MINISTRY OF YOUTH SPORTS CULTURE AND HERITAGE

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

JUNE 2026

To help the public service spend wisely

TABLE OF CONTENTS

Office of the Auditor General
CAYMAN ISLANDS

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2025, financial statements of the Ministry of Youth, Sports, Culture and Heritage (the "Ministry"). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Ministry 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 Ministry'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 Ministry. We have not reviewed other documents containing the Ministry'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 Chief Officer 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. However, our opinion contains the following emphasis of matter:

   As outlined in Note 17 of the financial statements, the Cabinet approved a supplementary appropriation for revenue amounting to $1,099,000 and an Equity Injection of $850,000 to the Ministry under section 11(5) of the Public Management and Finance Act (2020 revision) (PMFA). A supplementary Appropriations Bill was not introduced in Parliament by 31 March 2026 as required by section 11(6) of the PMFA.

9. We made eight adjustments worth 0.72 million to the financial statements. A summary of these adjustments is attached in Appendix 1. We also had one unadjusted misstatement worth 0.01 million. This 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 Ministry's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

12. Generally accepted accounting principles provide for the Ministry 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 Ministry's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. Management has made judgments and estimates with regard to the following financial statement items:
    - Useful lives of property, plant and equipment – $14.8 million
    - Depreciation of PPE and Right of Use Assets – $2.03 million
    - Lease Liability – $2.57 million
    - Right of Use Asset – $2.29 million

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 Ministry'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 Ministry'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 Ministry of Youth, Sports, Culture and Heritage 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	Name	Account No	Debit	Credit	Identified by: (Client/ OAG)
1	Rights-of-use Assets	16105		(32,766.04)	OAG
	Accumulated Depreciation	16112	14,702.69		
	Short-Term Lease Liability	20110	14,633.41		
	Long-Term Lease Liability	29704	18,132.63		
	Contributed Capital	35001		(5,129.67)	
	Lease Interest	58200	5,129.67		
	Depreciation Right of Use Assets	60206		(14,702.69)	
	To adjust for lease misstatements				
2	Long-Term Lease Liability	29704		(12,654.00)	OAG
	Lease of Sites or Building	58001	12,654.00		
	To expense storage unit amounts that had been recorded under lease liability				
3	USD-Ministry and Portfolios	10102		(22,679.50)	OAG
	Other Receivables	12012	22,679.50		
	To adjust the cash balance for an amount that has not yet been refunded by the Executive				

Number	Name	Account No	Debit	Credit	Identified by: (Client/ OAG)
4	Surplus Payable	23422	60,442.56		OAG
	Surplus Repayment	32007		(60,442.56)	
	Surplus repayment adjustment to match net profit				
5	Rights-of-use Assets	16105	12,675.27		OAG
	Long-Term Lease Liability	29704		(21,207.15)	
	Contributed Capital	35001	11,813.50		
	Lease Interest	58200		(5,050.26)	
	Depreciation Right of Use Assets	60206	1,768.64		
	To adjust for errors in the CCC lease				
6	Rights-of-use Assets	16105		(146,842.45)	OAG
	Accumulated Depreciation	16112		(2,201.52)	
	Short-Term Lease Liability	20110		(173,030.27)	
	Long-Term Lease Liability	29704	486,036.32		
	Long-Term Lease Liability	29704		(1,011.68)	
	Contributed Capital	35001		(167,590.28)	
	Contributed Capital	35001	1,011.68		
	Lease Interest	58200	1,426.68		
	Depreciation Right of Use Assets	60206	2,201.52		
	To post the differences between the TB and IPSAS templates				

Number	Name	Account No	Debit	Credit	Identified by: (Client/ OAG)
7	Rights-of-use Assets	16105	1,768.64		OAG
	Accumulated Depreciation	16112		(1,768.64)	
	Adjustment to tie back to client TB				
8	Contributed Capital	35001		(57,015.00)	OAG
	Maintenance - Buildings	54316	57,015.00		
	To expense the fence constructed at the Nurse Jorsie Centre owned by MSDI				
			724,091.71	**(724,091.71)**	

APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS

Ref no	Description	Assets	Liabilities	Equity	Income	Expenses
4	To record salary back pay that relates to prior years	-	-	(11,611)	-	11,611

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					
Lack of a Local Impact Assessment Section 3(3)(c)(ii) of the Procurement Regulations (2022 Revision) requires entities to prepare a local impact assessment for procurements above 250k. MYSCH did not prepare a Local Impact Assessment for site preparation and construction of a multipurpose court at the East End Dixon Park, estimated to cost 275k.	**Risk/Implication** Without a Local Impact Assessment, there is no documented basis to assess whether procurement considered the impact of local business participation, thus reducing transparency and accountability and resulting in non-compliance. **Recommendation** Management should always comply with the Procurement Regulations (2022 Revision) by carrying out local impact	N	Y	After reviewing the finding, we understand that it is based on the approved business case, which reflected an estimated project value of CI$275,000. At that value, a Local Impact Assessment should have been prepared and appended to the business case in accordance with the Procurement Regulations. The omission arose from the methodology used in developing the business case, whereby the project costs were assessed on an aggregate basis rather than considering the procurement as a single project for	June 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
	assessments for procurements above 250k.			the purposes of determining applicable procurement requirements. As a result, the requirement to prepare and include a Local Impact Assessment was not identified. Management acknowledges this oversight and will ensure that future business cases clearly document the basis of project valuation and, where applicable, identify and address any disaggregation considerations. Compliance with Local Impact Assessment requirements and other related procurement obligations will be monitored as part of the business case review and approval process going forward.	