


**Performance  
Audit Programme  
2011 to 2013**

September 2011





Our independent work  
promotes good governance,  
transparency and  
accountability in the use  
of public funds

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# INTRODUCTION TO OUR PERFORMANCE AUDIT PROGRAMME

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## INTRODUCTION

1. The purpose of this document is to inform all stakeholders of the performance audit reports that we plan to issue over the next 18 months, along with other areas that we plan to keep a watching brief on and which we may report on in the future. This programme is solely focused on our performance audit practice and does not provide details of our financial audit work and our intended reporting on the outcomes from that work.

## REPORTING OUR WORK: HOW WE MEET OUR RESPONSIBILITIES

2. Under the constitution and the PMFL the Auditor General has the power and the duty to report the results of his work to the Legislative Assembly, and through this make the results of his work public. The Auditor General meets these obligations through:
  - General Report each year on the outcome of the Office’s audit work, with progress updates during the year as deemed necessary.
  - Special reports issued throughout the year on audit work instigated by the Office or at the request of the Legislative Assembly.
3. With respect to special reports, the Office of the Auditor General will carry out two types of audits:
  - *Performance audits* (previously called value-for-money audits) that are based on a planned and published programme of work, covering efficiency, effectiveness, economy, governance and accountability. Performance audits are conducted following the International Standards for Auditing.
  - *Public interest audits* that are focused on important issues identified during the year, and which in the public interest, should be reported to the Legislative Assembly in as short a time frame as possible. In general these are reactive, will cover single issues at an individual entity, and to an extent will draw from issues identified through our audit of the financial statements. The work conducted will be more of a reporting nature and not require the rigor of a performance audit.

## **WHAT PERFORMANCE AUDITS ARE WE PLANNING TO UNDERTAKE?**

4. In Appendix 1, we list the performance audits that we are planning to undertake and publish over the next 18 months. In Appendix 2 we detail topics on which we plan to keep a watching brief and may audit in the future.

## **HOW WAS THIS PLAN DEVELOPED?**

5. This programme of performance audits was developed in three stages. Initially we carried out our own assessment of key issues and areas that could be subject to performance audit, considering various factors including public interest, significance and risk. From this we prepared an initial list of areas to be considered.
6. Secondly we carried out some initial consultation with some key stakeholders, including senior management within the Cayman Islands Government, to get their perspective on the key issues, risks and challenges, along with any areas they thought we should consider auditing.
7. We then developed an initial plan of the performance audits we would undertake over the next 18 months and those areas we would consider auditing in the future. Using this initial plan, we carried out the final phase of the programme development, which was wider consultation with stakeholders. At the beginning of August, senior managers within Government, Statutory Authorities and Government Companies, members of the Legislative Assembly and other key stakeholders were provided with a copy of our initial plan in a consultation document and asked for their feedback on the areas we planned to audit, and for any other areas they thought we should address. The consultation ended on 31 August at which time we incorporated the feedback in this final planned programme of performance audits.

## **HOW WILL WE UPDATE OUR PLANNED PROGRAMME?**

8. Our planned programme will be subject to informal ongoing consultation with senior managers in the Government and with the Public Accounts Committee, and will be amended from time to time to reflect up to date information and assessment by the Office of the Auditor General. For instance the programme is subject to change depending on the availability of audit resources, the significance of new topics or issues that arise from time to time and become a priority (including public interest audits), and the ongoing impact of the backlog of financial statements. It is the intention of the Office of the Auditor General to update the plan every 12 to 18 months.

9. Whilst it is not feasible to undertake a full formal consultation to update our performance audit programme every year given our limited resources, it is the intention of the Office of the Auditor General to undertake a formal consultation every two years to ensure our plan is appropriately focused and relevant, enables us to effectively meet our mandate, and address the needs of our stakeholders.

#### **OTHER PERFORMANCE AUDIT WORK ALREADY UNDERWAY**

10. As a result of significant risks identified, the Office of the Auditor General will be monitoring and reviewing significant procurements on an ongoing basis, and we will report our findings as and when appropriate. The Office is also in the process of completing the following performance audits:
- Management of Overseas Medical Expenses – expected publication October 2011
  - How Government Deals with Fraud – expected publication November 2011

#### **AND FINALLY...**

11. The Office of the Auditor General is always happy to hear about any areas or issues that we should consider in our work programme. Therefore, if there are issues or areas that you think we should look into, please let us know. Our contact details are provided at the back of this plan and I look forward to hearing from you.



*Alastair Swarbrick MA(Hons), CPFA  
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*6 September 2011*

# APPENDIX 1 - PERFORMANCE AUDIT PROGRAMME FOR THE NEXT 18 MONTHS

The performance audits we plan to undertake over the next 18 months are detailed in the table below. In addition to audits identified in the table it should be noted that we also plan to follow up a number of our previous performance audits to examine whether the issues identified, the recommendations made or the lessons learned have been addressed. The performance audits that we propose to follow up and report on in the next 18 months are:

- Review of the Legal Aid Program;
- Review of the Expenditures for Operations Tempura and Cealt;
- Internal Audit’s Report on Fuel Card Usage and Management; and
- The Scrap Metal Tender and Contract with Matrix International Inc.

Audit Topic	Brief Description	Proposed Publication
Major Capital Projects Part 1 – Government Administration Building and High schools	We will examine how the Government has managed major capital projects (including the procurement and financing) and whether due consideration was given to achieving value for money. This audit will examine specifically the Government Administration Building and the initial stages (design and procurement) of the high schools projects.	Jan 2012
Governance Overview	This audit will consider the overall governance arrangements in place across the public sector. Specifically it will consider how the public sector sets out its purpose and the expected outcomes for citizens and service users, how it is organized with clearly defined functions and roles, and how it makes decisions which are informed, transparent and manage risk.	Early 2012
Executive Transactions and Transfer Payments	This audit will examine the governance and management arrangements put in place to effectively and transparently assess, award and manage transfer payments (to organizations and individuals) and executive transactions.	Mid-2012
Human Resource Management	This audit will examine the arrangements the Government has in place to manage its human capital efficiently, economically and effectively in line with the requirement of the Public Service Management Law.	Mid-2012
Governance – Standards of Behavior	This audit will examine the arrangements across the public sector to promote ethical leadership and values, and demonstrate good governance through behavior.	Late 2012



Audit Topic	Brief Description	Proposed Publication
Government revenues (including fees, customs and duties)	The audit will examine the arrangements in place to determine, manage and collect Government revenues transparently, efficiently, effectively and economically.	Late 2012
Information technology investments	We will examine information technology governance and investments, and whether due consideration is given to achieving value for money.	Early 2013
Allowances, hospitality and Travel	The audit will examine the arrangements in place to determine, manage and report allowances, hospitality and travel across the public sector.	Early 2013

## APPENDIX 2 - AREAS THAT WE WILL CONTINUE TO MONITOR AND MAY AUDIT IN 2013 AND BEYOND

Audit Topic	Brief Description
Financial management, budgeting and the sustainability of the public finances	The audit will use a financial management capability maturity model to examine how well the financial management arrangements within the Cayman Islands Government are developed. It will also consider the sustainability of the public finances.
Major Capital Projects Part 2 – High Schools	We will examine how the Government managed the high school capital projects, excluding areas covered by Major Capital Projects Part 1, and whether due consideration is given to achieving value for money.
Major Capital Projects Part 3 - Other	We will examine how the Government has managed major capital projects (including the procurement and financing) and whether due consideration was given to achieving value for money. This could include the cruise ship pier, the primary schools, the hurricane shelter on Cayman Brac or any other major capital projects.
Governance - Accountability Reporting and Stakeholder Engagement	The audit will examine whether accountability reporting across the public sector is in line with what is considered good practice internationally, promotes accountability and transparency, and meets the needs of the Legislative Assembly and citizens.
Public Debt Management	The audit will examine how the Cayman Islands Government manages public debt to ensure that it obtains value for money and meets the requirements of the Public Management and Finance Law.
Environmental and Sustainable Development	The audit will examine how the Cayman Islands Government considers environmental impact in its decision making and policy development in order to promote sustainable development.
District Administration	We will review the governance and management arrangements in place to manage and deliver services for the sister islands efficiently, effectively and economically.
Cayman Airways	The audit will examine the arrangement in place to govern and manage the performance and operations of Cayman Airways efficiently, effectively and economically, and in a manner which is accountable and transparent

Audit Topic	Brief Description
Public Service Pension Board	The audit will examine the arrangement in place to govern and manage the performance and operations of the Public Service Pension Board efficiently, effectively and economically, and in a manner which is accountable and transparent.
Cayman Islands Development Bank	The audit will examine the arrangement in place to govern and manage the performance and operations of the Cayman Islands Development Bank efficiently, effectively and economically, and in a manner which is accountable and transparent.
National Roads Authority	The audit will examine the arrangement in place to govern and manage the performance and operations of the National Roads Authority efficiently, effectively and economically, and in a manner which is accountable and transparent.
Health Services Authority	The audit will examine the arrangement in place to govern and manage the performance and operations of the Health Services Authority efficiently, effectively and economically, and in a manner which is accountable and transparent.
CINICO	The audit will examine the arrangement in place to govern and manage the performance and operations of CINICO efficiently, effectively and economically, and in a manner which is accountable and transparent.
Cayman Turtle Farm	The audit will examine the arrangement in place to govern and manage the performance and operations of the Cayman Turtle Farm efficiently, effectively and economically, and in a manner which is accountable and transparent.
Procurement (Follow –up)	Follow up on how the Cayman Islands Government has addressed the recommendations from our report on the Management of Government Procurement published in July 2011.
Major Capital Projects (Follow-up)	Follow up on how the Cayman Islands Government has addressed the findings from our reports on the Major Capital Projects.



## **Contact us**

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## **Complaints**

To make a complaint about one of the organisations we audit or about the OAG itself, please contact Garnet Harrison at our address, telephone or fax number or alternatively email: [garnet.harrison@oag.gov.ky](mailto:garnet.harrison@oag.gov.ky)

## **Freedom of Information**

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September 2011