



Strengthening Public Financial Reporting and Accountability

Public Financial Reporting Reform – Regional Experiences

Cayman Islands

12 April 2016

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Public Financial Reporting Reform – Regional Experiences

Objective: Give a synopsis of the Cayman Islands experience in its financial reform.

Agenda

- Reform timeline snap shot
- Objectives of the Reform
- Problems that existed & Reform Solutions
- Challenges from Reforming
- Where are we? Where are we going?



10 Year National Strategic Plan, based on the principles of balanced growth and integrated policy development

- **Strategy** - Promoting open and accountable government.
- **Action Plan** -Ensure that public finances are managed prudently; develop a public sector management system
- **Action step** -Enact a fiscal responsibility law: design and implement a management system where CIG would operate as businesses in the production of outputs and services

Development of a public sector reform

- Assessment of leading public sector reforms
- Based on the New Zealand Model
- Birth of the Cayman Islands Financial Management Initiative
- Consisted of Financial & Personnel Reform

Designing and Implementation of Financial Reform

- Enactment of public management & finance law, financial regulations
- use of GAAP for financial reporting, legislative principles for fiscal management
- Move from cash to accrual budgeting & report
- Financial statements are prepared on a decentralized basis

Reform in action, lessons learnt and steps taken

Public financial reporting reforms: regional experiences – Bahamas 2016

REFORM BROAD OBJECTIVES



**DEVELOP STRONGER STRATEGIC
PROCESSES LINKED TO THE BUDGET**

**ESTABLISH EFFECTIVE ACCOUNTABILITY
MECHANISMS**



CLARIFY ROLES



**REDEFINE PERFORMANCE TO FOCUS ON
RESULTS**



KEY PROBLEMS THAT EXISTED AND REFORM SOLUTIONS

WEAK STRATEGIC MANAGEMENT AND PRIORITISATION

Little linkages between policy, plans and budgets



Strategic Policy Statement

Outlines the Government medium term fiscal plans and policy priorities and also establishes the framework that guides the budget

POOR ACCOUNTABILITY MECHANISMS

No annual reporting that was linked back to performance expectations



Robust Financial Reporting Framework

Move to Accrual Accounting; compliance with IPSAS
Implementation of output budgeting and reporting

EFFICIENCY AND PRODUCTIVITY ISSUES

Duplication of effort – “everyone doing everything”



Clarification of roles and responsibilities

Development of performance agreements; delegation of authority; legislative allocation of responsibilities

BUDGET PROCESS ISSUES

Lacked relevance and usefulness to decision makers



Redesigning of the budget process

Focus on strategic goals and objectives; ownership performance; nature and scope of activities; outputs to be delivered; prepared on an accrual basis

Reform Challenges

Technical Difficulties



- Complex requirements of IPSAS
- Reporting asset - opening Balance Sheet
- New reporting – Outputs
- Onerous reporting requirements
- Natural Disaster

Change Management



- Accounting system not used efficiently to meet changing requirements
- Operational consequences from reform not anticipated and mitigated effectively

HR /Cost Growth



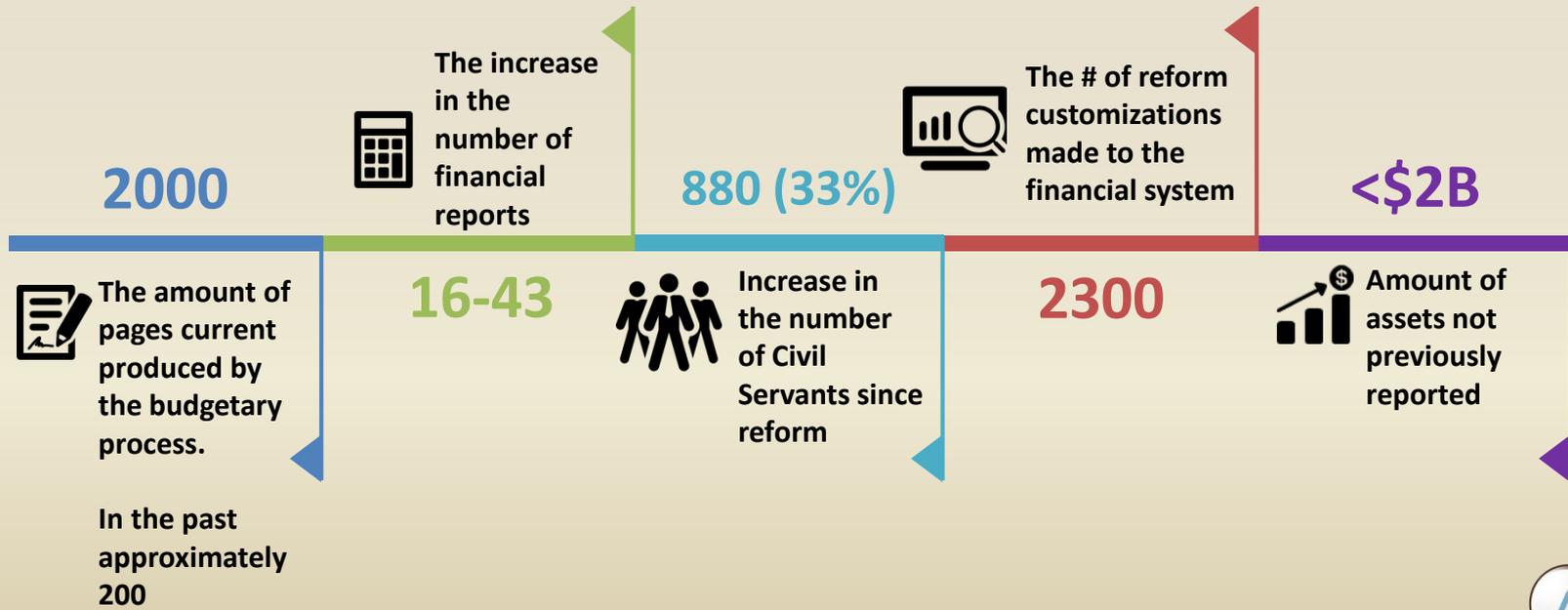
- New roles required
- Leadership roles lacked
- Decentralization resulted in repetition of activities
- Expertise requirements
- Meeting the training need
- Having the right people for the job

Quality vs Quantity



- Quantum of requirements resulted in a reduction of quality
- Timeliness impacted
- Relevance and reliability of reporting impacted

Key Reform Numbers



Meeting the Reform Challenges

Technical Difficulties



- Re-training of HR
- Development of comprehensive accounting manuals, policies and procedures
- Inventorying and valuation of assets
- ~~New reporting outputs~~
- Reduce frequency of reporting requirements

Change Management



- Expansion of IT function;
Operational control of IT with Financial Mgt;
- Re-centralization of some core functions
- Upgrading of systems

HR /Cost Growth



- Strengthening of leadership roles
- Greater accountability
- Increase efficiency
- Moratorium of new hires
- Recruitment 'controlled' centrally
- Identify and utilize in-house/local expertise
- Shared services

Quality vs Quantity



- Review the reform design
- Refocus on the original goals and objectives
- Simplification of the reporting framework

Where are we? Where are we going?



Recalibrating

- Changes to framework ongoing
- Reaffirmation of key leaders in the financial function
- Improvements in the timeliness of financial reporting
- Focus on enhancing quality and usefulness of financials to decision makers and key stakeholders



Improved Framework

- More informed financial position
- Assessment of financial resilience
- Better planning, management and decision making
- Opportunity to change behaviors, practices and policies

WHERE ARE WE NOW

REFORM
@CROSSROADS

BENEFITS

GOING FORWARD

PERSPECTIVE

✓ Challenging, but Effective

- G20 nations are struggling
- Strategic planning & management are key
- Strong, knowledgeable leadership necessary
- Ensure the benefits outweighs the costs
- Not an over night change



Restore Financial Accountability

- Enhance accountability
- More effective decision making
- Reduce bureaucratic burden
- Achieve efficient use of public resources
- Ultimately, increase public trust in Government



Thank you

Questions

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