

Annual Report - 31 December 2023

Providing Value to the People of the Cayman Islands





To help the public
service spend wisely

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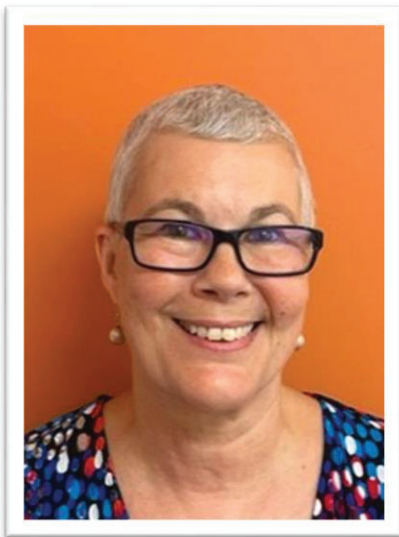
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FOREWORD BY THE AUDITOR GENERAL

Providing Value to the People of the Cayman Islands



I am delighted to present the Annual Report of the Office of the Auditor General (“Office” or “OAG”) of the Cayman Islands for the year ending 31 December 2023 in accordance with Section 69 of the *Public Management and Finance Act (2020 Revision)*.

It remains a privilege to lead the Office ensuring that it continues to deliver value to the people of the Cayman Islands. We do this through improving Government’s financial management and assessing the economic, efficient and effective delivery of Cayman’s various public services.

2023 was a challenging year for me personally as in March I was diagnosed with a significant illness, which required immediate and ongoing medical treatment. While I worked through much of this, it meant that I was absent for periods of time and was initially absent at no notice during our 2022 financial audit busy season. The temporary management structure that we put in place at the end of 2022 allowed the management team to respond quickly with the Deputy Auditors General acting as Auditor General during some of my absences. I am immensely grateful and proud that the staff in my Office showed commitment and dedication during this time and met the statutory deadline for 35 of the 46 audits. This performance is higher than in previous years, which is a significant achievement. However, my absence did have an impact on some of our other work. For example, unusually, we did not publish any performance audit reports during the year.

One of the highlights of the year was the completion of the five-yearly independent assessment of our office. This assessment was undertaken by independent international assessors who used a global assessment framework. Although this exercise took longer than we anticipated I was pleased to receive the report in November 2023. I am delighted that, overall, our assessment scores were strong and have increased since the first assessment was undertaken using this framework in 2017. We can say with confidence that we are one of the strongest small external offices regionally and even globally. We discuss this further in *Leading by Example*. We found this to be an insightful process and the report has

helped identify priorities for our next strategic plan. I want to thank IDI for their support with this assessment.¹

Another highlight is that we started to develop our quality assurance framework. This is a major step for the Office as it is one of the priorities in our strategic plan. Our work on developing the quality assurance approach will continue in 2024 and we aim to have this fully embedded in the next year.

During the year we also set up a dedicated backlog audit team and further developed our IT audit capacity, creating a group of IT audit experts in the Office.

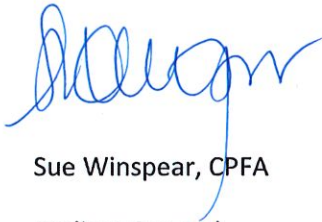
2023 marked the 40th anniversary of the OAG. This is a huge milestone as the Office embarked on a series of events to mark this occasion. These events are covered in the section on **Leading by Example** later in this report. However, I was delighted that H.E. The Governor Jane Owen hosted a reception on 28th June at Government House to celebrate our anniversary. The reception was attended by OAG staff, the Public Accounts Committee Chairman and Clerks (current and past), the Speaker, Ministers, senior public servants, partners and staff from audit firms, and other invited guests.



¹ IDI = INTOSAI's Development Initiative. INTOSAI = International Organisation of Supreme Audit Institutions.

My Office plays a critical role in the governance framework of the Cayman Islands and holds government to account, especially by working through the Public Accounts Committee (PAC). During the year, we supported the PAC with its administrative meetings and hearing on our reports.

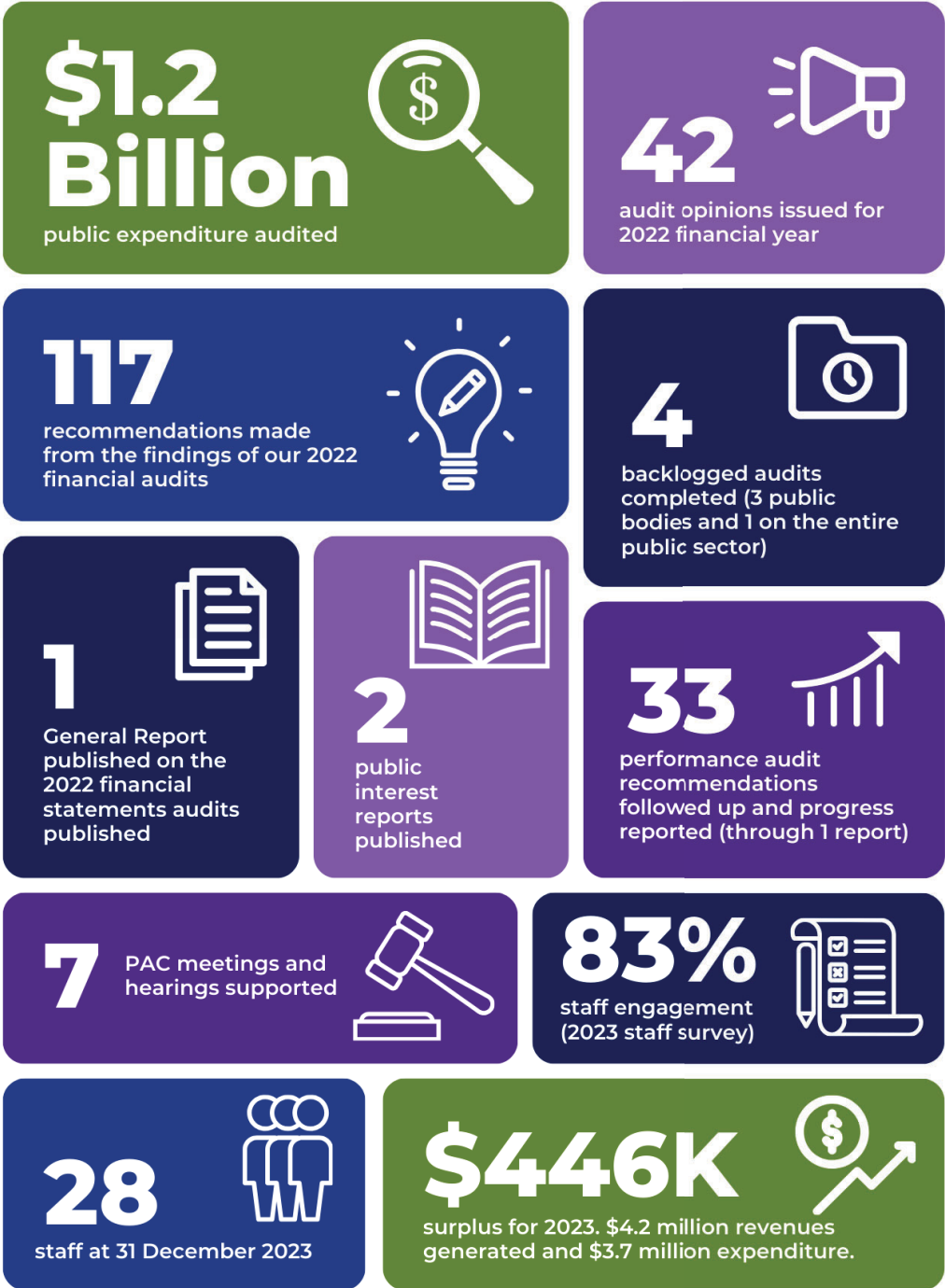
The Office will continue to play its part in helping the public service spend wisely for the present and future benefit of the people of the Cayman Islands. I look forward to continuing to lead the Office and end by expressing gratitude to my deputies (who stepped up so brilliantly during 2023), my whole team, our clients, the PAC and our audit partners for all their commitment. It is through their efforts that we are able to improve financial management and public services in Cayman.



Sue Winspear, CPFA
Auditor General

24th April 2024

OUR YEAR IN SUMMARY



ABOUT THE OAG

PUBLIC SECTOR AUDIT

Governments and public sector entities are responsible for the use of resources and the delivery of public services. They must be held accountable, in accordance with the Acts and proper standards, to those who use and pay for the services provided. Public resources should be safeguarded, properly accounted for and used economically, efficiently and effectively.

Ministers, boards, chief officers, managers and public officials are primarily responsible for ensuring that public business is conducted in accordance with the Acts and proper standards, and that public money is handled with integrity and spent appropriately. Public bodies and those individuals responsible for conducting their affairs must discharge this accountability by establishing and maintaining proper governance arrangements and effective stewardship of the resources at their disposal.

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing not only assurance on the financial statements but also assessing the legality, propriety, and the economic, efficient and effective use of public money.

Public sector audit is an important link in the chain of accountability. It strengthens accountability, both upward to the elected members who provide resources and are representatives of the people, and outward to citizens and users of public services. Public sector audit adds value, not only by reviewing and reporting on what happened, but also by looking forward, identifying where improvements can be made, and promoting good practice. In this way public sector audit contributes to improved standards of governance, better management and decision making, and more effective use of public money.

STATUTORY BASIS FOR OUR WORK

The Cayman Islands Constitution requires that there shall be an Auditor General who shall have *“The power and responsibility to audit the public accounts of the Cayman Islands and the accounts and financial dealings of all authorities, offices and departments of Government and of all courts, and power to undertake value for money investigations in respect of the activities of such authorities, offices and departments.”*

The Constitution further states, *“In the exercise of his or her functions, the Auditor General (and any person acting on his or her behalf in the exercise of those functions) shall not be subject to the direction or control of any other person or authority, save that the Auditor General is answerable to the Public Accounts Committee of the Parliament and must attend upon the Committee at its request.”*

The Auditor General’s powers and duties are also set out in Part VII of the *Public Management and Finance Act*.

WHO WE ARE AND WHAT WE DO

For the parliamentary system of government to work properly, it must have the public's confidence. The Government's programmes must be effective, transparent, and accountable to merit the public's confidence. One important responsibility of the Parliament is to hold the Government accountable for its management of public resources. This work is conducted primarily through the Parliament's Public Accounts Committee (PAC).

The Office of the Auditor General (the Office or OAG) contributes to the accountability process as the auditor of the Government, including all of its various types of public service bodies. The Office helps the Parliament, through the PAC, hold the Government accountable for how it manages public resources by undertaking financial statement audits for the entire public sector and all public sector bodies. Our performance audits promote the economic, efficient, and effective use of public resources. Our Office makes recommendations for improvement in the Government's management of public resources and public services through all of its work.

The work and reports of the Office promote confidence in the Government. Legislators and the public are provided with critical information on whether the Government: has reliable plans, financial reports and performance information; and uses effective processes to safeguard the resources with which it is entrusted, including compliance with Acts, regulations and other relevant authorities.

The Office also does the following:

- encourages discussion and debate about public sector management and accountability issues;
- provides advice to government committees;
- encourages professionalism in the public service;
- develops marketable professionals for the public sector and more widely;
- adheres to the professional assurance standards as published by the International Audit and Assurance Standards Board and the International Organisation of Supreme Audit Institutions (INTOSAI); and
- supports Supreme Audit Institutions (SAIs) in the Caribbean region, and globally, through the Caribbean Organisation of Supreme Audit Institutions (CAROSAI) and INTOSAI.

The Office's work and reports contribute to strong and effective processes and procedures, and informed decision making in the Government. This in turn helps the Government use sound management practices to achieve good results with public resources.

Our **VISION** is to help the public service spend wisely.

Our **MISSION** is to deliver independent, high-quality public-sector audit that promotes accountability, transparency, integrity, and value in the use of public resources.

Our vision and mission are supported by the five-year strategic plan for 2019–2023, which includes four strategic objectives.

OUR STRATEGIC OBJECTIVES



This Annual Report provides a summary of our performance against each of our strategic objectives, and a high-level summary of our resources. Detailed information on our financial performance for the year and financial position at the year-end is included in the audited financial statements on pages 56 to 87.

OUR PEOPLE

The Auditor General is responsible and accountable for the overall management of the Office and is supported by the Deputy Auditors General, who oversee the day-to-day operations; each taking responsibility for a specific area.

CHANGES TO THE OAG MANAGEMENT STRUCTURE

In 2022 we reorganised our management structure and increased our staffing for a two-year period. The main reason for this was to ensure that the Office complied with international best practice on auditor independence and rotation. As a small audit office, it is challenging for us to meet this good practice requirement. We ensure that our audit staff are rotated on a regular basis to meet this requirement. However, the Deputy Auditor General and Audit Manager have both worked in the Office's financial audit practice for a number of years.

After the conclusion of the 2021 financial audit cycle, Patrick Smith, Deputy Auditor General moved away from overseeing the in-house financial audit practice for a two-year period. From September 2022, Patrick took up the new role of Deputy Auditor General (Corporate and International). In this role, Patrick oversees the outsourced financial audits, leads on backlogged audits, retains his corporate responsibilities, including finance and IT, and works part-time on international activities.

As a result of this change we made other temporary changes to our management structure for the same two-year period.

As a direct result, Winston Sobers was promoted to Acting Deputy Auditor General (Financial Audit) to backfill Patrick's role. Winston is leading the in-house financial audit practice for two years, effective for the financial statements' audits for 2022 that started in September 2022.

In November 2022, we carried out an internal recruitment exercise to appoint two new temporary Audit Managers. These managers are backfilling Winston's role, leading the backlog team and providing additional manager capacity for the performance audit practice. We appointed Ruel Huet and Gabriel Ncube to these Acting Audit Manager posts.

During 2023, we continued to operate with the temporary management structure.

OAG MANAGEMENT

OAG management is organised into two management teams – the Corporate Management Team and Practice Management Team.

Corporate Management Team

The Corporate Management Team (CMT) comprises the Auditor General, Deputy Auditors General and Corporate Services Manager. The CMT sets the policy direction, reviews the financial, staffing and overall performance of the Office and takes all decisions relating to the corporate functions of the OAG.



Sue Winspear

Auditor General

Sue is responsible and accountable for all audit opinions given and the overall management of the Office.

Patrick Smith

Deputy Auditor General (Corporate and International)

Patrick is responsible for overseeing backlogged and outsourced financial audits. His corporate activities include finance and IT. Patrick also works part-time on international activities (for which the Office is paid).



Angela Cullen

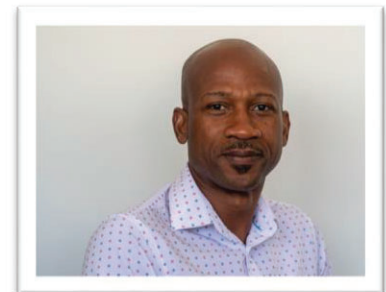
Deputy Auditor General (Performance Audit)

Angela is responsible for managing our performance audit practice. Angela is the Engagement Quality Reviewer for our in-house financial audits. Her corporate activities include operational planning, performance management and reporting, and media.

Winston Sobers

Acting Deputy Auditor General (Financial Audit)

Winston is responsible for managing the financial audit practice (in-house). His corporate activities include resource planning.





Katrina Thomas

Corporate Services Manager

Katrina manages OAG's corporate functions.

Practice Management Team

The Practice Management Team (PMT), comprises the Auditor General, Deputy Auditors General for Financial Audit and Performance Audit, and the four Audit Managers. The PMT sets the direction and oversees all audit practice related matters, including resourcing decisions and learning and development.



Julius Aurelio

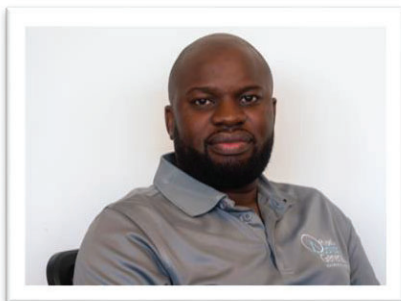
Audit Manager (Quality Assurance and Information Technology)

Julius managed a portfolio of outsourced financial audits (until the 2022 financial statements' audits were completed) and inhouse IT audits. He also supports the corporate IT function and undertakes quality assurance of both audit practices.

Adrian Murenzi

Audit Manager (Performance Audit)

Adrian manages performance audits and a portfolio of in-house financial audits.



Gabriel Ncube

Acting Audit Manager (Financial Audit and Performance Audit)

Gabriel manages a portfolio of in-house financial audits and performance audits.

Ruel Huet

Acting Audit Manager (Financial Audit and Backlog Audits)

Ruel manages the dedicated backlog audit team and a portfolio of in-house financial audits.



OAG management was supported during the year by a team of 18 audit staff and an administrative officer. The audit team includes 15 Audit Project Leaders, who are fully qualified members of professional accountancy bodies, an Auditor and two Audit Trainees. The Auditor and one Audit Trainee are part-qualified. We provide more information about our staff in **Developing our People**.

STRENGTHENING PUBLIC SERVICES

Our first strategic objective is strengthening the accountability, transparency, integrity and the delivery of services in the public sector.

As the auditor of government spending, our work gives us direct insight into how the public sector is operating and changing. As well as having direct interaction with every public entity each year, we also have an independent reporting role protected by legislation. We provide a credible, reliable and evidence-based source of information to government, legislators and society and can contribute to strengthening the public sector through our audits, by using our powers of reporting, and our interaction within and outside the public sector, on matters such as governance, accountability, financial sustainability and the efficient, effective and economic use of resources.

We have set ourselves the following five goals to achieve this strategic objective:

1. Timely conduct of high-quality, evidenced-based, relevant audits.
2. Impactful recommendations.
3. Follow up on implementation of recommendations.
4. Drive transparency in the public service.
5. Drive accountability.

These goals are supported by a range of actions and success measures.

KEY ACHIEVEMENTS IN 2023

In 2023 we:

- ✓ Completed the annual audit of the 2022 financial statements for 42 (of 46) entities; all had an unqualified audit opinion.
- ✓ Made 101 recommendations from our 2022 financial audits to improve a range of issues including control weaknesses, compliance with laws and regulations, risk management, and governance.
- ✓ Published the annual General Report summarising the 2022 financial audits, which included five recommendations for improvement.
- ✓ Completed three entity audits from prior years; all had unqualified audit opinions.
- ✓ Completed the 2020 audit of the entire public sector and issued an adverse audit opinion.
- ✓ Published two public interest reports.
- ✓ Published one report following up on 33 past OAG and PAC recommendations aimed at improving budgeting and financial reporting.

TIMELY CONDUCT OF HIGH-QUALITY, EVIDENCE-BASED, RELEVANT AUDITS

The core activities of the OAG are the annual, financial audit of the Government and its agencies; and performance audits reporting on the economy, efficiency and effectiveness of public spending to the Parliament. Through these we hold the Government to account for its spending and for providing value for money in public services.

FINANCIAL AUDIT

Our financial audit work helps the Parliament hold organisations to account for around \$1.2 billion of annual expenditures, over \$3.9 billion in total assets and \$1.8 billion in total liabilities. Our audits provide independent assurance to the Parliament on how public money has been spent, how revenue has been generated, and whether assets have been safeguarded and liabilities are fully recognised.

The *Public Management and Finance Act* sets the statutory deadlines for the submission of draft financial statements as end of February each year and states that the annual audits should be completed within two months, that is 30th April each year.

Our audit cycle covers three main elements: planning the audit, interim audit and completion of the audit.

FINANCIAL STATEMENT AUDITS FOR 2022

Overall, the number of audits to be completed for the 2022 financial year was 46 (49 for 2021 financial year).

By the end of the statutory deadline of 30th April, we had completed the 2022 financial statements audits and issued audit opinions for 35 entities. By the end of the year, we completed the audits and issued audit opinions for 42 entities (Ministries, Portfolios and Offices and Statutory Authorities and Government Companies (SAGCs)) (2022: 44). Of these 42 audits, 19 were of core government entities and 23 were SAGCs. The OAG team completed 28 audits and 14 were completed by audit firms. All of the 42 audit opinions issued in 2023 were unqualified; similar to the prior year.

Exhibit 1 shows the number and percentage of audits completed in each of the five years 2019 to 2023. Audits completed within each calendar year are of the financial statements for the previous financial year. That is, the audits completed in 2023 are of the 2022 financial statements.

Exhibit 1 – Number and percentage of audits completed in 2023 and previous four years

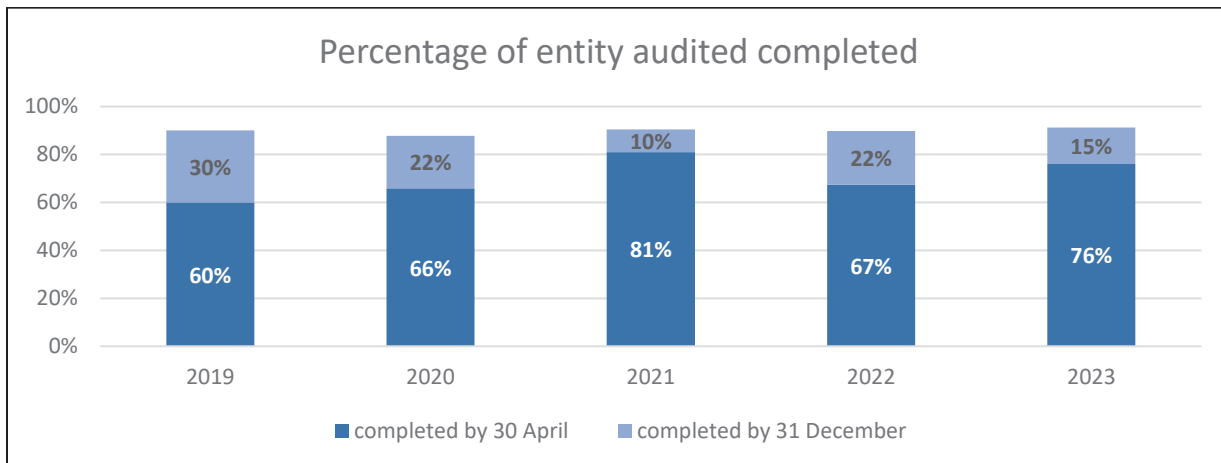
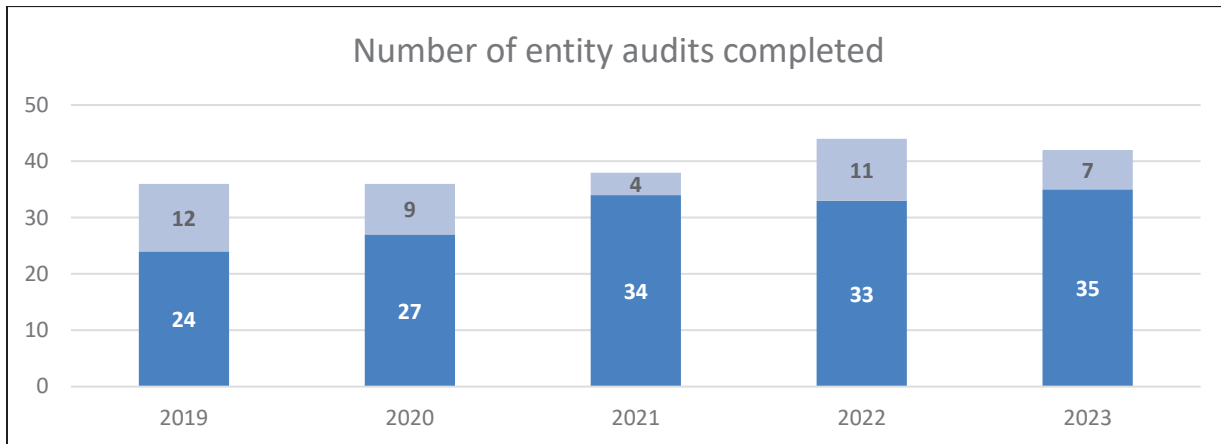


Exhibit 1 highlights that the number of entity audits completed by the statutory deadline of 30 April has increased since 2020 and remained reasonably constant over the past three years. The percentage completed by the same deadline varies because of the total number of entities to be audited each year. The OAG consistently completes around 90 per cent of all entity audits by the end of December each year.

REPORTING ON THE OUTCOME OF THE 2022 FINANCIAL AUDITS

Of the 42 entity audits completed, we had reported the findings of the audit to those charged with governance for 27 clients by the end of the year. At the yearend six reports were issued and awaiting management response and a further three reports were being drafted. We did not report any issues arising from the audit of six entities.

FINANCIAL STATEMENT AUDITS FOR 2023

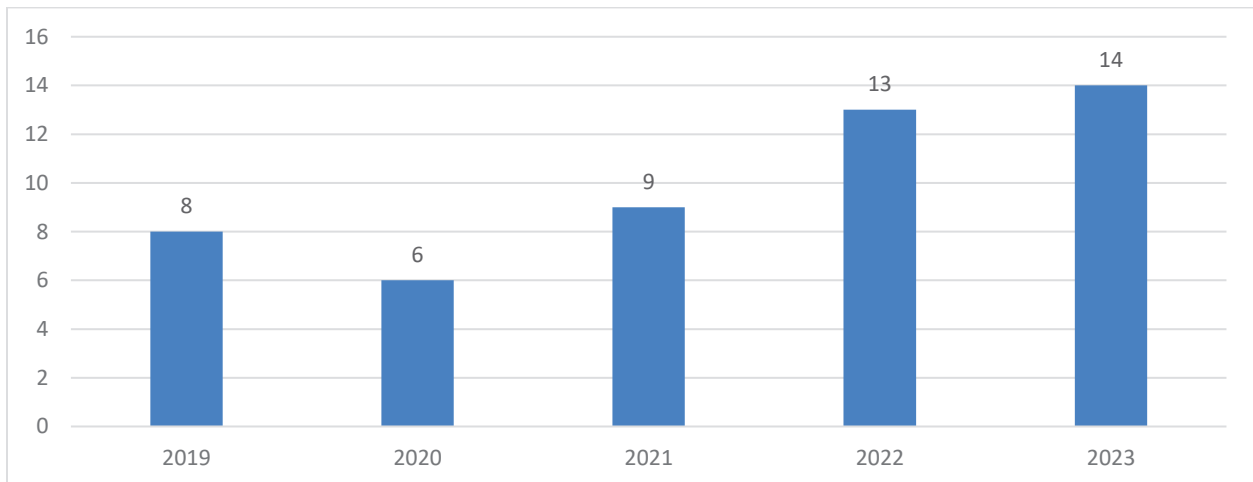
During the year we started our 2023 financial statements' audits. We started planning our audits of the 2023 financial statements in September and carried out interim audit work for the majority of entities between October and November. The audits will be completed in 2024.

BACKLOGGED AUDITS

During 2023 we continued to work cooperatively with our audit clients to try and clear the backlog of audits. We completed three entity audits from prior years, issuing unqualified audit opinions for the Ministry of Investment, Innovations and Social Development (2022), Ministry of Financial Services and Commerce (2022) and the Cayman Turtle Centre (2020).

As at 31 December 2023, a total of 14 financial statements' audits, including EPS, were outstanding. This is higher than the previous year (13) (Exhibit 2). Exhibit 2 shows that we have consistently had a number of backlogged audits over the last five years, and this has increased since 2021.

Exhibit 2 – Number of backlogged audits at the period end, 2019–2023



The 14 backlogged audits at the end of 2023, covered four entities and the EPS (discussed in the next section) (Exhibit 3).

Exhibit 3 – Backlogged audits at the end of 2023

Entity	Year(s) Outstanding					Total
	2018	2019	2020	2021	2022	
Ministry of Health, Environment Culture & Housing	✓	✓	✓	✓	✓	5
Cayman Islands Airport Authority		✓	✓	✓	✓	4
Cayman Turtle Conservation and Education Center Limited				✓	✓	2
Entire Public Sector				✓	✓	2
National Housing Development Trust					✓	1
	1	2	2	4	5	14

Note: The Ministry of Health, Environment, Culture and Housing’s financial statements for 2018 were signed off in February 2024.

As reported last year, we decided to create a dedicated team of staff to work on backlogged audits. Our intention is to eliminate the backlog over two years, but this is contingent on the availability and cooperation of the respective clients. The team was set up in late 2022 and is led by Patrick Smith and managed by Audit Manager, Ruel Huet. In February 2023, we added two dedicated Audit Project Leaders to the team. The team is supported by other staff at certain times of the year. This dedicated team has allowed us to continue to work on backlogged audits throughout the year, including during our busy interim and final audit periods. We have not made as much progress as we had expected during 2023. The two entities with significant backlogs have limited staff in their finance teams who have experienced conflicting priorities. This has resulted in delays and issues with the quality of information provided to the audit teams.

ENTIRE PUBLIC SECTOR (EPS) FINANCIAL STATEMENTS

The EPS financial statements include all of the executive expenditures of Government, which include transfer payments, executive expenses and loan transactions. The EPS financial statements also include coercive revenues (that is revenue earned by the core government using the coercive power of the state for which no direct exchange of service occurs). Neither executive expenditures nor coercive revenues are reported in the individual entity financial statements.

Exhibit 4 summarises the progress that we have made with the audits of the EPS financial statements past decade. Our audit opinions on the EPS financial statements moved from disclaimed to adverse in 2013–14 but have remained adverse since then. We continue to issue adverse audit opinions as there are some significant issues that need to be addressed. We reported on these issues in our most recent General Report on the 2022 financial statements that we published in October.

Exhibit 4 – Progress with the EPS audits

Year	Date audit completed or status	Audit opinion	Tabled in the Parliament
2022	Not started		
2021	In progress		
2020	18 December 2023	Adverse	
2019	5 July 2022	Adverse	
2018	10 August 2021	Adverse	8 December 2022
2016-17	9 September 2019	Adverse	8 December 2022
2015-16	19 October 2017	Adverse	16 March 2018
2014-15	7 December 2016	Adverse	27 March 2017
2013-14	30 September 2015	Adverse	24 June 2016
2012-13	1 June 2015	Disclaimed	

As reported previously, the OAG set up a dedicated team to work on backlogged audits at the beginning of 2023. During 2023, we completed the audit of the EPS financial statements for financial year 2020, issuing an adverse audit opinion. At the end of the year, the audits of the EPS financial statements for 2021 was in progress, and the 2022 audit had yet to start.

Although we have made progress with the EPS audit it continued to be backlogged. The Ministry of Finance and Economic Development did not have final numbers because of delays with some financial statements' audits. The EPS team within the Cayman Islands Government also had limited resources working on conflicting priorities, including the preparation of the 2024-25 budgets which took most of 2023 to complete. The EPS team has an action plan to try to resolve the issues contributing to the adverse audit opinion. During 2023, the EPS team worked on trying to improve the approach for roads valuation. This has taken longer than anticipated.

We previously expressed concerns about the transparency and accountability of the audited EPS financial statements as there were significant delays in tabling these in the Parliament. The EPS financial statements for 2019 that were signed off during 2022 have still to be tabled.

OTHER AUDIT AND STATUTORY WORK

During 2023, the Office completed the following two pieces of other statutory work:

- We completed the review of water rates for the Water Authority of the Cayman Islands as required by The Water Authority Regulations.

- We provided an auditor’s certificate for the Cayman Islands Development Bank (CIDB). This is required under section 23 (3) of the Development Bank Act (2004 Revision) to certify that adequate procedures are in place for anti-money laundering.

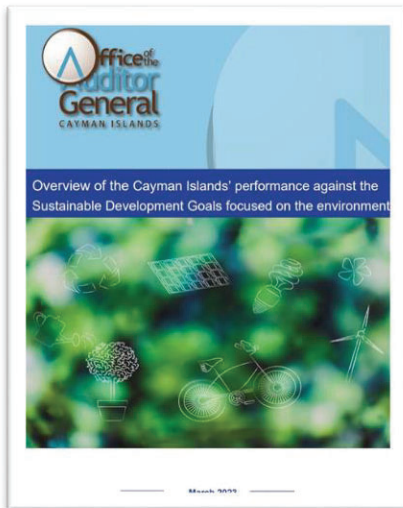
PERFORMANCE AUDIT

A fundamental part of our remit is to conduct audits of whether the Government and the wider public sector carries out their business economically, efficiently, and effectively.

We carry out our performance audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). In complying with the standards, the OAG follows a set methodology to ensure that the audits are appropriately planned, executed and reported. While there are several key elements of the methodology, the clearance of the draft audit reports with senior government officials is an important step that is carried out with every audit. In this step, senior officials, including the Deputy Governor for core government, confirm the factual accuracy of the information in the report before it is finalised and issued to the Parliament.

The Office may also publish public interest reports. These reports focus on important issues that the Office considers to be of public interest. They report facts only and do not include any conclusions or recommendations.

During 2023 we did not publish any performance audit reports but published two public interest reports.



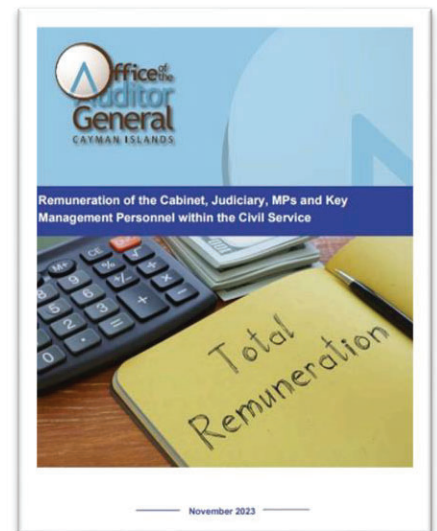
In March, we issued the public interest report *Overview of the Cayman Islands' performance against the Sustainable Development Goals focused on the environment*.

This report stated that the OAG identified that eight of the 17 Sustainable Development Goals (SDGs) directly related to the environments, and within these, there were 47 specific targets. Of the 47 targets, the OAG assessed that two were not applicable to the Cayman Islands and we were unable to assess performance of 16 targets as no data were available. Of the remaining 29 targets, four had been met and nine had not been met, two were on track, some progress had been made with five, and there was limited or no progress with nine.

In November, we issued *Remuneration of the Cabinet, Judiciary, MPs and Key Management Personnel within the Civil Service in 2022*.

This report highlighted the total remuneration, average remuneration and average salary paid to different categories of key management personnel. The report stated that

- The top ten earners within the Cabinet, Judiciary, Parliament and the Civil Service earned a total of \$3.6 million, about \$362,000 each on average.
- Members of the Cabinet earned \$3.3 million, about \$305,000 each on average.
- Members of the Judiciary earned \$3.3 million, about \$302,000 each on average.
- Members of Parliament earned \$6.0 million, about \$285,000 each on average.
- Chief Officers earned \$4.3 million, about \$204,000 each on average.
- Key management personnel within the Civil Service earned a total of \$35.4 million, about \$136,000 each on average.



As at 31 December 2023, work was underway on seven performance audits. These were:

- Cayman Airways Limited.
- Improving employment prospects for Caymanians.
- The Government's approach to sustainable economic development.
- Improving Financial Transparency and Accountability – Long-Term Financial Sustainability.
- Affordable Housing.
- Governance in Statutory Authorities and Government Companies (SAGCs), including remuneration of key management personnel.
- The Cayman Islands Government's progress with the five-year strategic plan to become a world-class civil service.

We reported in previous years that we issued a draft report on *The Integrated Solid Waste Management System for the Cayman Islands (Regen)* in December 2021. We did some additional work on this report during 2023. We will publish the December 2021 report and an update after the Government has reached financial close on the contract. As at the end of December 2023, financial close for the project did not happen as planned and a revised deadline was not set.

IMPACTFUL RECOMMENDATIONS

An essential element of our role in strengthening public services is by providing insight to decision makers and making impactful recommendations to the bodies that we audit. It is important that our recommendations are accepted and implemented by bodies.

FINANCIAL AUDIT

As reported previously, by the end of December 2023 we had finalised 27 reports to those charged with governance on the outcome of the 2022 financial audits. Within these reports, we made 101 recommendations for improvement. These recommendations covered a range of issues. The most common recommendations made were aimed at improving compliance with Acts, regulations, and policies, internal control weaknesses, risk management, and governance. Management within the 27 entities accepted 41 (41 per cent) of these recommendations. It was unclear if the remaining 60 recommendations were accepted.

In my annual General Report summarising the outcome of annual financial audits for 2022, I included five recommendations. These recommendations are intended to further improve financial leadership and management and the quality of performance reporting to increase transparency. We discuss that report in more detail later.

PERFORMANCE AUDIT

Our performance audit work aims to improve the Government's governance structures, financial management. It also helps public service to become more efficient and effective and achieve better value for money.

In November 2023, the Government issued new guidance on managing third-party risks resulting from a recommendation made in our 2022 report *The Government's shift to online services*.

FOLLOW UP ON IMPLEMENTATION OF RECOMMENDATIONS

During 2023, we published one report following up on the implementation of past recommendations on performance audits made by the OAG and PAC.



In March, we published *Follow Up on past PAC Recommendations 2023 – Report 1*. The report followed up on the recommendations relating to two previous OAG and PAC reports in our Improving Financial Accountability and Transparency trilogy – *Budgeting* (December 2020) and *Financial Management and Reporting* (May 2021). We followed up on progress with a total of 33 recommendations. Of these, we assessed that two (6%) had been implemented, 25 (76%) were in progress or action planned, and there was limited or no progress with four (12%) recommendations. Overall, we assessed progress with implementing the recommendations in both reports as Red – Limited progress.

We discuss the PAC’s actions with this report later.

In this report, we provided an update on the status of Government Minutes in response to PAC reports. As of February 2023, the Government Minutes for five PAC reports were late, ranging from five to 47 months late. The Government Minute for one report was not yet due.

We also continued to raise concerns that the lack of regular meetings in the Parliament contributes to the late tabling of annual reports, financial state mends and Government Minutes, which hampers the accountability process. The Auditor General recommended that the Parliament should update its Standing Orders to allow reports to be tabled throughout the year, and not only when the Parliament has a meeting.

DRIVING TRANSPARENCY AND ACCOUNTABILITY IN THE PUBLIC SERVICE

A key focus in strengthening the public sector is ensuring that the Government and each entity operates using the highest level of transparency.

CONDUCTING OUR AUDITS IN ACCORDANCE WITH INTERNATIONAL PROFESSIONAL STANDARDS AND IN A TIMELY WAY

We conduct our financial audit work in accordance with International Standards on Auditing (ISAs), also paying regard to ISSAIs. The audits are delivered by staff who are qualified members of professional accountancy bodies or working under a qualified member.

Four local audit firms conducted fifteen financial statement audits on behalf of the Auditor General for the 2022 financial year. The 2022 financial year was the final year of the five-year appointments (2018

to 2022). We reported last year that the Office carried out a procurement exercise to appoint auditors for the five financial years from 2023 to 2027. As a result of the exercise, we appointed three audit firms to carry out the audits of six public sector bodies. See Appendix 1 for a listing of who conducted these financial audits for the five-year appointments 2018 to 2022 and the auditors for the five years from 2023 to 2027.

As public auditors we have to ensure our independence and effectiveness through the application of a Code of Conduct prescribed by the International Federation of Accountants and ISSAI 30, along with the code of ethics for Supreme Audit Institutions. The Auditor General performs the role of the ethics partner and provides advice on compliance with the standards.

SUPPORTING GOVERNMENT TO IMPROVE THE QUALITY OF ITS FINANCIAL REPORTING

In October, the Office published *Financial Reporting of the Cayman Islands Government: General Report 31 December 2022*. The General Report summarised the financial performance of core government entities and SAGCs for the 2022 financial year. The General Report concluded that while financial reporting by individual public bodies is generally good it can be improved.

In the report, we highlighted that the number and value of audit adjustments made to the 2022 financial statements were a cause for concern. We also raised concerns about the extent of non-compliance with Acts and regulations, specifically in relation to procurement and the *Public Authorities Act*. The report also highlighted upcoming changes in financial reporting standards for the 2023 financial year that public bodies needed to consider and properly account for.

The report included five recommendations, some of which were repeat recommendations.

Exhibit 5 summarises the audit opinions issued over the last five years 2019 to 2023 by the year end (for financial years 2018 to 2022). The exhibit shows that the quality of annual financial statements has improved, with most entities now receiving unqualified audit opinions. As reported earlier, of the 2022 audits completed by the year end, all received an unqualified audit opinion.

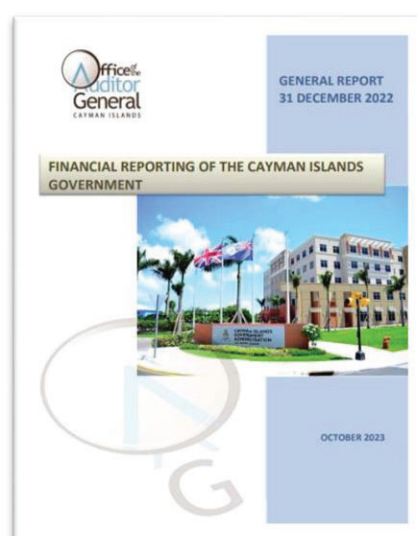
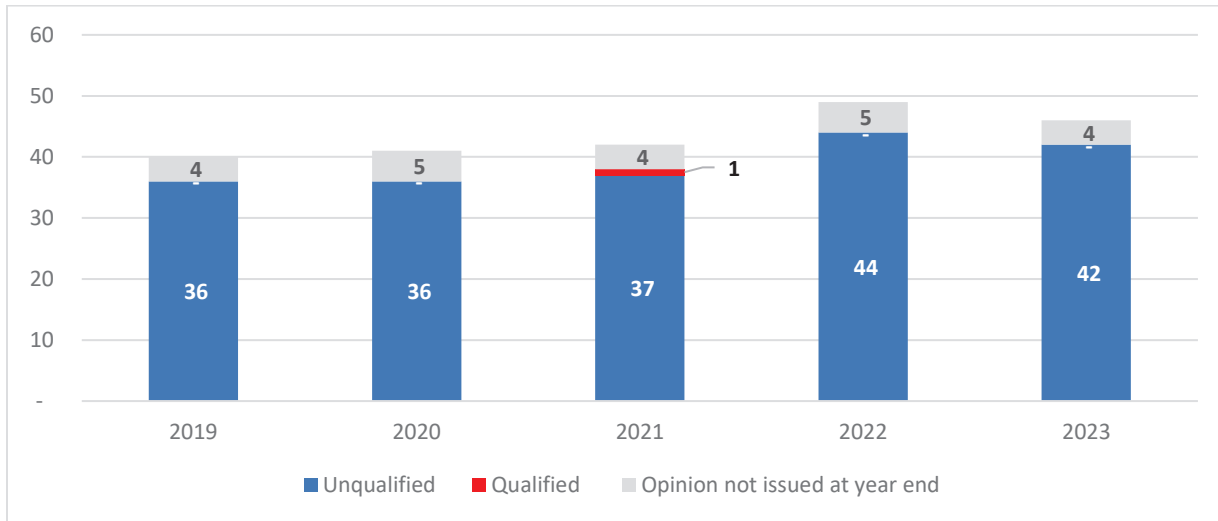


Exhibit 5 – Audit opinions issued by yearend on entity financial statements in the five years 2019 to 2023, for financial years 2018 to 2022



An important part of accountability and transparency is the reporting of performance and publication of annual reports and financial statements. Public bodies routinely prepare annual reports to accompany their financial statements.

Exhibit 6 provides a summary the number of entity financial statement audits completed, the number of entity backlogged audits, and the number of financial statements and annual reports tabled in the Parliament, at the end of 2023.

Exhibit 6 – Status of public body audits for the five years 2018 to 2022, and Annual Reports tabled in Parliament as at 31 December 2023

Financial Statements Year	Total number of entities to be audited	Audits		Annual Reports/Financial Statements tabled in the Parliament	
		Completed	Outstanding	Number	Percentage of completed audits with Annual Reports tabled
2022	46	42	4	32	76%
2021	49	46	3	37	80%
2020	42	40	2	35	88%
2019	41	39	2	37	93%
2018	40	39	1	36	92%
Total		207	14	177	86%

Note: Financial statements are audited during the following financial year i.e., the 2022 financial statements were audited during 2023. The information in the exhibit is for public bodies audited by the OAG only. It excludes the OAG and EPS. Information on EPS financial statements and annual reports is included earlier at Exhibit 4.

In previous years, we have expressed concern about the tabling of annual reports in the Parliament. We repeated this concern in the General Report on the 2022 financial statement. At that time only 19 of the 40 audits completed for 2022 had their annual reports tabled in Parliament by the end of September. However, we were pleased to note that the Government tabled a large number of annual reports towards the end of 2023. The exhibit shows that for the five financial periods 2018 to 2022, progress has been made on tabling entities' Annual Reports in a timely manner, with 14 per cent (30) now delayed. Seventy-six per cent of annual reports relating to the audited 2022 financial statements had been tabled in the Parliament.

DRIVING ACCOUNTABILITY

It is important that public sector officials respond appropriately and take actions on our findings and recommendations. We promote our findings and recommendations through the different accountability levels.

At the highest level, we work with the Parliament's Public Audit Committee (PAC) to ensure that they hold the Government accountable. We work closely with the PAC to promote effective management and greater accountability for public resources. See the next section on **Demonstrating Relevance** for a summary of our work with the PAC.

At the government level, the Auditor General attends the Government's Audit Risk and Assurance Committee (ARAC) meetings. The ARAC was set up in 2019 as a result of recommendations made by our Office. The ARAC is intended to provide the Deputy Governor, as head of the civil service, with independent and objective advice on the comprehensiveness, reliability and integrity of assurances on government, risk management and control for the Cayman Islands Government. During the year the Auditor General or Deputy Auditors General attended the quarterly meetings of the ARAC.

Staff from the Office attended board and audit committee meetings of Statutory Authorities and Government Companies as necessary during the year.

DEMONSTRATING RELEVANCE

Our second strategic objective is demonstrating ongoing relevance to the people of the Cayman Islands, the Parliament and other stakeholders.

We aim to demonstrate our relevance by considering the views of our external stakeholders, including those who use public services, and ensure that we are focusing on the areas most relevant to them.

We place great importance on relationships with all of our stakeholders. Our stakeholders are the Parliament and particularly the PAC, elected and appointed officials, public entities, professional organisations, and all people of the Cayman Islands.

We want to be responsive to the challenges faced by the public, the expectations of different stakeholders, and the emerging risks and changes in the environment in which we conduct our work. It is also important that we continue to have a dialogue with stakeholders about how our work can facilitate improvement in the public sector

We have set ourselves the following five goals to achieve the strategic objective to **demonstrating relevance**:

1. Focusing our work on issues of national importance or priority, and at a point in time when the impact is greatest.
2. Communicate clearly and effectively with stakeholders.
3. Ensure efficient and effective audits, leveraging technology where possible.
4. Adding value to the client's business.
5. Actively contributing to improving the regional and international audit community.

These goals are supported by a range of actions and success measures.

KEY ACHIEVEMENTS IN 2023

In 2023 we:

- ✓ Achieved our performance outputs as agreed with the Parliament.
- ✓ Supported the PAC at seven meetings (six administrative meetings, one hearing on our reports), and in preparing four PAC reports.
- ✓ Published our five-year performance audit programme (2023 to 2027).
- ✓ Published all reports and press releases on our website and promoted these on social media.

- ✓ Received satisfactory scores from our surveys of audit clients on completed financial audits; no performance audit surveys were issued in 2023.
- ✓ Agreed an IT strategy and decided on changes to our IT platform and website.
- ✓ Contributed to and supported remotely a range of regional and international audit developments.

FOCUSING OUR WORK ON IMPORTANT AND PRIORITY ISSUES

We aim to be responsive to the challenges faced by the public, and the expectations of different stakeholders, and to emerging risks and changes in the environment we work in. It is essential, therefore, that we have continuous and effective dialogues with our stakeholders.

SUPPORTING THE PAC

Our most important relationship is with the PAC and the support we provide to enable it to carry out its mandate.

During 2023, the PAC held a total of seven meetings (2022: 13). Six of these were administrative meetings. The PAC also held one hearing on one report. The Auditor General and other members of our Office attended all PAC meetings in 2023.

During the year we presented three OAG reports to the PAC. These included (see Appendix 2 for detailed information on the reports published in 2023):

- one report following up on past PAC recommendations;
- one public interest report; and
- the general report summarising the financial statements audits from 2022.

In March, we presented a follow-up report and a public interest report to the PAC. The PAC noted the public interest report and agreed to hold a hearing on the follow-up report.

In July, the PAC held a witness hearing on our follow-up report, *Follow-up on past PAC Recommendations 2023 – Report 1* (March 2023). The hearing focused on the two reports assessed as limited progress, that is, *Improving Financial Accountability and Transparency - Budgeting* (December 2020) and *Improving Financial Accountability and Transparency – Financial Management and Reporting* (May 2021). The PAC prepared its own report, which strongly endorsed and supported



our recommendations and made one additional recommendation. The PAC tabled its report in the Parliament in December 2023.

In November, the PAC considered our report, *Financial Reporting of the Cayman Islands Government – General Report 31 December 2022*, that we published in October 2023. The PAC decided to hold a hearing on this report, which was scheduled for January 2024 and later rescheduled to February 2024.

MEETING OUR PERFORMANCE AGREEMENT

Our Performance Agreement with Parliament for 2023 was to issue 3–5 reports to Parliament and have a further 2–3 audits in progress. As outlined in the previous section, **Strengthening Public Services**, we met this requirement. During 2023, we issued four reports and had a further seven audits in progress, and one on hold, at the yearend.

PERFORMANCE AUDIT PROGRAMME

We continually review and refresh our performance audit (PA) programme to ensure that it is focused on important and high-risk issues. The OAG has a five-year rolling PA programme that we update annually.

In April 2023, we published our five-year PA programme for 2023 to 2027. This confirmed the new performance audits that we planned to start during 2023.

During the year, we reviewed our rolling PA programme and aligned this to the Government’s new strategic outcomes set out in the Strategic Policy Statement for 2024-2026. By the year end the OAG had consulted internally on the PA programme for the five years 2024-2028 and planned to consult with external stakeholders in the first quarter of 2024.

COMMUNICATING CLEARLY AND EFFECTIVELY WITH STAKEHOLDERS

It is important that we engage and communicate effectively with our clients about our work and activities, and we are proactive in providing professional advice to Government without compromising our independence or duties to the Parliament. These activities help overcome resistance and remove barriers to improvement.

COMMUNICATING WITH STAKEHOLDERS

During 2023 the OAG team continued to meet and consult with stakeholders. We provided information and advice on many issues around areas including financial accounting, procurement, governance and programme management. Specific activities undertaken included the following:

- As reported earlier, the Auditor General was absent for periods of the year. The Auditor General continued to meet the Governor and Deputy Governor whenever possible. However, she did not

have as many meetings as usual with Chief Officers of the various Ministries and Portfolios and CEOs/Managing Directors of the SAGCs.

- The Auditor General, and her Deputies as required, attended quarterly meetings of the Government’s Audit and Risk Assurance Committee.
- The Acting Deputy Auditor General (Financial Audit) and his team also met with the Financial Secretary, Board members and other key stakeholders throughout Government to apprise them of financial statement and compliance issues noted during the completed financial statements audits as well as emerging matters and the implications for future audits.
- The Deputy Auditor General (Corporate and International) and his backlog team met with Chief Officers, CEOs and Boards to discuss progress on the backlog. A number of issues affecting progress and findings around quality of the accounts were highlighted.
- The Deputy Auditor General (Performance Audit) and her team met with the Deputy Governor, various Chief Officers, Chief Executive Officers and other senior public servants to discuss individual performance audits.
- The Auditor General and Office also continued to maintain strong working relationships with key partners such as the Office of the Ombudsman, Anti-Corruption Commission, the Financial Crimes Investigation Unit, Internal Audit Services, Cayman Islands Institute of Professional Accountants (CIIPA) and private sector audit firms.

HOW WE COMMUNICATE WITH THE PUBLIC

We engage with the wider public through our website and social media. We publish all of our reports and press releases on our website and promote these through social media. Our website can be found at (www.auditorgeneral.gov.ky/).

We issue press releases to all of the media outlets in the Cayman Islands for all of our published reports and other information that we want to put into the public domain. During the year, we distributed four press releases about published reports (see previous section on **Strengthening Public Services**) to the media.

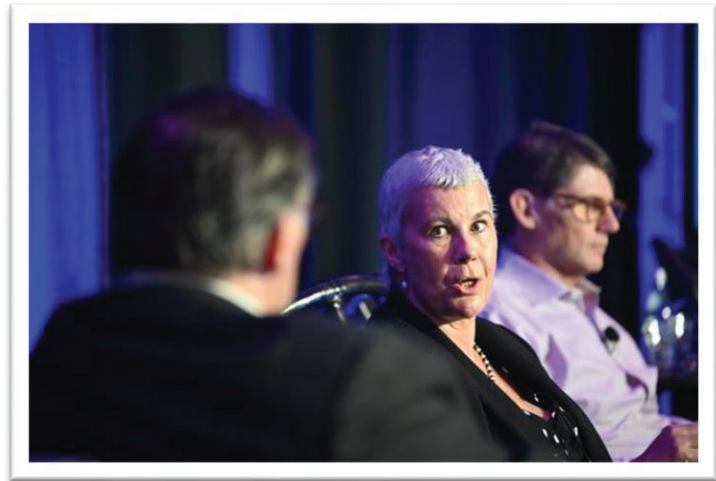
In 2023, the OAG was mentioned in 44 news articles by media outlets in the Cayman Islands. These articles highlighted a wide variety of our reports from 2023 and previous years, and evidence given to PAC hearings.

Some of our reports attracted significant media coverage. For example, our follow-up report was covered in nine news articles, including coverage of the PAC hearing. The media also reported on progress with recommendations made by our office as far back as 2015 (revenue concessions and social assistance programmes).



In November, the Auditor General did a live TV interview on The Resh Hour, where she discussed a range of issues and promoted our work. Topics covered included the need to reform the budgeting process, elections financing reform, the ongoing project for an Integrated Solid Waste Management System (Regen), and various governance matters.

In the same month, the Auditor General contributed to a panel discussion at the CIIPA conference. The conference focused on ethics and leadership and is aimed at accountants in the Cayman Islands. Over 145 accounting professionals from the public and private sector attended the conference. The panel discussed ethics and country fraud.






The OAG celebrated its 40th anniversary in June 2023 and started a year-long programme of activities to recognise this milestone. The OAG mostly promoted these activities through our social media platforms. We also issued a press release about our first event, the 40th anniversary relay, which raised money for charity. We discuss our anniversary activities later in **Leading by Example**.

Our main social media activity is through our Facebook page (www.facebook.com/Office-of-the-Auditor-General) and our LinkedIn account (<https://www.linkedin.com/company/office-of-the-auditor-general-cayman-islands>). In June 2023, the Office opened an Instagram page (www.instagram.com/oagcayman/) @oagcayman and used this to promote our work and activities.

During 2023, we posted 163 items promoting our reports and other activities across the three social media platforms. The majority of these posts were on Facebook. These posts generated a total of 795 reactions and 60 comments.

Exhibit 7 – Social media activity in 2023

			
Posts	99	52	12
Reactions	556	209	30
Comments	51	8	1

ENSURE EFFICIENT AND EFFECTIVE AUDITS, LEVERAGING TECHNOLOGY

We reported in prior years that we agreed an IT strategy that included the following six strategic objectives for IT for 2022 and 2023:

- Establishing and clarifying the corporate IT platform, governance and processes.
- Streamlining audit management software.
- Implementing data analytics to inform our audit risk assessments.
- Launching a new website and enhancing our social media engagement.
- Improving our audit knowledge base.
- Implementing business management software.

Early in 2023, we finalised and approved a new IT policy. During 2023, we further explored options appraisal for a new IT platform and options for other corporate IT systems. We also developed a business case and procurement documents for a new website. As reported earlier, we expanded our social media platforms during the year by adding an OAG Instagram account.

As reported in prior years, we have developed our financial audit strategy to include IT assessments for some entities. During 2023, we established an in-house IT audit team and developed a methodology for IT audits. We plan to conduct the appropriate IT assessments of all our financial audit clients. Out of the 35 financial audits with 2023 yearends, we started 26 assessments, plus a central assessment of the Core Government network and IRIS. At year-end, only three were wholly or substantially complete.

During the year, the INTOSAI Development Initiative (IDI) started a new programme, Leveraging on Technological Advances (LOTA). The programme aims to develop a pool of auditors from 25 SAIs across the world who will leverage on technology in audits and audit the use of technology by governments. The LOTA programme has two streams:

- Audit strategy, with the end goal of preparing an IT audit strategy (to complement the existing plans for financial and performance audits).
- Technology audit, which aims to leverage IDI mentors while we complete a selected audit or technology-related support.

The IDI accepted the OAG as one of the participants and our main participants are Julius Aurelio, Audit Manager, and Jason Lee, Audit Trainee. In October, Julius Aurelio attended the education week in Brasilia. At the yearend, the IDI introduced our participants to their mentors. Most of the work for both streams is expected in 2024.

ADDING VALUE TO CLIENTS' BUSINESS

One of our purposes is to assist in identifying opportunities for our clients to improve their operations and effectiveness.

We reported earlier on new guidance that the Government has issued as a result of our work.

Our usual practice is to ask audit clients for feedback on our work. We do this for both financial audit and performance audit. During 2023, we asked financial audit clients for feedback on the 2022 audits. Clients' responded positively about effective relationships, professionalism, engagement, and the usefulness of recommendations. We made some changes for future audits and approach in response to feedback. We did not issue any surveys on performance audits during the year.

CONTRIBUTING TO THE REGIONAL AND INTERNATIONAL AUDIT COMMUNITY

Our 2019–2023 strategic plan aims to secure our position as one of the leading small audit offices in the world. One of the ways that we do this is through actively engaging in the development of international audit practice. This allows us to assist in the capacity development of other public audit offices and improve our own approach by learning from others and developing our staff.

The Office has continued to participate in a range of regional and international work during 2023.

OUR WORK WITH CAROSAI AND IN THE CARIBBEAN REGION

The OAG is a member of the Caribbean Organisation of Supreme Audit Institutions (CAROSAI), which works to support and enhance the role of public audit offices throughout the region. The mission of CAROSAI is to *“contribute to its members becoming professional SAIs by supporting and promoting the strategic management, performance measurement and reporting in SAIs; the implementation of ISSAIs for high quality audits; and enhanced SAI Stakeholder engagement for greater audit impact.”*

During the year the Auditor General served on the CAROSAI stakeholder engagement working group which looks at ways of enhancing CASROSAI's engagement and influence regionally and globally.

The OAG also contributes to the development of international public service audit practice through the International Organisation of Supreme Audit Institutions (INTOSAI) and its development arm, the IDI (INTOSAI Development Initiative). During the year, we were involved in the following initiatives:

- The Auditor General was asked to speak at the INTOSAI Capacity Building Committee meeting in Jamaica (June 2023) on the importance of human resources and managing competence. The Auditor General had previously been part of the committee that developed the new ISSAI 150 on Auditor Competence. Our Office is also regarded as a leading small SAI. However, the Auditor General was unable to take up this offer because she was having medical treatment.
- As reported earlier, Patrick Smith, Deputy Auditor General, changed role from September 2022. His new Corporate and International role means that he works part-time (70 days a year) as an international consultant for IDI. During the year, Patrick participated in a range of IDI activities including as a professional education for SAI auditors (PESA) programme reviewer, and exam content development.
- In March, Angela Cullen, Deputy Auditor General (Performance Audit) attended the final workshop, in Oslo, to evaluate the IDI Strategy, Performance Measurement and Reporting (SPMR) programme.



The OAG continued to participate in the UK Overseas Territories “Better Governance of Public Finances” programme throughout the year:

- The Auditor General continued to participate in a number of leadership group sessions for the Auditor Generals of the UK Overseas Territories. She attended virtual meetings throughout the year covering a range of topics, and attended a UKOT fraud workshop.
- In December, the Auditor General attended the UKOT Better Governance Forum in London, which focused on systems of quality management.
- As part of the programme the UK National Audit Office continued to provide technical support for the development of our financial audit manual. Two Audit Managers joined the mentoring programme with the UK National Audit Office to help them develop their leadership and management skills and support them in the technical aspects of their roles.

LEADING BY EXAMPLE

Our third strategic objective is encouraging improvement through leading by example.

As the country's external auditor reporting on how scarce public resources are used, it is very important that we lead by example in our conduct.

We aim to be agile, adapt to change and lead by example as individuals and as an organisation.

Staying the same or standing still is not an option for our Office. In our fast changing and evolving environment, auditing and the role of the auditor will continue to develop and change. International trends, such as rapid changes in technology, are also changing expectations among end users of audit and assurance information. Our ability to develop, adapt and be flexible is important to ensuring that we remain relevant and that we can remain a model organization, leading by example locally, regionally and internationally.

The Office's core values are aimed at leading by example.

We have set ourselves the following three goals to achieve the strategic objective to **leading by example**:

1. Proactively demonstrating good governance.
2. Complying with international audit standards and good practice.
3. Operate to the highest ethical standards.

These goals are supported by a range of actions and success measures.

KEY ACHIEVEMENTS IN 2023

In 2023 we:

- ✓ Obtained a clean audit opinion on our 2022 financial statements, with no control points raised by the auditor.
- ✓ Appointed a new auditor for the OAG (approved by the PAC).

OAG Core Values

Professional – competently carrying out independent and objective work, always striving to deliver a high-quality service

Respect – treating our employees, clients and stakeholders with respect and dignity

Integrity – conducting our work ethically, in a manner that creates confidence and trust in what we do

Transparent – accountability and transparency in the operations of the OAG

- ✓ Submitted a budget for the two-years 2024 and 2025 that was endorsed by the PAC, and approved by the Parliament in December 2023.
- ✓ Proactively disclosed information on our website in relation to senior management.
- ✓ Tabled our 2022 annual report in the Parliament and published this on our website.
- ✓ Presented regular updates on our 2023 performance to the PAC.
- ✓ Finalised and launched our financial audit manual.
- ✓ Updated relevant policies and published these on our website.
- ✓ Reviewed and updated our risk register quarterly, in line with the risk management framework.
- ✓ Completed annual ethics training for all staff.
- ✓ Received the final report from the IDI on five-year SAI PMF assessment, which showed improvement over the last five years.
- ✓ Contributed to the local community, including events to celebrate the Office's 40th Anniversary.
- ✓ Started to develop our system of quality management.

INDEPENDENCE OF THE OAG

The independence of the OAG is fundamentally important to the effective discharge of our constitutional responsibilities. The importance of independence for public audit offices was recognized by the United Nations General Assembly in December 2011 and Commonwealth Heads of Government in November 2013.

In the past there have been challenges to our independence, in particular given constraints placed on our financial and human resources. In 2017, we carried out an analysis of the Office's independence against the independence principles for supreme audit institutions, as part of the SAI PMF (Supreme Audit Institutions Performance Measurement Framework) assessment. The key challenge identified, at that time, was ensuring that the OAG is an independent entity in both substance and form. On the basis of this analysis a number of key changes to the statutory provisions relating to the establishment of the OAG were identified that should be developed, revised or strengthened.

These included the following:

- greater independence in all financial and administrative policy matters; and
- fixed tenure of office for future Auditor Generals.

These are to be achieved through the establishment of an Office of the Auditor General Act. During the year, we continued to engage legal services to support the development of this legislation.

We have not experienced any significant challenges to our independence for a number of years. However, during 2023, we experienced some challenges relating to our budget requests for 2024 and 2025. This confirmed the need for the development of separate legislation to enhance the Office's independence. We will prioritise this in the year ahead.

PROACTIVELY DEMONSTRATING GOOD GOVERNANCE AND HIGH ETHICAL STANDARDS

We aim to set a benchmark for the public sector in the way that we govern, manage and use public resources. We must ensure that we are open, transparent and accountable, and promote the standards that we expect of others.

FINANCIAL AND PERFORMANCE MANAGEMENT AND REPORTING

The corporate management team reviews our expenditure monthly, and financial performance quarterly. The Office received an unqualified audit opinion on our 2022 financial statements, which were submitted and audited ahead of the statutory deadlines.

Our auditors, Baker Tilly, completed their five-year appointment with the audit of the 2022 financial statements. During the year, we carried out a procurement exercise to appoint a new auditor for the OAG. The procurement took longer than expected and we experienced some difficulties in attracting bidders for this work. The OAG is a small entity, which means that the audit is not attractive to many of the audit firms in the Cayman Islands. We did not receive any bids for the audit in our first attempt at procurement. After discussion with the Public Accounts Committee, the OAG revisited this and was successful in appointing a new auditor, Berman Fisher, for the five years 2023 to 2027. The PAC endorsed the appointment of the new auditor in August, in advance of planning for the 2023 financial audit.

Our annual operational plan sets out the activities needed to deliver against our five-year strategic plan. The corporate management team reviews our performance on a quarterly basis. We use this information to make decisions and set priorities.

Our annual resource plan sets out how we intend to make the best use of our people to deliver against our operational and strategic plans. In doing this, we aim to manage the peak workloads, particularly for financial audits, and ensure that we can deliver our work plans and priorities for the entire office. The resource plan also helps us make decisions about workforce planning and recruitment. We review and update this regularly at our practice management team meetings.



EFFECTIVE RISK MANAGEMENT

Risk management is a key element of the Office's management framework that meets the requirements set out in the *Public Management and Finance Act* as well as auditing standards. The OAG manages risks to the achievement of both financial and operational objectives. The corporate management team reviews the Office's risk register quarterly and ensures that there are appropriate management practices in place to mitigate the risks identified.

The Office has identified 11 risks and has categorized these risks across four broad categories: 1) strategic, 2) operational, 3) financial, and 4) employees. Our approach to managing risks includes considering the controls in place to help mitigate these risks, and the likelihood and impact of their occurrence. Our risk assessment has identified three risks as moderate and eight were assessed as low. The moderate risks all relate to operational risks on our information technology (IT) systems and data breaches. They include data theft, loss and unauthorized access resulting from breaches of our IT systems resulting or website, and reliance on CIG systems. We actively monitor these risks and action was taken, and further actions are planned, to mitigate the risks. For 2023, all risks were effectively managed and mitigated with no instances of significant events or deviations from our operational plans.

Evidence of how the risks are managed can be found in the Office's [risk management policy and strategy](#).

BEING OPEN, TRANSPARENT AND ACCOUNTABLE

During the year, we continued to be open and transparent in our activities through the following:

- Proactively disclosing key information about key management personnel, that is the Auditor General and Deputy Auditors General. Disclosures include notices of interest, travel expenses, hospitality and gifts received and provided, and remuneration.
- Publishing the minutes of our corporate management team meetings.
- Reporting our performance through quarterly reports and our annual report and accounts.
- Reviewing, maintaining and developing our policies, and publishing these on our website.
- Maintaining and developing our website and social media pages.

We publish this information on our website at <http://www.auditorgeneral.gov.ky/proactivedisclosure>

OPERATING TO THE HIGHEST ETHICAL STANDARDS

The ethics and independence of OAG staff are critical to the Office's success. All members of staff are required annually to confirm compliance with the Code of Conduct and to report any potential conflicts of interest. The Corporate Management Team considered these declarations in February and used them to inform the allocation of audit work. For example, if a staff member has a potential conflict with any audit clients they are not permitted to work on their audits.

The OAG senior management declarations are posted on the OAG website <http://www.auditorgeneral.gov.ky/registerofinterests>.

We provide annual ethics and anti-fraud training for all of our staff. Staff were reminded of ethics and anti-fraud requirements at the annual CIIPA summit in November.

COMPLYING WITH INTERNATIONAL STANDARDS

During the year, we started preparing for the development of our next strategic plan. The first step in this process was to complete the SAI PMF (Supreme Audit Institution's Performance Measurement Framework) assessment. The SAI PMF provides a holistic evaluation of SAIs' performance. It covers all functions, audit and non-audit, including independence and legal framework, governance and ethics, audit quality and reporting, financial management, assets and support services, human resources and training, and communication and stakeholder management.

Good practice states that SAI's should complete an assessment every five years to demonstrate improvement and identify the priority areas for improvement in the future. The OAG last did a SAI PMF assessment in 2017, which was used to inform our current strategic plan. As reported last year, the OAG started the new assessment in late 2022. The IDI (INTOSAI Development Initiative) provided two external assessors to carry out this independent assessment.

The IDI completed the assessment and report drafting during the year. The OAG received the final report in November 2023. Overall, the assessment showed improvement across a range of indicators over the last five years. In particular, our efforts in developing the financial audit and performance audit practices have resulted in improvements. The report also identified some areas for improvement and we will use the results to inform our next strategic plan. We plan to publish the report in 2024.

ENSURING AUDIT QUALITY

We are required to carry out our financial audit work in compliance with International Standards on Auditing (ISAs). We have also incorporated some elements of the International Standards of Supreme Audit Institutions (ISSAIs), which expand on the ISAs for application in the audit of government entities. Our performance audit practice complies with the ISSAIs for performance audit.

The Office launched our performance audit manual in 2022 and continued to adopt this during 2023. The manual is based on both the IDI and UKOT manuals, adapted slightly for the Cayman Islands, and is fully compliant with the ISSAIs.

During the year, we continued to develop our financial audit manual, with the support of the UK NAO through the UKOT programme. The manual was launched in September and will be applied from the 2023 financial audits onwards.

We reported in previous years that the implementation of our quality assurance framework was delayed due to other priorities and finite management resources. We are pleased to report that during the year,

the OAG started to participate in the IDI’s pilot programme of The System of Audit Quality Management (SoAQM). The Auditor General and Audit Manager (Quality Assurance and Information Technology) represent the OAG on the programme. The SoAQM aims to support the OAG in setting up a System of Audit Quality Management. It requires the OAG to establish quality objectives, implement a risk-based approach to managing audit quality, establish a proactive monitoring and remediation process, and to evaluate the design, implementation and operation of the SoAQM. The programme started in May 2023 and is expected to finish in September 2024.

CONTRIBUTING TO THE COMMUNITY

During the year, our staff continued to contribute to a wide range of community initiatives and projects.



The OAG has a number of keen runners. During the year the participated in a number of race events. In February, the OAG entered a team in the 48th cross-island relay, finishing 39th out of 91 teams. In September, five of our staff participated in the Vanguard 2-mile run, representing three different age groups.

In October, the Office held a joint fund-raising event with the Office of the Ombudsman on behalf of the Breast Cancer Foundation. The OAG and Ombudsman staff raised \$1,000 for the Foundation.

OAG 40TH ANNIVERSARY

2023 marks the 40th anniversary of the OAG. To celebrate this, the Office planned a number of community events that will run for the 12 months from June 2023.

We kicked off these celebrations with the 'Around the Town' relay on 25th June. A total of 86 teams participated in the race and we raised \$16,500 for two local charities – Cayman Islands Cancer Society and Loud Silent Voices.



In August, OAG staff continued to give back to the community as part of our 40th anniversary by delivering lunches for Meals on Wheels on two days.

In December, all OAG staff donated some of the hours that they had accrued as compensatory time (or time off in lieu). These combined hours were converted into cash, resulting in a donation of \$5,266 to the Cayman Islands National Children's Voluntary Organisation (NCVO).



DEVELOPING OUR PEOPLE

Our fourth strategic objective is continuously developing our people.

Our staff are important to us, which is reflected in our final strategic objective 'Developing our People'. We aim to be an exemplar employer, develop Caymanians in public sector audit, and provide opportunities for the continuous learning and development of our staff.

We have set ourselves the following three goals to achieve the strategic objective to **developing our people**:

1. Providing continuous learning and development.
2. Exemplar employer.
3. Developing Caymanians in public sector audit.

These goals are supported by a range of actions and success measures.

KEY ACHIEVEMENTS IN 2023

In 2023 we:

- ✓ Received an award for our 2022 staff survey results.
- ✓ Achieved an overall engagement index of 83% in the annual staff survey.
- ✓ Updated our learning and development plan.
- ✓ Provided development opportunities through a range of training courses, workshops and webinars, including technical updates and report writing training for all audit staff.
- ✓ Provided development opportunities through an outwards secondment, and internal opportunities.
- ✓ Eight staff completed their IPSAS qualification.
- ✓ Successfully completed one recruitment campaign, appointing two new Audit Project Leaders.
- ✓ Welcomed six new staff to the OAG.
- ✓ Completed annual performance appraisals, using the OAG competency framework, for all staff.
- ✓ Recognised the long-service of two staff.

PROVIDING CONTINUOUS LEARNING AND DEVELOPMENT

The continuous development of our staff is important and it is essential that we have appropriately skilled and trained people to effectively deliver our mandate. This includes keeping our core financial audit skills up to date and developing our skills for performance and information technology audit. Developing our skills also helps us contribute to wider government activities.

During 2023, we completed our annual review and update of our Learning and Development plan. This plan covers 12 months but spans two financial years as it is prepared after the annual performance appraisals that are completed mid-year. Our assessment of learning and development needed and what to prioritise was based on both development needs identified by staff during their performance appraisals and at training events during the year, and development needs identified by management. The plan aims to ensure that all staff are provided with suitable training opportunities to ensure continual professional development and other opportunities to support them to learn and grow, and help us deliver on our strategic priorities.

During the year our staff participated in a number of training and development events, as part of our annual plan, including the following:

- In January, staff participated in the OAG’s annual retreat, which is essential time away from the office. Our retreat focused on preparing for the new strategic plan and in the second day we had training on communication skills, presentation skills and critical thinking.
- In March, two managers attended the virtual ACCA seminar on public sector financial management.
- In April, Angela Cullen and Gabriel Ncube attended the CCOLA Performance Audit symposium, which included sessions on organisational culture, public health, housing and citizen engagement.
- In May, all staff attended the OAG post-busy season debrief and a training session on emotional intelligence.
- In September, we held our annual interim audit launch. In this event we covered a range of topics including audit risks and issues, improvements in our audit approach and methodology, including the new financial audit manual, and various technical updates. We also had a half-day update from the Central Procurement Office on legal requirements to improve our auditing of procurement.
- In September, all audit staff attended the annual update on International Public Sector Accounting Standards (IPSAS) for public sector accountants and auditors, organised by CIIPA.
- In September and November, OAG staff attended First Aid training.
- In November, all of our audit staff and Corporate Services Manager attended the CIIPA Summit. The Summit focused on ethics and leadership.



During the year, eight staff completed their IPSAS qualification.

Our Corporate Services Manager, Katrina Thomas, completed her six-month secondment to the Cayman Islands Monetary Authority (CIMA) on 31 January. Katrina’s role was to carry out audits on registered

persons' and licensees' anti-money laundering policies and procedures. Katrina started another six-month secondment to the Department of Vehicle and Driver Licensing in November 2023. This secondment will provide Katrina with the opportunity to broaden her management experience.

While Katrina was on secondment her duties were reallocated among other managers. This provided an opportunity for two of our new Audit Managers to operate as Finance Manager, providing them with an understanding of the day-to-day operations of the organisation, including financial decision making and the financial reporting processes.

In the 2023 staff survey (more detail on this in the next section) we scored 76 percent for Learning and Development.

The OAG is an approved employer of the Association of Chartered Certified Accountants (ACCA), recognising the opportunities for professional development that the Office provides to team members who are ACCA qualified. Our staff performance appraisal template complies with the requirements for continued ACCA accreditation.

The Auditor General sits on the CIIPA steering committee that is responsible for planning the annual Summit as well as the CIIPA Ethics Committee and CIIPA Public Sector Committee. She is also a member of CIIPA's disciplinary panel. During the year, she attended refresher training on hearing disciplinary cases provided by CIIPA. Julius Aurelio, Audit Manager, serves on CIIPA's training Committee.

EXEMPLAR EMPLOYER

To effectively deliver on our mandate, it is essential that the Office has a motivated, skilled and high-performing workforce that can effectively meet the challenges demanded by our diverse range of work.

We provide information on our staffing profile in **Our Resources**, later in this report.

WORKFORCE PLANNING AND ACTIVITIES

We did not achieve our target of developing a workforce strategy during the year because of other work commitments. Despite this, we continued to plan our workforce needs to ensure that we had sufficient resources to deliver on our objectives.

During the year, we welcomed a total of six new staff to the Office:

- Four new Audit Project Leaders started in February 2023. Two of these staff work in the dedicated backlog team.
- In August and September, a further two Audit Project Leaders started their employment with the OAG. Both of these staff were recruited from on island.

During the year one staff left the OAG's employment at the end of their fixed-term contract.

In addition to our staffing establishment, the OAG brings in additional temporary resources to help us during the peak financial audit periods. The OAG seconded two staff from OAG Bermuda for four weeks in March and April 2023 to support the timely delivery of the 2022 financial audits. These staff supported the delivery of three SAGCs audits by the statutory deadline of 30th April. The secondment model proved beneficial. The secondees produced high-quality work, addressed challenging issues, and identified significant audit adjustments and reportable control matters. This model allowed the Office to collaborate with another small supreme audit Institution to provide development opportunities for its staff. We hope to build on this collaborative approach in future busy seasons to support our temporary resource needs.

STAFF ENGAGEMENT SURVEY



We reported our 2022 staff engagement survey results in last year’s annual report. In March 2023, the Auditor General and Corporate Services Manager attended the Deputy Governor’s award ceremony for the 2022 staff engagement survey. The OAG received an award for the highest scores in the strategic areas of leadership and managing change, and inclusion and fair treatment.

As in previous years, the Office participated in the Cayman Islands Government staff engagement survey in late 2023. This allows us to measure our own staff engagement and benchmark against the rest of the civil service. Exhibit 7 provides a summary of the staff survey results.

Exhibit 7 - OAG Employment Engagement Survey 2023



OFFICE OF THE AUDITOR GENERAL

Returns : 24

Response rate : 86%

Civil Service Engagement Survey 2023

◇ Statistically significant difference from comparison

Employee engagement is shaped by experience at work, as measured by nine themes in the survey shown below.



In 2023, 86 per cent of our staff responded to the survey (2022: 71 per cent) and the overall employee engagement was 83 per cent (2022: 82 per cent). The OAG had the highest overall staff engagement across the Cayman Islands Government, which is consistent with the previous year.

We were pleased to note that four engagement indicators had improved on the previous year. However, five engagement indicators were lower. We plan to explore the reasons for the changes in engagement indicators and identify any actions needed to address these in early 2024. The lowest score is for pay and benefits. However, the OAG has limited control over pay and benefits as the staff are on the civil service salary scale.

STAFF PERFORMANCE APPRAISALS

Staff performance is managed through our performance management process. This process sets objectives, assesses performance and helps identify areas for development or training needs for professional development. The OAG competency framework and performance appraisal align with the global competency framework for public sector auditors.

The OAG performance appraisal process includes interim appraisals in the winter, after the interim audits, and formal annual performance appraisals in the summer, after the final financial statements' audits. Managers carried out interim appraisals in January and annual appraisal in July and August.

RECOGNISING OUR STAFF

The OAG has a policy to formally recognise employees' contributions to the Office at five-year intervals. During the year, two staff celebrated work anniversaries with the OAG: Katrina Thomas celebrated her 5-year anniversary in June and Julius Aurelio celebrated his 15-year anniversary in September.



DEVELOPING CAYMANIANS IN PUBLIC SECTOR AUDIT

The Office had 28 staff at the end of the year, of which six are Caymanian. Of these, two are corporate and administrative staff, one is senior management and the remaining three are audit staff (one auditor and two audit trainees).

Our aim is to have a pipeline of Caymanians to fill OAG roles as vacancies arise. To help achieve this, we recruit only Caymanians to our audit trainee posts and support them with a comprehensive training programme and their professional accountancy qualifications. Our two audit trainees joined the OAG in 2022. During year, one of the trainees passed three exams.

As reported above, we supported our Corporate Services Manager with two separate secondments during the year. This provided her with the opportunity to develop skills in complying and investigating anti-money laundering procedures and broaden her management experience.

OUR RESOURCES

This section provides a high-level summary of our use of financial, human and capital resources.

Detailed information can be found in the full audited financial statements of the OAG, which are in the next section of the report at pages 56 to 87. The audited financial statements also provide a variance analysis of actual financial performance to budget. Performance against our output agreements are in Appendix 3.

OAG FINANCIAL PERFORMANCE 2023 – HIGHLIGHTS

The OAG is trading entity, which means we generate revenues from the services that we provide. These revenues are expected to cover our operating costs.

FINANCIAL PERFORMANCE

Overall, the OAG made a surplus of \$446,000 in 2023.

In 2023, the OAG generated total revenues of \$4,214,000. The OAG has the following two sources of revenue:

- **Audit services to PAC.** These revenues are charged to the PAC for performance audits, public interest reports, reports following up on previous recommendations, the annual general report on financial audits, and support to the PAC. The Auditor General’s entire salary costs are recharged to the PAC.
- **Audit services to other government agencies.** These revenues are charged to audited entities for the annual audit of financial statements. We charge an annual audit fee to each of the ministries, portfolios, offices, SAGCs and for the EPS financial statements.

Exhibit 8 - OAG revenues 2023

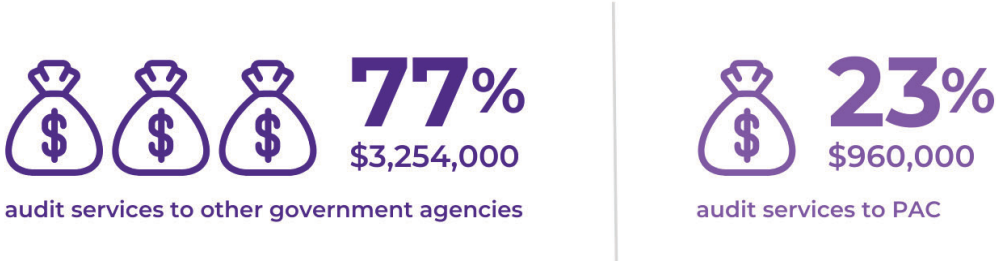


Exhibit 8 shows that the majority of our revenue in 2023 was from fees for the annual financial audits (\$3,254,000; 77%). This revenue recovered all of the costs associated with delivering financial audits in

2023, including backlogged audits. The remaining 23 percent of revenue was paid by the PAC for reports tabled in the Parliament (\$960,000). In 2023, the OAG spent \$1,009,000 delivering reports for the Parliament but could only recover the approved budgeted amount of \$960,000.

During 2023, the OAG incurred total expenditure of \$3,768,000.

Exhibit 9 – OAG expenses 2023

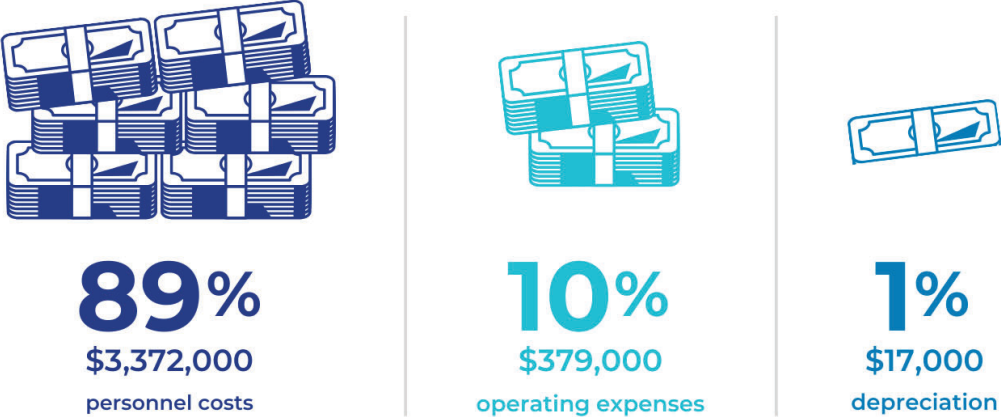


Exhibit 9 shows that the majority of this expenditure relates to personnel costs (\$3,372,000; 89%). The remainder was on operating expenses (\$379,000; 10%) and depreciation (\$17,000; 1%).

For transparency purposes, we provide further detail on some elements of our operating expenses below.

SENIOR MANAGEMENT REMUNERATION

The remuneration and benefits of the OAG senior management during 2023 and 2022 are disclosed below in bands of CI\$5,000.

	2022		2023	
	Remuneration	Benefits	Remuneration	Benefits
	\$000	\$000	\$000	\$000
Auditor General	180-185	50-55	190-195	55-60
Deputy Auditor General (Corporate & International Audit)	140-145	35-40	125-130	25-30
Deputy Auditor General (Performance Audit)	130-135	25-30	135-140	25-30
Acting Deputy Auditor General (Financial Audit) (from September 2022)	35-40	5-10	150-155	20-25

Remuneration includes salary, allowances and any additional remuneration for the pay out of annual leave and compensatory time paid during the financial year. Allowances paid during the year were honorarium and motor car upkeep allowances. Benefits include pension and health care insurance.

Senior management remuneration is not directly comparable in 2023 and 2022 for the following reasons:

- The Auditor General had extended sick leave during 2023. This resulted in the Deputy Auditors General receiving acting allowances at different times throughout the year.
- The OAG introduced a new, temporary management structure on 1 September 2022. The fourth senior manager's remuneration for 2022 is for four months September to December only, and for the entire 12 months of 2023.
- The Deputy Auditor General (Corporate & International Audit) transitioned to working part-time (0.8 WTE) and phased retirement in May 2022, which continued in 2023. This resulted in no pension contributions being made for part of 2022 and all of 2023.

PROFESSIONAL SERVICES AND SERVICE CONTRACTS

During the year we spent \$62,035 on professional services and other service contracts.

Vendor	Service	Fees & related costs (\$)
Professional services:		
Berman Fisher	OAG Financial Statement Auditor	20,800
UK National Audit Office	OAG Financial Audit manual	14,856
Various local vendors	Costs for OAG Bermuda secondees (including three separate vendors for travel, accommodation and rental car)	11,250
<ul style="list-style-type: none"> • Cobalt Coast Resorts & Suites • Savemore Rent-a-car • Travel Pros 		
Savannah Law	Legal fees	5,780
Lorna Murphy	Training	4,000
Prepress Projects Ltd	Report editing	1,193
Dianna Little	Graphic design	380
Other service contracts:		
Reliable	Janitorial Services	11,603
Security Centre	Security Services	5,491
Netclues	Website Hosting and Maintenance	2,700
Kirk Office	Maintenance of office equipment	695

As reported previously, Baker Tilly (Cayman) Ltd. completed the OAG's 2022 financial statements audit. The new OAG auditor, Berman Fisher, was appointed in August and will carry out the audit of the OAG's financial statements for the five years 2023 to 2027. The entire fee for the 2023 audit is included above.

During the year, we engaged the UK National Audit Office to support us with the development of our financial audit manual.

The OAG seconded two staff from OAG Bermuda for four weeks in March and April 2023 to support the peak period for the 2022 financial statements audits. These services were provided free of charge by the

OAG Bermuda. However, the OAG paid a total of \$11,250 on the transport, accommodation and other on-island costs for these two staff.

We continued to use external editors to ensure our reports were written in plain language and started to use a graphic designer to produce infographics for our reports.

During the year, we paid Savannah Law a total of \$5,780 in legal fees.

TRAVEL AND SUBSISTENCE

The Office undertakes travel to conduct audit work, enhance competencies and skills of staff, and support the development of public sector auditing across the Caribbean region and internationally.

The table below sets out the taken we have taken over the past two financial years.

OAG travel	
2022	2023
Travel and Subsistence costs paid by OAG – \$8k	Travel and Subsistence costs paid by OAG – \$13k
Cayman Brac – Inventory counts for 2022 (December 2022)	Cayman Brac – Inventory counts for 2023 (December 2023)
Aruba - CAROSAI Congress.	Brasil, Brasilia – INTOSAI IDI LOTA workshop.
	Canada, Toronto – Attendance at CCOLA Performance Audit Symposium.
Norway, Oslo – INTOSAI IDI Strategic Planning, Management and Reporting programme workshop (All costs covered by IDI).	Norway, Oslo – INTOSAI IDI Strategic Planning, Management and Reporting programme workshop (All costs covered by IDI).
Norway, Oslo – INTOSAI IDI Risk Assessment workshop (All costs covered by IDI).	USA, Florida – Attendance at SHRM conference.
United Kingdom, London – attendance at training course.	USA, New York – Audit of CIG overseas office
United Kingdom, London – UKOT Better Governance Forum, and onsite visit to London Office for audits of Cabinet Office and Ministry of Transport & Tourism (the majority of costs covered by the UK Government).	United Kingdom, London – UKOT Better Governance Forum (the majority of costs covered by the UK Government).

FINANCIAL POSITION

The OAG's financial position at the end of December 2023 was total net assets of \$688,000.

We ended the year with total assets of \$2,780,000 of which \$2,714,000 was current assets.

Our total liabilities at the yearend were \$2,092,000. The majority of this relates to surplus payable of \$1,746,000. We did not repay any surplus in 2023. The Office has previously agreed with the Financial Secretary that it can retain surpluses while we have temporary management arrangements in place.

Financial Performance ratios	Actual	Original/Final Budget	Variance
Current Assets: Current Liabilities (Working Capital)	1.30	1.64	(0.34)
Total Assets: Total Liabilities	1.33	1.71	(0.38)

These ratios indicate that we were able to meet our current obligations as at 31 December 2023. The key contributor to the variance between the budgeted and actual ratio is the actual amount of surplus payable, which was almost three times higher than the amount budgeted.

OAG STAFFING

As at 31 December 2023, the OAG had 28 staff (budgeted staffing establishment was 23 FTE) (2022: 23). The OAG had more staff than budgeted (23). The budget for 2023 was set in 2021. However, since then the OAG has temporarily changed its management structure, brought inhouse nine audits from the 2023 financial year, and set up a dedicated backlog team. Collectively, these actions have increased the OAG's staffing. The OAG has budgeted for 28 staff for 2024.

The OAG has a diverse workforce with staff from 12 different countries, including six (21 per cent) Caymanians (2022: six; 26 per cent).






The gender balance of OAG staff has changed again over the last year. At the end of December, of the 28 staff, 19 were men and 9 women. (2022: 14 men, 9 women). Within senior management two were women and two men.



STAFFING CHANGES DURING THE YEAR

In 2023, the OAG continued with the temporary management structure that was put in place in September 2022.

Other staffing changes during the year include the following:

	<p>6 new audit staff started during the year. Four staff started in February 2023, one started in August 2023, and one started in September 2023. (In 2022, four new audit staff joined the Office.)</p> <p>Two staff are backfilling the posts of staff that have been temporarily promoted to Audit Manager. Two staff were recruited for the dedicated backlog team. One staff is a direct result of new financial audits being brought in-house from 2023. One staff is to replace the leaver during the year.</p>
	<p>One audit staff left in May 2023. (In 2022, two audit staff left the Office.)</p>
	<p>Until February 2023, our Corporate Services Manager was on a six-month secondment to the Cayman Islands Monetary Authority (CIMA). In November 2023, the Corporate Services Manager started another six-month secondment to the Department of Vehicle and Drivers Licenses. During the period of her secondments, we allocated the finance manager role to other staff to provide them with valuable experience and development. Other duties, including HR and office management responsibilities, were allocated among corporate management team. (In the prior year, 2022, one employee was on secondment.)</p>

AVERAGE LENGTH OF SERVICE

At the end of December, the average length of service of all OAG staff (number of years employed) was 6.5 years. By type of staff this was:

Senior management	12.6 years (4 staff)
Professional and technical (audit)	5.0 years (22 staff)
Corporate and administrative	10.4 years (2 staff)

The average length of service of our audit staff has reduced since the previous year (2022: 5.5 years). This is because we recruited six new staff during the year.

SICK LEAVE ANALYSIS

During 2023, our sickness absence rate was 4.3 percent. This is higher than previous years, but includes long-term sickness absence for the Auditor General and one other member of staff. Overall, OAG staff took 255 sick days in 2023; an average of 9.63 days per person.

	2019	2020	2021	2022	2023
Number of days	139	75	138	138	255
Full Time Equivalent (FTE) staff *	19.58	19.75	21.02	21.08	26.53
Average sick days/FTE	7.09	3.78	6.55	6.57	9.63
Sickness absence rate **	3.18%	1.67%	2.98%	2.90%	4.29%

* Full-Time-Equivalents – includes staff who have resigned during the year and new starts, pro-rated for the periods they were in post.

** Sickness absence rate = total sick days taken / total number of working days available for period (less entitled annual leave days and public holidays)

Under the *Personnel Regulations*, employees are allowed up to ten working days paid sick leave a year and can be granted extended sick leave in the event of serious illness or injury to the employee, up to a maximum of 125 working days sick leave on full pay and a further 135 working days on half pay. Based on past experience, the Office’s expected range for sick leave during any given year per employee is six to seven days.

For the year ending 31 December 2023, staff took 255 days off sick resulting in a sickness absence rate of 4.29 per cent. Within the total sickness days is 146 days of long-term sickness absence. As reported previously this includes the long-term sickness of the Auditor General.

Excluding the long-term sickness absences reduces the average sick days per full-time equivalent to 4.11 days and the sickness absence rate to 1.83 per cent. These figures are in line with the Office’s sickness absence over the past five years.

Most employees recorded some sick leave during 2021. Of the staff in post at the end of December, four staff had no sick days, 13 recorded up to five sick days, and seven had 6–10 days sick leave. Four staff had more than 10 days of sick leave, two of these were periods of extended sick leave.

CAPITAL RESOURCES

The Office's total assets at 31 December 2023 were \$2,780,000. This sum is largely made up of current assets, and specifically cash and cash equivalents and accounts receivable and work in progress.

Our actual physical capital measures for the year against budget are as follows:

Physical Capital Measure	2023	2023	Variance \$000
	Actual \$000	Original/Final Budget \$000	
Value of total assets	2,780	1,832	948
Asset replacements: total assets	1.2%	1.3%	(0.1%)
Book value of assets: initial cost of those assets	28%	30%	(2%)
Depreciation: cash flow on asset purchases	52%	700%	(648%)
Changes to asset management policies	None	None	None

Further information on our financial performance for 2023, including variance analysis, is included in our financial statements on pages 56 to 87.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Financial Accounts



Financial Statements

31 December 2023

Office of the Auditor General Cayman Islands

Statement of Responsibility for Financial Statements

These financial statements have been prepared by the Office of the Auditor General in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chief Officer and Chief Financial Officer, we are jointly responsible for the preparation of the Office of the Auditor General's financial statements and for the judgements made in them.

As Chief Officer and Chief Financial Officer, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by the Act, and properly record the financial transactions of the Office of the Auditor General.

The financial statements fairly present the financial position, financial performance, changes in net assets/equity and cash flows of the Office of the Auditor General for the year ended 31 December 2023.

To the best of our knowledge we represent that these financial statements:

- a) completely and reliably reflect the financial transactions of the Office of the Auditor General for the year ended 31 December 2023;
- b) fairly reflect the financial position as at 31 December 2023 and the performance for the year ended 31 December 2023;
- c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

HLB Berman Fisher conducts an independent audit and expresses an opinion on these financial statements. HLB Berman Fisher has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Sue Winspear, CPFA

Chief Officer

DATE: 24 April 2024



Patrick Smith, CPA

Chief Financial Officer

DATE: 24 April 2024



INDEPENDENT AUDITORS' REPORT TO THE PRESIDING OFFICER OF THE PARLIAMENT OF THE CAYMAN ISLANDS

We have audited the accompanying financial statements of the Office of the Auditor General (the "Office"), which comprise the statement of financial position as at 31 December 2023, and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards ("IPSAS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of the Office for the year ended 31 December 2022, were audited by another auditor, Baker Tilly (Cayman) Ltd., who expressed an unqualified opinion on those financial statements on 24 April 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Office's financial reporting process.

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HLB Berman Fisher is a member of HLB International, the global advisory and accounting network

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE PRESIDING OFFICER OF THE PARLIAMENT OF THE CAYMAN ISLANDS**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Presiding Officer of the Parliament of the Cayman Islands, as a body, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads 'HLB Berman Fisher'.

HLB Berman Fisher
24 April 2024
Grand Cayman, Cayman Islands

Office of the Auditor General Cayman Islands
Statement of Financial Position
As at 31 December 2023

(In Cayman Islands Dollars)

2022			2023	2023	2023	
Actual		Note	Actual	Original	Final	Variance from
\$000			\$000	Budget	Budget	Original Budget
				\$000	\$000	\$000
	Current assets					
1,032	Cash and cash equivalents	1	1,008	850	850	158
1,153	Accounts receivable	2	1,680	891	891	789
20	Other receivables		5	-	-	5
13	Prepayments		21	18	18	3
2,218	Total current assets		2,714	1,759	1,759	955
	Non-current assets					
51	Property, plant and equipment	3	66	73	73	(7)
51	Total non-current assets		66	73	73	(7)
2,269	Total assets		2,780	1,832	1,832	948
	Current liabilities					
68	Accounts payable and accruals	4	54	111	111	(57)
213	Employee entitlements	5	292	198	198	94
1,300	Surplus payable	6	1,746	586	586	1,160
-	Unearned revenue	7	-	178	178	(178)
1,581	Total current liabilities		2,092	1,073	1,073	1,019
1,581	Total liabilities		2,092	1,073	1,073	1,019
688	Net assets		688	759	759	(71)
	Net assets/equity					
688	Contributed capital*	8	688	688	688	-
-	Accumulated surpluses/(deficits)*		-	71	71	(71)
688	Total net assets/equity		688	759	759	(71)

*See Statement of Changes in Net Assets/Equity on page 62.

The accounting policies and notes on pages 64 to 87 form part of these financial statements.

Office of the Auditor General Cayman Islands
Statement of Financial Performance
For the year ended 31 December 2023
(in Cayman Islands Dollars)

2022			2023	2023	2023	2023
Actual		Note	Actual	Original Budget	Final Budget	Variance from Original Budget
\$000			\$000	\$000	\$000	\$000
Revenue						
823	Audit services provided to Public Accounts Committee	9	960	960	960	-
2,457	Audit services provided to other government agencies	9	3,254	2,480	2,864	774
3,280	Total revenue		4,214	3,440	3,824	774
Expenses						
2,535	Personnel costs	10	3,372	2,823	3,207	549
326	Operating expenses	11	379	557	557	(178)
13	Depreciation	3	17	21	21	(4)
2,874	Total expenses		3,768	3,401	3,785	367
406	Net surplus for the year		446	39	39	407

The accounting policies and notes on pages 64 to 87 form part of these financial statements.

Office of the Auditor General Cayman Islands

Statement of Changes in Net Assets/Equity

Year Ended 31 December

(in Cayman Islands Dollars)

2022 Actual			2023 Contributed Capital (Note 8)	2023 Accumulated Surpluses / (Deficits)	2023 Total Net Assets / Equity	2023 Total Net Assets/Equity Original/Final Budget	2023 Total Net Assets/Equity Variance From Original Budget
\$000	Note	\$000	\$000	\$000	\$000	\$000	\$000
688	Opening Balance		688	-	688	720	(32)
406	Net surplus for the year		-	446	446	345	101
(406)	Repayment of net surplus	6, 8	-	(446)	(446)	(345)	(101)
688	Closing balance		688	-	688	720	(32)

The accounting policies and notes on pages 64 to 87 form part of these financial statements.

Office of the Auditor General Cayman Islands
Statement of Cash Flows
Year Ended 31 December
(in Cayman Islands Dollars)

2022 Actual			2023 Actual	2023 Original/Final Budget	2023 Variance from Original Budget
\$000	Note	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts:					
664			892	960	(68)
2,692			2,767	2,480	287
Payments:					
(2,531)			(3,277)	(2,825)	(452)
(319)			(373)	(590)	217
506	Net cash flows generated from operating activities	14	9	25	(16)
CASH FLOWS FROM INVESTING ACTIVITIES					
(1)	Purchase of non-current assets	3	(33)	(3)	(30)
(1)	Net cash flows used in investing activities		(33)	(3)	(30)
505	Net increase/(decrease) in cash and cash equivalents		(24)	22	(46)
527	Cash and cash equivalents at beginning of year		1,032	828	204
1,032	Cash and cash equivalents at end of year	1	1,008	850	158

The accounting policies and notes on pages 64 to 87 form part of these financial statements.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

BACKGROUND INFORMATION

The Office of the Auditor General Cayman Islands (the “Office” or “OAG”) is established under the Cayman Islands Constitution Order 2009 Section 114 as an independent public office. Its mandate and responsibilities are prescribed in sections 58 to 69 of the *Public Management and Finance Act (2020 Revision)* (“PMFA”). Revenue is derived from audit services provided to the Cayman Islands Government (the “Government”). The Office is dependent on this source of income to continue its operations. Some of the audit services are undertaken by private sector auditors appointed by the Auditor General.

The Office is located on the third floor, Anderson Square, Shedden Road, George Town, Grand Cayman. As at 31 December 2023, the Office employed 28 staff (31 December 2022: 23).

GENERAL ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting.

New and revised accounting standards that are effective 1 January 2023:

IPSAS 41, Financial Instruments was issued in August 2018 and was intended to be applied for financial statements covering periods beginning on or after 1 January 2022. However, due to the significant impact of COVID-19 pandemic the IPSASB deferred the effective date by one year to 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognising and measuring financial instruments to replace those in *IPSAS 29, Financial Instruments: Recognition and Measurement*.

The Office has adopted IPSAS 41: Financial Instruments as of the transition date of 1 January 2023, replacing IPSAS 29: Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions in IPSAS 41, corresponding information for the year ended 31 December 2023 have not been restated.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

GENERAL ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 41. The main changes to the Office's accounting policies are:

- Trade and other receivables - This policy has been updated to reflect that impairment of receivables is now determined by applying an expected credit loss model.
- Financial instruments and risk management - The policy has been updated to reflect:
 - the new measurement classification categories; and
 - a new impairment model for financial assets based on expected credit losses, which is forward-looking and may result in earlier recognition of impairment losses.

IPSAS 41 also significantly amended the disclosures of financial instruments of IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and credit risk.

No material changes in recognition or measurement were required upon adopting IPSAS 41 for the entity.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. However, due to the significant impact of COVID-19 pandemic the IPSASB deferred the effective date by one year to 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognised and how they are measured. During the financial years ended 31 December 2023, the Office assessed that IPSAS 42, Social Benefits does not have any significant impact on its financial statements.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2023 have not been early adopted by OAG. The Office's assessment of the impact of these new standards is set out below.

IPSAS 43, Leases was issued in January 2022 and is effective for the financial periods beginning 1 January 2025, with earlier application permitted for entities that apply *IPSAS 41, Financial Instruments*. The impact of this status will be assessed closer to the effective date of adoption.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

GENERAL ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations (effective for periods beginning on or after 1 January 2025,) specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have a significant impact on the Office's financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 45, Property, Plant, and Equipment (effective for periods beginning on or after 1 January 2025) replaces *IPSAS 17, Property, Plant, and Equipment*. It adds current operational value as a measurement basis in the updated current value model for assets within its scope, identifies the characteristics of heritage and infrastructure assets, and adds new guidance on how these important types of public sector assets should be recognised and measured. This will be assessed more fully closer to the effective date of adoption.

IPSAS 46, Measurement (effective for periods beginning on or after 1 January 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. This will be assessed more fully closer to the effective date of adoption.

IPSAS 47, Revenue (effective for periods beginning on or after January 1, 2026) replaces *IPSAS 9, Revenue from Exchange Transactions*, *IPSAS 11, Construction Contracts*, and *IPSAS 23, Revenue from Non-Exchange Transactions*. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. It is anticipated that IPSAS 11 will not have a significant impact on the Office's financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (effective for periods beginning on or after 1 January 2026) provides accounting requirements for transfer expenses, and presents two accounting models based on the existence of a binding arrangement. This will be assessed more fully closer to the effective date of adoption.

IPSAS 49 Retirement Benefit Plans (effective for periods beginning on or after 1 January 2026) establishes comprehensive accounting and reporting requirements for benefit plans of public sector employees. This will be assessed more fully closer to the effective date of adoption.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

GENERAL ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

REPORTING PERIOD

The reporting period is for the 12 months ended 31 December 2023.

BUDGET AMOUNTS

The 2023 original budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statements presentation. The 2022 and 2023 original budgets were presented in the 2022 and 2023 Budget Statements of the Government of the Cayman Islands and approved by the Parliament on 8 December 2021.

JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with IPSAS requires judgements, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period that is affected by those revisions. As at 31 December 2023, no reliable fair value estimate of contributed goods and services provided to the Office by government entities could be made and therefore no estimated amounts are recorded in these financial statements.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

SPECIFIC ACCOUNTING POLICIES

ASSETS

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts in the name of the Office of the Auditor General maintained with the Royal Bank of Canada in the Cayman Islands.

Accounts Receivable

Accounts receivable are recognised initially at fair value and are subsequently measured at amortised cost less a provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Office will not be able to collect all amounts due according to the original terms of the receivables. Significant collection delays are considered indicators that the receivables may be impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When accounts receivable are deemed uncollectible, they are written-off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written-off are recognised in future periods as revenue in the year in which it is collected.

Property, Plant and Equipment

Property, plant and equipment are carried at historical cost (which includes direct acquisition costs) less accumulated depreciation and are depreciated on the straight-line basis at the following rates and estimated useful lives:

- Furniture and Fittings 6.66% (15 years) to 11.11% (9 years)
- Computer Equipment 33.33% (3 years)
- Office Equipment 33.33% (3 years) to 10% (10 years)
- Leasehold Improvements Over the term of the lease

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

SPECIFIC ACCOUNTING POLICIES (CONTINUED)

ASSETS (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the period end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

LIABILITIES

Accounts Payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost.

Employee Benefits

a) Annual Leave Entitlement

Annual leave due, but not taken, is recognised as a current liability at the current rates of pay.

b) Pension Obligations

Pension contributions for employees of the Office are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory fund, whereby the employer pays both employer and employee contributions. Pension contributions are included in personnel costs in the statement of financial performance. During the years ended 31 December 2023 and 2022, all eligible employees of the Office belonged to the defined contribution plan. There were no employees during the year ended 31 December 2023 who reached retirement age and therefore was no longer eligible to participate in the defined contribution plan. One employee is currently on phased retirement and did not make pension contributions for the current year, but is expected to resume being pensionable during 2024.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

SPECIFIC ACCOUNTING POLICIES (CONTINUED)

LIABILITIES (CONTINUED)

Surplus Payable

Pursuant to the *Public Management and Finance Act (2020 Revision)* (PMFA) section 39 (3)(f) the Office may “retain such part of its net operating surplus as is determined by the Minister of Finance”. Under section 67 of the PMFA every reference to a minister is to be interpreted as a reference to PAC. When surpluses arise, these are booked as a payable to the Cayman Islands Government unless the PAC directs that the surplus can be retained.

CONTRIBUTED CAPITAL

Contributed capital relates to initial working capital and start up cash provided to the Office, equity injections for fixed asset acquisitions that are funded by the Cayman Islands Government and contributed goods and services provided by Cayman Islands Government entities to the Office.

REVENUE

Audit Services Revenue

The Office derives its revenue from the PAC and other government entities for audit services provided according to the provisions in the PMFA section 68(1). These services are defined in the PMFA, which includes: financial statement audit work; performance audits and investigations undertaken on the initiative of the Auditor General or at the request of the Parliament or any of its committees or subcommittees; and advice and assistance provided to the Parliament or to any of its committees or subcommittees. Audit services revenue is recognised in the accounting period in which it is earned, based on time incurred to date that is recoverable.

EXPENSES

General

Expenses are recognised when incurred on the accrual basis of accounting. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

SPECIFIC ACCOUNTING POLICIES (CONTINUED)

EXPENSES (CONTINUED)

Depreciation

Depreciation of non-current assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Operating Leases

Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under the operating leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets and financial liabilities are recognised in the Office's statement of financial position when the Office becomes a party to the contractual provisions of the instrument.

FINANCIAL INSTRUMENTS

Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Office assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, trade receivables and payables are recorded at amortised cost using the effective interest method less any impairment.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

SPECIFIC ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Office has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

NOTE 1: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include a non-interest-bearing operating and payroll account held in the name of the Office of the Auditor General at the Royal Bank of Canada in the Cayman Islands. Although cash and cash equivalents on 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks. The balances at 31 December were:

2022		2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
\$000		\$000	Budget	Original Budget
			\$000	\$000
1,032	Bank accounts	1,008	850	158
1,032	Total cash and cash equivalents	1,008	850	158

Explanation of major variances against the original budget and prior year actual:

Cash and cash equivalents are higher than the budget by \$158k. This is mainly as a result of the Office retaining more surplus earned in prior than was presented in the budget. Other factors are noted in the statement of cash flows and Note 14 reconciliation of net surplus to cash flows generated from operating activities.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 2: ACCOUNTS RECEIVABLE

2022		2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
\$000		\$000	Budget	Original Budget
261	Audit services to PAC (accounts receivable)	329	-	329
892	Audit services to other government entities (accounts receivable)	1,351	891	460
1,153	Total gross accounts receivable	1,680	891	789
-	Less: provision for doubtful debts	-	-	-
1,153	Total net accounts receivable	1,680	891	789

Aging Analysis of Accounts Receivable and Work in Progress

2022	Accounts Receivable and Work in Progress	2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
\$000		\$000	Budget	Original Budget
-	Current	1,353	-	1,353
941	Past Due 1-30 days	63	891	(828)
59	Past Due 31-60 days	119	-	119
-	Past Due 61-90 days	1	-	1
114	Past Due 91-180 days	144	-	144
39	Past Due 181-360 days	-	-	-
1,153	Total	1,680	891	789

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable comprise of balances due from other Government related entities. The simplified approach to providing for expected credit losses as prescribed by IPSAS 41 is applied to trade and other receivables. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses.

The Office performed an individual/specific expected credit loss assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default held by the Office, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating and absence of historical losses on amounts due.

The Office believes that the amounts outstanding on related party receivables are recoverable.

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

There was no movement in the allowance for credit losses during the years ended 31 December 2023 and 2022.

Explanation of major variances against the original budget and prior year actual:

Accounts receivable for audit services provided to PAC:

The increase in accounts receivable when compared to budget and to prior year is due to an overall increase in the amount of services that were provided to the PAC during the year ended 31 December 2023, as additional resources were allocated to conducting performance audits. The increased services provided resulted in increased billings for the year ended 31 December 2023, which were collected after the year end.

Accounts receivable for audit services provided to other government entities:

The increase in accounts receivable when compared to budget is due to higher amounts of actual billings being done in the last quarter than what was budgeted. This variance is consistent with the increase of actual revenues compared with the amount budgeted.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings	Office Equipment	Computer Equipment	Leasehold Improvements	Total	Original/Final Budget	Actual vs. Original Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<u>Cost</u>							
At 1 January 2022	97	50	46	14	207	200	7
Additions	1	-	-	-	1	23	(22)
At 31 December 2022	98	50	46	14	208	223	(15)
<u>Accumulated Depreciation</u>							
At 1 January 2022	49	37	44	14	144	133	11
Depreciation charge for the year	9	3	1	-	13	20	(7)
At 31 December 2022	58	40	45	14	157	153	4
Net book value at 31 December 2022	40	10	1	-	51	70	(19)
<u>Cost</u>							
At 1 January 2023	98	50	46	14	208	223	(15)
Additions	32	1	-	-	33	24	9
Disposals	(2)	-	-	-	(2)	-	(2)
At 31 December 2023	128	51	46	14	239	247	(8)
<u>Accumulated Depreciation</u>							
At 1 January 2023	58	40	45	14	157	153	4
Accumulated depreciation on disposals	(1)	-	-	-	(1)	-	(1)
Depreciation charge for the year	14	2	1	-	17	21	(4)
At 31 December 2023	71	42	46	14	173	174	(1)
Net book value at 31 December 2023	57	9	-	-	66	73	(7)

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 3: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Explanation of major variances against the original budget:

During the year ended 31 December 2023, the main fixed assets addition was \$28k for work stations to accommodate the increased number of staff. The additions were over budget by \$9k as some of the purchases budgeted for the year ended 31 December 2022 were deferred to the year ended 31 December 2023.

NOTE 4: ACCOUNTS PAYABLE AND ACCRUALS

2022 Actual		2023 Actual	2023 Original/Final Budget	2023 Actual vs. Original Budget
\$000		\$000	\$000	\$000
34	Trade creditors	8	-	8
34	Accruals	46	111	(65)
68	Total	54	111	(57)

Explanation of major variances against the original budget and prior year actual:

The decrease in accruals was due to timely payment of invoices as well as the decrease in actual operating expenses (see Note 11).

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 5: EMPLOYEE ENTITLEMENTS (CURRENT)

2022		2023	2023	2023 and
Actual	Current employee entitlements are represented by:	Actual	Original/Final Budget	Actual vs. Original Budget
\$000		\$000	\$000	\$000
100	Annual leave	138	99	39
113	Time off in lieu	154	99	55
213	Total employee entitlements	292	198	94

Explanation of major variances against the original budget and prior year actual:

Total employee entitlements increased when compared to the prior year ended 31 December 2022, and was over budget as employees worked more overtime hours during the current year in order to reduce backlogged audits, and to aid in completing current audits in a more timely way.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 6: SURPLUS PAYABLE

2022 Actual		2023 Actual	2023 Original/Final Budget	2023 Actual vs. Original Budget
\$000		\$000	\$000	\$000
1,300	Surplus payable	1,746	586	1,160
1,300	Total	1,746	586	1,160

Explanation of major variances against the original budget and prior year actual:

During the year ended 31 December 2023, the Office made some operational changes to address an increase in audit engagements. To cover the increased cost of these changes, it was necessary to retain more of the accumulated surpluses than was budgeted.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 7: UNEARNED REVENUE

2022 Actual		2023 Actual	2023 Original/Final Budget	2023 Actual vs. Original Budget
\$000		\$000	\$000	\$000
-	Unearned revenue	-	178	(178)
-	Total	-	178	(178)

Explanation of major variances against the original budget and prior year actual:

The budget variance of \$178k occurred as the budget was prepared prior to a change in billing methodology when it was anticipated that a portion of the progress billings for the year ended 31 December 2023 would not be earned at the year-end. In the 2016/17 period, the Office billing methodology for financial audit services was based on increments (50% upfront, 40% progress billing, and the final 10% upon issuance). In the 2019 financial year, the Office discontinued the progress billings and moved to a quarterly basis for the time spent auditing the financial statements. Although the methodology change occurred in 2019, there were still backlogged audits that had already been engaged under the old methodology. When the 2022/2023 budget was prepared in 2021, these audits were still ongoing, so an unearned revenue element was budgeted to account for the related phased billings.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
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NOTE 8: CONTRIBUTED CAPITAL

According to the accounting policies of the Cayman Islands Government, goods and services provided between core government entities do not incur a realisable charge. The Office was unable to estimate the fair value of contributed goods and services received during the year ended 31 December 2023 due to the lack of accounting systems to record the costs of these transactions in accordance with the accounting standards. As such, no amounts have been recorded in the financial statements for the years ended 31 December 2023 and 2022.

For example, services provided to the Office by the Cayman Islands Government include: human resource services, financial support services, legal services, computer hardware and systems support services, and software licensing fees.

2022		2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
\$000		\$000	Budget	Original
			\$000	Budget
				\$000
103	Opening net assets/equity 2004/05	103	103	-
404	Equity injections:	404	404	-
	2004/05: \$222k			
	2005/06: \$ 5k			
	2007/08: \$177k			
181	Contributed goods and services (2010/11)	181	181	-
688	Total contributed capital	688	688	-

Explanation of major variances against the original budget and prior year actual:

There were no variances in contributed capital from budget as the Office did not request any equity injection during the current fiscal year. The purchase of office furniture and equipment is funded through our depreciation. Therefore, contributed capital remained consistent with the prior year actual.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 9: REVENUE

2022 Actual		2023 Actual	2023 Original Budget	2023 Final Budget	2023 Actual vs. Original Budget
\$000		\$000	\$000	\$000	\$000
	Revenue				
823	Audit services provided to Public Accounts Committee	960	960	960	-
2,457	Audit services provided to other government agencies	3,254	2,480	2,864	774
3,280	Total revenue	4,214	3,440	3,824	774

Explanation of major variances against the original budget and prior year actual:

The revenue generated from services to the PAC increased compared to the prior year ended 31 December 2022, and was in line with the budget for the year ended 31 December 2023. The increase was due to the Office having additional staff and being able to assign more resources to work on performance audits during the year ended 31 December 2023. During the year ended 31 December 2023, the Office spent \$1,009k delivering reports for the Parliament but could only recover the approved budgeted amount of \$960k.

During the year ended 31 December 2023, the revenue earned from providing services to other government agencies exceeded the budgeted amount. This was due to an increase in actual audit fees, which arose because of the change in the fee structure. The budget amount had been approved before this change was made. Additionally, the increase was also due to bringing in-house nine audits that were previously outsourced.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
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NOTE 10: PERSONNEL COSTS

2022 Actual		2023 Actual	2023 Original Budget	2023 Final Budget	2023 Actual vs. Original Budget
\$000		\$000	\$000	\$000	\$000
	Salaries, overtime and allowances				
2,170	(including employee pension contributions)	2,813	2,285	2,669	528
227	Health insurance	329	345	345	(16)
108	Employer pension expense	133	117	117	16
30	Other personnel costs	97	76	76	21
2,535	Total personnel costs	3,372	2,823	3,207	549

Explanation of major variances against the original budget and prior year actual:

Personnel costs were higher during the year ended 31 December 2023 compared to the prior year ended 31 December 2022, primarily due to the Office having six additional employees during the year ended 31 December 2023 because of the additional audit workload. In addition, the cost of living increase in September 2022 of 2% and incremental increase in December 2022 of 2.5% applied to the entire 2023 financial year.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
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NOTE 11: OPERATING EXPENSES

2022		2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
			Budget	Original
				Budget
\$000		\$000	\$000	\$000
112	Operating leases	111	124	(13)
43	Other goods and services	77	70	7
40	Professional fees	54	181	(127)
20	Software licensing fees	36	33	3
16	Audit fees	21	26	(5)
33	Training	20	33	(13)
18	Utilities	20	20	-
10	Travel and subsistence	14	25	(11)
14	Janitorial services	12	15	(3)
3	Computer and communication supplies	8	5	3
17	Legal fees	6	25	(19)
326	Total operating expenses	379	557	(178)

Explanation of major variances against the original budget and prior year actual:

Operating Lease: Lease expenses were under budget by \$13k as the 2023 budget was prepared prior to the new lease being finalised; the negotiated amount was less than what was budgeted.

Professional Fees: Professional fees were significantly below budget as the Office continued to use its staff rather than consultants to carry out performance audits.

Training: Training expense was below budget and prior year as the Office did some report writing training during the year ended 31 December 2022 that was not repeated during the year ended 31 December 2023.

Travel and Subsistence: Travel and Subsistence were under budget by \$11k as post-Covid the Office continues to opt for more remote meetings/engagements.

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
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(in Cayman Islands Dollars)

NOTE 11: OPERATING EXPENSES (CONTINUED)

Explanation of major variances against the original budget and prior year actual (continued):

Legal Fees: Legal fees were under budget by \$19k as there were less matters that required legal advice during the year ended 31 December 2023 than budgeted and the prior year ended 31 December 2022.

NOTE 12: COMMITMENTS – PROPERTY LEASE

The Office has a non-cancellable accommodation lease with Beaufort Investments Ltd. for leased property on the third floor, Anderson Square, Shedden Road, George Town. The Office signed a 5-year lease effective from 1 November 2019 and expiring on 31 October 2024.

Type	One year or less \$000	One to five years \$000	Over five years \$000	2023 Total \$000	2022 Total \$000
Non-cancellable accommodation lease	93	-	-	93	204

NOTE 13: CONTINGENT LIABILITIES

At 31 December 2023, there are no quantifiable or non-quantifiable contingent liabilities (31 December 2022: no contingent liabilities).

Office of the Auditor General Cayman Islands
Notes to the Financial Statements
Year Ended 31 December 2023
(in Cayman Islands Dollars)

NOTE 14: RECONCILIATION OF NET SURPLUS TO CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

2022		2023	2023	2023
Actual		Actual	Original/Final	Actual vs.
			Budget	Original Budget
\$000		\$000	\$000	\$000
406	Net surplus	446	39	407
	Non-cash movements			
13	Depreciation	17	21	(4)
-	Loss on disposals of property, plant and equipment	1	-	1
42	Increase/(decrease)in payables/accruals	(14)	(4)	(10)
22	Increase in other current liabilities	79	-	79
31	Decrease/(increase) in receivables	(512)	(31)	(481)
(8)	Increase in prepayments	(8)	-	(8)
506	Net cash flows from operating activities	9	25	(16)

NOTE 15: RELATED PARTY TRANSACTIONS

The Office is controlled by the Cayman Islands Government and therefore government ministries, portfolios, statutory authorities, government companies and other government offices are considered related parties. As indicated in the approved 2023 and 2022 Budget Statements of the Government, there were no inter-agency charges between core government entities, except for audit services revenue. As a result, the Office was unable to make an estimate of the fair value of contributed goods and services received for the 2023 and 2022 fiscal years as described in Note 8.

KEY MANAGEMENT PERSONNEL

As at 31 December 2023 there were four senior managers in the Office (31 December 2022: 4). Remuneration includes: regular salary, pension contributions, health insurance contributions, acting and duty allowance, and motor car upkeep. Total remuneration for senior management for the year ended 31 December 2023 was \$748k (31 December 2022: \$624k, one person was part year only). There were no loans made to key management personnel or their close family members in 2023 (2022: none).

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

NOTE 16: FINANCIAL RISK MANAGEMENT

The Office is exposed to a variety of financial risks including credit risk and liquidity risk. The Office's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed as required by the *Financial Regulations (2022 Revision)*.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Office. Financial assets which potentially expose the Office to credit risk comprise cash and cash equivalents and accounts receivable.

The Office is exposed to potential losses that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers financially secure and well managed. Royal Bank of the Caribbean (RBC) is the Office's main bank with a S&P Global Ratings of AA-.

The Office is also exposed to a significant concentration of credit risk in relation to accounts receivable, all of which are due from other Government entities. No credit limits have been established. As at 31 December 2023 and 2022, no provision for doubtful debts has been established as none of these assets are impaired and management considers these debts to be recoverable in full. Notwithstanding the concentration risk in relation to accounts receivable, management does not consider the Office to be exposed to significant credit risk as all of the counterparties are other government entities and the Cayman Islands Government is rate A23 with a stable outlook by Moody's.

The average credit period on sales is 30 days. The carrying amount of financial assets recorded in the financial statements represents the Office's maximum exposure to credit risk. No collateral is required from debtors.

Office of the Auditor General Cayman Islands

Notes to the Financial Statements

Year Ended 31 December 2023

(in Cayman Islands Dollars)

NOTE 16: FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Liquidity risk relates to the Office's ability to meet its payment obligations associated with its financial liabilities when they are due.

The ability of the Office to meet its debts and obligations is dependent upon its ability to collect the debts outstanding in a timely basis. Management manages liquidity risk through monitoring cash flows from debtors, paying creditors on their due dates, and if the circumstances required it to obtain funding from Government to temporarily fund any shortfalls the Office would have its own cash flows. As at 31 December 2023 and 2022, all of the financial liabilities were due within three months of the year-end dates.

NOTE 17: FINANCIAL INSTRUMENTS – FAIR VALUES

As at 31 December 2023 and 2022, the carrying value of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accruals, employee entitlements, and surplus payable upon demand approximate their fair value due to their relative short-term maturities.

Fair value estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

NOTE 18: CHANGES TO THE BUDGET

The Office carried forwards its unused budget for the year ended 31 December 2022 expenses to the year ended 31 December 2023 as allowed under IPSAS 24. The carry forward resulted in an increase in the 2023 budgeted amounts for personnel costs of \$384k.

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were approved. No material events have occurred which necessitate additional disclosure.

APPENDIX 1 – ENTITIES AUDITED BY THE AUDITOR GENERAL

Under the *Public Management and Finance Act*, the Auditor General is responsible for carrying out the audits of all public sector entities. The Office relies on the work performed by private sector audit firms for a number of its financial statements audits. The following list provides details about who carried out the audits during 2023 for the financial statements' audits ending 31 December 2022 and started planning for the 2023 financial statements' audits.

Note that in the five-year period 2018 to 2022, the number and make-up of core government entities changed. Core government was reorganised in summer 2021 after the election and two new entities were established during this period. The entities named below are the core government entities as at 31 December 2023.

Entity	Auditor Financial years 2018 to 2022	Auditor Financial years 2023 to 2027
Ministries, Portfolios and Offices		
Cabinet Office	OAG	OAG
Cayman Islands Parliament (from 2021)	OAG	OAG
Judicial Administration	KPMG	OAG
Ministry of Border Control and Labour	OAG	OAG
Ministry of District Administration and Lands	OAG	OAG
Ministry of Education	OAG	OAG
Ministry of Commerce, Planning and Infrastructure	OAG	OAG
Ministry of Finance and Economic Development	OAG	OAG
Ministry of Financial Services and Commerce	OAG	OAG
Ministry of Health and Wellness	OAG	OAG
Ministry of Home Affairs	OAG	OAG
Ministry of Investment, Innovation and Social Development	OAG	OAG
Ministry of Planning, Agriculture, Housing and Infrastructure	OAG	OAG
Ministry of Tourism and Transport	OAG	OAG
Ministry of Youth, Sports, Culture and Heritage	OAG	OAG
Office of the Director of Public Prosecutions	KPMG	OAG

Entity	Auditor Financial years 2018 to 2022	Auditor Financial years 2023 to 2027
Office of the Ombudsman	KPMG	OAG
Office of the Police Commissioner (from 2020)	OAG	OAG
Portfolio of the Civil Service	OAG	OAG
Portfolio of Legal Affairs	KPMG	OAG
Entire Public Sector	OAG	OAG
Statutory Authorities and Government Companies		
Auditors Oversight Authority	OAG	OAG
Cayman Airways Limited	KPMG	Grant Thornton
Cayman Islands Airport Authority	OAG	OAG
Cayman Islands Development Bank	OAG	OAG
Cayman Islands Monetary Authority	OAG	OAG
Cayman Islands National Insurance Company	KPMG	KPMG
Cayman Islands National Attractions Authority (previously the Tourism Attractions Board)	OAG	OAG
Cayman Islands National Museum	OAG	OAG
Cayman National Cultural Foundation	OAG	OAG
Cayman Islands Stock Exchange Ltd.	PwC Cayman	Baker Tilly
Cayman Turtle Conservation and Education Centre Limited	Grant Thornton	KPMG
Children & Youth Services Foundation	KPMG	OAG
Civil Aviation Authority	KPMG	OAG
Health Services Authority	OAG	OAG
Maritime Authority of the Cayman Islands	Grant Thornton	Baker Tilly
National Drug Council	KPMG	OAG
National Gallery of the Cayman Islands	Eisner Amper Cayman Ltd.	OAG
National Housing Development Trust	OAG	OAG
National Roads Authority	OAG	OAG
Port Authority of the Cayman Islands	OAG	OAG
Public Service Pensions Board	OAG	OAG
Segregated Insurance Fund	OAG	OAG
Sister Islands Affordable Housing Development Corporation*	OAG	OAG

Entity	Auditor Financial years 2018 to 2022	Auditor Financial years 2023 to 2027
University College of the Cayman Islands	Grant Thornton	OAG
Utility Regulation and Competition Office	OAG	OAG
Water Authority of the Cayman Islands	KPMG	Baker Tilly

Note: The Sister Islands Affordable Housing Development Corporation was outsourced in 2018 but brought back in-house for the financial statements audits from 2019 onwards.*

APPENDIX 2 – SUMMARY OF REPORTS ISSUED AND IN PROGRESS IN 2023

Reports issued during 2023

Reports Issued	Date of Issue	Summary
Overview of the Cayman Islands' performance against the Sustainable Development Goals focused on the environment	March 2023	The public interest report assesses the Cayman Islands' performance against 47 targets within the United Nations Sustainable Development Goals (SDGs) that focused on the environment.
Follow-up on past PAC Recommendations 2023 – Report 1	March 2023	The report assessed the Government's progress with three previous PAC and OAG reports, covering 33 recommendations.
Financial reporting of the Cayman Islands Government: General Report 31 December 2022	October 2023	This compendium report summarised the results of the audits and financial performance of the 40 public sector entities for 2022, audited by 30 September 2023.
Remuneration of the Cabinet, Judiciary, MPs and Key Management Personnel within the Civil Service	November 2023	The public interest report presents information about the remuneration of the Cabinet, Judiciary, MPs and KMP within the Civil Service.

Reports in progress as at 31 December 2023

Reports in Progress	Summary	Progress at 31 December 2023
The Integrated Solid Waste Management System for the Cayman Islands (Regen)	This audit will review the value for money of the public private partnership contract for the new Regen waste management facility. A draft report was issued to the Government in December 2021. The report will be finalised and issued after the Government has concluded the contract.	On hold. The report will be issued after financial close of the contract.
The efficiency and effectiveness of Cayman Airways Limited	This audit will assess the efficiency and effectiveness of Cayman Airways Limited.	Reporting phase. The report is expected in the first quarter of 2024.
Improving employment prospects for Caymanians.	The audit will aim to review employability prospects for Caymanian's, including WORC's performance in relation to this since it was established in 2019.	Reporting phase. The report is expected in the first quarter of 2024.

Reports in Progress	Summary	Progress at 31 December 2023
The Government’s approach to sustainable economic development	The audit was in the planning phase at the end of 2022. The audit will aim review the Government’s plans and progress to rebuild the economy post-COVID.	Reporting phase. The report is expected in the second quarter of 2024.
Improving Financial Accountability and Transparency: Long-term Financial Sustainability	This audit will assess how effective the Cayman Islands Government is at planning for long-term financial sustainability.	Planning phase. The examination phase of the audit will commence in the first quarter of 2024. The report is expected in the second quarter of 2024.
Progress with the 5-year Strategic Plan to become a world-class civil service	This audit will assess the Civil Service’s progress with implementing its 5-year strategic plan to become a world class civil service (2018 – 2022) and any updates to this plan.	Planning phase. The planning phase was completed in the first quarter of 2024 and then put on hold.
Affordable Housing	This audit will assess the Government’s approach to improving access to affordable housing.	Planning phase. The planning and other phases of the audit will be completed in 2024.
Governance in Statutory Authorities and Government Companies (SAGCs)	This audit will examine the effectiveness of governance arrangements in SAGCs.	Planning phase. The planning and other phases of the audit will be completed in 2024.

APPENDIX 3 – OUTPUTS DELIVERED

The outputs delivered in 2023 to the PAC as per the Budget Statement for the OAG.

AUD 2	Financial and Performance Audit Reports		
Related Broad Outcome:			
Stable, Effective and Accountable Government			
Description			
Audit reports and advice to the Parliament relating to:			
<ul style="list-style-type: none"> General Reports on 1) Management of executive financial transactions; 2) Financial Management of Entire Public Sector (EPS) or of any Ministry, Portfolio, Statutory Authority or Government Company Performance audit reports on the economy, efficiency and effectiveness of any Ministry, Portfolio, Statutory Authority or Government Company; and Other matters of public interest as determined by the Auditor General 			
Measures	2023 Actual	2023 Budget	2022 Actual
Quantity			
<ul style="list-style-type: none"> Number of reports issued to the Parliament Number of audits in progress / partial reports at year end 	4 7	3-5 2-3	7 5
Quality			
<ul style="list-style-type: none"> Issued reports are reviewed and signed off by Deputy Auditor General and Auditor General Request client's comments on the draft reports and amend the final report if necessary Report recommendations are endorsed by the PAC Report recommendations are accepted by the client 	100% 100% 100% 100%	100% 100% 90-100% 75-100%	100% 100% 100% 94%
Timeliness			
<ul style="list-style-type: none"> Auditor General reports become public documents within two weeks of submission to the Speaker of the Parliament. All reports are publicly available through the website within two days after becoming a public document. 	100% 100%	80-100% 100%	100% 100%
Location			
Cayman Islands: Office of the Auditor General, 3 rd Floor Anderson Square, George Town, and Client premises (local & international)	100%	100%	100%
Cost (of producing the Output)	\$1,008,886	\$960,000	\$823,000
Price (paid by PAC for the output)	\$960,000	\$960,000	\$823,000

Contact us

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Complaints

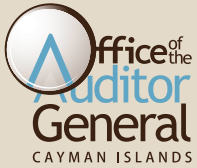
To make a complaint about one of the organisations we audit or about the OAG itself, please contact Katrina Thomas at our address, telephone or fax number or alternatively email: katrina.thomas@oag.gov.ky

Freedom of Information

For freedom of information requests please contact Katrina Thomas at our address, telephone or fax number. Or alternatively email: foi.aud@gov.ky

Media enquiries

For enquiries from journalists please contact Sue Winspear at our phone number or email: Sue.Winspear@oag.gov.ky



April 2024