



The Government Minute

**Government's response to the
Report of the Standing Public Accounts Committee (PAC) of the Cayman Islands Parliament
On the Report of the Auditor General: "Improving Financial Accountability and Transparency:
Long-Term Financial Sustainability (Feb 2025)".**

**Government Minute
Report of the Public Accounts Committee (PAC) on
Improving Financial Accountability and Transparency:
Long-Term Financial Sustainability (Feb 2025)**

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1.0 Background

Section 97(6) of the Parliament Standing Orders, 2025 requires that a Government Minute be laid on the Table of the House within three months of the laying of the report of the Public Accounts Committee (PAC) and of the report of the Auditor General to which it relates.

2.0 Introduction

This Government Minute is the formal written response of the Government to the Report of the Standing Public Accounts Committee on:

The Report of the Office of the Auditor General:
“Improving Financial Accountability and Transparency: Long-Term Financial Sustainability (Feb 2025)”.

which was tabled in Parliament on 12 December 2025.

Responses are structured to directly address each PAC recommendation, confirm the Government's acceptance status, provide details on the specific actions taken or to be taken, and provide realistic and reasonable timelines for implementation, where appropriate.

3.0 Government response to the Committee

The Government has carefully considered the Committee's report and provides its responses accordingly.

PAC Recommendation 1

Responsible Officer: Deputy Governor

The PAC heard that the Financial Secretary and the Ministry of Finance and Economic Development have no reporting authority over Chief Financial Officers and the financial information they provide. The Financial Secretary stated that he has limited powers over entities' financial information, which is contributing to inaccurate financial reporting. **The Committee recommends that the Deputy Governor changes the accountability structure within the civil service to ensure that chief Financial Officers have dual reporting lines to include the Financial Secretary on financial and budgetary reporting matters and their respective Chief Officers on all other matters.**

The Government accepts the Committee's recommendation in principle.

Recommendation Status: In Progress.

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Government Response:

The Financial Secretary has confirmed that strong central financial stewardship requires him, as the head of the government's finance function, to have appropriate authority for setting professional standards, monitoring compliance and financial reporting quality, and assessing CFO performance in these areas. Accordingly, CFO job descriptions will be amended for consultation in Q4 of 2026 and implementation in 2027.

CFOs will remain administratively accountable to their Chief Officers, who will retain overall line-management responsibility. However, the Financial Secretary will have a formal role in setting and assessing CFO performance objectives relating to financial reporting, compliance, budgeting, forecasting and other Government-wide financial responsibilities. The Financial Secretary's assessment of these areas will form part of the CFO's annual performance assessment, with the Chief Officer retaining responsibility for the overall performance rating.

The Ministry of Finance has already begun strengthening Government-wide financial oversight through increased CFO engagement, the CFO Community of Practice, and input into CFO performance objectives.

PAC Recommendation 2

Responsible Officer: Financial Secretary

The PAC heard about different options for raising more revenue. For example, The Financial Secretary mentioned stamp duty and the Deputy Governor mentioned immigration and naturalization fees. **The Committee recommends that the Deputy Governor and Financial Secretary commission a preliminary strategic assessment of the proposed options (or alternative options), then present recommendations to Cabinet on measures to increase future revenues and support long-term financial sustainability.**

The Government accepts the Committee's recommendation.

Recommendation Status: Completed

Government Response:

This recommendation is accepted and considered implemented as the recommendation is carried out on an ongoing basis prior to the start of each budget cycle.

The Ministry of Finance and Economic Development will continue to coordinate the annual budget process and provide fiscal analysis and advice on potential revenue measures identified by Ministries, Portfolios and Offices. Decisions regarding the implementation of revenue measures and the broader fiscal strategy to support long-term financial sustainability rest with the Government through its fiscal policy, budgetary priorities and annual appropriation process.

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PAC Recommendation 3

Responsible Officer: Financial Secretary

The Committee heard different views on the Cabinet Paper proposing COLA and honorarium for civil servants in December 2024. The Committee may want to request to see the Cabinet Paper to address any ambiguity. **The Committee recommends that all Cabinet Papers clearly set out financial implications of proposals and decisions in the short, medium and longer terms.**

The Government accepts the Committee's recommendation.

Recommendation Status: Completed

Government Response:

The Ministry of Finance provides comments on all Cabinet Papers with financial implications, including the Cabinet Paper on the proposal to pay a cost-of-living allowance (COLA) to civil servants in 2025 and an honorarium in 2024. A copy of the Cabinet Paper is attached as evidence of the Ministry of Finance's comments on the financial implications. In this particular instance the amount included in the paper as the cost of COLA for 2025 would represent an annual amount going forward for future years - hence there should not be a need by MFED to explicitly state in the paper the medium and long-term costs, as the annual amount would be the same.

Where a proposal has significant long-term financial implications, the Ministry of Finance provides an assessment of the medium and long-term fiscal impacts in the Cabinet Paper. Where warranted, MFED has also made presentations to Caucus to facilitate a better understanding of the proposal's long-term financial implications. For example, the Ministry of Finance presented a 40-year forecast of the financial implications associated with the Integrated Solid Waste Management System (ISWMS) project. Following consideration of the long-term financial implications, Cabinet decided not to proceed with the project.

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PAC Recommendation 4

Responsible Officer: Financial Secretary

The PAC heard about proposals to ensure financial sustainability in the longer-term. For example, building up the general reserve. **The Committee recommends that the Financial Secretary develop and implement a strategy to build up the value of the General Reserve over the short and medium terms and sustain this in the longer term.**

The Government accepts the Committee's recommendation in principle.

Recommendation Status: Not started

Government Response:

The Policy will be developed by the Ministry of Finance and presented to Caucus and Cabinet by October 2027. It is considered that the budget period 2028-2029 is a suitable implementation period, should the policy be accepted.