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**REPORT OF THE STANDING PUBLIC ACCOUNTS COMMITTEE  
ON THE ANNUAL REPORTS OF CAYMAN TURTLE CONSERVATION  
AND EDUCATION CENTRE LTD. (CTCEC) FOR THE PERIODS  
ENDING 31ST DECEMBER 2017, 2018, AND 2019 RESPECTIVELY**

**1. REFERENCE**

The Standing Public Accounts Committee of the Cayman Islands Parliament, established under Standing Order 77(1), met to consider the following Reports which were laid on the table of the Parliament on Friday, 23<sup>rd</sup> October 2020:

- (i) *Annual Report of the Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the 18-month period ended 31st December, 2017 and Financial Statements of Cayman Turtle Conservation and Education Centre Ltd. for the period ended December 31st, 2017*
- (ii) *Annual Report of the Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the 12-month period ended 31st December, 2018 and Financial Statements of Cayman Turtle Conservation and Education Centre Ltd. for the year ended December 31st, 2018*
- (iii) *Annual Report of the Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the year ended 31st December, 2019 and Financial Statements of Cayman Turtle Conservation and Education Centre Ltd. for the year ended December 31st, 2019*

**2. DOCUMENTS CONSIDERED**

In accordance with the provision of Standing Order 77(3), the Committee considered the following Reports which were referred in the House of Parliament:

*Annual Reports of Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the periods ending 31st December 2017, 2018, and 2019 respectively*

**3. CHAIRMAN AND MEMBERS OF THE COMMITTEE**

The following Members of Parliament are the present Members of the Standing Public Accounts Committee:

- Mr. D Ezzard Miller, MP – Chairman
- Mr. Christopher S. Saunders, MP – Member
- Mr. Austin O. Harris, Jr, MP – Member
- Mr. Bernie A. Bush, MP – Member
- Hon. Barbara E. Conolly, MP – Member
- Mr. David Wight, MP – Member

#### **4. MEETINGS OF THE COMMITTEE**

The Committee held five (6) meetings to consider the Report:

- (i) Thursday, 5th November 2020 (*Administrative Meeting*)
- (ii) Wednesday, 18th November 2020 (*Hearing*)
- (iii) Thursday, 19th November 2020 (*Hearing*)
- (iv) Tuesday, 1st December 2020 (*Hearing*)
- (v) Tuesday, 1st December 2020 (*Administrative Meeting*)
- (vi) Thursday, 7<sup>th</sup> January 2021 (*Administrative Meeting*)
- (vii) Wednesday, 24<sup>th</sup> February 2021 (*Administrative Meeting*)

#### **5. ATTENDANCE OF MEMBERS**

The attendance of Members at the meetings is recorded in the Minutes of Proceedings which are attached to and form part of this Report.

#### **6. PERSONS IN ATTENDANCE**

In accordance with Standing Order 77(8), the following persons were in attendance at the meetings held with witnesses.

- Mrs. Sue Winspear - Auditor General, Office of the Auditor General
- Mr. Patrick Smith - Deputy Auditor General (Financial Audit), Office of the Auditor General
- Mr. Julius Aurelio - Audit Manager, Office of the Auditor General
- Mr. Kenneth Jefferson - Financial Secretary & Chief Officer, Ministry of Finance and Economic Development
- Mr. Matthew Tibbetts - Accountant General, Ministry of Finance and Economic Development

#### **7. WITNESSES CALLED BEFORE THE COMMITTEE**

In accordance with the provisions of Standing Order 77(4), the Committee invited persons to give information and explanations to assist the Committee in the performance of its duties.

The following persons appeared before the Committee to give evidence on **Wednesday, 18th November 2020**:

- Mr. Timothy Adam - Chief Executive Officer, CTCEC
- Ms. Peggy Hamilton - Chief Operating Officer, CTCEC
- Mr. Sean Glidden - Finance Manager, CTCEC

The following persons appeared before the Committee to give evidence on **Thursday, 19th November 2020**:

- Mr. Brian Wight - Chairman of the Board of Directors, CTCEC

- Mr. Stran Bodden - Chief Officer of Ministry of District Administration, Tourism and Transport and Ex-Officio Director, CTCEC
- Mr. Perry Powell - Deputy Chief Officer of Ministry of District Administration, Tourism and Transport and Nominee Ex-Officio Director, CTCEC

The following persons appeared before the Committee to give evidence on **Tuesday, 1st December 2020**:

- Ms. Peggy Hamilton - Chief Operating Officer, CTCEC
- Ms. Yentel McGaw – Human Resource Manager, CTCEC

## **8. PRACTICE AND PROCEDURE OF THE COMMITTEE (S.O 77(6))**

The Committee agreed that in accordance with the provisions of Standing Order 77(6), all meetings at which witnesses were invited to provide information should be held in an open forum. This decision was taken to promote openness and accountability in Government.

## **9. PAC RECOMMENDATIONS**

On review of the Annual Reports of Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the periods ending 31st December 2017, 2018, and 2019 respectively, critical analysis of three days of witness testimonies and deliberations amongst the Committee Members, the PAC make the following recommendations:

**9.01** The Committee heard evidence from the Chief Executive Officer (CEO), Chief Operating Officer (COO), HR Manager (HRM), Ministry Chief Officer and Board Chairman.

The PAC heard that the delay in laying these annual reports arose because of two issues picked up during the 2016-17 audit which included a cash theft by a member of staff and procurement related fraud by another employee and accomplices. Both incidents had resulted in greater controls being implemented and the risk rating for the 2016-17 audit increasing. The 2016-17 audit could not be completed until the conclusion of the RCIPS (theft) and ACC (Fraud) investigations which the OAG supported both agencies with as the monetary impact had to be determined and disclosed in the financial statements.

From the witness testimony, the PAC were concerned to hear about some inappropriate actions and mistakes regarding pay. The CTCEC used Deloitte to help them develop a new Pay Policy Guide (PPG) and new pay scales. Implementation of the PPG scheme was in three stages (March, November and December 2018), each stage of which could see staff member's pay increase. It is

unclear to the PAC what these three stages are and how each links to the recommendations in the Deloitte report.

The PAC heard of an error in the implementation of anniversary increments brought in by the PPG. They heard that on implementation of the PPG, staff having completed one year of service or ten years of service were to be given anniversary increments. This seems to be outside of anything Deloitte recommended in their pay review and contrary to the spirit of the Public Authorities Law. However, the PAC were more concerned to hear that a mistake in the interpretation of this aspect of the PPG came to light. The PPG intention was that these should be a once off payment to eligible staff only at the time of implementing the PPG but Human Resources interpreted the PPG as saying that these should be ongoing for staff who passed these milestones from then on. The CEO brought this error to the Board's attention in June 2020 and gave them four options to remedy the situation and he recommended that overpaid staff should keep the overpayment and continue being paid at this higher rate but not get any further pay increase until pay catches up and the amount of overpayment is paid back. 24 staff benefited from this mistake and this included the CEO, COO and HRM and the Committee heard that the value of the overpayments to date was \$23k. The CEO should have recused himself from discussions but did not and recommended the course of action that most benefitted those 24 employees and least benefitted the CTCEC. The Committee felt that he could have set an example to the other 23 staff by offering to pay his overpayment back but he did not. The PAC heard that the Board chairman did not consider disciplinary action against the CEO as he regarded this as a mistake and did not consider the need for the CEO to recuse himself from discussions.

The Committee also found that the incentive pay scheme for senior management was changed by the CEO without Board or Cabinet approval and that this resulted in senior executives being able to earn a bonus of up to 17% now whereas all other staff can only earn up to 15% incentive bonus. It also appears easier for the senior management team to gain points for incentive payments than it does for other CTCEC staff.

**The Committee recommends that the Board reconsider the need for disciplinary action against the CEO.**

**9.02** The Committee were concerned that the segmental analysis given in note 19 to the Financial Statements in 2019 was erroneous which resulted in the profits on the tourism / retail side and losses on the farm side both overstated due to misallocation of utility and maintenance costs. While this was shown not to impact on incentive payments for any CTCEC staff, the correct allocation results in the

tourism / retail side only making a small surplus. The Committee were concerned about the level of public subsidy going to the CTCEC and especially now with very limited tourism and were told that revenues were 63% down in the 2020 year (as at 18 November 2020) compared to 2019. The Committee queried pricing policies and cost reduction measures and heard what the CTCEC was doing to try to maximize revenues and reduce costs. The Committee also noted that subsidy was given by way of lump-sum equity injections and thought that the Government should introduce a purchase agreement with the CTCEC showing the outputs to be delivered by the tourism side and farm side of the business to enhance transparency and accountability to the public.

**While recognizing that the level of subsidy given to the CTCEC is a policy matter, the Committee nonetheless had concerns about the value for money offered by the CTCEC and its ability to ever operate as a “going concern” without significant public subsidy. The Committee recommends that Government update the CTCEC’s budget documents to introduce a purchase agreement and outline measurable deliverables (outputs) for the different aspects of the business, each with a corresponding level of subsidy, in line with existing practice for most SAGCs.**

## **10. GOVERNMENT MINUTE**

The Public Accounts Committee wishes to draw Government’s attention to Standing Order 77 sub-order 7 which reads:

*“The Government Minute shall be laid on the Table of the House within three months of the laying of the report of the Committee and of the report of the Auditor General to which it relates.”*

The PAC expects the Government to honour the requirements of this Standing Order.

## **ACKNOWLEDGEMENTS**

The Committee is most appreciative of the efforts of the Auditor General and her staff for the support, assistance and constructive advice given throughout its deliberations.

The Committee also wishes to thank the staff of the Parliament for the assistance provided.

## **REPORT OF THE COMMITTEE TO THE HOUSE**

The Committee agrees that this Report be the Report of the Standing Public Accounts Committee to the House on the following Reports which were laid on the table of Parliament on Friday, 23<sup>rd</sup> October 2020:

- (i) *Annual Report of the Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the 18-month period ended 31st December, 2017 and Financial Statements of Cayman Turtle Conservation and Education Centre Ltd. for the period ended December 31st, 2017*
  
- (ii) *Annual Report of the Cayman Turtle Conservation and Education Centre Ltd. (CTCEC) for the 12-month period ended 31st December, 2018 and Financial Statements of Cayman Turtle Conservation and Education Centre Ltd. for the year ended December 31st, 2018*
  
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Mr. D. Ezzard Miller, MP – Chairman

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