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PRESS RELEASE

The report *“Key Management and Board Remuneration in Statutory Authorities and Government Companies,”* is issued by the Office of the Auditor General (OAG) today. The 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 SAGC Boards of directors for the 18-month period from 1 July 2016 to 31 December 2017.

The report states that SAGCs employed a total of 2,743 staff at 31 December 2017 (40 per cent of the entire public sector workforce) and paid a total of \$249 million in remuneration to these staff for the 18-month period to 31 December 2017. For the same period, SAGCs employed a total of 154 key management personnel who were paid around \$23.5 million.

“The remuneration paid to key management personnel varies significantly across the SAGCs.” Ms. Winspear notes. *“There is currently no standardised job evaluation system or salary and allowances scale for SAGCs. The Public Authorities Law intends to deliver a standardised pay system but the implementation date for this particular clause in the law has been pushed back to June 2019.”*

The report highlights that the 24 SAGCs reviewed had a total of 99 board members who were compensated. These board members were paid around \$788,000 in the 18-month period to 31 December 2017.

“Compensation for board members varies across SAGCs with some providing their services for free while others are paid up to \$4,500 a month,” Ms. Winspear explains. *“Where board members are compensated, the basis differs across SAGCs with some board members paid a monthly sum while others are paid for each meeting attended.”*

The Auditor General adds. *“As a public interest report this merely puts factual information in to the public domain and I make no recommendations to the respective entities or civil service.”*

More information about the report can be obtained by contacting Sue Winspear at (345) 244-3201 or Patrick Smith, Director of Financial Audit at (345) 244-3204.

This report and the original OAG reports on which this report is based are available at www.auditorgeneral.gov.ky.

Notes to the editor:

1. Public interest reports address issues that have been identified during an audit or which a report has been requested during the year. They are used when there is a matter of public interest that should be reported to the Legislative Assembly but where a full audit is not necessarily required. Unlike a performance or financial audit, public interest reports do not seek to provide an opinion or recommendations.
2. There were 25 Statutory Authorities and Government Companies (SAGCs) at the end of 31 December 2017. The report covers 24 SAGCs only. The Sister Islands Housing Development Corporation has been excluded from the report as it had not paid employees during the 18-month period and the board of directors are not compensated.
3. Key management personnel (KMP) are part of the management structure of the SAGC e.g. the Chief Executive Officer, Managing Director, etc. KMP remuneration includes all basic salaries, overtime payments, allowances paid, healthcare benefits, pension contributions and bonuses.
4. Boards of Directors are those charged with governance and 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 the law. SAGC boards also include member(s) of the entity's executive management team and the Chief Officer (or designate) from the relevant Ministry. These persons are not allowed to vote, cannot serve as Chairman of the Board and are not compensated (but are entitled to claim travel and subsistence in accordance with the policy of the respective SAGC).