



**MINISTRY OF BORDER CONTROL, LABOUR AND  
CULTURE**

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**Report to those charged with governance on the 2024 audit**

**July 2025**



*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 2024 financial statements of the Ministry of Border Control, Labour and Culture (the “Ministry”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Ministry in sufficient time to enable appropriate action. The matters we are required to communicate under ISAs include:
  - auditor’s 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 2024 that we consider are 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](http://www.auditorgeneral.gov.ky).

## AUDITOR’S RESPONSIBILITIES IN RELATION TO THE AUDIT

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### 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.

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## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter dated 13 September 2024, to which this engagement was subject. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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## 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 read the other information contained in the Ministry's annual report to consider whether such information is materially inconsistent with information appearing in the financial statements or our knowledge of the operations of the Ministry of Border Control, Labour and Culture. No unresolved exceptions were noted from our review.
7. We have not reviewed any other documents containing the Ministry's audited financial statements.

## CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

8. 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 Chief Officer and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

## AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

9. We issued an unmodified opinion in the Auditor General's report on the 2024 financial statements.
10. A summary of corrected audit adjustments made to the financial statements is attached in Appendix 1. The adjustments amounted to \$1.9 million (comprised of audit adjustments of \$1.1 million and client adjustments of \$0.8 million). There were no uncorrected misstatements.
11. As part of the completion of our audit we sought written representations from management on aspects of the accounts and judgments and estimates made. Management provided us with the written representations on 29 April 2025.

## SIGNIFICANT FINDINGS FROM THE AUDIT

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### SIGNIFICANT ACCOUNTING PRACTICES

12. We are responsible for providing our views about qualitative aspects of the Ministry's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Ministry 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 Ministry's financial statements.

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### MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. Management has made significant judgements and estimates with regards to the following financial statement items:
- provisions and contingent liabilities
  - depreciation and amortization of property and equipment and intangible assets respectively
  - provisions for expected credit losses.

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### 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 Ministry's ability to continue as a going concern.

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### SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

15. We considered internal controls for the purposes of designing our further audit procedures. While as auditors we do not to express an opinion on their operating effectiveness, we are required to report to those charged with governance significant deficiencies in internal control. There were no significant reportable matters during the 2024 audit.

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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. No serious difficulties were encountered in the performance of our audit.

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DISAGREEMENTS WITH MANAGEMENT

20. No disagreements with management were noted during the audit.

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ANY OTHER SIGNIFICANT MATTERS

21. As outlined in Note 1b of the financial statements, the Cabinet authorized additional funding in form of equity injection amounting to \$2,406,600 to the Ministry under section 12 of the Public Management and Finance Act (2020 Revision) (PMFA). A supplementary Appropriations Bill for the funding was not introduced in Parliament by 31 March 2025 as required by section 12(3) of the PMFA.
22. There were no other significant matters noted during the audit

## ACKNOWLEDGEMENTS

23. We would like to express our thanks to the Ministry's staff for their help and assistance during the audit of 31 December 2024 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 CORRECTED MISSTATEMENTS**

**1. Audit Adjustments**

	<b>Acc No</b>	<b>Acc Name</b>	<b>Debit</b>	<b>Credit</b>
1	50150	Movement in Annual Leave Provision	161,367	
	29701	Accrual -Annual Leave		161,367
		<i>To correct understatement of accrued leave liabilities</i>		
2	20150	Accruals - Other	192,250	
	58604	Settlement of Case		192,250
		<i>To reverse excessive provision for legal cases</i>		
3	12501	Provision for Doubtful Debts (Trade)	90,947	
	58505	Doubtful Debt Expense		90,947
		<i>To record DEC24 ADJ Provision per Expected Credit Loss calculation - IPSAS 41</i>		
4	23422	Surplus Payable	698,143	
	32007	Surplus Repayment		698,143
		<i>Adjustment to surplus payable to reflect the net impact of correct audit misstatements</i>		
		<b>Subtotal</b>	<b>1,142,706</b>	<b>1,142,706</b>

**2. Client Adjustments**

	<b>Acc No</b>	<b>Acc Name</b>	<b>Debit</b>	<b>Credit</b>
1	12009	Accrued Prepayments	16,589	
	54352	Software Licensing Fees		16,589
		<i>Being Red Hat JBoss Enterprise Application Platform with Management - Standard Subscription fees</i>		

2	22107	Accrued - Salary & Wages	1,156	
	50013	Overtime		1,156
		<i>Being reversal of accrual for overtime paid in September 2024</i>		
3	32006	Prior Period Adjustments	23,889	
	60015	Leasehold Depreciation		23,889
		<i>Being a prior year adjustment – to correct amortization on software due to the change in capitalization date for COLS/CIMMS</i>		
4	54403	Security Services	87,084	
	32006	Prior Period Adjustments		87,084
		<i>Being December 2023 security expenses for CBC</i>		
5	42301	Postal Box Rental Fees	40,625	
	58600	Discounts / Sales Adjustments		40,625
		<i>Being adjustment for older persons discount on postal box rental fees</i>		
6	50224	Official Travel - Expense	14,238	
	42404	Miscellaneous Receipts		14,238
		<i>Being Terrence &amp; Rachel Winter reimbursement for Bob Marley Movie Premiere stay extension</i>		
7	20150	Accruals - Other		4,692
	50211	Recruitment	1,506	
	54308	Local Promotion / Community Sponsor	1,207	
	54316	Maintenance - Buildings	1,979	
		<i>Being correction of Dec 2023 accruals</i>		
8	20150	Accruals - Other		12,829
	54256	Professional Fees	12,8289	
		<i>Being Callund Consulting Prof. Serv. - Petrona Gordon case</i>		
9	20150	Accruals - Other		3,690
	32006	Prior Period Adjustments	3,690	

		<i>Being LGEORGE Executive leadership Training 2017</i>		
10				
	32006	Prior Period Adjustments	1,039	
	60015	Leasehold Depreciation		1,039
		<i>Being reversal of incorrect entry with regards to Fixed assets accumulated depreciation</i>		
11				
	12103	Trade Receivable - Sale of Goods and Services		551,941
	42015	Examination Fees	95,311	
	42122	Warehousing	456,630	
		<i>Being adjustment for unpaid entries for inspection Fees and warehouse fees</i>		
12				
	17115	Accumulated Depreciation Computer Hardware		13,119
	17125	Accumulated Depreciation Computer Software	11,151	
	60010	Depreciation Computer Software	1,968	
		<i>To reclassify software amortization from computer hardware depreciation</i>		
		<b>Subtotal</b>	<b>770,909</b>	<b>770,909</b>
		<b>GRAND TOTAL</b>	<b>1,913,615</b>	<b>1,913,615</b>