



MINISTRY OF HOME AFFAIRS

Report to those charged with governance on the 2023 audit

September 2024

*To help the public
service spend
wisely*

TABLE OF CONTENTS

Introduction	1
Auditors responsibilities in relation to the audit	1
Auditor’s responsibility under International Standards on Auditing.....	1
Responsibilities of management and those charged with governance:.....	2
Other information in documents containing audited financial statements:.....	2
Conduct, approach and overall scope of the audit	2
Audit report, adjustments and management representations	2
Significant findings from the audit.....	3
Significant accounting practices	3
Management’s judgments and accounting estimates.....	3
Going concern doubts.....	3
Significant and other deficiencies in internal control.....	3
Fraud or illegal acts.....	4
Significant difficulties encountered during the course of our audit.....	4
Disagreements with management.....	4
Any other significant matters	4
Acknowledgements	4
Appendix 1 – 2023 corrected misstatements	6
Appendix 2 – 2023 uncorrected misstatements	12
Appendix 3 - Internal control matters and significant findings.....	13
Appendix 4: Instances of non-compliance with the Procurement Regulations (2022 Revision)	27

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the Ministry of Home Affairs' (the "Ministry") financial statements for the year ended 31 December 2023. 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:
 - 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 audits of the Ministry's financial statements 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.

AUDITORS RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR'S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

4. ISAs require that we plan and perform audits 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE:

5. Management's responsibilities are detailed in the engagement letters to which the engagements were subject. 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 Ministry's annual report to consider whether such information is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Ministry.
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 2023 engagement letters presented to the Chief Officer on 13 September 2023. The information follows 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 auditor's report with an emphasis of matter paragraph for the 2023 audit.
10. The emphasis of matter paragraph in the 2023 audit opinion highlights that the Cabinet authorised several supplementary appropriations for the Ministry under section 11(5) of the Public Management and Finance Act (PMFA), increasing its 2023 operating budget by \$1.2 million. The Cabinet also authorised two supplementary appropriations for the Ministry under section 12 of the PMFA, increasing its 2023 operating budget by \$1.6 million. A supplementary appropriations bill for the additional funding was not introduced in Parliament by 31 March 2024 as required by sections 11(6) and 12(3) of the PMFA.
11. Appendix 1 summarises the misstatements identified during the 2023 audit that were corrected by management. The total value of the misstatements was \$1.5 million.
12. Appendix 2 summarises the misstatements identified during the 2023 audit that were not corrected by management. The total value of the misstatement was \$138,000. The impact of these was immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

13. As part of the completion of our audit, we obtained written representations from management on aspects of the accounts and judgments and estimates made. Management provided us with the written representations on 27 April 2024 for the 2023 audit.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

14. 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 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.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

15. Management has made significant judgements and estimates with regard to the following financial statement items:

- provisions and contingent liabilities
- depreciation of property, plant and equipment
- amortization of intangible assets
- provisions for expected credit losses.

GOING CONCERN DOUBTS

16. 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.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

17. 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. We identified a number of significant matters relating to internal controls as part of our audits. See Appendix 3 for details

along with management's response. Other control deficiencies have been identified and communicated separately to management in the ISA 265 report.

FRAUD OR ILLEGAL ACTS

18. 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. 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.
19. 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 factors such 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.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

21. There were no disagreements with management during the audit

ANY OTHER SIGNIFICANT MATTERS

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 2023 financial statements audits.



Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Winston Sobers', written over a horizontal line.

Winston Sobers
Acting Auditor General

APPENDIX 1 – 2023 CORRECTED MISSTATEMENTS

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
1	Accruals – Other	20150	9,957		The Ministry
	Maintenance - Other	54324		(9,957)	
	To reverse accrual that was already paid.				
2	Other Inventories	13201		(17,210)	The Ministry
	Cleaning Materials	50411	409		
	Hygiene/Sanitary Supplies	50412		(266)	
	Soaps & Detergents	50413		(2)	
	Uniforms	50960	16,807		
	Paper and Printing	50964	1,513		
	Office Supplies	51001		(28)	
	Prisoners Clothing	51066	2,505		
	Expensed (Attractive)	51086		(200)	
	Consumables/ Non-Inventory	51089		(3,528)	
	To correct inventory movement.				
3	Expense AP Accrual	20160	130,276		The Ministry
	Cleaning Materials	50411		(906)	
	Uniforms	50960		(794)	
	Fire Fighting Supplies	51072		(74,088)	
	Consumables/ Non-Inventory	51089		(13,578)	
	Maintenance – Building	54316		(4,570)	
	Maintenance – Vehicles	54334		(36,341)	
	To reverse invalid liabilities.				

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
4	Amount owing to Trust	23420		(12,283)	The Ministry
	Canteen Sales	42116	1,186		
	Remuneration – Indigent	55000	11,098		
	To record additional prisoner earnings.				
5	Expense AP Accrual	20160	7,128		The Ministry
	Prior Period Adjustment	32006		(1,425)	
	Staff Welfare	50074		(156)	
	Official Travel – Ex	50224		(2,642)	
	Inter-Island Travel	50225		(188)	
	Computer and Communication	50962		(155)	
	Paper and Printing C	50964		(251)	
	Office Supplies – Co	51001		(800)	
	Freight and Shipping	54300		(25)	
	Maintenance – Radios	54319		(1,291)	
	Festivals & Exhibition	54855		(195)	
To reverse invalid liabilities.					
6	Expense AP Accrual	20160	25,751		The Ministry
	Prior Period Adjustment	32006		(21,698)	
	Subsistence	50228		(1,209)	
	Training	50229		(303)	
	Hygiene/Sanitary Sup	50412		(112)	
	Maintenance – Vehicles	54334		(1,886)	
	Programme Services	54400		(543)	
To reverse invalid liabilities.					

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
7	Expense AP Accrual	20160	9,031		The Ministry
	Recruitment	50071		(714)	
	Canteen Supplies	50601		(218)	
	Food / Dietary Supplies	50602		(6,187)	
	Uniforms	50960		(0)	
	Educational Supplies	51057		(0)	
	Awards Register	51073		(0)	
	Maintenance – Building	54316		(1,912)	
	To reverse invalid liabilities.				
8	Expense AP Accrual	20160	8,418		The Ministry
	National CCTV Contin	54983		(8,418)	
	To reverse invalid liabilities.				
9	Expense AP Accrual	20160	135		The Ministry
	Inter-Island Travel	50225		(135)	
	To reverse invalid liabilities				
Total client adjustments			224,213	(224,213)	
1	Accruals – Other	20150		(7,453)	OAG
	Vehicle Fuel and Oil	50961	7,453		
	To accrue for expense that was accrued by client after running their final TB				
2	Accruals – Other	20150	140,775		OAG
	Maintenance – Radios	54319		(140,775)	
	To reverse accrual for maintenance contract.				
3	Accruals – Other	20150		(92,511)	OAG
	Maintenance – Radios	54319	92,511		
	To accrue for maintenance contract.				

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
4	Accrued Prepayments	12009		(69,690)	
	Maintenance - Radios	54319	12,382		OAG
	Software Licensing	54352	57,308		
	To fully expense prepayment from that remained from prior year.				
5	Prepayments - System	12008		(9,957)	OAG
	Maintenance - Other	54324	9,957		
	To adjust prepaid balance to reflect correct prepaid amount.				
6	Creditor owed to Others	23410		(18,396)	OAG
	Settlement of Case	58604	18,396		
	To accrue 2023 interest on a lump sum pension payment.				
7	Accruals – Other	20150	46,958		OAG
	Health Insurance-Prisoners	57288		(46,958)	
	to reverse over accrual made				
8	Accrued - Salary & Wages	22107	15,211		
	Overtime	50013		(12,291)	OAG
	Call-Out Allowance	50030		(2,920)	
	To reverse accrual made in prior year that was not reversed				
9	Comp Time Liability	22105		(240,231)	
	Comp Time Liability	22105	1,442		OAG
	Comp Time Expense	50155	240,231		
	Comp Time Expense	50155		(1,442)	
	To increase comp. time balance to reflect the revised balance.				
10	Long service leave	22100	43,065		OAG
	Movement in Annual Leave	50150		(43,065)	
	To adjust vacation balance to reflect the revise balance.				
11	Fixed Assets Mass Ad	17020	77,124		OAG

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
	Professional Fees To capitalize professional fees.	54256		(77,124)	
12	Provision for bad debts Expected credit losses To make provision for expected credit losses.	12501 58504	110,773	(110,773)	OAG
13	Fixed Assets Mass Addition Expense AP Accrual To reverse invalid liabilities.	17020 20160	110,562	(110,562)	OAG
14	Buildings Accumulated Depreciation Other Plant & equipment Accumulated Depreciation Depreciation Building Depreciation Other Plant & Equipment To reclassify equipment initially booked as building.	17030 17035 17140 17145 60001 60012	712 15,598 1,779	(15,598) (1,779) (712)	OAG
15	Other Assets National CCTV Contin To capitalize cameras that were expensed.	17150 54983	76,199	(76,199)	OAG
16	Accumulated Depreciation Depreciation Other Assets To record the depreciation on cameras that are now capitalized.	17155 60013	5,265	(5,265)	OAG
17	Amount owing to Trust Canteen Sales Remuneration – Indigent To record December 2023 prison remuneration movement that was not posted.	23420 42116 55000	33,906	(22,681) (11,225)	OAG
18	Fixed Assets Mass Ad	17020	38,876		OAG

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by:
	Accruals - Other To accrue for vehicle received in December not paid for until 2024.	20150		(38,876)	
19	Creditor owed to Others Legal Fees Settlement of Case To provide for legal fees and pay-out for a court case.	23410 54264 58604	20,938 80,000	(100,938)	OAG
20	Accounts Receivable Tower Licence Fees To book tower fees that were not billed.	12003 42075	17,797	(17,797)	OAG
Total adjustments identified by OAG			1,275,214	(1,275,214)	
Total adjustments			1,499,428	(1,499,428)	

APPENDIX 2 – 2023 UNCORRECTED MISSTATEMENTS

Number	Name	Account Number	Debit	Credit	Nature
1	Comp. time liability	22105	138,439.09		Projected
	Comp. time expenses	50155		138,439.09	
	To record project over - accrual on comp. time balances				
Total			138,439.09	138,439.09	

APPENDIX 3 - INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observations	Risks/Implications & Recommendations	Management Response	Implementation Date
<p>1. <u>Non-compliance with the Procurement Regulations (2022 Revision) (the Procurement Regulations)</u></p> <p>We noted several instances of non-compliance with the Procurement Regulations during the year. See Appendix 4 for details of the exceptions noted.</p>	<p>Risks /Implications:</p> <p>Non-compliance with the Procurement Regulations.</p> <p>The Ministry will not obtain value for money in procuring goods and services if it does not comply with the Regulations.</p> <p>Transparency is undermined when the Ministry does not publish contract awards.</p> <p>Recommendation:</p> <p>Management should ensure strict adherence to the Procurement Regulations to ensure transparency and obtain value for money in procuring goods, works and services.</p>	<p>The Ministry will work with its departments and the Central Procurement Office (CPO) to ensure that all contracts awarded are published in accordance with the Procurement Regulations. To this end, the Ministry has reminded the departments of the obligation to comply with the Procurement Regulations.</p> <p>In respect to the Data Link contract, the procurement of these should have been executed through a Direct Award approval. The technology utilized by the</p>	<p>31 August 2024</p> <p>31 Dec 2024</p>

		<p>NCCTV system over the Datalink network is legacy technology, which is currently supported exclusively by Datalink through their dark fiber technology.</p> <p>Transitioning to a different service provider or upgrading this infrastructure would involve substantial financial implications. Given the specialized nature of the service and the lack of alternative providers, a Direct Award is deemed the most appropriate and cost-effective solution to ensure continuity of service without incurring significant upgrade costs.</p> <p>The importance of transparency and</p>	
--	--	---	--

		<p>compliance with the Procurement Regulations is acknowledged, and so the Ministry will be progressing the Direct Award approvals where necessary to avoid the potential financial and operational disruptions that could arise from altering the existing infrastructure.</p>	
<p>2. <u>There are deficiencies in the Ministry's budgeting and cash management policies</u></p> <p>In 2023, the Cabinet authorised additional funding worth \$2.8 million for the Ministry under section 11(5) of the Public Management and Finance Act (2020 Revision). However, the Ministry incurred a loss of \$1.2 million. As of 31 December 2023, the Ministry had \$2.2 million in accumulated deficits.</p> <p>In addition, the Ministry only had about \$650,000 in cash as of 31 December 2023. The Ministry's estimated expenses for 90 days are</p>	<p>Risk/ Implication:</p> <p>The Ministry will suffer loss of reputation if it cannot meet its financial obligations to staff and vendors as and when they fall due.</p> <p>Recommendations:</p> <p>Management should prepare realistic budgets to ensure it can cover its operating and capital commitments.</p> <p>Management should also ensure it collects outstanding accounts and other receivables</p>	<p>As to be expected, the Ministry prepared and presented its budget request to the Honourable Minister and Cabinet. However, ultimately the Ministry has to operate with the resources provided.</p> <p>It should be noted the Ministry has been able to meet its financial obligations to staff and</p>	<p>Ongoing</p>

<p>about \$13 million. Therefore, as of 31 December 2023, the Ministry only had enough cash to cover about 5 days' worth of expenses.</p>	<p>on a timely basis to ensure it has enough cash to meet its financial obligations as and when they fall due.</p>	<p>vendors. As noted in the financial statements, the receivables as at the end of December 2023 were largely in respect to outstanding Cabinet revenue which were received early in 2024.</p> <p>The deficit of \$1.2m was attributable to the Prison Service and primarily relates to the overtime cost incurred by prison officers, as well as the cost of utilities and maintenance of the prison facilities. The Ministry is in the early stages of planning the construction of a modern prison facility that is more fit for purpose.</p>	
<p>3. <u>The Ministry's controls over financial reporting can be improved</u></p>	<p>Risks/Implications:</p> <p>The financial statements may be misstated.</p>	<p>The Ministry continues to work with departments to improve controls over financial reporting.</p>	<p>Ongoing</p>

<p>We noted instances where the Ministry recorded expenses and assets before the related goods and services were received, an indicator of deficiencies in the Ministry’s financial reporting controls. These expenses and assets were being booked based on purchase orders.</p> <p>As a result, several audit adjustments had to be posted to correct errors in the draft financial statements (see Appendix 1 for a list of audit adjustments).</p> <p>Included in the adjustments are reversals of \$291k relating to liabilities recorded at year end in respect of goods, services and assets that had not been received.</p>	<p>Management and other users of the financial statements will have inaccurate information for decision-making because of misstatements in the financial statements.</p> <p>My office may charge the Ministry additional fees for the extra time spent investigating and resolving audit differences, and the Ministry’s audit fees may increase.</p> <p>Recommendation:</p> <p>Management should implement robust controls to ensure that it detects and corrects errors and omissions in the Ministry’s financial statements on a timely basis.</p>	<p>The issue highlighted relates to transactions that were booked late December 2023 with the intention of having the payments/deposits processed before the end of the year. However, these payments were instead processed early 2024, thus distorting the entries that were initially made. In other words, as the payments were not made in 2023, the work-in-progress entries should have been reversed. The Ministry has been encouraging departments to discontinue the practice of processing transactions (mainly acquisition of fixed assets) late in the financial year.</p>	
---	--	---	--

<p>4. <u>The Ministry paid \$499,000 in long outstanding claims without undertaking any verification procedures to ascertain their completeness and accuracy.</u></p> <p>In August 2011, the Government signed a <i>Master Pole Joint Use Agreement</i> with the Caribbean Utilities Company, Ltd. (CUC). Under the agreement’s terms, CUC charges the Government for cameras and signs installed on CUC’s utility poles. In 2023, CUC billed the Ministry \$746,000 in arrears under the agreement from September 2011 to December 2023.</p> <p>According to the Limitation Act (1996 Revision), claims under contract expire six years after the date of the breach. Therefore, the Ministry only paid \$499,000 of the \$746,000. However, the Ministry did not verify the completeness and accuracy of the costs before paying them.</p>	<p>Risk/Implication:</p> <p>The Ministry may have suffered unnecessary financial loss by paying for costs it did not owe.</p> <p>Recommendation:</p> <p>Management should implement robust controls to ensure that all amounts owed are verified before payments are made.</p>	<p>There was a vendor oversight on invoicing over the course of this legacy contract, which dates back to August 2011. At the time, it was agreed by both parties that a fee would be applied, but no subsequent attempt was made by the vendor to collect these fees until it was brought to light through their internal processes in 2023. This long-standing oversight resulted in neither party addressing the matter until recently.</p> <p>To mitigate this risk moving forward, the DPSC has now implemented a control mechanism that includes a formal agreement with the vendor to separate invoicing for pole</p>	<p>30 Sept 2024</p>
---	--	--	---------------------

		<p>attachments. Additionally, the DPSC has instituted a quarterly review process for all contracted fees to ensure that all future payments are verified for accuracy and completeness before any payments are made.</p> <p>These steps taken by the department are designed to prevent similar issues in the future and to maintain the integrity of our financial processes.</p>	
<p>5. <u>Non-compliance with the Personnel Regulations (2022 Revision) (the “Regulations”)</u></p> <p>Section 31(2) of the Regulations states that staff cannot be employed in acting positions for more than 12 months without the positions having been advertised as interim positions.</p>	<p>Risk/Implication: Non-compliance with the Regulations.</p> <p>Recommendation: Management should ensure that staff do not act in positions for more than 12 months unless the positions are advertised as required by section 31(2) of the Regulations.</p>	<p>The Ministry is working closely with departments to seek out expressions of interest to ensure the opportunity to act is fair and transparent. However, in some cases the extended acting was attributed to the need to</p>	<p>Ongoing</p>

<p>We noted that nine employees had been employed in acting positions for more than 12 months but their positions had not been advertised as required by the Regulations.</p>		<p>provide coverage in cases of protracted vacant posts.</p>	
<p>6. <u>There are deficiencies in the Ministry's processes to manage conflicts of interest</u></p> <p>The Ministry does not obtain and review Notice of Interests forms (NOI) from key management personnel (KMP) in a timely manner.</p> <p>As of 13 April 2024, only four of the 26 members of the Ministry's KMP had completed their NOIs for the 2023 financial year. As of 27 April 2024, 2 of the 26 members of KMP had still not completed their NOIs.</p>	<p>Risks/Implications:</p> <p>Without notice of interest declarations, the Ministry cannot identify and manage potential conflicts of interest.</p> <p>In addition, the related party's disclosure in the financial statements will be misstated if transactions with related parties cannot be identified and disclosed.</p> <p>Recommendations:</p> <p>Management should obtain NOIs from all employees at the beginning of the year. Management should retain and use the NOIs to identify and manage potential conflicts of interest.</p> <p>Management should also use the NOIs to identify related party transactions for disclosure in the financial statements.</p>	<p>The Ministry will be working with director of each department as well as the HR team to establish a process to closely monitor and manage potential conflicts of interest.</p>	<p>October 2024</p>

<p>7. <u>The Ministry’s management of prisoners’ healthcare costs can be improved</u></p> <p>The Ministry pays for prisoners’ healthcare. However, it does not have health insurance to cover these costs, instead paying the costs as and when they arise. In 2023, the Ministry paid \$1.1 million in prisoners healthcare costs (2022: \$1.5 million).</p> <p>In addition, the Ministry occasionally pays for the prisoners’ healthcare costs at private health care facilities. However, it has not established policies to ensure that it only pays for bona fide costs incurred.</p>	<p>Risk /Implication:</p> <p>Without health insurance for prisoners, the Ministry is exposed to significant costs in case of serious illnesses.</p> <p>The Ministry may incur financial loss if it pays for services not provided.</p> <p>Recommendations:</p> <p>Management should assess whether or not to obtain healthcare insurance for prisoners and implement the assessment’s results.</p> <p>Management should implement robust controls to ensure that it only pays for health services provided.</p>	<p>Preliminary discussions have been held with respect to obtaining group coverage for inmates. With that said, the Ministry will arrange meetings with stakeholders (including CINICO) to determine the feasibility of obtaining a group insurance policy for inmates. Once this is sufficiently explored, and the feasibility analysis is carried out, the Ministry will act accordingly.</p> <p>With regard to the point that there are no established policies to verify payment, there are two aspects to note. Firstly, HMCIPS has to verify that services rendered by private healthcare facilities have been vetted by the HSA.</p>	<p>31 Dec 2024</p>
---	---	---	--------------------

		<p>Secondly, the HMCIPS verifies that the inmate was actually present at the facility at the stated date on the invoice.</p> <p>So, verification is being done by ensuring that payments are made only if the invoices are sent with the patient referral form from HSA. The exception to this procedure is for ophthalmologist visits, as these are normally done at private care facilities instead of HSA. That being said, the process mirrors the same policies as CINICO, namely verifying that visits are done only every two years and that coverage is only up to \$360 with any excess being covered by the inmates or their families.</p>	
--	--	--	--

		<p>Further, the HMCIPS' Duty Clerk section is in charge of arranging external movements of inmates, which does include these facility visits. Currently there is no formal method of recording this verification of treatment dates based on Duty Clerk's records, but going forward the HMCIPS will start to include the Medical Movements Schedule that is prepared weekly with the invoices to provide evidence that the inmate was present at the facility for the treatment.</p>	
<p>8. <u>The Ministry has not recorded some liabilities due to prisoners</u></p> <p>The Ministry financial statements include a liability of \$29,885 which represents amounts owing to prisoners. However, this amount is</p>	<p>Risk /Implication: Liabilities in the Ministry financial statements may be understated.</p> <p>Recommendation:</p>	<p>Noted</p>	

<p>understated by \$178,000 which represents a balance that was not recorded.</p> <p>Prisoners are assigned jobs and paid a weekly stipend. The Ministry holds the stipends, and the prisoners can withdraw from their balance to support family members, etc.</p> <p>Management has not recorded the \$178,000 liability because it did not receive cash to pay the liability as part of the liabilities and assets transferred from its predecessor, the Ministry of Financial Services and Home Affairs (MFSHA).</p>	<p>The Ministry should record the full liability in its financial statements.</p>		
<p>9. <u>The Ministry does not have valid contracts for its tower licenses</u></p> <p>The Ministry licenses the use of its communication towers to Digicel Cayman Limited and Cable & Wireless Limited (the phone companies) in exchange for agreed fees. However, the Ministry does not have valid contract with the phone companies. As a result, one of the companies disputed a charge of \$110,000 from the Ministry.</p>	<p>Risk /Implication:</p> <p>Without contracts, the Ministry may incur financial loss arising from disputes about terms and conditions of its licensing arrangements.</p> <p>Recommendation:</p> <p>Management should ensure that all contracts are valid and signed by both parties.</p>	<p>Currently being actioned and resolved.</p>	<p>31 Dec 2024</p>

<p>10. <u>There are deficiencies in the Ministry's management of annual leave and comp time</u></p> <p>We noted several deficiencies in the Ministry's management of its staff's annual leave and comp time balances. For example:</p> <ul style="list-style-type: none"> • As of 31 December 2023, 163 employees had over 25 leave days outstanding. • The Ministry had erroneously accrued a leave liability of about \$17,000 for an employee who retired in 2023. • A member of the Ministry's key management personnel does not use the Government' Human Resource Management System, my-VISTA to record and track annual leave. • The leave liability schedule the Ministry submitted for audit did not include leave balance for the Cayman Islands Regiment. • The Ministry's comp time liability schedule had significant errors and omissions. 	<p>Risks/Implications:</p> <p>The annual leave and comp time liability balances in the financial statements may be misstated.</p> <p>The Ministry will incur unnecessary financial loss if its payments in lieu of annual leave and comp time are overstated.</p> <p>My office may charge the Ministry additional fees for the extra time spent investigating and resolving audit differences, and the Ministry's audit fees may increase.</p> <p>The Ministry will suffer business interruptions when employees with significant leave balances apply for, and take their accrued leave.</p> <p>Recommendations:</p> <p>Management should maintain accurate annual leave and comp time records and regularly confirm outstanding balances with</p>	<p>During the financial year (2023); all government departments transitioned from the old-time recording system (TRS) to the newly rolled-out MyVista. During the transitioning period, some employees were still using TRS to record their time. It appears balances were transferred to MyVista centrally without ensuring a final update to TRS. However, the risk of potential loss to the Ministry is minimal as: 1) it is not the norm for the Ministry to pay out comp time and vacation days; and 2) upon resignation of an employee, extensive manual checks are made against the employee's file to ensure accuracy of any liability.</p>	<p>Ongoing</p>
--	---	---	----------------

<p>My office had to do substantial more work to resolve these weaknesses and discrepancies in order to obtain sufficient appropriate audit evidence that the Ministry's annual leave and comp time liability balances were not misstated.</p>	<p>employees. Any discrepancies noted should be investigated and resolved in a timely manner.</p> <p>Management should ensure all employees use my-VISTA for leave tracking.</p> <p>Management should take steps to reduce high leave balances to minimize future business interruptions.</p>	<p>Only one department, namely the Regiment, was excluded; the liability of which amounted to \$7 thousand. The reason is that the Regiment is not on the Government's system as they are not deemed civil servants.</p> <p>In respect to taking steps to reduce leave balances to minimize future business interruptions, the high vacation balances were a result of the Ministry seeking to minimize business interruptions due to inadequate staffing. For example, the highest balance was held by the Prison Service as it does not have appropriate number of prison officers.</p>	
---	---	---	--

APPENDIX 4: INSTANCES OF NON-COMPLIANCE WITH THE PROCUREMENT REGULATIONS (2022 REVISION)

This appendix contains details of the instances of non-compliance with the Procurement Regulations (2022 Revision) highlighted in item number 1 in Appendix 3.

Contract date	Contract value (CI\$)	Vendor and contract description	Deficiencies noted	Section of the Regulations breached
07-Dec-23	1,400,000	Oshkosh: Provision of a fire truck	Contract award not published on the Government's public procurement portal, Bonfire	Section 19(1)
30-Sep-21	530,982	Rosenbauer: Provision of a fire truck	Contract award not published on Bonfire	Section 19(1)
No contract provided	509,454	L. Jackson & Company: Provision of military vehicles and equipment	No contract; Contract award not published on Bonfire	Section 19(1)
November 23, 2021	\$140,956 in 2023	Data Link Limited: Provision of telecommunication services	No business case prepared; No evidence of public notice of opportunity; No evidence of bid acceptance by the Entity Procurement Committee and the Chief Officer acceptance; Contract award not published on Bonfire	Sections 3, 6, 16(1)(b), 19(1)
No contract provided	226,641	Island Paving: Paving works at the Fire Department	No contract; Contract award not published on Bonfire	Section 19(1)
24-Nov-21	199,999	INKAS: Provision of two prisoner transport vehicles	No evidence of bid acceptance by the Chief Officer acceptance; Contract award not published on Bonfire	Section 19(1)