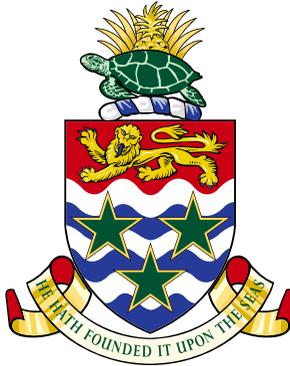


## CAYMAN ISLANDS



# AUDITORS OVERSIGHT (AMENDMENT, VALIDATION AND REPEAL) BILL, 2026

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**A BILL FOR AN ACT TO AMEND THE AUDITORS OVERSIGHT ACT (2020 REVISION) IN ORDER TO CORRECT THE STATUTORY BASIS FOR THE ESTABLISHMENT OF THE BOARD OF DIRECTORS OF THE AUDITORS OVERSIGHT AUTHORITY; TO CORRECT THE STATUTORY BASIS FOR THE APPOINTMENT OF THE MANAGING DIRECTOR OF THE AUTHORITY; TO VALIDATE ANY ACTIONS OF THE BOARD OF DIRECTORS WHILE IMPROPERLY CONSTITUTED; TO VALIDATE ANY ACTIONS OF THE MANAGING DIRECTOR WHILE IMPROPERLY APPOINTED; TO REPEAL THE AUDITORS OVERSIGHT ACT (2020 REVISION); AND FOR INCIDENTAL AND CONNECTED PURPOSES**

## PUBLISHING DETAILS

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**Sponsoring Ministry/Portfolio:** Ministry of Financial Services and Commerce



## Memorandum of OBJECTS AND REASONS

This Bill amends the Auditors Oversight Act (2020 Revision) (the “principal Act”) to bring the provisions of the principal Act into compliance with the Public Authorities Act (2020 Revision). The Bill also enables the repeal of the Auditors Oversight Act as part of the intention to wind up the Auditors Oversight Authority in the near future.

Clause 1 provides the short title and commencement of the legislation.

Clause 2 amends section 2 of the principal Act to ensure that the method of appointing the Chairperson and the Deputy Chairperson of the board of directors is in alignment with the Public Authorities Act (2020 Revision).

Clause 3 repeals section 6 of the principal Act and substitutes a new section 6 in order to —

- (a) empower the Cabinet to appoint members of the board of directors;
- (b) provide for the appointment of three retired public accountants as directors;
- (c) provide for the appointment of one director who is not a public servant or civil servant;
- (d) provide for the appointment of the Chief Officer in the Ministry responsible for financial services, or the Chief Officer’s designate, as a director;
- (e) remove the Auditor General, or that person’s designate, from the board of directors; and
- (f) remove the Financial Secretary, or that person’s designate, from the board of directors.

The proposed new section 6 would ensure that the number of Board members and the method of appointing them is in alignment with the Public Authorities Act (2020 Revision).

Clause 4 amends section 7 of the principal Act to provide that the directors, other than the Chief Officer in the Ministry responsible for financial services or the Chief Officer’s designate, would be appointed for a term specified by the Cabinet and may be paid such remuneration as may be determined by the Cabinet.

Clause 5 amends section 8 of the principal Act to enable the board of directors, after consultation with the responsible Minister or relevant Official Member, to appoint the Managing Director, thereby bringing the method of appointment into alignment with the Public Authorities Act (2020 Revision). The Managing Director would be a non-voting member of the board of directors;

Clause 6 amends section 9(2) of the principal Act which sets out the circumstances in which a director's services may be terminated. The clause makes it clear that section 9(2) refers only to the services of a director who is not a public servant or civil servant.

Clause 7 deals with the validation of acts carried out, without statutory authority, by the board of directors and the Managing Director. Where those acts were carried out after the date of commencement of the Public Authorities Act, 2017, clause 7 provides that the acts shall not be regarded as invalid by reason only that the board of directors was not properly constituted or the Managing Director was not properly appointed, as the case may be.

Clause 8 provides that this amending, validating and repealing legislation does not affect a court order or determination relating to acts carried out, without statutory authority, by the board of directors or the Managing Director before the commencement of this amending, validating and repealing legislation.

Clause 9 repeals the Auditors Oversight Act (2020 Revision).



**CAYMAN ISLANDS**

# **AUDITORS OVERSIGHT (AMENDMENT, VALIDATION AND REPEAL) BILL, 2026**

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VALIDATION AND REPEAL) BILL, 2026**

**A BILL FOR AN ACT TO AMEND THE AUDITORS OVERSIGHT ACT (2020 REVISION) IN ORDER TO CORRECT THE STATUTORY BASIS FOR THE ESTABLISHMENT OF THE BOARD OF DIRECTORS OF THE AUDITORS OVERSIGHT AUTHORITY; TO CORRECT THE STATUTORY BASIS FOR THE APPOINTMENT OF THE MANAGING DIRECTOR OF THE AUTHORITY; TO VALIDATE ANY ACTIONS OF THE BOARD OF DIRECTORS WHILE IMPROPERLY CONSTITUTED; TO VALIDATE ANY ACTIONS OF THE MANAGING DIRECTOR WHILE IMPROPERLY APPOINTED; TO REPEAL THE AUDITORS OVERSIGHT ACT (2020 REVISION); AND FOR INCIDENTAL AND CONNECTED PURPOSES**

ENACTED by the Legislature of the Cayman Islands.

**Short title and commencement**

1. (1) This Act may be cited as the Auditors Oversight (Amendment, Validation and Repeal) Act, 2026.
- (2) This Act shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Act and in relation to different matters.

### **Amendment of section 2 of the Auditors Oversight Act (2020 Revision) - interpretation**

2. The *Auditors Oversight Act (2020 Revision)*, in this Act referred to as the “principal Act”, is amended in section 2(1), in the respective definitions of the words “**Chairperson**” and “**Deputy Chairperson**” by deleting the word “designated” and substituting the word “appointed”.

### **Repeal and substitution of section 6 - Board**

3. The principal Act is amended by repealing section 6 and substituting the following section —

#### **“Board**

6. (1) There shall be a board of directors of the Authority which, subject to this Act, shall be responsible for the policy and general administration of the affairs and business of the Authority.
- (2) The Board shall consist of the following members who shall be directors holding office at the pleasure of the Cabinet except for the member referred to in paragraph (c) who shall be a public officer and shall hold office by virtue of his or her public service appointment —
- (a) three members who shall not be public servants or civil servants but who shall be public accountants retired from the practice of their profession for not less than the period of time determined by the Cabinet, one of whom shall also be a person who is not resident in the Islands during the period of that person’s appointment as a member of the Board;
  - (b) one member who shall not be a public servant or civil servant; and
  - (c) the Chief Officer in the Ministry responsible for financial services or the Chief Officer’s designate.
- (3) The members of the Board shall be appointed by the Cabinet subject to section 8(1)(b), and the Chairperson and the Deputy Chairperson shall be appointed by the Cabinet from among the persons referred to in subsection (2)(a).
- (4) In this section and in section 8, “**public servant**” and “**civil servant**” have the respective meanings assigned to those words in section 2 of the *Public Authorities Act (2020 Revision)*.”.

### **Amendment of section 7 - directors**

4. The principal Act is amended in section 7 as follows —
- (a) in subsection (1), by deleting the words “section 6(2)(d)” and substituting the words “section 6(2)”;



- (b) in subsection (2) as follows —
  - (i) by deleting the words “subsection (1)” and substituting the words “section 6(2)(a) and (b)”; and
  - (ii) in paragraph (b), by deleting the words “for a term of three years” and substituting the words “for such term as may be specified by the Cabinet”; and
- (c) in subsection (3), by deleting the words “subsection (1)” and substituting the words “section 6(2)(a) or (b)”.

### **Amendment of section 8 - Managing Director**

5. The principal Act is amended in section 8 as follows —

- (a) by repealing subsection (1) and substituting the following subsection —

“(1) The Board, after consultation with the Minister or Official Member responsible for the Authority, shall appoint a fit and proper person to be the Managing Director of the Authority who —

  - (a) shall not be a public servant or civil servant; and
  - (b) shall be a non-voting member of the Board.”;
- (b) in subsection (2), by deleting the words “the Cabinet” and substituting the words “the Board, in accordance with the provisions of the *Public Authorities Act (2020 Revision)*,”;
- (c) by repealing subsection (5) and substituting the following subsection —

“(5) In the event of the Managing Director’s absence or inability to act, the Board, in accordance with the provisions of the *Public Authorities Act (2020 Revision)*, may appoint a person to discharge the duties of the Managing Director during the period of the Managing Director’s absence or inability.”; and
- (d) in subsection (6) by deleting the words “The Cabinet” and substituting the words “The Board, in accordance with the provisions of the *Public Authorities Act (2020 Revision)*,”.

### **Amendment of section 9 - disqualification and termination of appointment**

6. The principal Act is amended in section 9(2) by deleting the words “pursuant section 6(2)(d)” and substituting the words “pursuant to section 6(2)(a) or (b)”.

**Validation of acts of the Board and the Managing Director**

7. (1) Where, after the date of commencement of the *Public Authorities Act, 2017*, members of the Board purported to hold office under section 6 of the principal Act as members of the Board while the Board was constituted with a larger percentage of public servants or civil servants than permitted by the principal Act, the acts of the Board, carried out without statutory authority prior to the commencement of this amending, validating and repealing Act —
- (a) shall not be regarded as invalid by reason only that the Board was not properly constituted under the principal Act; and
  - (b) shall be taken to have been lawfully carried out by the Board.
- (2) Where, after the date of commencement of the *Public Authorities Act, 2017*, the Managing Director purported to hold office under section 8 of the principal Act without being appointed by the Board, the acts of the Managing Director, carried out without statutory authority prior to the commencement of this amending, validating and repealing Act —
- (a) shall not be regarded as invalid by reason only that the Managing Director was not properly appointed under the principal Act; and
  - (b) shall be taken to have been lawfully carried out by the Managing Director.
- (3) In this section, “**public servants**” and “**civil servants**” have the respective meanings assigned to those words in section 2 of the *Public Authorities Act (2020 Revision)*.

**Orders or determinations by court not affected**

8. This amending, validating and repealing Act does not affect any order or determination made by a court with respect to acts carried out by the Board or the Managing Director without statutory authority prior to the commencement of this amending, validating and repealing Act.



