



## **MINISTRY OF TOURISM AND PORTS**

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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 Ministry of Tourism and Ports' financial statements 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 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; 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 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](http://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 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 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 will 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 Ministry's operations. We have not reviewed other documents containing the Ministry'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, was outlined in the Engagement Letter presented to the Chief Officer and signed on 13th September 2024 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 issued an unmodified auditor's report on the financial statements for the year ended 31 December 2024. However, our opinion was accompanied by the following emphasis of matter:

*As outlined in Note 15 of the financial statements, the Cabinet authorized supplementary appropriations for the Ministry under Section 11(5) of the Public Management and Finance Act (2020 Revision) ("PMFA"), decreasing the 2024 operating budget by \$195,000. A supplementary Appropriations Bill for this budget change was not introduced in Parliament by 31 March 2025 as required by section 11(6) of the PMFA. My opinion is not qualified with respect to this matter.*

9. A summary of misstatements totaling \$240k corrected by management is attached in Appendix 1. Appendix 2 summarizes those uncorrected misstatements totaling \$97k, which were identified by us during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
10. 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 has provided us with written representations dated 10 April 2025 in respect of our financial statement audit.

## SIGNIFICANT FINDINGS FROM THE AUDIT

### SIGNIFICANT ACCOUNTING PRACTICES

11. 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 the previous year or are not consistent with general industry practice. We are not aware of any new or controversial accounting practices reflected in the Ministry's financial statements.

### MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

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

- Depreciation of Property, Plant and Equipment - \$90K.

### GOING CONCERN DOUBTS

13. 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

14. We identified a number of significant matters relating to internal controls as part of our audit. Details are included in Appendix 3, along with management's response. Other internal control deficiencies are reported separately to management.

### FRAUD OR ILLEGAL ACTS

15. 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 Ministry'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.

16. 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.
17. No fraud or illegal acts came to our attention as a result of our audit, except for what has been disclosed by management.

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#### SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

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

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#### DISAGREEMENTS WITH MANAGEMENT

19. We have had no disagreements with management resulting from our audit.

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#### ANY OTHER SIGNIFICANT MATTERS

20. There were no other significant matters noted during the audit.

#### ACKNOWLEDGEMENTS

21. We would like to express our thanks to the staff of the Ministry of Tourism and Ports for their help and assistance during the audit of this year's financial statements, which enabled us to complete the audit by the statutory timeline.

Yours sincerely,



Patrick O. Smith

Auditor General

## APPENDIX 1 – SUMMARY OF UNCORRECTED MISSTATEMENTS

Number	Date	Name	Account No	Debit	Credit
1	12/31/2024	Accruals - Other	20150		(120,000.00)
1	12/31/2024	Severance Pay	50062	120,000.00	
		Being entry to book amount for contingent liability that relates to wrongful dismissal.			
2	12/31/2024	Surplus Payable	23422	120,000.00	
2	12/31/2024	Surplus Repayment	32007		(120,000.00)
		Being an entry to book adjustment for surplus payable.			
				<b>240,000.00</b>	<b>(240,000.00)</b>



## APPENDIX 2 – SUMMARY OF UNCORRECTED MISSTATEMENTS

Number	Date	Name	Account No	Debit	Credit
3	12/31/2024	Stale Dated Cheques - Write Back	20383	16,111.80	
3	12/31/2024	Miscellaneous Other	54915		(16,111.80)
		Being an entry to book uncorrected misstatements for stale dated cheques.			
4	12/31/2024	Official Travel Advances	12014		(51,633.33)
4	12/31/2024	Official Travel - Expense	50224	51,633.33	
		Being an entry to expense amounts recorded as official travel advance.			
5	12/31/2024	Accruals - Other	20150	29,275.83	
5	12/31/2024	Trade and Industry Promotion	54404		(29,275.83)
		Being an entry to adjust trade and industry promotion based on a misstatement.			
				<b>97,020.96</b>	<b>(97,020.96)</b>

### APPENDIX 3 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation date
<p><b>1. Lack of formal annual contract performance reviews for marketing services. (Recurring from prior year).</b></p> <p>The Ministry did not undertake formal annual performance reviews for vendors providing marketing services contrary to contract agreements. We noted that Management performed contract reviews through tracking contract deliverables. However, these were not formally documented. The Ministry spent a total of \$3,340,092.08 on marketing in 2024.</p> <p>CIDOT indicated that they would have formalized the review process to ensure there is standardized documentation by December 31, 2024.</p>	<p><b>Risk/ Implication</b></p> <p>Gaps in contract performance may not be adequately tracked by the Ministry, which may result in ineffective service delivery and ultimately, a lack of value for money.</p> <p><b>Recommendation</b></p> <p>Management should formalize the contract performance reviews to enhance contract monitoring and achieve value for money.</p>	<p>To reiterate, the CIDOT <b>DOES</b> perform performance reviews for all agencies.</p> <p>We conduct annual reviews based on the contract terms of each specified agreement.</p> <p>This review process is just not formally standardized.</p> <p>While we didn't complete the formalization of the process by the end of 2024, this does not mean that there are gaps in performance by our agencies as the team meets with our agencies regularly and provides feedback on the services that we are getting from the respective agencies in addition to the annual review that is done.</p> <p>We will aim to standardize the process by the end of 2025.</p>	<p>December 31, 2025</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation date
<p><b>2. Expired Lease Agreements</b></p> <p>We noted that the following lease agreements expired and were not renewed during the year.</p> <ul style="list-style-type: none"> <li>The lease relating to Rosseau Ltd expired in December 2023, with total expenses of \$43,275 incurred for 2024.</li> <li>Rovida Estate's (CI) Company Ltd lease expired on 30 June 2024, with \$20,055 in expenses incurred since the expiry date.</li> <li>The lease for the Port Authority of the Cayman Islands expired (date unknown), resulting in the Ministry incurring a total of \$15,510 in expenses for 2024.</li> </ul>	<p><b>Risk/ Implication</b></p> <p>Without a valid lease, rights and obligations are less clearly defined, which can lead to complications in enforcing lease-specific terms, such as rent increases, maintenance duties, or penalties for damage.</p> <p><b>Recommendation</b></p> <p>Management should ensure that the Ministry maintains valid lease agreements.</p>	<p>We accept the recommendation and we are in the process of getting the leases renewed.</p> <p>The CIDOT has been in contact with the Lands and Survey Department for our lease renewals - Rosseau and Rovida have been approved by Cabinet as per Lands and Survey and are awaiting sign-off by the relevant parties. We have continued to follow up on the lease negotiations with Lands and Survey regarding the Port Lease.</p> <p>In future, if there is an extended period of negotiation/ delay for our leases we will escalate these to the Chief Officer in a timely manner to see if he will be able to assist with getting the leases approved.</p>	December 2025
<p><b>3. Employee acting for more than twelve (12) months</b></p> <p>During the audit, we noted that an employee that acted from January 2022 to March 2024.</p>	<p><b>Risk/ Implication</b></p> <p>The Ministry is not complying with the Personnel Regulations. Appointing an employee in an acting capacity beyond the 12-month limit denies potential applicants the opportunity to compete</p>	<p>This position was advertised and filled as soon as possible AFTER the role was officially vacated.</p> <p>The Ministry of Tourism has accepted this observation and has put additional review processes in place to ensure that</p>	Effective Immediately

Observation	Risk/Implication and Recommendation	Management Response	Implementation date
<p>The employee was originally acting in the post of E-Business Manager for the period January to March 2022. The acting was later extended to December 2022 or until the end of the E-Business Manager's secondment. However, the E-Business Manager left the Ministry at the end of 2022, and the acting continued until March 2024.</p> <p>This acting period contradicts the requirements of Section 31(1) of the Personnel Regulations, which impose a 12-month limit.</p>	<p>and fill the position on a long-term basis.</p> <p><b>Recommendation</b></p> <p>The Ministry should ensure that the position is advertised and filled as soon as possible.</p>	<p>no employee acts more than 12 months consecutively.</p>	