Office of the Auditor General
CAYMAN ISLANDS

MINISTRY OF EDUCATION AND TRAINING

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

19 MAY 2026

To help the public service spend wisely

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2025, financial statements of the Ministry of Education and Training (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 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 on 21 August 2025 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. No adjustments were identified during the audit. A summary of unadjusted misstatements is attached in **Appendix 1**.

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 26 March 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:

- Impairment of property, plant and equipment – **CI$ 0**
- Useful lives of property, plant and equipment (Depreciation & Amortisation) – **CI$ 17,925,914**
- Expected Credit Losses – **CI$ 4,942,688**
- Provisions and contingent liabilities - **CI$ 0**
- Actuarial valuations including assumptions e.g. discount rates- **CI$ 0**

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 2, 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 Education and Training 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,

Patrick O. Smith CPA, CFE
Auditor General

APPENDIX 1 – SUMMARY OF UNADJUSTED MISSTATEMENTS

Ref.no	Description	Dr.	Cr.	Assets	Liabilities	Equity	Income	Expenses
1				-	-	-	-	-**
	Acc. 12012	*208,653.24*						
	Acc. 10101		*208,653.24*					
	To record the Executive payment for the University of the West Indies Membership Levy 2024/2025.							
2				-	-	-	-	-**
	Acc. 17021	418,988.91						
	Acc. 17030		418,988.91					
	To derecognise Lighthouse Roof, which was capitalised twice in 2024 (Additional).							
	Grand total			-	-	-	-	-

**The net impact of the adjustment on assets is zero.

APPENDIX 2 – 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
Financial Management					
1. Long-standing Accumulation of Uncollected Receivables at the Department of Education Services (DES). The Department of Education Services (DES) has accumulated significant uncollected receivables dating back to 2008, with the outstanding balance increasing steadily through 2025. Notably, there was a 11% increase in the overall uncollected balance from 2024 to 2025, highlighting a lack of collection efforts even after reporting this matter in the	**Risks/Implications** • A significant portion of the receivables may become uncollectible over time, increasing the risk of bad debt write-offs and financial loss. • Delayed collections hinder available cash resources for other educational priorities and may affect budget planning and execution. • The persistence of this issue suggests gaps in oversight, performance tracking, and	Yes	Yes	Recommendations accepted.	1 June 2026

<table>
<tr><th>Observation</th><th>Risk/Implication and Recommendation</th><th>Recurring issue (Y/N)</th><th>Observation accepted by Management (Y/N)</th><th>Management Response</th><th>Implementation Date</th></tr>
<tr><td>2024 ISA 260 report. These amounts represent fees and charges billed but not collected. This indicates a systemic breakdown in collection efforts and financial oversight. The Ministry has several collection measures in place, but these measures do not appear to be yielding the intended results. Uncollected balances over the years are as per the table below:

<table>
<tr><th>YEARS</th><th>OUTSTANDING AMOUNT FOR THE YEAR</th></tr>
<tr><td>2009</td><td>18,886</td></tr>
<tr><td>2010</td><td>10,275</td></tr>
<tr><td>2011</td><td>950</td></tr>
<tr><td>2012</td><td>19,998</td></tr>
<tr><td>2013</td><td>52,104</td></tr>
</table></td><td>accountability for receivable collection.

Recommendations

The Ministry should:

• Reassess and revise current collection procedures, including the use of reminders, repayment plans, legal actions, or referrals to collection agencies.
• Assign specific responsibility for receivables monitoring and establish regular reporting to track collection progress and enforce accountability.
• Review the invoicing, billing, and service delivery processes</td><td></td><td></td><td></td><td></td></tr>
</table>

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
2014 246,411 2015 204,298 2016 230,499 2017 236,954 2018 224,261 2019 259,190 2020 368,762 2021 407,535 2022 507,850 2023 413,644 2024 640,420 2025 766,427 **Total 4,608,464**	to reduce the accumulation of receivables at the source.				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
Value for Money					
Unjustifiable use of Emergency Procurement The Ministry undertook the procurement of the supply and installation of two 275-ton chillers and associated electrical works at Clifton Hunters High School (CHHS), using emergency procurement procedures, at a contract sum of $727,163. *The Procurement Act (2023 Revision)* defines an "emergency" as a situation where:	**Risks/Implications** The CHHS project reflects systemic weaknesses in facilities management. The failure to act on known infrastructure issues on timely basis may have resulted in financial inefficiencies and negative consequences for students and staff. In addition, the Ministry's inability to justify both the emergency procurement and the achievement of value for money constitutes a	Yes	Yes	This area is being closely monitored to ensure compliance.	30 June 2025

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
i. A state of emergency is proclaimed under the *Emergency Powers Act (2006 Revision);* ii. An exceptional circumstance presents an immediate risk to the safety or health of an employee or member of the public; or iii. There is an immediate risk of serious damage to public or private property. Where any of the specified conditions apply, the requirements of the Procurement Act (2023 Revision) and the Procurement Regulations (2022 Revision) do not apply—except for Section 3(2) of the Act, which remains in force. In such cases, procuring entities must ensure that procurement decisions provide value for money. Additionally, the Central	breach of the *Procurement Act (2023 Revision)*. **Recommendations** The Ministry should: i. Ensure proper facilities management by establishing and enforcing clear internal protocols. Senior officials should regularly review progress reports and seek clarification on any procurement delays, risks, or deviations. ii. Ensure there is a clear rationale and justification for any emergency procurement that				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
Procurement Office has developed Emergency Procurement Procedures as guidance in such instances. Although emergency procedures were ultimately followed after the malfunction of the existing chillers, the matter had been known for some time and budgetary provisions had already been approved for their replacement. However, procurement processes were not initiated in a timely manner. This delay resulted in a last-minute emergency procurement. Further inquiries revealed that the former Facilities Manager, who has since resigned, had informed senior management that procurement processes	complies with the requirements of the Procurement Act. iii. Demonstrate Value for Money (VFM) at all times in procurement as per the Procurement Act (2023 Revision).				

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
to replace the chillers had been initiated; however, no such processes were actually undertaken. This situation highlights a breakdown in accountability and a lack of effective oversight within departments. The use of emergency procurement in circumstances where adequate time existed to conduct a competitive process may not represent optimal value for money. A properly planned and executed competitive procurement process could potentially have resulted in cost savings and enhanced transparency.					