

PERSONAL STATEMENT

BY

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HON.LEADER OF OPPOSITION

Madam Speaker as everyone knows, Government Accounts and the development of its various processes is done by management (meaning the Civil Servants) and in particular its accounting staff in the various Ministries, Government companies and departments. We have to wonder how much IRIS system is helping or is it causing more consternation.

When the Government implemented the Public Management and Finance Law, it required a change in accounting systems, which took place in 2003. Due to poor implementation, the account balances in the old system were transferred into the new system without being reconciled or audited which led to the financial accounts mess from

2004 onwards. All the larger Ministries went through receiving Adverse Audit Opinions and Disclaimers over the years.

In 2008/09 the Accounting Task force was put together with various Government workers and KPMG to assist with getting Government accounts back in order, without much success. It should be mentioned that the budget for the Accounting Task Force was exhausted prior to assisting the Ministry of Tourism, which as a result received no help.

After the 2009 election the Ministry of Financial Services, Tourism and Development was created bringing together some of the largest Government departments under one Ministry. There were two Chief Officers, but only one Finance Team supporting both Tourism and Financial Services. The Finance Team comprised of 3-4 staff at any given time.

In comparison, other large Ministries had Finance Teams which were comprised of up to 12 staff in the Ministry of Education for instance. Clearly after the election the Ministry of Financial Services, Tourism and

Development's Finance Team was severely understaffed. There was no capacity to ensure good oversight of both Financial Services and Tourism with the number of staff in place.

The present reports also speaks to the years 2005 – 2009 where it was said that there was 60 million unaccounted for.

Former Public Accounts Committee chairman Mr. Ezzard Miller recommended the Chief Officer for Tourism to hire additional accounts staff to deal with the mega Ministry. Post for accounts personnel were included in the Ministry's initial draft budgets for 2009/10, 2010/11, 2011/12, and 2012/13. All the vacant posts for accounts staff were removed during budget cuts each year, in order for the Government to meet its overall budget targets to be approved by the UK.

It should be noted that only after a full audit is conducted and audit points are issued that Senior management would become aware of weaknesses and control issues, therefore timely audit feedback is critical to implementing changes quickly.

For the Ministry of Financial Services, Tourism and Development, the first full audits for 2010/11, and 2011/12 were conducted simultaneously in June 2013, much too late for the Accounting Management Staff to make improvements on either financial year.

The Auditor General has sensationalized the communication to the media in his press briefing, with no regard for the impact that his statements have on the Ministry staff involved, who have worked hard with the little resources they were given. I'd like to make it abundantly clear that in the Auditor General's management letter to the Ministry on the 30<sup>th</sup>, November 2013, he points out that there was No evidence

of fraud discovered in the Ministry of Tourism audits for 2010/11 and 2011/12.

The 2010/11 and 2011/12 accounts for both Financial Services and Tourism and Development, were prepared by the same Ministry staff. Financial Services has received a qualified audit opinion, qualified on the basis of Fixed Assets revaluation. Qualified audit opinions are issued to most Government Ministries. This is the best audit opinion a Ministry could receive without the Government owned properties being revalued. Clearly there are no competency issues with Finance Staff of the Ministry. It is simply unfair for the Auditor General to state so. There were Capacity issues due to staff shortages. The Auditor General is trying to unfairly damage the professional reputations of the Ministry of Tourism's finance team. His Audit Manager and Lead Auditor on the Ministry of Tourism audits even met with the current

Chief Officer to discuss staffing issues. If he is going to hold a press briefing he must state all the facts. But that is the problem with the Auditor General who it seems is Hell-Bent on making civil servants and politicians as bad as possible.

I am going to urge the chairman of the Public Accounts Committee to quickly hold a meeting to discuss this Audit Report so that the staff of both ministries can explain the issues faced at the time and to defend themselves.

I will say that it is wrong for this report to go public, smear people – without civil servants and members of this Honorable House being able to see the report and the PAC to examine the validity or accuracy of the report. His statements leave much to be desired. But of course, it smears people and helps to denigrate the Cayman Islands.

The truth is the years of 2010 – 2012 was the only time that Government Accounts were brought up to date and submitted on time. Since the New Government accounts came into operation, meaning, the accounts of the Cayman Islands Government – were brought up to date for 2010/2011 and for 2011/2012 and for 2012/2013.

I understand that there are plans by the Ministry of Tourism to accept a disclaimer and not do a complete audit for July 2012 – June 2013.

When we do know, that the work was carried out to improve the accounts for that time period.

We also know that the Finance Team of the Ministry after December 2012 went through a reshuffle leaving only 2 staff members in the accounts team in the Ministry of Tourism.

I urge the Chief Officer in the Ministry of Tourism to ensure that a full audit is conducted on the 2013 accounts, that is July 2012 to June 2013.