

## Key Management and Board Remuneration in Statutory Authorities and Government Companies during 2016-17





To help the public  
service spend wisely

# TABLE OF CONTENTS

---

<b>Introduction by Auditor General</b> .....	<b>1</b>
<b>What is a Public Interest Report?</b> .....	<b>2</b>
<b>Statutory Authorities &amp; Government Companies (SAGCs)</b> .....	<b>3</b>
Overview.....	3
Number of SAGC Employees .....	5
<b>Employees’ remunerations</b> .....	<b>6</b>
Analysis of SAGC remunerations .....	6
<b>Key Management Personnel</b> .....	<b>10</b>
Who are Key Management Personnel?.....	10
Analysis of Key Management Personnel in SAGCs .....	10
Analysis of remunerations.....	14
<b>Board of Directors</b> .....	<b>20</b>
Who are the Board of Directors? .....	20
Analysis of Board of Directors compensation .....	21
<b>Appendix 1</b> .....	<b>28</b>
Number of employees, key management personnel and remunerations .....	28
Compensation of board members.....	29
Compensation of board members by post.....	30
Average remunerations.....	31
<b>Appendix 2</b> .....	<b>32</b>
Extract from the Public Authorities Law 2017 – Board of Directors .....	32
Extract from the Public Authorities Law 2017 – staff remunerations.....	40



# INTRODUCTION BY AUDITOR GENERAL

---

1. This public interest report provides an analysis of the remuneration of key management personnel in Statutory Authorities and Government Companies (SAGCs) as well as compensation paid or benefits provided to members of the respective Board of directors for the 18-month fiscal period from 1 July 2016 to 31 December 2017.
2. The remunerations paid to staff, including those deemed as key management personnel vary significantly across the SAGCs assessed in this report. There is no standardised job evaluation system or salary and allowances scale for SAGCs. The *Public Authorities Law* came into effect in June 2017 and intends to deliver a standardised pay system for all SAGCs but the implementation date for this part of the Law has been pushed back from June 2018 to June 2019.
3. In the compensation of board members, payment ranges from entities where board members provide their services freely on a voluntary basis up to \$4,500 per month at Utilities Regulatory and Competition Office ("OfReg"). Some board members are paid a set amount periodically and other board members are paid for each meeting attended.
4. As the *Public Authorities Law* came into effect during the latter portion of the fiscal period, this report does not comprehensively assess compliance. However, this will be a central focus for the Office of the Auditor General during the 2018 and subsequent audit periods.
5. As a public interest report, this report merely puts factual information into the public domain but unlike audit reports, I make no recommendations to the respective entities or to management of the civil service.



Sue Winspear, CPFA  
Auditor General  
George Town, Grand Cayman  
Cayman Islands

30 January 2019

# WHAT IS A PUBLIC INTEREST REPORT?

---

6. Public interest reports address issues that have been identified during an audit or on which a report has been requested during the year. They are also used when there is a matter in the public interest that should be reported to the Legislative Assembly but where a full audit is not necessarily required. In general, these reports are responsive and provide factual information on a matter that is relevant to an individual entity or across a wider section of the public service.
7. Unlike a performance or financial audit, public interest reports do not seek to provide an opinion or recommendations based on the details reported, but simply seek to provide greater emphasis on a matter deemed to be of interest to the public.
8. To an extent, the matters addressed in this public interest report have already been identified through our normal financial audit work, but until now have not been collated or presented in a manner that gives a holistic perspective to the users of the respective entity's/entities' financial statements.
9. A public interest report should add value for decision-making and provide accountability through greater transparency. The nature of the work conducted is more about reporting information than following the auditing standards required for the conduct of a performance or financial audit.
10. As the Public Accounts Committee may consider only reports that have been presented to the Legislative Assembly, the Office of the Auditor General ("OAG") uses a public interest report as a vehicle to make the information available for the Committee's consideration. The OAG has identified certain circumstances in which a public interest report may be produced. Note that these circumstances are not intended to represent an exhaustive list and that judgment will be exercised in individual cases:
  - i) where the audit of the financial statements raises an issue that needs to be publicly drawn to the attention of the Legislative Assembly through a separate report;
  - ii) where the Auditor General believes that an issue related to an entity/entities merits public disclosure or emphasis through a public interest report;
  - iii) And where a statutory requirement has been breached, contrary to the intent of the Legislative Assembly.

# STATUTORY AUTHORITIES & GOVERNMENT COMPANIES (SAGCs)

---

## OVERVIEW

11. A statutory authority is an entity which is established by a law to carry out functions which are capable under that respective law, of being funded, partly or entirely, by money provided by the Government, and for which the Governor or the Cabinet has the power to appoint or dismiss the majority of the Board or other governing body.
12. A government company is a company in which the core government has a controlling interest. Unlike a statutory authority, a government company is not established under its own respective legislation but under the *Companies Law*.
13. For both statutory authorities and government companies there is a general expectation they will operate in a self-sufficient manner.
14. Although statutory authorities and government companies are legally separate from the Government, they are all owned by the Government on behalf of the people of the Cayman Islands. This ownership relationship exists regardless of whether ownership is reflected in the form of shares or a formal capital holding.
15. There were 25<sup>1</sup> SAGCs in the Cayman Islands as at the 31 December 2017.

---

## CATEGORISATION OF ENTITIES FOR ANALYSIS

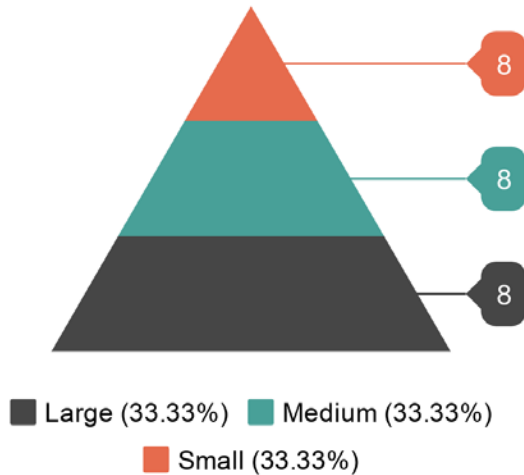
16. For the purpose of this report we have categorized 24 of the 25 SAGCs into large, medium and small based on the number of employees as at the 31 December 2017 to facilitate a more comparable analysis. This however is **not** a categorisation used formally by the Cayman Islands Government. One entity, the Sister Islands Housing Development Corporation has been excluded as it had no paid employees during the period and the board of directors are not compensated. The details of the size categorisation are presented in the following chart and tables.

---

<sup>1</sup> Two SAGCs – Electricity Regulatory Authority and the Information Communication and Technology Authority were combined into the OfReg in January 2017 and ceased to exist as separate entities.

Chart 1 – Categorization of entities by size

## 24 Entities Categorized by Size



**Small** = less than 20 Employees

**Medium** = Between 20 to 74 Employees

**Large** = 75 or more Employees

17. Chart 1 above illustrates that the 24 SAGCs are grouped equally between the three sizes of entities. The categorized SAGCs are listed below:

SMALL SAGCs	
AOA	Auditors Oversight Authority
CIDB	Cayman Islands Development Bank
CSX	Cayman Islands Stock Exchange
CNCF	Cayman National Cultural Foundation
NDC	National Drug Council
NAG	National Gallery of the Cayman Islands
NHDT	National Housing Development Trust
MUS	Cayman Islands National Museum

MEDIUM SAGCs	
CIN	Cayman Islands National Insurance Company
CAYS	Children and Youth Services Foundation
CAA	Civil Aviation Authority
MACI	Maritime Authority of the Cayman Islands
OFREG	Utilities Regulatory and Competition Office
PSPB	Public Service Pension Board
TAB	Tourism Attraction Board
UCCI	University College of the Cayman Islands

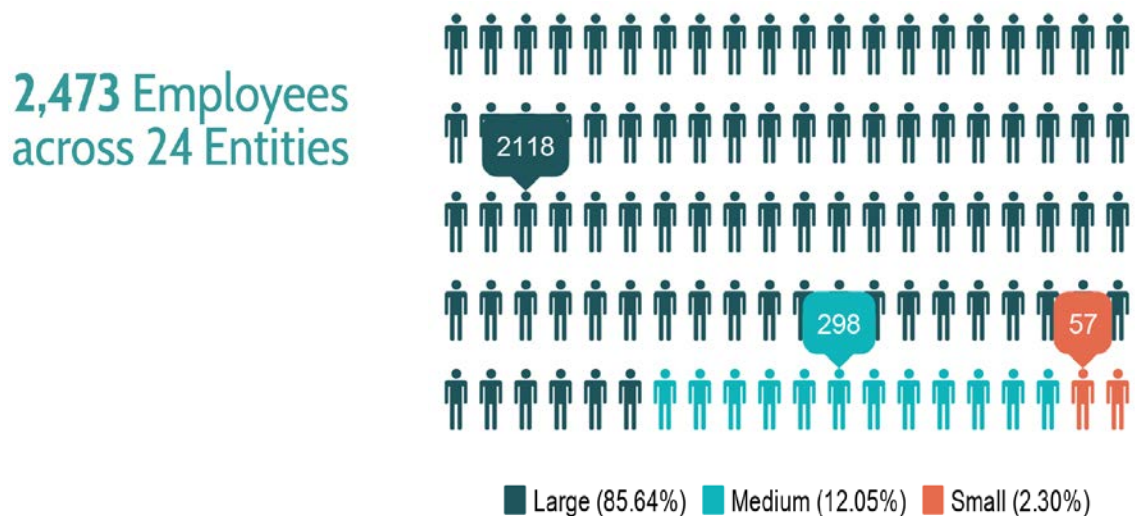
LARGE SAGCs	
<b>CAL</b>	Cayman Airways Ltd.
<b>CIAA</b>	Cayman Islands Airports Authority
<b>CIMA</b>	Cayman Islands Monetary Authority
<b>HSA</b>	Health Services Authority
<b>NRA</b>	National Roads Authority
<b>PACI</b>	Port Authority of the Cayman Islands
<b>CTC</b>	Cayman Turtle Conservation & Education Center Ltd.
<b>WA</b>	Water Authority of the Cayman Islands



## NUMBER OF SAGC EMPLOYEES

18. In total there were 2,473 employees in all SAGCs as at 31 December 2017<sup>2</sup>. The total number of employees in SAGCs represents 40% of the entire public sector, which had 6,250 employees at the end of 2017.
19. The SAGC with the smallest amount of employees was the Auditors Oversight Authority (AOA) with 1 employee<sup>3</sup> and the SAGC with the largest amount of employees was the Health Services Authority with 851 employees.
20. The eight large SAGCs employed a total of 2,118 staff, or 86% of all SAGCs employees. (See Chart 2).
21. There were 298 persons employed in the 8 medium SAGCs and 57 employed in the 8 small SAGCs. These represent 12% and 2% of all SAGCs employees respectively.

**Chart 2 – Number of employees by SAGC size category as at 31 December 2017**



<sup>2</sup> Employee Information and Human Resources Activity for the Civil Service for the fiscal period 1st July 2016 to 31st December 2017 Published by: Portfolio of the Civil Service - June 2018.

<sup>3</sup> The Portfolio of the Civil Service report does not account for the AOA, however we have included the one employee in our total of 2,473.

# EMPLOYEES' REMUNERATIONS

---

## ANALYSIS OF SAGC REMUNERATIONS

---

### WHAT'S INCLUDED

22. As SAGCs operate on an autonomous basis from central government there is currently no overarching remuneration structure which is used across all entities. This results in variations in the basis used to determine the levels of salaries and wages, and the extent of benefits provided to employees.
23. For this report we have considered remunerations to include all basic salaries and wages, overtime payments, allowances paid, health care benefits, pension contributions and bonuses.
24. In order to bring some consistency to remunerations and board functions, the Government enacted the *Public Authorities Law 2017* ("PAL") which became effective on 1 June 2017. The primary purpose of the PAL was to provide uniform regulation of the management and governance of SAGCs and to serve as a best practice framework for all SAGCs which is aimed at enhancing their effectiveness and ultimately the achievement of public policy goals.
25. Section 47 of the PAL which relates to a pay scale for the SAGCs did not come into effect with the initial enactment of the Law and was scheduled to come into effect on 1 June 2018; however this had now been deferred to June 2019.

### TOTAL STAFF REMUNERATIONS

26. For the 18-month period ended 31 December 2017, the total remuneration reported by the 24 SAGCs was \$249 million; approximately \$14 million per month. This amount includes unaudited numbers for four entities whose 2017 financial audits were not completed at the date of this report. These entities were:

- ✓ Cayman Islands Airport Authority
- ✓ Cayman Islands National Insurance Company
- ✓ Cayman Turtle Conservation & Education Center Ltd.
- ✓ Port Authority of the Cayman Islands

27. The chart below provides a summary of the total remuneration by the respective size categories.

**Chart 3 – Total SAGCs remuneration for the 18 month period ended  
31 December 2017**

**\$249 Million -  
Total Remuneration of  
SAGCs in 2017**

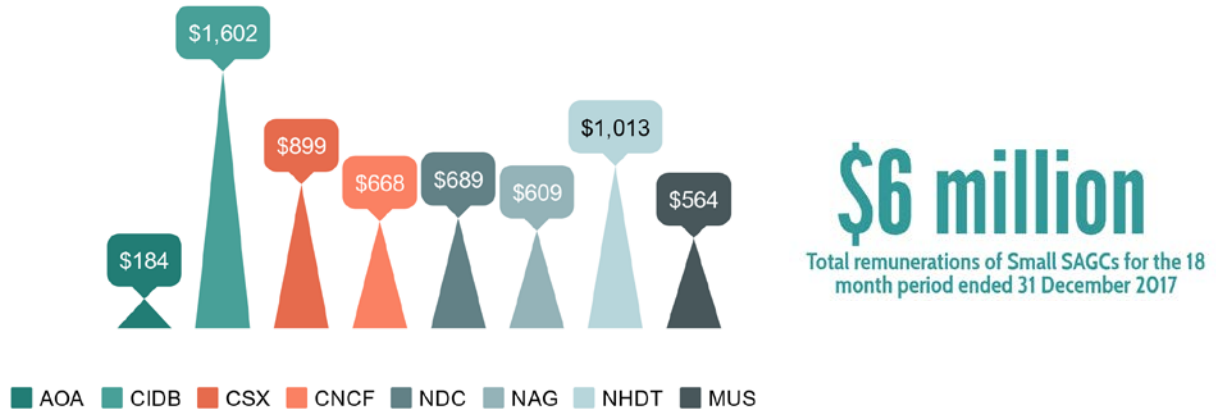
■ Large (84.34%) ■ Medium (13.25%) ■ Small (2.41%)



28. Chart 3 above demonstrates that remuneration for large SAGCS represented 84% of total remunerations, and medium and small SAGCs made up 13% and 3% respectively. This percentage spread in remuneration by SAGC size is relatively consistent with the percentage spread of number of employees (see Chart 2).

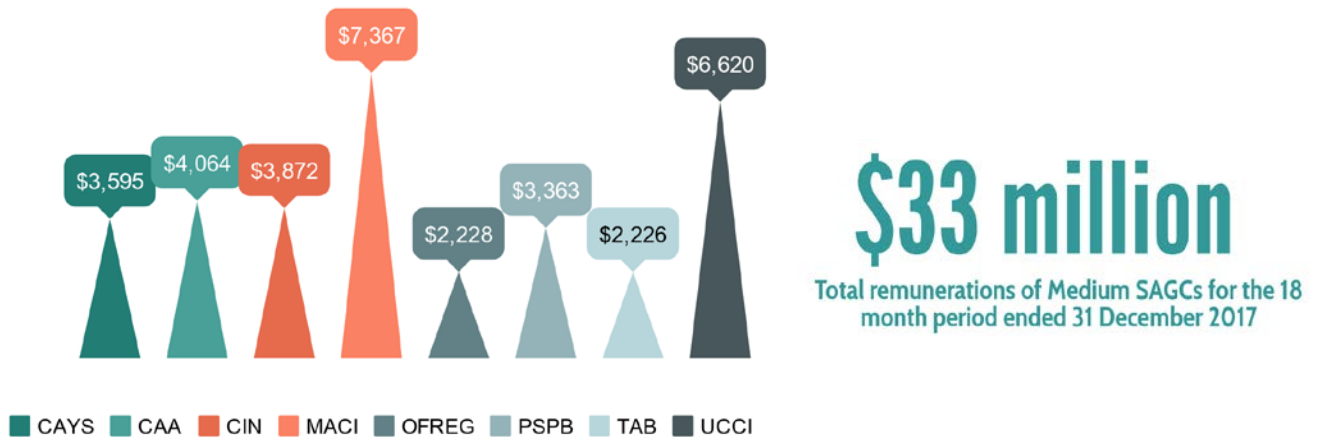
29. The following charts provide details of the individual SAGC's total remunerations for the 18-month period ending 31 December 2017.

**Chart 4 – Total Remunerations by SAGCs (CI\$ '000) – Small SAGCS**



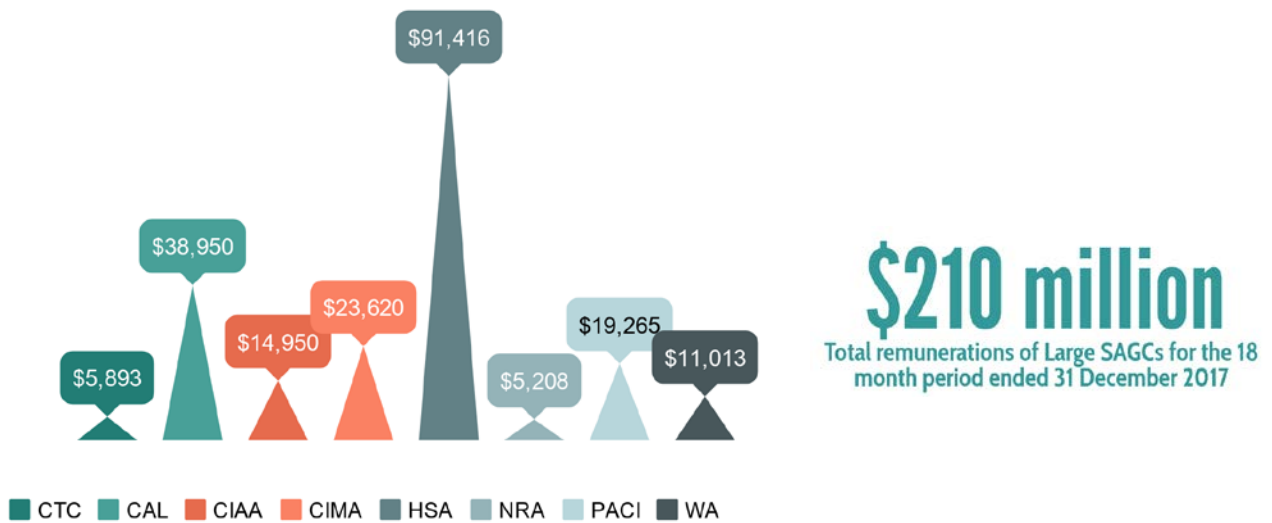
30. For SAGCs categorized as small, the Cayman Islands Development Bank had the highest total remunerations of \$1.6 million and the Auditors Oversight Authority had the lowest of \$184 thousand. This is consistent with CIDB having the highest amount of employees (11) and AOA having the lowest (1) in this category (see Chart 7 on page 11).

**Chart 5 – Total Remunerations by SAGCs (CI\$ '000) – Medium SAGCs**



31. For SAGCs categorized as medium the Maritime Authority of the Cayman Islands (MACI) had the highest total remunerations of \$7.4 million and the Tourism Attraction Board (TAB) and the Utilities Regulatory and Competition Office (OFREG) had the lowest with each having total remunerations of \$2.2 million. However, the entity with the highest amount of employees in this category was University College of the Cayman Islands (UCCI) (62), which was 13 more than MACI (49) and the entity with the lowest number of employees was Civil Aviation Authority (20) (See Chart 8 on page 11).

Chart 6 – Total Remunerations by SAGCs (CI\$ '000) – Large SAGCs



32. For SAGCs categorized as large, the Cayman Islands Health Services Authority (HSA) had the highest total remunerations of \$91.4 million and the National Roads Authority had the lowest of \$5.2 million. This is consistent with the number of employees for this category in which HSA has the highest amount of employees (851) and NRA has the lowest amount of employees (90) (See Chart 9 on page 12).

# KEY MANAGEMENT PERSONNEL

---

## WHO ARE KEY MANAGEMENT PERSONNEL?

33. Key management personnel are all directors of the governing body of the entity i.e. board members and other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity e.g. CEO, managing directors and other senior management.
34. The governing body, together with the chief executive and senior management group has the authority and responsibility to plan and control the activities of the entity, to manage the resources of the entity and for the overall achievement of entity objectives.
35. In this report we have analyzed the key management personnel of SAGCs by looking at those who form part of the management structure of the entity e.g. CEO, Managing Director etc. separately from those who form the governance structure i.e. appointed board members who are not employees of the entity. The following sections analyse those employees deemed as key management personnel within the management structure of the respective entity. We will discuss board members who form the governance structure later in the report.

## ANALYSIS OF KEY MANAGEMENT PERSONNEL IN SAGCs

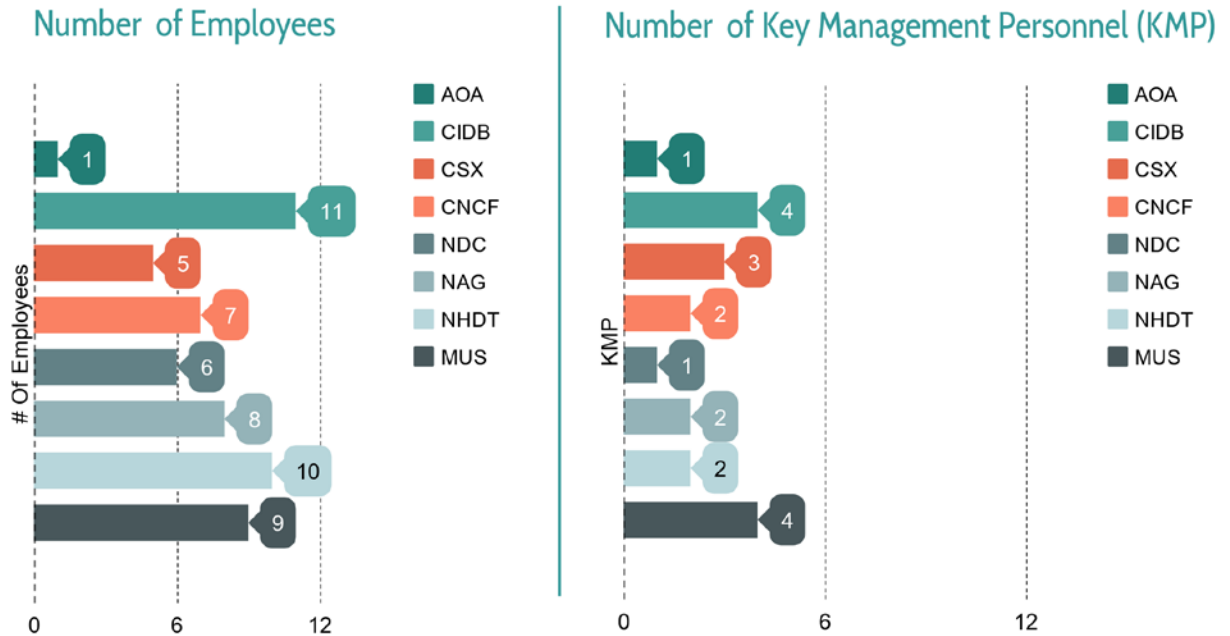
### NUMBER OF KEY MANAGEMENT PERSONNEL (KMP) & TOTAL NUMBER OF EMPLOYEES<sup>4</sup> BY SAGC

36. The following charts provide a summary of the number of key management personnel within the management structure as determined by each respective entity and the corresponding total number of employees inclusive of those deemed as key management personnel.

---

<sup>4</sup> Employee Information and Human Resources Activity for the Civil Service for the fiscal period 1st July 2016 to 31st December 2017 Published by: Portfolio of the Civil Service - June 2018.

**Chart 7 – Total number of Employees & KMP as at 31 December 2017 – Small SAGCs**



**Chart 8 – Total number of Employees & KMP as at 31 December 2017 – Medium SAGCs**

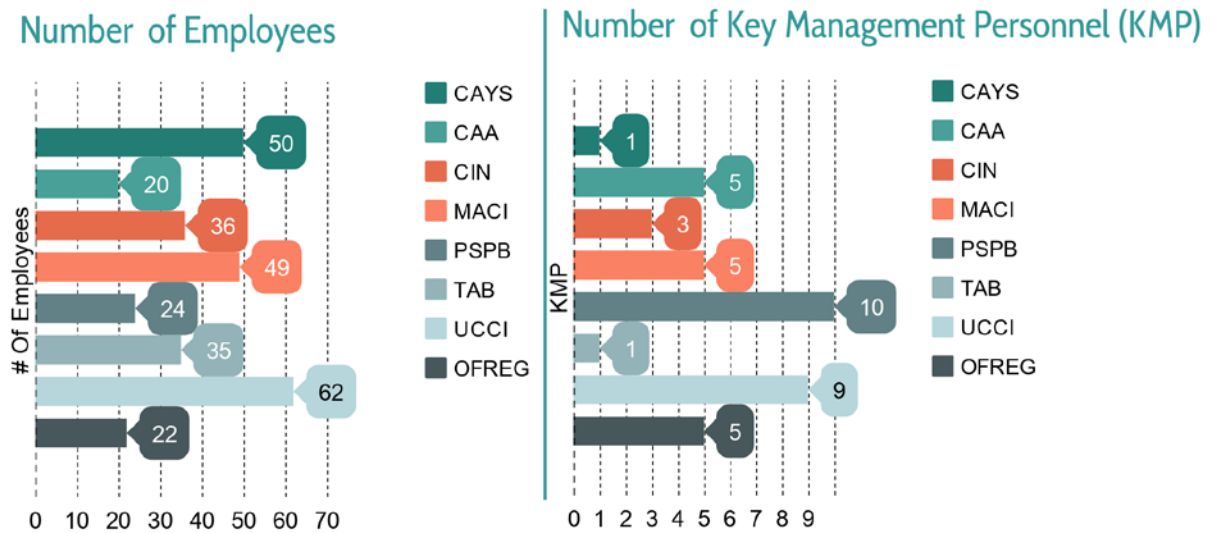
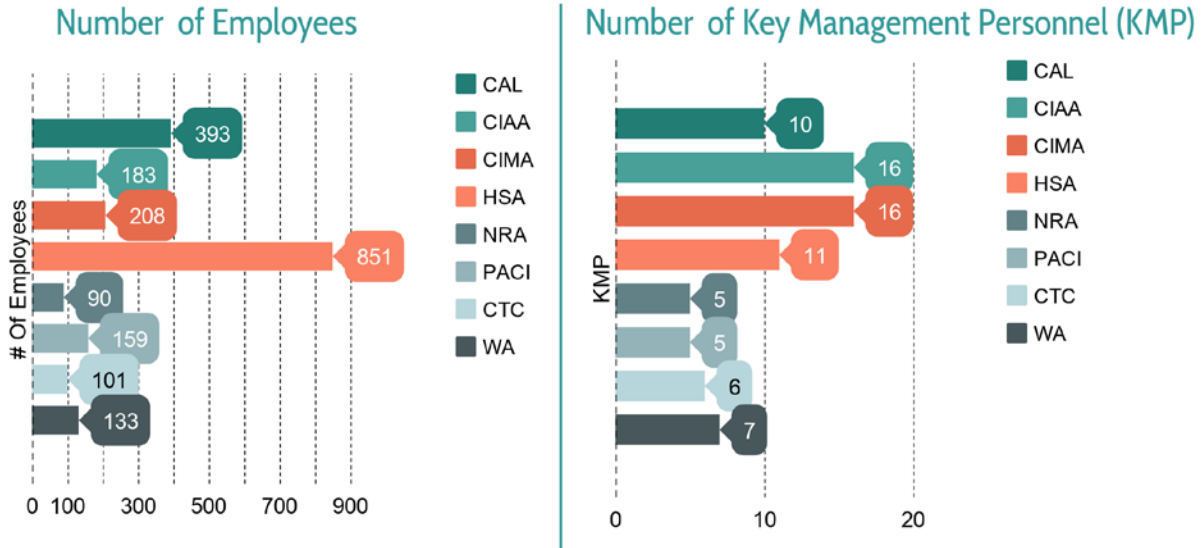


Chart 9 – Total number of Employees & KMP as at 31 December 2017 – Large SAGCs

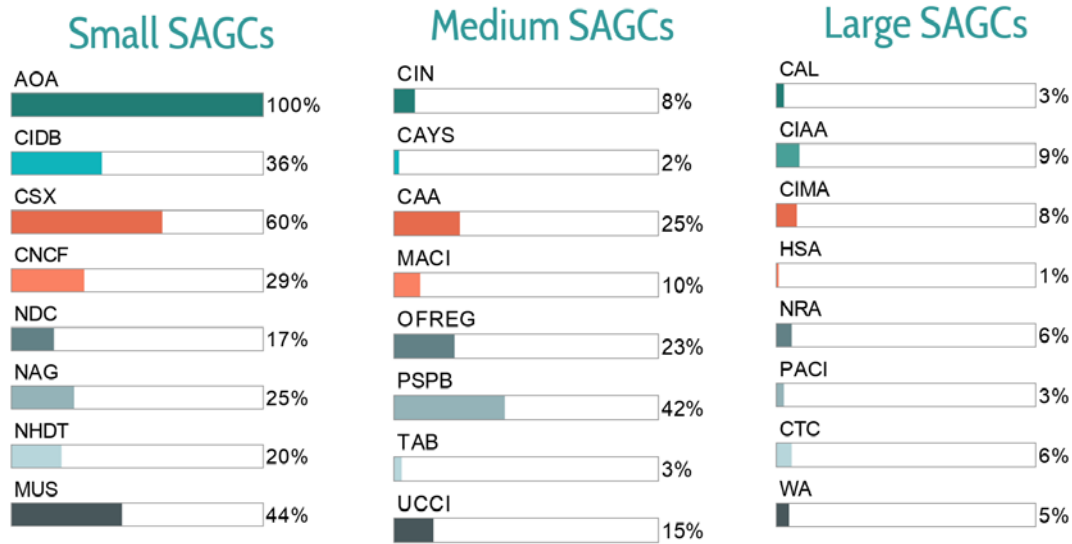


KEY MANAGEMENT PERSONNEL AS A PERCENTAGE OF TOTAL EMPLOYEES

37. There is no prescriptive policy within government which formally sets out which positions are deemed as key management personnel. The determination of key management personnel positions is left to the discretion of the respective entity.
38. There are various factors which can impact the number of staff in key management personnel roles, e.g. the complexity of the entity’s operation, the number of divisions within the entity, the number of managerial functions in the entity’s organizational structure and the entity’s internal practice or policy for what positions meet the criteria of key management personnel.
39. The data in the following charts provides an analysis of the percentage of employees in each SAGC who are considered by the respective entity to be key management personnel.
40. This report does not assess the reasonableness of the number of key management personnel per SAGCs or the related percentages that key management personnel represents of total staff, but highlights some percentages that stand out.



**Chart 10 – Key management personnel as a % of total staff numbers**



41. For smaller SAGCs it is expected that there would be a high percentage of key management personnel compared to total employees due to the low amount of total employees. The Auditors Oversight Authority (AOA) has the highest percentage as it only employs one person and that individual is deemed as key management personnel.
42. Other notable percentages are Cayman Islands Stock Exchange (CSX) where 3 of the 5 (60%)<sup>5</sup> employees are key management personnel; the Cayman Islands National Museum (MUS) where 4 of its 9 (44%) employees are key management personnel; and the Public Service Pension Board (PSPB) where 10 of its 24 (42%) employees are key management personnel.
43. As the size of the entity increases to the medium and large categories there is a general expectation that the percentage of key management personnel would decrease, and be lower comparably to smaller SAGCs as there are more employees.
44. This expectation however cannot be applied in a void, but must also consider the nature of operations of the respective entity and other factors noted earlier in this report at paragraph 38.
45. The Health Services Authority (HSA) had the lowest ratio of key management personnel to total employees of 1%, due to it having 851 employees and 11 key management personnel.

<sup>5</sup> CSX has reported 6 employees in its 2017 financial statements, which would equate to 50%. Our analysis was based on the HR report for consistency.

## ANALYSIS OF REMUNERATIONS

46. The remuneration of key management personnel is included in the total staff remunerations presented earlier in this report and includes the same elements e.g. salary, allowances, etc.
47. International Accounting Standards requires the disclosure of remunerations received by key management personnel in the notes of the entity's financial statements, and this requirement has been adequately met by all statutory authorities and government companies that have completed their 2017 financial statement audit as at the date of this report.
48. The following tables presents for each entity:
- the total remuneration of key management personnel for the 18-month period;
  - the total remuneration of key management personnel as a percentage of the total remunerations of all employees for the 18-month period;
  - the monthly average remunerations of staff by entity excluding the remuneration of key management personnel; and
  - the monthly average remunerations for key management personnel by entity.

## ANALYSIS OF KEY MANAGEMENT PERSONNEL (KMP) REMUNERATIONS

**Table 1 – KMP total remunerations for the 18 Months ended 31 December 2017 – Small SAGCs**

Small SAGCs		
SAGC	REMUNERATIONS OF KMP (18 months)	KMP AS A % OF ENTITY'S TOTAL REMUNERATIONS
AOA	\$184,098	100%
CIDB	\$703,805	44%
CSX	\$355,596	40%
CNCF	\$317,312	47%
NDC	\$165,000	24%
NAG	\$231,363	38%
NHDT	\$297,000	29%
MUS	\$309,817	55%

49. Table 1 above provides an analysis of the total remuneration paid to key management personnel for small SAGCs as well the percentage of total employees remunerations the amounts paid to key management personnel represents.
50. As was noted in the analysis of the percentage of staff that is considered as KMP, for small SAGCs it is expected that the remuneration of key management personnel would represent a large percentage of total remuneration due to the small number of total employees.
51. At the individual SAGC level the key management personnel as a percentage of total remuneration trends higher than the staff percentages in Chart 10. This is because key management personnel remunerations generally represent the highest tier of overall staff remunerations.
52. The only departure from this trend is with Cayman Island Stock Exchange (CSX), where the percentage of key management personnel remuneration is 40% and the percentage of key management personnel compared to total staff is 60%.

**Table 2 – KMP total remunerations for the 18 Months ended 31 December 2017 – Medium SAGCs**

<b>Medium SAGCs</b>		
<b>SAGC</b>	<b>REMUNERATIONS OF KMP (18 months)</b>	<b>KMP AS A % OF ENTITY'S TOTAL REMUNERATIONS</b>
CIN	\$673,542	17%
CAYS	\$150,000	4%
CAA	\$1,390,055	34%
MACI	\$1,227,421	17%
OFREG	\$569,875	26%
PSPB	\$1,431,000	43%
TAB	\$168,000	8%
UCCI	\$968,748	15%

53. For medium SAGCs the entity with the highest key management personnel remunerations was the Public Service Pension Board (PSPB), which is consistent with them having the highest amount of employees considered as KMP (10) and the highest ratio of key management personnel to total number of employees (42%).

**Table 3 – KMP total remunerations for the 18 Months ended 31 December 2017 – Large SAGCs**

<b>Large SAGCs</b>		
<b>SAGC</b>	<b>REMUNERATIONS OF KMP (18 months)</b>	<b>KMP AS A % OF ENTITY'S TOTAL REMUNERATIONS</b>
CAL	\$2,087,355	5%
CIAA	\$1,609,822	11%
CIMA	\$3,734,000	16%
HSA	\$2,659,929	3%
NRA	\$917,815	18%
PACI	\$887,926	5%
CTC	\$1,058,467	18%
WA	\$1,390,551	13%

54. For large SAGCs the entity with the highest key management personnel remunerations was the Cayman Islands Monetary Authority (CIMA) at \$3.7 million. This entity, along with Cayman Islands Airport Authority (CIAA), also had the highest amount of staff considered as key management personnel during the period (16), which is five key management personnel more than the largest SAGC - Health Services Authority (HSA). This explains why CIMA's key management personnel remunerations exceeded that of HSA by \$1.1 million for the 18 months.
55. CIMA's remuneration for key management personnel also exceeds the (CIAA) by \$2 million despite CIAA having the same number of key management personnel. This significant variance in remuneration is reflective of the higher average remuneration for key management personnel at CIMA compared to CIAA.
56. The report discusses the comparison of average remunerations in the following section.

---

#### COMPARISON OF AVERAGE REMUNERATIONS

57. The following tables provide details of the average remuneration per month for staff excluding those persons considered as key management personnel; and separately the monthly average remuneration for key management personnel.
58. The average staff remuneration is based on the total remuneration reported by the respective SAGC less the amount disclosed as key management personnel remuneration, divided by the total number of staff less those deemed as key management personnel. This amount is then divided by 18 to calculate the average monthly remuneration of staff for the 18-month period.

59. The average monthly remuneration for key management personnel is computed by dividing total key management personnel remuneration for each entity by the number of key management personnel, and then dividing by 18.
60. The monthly average computation is only for the purposes of this report to provide a gauge of the relationship between remunerations paid to staff compared to that paid to key management personnel and is not a formal human resources indicator.

**Table 4 – Average monthly remunerations for staff and KMP – Small SAGCs**

<b>Small SAGCs</b>			
<b>Average monthly remuneration</b>			
<b>SAGC</b>	<b>Staff</b>	<b>KMP</b>	<b>Difference</b>
AOA	\$10,228	\$10,228	\$0
CIDB	\$7,136	\$9,775	\$2,640
CSX	\$10,081 <sup>6</sup>	\$13,559	\$3,478
CNCF	\$3,902	\$8,814	\$4,912
NDC	\$5,823	\$9,167	\$3,344
NAG	\$3,499	\$6,427	\$2,928
NHDT	\$4,972	\$8,250	\$3,278
MUS	\$2,826	\$4,303	\$1,477

61. For small SAGCs the Auditor Oversight Authority (AOA) had the highest average remuneration for staff (there is only one staff member), the Cayman Islands Stock Exchange had the highest average for key management personnel, and the Museum (MUS) had the lowest for both categories. The Cayman National Cultural Foundation (CNCF) had the largest difference of average monthly remuneration with key management personnel (2 employees) exceeding staff (5 employees) by almost \$5 thousand.
62. For the CSX, one of their key management personnel left the entity during the fiscal period, the amount presented above has been adjusted to include the notional remuneration had he worked with CSX for the entire 18-month period.

<sup>6</sup> Based on 6 employees as reported in the CSX 2017 financial statements.

**Table 5 – Average monthly remunerations for staff and KMP – Medium SAGCs**

<b>Medium SAGCs</b>			
<b>Average monthly remuneration</b>			
<b>SAGC</b>	<b>Staff</b>	<b>KMP</b>	<b>Difference</b>
CIN	\$5,384	\$12,473	\$7,089
CAYS	\$3,906	\$8,333	\$4,427
CAA	\$9,905	\$15,445	\$5,540
MACI	\$7,753	\$13,638	\$5,885
OFREG <sup>7</sup>	\$8,133	\$9,498	\$1,365
PSPB	\$7,667	\$7,950	\$283
TAB	\$3,364	\$9,333	\$5,970
UCCI	\$5,925	\$5,980	\$55

63. For medium SAGCs, the Civil Aviation Authority (CAA) had the highest average remuneration for both staff and KMP. The Tourism Attraction Board (TAB) had the lowest staff average remuneration and the University College of the Cayman Islands (UCCI) had the lowest key management personnel average remuneration, which was 1% higher than the average monthly staff remuneration. The Cayman Island National Insurance Company (CINICO) had the largest difference of average monthly remuneration with KMP (3 employees) exceeding staff (33 employees) by \$7 thousand.

<sup>7</sup> Averages are based on 12 months as OFREG commenced operations in January 2017.

**Table 6 – Average monthly remunerations for staff and KMP – Large SAGCs**

<b>Large SAGCs</b>			
<b>Average monthly remuneration</b>			
<b>SAGC</b>	<b>All Staff</b>	<b>KMP</b>	<b>Difference</b>
CAL	\$5,347	\$11,596	\$6,249
CIAA	\$4,438	\$5,590	\$1,152
CIMA	\$5,754	\$12,965	\$7,211
HSA	\$5,870	\$13,434	\$7,564
NRA	\$2,801	\$10,197	\$7,396
PACI	\$6,673	\$9,866	\$3,193
CTC	\$2,828	\$9,801	\$6,973
WAA	\$4,243	\$11,036	\$6,793

64. For large SAGCs the Port Authority of the Cayman Islands (PACI) had the highest average remuneration for staff and the Health Services Authority (HSA) had the highest average remuneration for key management personnel.

65. The National Roads Authority (NRA) had lowest staff average remuneration and the Cayman Islands Airport Authority (CIAA) had the lowest key management personnel average remuneration.

# BOARD OF DIRECTORS

---

## WHO ARE THE BOARD OF DIRECTORS?

66. Board of Directors, also referred to as those charged with governance, are persons who are appointed by the Cabinet to oversee the strategic direction of SAGCs and provide a layer of accountability to the Legislative Assembly. Boards are also responsible for ensuring that the business of the SAGC is carried out in accordance with all applicable laws.
67. For SAGCs, in addition to the appointed members, the body which makes up the board also includes a member or members of the respective entity's executive management team and the Chief Officer (or designate) from the Ministry the SAGC falls under. These persons are however not allowed to vote, and cannot serve in the capacity of chairman of the board.
68. Under the *Public Authorities Law 2017* it is a requirement for all SAGCs to have a board which consists of a chairman and not less than four other members. (See Appendix 1 for full details on the requirement of boards as outlined in the *Public Authorities Law 2017*).
69. Prior to appointing any person to be a board member, the Cabinet should be satisfied that the person has the skills, knowledge, and integrity to carry out the duties required in a highly competent and politically neutral manner, and the person has no financial or other interest likely to prejudicially affect the exercising of their function as a board member.

---

## REMUNERATION OF BOARD MEMBERS

70. The *Public Authorities Law 2017* states that "Board members shall be paid such remuneration which may include salaries, fees or other benefits, and such reasonable allowances in respect of expenses properly incurred by them in the performance of their duties, as the Cabinet shall determine".
71. It is also outlined in the *Public Authorities Law 2017* that remunerations and expense allowances set by the Cabinet shall not exceed any limit set by the Governor, based on the recommendations of the Head of the Civil Service.
72. A board member who is a public or civil servant is not entitled to any remuneration but is entitled to claim travel and subsistence expenses in accordance with the policy of the respective SAGC.



## ANALYSIS OF BOARD OF DIRECTORS COMPENSATION

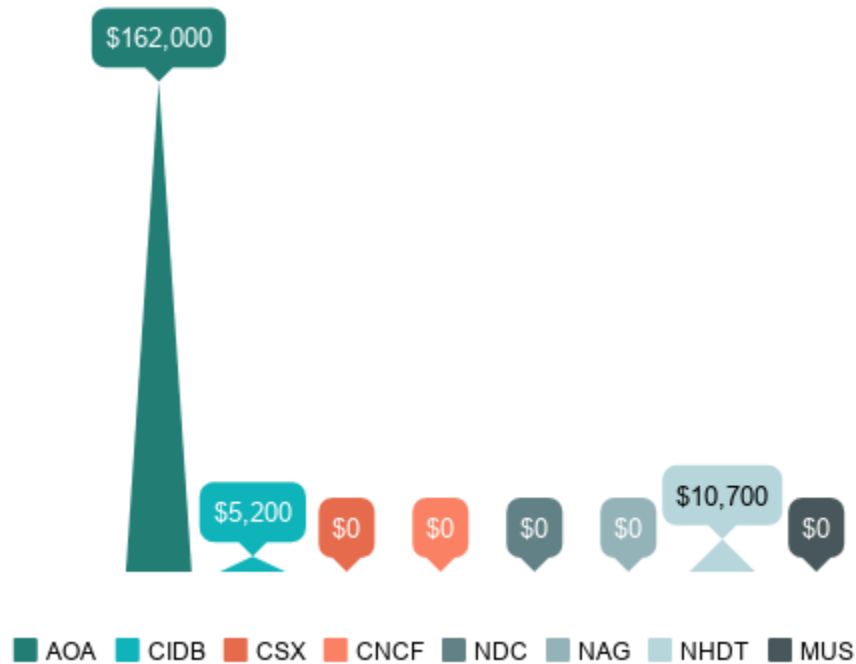
73. The following charts provide an analysis of the total compensation paid to eligible board members i.e. those members who are not public or civil servants, for the 18-month fiscal period from 1 July 2016 to 31 December 2017.
74. Consistent with the preceding sections of this report, the SAGCs have been grouped by size for this analysis.
75. Compensation amounts relates to the fees paid for attending board of director meetings, and in some instances sub-committee meetings, as well as the cost for travel and subsistence in some instances.

---

### TOTAL COMPENSATION PAID TO BOARD MEMBERS - SMALL SAGCs

76. For SAGCs categorized as small (see Chart 11) the Auditors Oversight Authority (AOA) had the highest compensation to Board members during the fiscal period, of \$162 thousand. This amount represents 38% of the total expenditures of the AOA.
77. The majority of boards for small SAGCs (63%) are not compensated but provide their services on a voluntary basis.
78. Table 7 below provides details on the number of board members of small SAGCs who were compensated during the 18-month fiscal period.

**Chart 11 – Board of Directors Total Compensation by SAGCs – Small SAGCs**



**Table 7 – Number of Compensated Board Members – Small SAGCs**

NAME OF SAGC	AOA	CIDB	CSX	CNCF	NDC	NAG	NHDT	MUS
<b>Number of Board members compensated</b>	3	7	0	0	0	0	7	0
<b>Monthly Average per Member</b>	\$3,000	\$41	\$ -	\$ -	\$ -	\$ -	\$85	\$ -

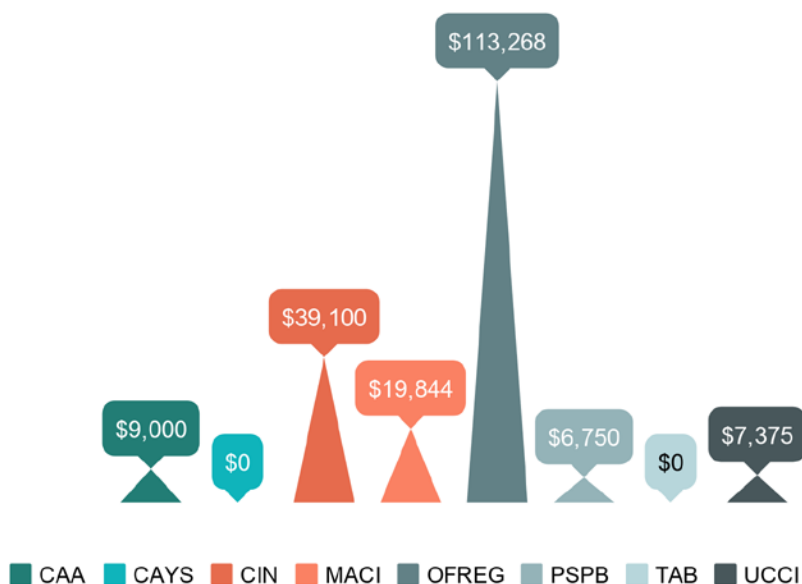
**TOTAL COMPENSATION PAID TO BOARD MEMBERS - MEDIUM SAGCs**

79. Chart 12 shows that for SAGCs categorized as medium the Utility Regulation and Competition Office (OFREG) had the highest compensation to Board members during the fiscal period, of \$113,000, which exceeds the cumulative amount paid to all other medium SAGCs. The \$113 thousand was for 8 monthly payments commencing in May 2017, as prior to that time, the board consisted of primarily executive members who were not paid. If the OFREG board was in place for the full 18-month fiscal period, compensation would have been circa \$254 thousand.

80. Board members for the Children and Youth Services (CAYS) and The Tourism Attraction Board (TAB) opted to not receive compensation for their services.

81. Table 8 below provides details on the number of board members of medium SAGCs who were compensated during the 18 month fiscal period.

**Chart 12 – Board of Directors Total Compensation by SAGCs – Medium SAGCs**



**Table 8 – Number of Compensated Board Members – Medium SAGCs**

NAME OF SAGC	CAA	CAYS	CIN	MACI	OFREG	PSPB	TAB	UCCI
<b>Number of Board members compensated</b>	4	0	5	5	6	2	0	6
<b>Monthly Average per Member</b>	\$125	\$ -	\$434	\$220	\$2,360 <sup>8</sup>	\$187	\$ -	\$68

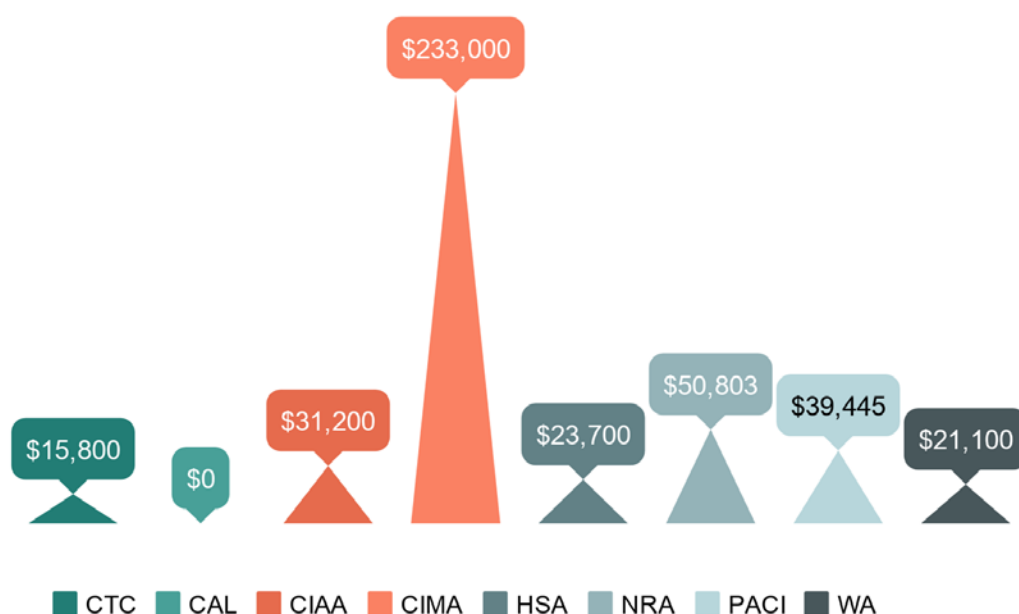
**TOTAL COMPENSATION PAID TO BOARD MEMBERS - LARGE SAGCs**

82. Chart 13 shows that for SAGCs categorized as large the Cayman Islands Monetary Authority (CIMA) had the highest compensation to Board members during the fiscal period, of \$233 thousand, which exceeds the cumulative amount paid to all other large SAGCs.

<sup>8</sup> Based on 8 months, as discussed at paragraph 79.

83. Cayman Airways Limited (CAL) did not pay fees to its board members during the period. In lieu of payments, all Directors are entitled, but not obligated to utilize certain non-revenue flight benefits on Cayman Airways. (i.e. members can travel free on flights with available seats).
84. For the 18-month fiscal period Cayman Airways issued 416 tickets to board members and their qualifying family members. These tickets were valued on average US\$232 which gives a cumulative value of circa CI\$80 thousand.
85. Table 9 provides details on the number of board members of large SAGCs who were compensated or received benefits during the 18-month fiscal period.

**Chart 13 – Board of Directors Total Compensation by SAGCs – Large SAGCs**



**Table 9 – Number of Compensated Board Members – Large SAGCs**

NAME OF SAGC	CTC	CAL	CIAA	CIMA	HSA	NRA	PACI	WA
Number of Board members compensated	4	7	8	7	7	7	6	8
Monthly Average per Member	\$219	\$635 <sup>9</sup>	\$216	\$1,849	\$188	\$403	\$365	\$147

<sup>9</sup> This represents an estimate of the monetary equivalence of the travel benefit received by board members (see para 84).

DETAILED ASSESSMENT OF COMPENSATION PAID TO BOARD MEMBERS - BY SAGC

86. The following tables provide further details of the amounts paid to board members, taking into account the frequency of payments, the number of members who were eligible for payment or benefits, and the number of times the board meet during the fiscal period.

87. With regards to the frequency of payments, it should be noted that some boards are compensated on a monthly basis, some are compensated per meeting, and there are instances where a combination of both per meeting and monthly compensation are used.

**Table 10 – Detailed Assessment of Board Compensation – Large SAGCs**

Name of SAGC	Number of meetings held for the period	Amount Paid per Meeting/Month		
		Chairman	Deputy Chair	Other Directors
CAL	16	No payments. Airline tickets were issued for all Board members and their qualifying dependents.		
CIAA	18	\$150	\$150	\$150
CIMA	6	\$4,000	\$2,000	\$1,500
HSA	13	\$150	\$150	\$150
NRA	44	\$150	\$150	\$150
PACI	24	\$150	\$150	\$150
CTC	18	\$200	\$200	\$200
WA	12	Monthly Stipend of \$200, plus \$25 for every meeting attended		

88. For large SAGCs who provided monetary compensation to board members, the Cayman Islands Monetary Authority (CIMA) and the Water Authority (WA) paid directors on a monthly basis. For the Water Authority, an additional payment was also made for attendance at meetings, which would equate to an additional total payment of \$300 for the 18-month period per member if all meetings were attended.

89. For the Cayman Islands Monetary Authority, board meetings are held on a quarterly basis, so for the 18-month fiscal period there were 6 meetings. The chairman and other directors each received 18 monthly payments of their respective fees and the deputy chair received payments for 13 months as he retired from the board in July 2017 and did not receive payments for the remaining 5 months of the fiscal period.

90. The remaining large SAGCs board members received fees per meeting that ranged from \$150 per meeting to \$200 per meeting. The National Roads Authority held the most meetings (44) during the 18-month period.

**Table 11 – Detailed Assessment of Board Compensation – Medium SAGCs**

Name of SAGC	Number of meetings held for the period	Amount Paid per Meeting/Month		
		Chairman	Deputy Chair	Other Directors
CIN	28	\$350	\$350	\$350
CAYS	3	No Compensation		
CAA	10	\$150	\$150	\$150
MACI	9	\$562	\$375	\$375
OFREG	16	<b>\$4,500</b>	<b>\$2,500</b>	<b>\$2,000</b>
PSPB	12	No Compensation		\$250
TAB	3	No Compensation		
UCCI	15	\$125	\$100	\$100

91. The boards of the Children and Youth Services Foundation (CAYS) and Tourism Attraction Board (TAB) were not compensated. The Chairman and Deputy Chairman of the Public Service Pension Board (PSPB) are not compensated as these posts are designated under the *Public Service Pension Law* to be filled by the Financial Secretary and Deputy Financial Secretary respectively, and as civil servants they cannot be compensated for serving on boards of SAGCs.

92. For medium SAGCs who provided monetary compensation to board members the Utilities Regulatory and Competition Office (OFREG) was the only entity who paid directors on a monthly basis. For other boards that were compensated per meeting the fees paid ranged between \$100 per meeting and \$562.50 per meeting

93. The Cayman Islands Insurance Company (CINICO) held the most meetings (28) during the fiscal period. The total payments made to board members of CINICO were second to the total amount paid to board members of OFREG, who met 16 times.

**Table 12 – Detailed Assessment of Board Compensation – Small SAGCs**

Name of SAGC	Number of meetings held for the period	Amount Paid per Meeting/Month		
		Chairman	Deputy Chair	Other Directors
AOA	6	\$12,000.00	\$9,000.00	\$6,000.00
CIDB	3	\$400.00	\$200.00	\$150.00
CSX	3	No compensation		
CNCF	4	No compensation		
NDC	1	No compensation		
NAG	6	No compensation		
NHDT	15	\$200.00	\$200.00	\$200.00
MUS	6	No compensation		

94. For small SAGCs who provided monetary compensation to board members the Auditors Oversight Authority (AOA) paid directors on a quarterly basis, which is the frequency of board meeting. For the 18-month fiscal period 6 meetings were held, and the chair was paid \$12,000 per meeting, the deputy chair \$9,000 per meeting and the one other compensated member was paid \$6,000 per meeting.
95. For other boards that were compensated per meeting the fees paid ranged between \$200 per meeting and \$400 per meeting. The National Housing Development Trust (NHDT) held the most meetings (15) during the fiscal period. Board members of the NHDT are compensated an additional \$100 per meeting for any subcommittee meeting held by the entity.

# APPENDIX 1

## NUMBER OF EMPLOYEES, KEY MANAGEMENT PERSONNEL AND REMUNERATIONS

For the 18 months ending 31 December 2017				
NAME OF SAGC	NUMER OF EMPLOYEES	NUMBER OF KEY MANAGEMENT PERSONNEL	TOTAL PAYROLL (CI\$)	REMUNERATION OF KEY MANAGEMENT PERSONNEL (CI\$)
Audit Oversight Authority	1	0	\$ 184,098	\$ 184,098.00
Cayman Islands Development Bank	11	7	\$ 1,602,878	\$ 703,805.00
Cayman Islands Stock Exchange	5	2	\$ 899,972	\$ 355,596.00
Cayman National Cultural Foundation	7	5	\$ 668,493	\$ 317,312.00
National Drug Council	6	5	\$ 689,025	\$ 165,000.00
National Gallery	8	6	\$ 609,224	\$ 231,363.00
National Housing Development Trust	10	8	\$ 1,013,000	\$ 297,000.00
National Museum	9	5	\$ 564,118	\$ 309,817.00
CINICO	36	3	\$ 3,871,506	\$ 673,542
Children & Youth Services Foundation	50	1	\$ 3,595,086	\$ 150,000
Civil Aviation Authority	20	5	\$ 4,064,429	\$ 1,390,055
Maritime Authority of the Cayman Islands	49	5	\$ 7,367,888	\$ 1,227,421
OffReg	22	5	\$ 2,228,992	\$ 569,875
Public Service Pensions Board	24	10	\$ 3,363,000	\$ 1,431,000
Tourism Attractions Board	35	1	\$ 2,226,588	\$ 168,000
University College of the Cayman Islands	62	8	\$ 6,620,837	\$ 968,748
Cayman Airways	393	10	\$ 38,950,241	\$ 2,087,355
Cayman Islands Airports Authority	183	16	\$ 14,950,122	\$ 1,609,822
Cayman Islands Monetary Authority	208	16	\$ 23,620,000	\$ 3,734,000
Health Services Authority	851	11	\$ 91,416,026	\$ 2,659,929
National Roads Authority	90	5	\$ 5,207,828	\$ 917,815
Port Authority	159	5	\$ 19,265,896	\$ 887,926
Turtle Center	101	6	\$ 5,893,689	\$ 1,058,467
Water Authority	133	7	\$ 11,012,900	\$ 1,390,551



## COMPENSATION OF BOARD MEMBERS

For the 18 months ending 31 December 2017		
NAME OF SAGC	Number of Board Members Compensated	Total Board Compensations (18 months)
Audit Oversight Authority	3	\$ 162,000
Cayman Islands Development Bank	7	\$ 5,200
Cayman Islands Stock Exchange	0	\$ -
Cayman National Cultural Foundation	0	\$ -
National Drug Council	0	\$ -
National Gallery	0	\$ -
National Housing Development Trust	7	\$ 10,700
National Museum	0	\$ -
CINICO	5	\$ 39,100.00
Children & Youth Services Foundation	0	
Civil Aviation Authority	4	\$ 9,000.00
Maritime Authority of the Cayman Islands	5	\$ 19,844.00
OffReg	6	\$ 113,268.00
Public Service Pensions Board	2	\$ 6,750.00
Tourism Attractions Board	0	\$ -
University College of the Cayman Islands	6	\$ 7,375.00
Cayman Airways	7	Compensated with travel benefits*
Cayman Islands Airports Authority	8	\$31,200
Cayman Islands Monetary Authority	7	\$ 233,000.00
Health Services Authority	7	\$ 23,700.00
National Roads Authority	7	\$ 50,803.00
Port Authority	6	\$ 39,445.00
Turtle Center	4	\$ 15,800.00
Water Authority	8	\$ 21,100.00

\*416 tickets were issued for all Board members and their qualifying dependents. Cayman Airways estimates the value of travel benefits at circa CI\$80 thousand for the 18-month period.

**COMPENSATION OF BOARD MEMBERS BY POST**

<b>For the 18 months ending 31 December 2017</b>			
<b>NAME OF SAGC</b>	<b>Amount Paid per meeting</b>		
	<b>Chairman</b>	<b>Deputy Chair</b>	<b>Other directors</b>
Audit Oversight Authority	\$ 12,000	\$ 9,000	\$ 6,000
Cayman Islands Development Bank	\$ 400	\$ 200	\$ 150
Cayman Islands Stock Exchange	\$ -	\$ -	\$ -
Cayman National Cultural Foundation	\$ -	\$ -	\$ -
National Drug Council	\$ -	\$ -	\$ -
National Gallery	\$ -	\$ -	\$ -
National Housing Development Trust	\$ 200.00	\$ 200.00	\$ 200.00
National Museum	\$ -	\$ -	\$ -
CINICO	\$ 350	\$ 350	\$ 350
Children & Youth Services Foundation	\$ -	\$ -	\$ -
Civil Aviation Authority	\$ 150	\$ 150	\$ 150
Maritime Authority of the Cayman Islands	\$ 562	\$ 375	\$ 375
OffReg	\$ 4,500	\$ 2,500	\$ 2,000
Public Service Pensions Board	\$ -	\$ -	\$ 250
Tourism Attractions Board	\$ -	\$ -	\$ -
University College of the Cayman Islands	\$125	\$100	\$100
Cayman Airways	Compensated with travel benefits*		
Cayman Islands Airports Authority	\$ 150	\$ 150	\$ 150
Cayman Islands Monetary Authority	\$ 4,000	\$ 2,000	\$ 1,500
Health Services Authority	\$ 150	\$ 150	\$ 150
National Roads Authority	\$ 150	\$ 150	\$ 150
Port Authority	\$ 150	\$ 150	\$ 150
Turtle Center	\$ 200	\$ 200	\$ 200
Water Authority	Monthly Stipend of \$200, plus \$25 for every meeting attended		

\*416 tickets were issued for all Board members and their qualifying dependents. Cayman Airways estimates the value of travel benefits at circa CI\$80 thousand for the 18-month period.

## AVERAGE REMUNERATIONS

For the 18 months ending 31 December 2017			
NAME OF SAGC	Average monthly remuneration of Staff excluding Key Management Personnel	Average monthly remuneration of Key Management Personnel	Difference
Audit Oversight Authority	\$10,228	\$10,228	\$0
Cayman Islands Development Bank	\$7,136	\$9,775	\$2,640
Cayman Islands Stock Exchange	\$10,081	\$13,559	\$3,478
Cayman National Cultural Foundation	\$3,902	\$8,814	\$4,912
National Drug Council	\$5,823	\$9,167	\$3,344
National Gallery	\$3,499	\$6,427	\$2,928
National Housing Development Trust	\$4,972	\$8,250	\$3,278
National Museum	\$2,826	\$4,303	\$1,477
CINICO	\$5,384	\$12,473	\$7,089
Children & Youth Services Foundation	\$3,906	\$8,333	\$4,427
Civil Aviation Authority	\$9,905	\$15,445	\$5,540
Maritime Authority of the Cayman Islands	\$7,753	\$13,638	\$5,885
OffReg	\$8,133	\$9,498	\$1,365
Public Service Pensions Board	\$7,667	\$7,950	\$283
Tourism Attractions Board	\$3,364	\$9,333	\$5,970
University College of the Cayman Islands	\$5,925	\$5,980	\$55
Cayman Airways	\$5,347	\$11,596	\$6,249
Cayman Islands Airports Authority	\$4,438	\$5,590	\$1,152
Cayman Islands Monetary Authority	\$5,754	\$12,965	\$7,211
Health Services Authority	\$5,870	\$13,434	\$7,564
National Roads Authority	\$2,801	\$10,242	\$7,440
Port Authority	\$6,673	\$9,866	\$3,193
Turtle Center	\$2,828	\$9,801	\$6,973
Water Authority	\$4,243	\$11,036	\$6,793

# APPENDIX 2

## EXTRACT FROM THE PUBLIC AUTHORITIES LAW 2017 – BOARD OF DIRECTORS

*The Public Authorities Law, 2017*

### PART 3 – APPOINTMENT, RESPONSIBILITIES AND PROCEDURES OF THE BOARDS OF PUBLIC AUTHORITIES

8. (1) Notwithstanding any other law, a public authority shall have a board, by whatever name called, consisting of a chairperson and not less than four other members. Requirement to have a board

(2) A board shall be responsible for the governance of the public authority, including the general administration and oversight of its affairs and business, in accordance with the provisions of this Law and any other Law.

9. (1) Notwithstanding the provisions of any other law - Appointment of board members

- (a) board members of a public authority shall be appointed by the Cabinet;
- (b) all new board members shall undertake an orientation session and training provided by the public authority to which they have been appointed as soon as practicable after their appointment; and
- (c) one of the appointed board members shall be appointed by the Cabinet to be the chairperson of the board.

(2) A letter of appointment of a board member shall set out -

- (a) the terms and conditions of the appointment;
- (b) the policies and procedures relating to public authorities; and
- (c) the duties and responsibilities of the public authority to which the member is appointed.

(3) The Cabinet shall cause a notice of the appointment of board members to be published in the Gazette.

(4) Notwithstanding the provisions of any other Law, prior to appointing any person to be a board member, the Cabinet shall satisfy itself that -

- (a) the person has the skills, knowledge, and integrity to carry out the duties required in a highly competent and politically neutral manner; and
- (b) the person has no financial or other interest likely to prejudicially affect the exercise of that person's functions as a board member,

and the Cabinet shall require a person it proposes to appoint to give a full disclosure of that person's interests to establish that no conflict of interest exists as required by the Standards in Public Life Law, 2014 and the Anti-Corruption Law (2016 Revision). (2016 Revision)

*The Public Authorities Law, 2017*

(5) When appointing board members, the Cabinet shall ensure that, among them, the board members have adequate knowledge, experience and understanding of the following areas -

- (a) corporate governance;
- (b) strategic and financial management; and
- (c) the scope of business, outputs and operations of the public authority concerned.

(6) The Cabinet may appoint a public or civil servant to a board however -

- (a) notwithstanding any other law, the membership of a board shall not be comprised of more than forty percent public or civil servants;
- (b) the chairperson shall not be a public or civil servant; and
- (c) public or civil servant board members shall not be entitled to vote.

Members of the  
Legislative Assembly  
and Judiciary not to be  
board members

10. Notwithstanding section 9 and any other law, a member of the Legislative Assembly or the Judiciary, or a bankrupt, shall not be eligible for appointment as a board member.

Term of appointment

11. (1) Board members shall hold and vacate office in accordance with the terms of their appointment, subject to subsections (2) to (4) and the provisions of any other relevant Law.

(2) Board members shall serve for a term specified by the Cabinet, however, to ensure continuity of a board, no more than two-thirds of the board members shall be replaced at any one time unless special circumstances arise.

(3) A board member may, at any time, by notice in writing addressed to the relevant Minister or Official member, resign office.

(4) The Cabinet may terminate a person's appointment as a board member at any time if it is satisfied that -

- (a) the member is not fulfilling the mandate of the public authority set by Cabinet;
- (b) the member has, in the opinion of the Cabinet, an unacceptable conflict of interest;
- (c) the member's conduct is detrimental to the effective governance of the board;
- (d) the member has been absent from three consecutive meetings of the board without the consent of the chairperson of the board;

- (e) the member's conduct brings the public authority into disrepute;
- (f) the member becomes bankrupt; or
- (g) the member is convicted of an offence for which he is sentenced by a court to a term of imprisonment.

12. Where a board member ceases to be a board member before the expiration date of his or her appointment, the Cabinet may appoint another person to hold that office for a term specified by Cabinet. Appointment to fill board vacancy

13. (1) Subject to section 14, board members shall be paid such remuneration which may include salaries, fees or other benefits, and such reasonable allowances in respect of expenses properly incurred by them in the performance of their duties, as the Cabinet shall determine. Remuneration of board members

(2) The remuneration and expense allowances set by the Cabinet in accordance with subsection (1) shall not exceed any limits set by the Governor in accordance with section 18 of the Public Service Management Law (2013 Revision). (2013 Revision)

(3) The remuneration and expense allowances of all board members shall be published by notice in such media as the Cabinet determines.

(4) An appointment letter from the Cabinet shall set out all of the remuneration to be paid to the board member for the duration of the member's appointment.

(5) Any remuneration or allowances paid to a board member shall be an expense of the relevant public authority.

14. A board member who is a public or civil servant appointed in accordance with section 9(6) shall not be entitled to any remuneration but is entitled to claim travel and subsistence expenses in accordance with the policy of the public authority. No board remuneration for civil servants

15. A board shall be responsible for the performance of the public authority, including the performance of all of its subsidiary entities and shall ensure that the public authority - General responsibilities

- (a) delivers the outputs specified in the purchase agreement of the authority prepared in accordance with the Public Management and Finance Law (2013 Revision); (2013 Revision)
- (b) achieves the ownership performance specified in the ownership agreement of the public authority prepared in accordance with the Public Management and Finance Law (2013 Revision);

*The Public Authorities Law, 2017*

- (c) complies with this Law and all other laws that are relevant to a public authority; and
- (d) acts with fiduciary responsibility, ensuring that no conflicts of interest exist and that the public authority acts in the public interest.

Specific responsibilities 16. A board shall have the following specific responsibilities -

- (a) to exercise leadership, enterprise, integrity and good judgment in directing a public authority so as to act in the best interest of the public authority, and in so doing, act in a manner based on transparency, accountability and responsibility;
- (b) to determine the strategy to achieve the purpose of the public authority as determined by a strategic plan;
- (c) to implement the Public Service Values of the public authority in order to ensure the survival and viability of the authority;
- (d) to ensure that procedures and practices are in place that protect the public authority's assets and reputation;
- (e) to monitor and evaluate the implementation of strategies, policies, management performance and business plans;
- (f) to ensure that the public authority complies with all relevant laws, regulations and codes of best practice;
- (g) to ensure that the public authority communicates openly, proactively and transparently with chief officers, Ministers, Members of the Cabinet and other key stakeholders;
- (h) to ensure that all official communications between the public authority and chief officers, Ministers and members of Cabinet are in writing;
- (i) to identify the public authority's internal and external stakeholders and to agree to a policy on how the authority should communicate with them;
- (j) to regularly review processes and procedures to ensure the effectiveness of the public authority's internal systems of control in order to ensure that its decision-making capability and the accuracy of its reporting and financial results are maintained at high levels at all times;
- (k) to regularly assess the board's own performance and effectiveness as a whole, and that of individual members and the chief executive officer;
- (l) to appoint the chief executive officer and to ensure that there is adequate training for management and employees and a succession plan for senior management;

*The Public Authorities Law, 20.*

- (m) to ensure that all technology and systems used in the public authority are adequate to properly operate the business of the authority;
  - (n) to identify key risk areas and key performance indicators of the authority's performance and to monitor these factors;
  - (o) to ensure that audited financial statements are submitted to the relevant ministry or portfolio in the timeframe specified in the Public Management and Finance Law (2013 Revision);
  - (p) to ensure there is a proper framework for procurement established by the public authority that is in line with the Public Finance Management Law (2013 Revision) or any other procurement legislation; and (2013 Revision)
  - (q) to comply with general and lawful written instructions of the Cabinet regarding the performance of its duties and functions.
17. (1) Subject to any other law, or where relevant, a public authority's articles of association, the following shall apply to meetings of a board- Meetings of the board
- (a) a board shall meet at least once every three months and at such other times as may be necessary or expedient for the governance of the public authority; and such meetings shall be held at such place and time and on such days as the chairperson may from time to time determine;
  - (b) a secretary of the board should circulate the agenda and accompanying documents for the board meeting to members at least five working days prior to the meeting or within such shorter period as the chairperson may direct;
  - (c) a chairperson shall call an extraordinary meeting of the board if requested to do so in writing by three board members, and such request shall include a statement of the agenda proposed for the meeting;
  - (d) if the chairperson refuses or neglects to convene a meeting of the board upon request, a meeting of the board may be convened by the board members making the request;
  - (e) subject to paragraph (f), the chairperson shall preside at all meetings of a board;
  - (f) in the absence of a chairperson, the deputy chairperson, if there is one, or, in the absence of the deputy chairperson, a board member, who is entitled to vote and who is elected by the board members present, shall preside and perform the functions of the chairperson of the meeting provided there is a quorum;
  - (g) the quorum of a board shall be a simple majority of the board members who are entitled to vote;



*The Public Authorities Law, 2017*

- (h) where a member has a conflict of interest and is required to recuse himself or herself from the meeting, the quorum will be a simple majority of the other members;
- (i) decisions of a board shall be determined by a simple majority of those board members who are entitled to vote and who are present at the board meeting, except that in the case of an equality of votes at any meeting, a chairperson at that meeting shall have a second or casting vote;
- (j) where a chairperson has given his or her approval, a board member may attend meetings via telephonic or electronic media; and
- (k) all board meetings shall be held in the Islands unless agreed otherwise by the Minister responsible for the public authority.

(2) Where there is a possible or perceived conflict of interest with respect to any matter that comes up for discussion or decision by a board, the relevant board member shall disclose the interest of that board member and -

- (a) shall, as soon as the matter comes up on the agenda of the board, immediately leave the place in which the deliberations are taking place and shall not participate, directly or indirectly, in the deliberations and shall not return while the matter is under discussion until a decision has been taken by the board; and
- (b) shall otherwise comply with laws and regulations which deal with conflicts of interest.

(3) A declaration of a conflict of interest and the absence of the board member concerned shall be recorded in the minutes of the meeting.

(4) Where a conflict of interest arises in a matter where the board member has power to take a decision without approval or participation by the board, the board member shall recuse himself or herself at the earliest opportunity and shall not express any opinion on the matter.

*Recording secretary*

18. (1) Notwithstanding any other law, a board may appoint a person, not being a board member, to be the recording secretary of the board.

(2) A recording secretary shall be responsible for preparing and distributing the agenda for board meetings and the taking of board minutes in accordance with section 19.

(3) The remuneration and expenses of a recording secretary shall be an expense of the public authority except that, where the recording secretary is also a civil servant, the recording secretary shall not receive any remuneration or

allowances and the entity which employs the recording secretary shall be reimbursed by the authority for the costs of providing the board with secretarial services.

19. (1) A recording secretary shall keep minutes of each meeting of a board in such form as the board determines; and the minutes shall be confirmed as soon as practicable at the next meeting of the board and signed by the chairperson or by any other person who presided at the meeting at which the minutes were taken. Board minutes

(2) Subject to subsections (4) and (5), as soon as the minutes of a meeting have been confirmed by a board in accordance with subsection (1) they shall be considered a public document and a copy of the minutes shall be made available by the public authority concerned to any person who makes a request for such minutes.

(3) The public authority shall provide the chief officer of the responsible Ministry or Portfolio with a copy of the minutes no later than five working days after the minutes of a meeting have been confirmed by the board.

(4) Where minutes contain regulatory decisions those decisions shall be redacted prior to being provided under subsections (2) and (3).

(5) Minutes provided by the public authority under subsection (2) shall not contain the following information –

- (a) medical or other personal information;
  - (b) commercially sensitive information; or
  - (c) any other information which is exempt under the Freedom of Information Law (2015 Revision).
- (2015 Revision)

20. All documents issued by a public authority that are required by law to be issued under the seal of the public authority, shall be signed by the chairperson, another board member or an officer of the public authority authorised by the board to do so. Authentication of documents

21. (1) A board member, prior to assuming the functions of a board member shall make a declaration of his or her interests in accordance with the Standards in Public Life Law, 2014. Disclosure of interests

(2) Where a board member has any actual or potential personal or commercial financial interest, either directly or indirectly, in a transaction or decision being considered by the board, the member shall disclose the nature of

*The Public Authorities Law, 2017*

his or her interest at a meeting of the board as soon as possible after the relevant circumstances have come to his or her knowledge.

(3) A disclosure by a board member under this section shall be treated in accordance with section 17(2).

Power to establish own procedures

22. Subject to sections 17 to 21 and the provisions of any other law, a board may establish its own meeting rules and procedures, and establish committees of the board, as it thinks fit.

No personal liability except for negligence or bad faith

23. (1) Subject to subsection (2), neither a board nor any board member shall be liable in damages for anything done or omitted in the discharge of their respective functions or duties unless it is shown that the act or omission was negligent or in bad faith.

(2) Notwithstanding subsection (1), where the function or duty exercised is a regulatory one, the provision relating to negligence shall not apply.

**EXTRACT FROM THE PUBLIC AUTHORITIES LAW 2017 – STAFF REMUNERATIONS**

47. (1) All public authorities shall use the same salary scale as determined by Cabinet and all jobs shall be evaluated by the same job evaluation methodology.

Terms and conditions  
and remuneration of  
staff

(2) Subject to section 58, after the date of the commencement of this Law where there is a difference between the terms and conditions of employment at a public authority and the public service the salary grades for remuneration in the public authority shall be adjusted accordingly to reduce such differences.

(3) A public authority, in order to reduce differences in the terms and conditions of employment in accordance with subsection (2), may -

(a) provide for employee contribution to health insurance and pensions;

25

(b) provide different types of allowances; and

(c) change working hours, leave entitlements and retirement benefits.

(4) Subject to subsections (5) and (6), staff may be appointed for such period and on such terms and conditions as shall be determined by the public authority.

(5) Subject to subsection (6), the remuneration of a staff member shall be at a level agreed between the staff member and the public authority.

(6) In establishing the terms and conditions and remuneration of a staff member, a public authority shall -

(a) take into consideration the terms and conditions and remuneration of positions with comparable managerial and technical responsibility in both the civil service and in the private sector; and

(b) ensure that the terms and conditions and remuneration are consistent with those positions mentioned in paragraph (a);

(c) where the chief executive officer establishes to the satisfaction of the relevant board that the salary range for a post is not adequate to attract the best person for the post, the chairperson, after consultation with the relevant chief officer, may increase the salary in an individual case by taking into account market rates; and

(d) where the board finds that the salary range for the post of chief executive officer is not adequate to attract the best person for the post of chief executive officer, the board, after consultation with the Minister and the chief officer, may increase the salary in an individual case by taking into account market rates.

## **Contact us**

### Physical Address:

3rd Floor Anderson Square  
64 Shedden Road, George Town Grand Cayman

### Business hours:

8:00 AM – 5:00 PM

### Mailing Address:

Office of the Auditor General  
P. O. Box 2583 Grand Cayman KY1– 1103  
CAYMAN ISLANDS  
Email: [auditorgeneral@oag.gov.ky](mailto:auditorgeneral@oag.gov.ky)  
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](mailto: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](mailto:foi.aud@gov.ky)

## **Media enquiries**

For enquiries from journalists please contact Sue Winspear at our (345) 244 3201 or email: [Sue.Winspear@oag.gov.ky](mailto:Sue.Winspear@oag.gov.ky)



January 2019