OFFICE OF THE COMMISSIONER OF POLICE

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

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 *Office of the Commissioner of Police (the "Office" or "OCP").* International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Office in sufficient time to enable 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 release all final reports proactively through our website: www.auditorgeneral.gov.ky.

AUDITOR'S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR'S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

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 as a result of 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 Office'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 Office. We have not reviewed other documents containing the Office'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 Commissioner of Police and follows the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATION

8. We have issued an unmodified audit report, with an emphasis of matter paragraph, on the 31 December 2025 financial statements.

9. The following emphasis of matter paragraph was included in the audit report: As outlined in Note 23 of the financial statements, the Cabinet authorised seven supplementary appropriations for the Office under Section 11(5) of the *Public Management and Finance Act (2020 Revision) ("PMFA")*, increasing its 2025 operating budget by $3,954,276. In addition, the Cabinet authorised three supplementary appropriations for the Office under Section 12 of the *PMFA*, increasing its operating budget by $ 711,000. A supplementary Appropriations Bill for both of the additional funding was not introduced in Parliament by 31 March 2026 as required by section 11(6) and section 12(6) of the *PMFA*. My opinion is not qualified with respect to this matter.

10. A summary of seven (7) audit adjustments ($1,041,546) made to the financial statements is attached in Appendix 1. There was one (1) uncorrected material misstatement identified, attached in Appendix 2.

11. 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

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

13. Generally accepted accounting principles provide for the Office 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 Office's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

14. There were no matters which required management to make significant judgments or which required significant estimates. Management has made judgments and estimates with regard to the following financial statement items:

- Depreciation and amortisation of fixed assets – $6,727,276
- Expected Credit Losses – $27,876
- Provision for legal liabilities - $2,100,000

GOING CONCERN DOUBTS

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

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

16. Significant deficiencies identified during our audit are noted in Appendix 3, along with management's response.

FRAUD OR ILLEGAL ACTS

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

18. They are also responsible for establishing and maintaining controls pertaining to the Office'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. In exercising oversight responsibilities, those charged with governance should consider the potential for management to override controls or exert other inappropriate influence over the financial reporting process.

19. 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.

20. 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.

21. 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

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

DISAGREEMENTS WITH MANAGEMENT

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

ANY OTHER SIGNIFICANT MATTERS

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

ACKNOWLEDGEMENTS

25. We would like to express our thanks to the staff of the Office 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 ADJUSTED MISSTATEMENTS

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by: (Client/ OAG)
1	Other current liabilities Settlement of case *(Reversal of legal matter that is possible – but cost not yet available)*	23400 58604	260,000	 260,000	OAG
2	Comp time liability Comp time expense *(Correction of comp time listing)*	22105 50155	157,118	 157,118	OAG
3	Lease of site Accruals – Others *(Adjustment to leases)*	50081 20150	35,744	 35,744	Client

4	Debtor Outputs sold to cabinet	12404 46001	348,940	 348,940	Client
5	Other receivable Contributed capital Annual leave accrual Accruals – Others *(Adjustment for Cayman Islands Regiment transfer re: Re-organisation)*	12012 35001 22106 20150	5,450 60,138	 42,877 21,711	Client
6	Movement in annual leave Leave accrual *(Adjustment for pension portion of leave accrual)*	50150 22016	139,539	 139,539	OAG
7	Surplus payable Surplus repayment	23422 32007	35,617	 35,617	Client

	(Adjustment to SOCI as a result of the effect of adjustments)				

Total	**1,041,545**	**1,041,545**

APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by: (Client/ OAG)
1	Doubtful debt expense Provision for doubtful debt *(Under provision for doubtful debt based on ECL credit loss calculation)*	58505 12501	89,323	 89,323	OAG

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					
Governance					
1. Late completion of Notice Interest During our audit, we noted that five (5) Notices of Interest ("NOIs") for key management personnel were completed after the applicable reporting	**Implication** Delayed declarations increase the risk that actual, potential, or perceived conflicts of interest may not be identified, assessed, or managed in a timely manner, thereby	N	Yes	Annually, the Human Resources Unit issues a notice to all OCP employees to complete their annual declaration. The Finance Team will liaise with the Human Resources Unit to	September 30, 2026

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y / N)	Management Response	Implementation Date
period (i.e. completed in 2026). The timely completion of NOIs assists management in timely assessing and identifying related parties.	weakening transparency and accountability. **Recommendation** Management should strengthen procedures surrounding the annual completion and monitoring of NOIs to ensure all declarations are completed in a timely manner. In addition, management should maintain a formal tracking mechanism and timely remind staff and key management			ensure the declarations for all key management personnel are completed in a timely manner within the reporting period.	

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y / N)	Management Response	Implementation Date
	personnel to complete the NOIs.				