Appendix E

THE GOVERNMENT MINUTE

The Government's Response to the Report of
The Standing Public Accounts Committee (PAC)
On the Report of the Auditor General entitled:

"Financial Reporting of the Cayman Islands Government General Report 31-December-2021 and 31 December-2020"

April, 2024

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"Financial Reporting of the Cayman Islands Government General Report 31-December-2021 and 31 December-2020"

1. BACKGROUND

Section 77(7) of the Legislative Assembly Standing Orders (2018 Revision) states that the Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Standing Public Accounts Committee ("the committee") and of the report of the Auditor General to which it relates.

This Government Minute constitutes the Government's response to the Report of the Standing Public Accounts Committee tabled in the Legislative Assembly on the following Reports prepared by the Auditor General:

- Financial Reporting of the Cayman Islands Government – General Report 31-December-2021 (October, 2022)
- Financial Reporting of the Cayman Islands Government – General Report 31-December-2020 (October, 2021)

The Government Minute lists any additional PAC recommendations made in relation to the Auditor General's report, together with Management Responses submitted by the relevant Government Ministry/Portfolio to which each recommendation relates.

2. MANAGEMENT RESPONSES TO PAC RECOMMENDATIONS

In its report, the Public Accounts Committee (PAC) endorsed and supported the recommendations of the Office of the Auditor General ("OAG") and made one (1) additional recommendation.

The additional PAC recommendation and the Management Response to the recommendation are provided below.

PAC Recommendation 1 Responsibility: Financial Secretary

As a matter of urgency, the PAC recommends that the Ministry of Finance and Economic Development (MFED) make a detailed assessment of the cost of implementing Section 47 of the Public Authorities Act to include non-monetary benefits (such as pensions and health insurance) for SAGCs and include this in the Government's budget for 2024-2025. Given the substantial costs reported by the Auditor general in paragraphs 62 and 63 of the Report, the PAC expects to see line items for the implementation of the public Authorities Act in Government's budget moving forward.

Management Response:

The Ministry of Finance is aware that one Ministry has requested funding in the 2024-2025 Budgets of $3.5 million each year to assist one of its underlying Government Companies, to comply with the above-noted statute. The Ministry of Finance will continue to monitor such requests and will inform Cabinet of the amounts involved.

Further Observations

The Committee made the following observations:

PAC Observation 1 Responsibility: Deputy Governor

The PAC encourages the Deputy Governor to consider revising the organizational structure of budgeting and reporting so that Chief Financial Officers report to the Financial Secretary in addition to their Chief Officers. This shift in the performance management framework will better support the Financial Secretary to improve financial management and reporting across government.

Management Response:
The Hon. Deputy Governor agrees to undertake the necessary consultations with the Ministry of Finance and the Senior Leadership Team to assess the desirability and viability of the proposed changes in line management. The goal for completion is Q4 2024.

PAC Observation 2 Responsibility: Hon. Speaker of the House of Parliament

The PAC encourages the Hon. Speaker of Parliament to summon a Meeting of the House of Parliament no later than 31st March each year to ensure that Supplementary Appropriation Bills are Tabled in the House as required by Sections 11(6b) and 25(2) of the Public Management & Finance Act.

Management Response:
The recommendation has been forwarded to the Honourable Speaker of the House for her attention and consideration.

PAC Observation 3 Responsibility: Hon. Speaker of the House of Parliament

The PAC encourages the Hon. Speaker of Parliament to summon a Meeting of the House of Parliament no later than 30th September each year in order to ensure that annual reports are Tabled in the House as required by Sections 29A(8), 44(6), and 52(7) of the Public Management & Finance Act.

Management Response:
The recommendation has been forwarded to the Honourable Speaker of the House for her attention and consideration.

PAC Observation 4 Responsibility: Deputy Governor

The PAC encourages the Deputy Governor to create a guideline document outlining the best

practices for reorganization of Ministries after election.

Management Response:
The Office of the Deputy Governor will undertake an assessment of the existing arrangements to identify any gaps or issues, as a basis for any potential changes. The goal for completion is Q3 2024.