


## Management of Travel and Hospitality Expenditures



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# EXECUTIVE SUMMARY

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The public expect government officials to act at all times with the highest standards of integrity, accountability, transparency, values, and ethics while ensuring value-for-money in their use of public funds. These basic management principles apply to all government related expenditures, however for expenditure related to travel and hospitality the importance of these principals is further heightened by the potential for public officials to be seen to be receiving a personal benefit.

The objective of this audit was to determine whether the Government was managing official travel and hospitality expenditures properly and with due regard to value for money. I have concluded that official travel and hospitality expenditures were not managed effectively and efficiently, leading to the high likelihood that the Government mishandled significant amounts of public resources.

Fundamental to the effective management of the types of expenditures is the clear articulation of policies for incurring travel and hospitality expenditure supported by robust procedures and controls to ensure compliance. I found that there was an absence of well-defined policies and ineffective or absent procedures and controls. Any policies that were in place were inconsistent across government and officials were left with significant, if not complete discretion with regard to how travel and hospitality expenditures were incurred. Furthermore monitoring and reporting of these transactions by management was virtually non-existent.

We have identified a number of examples in this report where Government have either not clearly demonstrated the value or benefit of the expenditure incurred, or where public funds have been potentially misused. Unfortunately, the supporting documentation for travel and hospitality expenditure was very poor, and in some cases non-existent, and the records in the accounting system unreliable. As a result we were not able to carry out all the audit procedures we had planned, limiting the scope of our audit, and our ability to provide more information to the reader on how these expenditures have been managed or quantify how much the Government mishandled or wasted during the period reviewed.

Senior management is responsible for ensuring that appropriate policies, procedures and controls are in place and operating effectively. Over the course of the period audited officials failed fundamentally to ensure that these expenditures were being managed. The Government has taken an important first step in acknowledging the serious shortcomings in the management of these expenditures by recently issuing a travel policy. However, the Government still needs to develop and implement more practices and procedures, and senior management need to take more responsibility for the effective stewardship of public money.

# INTRODUCTION

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## IMPORTANCE OF MANAGING SPENDING ON TRAVEL AND HOSPITALITY

1. Government travel and hospitality are subject to ongoing interest by the public and the media. Therefore, assurance that public money for this purpose is well spent requires greater scrutiny and vigilant oversight to ensure proper prudence and probity in the managing of public funds.
2. Travel and hospitality expenditures are incurred for a wide spectrum of activities and events that support an elected government in its delivery of various government programs. Some of these supporting activities include policy development, service delivery, and the training and development of officials.
3. The decisions to incur such expenditures should include evidence that officials demonstrated due regard to value-for-money. That is, travel and hospitality expenditures represent the most economic and efficient use of funds given the nature of the activity in relation to the achievement of Government's mandate.
4. Due to the nature of these expenditures, they can be considered particularly difficult to manage. If not managed effectively, they could be seen as providing personal benefits to officials. Moreover, it is sometimes challenging to demonstrate that the expenditures are consistent with the organization's objectives. In public sector organizations, such factors usually heighten public interest in these expenditures and make them subject to more scrutiny.
5. A sound public sector management framework for travel and hospitality expenditures ensures that there are appropriate internal controls. Such a framework includes the following, at a minimum:
  - a. Legislation and regulations – high level policy direction to ensure expenditures are incurred for the public good and for the purpose intended by legislators.
  - b. Organization and responsibility - someone is responsible for ensuring that travel and hospitality expenditures are effectively managed across the public sector.
  - c. Policies - guidance within the public service to ensure that travel and hospitality expenditures are incurred in accordance with the legislation and regulations and provide value-for-money to the Government.
  - d. Procedures – clear direction for how officials incur expenditures such as documents, processes and approvals required.
  - e. Monitoring – periodic review by senior officials of the controls in place and the expenditures incurred to ensure the policies and procedures are being followed and that there is no abuse of public funds.
  - f. Reporting – periodic proactive public reporting of travel and hospitality expenditures to provide transparency and accountability for the activities of public servants and elected officials.

6. While the amounts that the Cayman Islands Government spends on travel and hospitality are not significant compared to its total spending, these types of expenditures are sometimes the subject of criticism because of their subjective nature. For that reason, we examined whether the Cayman Islands Government had developed and implemented a sound management framework for these types of expenditures.

## TRAVEL AND HOSPITALITY FRAMEWORK IN CAYMAN ISLANDS

7. The governance framework in the Cayman Islands has been established through the *Constitution*, the *Public Management and Finance Law (PMFL)*, *Financial Regulations (FR)*, the *Public Service Management Law (PSML)*, and *Personnel Regulations (PR)*. Appendix 2 provides overviews of the individual elements of the governance framework, as well as, the Government's Credit Card Policy.
8. Inherent guidance on the effective management of travel and hospitality expenditures is contained in the statement of public service values outlined in the *Public Service Management Law (2011) (PSML)*, *Part II – Public Service Values and Code of Conduct*. The *PSML* states that civil servants must strive continually for efficiency, effectiveness and value-for-money in all government activities.
9. The *PMFL* provides for sound financial management, with its inclusion of a well-defined accountability framework. The framework gives direction on the proper use of public funds; the provision of reliable, timely and transparent information; and appropriate risk management practices. The framework also requires an effective and efficient system of internal control. While senior officials in the entities are involved in developing and implementing the accountability framework, it is the Chief Officer (CO) of an entity who is accountable for effectively managing these expenditures, including managing the associated risks.
10. Government officials have a duty under the public service code of conduct to ensure that travel and hospitality expenditures are incurred in accordance with legislation and regulations, while maintaining due regard to value for money. In the current framework, the CO of each entity in the Government is accountable to the Deputy Governor for ensuring that Government officials perform this duty.

# ABOUT THE AUDIT

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11. The objective of this audit was to determine whether, in the audited period July 1, 2009 to June 30, 2012, official travel and hospitality expenditures were properly managed in core government<sup>1</sup> entities to ensure value-for-money, with due regard to existing rules, responsibilities and policies. We also considered significant transactions and their adherence to policies in the six months after June 2012.
12. Travel expenditures consisted mainly of airfare, hotels, and per diems<sup>2</sup> (also referred to as subsistence allowances). Hospitality expenditures included such items as catering, hosting of events, entertainment of third parties and staff along with other discretionary spending. Travel and hospitality expenditures were incurred at the entity level of the ministries and portfolios and reflected a rising trend over the period as shown in Table 1.

**Table 1: Travel and hospitality expenses compared with core government entity expenses July 2009 – 2012**

Year	2010	2011	2012	Totals
<b>Travel and Hospitality Expenses</b>	\$2,703,762	\$2,878,702	\$2,981,689	\$8,576,554
<b>Total Core Entity Expenses</b>	\$328,399,977	\$311,534,581	\$329,175,307	\$969,109,865

Source: Government accounting system - IRIS

13. Of these total expenses incurred \$7 million and \$1.5 million related to travel and hospitality, respectively. The two core government entities with the highest travel and hospitality expenditures were (as Table 2 shows) the Ministry of Finance, Tourism and Development (MFTD) and the Ministry of District Administration, Works, Land and Agriculture (DAWLA). These two ministries represented 70% of all travel and hospitality expenditures. For that reason, we mainly focused our audit detailed testing on these two entities. However, in addition to the aforementioned, we also considered within our sampling, the policies and procedures in other ministries along with the

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<sup>1</sup> Core government as defined by the *PMFL (2012 Revision)* means the Legislative Assembly, the Governor in Cabinet, ministries, portfolios, the Office of the Complaints Commissioner, the Office of the Information Commissioner and the Audit Office and includes the equity investment in statutory authorities and government companies.

<sup>2</sup> Per Diem is a daily allowance for expenses - a specific amount of money an organization gives an individual per day to cover living expenses when traveling for work. According to the *Personnel Regulations (2011 Revision)*, per diems should include reasonable meal (but not bar), communication, laundry, taxi and other miscellaneous costs as approved by the appointing officer; alternatively the appointing officer may agree to pay the employee a flat daily per diem allowance to cover these costs at a rate determined by the appointing officer but reflective of the cost of meals and other reasonable living expenses in the city the employee is to visit; none of these allowances to exceed \$100 per day within the islands and \$200 overseas.



significant control issues of travel and hospitality identified in our financial audits to determine the extent to which our findings and conclusion could be extended to the entire core government.

**Table 2: Travel and hospitality expenditures, by entity for three fiscal years 2009-10 through 2011-12 (core government entities only)**

<b>Entity Name (names of entities at June 30, 2012)<sup>3</sup></b>	<b>Total Travel &amp; Hospitality Expenditures</b>	<b>% of Travel &amp; Hospitality Expenditures</b>
Ministry of Finance, Tourism & Development (MFTD)	\$ 4,960,888	57.8%
Ministry of District Administration, Works, Land & Agriculture (DAWLA)	1,025,176	12.0%
Portfolio of Internal & External Affairs	728,783	8.5%
Ministry of Education, Training & Employment	488,252	5.7%
Portfolio of Legal Affairs	445,628	5.2%
Cabinet Office	338,068	3.9%
Ministry of Health, Environment, Youth, Sports & Culture	288,369	3.4%
Ministry of Community Affairs & Housing	78,982	0.9%
Judicial Administration	68,520	0.8%
Office of the Auditor General	44,586	0.5%
Complaints Commissioner	36,813	0.4%
Director of Public Prosecutions	32,638	0.4%
Information Commissioner's Office	21,872	0.3%
Portfolio of the Civil Service	17,979	0.2%
<b>Grand Total</b>	<b>\$ 8,576,554</b>	<b>100%</b>

Source: Government accounting system - IRIS

<sup>3</sup> During the period under audit, there were reorganizations of certain ministries in Government. We have used the names as at June 30, 2012 and shown the expenditures of the entities as they existed at that date.

14. Travel expenditures by elected officials, including Ministers, are included in the amounts reported in Table 2 noted above. However, travel and hospitality spending by elected officials are not subject to the same legislation and policies in place for civil servants. Other than section 39 of the *PMFL*, which outlines the responsibility of the Chief Officer for acquiring the goods and services related to the administration of Government, there is no clear legislative guidance for elected officials, including Ministers, on the incurrence of travel and hospitality expenditures.
15. As part of the travel audit, we sought to breakdown travel expenditures by elected officials versus government officials; however, due to the lack of consistency and clarity in how expenditures were recorded in the accounting information system, the results could not be relied upon. This is a significant weakness which we have highlighted in our report.
16. More information “About the Audit” is contained in Appendix 1.

# AUDIT FINDINGS

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17. Generally, we found a number of areas where government officials failed to manage travel and hospitality expenditures effectively. Legislation in place provides clear responsibilities for senior management to develop and implement policies and practices in order to ensure due regard to value for money in travel and hospitality expenditures. Despite this, we found a lack of detailed guidance and controls in place were not effective in many cases. Furthermore, we noted a relatively informal framework for ensuring that expenditures were incurred only for the purpose of achieving the objectives of government programs and services.
18. Our findings with regard to travel and hospitality expenditures are consistent with work that we have done in our financial audits of core government entities over the last number of years. In our financial audits, we reported significant internal control deficiencies and poor accounting practices that resulted in our inability to fully carry out our audits or caused us to heavily qualify our audit opinions.
19. Our detailed findings in this report are presented in three categories:
  - a. Policies and procedures
  - b. Monitoring and reporting
  - c. Due regard to value for money

# POLICY AND PROCEDURES

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## GOVERNMENT LACK THE POLICIES AND PROCEDURES REQUIRED FOR EFFECTIVE MANAGEMENT OF TRAVEL EXPENDITURES

20. Clearly documented policies and procedures ensure that all government officials understand what they are required to do to manage government expenditures effectively. They also ensure consistent application across government entities. Without clearly documented policies and procedures, officials cannot be held to account for their actions. The development, communication and implementation of policies and procedures are the most effective ways to ensure that the government's risks in making these expenditures are managed effectively.
21. We therefore examined whether the Government's policies and procedures (as summarized in Appendix 2) were clearly documented, communicated and designed to ensure the effective management of travel. Further we reviewed if they promoted consistency, value for money and ensured that there was a clear business need for travel in line with the government's business objectives.
22. We found that the limited policies and procedures in place did not promote the requirements set out in the *Public Service Management Law* to ensure value-for-money when government expenditures are incurred.
23. For example, we expected to find that officials who are required to travel would have comprehensive direction for areas such as air travel class, accommodation, per diem rates for staff, and transportation. Instead, we found that officials did not formally develop and implement the required policies, procedures and practices for the period under audit in many cases. Guidance for these key aspects of travel, where it had been developed in entities, was mostly vague. Generally, direction was at the discretion of the CO. This allowed for a wide range of practices across government, for example the amount paid to official business travelers for per diems varied significantly. For the most part, the framework in place provided a significant amount of flexibility in the decision making process for the incurrence of these expenditures.
24. We found that officials were not required to formally document their justification for business travel or consideration of other options. For some travel, we would have expected a more robust business case, including a description of the business being done (for example, training or a conference), the expected benefits to the Government, the options considered (with a focus on value for money), and the expected costs of the proposed travel.

## GOVERNMENT HAS ISSUED A TRAVEL POLICY

25. In July 2013, the Government issued a travel policy that covered the incurrence of expenditures by civil servants, though it does not cover travel by elected representatives, including Ministers. The policy was sent out to all COs and Chief Financial Officers (CFOs).
26. Our audit did not include a thorough review of this travel policy, nor did we assess its implementation, as it was issued during the course of the audit. We will conduct a full review during a future audit.

**Recommendation #1: The Government should develop policies for the management of travel expenditures to include such areas as key financial controls and requirements for monitoring and disclosure.**

## NO HOSPITALITY EXPENDITURE POLICIES OR GUIDANCE IN PLACE

27. As core government overall spent at least \$1.5 million on hospitality from July 1, 2009 to June 30, 2012, including parties, dinners, and social functions, there was a clear need for a hospitality policy in place that provided officials with guidance on how they should manage these expenses. We would also expect to see a clear link made to business objectives and consideration given to value for money.
28. However, we found no hospitality or entertainment policy in place or any detailed guidance on how to effectively control and ultimately manage such expenditures. For example, we could not find any guidance that addressed the limits, frequency, oversight, or disclosure of these discretionary expenditures.
29. We also noted that there was no guidance on alcohol consumption. The Personnel Regulations section 11 (iii) indicate that “no bar” should be reimbursed for travel-related expenses and that the Chief Officer can issue reasonable rules prohibiting the consumption of alcohol in the workplace other than at official functions. For example, we found that DAWLA spent \$29,480 on three Christmas parties, which included beverage consumption of \$6,373 or 22% of the total cost. In MFTD, we identified five entertainment events including three Christmas parties, a special function, and a birthday party, with a total cost of \$17,530. The alcoholic consumption costs were \$5,810 or 33% of the total cost of these events.
30. The lack of a hospitality policy represents a fundamental weakness in the governance framework, as the value these expenditures have to the provision of public services is subject to significant scrutiny.

**Recommendation #2: The Government should develop a comprehensive hospitality policy that is clearly communicated to all staff. The policy should promote consistency, value for money, controls, accountability, and disclosure requirements. The policy should address issues such as consumption of alcohol and entertainment of third parties.**

#### **NO POLICIES OR CONTROLS IN PLACE FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY**

31. There are no laws or regulations in the Cayman Islands that provide a framework for travel and hospitality expenditures by elected representatives. However, in setting up the 2009 Constitution, the Government proposed the desirability of checks and balances to, among other things, safeguard the country's reputation for honesty, integrity, efficiency, and responsibility.
32. We therefore examined whether procedures existed for effectively managing the travel and hospitality expenditures of members of the legislative assembly (MLAs), including Ministers. We found that procedures used across government were very inconsistent. In MFTD, officials applied their own travel policy to all civil servants including MLAs. In DAWLA, Personnel Regulations were used as a general guideline for MLAs; however these regulations only applied to civil servants. In other areas, such as entertainment expenditures, there were generally no rules in place.
33. We found no evidence that in the absence of rules, Members provided any formal support for their business requirements for travel or hospitality. Of greater concern, however, we found instances where former Ministers either approved their own travel claims for payment or did not provide support for their expenditures. Chief Financial Officers informed us that they requested support for these expenditures; however, we noted payments were still made without support.

**Recommendation #3: The Government should agree to establish policies and procedures for travel and hospitality expenditures incurred by Members of the Legislative Assembly. The policies and procedures should clearly outline the principles of ensuring value for money in public expenditure, the circumstances in which expenditures can be incurred, the procedures and forms to be used, and the approval process that should be followed.**

#### **INEFFECTIVE PROCEDURES FOR PROCESSING TRAVEL EXPENDITURES**

34. While we expected rigorous policies, it is compliance with procedures that ultimately indicate if policies are respected and followed. We would have expected standardized procedures for the booking of travel and accommodations, the processing of travel advances and the timely settlement of claims across core government entities.

35. We reviewed the procedures in place for managing travel advances and claims. Advances are usually issued to cover expenses such as daily per diems, hotel bills, ground transport, official entertainment, car rentals and other expenses that would be reasonably incurred for a business trip. Before government officials are about to travel, they are issued a travel advance. Government credit card holders which include senior officials and Ministers generally obtain a travel advance for per diems and airport transport, while non-government credit card holders may obtain an advance for any costs not directly billed to the Ministry such as hotel, subsistence and airport transfer, etc.
36. A travel advance is required to be settled with a travel expense report within seven days upon return from travel. The claimant is to document the expenditures incurred and either refund the amount of the travel advance not used or request an amount to cover additional travel expenses incurred by the claimant.
37. Our review of transactions found significant delays in the clearance of travel advances. We found that amounts remained unsettled in the accounting records, for several months and, in some cases, for several years. This indicated that there was a combination of untimely submission of travel claims and poor accounting controls over the management of the settlement of travel advances.
38. For example, we found that in 2011-12 one Ministry wrote off \$167,000 for travel advances issued between 2003 and 2009. While these amounts were written off through an approval by the CO, we noted that there was little evidence of significant collection efforts made by officials in the Ministry. Procedures and accounting need to be clear for all expenditures related to travel regardless of the method of incurrence and ensure full accountability.
39. The information supporting the travel advances outstanding was very poorly maintained and difficult to analyze. It included travel transactions for both current and past employees of the entity. Of note, \$32,000 of the total amount written off related to travel advances for one senior official. This practice results in the risk that expenditures could have been incurred for non-business purposes.
40. For 2011-12, we noted that travel advances were often settled beyond the expected time frame of seven days following the travel period. In fact, we found a number of travel advances that had been outstanding in the system for more than a year, and some for up to ten years. In all, we noted 75 instances amounting to \$76,000 that had been outstanding for a period of over 30 days, which is what we considered to be a reasonable settlement period. This indicated that the financial officers in these ministries failed in their duties to consistently ensure that individuals who traveled either accounted for their expenses or returned the amount of the unused advance on a timely basis.

**Recommendation #4: Government officials should implement the appropriate procedures and controls to ensure that travel expenses are incurred appropriately, submitted with supporting receipts and documentation, and official travel claims are settled or accounted for on a timely basis in accordance with respective policies.**

**Recommendation #5: If proper evidence cannot be provided by senior officials and other current employees of the Government that they incurred the expenditures related to the travel advances that were written off, the Government should commence action to collect these amounts.**

### CREDIT CARD POLICIES AND CONTROLS DISREGARDED

41. The use of government credit cards was first approved by the Legislative Assembly on 16 May 2001. On 3 January 2002, credit cards were issued to Ministers along with a one-page document that indicated the need for a claim form to be submitted with supporting documentation to Treasury within 7 days following the trip. While not explicitly stated in the one-page document, Government credit cards were to be used only for Government business as intended by the approval in the Legislative Assembly. A more comprehensive Government-wide credit card policy was not issued until July 2010.
42. The requirements of the Government’s credit card policy and the Financial Regulations outlined in Appendix 2 clearly require proper receipts and documents to support all travel and hospitality transactions. We therefore expected that rigorous controls would be in place to ensure that these rules were being followed, especially considering the additional risks and potential for abuse by Government officials.
43. As at June 30, 2012, the following number of credit cards were issued including respective limits:

**Table 3: No. of card users per credit limit amount**

Position	Card Limits (\$000) & No. of Card Users						Total
	\$5-\$7	\$10	\$15	\$20	\$25	\$50	
Ministers	-	-	4	-	1	-	5
Senior officials	15	25	3	3	-	1	47
<b>Total</b>	<b>15</b>	<b>25</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>52</b>

Source: Credit card listing per Treasury

44. It is the responsibility of the CO to ensure that proper controls are in place to ensure the probity of Government expenditures. In the current framework, the CO relies on the Chief Financial Officer (CFO) to implement the procedures and controls required to ensure that legislation and policies are observed. From the work we performed, we found that the CFOs involved were negligent in these duties with respect to the below findings.
45. We conducted a thorough review of the procedures and noted that at least \$458,000 in travel and hospitality expenditures was not supported by receipts and formal documentation. Furthermore, it was unclear whether the expenditures had any business purpose. We also confirmed that one former Minister effectively self-approved the payment of transactions incurred on their credit card which amounted to approximately \$71,000.



46. The general practice of submitting travel claims with no receipts constituted a significant control weakness and represented a significant risk for abuse by senior government officials and Ministers.
47. In our testing, we also found examples where per diems (which cover meal expenditures) were provided to credit card holders and at the same time similar expenditures were also charged to the credit card. Due to poor record keeping and lack of financial records, we were unable to determine the true extent of this type of occurrence. As noted above, since some senior government officials and Ministers did not provide support for their credit card expenditures, CFOs could not determine whether there were instances of these occurrences.
48. We believe these control weakness and disregard for ensuring the probity of financial transactions is a fundamental failure of the respective COs and CFOs to discharge their duties in accordance with the PMFL and Regulations.

**Recommendation #6: Government officials should implement the necessary procedures to process credit card payments to ensure that all laws, regulations and policies are observed.**

**Recommendation #7: Government should provide training to Chief Officers and Chief Financial Officers on their roles and responsibilities in relation to their obligations under the *Public Management and Finance Law* and *Public Service Management Law*.**

# MONITORING AND REPORTING

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## WEAK MONITORING OF TRAVEL AND HOSPITALITY TRANSACTIONS AND INCONSISTENT REPORTING

49. In previous audits, we have recommended that the Government provide greater leadership around the financial function, including clear direction on how financial transactions should be processed for accounting purposes. However, the Government has not yet implemented those recommendations.
50. Ensuring compliance with the *Public Management and Finance Law (PMFL)* and its regulations requires that the processing of travel and hospitality transactions be clearly documented and appropriate controls be provided. We therefore examined whether proper monitoring systems were in place to effectively identify issues, risks and trends associated with travel and hospitality.
51. We found that, other than comparison of actual to budget for supplies and consumables, there were no formal analyses or assessments of travel and hospitality expenditures. Essentially, no one in Government was looking at the travel and hospitality data over time to determine if any action was required to more effectively manage these expenditures.
52. Given the lack of clear guidance, we found several inconsistencies in how travel and hospitality transactions were processed by the various entities in Government. As a result, while the Government's accounting system reported a total of \$8.6 million for travel and hospitality over the three years reviewed, this amount did not include a number of travel and hospitality expenditures that Government officials had recorded in a number of other accounts.
53. We found travel and hospitality expenditures posted in other accounts not included in the \$8.6 million noted above covering training, investigations and post mortems, maintenance, and special conferences. These expenditures start at an additional \$200,000 upwards of potentially \$1.7 million. Due to the inconsistency in recording expenditures and limitations of the accounting information system, the data extraction methods used cannot be precise. Such inconsistencies prevent the overall reporting and analysis of the true cost of travel and hospitality.

**Recommendation #8: The Government should implement our previous recommendations and develop clear guidance around the processing of and accounting for transactions relating to travel and hospitality. It should also develop and implement adequate controls to provide for monitoring of travel and hospitality expenditures and ensure value for money.**

## INADEQUATE PUBLIC REPORTING ON TRAVEL AND HOSPITALITY EXPENDITURES

54. Because of the nature of travel and hospitality expenditures, and the inherent risks associated with their administration, it would be good practice to meet the public interest and the norm in other jurisdictions, for Government to fully and publicly disclose such expenditures.
55. We found that Government has no policy or guidance in place to ensure that it reports these types of expenditures appropriately. In fact, our review of Government financial reports to the Legislative Assembly and of information on the Government's websites showed a complete lack of reporting by the Government on its travel and hospitality transactions.
56. At present, the Government discloses such information only upon request by the public made through the *Freedom of Information Law (FOI)*. Those requests take considerable time for employees to process and create the opportunity for errors and omissions in the information provided.
57. While we did not specifically review all FOI requests during the audit period, we examined two requests because of our concerns about the quality of information provided by the Government.
58. We found that in the case of those two requests, the ministries involved had insufficient procedures in place to ensure the accuracy of the responses.
59. In response to a FOI request of the total expenditures incurred involving a former Minister published on 10 December 2012 by the Caymanian Compass, Government reported a total expenditure of \$42,000 for a trip to Qatar. Our review of the information provided indicated that the amount was closer to \$45,642 and failed to include two additional delegates who attended the conference.
60. Furthermore, due to the poor processing of accounting transactions, we were not able to determine what portion or if the entire amount of an additional \$272,000 incurred for ground transportation services was appropriately disclosed as part of travel costs in another FOI request.

**Recommendation #9: The Government should develop a policy and provide sufficient guidance to officials for the proactive disclosure of information on travel and hospitality expenditures.**

**Recommendation #10: The Government should institute procedures to ensure the accuracy of responses to Freedom of Information requests and should implement the accounting procedures necessary to extract from the system information about an individual's expenditures.**

# DUE REGARD TO VALUE FOR MONEY

## MISHANDLING OF PUBLIC FUNDS BY MINISTERS AND OFFICIALS

- 61. During the three years reviewed by our audit, the Government dealt with significant financial problems. Its public debt based on unaudited figures increased from \$577 million to \$746 million to finance its operations. Throughout the period, Government took several measures to reduce expenditures, including reducing the number of employees and the salaries of public servants.
- 62. During the same period, we noted that travel and hospitality (as outlined in Table 4 below) showed an upward trend of 10% over time.

**Table 4: Travel and hospitality expenditures 2009-10 through 2011-12**

	2009-10	2010-11	2011-12	Total
<b>Travel and Hospitality Expenses</b>	\$2,703,762	\$2,878,702	\$2,981,689	\$8,576,554
<b>% Change</b>	-	6%	4%	-

Source: Government accounting system - IRIS

- 63. As the three-year audit period was a time of constraint, we expected to find stringent measures in place to ensure that expenditures such as travel and hospitality were managed effectively and that the Government received good value for money spent. Instead, we found several cases which provided evidence of disregard for the use of public funds.
- 64. Our audit testing process found a significant number of transactions that we believed did not represent good value for money or possible misuse of public funds. This section of our report highlights some of the transactions of more concern to us.
- 65. **Ground transportation** – We found expenditures incurred through an overseas branch of the Department of Tourism amounted to \$398,000 that were paid from January 1, 2009 through September 30, 2012 to two ground transportation companies for the use of limousines, vans and SUVs. We noted that spending increased each year of the review period; from \$147,000 in 2010 to \$162,000 in 2012.

66. Further analysis revealed that there was a serious lack of controls over procurement and disbursement of public funds relating to ground transport suppliers:
- no contracts were in place;
  - no clear link to a business purpose was documented, in other words, it is unclear from the information found in the files whether or not the expenses incurred were linked to the business objectives of the Department of Tourism or MFTD;
  - no evidence to assess the probity of these transactions and to ensure they were in accordance with the intended purpose for which the amounts were appropriated;
  - transportation rates charged varied from \$85 to \$250USD per hour;
  - there was evidence that showed usage of ground transport services while records showed that the same individuals were on personal leave;
  - no assessments of value for money were made or alternative options of transport considered (for example, contracting for or purchasing a vehicle to save money).
67. In summary, the lack of controls resulted in over expenditure of the travel budget in the Department of Tourism from June 2009 to March 2011 by an amount of \$174,000.
68. **Per-diem rates** – We found a lack of consistency with respect to the use of per diem rates used across various ministries to Ministers, senior officers and other staff members. We noted the following:
- Varying Per -Diem rates were used across ministries. Rates per day ranged from as low as \$40 at the Portfolio of the Civil service (POCS) to an excessive amount of \$250 at the DAWLA which covered the same expenses of meals and incidentals.
  - Varying interpretations of what the per diems should cover.
  - Some staff members were paid more than senior officials, COs and even Ministers without any reason given. The Ministry of Health, Environment, Youth, Sports and Culture and Portfolio of the Civil Service’s policy was to pay the CFO and Head of Departments (HODs) \$50 per day while \$75 per day was paid to staff for the same expenses at MFTD. A staff member at the MFTD was paid \$150 per day for travel to the United Kingdom while the CO of the Financial Services organization within the same ministry was paid \$90 per day for the exact same travel.
  - Per diems for Ministers ranged from \$100 - \$250 per day. The Ministry of Health, Environment, Youth, Sports and Culture’s policy was to pay \$100 per day to the Minister, while DAWLA paid \$250 per day to cover the same expenses.

69. We summarized our findings for per diems in the below table:

**Table 5: Per diem rates across various core government entities**

Ministry	Position	Per diem (CI)	Definition
POCS	Staff	\$40	Meals & Incidentals
POCS	CO/HoD	\$50	Meals & Incidentals
Health	Staff	\$50	Meals & Incidentals
Health	Minister	\$100	Meals & Incidentals
Education	CO/HoD	\$90	Meals & Incidentals
Education	Staff	\$75	Meals & Incidentals
DAWLA	Minister	\$250	Meals & Incidentals
DAWLA	CO/HoD	\$100- \$200	Meals & Incidentals
MFTD	Staff	\$75	Meals & Incidentals
MFTD	Minister/HoDs	\$90	Meals & Incidentals

Source: Travel and hospitality questionnaires

**Table 6: MFTD per diem rates for the same Location – London, UK**

Ministry	Position	Per diem (CI)
MFTD	Minister	\$200
MFTD	Chief Political Assistant	\$150
MFTD	Chief Officer	\$90

Source: Government accounting system - IRIS

70. One former Minister claimed and was paid \$250 per day regardless of the location travelled. Although there are no rules in relation to Ministers' per-diems in the regulations, the amount of \$250 per day regardless of location cannot be deemed reasonable because it exceeds the \$200 per day specified in the *Personnel Regulations (2011 Revision)*. We found that a former Minister was paid \$250 per day for trips to such places as Qatar, Jamaica, and Grenada. Furthermore, we found very few examples of per diem reductions to factor in meals that would have been provided as part of conferences.

68. **Qatar trip** - In September and October 2012, the former Minister of DAWLA, her executive aide, the CO of DAWLA, Postmaster General, and Deputy Postmaster General attended an international postal conference in Qatar. The Ministry of DAWLA informed us that the CO conducted business in London prior to Qatar, these costs have not been included in the below figures. Table 7 shows a significant range of per diems, airfares, and the hotel rates paid during the trip. The Ministry indicated there were no conference costs incurred.

**Table 7: Qatar Trip – Total Expenditures**

Government Official	Airfare (CI)	Hotel (New York)		Hotel (Qatar)		Per Diem Granted Daily Rate (CI)	Other Other charges on Credit Card (CI)	TOTAL (CI)
		Nightly Rate (USD)	# of Nights	Nightly Rate (USD)	# of Nights			
Former Minister DAWLA	\$ 6,003	\$355	5	\$891	8	\$250 (\$150 Daily Allowance + \$100 Other Meals)	\$885	\$ 15,333
Executive Aide	\$ 6,003	\$355	5	\$891	8	\$65 (\$25 Daily Allowance + \$40 Other Meals)	N/A	\$ 11,440
Chief Officer	\$ 5,446	N/A	N/A	\$351	12	\$50 Daily Allowance	\$669	\$ 10,402
Post Master General	\$ 1,170	N/A	N/A	\$180	22	\$19 Daily Allowance*	\$170	\$ 5,915
Deputy Post Master General	\$ 1,261	N/A	N/A	\$204	7	\$19 Daily Allowance*	N/A	\$ 2,652
<b>Grand Total</b>								<b>\$ 45,742</b>

\*A flat allowance was paid for the duration of the trip. The daily allowance was calculated as the total amount paid as divided by the number of nights.

Source: Submitted travel records

71. **CAL Panama launch** - In May 2012, the Government sponsored an event in Panama City for the inaugural flight of CAL. A total of \$71,000 was spent on 43 delegates for the three day trip. Further details are provided in Tables 8 and 9. Although there was a strategic objective for the launch event, there was no formal case prepared to support the need for all the respective travelers to attend this event and whether it was necessary for public funds to have been used to provide travel for all the participants.

**Table 8: CAL Panama launch – Size of delegation**

Type of delegate	No. of persons
Government officials	13
Guests of Government officials	12
Private sector partners	4
Entertainers	14
<b>Total</b>	<b>43</b>

Source: Delegation listing per Department of Tourism

**Table 9: CAL Panama launch - Expenses**

Expenditure type	Cost (CI)
Airfare	\$ 19,198
Hotel	14,717
Fees paid to entertainers (including per diem)	8,975
Ground transport	2,035
Event planning/logistics	26,564
<b>Total</b>	<b>\$ 71,489</b>

Source: FOI Release per Department of Tourism

72. **Christmas parties** – We noted that from 1 July 2009 to 30 June 2012, government entities spent approximately \$223,000 on Christmas parties and related gifts for employees. The two entities we reviewed accounted for \$135,000 or 60% of the total as shown in Table 10.

**Table 10: Christmas Party Expenditures in Core Government July 1, 2009 to June 30, 2012**

Entity	Cost (CI)	%
DAWLA	\$106,000	48
MFTD	28,000	12
Other Ministries	89,000	40
<b>Total</b>	<b>\$223,000</b>	<b>100%</b>

Source: Government accounting system – IRIS

73. DAWLA spent \$13,000 on a Christmas party held at the Cayman Turtle Farm in December 2009. Of the total amount spent in other ministries, we noted one instance in 2009-10 where the Portfolio of Internal and External Affairs purchased turkey and ham products for employees at a cost of \$22,000.
74. **Unusual expenditures** – We noted a number of expenditures charged to hospitality and also in other accounts that had no clear link to Government’s business objectives or appeared excessive. In the absence of a well-defined travel and hospitality policy, we highlighted the following expenditures:



**Table 11: Unusual Expenditures – Hospitality & Other Accounts**

Entity	Year	Expenditure description	Cost (CI)
MFTD	2009-10	Cost for venue, food and beverages for Tourism Apprenticeship Trade Program graduation	\$ 27,506
DAWLA	2011-12	Cayman Brac Hotel Accommodations for former Minister of DAWLA Executive Aide	\$ 14,853*
DAWLA	2010-11	Cayman Brac Hotel Accommodations for former Minister of DAWLA Executive Aide	\$ 8,907*
DAWLA	2009-10	Cayman Brac Hotel Accommodations for former Minister of DAWLA Executive Aide	\$ 10,134*
MFTD	2010-11	Buy-Out to hold rental property for potential filming location for a television show **	\$ 10,000
Office of the Premier	2012-13	Retirement party for a senior official	\$ 9,965
DAWLA	2009-10	Funeral expenses for a staff member	\$ 7,395
MFTD	2011-12	Prayer meeting rentals - West Bay	\$ 5,148
MFTD	2011-12	Birthday lunch for former Minister of MFTD	\$ 3,398
MFTD	2010-11	Rental of Private Residence at the Ritz Carlton for private luncheon	\$ 1,500
MFTD	2011-12	Farewell lunch - Staff Member	\$ 819

**\*Total accommodation cost over period \$33,984**

**\*\*Filming did not occur**

75. **Budgeted travel and hospitality expenditures, and related Minister approvals** – Ministries and portfolios have set budgetary limits which are approved by the Legislative Assembly. These include travel and hospitality expenditures. The budgets are used to make sure government officials manage expenditures within constraints to effectively deliver public services.
76. In our review of the former Ministers’ travel and hospitality expenditures, we noted that the initiation and approval processes to incur certain travel and hospitality expenditures were confirmed to be essentially out of the hands of officials in the ministries.
77. We found that there were instances where former Ministers directed and approved the expenditure of public funds in contravention of the *PMFL*. In one ministry, we confirmed that it was the normal practice for the former Minister to approve credit card payments for transactions incurred. For example, we noted on statements for January 2012 and June 2012 instructions to pay or as per instructed by the former Minister. The total credit card expenses over the period under audit were approximately \$70,000.

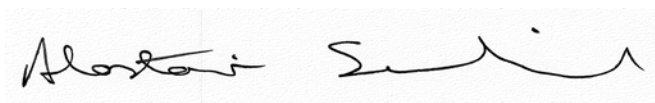
78. Officials indicated that former Ministers effectively set the budget for their own travel. Officials in one ministry informed us that overspending in the areas of official travel and hospitality is not a major concern, as savings would be found in other budgeted line items under the supplies and consumables category. These explanations from senior government officials indicate that there was a general lack of control with respect to the effective management of public resources.

**Recommendation #11: Because of their nature, we recommend that the details of all travel and hospitality expenditures incurred by elected representatives be disclosed by government within a reasonable time on the Government website.**

## CONCLUSION

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79. The objective of this audit was to determine whether the Government was managing official travel and hospitality expenditures properly and with due regard to value for money. As a result of our audit work, we concluded that official travel and hospitality expenditures were not managed effectively and efficiently, leading to the high likelihood that the Government mishandled significant amounts of public resources in carrying out these transactions. While we have identified a number of examples in this report, we were unable to quantify how much the Government mishandled or wasted during the period reviewed, or how much abuse occurred.
80. Because of poor record keeping and a lack of information in the Government's accounting system, we were not able to carry out all the audit procedures we had planned. This reduced our ability to provide more information to the reader on how these expenditures have been managed.
81. The Government took an important first step in acknowledging the serious shortcomings in the management of these expenditures by recently issuing a travel policy. However, the Government still needs to develop the necessary practices and procedures to ensure travel and hospitality expenditures are managed effectively in the future and that public funds are not misused by public officials.
82. We have made a number of recommendations in this report that highlight the need to strengthen the control framework and the role and responsibilities of government officials. Our inability to complete the audit work we planned should provide the impetus for immediate action by senior officials in Government and monitoring of their implementation.
83. As government travel and hospitality will continue to be the subject of ongoing public and media interest, we believe that implementing our recommendations will better position the Cayman Islands Government to manage its travel and hospitality expenditures in the future, in line with the public's expectations.



*Alastair Swarbrick MA(Hons), CPFA  
Auditor General  
George Town, Grand Cayman  
Cayman Islands*

*23 May 2014*

# APPENDIX 1 – ABOUT THE AUDIT

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## AUDIT OBJECTIVE

1. The objective of this audit was to determine whether official travel and hospitality expenditures are being properly managed in core government with due regard to value for money.

## AUDIT CRITERIA

2. The audit used four criteria against which we evaluated the audit findings. Senior officials, including the Deputy Governor, agreed with our criteria at the outset of our audit. The four criteria were derived by the audit team from the Government's own legislative and financial control framework:
  - a. Policies and procedures exist and are properly communicated for the effective management of travel and hospitality expenditures and ensure due regard value for money.
  - b. Transactions are processed in compliance with policies and procedures.
  - c. Travel and hospitality expenditures are effectively monitored to ensure the consistent application of policies and identify opportunities for improvement.
  - d. Travel and hospitality expenditures are reported to ensure transparency and accountability.

## AUDIT SCOPE AND APPROACH

3. The audit documented statutory requirements, policies and practices for managing travel and hospitality expenditures in core government (core government as defined in the *PMFL* as the Legislative Assembly, the Governor in Cabinet, Ministries, Portfolios, and the Office of the Complaints Commissioner and the Office of the Information Commissioner). The Office of the Auditor General was excluded from the audit due to a conflict of interest.
4. We conducted interviews of senior officials, including CFOs, who were involved in the management of travel and hospitality expenditures.
5. We reviewed expenditures incurred from July 1, 2009 to June 30, 2012 including significant transactions and their adherence to policies in the six months after June 2012. A significant sample of transactions was selected for testing. A review of the policies and practices in the entities was also performed.
6. Statutory Authorities and Government Companies were excluded from the scope of this audit.

## AUDIT STAFF

7. The audit was led by Martin Ruben, FCGA – Performance Audit Principal and was assisted by staff from the Office of the Auditor General.

## APPENDIX 2 - LAWS, REGULATIONS AND POLICIES

Laws, Regulations and Policies	Description
<p><b>Public Management and Finance (PMFL) and Financial Regulations (FR)</b></p>	<p>The <i>PMFL</i> came into effect in 2003 and its regulations in 2004 to improve financial management in the Cayman Islands government. The need for improvement was identified in the late 1990's when it was realized that separate initiatives for change had not been successful and a more holistic approach was necessary.</p> <p><b>Key Referenced Section of PFML:</b> 39 (2) It is the responsibility of the chief officer to determine and acquire the inputs required to produce the outputs specified in his finalized annual budget statement and, subject to section 40, no decision or action in relation to inputs shall be made or taken by or on behalf of a ministry or portfolio for the purposes of this Law unless that decision or action has been made, taken or agreed by the chief officer of the ministry or portfolio.</p> <p><b>Key Referenced Section of FR:</b> 44(1) which Under Part XI - Financial Record Keeping: "A prescribed entity, statutory authority or government company is required to retain records pertaining to output reporting entity financial transactions.....in such a manner that such records can be readily produced for operational and audit purposes.</p>
<p><b>Public Service Management Law (PSML) and Personnel Regulations (PR)</b></p>	<p>The <i>PSML</i> was enacted in 2005 and its regulations in 2006. Its purpose was to delegate greater personnel authority to Chief Officers in order for them to fulfill the duties they had been given under the <i>PMFL</i>. The legislation was designed to complement the financial management reforms so that the government management system would operate as a single integrated system.</p> <p>By establishing a statement of values to govern the operation of the civil service and a code of conduct to specify personal behaviors, the legislation set out to encourage civil servants to behave and perform in an effective manner.</p> <p><b>Key Reference Sections of PR:</b> <u>Reimbursement of costs incurred in course of duties</u></p> <p>11. (1) An employee is entitled to the reimbursement of the following reasonable employment-related costs incurred in the course of his duties-</p> <p>(a) the following costs of travel undertaken for official business (including business within the Islands)-</p> <p>(i) air travel in a class approved by the appointing officer;</p> <p>(ii) reasonable accommodation costs as approved by the appointing officer;</p> <p>(iii) reasonable meal (but not bar), communication, laundry, taxi and other</p>

Laws, Regulations and Policies	Description
	<p>miscellaneous costs as approved by the appointing officer; alternatively the appointing officer may agree to pay the employee a flat daily per diem allowance to cover these costs at a rate determined by the appointing officer but reflective of the cost of meals and other reasonable living expenses in the city the employee is to visit; none of these allowances to exceed \$100 per day within the islands and \$200 overseas;</p>
<p><b>The Constitution</b></p>	<p>The Cayman Islands current Constitution came into effect in 2009. In its “Summary of Proposals” the government was looking to accomplish the following:</p> <p>Setting up checks and balances in order to prevent abuse of power and to safeguard the country’s reputation for honesty, integrity, efficiency and responsibility.</p>
<p><b>CIG Credit Card Policy</b></p>	<p>On May 16, 2001, the Legislative Assembly resolved that corporate credit cards be granted to Ministers and Official Members of Cabinet and COs. The policy’s objective was to allow official members and senior civil servants accessibility to an efficient means of payment for approved expenses, especially in relation to business travel, official entertainment among other types of expenses. An official policy was issued by Treasury in July 2010.</p> <p><b>Key Reference Sections of CIG credit card policy: Documentation and Record Keeping Required of the Cardholder</b></p> <ol style="list-style-type: none"> <li>1. Whenever a credit card is used documentation must be obtained as proof of purchase. Such documentation will be used to verify the purchases listed on the Cardholder’s monthly statement of account.</li> <li>2. The Cardholder must ensure that the Expense Claim Form – Appendix B is completed and signed. The claim form shall be accompanied with receipts clearly indicating the expense item. Where the receipt is not available the Cardholder must provide a written explanation that includes a description of the item(s) purchased, date of purchase, vendor’s name, and reason for the lack of supporting documentation.</li> </ol>
<p><b>Official Travel Advance Policy</b></p>	<p>Travel advances are funds granted prior to business trips to assist in the settling of expenses that would ordinarily arise such as meals and transport. A policy is in place within the core government that governs how travel advances should be managed. In short, an application for official travel advances should be given to the CO &amp;/or CFO at least 10 days before departure. On return a full account by the officer of expenses incurred on an Official Expenses Claim Form authorized by the Head of Department within 7 days should be completed.</p>

## APPENDIX 3 – DEPUTY GOVERNOR’S RESPONSE

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The Deputy Governor's Office (the “DGO”) thanks the Auditor General for the opportunity to comment on the report entitled “Management of Travel and Hospitality Expenditures in the Cayman Islands Government” covering the period of 1 July 2009 to 30 June 2012 (the “Report”). The DGO’s response is contained in two sections, first general commentary and second specific management responses to recommendations arising from the Report.

1. This is a timely report which broadly identifies a range of deficiencies relating to the Cayman Islands Government’s (the “CIG”) management of travel and hospitality expenditures as of early 2013, when this audit commenced.
2. The DGO further acknowledges that at the time of the report’s compilation, while basic guidelines existed in the form of a legislative framework and prescribed forms, remedial actions were urgently warranted to enhance prescribe standards, accountability, transparency and value for money.
3. As a first step toward improving CIG’s performance against these governance metrics, the DGO implemented a Travel Policy in July 2013 which is mandatory across the civil service, irrespective of role or seniority. The travel policy addressess a number of the concerns and recommendations contained in this rreport.
4. The travel policy was developed after careful consideration of best practice, and in consultation with senior leaders across the service including finance and audit personnel. The policy provides uniform guidelines to minimize the range of risks identified in this report. This Policy will be monitored for compliance.
5. During the audit period, expenditures on travel and hospitality represented less than one (1) percent of total expenditures of the CIG. However, as the report correctly concludes, CI\$8.6 Million is a large sum and there are heightened inherent risks associated with these expenditures that must be effectively mitigated. The travel policy has therefore tried to strike a balance by providing cost-effective controls which manage the identified risks.
6. The report cites examples of hospitality provided in the form of Christmas parties. While the CIG still does not have a dedicated policy on hospitality generally, expenditures on Christmas functions have now been harmonised. The Portfolio of the Civil Service controls a central budget for employee Christmas functions. Expenditures are not to exceed \$25 per employee.



## APPENDIX 4 - RECOMMENDATIONS

Recommendation	Management Response	Responsibility	Date of planned implementation
<p>1. The Government should develop policies for the management of travel expenditures to include such areas as key financial controls and requirements for monitoring and disclosure.</p>	<p>As acknowledged in paragraph 80 of the Report, a Travel Policy has been issued which is mandatory across the civil service, irrespective of role or seniority. The Portfolio of the Civil Service (the “PoCS”) will issue an addendum to that policy to prescribe standards for disclosure.</p>	<p>PoCS</p>	<p>Travel Policy completed July 2013. The addendum on proactive disclosure to be implemented by April 2014.</p>
<p>2. The Government should develop a comprehensive hospitality policy that is clearly communicated to all staff. The policy should promote consistency, value for money, controls, accountability, and disclosure requirements. The policy should address issues such as consumption of alcohol and entertainment of third parties.</p>	<p>Agreed. The PoCS will develop and implement a government-wide hospitality policy. In 2013/14, the PoCS adopted a centralised budget for staff Christmas functions which caps expenditure at \$25 per employee.</p>	<p>PoCS</p>	<p>Government-wide Hospitality Policy to be implemented by end of 2013/14 Financial Year.</p>
<p>3. The Government should agree to establish policies and procedures for travel and hospitality expenditures incurred by Members of the Legislative Assembly. The policies and procedures should clearly outline the principles of ensuring value for money in public expenditure, the circumstances in which expenditures can be</p>	<p>The Office of the Premier reports it has adopted the Travel Policy. Additionally, the Premier in a memo dated 9 October 2013, established guidelines for Ministers and Councillors in respect to the types of appropriate travel, who approves</p>		

Recommendation	Management Response	Responsibility	Date of planned implementation
<p>incurred, the procedures and forms to be used, and the approval process that should be followed.</p>	<p>travel, how many Ministers can travel at the same time, size of delegations and reporting of travel (including costs), etc. The Clerk of the Legislative Assembly advises the Travel Policy is applied to travel for the Commonwealth Parliamentary Association (CPA) of the Legislative Assembly.</p>		
<p>4. Government officials should implement the appropriate procedures and controls to ensure that travel expenses are incurred appropriately and official travel claims settled or accounted for on a timely basis in accordance with respective policies.</p>	<p>Agreed as provided for in the Travel Policy. Periodic audits to be conducted.</p>	<p>Implementation by all agencies. Periodic audits by Internal Audit.</p>	<p>Ongoing.</p>
<p>5. If proper evidence cannot be provided by senior officials and other current employees of the Government that they incurred the expenditures related to the travel advances that were written off, the Government should commence action to collect these amounts.</p>	<p>Agreed in principle however insufficient information is provided in the Report to assess the viability of proceeding. The current Travel Policy seeks to avoid this risk by severely limiting the availability of travel advances, relying instead upon prescribed per diems.</p>	<p>All agencies.</p>	<p>Insufficient information to provide a timeline.</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
6. Government officials should implement the necessary procedures to process credit card payments to ensure that all laws, regulations and policies are observed.	Agreed, a Credit Card Policy is in place. The requirement for compliance with such policy will be reinforced with Chief Officers and Chief Financial Officers.	Deputy Governor and Financial Secretary	March 2014
7. Government should providing training to Chief Officers and Chief Financial Officers on their roles and responsibilities in relation to their obligations under the <b>Public Management and Finance Law</b> and <b>Public Service Management Law</b> .	Agreed. While Chief Officers and Chief Financial Officers are expected to possess a sound understanding of their roles and responsibilities, continuing education will be provided on the nuances of these responsibilities within the context of the evolving nature of the policies, laws and regulations applicable to the civil service. Such training will be provided.	PoCS, Audit Office, Ministry of Finance	4th quarter 2013/14.
8. The Government should implement our previous recommendations and develop clear guidance around the processing of and accounting for transactions relating to travel and hospitality. It should also develop and implement adequate controls to provide for monitoring of travel and hospitality expenditures and ensure value for money.	Agreed in principle. The Audit Office is requested to provide the ODG with copies of its previous recommendations as these are only vaguely referenced in the Report.	DG and Financial Secretary	Insufficient information to provide a timeline.

Recommendation	Management Response	Responsibility	Date of planned implementation
9. The Government should develop a policy and provide sufficient guidance to officials for the proactive disclosure of information on travel and hospitality expenditures.	Agreed. See the Management Response to Recommendation #1.		
10. The Government should institute procedures to ensure the accuracy of responses to Freedom of Information requests and should implement the accounting procedures necessary to extract from the system information about an individual's expenditures.	See prior Management Response to Recommendation #8.		
11. Because of their nature, we recommend that the details of all travel and hospitality expenditures incurred by elected representatives be disclosed by government within a reasonable time on the Government website.	The Office of the Premier advises that travel reports have been and will continue to be proactively disclosed for Ministers.	Office of the Premier.	Completed

## **Contact us**

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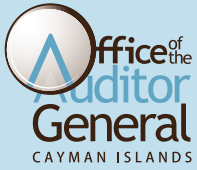
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May 2014