



NATIONAL DRUG COUNCIL

Report to those charged with governance on the 2023 audit

May 2024

*To help the public service
spend wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the December 31, 2023 financial statements of the National Drug Council (the “Council”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Council 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 audit of the financial statements for 2023 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 (2022 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 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.

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.

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, in documents containing audited financial statements, we have read the other information contained in the Council'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 Council. We have not reviewed any other documents containing 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, were outlined in the Engagement Letter signed by the Council on September 15, 2023, 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

8. We have issued an unqualified auditor's report on the financial statements.
9. There were six adjustments made to the financial statements. There were no uncorrected misstatement arising from the audit.
10. We have obtained written representations from management 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 Council's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Council 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 Council's financial statements.

12. Details of any significant findings from the audit are included in Appendix 1 along with management's response.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES:

13. Management was required to make significant judgments and estimates in respect of allowance for credit losses and depreciation.

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 Council's ability to continue as a going concern.

MATERIAL WEAKNESSES IN INTERNAL CONTROL:

15. We have not identified any material weaknesses in internal control. Other significant reportable item is included in the ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management Report*.

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.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT:

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

DISAGREEMENTS WITH MANAGEMENT:

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

ANY OTHER SIGNIFICANT MATTERS

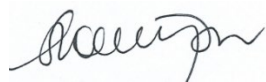
21. Significant reliance on government outputs sold.

The ability of the Council to meet its mandate and capacity to sustain its operational expenditures are significantly reliant on continued Government support from services provided to Government.

ACKNOWLEDGEMENTS

22. We thank the management and staff of the Council for their cooperation and assistance during the audit of this year's financial statements.

Yours sincerely,



Sue Winspear, CPFA
Auditor General

May 30, 2024
Cayman Islands

CLIENT ADJUSTMENTS

Account description	Debit (\$)	Credit (\$)
20000 Accounts Payable		135
OP Operating Expenses: 56004 Travel Expense	135	
To record invoice 0268180 presented after fiscal year-end (MILLER /SIMON KX4005 20DEC F GCMCYB HK1 KX4008 20DEC J CYBGCM HK1 USD \$160.63/ CI \$134.93)		
20000 Accounts Payable		155
OP Operating maintenance: 61030 Janitorial Service	155	
To record invoice 96685 presented after the fiscal year-end (05/12/2023 - 19/12/2023 Monthly Contract for Office and Window Cleaning)		
11000 Accounts Receivable	57,621	
14500 Funds from Government		57,621
4th quarter Cabinet Billing		
11000 Accounts Receivable		57,621
99901 Discount	57,621	
4th quarter Cabinet Billing (Over production of Output)		
Total	115,531	115,531

