



OAG Quarterly Report

31 March 2015

*Our independent work
promotes good governance,
transparency and
accountability in the use of
public funds*

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FINANCIAL AUDIT PRACTICE

EPS AUDITS

1. As shown in Exhibit 1, audit work on four of the six Entire Public Sector (EPS) submissions has been completed, with disclaimers of opinion issued. Work is ongoing to finalise the position for outstanding EPS financial statements for 2012-13.
2. With respect to the EPS financial statements for 2013-14, we received the draft statements in line with the timetable set out in the PMFL of 31 October 2014. We continue to target completion and certification of these statements by 30 June 2015, although this is highly dependent on a number of factors, not least of which is the effective completion of the outstanding material entity financial statements. The audit is also identifying a number of issues which may impact the planned timelines.

Exhibit 1 – EPS Audit Progress

Year	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
2008-09	6 May 2014	Disclaimed	8 December 2014
2009-10	30 November 2014	Disclaimed	
2010-11	25 July 2013	Disclaimed	9 April 2014
2011-12	Finalised	Disclaimed	
2012-13	In progress		
2013-14	In progress		

ENTITY AUDITS

3. During the first quarter of 2015 we have continued to focus on the completion of all outstanding financial statements for the year up to 30 June 2014. As at 31 March there continue to be 26 sets of outstanding financial statements from 18 entities. Exhibit 2 provides a high level summary of the current state of audit completion and tabling of annual reports in the Legislative Assembly.

Exhibit 2 – Prior Year Audits

Year	Number of Entity Audits	Audits Completed	Audits Outstanding	Annual Reports Tabled
2013-14	42	24	18	5
2012-13	43	36	7	25
2011-12	41	40	1	30
2010-11	40	40	0	34

4. In January we agreed with the Deputy Governor that pressure needed to be maintained on entities to drive forward the completion of their outstanding financial statements to avoid the situation that has arisen in prior years with the audits dragging on for significant periods of time as entities are diverted to other priorities. We agreed a target date of 30 April 2015 to materially complete all audits, with an absolute deadline of 30 June 2015.
5. Work is progressing with reasonable cooperation from entities. As at 31 March of the 26 audits were outstanding. Ten are now finalized and ready to be signed off, however the stretch target of having the majority of audits completed and signed off by 30 April 2015 will not be fully achieved. The audit fieldwork is near completion in the majority of audits but factoring in further time for review, and agreement of findings and adjustments with audit clients, along with the delays that we normally experience in getting the signed financials from clients, we are targeting 29 May 2015 for having audits signed off.
6. However for 5 audits, whilst we plan to have completed all our work by the end of May 2015, the date of finalization and sign off is less certain due to potential issues that may need to be addressed by the client. We are still hopeful that all will be signed off by 30 June 2015, but this will become clearer as we move closer to the end of May 2015. Appendices A provide details for each individual entity.
7. I have indicated to the Deputy Governor that it is my intention to issue a general report on the financial reporting across the entities by 30 June 2015, covering both the 30 June 2013 and 2014 financial years, no matter what position has been reached in regard to the completion of the outstanding financial statements.

PERFORMANCE AUDIT PRACTICE

8. The OAG currently has seven performance audits and one contract audit in progress. The fieldwork for four of these is complete and they are at various stages of the reporting phase. Exhibit 3 provides further details of each audit and their progress.

Exhibit 3 – Performance audits in progress

Report	Summary	Progress
Managing the Collection of Government Revenues	The audit is examining whether Government is efficiently and effectively managing the collection of its revenues in support of its objectives. It is focused on Governments coercive revenue streams and is being carried out in conjunction with our audit of the EPS financial statements.	Planning complete and fieldwork is well progressed.
IT Control and Security	Review of general IT controls on Government’s main accounting systems and IT security. This work is being carried out provide assurance for the audit of the EPS financial statements as well as part of our performance audit programme.	Planning complete and fieldwork has now commenced
Scrap Metal	The audit is examining the award of the scrap metal contract.	Planning underway
Social Benefits Payments	The audit examines whether social assistance programmes are strategically managed to achieve intended results and delivered with due regard for value for money.	Report finalized and will be submitted to the LA in May 2015
Major Capital Projects Part 2 - Schools	The audit examines how the Government managed major capital projects and whether due consideration was given to achieving value for money. This report will include the examination of the completion phase of the high schools, and the primary schools projects.	Report and will be submitted to the LA in May 2015

Report	Summary	Progress
Management of Land	The audit examines whether the Cayman Islands Government is adequately managing land use and development to meet the government objectives, both for the Cayman Islands in general and also for Crown Lands in particular. The audit includes some sample cases including the “For Cayman Investment Alliance”.	Responses received from Government officials. Report being updated for new developments and third party clearances are ongoing. The report will be submitted to the LA in May 2015
Governance Review of Cayman Airways, Cayman Islands Airports Authority and the Civil Aviation Authority	The audit is examining the arrangement in place to govern and manage the performance and operations of three SAGCs efficiently, effectively and economically, and in a manner which is accountable and transparent.	Field work is nearing completion and report is being drafted
Nation Building Programme	This audit is examining whether the payments made from the Nation Building Fund were managed effectively and that there was due regard for value for money, accountability and transparency.	Report being re-drafted after completion of additional fieldwork and internal review.

OPERATIONAL REPORT

OAG FINANCIAL PERFORMANCE NINE MONTHS TO 31 MARCH 2015

9. Exhibit 4 provides details of the OAG's financial performance for the first nine months of 2014-15. For the nine months to 31 March the OAG has generated a surplus of \$118,362.

Exhibit 4 – OAG Statement of Financial Performance for the Nine Months to 31 March 2015

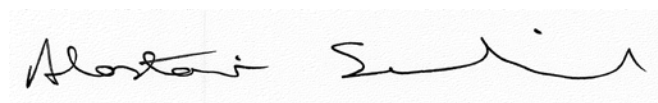
	YTD Actuals	YTD Budget	YTD Variance
REVENUE			
Audit services provided to PAC	379,273	384,991	(5,718)
Audit services provided to Other Govt Agencies	1,424,658	1,715,000	(290,342)
Other Revenue	0	0	
TOTAL OPERATING REVENUE	1,803,931	2,099,991	(296,060)
EXPENSES:			
Personnel costs	1,363,446	1,367,804	(4,358)
Operating Expenses	313,475	390,007	(76,532)
Depreciation	8,644	13,995	(5,350)
TOTAL EXPENSES	1,685,566	1,771,806	(86,240)
SURPLUS FROM OPERATING ACTIVITIES	118,365	328,185	(209,820)
Gains/(losses) on FX transactions	3	0	3
Gains/(losses) on disposal or revaluations of non-current assets	0	0	-
TOTAL NON-OPERATING REVENUE AND EXPENSES	3	0	3
Surplus before Extraordinary Items	118,362	328,185	(209,817)
Extraordinary Items	0		
NET SURPLUS	118,362	328,185	(209,817)

OAG STRATEGIC PLAN

10. The development of a revised OAG strategic plan for the period 2014-17 has been completed. A copy of the final plan was submitted to the Committee in March. The OAG will publish the strategy in May.

BUDGET SUBMISSION AND OFFICE RESTRUCTURING

11. The proposed budget for the OAG for the 2015-16 financial year was presented to the committee in March, along with the plan for proposed restructuring of the OAG to enable it to deliver its mandate through a sustainable and professional audit practice, a key part of the OAG's new strategic plan.
12. The Committee approved the proposals and implementation plans for the proposed restructuring. Subsequently after discussions with Treasury the OAG have amended the budget proposals as directed to align with the Strategic Policy Statement. At this stage the budget proposals still contain the changes to staffing required to implement the OAG's restructuring, which will now have to be implemented on a phased basis over 2015-16. The implementation of the restructuring will commence once the 2015-16 budget has been approved by the Legislative Assembly.



Alastair Swarbrick MA(Hons), CPFA, CFE
Auditor General
George Town, Grand Cayman
Cayman Islands

22 April 2015

APPENDIX A – OUTSTANDING AUDITS

Year ending 30 June 2014

Entity	Current Progress	Audit Work Completion	Target FS Sign off	Comments
Cabinet Office	Finalised	N/A	24 April 2015	Awaiting signed financials from the client
Ministry of Education, Employment and Gender Affairs	In progress	22 May 2015	30 June 2015	The timeline for completion has been adversely affected by the finalization discussions on 2013
Ministry of Finance and Economic Development	Substantially Complete	24 April 2015	8 May 2015	
Ministry of Financial Services, Commerce and Environment	In progress	8 May 2015	29 May 2015	
Ministry of Health, Youth, Sports and Culture	In progress	12 May 2015	30 June 2015	The timeline for completion has been adversely affected by the finalization of 2013
Ministry of Home Affairs	In progress	8 May 2015	29 May 2015	
Ministry of Planning, Lands, Agriculture, Housing and Infrastructure	In progress	8 May 2015	30 June 2015	
Cayman Airways Limited	Finalised	N/A	1 May 2015	Awaiting signed financials from the client
Cayman Islands Airport Authority	In progress	8 May 2015	29 May 2015	
Cayman Islands Development Bank	Finalised	N/A	24 April 2015	Awaiting signed financials from the client
Cayman Islands National Museum	In progress	30 April 2015	29 May 2015	
Children & Youth Services Foundation	Finalised	N/A	24 April 2015	Awaiting revised financial statements from client
CINICO	In progress	30 June 2015	30 June 2015	Issues with the in-housing of certain services which may affect the completion schedule
Health Services Authority	In progress	30 May 2015	30 June 2015	

Entity	Current Progress	Audit Work Completion	Target FS Sign off	Comments
National Housing Development Trust	Finalised	N/A	24 April 2015	Awaiting signed financials from the client
Segregated Insurance Fund	Substantially Complete	24 April 2015	15 May 2015	
Sister Islands Affordable Housing Development Corporation	Substantially Complete	24 April 2015	15 May 2015	
Tourism Attractions Board	In progress	15 May 2015	29 May 2015	

Year ending 30 June 2013

Entity	Current Progress	Audit Work Completion	Target FS Sign off	Comments
Ministry of Health, Environment, Youth, Sports and Culture	Finalised	N/A	15 May 2015	Awaiting signed financials from the client
Ministry of District Administration, Works, Lands and Agriculture	In Progress	TBD	TBD	Decision awaited from CIG regarding the strategy for resolving significant issues.
Ministry of Education, Training and Employment	Substantially Complete	15 May 2015	29 May 2015	Finalisation delayed due to ongoing discussions on the valuation of schools.
Portfolio of Internal and External Affairs	Substantially Complete	24 April 2015	8 May 2015	
Cayman Islands Airport Authority	In Progress	8 May 2015	29 May 2015	
Children & Youth Services Foundation	Finalised	N/A	24 April 2015	Awaiting revised financial statements from client
Tourism Attractions Board	In progress	30 April 2015	15 May 2015	

Year ending 30 June 2012

Entity	Current Progress	Audit Work Completion	Target FS Sign off	Comments
Children & Youth Services Foundation	Finalised	N/A	24 April 2015	Awaiting revised financial statements from client

APPENDIX B – COMPLETED 2013-14 AUDITS

Table 1 - Ministry and Portfolio audits

Entity	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Director of Public Prosecutions	31 October 2014	Unqualified	
Information Commissioners Office	31 October 2014	Unqualified	
Judicial Administration	31 October 2014	Qualified	15 April 2015
Ministry of Community Affairs	31 October 2014	Unqualified	27 November 2014
Ministry of District Administration, Tourism and Transport	31 October 2014	Qualified	27 November 2014
Office of the Complaints Commissioner	31 October 2014	Unqualified	
Portfolio of the Civil Service	31 October 2014	Unqualified	27 November 2014
Portfolio of Legal Affairs	31 October 2014	Qualified	17 April 2015

Table 2 – Statutory Authority and Government Company audits

Entity	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Auditor Oversight Authority	31 October 2014	Unqualified	15 April 2015
Cayman Islands Monetary Authority	31 October 2014	Unqualified	15 April 2015
Cayman Islands Stock Exchange	17 October 2014	Unqualified	
Cayman National Cultural Foundation	31 October 2014	Unqualified	15 April 2015
Cayman Turtle Farm (1983) Ltd.	29 October 2014	Qualified	
Civil Aviation Authority	6 November 2014	Qualified	15 April 2015
Electricity Regulatory Authority	31 October 2014	Unqualified	
Information and Communications Technology Authority	31 October 2014	Unqualified	
Maritime Authority of the Cayman Islands	31 October 2014	Unqualified	27 November 2014
National Drug Council	27 October 2014	Unqualified	
National Gallery of the Cayman Islands	30 October 2014	Qualified	
National Roads Authority	30 October 2014	Unqualified	
Port Authority of the Cayman Islands	31 October 2014	Qualified	
Public Service Pensions Board	31 October 2014	Unqualified	8 December 2014
University College of the Cayman Islands	30 October 2014	Unqualified	
Water Authority of the Cayman Islands	31 October 2014	Unqualified	

APPENDIX C – COMPLETED 2012-13 AUDITS

Table 1 - Ministry and Portfolio audits

Entity		Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Cabinet Office		31 October 2013	Qualified	8 December 2014
Director of Public Prosecutions		25 October 2013	Unqualified	29 Jan 2014
Information Commissioners Office		29 October 2013	Unqualified	
Judicial Administration		24 October 2013	Qualified	
Ministry of Community Affairs, Gender and Housing		30 June 2014	Unqualified	27 November 2014
Ministry of Financial Services, Tourism and Development	Finance and Economics	27 November 2014	Qualified	
	Financial Services	23 February 2015	Unqualified	15 April 2015
	Tourism	18 June 2014	Disclaimed	24 October 2014
Office of the Complaints Commissioner		31 October 2013	Unqualified	8 December 2014
Office of the Premier		4 August 2014	Unqualified	8 December 2014
Portfolio of the Civil Service		28 October 2013	Unqualified	9 April 2014
Portfolio of Legal Affairs		29 October 2013	Qualified	29 Jan 2014

Table 2 – Statutory Authority and Government Company audits

Entity	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Auditor Oversight Authority	28 February 2014	Unqualified	25 June 2014
Cayman Airways Limited	5 August 2014	Unqualified	15 April 2015
Cayman Islands Development Bank	3 July 2014	Unqualified	24 October 2014
Cayman Islands Monetary Authority	31 October 2013	Unqualified	9 April 2014
Cayman Islands National Museum	12 September 2014	Qualified	
Cayman National Cultural Foundation	31 October 2013	Unqualified	27 November 2014
Cayman Islands Stock Exchange	25 October 2013	Unqualified	9 April 2014
Cayman Turtle Farm (1983) Ltd.	24 October 2013	Qualified	26 Feb 2014
CINICO	23 March 2015	Unqualified	
Civil Aviation Authority	28 October 2013	Qualified	9 April 2014
Electricity Regulatory Authority	31 October 2013	Qualified	11 September 2014
Health Services Authority	31 March 2015	Qualified	
Information and Communications Technology Authority	31 October 2013	Unqualified	11 September 2014
Maritime Authority of the Cayman Islands	29 October 2013	Unqualified	9 April 2014
National Drug Council	29 October 2013	Unqualified	
National Gallery of the Cayman Islands	31 October 2013	Qualified	30 Jan 2014
National Housing Development Trust	9 October 2014	Unqualified	27 November 2014
National Roads Authority	29 October 2013	Unqualified	27 November 2014
Port Authority of the Cayman Islands	31 October 2013	Unqualified	11 September 2014
Public Service Pensions Board	7 August 2013	Unqualified	8 December 2014
Segregated Insurance Fund	31 October 2013	Unqualified	30 Jan 2014
Sister Islands Affordable Housing Development Corporation	4 April 2014	Disclaimed	15 April 2015
University College of the Cayman Islands	31 October 2013	Unqualified	
Water Authority of the Cayman Islands	30 October 2013	Qualified	26 June 2014

APPENDIX D – COMPLETED 2011-12 AUDITS

Table 1 - Ministry and Portfolio audits

Entity		Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Office of the Complaints Commissioner		31 October 2012	Unqualified	18 November 2013
Portfolio of Internal and External Affairs		23 September 2014	Qualified	
Cabinet Office		31 October 2012	Qualified	10 December 2012
Portfolio of the Civil Service		31 October 2012	Unqualified	10 December 2012
Portfolio of Legal Affairs		16 November 2012	Unqualified	15 April 2015
Judicial Administration		31 October 2012	Unqualified	
Information Commissioners Office		31 October 2012	Unqualified	18 November 2013
Director of Public Prosecution		30 January 2013	Unqualified	11 December 2013
Ministry of Health, Environment, Youth, Sports and Culture		31 October 2012	Qualified	15 March 2013
Ministry of District Administration, Works, Lands and Agriculture		12 August 2014	Disclaimed	
Ministry of Education, Training and Employment		18 February 2014	Qualified	9 April 2014
Ministry of Community Affairs, Gender and Housing		25 June 2013	Qualified	18 November 2013
Ministry of Finance, Tourism and Development	Finance and Economics	3 February 2014	Qualified	9 April 2014
	Financial Services	28 June 2013	Qualified	18 November 2013
	Tourism	29 November 2013	Adverse	24 October 2014

Table 2 – Statutory Authority and Government Company audits

Entity	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Cayman Airways Limited	17 May 2013	Unqualified	11 December 2013
Cayman Islands Airport Authority	29 September 2014	Qualified	15 April 2015
Cayman Islands Development Bank	26 June 2013	Unqualified	18 November 2013
Cayman Islands Monetary Authority	31 October 2012	Unqualified	14 March 2013
Cayman Islands National Museum	15 August 2013	Qualified	24 October 2014
Cayman National Cultural Foundation	31 October 2013	Unqualified	27 November 2014
Cayman Islands Stock Exchange	5 November 2012	Unqualified	15 March 2013
Cayman Turtle Farm (1983) Ltd.	23 October 2012	Qualified	25 March 2013
CINICO	7 October 2013	Unqualified	
Civil Aviation Authority	30 October 2012	Qualified	13 March 2013
Electricity Regulatory Authority	31 October 2012	Unqualified	27 November 2014
Health Services Authority	28 May 2014	Qualified	15 April 2015
Information and Communications Technology Authority	19 October 2012	Unqualified	27 November 2014
Maritime Authority of the Cayman Islands	31 October 2012	Unqualified	13 March 2013
National Drug Council	31 October 2012	Unqualified	
National Gallery of the Cayman Islands	31 October 2012	Qualified	13 March 2013
National Housing Development Trust	30 January 2014	Unqualified	11 September 2014
National Roads Authority	25 October 2012	Unqualified	4 Sept 2013
Port Authority of the Cayman Islands	10 December 2012	Qualified	14 March 2013
Public Service Pensions Board	9 July 2013	Qualified	
Segregated Insurance Fund	31 October 2012	Unqualified	11 December 2013
Sister Islands Affordable Housing Development Corporation	4 April 2014	Disclaimed	15 April 2015
Tourism Attractions Board	7 January 2014	Qualified	25 June 2014
University College of the Cayman Islands	31 October 2012	Unqualified	15 March 2013
Water Authority of the Cayman Islands	31 October 2012	Qualified	28 February 2014

APPENDIX E – COMPLETED 2010-11 AUDITS

Table 1 - Ministry and Portfolio audits

Entity		Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Office of the Complaints Commissioner		15 June 2012	Qualified	10 December 2012
Portfolio of Internal and External Affairs		7 May 2014	Qualified	
Cabinet Office		31 October 2011	Qualified	19 November 2012
Portfolio of the Civil Service		23 April 2012	Qualified	19 November 2012
Portfolio of Legal Affairs		16 January 2012	Unqualified	4 April 2012
Judicial Administration		23 November 2011	Qualified	4 April 2012
Information Commissioners Office		31 October 2011	Unqualified	4 April 2012
Ministry of Health, Environment, Youth, Sports and Culture		7 May 2012	Qualified	11 December 2013
Ministry of District Administration, Works, Lands and Agriculture		28 September 2012	Disclaimed	28 February 2014
Ministry of Education, Training and Employment		14 January 2013	Qualified	15 March 2013
Ministry of Community Affairs, Gender and Housing		8 May 2012	Qualified	5 November 2012
Ministry of Financial Services, Tourism and Development	Finance and Economics	8 October 2013	Qualified	28 February 2014
	Financial Services	28 June 2013	Qualified	18 November 2013
	Tourism	30 June 2013	Adverse	9 April 2014

Table 2 – Statutory Authority and Government Company audits

Entity	Date Audit Completed or Progress	Audit Opinion	Tabled in the Legislative Assembly
Cayman Airways Limited	13 July 2012	Qualified	13 March 2013
Cayman Islands Airport Authority	30 July 2012	Qualified	10 Jan 2013
Cayman Islands Development Bank	28 September 2012	Unqualified	14 March 2013
Cayman Islands Monetary Authority	31 October 2011	Unqualified	4 April 2012
Cayman Islands National Museum	15 August 2013	Qualified	
Cayman National Cultural Foundation	31 October 2013	Unqualified	27 November 2014
Cayman Islands Stock Exchange	14 December 2011	Unqualified	10 December 2012
Cayman Turtle Farm (1983) Ltd.	26 October 2011	Qualified	10 January 2013
Children & Youth Services Foundation	29 October 2013	Qualified	27 November 2014
CINICO	19 June 2012	Unqualified	13 March 2013
Civil Aviation Authority	28 October 2011	Qualified	
Electricity Regulatory Authority	31 October 2011	Unqualified	27 November 2014
Health Services Authority	17 October 2012	Qualified	13 March 2013
Information and Communications Technology Authority	19 October 2011	Qualified	27 November 2014
Maritime Authority of the Cayman Islands	28 February 2012	Unqualified	13 March 2013
National Drug Council	31 October 2012	Unqualified	
National Gallery of the Cayman Islands	3 May 2012	Qualified	11 December 2013
National Housing Development Trust	28 June 2012	Unqualified	5 November 2012
National Roads Authority	24 October 2011	Qualified	31 August 2012
Port Authority of the Cayman Islands	30 July 2012	Qualified	11 December 2013
Public Service Pensions Board	28 June 2012	Qualified	
Segregated Insurance Fund	31 October 2011	Unqualified	13 March 2013
Sister Islands Affordable Housing Development Corporation	4 April 2014	Disclaimed	15 April 2015
Tourism Attractions Board	6 March 2013	Qualified	11 December 2013
University College of the Cayman Islands	19 October 2012	Unqualified	15 March 2013
Water Authority of the Cayman Islands	26 October 2011	Qualified	13 March 2013

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APPENDIX F - DEFINITIONS

The opinions that I can render on an entity's financial statements and their definitions are as follows:

- **Unqualified** - The information contained in the financial statements can be relied upon;
- **Qualified** - A qualified opinion means that a portion of the financial statements cannot be relied upon, but that the rest of the statements can be relied upon by the reader;
- **Adverse** - There are such significant deficiencies with the information in the financial statements they should be considered unreliable for the user and the information contained therein is not trustworthy; and
- **Disclaimer** - I was not provided with sufficient information to conduct an audit.

The definitions of the audit status are as follows:

- **Finalized** - Financial statements completed/draft opinion provided (awaiting approval by entity)
- **Substantially complete** - Financial statements submitted/audit fieldwork complete
- **In progress** - Financial statements submitted/audit in progress
- **Not commenced** - Financial statements submitted/audit not started due to clearance of backlog