



COVID-19: WHAT IT MEANS FOR PUBLIC AUDIT IN THE CAYMAN ISLANDS

Date: June 2020

***To help the public service
spend wisely***

TABLE OF CONTENTS

- Our approach.....1**
- Context 1**
- OAG Principles..... 1**
- What it means for audit work.....2**
- Financial Audit..... 2**
- Performance Audit 2**

OUR APPROACH

CONTEXT

1. The Cayman Islands Government (CIG) and its Statutory Authorities & Government Companies (SAGCs) have all been affected, in one way or another, by the COVID-19 pandemic.
2. CIG and a number of SAGCs are under considerable pressure as they manage the impact of the pandemic.
3. CIG responded with shelter-in-place measures including closing all non-essential public sector offices and facilities with effect from 24th March 2020. Non-essential civil and public servant are expected to work remotely from home.
4. CIG has put a number of measures in place to support individuals and the economy withstand the impact of the pandemic. These include buying emergency supplies such as PPE and test kits, providing social assistance to families and individuals experiencing hardship, and providing financial support to businesses.
5. It will be some time before we understand the full impact on public services.

OAG PRINCIPLES

6. We appreciate the pressures that the public sector are under and the unique challenges they are facing. We will be flexible and pragmatic in our audit approach.
7. Sound financial management and effective governance are even more important at this time.
8. Audit has a key role to play in providing assurance and supporting scrutiny and public accountability.
9. We are mindful of the pressures of COVID-19 and will plan and consider our work to ensure that we are not placing undue pressure on public bodies or compromising the emergency response.
10. The health and wellbeing of our staff are paramount and we will safeguard these at all times. All OAG staff have been working remotely since mid-March unless given specific short-term curfew exemptions and we have agreed a flexible working policy for the period to September 2020. The policy will be reviewed and updated at this date. The policy includes arrangements that we will put in place for the gradual reopening of the office whenever that is allowed to happen.

WHAT IT MEANS FOR AUDIT WORK

FINANCIAL AUDIT

11. Despite all public sector offices closing and staff being sent home to work remotely from mid-March 2020, OAG staff worked with audit clients and private firms to complete as many of the 2019 financial statements audits as possible within the statutory deadline. By 30 April 2020, 28 audits were completed (including OAG). This is a significant achievement given the circumstances everyone was working under.
12. During May, OAG staff continued to work with audit clients and private firms to complete the outstanding audits of 2019 financial statements. By the end of May 2020 a further two audits were completed bringing the total to 30. This leaves 12 audits of the 2019 financial statements outstanding. We plan to complete as many of these as possible by the end of June 2020 and complete the remainder by the end of August 2020, subject to clients being able to support our work.
13. Again, from May and continuing over the summer, the OAG restarted the backlogged audits from prior years. The backlogged audits include Ministry of Health, Environment, Culture and Housing and Cayman Islands Airport Authority for the three years 2016-17, 2018 and 2019 and the EPS audits for 2018 and 2019. By the end of August 2020 we aim to have all of these audits completed, again subject to clients being able to respond.

PERFORMANCE AUDIT

14. The OAG published its Performance Audit (PA) programme for 2019 – 2023 in July 2019 and was in the process of updating this for the period 2020 – 2024 when the pandemic started to affect the Cayman Islands. Due to the current circumstances we are revising the programme.
15. We have two PAs that are very close to completion – Efficiency and Effectiveness of Utility Regulation and Competition Office (OfReg) and Budgeting, Financial Management and Financial Sustainability. We are currently finalising the OfReg report and aim to issue and publish this in June 2020. For the other PA we have decided to issue a series of three reports on Improving Financial Accountability and Transparency covering (1) Budgeting, (2) Financial Management and Reporting, and (3) Long-Term Financial Sustainability. We will work to finalise these over the remainder of the year. The second in the series will sit alongside our next General Report on the 2019 financial statements.
16. The PA programme included two new PAs – Health Services Authority’s (HSA) Pharmacy Services and Cayman Airways Limited (CAL) - that were due to start in early 2020. These audits had already

been put on hold for different reasons and we were due to start the planning phase for them in May 2020. Both of these organisations have been significantly affected by the pandemic and we are therefore putting these on hold for now to allow HSA and CAL time to recover. We will continue to discuss the timing and scope of these audits with both organisations.

17. Over the past few months we have been considering adding new PAs to the programme to reflect some of the new risks and challenges being faced by the Government and wider public sector as a result of the COVID-19 pandemic. We will prepare a summary of the Government's spend, commitments and programmes relating to COVID-19, which will be incorporated into our report on Long-Term Financial Sustainability mentioned above. We plan to add the following performance audits to the programme: (1) e-Government and the shift to online services; and (2) rebuilding the economy. The timing of these audits is still being considered but we aim to start at least one of these in the second half of 2020.
 18. We aim to keep our PA programme as flexible as possible. We will continue to review emerging risks and challenges and consider if they merit a performance audit or public interest report.
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