CAYMAN ISLANDS NATIONAL ATTRACTIONS AUTHORITY

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

June 2026

To help the public service spend wisely

TABLE OF CONTENTS

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2025, financial statements of the *Cayman Islands National Attractions Authority* (the *"Authority"*). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Authority in sufficient time to enable them to take appropriate action. The matters we are required to communicate under ISAs include:

   - Auditors' responsibilities in relation to the audit
   - The overall scope and approach to the audit, including any expected limitations, or additional requirements
   - Relationships that may bear on our independence, and the integrity and objectivity of our staff
   - Expected modifications to the audit report
   - Significant findings from our audit.

2. This report sets out for the consideration of those charged with governance, those matters arising from the audit of the 2025 financial statements that we consider worthy of drawing to your attention.

3. This report has been prepared for the sole use of those charged with governance, and we accept no responsibility for its use by a third party. Under the *Freedom of Information Act* (*2021 Revision*), it is the policy of the Office of the Auditor General to proactively release all final reports through our website: www.auditorgeneral.gov.ky.

AUDITOR'S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR'S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING (ISAs)

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters, and this report includes only those matters of interest that came to our attention during the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter dated 21 August 2025. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

6. While we have no responsibility to perform any audit work on other information, including forward-looking statements containing audited financial statements, we have read the other information contained in the Authority's annual report and noted that it is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Authority. We have not reviewed other documents containing the Authority's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff and the nature and scope of the audit were outlined in the engagement letter presented to the Chairperson and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

8. We have issued an unmodified audit report on the 31 December 2025 financial statements.

9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. A summary of unadjusted misstatements is attached in Appendix 2.

10. As part of the completion of our audit, we obtained written representations from management on aspects of the accounts, judgments, and estimates made. These representations were provided to us on 30 April 2026.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Authority's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

12. Generally accepted accounting principles provide for the Authority to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are, however, not aware of any new or controversial accounting practices reflected in the Authority's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. Management has made significant judgements and estimates with regard to the following financial statement item:

- Valuation of property, plant and equipment – **CI$14,622,486**
- Useful lives of property, plant and equipment – **CI$430,772**
- Expected Credit Losses – **CI$58,105**

GOING CONCERN DOUBTS

14. As a result of our audit, we did not become aware of any events and conditions that may cast significant doubt on the Authority's ability to continue as a going concern.

INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

15. Internal control matters and significant findings are noted in Appendix 3, along with management's response.

FRAUD OR ILLEGAL ACTS

16. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, under the oversight of those charged with governance, places a strong emphasis on fraud prevention and deterrence.

17. They are also responsible for establishing and maintaining controls pertaining to the Authority's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. When exercising oversight responsibility, those charged with governance should consider the potential for management to override controls or exert other inappropriate influences over the financial reporting process.

18. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud.

19. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

20. No fraud or illegal acts came to our attention as a result of the 2025 audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

21. No difficulties were encountered in the performance of our audit.

DISAGREEMENTS WITH MANAGEMENT

22. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

23. There were no other significant matters noted during the audit.

ACKNOWLEDGEMENTS

24. We would like to express our thanks to the staff of the *Cayman Islands National Attractions Authority* for their help and assistance during the audit of this year's financial statements. This enabled us to provide an audit report within the agreed timetable.

Yours Sincerely,

Angela Cullen
Acting Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by: (Client/ OAG)
1	Audit Fee Accrual	2020	5,400		OAG
	Professional Fees	6302		5,400	
	To correct over accrual of audit fees				
2	Prepaid Expenses	1400	4,900		OAG
	Accounts Payable	2000		4,900	
	To correct advance payments to the supplier, which were incorrectly classified as accounts payable.				
3	Accounts Payable	2000	1,477		OAG
	Prepaid Expenses	1400		1,477	
	To adjust prepaid expense to reflect only the portion prepaid.				
4	Artefacts	1520	275,578		Client
	Pedro Castle	1561	3,265,000		
	Steadman Bodden House	1562	180,000		
	Watler House	1563	175,000		
	Rankine House	1564	93,000		
	Revaluation Surplus	3800		3,988,578	
	To recognise heritage assets				
5	Revaluation Surplus	3800	49,604		OAG
	Artefacts	1520		49,604	
	To correct for the FX adjustment not made by the client.				
6	Sales- Admissions	4011	801		Client
	Accounts Receivable	1200		801	
	FX adjustment on Invoices billed in USD				
7	Retained Earnings	3900	200		Client
	Miscellaneous expenses	6240	198		
	Depreciation Expense	6245		398	
	Adjusting depreciation expense to match the Fixed Asset register				
	Total		**4,051,158**	**4,051,158**	

APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS

Ref no	Description	Assets	Liabilities	Equity	Income	Expenses
1	Projection of unstated prepayments based on difference identified through sampling	16,152	16,152	-	-	-
2	Valuation-fee expenses for services performed in 2026 were improperly recorded in 2025, resulting in an overstatement of accounts payable and expenses	13,202	-	-	-	13,202
	Total	**29,354**	**16,152**	**-**	**-**	**13,202**

APPENDIX 3 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
Non-compliance with Acts and Regulations					
Non-compliance with Public Management and Finance Act (2020 Revision)("PMFA") Section 52(1) of the Public Management and Finance Act (2020 Revision) ("PMFA") requires statutory authorities and government companies to prepare and submit an annual report for the Auditor General's review within two months after the end of each financial year. The Authority did not submit its 2025 annual report by 28 February 2026 as required by PMFA.	**<u>Risk/ Implication</u>** Non-compliance with the PMFA. Lack of transparency during the audit process, as relevant information in the annual report may be missed. Various stakeholders utilise information to inform their decisions. The late submission of the annual report may delay reporting to stakeholders, thereby affecting the timeliness of their decisions. **<u>Recommendation</u>** Management should ensure that it submits its annual reports for	Yes	Yes	We accept observation and note that the Acting Director position was established in December 2025. We will further work to complete and submit 2025 Annual Report.	August 31, 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
	review within the statutory deadline imposed by the PMFA.				
Non-Submission of Notice of Interest (NOI) Forms by Former Board Members During the audit, we noted that three former board members failed to submit Notice of Interest ("NOI") forms as required.	**Risk/Implication** The absence of completed NOI forms increases the risk that actual or perceived conflicts of interest are not identified, disclosed, or appropriately managed in a timely manner. This lack of action reduces transparency and accountability in governance processes and increases the risk that undisclosed conflicts influence decision-making. In addition, it exposes the organisation to reputational damage and broader governance concerns. **Recommendation** Management and those charged with governance should ensure that all board members, including	Yes	Yes	Management was challenged in prior years to get 100% compliance from all the board members. We have reached out to all the members of the new board and 100% compliance is anticipated.	In progress

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
	newly appointed and departing members, promptly complete and submit the required NOI forms. A formal monitoring process should also be implemented to track compliance with annual declaration requirements and to maintain complete governance records.				
Financial Management					
Long-standing Unearned revenues During our audit procedures, we noted that unearned revenue balances related to consignment arrangements, including amounts dating back to 2017, remain recorded in the accounting records without evidence of timely settlement, reconciliation, or assessment of their validity.	**Risk/Implication** Stale or unsupported balances that remain on the books for extended periods may cause overstatement of liabilities recorded as unearned revenue. Failing to periodically reconcile and review these balances increases the risk of not identifying errors, misstatements, or incomplete obligations to consignors in a timely manner. These issues can misstate	No	Yes	This relates to unearned revenue generated from consignment goods sold. The reconciliation of this category has been an ongoing process which we are hoping to complete in 2026.	3rd quarter 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
	liabilities and revenue in the financial statements and may lead to disputes with consignors over unsettled balances. **Recommendation** Management should perform a detailed review and reconciliation of all outstanding unearned revenue balances related to consignment sales, particularly those that have been outstanding for several years. Unsupported, duplicate, or stale balances should be investigated and cleared or adjusted as appropriate. Additionally, management should implement a periodic reconciliation and review process to ensure consignment liabilities are accurately recorded and settled on time.				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
Inappropriate Revenue Recognition Policy for Output Revenue International Public Sector Accounting Standard (IPSAS) 9 – *Revenue from exchange transactions* requires that revenue be recognised when it is probable that future economic benefits will flow to the entity and those benefits can be measured reliably. The Authority recognised output revenue based on the appropriation amount, using a straight-line quarterly allocation method, rather than based on services rendered or cost recovery (i.e., actual outputs delivered or expenses incurred).	**<u>Risk/Implication</u>** There is a risk that revenue may be recognised in an inappropriate accounting period due to the use of a fixed quarterly allocation method that does not reflect actual performance obligations satisfied. This increases the risk of material misstatement in revenue, profit, and related balances. As a result, revenue and profit may be overstated or understated in specific reporting periods, there may be non-compliance with applicable accounting standards relating to revenue recognition, and there is an increased risk of audit adjustments. **<u>Recommendation</u>** Management should reassess the revenue recognition methodology	Yes	Yes	Management does accept that output funding reports need to be more reflective of the actual activities and results of the entities, however we do not believe there is a risk of material misstatement in revenue, profit, and related balances. There is also no impact on applicable accounting standards relating to revenue recognition, and there is no increased risk of audit adjustments.	3rd quarter 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
	applied to output revenue arrangements to ensure compliance with the applicable accounting framework. Revenue should be recognised using an appropriate basis, such as actual output delivered or recoverable costs incurred. Management should also establish formal policies and periodic review controls over revenue recognition calculations to ensure consistency and compliance with accounting standards in the 2026 financial year.				
Information Technology					
Deficiency in Backup Restoration and Data Recovery Procedures During the audit, we found that Pedro St. James experienced a hardware failure which resulted in the	**Risk/Implication** Actual permanent loss of critical operational and financial data Catastrophic disruption to business operations, and potential inaccuracies or	Yes	Yes	The POS systems are now being backed up routinely.	Ongoing

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
loss of all Point-of-Sale ("POS") data up to April 2026 because backups were not being made. Management said they were unaware of the backup failures until they attempted to restore them.	incompleteness in financial records. **<u>Recommendation</u>** Management should ensure that backup and disaster recovery controls are in place. It should implement regular backup monitoring, periodic restoration testing, and documentation of recovery procedures. Management should also identify which data is critical and ensure that critical systems and data are backed up securely and that recovery processes are tested periodically to confirm that data can be restored effectively in the event of system failures or other disruptions.				