



CAYMAN ISLANDS NATIONAL ATTRACTIONS AUTHORITY

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2024 AUDIT

MAY 2025

***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 financial statements for the Cayman Islands National Attractions Authority (the “Authority”) for the year ended 31 December 2024. 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; and
 - 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 2024 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 13 September 2024. 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 2024 financial statements.
9. A summary of audit adjustments (\$17,150) 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 30 April 2025.

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\$9,653,210
- Depreciation of fixed assets – CI\$400,322
- Expected Credit Losses – CI\$25,012

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 2024 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,



Patrick O. Smith, CPA, CFE
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	-	-	-	-	-

Number	Date	Name	Account No	Debit	Credit
1	12/31/2024	Payroll & Related Expenses:6010 Salaries and Wages	6010	17,150	
1	12/31/2024	Administrative Expenses	6050		(6,400)
1	12/31/2024	Marketing Expenses: 6082 Marketing	6082		(2,250)
1	12/31/2024	Operations & Maintenance: 6125 General Updates	6125		(7,200)
1	12/31/2024	Summer Camp Expenses	6171		(1,300)
<p><u>Reclassification</u> of the salary related expenses to payroll expense.</p>					

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	-	-	-	-	-

None noted

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>The Authority did not provide two (2) Notice of Interest (NOI) forms for two (2) Board members. 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 <i>IPSAS 20—Related Party Disclosures</i>.</p> <p>Recommendation:</p> <p>Management should ensure that all members declare and disclose their financial interests and keep a record of these declarations for use when managing business risks and identifying related parties to ensure compliance with <i>IPSAS 20—Related Parties</i>.</p>	<p>Agreed.</p> <p>However, one possible reason why a member has not submitted a Notice of Interest could be that he was representing the MOT Chief Officer, who had already submitted his own 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 Procurement Act (2023 Revision) and Procurement Regulations (2022 Revision)</p> <p>The Authority has a service agreement with its Information Technology (IT) service provider dated November 4, 2016. This contract has no end date, so the total value cannot be determined. The Procurement Act, Section 14(1), requires an accurate estimate of the total value of a procurement project. Without a defined contract term (i.e., start date and end date), the total value cannot be determined.</p>	<p>Risk/Implication</p> <p>There is a risk that this open-ended contract is not compliant with the Procurement Regulation, resulting in the Authority not obtaining value for money from it.</p> <p>Recommendation: Management should ensure that all contracts comply with the Procurement Regulations by having a start date and an end date. This will enable management to assess the value of the contracts and allow a value-for-money assessment.</p>	<p>Accepted. We are currently in the process of reviewing the engagement and will be making the necessary changes. Kindly note the annual contract value is less than \$6,000.</p>
<p>3. The Authority does not have monitoring processes for its IT services provider</p> <p>The Authority employs the services of IT providers, including managed services and software-as-a-service (cloud) vendors. However, monitoring processes are not in place to effectively oversee these vendors.</p>	<p>Risk/Implication</p> <p>Outsourcing introduces incremental risks that may be ineffectively managed, including IT misalignment with the organizational strategy.</p> <p>Recommendation: Management should establish a set of monitoring activities that address risks and create linkages between the IT activities and corporate strategy.</p>	<p>Agreed. We acknowledge that while the Authority engages various IT service providers, there is a need to strengthen monitoring processes. Establishing structured oversight mechanisms will help mitigate outsourcing risks and ensure better alignment between IT services and the Authority's strategic objectives. We support the recommendation to implement monitoring activities that link IT operations with the broader corporate strategy.</p>

Observation	Risk/Implication and Recommendation	Management Response (Please note whether point is accepted or rejected)
<p>4. Inadequate back-up procedures</p> <p>Records of backup results during the year are not available. In addition, the Authority has not tested whether its backup files can be successfully restored.</p>	<p><u>Risk/ Implication</u></p> <p>Business interruptions could be significant if backups are not adequate.</p> <p><u>Recommendation</u></p> <p>Management should ensure that the backup results are logged and that the logs are retained according to policy or law. Management should likewise ensure that it conducts a test to determine if the backup files can be successfully accessed and used.</p>	<p>Agreed.</p> <p>Management will ensure that all system backup records are logged and accessible.</p>
<p>5. Obsolete version of Microsoft Dynamics RMS and QuickBooks Desktop</p> <p>The Authority relies on purchased software versions beyond the vendors' support, i.e. QuickBooks Desktop and Microsoft RMS Dynamics.</p>	<p><u>Risk/Implication</u></p> <p>Vulnerabilities are not mitigated, creating new, higher-level risks without vendor patches and support.</p> <p><u>Recommendation</u></p> <p>Management should ensure that their obsolete systems are updated and that future software is managed effectively to obtain current patches and updates and avoid vulnerabilities.</p>	<p>All our QuickBooks software versions have been updated. We have also updated the RMS software at Pedro St. James, which is now live and operational. However, we are currently vetting and fine-tuning all reports before installing it at the Botanic Park.</p>