



## **CAYMAN ISLANDS AIRPORTS AUTHORITY**

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**Report to those charged with governance on the 2016-17 audit**

**10 January 2022**

*To help the public service  
spend wisely*

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# REPORT TO THOSE CHARGED WITH GOVERNANCE

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## INTRODUCTION

1. We have completed our audit of the 31 December 2017 financial statements of the Cayman Islands Airports Authority (the “Authority or CIAA”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Cayman Islands Airports Authority 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 financial statements for 2016-17 that we consider are worthy of drawing to your attention, so that you can consider them before the financial statements are approved and signed.
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 (2020 Revision)* it is the policy of the Office of the Auditor General to publish all final reports proactively on our website: [www.auditorgeneral.gov.ky](http://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 which 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 to which this engagement was subject. 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 shall read the other information contained in the Authority's annual report to consider whether such information is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Authority.

## **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 Cayman Islands Airports Authority on May 21, 2019, and follows 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 unqualified auditor's report on the 2016-17 financial statements.
9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. The total gross adjustments made amounted to \$32.3 million (comprised audit adjustments of \$14.7 million and client adjustments of \$17.6 million and resulted in a decreased net income of \$6.3 million for the period. Uncorrected misstatements are disclosed at Appendix 2 which are immaterial to the financial statements both individually and in aggregate.
10. As part of the completion of our audit we sought written representations from management on aspects of the accounts and judgments and estimates made.

## **SIGNIFICANT FINDINGS FROM THE AUDIT**

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### **SIGNIFICANT ACCOUNTING PRACTICES**

11. We are responsible for providing our views about qualitative aspects of the Cayman Islands Airports Authority's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Cayman Islands Airports Authority to make accounting estimates and judgments about accounting policies and

financial statement disclosures. We are not aware of any areas where the significant accounting practices have changed from previous year or are not consistent with general industry practice. In addition we are not aware of any new or controversial accounting practices reflected in the Cayman Islands Airports Authority's financial statements.

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#### MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

12. Management has made significant judgments and estimates with regard to the following financial statements items:

- Depreciation and useful lives of its buildings, equipment as well as other items of Property, Plant and Equipment. These estimates are guided by the provisions of the Financial Regulations, 2018 Revision.
- An actuarial valuation has been used to estimate the liability arising from the defined benefit pensions and post-retirement healthcare owed to present employees. We reviewed the Actuarial valuation and noted no exceptions.

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#### GOING CONCERN

13. 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 Cayman Islands Airports Authority's ability to continue as a going concern.

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#### GOVERNANCE MATTERS AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

14. We identified a number of significant matters relating to internal controls as part of our audit. These include:

- Accounting for accruals
- Extension of Security Services Contract
- Poor internal controls over accounting records
- Petrol throughput billings (Recurring)
- Lack of signed lease agreements (Recurring)
- Support for terminal fees (Recurring)

15. Details of these weaknesses identified are included in Appendix 3 along with management's response.

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## 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, with the oversight of those charged with governance; place a strong emphasis on fraud prevention, and fraud deterrence. They are also responsible for establishing and maintaining controls pertaining to the entity'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 responsibility, those charged with governance should consider the potential for management override of controls or other inappropriate influence over the financial reporting process.
17. 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. 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.
18. No fraud or illegal acts came to our attention as a result of our audit.

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## SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

19. During the audit information/supporting documents we requested were delayed or inadequately multiple times; furthermore, inaccuracies we discovered upon reviewing them resulted in multiple submissions and re-performance of our audit work. There was no detailed fixed asset register prior to start of the audit and multiple submissions were made to come up with a complete and accurate register. In addition, there were significant errors noted but corrected in bank reconciliation. These are discussed in detail in Appendix 3 and resulted in a major delay in the completion of the audit.

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## DISAGREEMENTS WITH MANAGEMENT

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

## ACKNOWLEDGEMENTS

21. We would like to express our thanks to the staff of the Cayman Islands Airports Authority for their help and assistance during the audit of the 2016-17 financial statements.

Yours sincerely,



Sue Winspear, CPFA  
Auditor General

## APPENDIX 1 – SUMMARY OF CORRECTED DIFFERENCES

### Audit Adjusting Entries:

Date	Name	Account No	Debit	Credit
31/12/2017	Health care revaluation expense	7026-10-1	766,000	
31/12/2017	Employee healthcare benefit obligation re-measurement	3027-00-0		766,000
<i>To correct the OCI component for Healthcare cost to the proper account for the year ended 31 December 2017.</i>				
31/12/2017	GCM Departures - Domestic Security Tax	4121-09-1	51,860	
31/12/2017	Accounts Receivable	1400-00-0		42,588
31/12/2017	Accounts Receivable - Related Parties	1403-00-0		9,272
<i>To reverse double booking of Security Tax for the 18-month period ended 31 December 2017.</i>				
31/12/2017	Gain/Loss on Exchange	4600-10-1	43,747	
31/12/2017	Unrealized gain/loss	3020-00-0		43,747
<i>To reclassify recording of Fx on CIG loans and Radar Funds to the proper account.</i>				
31/12/2017	Movement in Past Service Pension Expense	7015-10-1	250,000	
31/12/2017	Defined Benefit Obligation	2400-00-0		250,000
<i>To reverse adjustment made on pensions past service expense to the past service liability in error.</i>				
31/12/2017	Defined Benefit Obligation	2400-00-0	4,955,055	
31/12/2017	Employee pension benefit obligation re-measurement	3026-00-0		4,018,000
31/12/2017	Past Service Pension-Finance-Grand Cayman	7025-10-1		937,055
<i>To correct an entry made on the movement of unfunded pension liability as at 31 December 2017.</i>				
31/12/2017	Accounts Receivable	1400-00-0	58,266	
31/12/2017	Travel Tax -Commercial & Customer Service-GCM	4110-16-1	480,839	
31/12/2017	Accounts Receivable - Related Parties	1403-00-0		7,332
31/12/2017	Accrued Revenue	1405-00-0		531,773
<i>To reverse an incorrect accrual for Cuban Transit and other duplicate entries.</i>				
31/12/2017	Accounts Payable	2000-00-0	19,401	
31/12/2017	Prepaid expenses	1500-00-0		19,401
<i>To reverse advance deposits made subsequent to yearend.</i>				
31/12/2017	General Insurance	7720-01-1	97,391	
31/12/2017	Other Current Liabilities	2015-00-0		97,391
<i>To correct the accrual of insurance previously under accrued.</i>				

Audit Adjusting Entries (continued):

Date	Name	Account No	Debit	Credit
31/12/2017	Buildings	1660-00-1	117,274	
31/12/2017	Other Current Liabilities	2015-00-0	194,798	
31/12/2017	Reimbursable expenses	1501-00-0		1,440
31/12/2017	Assets Under Construction	1690-00-1		23,153
31/12/2017	Passenger Screening- Security-GCM	7500-09-1		287,479
<i>Being entry to reverse impact of reclassification entries of Passenger Screening Fees to WIP and reverse over accrual as at 31 December 2017.</i>				
31/12/2017	Terminal Facility Chg - GCM	4030-16-1	36,398	
31/12/2017	Terminal Facility Chg - CYB	4030-16-2	1,245	
31/12/2017	Accounts Receivable - Interagency	1402-00-0		37,643
<i>To reverse unsupported billings.</i>				
31/12/2017	Movement in annual leave-General Non-Specific-GCM	7004-01-1	19,736	
31/12/2017	Accrued Vacation	2007-00-0		19,736
<i>Being entry to adjust accrued vacation as at 31 December 2017.</i>				
31/12/2017	Other Current Liabilities	2015-00-0	86,999	
31/12/2017	Retained Earnings	3010-00-0		56,993
31/12/2017	Audit Fees -Finance-Grand Cayman	7730-10-1		30,006
<i>Being entry to reduce the overprovision of audit fees.</i>				
31/12/2017	Assets Under Construction	1690-00-1	1,646,595	
31/12/2017	Other Current Liabilities	2015-00-0		1,646,595
<i>Being entry to recognize unrecorded accrual as at Dec 2017.</i>				
31/12/2017	Other Current Liabilities	2015-00-0	125,700	
31/12/2017	Assets Under Construction	1690-00-1		125,700
<i>To reverse an accrual erroneously included in error which wasl adjusted in the prior year.</i>				
31/12/2017	Depr Exp -Bldg & Structue-General Non-Specific-GCM	7826-01-0	5,747,682	
31/12/2017	Accumulated Depreciation	1661-00-1		5,747,682
<i>To adjust for the impact of the accelerated depreciation charge for early retirement of the old terminal building.</i>				
			<b>14,698,987</b>	<b>14,698,987</b>

Client Adjusting Entries:

Date	Name	Account No	Debit	Credit
31/12/2017	Computer Equipment	1600-00-1		1,279,590
31/12/2017	Computer Equipment - C Brac	1600-00-2		71,885
31/12/2017	Accum Depr. Computer Equipment	1601-00-1	903,883	
31/12/2017	Accum Depr. Cmptr Equip C Brac	1601-00-2	78,955	
31/12/2017	Furniture & Fixtures	1610-00-1		790,652
31/12/2017	Furniture & Fixtures - C Brac	1610-00-2		94,254
31/12/2017	Accum Depr Furniture & Fixtures	1611-00-1	738,889	
31/12/2017	Accum Depr Furniture & Fixtures C Brac	1611-00-2	112,425	
31/12/2017	Vehicles	1620-00-1		468,791
31/12/2017	Vehicles Cayman Brac	1620-00-2	13,354	
31/12/2017	Accumulated Depreciation Vehicles	1621-00-1	463,254	
31/12/2017	Accumulated Depreciation Vehicles_BRAC	1621-00-2		63,222
31/12/2017	Equipment	1630-00-1		4,813,363
31/12/2017	Equipment - C Brac	1630-00-2		476,567
31/12/2017	Accum Depr Equipment	1631-00-1	4,673,145	
31/12/2017	Accum Depr Equipment - C Brac	1631-00-2	263,374	
31/12/2017	Telecommunications & ATC	1640-00-1	648,735	
31/12/2017	Telecommunications & ATC-CKIA	1640-00-2	78,502	
31/12/2017	Telecommunications & ATC-Accum. Depreciation	1641-00-1		595,672
31/12/2017	Telecommunications & ATC-Accum. Depreciation CKIA	1641-00-2		66,862
31/12/2017	Buildings	1660-00-1		7,799
31/12/2017	Buildings - C Brac	1660-00-2		109,475
31/12/2017	Accum Depr Land Improvements	1671-00-1		1,377
31/12/2017	Assets Under Construction	1690-00-1		134,183
31/12/2017	Assets Under Construction CYB	1690-00-2		2,864
31/12/2017	Computer Software	1700-00-1	2,674,737	
31/12/2017	Computer Software - BRAC	1700-00-2	140,418	
31/12/2017	Accumulated Depreciation Computer Software	1701-00-1		1,674,843
31/12/2017	Accumulated Depreciation Computer Software - BRAC	1701-00-2		140,418
31/12/2017	Server Equipment	1710-00-1	503,339	
31/12/2017	Server Equipment-CKIA	1710-00-2	159,220	
31/12/2017	Server Equipment-Accum. Depr	1711-00-1		484,810
31/12/2017	Server Equipment-Accum. Depr-CKIA	1711-00-2		159,220
31/12/2017	Retained Earnings	3010-00-0		18,195
31/12/2017	Gain/Loss Disposal Fixed Asset	4800-00-1	94,018	
31/12/2017	Depreciation	7820-00-1		74,641
31/12/2017	Depr. Expense Computers -General Non-Specific-GCM	7822-01-1		156,168
31/12/2017	Depr exp computers -Cayman Brac-Cayman Brac	7822-02-2		15,437
31/12/2017	Depr exp.- F&F -General Non-Specific-GCM	7823-01-1		46,273
31/12/2017	Depr Exp F&F -Cayman Brac-Cayman Brac	7823-02-2		11,324
31/12/2017	Depr Exp M/V -General Non-Specific-Grand Cayman	7824-01-1		35,722
31/12/2017	Depr Exp M/V -Cayman Brac-Cayman Brac	7824-02-2	22,237	
31/12/2017	Depr Exp Equipment -General Non-Specific-GCM	7825-01-1		451,861
31/12/2017	Depr Exp Equipment -Cayman Brac-Cayman Brac	7825-02-2		12,807
31/12/2017	Depr Exp -Bldg & Structure-General Non-Specific-GCM	7826-01-1		2,442,202
31/12/2017	Depr Exp Bldg & Structure -Cayman Brac-Cayman Brac	7826-02-2		528,683
31/12/2017	Depr Exp Land Improvements	7827-01-1	2,278,500	
31/12/2017	Depr Exp Land Improvements-Brac	7827-01-2	525,000	
31/12/2017	Depr Exp Software	7828-05-1	810,502	
31/12/2017	Depr Exp Server	7829-05-1	14,328	
31/12/2017	Depr Exp Server-Cayman Brac	7829-05-2	13,938	
31/12/2017	Depr Exp Telecom	7831-17-1	14,372	
31/12/2017	Depr Exp Telecomm-B	7831-17-2	4,039	

*Being entry to adjust fixed asset as at 31 December 2017.*

*Client Adjusting Entries (continued):*

Date	Name	Account No	Debit	Credit
31/12/2017	Death Benefit - Cayman Brac	7030-02-2	79	
31/12/2017	Death Benefit - Airport Operations	7030-03-1	4,749	
31/12/2017	Death Benefit -Airport Operations-Cayman Brac	7030-03-2	3,921	
31/12/2017	Death Benefit - Air Traffic Control	7030-04-1	11,210	
31/12/2017	Death Benefit -Air Navig. Services-Cayman Brac	7030-04-2	625	
31/12/2017	Death Benefit - Telecom	7030-05-1	162	
31/12/2017	Death Benefit - Safety	7030-08-1	397	
31/12/2017	Death Benefit - Security	7030-09-1	17,299	
31/12/2017	Death Benefit -Security-Cayman Brac	7030-09-2	7,116	
31/12/2017	Death Benefit - Finance	7030-10-1	674	
31/12/2017	Death Benefit - Marketing	7030-11-1	192	
31/12/2017	Death Benefit - Human Resources	7030-12-1	3,702	
31/12/2017	Death Benefit - CEO	7030-13-1	635	
31/12/2017	Death Benefit-Facility & Maintenance-	7030-15-1	1,522	
31/12/2017	Death Benefit -Facility & Maintenance-Cayman Brac	7030-15-2	2,122	
31/12/2017	Death Benefit - Customer Service	7030-16-1	7,321	
31/12/2017	Death Benefit - CNS	7030-17-1	820	
31/12/2017	Death Benefit -AIS-Grand Cayman	7030-18-1	6,102	
31/12/2017	Death benefit -Aeronautical Information Servi-CKIA	7030-18-2	366	
31/12/2017	Reimburseable expenses	1501-00-0		69,013
<i>To reverse invalid accrual of PSPB overpayments (JE# 103502).</i>				
31/12/2017	Incoming Cash-In-Transit	1035-00-1	226,342.49	
31/12/2017	Retained earnings	3010-00-0		226,342.49
<i>To adjust prior year suspense account.</i>				
31/12/2017	Assets Under Construction	1690-00-1	2,917	
31/12/2017	Other Current Liabilities	2015-00-0		2,917
<i>Being entry to record the increase 2017 PWD charges.</i>				
31/12/2017	CI Checking Account - RBC	1000-00-0	2,045,063	
31/12/2017	US Checking Account - RBC	1010-00-0		1,985,417
31/12/2017	Gain/Loss on Exchange	4600-10-1		59,646
<i>Being entry to adjust posting errors between KYD and USD accounts.</i>				
			<b>17,572,498</b>	<b>17,572,498</b>

## APPENDIX 2 – SUMMARY OF UNADJUSTED DIFFERENCES

Description	Assets	Liabilities	Equity	Income	Expenses
To reverse journal entry 108469 - uncorrected accrual that was billed in November 2017	(30,577.00)	1,040.00	-	29,537.00	-
To reverse excess allowance for bad debts as at 31 December 2017.	461,522.14	-	-	-	(461,522.14)
To adjust understatement of Accumulated Depreciation	210,860.00	-	210,860.00	-	-
<b>Understated/(Overstated)</b>	<b>220,085.14</b>	<b>1,040.00</b>	<b>210,860.00</b>	<b>29,537.00</b>	<b>(461,522.14)</b>

### APPENDIX 3 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p><b>Accounting for accruals</b></p> <p>Accrual schedules for revenues and expenses were not properly prepared to reflect transactions as at year end. Information were either inaccurate or omitted.</p> <p>A number of audit misstatements were noted from our test work which indicates deficiencies in controls over the financial reporting process for accruals.</p>	<p><u>Risk/implication</u></p> <p>The accruals balance in the financial statements may be misstated.</p> <p><u>Recommendation</u></p> <p>Management should ensure that all journal entries to the accruals sub-ledger are reviewed by an independent person prior to recognition in the general ledger.</p> <p>Management should also ensure that the accruals schedule is regularly reviewed for accuracy (i.e. on a monthly basis at a minimum).</p>	<p>Noted.</p> <p>An accrual schedule is to be created and maintained by the Finance Department.</p>	<p>31 Dec 2021</p>
<p><b>Extension of Security Services Contract</b></p> <p>The existing Owen Roberts International Airport (ORIA) contract runs for three years beginning 1 January 2014; it expired in 2017. Tendering was not done in time prior to the expiry date because staff were engaged in the ORIA redevelopment that was then ongoing. A contract extension addendum was signed with the security provider using the same rate to bridge the gap in contract period, however, management did not seek Central Procurement Office's (CPO) advice and it did not seek approval from the Central Tenders Committee before signing the extension.</p>	<p><u>Risk/implication</u></p> <p>The Authority may not be obtaining best value for money.</p> <p><u>Recommendation</u></p> <p>Management should ensure that procurements are project-managed, planned and overseen effectively to ensure that the procurement process is completed in a timely manner. In the future, particularly where significant amounts are involved, the CPO and/or the Public Procurement Committee are involved, and where approvals are needed, they are secured before proceeding.</p>	<p>Noted.</p>	<p>31 Dec 2021</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p><b>Poor internal controls over accounting records</b></p> <p><u>Bank reconciliation</u> In the course of auditing the bank reconciliation, several weaknesses were found including:</p> <ul style="list-style-type: none"> <li>- Receipt of bank reconciliations with inaccurate general ledger balance</li> <li>- Numerous reconciling items including long outstanding items</li> <li>- Numerous revisions times during the audit</li> </ul> <p><u>Fixed asset register</u> When the audit started, the fixed asset register was not submitted; only a schedule of new acquisitions. CIAA eventually produced a fixed asset register in GP Dynamics based on fixed asset count as of year-end although there were significant inaccuracies found including:</p> <ul style="list-style-type: none"> <li>- Depreciation calculation performed by GP Dynamics was inaccurate</li> <li>- Information like in-service date, estimated useful life</li> <li>- Inaccurate journal entries to reflect the correct balance of fixed asset register in the general ledger</li> </ul> <p>These caused significant additional audit work, and there were significant number of repeated works on the part of management and audit team.</p>	<p><u>Risk/implication</u> Bank reconciliation is an important management tool in the control over the cash resources of an entity; failure to have proper monitoring procedure, exposes CIAA to the possibilities of errors or misstatements being undetected and unresolved.</p> <p>Fixed Assets are not properly recognized resulting in misstatement.</p> <p><u>Recommendations</u> CIAA should ensure that all bank reconciliations are prepared in a timely manner and that there is a review process evidenced by a signature.</p> <p>CIAA should ensure that bank accounts are reconciled to the general ledger at the end of each month and all pending items posted to the general ledger.</p> <p>The fixed assets register should be thoroughly reviewed on a regular basis to identify and correct errors in a timely manner.</p>	<p>Noted.</p> <p>Increasing resources in the Finance Department to better manage these accounts and reconciliations.</p>	<p>30 June 2022</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<i>Reiteration from prior year</i>			
<p><b>Petrol Throughput billings (Recurring)</b></p> <p>Fuel providers pay the Authority a commission of US\$0.18 per US gallon for fuel provided to airplanes at the airport. These fuel providers read their own meters, maintain all records and submit quarterly cheque payments along with details of petrol throughput to the Authority. The Authority relies exclusively on the fuel providers to supply them with the amount of aviation fuel sales. CIAA does not check the meter readings to validate fuel providers' report.</p>	<p><u>Risk/implication</u></p> <p>This weakness in internal control increases the risk of the Authority losing revenue if the fuel provider provides incorrect information for revenue collection.</p> <p><u>Recommendation</u></p> <p>The Authority should establish a control to ensure verification of fuel meter readings.</p>	<p>Noted.</p> <p>Will continue to research how this can be independently verified.</p>	<p>30 June 2022</p>
<p><b>Lack of Signed Lease Agreements(Recurring)</b></p> <p>A number of the Authority's lease documentations examined relating to office/shop rentals at the Owen Roberts International Airport were unsigned and undated.</p>	<p><u>Risk/implication</u></p> <p>Loss of the ability to raise rental during the renewal negotiations.</p> <p>Legal implications particularly in the event of any disputes.</p> <p><u>Recommendation</u></p> <p>The Authority should ensure that all tenancies are supported by written, signed and dated lease agreements.</p>	<p>CIAA is working with legal team and contracts have been drafted, however airlines have refused to sign new lease agreements to date, primarily due to the requirement for a deposit.</p> <p>With respect to Government leases, a draft has been agreed with Lands and Survey ("L&amp;S"). We are told that L&amp;S department is currently awaiting Cabinet approval before signing.</p>	<p>30 June 2022</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p><b>Support for Terminal Fees (Recurring)</b></p> <p>Each passenger is charged \$1 terminal facility charges through the airlines. However, there is no clear basis for the Authority to charge this fee.</p>	<p><u>Risk/implication</u></p> <p>Fees are being charged to the airline which has not been stipulated, including in Act or regulation.</p> <p><u>Recommendation</u></p> <p>It is recommended that CIAA formalize the basis of terminal facility charges.</p>	<p>Business Development is working on submission to go to cabinet to capture all fees.</p> <p>Fees have been in place since 2004 when CIAA was a part of Civil Aviation.</p>	<p>30 June 2022</p>