Office of the Auditor General
CAYMAN ISLANDS

Governance in the Cayman Islands Government
A Survey of Statutory Authority and Government Company Governance

December 2013

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

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BACKGROUND

1. Governance refers to how an organization is structured and the processes and procedures it follows to fulfill its mission or purpose and achieve positive results and outcomes. A governance framework in the public sector should be focused on achieving positive results and outcomes for the people and organizations that use government services, as well as good value for the people and organizations that fund them.

2. Studies have shown that there is a correlation between the quality of governance and the quality of results. The Independent Commission on Good Governance in Public Services that examined governance in the United Kingdom in 2004 reports that, *"Good governance leads to good management, good performance, good stewardship of public money, good public engagement, and ultimately, good outcomes."*

> The Independent Commission on Good Governance was a UK commission, established by the Office for Public Management and the Chartered Institute of Public Finance and Accountancy in partnership with the Joseph Roundtree Foundation. The role of the Commission was to develop a common code and set of principles for good governance across public services. The Commission work was undertaken in 2004 when it was recognized that public expenditures in the UK would soon exceed 500 billion pounds annually and "there is no common code for public service governance to provide guidance across the complex and diverse world of public services".
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> In 2011 the States of Guernsey made extensive use of the work undertaken by the Commission in undertaking a governance review.

3. Good management, good performance and good stewardship of public money are all related to value-for-money and it is why the Office of the Auditor General is interested in reviewing the current governance framework in the Cayman Islands. *"Well managed public services"* is one of the four strategic objectives adopted by the Office and it is in this context that a comprehensive governance review was undertaken.

4. The review is now complete and the result is four separate reports dealing with governance in the Cayman Islands. The first report was a Study on the Governance Framework in the Cayman Islands as set out in the Constitution and Legislation. The second report resulted from an audit that examined the extent to which governance practices in core government are complying with the framework set out in the Study. The third report looked at the accountability relationships between core government and the various Statutory Authorities and Government Companies. This is the fourth report and its focus is on governance practices within Statutory Authorities and Government Companies.

SIGNIFICANCE OF STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES.

5. Over the years government has created 19 statutory authorities (SA) and 7 government companies (GC) that deliver a wide range of public services that includes: operating a domestic and international airline; the management and control of all ports; the development, control and maintenance of the Islands public roads; and the provision of health insurance to civil servants and other residents of the Cayman Islands. A list of all SAGCs and a brief description as to what they do is included at Appendix 1.

6. During the fiscal year ending June 30, 2011, the total expenditures of all SAGCs was $299.7 million and total revenue was $195.9 million. The difference between expenditures and revenues, $103.8 million, was the responsibility of government and its taxpayers. Thirty-eight percent of public sector employees work for either a SA or GC.

SURVEY APPROACH USED TO LEARN ABOUT SAGC GOVERNANCE PRACTICES

7. The importance of SAGCs in the delivery of public services and the expenditure of public funds is significant. Recognizing there is a correlation between good governance and good outcomes we decided to use a survey to understand the governance practices being followed by this component of the public sector. We believe the results of the survey will provide valuable information to the Legislative Assembly, the Governor in Cabinet, Ministries, Portfolios and the SAGCs.

THE SURVEY APPROACH

8. A survey consisting of 36 questions was sent to 25 SAGCs. Survey questions were aligned with each of the six principles of good governance identified in the report by the UK Commission on Good Governance. The six principles are as follows:

    - focusing on results;
    - performing effectively in clearly defined functions and roles;
    - promoting values and ethics and ensuring they are being followed;
    - making informed transparent decisions and managing risk;
    - developing capacity and capability of the governing body; and
    - engaging stakeholders.

9. In addition to the six principles we created a seventh category called Processes and Practices. For this category we asked a series of questions related to board meeting agendas, minutes and board committees.

10. A copy of the survey showing all thirty-six questions is in Appendix 2.

RESULTS OF THE SURVEY

11. Completed surveys were received from 17 of the 25 SAGCs surveyed and Appendix 1 identifies which SAGCs did or did not respond. It is disappointing that 8 of the SAGCs did not respond despite a number of reminders that they do so.

12. We have collated the responses to the survey questions and provide in this report a commentary and overall observation for each of the seven categories. Where in our opinion a good practice has been identified we recognize this in our report along with the name of the SAGC.

FOCUSING ON RESULTS

BACKGROUND

13. Good governance in the public sector emphasizes the importance of focusing on the organization's purpose and on results for citizens and service users. When the purpose and objectives are communicated effectively it can guide people's actions and decisions at all levels.

14. The ability of an organization to focus on results starts with the adoption of a clear statement of purpose or mission statement. This becomes the cornerstone of a strategic plan where the governing body sets out what it hopes to achieve over a stated period of time, usually three to five years. For a strategic plan to be effective it must have measurable objectives and targets and an identification of the risks that might prevent the achievement of the identified objectives and targets.

15. During the year the governing body should receive regular and timely information to keep management accountable for results. An annual evaluation of the Chief Executive Offer should be based on performance expectations flowing from the strategic plan and any other matters identified by the governing body.

SURVEY RESULTS

16. The survey included questions to identify the extent to which SAGCs in the Cayman Islands have implemented good practices that focus on achieving good results for its citizens and service users.

17. A mission statement is a description of a company or organization's fundamental purpose, its reason for existing. A mission statement should explain the overall goal of the organization and provide the framework or context within which strategies and actions are formulated. It should also guide decision making at the board level.

18. While 16 of the 17 survey responses indicated they had a mission statement most of them were functions and mandates from their enabling legislation. Others were very lengthy and consisted more of actions to be taken rather spelling out the overall purpose of the organization and being a guide to decision making.

19. We found that the mission statement of the Cayman Turtle Farm clearly sets out its purpose and its reason for existing and we set it out below as a good example.

    "To be a world renown Caymanian attraction where guests enjoy a quality interactive experience with animals, all served by friendly professional well trained personnel in a culturally rich and safe environment while promoting public awareness and involvement in conservation through research, utilization and education".

20. As for strategic plans, 6 out of 17 SAGCs said they had one and provided examples of two measurable goals. The inclusion of measurable goals in a plan is critical for measuring success and holding management accountable for results. The other 11 surveys indicated that they did not have a strategic plan, had an outdated plan, had a draft plan or planned to have one. According to subsection 50(1) of the Public Management and Finance Law, each SAGC is required to prepare an annual ownership agreement which is to contain, "the strategic goals and objectives of the authority or company for that financial year and the following two financial years".

21. We noted that the 2010-2015 Strategic Plan of the Cayman Islands Health Services Authority has the elements of a very good strategic plan. It has a mission statement, measurable goals, strategies to achieve the goals and a detailed action plan.

22. A key component of strategic planning is identifying **the risks** that could impact on the achievement of the organizations objectives. Once such risks are identified then strategies would be implemented to eliminate or mitigate the occurrence of such risks.

23. Of the 6 surveys that indicated they had a strategic plan, 5 reported that they identified risks that could impact on the achievement of their goals. One of these saw this as a management exercise, but the responsibility for risk identification should include both management and the board. The mitigation strategies to deal with the identified risks would be the responsibility of management.

24. One respondent that did not have a strategic plan indicated that such planning was difficult because of funding uncertainty. The uncertainty around funding should be seen as a risk that could impact on what that particular organization is trying to accomplish. It should not be the reason for not having a strategic plan. With the funding risk identified, then strategies and actions could be identified to add a level of certainty to the funding issue.

25. As to whether the governing body was receiving **regular and timely information** during the year to keep management accountable for results, fourteen of the seventeen said they were. The format varied from, "reports from management", "board meetings", "e-mails", "updates on strategic issues" and "financial reports". While 14 SAGCs are receiving timely information, since most of them do not have a strategic plan with measurable objectives, it would be difficult if not impossible to hold management accountable for results.

26. Only eight of the seventeen SAGCs have set **annual performance expectations** for their CEO. Of these eight, three have aligned the expectations of their CEO with the goals of their strategic plan and three others said they would do it when they implement their strategic plan.

IMPROVEMENT OPPORTUNITIES

27. There are opportunities for improvement among the SAGCs of the Cayman Islands in all components of a framework that would result in more attention given to identifying and delivering good results for citizens and service users. This includes mission statements, strategic plans (including risk identification and mitigation), boards receiving regular and timely information to hold management accountable for results and setting performance expectations for the CEO which includes actions related to a strategic plan.

28. It is a requirement of the Public Management and Finance Law for all SAGCs to have strategic goals and objectives covering a three year period.

PERFORMING EFFECTIVELY IN CLEARLY DEFINED FUNCTIONS AND ROLES

BACKGROUND

29. Good governance requires all concerned to be clear about the functions of governance and their own roles and responsibilities and those of others, and to behave in ways that are consistent with those roles. Being clear about one's own role, and how it relates to that of others, increases the chance of performing the role well.

30. In a statutory authority or government company there are a number of positions with important roles and responsibilities, in particular the directors of the Board, the chair of the board and the Chief Executive Officer (CEO). For an organization to function effectively the individuals in these positions must have a good understanding of what is expected of them. This can be best be accomplished by having a position description for the directors and the chair, and a job description for the CEO.

31. The position descriptions should set out the following:

- the roles and responsibilities of the position (i.e. approval of the strategic plan, hiring and evaluating the performance of the CEO);
- the skill sets (i.e. finance, legal, communications) and experience needed to fulfill the responsibilities;
- the personal attributes of a board member (i.e. team player, independent thinker, good communicator); and
- an indication of the time that will be required on an annual basis to fulfill the role.

32. The job description for the CEO would be similar to the position descriptions in that it will include roles and responsibilities, desired skill sets, personal attributes and a clear indication as to who appoints/hires the CEO and who the CEO reports to. The job description could also include the expectations that the Board has for the CEO.

33. In order to have an effective governance framework it is important that there be a clear separation of duties between the Board and the CEO. This is normally done by the Board delegating specific duties to the CEO.

SURVEY RESULTS

34. The survey included questions to identify the extent to which SAGCs in the Cayman Islands have position descriptions for board members and a job description for their CEO. A question asked who was responsible for hiring the CEO and another asked if there was a clear delegation of duties by the Board to the CEO.

35. Of the seventeen surveys received none reported having **position descriptions** for the Chair and Board members. A number however made reference to their by-laws or enabling legislation two of which were the Maritime Authority of the Cayman Islands and the Cayman Islands Airport Authority.

- The Maritime Authority quoted section 4(1) of the Maritime Authority Law which states that the board of directors *"shall be responsible for the governance and performance of the Authority and the general conduct of its affairs and business"*.
  The Maritime Authority Law also makes reference to the qualifications of directors. Two directors are to have experience in financial management or law or, other experience relevant to the Authority's functions. The other five directors are to have experience in national security, international shipping, corporate services or maritime affairs.
- The Airport Authority made reference to Section 10(1) of the Airports Authority Law (2005) Revision which indicates that the board shall *"oversee the effective performance of the Authority and set operational priorities with regard to planning, development, redevelopment and construction of airports."*

36. The significance of these two sections is that they clearly give the board of directors' full responsibility for the performance of the Authority. The concept that "the buck stops" with the board is not always understood and it is certainly a good practice to have it clearly documented.

37. There were two other survey references to legislation which set out requirements that would **not** be seen as good governance practices:

    - in one instance there is legislation that gives the Board of Directors the power to determine the professional qualifications and requirements of employees, the power to hire employees and to determine the executive, management and administrative structure of the organization; and
    - in another instance legislation indicates that the governing body *"shall manage the business affairs"* of the organization. This includes all matters related to employment including engagement, evaluation, leave and termination.

38. In both of these cases the governing board is legislated to be involved in the day to day operations of the organization. In a good governance framework these responsibilities would be the sole responsibility of the CEO.

39. As for a job description that sets out the roles and responsibilities of the CEO all SAGCs indicated they had one. However in a number of cases the existence of a job description was supported by referencing duties given to the CEO by legislation.

40. One such reference said *"the CEO shall be a full time officer and employee and be the principal executive officer entrusted with the day to day management and administration, to the extent of the authority delegated to him by the Board"*. References such as these are relevant in that they clearly distinguish the responsibilities of the CEO from that of the Board. However the legislative guidance comes up short in terms of providing a complete description of the duties expected of a CEO.

41. A number of SAGCs do have good job descriptions for their CEO and we highlight two of them:

    - CINICO's job description for their CEO makes it clear that the CEO reports to the Board of Directors and is *"responsible for planning, directing, organizing and coordinating all activities of the Company in accordance with policies, goals and objectives approved by the Board"*. The job description also includes *"core functions"* of which one is to *"ensure that established performance objectives of the company are met"*. Qualifications, experience and required skills for the position are clearly documented in the job description and the positions that report to the CEO are listed; and
    - the job description for the CEO position at the Cayman Islands National Museum has all the relevant components including an explanation of the purpose of the position, the roles and responsibilities, reporting arrangements and the knowledge, experience and skills required for the position. The job description is also clear on which decisions the CEO can make without Board authority.

42. In our survey we were interested in knowing if there had been a clear delegation of duties by the board to the CEO. The job description would be one way of doing this, as in the case of the Cayman Islands National Museum, or it may be in the form of a policy decision(s) by the board.

43. We found from the survey results 14 out of 17 indicated that there had been a clear delegation of duties by the Board to the CEO. The method by which this had been done included, legislation, ownership agreements, on-going discussions, board directives, job descriptions and strategic plan implementation objectives.

44. A good example of a clear delegation by the board to the CEO exists at the Cayman Turtle Farm. In their response to the survey they indicated that *"there is a table of delegated duties that sets out the levels of authority that has been delegated to the CEO and management"*.

45. Our two final questions with respect to functions and roles was related to the board's responsibility for hiring the CEO and whether or not the board ensures there is a succession plan to replace the CEO and other key employees.

46. A good governance framework would ensure that the governing body that is responsible for the performance of an organization would also be responsible for the appointment and on-going evaluation of the CEO. The survey results were varied:

    - CEO appointed by board – 8
    - CEO appointed by board, but traditionally approved by Governor - 1
    - CEO appointed by Governor after consultation with board – 2
    - CEO appointed by Cabinet – 2
    - CEO appointed in consultation with the Ministry – 2
    - CEO appointed by Governor with no input by Board - 1

47. Only in half of our survey results does the board appear to have outright responsibility for appointing the CEO. Without doing further work, which is beyond the scope of this project, it is not known what impact the other methods of appointing the CEO has on the accountability relationships within the SAGCs concerned. At the very least, other appointment methods such as having Cabinet determine the position, would have an unsettling effect on the ability to effectively govern the entity.

48. As for succession planning the Health Services Authority is the only SAGC with a succession plan for the CEO and other key employees. The plan is very comprehensive and includes a strategy for approximately 50 key management positions. In some instances the plan calls for outside advertising because no suitable candidate exists within the organization.

49. A number of other survey responses indicated that they do not have a succession plan for the next CEO because the appointment process is not within their control.

50. There are a number of shortcomings among SAGCs in clearly defining the roles and responsibilities of the Board of Directors and the CEO.

51. There are no position descriptions for board members, and in a number of situations the only documentation of a CEO's duties is found in legislation. Position and job descriptions that clearly set out respective roles and responsibilities, desirable skill sets, experience and personal attributes should contribute to attracting better qualified candidates and an improved environment of mutual understanding and respect.

52. A clear delegation of duties by a board to its CEO is an important component of good governance. We believe that the decision to delegate duties to a CEO is a very serious matter and demands deliberation and decision making at a board meeting. The resulting delegation arrangement should be documented in a policy or in a Board approved job descriptions for the CEO.

53. While the survey results indicated that 14 out of 17 SAGCs had done this the methods used to communicate the delegation varied. It is critical that there is clear documentation of this important arrangement between the board and the CEO in a policy or in the CEO's job description. To rely on "on-going discussions", "ownership agreements" and "board directives", creates a risk that key responsibilities or expectations will be overlooked.

54. The number of situations where a board does not have responsibility for hiring their own CEO is a concern. In order to hold a board accountable for achieving desired results and outcomes they should be responsible for hiring their CEO. This will not be an easy matter to correct since the appointment process for CEO's is set out in legislation.

PROMOTING VALUES AND ETHICS AND ENSURING THEY ARE BEING FOLLOWED

BACKGROUND

55. A hallmark of good governance is the development of shared values, which become part of the organization's culture, underpinning policy and behaviour throughout the organization, from the governing body to all staff.

56. The governing body should take the lead in establishing and promoting values for the organization and its staff. These values should reflect public expectations about the conduct and behaviour of individuals and groups who control public services. Individual behaviour is a major factor in the effectiveness of the governing body, and also has an influence on the reputation of the organization.

57. The survey asked five questions to provide an understanding of the values and ethics within the various SAGCs. We wanted to know if the SAGCs had adopted values and a code of conduct and if they had been approved by the Board. Approval by the board would indicate support from the highest level in the organization. We also were interested in learning how the values and codes of conduct were communicated to staff.

58. Values are related to what an organization stands for whereas a code of conduct sets out what the organization expects of its employees. For instance two organizational values would be *"encouraging creativity and innovation"*, and *"adhering to the highest ethical, moral and professional standards at all times"*. Two components of a code of conduct would be, *"a public servant must behave honestly and conscientiously"* and *"a public servant must be politically neutral in his work"*. The four examples cited above come from the Public Service Values and Code of Conduct as set out in Part II of the Public Service Management Law.

59. The survey also asked if the organization had adopted a conflict of interest policy for board members and staff, and if yes, how has the policy been communicated to the board members and staff.

60. Of the seventeen surveys received, eleven said they had a set of values and a code of conduct, three of which indicated they were following the provisions of the PSML. The other six had adopted their own. We did not attempt to determine if the six that had their own exceeded what might be seen as a minimum requirement in legislation. Two indicated they had not adopted **values or a code of conduct**, two said they adopted values but no code of conduct, and one had a code of conduct for their employees but had not adopted a set of values. These results were surprising because under the Public Service Management Law (PSML), the values and code of conduct set out in Part II of the legislation apply to the entire public service which includes statutory authorities and government companies.

61. As for Board approval of values and the code of conduct, eight indicated they were approved and three said they were not. Two that did not have Board approval indicated that it was not necessary because it is a requirement of legislation.

62. The surveys revealed a wide range of methods to communicate the values and code of conduct to staff.

- When employees join or during orientation – 5
- Inclusion in the Employee Manual or Handbook – 4
- During departmental or staff meetings – 3
- Available on the IT network – 2
- Employee must sign a document indicating they have read it and agree to abide by it – 1
- Posted on Bulletin Boards – 1
- Circulated to staff "some years ago" – 1
- Human Resource Manager communicates with all employees on relevant issues – 1

63. In reviewing the different communication methods being followed it would appear that the most effective would be those that involved a personal contact with the employee. This happens during orientation and in departmental and staff meetings. The Human Resource Manager communicating with employees on relevant issues would be another.

64. An important component of any code of conduct is to have a **conflict of interest policy**. In Part II, subsection 5(2) (g) of the PSML, conflict of interest is mentioned with respect to public servants;

> "a public servant must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) with his duties as public servant, and must not use his official position for personal or familial gain".

65. Of the 17 surveys, only two made reference to following this policy for their employees. Two others indicated they only had a policy for staff and two others said they did not have a policy for either the Board or staff. Three indicated that they had a conflict of interest policy but there reference was to an annual declaration of interests required by the Office of the Auditor General as part of the financial statement audit. This audit requirement would not constitute a policy.

66. Seven others indicated they had a conflict of interest policy for both staff and directors. One of these referenced their Articles of Association as the basis for the conflict of interest policy for board members. In essence the Articles in this situation gives a Director the right to enter into any contract or arrangement with the GC, vote on any contract or arrangement in which he has an interest so long as a declaration of his interest is made at a meeting of the Board of Directors. Such a Director is not required to recuse himself from the meeting but rather provision is made for him to be counted in determining the number for a quorum. This is of concern as it could be seen as contravening legislation such as the anti-corruption laws.

67. The survey also enquired as to how the conflict of interest policy had been communicated to board members and staff. As indicated above only a handful of SAGCs have made reference to having a conflict of interest of policy. For those that do most of them have the board members sign a document to the effect that they have seen the policy. This is also done in one instance for staff members. In another case staff members are informed at the time of hiring. In another case conflict of interest discussions take place on a regular basis at board meetings.

IMRPOVEMENT OPPORTUNITIES

68. The feedback from the surveys indicating that 5 SAGCs did not have a set of values and a code of conduct was surprising since it is a legislated requirement under the PSML that they do.

69. Where values and a code of conduct does it exist they were not always approved by the Board. Approval by the Board is critical in "setting the tone" from the top. Such approval conveys an important message to management and staff.

70. As for communicating values and the code of conduct within an SAGC eight different methods were mentioned. While each method has its merits consideration should be given by each SAGC to ensure that one method involves communication between supervisor and employee and another has the employee indicating their understanding and agreement by signature.

71. Conflict of interest policy for board members and staff is an important component of good governance. As indicated by the surveys there a number of shortcomings in this area, including a failure to formally adopt an appropriate policy and the method followed to communicate such policies to the appropriate parties. It is critical that individuals who must comply with a conflict of interest policy sign a document to the effect that they will abide by the policy.

72. There is a legislated requirement under the PSML and other legislation such as the anti-corruption law for public servants to disclose and take reasonable steps to avoid any conflict of interest. Only two of the 17 surveys made reference to following this requirement for their employees.

MAKING INFORMED TRANSPARENT DECISIONS AND MANAGING RISK

BACKGROUND

73. Decision making in governance is complex and challenging. The governing body should draw up a formal statement that specifies the types of decisions that are delegated to the executive and those that are reserved for the governing body. To make decisions, governors must be well informed.

74. Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

75. For decision making to be effective in an organization it is important that there is clear understanding as to the type of decisions that have been delegated to the CEO and the ones that have been reserved for the governing body. For those decisions that are made by the governing body there should always be a report with a recommendation from the CEO. This will always give the board the benefit of professional advice and direction before making their own decision.

76. It is also important that decisions are always made in the best interests of the organization with the decision makers being free of conflicts of interest. Transparency is enhanced when there is a register that sets out the respective interests of board members and senior managers, and especially so when such registers are available to the public.

77. In our survey we asked a number of questions to obtain an understanding of how decisions are being made in the SAGCs. We asked one question related to risk management.

SURVEY RESULTS

78. Seven of the seventeen surveys indicated there was no documentation that set out the types of decisions that have been delegated to the CEO and those that have been reserved for the governing body. One respondent said *"there is nothing written down, but practices has been adopted over the years".* While nine surveys indicated there was documentation, six of those make reference to their legislation, by-laws or directives issued by the Board. It was clear from the responses that all of the critical information had not been brought together in one document for easy reference. In one case the response was *"see the law, the by-laws and board minutes".*

79. Three surveys reported having good separation of decision making responsibilities and as well good and easy access to documentation that explained the separation. CIMA has done this well in their Regulatory Handbook, CINICO in the job description of the CEO and the Turtle Farm which has a *"Table of Delegated Authorities".*

80. A few guiding principles around decision making is that a Board is responsible for decisions related to setting the strategic direction for the SAGC and setting policy. The CEO is responsible for making decisions and taking action to achieve the goals set by the board within the policy framework established by the board.

81. In our survey we asked if the SAGCs had a register to record potential conflicts of interests of Senior Management and Board Members. We also asked if the register was available to the public.

82. Nine respondents indicated they did not have a register, six said yes and one said yes but only for senior managers. Of the seven who had a register three said it would be available to the public upon request, subject to Freedom of Information Legislation.

83. A very important component of a good decision making process is for decision makers to receive a report and recommendation from their CEO. In our survey we asked if the Boards of the various SAGCs were receiving such reports and we also asked about the content of these reports. We asked if the reports clearly defined the reason why a decision was necessary, if there was a good analysis of options, an indication that input had been received from other management staff and clear reasons as to why the recommended action is the preferred one.

84. In connection with the survey question related to the board receiving advice and direction from their CEO, five of the seventeen SAGCs indicated that a report with a recommendation is always given. These five also said the content of the report would include background information, input from staff and professionals, an analysis of options and a justification for the recommendation being made. One other SAGC indicated the Board was given the necessary information but that the report came from a management committee as opposed to the CEO. In this situation we would be concerned about the accountability relationship that such a process would create. It is preferable to have one person, the CEO, accountable to the Board for making recommendations. It is difficult to hold a committee accountable.

85. The responses from the remaining ten SAGCs were varied. For instance, as to whether or not a report was given to the Board in every case we received the following comments;

> *"No, when the board is asked to make a decision a verbal presentation is made by the CEO and all relevant senior managers and/or consultants"*

> *"Not applicable, Board does not always receive a report. It may be a draft formal decision".*

> *"This is dependent on the nature and importance of the subject matter. If the Board needs more information it will request it."*

> *"Yes, a report is prepared for mainly major decisions".*

> *"Yes, unless the matter is presented for Board consultation and advice".*

86. In these responses there are a number of concerns. In the first instance making a decision based on a verbal presentation means the board has not had the opportunity to review a report prior to the meeting when the decision is made. And secondly, there would be very little documentation on file to support what was presented by management and there may be little or no documented rationale supporting the decision that was made.

87. There is also a risk in leaving it to personal judgment to determine if as subject matter is "important" or a decision is "major". A low risk approach would be to require that all decisions to be made by the board be supported by a well-documented report from the CEO. If judgment is to be used, the board should approve a policy that provides guidance to management as to what comes to the board with a report and recommendation and what is to be treated less formally.

88. The concept of taking a matter to the board, for "consultation and advice", should only be accepted in the rarest of circumstances. A board can always give a CEO advice by not accepting a recommendation and deciding on another course of action. For a CEO to seek advice and direction from the board, turns the governance framework upside down.

89. An important element of any decision is an awareness of the risks that could impact on the course of action being recommended. When such risks are identified then mitigating steps can be taken to eliminate them or minimize their impact. An SAGC would certainly be vulnerable if there is no effective system in place that identifies and manages risks.

90. The results of our survey indicated that with respect to the attention given to risks there were two extremes with a lot of varying practices in the middle. At one extreme were two SAGCs that indicated they had no effective systems of risk management and at the other extreme there were two that reported having good systems. One of the good systems was reported by the Cayman Health Services Authority that said *"There is a Risk Management sub-committee with Board representation with meetings held quarterly"*. The other was the Cayman Cultural Foundation who indicated they use *"a collaborative assessment of risks by management staff and stakeholders. This includes action planning for short and long term"*. While this was seen as a good practice, involvement of board members in the process would add an important perspective.

91. The majority of respondents indicated they were focusing on particular risks but there did not appear to be a comprehensive system or strategy to identify risks. Some of the particular risks referenced were as follows: "business crisis and continuity management", "safety management", "insurance coverage on buildings", "hurricane and disaster plan", "hazard and liability insurance" and "emergency preparedness".

IMPROVEMENT OPPORTUNITIES

92. The survey results indicate there a number of areas where improvements can be made around corporate decision making and risk management.

93. An important first step would be for all SAGCs to have a clear policy on which decisions are to be made by the CEO and which decisions are to be reserved for the governing body. Based on survey results it appears that only two or three of the seventeen respondents have adequate documentation.

94. A register which reports the conflicts of interests of board members and senior management is important to demonstrate transparency in decision making. The quality of decisions are improved when individuals with conflicts recuse themselves from the decision making process and is required by legislation such as the anti-corruption laws.

95. All boards should receive a report and recommendation from the CEO before deliberating and reaching a conclusion on any matter within their scope of responsibility. Only five of the seventeen respondents indicated that the board receives a report that gives relevant background information, input from other staff and professionals, an analysis of options and a recommendation.

96. As for risk management it appears that practically every SAGC can do a much better job of identifying the risks that could impact on their business and the ability to achieve their goals and objectives. Once risks have been identified, strategies must be put in place to eliminate or mitigate the risks.

DEVELOPING CAPACITY AND CAPABILITY OF THE GOVERNING BODY

BACKGROUND

97. Governors need both skills and knowledge to do their jobs well. Skills need to be developed continually to improve performance in the functions of the governing body. The necessary skills include the ability to scrutinize and challenge information received from the executive, including skills in financial management and the ability to recognize when outside expert advice is needed. Knowledge also needs to be updated regularly to equip governors for changing circumstances.

98. New governors should receive a thorough induction that is tailored to their role in the organization. A governing body should commit itself to developing the skills that it has decided its members need, so that they can carry out their roles more effectively.

99. Our survey asked six questions related to the capacity of board members to fulfill their responsibilities. We asked if the governing body had identified the desired skill sets, experience and knowledge needed by members to serve on the board and if these requirements are considered when new members are appointed.

100. We inquired about the length of a term that board members were appointed for and whether or not there was an orderly rotation of retiring members to ensure continuity of corporate knowledge. We were also interested in knowing if new board members were given orientation sessions and if there was any on-going training program(s) for board members to further develop their skills and knowledge level.

SURVEY RESULTS

101. Seven of the seventeen surveys indicated they had not identified skill sets, experience and knowledge levels as a requirement to be appointed to the board. One of these did indicate that they would normally request a certain skill set (i.e. legal) when a vacancy is being filled. Two of the seven pointed out that identifying skill sets and experience was not relevant because the power to appoint board members rested with Cabinet, and not the board.

102. The other nine respondents made some reference to the requirements to serve on their board with two of them being particularly noteworthy. CINICO made reference to their Corporate Governance Document which listed the following as desired experience and knowledge: insurance, actuarial, accounting/finance, legal, medical and a representative of the Seaman's and Veteran's Group. The Maritime Authority of the Cayman Islands referenced the Maritime Authority Law which sets the requirements of members to be appointed to the Board and includes a capacity in financial management or law, national security, international shipping, corporate services or maritime affairs.

103. As for making use of the stated skills, experience and knowledge when filling vacancies, the majority of boards who have control over the appointments said they did. Some pointed out that appointments to their boards are made the ministry, cabinet or the Governor. Since our survey was sent only to the SAGCs we are not able to provide insight into how appointments are made in those situations.

104. We received varied results from our questions concerning the length of term of office of board members. In eight situations specific terms were set in either legislation or by-laws and they were usually for two or three years. In six other situations, where appointments were made at the discretion of the Governor, ministry or Cabinet, there were no stated terms of office. One of these indicated members serve *"at the pleasure of the Governor"*, and another said *"for as long as a board member is able and willing to contribute"*. Two respondents indicated they did not have specific terms and it was not clear who had responsibility for the appointments.

105. With respect to our interest in learning about an organized rotation of board members and a board's involvement in having an influence over this happening, we did not receive a positive answer from any of the 17 respondents. It would appear that in most situations the possibility exists for there to be a complete turnover of board members.

106. Orientation training for new board members is very important to ensure they are familiar with the mandate of the SAGC, its mission and strategic plan, its goals and objectives, any outstanding issues, board policies and an understanding of their role as a board member. Eight respondents indicated there was no orientation program for new board members. Of the eight that indicated they had orientation programs we believe two are noteworthy. The Health Services Authority covered topics such as *"mission statement and strategic goals, the Health Services Authority Law, Board Governance and the Freedom of Information Policy"*. The Maritime Authority covers *"vision and mission, annual financial statements, key strategic targets, achievements and on-going objectives"*.

107. Recognizing the important responsibilities that board members have and the universal importance of on-going training and improvement, we enquired about the training opportunities given to develop skills and knowledge on board governance. Ten respondents clearly indicated there was no such training offered. The other six do not appear to be doing much either, with responses such as *"as needs dictate", "no formal process"* and *"when scheduled with local college"*.

108. The Board of Directors is ultimately responsible for the success of their SAGC. It is the board that approves the strategic direction of their organization and who holds management accountable to achieve the desired outcomes. The survey results show that there are opportunities for improvement in the capacity and capability of SAGC boards to fulfill their responsibilities.

109. Approximately 40% of surveys indicated they had not identified the skill sets, experience and knowledge levels required to serve as a board member. In these situations appointments are being made without any reference to documented qualifications.

110. It is important to have an orderly rotation of board members to ensure there is a continuation of "corporate knowledge" and "corporate culture". None of the 17 respondents had an organized rotation plan. In many cases this is because the appointment process takes place independent of any input from the current board.

111. Eight responses indicating there is no orientation program for new board members and all seventeen reported there is nothing or very little offered in the way on-going training opportunities for existing board members. This means there a tremendous opportunity to improve the capability of board members by providing appropriate training programs.

ENGAGING STAKEHOLDERS

BACKGROUND

112. The Independent Commission on Good Governance in Public Services had this to say about accountability, "Each year, the governing body should publish the organization's purpose, strategy, plans and financial statements, as well as information about the organization's outcomes, achievements and the satisfaction of service users in the previous period".

113. The Commission had this to say about engaging stakeholders, "Real accountability is concerned not only with reporting on or discussing actions already completed, but also by engaging with stakeholders to understand and respond to their views as the organization plans and carries outs its activities".

114. An organization can engage stakeholders by consulting with them on key issues and by issuing an annual report that sets out what was accomplished during the previous year in relation to what had been planned. The annual report should also include audited financial statements that compare actual results to budget.

115. In our survey we asked if the Board of Directors of the SAGCs have a policy which sets out the type of issues that require consultation or engagement with the public and service users. Nine SAGCs indicated they do not have such a policy. Of the six that do have a policy, CIMA made reference to a section in their Regulatory Handbook. This section sets out the types of decisions that require consultation with the private sector and provides the names of organizations that are to be consulted. We saw this as a best practice.

116. We also asked if SAGCs had an annual report that sets out their purpose and key strategic objectives, discusses progress made during the year in meeting objectives and includes the audited financial statements. We also asked if the Board of Directors approves the annual report.

117. Fourteen of the seventeen said they prepare an annual report that includes the content we referenced and of the thirteen, ten are approved by the Board. However, while we got this response from the survey, the experience of the Office of the Auditor General has been quite different when conducting the annual audits where it was found that only a handful of SAGCs attempt to prepare an annual report in accordance with the provisions of the PMFL.

IMPROVEMENT OPPORTUNITIES

118. Consultation and engagement with the public and service users provides valuable input and feedback on specific issues. It also responds to a growing demand from the public to be engaged and it enhances transparent decision making. With more than half of the SAGCs responding to the survey not having a public consultation policy this is an area where improvements can be made.

119. The responses related to the annual report were very good, with 14 of 17 having an annual report and 10 of these having the report approved by the Board of Directors. However since an annual report is intended to be the annual accountability document of an organization, every organization should have one. And since the Board of Directors is ultimately accountable for performance, the annual report should be seen as their document and approved by them in every instance. Again, while this was the information provided in the surveys based on self-assessment, the experience of the Office of the Auditor General during the course of financial audits only found a few SAGCs preparing annual reports.

120. The responses from the survey clearly show that there is a misunderstanding of what constitutes an annual report for organizations such as SAGCs.

PROCESSES AND PRACTICES

BACKGROUND

121. Processes and practices was not one of the principles of good governance identified in the report by the UK Commission on Good Governance. However we were interested in learning about the processes and practices followed by SAGCs to identify areas for improvement. We asked seven questions covering the following six topics; the frequency of board meetings, the agenda for board meetings, the addition of "emergency" items to a board meeting agenda, minutes of board meetings, the responsibility for corporate records and the role played by committees of the board.

SURVEY RESULTS

122. All SAGCs have regular scheduled meetings of the board with three common time frequencies; monthly, every two months and quarterly.

123. All have agendas, with supporting documentation that is sent to board members at varying times prior to a meeting. Nine out of the seventeen give their board members agenda information between 5 days and two weeks prior to the meeting date. This would appear to provide sufficient lead time. For those that give the material between 2 and 4 days prior to the meeting date, a review of the practice might be valuable to ensure it is meeting the needs of the board members.

124. We asked a specific question with respect to how "emergency" items get added to an agenda. Our interest was related to the risk, whether real or perceived, that such items may not be subjected to the same standard of care as regular agenda items. For instance there may not be a report and recommendation from management and board members may not have had sufficient time to adequately consider and debate the issue. We found that in seven cases an item is only added to the agenda with the approval of the Chair and in three cases a special meeting will be called. In four other situations they get added to the agenda by the CEO or a board member. Two surveys did not give a response to the question.

125. This is an area where is there is really no right answer. There must however be a balance between the need to act quickly because the matter is urgent and the responsibility of a board to act prudently and with due diligence. It is important that each board understand the risks around "emergency" items and adopt a decision making policy that is appropriate for their circumstances.

126. As for the recording of board meeting minutes, having them approved at the following meeting and their being an official on site record of agendas, minutes and decisions made, there was almost 100% compliance. The only exception is that one respondent did not give an answer to the question related to when board minutes got approved.

127. As for board committees, eleven of the seventeen SAGCs have them. For those eleven we were interested in two things:

- Do they have decision making power? and
- Have they been given duties that should be under the authority of management?

128. Our interest around decision making power is related to the principle that the Board of Directors is ultimately responsible for the SAGC. There is a huge risk if board committees have been delegated decision making power in that approval may be given to something that the board as a whole would not have accepted. In reviewing the survey responses it was clear that four, of the eleven that had committees, were advisory in nature and did not make decisions. In one situation an Executive Committee was able to make decisions "in cases of emergency." Three others did not respond to the question and it was difficult to clearly understand the role played by committees in two other situations.

129. The board of all SAGCs should review the terms of reference of all their committees to ensure they are not operating in a manner that conflict with the board's overall responsibility for the organization.

130. As for board committees being responsible for managerial duties, the names given to certain committees suggests that this might be the case. For instance we saw the following committee names; Operations, Building, Safety, Information & Technology and Human Resources. We did not see terms of reference for these committees so a conclusion on their actual role is not known.

131. The board of each SAGC should review the terms of reference of all their committees to ensure they do not include duties that fall under the authority of the CEO.
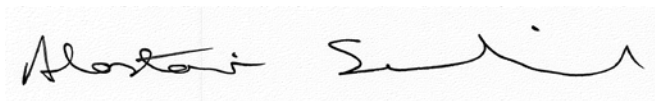
IMPROVEMENT OPPORTUNITIES

132. There are a number of areas where SAGCs are following acceptable processes and practices. In particular this applies to the frequency of board meetings, the distribution of agendas and documentation prior to meetings, minute taking and approval, and the existence of an official record of key corporate documents.

133. There are two areas of concern that arose from the survey results that should be reviewed by all boards. One is related to how "emergency" items should be handled at the board level. The second is related to the risk that committees of the board could be performing responsibilities that fall under the authority of the CEO.

CONCLUDING REMARKS

134. Good governance leads to good results. I remind the reader of this statement because it is the reason for entities such as SAGCs to ensure, to the extent possible, they have implemented good practices in their organizations when it comes to governance arrangements.

135. By carrying out the survey of the Statutory Authorities and Government Companies, we were looking to find patterns regarding how well the governance frameworks were designed compared to good practice. The survey did not address how well the governance frameworks were actually working as this would be more suitable for an audit.

136. We found a variety of practices across the entities relating to how they are governed. Many of the practices we found were not acceptable for the good governance of these organizations, and in some cases, are contrary to such laws as the anti-corruption legislation in place.

137. While we knew from conducting our financial audit work that there were significant governance concerns in the SAGCs, this report on the survey results reinforces our understanding of the poor practices and the extent of effort required for improvements to be implemented.

138. Of concern as well was the lack of response from some SAGCs to the survey despite considerable follow-up action by my Office. This in itself indicates to me a considerable issue with regard to entities supporting the concepts of good governance and doing what they need to ensure they have good practices employed in their entities.

139. As a result of this work, we have planned future governance audits in specific organizations to determine the extent to which the poor governance practices have led to poor performance and lack of due diligence with respect to the management of public resources.

140. The information we gathered should be of great interest to Legislators as they look at opportunities to improve governance in the Cayman Islands Government.

Alastair Swarbrick MA(Hons), CPFA   *20 December 2013*
Auditor General
George Town, Grand Cayman
Cayman Islands

APPENDIX 1 – LIST OF SAGCS

#	Entity	Type	Questionnaire Completed?	Description
1.	Cayman Airways Limited	GC	No	The main activity is the provision of scheduled passenger and cargo air transportation to, from, and within the Cayman Islands.
2.	Cayman Islands Airport Authority	SA	Yes	The Authority is principally engaged in the general management and operation of airports, air traffic, and navigation, within the Cayman Islands.
3.	Cayman Islands Development Bank	SA	No	The principal function is to mobilize, promote, facilitate, and provide finance for the expansion and strengthening of the economic development of the Islands.
4.	Cayman Islands Monetary Authority	SA	Yes	To issue, redeem and manage currency and to regulate and supervise the financial services industry and provide assistance to overseas regulatory authorities, as well as, to advise the Cayman Islands Government on regulatory matters.
5.	Cayman Islands National Museum	SA	Yes	Its purpose is to establish for posterity a collection of material evidence concerning man and his environment, with primary but not exclusive reference to the Cayman Islands, and to arouse public interest in Caymanian heritage and, through proper use of the collection, to increase knowledge and appreciation of, and respect for Caymanian Heritage.
6.	Cayman Islands Stock Exchange	GC	Yes	The Company is engaged in carrying on the business of establishing and operating a securities market for the listing and trading of securities.
7.	Cayman National Cultural Foundation	SA	Yes	The objectives of the Foundation are to stimulate, facilitate and preserve cultural and artistic expression generally, and preservation and exploration of Caymanian performing, visual and literary arts.
8.	Cayman Turtle Farm (1983) Ltd.	GC	Yes	The operation of a tourist attraction, production of turtle meat and related products to meet local demand, and the conservation and re-population of sea turtles within the waters of the Cayman Islands.

#	Entity	Type	Questionnaire Completed?	Description
9.	Children & Youth Services Foundation	GC	No	The Foundation's objectives are: to manage and operate the youth rehabilitation, youth at risk, care and reporting facilities owned by the Government of the Cayman Islands, and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at risk children.
10.	CINICO	GC	Yes	The principal activity is the provision of health insurance for Government insureds including civil servants, pensioners, other Government entities, seamen and veterans and their dependents, as well as, residents of the Cayman Islands who have low income, impaired health status, or who are elderly. The company also provides Administrative Services Only for indigents and advance patients.
11.	Civil Aviation Authority	SA	No	The Authority regulates the operation of aircraft, aerodromes, air traffic control and air navigation services within the Cayman Islands and ensures economic regulatory oversight of airlines and aerodrome providers servicing the jurisdiction. They also maintain the Cayman Islands Aircraft registry and regulate the operation of aircraft entered therein wherever they are operated globally.
12.	Electricity Regulatory Authority	SA	Yes	The ERA is responsible for monitoring of licenses granted to Caribbean Utilities Company Ltd. and Cayman Brac Power and new entrants to the market.
13.	Health Services Authority	SA	Yes	To provide health care services and facilities in the Cayman Islands in accordance with the National Strategic Plan for Health prepared by the Cayman Islands Government.
14.	Information and Communications Technology Authority	SA	Yes	The ICTA is responsible for the regulation and licensing of telecommunications, broadcasting, and all forms of radio transmission that includes ship, aircraft, mobile and amateur radio in the Cayman Islands.
15.	Maritime Authority	SA	Yes	The responsibility of formulation of national maritime policy and implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare and obligations under International Conventions and Codes and under Cayman legislation for Cayman-flagged vessels. Also, the Cayman Islands Shipping registry's vessel and mortgage registration, advisory, and marine survey and audit services.

#	Entity	Type	Questionnaire Completed?	Description
16	National Drug Council	SA	No	The NDC coordinates the efforts in the Cayman Islands in respect of drug abuse education, treatment and rehabilitation, to support drug demand and supply reductions programme; and to provide overall advisory capabilities to the Ministry of Health with the collection of data, coordination of resources and manpower, and reports or laws addressing drug abuse and prevention and rehabilitation.
17	National Gallery of the Cayman Islands	SA	Yes	Through organizing and maintaining permanent and temporary public exhibitions of works of art, the Gallery promotes and encourages the awareness, appreciation, and practice of the visual arts in the Cayman Islands.
18	National Housing Development Trust	GC	No	The trust provides affordable housing to Caymanian citizens through one of several programs: Government Guaranteed Home Mortgage Assistance, build on your own property (ie. Person owns land), and affordable housing initiative.
19	National Roads Authority	SA	Yes	To administer, manage, control, develop and maintain the Island's public roads and related facilities such as signals, storm water facilities, roadway lighting, and roadway directional signage.
20	Port Authority	SA	Yes	The management of the maritime affairs of the Cayman Islands including general management and control of all ports and enforcement of the Port Authority Law and the regulations.
21	Public Service Pensions Board	SA	Yes	PSPB's responsibilities include, but are not limited to, administering the Government sponsored pension plans, investing all contributions received from participants into the Fund, and providing pension benefits as required under the Law.
22	Sister Islands Affordable Housing Initiative	GC	No	To promote affordable home ownership on Cayman Brac and Little Cayman by providing quality concrete construction freehold homes which are owned outright by the successful applicants.
23	Tourism Attraction Board	SA	Yes	The general and financial management of Pedro St. James, Queen Elizabeth II Botanic Park, Pirates Week Festival, Hell and the Cayman Craft Market.
24	University College of the Cayman Islands	SA	No	To provide full and part-time education, training, and education services, including teaching and research relevant to the needs of the Islands.

#	Entity	Type	Questionnaire Completed?	Description
25	The Water Authority	SA	Yes	The Water Authority is responsible for the management of water supply and sanitation affairs of the Cayman Islands including the provision of public water supplies, sewerage systems and the management, development and protection of water resources.

The list excludes the Auditor Oversight Authority which was in the process of being set up while we were undertaking our governance work.

APPENDIX 2 – SURVEY QUESTIONS

The survey is broken down into 7 sections:

- Section 1: Focusing on the Organization's Purpose and Strategic Direction
- Section 2: Defined Functions and Roles
- Section 3: Corporate Values
- Section 4: Decision Making Process and Managing Risks
- Section 5: Capacity Building for Board Members
- Section 6: Engaging Stakeholders
- Section 7: Processes and Practices

SECTION 1: FOCUSING ON THE ORGANIZATION'S PURPOSE AND STRATEGIC DIRECTION

1. Does your governing body have a clear statement of purpose or mission statement?
   - If one exists please provide a copy

2. Has your governing body approved a strategic plan for your organization in consultation with the CEO and Senior Management?
   - What period does it cover?
   - When was it approved?
   - Does it include measurable objectives or targets?
     - If yes, provide two examples
   - Does it include any reference to risks that might prevent the achievement of objectives or targets?

3. Does your governing body receive regular and timely information during the year to keep management accountable for results?

4. Does your governing board set performance expectations with the CEO on an annual basis?
   - Would any performance expectations be related to the Strategic Plan?

SECTION 2: DEFINED FUNCTIONS AND ROLES

5. Is there a position description that sets out the roles and responsibilities of a board member?
   - If yes, does it make reference to desired skills, knowledge and experience?

6. Do ex-officio Board members have a different role than other board members?
   - If yes, please explain.

7. Is there a position description that sets out the roles and responsibilities of the board chair?

8. Is there a position description that sets out the roles and responsibilities of the CEO?

9. Does the governing board have full responsibility for hiring the CEO?
   - If not, please explain.

10. Has there been a clear delegation of duties by the board to the CEO?
    - If yes, how was this done?

11. Does the Board ensure there is a succession plan in place for the CEO and other key employees?

SECTION 3: CORPORATE VALUES

12. Has your organization adopted values and a code of conduct?
    - If yes, please provide a copy

13. Has the governing body approved the values and a code of conduct?

14. How are values and code of conduct communicated to staff?

15. Has your organization adopted a conflict of interest policy for board members and staff?
    - If yes, please provide a copy

16. How has the conflict of interest policy been communicated to board members and staff?

SECTION 4: DECISION MAKING PROCESS AND MANAGING RISKS

17. Has the governing body documented the types of decisions that can be made by the Chief Executive Officer, and those that are reserved for the governing body?

18. Has the governing body taken steps to avoid conflicts of interest, whether real or perceived?
    - If so, how has this been done?

19. Is there a register of board member and senior management's interests that would facilitate the exclusion of people with conflicts from certain decisions?
    - Is this register available to the public?

20. When being asked to make a decision, does the governing body receive a report from the CEO with a recommendation?
    - Does the report describe why a decision is necessary?
    - Does the report provide an analysis of options?
    - Does the report reflect the consultation and input from management staff, in particular financial and legal?
    - Is the report clear as to why the recommended action is the preferred one?

21. Does the governing body ensure that the organization operates an effective system of risk management?
    - If the answer is yes, how is this done?

SECTION 5: CAPACITY BUILDING FOR BOARD MEMBERS

22. Has the governing body identified the skill sets that are needed on the board and the different types of knowledge and experience that would be valuable?

23. When a board vacancy occurs does the governing body communicate to the appointing authority the skills, knowledge and experience required in the new appointee?
    - Are board members appointed who have the necessary skill, knowledge and experience?

24. Has the governing body decided on what is the appropriate length of term for a board member?
    - Has this been communicated to the appointing authority?

25. Has the governing body decided on a plan that would see an orderly rotation of board members?
    - Has this been communicated to the appointing authority?

26. Is there an orientation session for new board members?
    - Name four topics that would be included in such a session

27. Are board members provided professional training opportunities during their term to further develop their skills and knowledge about governance?

SECTION 6: ENGAGING STAKEHOLDERS

28. Does the governing body have a policy on the types of issues on which it will consult with or engage the public and service users?

29. Does the organization publish an annual report that sets out it purpose, key strategic initiatives, progress made towards accomplishing goals and a set of annual audited financial statements?
    - Is the annual report approved by the governing body?

SECTION 7: PROCESSES AND PRACTICES

30. Does the board meet on regular basis?
    - If so what is it?

31. Is there an agenda and supporting documents for each meeting?
    - If yes, how many days in advance of the meeting is the information given to board members?

32. How do "emergency" items get added to an agenda?

33. Are minutes taken of all meetings?
    - Are they approved at the following meeting?

34. Is there an official record kept of all meeting agendas, minutes and approvals?

35. Has the governing body created any committees?
    - What are their names?
    - Are they decision making committees or advisory to the Board?
    - Do you have an Audit Committee?
        o If you do please provide the terms of reference.

36. Do the committees follow a similar process as the board with respect to meetings, agendas and minutes?
    - If not, please explain

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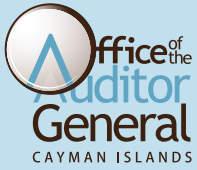T: (345) 244 3211   Fax: (345) 945 7738

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

Freedom of Information

For freedom of information requests please contact Garnet Harrison at our address, telephone or fax number. Or alternatively email: foi.aud@gov.ky

Media enquiries

For enquiries from journalists please contact Martin Ruben at our phone number or email: Martin.Ruben@oag.gov.ky