



Phone: (345) - 244-3211 | 3rd Floor, Anderson Square  
Fax: (345) - 945-7738 | 64 Shedden Road, George Town  
AuditorGeneral@oag.gov.ky | PO Box 2583  
[www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky) | Grand Cayman, KY1-1103, Cayman Islands

19 November 2024

## PRESS RELEASE

### **39 public bodies received clean audit opinions for 2023 but concerns continue about the quality of financial statements and non-compliance with legislation.**

Today, the Auditor General published her annual general report on the state of financial reporting in the Cayman Islands: “*Financial Reporting of the Cayman Islands Government: General Report 31 December 2023*”. This report summarises the financial results, audit opinions and audit matters raised for the 2023 financial year.

The report presents a mixed picture on the financial results of public bodies in 2023.

Auditor General, Sue Winspear, says, “My report shows a mixed picture for the 2023 financial results of public bodies.” Ms. Winspear adds, “The Public Authorities Act requires that Statutory Authorities and Government Companies (SAGCs) at least break-even. However, of the 21 SAGCs with completed audits for 2023, 12 made surpluses, two broke even and seven reported deficits. Within this, some SAGCs made significant surpluses and some made significant losses. The most notable being, the Cayman Islands Monetary Authority with a \$21.7 million surplus and the Health Services Authority with a \$82.8 million deficit.” Ms. Winspear continues, “I also noted that the post-retirement healthcare obligations of ten SAGCs have increased significantly between 2018 and 2023, which is affecting the financial results of some SAGCs.”

The Auditor General states, “I also noted that despite Ministries, Portfolios and Offices typically budgeting to break-even, their financial performance differs from that. For the 18 completed audits, around five broke-even, 12 made a surplus and one made a loss.” Ms. Winspear adds, “Some core government entities have significant current assets, some of which relates to them holding high levels of cash. I noted that several core government entities had not repaid their surpluses to the Ministry of Finance despite this being a legal requirement.”

The report states that 39 public bodies received unqualified (clean) audit opinions on their 2023 financial statements. It also highlights some of the key matters identified during the audits of the 2023 financial statements. These include concerns about the quality of financial statements submitted for audit and non-compliance with Acts and regulations.

Auditor General, Sue Winspear, says, “So far, I have issued 39 unqualified audit opinions on public bodies’ 2023 financial statements. This is good but I continue to be concerned about the quality of some of the financial statements that are submitted for audit.” Ms. Winspear continues, “I noted a large number of

adjustments with a significant value were made to the 2023 financial statements during the audits, which affected the final financial performance and position of many bodies. In addition, public bodies need to do more to ensure that the financial statements submitted for audit are fully compliant with accounting standards and contain adequate disclosures. I urge public bodies to further improve their financial reporting to improve transparency and better inform decision-making.”

The Auditor General states, “I continue to be concerned about the extent of non-compliance with Acts and regulations. This is despite the Acts being in force for many years and reporting similar issues in previous General Reports.” Ms Winspear continues, “I noted again several instances of non-compliance with the Procurement Act and Regulations in 2018. Some public bodies have procured goods and services without approval from the public procurement committee, while others have directly awarded contracts for procuring goods and services or without approved business cases.” The Auditor General adds, “I am disappointed that these issues persist. They must be addressed to ensure that public bodies get value for money when procuring goods and services using public funds”. Ms. Winspear states, “I also note that four years after Section 47 of the Public Authorities Act came into force three SAGCs have yet to align staff remuneration and terms and conditions with the civil service. I have highlighted this issue in the audit opinions of these three bodies.”

The report states that, as at 30 September 2024, 18 audits, including the consolidated Entire Public Sector (EPS) account were outstanding. This includes seven public bodies and the consolidated financial statements of the entire public sector (EPS) for the 2023 financial year. The Auditor General says, “The Government needs to continue to implement corrective measures to improve the quality of the consolidated financial statements of the entire public sector. The Ministry of Finance needs to focus on this account and take corrective action to resolve all the qualification issues.”

The report does not include any formal recommendations. The Auditor General says, “I am pleased that the Public Accounts Committee endorsed the recommendations in my 2022 General Report and made some additional recommendations in its report tabled in the Parliament in July 2024. For that reason, I have not included any recommendations in this General Report. Instead, I will follow up on the implementation of my and the Committee’s recommendations in the year ahead.”

More information about the report can be obtained by contacting Sue Winspear at (345) 938-3201 or Winston Sobers, Deputy Auditor General (Financial Audit), at (345) 244-3207.

This report is attached and can also be found at [www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky).

#### Notes to the editor:

1. A definition of unqualified, and other types of audit opinions is included in the Glossary to the report.
2. 39 out of 46 public sector bodies’ audits for 2023 were completed by the statutory deadline of 30 April 2024. This number was the same as at 30 September 2024. Appendix E provides details of the 2023 audits completed.
3. Prior year audits were completed since the last General Report, i.e., between 1 October 2023 and 30 September 2024, include the Ministry of Health, Environment, Culture and Housing (MHECH) 2018, Cayman Turtle Conservation & Education Centre (CTC) 2021, Cayman Islands Airports Authority (CIAA) 2019, Ministry of Planning Housing, Agriculture, Infrastructure, Transport and Development (MPAHITD) 2022, National Housing Development Trusts (NHDT) 2022) and the University College of the Cayman Islands (UCCI) 2022.
4. Exhibit 18 on page 30 summarises the 18 backlogged audits as at 30 September 2024. The 2023 audits outstanding are for the Ministry of Health and Wellness (MHW), CIAA, CTC,MPAHITD, NHDT, Cayman Airways Limited (CAL), the Maritime Authority of the Cayman Islands (MACI) and the Entire Public Sector (EPS).

5. Exhibit 17 on page 29 identifies the public bodies with 'emphasis or matter' or 'other matter' paragraphs in their 2023 audit opinions, and the reasons for these.
6. Exhibit 1 on page 8 highlights the four SAGCs with the highest reported surpluses and four with the highest reported deficits. Exhibit 20 on page 38 shows the reported surpluses and deficits of all 26 SAGCs for the 2023 financial year.
7. Exhibits 6 and 7 on page 13 show that changes in the value of post-retirement healthcare obligations for ten SAGCs between 2018 and 2023.
8. Exhibit 8 (page 14) and Exhibit 23 (page 41) show the reported financial performance of each Ministry, Portfolio and Office, excluding the Office of the Auditor General.
9. Exhibit 11 (page 17) shows the value of current assets and current liabilities for each of the Ministries, Portfolios and Offices.
10. Exhibit 13 on page 20 identifies the number and value of adjustments made to the 2023 financial statements during audits.