

Government Programmes Supporting Those in Need



Cayman Islands Government
Needs Assessment Unit



To help the public
service spend wisely

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EXECUTIVE SUMMARY

This audit examined the management of programmes that deliver financial and other forms of social assistance to Caymanians. The programmes require the application of criteria to assess clients' eligibility, and in some cases their needs, for benefits to be paid. The audit identified 12 such programmes, accounting for a budgeted expenditure of more than \$50 million in 2013-14, an increase of almost 30 per cent since 2011-12. These expenditure now account for almost 10 per cent of the total 2013-14 budgeted expenditures in Core Government, and are important to a large number of individuals and families who receive the assistance.

The objective of the audit was to determine whether social assistance programmes are strategically managed to achieve intended results, and are delivered with due regard to value-for-money. To achieve this objective, the audit examined the 12 social assistance programmes to assess their coherence and consistency, and whether they are deployed as components of a coordinated strategy to serve Caymanians in need of assistance. In addition, the audit examined the management and delivery of individual social assistance programmes. The audit work included reviews of a large number of documents, interviews with key informants and reviews of samples of files drawn randomly from the various programmes.

The audit found that there is no overall strategy that sets out the results being sought and the priorities to be pursued with the more than \$50 million of public funds appropriated to social assistance programmes. Without a focal point within the government with responsibility for oversight and coordination of social assistance policy, these programmes are not coordinated to ensure an appropriate assignment of responsibilities and a coherent approach to addressing current and emerging social needs. Further, in the absence of any measurement of results achieved, there is no effective accountability to the Legislative Assembly for this major portion of government expenditures.

In view of these findings, one conclusion of the audit is that the government does not manage the full suite of social assistance programmes so as to achieve intended results. The audit report includes recommendations for government action that is needed to develop a more strategic approach to the management of social assistance.

The audit found that no objectives have been established for the individual assistance programmes, and there is no measurement of their performance to provide a basis for taking corrective action as necessary and rendering accountability.

Neither are there appropriate management control frameworks in place to help guide programme delivery, safeguard resources, ensure compliance with authorities and promote the achievement of desired results. One consequence is that the provision of social assistance through these programmes is not always based on determining eligibility for benefits by means of the defensible and transparent application of authoritative eligibility criteria. In some instances such criteria as exist have been ignored or applied inconsistently.

Although legislative authority is a critical factor in providing the basis for sound management control frameworks, and ensuring backing for officials in the decisions they need to make, the audit found that legislative authority is inadequate or does not exist for nine of the 12 programmes examined.

As a result of these deficiencies, the audit concluded that individual social assistance programmes are not managed, and in current circumstances most of them cannot be managed, with due regard to value for money. Several recommendations are included for government action that is needed to strengthen the management of these programmes.

The assistance and cooperation received from government officials in all phases of the audit work is gratefully acknowledged. Without their help the audit could not have been completed.

INTRODUCTION

SOCIAL ASSISTANCE PROGRAMMES IN THE CAYMAN ISLANDS

1. The Cayman Islands Government delivers financial and other forms of assistance to Caymanians and other persons in need through a variety of programmes that require the application of criteria to assess clients' eligibility for benefits. This includes, in some cases, assessing client needs in order to determine the nature, extent and duration of the benefits to be provided. Most of the social assistance programmes are designed to help meet the basic living requirements of those who are disadvantaged as a result of poverty, health, age, or for other reasons. Some are directed more specifically to those who are recognized as having rendered valued service to the Caymanian economy and society in the past.
2. Exhibit 1 shows the social assistance programmes, as identified in the Annual Plan and Estimates for the year ending 30 June 2014, that involve the application of eligibility criteria to determine who will or will not receive benefits. The Exhibit also shows the budgeted expenditure for each programme, and the Ministry receiving the 2013-14 appropriation. In addition, it provides information on the numbers assisted by these programmes in 2012-13¹.

Exhibit 1: Social Assistance Programmes Overview

| Type of Assistance | 2013-14 Budget* | Ministry | Numbers Assisted** (2012-13) |
|--|-----------------|-------------------|------------------------------|
| Ex-Gratia Benefits to Seamen | \$5,429,600 | Community Affairs | 850 |
| Benefit Payments to Ex-Servicemen | 1,221,000 | Community Affairs | 190 |
| Poor Relief Payments (Permanent Poor Relief) | 6,260,000 | Community Affairs | 970 |
| Temporary Poor Relief Assistance: | | Community Affairs | |
| • School Lunches and Uniforms | 476,700 | | 530 (lunch) 170 (uniforms) |
| • Rental Assistance for Persons in Need | 1,600,000 | | 440 |
| • Burial Assistance for Indigents | 150,000 | | 50 |

¹ The numbers for 2013-14 were not available at the time we conducted the audit.

| Type of Assistance | 2013-14 Budget* | Ministry | Numbers Assisted** (2012-13) |
|---|------------------------------------|--------------------------------|------------------------------|
| <ul style="list-style-type: none"> • Poor Relief Vouchers • Pre-School Assistance • Children and Family Services Support | 1,500,000 150,000 ***331,900 | | 1,300 120 670 |
| Health Insurance for Seamen and Veterans | 8,754,000 | Finance & Economic Development | 1,270 |
| Medical Care for Indigents | 11,711,000 | Health | 1,340 |
| Tertiary Care at Local and Overseas Institutions for Indigents, Seamen and Veterans | 14,000,000 | Health | (See the two rows above) |
| Total | \$ 51,584,200 | | ****7,900 |

* Rounded to nearest \$100.

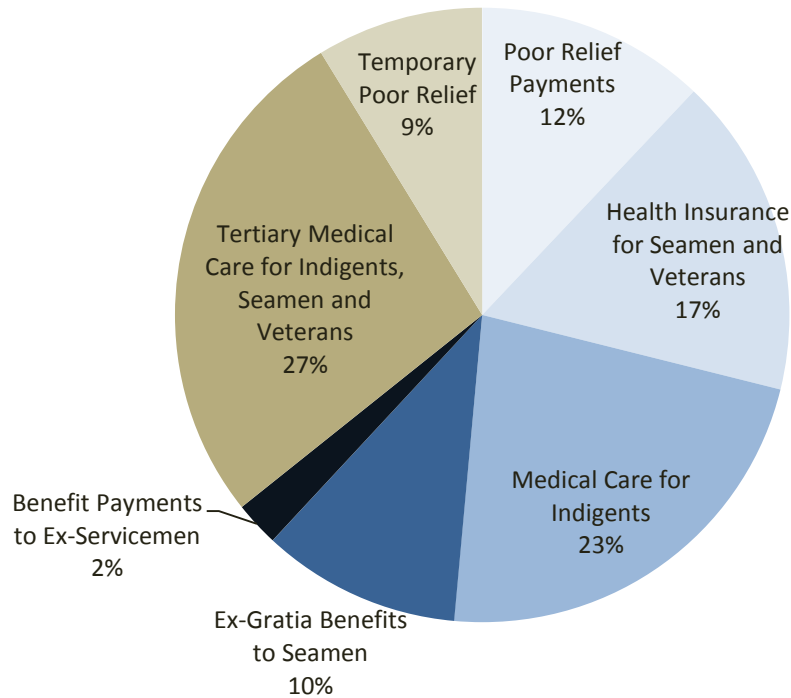
** Rounded to nearest 10.

*** This is the amount allocated to the Needs Assessment Unit to provide needs-based support for medical assistance, utilities, clothing, furniture and other client needs. The remaining portion of the total \$581,938 appropriated for the Children and Family Services Support programme in 2013-14 was used by the Department of Children and Family Services to help foster parents; the spending of that portion is not based on eligibility assessments and is not included here.

**** The “numbers assisted” in the case of benefit payments and health insurance for seamen and ex-servicemen, and medical care for indigents, relate to individual clients. For the other programmes the “numbers assisted” relate to families. It should be noted also that there may be some double-counting here, as it is possible for families to receive assistance from more than one programme.

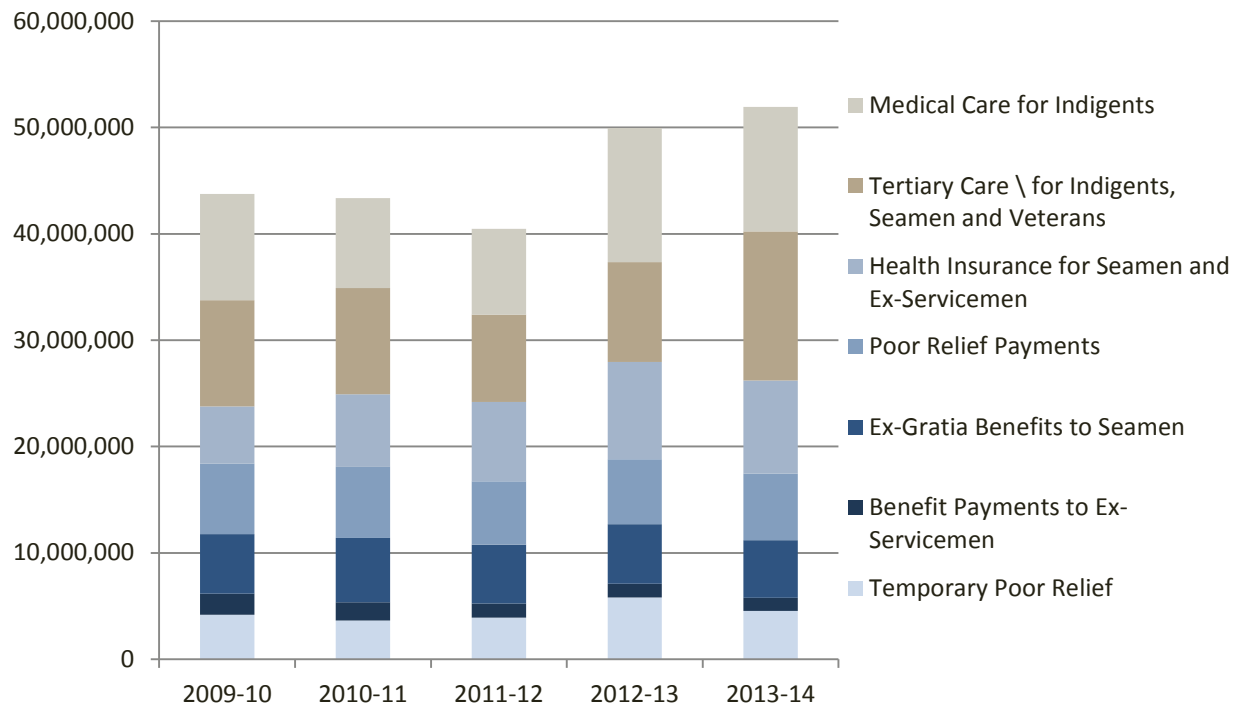
3. In Exhibit 2 below, the types of social assistance payments made in 2014 are shown as a percentage of the total expenditure for this purpose.

Exhibit 2: Breakdown of Social Assistance Payments in 2014



4. The budgeted expenditure of \$51.5 million in 2013-14 is up almost 30 per cent from the 2011-12 appropriation for these programmes, and now accounts for more than nine per cent of the total budgeted expenditures in core government (\$548 million in 2013-14). In addition to the significant expenditures involved, the programmes are important because a large number of individuals and families stand to benefit from the financial and other forms of assistance that the programmes deliver. In fact, the “number assisted” as shown in Exhibit 1 (7,900 in 2012-13) understates the number of persons who actually benefited from these programmes. For example, the Department of Children and Family Services reports that some 3,550 persons were affected by the Poor Relief Vouchers that were used to assist 1,300 families. Similarly, it may be expected that the families of the 850 seamen who received ex-gratia payments will have benefited indirectly.
5. Exhibit 3 below depicts how social assistance spending has increased over the last five years and how certain types of payments have grown during this period while others have remained relatively constant.

Exhibit 3: Social assistance spending over last 5 years



6. Most of the social assistance programmes fall within the ambit of the Ministry of Community Affairs. Other ministries with a role in these programmes include the Ministry of Finance and Economic Development (which pays the premiums for seamen and ex-servicemen and their dependents for health insurance coverage by the Cayman Islands National Insurance Company) and the Ministry of Health (which pays for medical care of indigent patients and for tertiary health care for indigents, seamen and ex-servicemen who are referred for treatment overseas).
7. Until October 2013, the Department of Children and Family Services (DCFS) within the Ministry of Community Affairs, Youth and Sports had the responsibility for delivering most of the social assistance programmes. However, one of the recommendations made by the Cayman Islands Government, Phase 2 Review of Public Services, Department of Children and Family Services in its March 2011 review of DCFS was that a Needs Assessment Unit, separate from DCFS, be established to serve the needs assessment requirements for DCFS as well as other government entities that have such requirements. The intention was to improve efficiency, ensure consistency and achieve cost-effectiveness. Among other things, it was seen as having the potential to free up social workers in DCFS to focus on the clinical interventions and community outreach activities for which they are specifically trained, rather than on the activities involved in assessing needs.
8. As a result, a Needs Assessment Unit (NAU) was established on a pilot basis within the Ministry of Community Affairs, Youth and Sports in early 2013. In the 2013-14 Budget tabled in October 2013, the NAU is identified as a separate entity within the Ministry and described as follows:

“The Needs Assessment Unit exists to assist citizens that are unable to support their families or themselves due to disability, underemployment, hardship, unemployment or other similar reasons. This is accomplished through the provision of financial assistance to the people of the Cayman Islands.

- *Provision and management of a scope of public welfare services, inclusive of poor relief, school lunches, food vouchers and burial assistance; and*
- *Conduct needs assessments for poor relief, medical, temporary assistance and Means Assessments for Maintenance Court.”*

9. With a 2013-14 administrative budget of some \$1.34 million and a staff of 18 to provide advice to the Ministry and carry out needs assessments, the NAU has now assumed a central role in the administration and delivery of many of the programmes listed in Exhibit 1 – including all those falling under Temporary Poor Relief Assistance as well as the Permanent Poor Relief programme. It also has a role in providing means assessments to the Director of Children and Family Services in order for recommendations to be made to the Minister responsible for social services for applicants to be deemed as indigents under *the Health Insurance Law*.

WHY WE CARRIED OUT THIS AUDIT

10. We carried out this audit because social assistance programmes consume significant public resources, are an area of major socio-economic importance and great significance for many individuals and families who are directly or indirectly affected. Because of the materiality and importance of these programmes, there is a corresponding need for the Legislative Assembly and citizens to have assurance that the large sums of public money involved are well spent, and that the programmes are managed with due regard to achieving value for money.
11. In addition, several recent internal audits and reviews have identified serious shortcomings related to the governance, management and delivery of several of these programmes. These audits and reviews include:
- Internal Audit Unit: Department of Children and Family Services, Operational Review, February 2010.
 - Office of the Deputy Governor: Phase 2 – Review of Public Services, Department of Children and Family Services, March 2011.
 - Internal Audit Unit: Ministry of Home and Community Affairs, Seamen and Ex-Servicemen Benefits Program, Internal Audit Report, October 2013.²

² This internal audit showed that many of the issues and concerns relating to these programmes identified in a 2001 report by the Office of the Auditor General had not been addressed or resolved in the intervening period.

- Internal Audit Unit: Cayman Islands National Insurance Company (CINICO) Beneficiaries' Eligibility, Audit Report, November 2013.

12. The findings of these recent audits and reviews supported our decision that it was timely to audit the full range of criteria-based social assistance programmes.

ABOUT THE AUDIT

13. The objective of this audit was to determine whether social assistance programmes are strategically managed to achieve intended results and are delivered with due regard to value for money.
14. To achieve this objective, the audit examined all of the 12 programmes in order to assess their coherence, consistency and deployment as components of a coordinated strategy to serve Caymanians in need of assistance.
15. In addition, the audit examined the management and delivery of individual social assistance programmes. This included an assessment of the policies and procedures in place at the time of the audit and their implementation in determining eligibility, assessing needs and delivering benefits. Among other things, we interviewed key officials and reviewed client files drawn randomly from the various programmes.
16. We gratefully acknowledge the assistance and cooperation we received from government officials in all phases of the audit work. More information about the audit, including the criteria, approach and methodology used may be found in Appendix 1.

STRATEGIC MANAGEMENT OF SOCIAL ASSISTANCE PROGRAMMES TO ACHIEVE INTENDED RESULTS

THE GOVERNMENT DOES NOT HAVE A COORDINATED STRATEGY AND PRIORITIES FOR PROVIDING SOCIAL ASSISTANCE

17. Given the materiality of the expenditures involved, and the potential for the social assistance programmes to provide much-needed help to thousands of Caymanian individuals and families, we expected that the government would have developed a coordinated strategy, including clear priorities and objectives, and the specification of desired results, to provide overall direction for planning and delivering social assistance and for monitoring the results achieved.
18. We found that the current set of social assistance programmes has evolved on an ad hoc basis over the years, based on the responses of governments to particular circumstances and pressures. We found too that there is no overall strategy that sets out what the government wants to achieve and that guides the provision of social assistance. Neither, despite available resources being inevitably limited, are there any articulated priorities with respect to addressing the needs of those who, because of poverty, ill-health, age, or other reasons, face challenges in meeting their basic living requirements.
19. Without a coordinated strategy and clear priorities, significant gaps or duplications will likely continue to exist in the programmes being delivered. For example, several interviewees noted that under existing programmes for temporary and permanent poor relief, the elderly and families with young children are more likely to qualify for and get continuing assistance than individuals – who may nevertheless have urgent and legitimate needs. In like fashion, seamen and ex-servicemen, as well as their surviving spouses and dependents, appear to have more ready access to social assistance benefits than other groups in the Cayman Islands.
20. We found that the results desired, from either individual programmes or from the set of social assistance programmes as a whole, are not specified or communicated to responsible departments and agencies. Indeed, we found there is no single individual or function within the government with responsibility for the oversight and coordination of this important area of public policy.
21. The manner in which roles, responsibilities and budgets for the social assistance programmes are assigned across ministries may hinder the development of a coordinated and consistent approach. For example, while responsibility for ex-gratia payments to seamen and benefit payments to ex-servicemen rests with the Ministry of Community Affairs, it is the Ministry of Finance and Economic Development that has responsibility for enrolling seamen and veterans for medical insurance

coverage with CINICO, and the Ministry of Health that is responsible for assisting to meet the costs of their tertiary medical care. In other words, there are three ministries involved in providing benefits to seamen and veterans. In the case of medical care for indigents, although the Ministry of Health pays for the care, it has no role in determining the policy or criteria that determine who qualifies as an indigent for this purpose. That function is exercised by the Department of Children and Family Services within the Ministry of Community Affairs.

THE RESULTS ACHIEVED BY THE FULL SET OF SOCIAL ASSISTANCE PROGRAMMES ARE NOT MEASURED, MONITORED OR REPORTED TO THE LEGISLATIVE ASSEMBLY

22. We expected to find that the Legislative Assembly would receive regular feedback on the results achieved with the large sums of public money that it appropriates each year to social assistance programmes.
23. As noted earlier, the objectives and intended results of delivering social assistance programmes have not been identified except in the most general terms of helping to meet the basic living requirements of those who are disadvantaged as a result of poverty, health, age, or for other reasons. Neither are the results actually achieved measured, monitored or reported to the Legislative Assembly. There are many examples in other jurisdictions where clear objectives and intended results have been clearly set out, measured through performance indicators, and reported back to the Legislative Assembly to assess how well the money being spent is achieving the desired results.
24. As a consequence of the lack of clear objectives and performance reporting, there is no effective accountability for these major expenditures.

SOCIAL ASSISTANCE PROGRAMMES ARE NOT COORDINATED AND RATIONALIZED SO AS TO PROVIDE A COHERENT APPROACH TO ADDRESSING NEEDS FOR SOCIAL ASSISTANCE

25. We expected to find that social assistance programmes would be coordinated and rationalized over time (including, for example, being introduced, modified or discontinued as appropriate) in order to ensure a coherent and coordinated approach to addressing current and emerging social assistance needs.
26. A significant help in this regard would be the availability to the government of up-to-date information on potential needs for social assistance as well as information on trends. We found that no such up-to-date information exists. The most recent information available derives from the National Assessment of Living Conditions in the Cayman Islands which was commissioned by the Caribbean Development Bank with the support of other development partners, and was conducted in 2006-07. As a result, the nature and extent of the problems that are being addressed, or that might need to be addressed, are not fully known.

27. Other information useful for rationalizing the overall approach to social assistance on an ongoing basis would be information on the performance of existing programmes – individually and as a whole. As reported in the previous section, such information on results achieved is not available.
28. As well, we expected that as part of the government’s approach to addressing needs for social assistance, and to help ensure fairness, there would be appropriate consistency across programmes in the criteria applied to determine eligibility for benefits. We found the following inconsistencies in the criteria being applied:
- Qualification for permanent poor relief or seamen’s ex-gratia benefits requires the household monthly income to be \$2,000 or less. Qualification for temporary poor relief or to receive indigent medical coverage is less stringent, requiring the monthly household income to be \$3,000 or less.
 - To be eligible for permanent poor relief or indigent medical coverage, the applicant cannot have savings in excess of \$8,000. However, there are no limits on savings in the case of any of the other social assistance programmes we examined.
 - To qualify for seamen’s ex-gratia benefits, a seaman must be at least 60 years of age, whereas to apply for CINICO medical insurance a seaman must be at least 55.
29. Although there may indeed be valid reasons for such differences in criteria as exist, we found no evidence that there has ever been an attempt to compare criteria across the various programmes to determine the extent of consistency and whether any differences are justified.

Recommendation #1: The government should develop a coordinated social assistance strategy, including clear priorities and the specification of desired results, to provide overall direction for planning and delivering social assistance and monitoring the results achieved.

Recommendation #2: The government should assess the manner in which roles, responsibilities and budgets are assigned, with a view to facilitating a coordinated social assistance strategy.

Recommendation #3: The government should develop the means to measure and monitor performance, and to provide the Legislative Assembly with regular feedback on the results achieved by social assistance programmes.

Recommendation #4: The government should develop the means to obtain up-to-date information on potential needs for social assistance as well as information on trends in such needs to assist in the development and maintenance of a coordinated strategy.

DELIVERING SOCIAL ASSISTANCE PROGRAMMES WITH DUE REGARD TO VALUE FOR MONEY

SOCIAL ASSISTANCE PROGRAMMES DO NOT HAVE CLEAR OBJECTIVES THAT SET OUT DESIRED RESULTS

30. We expected that in view of the expenditures involved, and the potential for significant socio-economic impacts, social assistance programmes would have clear, realistic and measurable objectives. We expected too that processes would be in place to measure programme performance and to report results to the government and the Legislative Assembly.
31. We found that clear objectives, setting out what is expected to be achieved, have not been specified for any of the social assistance programmes; neither have any performance indicators. There are no processes in place to measure the performance of any of these programmes – for example, in terms of impacts and effects, or efficiency.
32. It follows that the results achieved by these programmes are not known, and accountability to the Legislative Assembly, which appropriates public moneys for them, cannot be rendered. In addition, the government lacks information that would be helpful in gaining an understanding of what works and what does not, and in making decisions on how best to re-design or re-target programmes so as to obtain better value for money.

Recommendation #5: The government should set clear, realistic and measurable objectives for each social assistance programme to provide a basis for assessing its performance.

APPROPRIATE MANAGEMENT CONTROL FRAMEWORKS ARE NOT IN PLACE FOR SOCIAL ASSISTANCE PROGRAMMES

33. We expected that a sound management control framework, based on clear legislative authority, and including documented policies, criteria and procedures, would be in place for each programme to guide delivery, safeguard resources, ensure compliance with relevant authorities and promote the achievement of desired results.
34. Exhibit 4 below shows the legislative authorities that are in place for the 12 programmes we examined.

Exhibit 4: Legislative Authorities for Social Assistance Programmes

| Programme | Legislative Authority |
|--|---|
| Ex-Gratia Benefits to Seamen | None – based on motions in the Legislative Assembly |
| Benefit Payments to Ex-Servicemen | None – based on motions in the Legislative Assembly |
| Poor Relief Payments (Permanent Poor Relief) | <i>Poor Persons (Relief) Law (1997 Revision)</i> |
| Temporary Poor Relief Assistance: <ul style="list-style-type: none"> • School Lunches and Uniforms • Rental Assistance for Persons in Need • Burial Assistance for Indigents • Poor Relief Vouchers • Pre-School Assistance • Children and Family Services Support | <i>Poor Persons (Relief) Law (1997 Revision)</i> |
| Health Insurance for Seamen and Veterans | <i>Health Insurance Law (2013 Revision)</i> |
| Medical Care for Indigents | <i>Health Insurance Law (2013 Revision)</i> |
| Tertiary Care at Local and Overseas Institutions for Indigents, Seamen and Veterans | <i>Health Insurance Law (2013 Revision)</i> |

35. As the exhibit shows, the two programmes that pay benefits to seamen and ex-servicemen, accounting for a budgeted expenditure of \$6.6 million in 2013-14, have no specific legislative authority. Officials informed us that they are making payments based on motions passed by members of the Legislative Assembly.

36. Although we were unable to locate any statements of policy or procedures relating to these two programmes, documented eligibility criteria of a somewhat rudimentary nature have been in place since their inception. Benefit Payments to Ex-Servicemen programme are based on Executive Council minutes (from 1995) and have not been updated since then. The criteria for the Ex-Gratia Benefits to Seamen programme are similarly based on Executive Council minutes (from 2000). These latter criteria were amended in 2002 to add a means test, such that benefits would be paid only in cases where the monthly household income was no more than \$1,500. Cabinet subsequently increased this amount to \$2,000 in 2005.

37. The Ministry of Community Affairs assumed responsibility for these programmes in 2009. At the time of our audit, the programmes were still being administered directly by the Ministry.

Recommendation #6: The government should develop legislation that provides appropriate authority for programmes to pay benefits to seamen and ex-servicemen, and arrange for the subsequent development of policies, criteria and operational procedures consistent with the legislation.

38. The poor relief programmes are all administered by the Needs Assessment Unit within the Ministry of Community Affairs. They are grouped as “Permanent Poor Relief” and “Temporary Poor Relief Assistance”, and all rely on the *Poor Persons (Relief) Law* (1997 Revision) for their legislative authority.
39. The *Poor Persons (Relief) Law* is very brief. The first two sections provide the short title for the law and a set of definitions. The rest of the Law includes just three sections. The first of these (Section 3) provides that that Governor in Council may make regulations for the conditions under which relief may be given. We reviewed the government’s Strategic Policy Statements for 2010-11 and 2011-12 and found that each included “Regulations to deal with poor relief awards” as a key policy strategy. The Strategic Policy Statement for 2012-13 included “Amendments to Poor Persons Regulations” as one of the strategies even though there were no such regulations to amend.
40. The 2013-14 Policy Statement, delivered in October 2013, went further, in indicating that:
- “During the 2013-14 financial year the Ministry of Community Affairs will focus on implementing some of the efficiency recommendations from the Civil Service Review of the Department of Children and Family Services, the major one being the separation of the welfare aspects into a Need Assessment Unit.
 - Provision and management of financial assistance services will be covered by the Needs Assessment Unit in a more efficient and comprehensive manner inclusive of poor relief, school lunches, food vouchers and burial assistance.
 - In order for the Needs Assessment Unit to operate in an effective manner, amendments to the Poor Person’s Relief Law as well as the development of accompanying Regulations will be required.”
41. Although, as noted earlier, the Needs Assessment Unit was in fact created in 2013 and is now operational, no amendments to the *Poor Persons (Relief) Law* have been proposed. Moreover, intentions and efforts to develop regulations so as to provide a solid foundation for poor relief payments have, after several years, still to yield results.
42. The final two sections of the law provide that in cases where a person who is or has been in receipt of relief under the *Poor Persons (Relief) Law* has or comes into possession of any real or personal property, such property shall vest in the Crown, and that the Crown may dispose of that property in certain circumstances to recover the amount expended on relief payments. No liens have ever been taken out against property owned by recipients of relief payments.

43. Policies and related eligibility criteria have been developed for both Permanent Poor Relief and Temporary Poor Relief Assistance. In neither case, however, were these accompanied by comprehensive, documented procedures that would guide officials in delivering the programmes. Our review of the eligibility criteria identified several issues that call into question their consistency with the requirements of the *Poor Persons (Relief) Law* and their suitability as practical guides to program delivery.
44. Whereas the *Poor Persons (Relief) Law* refers to relief as being given to “needy, destitute or sick persons”, the general policy statement for Permanent Poor Relief claims that relief is provided to persons who are assessed to be in need due to “age and/or mental or physical disability”. There is, however, no further mention of age in the associated eligibility criteria or in the list of the information that applicants must provide. The Permanent Poor Relief document continues to state that if an applicant is approved, the government will take out a lien against any property that person owns – despite the fact that this provision of the law has never been actioned. The document states further that applicants “must be assessed to determine the level of need”. Although this suggests the need for means testing, the criteria deal only with limits on bank savings and monthly household income; there are no criteria or any other forms of guidance that deal with household expenses.
45. The policy statement and criteria for Temporary Poor Relief Assistance are set out in a more substantive document, which has been updated several times in recent years. It too, however, did not address some areas we expected to find for a program such as this. The document states, in a section on definitions, that temporary relief is provided to persons “who are unable to meet their family’s basic needs due to being temporarily unemployed, either due to being unable to locate employment, or who may be temporarily disabled due to illness.” In a section dealing with policy, however, “persons who are employed, but experiencing difficulties in meeting basic daily needs for themselves and/or their family” are identified as eligible to be considered for temporary assistance. As in the case of the Permanent Poor Relief criteria, the document provides no guidance on how such “basic daily needs” are to be determined. We note too that, unlike either the *Poor Persons (Relief) Law* or the Permanent Poor Relief criteria, the criteria for temporary assistance specifically require a person to be a Caymanian, or a dependent of a Caymanian, in order to be eligible for assistance.
46. Finally, it is worth noting that the law itself makes no mention of relief being either required or provided on a temporary or a permanent basis. Indeed, the labeling of some relief as “permanent” may be inappropriate, as it seems to preclude that a person’s circumstances may change to the extent that assistance is no longer required.

Recommendation #7: The government should follow through on the 2013-14 Strategic Policy Statement to amend the *Poor Persons (Relief) Law* and to develop accompanying regulations so as to provide sound legislative authority for poor relief programmes including the basis for the development of criteria needed to effectively manage the programmes.

47. The programmes to provide health insurance to seamen, veterans and indigents, as well as for their tertiary care, are all authorized by the *Health Insurance Law (2013 Revision)* and the associated Health Insurance Regulations (2013 Revision).
48. Although the Ministry of Health pays for the health insurance or medical services provided to indigents, it is the Department of Children and Family Services (within the Ministry of Community Affairs) that establishes the criteria and applies them to decide whether or not to classify people as indigents for this purpose. This is because the *Health Insurance Law* requires the Director of the Department of Children and Family Services to advise the Minister responsible for social services regarding such classifications.
49. The Department of Children and Family Services had developed and documented a statement of policy and criteria to guide the exercise of its role in this programme. The document was most recently updated in 2012. However, we were informed that, pending further revision, these criteria are not being used at this time and that, in effect, decisions are currently being based on subjective assessments of “need”. Beginning around January 2014, the Needs Assessment Unit became responsible for carrying out the means tests, with the Department of Children and Family Services still tasked with making recommendations to the Minister as to whether an applicant is indigent or not. We found that in carrying out the means tests, the Needs Assessment Unit Staff still relied on the criteria developed in 2012, which we were informed were awaiting revision and were not being used by DCFS in making its recommendations to the Minister.

Recommendation #8: The Department of Children and Family Services together with the Ministry of Health should develop and document policies, eligibility criteria and procedures to guide the assessment of people as indigents for purposes of health insurance and medical services.

50. The Ministry of Finance and Economic Development assumed responsibility for the management and processing of health insurance benefits for seamen and veterans in November 2013. The Ministry is responsible both for funding these health insurance benefits and for assessing the eligibility of seamen and veterans for them.

51. Responding in part to the Internal Audit Unit 2013 audit of the Cayman Islands National Insurance Company (CINICO) Beneficiaries' Eligibility, the Ministry has taken action to develop a comprehensive policy document that, among other things, incorporates relevant definitions, eligibility criteria, information requirements and procedures to guide staff in carrying out the functions involved. Included as well are service quality standards in the form of target times for completing key processes³. This document was nearing finalization and approval when we completed our audit.

THE PROVISION OF SOCIAL ASSISTANCE IS NOT BASED ON DETERMINING ELIGIBILITY BY THE MEANS OF RIGOUROUS AND TRANSPARENT APPLICATION OF ELIGIBILITY CRITERIA

52. We expected that there would be a rigorous and transparent application of criteria in assessing eligibility for the benefits provided by the social assistance programmes we examined. As part of this we expected that:

- assessments and re-assessments would be carried out in accordance with applicable laws, regulations, policies and criteria;
- assessments and re-assessments would be carried out consistently and in a timely manner;
- assessments and re-assessments would be supported by required information;
- programme files would include sufficient appropriate documentation to support decisions on eligibility; and
- persons applying for social assistance would have ready access to an impartial process to appeal decisions.

53. A key difficulty in carrying out eligibility assessments and re-assessments in accordance with laws and regulations is that, with the exception of the benefits authorized by the *Health Insurance Law* and supporting regulations, legislative authority for many of the programmes is (as outlined above) either missing or inadequate. Despite this, the responsible ministries and departments have, for the most part, developed some policies and related eligibility criteria to guide programme delivery.

³ For example, the Ministry aims to complete the processing of an application within 10 working days after receipt of an application that includes all required information.

54. We found that such policies and criteria have not always been followed in practice. In some instances, difficulties have been experienced specifically because the policies and associated criteria lack legislative authority. For example, the Complaints Commissioner determined that in the absence of any legislation allowing conditions to be imposed, continuation of assistance under the Temporary Poor Relief Assistance programmes should not be denied even if recipients fail to demonstrate reasonable efforts towards achieving self-sufficiency, or (when families with children are involved) if the monetary or time limits for temporary assistance set out in policy are reached.
55. In addition, documented policies and criteria appear to have been ignored in some instances, and have been by-passed or applied inconsistently in others. Examples include:
- For Ex-Gratia Benefits to Seamen, the eligibility criteria in effect since 2002 have stated that seamen or their surviving spouses are not eligible for the benefit if the household income is above a certain level (initially \$1,500, but raised to \$2,000 in 2005), or if they own a business – unless a means test determines the need for financial assistance. We found that this criterion has not been systematically applied. In our review of 37 programme files drawn at random, we found that no means tests had been carried out, even though monthly household incomes in some cases exceeded the threshold amount. We found also that in most of the files reviewed, the reported monthly household incomes included no information on the incomes of spouses.
 - The criteria for Ex-Gratia Benefits to Seamen also state that qualifying service as a seaman means having been at sea for a period not less than three years. We noted one file where a seaman was in receipt of benefits even though an affidavit on file indicated a period at sea of less than three years.
 - We have already noted above that although taking out liens on the property of recipients of Permanent Poor Relief payments is required by legislation, and forms part of the documented policies and criteria, no such liens have ever been applied. We reviewed 50 files and found several that showed property checks were being carried out, even though they appear to have no impact on eligibility decisions and therefore may not be useful.
 - The policy and criteria for Temporary Poor Relief Assistance benefits indicate that a key criterion for eligibility is a monthly household income of \$ 3,000 or less. Our review of 50 files showed that, in the absence of more specific guidance, the term “household” has been loosely interpreted and usually does not include the income of spouses or others in the household. Needs Assessment Unit management informed us that they had become aware of this and have now implemented a policy that calls for all adults in the household to be taken into account when assessing eligibility.

- We found that there have been instances in the past several years where policy and criteria based decisions of staff regarding eligibility for permanent or temporary poor relief have been pre-empted or overturned by Political Aid Directives (PADs) from political levels. We found that this practice has declined markedly in recent years. The Department of Children and Family Services informed us that during calendar year 2012, there were 37 PADs. In 2013 there were 14, and at the time of our audit there had been just two in 2014.
- As already noted above, the policy and criteria that had been in effect for assessing the eligibility of persons to receive medical coverage as indigents are no longer being used. This means that decisions are now based on subjective assessments and the application of judgment without the structure, transparency and accountability that would be provided by documented policies, criteria and procedures to guide staff.

56. It was not possible to determine from the review the extent to which failures to respect documented policies and criteria resulted from perceived inadequacies in them, from external pressures brought to bear on decision-makers, or management's failure to enforce their application. In all likelihood it is a combination of these factors. What is clear, however, is that in the absence of clear legislative authority, officials are left with much discretion in particular cases, and there is additional risk for political pressures to shape decisions.

57. We found that assessments were generally being carried out in a timely manner. The one exception concerned Permanent Poor Relief applicants, where several files we reviewed took as long as two years from the time an application was received to time it was approved. These delays resulted primarily from the time it took to conduct the bank checks required to ensure that savings did not exceed the \$8,000 limit. We noted that many of the applicants who faced long delays resorted to Temporary Poor Relief Assistance while waiting for decisions on their eligibility for longer-term assistance. Needs Assessment Unit management told us that they have improved the systems for carrying out bank checks and that these can now be typically completed in a few months, rather than years.

58. There are several programmes which are needs-based – including the Seamen's Ex-Gratia Benefits, Permanent and Temporary Poor Relief, and Medical Care of Indigents. Eligibility for these programmes depends, in part, on such factors as household incomes and expenses, and bank balances. Because it can be anticipated that these factors will change over time, this in turn means that regular re-assessments are required to ensure the continuing eligibility of recipients of social assistance.

59. In the past, some re-assessments have been carried out on a random sampling basis or in exceptional circumstances. We found, however, that there are no regular re-assessments of recipients in most of these programmes to confirm their continuing eligibility for benefits beyond the reassessments done by the Needs Assessment Unit with regard to Temporary Poor Relief in cases where applicants require additional services. Without such re-assessments, there is a risk that people will continue to receive benefits when they are not eligible for them (for example, in the event of an inheritance, or gaining employment after a period of unemployment). This can result in the misuse and waste of public funds that could be put to higher-priority uses. Officials we interviewed indicated that the resources required to carry out regular re-assessments are simply not available to them.

Recommendation #9: The government should ensure that regular re-assessments of eligibility are carried out in all programmes that determine eligibility on the basis of a person’s financial circumstances.

60. Among our primary purposes in reviewing random samples of beneficiaries’ files from the various programmes was to determine whether assessments (and any re-assessments) were supported by required information, and whether the files included sufficient appropriate documentation to support the decisions that had been made to establish eligibility.

61. We found that some assessments were carried out in the absence of required information, and in far too many cases the files we reviewed did not contain sufficient appropriate documentation to support the decisions that had been made. In some cases we found that entire files were missing. The following provide examples of the shortcomings we found:

- We reviewed eight files of recipients of Benefit Payments to Ex-Servicemen. Only two of these contained documentation that fully supported eligibility. Two of them contained almost no supporting documentation.
- In the case of Ex-Gratia Benefits to Seamen, only one of the 37 files we reviewed contained evidence of checks having been carried out to confirm residence in Cayman. As already reported above, monthly household income information in these files rarely included the incomes of all members of the household, or any indication that such information had been sought before determining eligibility.

- All but one of the 50 Permanent Poor Relief files we reviewed contained some documentation relating to each criterion being used. The one exception was a file that did not include a medical certificate even though the reason for the application was health-related. We found that many files included information that was insufficient or inappropriate for supporting eligibility decisions. For example, in some cases approvals were made even though all banks had not responded to requests for account information. One file contained two medical certificates, one indicating permanent disability and the other stating the applicant was able to work. Monthly household income amounts did not always include the incomes of all members of the household and there was no evidence of independent confirmation of the income and expense amounts reported by the applicant.
- Ten of the 50 Temporary Poor Relief files we reviewed included no information relating to financial assessment and the other files contained little evidence to suggest that monthly income amounts included the income of spouses or others in the household. None of the files showed independent verification of the applicant's declaration regarding employment status, and evidence for Caymanian status derived largely from the applicant's declaration on intake forms or copies of passports included in the files.
- Of the 50 Medical Indigent files we selected for review, 17 were not available at all. We were informed that 16 of these 17 files were for people who had been assessed before 2004 when the assessments were carried out at a hospital, and in the absence of any criteria. Nevertheless, these individuals continue to receive benefits. The remaining unavailable file was simply missing. In the files that were available, we found some cases where eligibility had been decided before bank checks were completed, as well as one where the monthly household income exceeded the \$3,000 limit and another where bank savings exceeded the \$8,000 limit.
- We reviewed 44 files of seamen and veterans receiving CINICO benefits. Of these, almost a third contained no useful information. For example, in the case of veterans, none of the files had evidence of the person having served in the armed forces. For seamen, evidence for the time first at sea (which is to be before 1985) is available mainly in the form of the applicants' claims on application forms. We found too that there was no evidence of approval in the files – either in terms of who approved the benefits or when.

62. Although the above shows that supporting documentation in many files we sampled was poor, and in some cases virtually non-existent; this was more likely to be the case with older files. We noted definite improvements in both the quality and quantity of documentation in more recent files.

63. Managers and staff of the Needs Assessment Unit who we interviewed indicated that whereas it was common practice in the past to take information provided by applicants on trust, every effort is made now to have eligibility fully confirmed by documented support and to assess the “reasonableness” of any claims made regarding income and expenses. These efforts are aided by the development of checklists that have to be used by all staff carrying out assessments, and home visits in the case of all applicants for Permanent Poor Relief. We note also the efforts being made by the Ministry of Finance and Economic Development not only to provide better policies, criteria and procedures to guide eligibility assessments of seamen and veterans for CINICO benefits, but also to identify which documents are missing from beneficiaries’ files so that deficiencies can be corrected.

Recommendation #10: The ministries responsible should take steps to ensure that eligibility for benefits is determined by robust and transparent application of eligibility criteria, and clearly supported by evidence in programme files.

64. Few of the programmes we examined had specific procedures that allowed persons applying for assistance to have access to an impartial process to appeal decisions made regarding eligibility for benefits. With the lack of a defined appeals process available to those who are refused assistance or terminated from receiving assistance, it is likely that those applicants would feel disenfranchised, not treated fairly and unable to obtain benefits that they may feel they are entitled to receive.

65. The document setting out the policy statement and criteria for Temporary Poor Relief Assistance includes a section on appeals which indicates that these may be made in the first instance to the supervisor of the office dealing with the client. That appeal (verbal or written) would have to be made within five working days and, if dissatisfied with the result, the client may submit a written appeal, which is to receive a written response within 15 working days.

66. The only other reference to an appeals process is in the policy document now being finalized by the Ministry of Finance and Economic Development for the enrolment of seamen and veterans for medical insurance with CINICO. This provides that applicants have a right to appeal decisions and that the appeal will be received by the Financial Secretary and Chief Officer, whose decision is to be final. There is no indication as to whether such an appeal can be made verbally or whether it has to be in writing, or when the applicant might expect a response.

67. In both these cases, the important thing will be to ensure that the right to appeal, as well as a description of the process to be followed, is communicated to all those who apply for benefits. This might be done, for example, with documentation provided to the applicant at the time of application, as well as making the information available on web sites accessible to the public.

Recommendation #11: The government should develop appropriate appeals processes and ensure that all applicants for benefits are provided with information about how to appeal decisions regarding their eligibility, including who will adjudicate the appeal and when they can expect to be informed of outcomes.

PERSONS ELIGIBLE FOR SOCIAL ASSISTANCE ARE NOT ALWAYS PROVIDED THE ASSISTANCE IN THE CORRECT AMOUNT AND FORM, OR IN A TIMELY MANNER

68. In view of the fact that social assistance programmes deal directly with members of the public, and deliver important services to them, we expected that attention would be given to ensuring that services are provided in accordance with policy and in a timely manner.

69. We found that this is not always the case:

- A large number of seamen, who may be eligible for benefit payments, have not been enrolled and are unable to receive benefits because the funds appropriated for the programme are insufficient.
- Seamen’s ex-gratia payments are potentially available to seamen aged 60 or over, while CINICO health insurance benefits are potentially available at age 55. In our review of files of seamen in these two programmes we were surprised by big disparities in the ages of applicants for both programmes. We expected to find applicants being about the same age when they applied. In the case of the ex-gratia payments programme, for example, the ages at the time of application ranged from 60 to 73. We were unable to find explanations for such disparities, but they may include the inability of some to gain timely access to the programmes because of insufficient funding (see the point above), as well as shortcomings in the communication of information about these programmes to potential applicants.
- We were told that the Needs Assessment Unit is under-resourced to the extent that it cannot handle all the people who are seeking poor relief benefits (permanent or temporary). As a result, there can be long delays for people, who may need urgent help, in gaining access to available services.
- As already reported above, there have been long delays in some cases for people who apply for Permanent Poor Relief, leading some to turn to the Temporary Poor Relief programmes to tide them over. It is worth noting also that long delays between assessments and eligibility decisions can result in incorrect decisions, as financial circumstance may have changed in the meantime.

- For those programmes that are means-tested, we were unable to find any analyses to support the limits placed on monthly household incomes in eligibility criteria (\$2,000 for Permanent Poor Relief and Seamen’s Ex-Gratia Benefits, and \$3,000 for Temporary Poor Relief and Medical Coverage for Indigents). Neither could we find analyses to support the \$8,000 bank savings limit for Permanent Poor Relief and Medical Coverage for Indigents. We noted too that these amounts have remained constant for several years, with no account being taken of changes in the cost of living.

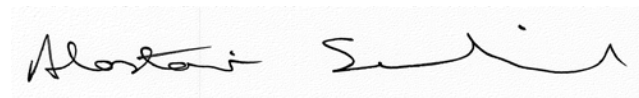
70. As one aspect of timeliness, we sought information on the quality (including the timeliness) of service provided to clients. We found that no systematic information is available. Needs Assessment Unit staff we interviewed indicated that they do their best to provide good service and to treat clients respectfully, and that they would like to have some feedback from clients on how that service is perceived. There are, however, no service targets⁴, nor any processes to assess service quality and use such information to improve service. The only feedback currently available from clients is on an exception basis from the few who make complaints – for example, about not getting the benefits they have applied for or having to wait too long for appointments or responses.

Recommendation #12: The government should ensure that social assistance programme terms and conditions are consistent with the resources available to the government for these purposes – including the resources required to administer the programs and provide quality services.

⁴ We noted earlier that in the policy document on the enrolment of seamen and veterans for medical insurance which it is developing, the Ministry of Finance and Economic Development has taken the important step of establishing a target processing time for applications.

CONCLUSION

71. We concluded that the government does not manage social assistance programmes to achieve intended results. There is no overall strategy for these programmes that sets out the results being sought and the priorities being pursued. Neither is there a focal point within the government with responsibility for oversight and coordination of social assistance policy. As a result, there is no rationalization or coordination of these programmes to ensure that responsibilities are appropriately assigned and that there is a coherent approach to addressing current and emerging social needs. Further, in the absence of any measurement of results achieved, there is no effective accountability to the Legislative Assembly for this major portion of government expenditures.
72. We concluded also that individual social assistance programmes are not managed, and in current circumstances most of them cannot be managed, with due regard to value for money. No objectives have been established for the programmes, and there is no measurement of their performance to provide a basis for taking corrective action as necessary and rendering accountability.
73. Appropriate management control frameworks for these programmes are not in place to help guide their delivery, safeguard resources, ensure compliance with authorities and promote the achievement of desired results. One consequence is that the provision of social assistance through these programmes is not always based on determining eligibility for benefits by means of the defensible and transparent application of authoritative eligibility criteria; in some instances the criteria have been ignored, by-passed or applied inconsistently.
74. Legislative authority is a critical factor in providing the basis for sound management control frameworks, and ensuring backing for officials in the decisions they need to make. The fact that legislative authority is inadequate or non-existent for nine of the 12 programmes is a significant deficiency.



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28 May 2015

APPENDIX 1 – ABOUT THE AUDIT

AUDIT OBJECTIVE

1. The objective of the audit was to determine whether social assistance programmes are strategically managed to achieve intended results and delivered with due regard to value for money.

AUDIT CRITERIA

2. Audit criteria set out the expectations (or standards) against which an audit can assess observed performance in order to develop findings, make recommendations as appropriate, and conclude on audit objectives. The criteria below were shared with management of the departments and agencies included within the scope of the audit, who agreed that they were reasonable expectations.
3. The criteria used were grouped around the two issues that are inherent in the audit objective.

Issue 1 – Strategic Management of Social Assistance Needs

- a) A strategy and priorities for providing social assistance should be developed to set overall direction, including specification of desired results.
- b) Social assistance programmes should be coordinated and rationalized (introduced, modified, discontinued as appropriate) so as to provide a coherent approach to addressing the strategy and priorities.
- c) Results achieved should be monitored and reported to the Legislative Assembly.

Issue 2 – Management and Delivery of Social Assistance Programmes

- a) Social assistance programmes should have clear objectives that set out desired results, and processes should be in place to assess programme performance and to report results to the Government and Legislative Assembly.
- b) A management control framework, including documented policies, criteria and procedures, should be in place for each programme to guide delivery, safeguard resources, ensure compliance with relevant authorities and promote the achievement of desired results.
- c) Provision of social assistance through specific programmes should be based on assessing needs by means of the defensible and transparent application of eligibility criteria:
 - assessments and reassessments should be carried out in accordance with laws, regulations, policies and criteria;
 - assessments and reassessments should be carried out consistently and in a timely manner;
 - assessments and reassessments should be supported by required information;

- programme files should include sufficient appropriate documentation to support decisions on eligibility; and
 - persons applying for social assistance should have ready access to an impartial process to appeal decisions.
- d) Persons eligible for social assistance should be provided with the correct amount and form of assistance in a timely manner.

AUDIT SCOPE AND APPROACH

4. The audit focused on 12 social assistance programmes that require the application of criteria to assess the eligibility of applicants for benefits. These programmes are listed in Exhibit 1 of this report.
5. The audit examined the programmes in order to assess their coherence, consistency and deployment as components of a coordinated strategy to serve Caymanians in need of assistance. In addition, the audit examined the management and delivery of individual social assistance programmes. This included an assessment of the policies, criteria and procedures in place and their use in determining eligibility, assessing needs and delivering benefits.
6. The audit was conducted in accordance with International Audit Standards. The approach to the audit included:
 - obtaining the agreement of management to the audit criteria;
 - interviews with key officials;
 - document reviews;
 - review of relevant internal audit reports
 - reviews of sample programme files;
 - analysis of audit evidence and assessment against criteria to develop findings, recommendations and conclusions;
 - providing a draft audit report to management of affected departments and agencies for review of factual accuracy; and
 - presenting a final report of the audit to the Legislative Assembly.
7. The report was cleared through the Chief Officer of the Ministry of Community Affair, Youth & Sports, the Ministry of Finance & Economic Development and the Ministry of Home Affairs, Health, & Culture.

AUDIT STAFF

8. The audit was carried out under the direction of Martin Ruben, CPA, FCGA, Performance Audit Principal by a consultant and an Audit Project Leader working in the Office of the Auditor General.

APPENDIX 2 - RECOMMENDATIONS

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|--|---|--|--|
| <p>1. The government should develop a coordinated social assistance strategy, including clear priorities and the specification of desired results, to provide overall direction for planning and delivering social assistance and monitoring the results achieved.</p> | <p>The Ministries involved accept the recommendation that a coordinated social assistance strategy is needed for the Cayman Islands. As the Government has committed to improving the lives of the most vulnerable persons in our society, this would require a formal approval by Cabinet to begin this process.</p> | <p>Cabinet to approve</p> | <p>Subject to date set by the Government</p> |
| <p>2. The government should assess the manner in which roles, responsibilities and budgets are assigned, with a view to facilitating a coordinated social assistance strategy.</p> | <p>The Ministries agree with the recommendation and this will form part of the coordinated social assistance strategy once approved by Cabinet.</p> | <p>Cabinet to approve</p> | <p>Subject to date set by the Government</p> |
| <p>3. The government should develop the means to measure and monitor performance, and to provide the Legislative Assembly with regular feedback on the results achieved by social assistance programmes.</p> | <p>The Ministries agree with the recommendation. This should form part of the strategy developed as outlined in 1 and 2 above.</p> | <p>Respective agencies involved would develop mechanisms for monitoring,</p> | <p>TBD</p> |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|--|---|--|---|
| | | evaluation and reporting. | |
| <p>4. The government should develop the means to obtain up-to-date information on potential needs for social assistance as well as information on trends in such needs to assist in the development and maintenance of a coordinated strategy.</p> | <p>The Ministries accept that it is important to have this recommendation actioned. However, it would be imperative that the responsible agency be adequately resourced in order to efficiently carry out this function. It should also be noted that presently the NAU is understaffed and thereby unable to perform the necessary research required to determine trends and appropriate strategies. However, should NAU be adequately staffed, the Unit would be able to coordinate this information with other Departments within the Government such as the Department of Economics and Statistics.</p> | <p>Agency assigned by the strategy.</p> | <p>TBD</p> |
| <p>5. The government should set clear, realistic and measurable objectives for each social assistance programme to provide a basis for assessing its performance.</p> | <p>Agree. The Ministry of Community Affairs currently has policies in place for: Temporary Poor Relief, Permanent Poor Relief and Seaman Ex-gratia payments. The NAU is currently using a Ministry approved “Eligibility Criteria for all Forms of Poor Relief Assistance” policy since</p> | <p>Ministry of Community Affairs and Needs Assessment Unit</p> | <p>The NAU is severely understaffed and pending additional resources this recommendation would not be possible.</p> |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
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| | <p>September 2014. The Ministry is also operating under a 2002 Cabinet approved policy in order to determine applicants eligibility. However, the Ministry has proposed revisions to the criteria based on the recommendations of the 2013 internal audit. These proposed changes are being prepared for Cabinet consideration and approval.</p> <p>It should be noted that while the Ministry agrees with this recommendation, it is imperative that additional human resources are obtained in order to effectively measure the impact of the financial assistance.</p> <p>Clear, realistic and measurable objectives for medical insurance for Seamen and Veterans are set out in section 5(4) of the Health Insurance Law (2013 Revision). Further, the Ministry has developed a Policy Document for the Enrolment of Seamen and Veterans for Medical Insurance which includes a basis of assessing the Programme.</p> | | |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|--|---|--|--------------------------------|
| <p>6. The government should develop legislation that provides appropriate authority for programmes to pay benefits to seamen and ex-servicemen, and arrange for the subsequent development of policies, criteria and operational procedures consistent with the legislation.</p> | <p>The Ministry of Community Affairs agrees with the recommendation and have revised the current approved criteria for the benefits. The proposed recommendations are currently before Cabinet for its consideration and approval. Additionally, the Ministry further advises that this should form part of the elderly legislation and the social assistance strategy.</p> <p>The medical insurance benefits for Seamen and Veterans are set out in section 5(4) of the Health Insurance Law (2013 Revision). Further the Ministry of Finance & Economic Development has developed a Policy Document for the Enrolment of Seamen and Veterans for Medical Insurance that sets out policies, criteria and operational procedures which are consistent with the Law.</p> | <p>Cabinet and the Ministry of Community Affairs</p> | <p>TBD</p> |
| <p>7. The government should follow through on the 2013-14 Strategic Policy Statement to amend the <i>Poor Persons (Relief) Law</i> and to develop accompanying regulations so as to provide sound legislative authority for poor relief programmes including the basis for the development of criteria</p> | <p>The Ministry of Community Affairs has draft regulations for the Poor Persons Relief Law, these should be presented to Cabinet for their consideration and approval prior to June 30, 2015. Furthermore, the Poor Persons Relief</p> | <p>Cabinet and the Ministry of Community Affairs with assistance from the Attorney</p> | <p>TBD</p> |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
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| needed to effectively manage the programmes. | Law needs to be amended to reflect the over-arching philosophy of the social assistance strategy and best practice. | General's Chambers. | |
| 8. The Department of Children and Family Services together with the Ministry of Health should develop and document policies, eligibility criteria and procedures to guide the assessment of people as indigents for purposes of health insurance and medical services. | <p>In accordance with Section 2 of the Health Insurance Law (2013 revision), indigent persons are defined as a person, who in the opinion of the Minister for the time being responsible for Social Services on the advice of the Director of Children and Family Service, is unable by reason of inadequate resources, to pay for health insurance or medical services.</p> <p>The Department of Children and Family Services has revised their policy for advising the Minister responsible for Social Services in regards to indigent medical and this currently being reviewed.</p> | <p>The Minister responsible for Social Services and the Director of Children and Family Services.</p> <p>Ministry of Home Affairs, Health and Culture</p> | June 30, 2015 |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|--|--|--|--|
| <p>9. The government should ensure that regular re-assessments of eligibility are carried out in all programmes that determine eligibility on the basis of a person’s financial circumstances.</p> | <p>In accordance with the recommendation in the internal audit report of seamen ex-gratia benefits, the continuation certificates will be sent out to all recipients of the ex-gratia benefit on a bi-annual basis. Through this process, recipients will be reviewed as it relates to income, residency, deaths, etc.</p> <p>The NAU currently carries out regular assessments on persons requiring temporary assistance. However, due to the lack of human resources, reassessments of persons receiving permanent financial assistance are currently not being conducted.</p> <p>Since the Ministry of Finance & Economic Development assumed responsibility for the management and processing of health insurance benefits for seamen and veterans in November 2013, the Ministry liaise with the Cayman Islands Seafarers Association and the Veterans’ and Seamen’s Society of Cayman Brac and Little Cayman on a regular basis to review Members’ eligibility. In addition, the Death Registry is reviewed on a monthly basis to ensure</p> | <p>Ministry of Community Affairs and NAU</p> | <p>In January 2014, persons seeking temporary poor relief were reassessed in order to determine continuation of their eligibility for financial services.</p> <p>However, persons on permanent poor relief will not be reassessed pending additional resources to the NAU.</p> |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
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| | <p>that Members are removed from the Programme in a timely manner. As a result of the regular re-assessments, as at 28th February 2015, the number of Members receiving medical insurance benefits decreased by 47 since November 2013. At a health insurance premium of CI\$577 per month, this is a savings of approximately CI\$406,785 over the 15 month period.</p> | | |
| <p>10. The ministries responsible should take steps to ensure that eligibility for benefits is determined by robust and transparent application of eligibility criteria, and clearly supported by evidence in programme files.</p> | <p>Since September 2014, the NAU is operating on a Ministry approved policy for temporary poor relief. The policy outlines the eligibility criteria which require the applicant to provide supporting documentation and specific requirements in order to receive financial assistance.</p> <p>The eligibility criteria for medical insurance for Seamen and Veterans are set out in section 5(4) of the Health Insurance Law (2013 Revision). Since the Ministry of Finance & Economic Development assumed responsibility for the management and processing of health insurance benefits for seamen and veterans in November 2013, the Ministry liaise</p> | <p>Ministry of Community Affairs and NAU</p> | <p>Implemented September 2014</p> |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|--|---|--|--|
| | with the Cayman Islands Seafarers Association and the Veterans' and Seamen's Society of Cayman Brac and Little Cayman on a regular basis to review Members' eligibility. In addition, the Death Registry is reviewed on a monthly basis to ensure that Members are removed from the Programme in a timely manner. | | |
| 11. The government should develop appropriate appeals processes and ensure that all applicants for benefits are provided with information about how to appeal decisions regarding their eligibility, including who will adjudicate the appeal and when they can expect to be informed of outcomes. | <p>This process is developed by the NAU in conjunction with the Ministry of Community Affairs and will be included in the draft Poor Persons Relief Regulations.</p> <p>The Ministry of Finance & Economic Development will update the Appeals Process section of the Policy Document for the Enrollment of Seamen & Veterans for Medical Insurance to include the type of appeals that will be accepted (i.e written, verbal etc) and when applicants can expect to receive a response to an appeal.</p> | <p>Ministry of Community Affairs and NAU</p> <p>Ministry of Finance & Economic Development</p> | <p>To be implemented by July 2015</p> <p>31 May 2015</p> |
| 12. The government should ensure that social assistance programme terms and conditions are consistent with the resources available to the government for these purposes – including the | The Ministry agrees with this recommendation; however, it will be necessary to ensure that the NAU is adequately resourced in order to meet | Ministry of Community Affairs and NAU | The implementation of this recommendation is dependent on the NAU obtaining sufficient |

| Recommendation | Management Response | Responsibility | Date of planned implementation |
|---|----------------------------|----------------|--|
| resources required to administer the programs and provide quality services. | the demands of the public. | | human resources to carry out its roles and responsibilities. |

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Complaints

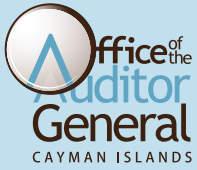
To make a complaint about one of the organisations we audit or about the OAG itself, please contact Garnet Harrison at our address, telephone or fax number or alternatively email: garnet.harrison@oag.gov.ky

Freedom of Information

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May 2015