

CAYMAN ISLANDS

2014/2015 Session of the

LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING

PUBLIC ACCOUNTS COMMITTEE

on the Report of the
Office of the Auditor General on the
Management of Travel and Hospitality Expenditures
– May 2014

Laid on the Table of Legislative Assembly on this day of 2015

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SUMMARY REPORT

1. REFERENCE

The Standing Public Accounts Committee of the Cayman Islands Legislative Assembly, established under Standing Order 77(1), met to consider the following Report prepared and submitted by the Auditor General:

Management of Travel and Hospitality Expenditures – May 2014

2. DOCUMENT CONSIDERED

In accordance with the provision of Standing Order 77(3), the Committee considered the following Auditor General Report which was referred in the House of the Legislative Assembly:

- Report of the Office of the Auditor General on the *Management of Travel and Hospitality Expenditures – May 2014*

3. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The following Members of the Legislative Assembly are the present Members of the Standing Public Accounts Committee – who dealt with these Report of the Auditor General:

Mr Roy McTaggart, JP, MLA – Chairman

Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman

Mr Winston Connolly, MLA – Member

Mr Joseph Hew, MLA – Member

Capt Eugene Ebanks, JP, MLA – Member

4. MEETINGS OF THE COMMITTEE

The Committee reviewed the Minutes of six (6) meetings held to consider the Report:

(i) Wednesday, 6th August 2014

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

(ii) Tuesday, 16th September 2014

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Apology: *Capt Eugene Ebanks, JP, MLA – Member*

Absent: *Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman*

(iii) Wednesday, 15th October 2014

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

Absent: *Hon McKeeva Bush, JP, OBE, MLA – Deputy Chairman*

(iv) Tuesday, 13th January 2015

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Absent: *Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman*
Capt Eugene Ebanks, JP, MLA – Member

(v) Wednesday, 14th January 2015 *(hearing)*

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

(vi) Tuesday, 14th July 2015

Present: *Mr Roy McTaggart, JP, MLA – Chairman*
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Absent: *Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman*
Capt Eugene Ebanks, JP, MLA – Member

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 77(8), the following persons were in attendance at the meeting held with witnesses on Wednesday, 14th January 2015:

- Mr Alastair Swarbrick, Auditor General – Office of the Auditor General

- Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General
- Hon Kenneth Jefferson, JP, Financial Secretary and Chief Officer – Ministry of Finance and Economic Development
- Mr Ronnie Dunn, Acting Accountant General – Budget and Management Unit, Treasury Department
- Mrs Gloria Myles, Deputy Accountant General – Treasury Department

7. WITNESSES CALLED BEFORE THE COMMITTEE

In accordance with the provisions of Standing Order 77(4), the Committee invited public officers and members of staff of a non-Government organisation to give information and explanation to assist the Committee in the performance of its duties. The following persons appeared before the Committee to give evidence on Wednesday, 14th January 2015:

- Mr Vinton Chinsee, Chief Financial Officer – Ministry of Home Affairs *(formerly known as the Ministry of Home and Community Affairs)*
- Mr Kyle McLean, Assistant Director, Finance and Administration – Cayman Islands Department of Tourism
- Mrs Nadisha Walters, Chief Financial Officer – Portfolio of the Civil Service *(former Chief Financial Officer of the Ministry of District Administration Works, Land and Agriculture)*
- Ms Wendy Manzanares, Chief Financial Officer – Ministry of Financial Services, Commerce and Environment
- Mr Stran Bodden, Chief Officer – Ministry of District Administration, Tourism and Transport
- Mr Alan Jones, Chief Officer – Ministry of Planning, Lands, Agriculture, Housing and Infrastructure *(formerly known as the Ministry of District Administration Works, Land and Agriculture)*
- Hon Franz Manderson, Cert Hon, JP, Deputy Governor and Head of the Civil Service – Office of the Deputy Governor
- Mrs Gloria McField-Nixon, Chief Officer – Portfolio of the Civil Service

*While not specifically invited to give evidence before the Committee, the **Hon McKeeva Bush**, OBE, JP, Leader of the Opposition, Deputy Chairman of the Public Accounts Committee and Member of the Legislative Assembly also appeared before the Committee and gave evidence he believed was relevant to the Report being examined.*

8. PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77(6))

The Committee agreed that in accordance with the provisions of Standing Order 77(6), all meetings at which witnesses were invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.

9. INTRODUCTION AND PAC COMMENTS

9.01 The Report of the Auditor General was carried out in Grand Cayman. The objective of the audit was to determine whether, in the period from 1st July, 2009 to 30th June, 2012, official travel and hospitality expenditures were properly managed in core government entities (as defined in the Public Management and Finance Law (2012 Revision)) to ensure value for money; with due regard to existing risks, responsibilities and policies. The audit also considered significant transactions and their adherence to policies in the six month period after 30th June, 2012. The Committee noted with concern that the scope of the audit carried out by the Auditor General was limited because the supporting documentation for travel and hospitality expenditures was very poor, in some cases non-existent, and the records in the accounting system unreliable. As a result, the Auditor General was not able to carry out all the audit procedures he had planned thus limiting his ability to provide more information in his Report on how these expenditures have been managed or quantify how much of the public resources were mishandled or wasted during the period covered by the audit.

9.02 The Committee agrees with and accepts the eleven recommendations made by the Auditor General throughout this Report and summarized in Appendix 4. The Committee believes that if these recommendations are implemented timely and consistently across the entire public service, it will provide a practical and cost effective framework for managing official travel and hospitality expenditures, thus minimizing the risks of mishandling and abuse of public resources.

9.03 The Committee also noted the response provided by the Deputy Governor and acknowledges the significant efforts made by his Office to address the recommendations made in the Report.

9.04 While much progress has been made, the Committee noted, with disappointment, that recommendation no. 2 regarding the development of a comprehensive hospitality policy has not been implemented as of the date of the public hearing on 25th March 2015. The Committee believes that this policy is a key recommendation of the Report and should be implemented as a matter of priority. The Committee therefore urges the Deputy Governor to prepare this policy and implement it across the entire public sector.

9.05 The Committee also recommends that a further audit be undertaken either by the government's Internal Audit Unit or the Auditor General to determine if the

recommendations have been fully implemented and if the Policies and processes are operating efficiently, effectively and as intended.

ACKNOWLEDGEMENT

The Committee is most appreciative of the efforts of the Auditor General and his staff in presenting very fair, comprehensive and informative Report and for the support, assistance and constructive advice given throughout its deliberations.

The Committee also thanks the staff of the Legislative Assembly for the assistance provided.

REPORT OF THE COMMITTEE TO THE HOUSE

The Committee 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: ***Management of Travel and Hospitality Expenditures – May 2014***

Mr Roy McTaggart, JP, MLA – Chairman

Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman

Mr Winston Connolly, MLA – Member

Mr Joseph Hew, MLA – Member

Capt Eugene Ebanks, JP, MLA – Member

Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting held
Wednesday, 6th August 2014
10:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Wednesday, 6th August 2014 at 10:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General
Mr Patrick Smith, Financial Audit Manager – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 10:10am.

2. Apologies

All Members of the Committee were present therefore there were no apologies.

3. Approval of PAC Minutes

There were no minutes to approve. All minutes prior to this meeting was approved and formed part of the PAC Report Annual 2013-2014.

4. Matters Arising from Meetings

There being no minutes there were no matters arising from the minutes.

5. Approval of Auditor General Invoices

- Invoice No 206351 dated 6 July 2014 for the amount of $78,197.89

Capt Eugene Ebanks queried item no. 6 on the invoice. He wished to ascertain the involvement of the OAG with the Hazard Management Department. Mr Ruben confirmed that the Office of the Auditor General supports the work of HMCI by providing resources to the Support Services Cluster group in 2 ways:

1. *Martin Ruben is the cluster group manager providing oversight of the group's five subcommittees and ensuring operational readiness in the event of a disaster*
2. *Garnet Harrison backed up by members of the OAG provide leadership of the International Aid subcommittee*

These responsibilities require maintaining and updating documentation, preparing plans, training, monitoring progress, and attending informational meetings during the course of the year.

Mr Connolly further queried the January 2014 Consultant Fee for $1,549.38 listed for July outputs. Mr Ruben confirms it was missed from January's billing and is now being included for payment.

The above invoice was **approved** by a motion moved by Mr Winston Connolly and second by Capt Eugene Ebanks.

6. Review of Round Robin – Letter Re: OAG 2013-14 Deficit Agreement

The Chairman advised that the above mentioned letter was sent out by Round Robin however not enough responses were received. He therefore requested to have the letter reviewed once again for the Committee's approval. The Auditor General gave a brief overview of what the letter entailed.

The OAG 2013-2014 Deficit Agreement was **approved** by a motion moved by Mr Winston Connolly and seconded by Mr Joseph Hew.

7. Auditor General's Update on Current Program of Work

An OAG Progress Report dated 30 July 2014 was distributed to Members prior to the meeting via email. The Auditor General provided an updated version of the Report dated 6th August 2014 to the Committee and followed with a brief update on his office's work progress.

Mr Connolly inquired whether there would be a follow up to the recommendations of the Capital Projects. The Chairman confirmed that as the PAC produces reports after hearings which include recommendations the PAC should expect a response back on those recommendations. Therefore a follow-up would be necessary.

Mr Ruben confirmed that the OAG have made recommendations in the past but have found the same issues.

8. Review of the OAG Report: Management of Travel and Hospitality Expenditures

The Auditor General gave a brief overview of the above mentioned Report. The key findings were that there are policies but no system and practices in place. There are also some cases where there are no documentation which show travel confirmations and a CFO not authorizing expenditures appropriately or managing it affectively. A lot of issues have been found with the travel advances; one being no repayments from the person who requested the advances and no proper management of these expenditures. The OAG requested further review of transactions however they did not receive a response as the transactions were disclaimed.

The Committee **agreed** to have a public hearing of the above mentioned Report by a motion moved by Mr Winston Connolly and seconded Capt Eugene Ebanks.

9. Review of the FS Audited Accounts of the Cayman Islands Government for the Year Ended 30th June 2011 (Tabled in Cayman Brac)

The Chairman explained to the Committee that PAC is responsible for reviewing the Financial Statements Audited Accounts of the CI Government and they should commence such practices.

The Committee **agreed** to have a public hearing of the above mentioned Report by a motion moved by Capt Eugene Ebanks and seconded by Mr Winston Connolly.

10. Any Other Business

There was no other business.

11. Scheduling of Next Meeting

The Committee agreed that meetings on the Governance Reports would commence on Wednesday, 3rd September 2014.

The Chairman suggested having meetings scheduled consecutively, either for September 3rd to 5th or a hearing each week in September, to successfully complete the hearings on the Governance Reports; the Management of Travel and Hospitality Expenditures; and the FS Audited Accounts of the Cayman Islands Government for the Year Ended 30th June 2011 (Tabled in Cayman Brac). This would depend on the availability of the Chamber due to House Sittings and of the witnesses.

12. Adjournment

There being no further business, the Chairman adjourned the meeting at 11:00am.

Legislative Assembly
of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES
Meeting held
Tuesday, 16th September 2014
12:00pm

Minutes of meeting of the Standing Public Accounts Committee held in the Large Committee Room of the Legislative Assembly Building, Grand Cayman on Tuesday, 16th September 2014 at 12:00pm.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Ms Shiona Allenger – Assistant Clerk of the Legislative Assembly

Apologies: Capt Eugene Ebanks, JP, MLA – Member
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Absent: Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Garnet Harrison, Deputy Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. **Meeting Call to Order**
There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 12:02pm.

2. **Apologies**
Apologies were given for Capt Eugene Ebanks.

3. **Approval of Minutes**
Minutes of Wednesday, 6th August and 3rd September 2014 were distributed for review and therefore deferred until the next.

4. **Matters arising from the Minutes**
There being no minutes there were no matters arising from the minutes.

5. **Approval of Auditor General Invoice**
   - Invoice No. 206402 dated 6 September 2014 for the amount of CI$36,766.72;

The Members indicated that they were satisfied with the invoice as submitted to the Committee and was in agreement with the amount. The Auditor General provided information in response to queries on the status of the following reports as listed on the PAC Breakdown billing:-

The General Report on Ministers/Portfolios as at 30 June 2012 – August 2014 should have final approval within the next two weeks and be ready for presentation to the Committee;

The Governance Performance Audit – August 2014 had not been formalised by the government for many years as the report will reflect;

The School Performance Audit – August 2014 in now being revised and should be finalised and submitted to the Committee within the next few weeks;

The Land Management Performance Audit – August 2014 is to be given the final approval by the Auditor General.

The above invoice was **approved** by a motion moved by Mr Joseph Hew and second by Mr Winston Connolly.

6. Any Other Business

The Chairman referred to a letter that had been received from the Director of the Tourism Attraction Board and indicated that the issues raised in the letter related to the Report submitted by The Tourism Attraction Board which had been presented to the Legislative Assembly for tabling in the House.

7. Scheduling of Next Meeting

The Committee confirmed that the next meeting was scheduled for 23rd September 2014 at 9:00am. It will be determined at a later date whether the Auditor General Report *"Management of Travel and Hospitality Expenditures – May 2014"* would be dealt with during that meeting.

8. Adjournment

There being no other business the Meeting was adjourned by the Chairman at 12:24pm.

Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting held
Wednesday, 15th October 2014
10:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Wednesday, 15th October 2014 at 10:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Absent: Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Garnet Harrison, Deputy Auditor General – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 10:21am.

2. Apologies

No apologies were offered for the Member absent.

3. Approval of PAC Minutes

a) Wednesday, 6th August 2014

The above Minutes were **approved** on a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

b) Wednesday, 3rd September 2014

The above Minutes were **approved** on a motion moved by Mr Winston Connolly and seconded by Capt Eugene Ebanks.

c) Wednesday, 3rd September 2014 - (hearing)

Subject to amendments to the verbatim *(see Item 4 - Matters Arising from Minutes)*, the above Minutes were **approved** on a motion moved by Mr Winston Connolly and seconded by Mr Joseph Hew.

d) Tuesday, 16th September 2014

Subject to amendments to the above Minutes *(see Item 4 - Matters Arising from Minutes)* were **approved** on a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

e) Tuesday, 16th September 2014 - (hearing)

The above Minutes were **approved** on a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

4. Matters Arising from Meetings

i) Wednesday, 3rd September 2014 - (hearing)

The Chairman noted a discrepancy with the verbatim transcript for the hearing on the 3rd September. The time in which the hearing was called to order was incorrect and the Committee requested that it be returned to the Hansard Office for revision.

ii) Tuesday, 16th September 2014

The Clerk of the Public Accounts Committee ("PAC") was unable to sit for 16th September hearing and meeting and the Committee agreed that her apologies should be noted in the Minutes. For all the other Minutes which were brought before the Committee there were no matters arising from those Minutes.

5. Approval of Auditor General Invoices

- Invoice No. 206426 dated 3 October 2014 for the amount of $47,098.16

The above invoice was **approved** by a motion moved by Mr Joseph Hew and second by Mr Winston Connolly.

6. Auditor General's Update on Current Program of Work

The Auditor General distributed the following to the Members via email prior to the meeting:

- *OAG Quarterly Report – 30 September 2014*
- *Baker Tilly Letter dated 6 October 2014 – Audit of 30 June 2014 Financial Statements*
- *Government Professional Development Week 2014 – Managing for Results (November 11-14, 2014)*

He gave a brief update on his office's work progress thru the Office of the Auditor General ("OAG") Quarterly Report as well as discussed the letter from Baker Tilly and his participation in the Government Professional Week this coming November. With regards to the letter from Baker Tilly, the feedback from the audit was positive and both the OAG and Committee were pleased with the results.

The Auditor General also raised an issue to the Committee that the OAG Audit Reports were not being Tabled on time and advised that the Report does not become a public document until it is Tabled. The Committee agreed that this should be handled more efficiently and in a timely manner.

The Office of the Auditor General will be moving and sharing the common areas with the Office of the Complaints Commissioner and Information Commission's Office. This move will generate savings of $100,000.00 per year in leasing cost.

7. Review and Approval of the PAC Report on '*The Governance in the Cayman Islands Government*' to be Tabled

a) *Key Messages – December 2013*
b) *Describing the Framework – December 2013*
c) *How Core Government Manages Resources – December 2013*
d) *The Accountability of Statutory Authorities and Government Companies – December 2013*
e) *A Survey of Statutory Authorities and Government Company Governance – December 2013*

The Committee reviewed and discussed the above mentioned PAC Report and agreed that it should be Tabled.

Mr Connolly commented that if Chief Officers and the staff are incapable of performing their duties or task, that this behaviour should be included in their performance management review so they can be held accountable for not meeting standards.

Subject to the amendments suggested by the Committee, the above PAC Report was **approved** on a motion moved by Mr Winston Connolly and seconded Capt Eugene Ebanks.

8. Review of the OAG Reports:

- *Office of the Auditor General 2014 Annual Report*

The Auditor General gave a brief overview of the above mentioned Annual Report. The Committee agreed to have this Report Tabled during the next House session.

- *Financial and Performance Reporting – Statutory Authorities and Government Companies for the year ending 30 June 2012*
- *Financial and Performance Reporting – Ministries, Portfolios and Offices for the year ending 30 June 2011 and 2012*

The Auditor General continued with a brief overview of the above mentioned Financial and Performance Reports. He further mentioned that these Reports were delayed awaiting sign-offs.

After deliberations of both Reports, it was agreed that a hearing will be required.

9. Any Other Business

There was no other business.

10. Scheduling of Next Meeting

The Committee agreed that going forward meetings should commence at 9:00am rather than 10:00am.

The Committee will keep their scheduled meeting for Wednesday, 12th November 2014.

It was recommended to reschedule the hearing for the OAG Report: *Management of Travel and Hospitality Expenditures – May 2014,* on Tuesday, 25th November 2014.

The *FS Audited Accounts of the Cayman Islands Government for the Year Ended 30th June 2011* along with the *Financial and Performance Reporting – Statutory Authorities and Government Companies for the year ending 30 June 2012 and Financial and Performance Reporting – Ministries, Portfolios and Offices for the year ending 30 June 2011 and 2012,* hearings will commence in January.

11. Adjournment

There being no further business, the Chairman adjourned the meeting at 12:03pm.

Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting held
Tuesday, 13th January 2015
9:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Tuesday, 13th January 2015 at 9:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Absent: Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Capt Eugene Ebanks, JP, MLA – Member

Attendees: Mr Alister Swarbrick, Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 9:45am.

2. Apologies

No apologies were offered for the Members absent.

3. Approval of PAC Minutes

- *Tuesday, 18th November 2014*

The above Minutes were **approved** on a motion moved by Mr Winston Connolly and seconded by Mr Joseph Hew.

4. Matters Arising from Meetings

There were no matters arising from the Minutes.

5. Approval of Auditor General Invoices

- *Invoice No. 206474 dated 3 December 2014 for the amount of $7,546.04*

The above invoice was **approved** by a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

6. Auditor General's Update on Current Program of Work

The Auditor General provided two reports namely: OAG Quarterly Report dated 31 December 2014 and Performance Audit Programme 2015 to 2017 (updated January 2015) via email to the Committee prior to the meeting. The Auditor General gave a brief update on his office's work progress and agreed to post these reports to the OAG website for the public's perusal.

The following are comments, suggestions and/or concerns were raised:

- *The Tourism Department received an unqualified opinion for the first time.*
- *Plans are in place to complete audits by April 2015 but that would take Ministries or their entities meeting deadlines.*
- *The Deputy Governor wrote to the Government Ministries with the recommendation to have the Audits completed by their Chief Financial Officers by the deadline.*
- *PAC Tabled five (5) Auditor General Reports in the last year and it is the first time so many was Tabled within the year. The Auditor General commended this PAC for being proactive and accomplishing this.*

7. Any Other Business

The Committee briefly discussed their approach for the PAC hearing of the Report of the Auditor General on the *Management of Travel and Hospitality Expenditures – May 2014*, which is scheduled for tomorrow morning, Wednesday, 14th January 2015 at 9:00am. All witnesses have confirmed their availability.

8. Scheduling of Next Meeting

The next PAC monthly meeting is scheduled for Tuesday, 17th February 2015 at 9:00am.

9. Adjournment

There being no further business, the Chairman adjourned the meeting at 10:44am.

Legislative Assembly of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES
Meeting held *with Witnesses*
Wednesday, 14th January 2015
9:00am

Minutes and verbatim transcript of the meeting of the Standing Public Accounts Committee held in the Chamber of the Legislative Assembly Building, Grand Cayman on Wednesday, 14th January 2015 at 9:00am.

Present:
Mr Roy McTaggart, JP, MLA – Chairman
Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, JP, MLA – Member

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

In Attendance:
Mr Alastair Swarbrick, Auditor General – Office of the Auditor General

Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

Hon Kenneth Jefferson, JP, Financial Secretary and Chief Officer – Ministry of Finance and Economic Development

Mr Ronnie Dunn, Acting Accountant General – Budget and Management Unit, Treasury Department

Mrs Gloria Myles, Deputy Accountant General – Treasury Department

1. Reference
In accordance with Standing Order 77(4) witnesses were invited to appear before the Committee to discuss various issues set out in the following Report of the Auditor General: –

Management of Travel and Hospitality Expenditures – May 2014

2. Meeting to Order
There being a quorum present (Standing Orders 77(2) refers), the Chairman called the meeting to order at 9:40am.

3. Welcome
The Chairman gave a brief welcome to the Members of the Public Accounts Committee and the staff of the Office of the Auditor General, Treasury Department, and the Ministry of Finance. The meeting commenced with a Prayer by Mr Joseph Hew.

4. Report of the Auditor General: –

Management of Travel and Hospitality Expenditures – May 2014

The Auditor General made an opening statement on the above mentioned Report. The Chairman then invited witnesses to the Chamber and asked them to state their names, the persons attending with them if any and department or organization they were representing. The Chairman then opened the floor for statements from the witnesses followed by questions from the Public Accounts Committee Members.

The following persons appeared in their named capacity as witness before the Committee:

- *Mr Vinton Chinsee, Chief Financial Officer – Ministry of Home Affairs (formerly the Ministry of Home and Community Affairs)*
- *Mr Kyle McLean, Assistant Director, Finance and Administration – Cayman Islands Department of Tourism*
- *Mrs Nadisha Walters, Chief Financial Officer – Portfolio of the Civil Service (former Chief Financial Officer of the Ministry of District Administration Works, Land and Agriculture)*
- *Mrs Wendy Manzanares, Chief Financial Officer – Ministry of Financial Services, Commerce and Environment*
- *Mr Stran Bodden, Chief Officer – Ministry of District Administration, Tourism and Transport*
- *Mr Alan Jones, Chief Officer – Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (formerly of the Ministry of District Administration Works, Land and Agriculture)*
- *Hon Franz Manderson, Cert Hon, JP, Deputy Governor and Head of the Civil Service – Office of the Deputy Governor*
- *Mrs Gloria McField-Nixon, Chief Officer - Portfolio of the Civil Service*

While not specifically invited to give evidence before the Committee, the **Hon McKeeva Bush**, OBE, JP, Leader of the Opposition, Deputy Chairman of the Public Accounts Committee and Member of the Legislative Assembly also appeared before the Committee and gave evidence he believed was relevant to the Report being examined.

At the conclusion of meeting with the witnesses the Chairman thanked the Members of the Committee and the staff of the Office of the Auditor General, Treasury Department and the Ministry of Finance for attending.

5. Any Other Business

There was no other business.

6. Adjournment

There being no other business the meeting was adjourned by the Chairman at 4:30pm.

Legislative Assembly
of the Cayman Islands

THE STANDING PUBLIC ACCOUNTS COMMITTEE

MINUTES

Meeting held
Tuesday, 14th July 2015
9:00am

Minutes of proceedings of the Standing Public Accounts Committee's meeting held Tuesday, 14th July 2015 at 9:00am in the Large Conference Room of the Legislative Assembly Building, Grand Cayman.

Present: Mr Roy McTaggart, JP, MLA – Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member

Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

Absent: Hon McKeeva Bush, OBE, JP, MLA – Deputy Chairman
Capt Eugene Ebanks, JP, MLA – Member

Attendees: Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General

1. Meeting Call to Order

There being a quorum present (Standing Order 77(2) refers), the Chairman called the Meeting to order at 9:50am.

2. Apologies

No apologies were offered for the Members absent.

3. Approval of PAC Minutes

- *Tuesday, 10th March 2015*

The above Minutes, as amended, were **approved** on a motion moved by Mr Winston Connolly and seconded by Mr Joseph Hew.

- *Wednesday, 25th March 2015 (Hearing)*
  - *Official Verbatim Transcript (pending)*
- *Tuesday, 12th May 2015*
- *Tuesday, 23rd June 2015*

The above Minutes were deferred until the next meeting.

4. Matters Arising from Meetings

There were no matters arising from the Minutes.

5. Review and Approval for Tabling of the following PAC Reports:

a) *2014/2015 Annual Report of the Public Accounts Committee*

The Committee requested that the above mentioned Report be amended to reflect the attendance of each Committee Member at the Public Accounts Committee (PAC) meetings and; change "Paper/s" to "Document/s" throughout this and all future Reports.

The above Report, as amended, was **approved to be Tabled** by a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

b) *Report of the Public Accounts Committee on the Report of the Office of the Auditor General on the Management of Travel and Hospitality Expenditures – May 2014*

The above Report, as amended, was **approved to be Tabled** by a motion moved by Mr Joseph Hew and seconded by Mr Winston Connolly.

6. Approval of the Auditor General Invoice(s):

- *Invoice No. 206603 dated 8 July 2015 for the amount of $71,411.69*

The above invoice was **approved** by a motion moved by Mr Winston Connolly and seconded by Mr Joseph Hew.

7. Review of the Report of the Auditor General:

National Land Development and Government Real Property – June 2015

The Auditor General gave the Committee a brief overview on the above mentioned Report. The Auditor General recommended holding a PAC hearing for this Report and the Committee agreed. A date will have to be confirmed; however it may be during the week of the other PAC hearings that is tentatively set for the end of September and early October 2015.

8. The Auditor General's Update(s):

The Auditor General provided the Committee with the following Report for their review; followed with a brief overview: *Financial Audit Practice Report.*

9. Any Other Business

There was no other Business.

10. Scheduling of Next Meeting

The next PAC monthly meeting is scheduled for Tuesday, 11th August 2015 at 9:00am. However, the meeting may be cancelled and/or postponed due to Chairman, now the Acting Minister, being in Cabinet and will be preparing for House which is scheduled for Wednesday, 12th August 2015.

11. Adjournment

There being no further business, the Chairman adjourned the meeting at 11:36am.

OFFICIAL VERBATIM TRANSCRIPT
STANDING PUBLIC ACCOUNTS COMMITTEE
WEDNESDAY
14 JANUARY 2015
9:40 AM

1st Meeting with witnesses

AUDITOR GENERAL'S REPORT
MANAGEMENT OF TRAVEL AND HOSPITALITY EXPENDITURES

Verbatim transcript of proceedings of the Standing Public Accounts Committee, held in the Chamber of the Legislative Assembly Building on 14 January 2015, at 9:40 am.

Present were:

Mr Roy McTaggart, MLA – Chairman
Hon McKeeva Bush, MLA – Deputy Chairman
Mr Winston Connolly, MLA – Member
Mr Joseph Hew, MLA – Member
Capt Eugene Ebanks, MLA – Member
Ms LeSanneo McLaughlin – Clerk of the Public Accounts Committee

In Attendance:

Mr Alastair Swarbrick, Auditor General – Office of the Auditor General
Mr Martin Ruben, Audit Principal of Performance Auditing – Office of the Auditor General
Hon Kenneth Jefferson, Financial Secretary and Chief Officer – Ministry of Finance and Economic Development
Mr Ronnie Dunn, Acting Accountant General – Budget and Management Unit, Treasury Department
Mrs Gloria Myles, Deputy Accountant General – Treasury Department

Witnesses:

Hon McKeeva Bush, MLA, Leader of the Opposition and Deputy Chairman of the Public Accounts Committee
Mr Vinton Chinsee, Chief Financial Officer – Ministry of Home Affairs (formerly the Ministry of Home and Community Affairs)
Mr Kyle McLean, Assistant Director, Finance and Administration – Cayman Islands Department of Tourism
Mrs Nadisha Walters, Chief Financial Officer – Portfolio of the Civil Service (former Chief Financial Officer of the Ministry of District Administration Works, Land and Agriculture)
Mrs Wendy Manzanares, Chief Financial Officer – Ministry of Financial Services, Commerce and Environment
Mr Stran Bodden, Chief Officer – Ministry of District Administration, Tourism and Transport
Mr Alan Jones, Chief Officer – Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (formerly of the Ministry of District Administration Works, Land and Agriculture)
Mr Franz Manderson, Deputy Governor and Head of the Civil Service – Office of the Deputy Governor
Mrs Gloria McField-Nixon, Chief Officer - Portfolio of the Civil Service

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The Chairman (Mr. Roy McTaggart): Good morning everyone. I'd like to go ahead and call our meeting to order and for members to be seated.

At this time I'd like to call on MLA Joey Hew to lead us in prayer.

PRAYER

Mr. Joseph X. Hew: Let us pray.

Heavenly Father, we beseech thee to guide this morning's proceedings of this Public Accounts Committee, that the members and witnesses may conduct themselves in a manner that pleases you, Almighty. We pray for your blessings on all of us present here today and the citizens of the Cayman Islands. We ask these things in our Heavenly Father's name. Amen.

The Chairman: Amen.

Let's be seated.

Good morning, once again, everyone, and a very Happy New Year to members of the committee and the Auditor General and his staff of the Ministry of Finance.

This morning we are here to examine publicly the Auditor General's report dated May 2014, entitled "Management of Travel and Hospitality Expenditures".

At the appropriate time I am going to invite the Auditor General to make an opening statement to this committee, but just an opening remark on my part, as Chair.

This report itself has not been without its controversy. It is somewhat unusual this morning in that we have one member of this committee who would wish to appear before it and give evidence. I am speaking particularly of the Leader of the Opposition, who has indicated that he does have evidence that he would like to give to this committee. I have agreed with him that he can appear as a witness and at the appropriate time, I think at the very outset of this hearing, once the Auditor General has made his opening statement, I will invite the Leader of the Opposition, Mr. Bush, to give his testimony to this committee this morning.

So, with those few comments, I will say once again, welcome to you, Auditor General. I invite you at this point in time to make your opening statement to the committee.

Mr. Alastair Swarbrick, Auditor General: Thank you, Mr. Chairman.

Mr. Chairman, members of the Public Accounts Committee, ladies and gentlemen, may I first take this opportunity to wish you all a very Happy New Year. I look forward to working productively with the committee over the coming year to support accountability and the use of public resources.

Thank you for the opportunity to provide some initial comments on my performance audit on the Management of Travel and Hospitality Expenditures, which was published in May 2014.

Travel and hospitality expenditures are incurred for a wide spectrum of activities and events that support an elected government in its delivery of its policies and programmes. Some of the supporting activities include policy development, service delivery, regional/international relations and the training and development of officials.

Within this context it is important that Government can undertake official travel or provide hospitality. However, due to the nature of these expenditures they can be considered particularly difficult to manage. If not managed effectively they could be seen as providing personal benefits to officials. Moreover, it is sometimes challenging to demonstrate that the expenditures are consistent with the organisation's objectives. As a result, they are usually subject to heightened public interest and increased levels of scrutiny.

The amount of money may be small in the context of an organisation's total expenditures. However, each expenditure decision is important because improper expenditures could harm the reputation of, and trust in, the entity as well as the entire public sector.

In the Cayman Islands, the cost associated with travel and hospitality of Government has received considerable public interest and criticism. As a result of the increased risks around these types of expenditures, the heightened public interest and the issues that have been raised through our financial audits and the fact that because of poor recordkeeping and information available I have not always been able to complete the financial audits of a number of organisations in a reasonable way and report on how public money was being spent, I decided to undertake this audit.

The purpose of this audit was to provide an assessment of how well the Cayman Islands Government managed travel and hospitality expenditure and whether due regard was paid to obtaining appropriate value for money. That is, travel and hospitality expenditures represent the economic and efficient use of funds, given the nature of activity in relation to the achievement of the Government's mandate.

My audit only covered travel and hospitality expenses by core government officials. I did not look at spending in the statutory authorities and government companies at this time. We looked at expenditures from July 2009 through to December 2012. Based on the government's own records, travel and hospitality expenditures accounted for approximately $8.6 million between 1 July 2009 and 30 June 2012. While it is small in proportion to the overall amounts spent by government, it is still a very large amount of money and an amount that is subject to a lot of discretion by public servants.

Fundamental to the effective management of these types of expenditures is the clear articulation of the policies for incurring travel and hospitality expenditure supported by robust procedures and controlled to ensure compliance. I found that there was an absence of well-defined policies and ineffective, or absent, procedures and controls. Policies that were in place were inconsistent across government and officials were left with significant, if not complete, discretion in regard to how travel and hospitality expenditures were incurred. Furthermore, monitoring and reporting of these transactions by management was virtually non-existent.

We identified a number of examples in this report where government had either not clearly demonstrated the value or benefit of the expenditure incurred, or where public funds had been potentially misused. One of the key issues we found was that supporting documentation for travel and hospitality expenditure was very poor—in some cases non-

existent. And the records in the accounting system are unreliable. As a result we are not able to carry out all of the audit procedures we had planned limiting the scope of our audit and our ability to provide more information to the reader on how these expenditures had been managed or quantify how much the government mishandled or wasted during the period reviewed.

For example, out of over 80 sample items or individual expenditures my auditor selected for review, almost half of them lacked the necessary support to determine what was being paid and in about 10 per cent of the expenditures we reviewed there was absolutely nothing to support the expenditures incurred.

Sound recordkeeping is fundamental to the effective administration and stewardship of public resources. There is no excuse for the issues we have found. And whilst it may be indicative of just poor management and administration, it creates the perception at least of the misuse of public funds and increases the risk of fraud significantly.

Other than not being able to complete the audit because of a lack of documentation, my audit team documented some serious problems with how government spends public funds for travel and hospitality expenditures. Here are some of the things we identified:

In respect of travel advances, we found that the financial officers were writing cheques for travel expenses, sometimes with no supporting documentation and understanding whether the travel occurred or not. In one department, for example, travel advances provided to one employee in the amount of $32,000 were written off because a financial officer did not know if the employee had even travelled, and apparently could not provide the supporting documentation. In that ministry, a total of $167,000 of advances given to employees was written off because, again, employees could not provide evidence for their expenditures.

My auditors found approximately $458,000 in travel and hospitality expenses charged on credit cards and paid by finance officers where they did not get sufficient receipts to tell what the money was being spent on. In one case we found a former minister used a credit card to pay for travel and hospitality expenses for convenience and in accordance with the policy issued by government officials. However, my auditors found that the minister, having incurred the credit card expenses, then self-approved the payment of the credit card bill, which the chief financial officer paid even though there was no evidence to demonstrate that the expenses were incurred for government business.

In other cases we found individuals receiving advances for meals and other expenses while on travel and then getting the same expenses reimbursed a second time through charges on their credit card. The basic financial controls my auditors expected to find were absent.

Over the last five to six years the government has had to manage with scarce resources and has had to make some very difficult significant cuts in expenditure to balance the budget or limit their deficit. While this was happening, our audit found that the monitoring and control for travel and hospitality expenditures were weak and budget overruns occurred. No one in government was effectively minding the store when it came to spending on this very discretionary area of expenditure. Of even greater concern, because of inconsistent recording in the accounts for travel and spending, my auditors found that government officials didn't really know how much they were spending for public servants on travel.

With respect to reporting on travel and hospitality expenditures it only takes a quick look on the government's website to know that there is very little information available about public sector spending on government travel and hospitality. We have recommended that government needs to do a better job of proactively disclosing the details around official travel. With a controlled environment in a poor state, we believe that this proactive disclosure may also have the effect of ensuring greater care when it comes to incurring the expenditures in the first place.

The report includes a number of examples where it was clear that the government did not get value for money for travel and hospitality. While much of the cause for this was a lack of government policy, we also found a lack of due diligence and reasonable efforts to ensure that rules that existed at the time were being followed.

In conclusion, I am pleased to say that we have had a good discussion with the Deputy Governor and his team and that he has provided a response to the recommendations. I welcome the introduction by the Government during the course of our audit of a formal travel policy which addresses a number of the issues we have reported on, and its future extension to areas including hospitality.

I also welcome the lead taken by the Premier and the Deputy Governor in the last year of disclosing their travel costs and would encourage the Government to implement this in a systematic and consistent manner for all senior managers across the public service. I also look forward to seeing the results of the Government's Internal Audit Services travel expenditure audit commissioned by the Deputy Governor to assess compliance with the Government's new travel policy.

However, more needs to be done to ensure that officials have a clear way forward to address the underlying problems around behaviours, controls and processes which have led to the serious findings in this report. While it is important to have a robust and comprehensive policy, ensuring that it is effectively implemented and getting assurance that it is being complied with is equally, if not more, important. I can cite a number of examples where laws, policies and

regulations have been put in place, but without the intended outcomes due to poor implementation and non-compliance.

The issues we have reported on in respect to the management of travel and hospitality expenditures are indicative of the broader issues that we have found in the audits of financial statements around effective control, management and monitoring of the use of government resources. I hope that this report will provide further impetus for the management of public resources with greater diligence and in line with the public's expectations.

I look forward to the Government taking action in response to the findings and recommendations discussed in this report. Finally, I look forward to assisting the Public Accounts Committee over the course of this hearing by providing additional information and clarification where necessary. Thank you.

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

Members of the committee, do you have any questions for the . . . well, I should say I am going to open this up for questions of the Auditor General at this point in time, before we start taking testimony from witnesses.

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, to the Auditor General: In your findings, in your opinion was there any evidence of political interference or intimidation on COs and CFOs with regard to ticking off some of these expenditures, et cetera?

Mr. Alastair Swarbrick, Auditor General: We didn't have any explicit evidence of that happening. The question for me is: Why did chief financial officers pay unauthorised bills which they had no evidence for? That's the big question. In terms of that specific issue we had no explicit evidence to support that at this stage.

Mr. Winston C. Connolly, Jr.: I just have a question, not for the Auditor General, but I see the Financial Secretary here.

The Chairman: Mr. Connolly, it's difficult because the Financial Secretary is not here as a witness to these proceedings to give evidence.

Mr. Winston C. Connolly, Jr.: It was a question about accountability of CFOs and what would happen if there were findings, just for my clarification.

The Chairman: I would ask . . . I don't want to put the Financial Secretary on the spot. I would say, Financial Secretary, if you are prepared to answer it, it's been unusual, I don't want to cause any upset. But, Mr. Connolly, would it be more appropriate for you to ask that maybe of the CFO or someone else on the witness list here?

Mr. Winston C. Connolly, Jr.: Or maybe to the Auditor General?

Mr. Alastair Swarbrick, Auditor General: The Deputy Governor will be in later on today.

Mr. Winston C. Connolly, Jr.: Yes. I will ask it of the Deputy Governor.

The Chairman: Save it for the Deputy Governor when he comes. Thank you.

Mr. Winston C. Connolly, Jr.: Thank you.

The Chairman: Mr. Hew.

Mr. Joseph X. Hew: Mr. Chairman, can the Auditor General tell us at what level he found these ambiguities? Was it almost all the way across in most instances, or was it half and half? What were you seeing in that?

Mr. Alastair Swarbrick, Auditor General: Our audit concentrated on two ministries in particular, which was Finance, Tourism and Development; and District Administration, Works, Lands and Agriculture (DAWLA), at the time. But in terms of the broad picture around travel and hospitality, we did review the picture across the whole of core government in terms of policies and procedures in place. And the totality of that was that there was no clear policy and procedure across the whole of government in that respect.

We concentrated on those two ministries because they represented approximately, I think it was 70 per cent, or more, of the expenditure for government in travel and hospitality, and in terms of some of the detailed findings around individual transactions, that's what we focused on. But they gave us assurance across the broader perspective because they represented such a significant proportion of the total expenditure.

But in the general terms around the policies, procedures and monitoring, things like that, the general overarching, we surveyed across the whole of the core government and the findings are generally related to the whole of core government in that respect.

Mr. Joseph X. Hew: Mr. Chairman, through you. Okay, so in the two ministries that you focused on, you spoke about instances where, I think it was $32,000, you couldn't prove that . . . they couldn't provide evidence that the person had actually travelled, or any receipts. That sort of situation, was that just widely accepted throughout and in many, many instances, or were they just specific?

I am just trying to get the gravity of what was transpiring back then to where we are coming to now.

Mr. Alastair Swarbrick, Auditor General: For example, in terms of travel, we have seen that across the piece to an extent. For example, for the whole ministry, there was $167,000 written off over the course of a period of time where there was no evidence for. And, you know, that's just one example. There were other examples where there was no actual documentation to support, or limited, or partial documentation to support the transactions that were incurred as well.

We are talking about things like even the bill for the airline travel tickets. You know, there's no bill for tickets to tell even what class of travel. Things like that. No receipts for hotels. Some basic documentation we're talking about here, not anything that's unusual.

The Chairman: Captain Eugene?

Capt. A. Eugene Ebanks: Thank you, Mr. Chairman.

Can the Auditor General say whether or not . . . I know he said he was concentrating on two ministries but did he find any other questionable activities in any of the other ministries? Or this was concentrating on two ministries?

Mr. Alastair Swarbrick, Auditor General: I think . . . while we didn't look at individual specific transactions in this audit, we have found in other financial audits transactions where there have been issues in terms of supporting documentation for various ministries. But as I go back to my original point, the controlled frameworks and policies and procedures were not in place across the whole of government. So, there was opportunity for . . . well, it presented . . . it didn't provide a framework to ensure that management of travel and hospitality was managed effectively. So that was across the piece.

But in terms of this audit, we specifically concentrated on those two ministries. But we have seen through our financial audit on other ministries where there have been examples of poor recordkeeping, poor documentation, and other issues.

Capt. A. Eugene Ebanks: Mr. Chairman, based on what the Auditor General just said, why didn't he concentrate on all the ministries instead of just the two ministries that he pointed out?

Mr. Alastair Swarbrick, Auditor General: In terms of our audit scope and efficient audit, we concentrated on the ministries where there was the greatest expenditure to provide for the greatest assurance regarding the management of travel and hospitality. Standard audit practice is to look at sampling and to look at areas of material expenditure and concentrate on those. And that provided us with the greatest assurance, or lack of assurance, I should say in this instance, around how these expenditures are managed.

When approximately 70 per cent of the expenditures are managed by two ministries, it was clear from our audit strategy that that would be the most effective way to get the relevant assurance.

Capt. A. Eugene Ebanks: Thank you, Mr. Chairman.

In so doing, though, the Auditor General has given the impression that everything was working fine in all the other ministries and that it's only these two ministries that he singled out to concentrate on. I would feel a lot better if it were done across the board instead of just the two ministries. I can understand that those were the two with the most expenditure, but nonetheless, it should be a level playing field all across.

The Chairman: Auditor General?

Mr. Alastair Swarbrick, Auditor General: I will start from the perspective that we looked at the policies and processes across the whole of the organisation to determine whether there were issues across the case and we reported that as a fact that across the government there were no policies and procedures, et cetera, in place.

Audit does not look at things 100 per cent. We do not test everything 100 per cent. We have an audit strategy which is designed to get the most effective assurance, concentrate on the material areas and material expenditures. Otherwise, we would be spending inordinate amounts of time with limited and scarce resources to carry out our work.

We have to reach an opinion based on our professional judgment on our audit strategy, which is to get as much assurance as we can. And this is what we have done. When you have 70 per cent of expenditures between two ministries, it is clear common sense and appropriate to get assurance about what the largest amount of expenditure is and use that as a basis.

And we also had the evidence from other audits that there were similar issues in other entities as well. So, it wasn't like we felt like we didn't rely on that evidence as well in terms of forming our opinion as well.

The Chairman: Further questions, Captain Eugene?

[No audible reply]

Mr. Roy M. McTaggart: Okay.

Members of the Committee, any other questions of the Auditor General?

Then, if that is the case, no further questions, then we will call our first witness before the committee, and I would like to call on the Leader of the Opposition, the Honourable McKeeva Bush.

[Pause]

The Chairman: Good morning Mr. Bush.

Thank you for appearing before the committee. It's most unusual, I think, to have a sitting member of the Public Accounts Committee also appearing before it as a witness. But I do understand that you have some important information that you would like to share with the committee in considering this report.

For the record, though, could I just ask you to state your name and position before we can proceed?

Hon. W. McKeeva Bush, Leader of the Opposition: First let me thank you, Mr. Chairman, for offering me to be a witness, or asking me to be a witness. I certainly believe that I should be able to speak and give the information that I know about as a member in whichever fashion possible. It would not be the first time, over the 30 years that I have been here. You can call previous ministers—they don't have to come, but you can call them. Certainly, you can call current ministers, but, of course, the current minister would not know, therefore, the reason why you are able to call somebody else.

You can call other people if necessary. And that's what ought to be done, or else what is going to happen is you are only going to have the view of the Auditor General and his staff. And God only knows what they are going to say. Certainly, some of what they say is certainly not true. And a lot of things are said that could have been straightened out by . . . if they had called me, for instance, and asked me about it, rather than stating things and making people believe that that's what took place. And I am going to state that throughout on what I have to say on the various points.

There are several areas here I would hope that you would ask me questions about. Certainly, I want to address them because I want to be able to say the facts as I know them on various parts (the management of travel and hospitality expenditures: No hospitality expenditure policies or guidance; No policies or controls in place for Members of the Legislative Assembly; Ineffective procedures for processing travel expenditures; Credit card policies and controls disregarded; Mishandling of public funds by ministers and officials, and various other points that they have, for instance, the Apprenticeship Programme and retirement farewell for Collector of Customs; Prayer meeting rentals for West Bay (I don't know which one that was); Birthday lunch for the Minister (I'd like to know when that was); Rental of private residence . . . and these are a number of things that I can speak to and give the facts on as they took place and so.

The problem that we have as a Public Accounts Committee and as a legislature is that these reports go public first. And in my opinion, the Audit Office ought to send that report to the Public Accounts Committee that deals with it and then it's extrapolated and then the public gets the information. And that is done in a public hearing here, and so it is not hiding anything from anybody. But to have this where people's minds are already fixed, you are coming after the fact, after the Audit Office has already influenced public opinion.

The Chairman: I hear what you say with regard to that, Mr. Bush. But I am sure you already know the Standing Orders provide that these reports become public once they have been provided to the Legislative Assembly.

Hon. W. McKeeva Bush, Leader of the Opposition: And that's what I am saying ought to be changed—

The Chairman: We need to change it—

Hon. W. McKeeva Bush, Leader of the Opposition: I have never agreed on that, Mr. Chairman.

The Chairman: I hear you. I remember one of the things I advocated for in this Assembly is that we really need to update our Standing Orders to reflect—

Hon. W. McKeeva Bush, Leader of the Opposition: Yes. Well, you are in a good position; you are part of the Government. So, you ought to be able to get these things—

The Chairman: I invite you, Mr. Bush, to go ahead and make your statement.

Hon. W. McKeeva Bush, Leader of the Opposition: And for the purposes of my three colleagues, I want to stop at each point and they can ask questions, which they ought to, if necessary.

Mr. Chairman, on page 4, Table 1, the Audit Office mentions travel and hospitality expenditures **"reflected a rising trend."** However, Mr. Chairman, when you look at the expenditure year on year, movement is somewhat flat. [The year] 2011 increased by 6 per cent, and 2012 increased year on year by 102 or 3 per cent, when you look at it all.

If you take these amounts another step further and consider them on a monthly basis, it is equivalent to $238,000 (36 months divided $8.5 million)—core government, the entire government, not just the Ministry of Finance and Tourism. That's my reading and an auditor's reading of this.

Is this unreasonable for a government to spend on travel and hospitality on a monthly basis—a government, Mr. Chairman, that depends on visitors and investment to run its economy—to advertise, to promote? The graph, or the statements made by the Audit Office also do not indicate which and how many departments or ministries or units in the core govern-

ment this $8.5 million comprises. I don't know if you can say otherwise on that, Mr. Chairman.

Another important aspect that should have been noted in this audit to give the reader a true and very clear picture would have been what was initially budgeted for travel and hospitality expenditures for these years that are mentioned. That way the public would know if their Government was being fiscally prudent and managing expenditures properly.

For example, Mr. Chairman, if the Audit Office had stated what was initially budgeted each year for these expenses the public would have known if travel expenditures were over or under budget. The Audit Office states that it focused on the Ministry of Finance and the Ministry of District Administration because these two ministries made up 70 per cent of the travel expenditure for the period in question. Now, what I cannot do, Mr. Chairman, is say what was spent for the Ministry of District Administration, or any other ministry at the time, other than broad figures that you would get at budget time or get in this House.

However, what the Audit Office fails to report is that the Minister of Finance at the time of the audit included regional matters, included financial services, which included all of the OECD negotiations and tax information agreements that required traveling all over the world to sign. It included tourism. The Ministry of Finance included Cayman Airways. It included the dock development, which included Planning. It included Turtle Farm. It included public finance. All of these—which required traveling—and, of course, the Premier's other responsibilities, which meant traveling to London on other matters separately.

Let it be understood, this travel was not only for the Minister, but it was also for responsible and relevant staff in the Ministry and other areas as well. And we travelled for all those things as we felt we had to promote this country to try to get our economy back on track. And I believe the projects you are seeing today and some of the work and people who are saying they are coming here, took place because we went and promoted ourselves in Hong Kong and talked to the various law firms there. It took place in China because we went and promoted and did what we had to do because we believed that is the right thing to do. And it took place because we went with Cayman Finance. I didn't go to the London House of Lords invitation the Caribbean Council had. That is nothing but politicking with two business people who want business in Cayman. I went to London and other areas to speak at the various finance company meetings, like the Financial Times meeting.

Anyway, I thought I should point that out on that. And I don't know if anybody wants to ask me a question on it . . .

The Chairman: I do have one question for you, and it concerns really what you first started to talk about on page 4 of the report, Table 1. Do you know what the budgeted amounts were for government for those years that you spoke of?

Hon. W. McKeeva Bush, Leader of the Opposition: No. I would have known, but I don't have the figures—

The Chairman: You don't have it with you?

Hon. W. McKeeva Bush, Leader of the Opposition: No.

The Chairman: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: What the police took out of my yard they didn't bring back.

I don't know if any—

Mr. Joseph X. Hew: Mr. Chairman, through you . . . Mr. Bush, if I understand all you just said, I have just one question to ask. Based on the report there were issues surrounding the lack of documentation and receipts and things like that, which are standard in private sector. Is that something that was simply just not requested at the time? Or, what do you do when you return from a trip?

Hon. W. McKeeva Bush, Leader of the Opposition: Maybe . . . I don't know if that is contained, I said I am going to speak on several areas, and maybe you want to hold that question until we get to a relevant point—

Mr. Joseph X. Hew: Sure. Okay.

Hon. W. McKeeva Bush: —or if that is the most relevant point for you. I think I—

Mr. Joseph X. Hew: Well, I am just trying—

Hon. W. McKeeva Bush, Leader of the Opposition: —address that some other place. But what I can say is that most things are paid by . . . you know, if you travel as a minister your ministry has a head, a vote, and that comes from that. And it's either paid . . . if it's local it's paid by a cheque, not cash. If they even paid by cash they would have to get some kind of receipt. But it's paid by a cheque from government and that cheque should be in government. So, that is documentation. And the purpose for it being paid would be there as well. Some kind of, you know, invoice would be available.

If you are traveling overseas, you know what you are spending by your credit card and that is on your credit card statement. Nobody can hide that; that is there. You spent it and it's paid for by that. So, that kind of documentation is the only way that something like that, I think, takes place. I am not the finance person, I am the minister. The reason why I chose to be . . . when I was asked whether or not I wanted to be a

witness or choose to be a witness as a member, is because I do have knowledge of some of these things. I wouldn't know finite details about what the finance staff did. But certainly, relevant information ought to be available within a three-year period as he is looking at.

We went to China to the conferences and the promotional tours that we took, we certainly, I would think that the staff either paid something directly transferrable from here from the bank or from the credit card or there. But those things are readily available.

Mr. Joseph X. Hew: Thank you, Mr. Bush.

Mr. Chairman, through you, and I am just . . . because of what all you are saying is great, what I have when I try to wrap my mind around the report, and I know you will go into more detail with other things, is the fact that . . . and I am trying to just figure out whether it is that the information was not provided to the CFOs, or whether the information was provided to the CFOs and the CFOs just simply did not do their job properly and record that information. The credit cards, for instance . . . and I appreciate that if your PA were to purchase an airline ticket that that receipt should have been sent on to the CFO. But when you are traveling you have a per diem . . . and I am just using my experience as it relates to private sector. When you are traveling and you have a per diem, and then you use a credit card (in my case it would be the company's credit card) . . . if I am going to use that credit card at facility X, I need to provide a receipt to show that it was either for food, or for drink or accommodation because you can't just go by the name of it. The credit card will just simply say "business X" and the amount it was. So when I go back . . . so if I am given—

Hon. W. McKeeva Bush, Leader of the Opposition: No, Mr. Hew. Some of them would say that you paid in a restaurant—

Mr. Joseph X. Hew: It's not a detailed receipt.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, if you are paying for—

Mr. Joseph X. Hew: The name of the company—

Hon. W. McKeeva Bush, Leader of the Opposition: —you're paying for food. You certainly would know if it's a restaurant you're paying at. You shouldn't want to know any more than that, unless you want to say you had certain amount of liquor or wine or you ate chicken instead of meat.

Mr. Joseph X. Hew: Yes, because—

Hon. W. McKeeva Bush, Leader of the Opposition: I don't know if that's the kind of detail you are looking.

Mr. Joseph X. Hew: Yes, because as a business manager, if I am giving someone a per diem to buy their food, and I see . . . For instance, I own a restaurant. But the name of the account that holds that restaurant is not the same name as the restaurant. It's in the company's holding name. So the receipt from a credit card may come out in the company holding name and not the name of the restaurant. So I need my employees to bring back a receipt to me to say this was for entertaining Mr. So-and-so, and this is what I saw was done there—

Hon. W. McKeeva Bush, Leader of the Opposition: Ah, Mr. Hew—

Mr. Joseph X. Hew: I am just trying to get an understanding when the Auditor General—

Hon. W. McKeeva Bush, Leader of the Opposition: And I just want to tell you . . . and Mr. Chairman, that came up when they had that sham case against me over there.

Mr. Joseph X. Hew: Mm-hmm.

Hon. W. McKeeva Bush, Leader of the Opposition: The purpose of getting credit cards . . . that used to take place. All that used to take place—

Mr. Joseph X. Hew: Where you hand in the receipt?

Hon. W. McKeeva Bush, Leader of the Opposition: —years ago.

Mr. Joseph X. Hew: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: When we used to have cash. We used to give you cash to travel, so you had to bring back slips and slips of papers and sometimes you lost them, all these different things. It's easy enough now to bring back the hotel bill plus your credit card statement.

When they changed, if you look at the reason why they changed, was specifically because of that. It was because they didn't want necessarily having all those little pieces of paper and all those different things. So they created the opportunity to have a credit card so that you could have a record. Nobody can say that you didn't spend $2,000 or $10 by the government credit card.

Mr. Joseph X. Hew: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: But that's where we head. [SOUNDS LIKE]

Mr. Joseph X. Hew: It wasn't requested from you then.

Hon. W. McKeeva Bush, Leader of the Opposition: No.

Mr. Joseph X. Hew: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: It was never requested. All it was . . . when we got the credit cards, if you look—

Mr. Joseph X. Hew: You just got the statements.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes. If you look at the records of this House that created the credit card, it says what it was for, because you didn't have to have all these little pieces of paper all over the place.

Mr. Joseph X. Hew: Thank you.

Hon. W. McKeeva Bush, Leader of the Opposition: And you lost them.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you, although there wasn't any policy in place that was standardised, as a member of Government and the Leader of Government, was there any point in time where you would have suggested that there should be a comprehensive policy?

Hon. W. McKeeva Bush, Leader of the Opposition: What are you talking about?

Mr. Winston C. Connolly, Jr.: In terms of our, kind of, obligation to look after the public funds, both as members of—

Hon. W. McKeeva Bush, Leader of the Opposition: Are you speaking to a specific point in this? Because I do . . . I want to go point by point, page by page of the report and you can hold your question until we . . . not far from here we will talk about an effective procedure for processing travel expenditures, or no policies or controls in place for Members of the Legislative Assembly. That is addressed in the report. So, if you wouldn't mind waiting until we get to that point.

Mr. Winston C. Connolly, Jr.: I don't mind holding my question, Mr. Chairman.

Hon. W. McKeeva Bush, Leader of the Opposition: Thanks.

Mr. Winston C. Connolly, Jr.: And in line with what the member has asked, I will do it point by point.

Hon. W. McKeeva Bush, Leader of the Opposition: When we get to that, and it's not far from here.

The Chairman: Please proceed, Mr. Bush.

Hon. W. McKeeva Bush, Leader of the Opposition: The other point is "No Hospitality Expenditure Policies or Guidance". On page 9 audit point 27, the Audit Office talks about $1.5 million being spent over three years on parties, dinners and social functions. Again, Mr. Chairman, if you were to divide this amount it is approximately $42,000 per month ($1.5 million into 36 months). The Audit Office fails in this report to state the purpose of these parties, dinners or social functions they speak to. They also fail to document what was selected as a sample of those areas to give their opinions on.

Surely, the Audit Office didn't look at all transactions of the $1.5 million. They could have made a determination of what these functions were for through the system's descriptions. The system's descriptions could have told them that. If that was not available to the Audit Office, I would think the proper protocol would have been to speak with the senior staff responsible, or the responsible minister for that period (which I spoke to earlier), which would have been able to speak to myself to confirm what the event or events were relating to. Obviously, they didn't talk to ministers. I can say they didn't talk to McKeeva Bush.

Obviously, I think the wording here gives the readers of the report and the newspaper report, the general public, a different impression, that government officials and ministers are just having parties and a good time on their monies—which is as far from the truth as east is from the west.

On page 9, audit point 27, the Audit Office discusses, for instance, alcohol consumption. They quote section 11(iii) of the PMFL (they didn't say that, but it must be of the Public Management and Finance Law) which indicates that no bar should be reimbursed for travel-related expenses and that the Chief Officer can issue reasonable rules prohibiting the consumption of alcohol in the workplace other than official functions.

Now, under section 11(iii) it does not state that the chief officer can issue reasonable rules prohibiting the consumption of alcohol in the workplace other than official functions, unless the Audit Office is speaking to something else. Maybe I can stop here and they can tell me what they are speaking to. But if that is the Public Management and Finance Law, then it's not so. I would like to know where this section came from. What law or regulation? Maybe Mr. Swarbrick can tell me what it is and then we could look at it.

Mr. Alastair Swarbrick, Auditor General: Through you, Mr. Chairman, as the report says in paragraph 29, that section is from the Personnel Regulations.

Hon. W. McKeeva Bush, Leader of the Opposition: The what?

Personnel?

Not the Public Management and Finance Law? Personnel—which deals with the civil service, and not elected officials?

Anyway, the way number 29 is written the Audit Office, I would think, seems to be trying to connect the two pieces, which I think gives the reader the impression that the two are connected, and I don't think they are. One is talking about reimbursement for expenses related to official travel, and the other is speaking about employees consuming alcohol at the workplace other than official functions, in which the chief officer can issue reasonable rules.

The Audit Office, I think, is trying to combine the two sentences and would make it seem like it is not allowed for alcohol to be consumed, purchased by the government elected officials, for instance. This is not speaking of purchasing, Mr. Chairman, but consuming alcohol at the workplace, other than official functions. And once again, the Audit Office, I think, is communicating incorrect information to the reader. At least I think the reader gets a wrong impression because of the mix-up, and the general public.

I don't know who would be drinking alcohol up in the glass house. I don't know if that's happening these days. It didn't happen with me under my time.

Anyway, when comparing the figures stated by the Audit Office in audit point 29, Mr. Chairman, the expenditure to me is not significant. As the Ministry of DAWLA, which is the Ministry of District Administration, it spent $29,480 on three Christmas parties, which is the equivalent of roughly $10,000 per party. The beverage consumption, which is included, is the equivalent of $2,000 per party when you take the Audit Office figures.

The Ministry of Finance, according to the Audit Office, held five entertainment events. They say three Christmas parties, a special function and a birthday party totaling $17,530, which includes $5,810 in beverages for all the events. And when we examine this, the cost per event is equivalent of $3,506. This cannot be significant expenditure when compared to others in the government. Yeah, if you are just giving somebody a Pepsi, you would say that. But that's not the type you do at most functions, including the Governor. He has wine—a good one too! And rum—a good one too!

But what is important from my standpoint, members, is the Audit Office is leaving out valuable information, I think to give the reader—and I look at this as a member—an impression that all the government ministers are doing is partying because they fail to report that the special function and supposedly birthday held by the Minister of Finance, what were they? I certainly never had any birthday party for me in my 30 years in government that was held, except for a little cake function.

They don't say that we, the Ministry of Finance, held the meeting for Bellingham when he was here at the Pedro Castle. And you can believe it was some cool drinks there for Bellingham's visit. And they didn't say anything that there was a function held to join in the Jubilee celebration of Her Majesty the Queen, as the Foreign Office had asked all the territories to participate in. I think many of us, if not all of us, would have attended both of those things.

The birthday party the Audit Office is accusing the Ministry of Finance of having was not, in fact, a birthday party for anyone locally. We did have those functions, but it was part of the Queen's Jubilee celebration and the Minister's visit.

Again, I want to emphasise that all this could have been confirmed if the Audit Office had followed normal audit practices and protocol, as far as I am concerned, and sought to confirm the reasons for these expenditures by speaking with senior staff or myself as the previous Minister of Finance whom, of course, was being denigrated here.

Now, there were some Christmas parties held. But until recently the policies were open for Christmas parties. You sort of used your best guidance as to what you spent the last year and the size of the department and so on. Now they are giving you $25. I don't know where you are going to spend that down at Foster's Food bar to get a soup and sandwich. But anyway, that's what the policy is now, it's $25. Then it wasn't. You went by the size of your ministry and what was spent in previous years and say, *This year we can only spend this; or we can spend a little bit more, and let the staff enjoy themselves.*

I certainly believe in that, Mr. Chairman. I have no apologies that I had three Christmas parties for the staff in my ministry. They worked hard. They worked hard to produce the work that the country is enjoying and seeing surpluses now. All of them, all of my various departments I had. And, as I said, it must have been 14 areas that I had to deal with. So, yes, I think we had a few Christmas parties. One was down at Neptune's. That couldn't have been anything much. One at Pappagallo, I think it was, could have been a bit more. But is that wrong for the government of the country who is spending $600 million and has staff doing that work? Is that wrong, Mr. Chairman? I don't think so.

But the Audit Office seems to think that it shouldn't be done. Certainly, I would think that all of that expense, whatever it is, receipts are available, should be available, because it's all local and Neptune would have given them a bill, an invoice, and they would have paid it. So they would see what it's for.

Now, a while ago Mr. Hew asked about that and I said, well, I don't know the lengths that he would want it extrapolated, whether you are eating chicken or you are eating fish, or you are eating curry goat. I don't know all the details, but certainly there would be an invoice. And it should be in government.

But, Mr. Chairman, when comparing the figures stated by the Audit Office in audit point 29, I do not think this expenditure is out of place, as I said. What is important here is that the Audit Office, I think, is leaving out valuable information to give the reader an impression, again, that all we were doing was partying as they fail to report that the special function . . . unless they didn't have the information themselves. But they ought to know because I believe the Auditor did it himself, if not the other bearded one, the next one there (Mr. Martin, I guess, is the next one), but Mr. Swarbrick, but one of them must have been up there at Bellingham's parties. They would not have attended my Christmas parties for the staff. No. But they would have known about some of this themselves.

I will stop there before I move on to the next point. There was Mr. Connolly's point on policies and controls in place for Members of the Legislative Assembly and so on.

And, Mr. Chairman, I am speaking as I recall the events that we held and what they were for. As I said, I can't speak to finite detail because I don't control invoices and stuff like that. I was in charge of policy. I said, yes, let's spend this money and, yes, I am willing to spend this money for staff on parties. I can tell you they had no such . . . I will get to that point somewhere about, but they never had any birthday party for McKeeva Bush. Never did.

We will get to that point because it's mentioned here, Mr. Chairman, so I will get to it.

The Chairman: Okay. Please proceed.

Hon. W. McKeeva Bush, Leader of the Opposition: It's mentioned several places—if none of my colleagues have any questions on those things—where it talks about "No Policies or Controls in Place for Members of the Legislative Assembly", on page 10 the audit, point 32, the Audit Office said it **"examined whether procedures existed for effectively managing the travel and hospitality expenditures of members of the legislative assembly . . ."** To me it is not clear by the report if they reviewed other areas of government to determine if they too had policies and if they too were compliant. I don't know if it's just good enough to just look at two areas of government, two ministries, and make a blanket statement that there are no policies or procedures. I don't know that I can say that that is fair. And I don't know what they looked at because they don't say.

On that point I don't know if Mr. Connolly wants to ask anything there or go to ineffective procedures for processing travel expenditures. Maybe that's what he's talking about there. But let me get to the point and then you can see.

On page 11, Mr. Chairman, audit point 35, the Audit Office speaks of reviewing procedures in place relating to travel advances and claims. However, what the Audit Office failed to report to the reader and the public is a sample size they considered for travel advances, and the period the travel advances related to.

For instance, on page 11, audit point 38, the Audit Office says that in 2011-12 one ministry had written off $167,000 for travel advances that were issued between a period of 2003 to 2009. Now that spans the last two years of one Government and a whole of the next Government; a period between two and eight years earlier. The Audit Office does not, I think, provide enough information for the reader to reflect the true position or impact of that statement. The statement does not indicate if this write-off relates to one individual or more than one individual. It does not state which ministry it relates to or the person or persons the travel advance write-off relates to.

I don't understand why the Audit Office fails to disclose the individual or individuals or ministry or department and the specific period that this write-off relates to. They talk about 2003 to 2009 And, as I said, a period of some eight years and two Governments, and the whole of one Government's time. As a former member of the Government from 2003 to May 2005, and a member of this Public Accounts Committee now, I certainly would like to see exactly what the Audit Office is talking about, who they are talking about. Who spent this money? Who is it written off for? I think we ought to question it. I want to know what it's all about.

On page 11, audit point 39, the Audit Office states that $32,000 of the $167,000 above was written off for one senior official, the name or position . . . and they say written off, I don't know what they meant by that, whether they didn't have . . . whether that person, when they say written off, whether that person . . . I take it that that person was supposed to pay and they didn't pay. When we write off a health bill it is that somebody can't pay. Right? And that's what we . . . in government's parlance, in government's information that is what we say when we say "write off." Was this a case that the person couldn't pay? Did they determine that? Or was this a case of they didn't have the documentation, so they had to write it off? But do you write off because we don't have documentation?

The name or the position, the title, the ministry, the period in question, the reason for the travel advance and what the $32,000 that was written off was spent on is not mentioned at all in this report. Why doesn't the Audit Office release that information? The Audit Office, I think, can easily be able to identify the reason and time and the ministry, at least (if they don't want to call names), for the travel advances through the description in the system or on the travel advance form itself. So, if they didn't want to say who the individual was that the $32,000 was written off for, then they could have easily said through those other avenues.

On page 11, audit point 40, the Audit Office speaks about travel advance again. And again there is

no mention of what sample size they looked at and what period the travel advance is related to. The Audit Office, Mr. Chairman, mentioned that they noted 75 advances totaling $76,000 that was outstanding for a period over 30 days (which 30 days they, that is, the Audit Office), considered a reasonable settlement period. But what, to me, they fail to mention in the report is how many travel advances they selected to review in total and the period these advances were outstanding.

By using these words, Mr. Chairman, and failing to report its sample size the Audit Office gives the impression to the reader that the travel advance system is falling apart. For instance, suppose Mr. Chairman, and members, that the sample size was 500 travel advances. Then they would say 85 per cent of what they selected was not processed in a timely manner (75 out of 500). However, if the Audit Office actual sample size was 100, then 75 per cent of the travel advances would have been completed in a reasonable timeframe and we would really say the government travel advance system was working as expected.

What is obvious and clear here that the full and complete picture is certainly not being given to the public and this report is intended for readers to read something which, I think, is belittling and causes reputations of civil servants and elected officials to become tarnished because of the way it's done. I will stop there on that point, Mr. Chairman.

Mr. Winston C. Connolly, Jr.: Just a question: On any of these recommendations by the Auditor General, do you agree with at least the premise behind the recommendations in terms of systems should be put in place, and they weren't?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, as a person looking on, and I don't know if I can separate that from being an elected official, being a member of this committee, and being a former minister in the positions I've had, I don't know if I can separate it. But looking on, no . . . what . . . many of the things the Auditor General has pointed out . . . we come to a place because we want government today to be different than it was in the past 40 years when, as I said earlier, ministers could even be chairmen of their various boards. That is not done today. Although, back then the ministers knew what was going on; today you hardly know what's going on with your boards until trouble blows up in your face.

Because of so-called international standards and because of so-called good governance, none of that takes place, is done today, and therefore we expect a different sort of governance and we call it good governance. Mind you, some of it is very backwards. Some of it is, I think, for a small island, difficult and doesn't make for good operational time of the government. And it gives us much more red tape than we need. But many of the things the Auditor General points out, I certainly agree, since we are expected . . . well, we are going to have to go that direction. Yes.

But the way the report is written? No.

No. I think it is done spitefully. But let's not get into it. I think it is done very spitefully to make people look bad, civil servants and politicians. But I agree if there is a new environment that is expected of us, by all means, let's get that new environment and then everybody knows that years ago you didn't have to produce these receipts, today you have to produce them and everybody knows where they are at.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, thank you.

When I look at the objective of the audit and the fact that it was done to try to determine whether government was managing official travel and hospitality expenditures properly and with due regard to value for money (and I am just quoting from page 1 here), and where the Auditor General has said that he concluded that the expenditures were not managed effectively and efficiently leading to the high likelihood that the government mishandled significant amounts of public resources—

Hon. W. McKeeva Bush, Leader of the Opposition: What point? What point . . . where are you?

Mr. Winston C. Connolly, Jr.: Page 1 paragraph 2 of the executive summary.

Hon. W. McKeeva Bush, Leader of the Opposition: Mm-hmm.

Mr. Winston C. Connolly, Jr.: And just in terms of following on from my last question, having been a minister and premier at the time in question, that's why I am asking if you agree with that—

Hon. W. McKeeva Bush, Leader of the Opposition: Being a minister . . . you're a councillor, and you well know that things are done that you don't know anything about. And if you look at it and say, *Well, yes, I would have tried to do it a little bit different and probably we need to shape this different so that it's absolutely clear what the civil servant needs to do.* But where, in the past, civil servants had sort of a blanket way of operating and doing things, I don't know that you can crucify them. I don't think you should crucify them for it because that was the way it was allowed.

You want to go forward into something new; it's different. But remember what they had. But the way he's writing it, he says the **"likelihood that the Government mishandled significant amounts of public resources . . ."** Was it mishandled, or was that the way we operated as a government—surplus or deficit?

Mr. Winston C. Connolly, Jr.: Yes, but, Mr. Bush, I guess as a member of this committee what I am concerned about (through you, Mr. Chairman) is that if the Auditor General carries out an audit and there are findings, as a Government and for best practice and good governance, are these findings that an elected Government member and also the civil service will take on board as being a true reflection of the situation that existed at the time and what we are going to do as a Government to move from that point. I am not talking about castigating anyone or pointing fingers. I am just asking whether as a member of Government at that time you can agree, or not, with these findings.

Hon. W. McKeeva Bush, Leader of the Opposition: I don't agree with how he puts his words. Okay?

Mr. Winston C. Connolly, Jr.: The essence of the findings, i.e., there wasn't sufficient—

Hon. W. McKeeva Bush, Leader of the Opposition: He has a desire, Mr. Connolly (through you, Mr. Chairman), to improve the system, yes. Where it is going to be more cumbersome, where it is going to cost Government more to put in place some of these things and at the end of the day we don't get any better results, we have to question whether we should. But, yes, on the broad take of things you want best practice and we want good governance. I think that is what I was trying to get across. The difference between what took place years ago and the way we had sort of a blanket way of dealing with things, rather than now you want everything to be according to international standards operated according to present international standards. Yes.

I certainly . . . anything that can improve, I certainly would agree with. As long as, I said, it's not going to make us . . . give us more red tape that is going to draw us further and further and more expenditure than what we did before to handle what, you know, any sort of process.

Mr. Winston C. Connolly, Jr.: This is actually for the Auditor General. In your opinion, when you are looking at some of these numbers, et cetera, especially ones that Mr. Bush pointed out, what would you deem appropriate and normal ratios for spending in each of these areas, i.e., the percentages that you quote on page 5? I ask this to say . . . we were directed by Mr. Bush to say that we needed to look at the overall budget at the time of these expenses being incurred. But when I look at the table on page 5 I see 60 per cent, 12 per cent, and then a declining balance all the way down to 0.2 per cent. I am just trying to figure out what causes the Auditor General's Office . . . kind of concerned with, a) imbalance; and b) just how that budget was, or was not, followed at the time, because presumably you looked at the budgets for those periods. And then, what are the kinds of normal ratios if you are comparing it to other governments? Or is it just a very subjective thing?

Mr. Alastair Swarbrick, Auditor General: My first point is very subjective at the end of the day.

I think it comes back to the point of the audit. The audit was about how government actually managed the travel and hospitality expenditures, it's not about whether they should travel or not.

As I said in my opening comments and in the front of this report, government does need to travel. And it has to be able to do that for various reasons. Some of them are difficult to actually show the business case for but, for example, international relations and stuff like that can be a challenge to demonstrate. But they do have to be able to travel. We didn't examine the quantum in that sense. The information provided in Table 2 was intended to show the level of expenditures and to show you where we concentrated our activity because of that fact.

The point of the report was about how the government administration manages its travel and hospitality expenditure to make sure that they got a fair share in value for money from that expenditure. And the point of our audit was that the findings were that they couldn't demonstrate how they did that.

Now, a lot of the travel would have been worthwhile, valid, appropriate travel. But there is no clear demonstration of benefit of it at times, and there are no clear policies and procedures for how they managed that travel and hospitality expenditure. That was what basically came down to the point of our audit. It wasn't to say that ministry should travel that amount, or that ministry should travel that amount, and what's indicative. It depends on the nature of the business. It depends on where you're located. It depends on where you've got to go to. There is a whole pile of factors that impact the level of travel. So, I think that's the fundamentals of this. The quantum depends on the nature of the business.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, you see, the Auditor General doesn't have any . . . he has no say over policy. That's what we get elected for. He has no say whether government travels or not, or whether they should or should not travel. And when he says he didn't see . . . I think what he is saying is he didn't see any clear benefit of travel on what he looked at. If you look at those periods of time . . . I have to disagree vehemently with the Auditor.

This is where we part ways, because the benefits of me going to Miami time after time meeting with the Florida Caribbean Cruise Association and other travel partners in Miami who flew from others because that's a good point to meet, has been telling and told up in our present cruise numbers. You think that just happened since this Government got in? Well, you all must be sleeping, or you must be joking to think that

that could happen overnight. That took three or four years of planning, cajoling and talking to them and making them understand we appreciate and want them here. So, when you say that there is no clear benefit of the travel, I don't know what measurement you are using, I don't know what you expected to get, but certainly the benefits are very clear.

When I went to the OECD [Organisation for Economic Co-operation and Development] in June of 2009, we had just gotten off of the black list and became on the grey list. I had to fight within three months, May or June, until August to get us off of that grey list. You think I could do that sitting down talking to the Auditor General, talking about counting beans and don't see the difference between apples and oranges? No! It took travel. It took me to get to them to sit and talk and get them understanding that we were willing to right the Propex [SOUNDS LIKE], the tax agreements to get us off. So that is the benefit.

If you are talking about any other kind of travel, if you are talking about promotion, well I think . . . and this is debatable, because the Government is going to say they did it, but I don't know where they did it, certainly they can't do it going to London and talking to the man on the television in London. No. This stuff, what we are benefitting today, the surplus and everything else, the projects came about because we travelled. That's the benefits of travel.

So, I don't agree with him there. But, Mr. Connolly, I agree that there has to be in this new era, this new time that people are expecting different and we should make them know you want this, but remember this is going to slow down things too. You want all this regulation but this is going to slow down things. You're not going to get it as fast. You are not going to get it the way you think you are going to get it because it's a whole different ball game today.

Mr. Winston C. Connolly, Jr.: Thank you, Mr. Bush, and thank you, Mr. Chairman.

I am not going to speak for the Auditor General, but I think that based on what I have read, especially in the findings on page 7, you know, we're talking about a lack of proper records and then proper procedures once those came up. Again, as a member of this committee, that is the ill that I think this audit is trying to cure.

It's stating . . . I mean, it doesn't mention names. It talks about senior officials, ministers, et cetera; it's not pointing fingers at anyone specifically. But what it says is that at the time when we looked at these snapshots that were occurring, these are the things we found and the findings were that government officials failed to manage travel and hospitality expenditures effectively. And it's now in this committee's purview to, a) accept or not accept that finding, and then question the relevant witnesses as to what's happening since this report and the recommendations that were made. What's the timeframe in trying to either take some of these recommendations on board or state the recommendations that you don't agree with or you want to put aside? And then b), talk about that ideal policy and procedures place going forward.

And I think that . . . you know, I hear Mr. Bush and I hear each of the points, but I think that after this I am going to shut up, basically, and listen to the points and then move back to the report and the other things. So, I don't have any more questions, Mr. Chairman.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes. The matter of pointing fingers is not the thing. Here we have a report, Mr. Chairman, that basically has attacked two ministries. Now, I was a minister of one of them. Who do you think the public is looking at?

And all I am saying is that stuff . . . things, when said, need to be absolutely clear when you are dealing with these kinds of issues because you can tarnish elected officials, and you can tarnish civil servants. So, if somebody has done wrong let's say who it is, or get as close to it as possible. Don't leave a blanket statement that could say, *Oh, that's McKeeva*; or, *that's Juliana O'Connor-Connolly.* They said that our ministries spent 70 per cent. Well, we had two of the biggest ministries, by the way. And I think I pointed that out.

What I would like to say to my colleagues is this: They need to understand that while today the past Government and the present civil service is looked at in this light, we better understand your turn is next. What goes around comes around. To me most of this doesn't help the country. Anyway, when they jump on you all, I don't know whether you'll cry, row, shout, or what. But I will be here.

The Chairman: Please proceed, Mr. Bush.

Hon. W. McKeeva Bush, Leader of the Opposition: Did I get to the point of the credit card policies disregarded?

The Chairman: If I remember correctly, Mr. Bush, your last comment was in regard to paragraph 40 of the report. That's where you left off.

Hon. W. McKeeva Bush, Leader of the Opposition: Was that on page 12?

The Chairman: That was on page 11.

Hon. W. McKeeva Bush, Leader of the Opposition: Page 11 . . . page 11, point 40, yes.

I want to address this point that they complain about on page 12, audit point 45. The Audit Office mentioned $458,000 in travel and hospitality not supported by receipts and formal documentation (maybe we've gone through some of that), but fails to state

which ministry or department this amount relates to and what period it covers. They also state that it was unclear whether the expenditures had any business purpose.

Now, you see, that is a very important statement, because what would you be spending on if you are not . . . even if you are not successful, you are attempting . . . you are traveling and attempting to get business done. Even if you are not successful, you've gone abroad for that. What else could it be for? And why do they put that out? The paper carried that, and what do people say? The government accountants and data clerks normally put in descriptions, Mr. Chairman, in the IRIS system. We know that's not the best system in the world.

I want to find out what the $458,000 represents. And this would enable anyone to see if the Audit Office is correct. If the Audit Office says descriptions were not clear, then certainly Audit Office officials could speak to senior management or again to the previous responsible minister who is myself or O'Connor-Connolly (if that's who they are talking about), to obtain clarification. And if they have done this, then what is the evidence of that conversation? Where are the facts then? Obviously, they didn't talk to me.

On the same page 12, the Audit Office states that **"one former Minister [effectively] self-approved the payment of transactions incurred on their credit card which amounted to approximately $71,000."** Which minister? And what for?

I don't know if they seem to know what the true figure is that was self-approved by that minister in relation to that credit card mentioned in the paragraph above. Also, Mr. Chairman, and members look closely also at audit point 77, if you look at it, the Audit Office states the minister approved approximately $70,000. So, what, really, is the figure? Approximately $71,000 or $70,000 . . . they are different figures.

Anyway, I think this is doing nothing but giving readers and the public inaccurate information that is questionable. The Audit Office fails to state which ministry this relates to and what period of time this self-approving took place by the minister they complained about, what it was for, when it took place, where it took place. That's what needs to be said. So, I don't know if anybody has any questions, or if they are just content to listen to me go on. But I will carry on, Mr. Chairman, if you don't have any questions.

The Chairman: Go ahead.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, on the point of Mishandling of Public Funds by Ministers and Officials on page 19, audit point 71, the Audit Office speaks about the trip to Panama costing $71,000 for 43 people that included hotel, airfare, ground transportation, logistics and events planning, and cost of entertainers.

Now, because I am most familiar with this one, let me say, Mr. Chairman, what must be borne in mind is that this is the equivalent of $1,650 per person, including airfare and hotel. This amount surely cannot be seen to be extravagant or significant amount in relation to the benefits that have and were expected to be derived from the launching of the Panama gateway. What else must be noted, Mr. Chairman, is that this was a government budgeted and approved event and directly linked to the strategic objectives and plans of the Government of that day for expansion in Latin America. That launch was to open the Panama gateway in which the Cayman Islands would obtain direct benefit from revenue streams, such as increased tourism and other passenger travel, and to establish important connections developing South American countries for these Islands.

There has been much said about this. When they published it, oh, the papers—as usual—have a fun day. And Opposition and Government too, who should know better, carry on because it was the previous Government. They are not even looking, Mr. Chairman, at the benefit that they themselves are benefitting from it. There has been much said about this, but the breakdown of the 43 people consisted of the wider tourism officials, people from the hotel and condo market, travel agents, Pirates Week groups, entertainers (that is the band), and members of the press. But I believe we only paid for one member of the press.

I don't know, Mr. Chairman, how we can open a gateway for so little, $71,000, and that anyone would believe that 43 people costing $71,000, inclusive of paying for food, hotel, airfare, receptions and transportation in Panama, is too much expenditure for a country trying to increase its revenue base through tourism and development. And you make a big hullabaloo about it—something that was budgeted for, talked about in this House through the Finance Committee.

It seems the Audit Office believes—and I am going to say this—it's all right, Mr. Chairman, for past and new Governors to spend $800,000 on entertainment and other expenses per year for social events, and the entertainment of friends and associates, finger foods and sandwiches, wine and other liquor, but somehow it's out of place, or mismanagement, for the Government of that day to take significant key industry partners and individuals to the launching in Panama that could and has proven beneficial to these Islands.

What value or financial benefits have we gained from the former Government and other spending that $800,000 on the social events and entertainment of friends and associates involved in, as I said, finger foods, sandwiches, wine and liquor? And what business case, should I ask the Auditor General, has been developed for those events outlining its audits on them?

Have any audits been done?

I want to ask as a member of the committee, has he done any audit?

Mr. Alastair Swarbrick, Auditor General: We haven't done a specific audit, performance audit, on the expenses of Government House at this stage.

Hon. W. McKeeva Bush, Leader of the Opposition: Of course not! They are untouchables!

But it's bad for an elected official to carry out his policy that he was elected on to increase the revenue of this country and to do it in the way that it can get done. I don't have any apologies on that, Mr. Chairman. I don't think that $71,000 was out of whack in that expenditure when Cayman Airways went there, and we go there seasonally. It is doing the right thing. It's opening a gateway in Latin America that is badly needed.

The Audit Office speaks of 12 guests of government officials in Table 8 on page 19 of the report. And the words used would give the reader the impression that these persons where friends—read it, read it!—or family of government officials that attended the Panama launch. The Audit Office could have determined these persons by inquiring of the previous minister or the chief officer that they were persons from the travel and tourism industry, including property managers, et cetera, as I have outlined.

Mr. Chairman, on page 20, audit point 72, the Audit Office speaks of Christmas parties relating to the 1st of July 2009 to 30 June 2012 in which they state government entities spent approximately $223,000 on parties and gifts for employees. You see that, Mr. Chairman?

According to Table 10, the Audit Office states the Ministry of Finance spent $28,000 on three Christmas parties and gifts. This does not make sense, and it certainly contradicts what is stated on page 9, audit point 29, in which they state the ministry spent a total of $17,530 on five events. These figures certainly do not correlate, as they say the three Christmas parties alone were $28,000. I don't understand that. That's confusing to me.

And the accuracy of these statements is of concern to me also, because on the same page 9, the Audit Office states the ministry of District Administration spent $29,480 on three Christmas parties. However, on page 20 they say they spent $106,000. This has to be a discrepancy. Now, maybe they have a way of explaining it. I don't know. But it's highly unlikely. But I don't know, so I can't say, Mr. Chairman, that the Ministry of District Administration, Mrs. O'Connor-Connolly, spent approximately $70,000 on gifts for staff.

What in the world were these gifts? What was it? Don't we want to know as a committee? I certainly would like to know. What is it?

It is also of concern that the Audit Office didn't review the other ministries, departments, and entities which made up 40 per cent of the total $223,000, according to Table 10. Look at Table 10. And Table 11 on page 21, the Audit Office mentions what it called "unusual expenditure." However, it is clear that not enough research and questions were performed of senior staff or the past minister by the audit team.

I don't know if anybody has anything there to say, Mr. Chairman.

But I certainly want to know what this $70,000 on gifts was for, for the Ministry of DAWLA. Highly unlikely, but I want to see. I would like to know as a member of this committee.

Mr. Chairman, if nobody says anything there on transportation, on page 15, number 60, the Audit Office discusses $272,000 incurred for ground transportation. Once again, I don't know if the period is mentioned when this travel occurred, but I guess this is pointing to . . . and should I ask him if it's pointing to one of the three years, or part of the three years that he's looking at the Ministry of Finance? Can I ask that question? Is that correct? Transportation: $272,000. Was that period one of the three years that you say you audited? Through you, Mr. Chairman.

Do you see what I'm talking about, Mr. Chairman, on page 15, point number 60 of the audit?

The Chairman: Mr. Bush, I see where you are referring to the $272,000, but I would just remind you that you are here as a witness to give evidence rather than to ask questions of the Auditor General.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, so far nobody is asking any questions so I am going through with my—

The Chairman: We will be.

Hon. W. McKeeva Bush: —that I want information on. I am a witness, but I still have a right to ask a question as a witness in case you don't know.

The Chairman: Auditor General?

Mr. Alastair Swarbrick, Auditor General: I'm actually unsure as to what the question was.

Hon. W. McKeeva Bush, Leader of the Opposition: I'm trying to find out, was this $272,000 incurred for ground transportation, was it one of the three or part of the three-year period you looked at the Ministry of Finance? I am suspecting that's what it is. But I don't see that . . .

The Chairman: I think it probably would cover the three-year period because of—

Hon. W. McKeeva Bush, Leader of the Opposition: Okay.

Mr. Alastair Swarbrick, Auditor General: It covers the three-year period. This is a reflection over the FOI request and specific details that were not included in the FOI request.

Hon. W. McKeeva Bush, Leader of the Opposition: I don't know about FOIs. I know that this is what you wrote. And that's what I am questioning.

But, so you are saying this is part of the three-year period. That's what you're saying, Mr. Chairman?

The Chairman: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: Thanks very much.

The Chairman: It's over the three-year period.

Hon. W. McKeeva Bush, Leader of the Opposition: They also mention that [$]398[,000] paid during 1st January 2009 to September 2012. Now that again spans two Governments, eh? January to May was one Government. That changed, and then September . . . May 2009 to September 2012.

The Chairman: What paragraph are you specifically referring to?

Hon. W. McKeeva Bush, Leader of the Opposition: Page 16. Sorry, Mr. Chairman.

The Chairman: Okay. Page 16.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes.

"September [30], 2012 to two ground transportation companies for the use of limousines, vans and SUVs." Okay, they say here that this is over a three-year period which, Mr. Chairman, is a period equivalent of $132,666 per year. It does say that there. Yes. They say this is over a three-year period.

The Audit Office did fail to make the breakdown of the [$]398[,000] of which ministry department makes up this amount, the reasons why and the companies were used and so on. They didn't point that out, they pointed out the figure, a block figure.

I don't know, Mr. Chairman, and as a witness I will say this. I don't know what the cost was, or what the contract was of the company that did my transport in Florida in particular. The service . . . I didn't, or was not involved in contracting or knowing what the cost was because simply, as Minister, I didn't do that. I can say that the service I received I was satisfied with it.

When I traveled I didn't travel for one meeting. I traveled for three or four meetings a day in Miami and sometimes outside of Miami. I travelled to several meetings and these meetings were all over. My transportation at the time, the company that did that, waited on me, for instance, to take me to the next meeting. And this also included to and from the airport, to and from the hotels and wherever I had to go. When I got elected, Mr. Chairman, I found that transport company in place, and had been in place for some time. And I certainly appreciated the transport and appreciated the drivers for their professionalism. Certainly, when my wife went with me, I was satisfied that we were well taken care of to the point of transport.

But I don't know what the cost was. I can't speak to that, because, as I said, I don't know what the contract was, and I don't know. I know that the companies were in place for years. And I want to state for the record I don't drive in limos. I go in a truck or an SUV.

I probably had to take a short drive in a town car. Well, maybe sometimes they provided that for very short. But when you have to travel like I had to be running up and down from one part of Miami port to talk to the FCCA over to the Kendal area where they sometimes had meetings, then, I certainly preferred a bigger vehicle to be running up and down with. But as to what they were paid, I don't know what the cost was. I don't know. But if you take those over a three-year period it's the equivalent of $132,000 per year for transport. If you are getting transport for as many meetings as I have had in Miami, and elsewhere in the States, because this covers all of that, when we travelled.

For instance, Mr. Chairman, when we were doing the bond, I went from Miami . . . we went to Los Angeles, so we had to do transport there. We went to San Francisco, that was transport. We went to Boston, that was transport. We went to UK, that was transport. And we went to Hong Kong and Singapore, all using transport. So, I don't know how they believe that in this day and age that you are going to get it very much cheaper. You must be going to use a box with four cartwheels on it to run you up and down, or you're not going to have proper transport unless the cost is very expensive.

Maybe the Audit Office doesn't understand this because maybe they are a little outmoded themselves. Maybe where they come from they don't have to run up and down. Maybe they are talking about strictly international points. But sometimes those international points are not the reality that a person has to face. You know that yourself, Mr. Chairman.

The Chairman: Mr. Bush, yes, but I will say your point has been well made. Can we move to the next one?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, if you look at—

The Chairman: I don't want to —

Hon. W. McKeeva Bush, Leader of the Opposition: Yes, yes. I hope the point is well taken by the mem-

bers, if not by the Audit Office, because I don't think they take anything . . . but I hope the members understand what I am saying. And I remind members again today it's me; but your time is coming.

Apprenticeship Programme, the Audit Office left out the relevant details for the reader. When did this event occur? What was the number of persons or students involved? Where was the event held and so on? This is stuff that I think that when you give that report . . . particularly that you are giving that report to the public before the public can get the information that they are getting today, then what else is the reporter going to write? Ask Wendy what she wrote. Look at what she wrote today. I think it's today it came out. Look at it. When they write, they write it as they see it. And if they don't like it they put a licking against you.

And I complain about this, Mr. Chairman, because it is not doing civil servants any good since we are a small island. Certainly, it doesn't help me. It does not kill me, as they know, they've done that time and time again. And I still win elections! So they don't kill me easily. And I am still a hard man to dead. But these are the kinds of things that I think . . . how many numbers . . . what was the number of students? How many persons attended?

The Audit Office mentioned a buyout on rental property, however it fails to provide the reader and the public with key information, such as, what was the television show, what did the TV show relate to? When was the agreement made to have a TV show put in place? And why was it cancelled?

I would imagine . . . and I don't recall this, and what I do recall is that something was prepared and when we got elected we went as far as we could go with it and found out it couldn't work and we cancelled it before it cost . . . because it would run you into hundreds of thousands of dollars. So, I think we cancelled it at that time, but I'm not quite clear on it. I don't have the clarity of mind on that particular subject, but I do recall something, you know, during 2005 and 2009 that that minister then used to like TV stuff and show stuff and all this. And on the Boxing event they spent over $2 million. So, I don't know what this was. Anyway, I imagine that it must have gotten cancelled before it started to cost government too much.

The retirement party for the Collector of Customs: A retirement party, Mr. Chairman, is customary in government and has been for many years for longstanding civil servants. The Audit Office knew that this was a retirement farewell function for the Collector, yet the Audit Office chose not to provide the reader with pertinent information such as who was the civil servant, what was his responsibility, how long was he employed with the government, how many people attended the event, et cetera. The Audit Office also again used the word "party" to make the reader gravitate to believing all the elected government does is have parties and cocktail receptions.

Mr. Chairman, the fact is here. The department staff wanted to have something for the Collector of Customs who was retiring. Here is a longstanding civil servant, I guess with close to 40 years of service. They had no funds. Nobody was doing anything for the Collector of Customs. There was not going to be anything. They had no funds. I was the Minister and I was asked as the Minister of Finance and responsible for the Customs Department to help the department [have] something appreciative for the Collector of Customs. I didn't attend. I wasn't there. But I certainly agreed, because I don't believe that because we are government and because the Audit Office and anybody else in the country wants to believe that civil servants are machines and they don't have feelings—they don't have family, and are just there to be denigrated—I never believed that in my entire life, and I don't believe so today.

Here is a man, 40 years, and if we took $10,000 to spend, you are going to tell me that that is out of place for a man that worked for 40 years and in a department that brings in the most revenue for government. And they want to belittle that? Why?

You know what is true? I tell you this: I would not want to be a civil servant under circumstances in today's Cayman for nothing in this world. And that was something that people wanted to gravitate to. When we were growing up we wanted to try to get a civil service job, work with the government. Today, they are being belittled, they are being investigated, they are being cussed, they are being talked about. I don't know. I don't know how you can really give them an environment to do better. I know one thing: Give them a little medal talking about long service is not helping.

So, Mr. Chairman, that is what that was for. I hope that explanation is okay, unless members have a question of me.

The Chairman: Mr. Bush, I just need to ask you, how much longer do you think you are going to be?

Hon. W. McKeeva Bush, Leader of the Opposition: Not long; I'm winding up.

The Chairman: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: But I am dealing with those things pertinent—

The Chairman: Because we have witnesses waiting as well.

Hon. W. McKeeva Bush, Leader of the Opposition: And I am trying to deal with my . . . and I should end before 1:00 on my points.

Now, here is where I think they are being quite nasty—"Prayer meeting rentals - West Bay". When in the world did the Government of the Cayman Islands ever have a prayer meeting that we paid for in

West Bay? When? When? Here is one of the most atrocious and misleading sections of this audit.

Firstly, I want to say that Government has never had or paid for any prayer meeting in West Bay in my 30 years of being elected. Not once! What they are calling a "prayer meeting", Mr. Chairman, was the National Legislative Prayer Breakfast, which we launched in the 1990s with the help of Dr. Edlin Merren and personnel from the National Prayer Breakfast in Washington, D.C. That's how we got our National Prayer Breakfast. They invited us up there to two National Prayer Breakfasts. I went between 2000 and in the 1990s. It was held . . . what we did here was to hold a National Prayer Breakfast for parliamentarians, judiciary, civil servants, the press and other guests from the wider community inclusive of the Governor.

I don't know when they could determine that that was a prayer meeting held in West Bay. What else are they writing this for, to talk about West Bay—and I am the Minister that they are pointing out—but to try to make McKeeva Bush look as bad as possible coming out before that court case.

What took place in question, Mr. Chairman and members, is that the Portfolio of Internal and External Affairs that normally pays for the National Prayer Breakfast and had it in their budget over the years, did not budget for that year and the Deputy Governor would not agree to give the Speaker of the House, who is in charge of the Prayer Breakfast, any funding for the National Prayer Breakfast. The Honourable Speaker left in charge of an event that we were going to hold, sought assistance from the Ministry of Finance staff and the Ministry agreed to give the Speaker the funding for the National Prayer Breakfast. There was no "prayer meeting" in West Bay that the Cayman Islands Government paid for. That is utter rubbish and a deliberate attempt to smear me.

Utter rubbish! They should apologise!

The next one, Mr. Chairman, is this so-called birthday lunch for the former Minister. Mr. Chairman, I don't know when the Government of the Cayman Islands ever had any birthday lunch for McKeeva. I don't know. I think this is painting a picture for the reader and the general public that government officials are misusing funds as they have said. I have had more than 30 birthdays, including next week, Tuesday—the big 60—when in Government. And the Government has never had any birthday party or lunch for McKeeva Bush. This was, in fact, a staff retreat. We had a breakfast that morning. That was held either a few days before or after. I don't think it was on the 20th of January that year. But a few days before or a few days after my birthday, which is 20th January. And which I was at and they had that breakfast and they had a lunch too. At the lunch they did have a cake for me—not a birthday party as the Audit Office indicated and he would like the public to believe. It's nonsense!

It was a staff retreat where they met early enough to have breakfast and maybe . . . I don't know if they sang 'happy birthday' for me then, but I know I had tea. And I know I had something to eat, because we had breakfast and the whole staff did, and then we had a retreat and had lunch. And I know at that lunch we had a cake. Yet they write it like we had spent what the Governor spends for all that little finger food down at Government House. Shame on them! I should say so, Mr. Chairman.

The rental of the private residence at the residence at the Ritz: now, this had nothing do to with anything that I would have gotten any money out of. I just want to make it absolutely clear. Due to the lack of information provided to the reader one may well think that this was a few meetings being held relating to whatever and we just had it there. But what it was is we were having meetings there relating to the Shetty Hospital project. At that meeting discussions were relating also to the Port facilities in Cayman and proposed cruise facilities and a marina development in Cayman Brac. That also took place at the same location. The benefits of some of these meetings are being currently seen by all the positive feedback, publicity, et cetera, the country is receiving, especially from the Shetty Hospital. That's what that was all about. We couldn't have it in one of the rooms at that time because I think the rooms were taken up. We were there for a big conference but all those things were held on the same day and we got, I think it was a private residence. And I don't know how much it was he said we spent. I don't know if that says that, Mr. Chairman, if you have it there.

Does it say what was spent, Mr. Chairman? I'm not sure. "Rental of private residence at the Ritz".

The Chairman: I have the same information as you, rental of private residence at Ritz Carlton for private function.

Hon. W. McKeeva Bush, Leader of the Opposition: It couldn't have been any more because we didn't have lunch or anything there because there was a conference going on. So, we just had the meeting there and, of course, we had to stay for the time. But that was the only time that the various people that came down from Cayman Brac could be available and that we had for . . . the Shetty people were also . . . maybe in a different room at the time. But those meetings were going on. That's when that took place. I don't know how much it cost, whether for month it is $3,000 or whatever the cost. But, certainly, it was money well spent.

Mr. Chairman, as a witness, I don't know if I can ask questions. I do have some questions, but maybe you wouldn't want me, as a witness, to ask questions. But it does pertain to audit. If not, Mr. Chairman—

The Chairman: I think it's inappropriate. That's just my view.

Hon. W. McKeeva Bush, Leader of the Opposition: Rather than quarrel with you, Mr. Chairman, I would certainly just say that . . . and I have finished that aspect, but, in closing, what I have said . . . I think that the way these audits are written . . . and they are not going to tell me, Mr. Chairman. I saw them (the audit staff) prod Mr. Hew when we were discussing the Port. I saw them prodding Mr. Hew, telling him to ask me certain questions. So, I know what goes on here.

The way they write and the wording they have used and the many important facts that have been left out and have tried to smear good, honest, hardworking civil servants and politicians who have given more than half their lives to try and get something done for this country, it is not helping. It is not helping what Mr. Connolly wants to talk about, what Mr. Connolly asked about and Mr. Hew asked about. They are talking about good governance and what he says needs to be put in place.

What he says needs to be put in place, if that's what we want, then, certainly, I agree. The way he writes it and the misinformation, the way that information is put down, the way information is left out, is what bothers me as not only a member, it bothers me as a witness now, but a Member of this House and a longstanding public official. It bothers me because we live in a small country where people like to think the worst of people. And what they know that can be done is to divide and conquer because they have been doing that for 1,000 years; divide and conquer.

So, that's what is happening here. The press is happy because the press gets all this information, puts it all out then regurgitates it back up, like it was done in the *Cayman Compass* today and *CNS,* and once again it's all said, the *Auditor General said this*, and it's like it's what are the facts. I hope that they all write the facts as has been stated here today.

Again, I can't say anything much about the other aspects of this audit in regard to the Ministry of District Administration. But they should call the Minister in. In fact, when I come back as a member, I am going to put that on record, Mr. Chairman, that we do ask her to come and explain. Then you can get the facts—not from one side; you get it from both sides. And that's what needs to be done. Fairness must be the order of the day.

We need, Mr. Chairman, as you have said, to change the system of reporting. The report should come to the Public Accounts Committee of this Assembly so that what I have done here today can be done here and that the reporters, and thus the reading public of this country, can have factual information pertaining to expenditure of funds for work done for these Islands. Not guesstimates and shenanigans! And the way people can write to make people look bad.

Again, I will just close with this. As a witness, what this Public Accounts and why the Government needs to understand that although I think I was attacked and the past Government today and the present civil servants were attacked, this Government better understand that their turn is next. What goes around comes around, although it is doing this country no good.

Certainly, Mr. Chairman, anything that the Auditor General puts forward, as Mr. Connolly suggested, that is good, that can move this country forward, McKeeva Bush will walk hand in glove with them. I don't like regulations that overburden us. For a small territory I don't believe it's necessary to make government open and transparent. I think you can do things much simpler and get the same transparency and the same accountability.

When you put all the international standards in place it bogs us down. It bogs down our investors. And, yes, they say, Mr. Chairman, that this openness and transparency, the investor want to see that. Our investors want to see that. Our investors want to know that this country is safe, they want to know that the country is run good, and that their money—their money in the bank . . . they don't put money in government, their money in the bank . . . they had nothing to do with government money, not investors, in the bank—is safe. That's what they want to know. They want to know that our credit rating is safe, not all of the jargon that auditors and accountants make up so that they can make money and you have to keep hiring them.

Thank you for your time, Mr. Chairman. I didn't want to be called as a witness, but I am glad you did and I am glad that the committee gave me this time and I will now say if anybody is going to debate this, don't debate it behind my back. I would like to talk while I'm here so I can answer questions about what I said.

The Chairman: Does any members have questions for the witness?

Mr. Joseph X. Hew: Mr. Chairman, through you.

The Chairman: Go ahead Mr. Hew?

Mr. Joseph X. Hew: Mr. Chairman, first of all I feel compelled to thank Mr. Bush for recognising the success this Government, and in particular our Ministry of Tourism, is having right now. But I do want to put for the record that at no time do I recall being prodded by anyone during any of these meetings. I just want to state that for the record, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, just to thank Mr. Joey for his thanks. I know what it was, though. And besides that I don't know what successes you're talking about. The only success that I know you got is good revenue that I left

and a good tourism policy that you haven't changed. And thank God you haven't changed it, Mr. Hew.

The Chairman: Any other questions for the witness?

No?

Then I will say thank you, Mr. Bush, for your appearance before the committee and I now excuse you from—

Hon. W. McKeeva Bush, Leader of the Opposition: You excuse me to go out and come back?

The Chairman: Our next witness is Mr. Vinton Chinsee, the CFO from the Ministry of Home Affairs. I would like to call him into the room and we will take his testimony at this time. I do need to take two minutes for a bathroom break.

[pause]

The Chairman: I would like to go ahead and call the meeting back to order. Thank you for your patience.

Just looking at our time table, what I propose we do is take Mr. Chinsee's evidence before this committee at this time, following which (I am anticipating it will take 30 to 45 minutes) we will then break for lunch. It is now quarter to 12:00, we will break for lunch somewhere around 12:15 or 12:30, and will take no more than 45 minutes. I am going to say that we will reconvene at 1:15. So, for those of you in the gallery who are waiting around as witnesses to give testimony, please be back here at 1:15 so we can reconvene at that time. Is that okay with members? You're comfortable with that? Thank you.

Mr. Chinsee, welcome to the Public Accounts Committee and thank you for attending as a witness here today. For the record please state your name and your position.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Vinton Chinsee, Chief Financial Officer for the Ministry of Home Affairs.

The Chairman: Thank you for being here.

Members of the committee I will now open things up for you to question this witness.

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chinsee tell us whether your specific ministry has implemented a policy for management of travel and hospitality expenditures.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes sir. We implemented our first policy in May 2009. It forms a basis of the current policy that is used widely in government. That was the first version done and we revise it pretty much every year around the same time, and we still need to do another revision. But we revised it to take into consideration the circumstances at the time and changes within the ministry.

Mr. Winston C. Connolly, Jr.: Thank you.

The Chairman: Mr. Chinsee, you said you've had a policy since 2009. But have you implemented processes? I think that really is a critical element of this whole issue. What sort of processes do you have in place to manage the travel and hospitality expenditures?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Well, the policy itself embodies some of that process. One of the key things you have to do when you process a policy is to widely circulate it. So, we actually had to educate the members in the ministry and department managers as to what is in the policy and what the process is. In our case we have a process where the accountable officer, who is the department manager, is responsible for ensuring that all travel and hospitality fits within the confines of the budget, the purpose, and gives good value for money. But in addition to that, we have secondary checks done at the ministry office.

In the first version we didn't have that because we fully had that handled through the department. But when things got a little tight we started to cut the budget for travel, et cetera. We implemented what was then a temporary measure of a secondary check at the ministry to further weed out what we might consider not to be the most essential at that point in time, given the constraints that we face.

So each department . . . there are forms in place. Whenever a person goes on official travels, the first thing they have to do is complete this form. And one section of the form captures the purpose or, effectively, the business case for this travel. And another section captures all the costs related to the trip, not just tickets, but if you have conference fees, et cetera. And it has approval sections there. And then the final section covers whether or not you require travel advance. So, it's one page, one form. But, in summary, it captures everything a decision-maker needs to know about this particular trip and whether or not it is something that we should be doing.

The claim is also separate. After the person has travelled on a duly approved travel they then must, within seven days, submit the claim with all the supporting documentation, receipts, et cetera. Once they do it, it is reviewed by the accounting staff for consistency with the policy and purpose. If there is anything that seems to require a secondary check or is questionable, it is immediately flagged.

If the traveling officer does not supply the necessary receipts or the proper duly completed claim, at the next payroll it is deducted in full from their salary. And that applies to everyone from constable to deputy governor to chief officer to MLAs.

The Chairman: Questions?

Mr. Joseph X. Hew: Mr. Chairman, through you. Mr. Chinsee, it sounds to me that you are fairly clear in your understanding of the Public Management and Finance Law that your entity is responsible for putting in place its necessary policies and controls to ensure that there is compliance and that you can provide assurance to the public that money is being spent with due care and for value. Is that a fair assumption?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes sir.

When I took on the account, I didn't realise it was that bad. We had approximately $200,000 in outstanding travel advances in 2008. I found that to be totally unacceptable. So what we did . . . what I did at the time was to give everyone who had outstanding travel advances—and some of these went back years—a fixed period. I don't remember exactly the period within which they had to submit all their claims. I think it was about two or three months, after which we started to deduct from salaries.

So, we went through an intensive exercise that took months to collect and record all of these claims to support receipts and invoices, et cetera. Where there was no support, we deducted it from salaries. In some cases we deducted over several pay periods. It was highly unpopular. As a new CFO in a ministry of 1,000 people, you have quite a few angry people when they got less pay. But it had to be done.

And immediately, to prevent the problem from happening, I sat down and drafted a policy with clear guidelines to everyone as to what should happen if you are going to travel on government business and when and how you should proceed before and after you have travelled, and what the consequences are should you not follow the proper procedure. Of course, there are exceptions, and there are means of dealing with those exceptions. And there are delegated responsibilities. So, we made all that clear in the policy. And that forms, actually, the basis of the current policies which is widely across all government.

Mr. Joseph X. Hew: Thank you.

Mr. Chairman, through you: Mr. Chinsee, when did you take office? When did you start in your current role?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: June 2008.

Mr. Joseph X. Hew: I read this report, Mr. Chinsee, and this report, to me, is, despite all we heard this morning, much more damning to those who are charged with guarding the funds than those who abused it, to me.

During that time, was that all just accepted? Or did you feel that your hands were tied if you tried to address the abuses, or, you know, were there concerns of being chastised from above if you tried to address those issues?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Actually, in my ministry, quite the contrary. We had full support from the Deputy Governor who was in charge of our ministry at that time, and our Chief Secretary (as it was called then, as well). As long as we clearly outlined the purpose and the intent and it was to support good governance, and to actually protect their back as well, because I remember Mr. McCarthy. One of the things I told Mr. McCarthy, [is that] some of these things are necessary to ensure that he himself doesn't get in trouble. He was very appreciative of that. Mr. Manderson, likewise, followed all the policies and fully supported.

At times, the chief officer and Deputy Governor and the minister actually got the less lenient end of the stick because they not only have to be above board, but appear above board. So, if there is any discrepancy where we had discretion to, as management, say to a lower member of staff, *Okay, yes, we understand; we will allow this one,* when it came to the Deputy Governor or the chief officer and say, *Ah, well, we don't want it to look too funny, so in your case you're just going to have to suffer more than the next person would suffer.*

So, yes, we had cases where it was difficult. But I never really had a problem once explained to any senior member or MLA what the intent or purposes or why we would not support a particular claim or why a particular expenditure was not wise.

Mr. Joseph X. Hew: Thank you.

Mr. Chinsee, now that you are under a minister, has anything changed with regard to what you just explained?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Not really sir.

To be honest, we are under a minister, but I have had occasions where claims may be coming in slow because he might be traveling and his secretary or supporting persons have not brought in the claims fast enough, and I have cases where I've said, *Listen, for the own good of the Premier, if this thing doesn't come in by X date, I am going to have to issue instructions to have it deducted from the Premier's salary.* And they have usually responded and done it, because they know why it needs to be done.

But I have not really had that problem. I can't speak for other ministries or other CFOs; they need to speak for themselves. But in our ministry we have not had that problem and cognisance fortunately.

The Chairman: Mr. Chinsee, you touched on it briefly, but I would like to explore this a little bit further with you.

The Auditor General in his report acknowledges the presence of a travel policy that was issued in 2013, but states that it does not apply to ministers and elected officials. As a keeper of the public purse, so to speak, how do you deal with the travel of the minister who has responsibility for your ministry?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: The Auditor is right. The policy that was drafted, that we drafted, did not cater for ministerial travel, so to speak. However, it does cover I'd say probably 70 per cent of what should still be the same. We never have that problem because as a portfolio we didn't really have a minister. And even though we have the Deputy Governor and Chief Secretary who travel on official business, we just held them to the same policy.

I don't have an issue with the Premier's travel being under our ministry because he does not travel on behalf of our ministry. He has not yet done that. He has traveled in his capacity as Premier. However, if you have an institution where you have a minister there should be specific guidelines where there are exceptions for ministers and such official members, how you would address those because you have to understand that some of those things have to be different.

I give you an example: One of the instructions I recently issued was to the London office, which was a new department to us, so, they kind of struggle to adapt. But our policy was not written to cater for an office overseas. I had to issue instructions that, *Listen, until we can formally put together a proper policy to address certain issues, there are certain things that you should cease doing and we handle them by exceptions until we are able to sit down and properly draft something to cover that.*

I think we should really, with haste now in the interest of everyone, draft proper policy and procedures to cover ministers because they have to travel and represent the Cayman Islands. We don't want a situation where they travel and, because of certain policies which are not designed for their type of activity, they are restricted from being able to perform their functions or make the Cayman Islands look dreary . . . I really hate to bring this one. But take for example this whole issue of alcohol. In some circles . . . I've been or gone to reception for any international agency (I used to work internationally) where it is not acceptable to have wine with dinner. As a matter of fact, in some places, like France, et cetera, it's an insult if you don't provide wine with dinner. I mean, they take serious exception to it. But sometimes we take things to extreme. And we go against the spirit and go for the literal wording. And I think that is a capacity problem in some cases. You have to sometimes look at the spirit of the law, the spirit of the rule, and the intent as opposed to what is literally written. And we get ourselves in trouble for that.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chinsee, I agree there should be some updates, especially with the role of councillor as well.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes sir.

Mr. Winston C. Connolly, Jr.: Having been asked to accompany a minister on official travel, there were no provisions there for councillors.

But you said that in some instances monies were deducted over a period of time for people that owed money on their credit cards.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Ooh—

Mr. Winston C. Connolly, Jr.: Not on their credit cards, sorry, for their official travel.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes.

Mr. Winston C. Connolly, Jr.: Reimbursements.

Is that a standard across the board now with the new travel policy?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Actually, no. That was only in the interim, an exception when we had these large volumes in 2009.

Going from now, and then it's deducted in full at the next payroll. And likewise, credit card. It's not a payment plan. We don't arrange payment plans. If you took an advance and you have not accounted for the government's loan—because an advance is technically a loan—we deduct it in full next pay cycle. And if there is more left over then the additional amount spills over to the following pay cycle. But we don't deduct it over several periods unless there is an exceptional circumstance that dictates that. And that's extremely rare.

Mr. Winston C. Connolly, Jr.: Okay, because I note in the audit there are several indications that monies were written off, et cetera. I am just trying to see if that is not across the board and a policy and procedure, then, I think the audit report highlights the fact that what you are discussing here should be standarised across the board and then you wouldn't have to have amounts given in travel advances written off over a period of time.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: But it is in the policy, sir. We specifically put it in the

policy and it's written on the form. Before you get an advance, there is a section on the form that quotes that if you do not submit this we are going to deduct it, and you sign at that.

Mr. Winston C. Connolly, Jr.: So, if that is not taken into consideration, is that negligence on the part of the CFO?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: [laughing] I can't say to that.

Mr. Alastair Swarbrick, Auditor General: Mr. Chairman, just to answer the councillor's comments, the issue of travel advances should never be allowed to happen in the first place. They should be cleared within that period of time. The way it was dealt with in I&E was the exception to the rule that we saw. In lots of cases they were written off. But they took action to reclaim those.

Under the new policy that situation should not arise. The travel advances should be cleared within seven days of returning from travel. Maybe that is quite extreme in terms of time, but certainly within a reasonable period. And if that is not the case, then I think it should all be deducted somehow. So that's included in the current policy. I am not sure of deductions from salary or whether that's actually mentioned. But that may be more—

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: It is. In ours it is.

Mr. Alastair Swarbrick, Auditor General: —more procedural issue that doesn't support the policy in terms of getting back those advances.

Mr. Winston C. Connolly, Jr.: Thank you.

The Chairman: Since the publication of this report, in your ministry, what are you doing that's different (since the report)?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Nothing, sir.

The Chairman: You're that confident that the policies and procedures you have in place are sufficient to cover you with your ministry?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes sir, as Mr. Swarbrick would beat up on my when he does his annual audits, because they do check those things. And they do ask for the support for travel as a routine part of the annual external audit. In addition, the internal auditors also look at it from time to time and they are currently reviewing it.

I am not saying everything will be perfect when there are over 1,000 people. You will never ever get a situation where all i's are dotted and all t's are crossed. But, by and large, the wide array of issues that you face as a consistent breakdown of procedures doesn't usually happen.

The Chairman: Just one final question from me. I'm assuming that you've had a read of the report and the Auditor General's recommendations. Is there anything you would like to see being done differently? Do you have any recommendations for this committee that we should consider?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: You're putting me on the spot now, sir.

Pretty much some of the things that are recommended we already start to put some of them in place, even some that are not. I will give you an example: All the credit card statements are now proactively published. You don't wait for a request under FOI to publish it. They are actually published every month. It's one of those things that go out every month. What we used to do before we started publishing them every month is that we knew an FOI was going to come almost every month for these things, so we had them queued up. Whenever we'd get an FOI from the press or anybody, we just sent them on.

I know that the Auditor publishes his travel, et cetera, and the Deputy Governor has been doing his as well. I know there are already steps underway to actually have proactively published the travel of senior officials. That is one thing that will promote transparency and prevent some of the sort of comments that you may get that are negative. However, you still have to be careful in that you don't throw the baby out with the bathwater.

For example, if you are doing an investigation that is a bit covert, you don't necessarily want to proactively publish those immediately. Likewise, if you are negotiating a very sensitive trade deal you don't necessarily want your competitors to get the heads-up on it. You have to be very careful. So we have to frame it around certain circumstances and be very careful how we do some of these things.

In respect of the travel, there are some things I would do differently. You need to also recognise since we are acting more like a corporation these days of the Cayman Islands, you have to look at some of what businesses actually do in order to promote themselves. They do have to entertain and stuff like that. We don't effectively manage how we do this.

You have to be careful because you don't want the Cayman Islands to look like the poor cousins whenever you have a gathering of peers in the international circles. I have seen it where I have gone to regional conferences, et cetera (not in my capacity in the Cayman Islands, but in previous life), and you could tell the difference between the haves and the have-nots. Since the Cayman Islands happen to be a big financial centre worldwide, you have to project a

certain image. You cannot be bundled with the have-nots.

You can actually see that sort of situation, or sort of difference. So, you also have to protect the image of the Cayman Islands. There is no point going out there having a conference, let's say, in the conference belt in Orlando, which we know the cheapest hotel is around $269. But because your policy says, *Oh, Florida, it's $150,* the Cayman staff has to stay 30 miles in the two-star down the road when everybody else is at the conference hotel and they are commuting. I mean, you have to be practical.

It works for us, but I am mindful of Tourism Ministry, the Financial Services and those who actually have to court high end people to get business in the Cayman Islands.

The Chairman: Yes. Thank you.

Auditor General?

Mr. Alastair Swarbrick, Auditor General: Thank you, Mr. Chairman.

I just want to add a couple of comments around some of those issues. In terms of alcohol, I think our report is not about the consumption of alcohol, per se, it's about the lack of clarity about when it's appropriate, the policies around that. Obviously functions, when you are entertaining, for example, tourism delegates, whatever else, it's going to be appropriate and it's part of normal business practice to do that. But there has to be clarity about when it's appropriate and demonstrating the value for doing it. And that's the problem. There's no clarity about that. So, it leaves to lots of discretion and potentially inappropriate uses or consumption.

And the same for things like the practicalities of a situation where you can't get the hotel room within the rate of the policy. The policies just give you discretion. It's about documentation of that and putting your idea and argument.

For example, I have had to do that myself when I've had to overnight in Miami on business travel because the hotel rates in Miami that night were above the threshold for Miami and I couldn't get a hotel at a reasonable accommodation. And we're talking about . . . we're not putting one or two people in the local dive. You know, they are on business travel and you've got to have some reasonable standard of accommodation. So you have to, but it's about demonstrating the value and the benefit and the purpose and justifying it. It's not about not being able to do certain things; it's about justifying it.

The Chairman: Other questions?

Mr. Chinsee, you have something further to say?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes, Mr. Chairman.

He's right in that in the policy there are mechanisms to deal with the exceptions. For example, if you have to stay in an area where the hotel is in excess of the amount, in our policy that can be approved once the circumstances are presented by the chief officer or the chief financial officer, et cetera. So we have mechanisms to deal with the exceptions, it's just that we need to make sure that they are in place and actually use them where necessary.

You cannot write a policy to cater for 100 per cent of everything. But you get 90 per cent and you handle the 10 per cent by exception.

The Chairman: Members of the committee, any other questions for . . . Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to Mr. Chinsee. How do you in practice verify when somebody brings a business case for travel and you have to approve that? What is your level of discretion and have you ever said, *Well, there's no business case for this, in my opinion, so you need to take it higher, to the chief officer or to the ministry?*

Again, you are guarding the public purse, so to speak, and people will come to you from time to time with travel and just put "for business." How do you determine whether or not it's a justifiable business case?

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Well, the first thing is that you have to get past my staff. Usually, they will stop you right there and say, *Listen. You're wasting your time sending this any further, it will not get approved. Go back and fix it and put your case.* Usually, those don't actually reach to me. But in an exceptional circumstance where they do, we will reject them—and we have done so in the past. Sometimes it's just . . . most cases it's just a lack of . . . the person just being lazy to properly document the thing. So, we will ask several questions. We will first reject and then if they can convince us otherwise then we will approve.

There are cases where it has to go further. If I still don't agree with it there may be some information that the chief officer may have that I may not have, or somebody else that we consult, like the deputy chief officer who may have, then they will weigh that in. We have had a few cases like that. We have dealt with them. But, by and large, we don't really have many where we have problems.

Recognise also, we have one of the biggest travelers in our ministry—the police. There are cases where we have worked out systems with them where we actually quote certain things with only enough details for us to know the intended purpose but not to reveal something that they may be investigating or something like that, or a witness may need protecting. So we have to be careful with those as well. We can't

put people's names where we are protecting witnesses with those.

Mr. Winston C. Connolly, Jr.: Right. But do you agree then on page 8, under "Policy and Procedures", paragraph 24 where the Auditor General was stating that they "**found that officials were not required to formally document their justification for business travel or consideration of other options.**" The part I am asking you if you agree with is what they list as what they would have expected to see, because it seemed from reading this report that if you are going back to policies and procedures, in some instances you seem to be the exception to norm.

Mr. Vinton Chinsee, CFO Ministry of Home Affairs: Yes. I can't state that I am the exception because I don't have access to the other records to which the Auditor General . . . he would have to state that. But in our case, and I am not saying that everything is perfect, but we require that as a part of that. And it's usually labeled as "purpose".

If you are going to the Brac as a police officer to provide one day training to some officers over there, on, let's say, firearms, you don't need an elaborate business case compiling two, three, four, five pages. It's an administrative burden. This is one of the reasons I put the policy in place. But in respect of what the Auditor found, I have no reason to doubt what he has written. But I can't attest to it. He can speak for that himself.

The Chairman: Auditor General?

Mr. Alastair Swarbrick, Auditor General: I think we generally found that there was no documentation to support what the purpose of the travel was. And even subsequent to the travel there was no documentation to support the basis of what the travel was—for example, no airfare, no airplane ticket receipts, air ticket receipts, hotel receipts, or even conference schedules, things like that in terms of . . . For example, if I was talking about myself in terms of our business case, they aren't long, they are quite short because it's generally pretty clear what the purpose of the travel is. But it normally includes, for example, a copy of the schedule for the meetings, the conference, et cetera, the request, the invitation to go, things like that for. And so it is basic documentation that you would normally provide for that. And we do talk about the benefit we're going to get from it.

But they are lucky for two paragraphs, generally speaking. It's quite straightforward in lots of the cases because it's the same stuff that we do all the time.

And I completely agree with Mr. Chinsee. If you go to the Brac for an audit it's not really a detailed business case. If we're going to the Brac to audit the District Administration, that's about all we have to put down our travel. But it is a business case and it has to be done. We don't have any choice in that. So, it's all about being the perspective and being appropriate to the circumstances in terms of that. But it needs to have something to demonstrate what you are actually doing at the end of the day and the purpose.

The Chairman: Any other questions for this witness?

Mr. Chinsee, thank you for appearing before the committee today and giving your testimony. I appreciate your time and patience. It took us a while to get to you from the start time we gave you, but you are excused. And thank you very much.

Members of the committee it is now 12:15. We are going to take the lunch break and reconvene at 1:00 pm sharp.

Proceedings suspended at 12:15 pm

Proceedings resumed at 1:00 pm

The Chairman: I call the committee back to order for the afternoon session. I am grateful to everyone for returning on time as I requested. I just reiterate my commitment that we get through the agenda for today and that we will work as long as we need to in order to take everyone's testimony. I recognise for the witnesses that that is most inconvenient, but I think I would much rather get everything done today so that we don't have to reschedule and bring witnesses back to the House again for consideration of this report.

So, with those few comments I would like to call our next witness, Mr. Kyle McLean. He is the Assistant Director of Tourism, Finance and Administration.

[pause]

The Chairman: Mr. McLean, welcome to this committee. Thank you for taking the time to be with us. I do know I gave you permission to bring someone else with you simply because you had indicated to me that for a good portion of the time of this audit you were not in the position you presently occupy.

For the record, Mr. McLean, please state your name and position.

Mr. Kyle McLean, Assistant Director of Tourism: Good afternoon. My name is Kyle McLean. My position is Assistant Director of Tourism, with responsibility for Finance and Administration.

The Chairman: Would you mind stating your name and position please?

Mrs. Rosa Harris, Director of Tourism: Rosa Harris, Director of Tourism.

The Chairman: Thank you, Ms. Harris.

Members of the committee, Mr. McLean is available for your questioning.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you: Mr. McLean, can you describe your role and responsibilities as the person responsible for the finances in the Department of Tourism?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Mr. Chairman, as I stated, my title is Assistant Director of Tourism with responsibility for finance and administration. Under that role, as stated, primarily finance, meaning the financial reporting as well as the financial transactions and oversight of the financial function within the department, as well as administration which, for all intents and purposes, means operations, so risk, business continuity and various things such as those.

I took up my role in February 2011. So, I have been in that role since then.

Mr. Winston C. Connolly, Jr.: Thank you.

In terms of since you have been in that role and since this report has come out, have you changed any of your practices in the Ministry of Tourism as a result of the report? And are there instances in the past where you felt that you may have been, I guess, for lack of a better word, strongly guided by: a) a politician; b) a senior officer; or c) some other person in making decisions in regard to travel policies?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Mr. Chairman, since coming on board in 2011, one of the things I have undertaken to do in my position is to implement policy, revise policy where necessary, and to make sure that we are trying to work towards being in compliance with the various laws and the regulations that exist.

As is evident in the 2013/14 audit of the Ministry, you see that we have made great strides in achieving this. Of course, we still have a long way to go. We still have work that needs to be done. However, we have taken this report very seriously, as well as all of the Auditor General's reports. We find value in them and we want to make sure that we can go through them in a very detailed fashion to make sure that we are compliant.

Being one of the biggest spenders in the government we have to ensure that we are managing our expenses carefully. We are also charged with being the marketers for the country, so we have travel and hospitality as a huge line item for us. So, it is very important to us that we manage this process. So, as I alluded earlier, we have quite a few different policies and procedures that are internal to the department that . . . often I have people coming to me saying, *Kyle, geeze, can you please let up? We just need to have an event.* Well, no, because at the end of the day we have to answer to a . . . we have a higher calling. So we have to make sure.

To get to your other question in regard to any, for lack of a better phrase, political interference or anything coming down from the top, all I would say is that basically we are civil servants. We are here to serve the Government of the day and we are often charged with a lot of different tasks. It is our duty to say to the political officials, as well as our civil service counterparts in the chief officer role, or chief financial officer role, where we feel there may be a deviation from policy or where we feel that it may not be correct to do something.

Now, of course, depending on what happens, the powers that be ultimately make the decisions. However, we do at all times try to voice our concerns to make sure that we are compliant as a department because we know that we are under heavy scrutiny. So we want to make sure we are doing what we need to do.

Mr. Winston C. Connolly, Jr.: I hear you, Mr. McLean, and thanks for that response.

I guess part of this process as members of the PAC is we want to ensure that proper policies and procedures are in place. And if there are ever any instances where there was some sort of direction or intimidation where you felt compelled to do something because of, you know, loss of job or loss of . . . that's what I am trying to get towards in that. And I am not saying that you have. I am just asking a general question. But if there was ever any incident, this is the time now we can kind of focus on it and try to make some recommendations saying, you know, we know examples of . . . and we need to correct that going forward, so we protect that CFO, that CO, that person that's in charge of the finances from any sort of interference.

But I say all that to say this: Have you ever been in a position where you had to pay a travel claim without any of the proper supporting documents? And if you have, what was the procedure after that, I mean, in terms of reporting or recording that?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: In my capacity in the Department of Tourism there are times when a person may have been travelling. They may have done back to back travel, for example. And for some reason or another, maybe a hotel receipt went missing or something along those lines. So, it has happened from time to time. The actions that we typically take (which I actually took maybe about two and a half weeks ago) are in the instance where it was a hotel bill, I contacted the hotel myself. The person said that they weren't able to get it, and I said "I am sure you can." I contacted them myself. I received a copy of the hotel bill on their behalf, showed it to them, made sure it was properly signed off and then we added that to the documentation.

In the past, based on the records that I have seen, there have been instances where documentation was not present. Typically what will happen, if the documentation cannot be found, a memo is written or it is sent to the ministry or, in the event it's someone below the director, it will be sent to the director notifying the director or the chief officer of what took place, the estimated costs, so on and so forth, in order to settle the travel expense claim. Outside of that, typically, if it was anything to do with, let's say, interisland travel, it makes it a lot easier (because we have the Sister Islands right there). We can always pull documentation if we need to. But typically, as I stated, what we would do is a memo would be drafted outlining exactly what took place.

If a person needed to, let's say, put forward their personal credit card statement, or something like that, I would advise them to make sure they redact anything they don't want anyone else to see, but to ensure that we have the documentation in place.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Yes sir?

Hon. W. McKeeva Bush, Leader of the Opposition: I just came in on the end of the question in regard to what was being referred to, or asked of the staff member, about intimidation of loss of job. I don't know whether the questioner, Mr. Connolly, asked as CFO or CEO, or by them . . . who was supposed to be doing the intimidation. And that's what I am . . . he's saying by anybody. Anyone that was superior.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: Whether by perception or otherwise, you're saying.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: I don't know about anybody doing that, but anyway . . . the person that you are referring to, Mr. McLean, is . . . you were talking about staff members and you are talking about departmental staff members?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: That is correct.

Hon. W. McKeeva Bush, Leader of the Opposition: Yes. Within your realm, not outside of the department?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Yes sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Okay. And that can be because the Department of Tourism has people who travel—not just staff members here, but people, representatives . . . particularly the United States and Canada, who do travelling from either state to state or across borders otherwise. Thank you.

The Chairman: Mr. McLean, have you fully implemented the Deputy Governor's travel policy that was rolled out in 2013?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Yes sir, we have. We have actually added a bit to it to try to make it a bit more stringent. One of the things we actually did prior to the release of the policy that came out in July 2013 was that we had actually implemented a travel authorisation document which basically outlined what the person needed to . . . Well, basically it was a business case. It was a short business case that the person had to fill out in order for us to make sure we at least had some insight as to what the travel was for. Of course, it's a department, so, yes, the director would be very much aware, or I would be aware of why that person would be travelling to Miami, for instance. However, the documentation would have to stand for itself later on when it's being audited to say, yes, this person went to X conference.

So, to answer your question, yes we have. We are still working out the kinks. We have quite often some challenges meeting the strict thresholds for hotel accommodation. However, we still try our best to work within them, as well as other aspects of the policy. I have people walking around with the policy now and saying, *Okay, can I do this under this policy?* And we advise them yes or no; or we seek further clarity from the ministry or even PoCS [Portfolio of the Civil Service], if necessary.

The Chairman: Now the Auditor General clearly acknowledges in his report that it doesn't apply to elected officials within your ministry. How do you deal with ministers and councilors?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: In my role I am employed by the Department of Tourism. So, I don't actually do any type of transactions for the ministry.

The Chairman: Okay, got you.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. McLean, can you give me an outline of what is expected in that travel policy from A to end?

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Just for clarity: In the

travel policy issued by the Deputy Governor and the Portfolio of the Civil Service?

Hon. W. McKeeva Bush, Leader of the Opposition: Yes, whoever it was that issued it.

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Okay.

Forgive me if I miss out a few sections but—

The Chairman: Before you actually proceed . . . Mr. Bush would it be more appropriate if we asked the Deputy Governor to give this committee a copy of that policy?

Hon. W. McKeeva Bush, Leader of the Opposition: [We] can, but we are asking a staff member if he is adhering to it, and I want to get an understanding from him of what he is supposed to be adhering to.

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: I will certainly try my best, sir.

The policy is very well written and everything. What it seeks to do is ensure that when a civil servant goes on official travel that they do the preliminary checks and balances prior to trying to receive a travel advance. So, in doing that, one of the things that has to happen is that you have to have a travel authorisation, meaning that the travel has to be authorised by a person in higher authority. So that is one of the key steps.

Another key step in there is to outline the cost ahead of time. As I stated earlier, one of the key things that we had on our travel authorisation document was to say whether this was budgeted or non-budgeted travel. When I say "non-budgeted," it was, maybe, a trip that came up that we may have to accompany the ministry or something along those lines. But whether it was budgeted or unbudgeted.

Beyond that, you also put forward the case as to say, okay, what is the travel for, how it will benefit, as well as when you are filling out your travel advance form you are going to put down there the itemised cost of the travel. So you are putting down your hotel bill, you are putting down any registration fees and anything like that if you are going to a conference.

In doing that, as well, of course, everything has to be signed off by the powers that be, whether it's the head of department or the chief officer (in the case where the head of department is going on travel). Beyond that, what you would have there is that you also have a list or, should I say (if this were the subsistence allowance rates), a schedule of daily subsistence allowance rates similar to what the United Nations uses and this has set parameters, basically. So, for example, if you are going to Tampa, Florida, during this period of time . . . actually, you have a set rate for Tampa in terms of your daily subsistence. Beyond that there is also a premium lodging rate that is seasonal. So, we are to adhere to those different rates.

Where we have to deviate from those rates we have to receive . . . we have to make a case for it as well as we also have to seek authorisation prior to the travel. In the event something changes, we also have to document that. Beyond that there are also a lot of different parameters set around car rentals. There are also things in regard to expenses that are reimbursable and non-reimbursable. So there is any number of rules and policies within that policy that, depending on the situation, you would have to adhere to.

So, for example, if you are taking a taxi, certain things within that policy state that, yes, you can receive a reimbursement for the cost of a taxi up to a certain amount. And then beyond that, for example, if you have to rent a car, it has to be preauthorised. So, there is any number of things just in that section. Beyond that, when you come back from your travel then you are to fill out your travel expense claim form and produce the relevant hotel or any other type of receipt that you may have. Then from there you have your supervisor or the person in charge sign off on that documentation and then it is put through for payment.

Now, granted, there are some steps in between there that would have to go through the vetting process to make sure that, *Okay, yes, you stayed at this hotel. This was the hotel you received your allowance for. Okay, you stayed at that hotel. Did something happen? Okay, no. Did you incur some extra expenditure?* If there was extra expenditure that was not put on your travel advance, then either a memo would be written, special permission received, something along those lines, to ensure that there is proper documentation, as opposed to just saying, *Oh, you received $1200, you spent $1500, okay we'll take your word for it.* No, we have to have the documentation that all adds up. If there is anything outside of the norm or the policy, we then have to seek further guidance or further approval in order to have that authorised.

I don't know if I captured everything, but I hope I gave you a good synopsis.

Hon. W. McKeeva Bush, Leader of the Opposition: Thank you.

Mr. Chairman, one or two more questions: How does this relate to the various officials within the Department of Tourism overseas, our agents (I call them), travel agents, whatever terminology you use, our staff overseas, as I said, mooted earlier, those particularly who travel up and down to various shows in Florida, or [other parts of] the United States, in Canada, and, of course, in the UK? How is all this kept track of? And how does this all pertain to them?

I know in the UK quite a bit of work is done in the UK itself, and then to various shows and events in Europe by the Department of Tourism there.

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Mr. Chairman, the Department of Tourism does operate overseas offices, as the Leader of the Opposition has said, in Canada, the UK, and in the USA. All of our offices have received the official travel policy. What we are in the process of doing at this moment is submitting a document to the chief officer for consideration to be further sent on to the Honourable Deputy Governor for consideration where within those countries there may be some deviation from that policy.

For example, in the UK, some of the rates that are in the policy may not be feasible because they may be either too low or there may be some issue where we feel that it may not be conducive to the type of work we are doing. In the meantime, our marching orders to our staff members are, *Let's stick to this policy as much as we can. Where there are deviations, please let us know. We will then give you the relevant authorisation, if necessary.* But we typically do not have that situation very often.

One of the key things that we have in line with the US would be the reimbursable and non-reimbursable expenses. As the committee may be aware, there are a lot of guidelines around reimbursable and non-reimbursable expenses under US tax law. So, there are things in there that we are now trying to make sure that we are following the policy but ensuring that we are also fair to our US, UK and Canadian staff to ensure that we are also in compliance with their laws and procedures and everything. I hope that answers your question, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: So before one of our travel agents or staff goes to a travel event they have to go through this whole rigmarole, all this bureaucracy. By the time they finish all that they forgot what they are going for. Thank you.

The Chairman: Any other questions for Mr. McLean?

Mr. McLean, thank you very much for appearing before the committee and giving your testimony today. You are excused.

Mr. Kyle McLean, Assistant Director of Tourism, Finance and Administration: Thank you, sir.

The Chairman: At this time I would like to summon our next witness. I am making one change to allow Mr. Stran Bodden, who is the Chief Officer in the Ministry of District Administration, Tourism and Transport. He has a time constraint in that he has a deadline . . . not a deadline, but he has other obligations that he must meet later this afternoon. So, we are trying to fit him in and take his testimony at this time.

[Pause]

The Chairman: Thank you, Mr. Bodden. Welcome to the committee. Thanks for your patience.

For the record, would you state your name and position and then we shall allow members of the committee to question you.

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Good afternoon Mr. Chairman and Members. My name is Stran Bodden, Chief Officer in the Ministry of District Administration, Tourism and Transport.

The Chairman: Thank you, sir.

Members of the committee, your witness.

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to the Chief Officer: Mr. Bodden in this audit report for the period of some three and a half years, it is noted that the ministry had not managed travel and hospitality expenditures, in the opinion of the Auditor General, in accordance with the exhortations of the Public Management and Finance Law. What would you say on behalf of your ministry as to why this was the case? And also, what has changed, if anything, since the report has been published?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Thank you.

Mr. Chairman, first of all I would like to state that I joined the ministry in February of 2012. So that was on the tail end of the audit period.

The Deputy Governor's response at the back, I think, speaks nicely to it. There could have been more efficiencies, more recordkeeping, or greater recordkeeping done previously. What has changed since this report and my coming to the ministry, obviously across government, the official travel policy has been adopted. That was led by the Deputy Governor, but all chief officers had input. So, it took a while. It was adopted in July 2013. But it was in the works for a while.

I can't remember exactly the length of time. But we wanted a robust policy that not just only addressed the Ministry of Tourism, but transport, travel across the entire government. And that took a while to get that input. But with that now in place and being adhered to . . . I mean, when I travel as chief officer and when the present Deputy Premier travels, the entire staff is aware of the policy. The policy is for personal assistants to chief financial officers. They know, if there is travel to Miami, New York, wherever, that there is a price or a cost for per diem, hotels, et cetera. And there has to be a business case put in place why the travel is being done. And that is in

keeping with the policy and with all audit procedures as well.

Mr. Winston C. Connolly, Jr.: I know that the ministry has changed (I mean before it was Finance, Tourism and Development), so there are lots of other moving parts. But since the travel policy has come into place, can you say how you get assurances from your CFO that everything is being managed in accordance with that and the Public Management and Finance Law? For example, how to you monitor it, and how are you satisfied that things have now been put in a sufficiently robust manner that you can sleep better at night?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Mr. Chairman, a great question.

I mean, the finance staff in the Ministry of Finance unit are all CPAs [Certified Public Accountants] at the chief and deputy chief level. So, when they . . . first of all, what happens (I guess I will start there) a request comes in from, say, the Department of Tourism to have travel. I don't look at that first. It goes to the Ministry of Finance team who verify it against the official travel policy and the budget. This then comes to me, and I have been assured that it fits within the budget and fits within the official travel policy, and this is coming from certified individuals who don't want to risk any of their many designations to authorise expenditure of funds. So, I am quite assured by each travel opportunity.

What it also does by going through the process that is now in place . . . the budget has to be there. So the planning for it has to take place. The Director of Tourism, who travels quite a bit, has to be thinking well in advance that if they are going to a show, a conference, a workshop, that they need to have the proper documents in place or it will not happen. And that has happened where I have said this needs to be done prior. And if it is not done it doesn't happen.

Mr. Winston C. Connolly, Jr.: Thank you.

The Chairman: Any other questions for the witness?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Go ahead sir.

Hon. W. McKeeva Bush, Leader of the Opposition: The question was posed in regard to tourism. But can I just ask the Chief Officer if his answer in regard to Tourism would probably be the same in regard to DAWLA? Or what was DAWLA when he got it—District Administration, let's call it, that part of it now? It would be the same answer, right?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Mr. Chairman, yes sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Except you took over that part since 2013. You took over one part since 2012, Tourism; and District Administration in 2013?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Yes, sir, that's correct.

Hon. W. McKeeva Bush, Leader of the Opposition: And the answer would be the same?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Mr. Chairman, that is correct. The answer would be the same across the ministry.

So, just to give an example, my travel to Cayman Brac, although a domestic flight, I will have to state why I am going to the Brac, what meetings I am going to have in the Brac.

The Chairman: Mr. Bodden, just for the record, have you fully implemented the policy that was rolled out by the Auditor General?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: For the record, yes sir. It has been fully implemented.

As the Department of Tourism was mentioning before, they are in the process of providing some input to myself on how the policy for . . . the book of business of Tourism is travelling, Mr. Chairman, going worldwide to spread the word about Cayman to drive visitation to Cayman takes travelling. And it needs to be in sync with that. It's a document that we see as dynamic across the pool of chief officers. We recognise that it will have to be changed to reflect the times. But it is a policy document that is adhered to.

The other day in the chief officers' meeting we recognised that some of the hotel accommodation rates for some regions may need to be adjusted. As the world comes back from a global recession and so forth, rates are starting to creep up, and we are not going to be able to be held accountable to those rates, specifically, as they were at the time. So, it's a document that is dynamic and needs to be reviewed periodically.

The Chairman: Thank you, sir.

Mr. Winston C. Connolly, Jr.: Would you say that you agree with all or most of the recommendations from this report and, if so, just also can you say when

your ministry will be in full compliance with the Public Management and Finance Law, in your opinion?

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Mr. Chairman, I thank the member for the question.

Right now, as of the 2013/14 audit, we received a qualified opinion from the Office of the Auditor General. That was the first time that either the Ministry of Tourism or District Administration had received a qualified opinion, something we are very proud of. We still have quite a bit of work to do. But the culture change is there that it is going to happen. We have a plan in place. I think we have something like six qualifications we need to work on. We hope to clear up approximately half of those in 2014/15, so three out of six. And then in 2015/16 we will work on the remaining three.

A lot of those points are issues of fixed assets and so forth, whereas, in Cayman Brac and Little Cayman we have our own Public Works Department and the tracking and recording of those assets needs some work to bring them up to the international public sector accounting standard. And we see that as taking some time, but we do have a plan in place and we are on track and are working closely with the Office of the Auditor General to show that we have put in place plans. We put in place a culture change to take the finances of the ministry from what they were to a qualified and eventually unqualified opinion.

Mr. Winston C. Connolly, Jr.: Thank you.

The Chairman: Questions from other members?

If not, Mr. Bodden, thank you for your testimony before the committee. We excuse you at this point. We will summon our next witness.

Mr. Stran Bodden, Chief Officer, Ministry of District Administration, Tourism and Transport: Thank you, Mr. Chairman. Thank you, members.

The Chairman: I would like to summon our next witness who is Mrs. Nadisha Walters

[pause]

The Chairman: Good afternoon Ms. Walters. Welcome to this committee. Thank you for coming along to give your testimony this afternoon. I apologise for the length of time it's taken us to get here, but we are determined that we are going to get through this report today.

For the record, please state your name and titles.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: My name is Nadisha Walters. I am currently the Chief Financial Officer for the Portfolio of the Civil Service, also responsible for Cabinet Office.

The Chairman: Thank you.

Members of the committee, this witness is available for your questioning.

Mr. Joseph X. Hew: Thank you, Mr. Chairman.

Ms. Walters, during the period of time that this report was written, did you have a good understanding of your responsibility as the CFO under the Public Management and Finance Law, including ensuring that there are sufficient policies and procedures to ensure compliance?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes sir.

The Chairman: Mr. Hew?

Mr. Joseph X. Hew: With that in mind, can you perhaps give us some idea as to why travel claims are routinely processed in your ministry without proper support to determine what the expenditures were for, and whether the expenditures incurred were for government business or, indeed, good value for money?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Well, at the time in our ministry all travel advances were not processed centrally at the ministry. A lot of the time the travel advances were processed at the departmental level.

For example, HoDs would approve the travel advances for their underlying staff. The ones that came up to the ministry were mainly the HoDs needing approval by the chief officer, and, of course, travel within the ministry, administration itself, including the minister.

Mr. Joseph X. Hew: Thank you for that answer.

What was the process then when these travel reports finally reached your desk where documentation was missing or, according to the report, sometimes even evidence that travel took place or that the funding was spent on what it was claimed for?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: I guess there are two stages to the travel, the approval of the advance and then the subsequent claim.

In terms of the advance, the way our ministry was structured at the time, the advances went through the chief officer for approval. So when it got to my desk or my staff, the finance staff, it was already approved by the chief officer. We were not involved at the level when it comes to, I guess, justification of the travel and having that business case. It was more the processing of the payments so that the employee could travel.

Most times, in terms of the advances, a lot of times there was a flat rate that was approved. So there was a certain period of time where it wasn't expected that you have to come back with receipts. We had a changeover of chief officers, I believe, during that time and the new chief officer I think changed it a bit when he came on board. But initially those flat per diems, it wasn't expected that you had to claim them back. It was just a flat rate that was supposed to cover like your meals and other incidentals while you were away.

In cases now where, I guess for a minister, a lot of times travel was charged to the credit cards, travel expenditure. So, we did have an issue there sometimes with processing credit card claims and needing to have the supporting documentation when your processing the claim. We weren't able to receive the receipts from her. You know, it was requested, but that never happened for us. The only thing is we were kind of caught as well because we had the obligation, the charge had already been made on the credit card. So, government has that liability to RBC to pay that credit card.

So, initially when we were trying to enforce the credit card claims and the processing to ensure we have support before paying it, we had now the other leg where we were getting called by, I think the then chief officer of the Ministry of Finance, that we had to pay the credit card claims on time and not be incurring . . . we had other issues now with late fees and interest charges trying to process the claim, you know, properly.

Mr. Joseph X. Hew: Just to clarify then. So what you just described was that you were actually facing two issues there, one where you actually couldn't verify that it was a legitimate charge on the card and not a fraudulent charge; and two, whether the charges on the card could be verified as official business or personal.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Correct.

I think in terms of ensuring . . . what we had done at the minimum was any time the credit card statement came with the various charges, whether travel related or not, it was always given to the credit card holder to review and determine that the charges . . . you know, like they signed off to say, yes, these are legit charges, they incurred these charges. So, we did have that obligation to pay.

As I said, in the case with the minister we didn't always get the detailed support in terms of the receipt for all the individual transactions. But we were obligated still to pay the credit card payment.

Mr. Joseph X. Hew: And so, 1) does this still happen? And 2), it concerns me because I mentioned it earlier, but I will use an example. One of my favourite restaurants is an Italian restaurant. But when I charge it on my credit card or debit card it says ITO Cayman. It doesn't actually say the name of the restaurant. In many instances . . . so you wouldn't be able to tell whether ITO Cayman is a restaurant, or whether it's a massage spa, or whatever. And there are several businesses out there, nightclubs and others, that actually deliberately use names that don't define what the entity does as a business. So it concerns me in both ways that you can't actually confirm what it was used for and also whether or not it's still happening.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes. I agree, in certain instances there might be where you can't tell easily from the name what it was for. But in most instances you can see whether it was hotel charges or, like, restaurants and the like. So, I don't recall a lot of situations where you just couldn't tell from the name what was being charged. In a lot of instances most of the charges were travel related, so it would be quoted to official travel and we didn't necessarily like to distinguish to say, *Well, this portion was food, or what not.* It was mostly official travel or hotel accommodations that it would have been booked to.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just listening to Ms. Walters, I am wondering if she ever felt any pressure not to follow procedures set out in the Public Management and Finance Law by superiors, or where she felt she had to act without proper documentation, like she suggested, because the bank was owed the money.

Did you ever feel that type of pressure in that role?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Um, there is some sort of pressure there where, you know, in most instances you do need to have, or you should have, supporting documentation for all transactions being incurred.

How we handled it in that case, we made numerous requests. We advised to say it is normal procedure to get supporting documentation. What I also had to do was notify the chief officer to say this is what is happening; we're not receiving support from the minister regarding proper receipts when it comes to the charges. So, we notified who we thought was best to notify in terms of our direct report, and that's our chief officer.

Mr. Winston C. Connolly, Jr.: Who was the chief officer at the time?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: At the time we actually had two chief officers during that period. It was Mr. Gomez, originally. And then Mr. Alan Jones took over the helm.

Mr. Winston C. Connolly, Jr.: In any of those instances did you ever refuse payment for the minister or someone else in a situation where the only justification was to pay the bank because they were owed, rather than having any of the documentation? And did you ever withhold payment for salary for . . . or suggest withholding payment of salary for that minister or superior?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: No, we didn't take it to that.

Mr. Winston C. Connolly, Jr.: I mean, we had another witness earlier who stated that that was what his ministry did in terms of when they would basically take the payment straight from salary. So, that seems to be one of the ways to counteract some of this stuff and to curb that type of behaviour, you know, the instances of that happening.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: I agree.

You know, we did talk about it in terms of taking salary, but at the time it wasn't discussed to say at the minister. In terms of compliance, the other staff, for the most part, complied in terms of providing supporting documentation. So, it wasn't the norm that we didn't have supporting documentation for most other claims. It is just at the higher level sometimes you just didn't get that support.

Mr. Winston C. Connolly, Jr.: When we say from support . . . from the chief officer?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: As I said, we brought it to the chief officer's attention. I was advised that he would liaise with the minister on it. I never got back an official response to say, and we still had the payments to make. You know, I'd followed up, but there wasn't any consensus in terms of to say, well the minister started producing the receipts.

Mr. Winston C. Connolly, Jr.: When did you leave that ministry?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: The 1st of November 2013.

Mr. Winston C. Connolly, Jr.: And before you left, and in light of the audit findings of the Auditor General, were there any significant actions, or any actions at all, taken to ensure compliance with the Public Management and Finance Law on your part?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Well, we reviewed the policy. Well at the time before, a credit card policy was already issued I believe in 2010, and there was even an internal audit, I believe, on the whole credit card management. So, I had utilised the internal audit report, especially in terms of developing tighter procedures when it comes to the credit card claims, which included travel expenditure on that. But in terms of the report, the travel policy that was issued in July 2013 was basically when I was wrapping up at that ministry. I was in the year end for 2012/13, so pretty much that was the priority in terms of completing the annual reports.

So, the travel policy itself, now in my new role for the Portfolio of the Civil Service I have gone through it with a fine-tooth comb, even worked with the chief officer in terms of developing a checklist because it is a very detailed document. So, it's almost like you need a little checklist to kind of guide you through that you're complying with all the different areas. So, where we have implemented that, that has been quite helpful.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you, and I guess based on your past experience and present experience and following up on the report and the Auditor General's commentary and recommendations, what would you say your new approach would be, given the same circumstances presenting themselves to you as you have described back in the DAWLA Ministry?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Well, basically, the travel policy gives you very clear guidelines and has very clear reporting hierarchies. I think, as I said, it is still lacking where right now it still doesn't apply to ministers. I am advised that, but, you know, the ministers have adopted it. Currently, I don't have a minister over our portfolio, so all staff in have to comply with it in our Ministry. I do have the full support of the chief officer, as well as the Deputy Governor, in terms of enforcing the policy. So, it is a great help just having those clear guidelines in that you are not just speaking out there and no one is actually listening to say, *Well, okay, we're not getting the support.* This is a very public topic right now and we need to get it right.

The Chairman: Ms. Walters, with regard to the Auditor General's report, and it looks like there are about 11 recommendations there, multiple recommendations, what has your ministry done with regard to these recommendations?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Let me refresh myself with some of the recommendations. [Pause]

Well, I think one of the earlier recommendations was to actually develop a policy and have a documented policy. The Portfolio of the Civil Service is, I guess, the driver when it comes to this policy in ensuring that it is updated. So, the Portfolio plays an integral role. They are actually in the process of reviewing

the policy, or have actually reviewed the policy, I think, to make recommendations to update it.

Let me see . . . they have in recommendation number 7 **"Government should provide training to Chief Officers and Chief Financial Officers on their roles and responsibilities . . ."** I don't think that when it comes to the travel and the credit card policy we've actually had any training as yet. Maybe it was while I was on maternity leave if we did. But I know in terms of just knowing to say . . . not to say how much power it is you have, but in terms of in my situation where I had a minister not producing the receipts, like what are the avenues, what are your options, you know, like you report it to the chief officer.

I had had a separate conversation with the Deputy Governor where it was expected that I should come and report that non-compliance to the Deputy Governor. But at the time there wasn't any clear policy and procedure. And then as a CFO you kind of feel like you're overstepping by going beyond your chief officer and your minister to go to the Deputy Governor. So, if that is the expectation that we should, you know, carry it to the Deputy Governor, it would be good if those kinds of reporting structures are highlighted in the policy. That would be one of the things I would recommend in terms of an update.

I know they also talked about ensuring accuracy of the information that is being reported. Normally, in our ministry . . . well, the report at times was a little difficult to follow because it was jumping between different ministries. So, I don't know if they considered my previous ministry one where they couldn't get detailed information from, but I know we normally pride ourselves in putting quality information into the IRIS system.

I have always stressed it with the finance staff, you know, in terms of that you have quality information to say such that, when someone reads the report, runs the report from the system, they can tell what that transaction was for without having to go to the manual records. But at the same time the report . . . I don't see, or I don't know if it was that I wasn't in office at the time, but no one came to say they wanted further clarification on any of the transactions. I didn't get any queries in terms of, *Okay, we see this transaction here. Can you give some more insight on this transaction?* I wasn't involved, or we were not presented or given that opportunity to kind of explain things further.

The Chairman: Is there a hospitality policy that has been implemented?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: No, not that I'm aware of. There is no hospitality policy.

The Chairman: Okay.

Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Thanks, Mr. Chairman, through you.

In terms of I think it's Table 5 . . . sorry Table 2 on page 5, where we see that, again, the two ministries that were looked at . . . of the ministries that were looked at the two top ones in terms of expenditure through that period, the second one there at 12 per cent of travel and hospitality expenditures was DAWLA. In your opinion, what needs to be implemented other than something like a hospitality policy to ensure that there are proper checks and balances where this won't happen again?

I know that we have a travel policy. But there seems . . . and again, just piggybacking on what the Chairman said, there are still more policies and more checks and balances and procedures that need to be in place before this committee can kind of be assured that there won't be abuses again (for lack of a better word) in terms of government spending.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Okay.

Referring back to the table, my former ministry took up 12 per cent of the allocation spent on the travel and hospitality. I think what this table fails to present is just to kind of add perspective or scope to these figures.

At the time, the Ministry of DAWLA was one of the largest ministries. We had basically 15 departments under our portfolio. I don't think in the presentation of the figures that are reported here . . . it doesn't give the reader, like perspective. And just referring, I had read where they quoted something under Christmas parties for our ministry. As I said, I am no longer with the ministry so I don't have access to the information to go back and analyse it. But if I just took some averages here saying that we spent $30,000 on Christmas parties over three years, that's like an average of $10,000 a year on Christmas parties. The ministry itself had almost like around up to 800 staff members under its remit at the time. So, as I said, just basically using the figures reported here, if I just take that to get an average of how much per employee was spent in those years, we're looking at maybe $12.00 and change, you know?

I'm not sure, as I said, in confirming these figures. I'm just going straight by what's here. Currently, PoCS has the responsibility for the hospitality budget when it comes to Christmas parties and the rate per head is $25.00. So, you know, as I said, there wasn't any opportunity given to go and just kind of add some context to the numbers being reported, because you read that and it looks ridiculous. But if you actually kind of just take some averaging and the number of employees there, as I said, it's like $12.00 per head.

The Chairman: You mentioned . . . you said that the ministry contains like some 15 different departments.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

The Chairman: Does that include the statutory authorities as well?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: That does not even include the statutory authorities. But I don't think their figures would have been reported in this report.

The Chairman: That's what I'm trying to get at as well.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes. We had about maybe another four or five statutory departments that we were responsible for.

I think, as well, during that time our finance section was also plagued with human resources restraints as well because that election (I can't remember the year) I think we had jumped from being like 7 departments to 15 departments with no extra resources in the finance section. So, we were doing a greater volume, you know, a lot of time just processing day-to-day transactions. You knew that you needed to develop stricter policies and procedures, but at that time you didn't have the opportunity to sit down and actually develop more strategic objectives. So, that's what we were dealing with at that time.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Thank you, Mr. Chairman, through you: The report deals with . . . and I am not saying that this is your ministry or otherwise, but in paragraph 45 on page 12, it talks about ministers effectively self-approving payments incurred on their credit cards for significant amounts, and the general lack of control and the significant risk of abuse by senior government officials and ministers. Can you tell me specifically now what you are doing in your ministry to curb or stop this type of general practice that existed or that the Auditor General has said existed at the time of this audit?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Well, as I said, now I don't have a minister under our portfolio, but we have the credit card policy that we ensure that we strictly comply with that. Every time charges are made to the credit card . . . well, we would receive the credit card statement from Treasury. We also have the process where, if the credit card statements are not received in time, that we have online access to go on and print the online statement so that we can ensure that we process the payment in time to avoid any additional late charges and interest charge.

As well, what we do is pretty much every transaction that is listed under credit card statement, we ensure that we have proper support for it. We also require the credit card holder to sign the credit card statement itself to say they are verifying that all these transactions are official business related.

There is a set form in place that we have to complete, the credit card claim form. That's reviewed . . . Well, at the departmental level we have a review where their finance people will check it. It will come to us at the portfolio level and we will ensure that we review everything over and we have another sign-off there before it's actually sent to Treasury for processing.

The Chairman: Any other questions for the witness?

If there are no further questions, then we will go ahead and excuse you—

Hon. W. McKeeva Bush: Ah—

The Chairman: Mr. Bush?

Hon. W. McKeeva Bush, Leader of the Opposition: A question asked by Mr. Connolly was whether the officer answered (she may have and I missed it) in regard to the self-approval.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Mr. Chairman, through you. In terms of self-approval, as I said, with the credit card statements it is a requirement where we have the credit card holder sign the credit card. But it still has the claim that there is a separate documentation where it's reviewed by the CFO or chief officer and there is a sign-off there on the actual claim form. So, you would normally see the credit card holder signing the statement itself. But you wouldn't see like the other approvers at times to say have another signature there.

Hon. W. McKeeva Bush, Leader of the Opposition: At the time they said this was done, you were in that DAWLA Ministry?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: Could it have been that a self-approved minister travelling and came upon extra expenses because perhaps a delegation? And so she approved it to get the increase to pay for the delegation?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: I am not sure if I understand the question.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, I am trying to . . . there was a question asked of

you in regard to the self-approval for the increase on the credit card.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Oh, of the increase?

Hon. W. McKeeva Bush, Leader of the Opposition: Yes.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Okay. No, I—

Hon. W. McKeeva Bush, Leader of the Opposition: I didn't know whether you had answered that. I didn't know whether Mr. Connolly got an answer on that.

Mr. Winston C. Connolly, Jr.: Well, what I understood from what you said (and correct me if I am wrong) is that the onus was on the minister to sign the credit card receipt saying that it was for official—

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: The statements.

Mr. Winston C. Connolly, Jr.: The statement.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

Mr. Winston C. Connolly, Jr.: To say it was for official travel. And that's what you would have used as the approval or sorts, you know, they are saying the $70,000 . . . well, I don't—

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: But I don't know if it's for our ministry.

Mr. Winston C. Connolly, Jr.: Whatever the purpose, whatever the amount was, by them signing that statement that's basically what was required of them and that's what you would have accepted.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: That's all we got as I had noted earlier when it came to the minister. We weren't able to receive actual receipts to review the credit card statement.

Hon. W. McKeeva Bush, Leader of the Opposition: But the requirement was that the minister signed for what the purpose was. Is that what you are saying?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes, we normally . . . any time a credit card statement came, we have always requested that the cardholder, minister, HoD, chief officer, actually sign the credit card statement to say that they verify it and all the transactions, you know, are like legitimate.

Hon. W. McKeeva Bush, Leader of the Opposition: And you were satisfied with that. I mean, the Auditor has said that it was self-approval, which sounds, you know, way out.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Oh.

Hon. W. McKeeva Bush, Leader of the Opposition: Which makes it sound, you know, like somebody is doing something terribly wrong. But you were satisfied as the Chief Financial Officer the process was they signed and identified to you.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Right. Without receiving the physical receipts—

Hon. W. McKeeva Bush, Leader of the Opposition: At that time?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: At that time.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes. That's what we had to rely on.

Hon. W. McKeeva Bush, Leader of the Opposition: At the time of approval you are talking about. Well, you wouldn't have a receipt at the time of approval. You would get that afterwards.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: At the time of the credit card claim approval?

Hon. W. McKeeva Bush, Leader of the Opposition: Expenditure.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes, we should have . . . once the statement is in office all the receipts should be in hand by then.

Hon. W. McKeeva Bush, Leader of the Opposition: So, you are talking about at time of statement.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: And not before.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: No, because we don't know before when they are making the charges. They have the credit card, so we are only seeing the transactions after.

Hon. W. McKeeva Bush, Leader of the Opposition: [Inaudible]

[Inaudible interjection]

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: Thank you, Mr. Chairman.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, just in the CFO's opinion, then, was that adequate check and balance on spending in your view?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: I don't agree that that was adequate, but that was the situation that we were dealing with.

Mr. Winston C. Connolly, Jr.: So, in terms of again now, what could happen in today's world . . . am I right in saying that that could not happen again in this new regime, because it might be taken then from salary and other things if they can't properly document and justify it? Or is it still the case that we are deficient in that and we must then have proper records, et cetera, before we authorise this type of cash?

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: In the current regime, and now that there is so much attention on the matter, it actually bolsters our position in terms of ensuring that all receipts, all expenses are properly supported by all staff members, including ministers. So, it has improved the process and made our jobs a bit easier, because of the public's attention on this expenditure.

Even though, as we said, we did recognise that the expenditure is not a significant expenditure for the portfolio, for the government. I don't have the exact figure from my former ministry, but from the figures reported it's less than 1 per cent of the government's expenditure. But I do recognise that this is a very public area so we do need to make sure that we have that transparency and accountability.

Mr. Winston C. Connolly, Jr.: Again, Mr. Chairman, through you, because yes, I think it's not the amount that is (well, for me personally) is the issue. And I get what you talked about scale and proportionality and all the rest of that. But it is, you know, even it if were $1.00 it is the public's dollar. And we as a government need to ensure and show those looking that we have proper procedures in place that we can document the business case, and justify the expenditure, and more so on your part, the verification of that once those funds are expended from the government purse, which is the public purse.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Right. I agree with you. It is very important, as you say, even to $1.00 accounting for it. As I said, in terms of my role, the situation with the minister was an exception, not the rule. It just so happens that, yes, a lot of the cost relating to our travel budget was incurred by the minister.

The Chairman: If there are no further questions, then I would like to thank you for your testimony this afternoon, Ms. Walters. We release you from the committee and thank you again for your testimony. You are excused.

Mrs. Nadisha Walters, Chief Financial Officer, PoCS: Thank you.

The Chairman: I would like to call our next witness into the chamber, Ms. Wendy Manzanares.

[Pause]

The Chairman: Thank you, Ms. Manzanares. Welcome to the Public Accounts Committee. Thank you for appearing before us this afternoon to give your testimony in respect of this important report.

For the record, would you please state your name and your position?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Thank you, Mr. Chairman.

My name is Wendy Manzanares. I am the Chief Financial Officer for the Ministry of Financial Services, Commerce and Environment.

The Chairman: Thank you very much.

Members of the committee, Ms. Manzanares is available for your questions.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to Ms. Manzanares: Can you tell me what you understand your role as CFO under the Public Management and Finance Law is to ensure that policies and procedures are compliant with that law?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: What my role is?

Well, I am responsible for the finance functions for the ministry. And in fulfilling that function I have to ensure that all departments, as well as administration, are compliant with those laws in terms of putting policies in place to adhere to the law.

Mr. Winston C. Connolly, Jr.: Thank you.

And in that role, then, according to the report that we have in front of us, there seem to be claims that travel was routinely processed without prior sup-

port to determine what the expenditures were for, and whether the expenditures incurred were: a) for government business; or b) for good value. How did you at that time reconcile those? If this report is accurate (you can say if you think it is or not) how did you reconcile that at the time, i.e., paying these things without the proper support? And were you at any time pressured into doing so, even where you found, or you thought that there wasn't enough justification for some of these payments?

I don't know if you were here for the previous witness, but when I say intimidation, not by someone saying to you, you know, "You must do this," but pressure because of things like the bank is calling and saying "Where are our payments?" rather than someone saying to you, "You must pay this, regardless."

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Right.

Mr. Chairman, in relation to your question as far as being pressured, I didn't feel any particular pressure in any way as far as meeting the payments. It was basically in avoidance of incurring interest charges on the government cards. It was our duty then to go to the various cardholders, have them review their card statements (in instances for credit cards), and have them provide supporting documentation.

In cases where supporting documentation was not provided, the cardholder would . . . we would send them a memo basically asking them to review it and confirm whether they were official charges, or personal charges. And we would get something back from the cardholder confirming that.

Mr. Winston C. Connolly, Jr.: Was there any point in time where you didn't get the corresponding documentation and, like the previous witness, because of the policy at the time you just had the person responsible sign the statement saying that it was official and that was all that was needed for you to process the payment?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: As far as our ministry during this period of time, I am aware that we did send memos on a regular basis to the cardholders if they were not able to provide supporting documents. In most cases we did get the supporting documentation. So, it was a very rare few cases that we didn't, and we provided a memo to the cardholder and in turn they would respond or make a notation on that memo or credit card statement confirming that they were official charges.

The Chairman: Mr. Hew?

Mr. Joseph X. Hew: Thank you, Mr. Chairman.

Could you say whether or not during that time, as far as you were concerned when they were travelling, was there competitive shopping done for transportation for hotels, etc.? What was the policy based on that?

Hon. W. McKeeva Bush, Leader of the Opposition: Before you get into that, Mr. Chairman, to the transport piece, I wanted to ask a question on the matter that Mr. Connolly raised.

The Chairman: Let him finish his question and we'll come back to you.

Hon. W. McKeeva Bush, Leader of the Opposition: But, I was trying to keep it in line, since he's moving away from the expenditure to . . . he's moving to the transport section. I think that's what he was going to ask.

[Inaudible interjection]

Hon. W. McKeeva Bush, Leader of the Opposition: Well, do what you like, Mr. Chairman. I can ask whatever I'm going to ask at another time.

The Chairman: Let him ask his question.

Go ahead Mr. Hew.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Could you repeat the question for me please? Thanks.

Mr. Joseph X. Hew: Certainly.

I was just asking if in your recollection during that period there was any competitive shopping done when it came to booking hotels or transportation. Or was there a policy, like we heard so many say earlier that today you have. You know, there are certain rates or policies as far as transport or hotel rooms or . . .

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Mr. Chairman, in relation to your question, there was no formal travel policy in place at the time covered by the report. Therefore, we actually got some correspondence from the Financial Secretary at the time to ensure that we would use Cayman Airways as our first point. And in some instances if Cayman Airways was unable to book a certain route that we needed, we would go through a private travel agency.

As far as hotels, I am not aware of any competitive practice as far as seeking rates and so forth.

Hon. W. McKeeva Bush, Leader of the Opposition: Just for informational purposes, Mr. Chairman, the question asked by Mr. Connolly was one that was asked in court and was given a very solid answer.

The Chairman: Observation, or a question, sir?

Hon. W. McKeeva Bush, Leader of the Opposition: As I said, just for informational purposes.

The Chairman: Okay.

Mr. Winston C. Connolly, Jr.: I was going to go to another question.

In terms of best practice and professional standards, as the CFO at that time, and I guess I am not asking this to you in your personal capacity as CFO for this ministry, but I am just asking you as a CFO with professional designation, et cetera, and also for your fellow CFOs. I am trying to get, in my mind, the lay of the land at the time this report was written.

Was there ever any discussion in that and around the CFO grouping? I don't know if you guys meet regularly under the chief officer or that aspect. But was there any dialogue, even if it was the water cooler talk, that, you know, *Our job is hard to do because of lack of proper procedures and reporting,* et cetera? Or was it, *Well this is just how it is and this is how we go along*?

The reason why I am asking is because of certain professional standards and I guess some people might have come from private sector before or at least done it theoretically in getting their CPA designations or CA designations. Was there any time when the CFOs stepped up and said, *This isn't the way that it should be done,* and made representations to the DG [Deputy Governor] or the chief officer saying, *We need to put policies and procedures in place or this is going to have some consequences down the road*?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Mr. Chairman, thank you for the question.

I do recall initially . . . well, first to state, because you said with me being CFO of this agency and so forth, I was reporting to Ms. Josephine Sambula, who was the senior CFO at the time. So, during that time she was leading the ministry during the entire time covering the report. But during that time I do recall hearing CFOs . . . they may have met occasionally, but discussing many different issues that we faced as far as IRIS, as far as policies, no uniformity in reporting. So, there were various issues highlighted by the various CFOs, sometimes put in writing. There were reviews done, as you guys may be aware, of the Public Management and Finance Law and various processes. So, it has been highlighted in many instances by the CFOs.

Mr. Winston C. Connolly, Jr.: And in your opinion then, but for this report, did any of those comments, et cetera, relate in some tangible policies and procedures, and checks and balances that helped your role going forward?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: From what point . . . sorry—

Mr. Winston C. Connolly, Jr.: From your discussions, the memos, the representations to superiors, et cetera. I am just trying to see where we were, where we are, and also then I have a follow up kind of question/suggestion after you answer just to see if that would also, in your opinion, make your job as a CFO a bit easier and more kind of streamlined.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Thank you.

Mr. Chairman, in response to the question, a lot of the correspondence, a lot of what was put forth by CFOs, I am not exactly sure it was anything official. I think, like they would use one person to make the communication forward. I am not sure . . . we all had our complaints about systems and processes and so forth over time. And I think over time it has evolved and it has improved.

With the travel policy that was put in place, things have improved significantly because I can attest to the . . . I am currently the CFO for Financial Services and I know in our ministry we are doing regular credit card claims, posting it. We are doing monthly reporting on credit cards and travel. So at any point in time you could go on the website and see what a particular minister or staff member spent on travel in a particular month. You can see anything that was charged to their card in a particular month. So, I think the travel policy really pushed the culture on the whole across government to improve.

Mr. Winston C. Connolly, Jr.: Okay, thank you.

And then my follow-up to that is: Do you think the next step or the next evolution should be a system-wide accounting manual where everybody is just following one plan, one, I guess, blueprint, so to speak, so that we can have consistency and kind of stated checks and balances? Or do you think that is too premature to get to that stage?

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Mr. Chairman, in response to the question, I do believe that it has been discussed many times in the past and very recently. Maybe in the past six months or more, there was a meeting with the acting Accountant General at the time, Mr. Ronnie Dunn, where CFOs also expressed to him the lack of uniformity across government.

Just the mere fact that sometimes when we're reaching out to an agency we could reach out to may-

be three or four people and each person has a different opinion on the way something should be done. So, I guess manuals across the board could be helpful as far as attaining consistency in the way things are done. And I guess it will be very helpful for audit as well. And I am sure that after the travel policy was put in place they are probably finding a lot of things improving across the board where people are complying with the travel policy more, or trying to fall in line in being compliant with the travel policy, for example.

The Chairman: Other questions for this witness?

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman?

The Chairman: Yes sir.

Hon. W. McKeeva Bush, Leader of the Opposition: The question of the lack of proper procedures. The staff member would be able to say that the procedures that were used were used for over many, many years, and that there were processes and procedures in place.

Maybe people today would say there was none, or they weren't good enough, and they would make a case that it wasn't good enough and they put something else in place and say this is what is best now. But as far as the accountability, according to the proper process and procedure, that existed.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Mr. Chairman, in response to the member, I do believe there were processes in place. I just think that refining the process, a little more clarity added to the processes because various ministries . . . each ministry was doing something different. Each ministry had a different per diem. Each ministry had a different subsistence rate and meals rate. And their sources for where they sought for hotels as well as airlines . . . there was not a lot of consistency across the board.

So, I think with the travel policy being put in place since then, yes there were procedures. But I think it has helped with them being more compliant as far as following and ensuring more value for money as far as their choices and consistency across the board. So now there is . . . everybody . . . if you are a minister you are going to get the same rate. If you are going to Miami, all the ministers are getting the same rate. And I think we had an issue previously where the rates were very different between ministries.

Hon. W. McKeeva Bush, Leader of the Opposition: So, what you are speaking of is the fact that while we had processes and procedures and policies, it is that before we had those policies and procedures, practices, and each ministry or department, let's say, sometimes, had a different one. I know what you are saying because some had 200 . . . at one point I was getting $90 per diem and other people were getting $150. Chief Officers at that time, sometimes. So, I know there were inconsistencies. But that's what you are talking about.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Yes.

Hon. W. McKeeva Bush, Leader of the Opposition: So, it is not the fact that there wasn't accountability and certain processes in place; it's the fact that different ministries had their own and the other one operated differently.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Right. No consistency between the ministries.

The Chairman: Anything else?

Ms. Manzanares, thank you for your testimony this afternoon. We excuse you from the committee at this time.

Ms. Wendy Manzanares, Chief Financial Officer, Ministry of Financial Services, Commerce and Environment: Thank you.

The Chairman: I would like to call Mr. Alan Jones, Chief Officer to the Chambers.

[Pause]

The Chairman: Good afternoon, Mr. Jones. Thank you for attending the Public Accounts Committee this evening for this hearing.

For the record, would you please state your name and position?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Yes. Good afternoon, sir.

Alan Jones, Chief Officer, Ministry of Planning, Lands, Agriculture, Housing and Infrastructure.

The Chairman: Thank you.

Members of the committee, Mr. Jones is available for your questioning.

Mr. Joseph X. Hew: Mr. Chairman, through you.

Mr. Jones can you describe for us what you believe your role is under the Public Management and Finance Law to ensure there are adequate financial policies, practices and controls in place?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Yes sir. I mean I fully understand the role that I and the CFO play within the ministry. We need to make sure that the right checks and balances are in place, that allowances, expenditure, is according to the government laws and procedures, and to ensure proper accountability and transparency at all levels. So yes, I fully understand the requirements under the law.

Mr. Joseph X. Hew: Mr. Jones during the period of this report, what was your role in relation to approving advances or travel based on value for money for the Ministry?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Well, I can give you a little bit of context. I think Ms. Walters touched on this earlier on.

When I took over as chief officer of the Ministry in February 2012, I think it is fair to say that I found a system that wasn't quite in line with what I was expecting. So, I took steps to change what I regarded as maybe some flawed procedures in certain areas.

I think it's probably fair to say that I have a reputation as being one of the more cheaper (I like to use the word "frugal") chief officers. For example, in terms of overseas travel, realising that we needed to get on top of what was becoming, and still is, a very important area, I have issued a directive to all the HoDs and my ministry staff in September 2012, basically saying that all overseas travel and expenses should be standarised. I applied at that point the figures which I had been using when I was director of Lands and Survey, which, essentially, were taken from the old General Orders.

I dealt with (and I think the Auditor General deals with this in his report on the general) . . . I dealt with the per diem in a slightly different way. The law allows for that. It allows you to deal with it in two ways, either an all-inclusive figure where you pay hotel . . . sorry, you pay for food and incidentals or out-of-pocket expenses, or you can do it separately and pay a fixed amount for food, which you ask for receipts back, and pay a small additional amount (which I used to call a per diem) which is a per diem for the out-of-pocket expenses. So, I actually did it slightly differently in Lands and Survey. That is slightly different from the way the new travel policy now deals with it where the per diem includes food and incidentals and receipts aren't asked for either of those expenses.

So, I introduced this new process with these fixed amounts. I also directed in April, again to all of my HoDs and the ministry generally, that we needed to have proper reconciliation of all travel advances. That is something that I recognised was not happening regularly enough, both at the departmental and the ministry level. That needed to change. It's quite clear that reconciliation needs to take place within seven days.

And there was some discussion at some length this morning about, I think it was Mr. Vinton talking about the ability and the power to deduct money from salary if reconciliation doesn't take place . . . it says within seven days. I think the Auditor General alluded to this. I mean, that's what we aim for. But the key point is to get it reconciled quickly so that it doesn't get forgotten.

And the first step I took was to instruct all my departments that all overseas travel—no matter who it was and in what department—had to come through me and be approved by myself. This was jointly driven, partly because of government's severe financial problems at that time. So there was clearly a need to curtail any expenditure which we could avoid. And the second driver was the fact that I didn't feel there was a proper process in place to control it and I wanted to get some consistency. Being a new chief officer as well, I wanted to ensure that I had sufficient time to ascertain what the current situation was on the ground across the whole ministry and therefore introduce these policies quite early in my tenure to bring some consistency to this area.

It's a rather longwinded answer, sir, but I think it gives you some context.

Mr. Winston C. Connolly, Jr.: Mr. Jones, how do you ensure or get assurance from your CFO that expenditures are being managed in accordance with the Public Management and Finance Law? Can you describe that process to the committee?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Any particular expenditure, sir, you are talking about? The process would differ depending on what time.

Mr. Winston C. Connolly, Jr.: In terms of just how the CFO goes about doing their role including, I guess, the processing, because we are talking about the travel and hospitality expenditures. How do they see that there is a business case? How are they tracking the receipts, et cetera, to justify or to verify the payments or charges incurred—that sort of thing?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Certainly, at ministry level, as I alluded to before, all approvals are seen by me, at the moment anyway. That will be changed shortly. I am in the process of reviewing my delegation to my HoDs because we have had time to discuss this matter and fully digest the travel policy, et cetera. So, in terms of the business case, all business cases at the moment have to effectively come through me, as chief officer. So, needless to say I am satisfying myself. That's the process.

I think it's probably fair to say that the business case has been something that has probably been lacking. I'm talking across government generally here. I would agree with the Auditor General's comments in that regard, particularly when you are sending people overseas for some training and that sort of thing. You need to be satisfied that that sort of training isn't available locally, isn't available in Florida, as opposed to Singapore or wherever you're going.

So, in answer to your question, the chief officer is . . . in terms of dealing with travel claim reconciliation, I have instructed him to ensure that within seven days his allocated staff member ensures that that reconciliation takes place. As with all of these things there is an element of trust involved. You give it to a professional you assume—you have to assume at a certain level—that it's going to get done. I am very fortunate. I have a great team. I have a very good CFO, a very strict CFO.

And I have to say that I have told him to deal with me as he deals with any other employee. If there is something missing, come back and nag me for it. But beyond that, through my personal assistant, we will go in and we will do a random check of all of the travel advances, for example, that had been issued and ensure that the reconciliation did, in fact, take place.

From my personal experience, which is somewhat different to other ministries because I am somewhat new, is a little bit of a change of culture, I think, required. I think this is brought out in the report generally. There is a change of culture within government generally.

One thing I would like to say, if you wouldn't mind, Mr. Chairman, just quickly, I have to say that I think the Auditor General's report is a very good one. I think it is extremely opportune. It is very good timing. It came in at a perfect time. And I think the proof of the pudding in some ways is the fact that government has taken on the recommendations and is doing its level best. And I believe it's doing a good job of implementing those recommendations.

There has been a lot of talk about the travel policy that was introduced by the Deputy Governor in consultation with the chief officers. And this was a team effort. It wasn't just the DG saying this will happen. Everybody signed up for this realising that there was an issue that needed to be addressed.

I think the report hits a lot of the important areas very well. Yes, there are one or two things that we can disagree on. That's normal. I think Mrs. Walters made a good point a little while ago about the importance of context in some of these things. But, generally speaking, I think the changes that were needed—and changes were needed, I believe—have been made, are being made, and I believe that the appropriate, certainly in my ministry, and I believe it to be the case in other ministries too, that the appropriate checks and balances are now in place and that the system is working. I'm never going to say it's perfect but it's working well, I believe.

Pardon me, Mr. Connolly. I went off on a bit of a tangent. But I thought it was worthwhile saying.

Mr. Winston C. Connolly, Jr.: That's fine. I mean, I just wonder if the Auditor General has anything to add to those observations.

Mr. Alastair Swarbrick, Auditor General: Not really. Thank you, Mr. Jones, for those comments.

I think it's important to realise that this report is not just issued cold without our colleagues in the civil service and government having a chance or opportunity to comment on it and take it on board. This report went through a three-month clearance process subsequent to the issuance of a draft where officials were able to comment and make observations on it.

I think one of the welcome things that will happen throughout the audit is that the government actually took actions while the audit was going underway. They were taking action to draft the policy, take forward a policy around travel, because they recognised before we finished this audit that that was an issue for themselves, that they needed to put in place processes and systems to manage this more effectively and to put in place the high level policies to give them the clear guidance across the government. So, I think from our perspective they started the process as we went along through the audit which, from my perspective, is great. If people can actually demonstrate to us that they are starting to take action as we're doing the work, it's a great message that's coming out of that, that they are taking the action seriously and taking it forward.

Mr. Winston C. Connolly, Jr.: Some more context.

Mr. Jones, in terms of the overall actions since the report, can you kind of explain what has changed in your ministry, if anything, significantly since the report? And what things still need to be done to get near to the full set of recommendations? I don't need it line by line, but just in general.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Yes sir. Again, without reiterating, I would say, generally speaking, we are fairly close to ticking all of the boxes in terms of the recommendations, certainly in my area, and I believe across government.

To give you some examples in terms of travel advances, they are always being reconciled now. We are getting business cases for all applications for travel overseas. The travel policy itself is ensuring that there is consistency in terms of how things are dealt with of per diem amounts, that sort of thing. We, or I, have taken it a step further on the per diem. We are very careful, for example, where you give someone a per diem of whatever it is, $100 per day, but they are

going on a conference where it's effectively full board. And we've reduced that per diem to maybe $25 per day, because they are getting the food. So, I use that just as an example. Things are being looked at much more tightly, as should have always been the case.

And we are, I believe, getting value for money. We have got transparency, and we've got those checks and balances in place to ensure that people aren't just being given money, travel vouchers, and they've never been reconciled. Frankly, that could be unforgiveable. I think Mr. Chinsee mentioned it. It's effectively a loan, so.

So, certainly in my ministry, I feel very comfortable that we are where we need to be. There will be a slight change in my own personal circumstances as soon as the delegation is changed and, as I said, I put more of the responsibility back onto the HoDs. But I have a very good set of HoDs, so I am comfortable that the good work will continue under their control. But obviously the ministry will continue to monitor that situation.

In terms of perhaps improvements, I think it is fair to say that one of the weaknesses (speaking as a chief officer, and I'm not getting into specific personal circumstances, I am just talking generally) . . . but any chief officer will always have a possible situation in relation to the political side of the ministry—the minister. We have already talked about the fact that the travel policy itself does not directly apply to ministers, or councilors, for that matter. The Premier has said that it has been adopted. But, you know, it goes back to the question of whether or not we need maybe a formal policy, a similar policy for Cabinet and councilors running alongside contemporaneously with the civil service one. Just a suggestion.

And I think Mr. Bodden talked about the fact that chief officers are already looking at reviewing the hotel rate included within the policy because there needs to be some discretion. And it was always meant to be a work in progress and the document itself, like any policy document, will be fine-tuned over time.

There is one point I would like to bring up, though, which I think is significant. And again, I am talking from a general level here, because I know this has caused some issues. There was some talk, or has been some talk, about self-approval of travel claims—and I am not talking credit cards here, I am talking travel claims—by chief officers and ministries. I would just refer you to Personnel Regulations, [Schedule 1] [paragraph] 11. **"Reimbursement of costs incurred in course of duties." If you go down to subclause (3)(b), it says, "an Official Member or chief officer may approve the reimbursement for himself rather than referring it to his appointing officer."**

Now, to my mind that's clear. The term is used as "reimbursement". But in the overall context of the claim, it's dealt with as part of your expenses that we are talking about. So, it would appear to me that the Personnel Regulations 2012 permit the chief officer and/or the minister to approve their own travel claim, with the proviso (and this is included in subsection (a)) "that it meets the criteria previously itemised." For example, the maximum per diem is $200 per day, and that sort of thing.

Now, I am not going to sit here and argue for or against the Regulation. I am not here to make policy. That's a government function. But as long as that clause remains in Personnel Regulations, this issue about self-approval will be discussed. And at the moment there is nothing wrong with self-approval. That's not to say the amount is right, but the procedure of self-approval is in the Regulations.

Now, it may all be (and I am not saying that we should do this, but it might well be) that to clear up some inconsistencies, you know, that might want to be looked at. Having said that, the other side of the coin is the budget from PLAHI is my ministry's budget. And my budget is government money—obviously, public money, but it is our budget—our budget allocation, our appropriation. So the question is, should the minister or should the chief officer, in my case, have to go to the Deputy Governor to get approval? And who would the minister go to? I just throw that out to Mr. Connolly's point because this self-approval has been put over as a questionable activity. But, as I said, the Regulations do provide for it.

Mr. Alastair Swarbrick, Auditor General: Can I just make one comment?

The Chairman: Sure.

Mr. Alastair Swarbrick, Auditor General: There is always going to be that level of which self-approval is required. But I would add that even if you are self-approving you need to provide the documentation and the receipts for that expenditure for it to be paid, otherwise there is an issue about paying it at that stage.

At what level I think chief officers . . . there's an argument that chief officers should be able to self-approve, or heads of agencies, heads of statutory authorities, for example. There has to be some stage where it has to be the case. But they still have to be able to justify and document all their expenditure and the CFO has to be able to challenge them if there is no documentation for that process—

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: I fully agree, sir.

Mr. Alastair Swarbrick, Auditor General: I know there has to be an avenue if they have a real concern where they can take their issues. Like, for example, if it's a statutory authority, it would be to the board. If it's in a ministry it would be to the Deputy Governor, for example. So, I don't have an issue with that, per se.

But it's about the supporting documentation and justification.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Yes sir. I completely agree with that.

Again, the supporting documentation doesn't necessarily talk to the appropriateness of where somebody stays or whatever. So there is always going to be that sort of a loophole. But I completely agree.

The only thing I would say is [there is] a little bit of a contradiction in terms of how, for example, on official travel I have to make a business case for the Deputy Governor to get approval to go on official leave. So if I am going on a course I have to . . . even though I can self-approve the expenses involved in that, per the Regs, I still have to get the Deputy Governor's approval to the business case.

Mr. Winston C. Connolly, Jr.: Mr. Jones, my final question is: In terms of any sort of interference or intimidation or pressure . . . have you felt that now or previously in your role when it comes to dealing with the political arm of government, and, if so, how would you deal with that now? For example, are there proper systems and procedures in place to make you feel comfortable taking whatever action you feel is the correct action, given the policies and procedures in place?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: I'll deal with the last bit first, if I may, and come back to the first.

Going back to my point about the travel policy, I think until such time as there is a travel policy put in place for the political side we are always going to have issues. As long as we have the situation where, effectively, the political arm is signing on to the civil service policy sort of voluntarily, I think there is always going to be an area there of difficulty.

I think Mrs. Walters spoke to this very well when she was up here a short while ago. In our ministry there were some difficulties. But I think that's typical. I am not here to attack any particular individual, I might comment about an individual, but I think it's just the nature of the beast between the divide between the civil service side and the political side. And that issue has been there and will always be there. There is this relationship that needs to be worked on.

I am extremely fortunate in that at the present time I have a minister who is whiter than white when it comes to all of these sorts of things, and hardly ever travels anyway, except to Cayman Brac and Cayman. But it is difficult. And the question is always put, *Shouldn't the chief officer say to the minister, for example, 'Do you really want to be staying in this hotel? Isn't it rather expensive?'* And maybe the minister will say, *Well, really, that's not for you to tell me is it, because there is nothing in Regulations? There is no policy, whatever; it's my budget.* I am just paraphrasing here.

So, in answer to your question, Mr. Connolly, yes there have been issues. I haven't been in the ministry that long. I know there were issues that I inherited, so I know they were there. Again, the question ultimately needs to be asked: What is the role of the chief officer in this particular case in relation to the minister in terms of questioning if you have this self-approval in here? You might have the receipts. And certainly I would challenge—and I have challenged—in relation to getting receipts. I don't have a problem with that now, but I and other people have had problems with it. But it doesn't get to the point about the quantum; it just gets down to the receipt for the audit trail.

Mr. Winston C. Connolly, Jr.: The reason why I asked is that this committee is tasked with making recommendations as well, post this forum. One of those recommendations could be that the political arm put a system of checks and balances in place for its own actions. That's what I was trying to get to in that.

To me, it would clear up a lot of ambiguities if we (meaning "we" as the political arm) kind of didn't leave it so discretionary and so up-in-the-air so-to-speak, that if we policed ourselves then a lot of these things would go away and at each stage people would feel more empowered to question because there would be something to fall back on. That was what I was trying to—

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Absolutely, sir. And I think I alluded to that earlier on. If you have a document that you can refer to, then there is no ambiguity with it, really. There may always be a little bit of discretion; but there shouldn't really be much ambiguity. And that's what I think is missing a little bit.

The Chairman: Mr. Jones we learned earlier from at least one other witness up to this point there is still no hospitality policy. We have the travel, but no hospitality. How do you deal with requests for hospitality payments and things at this point in time?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: To be frank, one of the first things I would say about that is how do you define "hospitality"? It's like how do you define "official entertainment." It's all of these things.

This has been discussed, and I believe that the Deputy Governor will be working on this. We do need another document, whether it's incorporated within the existing travel and hospitality policy, an expanded version, but we do need to deal with that.

I think the issues are the same ones that existed in relation to the travel policy. It's the inconsistency and its definition. We touched on this issue earlier on about alcohol, for example. You know, if you are taking out consultants who are coming from overseas it's probably appropriate to say, *Would you like a glass of wine?* Is that hospitality? Is that official entertainment? Different people; different views.

I would agree, though, in short, that it does need to be worked on. I don't believe that there is a major problem, certainly in my area, with that. It can be closely monitored through the budget process anyway in terms of monitoring departmental budgets. At the ministry level, obviously it's somewhat different.

Was there anything, sir, that you specifically wished me to address?

The Chairman: I know you said it's not a big problem in your ministry. Maybe it's because the minister isn't doing a lot of entertainment, or stuff. But, I mean, what sort of policies do you follow? Is it . . . if the minister goes out and has dinner with some visiting dignitaries and he buys a bottle of wine, does he get refused in terms of paying?

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: No sir.

I would have to say, going back to some extent to the travel policy issue and the self-approval, in terms of official entertainment, at the moment as it relates to a minister, one would take it at face value that the minister was undertaking official entertainment or appropriate official entertainment or hospitality. That's not to say, of course, that I, or any other chief officer, for example, wouldn't question it if it was viewed as some extraordinary event. But generally, day to day, it's probably fair to say that it would be left to the discretion of the minister in that particular case.

It would apply to me too if I take out visiting consultants or visiting permanent secretaries or whoever. But I would agree we need a policy.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, the policy or the practice, let's say . . . there is no policy. I mean, whether there is a perceived policy or whether there is a written one.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Excuse me, sir. The written one I was talking about. There are directives out there, I think, and understandings.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, there are practices.

I don't know of any minister that had any entertainment allowances, for instance, other than you put together your budget, there are the various headings of your budget which come down here and get dragged through the mud, or praised, or whatever, to get passed. And for the various sections, if you're dealing in Planning and you have to go off to a Planning meeting somewhere about overseas, and you have to do some entertainment, obviously, that's covered within that budget.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: In every budget, be it ministry or departmental, there are several what I would call line items, but they are effectively accounts within it, one of which is official entertainment. So, the budget process does allow you to put in money as part of your appropriation for official entertainment. But, of course, the budget process allows that allocation to be exceeded, so long as the expenditure within the expenditure grouping is not exceeded.

Hon. W. McKeeva Bush, Leader of the Opposition: But I have never had any entertainment allowance that I've known about. I've never gotten entertainment allowance, or car allowance, or any such allowance. I have never had any. You could be right that there are line items that might refer. And I don't know if they have any funds in that line item.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: The official entertainment line item (as we're calling it) is departmental. It's entity based; it's not personal. I believe there are one or two posts within government that do have certain allowances like that attached to them. I don't know which they are. I think there are one or two. But it's very much the exception. They are based on the entity. So, the ministry would have an official entertainment budget of $5,000 which could be used by anybody that got approval from the chief officer to use it for the same.

Hon. W. McKeeva Bush, Leader of the Opposition: I've never seen it. I've never had one.

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: As I say, sir, it wouldn't be normally personal; it would be—

Hon. W. McKeeva Bush, Leader of the Opposition: A broad—

Mr. Alan Jones, Chief Officer of Planning, Lands, Agriculture, Housing and Infrastructure: Within the budget for the department or the ministry, yes.

The Chairman: Any other questions for the witness?

If not, Mr. Jones, I thank you for coming to the committee this evening and giving us your testimony. You are excused from the chambers. Thank you again.

Ladies and gentlemen, it's ten after 3:00. We have been sitting here now for a good two hours. Let's take a five minute break and stretch our legs.

[Pause]

The Chairman: We will move forward now with the final witnesses that we have with us. Proceedings are now resumed.

I would like to call on our final two witnesses for the afternoon. They are Mr. Franz Manderson, Deputy Governor; and Mrs. Gloria McField-Nixon, Chief Officer in the Portfolio of the Civil Service. I invite you to take your seats.

Thank you both for taking the time to be here this afternoon. I apologise for the time it has taken us and the delay in getting you in to give your testimony. For the sake of the record, can I ask each of you to please state your name and your position?

The Deputy Governor, Hon. Franz I. Manderson: Good afternoon, Mr. Chairman, and members. Franz Manderson, Deputy Governor and Head of the Civil Service.

Ms. Gloria McField-Nixon, Chief Officer, Portfolio of Civil Service: Good afternoon. Gloria McField-Nixon, Chief Officer for the Portfolio of the Civil Service.

The Chairman: Thank you both, and welcome, once again, to the committee.

Members, these two witnesses are available for your questioning.

Mr. Joseph X. Hew: Mr. Chairman, perhaps a good place to start is if Mr. Manderson and Ms. McField could both explain to us their respective roles with regard to the government's compliance with the Public Management and Finance Law with specific reference to the processing of expenditures.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, thank you.

My job as Head of the Civil Service is being responsible for the overall performance of the civil service, and that means managing chief officers, ensuring that we have the proper policies and procedures in place for the government to carry out its duties and mandates and to basically hold chief officers accountable for the performance, including the financial performance, of their respective ministries and portfolios.

Ms. Gloria McField-Nixon, Chief Officer, Portfolio of Civil Service: Mr. Chairman, as Chief Officer for the Portfolio of the Civil Service, my responsibilities are to ensure there are proper internal controls, policies and procedures in place for my civil service entity, being the Portfolio of the Civil Service. And also, secondly, as the portfolio responsible for providing government with HR advice, as well as good governance advice to the Head of the Civil Service, we are heavily involved in the development of policy which includes, in this instance, the development of the travel policy that was adopted in 2013.

The Chairman: Thank you both.

Deputy Governor, in 2013 you did release a travel policy. Can you talk to us a bit about what the issues were at that time that caused you to . . . you know, was the impetus really for the development of the policy?

The Deputy Governor, Hon. Franz I. Manderson: Thank you, Mr. Chairman.

Mr. Chairman, chief officers and I saw that there were inconsistent policies throughout the civil service. There were policies but they were not, in our opinion, consistent. We felt that there needed to be one policy that governed travel across the civil service. This was done prior to the publication of the report that we are now examining by the Auditor General's office. I am very pleased that we were ahead of the game in that respect.

What we wanted to do was ensure that we had a consistent policy for all civil servants in terms of the regulation of travel, in terms of ensuring that official travel was actually needed, the per diem amount that people could spend, how they would account for that per diem, where they would stay, how they could determine whether to stay at a Ritz Carlton or a Holiday Inn, all the different things that would be required in terms of ensuring that there was value for money in the government's official travel. That was the reason why I asked Chief Officer McField-Nixon and her team to develop a policy for my consideration, and the consideration of chief officers. I think the portfolio did an excellent job and we did implement the policy back in July 2013.

The Chairman: Now that that policy has been put into effect, who is responsible for it? And who is responsible, really, to see that it is fully implemented, rolled out, across core government?

The Deputy Governor, Hon. Franz I. Manderson: A lot of that is my responsibility. I issued it, and then I obviously keep in touch with chief officers to make sure it is being adhered to. But also I have asked our Internal Audit to do an audit. It has now been in place for over a year. And I have asked Internal Audit to do an audit of the travel to ensure, or to let me know, whether the policy is being followed. I am expecting a report back in the next few weeks from Internal Audit.

The Chairman: From your perspective, then, what is the role of the COs and the CFOs with regard to im-

plementation, accountability throughout, with regard to the policy?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, in relation to CFOs, they are responsible to ensure that any travel claims from chief officers, from other staff, are approved or that they are in accordance with the travel policy. If it is not, they should be pushing that back, saying, *Sorry, this travel claim* (or whatever) *is not consistent with the travel policy.*

The Chairman: Okay.

Members of the committee, questions?

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to the Deputy Governor: Why did it take so long to come up with a travel policy? And when would you expect that the . . . or is there a plan to implement a hospitality or entertainment policy as well?

The Deputy Governor, Hon. Franz I. Manderson: Sir, it's a good question.

I was appointed Deputy Governor in February 2012. It took us a while to develop the policy. I brought it into effect a little over a year after I was appointed. It should have been done long ago. I don't have any excuses for that. Like I said, each ministry had policies and procedures. It was just obvious to all of us that they needed to be tightened up and to ensure there was consistency across government.

I will ask my Chief Officer to talk a bit about the hospitality policy that her team has developed and is now about to roll out.

Ms. Gloria McField-Nixon, Chief Officer, Portfolio of Civil Service: Thank you, Mr. Chairman.

In terms of the hospitality policy, you will note that that is one of the recommendations arising from the audit itself. I would say that when we look at the audit findings and the terms and conditions of hospitality and the way that it's treated in the audit, you will note that it is particularly a very wide-sweeping area of discussion. One of the things that we have tried to focus on very heavily is the definition of what is going to be contained in this hospitality policy.

When we looked at the examples of hospitality that were provided in the audit report itself, it seemed to range from functions, to funerals, to accommodation. So, we wanted to make sure that we were very clear about what it is we were trying to address in the hospitality policy. We have extended it to also include examples of entertainment and it will include details of what is to happen with staff functions.

We defined hospitality to be primarily the provision of meals, beverages, refreshments to persons who are non-government, although it could include government officials. So, it is not driven by our sort of internal needs, but really very much the provision by government, the conduct of government business that involves non-government officials and the hospitality that is extended there. And then we provided some guidance as to the expenditure levels and the record-keeping that should apply.

I would say that the policy has been drafted. It's going through internal review and then we will go out for consultation. There is a very wide range of hospitality that's applied. It can be applied in some instances from the Premier's office or the Cabinet office as it relates to protocol. It could be extended in instances of trade as it relates to tourism officials and, for example, commerce and investment. And then you have other agencies for which it is not directly involved in their subject matter responsibilities, but is a byproduct of what they might need to do from time to time.

We tried to develop the policy to cover all of those different aspects that we can anticipate being involved in hospitality expenditures within the Cayman Islands Government. Our next stage will be to go out for consultation to make sure that it is purpose built.

I should note that overall travel and hospitality represents a very small percentage of government's overall budget. I think it was approximately 1 per cent when we were comparing it just to our core entity expenses. If you look at government's total expenses it drops to less than half of 1 per cent. So, putting this in perspective, then, hospitality is a further fraction of that.

We wanted to make sure that the policy that we are developing is proportionate to the challenge that we face. We think that the issues that arise are very much like travel, from the inconsistent approach, the fact that it's highly subjective and the fact that some of the examples that have been highlighted have eroded the public's confidence in the institution. So we are trying to develop a policy which can address those concerns without being disproportionately restrictive and without resulting in us spending a great deal of time, and, therefore, money, in managing something that is overall of low value across the CIG. So, we are hoping that the draft that has been produced addresses those issues that I have just highlighted.

Mr. Winston C. Connolly, Jr.: This is for the Deputy Governor.

In terms of the report, I have seen your response to the report. When do you think that most of the items you have taken on board will be fully implemented, et cetera? What timeframe would you think that would be?

The Deputy Governor, Hon. Franz I. Manderson: I believe the vast majority of the recommendations have been done. A lot of those have been covered with the travel policy. We hope to . . . it's covered in the travel policy. The main thing that's outstanding now is the hospitality and, as Chief Officer McField-

Nixon said, we have a draft under consideration. I would like to have that completed within the next 30 days.

I am not aware of there being any other . . . anything of significance here that has not been done. One of the things that I have implemented recently was the proactive publication of travel. So right now you can go onto an agency's website and you can look to see what is being spent across the civil service on travel.

We have not waited for the hospitality policy to address monies being spent on Christmas functions. That has now been changed. We are giving agencies $25 per person to spend on their Christmas functions. That seems to have worked very well and has reduced costs significantly across the civil service.

Hon. W. McKeeva Bush, Leader of the Opposition: That can't even buy a sandwich and a cup of tea. You all should be ashamed of yourselves.

The Deputy Governor, Hon. Franz I. Manderson: I actually had a good meal.

Hon. W. McKeeva Bush, Leader of the Opposition: [Inaudible]

Mr. Winston C. Connolly, Jr.: Thank you, Deputy Governor.

In paragraph 30, page 11 of the report (I don't know if you have that in front of you)—

The Deputy Governor, Hon. Franz I. Manderson: Yes sir.

Mr. Winston C. Connolly, Jr.: The report says **". . . there was little evidence of significant collection efforts made by officials in the Ministry."** And this was regarding an example that they have there.

Can you explain to me the process whereby a minister (and I tell you why I say this after I do it) who presents a claim for repayment after a trip and can't follow up with the receipts, et cetera, signs off on the statement saying this was official travel (the self-approval process we have been listening to earlier)?

What is the procedure in place to say, *No, until you bring your receipts, in spite of you being a minister in Cabinet, we're going to withhold that, or take it out of your pay*?

What we have also heard (and this goes back to the reason why I was asking you that) is that there is no real policy in place for the political arm, but by their discretion they adopt the Personnel Policies. But by that same regard they could choose not to and there would be nothing to fall back on. So how, as a government, and you in charge of the administrative arm, do you hold the political arm in check without that policy?

The Deputy Governor, Hon. Franz I. Manderson: It's a very tricky area, sir. But, Mr. Chairman, I will answer it.

We in the civil service as civil servants have very little control over ministers. Ministers report to the Premier and to the public. That's who their bosses are. The Premier in this particular case has adopted the travel policy, and he said he wants that to apply to his ministers and to the members of his caucus.

So, with that mandate, I would believe that a CFO who is given a travel advance form to sign off that is not in compliance with the travel policy should, in the first instance, bring that to the attention of their chief officer who would speak to the minister. If that doesn't work, then they would raise the matter with me and I will take the matter to the Premier. But at the end of the day, it is the Premier's call, the minister's call, as to exactly what should happen.

If it's a civil servant it's very clear. I have responsibility. I can hold them accountable. When it comes to ministers, they answer to the Premier and he would ask them to deal with his minister or councillor.

Mr. Winston C. Connolly, Jr.: Thank you.

Mr. Joseph X. Hew: Through you, Mr. Chairman.

Mr. Manderson, carrying on from the member's question, today we heard different views on how they deal with some of these advances or travel requests that they have not gotten proper documentation or they have not been reimbursed. One CFO came straight out and said, you know, from the minute he took office he started to deduct it from salaries. He takes it out all at once or, under very rare special occasions, he will take it out over several pay periods. What should the position be? Should all ministries be . . . is there a set time? I know I heard seven days. But some say that that's very difficult often to get the information, especially for a civil servant or even a minister who is travelling on multiple trips back to back.

What is your feeling? At what point do you recommend, then, if you cannot get the answers, if you cannot get the receipts, that you take that from the salary?

The Deputy Governor, Hon. Franz I. Manderson: I think we have to be reasonable and be aware of the significant pressure that is on ministers when they travel and when they return, and we should be fairly generous in giving them time to produce the documentation. I would say at least 30 days. That is normally when we would say it's time to publish the travel. So, give them a few weeks in order to do it—some friendly reminders, of course. But if at that point it has not been produced, I would like to see the procedure that I just talked about followed, rather than going and

taking it out of people's pay, because that would probably not remedy what's happening.

We should be reporting the matter up through the chain of command so that the Premier can take the necessary action to ensure that the policy which he has dictated should be complied with is being complied with. I don't particularly think that we should just simply go and start taking the money out of people's salaries. I think we should try to fix the problem

Mr. Joseph X. Hew: And in the case of civil servants, the same?

The Deputy Governor, Hon. Franz I. Manderson: Same thing. I don't subscribe to that at all. I think we should be holding the people to account and taking action when they don't provide the receipts.

Mr. Joseph X. Hew: Deputy Governor, you earlier spoke about the hospitality . . . one aspect of the hospitality process that you have adopted on the Christmas parties. And you mentioned that you have actually seen a reduction in that expenditure. Have you noticed the same thing with the introduction of this travel policy?

The Deputy Governor, Hon. Franz I. Manderson: Sir, it's been significant—if I could just spend two minutes.

In the two financial years following the period covered by the audit, namely in 2012/13 and 2013/14, both years saw significant decreases in expenditure for travel and subsistence, including hospitality.

In 2012/13 records indicated that travel and subsistence in core government totaled $1.868 million as compared to $2.510 million the year prior. And in 2013/14 the total expenditure on travel and subsistence fell to $1.519 million. This represents annual decreases in travel and subsistence expenses of approximately 26 per cent in 2012/13 compared to the prior year and approximately 19 per cent in 2013/14.

To put that in dollars, we have realised almost a million dollars in savings, which is, in my opinion, very significant.

Hon. W. McKeeva Bush, Leader of the Opposition: It's plenty, but what did you get for it? The economy is still broken down . . . [Inaudible]

Mr. Joseph X. Hew: Through you, Mr. Chairman. Deputy Governor, that is a significant amount of savings or change in that expenditure.

Are we to then assume from that that there was abuse of the system? Or have people been more reluctant to file and decided to spend money on their own accord? What does that say for us?

The Deputy Governor, Hon. Franz I. Manderson: Sir, I wouldn't go so far as to say that there was abuse. But I think there has been a change in culture, in accountability.

I have been driving home a lot, with the help of chief officers and with the support of our Premier, that travel is something that should be done only when it's absolutely necessary. And we should be as judicious as possible. We are spending other people's money. This is not ours. So, we have to ensure value for money in everything that we do. I think that change in culture, accountability, being proactive in our publication, shining the light on what we are doing in terms of transparency, has had an effect across the civil service.

Mr. Winston C. Connolly, Jr.: Deputy Governor, do you think that these policies provide the CFOs with adequate armour, so to speak, to withstand chief officers, ministers, and maybe in some instances the Deputy Governor, in terms of doing the right thing and knowing that if they do, there won't be any adverse reactions as long as they can stand by the policy without perceived or actual interference or pressure from superiors?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I think it does. But I believe that I need to see the results of the audit that I have commissioned to see the level of compliance to determine what CFOs have had to say.

For example, my CFO has corrected me from time to time when I submitted something that was not absolutely correct. And I encouraged that because it was an error. I have and have had at least two CFOs who were very willing to bring those things to my attention. They knew that I would not be deliberately doing something that was wrong, and it was easily corrected. And I was very grateful for them stepping in and doing it.

So certainly, there is no reluctance on the CFOs that I have dealt with in bringing these matters to my attention. I have encouraged them to do the same across the civil service with chief officers and other persons who travel.

Mr. Winston C. Connolly, Jr.: I don't know if you were in the gallery earlier when we spoke to one CFO and I put the question to her about an accounting manual where everything is standardised across the board and people are all singing from the same hymnal. Do you think that this is a reality in the near future? Or is this something that you are looking at? Or is it something that is needed at this time?

The Deputy Governor, Hon. Franz I. Manderson: Just explain . . . when you said accounts manual, something that is sort of a bible for—

Mr. Winston C. Connolly, Jr.: Yes, how you report . . . the various reports, the treatments that you use. You

know, if you're looking at it from, say . . . if we're looking at government as a large company, and companies would have like an accounting manual that kind of dictates so that all the different divisions, et cetera, would be reporting in similar ways so when it's time to do your financial statements, et cetera, you're all . . . you're not deciphering or translating and having a lot of discretion at that stage. I don't know if this is something that's being contemplated at all by you, but it's something that came out of some of the earlier discussions that were talking about each ministry basically doing their own thing—before the policy, obviously—there were different levels of interpretation. I am just wondering if that in itself is a goal down the road.

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, it is not something that I have considered. If it is something that has been highlighted here, we have our Financial Secretary here. Certainly, I would be happy to discuss that with him, and if it's absolutely required, if it is something that the committee recommends, then we will certainly look into it.

Mr. Winston C. Connolly, Jr.: Mr. Chairman, through you to the Financial Secretary, is this something that you think would add value and efficiencies, et cetera, to the process? Or is it something that isn't necessary at this time?

Hon. Kenneth Jefferson, Financial Secretary: Through you, Mr. Chairman, as you are well aware, there is a committee that looked over quite a long period of time at the present Public Management and Finance Law. It has produced a report which is extremely close to finalization. One of the recommendations spoken quite often in that report and discussed is exactly what you just said, Member, about the need for an accounting manual so that we do get common treatments across ministries and portfolios in the way that they do things.

I mean, just by way of a simple (and I would say dry) example, if you have, let's just pick a depreciation policy, the regulations, for example, will allow certain classes of fixed assets to be depreciated over a range of time periods. So, if you have one asset that's common to different ministries and a range is allowed, you could get ministry 1 choosing to depreciate that asset over six years. The same asset in ministry 2 could be depreciated over four years. So, there was definitely a need for an accounting manual, not just for consistency as well, but in terms of speed of updates in accounting treatments, because a lot of our accounting rules are actually specified in financial regulations, which to change them, and accounting standards change over time quite frequently.

So, if all body of rules are encompassed within financial regulations and you need to change rules, you need to obviously go back to your regulations each time which requires Cabinet drafting time to change the regulations.

So, one of the big pushes for an accounting manual is to say let's put our accounting rules in a manual, and in the law or in the regulations we make reference to that separate rule book and in the regulations or the law to say that all of our accounting rules will be specified in this manual which can be updated quite frequently.

So definitely there is a need, and it's quite high on the agenda, in terms of the recommendations of that committee that there be an accounting manual.

The Chairman: Deputy Governor, one of the recommendations of the Auditor General is that Government should take proactive steps to disclosing travel and hospitality expenses and reports, basically on its website. I do know that some ministries and departments are complying with that. But do you know how big . . . do you have a feel for just how extensive the compliance is with that recommendation?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I believe it is being complied with across the civil service.

Chief Officers have assured me that they have been publishing their travel. I did get a query from the press in that they did find the information, but it was not readily . . . or I should say easy to find on various websites. So we are now thinking about how we can move the information to where it can be easily found, because, obviously, it's defeating the purpose if you can't really find it. So we are looking at that now to determine how we can publish so that people can access it more freely; whether we just do it on my website, or we put it somewhere else. That is something that we are looking into. But I am assured that there is compliance across the board.

The Chairman: Mr. Connolly?

Mr. Winston C. Connolly, Jr.: Deputy Governor, on page 14, paragraph 49, I just wanted to see if you could give us an update on that statement made in that report, especially the last sentence where it says, **". . . Government has not yet implemented those recommendations."** regarding greater leadership around the financial functions, et cetera. Can you give this committee an update on what's happening in regard to that statement and where you are as a Government?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I think there is some, I should say, disagreement with this recommendation. I think the Auditor General has (and he can correct me if I am wrong) said that basically I, as Head of the civil service, should take more of a lead in matters of finance. I take the view that we have a Minister of Finance now. We

have a Financial Secretary who is a chief officer that reports to me. And while I understand that I certainly have overall responsibility for the performance of the civil service, I don't want to be doing things that compromise the work, or the responsibility of our Minister of Finance.

So, the answer to the question is: The reason why it has not been implemented is because there is not broad agreement on that recommendation.

If I am wrong, the Auditor General can . . .

The Chairman: Auditor General, I think you have a comment?

Mr. Alastair Swarbrick, Auditor General: Whilst we have made observations about what we believe the Deputy Governor's role in terms of leadership, in terms of financial function, is, this is not specifically about that per se, it's more regarding leadership around the financial function in general and the relationship between ministries and the Ministry of Finance in terms of how finance is led as a professional function across government.

I think it is something that we discussed in the Public Management and Finance Law committee to a large extent, ensuring that they do have a clear relationship with the Ministry of Finance and that there is leadership around areas such as ensuring the consistency of how accounting, how finance is dealt with across government in terms of, for example, development of the finance manual, or the accounting manual.

I think it's more broad that just an accounting manual; it's about how you deal with public expenditure generally in the manual in terms of what's appropriate and inappropriate and things like that as well. And I think there is a clear role for leadership around that, and it's through the Ministry of Finance and that functional relationship with the rest of the financial functions across government. Because there is at this moment a very delegated and disbursed and there hasn't been that clear relationship between CFOs and the leadership in the Ministry of Finance.

Mr. Winston C. Connolly, Jr.: AG, I guess this is just carrying on from that comment. In terms of your interactions with CFOs . . . and I saw some commentary (I couldn't find it just now when I was looking, of course) in terms of interaction level of systems, controls, all that stuff. How do you find our government CFOs in general? Are they all kind of singing from the same hymnal? Are they, you know, relatively around the same levels, et cetera, of . . . "competence" isn't the word I'm using, because they are professionals. But meaning, do all of them carry out the role in similar fashion? And in their carrying out the role, as an auditor what would your comments be on that?

Mr. Alastair Swarbrick, Auditor General: On the first point around, sort of, internal control, environment and things like that, we see inconsistency as one of the key issues to ensuring robust financials and robust . . . the management of public resources. We see inconsistency across the piece about how you manage things. So that's one thing.

With any cohort of professionals you are going to find varying levels of skill and, dare I say, competence. And we do see different abilities across the piece—a wide range. And people do deal with things differently and some of that comes down to their experience and from previous roles in life and then how long they have been in their role as CFO and what they have seen happen. So, we do see things that are very different in certain ministries and portfolios.

For example, the first CFO who spoke today is very strong and we know that he knows what he has to try and do whether that's based on his experience over a long period of time in different roles in different places. But we see others who haven't got that experience and who are not quite so clear on what the role of a CFO actually is. We see them going from reasonably strategic in terms of their role, to being the gatekeeper and the guardian of the public purse and ensuring that they can provide information for decision making to their chief officers, to those who are more transactional and lower level in terms of what they are actually doing, rather than just processing the transactions and posting them rather than being the full-fledged CFO we'd like to see in terms of providing strategic advice and being in that gatekeeper role.

You are always going to get a variation across a cohort of individuals, but we do see quite a variance sometimes.

Mr. Winston C. Connolly, Jr.: Yes.

Well, I asked you that to ask the DG this, Mr. Chairman, through you, and I think you broached on it earlier in terms of the culture of accountability, et cetera. In terms of now that we have this policy in place and things are moving in the right direction, in your opinion are there any incidents where you've deemed CFOs as not complying? And how have you dealt with that in this culture of accountability?

The Deputy Governor, Hon. Franz I. Manderson: Yes sir. I mean, we have to ensure accountability. The Auditor General and I have a very good working relationship. I depend on his feedback and what he told the committee here just now is what he has told me as well. So, in dealing with that we have done shuffles. We have moved CFOs around to give them experience in different areas, to give other people opportunities to work in different ministries, and we are seeing that that has been paying dividends in that we are now seeing more and more clean audits.

I still hold the view that this financial year will be the first year that I can ever recall where we will not have any audits that have been disclaimed or adverse. That's a big, bold prediction by me, but that is what I believe. And that is because we have been holding our CFOs to account. And the successes of other CFOs, where they have seen other ministries now getting clean audits, has pushed them as well, has elevated them to say, *Wait a minute; I don't want to be the only CFO to be getting an adverse opinion.*

So, I think everything is moving in the right direction. We have moved people around. We've given them new opportunities, the training. We have highlighted our successes and we have driven CFOs to want to do better. And that has, I think, paid huge dividends for us.

Mr. Winston C. Connolly, Jr.: Thank you, DG. That's kind of where I was leading to in that the more training, the more they understand their role, the more guidance and breath that they are given, then that, to me, will hopefully translate into them being that forearmed, so to speak, in terms of any future kind of threats or lack of policies and things like that.

Again, I can only sympathise with some of the civil servants at times because it is such a fast-moving, and [fast]-paced role and so many masters, so to speak, that it would seem like it would be easy in light of . . . or in the absence of clear policies and kind of them knowing that if they take an action they are going to be, you know, protected because of that. And that will translate into a better and more robust system where checks and balances, because at the end of the day they are that kind of first and technical check on most of these things, that that will translate into a better system. So that's what I was kind of . . . I know I went around circular through the AG and you, but that is kind of what I was getting back to.

The Deputy Governor, Hon. Franz I. Manderson: I totally agree with you, sir. Yes.

The Chairman: Any other questions from members?

Go ahead Mr. Connolly.

Mr. Winston C. Connolly, Jr.: I just have one more.

What do you do with councillors in these policies, because they seem to be absent a lot from the ministers and chief officers and other things? So, I just recommend that you don't forget the councillors in this role.

The Deputy Governor, Hon. Franz I. Manderson: Absolutely!

Mr. Chairman, the Premier, when he was adopting the policy, did say councillors. So if I missed that out earlier, I apologise. But yes, councillors are part of the travel policy according to our Premier.

The Chairman: One question for you, just to follow on from this thing. I mean, the Premier has said that the political arm will follow the administrative arm in terms of the existing policy. But effectively, that can change, couldn't it? That policy with a different Government, or even with a new Government coming into power, that could change. So that, in my mind, leaves a bit of exposure there and risk that these things are just uncertain in terms of their tenure.

Do you see any way in which things could be structured in such a way that it could become sort of permanent?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, I don't think it will ever be permanent, unless we make it a law, because Governments change. Other Governments have different priorities, they want to do things differently, and we have to, as civil servants, respect that. We probably should have a separate policy for ministers, Cabinet members, for councillors, so that a new Government coming in doesn't just say I want to adopt what the civil service has, we can have one specifically for our elected officials. That is something that we can certainly look at. But in terms of permanency, the only way that I believe we could do that would be if we put it in a law or a regulation. And those can be changed too, so . . .

The Chairman: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, if the policy is really as good as all this brouhaha is about then any Government coming in would want to adhere to a good policy. And whether it's a policy written, in practice, or whether by Cabinet decree, or whether it is a law, if it is not working then any good Government coming in is going to change it. So, what the test of the whole pudding is, is the tasting thereof. Is it working? Is it as good as has been said? Or is this a sham and a make believe and a lot of brouhaha? If it is good it will last.

What is obvious is that we had nothing before where it was said that we had. And all that came to say that we didn't have anything and we had to put something in place. That's all this has done.

The Chairman: Questions for the Deputy Governor and the Chief Officer?

The Deputy Governor, Hon. Franz I. Manderson: Mr. Chairman, could I ask Ms. McField-Nixon to update you on some other things that we're doing in relation to travel, if you don't mind, sir?

The Chairman: No. I'm happy to take that evidence.

Ms. Gloria McField-Nixon, Chief Officer, Portfolio of Civil Service: Mr. Chairman, we talked about the different benefits that the travel policy has resulted in,

including by the reports coming out of our IRIS system, significant financial savings. I should say, sir, that, one of the very tangible benefits in the policy which is directly applicable to the civil service is that it does provide guidance for other bodies that might want to adopt some sort of standard approach. We talked about this being the case for the Premier as it relates to ministers and to councillors.

We have also been advised that for the Legislative Assembly this has been adopted as it relates to Commonwealth Parliamentary Association business. And, dare I say, that if arm's length bodies wanted to look at it, statutory authorities and government owned companies, it is something that they could also take a look at. So, there is something now that people can use for a yardstick.

I would also like to say that we are considering other recommendations that were not contained in the report, but we thought were still good opportunities for us to try to derive better value for money. At the direction of the Premier, we have been asked to look at the procurement of travel and to see if there aren't any ways that government might be able to derive greater benefit from some sort of centralised approach to that. So, that is something that is well underway as well.

Also, one of the challenges we have is that historically we have written policies and then treated them like the Ten Commandments and walked away and left them without having revisited them. So, the first version of the travel policy that was issued in 2013 has been reviewed. We have some lessons learned that we have incorporated into a revised draft. We are holding off on the results of the audit so that we don't miss the opportunity to take those findings as well and reflect them in the update. But we are mindful that policy needs to go through a cycle of review and not just be issued and forgotten.

So, in addition to us having an audit underway to ensure compliance, we are also auditing the policy itself to see how it might be able to be improved and to make sure it continues to be relevant to the challenges that we face.

I just wanted to mention those two things.

The Chairman: Thank you very much.

Deputy Governor and chief officer, thank you very much for your testimony. Thank you both for the candid way in which you have approached your testimony this afternoon.

It is late. We have made it through to the end of the day and have gone through the examination of this report. I will excuse you at this point in time and thank you once again for your testimony.

The Deputy Governor, Hon. Franz I. Manderson: Thank you, Mr. Chairman, and members. It was a pleasure to be here. Thank you.

The Chairman: Colleagues—

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman.

The Chairman: Yes sir?

Hon. W. McKeeva Bush, Leader of the Opposition: Two matters: I want to ask the Audit Office how many transactions the government does per year relating to travel. We all know there is tons of expenditure, and if all the Audit Office noted, as usual, was 12 transactions, I would suggest that this indicates that the government system wasn't as bad as the picture the Audit Office painted to the public. Anyway, I would want to ask him how many transactions the government does per year.

The Chairman: Auditor General?

Hon. W. McKeeva Bush, Leader of the Opposition: I don't know if can do that, but I would certainly request, as a member of this committee, that he put it in writing if he can't reply immediately.

Mr. Alastair Swarbrick, Auditor General: I have to be honest; the system isn't robust enough to provide that amount of information. As we say in our report, we have given the figures that are recorded in IRIS for those years. But we found other examples of travel and hospitality and other accounts which are not travel or hospitality so . . . and it also depends on what you classify as a transaction. Is it the travel claim or the individual expenses on that travel claim which may be in process?

For example, was the travel booked before through Cayman Airways as an individual travel, but it's also recorded on the travel claim as was the per diem. So, it's like a . . . I couldn't give you a figure in terms of how many transactions. I don't believe we can really get that information from the system either, depending on how it's written and recorded.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, I never understood a word that man said. Can he get it? Or he can't get it?

Certainly, each department, each ministry would know how much travel they do per year. They would have that. They should have it. I don't know . . . like I said, I never understood what he said. Is he saying he can't get it? Or he got it? Or what the situation is?

Mr. Alastair Swarbrick, Auditor General: As I said—

Hon. W. McKeeva Bush, Leader of the Opposition: Yeah, I can hear you now.

Mr. Alastair Swarbrick, Auditor General: You can hear me now? Very good.

As I said, the information is not available in the government's systems. So we cannot get that.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, I can't buy that.

Mr. Chairman, each ministry knows, each department knows, who travelled. And the only way that we can get that . . . I certainly . . . maybe other people don't want it. Maybe they are satisfied with all that's been said and questions that were put up that they asked and all that sort of stuff. I am not satisfied with that.

If the government does a lot of travel, then . . . and he has only taken out 12. Noted were 12 transactions. You could then say, *Well, what happened to all the rest of them? It can't be that bad.* But if it's as bad as he's saying, then, what happened to the rest of them? That's all I'm saying.

Mr. Chairman, I don't expect to get anywhere because I know what obtains. I want to move on to one more point before you close, Mr. Chairman.

The Chairman: Okay.

Hon. W. McKeeva Bush, Leader of the Opposition: On page 24, audit point 3. The Audit Office states that its office, meaning the Auditor General's Office, "**was excluded from the audit due to a conflict of interest.**"

I can't buy that as a member of this committee and a Member of the House who votes money. This . . . I want to find out why he thinks it's a conflict of interest for him to be excluded from this audit.

The Chairman: I think . . . well, I will let the Auditor General answer for himself.

Mr. Alastair Swarbrick, Auditor General: I think that's rather obvious. I can't audit myself. It would be a complete conflict. I cannot be objective and impartial about my own transactions. So, it would be nonsense for me to actually audit myself.

Hon. W. McKeeva Bush, Leader of the Opposition: Of course. And the biggest jack ass would know that. But that's a bad copout. An independent person or firm should be able to find that out, should have been hired—not even by them, but by the Governor, Cabinet, somebody—to perform an audit of the Audit Office's travel and expenditure.

When was the last time the Audit Office was audited for travel, and such expenditure, in particular? I would like a breakdown of the number of audits the Audit Office has had performed on their department for travel, the company performing the audit should also include audit focus, cost, and opinions given by any such company.

I believe that the Public Accounts Committee of the Legislative Assembly has a right to obtain copies of these reports, if they exist. It sounds to me that they don't, as I have never seen a report filed in the Legislative Assembly in 30 years relating to audits performed on the Auditor General's Office of such.

So, I certainly believe that if we are to have this transparency and this accountability, the Auditor General can't walk around like cock of the walk and not be audited for whatever they do in regard to travel and expenditure as much as any office in this government.

Thank you, Mr. Chairman.

Mr. Alastair Swarbrick, Auditor General: Can I respond to that point?

The Chairman: Yes, please.

Mr. Alastair Swarbrick, Auditor General: And then make a few other points after that, if possible?

The Chairman: Sure.

Mr. Alastair Swarbrick, Auditor General: Thank you, Mr. Chairman.

In terms of being audited, we are audited annually by the external firm which has been approved by this committee, Baker Tilly. And they will include a representative sample of our transactions, including travel and hospitality.

We were actually included in the internal audit that Mr. Manderson refers to in terms of expenditure and travel. And the results of that will be published shortly, as I understand.

And just for reference in terms of the transparency around our travel and hospitality costs, since I came on board as Auditor General in July 2010, we have published every six months our travel costs in detail and our hospitality costs in detail (which there is hardly any of, I hasten to add) on our website effectively. So, they are there for everybody to see.

Hon. W. McKeeva Bush, Leader of the Opposition: Ah, Mr. Chairman, if they are there I didn't see them. That's not the point.

The point is that I asked and he answered. He is excluded from any such audit. He has an audit firm which, by the way, he recommends and we foolishly just go and take it on. That's my opinion. I state my point.

I believe, Mr. Chairman, that the same way that every other place is subject to as such travel audit, not just have the figures on, anybody can put the figures together, that's what I complained about the building. Anybody can say that I must pay $40,000 a month or $50,000 or $60,000 a month or $30,000, whatever the figure is, what is it for? Show me. That's

why I am a member of the Public Accounts Committee for, and I stand by that.

I know I'm not getting anywhere, Mr. Chairman.

The Chairman: I think, Mr. Bush, he said that his office was included in the review —

Hon. W. McKeeva Bush, Leader of the Opposition: Which one?

The Chairman: His office.

Hon. W. McKeeva Bush, Leader of the Opposition: No, well then he is saying two things, because he said earlier that he could not . . . he had to be excluded from the audit because it would be a conflict of interest for him to do so.

The Chairman: Right. I mean, that's just—

Hon. W. McKeeva Bush, Leader of the Opposition: That means that he has not been audited if he's excluded from the audit.

The Chairman: Mr. Bush, I can't audit my own business or audit my own accounts.

Hon. W. McKeeva Bush, Leader of the Opposition: Who do you think you're talking to?

The Chairman: And neither can he—

Hon. W. McKeeva Bush, Leader of the Opposition: Who do you think you're talking to, Mr. Chairman?

I don't suggest that—

The Chairman: No, I know that—

Hon. W. McKeeva Bush, Leader of the Opposition: —I am saying that he should be audited by some independent source.

The Chairman: And he said he was. He was included in the internal—

Hon. W. McKeeva Bush, Leader of the Opposition: If he was, Mr. Chairman, why does he say he's excluded from the audit?

The Chairman: From his own audit.

Hon. W. McKeeva Bush, Leader of the Opposition: Why is he saying that?

The Chairman: Because he can't audit his own self—

Hon. W. McKeeva Bush, Leader of the Opposition: No he . . . if that is what he is saying he needs to word it different. If he is saying that he can't do it, fine. But is it done?

The Chairman: He said it was. He was included in the Deputy Governor's internal audit—

Hon. W. McKeeva Bush, Leader of the Opposition: Well, this report does not say that.

The Chairman: —review.

Hon. W. McKeeva Bush, Leader of the Opposition: This report does not say that, Mr. Chairman. That's all I'm saying. The report doesn't say that. The report says that its office was excluded from the audit due to conflict of interests.

The Chairman: Right. And I find that perfectly acceptable.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, you might find it, Mr. Chairman. It doesn't doubt me that you find it that way. You ever been—

Mr. Alastair Swarbrick, Auditor General: Just one final point on that.

The Chairman: Go ahead sir.

Mr. Alastair Swarbrick, Auditor General: We are following international practice about auditing ourselves in terms of what we report. We are auditing the government; not ourselves. So that's the reason why I am not included in this report.

Hon. W. McKeeva Bush, Leader of the Opposition: Well, Mr. Chairman, all I am saying is what the report says. The report says his office wasn't audited. That's what the report says, you know. Read it!

Mr. Alastair Swarbrick, Auditor General: The report says that it was excluded from *this* audit.

Hon. W. McKeeva Bush, Leader of the Opposition: From this audit.

Where is the audit for it?

Mr. Chairman, as a Public Accounts Committee and as a member of it, then I am asking you, Mr. Chairman, to get me a copy of what the audit was about, when it was done. I want a copy of it. Okay?

Thank you, Mr. Chairman.

The Chairman: Mr. Bush, I am trying . . . I am having difficulty understanding what audit you want me to get for you.

Hon. W. McKeeva Bush, Leader of the Opposition: The one that he says is completed, done on his travel.

The Chairman: He says that his office was included as part of the internal audit that examined travel—

Hon. W. McKeeva Bush, Leader of the Opposition: I, as a member—

The Chairman: Cabinet followed up and did it. [SOUNDS LIKE]

Hon. W. McKeeva Bush, Leader of the Opposition: I, as a member—

The Chairman: That's the only report, as far as I know that report is not finished—

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, Mr. Chairman, you—

The Chairman: Yes sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Mr. Chairman, do you understand that as a member of this committee I have a right to ask for audits?

The Chairman: I understand that.

Hon. W. McKeeva Bush, Leader of the Opposition: And copies of audits?

The Chairman: I completely understand you, Mr. Bush. I just want to make sure we're on the same page, so whatever information I reach out to get for you will satisfy and be exactly what you are looking for.

Hon. W. McKeeva Bush, Leader of the Opposition: Don't confuse it. Okay?

The Chairman: I'm not trying to confuse you, sir.

Hon. W. McKeeva Bush, Leader of the Opposition: Don't confuse it.

If there is an audit then I want a copy of it. That's what I am asking you.

The Chairman: All right.

Hon. W. McKeeva Bush, Leader of the Opposition: Okay?

The Chairman: We will—

Mr. Alastair Swarbrick, Auditor General: Can I just say the audit isn't public yet because it's being done by the Deputy Governor. And the audit report isn't finished as far as I am aware. I understand that he said it is coming out shortly to him in draft for comments.

Hon. W. McKeeva Bush, Leader of the Opposition: Then, Mr. Chairman—

Mr. Alastair Swarbrick, Auditor General: It's an internal audit and it is not an external audit. It is an internal audit of government.

Hon. W. McKeeva Bush, Leader of the Opposition: Fine. If there is an internal audit, I want a copy of the last audit, then, that was done. Okay? And when this one comes out then I suppose we will get a copy of it somehow.

The Chairman: Well, I will reach out to the Deputy Governor and see if there was an audit done in the past—

Hon. W. McKeeva Bush, Leader of the Opposition: Thank you, very much, sir.

The Chairman: —and see if we can get a copy of it.

Hon. W. McKeeva Bush, Leader of the Opposition: And I would appreciate you letting me know.

The Chairman: Sure. I'll follow up on it with you.

Members, again, thank you all for—

Mr. Alastair Swarbrick, Auditor General: Can I . . . I would actually like to make a couple of comments in reference to comments that were made this morning regarding our professionalism, in reality, and to talk about the facts, actually, of our reports. I think that's important that I do make some of these comments.

I think some of the comments this morning referred to the lack of understanding of this report, in reality. This report was about the management of travel and hospitality by the government administration. It wasn't about individuals, about blaming individuals. It was about how government effectively manages travel and hospitality and to see if they did it effectively, efficiently, and with consideration for value for money, and that's what we reported on.

A lot of the findings we reported on are not rocket science. They are basic requirements that I'd expect of any organisation, be it a small business up to a large corporation. There is nothing here from my perspective that is rocket science.

In fact, in terms of the clearance process for this report, we do not issue this report blindly, coldly without clearance and confirmation from officers. This report went through a three-month process of clearance. And that's after us confirming the facts when we actually do the audit work as well with the clients. This went through a three-month clearance process from draft process to the final clearance of the report where factual accuracy was agreed in the report on all of the comments and the tone and content was reviewed as

well. So, I think that these are very important facts that need to be reflected, and in light of the comments.

In terms of the publication of our reports, I believe any steps to prevent the publication of the reports by the Office of the Auditor General is a retrograde step, and is in contravention of International Standards as have been approved by the UN General Assembly and the Commonwealth Heads of Government Meeting in Sri Lanka in 2013. I believe that it is fundamentally important that an Audit Office has the ability to be able to publish its results without fear or favour to prevent any misinterpretation or politicisation of those results. So that's my final comment in terms of that.

I just want to point out that in some points we have been criticised about the factual accuracy of our reports. I will just highlight one expenditure, for example, in regard to the birthday party for the former Premier (or the former Minister of Tourism and Development). We have the invoice which clearly states that it was for a birthday party at Casanova's on the 27th or 28th of January of that year, and it's recorded in the register ledgers of the government as a birthday party. And it was confirmed by members of the department. So, we used factual evidence to base our findings on, and that's all. We do not report fiction.

I thank you for the time to make those comments.

Hon. W. McKeeva Bush, Leader of the Opposition: Ah, Mr. Chairman. The 27th, the 28th of February *[sic]* is a whole week away from my birthday. My birthday is on the 20th. And that's why it is so imperative, it is such an imperative that when he . . . if he goes to speak to any department person who might have written something down understanding, well, they bought a cake for my birthday and they put down it was a birthday party, then that's why we . . . the person being complained about should be interviewed.

The 27th or the 28th of January is a whole eight . . . a week, or eight days from my birthday. And I can tell this [Committee] what I told the country, they never had a birthday party for McKeeva Bush. And with all the different ways that people write up memos and different things they put on it, that's probably what happened. They bought a birthday cake for me during that day, when we had that retreat, and they said a birthday party or a birthday lunch.

What I complain about is far too much misinformation and the wording used leaves much to be desired. That's what I say. And it's done deliberately. That's why you see that man over there is getting sued by me—him, the Commissioner, the Governor and quite a few more. That's why they are getting sued.

There's only one thing: the country will have to pay for it, not him.

The Chairman: Again, I am going to draw proceedings to a close and end the meeting.

Mr. Bush, I will do my best to get the information that you have asked for me to do so. I will give my best efforts.

Thanks again everyone. Appreciate your patience. Thank you for bearing up throughout the day with us. We are dismissed.

The proceedings of the Public Accounts Committee adjourned at 4:32 pm.