we need to start recognising that we have an ageing population. The average age of people within the public service is al-

ready in their forties; the last analysis we did, we have around 14,000 Caymanians who will be hitting 65 in the next 12 or so years, and we can't wait until then to start addressing these issues.

We know it's coming, whereby there are going to be many inadequate pensions. Cost of living, inflation, and currency debasements have been killing our people when they go to retire. We're kicking the can down the road. This is not something just for the HSA to deal with; from that standpoint, it is something for all of us to deal with. It's really unfair that even people who have joined the HSA post 2010 literally do not have some of these benefits. I know you were asked about it.

I think maybe the only SAGC that has dealt with this in its financials is the Port Authority whereby they have actually recognised it there. This is a problem across government as a whole, so I don't want to leave it out there as though the HSA is doing something or having your staff freak out wondering what's going to happen to us when we retire. This is something across the entire government.

Ms. Julie is back and has a few questions, so I will yield at this time.

The Chairman: I would just make one statement before we go forward and allow Ms. Julie to ask her questions. I think all your points are well taken and really relevant. Perhaps we might want to discuss that with the Deputy Governor this afternoon when he's here to give his testimony. I think it would be a good idea to raise it there.

Ms. Julie.

Mrs. Julie J. T. Hunter: Thank you, Mr. Chairman and glad to have Ms. Yearwood and Ms. Thomas. Thank you so much for coming to explain to us some of the queries we were having as a PAC.

Let's deal a little with the ISA 260 report. The of HSA's 2024 audit identified significant control deficiencies and operational weaknesses in the financial management system. These findings reveal systemic issues in various areas including the bank reconciliation processes (which is mostly what I'm going to deal with right now), inventory accuracy and completeness, revenue transaction integrity, and compliance with established financial controls and acts and regulations. We would thus want to focus on the inventory and bank reconciliation related issues.

As mentioned earlier, the HSA recorded \$63.9 million in audit adjustments indicating material differences between the recorded and the actual financial positions. Of these, \$2.6 million represented 110 entries that were to resolve bank reconciliation issues. We know it is major if we had to make that many new entries.

First of all, what bank reconciliation processes and controls do you have in place to prevent unposted transactions from remaining unrecorded? How

is that dealt with, and how do you get to a place where there are so many transactions that you have to go back and do over?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Thank you for the question. The bank reconciliation process, even now, has always been a manual process for the HSA. When we started back in 2024, we attempted to do the first couple recons and when the issues with the systems started, we kept rolling back, rolling back, rolling back our bank reconciliations because the numbers just were not adding up. Each time we thought we were getting to a good place, we had to roll back.

We did the reconciliations multiple times in 2024 because we could not get the reasonableness and the satisfaction we had around them. At year end, unfortunately, we did not get to post all those entries from the months of reconciliation in time before the audit, so they were left unposted after the submission.

Mrs. Julie J. T. Hunter: You're saying that you didn't get to post them or you didn't have time? Was that a staffing issue? You needed more staff to help you post those transactions because you know the audit is coming up at the end of the year; you know all of that, so you know there's a certain time frame to get all this work done. In my mind, shouldn't we then have taken prior steps to ensure this was done on time?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: In retrospect, we should have taken the steps to ensure they were posted prior to the audit, but they were actually done and reviewed multiple times so we were satisfied that, while they weren't posted, there was nothing untoward happening; it was just that our numbers were not in our system. In retrospect, yes, we should have posted the adjustments.

Mrs. Julie J. T. Hunter: Okay, so what have you done since then to correct that issue going forward? Have you had enough time between then and now where you've not only corrected it, but you've seen a good working balance? Is it working properly now?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. Since 2024 we have engaged more experienced permanent staff — not consultants — and our bank reconciliations are up-to-date and posted in the system.

Mrs. Julie J. T. Hunter: Okay, so they're up to date and posted now.

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: Yes, ma'am.

Mrs. Julie J. T. Hunter: Okay, so we're not expecting that to happen next year when the audit report is done. It's going to be a different picture next year then?

Ms. Sheila Thomas, Chief Financial Officer, Cayman Islands Health Services Authority: It should be.

Mrs. Julie J. T. Hunter: Okay. Okay...

I know we delved a bit into the basic inventory controls and having them standardised, but I still have a question regarding the different locations. Do you use one system at the HSA main pharmacy and another system at, say, the West Bay pharmacy, or is all of that standardised so that you could tell what you have at any particular location? Would they have to call the main HSA [pharmacy] to find out if there's more medication available, or can they see it in the system?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, we use a standard system throughout our entity, including the Sister Islands.

Mrs. Julie J. T. Hunter: Okay, so it's standardised. That's all for now for me. Thank you for your answers.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you.

Mr. Chair, I need to correct something I said earlier in regard to the number of coders. I believe I said 9, but there are actually 14. My team has just corrected me. Just to clarify as well in regard to the coding, because there's diagnostic coding and procedure coding. The 14 coders we're referring to do the diagnosis coding, and the procedure coding is done by the physicians.

The Chairman: Okay.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: If I may, Mr. Chair.

For the record, can I update the public and the House in regard to something that was said yesterday by the Deputy Chief Officer. I think she wrote to Parliament to correct the statement, but I want to put it on record that financial statements are provided every month. They go to the Board in the CEO's operational report that all the senior managers assist me to put together and which they work with their managers to put together, so there's a full set of financials that go

to the Board every single month. A representative from the Ministry sits on the Board who gets a copy of that report. I accept that it's quite a lengthy report. It can be like 60-70 pages, so it may not all be perused before the meetings. It's also sent to the Ministry.

I wanted to put that on record and I believe the Deputy Chief Officer has also sent an email to that extent to Parliament to have that corrected.

The Chairman: I appreciate you making that clarification. I confirm that she did write to us, and I actually have a copy of the email she sent; but her testimony must stand as it is. I think you appreciate that, though this does help to provide clarity as well.

Mrs. Julie J. T. Hunter: Mr. Chairman, I crave your indulgence. I have one more observation, not a question, from listening to one of my other colleagues' questions.

I know Ms. Yearwood said that when they're out of medication, there is a process in place where they can come to them or let them know they do not have money to go to another pharmacy and purchase it. Just for the record, as you well know, there are many cases where persons in our community cannot afford to go to other pharmacies and they depend heavily on that medication. That process is really not firmly in place, much to my dismay. Even though you might want to say it's in place, I can tell you categorically, it's not in place.

Your pharmacists do not suggest that to people when they go there and say they don't have the money — for one, it's very embarrassing, so they're not going to have that dialogue. A person will come in to say, *'I need my medication,'* and then your pharmacist will say, *'I'm sorry, we're out of that medication.'* It stops there. They do not say, *'We have a consultant that you can speak to; let me call them, and we can see how best we can help you.'* Nothing like that is said at the counter.

I would just implore you to, if we can at all, get something in place where it's not embarrassing for our people who are HSA's customers and clients. Additionally, make sure it is a known fact that if you are out of medication, there is some way to let them know, in a nice way, that there is a workaround. We can get this for you. We might not be able to get this for you within the next hour, but by the end of the day we're going to see if Health Care Pharmacy can supply that for us and we will have that for you. What would be even better is if there were some system in place where you could just send that customer to Health Care Pharmacy to pick up their medication and then HSA picks up that tab. That would make it much better.

I just want to implore you as that is very important. I know why my colleague brought it, because we get many of those complaints from our constitu-

ents, so on their behalf today, I'm imploring you to get that better regulated. Thank you very much.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair.

That point is well taken. I know that you have the ears of the patients and we want to make sure that there are good outcomes for their care. They may walk away because they're embarrassed to say they don't have the money and then they can't take their medication. *I will undertake to speak with my team to see if we can somehow put some business processes in place in order to address that.*

Mrs. Julie J. T. Hunter: Thank you.

The Chairman: Before we take the lunch break, and bring this whole thing to—

Mr. A. Roy Tatum: Mr. Chair, sorry. Just one quick question before we break.

The Chairman: I'm not ending, I have a question first.

[Laughter]

Mr. A. Roy Tatum: Oh sorry! I'll let you finish. I thought you were closing it down. I'll wait until after you finish.

The Chairman: I'm keen to hear from you, Auditor General. Talking about all the issues and difficulties and challenges they had, how did it impact your team in terms of the time and effort that was put into the audit?

Mr. Patrick Smith, Auditor General: Thank you, Mr. Chairman.

I think, as I mentioned before and also discussed within the report, there were significant delays in the timing for the audit because there were significant adjustments that had to be made during the course of the process. I know the CEO mentioned that we have started the interim audit for 2025 and to date, potentially, we haven't seen the same issues; but it's important to note that the issues that we were seeing in 2024 were on the financial position statements, that is, the balance sheet, which we haven't started to look at as yet. That's going to be done basically in the February, March, April period, so we haven't really been able to assess as yet whether or not issues will occur again for 2025. Based on the comments today, we're hopeful that there will be improvements, but potentially we might see again that there's going to be a further delay in the timing of the audit being completed for 2025 because of the same issues rolling forward from 2024 to 2025.

The Chairman: For my own edification, when did you actually sign off on the 2024 audit? I didn't see that information here.

Mr. Patrick Smith, Auditor General: Mr. Chairman, it was signed off on 21st July, so approximately three months after the statutory deadline.

The Chairman: Do we have any more questions for the CEO and the CFO?

[Inaudible response]

The Chairman: Okay, I'll ask you to give way to Mr. Tatum first.

Mr. A. Roy Tatum: Thank you, Mr. Chair. Mine won't be long, it's a yes or no.

I think you indicated earlier that you were going to get the timeline with regard to when the system issues would be resolved. I know you had some feedback. I wonder if your team has got back to you on that.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, yes, the process will be fully implemented by the end of the year.

In Q1, the barcoding project will be done; Q2, the lot tracking and barcode count with valuation; and Q3 would be the interface so the full project will be completed by the end of the year.

Mr. A. Roy Tatum: I thank you for that, Ms. Yearwood. I ask if you could send that information to the Committee, and also the name of the company that's helping you provide the solution. Thanks.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair, *yes, I will.*

The Chairman: Mr. Saunders.

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

Mr. Chairman, I want to close with one last bit of housekeeping for me. I already spoke to the Minister about this. As I mentioned yesterday, I like the path she's going on, but to close something from a public standpoint.

There was a recent article in the *Cayman Compass* with the headline, "Internal inquiry recommends HSA board payback some funds". Part of the article goes on to say, "**Previous Compass reporting showed the lay board – made up of six to eight members – met 190 times in the 18 months to June 2025, collectively claiming almost \$500,000**

in stipends.” The report also spoke about the lack of minutes for those meetings.

As I went through the HSA’s annual report, I noticed and I made my own notes that in 2022... Well, let me go back a little bit. In 2020, the total HSA board fees was \$82,215. In 2021, it was \$192,550. Now, that didn't really jump out to me because back in 2020 when it cost \$82,215, the HSA had a profit of \$1.2 million; and in 2021, even though it was \$192,550, the HSA had a profit of over \$8 million. However, in 2022, it went up to \$250,900; in 2023 it was \$250,750; and in 2024 it was \$326,700 — and throughout those years, the HSA had a cumulative loss of roughly \$24.7 million.

In short, Mr. Chairman, in those three years, the agency paid board compensation of \$828,350. That is a significant amount of money and the largest of all the government SAGCs. I know at the end of the day the CEO reports to the board; nonetheless, these are still public moneys. I would like a detailed breakdown of that \$828,250 — exactly who got what, when and why. I understand from reading different info that they include costs for people showing up to cut ribbons, and even the people standing behind the person cutting the ribbons, charging \$500 for that. I understand it includes you having your staff meetings and people coming to your staff meeting, watching you hold your staff meeting, and charging \$500 for that.

Ultimately, this is above your pay grade; and I'm glad we're closing off on the Deputy Governor who under the law has responsibility and oversight. To give the Deputy Governor credit, he did send the internal audit to look into it, and they have done their job. I raise this issue because there were reports in government whereby people were required to pay back money, and some of those reports ended up with people being incarcerated at an institution in my constituency.

That is something we'll deal with [later], but for right now, what I would like is for this Committee to be provided with exactly who got that \$828,000 broken down by month, and for what meetings. These are still public funds and that's a significant amount of money to be spent in three years for an institution that has met way too many times. As we saw yesterday, and Ms. Bobeth (O'Garro), the Acting Chief Officer confirmed, of the 330 meetings they had, the Ministry only attended 33. The law does have the Ministry representative as a member of the board in whatever needs to be done, so we need to understand where those public funds went and who abused the system — and we'll take it from there.

Thank you very much, Mr. Chairman.

The Chairman: All right.

Hon. Kenneth V. Bryan: Mr. Chairman, trust me, I definitely want to wrap up now myself, but...

The Chairman: Well, we have the Deputy Governor coming at 2 o'clock and we have to do lunch in between, so can you make it quick?

Hon. Kenneth V. Bryan: I hope this will be no more than two questions, potentially just one.

The Chairman: Proceed.

Hon. Kenneth V. Bryan: Thank you so much, Mr. Chair.

I am forced to ask a question that ties to what my colleague just asked in respect to the board remunerations, not to get into what he suggested — I think the details would be sufficient for us to understand what's going on.

The Auditor General's Office wrote to you with their observations about this spending and the number of meetings in 2021, 2022, and 2023; highlighted the risks and implications of these, and offered some recommendations. The recommendations were that too frequent meetings may cause the board to lose sight of its strategic issues, leading to overemphasis on operations and lack of segregation of duties between the board and the management. They offered a recommendation that board meetings should be held with sufficient frequency to discharge their duties effectively, but not so often that the board may lose sight of strategic issues.

Naturally, you responded, and to summarise, gave highlights to the Public Authorities Act and the Health Services Authority, basically saying they don't agree; they basically disagree with the recommendations. I think you are the one obligated to respond on behalf of the entity. I want to understand whose view this is just so it doesn't fall on the wrong lap; is it yours or is it the board's because obviously, this is a recommendation and a risk analysis of the board.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair that response was made in consultation with the board; however, since that time, the Minister has changed the compensation structure. That whole element is being revisited in regard to the frequency of meetings as well, and no doubt there will be changes at that level.

Hon. Kenneth V. Bryan: Thank you. Is it fair to say then that the recommendations made by the Auditor General's Office have now been accepted and the changes would reflect those?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Through you, Mr. Chair. I would expect that they would be incorporated, recognising that the frequency of board meetings is outside of the CEO's jurisdiction.

Hon. Kenneth V. Bryan: Correct. I'm fully aware of that. All I'm basically saying is that you had a board that disagreed that they shouldn't be meeting so much and that they had the authority to do so.

I suspect that, based on the changes that I see now made by the Minister, they are not in agreement with the previous board; hence, the reason for the changes is that they're obligated to have at least one, and they will be paid for the ones that are registered, not the other ones. I think there's an internal report being done that has not been completed yet, which I'm certain everybody would like to see what the outcome of that is. I just wanted to make sure that it didn't fall on your viewpoint, but that it was based on consultation with the board to have that response to the Auditor General. Is that correct?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: That was in consultation with the board, correct.

Hon. Kenneth V. Bryan: One second Mr. Chair.

Just some housekeeping — how soon do you think you will have the breakdown my colleague asked for earlier, available for the committee?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I think we could get that by the end of next week. Give us one week, maybe sooner. The information is there, but I don't want to over-promise and under-deliver; I prefer to do it the other way around. Give us one week, please. Is that fair? Is that acceptable? I'm sure we can do it sooner, but...

[Inaudible interjection]

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Tuesday?

[Inaudible interjection]

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: My CFO has undertaken for Tuesday.

Hon. Kenneth V. Bryan: Okay, so we have a commitment for Tuesday, providing.

The report that I think we're all aware of that's currently happening in respect to this space of board remuneration, are you aware of any time that would be completed; is it in your viewpoint at all?

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: The project has just been kicked off. They have requested preliminary documents to review, and I believe there's going to be a period of interviews that would take

place after that. I think the report turnaround time is quite short, but I can't speak specifically to it because it's the Ministry that has commissioned it, but I believe it is a quick turnaround.

Hon. Kenneth V. Bryan: Okay, I would hate to have to call back the Ministry, so if you may...

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: I can get you that date as well if you would like it.

Hon. Kenneth V. Bryan: Yes, that would be great. Thank you, Mr. Chairman.

The Chairman: A marathon session.

This concludes the testimony for the Health Services Authority. Ms. Lizette and Ms. Thomas, I want to thank you both for your attendance at this hearing today, and thank you too for the testimony that you have provided to the Committee. I appreciated what I perceived to be the candidness and the transparency with which you answered all the questions, and I'm grateful for what you have done and for the information you have given to the Committee. We will go ahead and excuse you at this time.

For the rest of the committee, it's 1:25 p.m., I've scheduled the Deputy Governor to be here at 2 o'clock to take his testimony, so we basically have 35 minutes to have lunch and get back into the Chambers. Let's be back here by 2 o'clock. On time, please. Thank you, everyone.

Ms. Lizette Yearwood, Chief Executive Officer, Cayman Islands Health Services Authority: Thank you, sir. Thanks, everyone.

Committee suspended at 1:26 p.m.

Committee resumed at 2:06 p.m.

The Chairman: Thank you all for returning to the Chamber. Basically, we're all on time. We are down to the wire now and with our final witness this afternoon, we're on a home stretch. I believe the Deputy Governor is out front; at this time, I would ask you to show him into the Chamber.

OFFICE OF THE DEPUTY GOVERNOR

The Chairman: Good afternoon, Deputy Governor.

The Deputy Governor, Hon. Franz I. Manderson: Good afternoon, Mr. Chairman and members of the PAC. Happy New Year to you all.

The Chairman: Happy New Year to you too, sir; we're glad to have you here and to see you. I know it's a

busy time of the year for you and I think you may be counting down your days, too.

The Deputy Governor, Hon. Franz I. Manderson:

Yes, sir. I was saying to my team coming over here that this could be my last PAC. I don't know, let's see.

[Inaudible interjection]

The Chairman: Very possible. I hope not.

[Laughter]

The Chairman: Anyway, Deputy Governor, welcome to the Committee. We have been discussing for the last two days the Auditor General's Report: Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31st December 2024.

You are the last witness for the hearing and based on the material that we have, we hope we won't be with you for very long on this and that we'll get through in maybe an hour or an hour and a half at most. Before I lead off the questioning, I'll just read a bit to sort of set the stage.

[Inaudible interjection]

The Chairman: Oops, you did. My apologies. I give way to you now, Mr. Saunders; you asked if you could make a very short statement.

Mr. Christopher S. Saunders: Thank you, Mr. Chairman.

Honourable Deputy Governor, I want to once again publicly thank you. Yesterday, I reached out to you with an issue that a young Caymanian family was having in terms of naturalisation and getting things moving, and your response was prompt and professional; this is not the first time. The other one, I think, made news headlines, but I want to thank you publicly, on the record, for being responsive and setting the tone for whoever the next Deputy Governor may be that this is kind of what is expected.

The family was a little relieved in terms of the speed with which you dealt with it, and I just want to publicly thank you. These weren't even constituents of mine. These were actually people from West Bay, but they reached out through a mutual friend, and we got everything sorted. I just want to publicly thank you for always giving that prompt, professional response.

Thank you.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, through you sir. Thank you very much.

It's a real privilege to be a civil servant. We have this amazing opportunity, Mr. Chairman, to make people's lives better; and when we can come together, as we did yesterday, to help a family in a serious situ-

ation, that's one of the benefits of being a civil servant. We can make decisions that truly affect people's lives in a very positive way; so thank you.

The Chairman: The satisfaction you get from being able to do that cannot be measured.

The Deputy Governor, Hon. Franz I. Manderson: Exactly, sir.

The Chairman: The only thing I would say is, Deputy Governor, if any of your people are going to give testimony, we would actually swear them in.

The Deputy Governor, Hon. Franz I. Manderson:

No, Mr. Chairman. I only have Mr. Christen Suckoo with me here. He is leading a section in my office that deals specifically with working with the Auditor General and his team to make sure that we are taking the work of his office seriously and that we are doing our best to implement the recommendations that he puts forward.

I want to congratulate the Auditor General on his appointment — I don't think I did that publicly before; I did it privately. Having a Caymanian sitting there is a really great thing.

The Chairman: True.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, if I could just beg the Committee's indulgence.

Regarding the three ladies who are with me, Mr. Chairman, I'm so proud to say that Ms. Teresita, who is to your left, has just recently joined my office. She holds a Bachelor's degree in Public Policy and Management and a Master's of Science in Risk, Crisis and Disaster Management. Teresita joined the Cayman Islands Government in 2017. She spent eight years working in disaster management, but she has now joined my office and she is working in the enterprise risk management team (we'll talk a little bit about that today, I think) where she now applies her expertise in risk, resilience and crisis management to support improved risk governance across government.

Mr. Chairman, the lady next to her is Ms. Shanelle Lalor. I think people will recognise that last name, Ms. Lalor. Shanelle joined our strategic reforms implementation unit (SRIU) as a project manager in June 2025. She's supporting the implementation of the National Security Vetting Programme as well as contributing to the development of the SRIU Centre of Excellence, which I may also talk a bit about today. Following her attaining a Bachelor's in Public Health and Sociology, she also has a Master's in Health Care Administration, both from the University of Minnesota. Shanelle spent seven years working in the United States and then she came home with significant project management experience. I want to congratulate

her and thank her; it's a great pleasure that she is now working in my office.

Mr. Chairman, the last lady is Ms. Amanda Stone, who I am pleased to say joined us very recently as a returning Caymanian graduate on a government scholarship. We were able to pluck her from the scholarship Secretariat, [where she] worked very closely with our Education Ministry, to get her into the civil service. She obtained a degree in law and business from Teesside University in 2024 and she's also undertaking the legal practise course at Leeds Beckett University, and has one more examination to undertake prior to completing this course.

Mr. Chairman, I couldn't pass up the opportunity to bring these young Caymanians here. Every one of us in this Chamber continues to preach about giving Caymanians opportunities in their own country; I think this is a shining example of having young Caymanians come into our civil service and I'm so pleased that the three of them are actually working in my office.

I want to thank Ms. Rodrigues in my office who has been doing her best to ensure that we are bringing in the best and brightest, but we're doing succession planning as well.

Mr. Chairman, thank you for your indulgence. I want to showcase the talent that we have in our service.

[Desk thumping]

The Chairman: I want to thank you too.

To me, it's just very encouraging to see that happen. I would say to you three ladies, welcome and congratulations on your appointments. Ms. Teresita, I know you from Hazard Management; I know of your success and your work there. The other two ladies, I don't know; I know Mr. Christen very well as well. I know and feel that, based on what the Deputy Governor shared with us this afternoon, you will all succeed in your new roles. I wish you every success.

Thank you to the Deputy Governor for bringing them and introducing them to us and showcasing them, not just to us here, but to those who are watching and listening to this programme this afternoon. Thank you very much, sir.

The Deputy Governor, Hon. Franz I. Manderson: Thank you.

The Chairman: Deputy Governor, before we begin, I just have a very short statement, a preamble I wanted to share to set the tone with regard to the hearing this afternoon.

The 2024 Auditor General's Report identifies a fundamental breakdown in the parliamentary accountability process of the 36 public bodies for which audits had been completed by the statutory deadline of the 30th April, only 10, or 28 per cent, had their an-

nual reports tabled in Parliament by mid-September 2025. Additionally, 52 annual reports spanning the five-year period from 2020 to 2024 remain not tabled in Parliament.

This situation represents a serious failure of democratic oversight and transparency. Citizens and the Parliament are unable to hold the government and public bodies accountable for their use of public funds because annual reports are not being tabled in a timely manner or in some cases, not at all. We note that since this report was issued, 35 additional annual reports have been tabled, so there has been progress but still a significant number remain un-tabled, particularly older stuff.

My first question to you, in your role as Deputy Governor, can you share with us your thoughts on the reasons why it's taking such a long time for annual reports to be tabled in Parliament? We've got some spanning some five years, and in the case of one ministry, when we were last in Parliament here they were tabling reports from 2013 and 2014, basically a 12-year period that they are delayed by.

Wondering if you would share your thoughts as to why this is the case.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, thank you.

Mr. Chairman, this is an area that both the Financial Secretary and I have been aware of and have been working together to see how we can improve. I think we did tackle this about two years ago and I think it received quite a bit of improvement. Last year was what I would call an outlier in that it was an election year.

Our job in the civil service is to get the annual reports and a Cabinet Paper to the Minister. The Minister takes it to Cabinet, Cabinet approves, it comes down to Parliament, and it gets tabled. There were obviously not many meetings of Parliament last year. Parliament was prorogued. There was an election. There was a new Government. We had all of those things happening. I think that was one issue, but what systems do we have in place to make it better and how do we make it better?

Mr. Chairman, I don't believe in excuses and I heard the Deputy Leader of the Opposition say earlier, if you know there's a problem, and you say there's a problem, then how do you intend to fix it? What we have been talking about since this report came out is how do we get better? How do we create that sense of urgency to get it done? Because yes, the Auditor General gives us back the reports, we look at those reports, we put everything together and we get it to Cabinet, as I said.

I looked, Mr. Chairman, at why does it take long? When I talk to my team, [they say] *'DG, it's a balancing act. I got my Minister on me [saying] get these things done. I got internal Audit on me [saying] get these things done. I got you on me [saying] get*

these things done. I have the Auditor General [saying] get these things done.' Some of it is too many competing priorities, and I think some of that is fair. Ministers want Chief Officers focusing on delivery for them; Chief Officers have that fine balancing act of dividing up the work of who does all of these different things?

Now, the good news, Mr. Chairman is that the work to get this done is not very tedious. You're basically writing a Cabinet Paper that gives a very high-level summary of what's in the annual report and getting it to Cabinet. I have sort of pushed back with that a bit and said, *listen, I understand there are competing priorities, but everyone wants to see this area improved so what do we do?*

What we are doing across the civil service, Mr. Chairman, is that as soon as those reports come back to internal audit — and I can only talk about civil service policies — they are immediately assigned to a policy officer, a staff member, and given a timeline in which to get it done. Now, mine and the civil service's responsibility ends when it's put on the Minister's desk. The Minister has to say yes, this is good. We can do many things, Mr. Chairman, but we can't take a paper to Cabinet; quite rightly, that's in the hands of a Minister.

Once we get it to the Cabinet, we are then at the mercy of the Parliament. If Parliament doesn't meet, if there's a long period of time, then the reports get a bit backlogged. As we know, not many meetings happened during that time. We can get better by ensuring that the annual reports are delivered in a timely manner to the government, to a staff officer who then has the specific responsibility to get it to the Minister, and let's get it to Cabinet. After that, I think Parliament will now be meeting more regularly. There's now a schedule, a break during the summer, [and] other times during the year, so I feel, Mr. Chairman, that with the right leadership making it a priority...

Another area — again, I'm piggy-backing on the Deputy Premier [sic]. Once you have seen that there's a problem, once you have put your hand up and said yes, there is a problem and then you come up with a solution, well, what happens then? It's about accountability. How do I hold the team accountable to make sure that this happens? Once we have come up with a solution, then we must hold the team accountable.

I have been talking with the team in PoCS (Portfolio of the Civil Service). As you know, we have a very robust performance management system in our civil service whereby I sit with ministers, determine the priorities of the Minister, that goes into Chief Officers' performance agreements, and the Minister and I work together to ensure that those projects get delivered. There's also a section in our performance agreement that says sort of the Deputy Governor's priorities as well. We have had priorities around breaking down silos, we've had priorities around taking the anti-bullying and harassment course, and we've had it

around taking a cybersecurity course. What I intend to do now is add delivery of these reports to Ministers in a timely manner in the Chief Officers' performance agreements so that I can then hold them accountable for their performance.

I feel that with the Financial Secretary and his team doing some pushing on their end and me pushing on my end by putting that requirement in Chief Officers' performance agreements we will see substantial improvement. That's the plan.

The Chairman: Ultimately, who is responsible then for ensuring the timely tabling of these reports? Who could be held responsible for doing it?

The Deputy Governor, Hon. Franz I. Manderson: I don't think it's a civil servant.

[Laughter]

The Deputy Governor, Hon. Franz I. Manderson: Like I said, Mr. Chairman — and I'm not shying away from responsibility here but really, the job of the civil servant is to develop a Cabinet paper and give it to their Minister. What happens after that, we really don't have much control over. The Ministers have their own priorities, their own things that they want to put at the top of the pile. There's a Caucus process and a Cabinet process, but our job is to get the paper done and to the Minister.

I think everyone wants to achieve this, to see this concern in the report go away. I think it can, with cooperation from everyone.

The Chairman: I appreciate that candidness.

Hon. Kenneth V. Bryan: Mr. Chairman.

The Chairman: Go ahead.

Hon. Kenneth V. Bryan: If I may. First off, good afternoon Deputy Governor and good afternoon to your team here. I just want to quickly say that as a witness, anything that we say here today is not to cast blame on anybody in particular, but just trying to get to the systems of accountability as streamlined as possible, and I know that you fully understand that.

The Deputy Governor, Hon. Franz I. Manderson: Yes, sir.

Hon. Kenneth V. Bryan: You definitely made it hard for us to ask any hard questions with that amazing team you brought in.

As a former Minister, I have to concede to you that you have a very difficult job, which is trying to work with the Minister but also get them to prioritise putting these forward. I must say what we will do after this hearing — and I think it is important for the report

— is speaking to the Speaker of the House whereby the Government has given commitments to regular sittings of Parliament, because that also dictates the ability for those reports to be tabled, so that has to be a factor in this.

Without trying to put you in a difficult spot, would you say the majority of it is because of late sittings of the House as well as the Ministers needing to prioritise what they're going to get the Caucus and Cabinet, because in my last four years I don't recall it actually being anything to do with the civil servants at all, but more so, when am I going to send it to Caucus? When am I going to get it to Cabinet? Then after that, when is my Premier going to call the House for me to get it tabled? I don't recall one time yet where I went to my Chief Officer, at least speaking for my Ministry that I was in charge of [asking] *'Oi, where is this report?'* It was more so, *'Don't forget to send this in because you need to get it tabled by this time,'* — there were many reminders to me as Minister.

I suspect that the majority of it is not the civil service at all. Would that be a fair assessment?

The Deputy Governor, Hon. Franz I. Manderson: Sir, we have to take some of the blame. I would never want to say that it's all on one side because, again, it is a result of some of those competing priorities. I can't guarantee you, sir, that two days after we receive the Annual Report from the Auditor General somebody prepares a Cabinet Report and gets it to a Minister.

I think that there's probably some lag there when the report comes in and that's why I said that we would like to have a system in place where as soon as that report comes in, it is assigned with a timeline: let's get it to the Minister. I think that can work; but sir, having looked at this area carefully, there are a number of steps that have to happen for it to get down here and I don't think there's any one person or entity that is at fault with this. Deputy Premier [sic] — Mr. Chairman through you, I like your idea of having regular scheduled Meetings of Parliament; the Auditor General has been recommending that for years. That [way] I can advise Chief Officers, okay, there's a meeting of Parliament on the 14th of February, there's another in April. Obviously, when you get the report back from the Auditor General, I think that's the end of April; there you go.

That is a delay as well, Mr. Chairman, in that statutorily, the Auditor General has to give us the reports in April, so if we have a meeting in January, there are no reports to be laid because we haven't got them back from the Auditor General yet. Between April and December, not many Meetings of Parliament happen, that would give us all this opportunity.

Now, I really believe that we can get better at this, Mr. Chairman and with, as the Deputy Premier [sic] said, regular schedule of meetings, pushing hard on the civil service side, and ministers agreeing to let

us make this a priority, I think we can move from misery to magic. One of my favourite things.

[Laughter]

Hon. Kenneth V. Bryan: Through you, Mr. Chairman, as much as I hate to correct you on this, I'm no longer the Deputy Premier, though I miss the position tremendously. I'm the Deputy Leader of the Opposition.

The Deputy Governor, Hon. Franz I. Manderson: Sorry, sir.

Hon. Kenneth V. Bryan: I know it's just because you said it so much for four years. I can totally understand.

I want to say something on behalf of our Committee that there is another way to give a little push in the right direction, because I don't want to put you or your Chief Officers in an awkward situation to do that. From a good governance responsibility, the Governor knows that timely reports are a part of the scrutiny of accountability, so can you pass the message on to the Governor to say, please have a word with the Premier (they have weekly meetings) to say, can he ensure his ministers prioritise that? Knowing the process of Caucus, like you said, they're not very complicated papers; it's usually just a high-level summary presented to you; most ministers would have got it if they chose to read it or not is irrelevant because the reports have to be tabled either way.

If the Premier, through the Governor's pressures of good governance, timeliness of reports and all that is important — particularly for us who police and scrutinise that — that may be the pressure. Along with us talking to the Speaker and highlighting in our report from PAC the timely parliamentary sittings, the Cabinet and Premier prioritising that on the inside; and the commitment from the civil service to having it ready for the Minister, [with] that three-pronged approach, I think we can definitely improve this, so I do appreciate that.

In respect to this subject area, that's all I have for the Deputy Governor.

[Pause]

The Chairman: Go ahead.

Mr. A. Roy Tatum: Thank you, Mr. Chair. Just a broad question. You mentioned enterprise risk management earlier — and I do welcome the folks; it's good to see them. Yesterday, we heard from the Chief Officer of District Admin and Home Affairs and from his testimony, he embraced the concept of enterprise risk management. I commended him on that but also, he was hiring someone with the expertise and knowledge to help him and his Minister with what needed to be done [in terms of] recognising potential risks, and finding solutions for potential risks.

Is he unique in that regard or is that something that's being encouraged throughout the civil service that they actually hire someone, especially for the larger ministries, to assist with risk management within the Ministry, because I recognise that the one gentleman, I think, that you've hired, won't be able to actually do that on his own.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman through you, I thank the member for the question. Mr. Chairman that Ministry is involved in public safety, so I endorse whatever moves they want to make in terms of dealing with risk.

What we are doing through my office is we have our Chief Risk Officer, along with Ms. Teresita; they have identified a risk management framework for external risk and internal risk. For example, one of the risks we have identified in the civil service — again, Deputy Leader of the Opposition, I apologise that I keep mentioning your name, but I listened to the hearing yesterday and I heard you talk about major project delivery. Your words were, *"I can't remember when a government project was delivered on time."* Those are words that as Deputy Governor, I don't ever want to hear a Member of this House say; so the issue is, well, then, what are you doing about it? I'll be happy to talk about that when the time comes.

What I'm just saying is that we have done a tremendous amount of work. We have a really skilled team, Ms. Teresita and Mr. Mike Slade, who are working to identify the risks. What are the areas that are a serious risk to our organisation; and then, what are the policies and procedures that we are going to do to mitigate against those risks?

Right now, the very topical thing, Mr. Chairman, is illegal migration. What's going to happen if Cuba no longer gets any oil and the people start to suffer? Is there going to be a mass migration? We have a team looking at that — that's in the Ministry of Home Affairs. How are we going to be able to handle, God forbid, if a few 1,000 Cubans arrive here in a short period of time? Those are things that we are now embedding in the thought process across our civil service. We don't want to be reactive to these things. We want to have identified the risk and done everything possible to mitigate against the risk.

Mr. A. Roy Tatum: Thank you, Deputy Governor.

Mr. Christopher S. Saunders: Through you, Mr. Chairman, to the Honourable Deputy Governor.

You and I have had this conversation in the past concerning the difference between the Portfolio of the Civil Service versus the Portfolio of the Public Service, and I think that members of the public need to recognise that to some extent your responsibility just goes as far as the core government and the SAGCs are entities unto themselves. I think people

need to put it into context that those are outside your areas of responsibility.

I heard when my good friend, the Member for George Town Central, said what he said yesterday. After he said it, what clicked with me was we don't do enough talking about our wins, because we focus on the things that don't go right and that is what goes into the public domain. No one speaks about the [good] things; we just take them for granted. As I have often said, politically in this country, we take normalcy for granted sometimes as a result. I mean, from that standpoint he's not incorrect in his statement because we only talk about what goes wrong at PAC, thus the reason why I thank you at the start to let people know that people still do a good job. It's just a matter of putting it out.

Even when we look at the attrition rate within the civil service — people talk about civil servants having lifelong jobs like they can't be moved for non-performance, but we see the numbers in terms of how many people are managed out per year for non-performance. I remember having this conversation with you and you were saying how, being on a small island, you don't want to ruin anyone's ability to get a job elsewhere, so you don't talk about people who are managed out for non-performance.

Yet the public's belief is that the civil service is full of people who are not performing, when many non-performers are managed out that are not spoken about. I put it out there because it's important to me and the public and every Member of Parliament should I say that people do have confidence in our institutions. The policies that we set have to be carried out by public servants; and if people and the public have a view that the public service is not delivering, then it means that the policies we want also aren't being delivered effectively.

I think it is part of just changing the narrative, because I hear the same thing many people hear: the government ain't doing this, the government ain't doing that and everything else, yet when people are in a jam, it's the government that they want to get to.

With that preamble, what I want to do first is thank you. I said it in Parliament before when I raised the issue about the HSA compensation that your team did their job; you investigated and we saw the report in the Compass where your internal audit services (IAS) team recommended funds to be repaid. What people also need to recognise, which I also mentioned in Parliament, is that under the Public Service Management Act the remuneration of boards is also something that you basically approve to ensure that board members who are doing voluntary work aren't getting paid, I guess, as crazy as they were.

With all that, my first question is, in terms of the money or the recommendation of the funds being repaid, has there been any progress in that regard?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, first I want to thank the member for highlighting the work of the civil service.

Mr. Chairman, there's a reason that I feel good about retiring in July, and those people behind me are one of those reasons because what we have achieved is Caymanians coming out of school and Caymanians who are in private sector entities are now flocking to our civil service; and I mean in big numbers. I meet people in the elevators, I meet people in the corridors and there are new faces. I say, *'I haven't seen you before,'* and they say, *'Yes, Mr. Manderson, I just joined three weeks ago.'* I say, *'Where did you work?'* And they are coming from the big four; they are coming from other law firms and other firms across the island.

I say to them, *'Why did you join?'* And the single biggest reason why they've joined is because a family member or a friend told them this is a great place to work, where you are valued and appreciated and you have a purpose. It's very difficult to tell someone working in the private sector who is dealing with lawyers in New York, making them rich, that they have much purpose; but working in the civil service, a decision that you make — like we talked about with the Member for Bodden Town West — can change people's lives. You can make some of your own people's lives better simply by just doing your job.

Mr. Chairman, I am very satisfied that we are doing our job to support the government of the day. The member is right. Ministers can't be in the classrooms; they can't build roads, and they can't fix issues that happen across the country; that's the job of the civil service. We have to be ready and able to do that, and I am leaving confident that we have a high-performing civil service that will continue to make our country proud. Unfortunately, I get more credit from the people overseas than I do in Cayman.

When I talk to my fellow Deputy Governors and I say this is what's happening in Cayman, they are saying, *'Deputy Governor, you have a really good thing going there.'* When I tell them about the relationships I have with the Opposition, the government, and the Premier, sometimes they're jealous. When the Governor goes to the Governors' Conference and she tells them what's happening in Cayman, she comes back to me and says, *'You know, DG, I felt a little embarrassed because it felt like I was bragging about all the things that happened in Cayman in our civil service'* — so we have much to be proud of. I think I am going to spend the next six months of my time screaming about the civil service and all the things we are doing well and just showing the public that they have a right to be proud of our civil service.

You asked a question and I must tell you, sir, I completely forgot the exact question you asked me.

Mr. Christopher S. Saunders: The IAS report on paying back the funds.

The Deputy Governor, Hon. Franz I. Manderson: Yes. Mr. Chairman, we received a whistle-blower complaint about what was happening at HSA. I did what I was supposed to do; as part of good governance, I referred it to the internal audit. They have now done a report and the report was shared with the board, some aspects of which have been made public. That was my main responsibility.

Obviously, though internal audit sits within my office, I don't direct them on what decisions to make. I am there to ensure that what they say and the recommendations they make within the civil service get implemented. My remit for SAGCs, as the member said, is a bit different. I can push and prod a bit, but that's the extent of my responsibilities.

I know that the Ministry of Health is taking this matter very seriously. The new Minister, upon coming into office and being told of the problem, reached out to my office and asked if we would recommend a new board remuneration strategy, which we have done and which has now been approved. They have gone from per meeting to per month, which I think was the right thing to do. I think it's fair.

I can give an undertaking [to speak with the Chief Officer and the Minister of Health and pass on the committee's expectations that the recommendations in that report will be taken forward.](#)

Mr. Christopher S. Saunders: Thank you, Honourable Deputy Governor. Just yesterday we touched on the issue of centralisation of some of the finance functions. Going on with my earlier thread of the portfolio of the public service, another function that I think we need to start looking back on is the centralisation of the HR function.

I remember when I joined the civil service first in 1989, I think it was, we went through the Public Service Commission. Ever since the changes that we made following the New Zealand model, we have gone into this decentralised approach and what we have seen is some ministries doing different things than others. We need to get some level of uniformity. I know you have your regular meetings with your Chief Officers to try to keep everybody on the same page, but being in a decentralised environment, it becomes very difficult from that standpoint.

That's one of the things I would like to get your view on in terms of what you think it would take to get back some of the HR functions to a more centralised level? I don't want to say the Public Service Commission, but something similar that we can kind of start going back to what it was before.

The Deputy Governor, Hon. Franz I. Manderson: Thank you, sir, Mr. Chairman, through you.

Mr. Chairman, it is something that is certainly high on our radar. The Chief Officer in the Portfolio of the Civil Service, Ms. Gloria McField-Nixon has raised this issue with me; incoming ministers have raised the

issue around the numbers of people in HR and the number of people in finance, so this is something that we are going to look very seriously at. Can we develop a more streamlined approach?

For example, we have seen two ministries applying for an accountant. Why do three ministries have to do three separate ads for the same position? Should we just do one ad and the ministries come together, and when they do the recruitment they hire three accountants from the same recruitment? It's those sorts of easy wins that we can do to centralise and get people working together and be consistent in our approach so, sir, you're pushing on an open door; there is no push back on this.

These changes were made back in 2005, I think. We are now over 20 years on, and it's time to review how we can do things better. I think there are always opportunities to do it. We can look at how we can reduce costs by simply doing things together, not working in silos.

Mr. Christopher S. Saunders: Thank you very much, Deputy Governor.

My final question — to give my other colleagues an opportunity. I know we talked about the size of the civil service and the public may be surprised to know that back in 2009, the civil service was much larger than it is today, despite the growth in the population. I think when people talk about the size of the public service... in other countries, the hospital, even the fire [service] and so forth are actually outside of the public service whereas we're counting many people on government payroll that in other countries sit in different entities altogether.

Deputy Governor, you touched on attracting bright, young Caymanians to join the civil service. Something that has been paramount in this hearing so far has been the issue of the post-retirement benefits. I think something we need to look at is bringing back the defined benefit plan for all civil servants across the board. As it stands right now, when we look at the 12 per cent contribution rate that the government now has for civil servants who are joining, we already know that in the private sector the 10 per cent contribution rate is vastly insufficient, and we know upfront that a 12 per cent contribution rate will also be vastly insufficient; we can't have civil servants working 35, 40 years and still can't retire after giving that much service to the country.

I'm just giving you a heads up that it is something I'll be pushing for in Parliament in the bigger picture, so you can start preparing for it — to take a holistic look at the overall retirement benefits. Right now we have an unfunded medical liability of \$2.3 billion. If you think about it, if a Caymanian chooses not to retire in Cayman and wants to retire where their grandkids are, offering them a post-retirement healthcare benefit they won't be here to collect becomes almost moot, so is it better for us to start looking at giving a

proper pension plan — one for them to afford whatever healthcare plan they may need?

We already have the liability. The question is, should it be a \$2.3 billion unfunded medical liability, or a \$2.3 billion unfunded pension liability, but at least giving public servants after 30, 40 years of service, a proper pension because \$1,500 is not going to cut it. All our pensions are tied with the US dollar and the way the world is going right now everyone sees what is happening with the US dollar, so we need to start looking more seriously at those benefits.

Having sat down now and running a civil service where some of your older employees are on defined benefit and can retire after 33 and a third years while some are on a defined contribution plan and can't retire even after 40 years of service at this rate, I would like to get your thoughts.

The Deputy Governor, Hon. Franz I. Manderson:

Thank you, member, and Mr. Chairman, through you. I think everyone who was part of that 33 and a half years has now retired; I think I'm one of the last people who are in the Defined Benefit plan but I take the member's point. It is something we will have to discuss a bit more.

Again, Mr. Chairman, there's much criticism around 5 per cent; a 5 per cent COLA (cost-of-living adjustment) matters. We are able to bring in talent because of better pay. I don't have the exact figures, but I am very proud to say that during my time as Deputy Governor, I think salaries increased by over 20 per cent and that's why we have been able to pay good people to come to our civil service; now it is attractive, but it also comes down to the pension. When we moved all of our employees to \$3,000 per month that made a difference to those hard-working people who are out in the field, collecting your garbage at two o'clock in the morning, who were being paid under \$3,000. It made a significant difference in their lives now and when they retire.

What I think we all want to see is that no civil servant who retires has to go back and ask for social assistance. I am with the member in that we would love for every one of our civil servants to have a liveable pension when they retire, that they don't have to rely on anyone. Now that costs, but I think it's the right way for us to go. Why are we not putting more effort into looking at that? Obviously much of that is on me, because if we don't do it now, we'll have to do it later; so we are just kicking the can down the road. We are just kicking the can down the road because when somebody retires and their pension is \$1,500 or \$1,800 or \$1,900 a month — thankfully, in the civil service, you won't have to worry about healthcare, but you have all the other bills that we all have.

Member, I am happy to take that discussion forward with you. I think the government has to lead the way in these areas to show how you really should take care of your employees, both when they are with

you and after they leave. We are in agreement about what's happening in the private sector as well, whereby people are retiring and their pension is \$1,500 per month and their health insurance is \$1,000; what's happening to those persons? They're coming to the government.

I think there needs to be much discussion around national pensions, but also what we in the civil service can do to be part of that solution. I'm quite happy to have that conversation, sir.

Mr. Christopher S. Saunders: Well Deputy Governor, I'm very happy to hear that, because I'm serving notice now that I will be pushing for defined benefit pension plan for all Caymanians and I can't go and push the private sector to do it when the government needs to lead by example. I think we're on the same page with that. We have been kicking this can down the road for too long and it's going to get worse. I've just drawn my line in the sand, but I will yield for now.

The Chairman: Deputy Governor, I want to go back to one of the questions that Mr. Saunders asked you with regard to the testimony you gave on the issue with the HSA board. You said that you gave the Minister advice with regard to a funding model for the payment to move to monthly. I remember some time ago, and certainly it could have been as far back as when I was Minister of Finance, that you had embarked on a project to harmonise the compensation of all of our boards and SAGCs. Was that project ever finalised and all the funding models agreed?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, yes, the policy was finalised; it was completed. The Deputy Premier and his Government approved the policy. We have been doing a pilot for probably over a year and a half now to see that it actually is working, and I think it is.

If the Committee wants a copy of the policy, I would be happy to share. It is a very robust policy. It sets out very clearly how you determine a board's member remuneration. It looks at the entity, how many meetings do they have, what is the level of budget and risk? It also builds in a bit of volunteerism, because sometimes when people come and serve on these boards their employer is also paying them, and we believe that people should be encouraged to give back to the Cayman Islands. What it says is, you will be properly compensated but don't expect to get a huge—

[Inaudible interjection]

The Deputy Governor, Hon. Franz I. Manderson: Yeah, don't expect to get a living remuneration. A policy is done, it's approved and I'm happy to share it.

The Chairman: Thank you for that offer. I'd like to take you up on it, so I would ask you to share it with the Committee. Thank you, sir.

Hon. Kenneth V. Bryan: Mr. Chairman through you. I'm going to do a bit of self-praise here. I would like to highlight the fact that in the last administration, I was the one who triggered the completion of that report.

The Deputy Governor, Hon. Franz I. Manderson: Correct.

Hon. Kenneth V. Bryan: I'm quite sure that the Deputy Governor would confirm that, as I saw the variations of the different board members. I actually got some licks from some of my colleagues for doing it too, but it was the right thing to do.

[Inaudible interjection]

Hon. Kenneth V. Bryan: I didn't say it was you.

[Inaudible interjection]

Hon. Kenneth V. Bryan: Because you were there. You would remember because you stood beside me with that.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I so confirm.

The Deputy Leader of the Opposition is correct. He and I worked together on this for quite some time and he certainly was in Cabinet when it was all approved. I think what we have is a really good policy that can stand up to public scrutiny and I think the government can defend the policy. Yes.

Hon. Kenneth V. Bryan: Thank you so much, Deputy Governor.

I want to say something and then I'm going to go into internal performance review, because I think we recently did one and I'm hearing that the review on the civil service is looking good; so I want to hear about it. The thing that makes us as good as we are, that allows you to brag, is the pursuit of excellence. The criticism, critiques, et cetera, are sometimes hard, but that pressure of being the best is what keeps us the best.

It reminds me of the last budget hearing where people were saying, 'Well, you know, the police are doing good, serious crime is down,' I'm not going to be happy until there's no crime at all, because when we keep that bar high, then we will always be able to brag. Don't feel indifferent or bad when there's constant pressure for excellence. I know that your viewpoint is the pursuit of excellence; it is something that you aspire to in the service, and that's why the service is doing well. Let's talk about that performance review that has been done lately.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I think the member is talking about our staff engagement survey.

Before I answer the question, the Member is right. I have taken great hits for saying we can be a world-class civil service. On occasion, I'll get, *'Well DG, that's not world class,'* — and that's okay because we are on a journey. I have never said that we will be world class next week. I said we are on a journey to achieve our vision of being world class. Why do I believe that we can be world class? It is because of our people; 70 per cent of those people are our people and I have great confidence that our people, working with the non-Caymanians in the civil service, can deliver world class services.

Tell the family the Member for Boddin Town West talked about earlier that they don't have a world-class civil service when we are able to react to their needs in minutes — not days and weeks, but within minutes. I think our vision is right. The people of the Cayman Islands deserve world class civil service; the government deserves world class civil service, and certainly civil servants deserve world class civil service. Our job must be to keep that bar high and to do everything possible to achieve our vision.

Mr. Chairman, we just completed our staff engagement survey; the news is out. I haven't taken a survey to Cabinet yet, so I'm not going to be bragging too much, but the former Minister of Tourism can be justly proud that his former Ministry has topped the civil service engagement survey with a 91 per cent engagement score. Rightly, he was there for half the year so he can take great credit for that. Mr. Chairman, it shows what we can achieve with ministers working together with our chief officers, working together with the staff, all joined to make our people's lives better.

Mr. Chairman, more civil service entities got over 80 per cent than ever before. Our staff engagement index moved from 73 per cent to 74 per cent, so everything is moving in a [positive] direction. There is one area in the survey that I look at every year to see what the percentage is; it is the percentage of civil servants who are proud to be civil servants — and Mr. Chairman, I am proud to say that number is 90 per cent; 90 per cent of our civil servants are proud to work for the government.

Mr. Chairman, you and I and I think everyone here knows, when your staff is proud to work for you, the organisation will never fail, because they will work night and day to make that organisation successful and that's what we are seeing, so I am very proud. Someone told me a long time ago, *'DG, you leavin' things are good?'*

[Laughter]

The Deputy Governor, Hon. Franz I. Manderson: Things are good. It's a great gift for me to be leaving

the civil service when our engagement scores are so impressive.

Hon. Kenneth V. Bryan: Wow. Deputy Governor, you're making it hard for me to go hard on you. Ease up.

[Laughter]

Hon. Kenneth V. Bryan: I want to summarise a number of these final questions, from me at the very least, in an area that I think we kind of addressed already.

Our supplementary appropriation bills are obligatory to be brought to Parliament by a certain time and I think this kind of falls in that same realm of those reports whereby they can be done, given to the Minister, the Minister gets it to Caucus to be approved and [it depends on] whether Parliament is sitting to obviously deliver them — much of that. Obviously, the Ministry of Finance will also have a little bit to do with it for that Paper; it's not as simple as the other reports, but I suspect much of that problem is exactly the same problem with these areas. Is that fair?

The Deputy Governor, Hon. Franz I. Manderson: Very fair, sir. I can say though that we have done all our work. The Bill is prepared and I spoke to Mr. Nixon earlier and Mr. Chairman, if you would allow, I think he can provide a very positive update as to where we are.

The Chairman: Yes.

Mr. Michael Nixon, Senior Assistant Financial Secretary, Ministry of Finance and Economic Development: Thank you, through you, Mr. Chairman.

On the issue of the supplementary appropriation bills, as Mr. Bryan has just highlighted, it is very similar to bringing the annual reports in terms of the reasons for the delay.

The year 2025 was an extraordinary year for us in the Ministry of Finance. As is every election year, there are many things happening concurrently, so our teams were fully deployed, dealing with all the budget matters, the changes in government, et cetera; but Minister Anglin has undertaken the Supplementary Appropriation Bill. He recently met with our team in the Ministry of Finance and has agreed that the Bill will be brought very shortly to Parliament, so within the first quarter of this year.

Hon. Kenneth V. Bryan: Thank you so much. As a member of PAC, I definitely would give sympathy to the areas of house sitting and management of Ministers getting the paperwork done, but I'm not going to be so sympathetic in a funny year of elections. We're going to have elections every four years, right?

There was one extra thing that happened, a number of Ministers resigning, which would have af-

fectured it because other Ministers were taking up the rule of former Ministers so there's a little sympathy for that; but I don't want this Parliament or this Committee to think that you can still be late and it's okay because it's an election year.

That's not what accountability is about. You prepare for it in other ways, just how you budget and plan so, yes, I think that within our report, we will highlight the fact of Parliament sitting and [I think the Deputy Governor gave an undertaking to pass on a message to the Governor, from a good governance perspective. Can you confirm that undertaking?](#)

The Deputy Governor, Hon. Franz I. Manderson: Yes, sir.

Hon. Kenneth V. Bryan: Okay, so I think we will be well on our way.

With that being said, I want to go to a question in respect to public bodies. I think my colleague highlighted the unique responsibility you have constitutionally and that your power only goes so far, but the Auditor General's Report noted over 20 audits remain backlogged across the public sector as of September 2025, which is just about four or five months ago.

This includes five critical year backlogs for the Ministry of Health and Wellness from 2020 to 2024, and a four-year backlog for CIAA [Cayman Islands Airport Authority] for 2021 to 2024. The backlog undermines the Parliament and the public's ability to hold public bodies accountable for the use of public funds and we're talking about hundreds of millions of dollars, so it's important for timely audits to be done.

We note though that two backlog entities have been completed since that report was done by the Auditor General. Acknowledging that you can only do so much to SAGCs, you can't direct, you're in charge of the civil service, is there anything you think can be done to improve in this area from your position?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, through you. Thank you, sir.

I listened to Acting Chief Officer Ms. O'Garro's testimony yesterday about the Health Ministry, so I'm not going to go there. Mr. Chairman, you quite rightly said we've been talking about this long enough, so let's find a way to get it done; the team has given an undertaking to discuss this with the Minister and the Auditor General and find a solution.

How do we not get into backlogs? There were, I think, two civil service entities and some SAGCs. It happens for a number of reasons. I think you've heard what the Ministry of Health talked about; it's almost like the perfect storm: the Chief Officer leaving, the CFO becoming the Chief Officer, not having staff, COVID — all these things.

Normally things run very smoothly. When you see something like this happen in terms of a backlog, there's normally a trigger as to why it happened. Dep-

uty Premier, your observation about performance is where this comes in, because where we want to get to is that when those abnormal things happen, we are prepared and we have seen it and we have identified it as a risk and we have put things in place to ensure that it doesn't happen.

I can say now, with confidence, that I think the civil service is certainly much better prepared today than we were a few years ago in terms of being more resilient, identifying that this could be a problem and putting things in place to combat it, and I think the same would happen in the SAGCs. I'm not sure what happened at the Civil Aviation Authority, but how do we get out of this?

Speaking about the Ministry of Health, I think we have a plan. I will certainly talk to the relevant Chief Officer about the Airport Authority. Again, I can push, I can nudge and I'll be happy to do that, but at the end of the day they have a board and that board is accountable, along with the CEO, to get that done. I do believe, speaking with the Auditor General, that there has been good progress made with that entity, so I think we're on the right track. I am confident that when we are back here in a year's time, you'll see a difference.

Hon. Kenneth V. Bryan: Thank you, Deputy Governor. Mr. Chairman, I'm about to wrap up now with my questions for the Deputy Governor.

I want to talk about the role of our Cayman Islands power structure, because sometimes the public doesn't fully grasp the delicacies of the makeup of the Cayman Islands — who has the power and who doesn't and so forth. You have SAGCs which don't report to core government (which is you), but yet the Chief Officer who's for the Minister that's overseeing that is the Minister who has to be on the board, ensuring that the board understands these legal obligations. That Chief Officer also could be called by the Governor of the country who's also responsible for good governance; good governance for these reports in a timely manner could be a factor. Hopefully, everybody understood that.

I am of the view that the Governor can step in, though they are entities outside of the civil service, under the remit of good governance by way of saying, *listen, this entity needs to have their reports done on time because when Kenneth Bryan comes down here and says the projections are bad* — and she's responsible for good governance — *I don't want to take the licks, because that's what I'm going to do.*

Fair enough, I know you can't do it and it's unfair to your Chief Officers — they will nudge, I've seen them do it before. I've seen my Chief Officer go to CIAA, one of the entities in question, saying *'listen, you gotta do this'*; but if they don't, then what can he do. He can't come to you and say fire anybody at CIAA; they're an independent entity, but there needs to be an understanding of the obligation of accounta-

bility to the country's billion dollar budget and control mechanisms, right? Without these things being done in a timely manner, we cannot say whether anybody is stealing any money, whether we could be saving any money, whether there's corruption, or if we are a world-class country. We can't say that.

The EPS is important to understand and we're really behind, so we need this pressure to be applied. I'm going to ask you to give this commitment as well. Not only for civil service reports, but Her Excellency, the Governor needs to understand, under the remit of the Constitution of good governance, she needs to ensure that these entities, which have to report back to Cabinet, understand that they have to meet the law. Please pass that on from this entity, PAC.

The Deputy Governor, Hon. Franz I. Manderson: Absolutely. Yes.

Hon. Kenneth V. Bryan: Thanks.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I'm happy to do that.

Mr. Chairman, also in the current government's SPS and some of the projects they have put forward, one of those is to review the Public Authorities Act. I think that is also going to give us an opportunity to help define that relationship that you're talking about, to ensure a bit more accountability working together. Who can actually hold people to account — I think that whole area needs to be looked at again, to ensure that we're all working together for the same outcome and that actually works very well.

Sir, I think my office is going to take on that work in terms of reviewing the Public Authorities Act. Certainly we want to talk to you and hear your views about the relationships so that when we come down here, we will have a fit-for-purpose law.

The Chairman: Ms. Julie, you have some questions?

Mrs. Julie J. T. Hunter: Thank you, Mr. Chairman, and Deputy Governor, good to have you this afternoon.

I think we've kind of pounded the backlog to death, so my questions were basically around the backlog audits because we've already dealt with all the annual reports that have not been completed on time. With you having the overall responsibility for the civil service, I was hoping you would be able to tell us what your role would be? I know you already said that you could only push; you can't do anything more than that. I just thought that maybe there was a bit more than pushing that you could do with having the overall responsibility. Maybe I'm wrong and maybe that is not within your remit, but I thought so.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, just to be clear, when it comes to

SAGCs I can push and prod; when it comes to the civil service, I don't have to push and prod — I could just make things happen.

Mrs. Julie J. T. Hunter: That's what I was thinking! That's what I was hoping you would be able to say so you could come up with a plan of action here today.

The Deputy Governor, Hon. Franz I. Manderson: I just told you what that was, Ma'am.

Mrs. Julie J. T. Hunter: Okay.

The Deputy Governor, Hon. Franz I. Manderson: What I said member, again, if you take the SAGCs out, my role as stated in the Constitution and the Public Service Management Act is to manage the performance of the civil service. That is my one job and I have all the authority with which to do it. Accountability is something that I'm very used to; I have a great relationship with all of my team, and I am blessed to have a really great team around me.

What I said to the Committee was that we move the needle on backlogs or not getting the reports to the Parliament in time by ensuring that in every Chief Officer's performance agreement there is a section that says, *once received you will get annual reports to the Minister within a certain time frame*; then my job would be to hold the chief officers to account. Related to that is getting reports to the Parliament, which was an area flagged.

Then, in relation to any backlogs, it would go into their performance agreement as well. For example, the only civil service entity I'm aware of that has any serious backlog is the Ministry of Health, which you all examined here yesterday. Once the Minister makes a decision around that and gives the timeline, then I can work to hold the team to account to deliver for the Minister on those timelines.

Mrs. Julie J. T. Hunter: Okay. The Auditor General's Report notes that 20 audits remain backlogged across the public sector as of 20th September, 2025. Are they all to do with the Ministry of Health and Wellness? I don't think so, no.

The Deputy Governor, Hon. Franz I. Manderson: The Auditor General can say, but certainly the Ministry of Health had a number of years. I believe PAHI has a couple, but the Auditor General can give the exact figures.

Mr. Patrick Smith, Auditor General: Through you, Mr. Chairman. There are four that relate to the Ministry of Health; four for the Cayman Islands Airport Authority; the EPS is three years now because we finished 2021; the Turtle Centre has one year; National Housing Trust has two; the Ministry of Planning, one; Cayman Airways, one; and the museum, one.

Mrs. Julie J. T. Hunter: Okay, so most of them do centre on SAGCs.

Mr. Patrick Smith, Auditor General: The majority are SAGCs, yes.

Mrs. Julie J. T. Hunter: Okay, so basically Deputy Governor, what you're saying is you don't have too much remit over that; you can only push and prod but those you can definitely have a greater role around those to do with the civil service. Are there any specific timelines when you would say those extra procedures are going to be put in for the chief officers' [performance agreements]?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, through you. Yes, we are starting our performance management cycle now, so those performance agreements have to be completed within the next three weeks or so. That's when we will insert those in the agreements, so certainly within the next two to four weeks, but I would think two to three weeks.

Mrs. Julie J. T. Hunter: Okay. Thank you so much for that. That would make a great difference.

I was just happy to hear you say that you do agree with trying to move toward the centralisation of certain government services, especially to do with the HR and other services that are presently not really centralised. As you and I both know, this will prevent a lot of wastage and those same employees could be used in other areas, so I'm happy to hear that.

Thank you so much for what you're doing. You did say this could be your last PAC. I don't know that, we don't know what tomorrow may bring, but if it is, I just want to say thank you so much for all that you've done. You are a fellow West Bayer, so you know that I'm very proud of you.

The Deputy Governor, Hon. Franz I. Manderson: Yes, thank you, Ma'am.

Mrs. Julie J. T. Hunter: Thank you so much and may God continue to bless you in whatever your future steps take you. I know that He will continue to be with you and will lead you.

The Deputy Governor, Hon. Franz I. Manderson: Thank you very much, Ma'am. Thank you very much.

[Inaudible interjection and laughter]

Mr. A. Roy Tatum: Yes, Mr. Chair. I just want to quickly join voice with that last sentiment. I had the privilege of working with you for over eight years directly; I commend you, and hats off for all you have done. Thank you for all your work.

I want to join voice also with the comments regarding looking at the centralisation of — HR was particularly mentioned, but Finance — I think there are great potential benefits and I hope those will be explored.

You mentioned earlier that the relationship between government proper and the SAGCs was being reviewed. Remind me what you said about that please, if you don't mind.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman through you. I said that the government of the day has as one of their priorities in the SPS to review the Public Authorities Act. That will give us an opportunity to examine the relationship between the SAGCs, the ministries, chief officers, and to see how we can make that work a bit better.

Mr. A. Roy Tatum: Thank you for that. That's very good to hear.

You mentioned that you listened to the hearings yesterday. I hope you have a chance to listen to the hearings earlier this morning as well with regard to issues that the HSA has been having and has been dragging since 2024. It would be good if that relationship could be a bit different, so when needed you can do a bit more than prod. I will leave it at that.

One other item, if I could ask of you. In the recent budget session, if I recall, it was confirmed that the additional revenue measures in the budget were not considered when the potential changes or increases to the cost of living were put forward. What I'm curious about is, is there going to be an initiative to see exactly what impact these measures will have on the cost of living so updated figures could be provided because that obviously impacts any salary increases that civil servants would likely have.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman. I'm not aware of that exercise, sir. I'm certainly happy to go back and talk to the elected government and report back, but I'm not aware of that exercise happening.

Hon. Kenneth V. Bryan: Deputy Governor, I meant to not ask you any more questions, but something just came to my mind.

Obviously, you always hear me fight for civil servants' pay; no matter what they want to say, the civil servants deserve the money. We took the licks together with that 5 per cent. They can keep on talking about it if they want. That's my opinion — and I personally think they need to get the rest that was committed to them, the 8 per cent that was promised.

With that being said, the government has recently done some significant fee increases and I don't think any of us in this room have not heard somebody say something about the cost of living increasing. This

is now going to make it even more important regarding the salary for the civil servants.

Are you aware whether there has been an economic impact assessment done on the cost of living for Caymanians and everybody that would cause you to try to request the government to consider that COLA that has not been budgeted for; at the end of the year there might be some savings. I'm genuinely worried, not only for the civil servants but for everybody, but we're talking about the civil servants for now.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, through you.

Mr. Chairman, I'm not aware of a study. In discharging my duties, I've obviously spoken to the Minister of Finance about remuneration and honorariums and all of those things that our staff deserve. What we are working towards is performance-based pay in the service, which is different from the elected government giving the civil servants an honorarium in December, for example.

There was a time, Mr. Chairman, when if you asked me about performance pay, I would say the civil service was not ready; it wasn't ready because our performance management system was not as robust as it is today. In other words, are managers having courageous conversations with their team? Are they grading them correctly [whereby] one is very poor, five is you are the very best. Was everybody getting five or were there people getting fours, threes, twos... hopefully we don't have any ones — but today I can say without a doubt, Mr. Chairman, that I believe that the civil service is now ready for performance pay.

Again, I don't want that to have to come out of savings. That is something that should be budgeted for. The government can decide in December, listen, because of your hard work here is \$1,000 for Christmas, for you and your families, which is not based on performance. It is a gift from the government to realise your hard work. Come January, when the performance cycle is finished, in other words you're evaluating the year's performance, there will be a decision made around performance pay, which is then paid once the performance cycle has been completed.

That is something that we are working on with the elected government; the team in the Portfolio of the Civil Service is leading that, so I'm very excited about that. It is the right thing to do. Performance matters. High performance should be rewarded. It happens every day in the private sector and we see that it works, so I think it's the natural transition for that to happen in our civil service.

Hon. Kenneth V. Bryan: Deputy Governor, I apologise for following up on you. I do agree with everything you just said; every single word. Performance, which is hard work and doing above and beyond, is rewarded. Honorarium, government sees the whole

civil service doing well; it's a gift. Nothing to do with COLA, cost of living adjustments. That means that regardless of your performance, your bills are going up.

The Deputy Governor, Hon. Franz I. Manderson: That's correct.

Hon. Kenneth V. Bryan: Whether the government chooses to do an honorarium or not, has nothing to do with COLA. A person may just say, *you know what, I just want to be average. I want to do my job, go home to my family and give no extra, but I'm giving what my contract obligation is;* but if their light bill goes up, their fuel or rent or groceries at the supermarket go up, they need to sustain that because they can find themselves in further debt. That's what I'm talking about, the cost of living adjustments.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chair, I apologise to the member; I should have mentioned that as well. That conversation is ongoing.

The team in the Ministry of Finance can correct me, but we, the civil service, had substantial savings at the end of last year, which shows that we can manage our HR budget very carefully — but again, Mr. Chairman, I don't think that we should constantly look towards savings to award COLAs. These things should be budgeted for. If it's going to cost us \$20 million out of a billion-dollar budget to take care of your team, then we should do it.

Deputy Leader of the Opposition, I can tell you that those conversations are ongoing, and I am certain that the person coming behind me is going to continue to fight for our civil servants to make sure that the COLA is implemented in a timely manner.

Mr. Christopher S. Saunders: Mr. Chairman, through you. I just want to remind the Deputy Governor of the Private Member's Motion I filed. Just to read for members here, this is section 51 of the Public Service Management Act that says:

"51. (1) A chief officer may operate such performance incentive arrangements as he thinks suitable for the staff of his civil service entity provided that the arrangements comply with the personnel regulations.

(2) Performance incentive arrangements, including performance-related remuneration, are to be directly linked to the performance assessment system specified in section 50."

That has been sitting there for quite a while and has never been activated. My motion at the time, which passed unanimously, went nowhere. We had also agreed unanimously in this Parliament for a 13

per cent increase for civil servants over a three-year period. The first 5 per cent was done, then there was supposed to be another 4 per cent and another 4 per cent. We have yet to see that. The reason I raise that is because at the time we looked at the 13 per cent it was the cumulative effect of inflation going back quite some time and since then, inflation has gone up even more. To join my colleague from George Town Central in that regard, this is something that needs to be looked at, and I'm going to tell you why again.

I have some civil servants, and I'm sure you probably would have heard about them as well, who had to send their helpers home because of the increase in the minimum wage they could no longer afford. If you're raising the minimum wage from \$6 to \$8.75, parents without any requisite increase could not afford to basically keep their helpers and after-school child care, and all of that has to be factored in right now. There are many families that are already feeling it. For those of us who live on fast food like me, I can tell you, we all saw... You don't get fat without eating fast food. We have already seen the impact at some of the fast food [restaurants] for basic stuff.

The thing I want to touch on in all of that, Deputy Governor, goes back again to the overall pension issue. The reason why I raised it — earlier we were looking at issues relating to accounting and finances across some government entities. Slice or diced it any way you want, lawyers and accountants and even some other areas get paid a significant amount of money in the private sector. We cannot compete with the private sector, but at a minimum, what separated us was at least having a proper pension, a proper retirement, healthcare, et cetera.

If we expect people in the Office of the DPP [Director of Public Prosecution] or within the legal fraternity to forego where they can make 5, 6, 7 times their salary in the private sector, to choose public service, there's got to be something there for it. You know what I mean? This is the reason why I said that we need to sit down now and have this conversation with regard to the overall direction of where the government is.

The last thing I want to touch on — you would recall the Auditor General Report on the financial sustainability of the country where they looked at the impact of government growth in personnel costs over a six year period, but what that report didn't include, and I had touched already on it in a previous PAC, was the growth in GDP. People may not want to hear what I'm about to say, but if you look at the requisite increase in government spending, even personnel costs that people complain about, that has literally put hundreds of millions of dollars on the local economy.

We already know we have a private sector that is 60 per cent non-Caymanian. People may not like when I say it, but right now, the civil service is actually subsidising the retirees from the private sector who go and get CINICO; so there's already significant

strain on the local economy. The majority of the people in the civil service are Caymanians and businesses require that money be spent, circulated in our economy by the civil service.

My friends, I want to put something in context for everybody right now, and I'm going to put a number out there, and this may be an uncomfortable reality. In 2024, based on CIMA [Cayman Islands Monetary Authority], the Class A banks in this country (that's the ones that we can walk into) had US\$986 million in revenue and US\$752 million in profit. Those banks are not Caymanian-owned. Those monies do not stay here. Those money pay dividends for their foreign shareholders. The majority of businesses, even CUC that is still owned by Fortis, a Canadian company; the oil companies are literally all foreign owned; the amount of money that leaves this country, even from the very pension investment that does not remain in this country.

The one entity that has reliably been keeping this economy going has been the civil service, the Caymanians spending their money in this country. Even though it may cost something now, the wider impact on the local economy is something that is needed. That's why most businesses, as soon as government pay day is there, they're running their sales, they're running this, and they're running that because they can rely on that. People need to understand that. It's not just a matter of the carrying cost of the government in terms of paying civil servants' money; it is also what the local economy depends on. Don't for one minute believe that we don't get some of this money back from local economic activity.

Right now, the main spenders in this economy, which are the Caymanian civil servants and others that live here, do not have enough money to keep this economy going. At some point — and we have already seen it because businesses will raise prices when they can't get volume; if people can't afford to spend their money, then it means business has to raise their prices just to cover their costs, which again creates the very problem that we are running from.

This is not something to just be taken in a vacuum; we need to look at the holistic picture. While we can look at government costs, every MP in this House should also be looking at the local costs to the economy. That's why I'm going to say to people, be careful that you know the cost of everything and the price of nothing, and you don't want to pay this price that is coming. We need to start looking at that.

Deputy Governor, I'm serving notice already, I am pushing back for my defined benefit plan for all Caymanians in this country, whether in the public or private sector, but government needs to get their act together first. We are already seeing it now that the current system cannot work. An error does not become a mistake until we fail to correct it. We have tried this experiment since the late nineties; it has not worked, and we need to fix it. It cannot work. All we're

doing is kicking the can down on the road and we have seen it every year in NGS 55, HEA 2 and TP 41. Every MP is aware of it now, and that's the social welfare cost of this country.

We can't have the private sector sitting down there, privatising profit and socialising losses, while the government and the Caymanian people are left to turn off the light; this can't continue. I have no intention of leaving this burden on my children and my hopefully to be born one day grandchildren; it is unfair. It is unfair. Thank you.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman I just want to say amen.

I will say this: Mr. Chairman, you will remember the 2008 financial crisis where civil servants' salaries were rolled back by 3.2 per cent. We gave them a raise and then we had to roll it back because of the downturn in the economy. I went to a corner store to buy some food about six months after that happened and this shop owner said to me, *'Franz, when are you all going to give back to civil servants the 3.2 per cent?'* I didn't think that this shop owner would be aware of this, and I said, hopefully as soon as possible. I think by then I had become Deputy Governor in 2012. I said, well, it's one of my priorities. I would love to be able to do it, but why are you asking? She said, *'since that 3.2 per cent was rolled back, my business has never been the same'*. This is a corner store right here in George Town.

I think that's what made me realise that what the member is saying is so true. The money that we pay our civil servants, the vast majority of that goes back into the economy, into small businesses and allows them to prosper. We should never be hesitant about rewarding our civil servants for a job well done and to give them the pay that they deserve — and to do COLAs from time to time and do performance pay, because it benefits the entire community.

I am with you, sir, and I agree; let us continue to work together to make sure that our people can retire in dignity. That's not a lot to ask for. It's not a lot to ask for. Thank you.

Hon. Kenneth V. Bryan: Mr. Chairman, I don't have a question, but I unfortunately have to leave. I think you're wrapping up now, but I cannot miss this opportunity, because I don't know — I suspect that we will be calling the Deputy Governor back to another PAC meeting before his retirement, but I want to say thank you, my friend, my fellow Caymanian. You served your duty well. You fought the war of good.

I don't know who is going to step in your shoes afterwards, but they have a lot to maintain. I'm happy, even though you and I have had a little powwow here and there throughout this political process, especially when I didn't know what I know now, but I want to say thank you. I'm proud to say that I served with you in this honourable House and if I never get a

chance to say it again, I just want to say it today, so thank you very much, Franz.

The Deputy Governor, Hon. Franz I. Manderson: Thank you, sir. Thank you. I feel the same way, sir. We've done some great things together. A little powwow here and there, but that sometimes is good for the soul.

The Chairman: Okay, I think we're done. I do have one question for you though, sir, just to wrap it all up. It concerns Government Minutes.

I would ask you to look into it, sir; I think that the Parliament is waiting for several minutes outstanding from the government. I think the last ones we had were from 2023, so if you wouldn't mind taking that on for us and trying to bring them up to date.

The Deputy Governor, Hon. Franz I. Manderson: **Mr. Chairman, I certainly give that undertaking.** If you recall, Miss Cetonya Cacho was in my office and one of her responsibilities was working with the Auditor General, working on their reports, doing the government minutes. She's gone back to education, but as I said, Mr. Suckoo has taken on a large portion of her role and that is something that he has now taken forward. Some good news is coming, sir.

The Chairman: Good, good.

Mr. Christopher S. Saunders: Mr. Chairman, through you to the Honourable Deputy Governor. My colleague, Member for George Town Central, has just shown me that in the Parliament email that came out earlier, that my Bill on moving the retirement age to 70 in the civil service has now been gazetted. You would remember that we had moved a Motion up to 68. Just giving you a heads-up Deputy Governor, since we went and moved judges' [retirement age] to 70 and we have this defined contribution plan where we recognise that people can't retire now at 65, during the consultation period I at least hope to get some feedback from your office. I mean, we have factored in things like succession planning and everything else and how we manage certain things, but at a minimum, what I would like to see when I raise this issue is that there needs to be a separation between civil servants once they have put in their years and retired and are getting their pension; it should have nothing to do with their salaries if they come back to work.

I think they have put in their years of drawing their pension and this thing of going back down to the lowest scale that I'm hearing about... If you've put in 35, 40 years and you want to save more for your golden years, they should at least be paid as they have been paid and their pension is a separate issue, something to look forward to.

I look forward to whatever feedback I can get from your office in that regard, in terms of getting that done. All right, thank you.

The Chairman: Thank you.

Okay, Deputy Governor, I thank you for being here this afternoon and giving your testimony. I appreciate the candid way in which you responded to questions and gave some interesting insights and commitments, too, to the Committee. As always, we appreciate your candidness before the Committee. I can say just from a personal standpoint how much I've enjoyed working with you as a Minister, as Leader of the Opposition and just now, a lowly Member of Parliament.

[Laughter]

The Deputy Governor, Hon. Franz I. Manderson: Yes, sir.

The Chairman: I just want to say in case I don't have a public opportunity like this again that I wish you well in your retirement and I wish you a long and happy life. I hope it really won't be the last time we see you because, if I can just be honest with you, Franz, you still got a heck of a lot left to contribute to this country. We have to find some way to make sure that your talents and your zeal...

[Inaudible interjection]

The Chairman: I know you have been so passionate about the things that you have embraced and sought to lead forward in the civil service.

[Desk thumping]

The Deputy Governor, Hon. Franz I. Manderson: Thank you.

The Chairman: It's really made a huge difference, if you look at civil service from when I first became elected in 2013 to where we are today. To hear you talk about 94 per cent of people saying that they are proud to work for [the civil service]; that is incredible. I don't know if there's any other country in the world where working for a government is viewed positively; I just don't. I have to take my hat off to you, sir, and commend you. You have one heck of a legacy that you're leaving behind, and again, I wish you all the best, sir.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, thank you.

Sir, I have a great story to tell. I started as an intern. In dealing with my retirement, I was asked to supply my first employment contract, and I think we finally found it. I was appointed as a clerical assistant,

making \$5,000 a year. I thought I'd hit the jackpot when that happened. You know, \$400 per month back in 1981 — for me, it was the lotto!

Having started there and being here today, it shows [what can happen] if you have honesty and integrity, you work hard and you have a good working commitment. It also highlights the fact that I didn't get here by myself; people believed in me and gave me opportunities to fail. They gave me opportunities to fail, and I tried my best never to fail, but I had opportunities. That is why, as Deputy Governor and head of the civil service, I have done my best to give my people the same opportunities that I have.

Mr. Bryan and I share lots of memories in that regard. I introduced him to a civil servant who had just joined us; it was somebody that he was aware of, and I'll never forget that day. He said, '*DG, you gave me goosebumps,*' and sir, I'm never going to forget that. It is about us trying our best to give people opportunities. That's all Caymanians really want, an opportunity. I am leaving knowing that I have done my best in that regard, to give our people opportunities.

I was sitting in my office watching the proceedings here in the last two days and I was so proud, Mr. Chairman, of the civil servants who appeared here, how they conducted themselves, their professionalism, and the candour in which they performed. I was equally proud of every member in here because I thought it was done exceptionally well. Everyone asked the tough questions, everyone held people's feet to the fire, but it was done with courtesy and respect. I think that's all we can ask for as civil service is to be treated that way. By all means, hold us to account. This is probably the most important parliamentary committee that there is and the job here is very serious. Supporting the work of the Auditor General is again very important.

I have had a great time, Mr. Chairman. A long time; 44 years is a long time. I am looking forward to spending more time with my family. My mom has been everything to me as a single parent. She said to me, four years ago now, '*Franz, my only desire in life is to see you retired,*' so I am happy, sir, that I'm going to be able to give that to her. I did say to her at the time, '*Mom, I'm not ready and I have to feel ready; I want to give you everything you have ever asked for, but just give me some time,*' and she gave me that time. I'm looking forward to this now. My conscience is clear. I feel good. I have great confidence in the team that I'm leaving behind and I think the best is yet to come.

I thank everyone here for their support. I'm proud that I'm leaving having a Caymanian Auditor General here for the very, very first time. That's a great thing!

[Desk thumping]

The Deputy Governor, Hon. Franz I. Manderson: If you think about it, we have a Caymanian Commis-

sioner of Police, a Caymanian Ombudsman, a Caymanian Director of Customs, a Caymanian in charge of fire, in charge of the prison, and a Caymanian Auditor General. Those were not the case when I first started. We had a lot of foreign nationals in those positions, not immigration or customs, but in a lot of those other positions; so I feel good, Mr. Chairman.

I thank everyone for their support; again, like I said, none of these things that we are talking about here happened by just me doing it. I have a great team behind me. I have worked with amazing MPs and Ministers who have supported a lot of the initiatives that we have put forward and worked with me to achieve some great things for our people. We have a lot to be proud of.

Thank you.

The Chairman: Thank you too, sir. I'll just say as a final statement here that we share with you and feel your joy and happiness. Thank you very much.

Members of the Committee, we are at the end of this hearing, so we shall adjourn at this time. Thank you all for being here and for your patience. Yesterday and today — this is the first two-day session we've ever had since I've been Chair, [at least] that I can remember, and I've been in this chair now for six years. We've trundled through it and got through. I think we really had a good session over the last two days and did some good work, so I thank you. We'll meet again.

We'll have the administrative meeting on the 12th of February; I think it is. Until then, I wish everyone a very happy weekend. To the guests sitting in the back there, thank you for coming and enduring with us for the afternoon, but it's been a pleasure hosting you and having you observe the proceedings here in the Public Accounts Committee.

Thank you all and thanks again to everyone.

The Committee adjourned at 3:54 p.m.



PARLIAMENT
OF THE CAYMAN ISLANDS



PARLIAMENT OF THE CAYMAN ISLANDS
STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Administrative Meeting

2025-2029 Term

Thursday, 16th April 2026 | 10:00 a.m. – 2:00 p.m.

PAC Members Present:

Mr. Roy M. McTaggart, JP, MP – *Chairman*
Mrs. Julie J.T. Hunter, JP, MP – *Member*
Hon. Kenneth V. Bryan, JP, MP – *Member*
Mr. A. Royston Tatum, Cert. Hon., MP – *Member*
Hon. G. Wayne Panton, JP, MP – *Member*
Mr. Christopher S. Saunders, JP, MP – *Member*

Apologies:

Mr. Patrick Smith – *Auditor General, Office of the Auditor General, (OAG)*

PAC Clerk:

Mrs. Tishel McLean – *Parliamentary Procedural Clerk*

Attendees:

Ms. Angela Cullen – *Deputy Auditor General (Performance Audit), Office of the Auditor General*
Mr. Winston Sobers – *Deputy Auditor General (Financial Audit), Office of the Auditor General*
Mr. Michael Ebanks – *Chief Officer, Ministry of District Administration & Home Affairs*
Mr. Carrol Cooper – *Former Chief Financial Officer, Ministry of District Administration & Home Affairs*
Ms. Kacey Mobley – *Senior Policy Analyst, Ministry of District Administration & Home Affairs*
Ms. Bobeth O'Garro – *Deputy Chief Officer, Ministry of Health, Environment & Sustainability*
Mr. Troy Claxton – *Chief Financial Officer, Ministry of Health, Environment & Sustainability*
Ms. Lizette Yearwood – *Chief Executive Officer, Health Services Authority*
Mrs. Sheila Thomas – *Chief Financial Officer, Health Services Authority*

1. **Meeting to Order**

There being a quorum present, the Chairman called the meeting to order at 10:21 a.m.

2. **Apologies** As above.

3. **Approval of Minutes**

3.1. 19th February 2026 (Admin. Meeting): The Committee reviewed and discussed the minutes. The Committee noted revisions to point 8.1 to state *“Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025).*

Subject to these amendments, the minutes were approved upon a motion by Hon. Kenneth Bryan, seconded by Hon. G. Wayne Panton.

4. **Matters Arising from Minutes**

Formal written response and documentation was received from the following Ministries/SAGC regarding the undertakings from the Public Hearing held on 15th and 16th January 2026.

- Office of the Deputy Governor
- Ministry of Health, Environment & Sustainability
- Health Services Authority (HSA)

The Committee reviewed the received information. Discussion ensued.

5. **Approval of Auditor General’s Invoices**

Members of the Committee reviewed and questioned the Deputy Auditors General on the following invoices. Discussion ensued.

- February 2026: Invoice # 208358
- March 2026: Invoice #208359

The Committee approved the invoices on a motion by Hon. Kenneth Bryan, seconded by Mrs. Julie Hunter. The Chairman signed the invoices and provided the original copies to the Committee Clerk.

6. **PAC Report(s)**

6.1. 2025-2026 Annual Report of the Standing Public Accounts Committee

The Committee reviewed the 2025–2026 PAC Annual Report. Discussion ensued.

The Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Kenneth Bryan and seconded by Mr. A. Royston Tatum, Jr.

6.2. PAC Report on OAG Report, “Financial Reporting of the Cayman Islands Government: General Report on the Results of the 2024 Financial Audits 31 December 2024 (October 2025)”

The Committee reviewed the PAC report and discussion ensued. The Committee requested the following revisions be noted:

- i. Section 10, para. 2: Remove wording “the PAC strongly endorses and supports the six recommendations made by the Auditor General in the Report.”
- ii. Section 10, para. 3: Remove wording, “In addition,” and “observations and”.
- iii. Section 10, point 1 - 7: Replace point 1 – 7 with the following recommendations.
 1. Ministry of Finance and Economic Development should provide mandatory training for Chief Financial Officers, Deputy Chief Financial Officers, and finance staff across all public bodies within six months of this report, with the aim of improving the quality of financial reporting and reducing the number of post-submission adjustments in all future financial statements.
 2. All public bodies should immediately comply with the Procurement Act, Procurement Regulations and other relevant Central Procurement Office guidance.
 3. The Cayman Islands Airport Authority and Ministry of Health, Environment and Sustainability should work together with the Office of the Auditor General (OAG) to develop audit backlog elimination plans within sixty days of this report.
 4. Ministry of Finance and Economic Development (MFED) should review and update the current EPS action plan to include clear timelines for rectifying the outstanding qualification points, by 31 May 2026, and submit this to the OAG and PAC. MFED should update the action plan regularly providing quarterly updates to the OAG.
 5. The Health Services Authority should review its inventory management controls, and remediate all identified deficiencies within three months of this report. The Authority should conduct a follow-up assessment within six months to confirm full compliance to the PAC and OAG.
 6. The Ministry of Health, Environment and Sustainability should finalise and publish the national healthcare strategy within six months of this report.

7. The Health Services Authority should develop and implement a cost accounting framework and accurately determine the cost of delivering healthcare services within six months of this report. The framework should identify any loss-making services, and be used to inform decision-making, including resetting prices, to ensure the Authority is financially sustainable.

Subject to these amendments, the Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Kenneth Bryan and seconded by Mrs. Julie Hunter.

7. Follow-Up Session with Witnesses from Hearing held on 15th January 2026

Ministry of District Administration & Home Affairs (MDAHA)

The Chair welcomed to the admin. meeting, Mr. Michael Ebanks, Chief Officer; Mr. Carrol Cooper, former Chief Financial Officer; and Ms. Kacey Mobley, Senior Policy Analyst of MDAHA.

Discussion ensued, noting the additional documentation provided by the MDAHA post-hearing.

The Committee noted its appreciation for the collaborative efforts of the MDAHA in providing detailed information.

The guests from the MDAHA departed the meeting.

8. Auditor General's Update

The Deputy Auditor General (Financial Audit), Mr. Sobers, provided the Committee with an update on the financial statement submissions by government entities.

For the 2025 financial statements, 44 submissions were expected; 7 entities missed the 28th February 2026 deadline. Of these, 6 were subsequently submitted, with CIAA remaining outstanding.

For annual reports, 43 were expected, with 13 not submitted by the deadline of 28th February 2026.

The Committee was advised that the Affordable Housing Report is expected by May 2026.

9. Follow-Up Session with Witnesses from Hearing held on 16th January 2026

The Chair welcomed to the administrative meeting Ms. Bobeth O'Garro, Deputy Chief Officer; Mr. Troy Claxton, Chief Financial Officer of the Ministry of Health, Environment & Sustainability; Ms. Lizette Yearwood, Chief Executive Officer; and Mrs. Sheila Thomas, Chief Financial Officer of the Health Services Authority.

Discussion ensued, noting the additional documentation provided by the HSA and MHES post-hearing.

The Committee noted its appreciation for the collaborative efforts of the HSA and MHES in providing detailed information, which effectively concludes the findings of the report.

The guests from the MHES and HSA departed the meeting.

10. Auditor General's Report(s)

10.1. OAG Report, "Summary of outstanding OAG and PAC recommendations" (March 2026)

The Deputy Auditor General (Performance Audit) briefed the Committee on the report, noting key findings. **The Committee agreed to hold a Public Hearing on the report.** The Committee Clerk will liaise with the Office of the Auditor General and Committee Members to confirm witnesses and coordinate the scheduling of the proposed Public Hearing.

10.2. OAG Annual Report – 31 December 2025 (March 2026)

The Deputy Auditor General (Performance Audit) briefed the Committee on the report, noting key findings. **The Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Kenneth Bryan and seconded by Hon. G. Wayne Panton.**

10.3. OAG Report, "Public sector remuneration" (April 2026)

The Deputy Auditor General (Performance Audit) briefed the Committee on the public interest report, noting key findings and that the report makes no recommendations. Following discussion, the Committee resolved not to proceed with a Hearing but agreed that the report be Tabled. **The Committee approved the PAC Report for Tabling in the next Meeting of the Parliament, upon a motion by Hon. Kenneth Bryan and seconded by Mrs. Julie Hunter.**

11. Any Other Business

11.1. Zoom Accessibility Overseas

Hon. Bryan requested clarification on whether Members are permitted to attend administrative meetings via Zoom while overseas. The Committee Clerk advised that she would confirm and revert accordingly.

12. Scheduling of Next Meetings:

The next admin. meeting was scheduled for **Thursday, 4th June 2026 at 2:00 p.m.**

13. Adjournment

There being no further business, the Chairman thanked the Committee Members, Deputy Auditor General (Performance Audit), Deputy Auditor General (Financial Audit), and the Committee Clerk, and adjourned the meeting at 4:01 p.m.

Approved by Round Robin on 27th April, 2026.



Parliament of the Cayman Islands
THE STANDING PUBLIC ACCOUNTS COMMITTEE

Round Robin

27th April 2026

We, the Members of the Standing Public Accounts Committee, hereby approve the following Minutes of the Standing Public Accounts Committee:

- Thursday, 16th April, 2026 (Administrative Meeting)

Signed on 27th April 2026

Mr. Roy M. McTaggart, JP, MP
Chairman

Mr. A Rosyton Tatum, Cert. Hon., MP
Member

Mrs. Julie J.T. Hunter, JP, MP
Member

Hon. G. Wayne Panton, JP, MP
Member

Hon. Kenneth V. Bryan, JP, MP
Member

Mr. Christopher S. Saunders, JP, MP
Member