

Annual Report

Of

Portfolio of Internal & External Affairs

For the 2007/08 Financial Year

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1. Overview of Performance for the Year

Introduction

This annual report details the performance of the *Portfolio of Internal & External Affairs* for the fiscal year ending 30 June 2008.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2007/08 or as amended through the supplementary appropriation process.

Part B

Ownership Performance Achieved During the Year

3 Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

Providing for the accommodation and operation of the Legislative Assembly and for the functioning of democratic and effective governance of a well-informed populace; providing policy advice to the Cabinet on immigration, public safety and law enforcement matters; providing advice and facilities for the preservation of Government records and culturally significant media; contributing to the safety and well-being of the community through effective immigration controls, detention and rehabilitation of prisoners, policing, fires services, and disaster preparedness.

Scope of Activities

- Providing support for the duties and responsibilities of the Governor as set out in the Constitution and the Royal Instructions
- Providing for the formation and operation of governing institutions of Parliament
- Providing for the maintenance and enforcement of the Cayman Island's immigration laws and regulations.
- Providing for the maintenance and enforcement of law and order, the preservation of the peace, the protection of life and property, the prevention and detection of crime and the apprehension of offenders
- Providing a range of services relating to naturalisation, the electoral register, the issuance of passports and the legalisation of documents
- Providing 24-hour emergency response to the people of the Cayman Islands and its visitors.
- Providing a structured programme, through the Cadet Corp, for young people including drill training; civic and citizenship activities; music and band training; social behavioural adjustment programmes; and community service
- Promoting disaster preparedness as it relates to Government records and historical archives, providing public access to archives and historical information of all kinds relating to the Cayman Islands
- Providing a rapid response to fires, aircrafts accidents and any other emergencies, and providing activities promoting prevention of such incidents
- Providing for the detention and rehabilitation of offenders

Customers and Location of Activities

Customers of the Portfolio include the general public, visitors, public and private organisations, Members of the Legislative Assembly, and public servants.

The Portfolio provides services on Grand Cayman, Cayman Brac and Little Cayman, as well as in overseas offices.

Compliance during the Year

During the Period July 2007 to June 2008 the Portfolio confined its activities to the scope of the Portfolio.

4 Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the Portfolio of Internal and External Affairs in 2007/8 and the subsequent two years are as follows:

- Facilitate the completion of any further constitutional review exercises in accordance with the timetable set by the Government.
- Complete construction of the new National Archive Building.
- Significantly expand the offshore capability of the RCIP's marine section
- Significantly increase the operational capabilities of the RCIP in terms of equipment and manpower
- Implement the Regulations for the Public Management and Finance Law and other guidelines to enable agencies to comply with best practices in record keeping
- Establish the National Emergency Management Agency and its activities following the lessons learnt from Hurricane Ivan.
- Redevelop the building for the Cadet Corp after Ivan
- To construct a Fire Sub Station in Bodden Town, providing additional fire coverage for the Eastern district.
- To strengthen and improve the overall control of our borders by increased efficiency through co-operation with other enforcement agencies, the use of joint intelligence and the use of the latest technology including biometric checks of passengers.
- To construct an internal business framework for which will establish a coherent and effective linkage between organizational objectives, individual objectives, job descriptions, targets, and performance.

Achievement during Year

The key strategic ownership goals for the Portfolio of Internal and External Affairs in 2007/8 were achieved as follows:

- Facilitated further constitutional review exercises in accordance with the timetable set by the Government.
- Implemented a series of activities and acquisitions to significantly expand the offshore capability of the RCIP's marine section
- Significantly increase the operational capabilities of the RCIP in terms of equipment and manpower

The following key strategic ownership goals for the Portfolio of Internal and External Affairs in 2007/8 were not achieved in 2007/08:

- Complete construction of the new National Archive Building.
- Implementation of the Regulations for the Public Management and Finance Law and other guidelines to enable agencies to comply with best practices in record keeping
- Redevelop the building for the Cadet Corp after Ivan
- To construct a Fire Sub Station in Bodden Town, providing additional fire coverage for the Eastern district.
- To strengthen and improve the overall control of our borders through the use of the latest technology including biometric checks of passengers.

5 Ownership Performance Targets

5.1 Financial Performance

Financial Performance Measures	2007/08 Actual $000	2007/08 Budget $000	Annual Variance $000
Revenue from Cabinet	72,637	73,904	(1,267)
Revenue from ministries, portfolios, statutory authorities, government companies	6,195	5,979	216
Revenue from others	7,149	3,735	3,414
Surplus/deficit from outputs	(1,255)		(1,255)
Ownership expenses	2,070		2,070
Operating Surplus/Deficit	815		815
Net Worth	35,076	55,947	(20,871)
Cash flows from operating activities	3,134	3,824	(690)
Cash flows from investing activities	(9,876)	(18,238)	8,362
Cash flows from financing activities	7,459	14,412	(6,953)
Change in cash balances	717	(2,416)	3,133

Financial Performance Ratios	2007/08 Actual %	2007/08 Budget %	Annual Variance
Current Assets: Current Liabilities (Working Capital)	108%	120	-41%
Total Assets: Total Liabilities	236%	1080%	-930%

5.2 Maintenance of Capability

Human Capital Measures	2007/08 Actual	2007/08 Budget	Annual Variance
Total full time equivalent staff employed	**944**	**975**	**(31)**

Physical Capital Measures	2007/08 Actual $'000	2007/08 Budget $'000	Annual Variance $'000
Value of total assets	33,024	61,655	(28,631)
Asset replacements: total assets	-	30%	-
Book value of assets: initial cost of those assets	56%	66%	-
Depreciation: cash flow on asset purchases	30%	13%	-5%
Changes to asset management policies	None	None	None

5.3 Risk Management

Key risks faced by the Portfolio	Change in status from 2006/7	Actions to manage risk	Financial value of risk
Natural Disaster – Loss of Vital Information	Unchanged	Employees transfer vital information on a regular basis to the Archives Department for proper storage. Example of vital information transferred are Personnel Records, Cabinet Papers, etc.	
Natural Disaster – Loss of Communications	Unchanged	Ensure contingency plans are in place	
Loss of Vital Human Resources	Unchanged	Cross training of staff ensuring staff are well versed in all areas of operation to facilitate continued smooth operations in the event of loss of vital staff. Succession planning	
Equipment Failure or Loss	Unchanged	Ensuring that IT systems in the Portfolio of Internal and External Affairs are properly maintained and backed up on a regular basis to minimize data loss. Ensuring contingency manual systems are in place should an equipment failure occur.	
Security of Confidential Documents	Unchanged	All confidential documents are kept locked away and are only accessed by authorized personnel.	
Inappropriate use of Coercive Power by Law Enforcement Officers	Unchanged	Ensure staff is properly trained in their respective areas. Close supervision and regular developmental meetings.	

6 Equity Investments and Withdrawals

Equity Movement	2007/08 Actual $000	2007/08 Budget $000	Annual Variance $000
Equity Investment from Cabinet into the Portfolio of Internal Affairs	7,459	14,412	6,953
Capital (Equity) Withdrawal by Cabinet from the Portfolio of Internal and External Affairs	-	-	-

Part C

Financial Statements for the Year

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS
For the year ended June 2008

These financial statements have been prepared by *Portfolio of Internal & External Affairs* in accordance with the provisions of the Public Management and Finance Law (2005 Revision)

I accept responsibility for the reasonable accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2005 Revision) within the constraints of the available information and resources.

To the best of my knowledge the financial statements:

(a) are complete and reliable except in relation to opening balances and entries transferred to the Portfolio without proper support and documentation and net book value of the fixed asset inventory;

(b) fairly reflect the financial position as at the end of 30 June 2008; and

(c) partially comply with most generally accepted accounting practice.

Eric Bush
Chief Officer
PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
1st February 2012

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AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly of the Cayman Islands

Report on Financial Statements:

I have audited the accompanying financial statements of the Portfolio of Internal and External Affairs which comprise the balance sheet as at 30 June 2008, and the operating statement, statement of changes in net worth, statement of cash flows, statement of commitments, and the statement of contingent liabilities for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 23 to 30 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Financial Statements

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion:

Operating Statement

Outputs to Other Government Agencies
I am not satisfied that the amount of $6,195,000 is complete and accurate due to a lack of supporting documentation relating to some interdepartmental charges and the misclassification errors that should have been classified as output to others which is estimated to have overstated outputs to other government agencies by $1,058,000.

Outputs to Others
I am not satisfied that the amount of $5,384,000 is complete and accurate due to a lack of supporting documentation such as statistics regarding some significant amounts which would have allowed us to verify the completeness of these balances, as well as a the misclassification error which is estimated to have understated outputs to other by $1,058,000.

Supplies and Consumables
I am unable to satisfy myself that the lease of sites & building balance totalling $3,037,523 was complete and accurate due to lack of adequate supporting documentation. As well, cut-off issues existed in certain transactions and therefore, I am unable to verify whether the 'Supplies and Consumables' balance of $24,300,000 for the year ending 30 June 2008 is fairly stated in all material respects.

Depreciation
I am unable to determine whether the depreciation expense of $2,988,000 is fairly stated in all material respects for the year ending 30 June 2008 as a result of being unable to determine the existence, completeness and accuracy of property, plant and equipment which depreciation is calculated there from.

Capital Charge
I am unable to determine if the 'Capital Charge' balance of $2,070,000 is fairly stated at 30 June 2008 in all material respects as a result of the issues noted above and the prior year issues in determining the net worth of the Portfolio of which capital charges are calculated upon.

Balance Sheet

Accounts Receivable
I noted gross individual differences of $1,137,486 recorded in error (with a net overstatement of $382,326) as well as an unknown amount of receivable differences which may exist for revenue balances that I was unable to test. Therefore, I was unable to determine whether the accounts receivable balance of $15,635,000 as at 30 June 2008 is fairly stated.

Property, Plant & Equipment
I am unable to determine the ownership, existence, valuation, accuracy and completeness of property, plant and equipment due to the following:

- A lack of supporting documentation for items valued in excess of $500,000;
- A credit balance of $2,670,000 was noted which was brought forward from the previous year in the fixed asset mass additions clearing account and this balance could not be verified.
- Some departments did not carry out adequate fixed asset counts at year end. Additionally, the fixed assets items recorded in the IRIS sub-ledger were not properly identified with enough details for us to determine whether items counted had been disclosed in the General ledger or whether items disposed of were removed from the General ledger and;

Property, Plant & Equipment (continued)

- I was not provided with documentation to support the ownership of several material fixed assets and the fair values of property, plant and equipment.

Therefore, the balance of $33,024,000 as at 30 June 2008 is not fairly stated.

Accounts Payable

Due to the lack of supporting documentation and differences of approximately $710,000 the 'Accounts payable' balance of $23,101,000 at June 30, 2008 is not fairly stated.

Employee Entitlements

Lack of controls over record keeping of accrued annual leave has resulted in significant variances between amounts recorded in the IRIS sub-ledger and the actual annual leave forms which indicate that annual leave accrued may be overstated in some instances. As a result, I am unable to opine on the completeness and accuracy of employee entitlement in the amount of $2,549,000 at 30 June 2008.

Net Worth:

Due to the issues brought forward from the 2006-07 financial year relating to the accuracy of net worth, as well as current year differences noted above, I am unable to determine whether the 'Net Worth' balance of $35,076,000 at 30 June 2008 is fairly stated.

Cash Flow Statement

The actual 2007-08 net increase in cash and cash equivalents reported is $717,000. The actual amount when mathematically added for 2007-08 is $1,596,000, which is a difference of $879,000. Therefore, the total cash and cash equivalents at end of period mathematically should total $12,831,000, which would not agree to the cash and cash equivalents amount reported in the balance sheet. This difference has not been resolved and therefore the cash flow statement is not fairly stated.

Statement of Commitments – Scope Limitation

I was not provided with the supporting schedule in a timely manner to allow for adequate verification of the amounts reflected in the statement of commitments; as a result, I am unable to determine whether the amounts presented are complete, accurate and in compliance with IPSAS 13 disclosure requirements (total contingent rents recognized; and a general description of the lessor's leasing arrangements.)

Non-compliance with significant presentation and disclosure requirements of IPSAS and other authoritative pronouncements

The financial statements are required by the *Public Management and Finance Law* to be prepared under IPSAS. However, we have noted several significant departures from IPSAS requirements regarding presentation and disclosures requirements. Therefore, I have concluded that the financial statements substantially lack critical information that would otherwise be presented if these statements had been prepared in accordance with IPSAS.

Standards which were not complied with/fully complied with include:

- IPSAS 1 – Presentation of Financial Statements (several items not appropriately disclosed in the notes to the financial statements).
- IPSAS 17 – Property Plant & Equipment (additions & disposals are not clearly disclosed)

Standards which were not complied with/fully complied with include (continued):

- IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets (full disclosure of claims against the Portfolio was not made)
- IPSAS 20 – Related Party Disclosure (no register of interest was maintained; therefore, we were unable to verify the completeness of related party transactions).

Adverse Opinion on Financial Statements

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs above, the financial statements do not present fairly the financial position of the Portfolio of Internal and External Affairs as of 30 June 2008, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Other Matters:

Personnel Costs – RCIP Allowances illegally paid

The housing and laundry allowance paid to RCIP officers by the Portfolio of Internal & External Affairs during 2007-08 was twice the amount set out in the Police Regulations. Although some form of evidence was produced to support approval for an increase in allowances for RCIP officers, the evidence presented was not specific enough and the Police Regulations were never amended resulting in an illegal payment of allowances being made. The excess payment of the housing and laundry allowance combined is in the range of $1,500,000 to $2,060,000 based on the current Police Regulations.

Personnel Costs – Prison Change in Salary Grades

At the ending of February 2008, several posts in the Prison department were re-evaluated resulting in increases to grades of prison officers. The revised grades were not paid and no provision was set up in the 2007-08 financial year to account for the accrued personnel costs. As a result, the Portfolio has not complied with the *Public Service Management Law* which states that employees should be paid within the remuneration band established for the relevant position.

Non-compliance with the *Public Management and Finance Law*

I draw attention to the fact that the Portfolio did not report the following as required under subsection 44(2) of the *Public Management and Finance Law:* no explanation of variances for actual versus budgeted ownership performance targets; and there was no actual human capital measures reported and some of the physical capital measures.

The Portfolio did not submit its financial statements to the Auditor General for audit and present its annual report to the Legislative Assembly in the timeframes required under subsections 44(3) and (5) of the *Public Management and Finance Law (2005 Revision)* (1st draft was submitted 26th November 2009) nor present its annual report to the Legislative Assembly within the required timeframe.

Non-compliance with the Financial Regulations - Tendering

There were a few instances where we were not provided with the information regarding tendering documentation and as a result could not determine whether the tendering procedures as required by the Financial Regulations were complied with.

Alastair Swarbrick MA (Hons), CPFA
Auditor General

Cayman Islands
1 February 2012

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
BALANCE SHEET
AS AT 30 JUNE 2008

Actual	Note	2007/08 Actual $000	2007/08 Budget $000	2006/07 $000
Current Assets				
Cash and cash equivalents	5	11,954	1,681	11,236
Accounts receivable	6	15,635	5,188	7,131
Inventories	7	132		99
Other Current Assets		49		232
Total Current Assets		**27,769**	**6,869**	**18,699**
Non-Current Assets				
Property, plant and equipment	8	33,024	54,785	24,876
Other non-current assets				23
Total Non-Current Assets		**33,024**	**54,785**	**24,899**
Total Assets		**60,793**	**61,654**	**43,597**
Current Liabilities				
Accounts payable	9	23,101	4,598	14,234
Employee entitlements	11	2,549	1,109	3,176
Other current liabilities		67		108
Total Current Liabilities		**25,717**	**5,707**	**17,518**
Non-Current Liabilities				
Employee entitlements	12			51
Total Non-Current Liabilities				**51**
Total Liabilities		**25,717**	**5,707**	**17,568**
TOTAL ASSETS LESS TOTAL LIABILITIES		**35,076**	**55,947**	**26,029**
NET WORTH				
Contributed capital		36,093	55,947	28,635
Accumulated surpluses / (Deficits)		(1,017)		(2,605)
Total Net Worth		**35,076**	**55,947**	**26,029**

The accounting policies and notes on pages 20 to 21 form part of these financial statements.

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007/08 Actual $000	2007/08 Budget $000	2006/07 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Coercive receipts				-
Outputs to Cabinet		70,117	73,904	67,034
Outputs to other government agencies		2,788	5,801	587
Outputs to others		5,911	3,541	
Interest received			-	
Other receipts		(23)	-	6,739
Payments				
Personnel costs		(57,737)	(56,957)	(54,888)
Suppliers		(14,554)	(16,378)	(17,504)
Other payments		(2,489)	(1,721)	(160)
Net cash flows from operating activities	13	**4,013**	**8,190**	**1,809**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(9,876)	(18,239)	(9,271)
Purchase of investments			-	-
Proceeds from sale of non-current assets			-	-
Net cash flows from investing activities		**(9,876)**	**(18,239)**	**(9,271)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		7,459	14,412	17,968
Repayment of surplus			-	-
Capital withdrawal			-	-
Net cash flows from financing activities		**7,459**	**14,412**	**17,968**
Net increase/(decrease) in cash and cash equivalents		717	(3)	10,509
Cash and cash equivalents at beginning of period		11,235	1,684	726
Cash and cash equivalents at end of period	5	**11,952**	**1,681**	**11,235**

The accounting policies and notes on pages 20 to 21 form part of these financial statements.

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2008

Type	One year or less	One to five years	Over five years	Total
	$000	$000	$000	$000
Operating Commitments				
Non-cancellable accommodation leases	243.7	29.5		271.4
Total Operating Commitments	**243.7**	**29.5**		**271.4**
Total Commitments				

The accounting policies and notes on pages 91 to 97 form part of these financial statements..

STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2008

Summary of Quantifiable Contingent Liabilities

	$000
Legal Proceedings and Disputes	
Potential Litigation against the Portfolio	469
Item 2 description	
Total Legal Proceedings and Disputes	**469**

There were several legal disputes against the Portfolio with potential claims totalling $469,000. The Portfolio made provisions in its income statement of $354,543 to cover any potential claims.

The accounting policies and notes on pages 20 to 21 form part of these financial statements.

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2008

General Accounting Policies

Reporting entity
These financial statements are for the Portfolio of Internal & External Affairs

Basis of preparation
The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period
The annual reporting period is for the twelve months ended 30 June 2008.

Specific Accounting Policies

Revenue
Output revenue
Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue
Interest revenue is recognised in the period in which it is earned.

Expenses
General
Expenses are recognised when incurred.

Depreciation
Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets
Cash and cash equivalents
Cash and cash equivalents include cash held in the portfolio of internal & external affairs bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances
Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory
Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)
Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2005) less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

PORTFOLIO OF INTERNAL & EXTERNAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PERSONNEL COSTS

	2007/08 Actual $000	2007/08 Budget $000	2006/7 Actual $000
Salaries and wages (including employee pension contributions)	44,578	53,658	41,590
Employer pension expense	2,234	3,375	2,262
Other personnel costs	10,993	-	10,149
Movement in leave provision expense	(577)	-	651
Total Personnel Costs	**57,229**	**51,351**	**54,652**

NOTE 2: SUPPLIES AND CONSUMABLES

	2007/08 Actual $000	2007/08 Budget $000	2006/7 Actual $000
Purchase of goods and services	20,379	14,987	18,886
Operating lease rentals	3,041	2,422	2,081
Other	879	891	62
Total Supplies and Consumables	**24,300**	**18,300**	**21,028**

NOTE 3: DEPRECIATION

	2007/08 Actual $000	2007/08 Budget $000	2006/7 Actual $000
Buildings-	342	531	319
Vehicles-	707	1,066	557
Aeroplanes-		120	
Boats-	20	154	20
Furniture and fittings -	163	69	135
Computer hardware and software-	353	203	230
Office equipment-	47	71	38
Other plant and equipment-	1,354	121	1,084
Other assets -	1	175	2
Total Depreciation	**2,988**	**2,510**	**2,387**

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	15 – 50
Vehicles	5 - 10
Aeroplanes	N/A
Boats	9 - 20
Furniture and fittings	10 - 20
Computer hardware and software	3 -10
Office equipment	4 - 25
Other plant and equipment	5 - 20
Other assets	5 - 20

NOTE 4: Other Items

	2007/08 Actual $000	2007/08 Budget $000	2006/07 Actual $000
Commonwealth Parliamentary Association	140	-	-
Settlement of Law Suits	70	-	-
Total	**210**	**-**	**-**

NOTE 5: CASH AND CASH EQUIVALENTS

	2007/08 Actual $000	2007/08 Budget $000	2006/07 Actual $000
Cash on hand	14	-	14
Bank accounts	6,406	1,681	5,626
Deposits with Portfolio of Finance and Economic (Treasury)	5,534		5,596
Total Cash and Cash Equivalents	**11,954**	**1,681**	**11,236**

NOTE 6: ACCOUNTS RECEIVABLE

	2007/08 Actual $000	2007/08 Budget $000	2006/07 Actual $000
Sale of goods and services		3,639	
Outputs to Cabinet	12,454	370	5,647
Outputs to other government agencies	1,645	-	810
Outputs to others		-	
Prepayments	669	466	
Interest Receivable		-	673
Other Receivables	1,745	713	
Total Gross Accounts Receivable	16,514	5,188	7,131
Less provision for doubtful debts	(879)		-
Total Net Accounts Receivable	**15,635**	**5,188**	**7,131**

NOTE 7: INVENTORIES

	2007/08 Actual $000	2007/08 Budget $000	2006/07 Actual $000
Raw Materials (including Consumable Stores)	46		
Other inventories for use within one year	86		99
Total Inventories	**132**		**99**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

NOTE 8.1: Cost

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Land	1,801	3,219	1,801
Buildings	24,359	40,946	23,252
Vehicles	4,208	23,854	3,737
Aeroplanes		2,045	-
Boats	441	4,621	427
Furniture and fittings	1,519	2,766	1,233
Computer hardware and software	2,231	6,184	1,231
Office equipment	1,344	1,125	1,186
Other plant and equipment	22,796	3,793	12,110
Other assets		5,971	1,793
	58,700	**94,524**	**46,771**

NOTE 8.2: Accumulated Depreciation

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Buildings	(15,428)	(22,041)	(14,791)
Vehicles	(2,119)	(11,567)	(1,413)
Aeroplanes		(245)	-
Boats	(176)	(1,495)	(156)
Furniture and fittings	(531)	(598)	(423)
Computer hardware and software	(1,050)	(1,467)	(609)
Office equipment	(886)	(965)	(695)
Other plant and equipment	(5,485)	(779)	(3,934)
Other assets		(581)	(22)
Total Accumulated Depreciation	**(25,676)**	**(39,738)**	**(22,043)**

NOTE 8.3: Net Book Value

	2007/8 Actual	2007/8 Budget	2006/7 Actual
	$000	$000	$000
Land	1,801	3,219	1,801
Buildings	8,931	18,905	8,461
Vehicles	2,089	12,287	2,324
Aeroplanes		1,800	-
Boats	264	3,126	271
Furniture and fittings	988	2,168	810
Computer hardware and software	1,181	4,717	622
Office equipment	458	160	491
Other plant and equipment	17,311	3,014	8,176
Other assets		5,390	1,771
Total Depreciation	**33,024**	**54,786**	**24,876**

Section 95, IPSAS 17 – Accounting for Property, Plant and Equipment allows entities not to recognise property, plant and equipment for reporting periods beginning on a date within five years following the date of first adoption of accruals accounting in accordance with International Public Sector Accounting standards. The Cayman Islands Government commenced accruals accounting on July 1, 2004. Currently the Ministry of Finance is weighing the option to revalue all assets of the Government. Until such time the all government departments will be in a non-compliance position with the standards. The government has taken steps to start the revaluation in a systematic manner in 2011-12.

NOTE 9: ACCOUNTS PAYABLE

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	$000	$000	$000
Trade Creditors	9,146	1,822	5,441
Other Payables	1,147	-	1,031
Accrued Expenses	12,808	2,776	7,762
Total	**23,101**	**4,598**	**14,234**

NOTE 11: EMPLOYEE ENTITLEMENTS (CURRENT)

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	$000	$000	$000
Long service leave and other leave entitlements	1,122	1,109	1,674
Other salary related entitlements	1,427	-	1,502
Total Employee Entitlements	**2,549**	**1,109**	**3,176**

NOTE 12. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	$000	$000	$000
Long service leave and other leave entitlements NC		-	51
Other salary related entitlements NC		-	-
Total		**-**	**51**

NOTE 13: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	$000	$000	$000
Operating surplus/(deficit)	(797)		(4,007)
Non-cash movements			
Depreciation	2,988	2,510	2,387
Increase in provision for doubtful debts	879		
(Decrease)/increase in payables/accruals	8,149	1,923	4,718
Net gain/loss from sale of fixed assets			
Increase in other current assets			
Increase in receivables	(8,084)	(609)	(1,289)
Net cash flows from operating activities	**3,134**	**3,824**	**1,809**

NOTE 14: EVENTS OCCURING AFTER BALANCE DATE (30 June 2008)

1. Conditions existing at balance date

(a) The Portfolio is not aware of any events occurring after balance date which provide additional evidence of conditions that existed at balance date or reveal for the first time a condition that existed at balance date and where the financial effect of that event was brought to account.

2. Conditions after balance date

After the General Elections of 2009 a reorganisation of government departments resulted in the Fire Department and Archive Department being transferred to other Ministries while the Department of Community Rehabilitation was transferred to the Portfolio. The total impact on net worth was a reduction of approximately $11M.

3. In October 2011, the Government agreed to settle with the members of the RCIPS fifty cents on the dollar for outstanding liabilities of comp time. At November 2011 approximately 75% of the liability was settled. The impact of this decision has been factored in the Financial statements.

NOTE 15: RELATED PARTY DISCLOSURES

Total remunerations to Senior Management amounted to $1,676,762.09. There is no knowledge of by management nor is there any declaration of related conflicts by the management of the Portfolio at the time of the balance sheet. The Portfolio does not have a register of interests.

NOTE 16: Other Operating Revenues

Other operating revenue includes interim insurance settlements of $55K for the damage to assets and $1.35M of rebilling to other Government entities for drying of documents in excess of the insurance settlement. Of the $1.35M, $773K was provided for as uncollectable.