

Remuneration of the Cabinet, Judiciary, MPs and Key Management Personnel within the Civil Service





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KEY FACTS

Total remuneration		Average salary	Average remuneration
\$ 360.4 million	Remuneration paid to the 4,566 civil servants in 2022.	\$61,000	\$ 79,000
\$ 45.0 million	Remuneration paid to all Key Management Personnel (KMP) across Government and the Civil Service in 2022	\$111,000	\$ 154,000
\$35.4 million	Amount paid to KMP within the Civil Service in 2022. There were 260 KMP within the Civil Service in 2022.	\$100,000	\$ 136,000
\$3.6 million	Remuneration of the top ten earners in the Cabinet, Judiciary, Members of Parliament (MPs) and KMP within the Civil Service.	\$253,000	\$ 362,000
\$3.3 million	Cabinet member's remuneration in 2022. The Cabinet had 11 members in 2022. <i>Other than the Governor, all Cabinet members are also MPs or ex-officio members of the Parliament. Therefore, their remuneration is also included in MPs' remuneration.</i>	\$206,000	\$ 305,000
\$3.3 million	The Judiciary's remuneration in 2022. There were 11 members of the Judiciary in 2022.	\$239,000	\$ 302,000
\$6.0 million	MPs' remuneration in 2022. In 2022, the Parliament comprised of 19 elected MPs and 2 ex-officio members.	\$173,000	\$ 285,000
\$4.3 million	Chief Officer's remuneration in 2022. There were 21 in 2022. <i>All Chief Officers are KMP within their Ministries. Therefore, their remuneration is included within the above \$35.4 million paid to all KMP within the Civil Service.</i>	\$155,000	\$ 204,000

ACRONYMS

CAB	Cabinet Office
CFO	Chief Financial Officer
CO	Chief Officer
EPS	Entire Public Sector
HRMS	Human Resource Management System
IPSAS	International Public Sector Accounting Standards
JUD	Judicial Administration
KMP	Key Management Personnel
MBCL	Ministry of Border Control and Labour
MDAL	Ministry of District Administration and Lands
MFED	Ministry of Finance and Economic Development
MFSC	Ministry of Financial Services and Commerce
MHA	Ministry of Home Affairs
MHW	Ministry of Health and Wellness
MIISD	Ministry of Investment, Innovation and Social Development
MoE	Ministry of Education
MP	Member of Parliament
MPAHI	Ministry of Planning, Agriculture, Housing and Infrastructure
MSCR	Ministry of Sustainability and Climate Resiliency
MTT	Ministry of Tourism and Transport
MYSCH	Ministry of Youth, Sports, Culture and Heritage
OAG	Office of the Auditor General
OCP	Office of the Commissioner of Police
ODPP	Office of the Director of Public Prosecutions
OMB	Office of the Ombudsman
PAC	Public Accounts Committee
PARL	Cayman Islands Parliament
PLA	Portfolio of Legal Affairs
PMFA	Public Management and Finance Act (2020 Revision)
PoCS	Portfolio of the Civil Service
PSMA	Public Service Management Act (2018 Revision)
SAGC	Statutory Authority and Government Company

REMUNERATION OF THE CABINET, JUDICIARY, MPS AND KEY MANAGEMENT PERSONNEL WITHIN THE CIVIL SERVICE IN 2022

ABOUT THE REPORT

1. This report presents information about the remuneration of the Cabinet, Judiciary, Members of Parliament (MPs) and Key Management Personnel (KMP) within the Civil Service in 2022. It is comparable to the OAG report published in January 2019, *Key Management and Board remuneration in Statutory Authorities and Government Companies during 2016-17*. That report analysed the remuneration and benefits of key management personnel and members of Boards of Directors in Statutory Authorities and Government Companies (SAGCs) in the period. The Office of the Auditor General (OAG) will give an update on this in our upcoming report, *Governance in SAGCs*, that we plan to publish in 2024.

ACCOUNTING STANDARDS REQUIRE ENTITIES TO DISCLOSE KMP'S REMUNERATION

2. The *Public Management and Finance Act (2020 Revision)* (PMFA) states that the Cayman Islands Government should prepare its financial statements in line with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB). According to Paragraph 4 of *IPSAS 20, Related Party Disclosures*, Key Management Personnel are:
 - All directors or members of the governing body of the entity; and
 - Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. Where they meet this requirement, key management personnel include:
 - Where there is a member of the governing body of a whole-of-government entity who has the authority and responsibility for planning, directing, and controlling the activities of the reporting entity;
 - Any key advisors of that member; and
 - Unless already included in the directors or members of the entity's governing body, the senior management group of the reporting entity, including the chief executive or permanent head of the reporting entity.
3. Paragraph 9 explains who is considered KMP within the Civil Service.

4. Paragraph 27 of IPSAS 20 requires entities to disclose the nature and type of related party transactions. It also requires entities to disclose the components of related party transactions to aid decision making and accountability.
5. *IPSAS 25 - Employee Benefits* requires entities to separately disclose expenses considered to be termination benefits in a manner consistent with *IPSAS 1- Presentation of Financial Statements*. IPSAS 1 requires entities to separately disclose the nature and amount of material items of revenue and expenses. The Civil Service did not pay material severance benefits in 2022.

EXECUTIVE TRANSACTIONS ARE NOT AS TRANSPARENT AS ENTITY'S

6. For financial reporting, Government expenditure and revenues are categorised into “Entity” and “Executive”. The PMFA defines Entity resources as the assets controlled, liabilities incurred and expenses incurred by a Civil Service entity in producing its outputs. We define the Civil Service in paragraph 41. The PMFA defines outputs as the goods or services an entity produces. According to section 2 of Schedule 4 of the Public Finance Manual:
 - Entity resources are the revenues, expenses, assets and liabilities under the control of a Civil Service entity or a Statutory Authority or Government-owned Company.
 - Executive resources are those controlled by the Cabinet.
7. Entity resources are reported in individual Civil Service entities’ financial statements. Civil Service entities administer executive expenses on behalf of Ministers. The Government reports Executive resources, including assets and liabilities, in the Entire Public Sector (EPS) consolidated financial statements only. The EPS audits for the 2020 to 2022 financial years have not yet been completed. This inhibits the transparency of Executive transactions.
8. The Auditor General has issued an adverse audit opinion on the consolidated financial statements for the EPS since 2013-14.¹ One of the factors contributing to the adverse audit opinion is omissions in financial statement disclosures. One of those omissions is that the Government has not established a system for reporting KMP transactions as required by IPSAS 20. As a result of the omissions, the public does not routinely know what is spent on, for example, MPs’ salaries and benefits.

¹ An adverse audit opinion means there are such significant deficiencies and errors in the information in the financial statements that they should be considered unreliable for the user, and the information contained therein is untrustworthy.

9. The OAG has therefore prepared this public interest report to provide independent information and improve transparency of the remuneration of KMP at the EPS level, excluding SAGCs.² It covers the remuneration earned by the Cabinet, Judiciary, MPs and KMP within the Civil Service in 2022. Civil Service entities classify Chief Officers and staff at the head of department level or higher as KMP. Some also classify deputy heads of department as KMP. In addition to the KMP identified by the Civil Service entities, we also included the remuneration of:
- Persons within the Civil Service that it pays at Grade E and above. We assessed that these persons meet the definition of KMP within IPSAS 20.
 - Principals of public schools who, in our assessment, meet the IPSAS 20 definition of KMP.
10. Much of this information and the remuneration rates are already in the public domain. For example, each Civil Service entity's financial statements include the remuneration of KMP. The salary scales for the Civil Service, members of the Judiciary and Members of Parliament are also public information. However, the remuneration of the Cabinet, Judiciary and Members of Parliament are Executive expenditure and included within the consolidated EPS financial statements only. This report brings together all of the information for the first time.
- A copy of the Civil Service's salary scale for salaried employees is included in Appendix 1 of this report.
 - Appendix 2 is an extract from the *Parliament (Management) Act, 2020* showing the salaries of elected Members of Parliament. The Act has since been superseded by the *Parliament (Management) Act (2023 Revision)*, but the starting salary grades and points have remained the same.
 - Appendix 3 is an extract from the *Judges' and Magistrates' Emoluments and Allowances Order (2021 Revision)* showing the salaries of judges and magistrates.
11. The 2022 audit of the Ministry of Health and Wellness had not been completed as of this report's date. Therefore, we used KMP information from the Ministry's draft financial statements for this report. In preparing the report, we relied on information obtained from the Government's Human Resource Management System (HRMS) and other information that we received in conducting the 2022 audits of Civil Service entities. Where necessary, we also considered information provided by the Civil Service entities between May and November 2023.

² The OAG set out its intention to prepare this report in its Performance Audit Programme 2023-27, published in April 2023.

OVERVIEW OF PUBLIC INTEREST REPORTS, THE GOVERNMENT AND COMPONENTS OF KMP REMUNERATION

12. Appendix 4 provides an overview of matters we assessed as necessary to understand this report fully. It contains:

- A definition of Public Interest Reports and circumstances when the Office of the Auditor General (OAG) may use them;
- An overview of the Cabinet, Judiciary and Parliament;
- A definition and an overview of the Civil Service; and
- Details of the various components of KMP remuneration and their basis in law.

THE GOVERNMENT SPENT ABOUT \$360.4 MILLION ON THE CIVIL SERVICE'S REMUNERATION IN 2022

13. As of December 2022, the Civil Service employed 4,566 persons. Overall, the Civil Service paid \$360.4 million in remuneration to these civil servants, or about \$79,000 each on average. About 77 per cent of this remuneration comprised salaries, wages and allowances. The remainder, about \$81.5 million or 23 per cent, was for pension contributions and health care insurance. Exhibit 1 shows the civil servants' 2022 remuneration by category. The exhibit does not include the Deputy Governor's and Attorney General's remuneration. Their remuneration is included within the Cabinet's and MPs' later in this report.

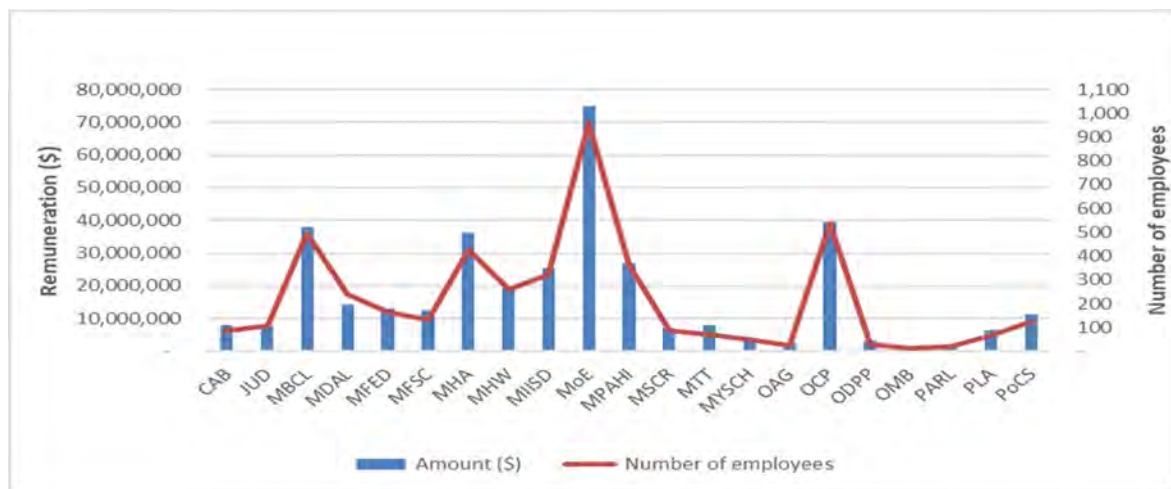
Exhibit 1: Civil servants' 2022 remuneration by category

Category	Amount (\$)
Salary, wages and allowances	278,952,000
Health care	67,123,000
Pension	14,365,000
Total remuneration	360,440,000
Average salary	61,093
Average remuneration	78,940

Source: OAG analysis of information from the HRMS and data obtained during our 2022 audits

14. Exhibit 2 below shows the total remuneration and number of employees by Ministry in 2022. The exhibit shows that the Ministry of Education (MoE) had the highest number of employees and incurred the highest cost. The Office of the Commissioner of Police (OCP), the Ministry of Border Control and Labour (MBCL) and the Ministry of Home Affairs (MHA) were the next three largest Ministries considering the number of employees or total remuneration paid.

Exhibit 2: Total remuneration and number of employees by Civil Service entity in 2022



Source: OAG analysis of information from the HRMS and data obtained during our 2022 audits.

Note: See page 2 for a full list of acronyms.

KEY MANAGEMENT PERSONNEL WITHIN THE CIVIL SERVICE EARNED A TOTAL OF \$35.4 MILLION, ABOUT \$136,000 EACH, IN 2022

15. As of December 2022, our analysis shows that there were 260 KMP within the Civil Service, comprising about six per cent of civil servants in 2022. They earned \$35.4 million during the year, or about \$136,000 on average. Salaries comprise about \$100,000 of this average. Their remuneration equates to about ten per cent of the Civil Service’s total remuneration. Exhibit 3 shows the remuneration of KMP within the Civil Service by category in 2022.

Exhibit 3: Remuneration of KMP within the Civil Service by category in 2022

Category	Amount (\$)
Salaries	25,953,944
Health care	4,235,061
Pension	3,141,477
Acting and duty allowances	1,641,481
Other benefits (<i>Motor vehicle upkeep, housing and school fees allowances</i>)	322,738
Honorarium	98,920
Legal fees	32,000
Total remuneration	35,425,620
Average salary	99,823
Average remuneration	136,252

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

16. The Deputy Governor heads the Civil Service. The Attorney General heads the Portfolio of Legal Affairs. However, both are members of the Cabinet and ex-officio members of the Parliament. Therefore, we have included their salary in the Cabinet's and Parliament's remuneration, not in Exhibit 3 above. Exhibit 3 includes \$4.3 million in Chief Officer's remuneration, which we report in paragraph 20.
17. The Government restructured effective July 2021. As a result of the restructuring, the Government discontinued three Ministries and created six new ones, increasing the number of Civil Service entities from 18 to 21. Four of these are independent offices. As of December 2022, the Civil Service had yet to fill some KMP roles within these newly created Ministries. For example, several Chief Officers were still operating in an acting capacity. The Government paid them \$120,000 in acting allowances in 2022. Some of these Ministries also had Deputy Chief Officers in acting positions.
18. In addition, the Civil Service has not filled Chief Financial Officers (CFOs) and/or Deputy Chief Financial Officers (DCFOs) roles at the five of the six new Ministries. These Ministries shared six CFOs and/or DCFOs with others. The Civil Service paid these staff about \$348,000 in duty allowances. It is worth noting that this is lower than the cost the Civil Service would incur if it chose to have a CFO post for each Ministry.
19. As of December 2022, one member of KMP within the Civil Service was on paid suspension. The Civil Service paid the individual about \$158,000 in 2022. The Civil Service also spent about \$48,000 in legal fees on behalf of this individual. These payments are not included in the KMP remuneration above because the individual does not have decision-making responsibilities while suspended.

CHIEF OFFICERS EARNED A TOTAL OF \$4.3 MILLION, ABOUT \$204,000 EACH, IN 2022

20. Each Civil Service entity is headed by a Chief Officer. Therefore, there were 21 Chief Officers as of December 2022. Overall, Chief Officers earned \$4.3 million in 2022, or about \$204,000 each on average. Salaries comprise about \$155,000 of this average. Chief Officers' remuneration is Entity expenditure and reported within each Civil Service entity's financial statements. Exhibit 4 shows the Chief Officers' 2022 remuneration by category.

Exhibit 4: Chief Officers' 2022 remuneration by category

Category	Amount (\$)
Salaries	3,264,134
Health care	450,053
Pension	406,285
Allowances (<i>Acting, duty, motor vehicle upkeep and housing</i>)	167,822
Total remuneration	4,288,295
Average salary	155,435
Average remuneration	204,205

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

MEMBERS OF THE CABINET EARNED A TOTAL OF \$3.3 MILLION, ABOUT \$305,000 EACH, IN 2022

21. As previously stated, the Cabinet comprises the Governor, the Premier, seven other Ministers and two non-voting ex-officio members, the Deputy Governor and the Attorney General. Apart from the Governor and the two ex-officio members, all other members of the Cabinet are also Members of Parliament.³ We discuss MPs' remuneration later in the report. The Cabinet's remuneration is an Executive expense and reported only within the consolidated EPS financial statements.
22. Within the Civil Service, the Cabinet Secretary and the Clerk of Cabinet directly support the Cabinet. We have not included the Cabinet Secretary's and the Clerk of Cabinet's remuneration in our analysis of the Cabinet's remuneration because they are not official members of the Cabinet. Their remuneration is included within the remuneration of KMP within the Civil Service which we reported on earlier.
23. Overall, the Government paid the Cabinet \$3.3 million in 2022. The Cabinet is composed of 11 persons. Therefore, its average remuneration in 2022 was about \$305,000. Salaries comprise about \$206,000 of this average. Exhibit 5 shows the Cabinet's 2022 remuneration by category.

³ *Our Government*, Cayman Islands Government, <<https://www.gov.ky/cabinet>>, accessed 30th October 2023.

Exhibit 5: The Cabinet’s 2022 remuneration by category

Category	Amount (\$)
Salaries	2,267,736
Allowances	619,796
Health care	243,008
Pension	218,987
Total remuneration	3,349,527
Average salary	206,158
Average remuneration	304,502

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

24. The exhibit shows that salaries were the main component (68 per cent) of the Cabinet’s remuneration, but allowances form a significant part (19 per cent). Substantially all of the allowances paid to the Cabinet in 2022 relate to allowances for MPs. We have included details of these allowances in paragraph 28.

MEMBERS OF THE JUDICIARY EARNED A TOTAL OF \$3.3 MILLION, ABOUT \$302,000 EACH, IN 2022

25. In preparing this report, we identified 11 members of the Judiciary. These include the current and former Chief Justices, three Grand Court Judges, a Puisne Judge, a Chief Magistrate and four Magistrates. Overall, they earned \$3.3 million in 2022, or about \$302,000 each on average. Salaries comprise about \$239,000 of this average. Appendix 3 shows the salaries of judges and magistrates. Remuneration paid to members of the Judiciary is Executive expenditure and included within the EPS financial statements only. Exhibit 6 shows the Judiciary’s 2022 remuneration by category. The exhibit shows that pension was the second highest cost after salaries.

Exhibit 6: The Judiciary’s 2022 remuneration by category

Category	Amount (\$)
Salaries	2,628,464
Pension	431,378
Health care	250,540
Allowances	10,820
Total remuneration	3,321,203
Average salary	238,951
Average remuneration	301,928

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

MEMBERS OF PARLIAMENT EARNED A TOTAL OF \$6 MILLION, ABOUT \$285,000 EACH, IN 2022

26. Parliament has 21 members, comprising 19 elected MPs and two ex-officio members, the Deputy Governor and the Attorney General. Overall, they earned \$6.0 million or about \$285,000 each on average in 2022. Salaries comprise about \$173,000 of this average. Exhibit 7 shows the MPs’ 2022 remuneration by category. The Deputy Governor and the Attorney General are not elected MPs. However, we have included their remuneration in Exhibit 7 because they are ex-officio members of Parliament and their remuneration is reported as Executive expenditure like the elected MPs’. Apart from the Governor, all members of the Cabinet are MPs or ex-officio members of the Parliament. Therefore, the Cabinet’s remuneration, excluding the Governor’s, is included in Exhibit 7. We reported the Cabinet’s remuneration in paragraphs 21 to 24 above.

Exhibit 7: MPs’ 2022 remuneration by category

Category	Amount (\$)
Salaries	3,629,380
Allowances	1,453,685
Health care	506,984
Pension	393,841
Total remuneration	5,983,890
Average salary	172,828
Average remuneration	284,947

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

27. MPs are paid based on the same salary scale as the Civil Service. However, MPs remuneration is reported as Executive expenditure in the EPS financial statements. Appendix 1 shows the Civil Service’s salary scale. Appendix 2 in this report shows the starting grade and point on the salary scale for each elected MP. As stated in paragraph 46, the Civil Service salary scale increased by two per cent effective September 2022. However, MPs voluntarily decided to forego this salary increase.

28. Allowances are the second-highest component of MP’s remuneration after salaries. According to Part 2 of Schedule 2 of the *Parliament (Management) (Amendment) Act, 2022*:

- Each elected MP receives a monthly constituency allowance of \$5,000 in addition to their salary, a total of \$60,000 annually for each MP.
- The Premier receives an additional monthly executive allowance of the same amount, \$60,000 annually.
- The Leader of the Opposition receives an additional monthly executive allowance of \$3,500; \$42,000 annually.

- The two Members of Parliament for Cayman Brac and Little Cayman each receive an additional monthly allowance of \$5,000 - \$2,500 for accommodation and \$2,500 for transportation; \$60,000 annually each.
- The Deputy Speaker and Deputy Leader of the Opposition each receive an additional monthly allowance of 2.5 per cent of their salaries.
- Parliamentary Secretaries receive a monthly duty allowance between \$1,000 and \$2,000 each at the Premier's discretion.

29. The 19 elected MP's monthly constituency allowance of \$5,000 is meant to cover the costs of maintaining a constituency office, including utilities, supplies and general maintenance. As of November 2023:

- Eight MPs had individual constituency offices.
- Four shared office space.
- Two had their offices within their party headquarters, two had offices in their existing business premises, and two at their homes.
- One MP's constituency office is in a Government building, the North Side Civic Centre.

30. According to Part 1 of Schedule 2 of the *Parliament (Management) (Amendment) Act, 2022* each elected MP is entitled to the services of constituency assistants. Ministers are entitled to two full-time constituency assistants and one part-time constituent assistant. MPs are entitled to one full-time and one part-time constituency assistant.⁴

31. The Parliament's Chief Officer appoints constituency assistants on the advice of MPs. In other words, constituency assistants are political appointees whose jobs are not subject to competitive public recruitment. In 2022, Parliament paid about \$2.1 million in remuneration to constituency assistants. This remuneration is not included within the MPs' \$3.3 million in Exhibit 7 above. It is also reported as Executive expenditure.

ALL KEY MANAGEMENT PERSONNEL EARNED A TOTAL OF \$45.0 MILLION, ABOUT \$154,000 EACH, IN 2022

32. Overall, all KMP earned a total of \$45.0 million, about \$154,000 each, in 2022. Salaries comprise about \$111,000 of the \$153,000. Exhibit 8 shows the total salaries and remuneration paid to all KMP in 2022. In assessing this, we adjusted the remuneration for each category reported previously to

⁴ The *Parliament (Management) (Amendment) Act, 2022* was the law in effect during 2022. It has since been superseded by the *Parliament (Management) Act (2023 Revision)*, but the law's provisions about constituency assistants have not changed.

avoid double counting. For example, ten of the Cabinet’s 11 members are MPs or ex-officio members of the Parliament. In Exhibit 8, we included their remuneration under the Cabinet’s remuneration but not the MPs’. Therefore, MPs’ total remuneration in Exhibit 8 is not the same as in Exhibit 7.

Exhibit 8: Total remuneration paid to KMP across Government and the Civil Service in 2022

Category of KMP	Number of KMP	2022 salaries	2022 remuneration
Cabinet	11	2,267,736	3,349,527
Judiciary	11	2,628,464	3,321,203
MPs (excluding members of the Cabinet)	11	1,590,883	2,909,958
Chief Officers	21	3,264,134	4,320,295
Civil servants (excluding Chief Officers)	239	22,689,810	31,105,325
Total	293	32,441,027	45,006,308
Average salary			110,720
Average remuneration			153,605

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

33. Exhibit 8 shows that KMP within the Civil Service, excluding Chief Officers, comprised 69 per cent of this remuneration. This is expected because they comprise 82 per cent (239 out of 293) of all KMP but earn less on average.

THE TOP TEN EARNERS EARNED \$3.6 MILLION, ABOUT \$362,000 EACH, IN 2022


34. We assessed the remuneration of the top ten earners across the Cabinet, Judiciary, Parliament and KMP within the Civil Service in 2022. Overall, they earned about \$3.6 million or about \$362,000 each on average. Salaries comprise about \$253,000 of this average. Exhibit 9 shows the total remuneration of the top ten earners across the Government by category in 2022.

Exhibit 9: Remuneration of the top ten earners by category in 2022

Category	Amount (\$)
Salaries	2,529,252
Allowances	493,176
Pension	330,047
Health care	265,677
Total remuneration	3,618,152
Average salary	252,925
Average remuneration	361,815

Source: OAG analysis of information from HRMS and data obtained during our 2022 audits

35. This report gives information to support transparency and accountability to the public. As a public interest report, it merely presents factual information without drawing conclusions or making recommendations.



Sue Winspear, CPFA

22nd November 2023

Auditor General

George Town, Grand Cayman

Cayman Islands

APPENDIX 1 – ANNUAL SALARY SCALE FOR SALARIED CIVIL SERVANTS EFFECTIVE 1ST DECEMBER 2022

Grade	Grade Band	PT 1	PT 2	PT 3	PT 4	PT 5	PT 6	PT 7	PT 8	PT 9	PT 10	PT 11	PT 12	PT 13
A	1366-1502	\$ 217,056	\$ 222,480	\$ 228,048	\$ 233,748	\$ 239,604								
B	1185-1365	\$ 191,844	\$ 196,644	\$ 201,528	\$ 206,568	\$ 211,728	\$ 217,032							
C	1050-1184	\$ 155,388	\$ 159,276	\$ 163,260	\$ 167,328	\$ 171,516	\$ 175,800	\$ 180,192						
D	870-1049	\$ 133,128	\$ 136,440	\$ 139,872	\$ 143,376	\$ 146,964	\$ 150,636	\$ 154,404	\$ 158,256					
E	775-869	\$ 112,740	\$ 115,572	\$ 118,440	\$ 121,416	\$ 124,440	\$ 127,548	\$ 130,752	\$ 134,004	\$ 137,352	\$ 140,784	\$ 144,300	\$ 147,912	
F	614-774	\$ 103,476	\$ 106,056	\$ 108,708	\$ 111,432	\$ 114,240	\$ 117,084	\$ 120,000	\$ 122,988	\$ 126,048	\$ 129,228	\$ 132,456	\$ 135,768	\$ 139,164
G	534-613	\$ 90,912	\$ 93,192	\$ 95,532	\$ 97,896	\$ 100,332	\$ 102,900	\$ 105,444	\$ 108,072	\$ 110,748	\$ 113,544	\$ 116,388	\$ 119,268	\$ 122,268
H	451-533	\$ 81,252	\$ 83,280	\$ 85,392	\$ 87,504	\$ 89,700	\$ 91,944	\$ 94,236	\$ 96,588	\$ 99,000	\$ 101,472	\$ 104,016	\$ 106,608	\$ 109,296
I	371-450	\$ 71,640	\$ 73,416	\$ 75,252	\$ 77,148	\$ 79,080	\$ 81,048	\$ 83,076	\$ 85,152	\$ 87,276	\$ 89,448	\$ 91,704	\$ 93,984	\$ 96,336
J	314-370	\$ 62,508	\$ 64,056	\$ 65,664	\$ 67,272	\$ 68,964	\$ 70,680	\$ 72,468	\$ 74,256	\$ 76,116	\$ 78,012	\$ 79,968	\$ 81,948	\$ 84,036
K	289-313	\$ 55,596	\$ 57,192	\$ 58,440	\$ 59,880	\$ 61,380	\$ 62,916	\$ 64,488	\$ 66,084	\$ 67,728	\$ 69,456	\$ 71,184	\$ 72,948	\$ 74,772
L	228-288	\$ 49,800	\$ 51,060	\$ 52,320	\$ 53,628	\$ 54,972	\$ 56,352	\$ 57,756	\$ 59,220	\$ 60,660	\$ 62,196	\$ 63,756	\$ 65,364	\$ 66,984
M	192-227	\$ 44,700	\$ 45,804	\$ 46,956	\$ 48,132	\$ 49,332	\$ 50,580	\$ 51,804	\$ 53,100	\$ 54,456	\$ 55,836	\$ 57,204	\$ 58,656	\$ 60,108
N	166-191	\$ 40,416	\$ 41,376	\$ 42,420	\$ 43,500	\$ 44,544	\$ 45,696	\$ 46,836	\$ 48,000	\$ 49,188	\$ 50,412	\$ 51,696	\$ 52,980	\$ 54,312
O	135-165	\$ 36,600	\$ 37,524	\$ 38,472	\$ 39,408	\$ 40,440	\$ 41,388	\$ 42,444	\$ 43,524	\$ 44,604	\$ 45,720	\$ 46,872	\$ 48,036	\$ 49,260
P	115-134	\$ 33,120	\$ 33,924	\$ 34,788	\$ 35,676	\$ 36,552	\$ 37,452	\$ 38,424	\$ 39,360	\$ 40,320	\$ 41,340	\$ 42,372	\$ 43,416	\$ 44,508
Q	85-114	\$ 29,592	\$ 30,312	\$ 31,080	\$ 31,824	\$ 32,640	\$ 33,468	\$ 34,320	\$ 35,172	\$ 36,048	\$ 36,936	\$ 37,860	\$ 38,784	\$ 39,780
R	Trainee	\$ 20,808	\$ 21,324	\$ 21,900	\$ 22,416	\$ 22,992	\$ 23,556	\$ 24,144	\$ 24,756	\$ 25,344	\$ 25,992	\$ 26,628	\$ 27,312	\$ 27,984

Source: theHub - Salary Scale and Hourly Rates, Cayman Islands Government, <<http://thehub.gov.ky/task/salary-scale-hourly-rates/>>, accessed 30th October 2023.

APPENDIX 2 – SALARIES OF ELECTED MEMBERS OF PARLIAMENT

Position	Starting Grade and Point	Rules
Premier	A5, \$234,900	
Deputy Premier	A3, \$223,572	
Speaker	B4, \$202,512	Earns one increment for every four-year term completed as Speaker.
Minister	B1, \$188,076	Earns at B1 then an increase of one increment for each four-year term completed as a Minister.
Leader of the Opposition	C1, \$152,340	Earns at C1 and then an increase of one increment for each four-year term completed as the Leader of the Opposition.
Deputy Speaker	D1, \$130,512	Earns at D1 and then an increase of one increment for each four-year term completed as the Deputy Speaker.
Deputy Leader of the Opposition	D1, \$130,512	Earns at D1 and then an increase of one increment for each four-year term completed as the Deputy Leader of the Opposition.
Councillor /Parliamentary Secretary	D1, \$130,512	Earns at D1 and then an increase of one increment for each four-year term completed as Councillor or Parliamentary Secretary.
MPs	D1, \$130,512	Earns at D1 and then an increase of one increment for each four-year term completed as an MP.

Source: Parliament (Management) Act, 2020. As previously stated, the Civil Service salary scale increased by two per cent effective September 2022. However, MPs voluntarily decided to forego this salary increase. Therefore, the starting salary in this exhibit is based on the “Annual Salaried Scale for Salaried Staff – 1st January 2021”.

APPENDIX 3 – SALARIES OF JUDGES AND MAGISTRATES

The First Schedule of the *Judges’ and Magistrates’ Emoluments and Allowances Order (2021 Revision)* (the Order) sets out judges’ and magistrates’ salaries. Note that under paragraphs 3(4) and 3(4)(A) of the Order:

- Judges’ salaries were reviewed in 2005 and increased by the per cent change in the consumer price index (inflation) every two years after that.
- Magistrates’ salaries were reviewed in 2017 and increased by the per cent change in the consumer price index (inflation) every two years after that.

Updated salary scales for judges and magistrates have not been published. Therefore, the salaries in the table, extracted from the Order, do not reflect the inflation-related pay increases since 2005 for judges and 2017 for magistrates.

Salaries with effect from 2nd September 2003 and thereafter subject to paragraph 3(4) of the Order	
Chief Justice -	
On first appointment and for the first three years of resident service	\$176,484
Thereafter (subject to paragraph 3 (4) of the Order)	\$183,102.72
Judges other than the Chief Justice -	
On first appointment and for the first three years of resident service	\$146,951
Thereafter (subject to paragraph 3 (4) of the Order)	\$162,631.21
Salaries with effect from 1st September 2017 and thereafter subject to paragraph 3(4A) of the Order	
Chief Magistrate - On first appointment	\$177,221.64
Magistrates other than the Chief Magistrate - On first appointment	\$150,638.40

Source: *The Judges’ and Magistrates’ Emoluments and Allowances Order (2021 Revision)*.

APPENDIX 4 – OVERVIEW OF PUBLIC INTEREST REPORTS, THE GOVERNMENT AND COMPONENTS OF KMP REMUNERATION

WHAT IS A PUBLIC INTEREST REPORT?

36. Public interest reports address issues that the OAG has identified during an audit or on which a report has been requested during the year. The Auditor General also uses public interest reports when a matter they determine to be of public interest would benefit from being reported, but a full audit is not required. In general, these reports are responsive and provide factual information on a matter that is relevant to an individual entity or a wider section of the public service.
37. All OAG reports are presented to Parliament and referred to the Parliament’s Public Accounts Committee (PAC) for detailed consideration. The OAG has identified certain circumstances in which it may produce a public interest report. These circumstances are not intended to represent an exhaustive list, and the OAG exercises judgement in individual cases where:
- A financial statements audit raises an issue that the OAG needs to publicly bring to the Parliament’s attention through a separate report;
 - The Auditor General believes that an issue related to an entity merits public disclosure or emphasis through a public interest report; and
 - A statutory requirement has been breached, contrary to the Parliament’s intent.
38. Unlike a performance or financial statements audit, public interest reports do not seek to provide an opinion or recommendations based on the reported details. Instead, they aim to provide greater emphasis on a matter deemed to be of interest to the public. A public interest report should add value for decision-making and provide accountability through greater transparency. The nature of the work conducted is focused on reporting information rather than following the auditing standards required for the conduct of a performance or financial audit.
39. Some of the matters addressed in this public interest report have already been identified through our financial statements audit work. However, we have not previously collated or presented them in a manner that gives a holistic perspective to the users of the Government’s financial statements.

THE CABINET, JUDICIARY AND PARLIAMENT

40. The Cayman Islands is a parliamentary democracy with separate judicial, executive and legislative branches.⁵

- Executive power is exercised by the Government consisting of the Governor as His Majesty the King's representative, and the Cabinet. The Cabinet comprises the Premier, seven other Ministers and two non-voting ex-officio members, the Deputy Governor and the Attorney General. The current Governor is Her Excellency, Mrs. Jane Owen. The current Premier is Hon. Juliana O'Connor-Connolly, JP, MP. She replaced Hon. G Wayne Panton, JP, in November 2023.
- The Judiciary administers the law independently of the executive and the legislative arms of Government. It comprises three jurisdictions – the Summary Court, the Grand Court and the Court of Appeal. The Chief Justice heads the Judiciary. The current Chief Justice is Hon. Justice Margaret Ramsay-Hale. She replaced Hon. Justice Anthony Smellie, QC, in October 2022.
- Legislative power is vested in the unicameral Parliament of the Cayman Islands. The Parliament comprises 19 elected representatives for the Islands' constituencies, as well as two non-voting ex-officio members, the Deputy Governor and the Attorney General. The Speaker heads the 21-member Parliament. Hon. Katherine Ebanks-Wilks was the Speaker until November 2023 when she resigned and joined the Cabinet as a Minister. Hon. Heather Bodden, MP, the Deputy Speaker, is currently acting in position as Speaker.

The costs associated with these branches are categorised as Executive expenditure. Therefore, they are only reported in the EPS financial statements.

THE CIVIL SERVICE

41. According to the *Public Service Management Act (2018 Revision)* (PSMA), the Civil Service means the group comprising all civil servants. The PSMA defines a civil servant as a person employed by the government and who is a public officer under the Constitution. According to the PSMA, Members of Parliament, other than the Deputy Governor or the Attorney General, are not civil servants. As of December 2022, the Civil Service comprised 21 Ministries, Portfolios and independent Offices.

42. In the Cayman Islands, the Civil Service is responsible for delivering Government policies and priorities, thereby bolstering the continued well-being of the country's people and ensuring its

⁵ *Our Government*, Cayman Islands Government, <<https://www.gov.ky/ourgovernment>>, accessed 30th October 2023.

international competitiveness.⁶ The Deputy Governor, who reports to the Governor, is the head of the Civil Service.

43. Within the Civil Service, Chief Officers and heads of department meet the definition of KMP. Civil Service entities' annual financial statements contain disclosures about their KMP remuneration. The various Civil Service entities interpret paragraph 4 of IPSAS 20 differently. Therefore, the persons comprised KMP in the 2022 financial statements were not the same across Civil Service entities, but the different applications were consistent with the standard.

COMPONENTS OF KEY MANAGEMENT PERSONNEL'S REMUNERATION

44. The remuneration of KMP consists of the following:

- a. Salaries;
- b. Allowances such as acting, duty, motor vehicle upkeep, housing and call-out allowances;
- c. Pension;
- d. Health care;
- e. Other benefits such as motor car upkeep and housing and school fees allowances.

We explore the definitions of some of these components of KMP remuneration below.

ALLOWANCES AND OTHER BENEFITS

45. Exhibit 10 shows the basis and definitions of the allowances and other benefits the Government pays.

⁶ *5-Year Strategic Plan for a World Class Civil Service 2018 – 2022*, Cayman Islands Government, January 2018.

Exhibit 10: Basis and definitions of the allowances and other benefits paid

Type of allowance or benefit	Section in the Personnel Regulations (2022 Revision)	Definition and other details
Acting allowance	Paragraph 3(2)(f) of Schedule 1	The Civil Service pays acting allowances to staff acting in another position. In practice, this usually applies when the position holder is on vacation or a position is vacant, pending recruitment. The amount of the acting allowance paid is generally equal to the difference between the acting staff's salary and the first point of the remuneration band of the position in which the staff is acting.
Duty allowance	Paragraph 3(2)(g) of Schedule 1	Civil servants earn a duty allowance if they undertake duties substantially above their normal ones for more than 15 consecutive calendar days.
Motor vehicle upkeep allowance	Paragraph 3(1)(b)(iii) of Schedule 1	Civil servants who regularly use their motor vehicles as part of their normal duties earn a motor car upkeep allowance. The maximum allowance is \$1,500 annually.
Standby and call-out allowances	Paragraph 3(1)(b)(i) of Schedule 1	Civil servants who are required to standby in case of emergency or who are subject to call-out in normal off-duty hours earn standby and call-out allowances at the discretion of the Chief Officer.
Housing and school fees allowances	Not applicable	The Regulations do not contain provisions for housing and school fees allowances. The Civil Service pays these to the Government's overseas representatives.
Honorariums	Paragraph 3(2)(j) of Schedule 1	Civil servants can earn a non-pensionable one-time honorarium at the Deputy Governor's discretion.

Source: OAG analysis of the Personnel Regulations and data obtained during our 2022 financial audits

46. In 2022, the Civil Service paid three honorariums collectively valued at \$450 for employees on salary grades E and below. The honorariums were aimed at helping to offset high fuel costs during the hotter summer months of June, July and August 2022.⁷ The Civil Service also increased the salaries of all civil servants by two per cent, effective September 2022.

⁷ *Personnel Circular 6 of 2022: Pay Remedy – Employees at the Top of the Pay Grade*, Cayman Islands Government, October 2022.

47. In December of the same year, the Civil Service awarded employees on salary grades E and below a permanent salary increase of about 2.5 per cent. The Civil Service awarded employees at the top of their pay grade a one-off honorarium equivalent to the higher of six months' value of a 2.5 per cent increment or \$700. The Civil Service awarded this one-time honorarium instead of the permanent salary increases.

PENSION

48. According to paragraph 3(2)(a)(i) of Schedule 1 of the Regulations, the Civil Service contributes pension at 12 per cent of employees' salary, duty and acting allowances. The 12 per cent rate includes six per cent for both employer and employee contributions. The Government pays both contributions on behalf of civil servants.

49. Under the *Parliamentary Pensions Act (2016 Revision)*. Parliament contributes pension at 12 per cent of MPs' pensionable earnings, the same rate as the Civil Service's. The Act defines pensionable earnings as a month's basic salary. The Government pays both contributions on behalf of MPs.

50. Under the *Judges' and Magistrates' Emoluments and Allowances Act (2018 Revision)* and the *Judges' and Magistrates' Emoluments and Allowances Order (2021 Revision)*, members of the Judiciary contribute pension at ten per cent of pensionable earnings and the Government contributes 20 per cent. Unlike civil servants and MPs, the ten per cent contribution is deducted from judges' and magistrates' salaries. In other words, judges and magistrates contribute 30 per cent towards their pensions but the Government only pays 20 per cent on their behalf. The other ten per cent is a deduction from their pensionable earnings.

HEALTHCARE

51. According to paragraph 9(1) of Schedule 1 of the Regulations, civil servants, their spouses and dependent children resident in the Cayman Islands are entitled to medical, dental and optical benefits specified in the Regulations. Only civil servants whose principal employer is the Government get these. MPs and members of the Judiciary get similar health care benefits.

LEGAL FEES

52. Legal fees relate to reimbursements to KMP for costs that the Civil Service has determined to be within the course of official duties.

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Freedom of Information

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