



**CAYMAN ISLANDS NATIONAL ATTRACTIONS AUTHORITY
(FORMERLY TOURISM ATTRACTION BOARD)**

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2023 AUDIT

MAY 2024

*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 December 31, 2023, financial statements of the Cayman Islands National Attractions Authority (the “Authority”), previously Tourism Attraction Board. International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the 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 2023 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 (2020 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 15 September 2023. 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 Director 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 on the 31 December 2023 financial statements.
9. A summary of audit adjustments (\$81,218) made to the financial statements is attached in Appendix 1. There were no uncorrected material misstatements identified, 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 April 30, 2024.

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. 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:

- Property, plant and equipment – CI\$9,793,265
- Depreciation of fixed assets – CI\$387,090
- Expected Credit Losses – CI\$30,588

GOING CONCERN DOUBTS

14. 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 Authority's ability to continue as a going concern.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

15. Significant deficiencies identified during our audit 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 laws 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.
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. 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.

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 2023 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,


Sue Winspear, CPFA
Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS

	Assets DR/ (CR)	Liabilities DR/ (CR)	Equity DR/ (CR)	Income DR/(CR)	Expenses DR/ (CR)
Impact of corrected client adjustments	-	-	-	(81,218)	81,218

Number	Date	Name	Account No	Debit	Credit
1	12/31/2023	Administrative Expenses	4100	81,218	
1	12/31/2023	Other Revenue	4100		(81,218)
		Reclassification of the Summer Camp income, which was netted off with Administrative Expenses (Summer Camp Expenses), to Other Revenue.			

APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS

	Assets DR/ (CR)	Liabilities DR/ (CR)	Equity DR/ (CR)	Income DR/(CR)	Expenses DR/ (CR)
Impact of uncorrected adjustments	-	-	-	-	-

APPENDIX 3 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response (Please note whether point is accepted or rejected)
<p>1. No Notice of interest forms not provided.</p> <p>CINAA did not provide four (4) Notice of Interest (NOI) forms from the Board members who were appointed in the second half of the financial year. Additionally, CINAA did not provide NOI forms from four of the outgoing board members who presided over the first half of the year. The Authority uses these forms to identify related parties and consequently related party transactions for disclosure as required by <i>IPSAS 20 – Related Party Disclosures</i>.</p>	<p>Risk/Implication:</p> <p>The non-completion of Notice of Interest/Declaration of Interest forms could prevent the Authority from identifying and managing conflict of interest risks when conducting business operations. It could also prevent the Board from identifying and disclosing all the applicable related parties as per the requirements of IPSAS 20—Related Party Disclosures.</p> <p>Recommendation:</p> <p>Management should ensure that all members declare and disclose their financial interests, and a record of these declarations is kept for use when managing business risks and identifying related parties to ensure compliance with IPSAS 20 – Related Parties.</p>	<p>Recommendation accepted. We will ensure that going forward all Notice of Interest are completed and submitted on a timely basis.</p> <p>Since the start of 2024 we have been requesting from each board member to complete and return the Notice of Interest.</p>

Observation	Risk/Implication and Recommendation	Management Response (Please note whether point is accepted or rejected)
<p>2. Non-compliance with the CINAA Act and the Public Authorities Act (2020 Revision)</p> <p>The CINAA Board met only three (3) times in 2023, on January 19, September 28, and November 16, as opposed to eight (8) times as prescribed by section 10 (1) of the Cayman Islands National Attractions Authority Act. This also contravenes section 17 (1) (a) of the Public Authorities Act (2020 Revision), which requires the board to meet at least once every three months, i.e. at least four times.</p>	<p>Risk/Implication</p> <p>There is a risk that the implementation of strategies, policies, management performance, and business plans is not sufficiently monitored and may lead to actions that are not in line with the Authority’s primary function.</p> <p>Recommendation:</p> <p>The board should meet at least once a quarter as prescribed by the Public Authorities Act (2020 Revision).</p>	<p>The board was unable to meet between February and May of 2023 because there were not sufficient members to have a quorum. The Deputy Chairperson resigned at the end of January 2023 and was never replaced.</p> <p>In June 2023 the new Act came into effect and new board members were not appointed by Cabinet until September 2023.</p> <p>The board has complied with the provision prescribed by the Public Authorities Act (2020 Revision), since it was fully appointed in September 2023.</p>
<p>3. Non-compliance with the Procurement Act (2023 Revision) and Procurement Regulations (2022 Revision)</p> <p>There was no business case approved by the Public Procurement Committee (PPC) and the Entity Procurement Committee (EPC) for Phase 1 of the Children’s Garden. This contravenes Regulation 3 of the Procurement Regulations (2022 Revision) and Schedules 2 and 3 of the Procurement Act. In the 2023 financial year, CI\$666,574 was capitalised to Property, Plant, and Equipment.</p>	<p>Risk/Implication</p> <p>There is a risk that the Authority is not obtaining value for money for goods and services procured, which could lead to the wastage of public funds.</p> <p>Recommendation:</p> <p>Management must ensure that they obtain an approved business case for all procurements of ≥\$250 thousand to < \$10 Million as well as the remaining phases of the Children’s Garden should they fall within the threshold or higher.</p>	<p>Recommendation accepted.</p> <p>We are now in compliance with the Procurement Act.</p>

Observation	Risk/Implication and Recommendation	Management Response (Please note whether point is accepted or rejected)
<p>4. A webpage for payments found on the Authority's website</p> <p>OAG found a webpage on the Cayman Islands National Attractions Authority's website that looked like it was meant to accept different types of payments. Upon inquiry (about the controls over the webpage and the payment process involved), management said that it was not functional and subsequently removed from public access.</p>	<p><u>Implication</u></p> <p>CINAA may expose itself to liability and be held accountable for the customer's data loss of confidential credit/debit card information.</p> <p><u>Recommendation</u></p> <p>Management must remove this webpage if it is not functional.</p>	<p>We agree that the webpage was on display, however, it was not functional, and payment on the page would have been impossible.</p> <p>The webpage was removed immediately after it was brought to our attention.</p>
<p>5. Obsolete version of Dynamics RMS</p> <p>The Authority uses Microsoft Dynamics RMS v2.0; however, the manufacturer support ended in 2016.</p>	<p><u>Implication</u></p> <p>The use of an obsolete version means the Authority is exposed to security risks (that the updates are supposed to address) and does not benefit from the latest upgrades required for Dynamics RMS's optimal function, which could impact data quality.</p> <p><u>Recommendation</u></p> <p>Management should procure the latest version of Dynamics RMS along with the manufacturer's support. Furthermore, Management should ensure that critical software (like Dynamics RMS) is constantly updated.</p>	<p>We understand and accept the need to update our POS system and we are currently reviewing our options. Our implementation timeline set within our current budget cycle.</p>