



OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Report to those charged with governance on the 2023 audit

July 2024

*To help the public service
spend wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2023 financial statements of the Office of the Director of Public Prosecutions (the “Office” or “ODPP”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Office in sufficient time to enable appropriate action. The matters we are required to communicate under ISAs include:
 - Auditor’s responsibilities in relation to the audit
 - the overall scope and approach to the audit, including any expected limitations, or additional requirements
 - relationships that may bear on our independence, and the integrity and objectivity of our staff
 - expected modifications to the audit report
 - significant findings from our audit
2. This report sets out for the consideration of those charged with governance those matters arising from the audit of the financial statements for 2023 that we consider are worthy of drawing to your attention.
3. This report has been prepared for the sole use of those charged with governance and we accept no responsibility for its use by a third party. Under the Freedom of Information Act (2021 Revision) it is the policy of the Office of the Auditor General to release all final reports proactively through our website: www.auditorgeneral.gov.ky.

AUDITOR’S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR’S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters and this report includes only those matters of interest which came to our attention as a result of the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter signed by management on 13 September 2023 to which this engagement was subject. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS:

6. While we have no responsibility to perform any audit work on other information, including forward looking statements containing audited financial statements, we have read the other information contained in the Office's annual report to consider whether such information is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Office. We have not reviewed any other documents containing the Office's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff, and the nature and scope of the audit, were outlined in the engagement letter presented to the Director of Public Prosecutions and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATION

8. We have issued an unmodified auditor's report on the 2023 financial statements.
9. There were no audit adjustments made to the financial statements.
10. As part of the completion of our audit we obtained written representations from management on aspects of the accounts and judgments and estimates made. These representations were provided to us on 10 April 2024.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Office's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Office to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are, however, not aware of any new or controversial accounting practices reflected in the Office's financial statements.
12. Details of any significant findings from the audit are included in Appendix 1 along with management's response.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. There were matters which required management to make significant judgments or which required significant estimates such; loss allowance for doubtful debts, impairment and depreciation of property, plant and equipment and amortization of intangible assets.

GOING CONCERN DOUBTS

14. As a result of our audit, we did not become aware of any material uncertainties related to events and conditions that may cast significant doubt on the Office's ability to continue as a going concern.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

15. We identified significant deficiencies in internal control as part of our audit. Details of these deficiencies are included in Appendix 1 along with management's response.

FRAUD OR ILLEGAL ACTS

16. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, with the oversight of those charged with governance; place a strong emphasis on fraud prevention and fraud deterrence. They are also responsible for establishing and maintaining controls pertaining to the Office's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. In

exercising oversight responsibility, those charged with governance should consider the potential for management override of control or other inappropriate influence over the financial reporting process.

17. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.
18. No fraud or illegal acts came to our attention as a result of our audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

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


ANY OTHER SIGNIFICANT MATTERS

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

ACKNOWLEDGEMENTS

22. We would like to express our thanks to the staff of the Office for their help and assistance during the audit of this year's financial statements.

Yours sincerely,



Sue Winspear
Auditor General

APPENDIX 1 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>1. Lack of an approval to retain surplus payable from prior years</p> <p>Section 39(3)(f) of the Public Management and Finance Act (2020 Revision) a Ministry or Portfolio may retain part of its operating surplus as is determined by the Minister of Finance. On 22 November, 2022, the Office made a request to the Minister of Finance for retention of surplus amounting to \$466 thousand to avoid cash flow challenges. However, approval had not been received as at year end nor as at the time of our review.</p>	<p>Risks/Implications</p> <p>The Office is not in compliance with Section 39(3)(f) of Cayman Islands Public Management and Finance Act.</p> <p>Recommendation</p> <p>The Office should continue to push the Minister of Finance, through the Ministry, for formal approval to retain their surplus as required by law.</p>	<p>Finance continues to follow up with the Ministry of Finance on the status of the request to retain a portion of its surplus for cash flow reasons.</p>	<p>Ongoing</p>
<p>2. Breach of procurement appraisal limits</p> <p>Section 3(3)(b) of Cayman Islands Government procurement regulations require that a procurement project greater or equal to \$100 thousand should be appraised by the Entity Procurement Committee (EPC). We noted an instance where a procurement for legal services</p>	<p>Risks/Implications</p> <p>The Office is not in compliance with Section 3(3)(b) of Cayman Islands Government procurement regulations.</p>	<p>It is ODPP view, that at the time of preparation of the business case the Office acted in accordance with the regulation, as the procurement value determines whether a direct award is to be approved by the CO, EPC, or PPC. Per the</p>	<p>31 December 2024</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>with a cumulative total (including prior year costs) was above \$100 thousand but was not appraised at EPC level. Understandably, at initiation of the procurement, the Office did not anticipate that costs would go past \$100 thousand.</p>	<p>Recommendation</p> <p>The Office should correct the procurement route taken when they become aware of growing expenses.</p>	<p>regulations, procurement valuation is defined as the estimated purchase or contract value prior to initiating a procurement project. Given the uncertain nature of legal proceedings, it would have been difficult to ascertain the extent to which legal services would have been required.</p> <p>ODDP acted in accordance with the regulation as a business case was prepared based on the estimated contract value being under \$100k and obtained CO (Director's) approval.</p> <p>Going forward if legal costs are expected to exceed the procurement threshold of which the approved business case was based on, the Entity makes an undertaking to assess the future costs and carry out additional</p>	

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
		procurement processes necessary.	
<p>3. Inadequate justification for a direct award</p> <p>Section 5(2) of Cayman Islands Government procurement regulations require every direct award to be in writing with a relevant basis for direct sourcing. The Office made a direct award to one of its service providers for a conference venue amounting to \$49 thousand without proper written justification. We additionally noted that no valid contract or purchase order was issued before engaging the services provider.</p>	<p>Risks/Implications</p> <p>The Office is not in compliance with Section 5(2) of Cayman Islands Government procurement regulations. Additionally, without a valid contract/purchase order, terms and conditions are unclear to both parties and could lead to a loss in case of a future disagreement.</p> <p>Recommendation</p> <p>The Office should ensure that there is a solid justification for a direct award in line with the procurement regulations before initiation of a procurement process. Additionally, the Office should ensure that the contracting process is concluded before services are rendered.</p>	<p>Management agrees to the recommendation.</p>	<p>31 December 2024</p>

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>4. Expired Lease agreements</p> <p>Lease agreements for storage and parking spaces with a total annual cost of \$ 26 thousand expired on 22 March 2019 and 31 January 2021 respectively. The entity continues to use and pay for the spaces without valid lease agreements.</p>	<p>Risks/Implications</p> <p>The interests of the Office could be at risk should there be a legal dispute over the terms of the lease agreements.</p> <p>Recommendation</p> <p>Management should ensure that lease agreements are renewed upon expiration or initiate a new procurement process.</p>	<p>Management agrees to the recommendation.</p>	<p>31 December 2024</p>