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PRESS RELEASE

Government Financial Reporting Continues to Improve & Focus Now Needs to Switch to Better Budget Preparation.

Two reports were issued today by the Office of the Auditor General (OAG).

The first report "*Financial Reporting of the Cayman Islands Government: General Report 31 December 2019*" summarises the financial results and financial audit opinions of all the public sector entities for the 2019 year and notes sustained improvement in financial reporting with only clean (unqualified) audit opinions having been issued to date.

The second report "*Improving Financial Accountability and Transparency: Budgeting*" is the first of a trilogy of performance audit reports looking at the Government's financial regime. The report makes 17 recommendations to improve the Government's budgeting process.

Auditor General, Sue Winspear says "As the public sector is not profit driven, the budgeting process is arguably more important than the year-end financial reporting and while it is pleasing that the timeliness and quality of financial reporting continues to improve, focus now needs to be paid to bringing about improvements to the budgeting process." Winspear continues "the budgeting process is overly complex and time consuming and does not focus on matching resources to the outcomes Government wants to achieve. I believe that "less is more" and producing 2,700 pages of budget documents actually reduces transparency and understanding."

While the recommendations are aimed at Finance Officials, Winspear notes that two of the recommendations will need political buy in "historically, supplementary budget approvals running to millions of dollars have often been approved by the Legislative Assembly after the budget year in question has ended. I strongly urge officials and MPs to do this in a more timely way and improve accountability to the people as a consequence and this will be helped if the Parliament shifted to more frequent and regular meetings as it establishes itself as a new, independent entity."

More information about the report can be obtained by contacting Sue Winspear at (345) 938-3201 or Angela Cullen, Deputy Auditor General (Performance Audit) at (345) 244-3220.

These reports are attached and can also be found at www.auditorgeneral.gov.ky.

Notes to the editor:

1. 36 out of 41 public sector entity audits for 2019 have been completed to date. The audits outstanding are for the Ministry of Health, Environment, Culture & Housing, Cayman Islands Airports Authority, National Housing & Development Trust, OfReg and Cayman Airways Limited.

2. The OAG is publishing a trilogy of reports on *Improving Financial Accountability and Transparency*. This first report cover the budgeting framework and process. The second report will look at financial management and reporting and the third report will look at financial sustainability. Further work is also being done on the costs, including foregone revenues, as a result of the COVID-19 pandemic following up on our Public Interest report issued in July 2020.