



PRESS RELEASE

16 December 2010

The Auditor General, Alastair Swarbrick, made public today his assessment of financial and performance reporting of the Cayman Islands Government in his first General Report to the Legislative Assembly since being appointed to the position in July.

Mr. Swarbrick's report paints a positive picture in the majority of the statutory authorities and government companies where there has been considerable success in getting accounts up to date. He reported that they have made great strides in clearing their backlogs and improving the quality of their financial reports for the last couple of years.

However, the Auditor General's report presents a poor assessment of the efforts in ministries and portfolios to restore financial accountability. *"Whilst there has been significant effort by financial officers in recent months to clear the backlog of outstanding financial statements, I was disappointed to find that the Government did not take more pragmatic decisions to deal with the backlog to restore financial accountability quicker,"* said Mr. Swarbrick.

He found the Government spending considerable resources in ministries and portfolios to produce out-of-date financial statements that included information, that in many cases, he could not audit because of significant problems with the underlying accounting information and record keeping. He concluded that officials should have made more pragmatic decisions that would have had them working on developing better accounting records and preparing more current accounts instead of wasting the time of financial officers throughout the Government and the time of his auditors to review out of date information that was not reliable.

"The Government has been informed about the seriousness of this issue since 2008; yet has chosen not to put in place the kind of leadership necessary to address the underlying problems contributing to the lack of financial accountability," said Mr. Swarbrick, *"I was also surprised to find that the Government has not developed a plan for how it will catch up with its consolidated accounts, even though there is a critical need for this information to effectively manage the government finances."* The last audited consolidated financial statements were prepared in 2003/04.

"The Government needs to develop a plan for how they will bring financial accountability reports up to date and improve their quality. I am also suggesting that the Government consider reviewing the provisions in the Public Management and Finance Law," said the Auditor General.

For further information, please call Martin Ruben at (345) 244-3206.

TECHNICAL NOTES:

1. The *Public Management and Financial Law* requires each ministry and portfolio, as well as every statutory authority and government company to make public annual financial statements as part of their annual reports by the middle of December each year.
2. The *Public Management and Financial Law* requires that the Government prepare consolidated annual financial statements for the entire government (Entire Public Sector) and to make them public as part of the Government's Annual Report by the middle of December each year.