



Cayman Islands

OFFICE OF THE AUDITOR GENERAL

PRESS RELEASE

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The Office of the Auditor General made public today a Special Report entitled *The State of Financial Accountability Reporting (Update)*. Auditor General Dan Duguay explained that the objectives of the audit were to assess the current state of financial accountability reporting and to determine how well the Government is doing to correct the dire situation he found when he did his first review in 2008.

In his current audit, he found that the Government and its various entities still haven't provided the Legislative Assembly with financial statements and annual reports required by the *Public Management and Finance Law* and is effectively two years further behind than where he assessed the situation in 2008. Many of the reports are currently anywhere from one to five years overdue. Mr. Duguay also found that the Government has not taken sufficient action to correct the problem and after spending an additional \$1.0 million this year on extra accountants to correct some accounting problems in the ministries and portfolios, their work has not addressed some of the critical issues for restoring financial accountability.

"No one has taken responsibility to correct this appalling situation and officials could not provide me with a comprehensive roadmap for how they believe financial accountability reporting will be brought up to date. I found that only a few statutory authorities have shown some improvement," said Mr. Duguay.

Mr. Duguay reported that many audited financial statements are being withheld from public scrutiny. He also noted that many of the financial statements he has audited in the last two years were not complete and accurate enough for his auditors to give them a passing grade.

The Auditor General describes the deplorable state of financial accountability reporting as a national crisis that could lead to tremendous consequences if not addressed immediately.

"The international reputation of the Cayman Islands is being affected by this situation," said Mr. Duguay. *"Therefore, I expect the Government to take seriously the recommendations in my Report."*

This document, which has been distributed to all Members of the Legislative Assembly, is available to the public. Copies can be obtained at the Office of the Auditor General, 3rd Floor, Anderson Square or accessed through the Cayman Islands Government website at www.gov.ky.