

## Financial and Performance Reporting

General Report of the  
Auditor General 2010





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# EXECUTIVE SUMMARY

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I am pleased to present my first general report to the Legislative Assembly of the Cayman Islands. I believe that Members of the Legislative Assembly will find this report useful in their role to ensure financial accountability and transparency for Government operations.

Financial statements and the annual reports that contain them need to be timely, useful and credible in order for them to be of use to decision makers and effective as accountability documents. In our April 2010 report we indicated that Government faced significant challenges to bring financial reporting up to date and restoring financial accountability.

At this time, I conclude that some progress has been made in restoring financial accountability; however, the Government still has a significant way to go before it is fully restored. Progress has been made in clearing the backlog of financial statements and it is expected that by the end of February 2011, apart from a few exceptions, that all entity financial statements up to and including 2009/10 will have been presented and their audits completed. I am also able to conclude that, apart from a few exceptions, the reliability and quality of the statutory authority and government company's financial statements is reasonable, with visible progress being made to restore their financial accountability.

However this progress cannot hide that the usefulness of the financial statements for earlier years for most entities, but in particular for the ministries and portfolios, is very limited due to their lateness and the unreliability of the information they contain. There are still significant challenges in restoring overall financial accountability, mainly (but not solely), in relation to the ministries and portfolios and the consolidated Government position.

It is my opinion that Finance officials in the Government should have taken the opportunity since my Office's report on the State of Financial Accountability in April 2010 to provide more effective leadership and stronger strategic direction to the ministries and portfolios. A significant amount of time, effort and money has continued to be expended by ministries and portfolios in bringing their financial statements for previous years up to date. It is my view that these resources could have been more effectively deployed to provide more current financial reports that would have been more useful for Members of the Legislative Assembly and for public accountability.

Government still has the opportunity to look strategically at clearing the remaining backlog of ministry and portfolio financial statements and addressing the backlog of the consolidated Government financial statements. There is also the opportunity to set out a clear strategic direction for maintaining financial accountability going forward, including:

- establishing clear leadership at the highest level for financial reporting and accountability across the public sector;

- formally suspending the requirements of the *Public Management and Finance Law* to report on outputs and prepare full quarterly reports as an interim measure, until financial reporting has stabilized and overall financial accountability has been restored; and
- undertaking a comprehensive review of the *Public Management and Finance Law* to ensure that all the provisions within it are appropriate to the needs of the Cayman Islands Government and ensuring effective accountability.

# INTRODUCTION

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1. Timely, accurate and reliable financial information is a fundamental component in ensuring the effective governance and accountability of government and public entities. Without this information the decision making of the Legislative Assembly, the Government and public bodies is compromised as legislators and officials cannot: make effective and robust decisions regarding the allocation of resources; and, officials cannot effectively manage the resources at their disposal. Furthermore the Government and public bodies cannot be held accountable for how they have used public money.
2. The *Public Management and Finance Law (PMFL)* provides a robust financial accountability framework for the Cayman Islands public sector through the provisions it sets out for budgeting, financial accountability reporting, and program performance through output and ownership reporting, which if implemented as intended would promote effective governance and accountability of government and public entities. The roles and responsibilities of the key parties, as prescribed in the PMFL and the Constitution, for the preparation, audit and scrutiny of the annual reports and financial statements of the public sector are detailed in Appendix A.

## BACKGROUND AND PURPOSE OF THIS REPORT

3. My Office has previously issued special reports in 2008 and 2010 providing an assessment of the status of financial accountability reporting across the Cayman Islands public sector. These reports described significant deficiencies in the presentation of reliable financial statements since 2004/05 affecting the ability for effective decision making by managers in the Government and information for the Legislative Assembly and wider stakeholders to hold the Government accountable for its spending. These reports highlighted the strategic issues that led to the effective breakdown of the system and little progress being made in presenting financial statements for audit and tabling them in the Legislative Assembly.
4. The purpose of this report, apart from meeting my statutory responsibility to present to the Legislative Assembly at least one general report in each financial year and report my opinions on Government's Financial Statements by 15 December, is not to just report the progress that has been made in presenting financial statements across the public sector since the April 2010 Report on the State of Financial Accountability, but more importantly report the results from the audits I have been able to complete and the key issues that I have identified. I also consider the issues that Government needs to address to restore public accountability and increase the level of public trust.
5. This report covers the six years since the implementation of the PMFL from 2004/05 to 2009/10 and focuses attention on the key issues that I have identified across the entities I audit.

# CLEARING THE BACKLOG

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## INTRODUCTION

6. In our April 2010 report on the State of Financial Accountability Reporting, we reported that the Government had a significant backlog of financial statements to prepare and submit to my Office for audit. We reported that most ministries and portfolios had only prepared financial statements up to 2004/05, except for the Portfolio of Legal Affairs, Judicial Administration and Office of the Complaints Commissioner. We also reported on a number of statutory authorities and government companies that were, in some cases, several years behind in their financial reporting responsibilities. In response to our report, the Government has chosen to address the backlog by preparing financial statements for every entity and for every year, even though we recommended that the Government consider other strategic options to address the backlog more pragmatically.

7. For full accountability, the financial statements are to be included in annual reports and tabled in the Legislative Assembly by November 15. In April 2010, we reported that the Government had tabled all the ministry and portfolio 2004-05 annual reports except for the Ministry of Education.

## STATUS OF THE BACKLOG IN MINISTRIES AND PORTFOLIOS

8. The following table details the status of the financial accountability reporting for ministries and portfolios as at 9 December 2010.

**Table 1: Status of the audits of the ministries and portfolios**

Ministry/Portfolio	2005-06	2006-07	2007-08	2008-09	2009-10
Office of the Complaints Commissioner	Issued	Issued	Finalized <sup>1</sup>	Not Commenced	Not Commenced
Portfolio of Internal and External Affairs	Finalized	Substantially complete	Substantially complete	In Progress	In Progress
Portfolio of Finance and Economics	Substantially complete	In Progress	In Progress	Not Commenced	N/A
Cabinet Office	Issued	Issued	Issued	In Progress	Not Commenced
Portfolio of the Civil Service	Issued	Substantially complete	In Progress	Not Commenced	Not Commenced
Portfolio of Legal Affairs	Issued	Issued	Issued	Issued	Finalized
Judicial Administration	Issued	Issued	Issued	Issued	Substantially complete
Ministry of Communications, Works & Infrastructure	Issued	Issued	Issued	Substantially complete	N/A
Ministry of Health & Human Services	Issued	Issued	Issued	In Progress	N/A
Ministry of District Administration, Planning, Agriculture and Housing	Issued	Issued	Issued	In Progress	N/A
Ministry of Education, Training, Employment, Youth, Sports, Culture	Finalized	Finalized	Finalized	In Progress	N/A
Ministry of Tourism, Environment, Investment & Commerce	Issued	Issued	Issued	In Progress	N/A
Ministry of Finance, Tourism and Development	N/A	N/A	N/A	N/A	Not Submitted

<sup>1</sup> The Office of the Complaints Commissioner tabled an annual report with incomplete financial statements.

Ministry/Portfolio	2005-06	2006-07	2007-08	2008-09	2009-10
Ministry of Health, Environment, Youth, Sports and Culture	N/A	N/A	N/A	N/A	Not Commenced
Ministry of District Administration, Works, Lands and Agriculture	N/A	N/A	N/A	N/A	Not Submitted
Ministry of Education, Training and Employment	N/A	N/A	N/A	N/A	Not Commenced
Ministry of Community Affairs, Gender and Housing	N/A	N/A	N/A	N/A	Not Commenced

Legend:	Issued:	Financial statements completed and signed/opinion signed
	Finalized:	Financial statements completed/opinion signed (awaiting approval by entity)
	Substantially Complete:	Financial statements submitted/audit fieldwork complete
	In progress:	Financial statements submitted/audit in progress
	Not commenced:	Financial statements submitted/audit not started due to clearance of backlog
	Not submitted:	Financial statements not submitted to audit
Shaded squares denote progress in completing financial statements since April 2010 report		

9. As the table above indicates there has been progress in preparing financial statements and having them audited across all ministries and portfolios. As at the date of this report the majority of the financial statements up to 2007/08 have been presented and their audits completed, and two ministries, Legal affairs and Judicial Administration are well progressed up to 2009/10. However, to achieve these results, I have been informed that a significant number of the government accounting resources have been dedicated to the task of preparing these out of date financial statements.

10. In our April 2010 report, we highlighted that there had been no leadership to effectively deal with the backlog. Just prior to my start date as Auditor General, the Chair of the Public Accounts Committee (PAC) requested the Government's financial officers to get their accounts up to date; however, there has been no clear central direction or action by Government to ensure that this objective has been met.

11. In our April 2010 report, we raised concerns about the value Government was getting from a significant amount of money and resources devoted to the backlog by not assessing the need for these statements to be prepared at such a late date and with such limited accounting information available in the ministries and portfolios. Specifically, we reported the costs of an accounting task force (Task Force) brought together to assist ministries and portfolios to deal with the backlog to be over CI\$950,000. At that time, we were informed that the Task Force was mainly working with ministries and portfolios on financial statements up to 2007/08. As the accounting information available for the preparation of the statements was so poor and any statements prepared would be of very limited use, we recommended that the government use those resources in a more effective manner such as preparing more current financial reports that management and Members of the Legislative Assembly could use to make better decisions regarding the use of scarce government resources.

12. The Task Force ended its work on 31 August 2010 and the total costs associated with their work was almost CI\$2 million, not including the costs associated with the secondments of several government employees for extended periods of time. It is my view that the value of continuing to devote such significant resources to the preparation of the financial statements up to 2007/08 has to be questioned given the lateness of these reports and, as discussed in other parts of this report, the nature of the opinions being provided.

13. None of the reports on the ministries and portfolios that have been issued in the last 8 months have been tabled in the Legislative Assembly; therefore, there is still no public accountability which is the objective of the exercise. This situation is unacceptable, in my opinion, as the accounts are still unavailable for public scrutiny.

### **STATUS OF THE BACKLOG IN STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES (SAGCs)**

14. In Appendix B, I have summarized the current status of financial accountability reporting in the SAGCs. In summary, 10 of the 25 SAGCs have made progress to catch up with their reporting. While I can report there are only 5 of the 25 SAGCs fully up to date, many others have made great strides in preparing prior years' financial statements and are much closer to being current than when we reported in April 2010. Whilst there are entities, including Cayman Airways and the Cayman Islands National Museum, that have made little visible progress in finalizing their financial statements for tabling in the Legislative Assembly, there has been significant effort and there are plans in place to move them forward.

15. I would like to have seen more entities across the public sector taking a more strategic approach to bringing their accounts up to date. For example, while there are significant challenges for the Health Services Authority (HSA) to prepare financial reports that can be relied upon by a reader, it has taken a pragmatic approach and has decided to put in place a plan to bring the accounts up to date as quickly as possible and address the issues of reliability in more current financial statements. In taking a more strategic approach, the HSA has made significant progress in recent months to clear its backlog and is positioning itself to be in compliance with PMFL reporting requirements for the 2011/12 fiscal year.

### **SUBMISSION OF THE 2009-10 ACCOUNTS**

16. Only 6 of the 12 ministries and portfolios submitted their 2009-10 financial statements on time and in accordance with *Public Management and Finance Law* and 10 of the 25 SAGCs met the 31 August deadline. Full details are contained in Appendix C. The requirement for submission of financial statements for audit by a due date is a key component for the financial accountability framework to ensure the timeliness of information available to Members of the Legislative Assembly and stakeholders. However as the financial statements for 2005/06 through 2007/08 were so old to be of no use for accountability purposes, we recommended in our April 2010 report that the Government could have

chosen, for example, to establish the opening balances in a more cost effective manner for recent years and brought financial reporting accountability up to date much sooner.

17. While only 10 of the 25 SAGCs made their 2009/10 submissions to the Office of the Auditor General by the 31 August 2010 in line with the requirements of the PMFL, a further 3 made submissions a few days after the deadline. Of the remaining 12 submissions, another 2 have now been received. In those cases where we have still to receive the 2009/10 submissions it now makes practical sense to ensure that opening balances in their 2009/10 submissions reflect the position in their final audited 2008/09 financial statements.

### **COMPLETION OF THE BACKLOG**

18. Based on commitments by Government officials, it is expected that almost all entities will be fully up to date with financial statements up to 2009/10 audited by my Office by the end of February 2011. The main exception to this is Cayman Airways which I expect to be fully up to date by the end of June 2011.

### **TABLING OF ANNUAL REPORTS**

19. The Government has only tabled a few of the financial statements and annual reports that have been prepared and audited since our April 2010 report when we reported that there was a backlog of 73 reports not tabled. That number has increased to 94. In effect, by not tabling the reports in the Legislative Assembly, the information about the financial performance of these organizations remains unavailable for public scrutiny. The Government's record of preparing and tabling of annual reports is of significant concern to me and is clearly not in compliance with the requirements of the PMFL or compatible with the principles of openness and transparency.

# MINISTRIES AND PORTFOLIOS

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## INTRODUCTION

20. In this section I report the results from the audits I have been able to complete and issue for the ministries and portfolios, along with the key issues that I have identified. The results and issues are based on the audit opinions that I have provided on the financial statements of the individual ministries and portfolios. These opinions indicate whether I consider the information contained presents fairly the transactions of that entity, and is the basis for providing assurance to the Legislative Assembly and other stakeholders that entities have accounted for their transactions appropriately, and that they have been incurred for the purposes intended.

21. When I issue an opinion without qualification, the reader of those financial statements can rely on the information contained therein and use them to make decisions; whether they are managers using the information to plan future activities or outside users who wish to understand the financial condition of the entity. However, if I qualify or disclaim my opinion then there is significant uncertainty about the reliability of elements, or in some instances the majority or all of the information contained within the entity's financial statements. In such instances this raises concerns about whether an entity's transactions were appropriate, and undermines accountability and compromises effective decision making by the Legislative Assembly and Government officials.

22. The opinions that I can render on an entity's financial statements and their definitions are as follows:

- **Unqualified** - The information contained within the financial statements can be relied upon;
- **Qualified** - A qualified opinion means that a portion of the financial statements cannot be relied upon, but that the rest of the statements can be relied upon by the reader;
- **Adverse** - There are such significant deficiencies with the information in the financial statements they should be considered unreliable for the user and the information contained therein is not trustworthy; and
- **Disclaimer** - I was not provided with sufficient information to conduct an audit.

## ANALYSIS OF THE AUDIT OPINIONS RENDERED

23. The following table provides a summary of the audit opinions that my predecessor and I have been able to provide on the financial statements of the ministries and portfolios as at 9 December 2010 for the financial years 2004/05 to 2009/10. It only includes those audits on which my opinion has been formally issued, and therefore excludes those where the audit work is complete and finalised, and conclusions reached, but are not yet formally issued. As noted in a previous section of this report on clearing the backlog, many of these reports have not yet been tabled in the Legislative Assembly and are therefore not public documents.

**Table 2: Audit opinions issued on ministries and portfolios**

Ministry/Portfolio	2004/05	2005/06	2006/07	2007/08	2008/09
Office of the Complaints Commissioner	N/A	U	U		
Portfolio of Internal and external Affairs	A				
Portfolio of Finance and Economics	U				
Cabinet Office	Q	Q	Q	Q	
Portfolio of the Civil Service	U	Q			
Portfolio of Legal Affairs	Q	U	U	U	Q
Judicial Administration	Q	Q	Q	Q	Q
Ministry of Communications, Works and infrastructure	A	D	D	D	
Ministry of Health and Human Services	A	D	D	D	
Ministry of District Administration, Planning, Agriculture and Housing	A	D	D	D	
Ministry of Education, Training, Employment, Youth, Sports, Culture	A				
Ministry of Tourism, Environment, Investment and Commerce	A	D	D	D	

**Legend:** U – Unqualified opinion Q – Qualified opinion A – Adverse opinion D – Disclaimer of opinion

24. Looking across the years the majority of the opinions issued so far have been qualified, and in a significant number of instances heavily qualified or disclaimed. For example, for 2005/06 I have issued 4 disclaimers and 3 qualified opinions out of the 9 issued so far, and for 2007/08 there are 4 disclaimers of opinion out of the 7 issued so far.

25. As indicated in the previous section our audit work is completed or nearly completed for all ministries and portfolios up to 2007/08, and whilst I cannot report the specifics for those not formally issued, our work indicates that there is unlikely to be any significant change in the opinions up to 2007/08.

26. Therefore on the basis of the opinions I have rendered so far and that are currently being finalized up to 2007/08, I can summarize the quality by saying that the majority of the reports have such significant deficiencies that they cannot be relied upon. As a result of this and the lateness of presentation, their usefulness for decision making and holding government entities to account, is practically non-existent. The preparation of the financial statements for the years up to 2007/08 at this stage can therefore largely be viewed as an exercise to ensure that something has been prepared in accordance with the PMFL, despite significant non-compliance already.

## KEY ISSUES IMPACTING ON THE AUDIT OPINIONS

### INADEQUATE ACCOUNTING RECORDS/SUPPORTING DOCUMENTATION

27. The overriding issues that have led me to issue qualified, adverse or disclaimers of audit opinions for the ministries and portfolios are inadequate accounting records and the lack of appropriate or complete evidence to support the transactions and balances included in the financial statements.

28. For each ministry or portfolio the specific reasons for issuing a qualified, adverse or disclaimer of opinion are fully documented in my audit report within the individual financial statements. Whilst there are a variety of areas where I identified issues with the completeness and appropriateness of the accounting records and supporting evidence there are a number of common themes which I have identified:

- **Fixed Assets:** Incomplete, and in some instances, a complete lack of records to support the balances and transactions in relation to the property, plant and equipment. For example, we found that fixed asset registers had not been maintained, details of assets purchased and disposed off were not available, and support for the valuation of assets was not available.
- **Depreciation:** Due to issues around fixed assets there was a lack of evidence to support depreciations expenses.
- **Expenses:** Lack of evidence, such as invoices and contracts, to support the completeness, accuracy and appropriateness for a variety of expenses areas.
- **Accounts Receivable, Accrued liabilities:** Lack of supporting evidence to support the completeness and accuracy of liabilities and receivables.
- **Reorganization of Government:** Lack of documentation to support the financial re-apportionment of departments among the ministries and portfolios effective 1 July 2005.
- **Net Worth and Capital Charges:** As a result of deficiencies in other areas there was a lack of evidence to support these items.
- **Journal Entries:** Journal entries are normally used judicially to correct accounts or record unusual transactions. A significant number of transactions have been posted through the financial systems by journal entry with no reference as to what the transactions are and what evidence there is to support them.

29. It should be noted that some ministries and portfolios eventually took the decision, following their experiences of 2004/05 and 2005/06, and after discussion with my Office, to provide us with representations that they were not able to provide me with appropriate and complete evidence to support their financial statements for 2006/07 and 2007/08, and in some instances 2008/09, leading me to issue disclaimers of opinion. In light of the issues that had already been identified with accounting records and supporting evidence I considered these decisions to be a pragmatic solution. If I had not received these representations, the level of work required both by the ministries and my Office would have been significantly greater than has been incurred, with the likelihood that our audit opinions would have still been disclaimed or at best heavily qualified in all instances.

30. There are a variety of underlying factors that have impacted on ministries and portfolios abilities to produce adequate accounting records to support their financial statements. My Office has reported on a number of these previously in respect of the delays in presenting financial statements, including lack of leadership and strategic direction, issues with the governance framework, lack of capacity and the impact of Hurricane Ivan. Some of the other factors identified over the years include: lack of adequate training in the application of financial systems, the additional requirements of accrual accounting and the requirements of International Public Sector Accounting Standards; inconsistent development and the complexity of the financial systems; staff turnover; and, now the passage of time.

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#### NON-COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

31. The other significant issue that has impacted on my audit opinions has been the non-compliance with the presentation and disclosure requirements of the International Public Sector Accounting Standards, with which the financial statements are expected to comply. The level of non-compliance was variable and the main issue for a few of the qualified opinions, but in some instances it was so pervasive that it further supported adverse or disclaimer of opinions.

#### OUTPUT REPORTING

32. My assessment in this report is focused on financial reporting; however, the financial accountability framework of the Cayman Islands also requires ministries and portfolios to report on their outputs as well. My Office's 2008 and 2010 reports on Financial Accountability indicated, that based on the audit work conducted at that time, there were significant deficiencies in the systems and controls used to record and report on outputs.

33. As a result, it was informally agreed with the PAC and the Government that the requirements to report outputs would be suspended to enable the backlog in presenting financial statements to be addressed. However, there has been no formal decision taken by the Government to suspend the output requirements and I continue to receive output statements for audit. Particularly for 2008/09 and 2009/10 some ministries and portfolios still felt obliged to present output statements which have extremely limited value.

34. Where we have carried out further work on output statements, I can report that there has been no significant improvement involving the systems and controls for their presentation. In almost all the audits my Office has performed, I have issued disclaimers of opinion.

# STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES

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## INTRODUCTION

35. In this section, I report on the results of the audits I have been able to complete for SAGCs, along with the key issues that I have identified. The results and issues are based on the audit work that my Office has performed to provide audit reports on the financial statements of the individual SAGCs. As indicated in the previous section the opinions in the audit reports included in the financial statements indicate whether I consider the information contained presents fairly the transactions of that entity, and is the basis for providing assurance to the Legislative Assembly and other stakeholders that entities have accounted for their transactions appropriately, and that they have been incurred for the purposes intended. (Please see the previous section for types and definitions of the opinions that I issue).

## ANALYSIS OF THE AUDIT OPINIONS RENDERED

36. The following table provides a summary of the audit opinions that my predecessor and I have rendered on the financial statements of the SAGCs for the financial years 2004/05 to 2009/10 as at 9 December 2010.

**Table 3: Audit opinions issued on statutory authorities and government companies**

Entity	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Cayman Airways Limited	Q					
Cayman Islands Airport Authority	Q	U	U	U	U	
Cayman Islands Development Bank	Q	Q	Q	U		
Cayman Islands Monetary Authority	Q	Q	U	U	U	
Cayman Islands Stock Exchange	U	U	U	U	U	
Cayman Islands National Museum						
Cayman National Cultural Foundation						
Children & Youth Services Foundation	Q	Q	Q	Q		
CINICO	U	U	U	U	U	U
Civil Aviation Authority	U	Q	U	U	U	
Electricity Regulatory Authority	U	U	U	U	U	U
Health Services Authority	N/A	D	D	D	D	
Information and Communications Technology Authority	U	U	U	U	U	U
Maritime Authority of the Cayman Islands	N/A	Q	U	U		
National Drug Council	Q	Q	Q			
National Gallery of the Cayman Islands	Q	Q	Q	Q		
National Housing Development Trust	U	U	U	U	U	
National Roads Authority	Q	U	Q	Q	Q	U
Port Authority of the Cayman Islands	U	Q	U	U		
Public Service Pensions Board	U	U	U	U		
Segregated Insurance Fund	U	U	U	U	U	
Tourism Attractions Board	Q	Q				
Cayman Turtle Farm (1983) Ltd.	Q	Q	Q	Q		
University College of the Cayman Islands	Q	U	Q			
Water Authority of the Cayman Islands	U	Q	Q	Q	Q	Q

**Legend:** U – Unqualified opinion    Q – Qualified opinion    A – Adverse opinion    D – Disclaimer of opinion

37. Taking the most up to date picture for each SAGC, excluding Cayman Islands National Museum and the Cayman National Cultural Foundation for which no opinions have been formally issued yet, the latest position shows that 14 of the remaining 23 entities have received unqualified opinions for their most recent audited financial statements, with a further 8 in receipt of a qualified opinion. There have been no adverse opinions issued in any of the six years, although the Health Services Authority has had a disclaimer of opinion issued for all years so far.

38. Whilst there are undoubtedly still issues with a number of entities that need to be resolved the overall position is fairly positive in terms of quality and reliability. With the exception of the Health Service Authority, I have been able to reach opinions that indicate the financial statements can be relied upon to a reasonable degree. The nature of the qualified opinions, in particular for the most up to date years, are generally relatively minor and should not affect a readers understanding of the entity's financial position significantly. The more significant issues are detailed in the following section.

## KEY ISSUES IMPACTING ON THE AUDIT OPINIONS

### HEALTH SERVICES AUTHORITY

39. A number of factors have affected my ability to obtain sufficient, appropriate evidence on which to base an audit opinion over the years since the introduction of the PMFL. The Health Services Authority has made reasonable progress in addressing the issues we have raised, but the three main areas that continue to impact on my audit opinion are:

- incomplete records relating to patient revenues;
- incomplete records to value accounts receivable and the reasonableness of the bad debt expense; and
- incomplete records for the reporting and disclosure of fixed assets and reasonableness of the depreciation expense.

40. The Health Services Authority is taking action on these matters and is putting in place plans to resolve underlying issues with systems and processes. I would like to add that this information has not been made public by the Government as it has not tabled the financial reports I am making reference to. However, I have decided to discuss these issues due to their importance to the overall accountability of the Government.

### UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

41. The financial statements of the University College of the Cayman Islands (UCCI) for 2006/07 have been qualified due to the identification of unsubstantiated expenditure of between CI\$80,000 to CI\$150,000. These transactions were incurred by UCCI personnel and the nature of these transactions appear to bear no relation to the operational activities of UCCI. These transactions are subject to an ongoing investigation by the Royal Cayman Islands Police Service. The Board of Governors has indicated that it is unlikely that the amounts will be recovered.

42. This issue led to delays in the UCCI finalizing their 2006/07 financial statements until September 2010, which has impacted on the completion of work for the subsequent years.

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#### IPSAS V IFRS

43. Whilst not affecting our overall audit opinions, a number of SAGCs prepared their financial statements under the requirements of International Financial Reporting Standards rather than International Public Sector Accounting Standards, as they are required to do. My Office is looking to work with these entities over the coming year to ensure that they comply with IPSAS for 2010/11. In these instances, I have brought to the reader's attention any significant disclosure issues that may be absent due to use of the wrong set of accounting standards.

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#### GOING CONCERN

44. A number of SAGCs rely on significant financial support from the Government to operate as going concerns. These include the Cayman Turtle Farm (1983) Ltd, Cayman Airways, National Housing Development Trust and Cayman Islands Development Bank.

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#### PUBLIC SERVICE PENSIONS BOARD

45. In accordance with the *Public Service Pensions Law (2004 Revision)*, the Board fulfilled its statutory obligations by preparing an actuarial valuation report dated 1 January 2008 and which was completed on 17 March 2009. As at the date of this report, the valuation report has not been tabled in the Legislative Assembly as required by law.

# ENTIRE PUBLIC SECTOR FINANCIAL STATEMENTS

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## INTRODUCTION

46. After all the individual ministries, portfolios, statutory authorities and government companies have completed their financial statements, the PMFL calls for the Government to prepare consolidated or Entire Public Sector (EPS) financial statements. These consolidated statements show the complete financial picture for all parts of government operations including all executive transactions which are not accounted for through the financial statements of the individual ministries and portfolios, as they are directly controlled by Cabinet. These executive transactions include:

- **Coercive revenue** – Fees, charges, duties and levies collected by Government.
- **Financing expenses** – Financing expenses relate to the servicing of Government borrowings (public debt). It consists of interest costs and any other operating costs relating to Government borrowings or loans-made.
- **Transfer payments** – Transfer payments are made without any expectation of something being received directly by the Government. They differ from output purchases where payments are made for the delivery of outputs. These include items such as bursaries, scholarships and social security payments.
- **Other executive expenses** - Other executive expenses are any Government expenditures that do not relate to outputs, transfer payments or financing expenses. These expenses do not relate to the activity of a particular ministry or portfolio but instead relate to the activities of Ministers, Official Members, Members of the Legislative Assembly, or the Judiciary.
- **Equity investments** - Equity investments are Government's investment in SAGCs, portfolios, ministries and other organisations in which it holds an equity interest. These investments are made either to fund the purchase of assets by the entity or, in a few cases, to provide shareholder support where the organisation runs operating losses.
- **Executive asset purchases** - Executive asset purchases/construction during the financial year. Executive assets are assets controlled directly by Cabinet and include Crown land, roads, public buildings and heritage assets. Executive assets do not include assets used by ministries and portfolios to produce their outputs.
- **Loans to be made** – Loans made by Cabinet during the year, including mortgage and personal loans to civil servants.
- **Borrowings** – Borrowing undertaken by Cabinet.

47. In our April 2010 report, we indicated that the Government had not provided my Office a draft set of EPS financial statements, the supporting financial records as well as other information necessary to audit the 2004/05 EPS financial statements.

## CURRENT POSITION

48. As at the date of this report limited progress has been made. I have only received the 2004/05 EPS financial statements submission for audit. This was received by my Office on 27 October 2010. Audit work has now commenced on the 2004/05 statements; however, it is clear for this year and also, 2005/06, 2006/07 and 2007/08 my opinions are likely at best to be heavily qualified, but more than likely disclaimed, based on my opinions from the underlying individual entity financial statements. This is before I consider the processes and transactions required to effectively consolidate all the financial statements of the Government. This will likely render the EPS financial statements effectively unreliable.

49. As I have not been able to complete the audit of any EPS financial statements at the date of this report, I have not been able to complete audit work on executive transactions and balances, including coercive revenues, as these are only accounted for in the EPS financial statements. Based on the Government's budget documents approved by the Legislative Assembly the estimated level of revenues and expenditures relating to executive transactions are significant as highlighted by the details included in Table 4 below.

**Table 4: Significant estimated executive transactions in the last five years**

	2004/05	2005/06	2006/07	2007/08	2008/09
Coercive revenue	330,921,000	412,452,000	415,448,000	462,779,000	437,945,000
Transfer payments	18,580,590	16,737,000	17,842,900	22,284,000	37,706,718
Other executive expenses	16,850,036	16,769,986	26,392,590	23,787,758	36,454,471
Executive asset purchases	13,100,000	16,073,000	47,438,420	47,438,420	51,146,000

50. The nature of some of these executive transactions increases their risk and sensitivity from an audit perspective and it is a significant concern that my Office has not been able to complete any audit work and render an opinion on them since the introduction of the PMFL.

## **SCRUTINY OF GOVERNMENT FINANCIAL POSITION PROVIDED THROUGH THE BUDGET PROCESS AND FINANCIAL FORECAST**

51. In our April 2008 report, it was highlighted that Members of the Legislative Assembly have been given information on the financial position of the Government through the budget process and financial forecasts to enable scrutiny of Government expenditure.

52. This information was unaudited and based on the same systems and processes used for capturing information to prepare the financial statements. As I have noted above, my audit opinions have effectively undermined the reliability of this information.

## CONCLUSION

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53. As we have previously stated, financial statements and the annual reports that contain them need to be timely and credible in order for them to be of use to decision makers and effective as accountability documents. In our April 2010 report we indicated that the Government faced significant challenges to bring these documents up to date.

54. At this time, I conclude that some progress has been made in restoring financial accountability; however the Government still has a significant way to go before it is fully restored. Progress has been made in the presentation, audit and completion of financial statements for nearly all entities. Based on commitments by Government officials, it is expected that by the end of February 2011 almost all entities will be fully up to date, with financial statements up to 2009/10 audited by my Office. However this progress cannot hide that the usefulness of the financial statements for earlier years for most entities, but in particular for the ministries and portfolios, is very limited due to their lateness and the unreliability of the information they contain. More specifically I have reached the following conclusions:

### MINISTRIES AND PORTFOLIOS

- Whilst progress has been made in addressing the backlog of financial statements there are significant issues with the reliability and quality of the information contained within ministry and portfolio financial statements for the years 2004/05 to 2007/08, making their usefulness extremely limited in terms of accountability or decision making.
- The issues which have led me to qualify or disclaim my opinions have been known to Government for a significant amount of time, therefore the value of continuing to put in significant resources to these earlier years has to be questioned given the audit opinions I have been able to provide.
- It is my opinion that the Government missed an opportunity when it spent almost CI\$2 million in contract resources to prepare financial statements for many of the ministries and portfolios that have limited value for accountability purposes. That money could have been used to provide more current financial reports that would have been more useful for Members of the Legislative Assembly and for public accountability.

## STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES

- SAGCs have made progress in addressing the backlog of financial statements since our last report.
- The reliability and quality of the SAGCs financial statements is generally reasonable. We noted that many entities have made improvements since our last report.
- Whilst there are still concerns over the usefulness of financial statements for decision making and accountability purposes for the earlier years, and there is still work to be done to resolve the issues leading to qualified opinions, visible progress in restoring financial accountability is being made by the majority of SAGCs.

## ENTIRE PUBLIC SECTOR

- As at the date of this report, we have only received the submission of the consolidated EPS accounts for 2004/05 to audit. The combination of this late production and the probable unreliability of the EPS financial statements up to at least 2007/08, due to the issues identified with underlying statements, makes them of little value from the perspective of public accountability and financial management, and their preparation and audit now is no more than an exercise to ensure compliance with the PMFL, despite significant non-compliance already.
- It is of significant concern that I have not been able to complete audit work and opine on the executive transactions of the Government due to the late submission of the EPS statements.

55. Finally, it is my view that the Government should have taken the opportunity to provide more effective leadership and stronger strategic direction to the ministries and portfolios. As I have indicated in this report, a significant amount of time and effort has continued to be expended by ministries and portfolios in bringing their financial statements for previous years up to date. It is my view that a more pragmatic approach should have been taken to deploy these resources on the more current years, where most benefit and value could be gained.

## LOOKING FORWARD

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56. Looking forward, it is my view that the Government needs to present timelier and more credible financial information for current and future years which will provide decision makers with the information that they require and enable the Government to be effectively held to account for its management of public resources.

57. My Office has been in discussion with the Government about the pro-active steps it can take going forward, but the Government now needs to make formal strategic decisions about how they plan to restore financial accountability and consider whether the PMFL as it stands meets the needs of the Cayman Islands Government.

### LEADERSHIP AND GOVERNANCE

58. In our previous reports we have highlighted issues with respect to leadership and governance in providing financial accountability and reporting timely and credible financial results across government, and its SAGCs. It continues to be clear that there is a need for strong central leadership at the highest level for financial reporting and accountability across the public sector, including setting the policy, standards and strategic direction to be followed, providing support and guidance, and ensuring the relevant senior officials across the whole public sector are held to account for their actions. I believe there is a requirement for clear governance arrangements that define the roles and responsibilities of all relevant officials, and any consequences for non-compliance with the relevant legal provisions and administrative requirements.

### STRATEGIC DIRECTION

59. Whilst there has been limited strategic direction and planning so far in addressing the backlog, there is still an opportunity to look strategically at addressing specific areas of financial accountability reporting.

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### ENTITY FINANCIAL STATEMENTS

60. Government should take the opportunity to deploy a strategic approach to deal with the remaining backlog of financial statements in order to bring the accounts up to date and seek to obtain best value from scarce government resources.

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## EPS

61. As has already been stated, there is now limited value and benefit from the preparation of the EPS for the years 2004/05 to 2007/08 in terms of accountability and none in terms of decision making. Based on our audit opinions for the entities to be consolidated the information that could be contained in such statements would not be reliable diminishing any value further. Even from a compliance perspective any value is limited as significant provisions of the PMFL have already been breached.

62. Therefore it is my view that the Government should concentrate its efforts on producing EPS financial statements for 2008/09 and 2009/10, and take a pragmatic approach to presenting any EPS financial statements for 2004/05 to 2007/08.

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## OUTPUTS

63. The benefits and value of producing output statements for ministries and portfolios at this time needs to be clearly evaluated, given the significant issues with the systems and controls in place to support them, and the need to restore overall financial accountability. It is my view that as an interim measure the Government should consider formally suspending the requirements to produce them until financial reporting has stabilized.

## REVIEW OF THE PMFL

64. My Office fully supports the intent and principles behind the introduction of the PMFL. However, it has been five years since its implementation and I believe it is time to review whether all the provisions within it are appropriate for the needs of the Cayman Islands Government and ensuring effective accountability. In considering this I believe the Government needs to consider a number of matters including the questions that I pose here:

- Do the governance arrangements contained within the PMFL provide sufficient clarity about the roles and responsibilities of all relevant officers, including clear leadership for financial management and reporting across Government and its entities?
- Why have entities been able to comply with the budgetary requirements of the PMFL but been unable to provide robust financial reporting? Are the consequences of not complying with budgetary requirements tangible compared to those of financial reporting? If so, how can this be addressed?
- Effective financial management is necessary in all ministries and portfolios to support effective decision making and accountability, but do they have the capacity to prepare individual ministry/portfolio IPSAS compliant financial statements and, to provide financial accountability, do they need to?
- Have there been any unintended consequences as a result of the introduction of the PMFL as part of the financial management initiative, that have impacted on behaviors and expenditure adversely?

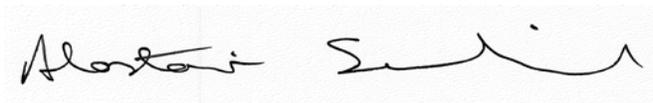
- Are the output measures that are being reported on, effectively reporting what a ministry or portfolio has delivered? Are they reporting on the key areas that are important to their stakeholders including the outcomes that the programs were designed to achieve and service levels the Government should be providing?
- How can the annual reports of government entities provide a clearer picture of the operations and activities of entities that is more easily understandable to the reader?
- How does the separation of executive transactions from core ministries and portfolios support efficient and effective governance and accountability? Should there be greater clarity about what types of transactions should be classified as executive and why?

## **FUTURE REPORTING BY MY OFFICE**

65. It is my intention to report further on the results from these audits over the next six months, as progress is made in getting all entities up to date. This includes the intention to report in more detail on the issues identified in individual ministries and portfolios, and SAGCs.

66. As a result of the large number of disclaimers of opinion that I have provided on the financial statements of ministries and portfolios, it is also my intention to undertake a series of compliance audits that will review significant or high risk areas of expenditure to ensure that they have been incurred for the purposes they were intended and in compliance with relevant statutory provisions.

67. In the future, I am also considering changes to my approach to the audit of entities that fail to comply with the timelines required by the PMFL. I will consult further on this with Government officials, but I believe consideration must be given to issuing timelier disclaimer of opinions on those entities that do not meet the statutory provisions of providing auditable financial reports by the due date.



*Alastair Swarbrick MA(Hons), CPFA  
Auditor General  
George Town, Grand Cayman  
Cayman Islands*

*13 December 2010*

# RESPONSE FROM THE MINISTRY OF FINANCE TO THIS REPORT

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Sections 37-45 of the Public Management & Finance Law (2010 Revision) (hereby referred to as the Law) specifies the responsibilities of each Ministry, Portfolio and Chief Officer which includes the preparation of Ministry/Portfolio annual reports. Chief Officers do not report to the Financial Secretary or the Ministry of Finance but to the Deputy Governor. Therefore, despite the numerous leadership initiatives that the Ministry of Finance has taken over the years, Chief Officers have remained largely unresponsive resulting in a general non-compliance with their statutory financial reporting responsibilities.

Contrary to popular belief and general misperception, the Law does not give the Ministry of Finance the authority to sanction nor impose penalties on Chief Officers for their non-compliance with the Law. “Currently, there is no requirement for accountability if the deadlines for financial accountability reporting are missed. – Section 10.07 **State of Financial Accountability Reporting**, Cayman Islands Audit Office (April 2008).

In an effort to address the issue of a lack of financial accountability reporting, the Cabinet made a strategic policy decision in January 2009 to establish an Accounting Task Force (Task Force) under the leadership of the Ministry of Finance in order to assist ministries and portfolios with producing their required annual financial statements for the 2004/5 through 2007/8 financial years, thereby allowing Chief Officers and Chief Financial Officers the opportunity to concentrate their efforts on producing current financial statements. The Task Force was comprised of accountants from KPMG along with suitably qualified accountants from within Government and operated from 1 July 2009 to 31 August 2010.

The strategic policy decision to establish the Task Force and produce annual financial statements for the outstanding years was based on the strong desire to comply with the intent of the Law in terms of openness and transparency in the financial affairs of Government. The Government recognizes the importance and value of having current and credible financial information and is not prepared to ignore the reporting of financial performance over the past six financial years. Despite the lack of timeliness and technical accuracy (in terms of compliance with the International Public Sector Accounting Standards) these reports still have tremendous value to the wider public as they provide a record of the Government’s finances during this period. Without them there would be no record of the Government’s financial performance during this significant period – a truly unacceptable position.

Although the Auditor General is of the opinion that the Government, having spent some CI\$2.0 million on producing the financial statements received limited value for money, the Ministry of Finance believes that the Task Force was effective in that based on the work done, Government was able to submit the ministry reports to the Audit Office (See Table 1, section 8 of the Auditor General's report) for the years 2004/05 to 2009/10, 6 years. Between May 2010 and September 2010, all government entities, with the exception of two ministries, submitted their financial statements to the Auditor General and are awaiting the audit results of these submissions (see Appendix C of the Auditor General's report 2010).

Not only did the Task Force assist with clearing the backlog of financial statements but it also identified and highlighted various system deficiencies and other hindrances to statutory compliance under the Law. The Ministry is currently analyzing a variety of options including: information systems and business process changes; possible restructuring the entire Government wide accounting function as well as recommending possible changes to the Law and Regulations. It is expected that a comprehensive set of recommendations will be presented to the Cabinet by the end of the March 2011 for their consideration.

Now that the majority of the backlog of the financial statements has been addressed, it is hoped that Chief Officers, Managing Directors/ Chief Executive Officers of the Statutory Authorities and Government Companies along with their respective Chief Financial Officers will place greater emphasis on the importance of adhering to the requirements of the Public Management & Finance Law with a view to producing the required reports.

# APPENDIX A - ROLES AND RESPONSIBILITIES UNDER THE PMFL

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To provide the appropriate context for reporting on financial governance and accountability in the Cayman Islands public sector, it is important to be clear about the roles and responsibilities of the key parties, as prescribed in the PMFL and the Constitution, for the preparation, audit and scrutiny of the annual reports and financial statements of the public sector.

## MINISTRIES AND PORTFOLIOS

It is the responsibility of the officers within each ministry and portfolio to prepare an annual report for the Legislative Assembly to review within five months and two weeks of the end of the fiscal year. The two key elements of the annual report are the statement of outputs delivered and the financial statements. Section 44(3) of the PMFL require that these statements be prepared within two months of the end of the fiscal year and submitted to the Auditor General for auditing. The Auditor General then has two months to audit the statements and render an opinion.

In preparing their annual report for auditing, the officers are responsible for ensuring the financial statements are prepared in line with generally accepted accounting practices, and comply with the requirements of the PMFL and the supporting financial regulations. This includes ensuring they have appropriate records and documentation to support the transactions and disclosures, and they are complete and reliable. Only when the entity has met these requirements can the financial statements be considered ready for audit.

## STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES

Each SAGC is required to prepare their financial statements within two months of the end of the fiscal year and submit these to the Auditor General for auditing. The Auditor General then has two months to audit the statements and render an opinion. Section 52(4) of the PMFL requires that the annual report, including the financial statements, be prepared within four months of the end of the fiscal year. The annual reports are then sent to the relevant ministry who are required to submit them to the Legislative Assembly within four months and two weeks of the end of the fiscal year or on the first sitting day thereafter.

As with ministries and portfolios, the officers preparing the financial statements for auditing are responsible for ensuring the financial statements are prepared in line with generally accepted accounting practices, and comply with the requirements of the PMFL and the supporting financial regulations.

## **MINISTER OF FINANCE/FINANCIAL SECRETARY**

The Minister of Finance and in some cases, the Financial Secretary, is responsible for overseeing the management of the finances of core government and the entire public sector. He is also responsible for ensuring that the requirements of Section 29 of the PMFL are met, which includes ensuring:

- the summary of outputs and the financial statements for core government and the entire public sector are prepared within four months of the end of the fiscal year and submitted to the Auditor General for auditing; and
- the Government Annual Report, which includes the audited summary of outputs and the audited financial statements for core government and the entire public sector are tabled within 5 months and two weeks after the end of the fiscal year.

## **MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT (PUBLIC FINANCE)**

The Ministry of Finance, Tourism and Development (Public Finance) is responsible for preparing the annual financial statements for the core government and the entire public sector within four months of the end of the fiscal year and submitting them to the Auditor General for audit.

It also has other key responsibilities to support the preparation of financial statements across the public sector including:

- setting accounting policies consistent with generally accepted accounting practice and the requirements of the PMFL;
- manage the centralized accounting system for core government; and
- providing guidance in the preparation of financial reports.

## **AUDITOR GENERAL**

The Auditor General is the statutory external auditor of all ministries, portfolios and SAGCs. I am required to audit the annual financial statements of ministries and portfolios, SAGCs and the entire public sector. I am also required to audit the statements of outputs delivered of ministries and portfolios and the entire public service, and the schedule of appropriations. I have no role in the preparation of the financial statements, the statements of outputs delivered or the schedule of appropriations.

I report the findings of my audits to the Legislative Assembly and I am specifically required to present to the Legislative Assembly at least one general report in each financial year on the results of my audits on the financial statements of public sector entities.

## LEGISLATIVE ASSEMBLY/PUBLIC ACCOUNTS COMMITTEE

All annual reports and accounts of ministries and portfolios, SAGCs and the entire public sector are required to be tabled in the Legislative Assembly in line with the timescales prescribed in the PMFL. On behalf of the Legislative Assembly, the Public Accounts Committee has the responsibility to examine these annual reports and accounts.

## APPENDIX B - AUDIT STATUS FOR STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
Cayman Airways Limited	30-Jun-05	Finalized	No	29-Jun-10	No
	30-Jun-06	In progress	No	Finalized	No
	30-Jun-07	In progress	No	In progress	No
	30-Jun-08	Not started	No	In progress	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			In progress	No
Cayman Islands Airport Authority	30-Jun-05	14-Dec-07	No	14-Dec-07	No
	30-Jun-06	30-Jun-08	No	30-Jun-08	No
	30-Jun-07	Substantially complete	No	30-Apr-10	No
	30-Jun-08	In progress	No	25-Aug-10	No
	30-Jun-09	Not started	No	Finalized	No
	30-Jun-10			In progress	No
Cayman Islands Development Bank	30-Jun-05	15-Mar-07	No	15-Mar-07	No
	30-Jun-06	19-Feb-09	No	19-Feb-09	No
	30-Jun-07	10-Aug-09	No	10-Aug-09	No
	30-Jun-08	Substantially complete	No	26-Apr-10	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			Not started	No
CINICO	30-Jun-05	11-Oct-06	Yes	11-Oct-06	Yes
	30-Jun-06	15-Dec-06	Yes	15-Dec-06	Yes
	30-Jun-07	31-Oct-07	Yes	31-Oct-07	Yes
	30-Jun-08	23-Jan-09	Yes	23-Jan-09	Yes
	30-Jun-09	29-Oct-09	No	29-Oct-09	Yes
	30-Jun-10			11-Oct-10	No

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
Cayman Islands Stock Exchange	30-Jun-05	17-Oct-05	Yes	17-Oct-05	Yes
	30-Jun-06	06-Dec-06	No	06-Dec-06	No
	30-Jun-07	04-July-08	No	04-July-08	No
	30-Jun-08	02-Jun-09	No	02-Jun-09	No
	30-Jun-09	In progress	No	21-Jun-10	No
	30-Jun-10			In progress	No
Cayman Islands National Museum	30-Jun-04	In progress	No	Finalized	No
	30-Jun-05	Not started	No	In progress	No
	30-Jun-06	Not started	No	In progress	No
	30-Jun-07	Not started	No	In progress	No
	30-Jun-08	Not started	No	Not started	No
	30-Jun-09	Not started	No	Not started	No
Cayman National Cultural Foundation	30-Jun-04	7-Jan-10	No	7-Jan-10	No
	30-Jun-05	In progress	No	Finalized	No
	30-Jun-06	In progress	No	In progress	No
	30-Jun-07	In progress	No	In progress	No
	30-Jun-08	Not started	No	In progress	No
	30-Jun-09	Not started	No	In progress	No
Children & Youth Services Foundation	30-Jun-04	Substantially complete	No	9-Jul-10	No
	30-Jun-05	Substantially complete	No	9-Jul-10	No
	30-Jun-06	Substantially complete	No	9-Jul-10	No
	30-Jun-07	Substantially complete	No	9-Jul-10	No
	30-Jun-08	Substantially complete	No	9-Jul-10	No
	30-Jun-09	In progress	No	Finalized	No
30-Jun-10			In progress	No	

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
Civil Aviation Authority	30-Jun-05	13-May-08	Yes	13-May-08	Yes
	30-Jun-06	19-Mar-09	No	19-Mar-09	Yes
	30-Jun-07	20-Nov-09	No	20-Nov-09	Yes
	30-Jun-08	Substantially complete	No	17-Jun-10	Yes
	30-Jun-09	Not started	No	4-Oct-10	Yes
	30-Jun-10			Substantially complete	No
Electricity Regulatory Authority	30-Jun-05	09-Aug-07	No	09-Aug-07	Yes
	30-Jun-06	09-Aug-07	No	09-Aug-07	Yes
	30-Jun-07	22-Jul-08	No	22-Jul-08	Yes
	30-Jun-08	15-Oct-08	No	15-Oct-08	Yes
	30-Jun-09	19-Nov-09	No	19-Nov-09	Yes
	30-Jun-10			19-Oct-10	No
Health Services Authority	30-Jun-05	F/S not submitted	N/A	F/S not submitted	N/A
	30-Jun-06	27-Jan-10	No	27-Jan-10	No
	30-Jun-07	27-Jan-10	No	27-Jan-10	No
	30-Jun-08	In Progress	No	24-Sep-10	No
	30-Jun-09	Not Started	No	Finalized	No
	30-Jun-10			In progress	No
Information and Communications Technology Authority	30-Jun-05	02-Nov-06	Yes	02-Nov-06	No
	30-Jun-06	04-Jul-07	No	04-Jul-07	No
	30-Jun-07	06-Mar-08	No	06-Mar-08	No
	30-Jun-08	29-Sep-08	No	29-Sep-08	No
	30-Jun-09	Substantially complete	No	28-Oct-09	No
	30-Jun-10			28-Oct-10	No

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
Maritime Authority of the Cayman Islands	30-Jun-06	01-Mar-07	Yes	01-Mar-07	Yes
	30-Jun-07	18-Apr-08	Yes	18-Apr-08	Yes
	30-Jun-08	01-Dec-08	No	01-Dec-08	No
	30-Jun-09	Substantially complete	No	Finalized	No
	30-Jun-10		In progress	No	
Cayman Islands Monetary Authority	30-Jun-05	08-Nov-05	Yes	08-Nov-05	Yes
	30-Jun-06	31-Oct-07	Yes	31-Oct-07	Yes
	30-Jun-07	26-Aug-08	Yes	26-Aug-08	Yes
	30-Jun-08	16-Jan-09	Yes	16-Jan-09	Yes
	30-Jun-09	14-Dec-09	No	14-Dec-09	Yes
	30-Jun-10	Substantially complete			No
National Drug Council	30-Jun-05	24-May-07	Yes	24-May-07	Yes
	30-Jun-06	12-Feb-08	Yes	12-Feb-08	Yes
	30-Jun-07	19-Feb-09	Yes	19-Feb-09	Yes
	30-Jun-08	In progress	No	Finalized	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			Not started	No
National Gallery of the Cayman Islands	30-Jun-05	03-Oct-07	No	03-Oct-07	No
	30-Jun-06	03-Oct-07	No	03-Oct-07	No
	30-Jun-07	07-Apr-09	No	07-Apr-09	No
	30-Jun-08	In progress	No	Substantially complete	No
	30-Jun-09	In progress	No	In progress	No
	30-Jun-10			Not started	No
National Housing Development Trust	30-Jun-05	05-Jul-07	No	05-Jul-07	No
	30-Jun-06	14-Apr-08	No	14-Apr-08	No
	30-Jun-07	12-Dec-08	No	12-Dec-08	No
	30-Jun-08	12-Feb-09	No	12-Feb-09	No
	30-Jun-09	Not started	No	20-Oct-10	No
	30-Jun-10			In progress	No

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
National Roads Authority	30-Jun-05	30-Aug-06	No	30-Aug-06	No
	30-Jun-06	07-Dec-06	No	07-Dec-06	No
	30-Jun-07	15-Jan-08	No	15-Jan-08	No
	30-Jun-08	25-Nov-08	No	25-Nov-08	No
	30-Jun-09	21-Dec-09	No	21-Dec-09	No
	30-Jun-10			12-Oct-10	No
Port Authority of the Cayman Islands	30-Jun-05	31-Oct-06	No	31-Oct-06	No
	30-Jun-06	14-Jan-09	No	14-Jan-09	No
	30-Jun-07	3-Sept-09	No	3-Sept-09	No
	30-Jun-08	Substantially complete	No	31-Aug-10	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			No started	No
Public Service Pensions Board	30-Jun-05	11-Jun-08	No	11-Jun-08	No
	30-Jun-06	01-Dec-08	No	01-Dec-08	Yes
	30-Jun-07	7-Jul-09	No	7-Jul-09	No
	30-Jun-08	In progress	No	29-Oct-10	No
	30-Jun-09	Not started	No	In progress	No
	30-Jan-10			In progress	No
Tourism Attractions Board	30-Jun-05	20-Nov-08	No	20-Nov-08	No
	30-Jun-06	Substantially complete	No	8 Mar 10	No
	30-Jun-07	In progress	No	In progress	No
	30-Jun-08	Not started	No	In progress	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			In Progress	No
Segregated Insurance Fund	30-Jun-05	13-Feb-06	No	13-Feb-06	No
	30-Jun-07	31-Mar-09	No	31-Mar-09	No
	30-Jun-08	13-Oct-09	No	13-Oct-09	No
	30-Jun-09	In progress	No	15-Sep-10	No
	30-Jun-10			In progress	No

Entity	Year-end	April 2010 Report		9 December 2010	
		Date Audit Completed or Progress	Annual Report Tabled in LA	Date Audit Completed or Progress	Annual Report Tabled in LA
Cayman Turtle Farm (1983) Ltd.	30-Jun-05	10-Apr-08	No	10-Apr-08	No
	30-Jun-06	09-Oct-09	No	09-Oct-09	Yes
	30-Jun-07	Not started	No	29-Sep-10	No
	30-Jun-08	Not started	No	08-Nov-10	No
	30-Jun-09	Not started	No	Finalized	No
	30-Jun-10			Not started	No
University College of the Cayman Islands	30-Jun-05	02-Jun-06	Yes	02-Jun-06	Yes
	30-Jun-06	06-Mar-07	No	06-Mar-07	No
	30-Jun-07	Substantially complete	No	23-Sep-10	No
	30-Jun-08	Not started	No	Finalized	No
	30-Jun-09	Not started	No	In progress	No
	30-Jun-10			Not started	No
Water Authority of the Cayman Islands	30-Jun-05	21-Dec-05	Yes	21-Dec-05	Yes
	30-Jun-06	17-Jan-07	Yes	17-Jan-07	Yes
	30-Jun-07	09-Oct-08	Yes	09-Oct-08	Yes
	30-Jun-08	17-Dec-08	Yes	17-Dec-08	Yes
	30-Jun-09	18-Nov-09	No	18-Nov-09	No
	30-Jun-10			21-Nov-10	No

## APPENDIX C: 2009/10 SUBMISSIONS

Ministry/Portfolio	Date Submitted
Office of the Complaints Commissioner	15 Sept 2010
Portfolio of Internal and External Affairs	1 Sept 2010
Cabinet Office	31 Aug 2010
Portfolio of the Civil Service	31 Aug 2010
Portfolio of Legal Affairs	18 Aug 2010
Judicial Administration	2 Sept 2010
Ministry of Community Affairs, Gender and Housing	10 Sept 2010
Ministry of Health, Environment, Youth, Sports and Culture	31 Aug 2010
Ministry of District Administration, Works, Lands and Agriculture	Not submitted
Ministry of Education, Training and Employment .	31 Aug 2010
Ministry of Finance, Development and Tourism	Not submitted

Statutory Authority/Government Company	Date Submitted
Cayman Airways Limited	Not submitted
Cayman Islands Airport Authority	Not submitted
Cayman Islands Development Bank	28 Sept 2010
CINICO	31 Aug 2010
Cayman Islands Monetary Authority	1 Sept 2010
Cayman Islands Stock Exchange	9 Aug 2010
Cayman Islands National Museum	Not submitted
Cayman National Cultural Foundation	Not submitted
Children & Youth Services Foundation	2 Sept 2010
Civil Aviation Authority	23 July 2010
Electricity Regulatory Authority	3 Aug 2010
Health Services Authority	31 Aug 2010
Information and Communications Technology Authority	23 July 2010

<b>Statutory Authority/Government Company</b>	<b>Date Submitted</b>
Maritime Authority of the Cayman Islands	6 Sept 2010
National Drug Council	Not submitted
National Gallery of the Cayman Islands	Not submitted
National Housing Development Trust	5 Oct 2010
National Roads Authority	11 Aug 2010
Port Authority of the Cayman Islands	Not submitted
Public Service Pensions Board	31 Aug 2010
Segregated Insurance Fund	Not Submitted
Tourism Attraction Board	Not submitted
Cayman Turtle Farm (1983)Ltd.	30 Aug 2010
University College of the Cayman Islands	Not submitted
Water Authority	17 Aug 2010





December 2010