



OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

Report to those charged with governance on the 2024 audit

July 2025

*To help the public service
spend wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2024 financial statements of the Office of the Director of Public Prosecutions (the “Entity”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Entity 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 2024 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 2024 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 Entity'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 Entity. We have not reviewed any other documents containing the Entity'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 2024 financial statements.
9. A summary of audit adjustments made to the financial statements is attached in **Appendix 1**. There were no uncorrected material misstatements identified.
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 29 April 2024.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Entity's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Entity 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 Entity's financial statements.
12. Details of any significant findings from the audit are included in **Appendix 2** 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 Entity'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 2** 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 Entity's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. In

exercising oversight responsibility, those charged with governance should consider the potential for management override of 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 of the Director of Public Prosecutions for their help and assistance during the audit of this year's financial statements.

Yours sincerely,



Patrick O. Smith, CPA, CFE
Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS

Account number	Account description and adjustment details	Debit (\$)	Credit (\$)
12012	Other Receivables	91,125.76	
12404	Debtor (due from other Ministries)		91,125.76
	<i>Transfer to other receivables due to prior period error restatement of witness protection expenses.</i>		
12012	Other Receivables	63,039.63	
12501	Bad debts allowance expense		63,039.63
	<i>Recognising provision for bad debts as a result of prior period errors, and restatement of witness protection expenses.</i>		
12404	Debtor (due from other Ministries)	63,039.63	
	Outputs sold to Cabinet (EXCO)		63,039.63
	<i>Additional billing to the cabinet in relation to provisions for bad debts resulting from prior period errors, and restatement of witness protection expenses.</i>		

APPENDIX 2 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>1. The monitoring framework for witness protection expenses is inadequate</p> <p>During our review, we noted that the Entity was incorrectly billed a cumulative cost of \$117,000 over the years of 2018-2022 and an additional \$28,000 in the current year by RCIPS (Royal Cayman Islands Police Service) for the witness protection services provided to overseas clients. These costs were supposed to be covered by overseas jurisdiction. The matter came into light when the Entity started to receive part reimbursements from RCIPS for the costs billed.</p> <p>The Entity updated its JPAC guidance policy in December 2024 to clarify on the billing arrangements for overseas witnesses, however, there is no formal agreement reflecting this understanding between the Entity and RCIPS on this arrangement.</p>	<p>Risk/Implications</p> <p>Without a formal agreement between the two entities and without tightening controls over the review of expenses, the Entity is exposed to being incorrectly billed for costs it should not incur.</p> <p>Recommendation</p> <p>The Entity should ensure that a proper formal agreement is in place for witness protection expenses and tighten controls around the review of expenses to be reimbursed to RCIPS.</p>	<p>The recommendation is accepted.</p> <p>A formal agreement with RCIPS in relation to WPP expenses will be drawn up.</p> <p>This agreement will be based upon the JPAC expenses policy (as amended in December 2024).</p>	Ongoing

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>2. Inadequate Application of Exceptional Circumstances for Direct Awards</p> <p>Section 5(1)(k) of the Procurement Regulations permits direct awards for legal services in exceptional circumstances. During our review, we identified six legal firms with a total cost of \$188,516 awarded using this justification.</p> <p>The primary concern is that the Entity noted the reasons for these exceptional circumstances, such as the 'need to identify a legal counsel on short notice', and 'sufficient expertise and experience'. However, it was not clear how these procurements were exceptional.</p> <p>Furthermore, we noted that some of the suppliers have been used by the entity in prior periods for different cases, which raises a question about the appropriateness of the 'exceptional circumstances' justification.</p>	<p>Risks / Implications</p> <p>There is a risk that the Entity's non-compliance with Section 5(1) of the Cayman Islands Government Procurement Regulations will lead to a failure to achieve value for money and an increased potential for the misappropriation of funds, particularly in relation to direct awards.</p> <p>Recommendation</p> <p>The Entity should consider reviewing its policy in conjunction with the Central Procurement Office to develop a framework for procuring legal services.</p>	<p>I have considered this aspect carefully. All direct awards relate to criminal cases being prosecuted before the Grand Court or Court of Appeal. In the event that the office looks to section 5(1) of the Procurement Regulations, it is usually because of a number of factors which may arise individually or cumulatively. They are (a) complexity of case, (b) inability to cover the case internally due to lack of expertise, (c) lack of human resources internally to cope with lengthy periods of time out of the office while conducting a case, (d) notoriety of defendant and requirement to ensure a public perception of independence.</p> <p>(e) no internal counsel available who is independent and can prosecute a case without conflict (ie prosecution of police officers and other law enforcement agents)</p>	Ongoing

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
		<p>who would usually refer work to and are known by the office).</p> <p>Saying all of this, I would be happy to make my grounds more explicit and I would be happy to discuss the matter with the Central Procurement Office to ensure best practice is achieved.</p>	
<p>3. Lack of a justification for the Direct Award of services</p> <p>Section 5(2) of the Cayman Islands Government procurement regulations requires every direct award to be in writing with a relevant basis for direct sourcing.</p> <p>We noted the entity awarded the following contracts without proper written justification:</p> <ul style="list-style-type: none"> • Forensic services fees of \$23,763 • Accommodation fees at a hotel of \$11,238 	<p><u>Risks / Implications</u></p> <p>The Entity does not comply with Section 5(2) of the Cayman Islands Government Procurement Regulations.</p> <p><u>Recommendation</u></p> <p>The Entity should ensure that there is a justification for a direct award in line with procurement regulations before initiating a procurement process.</p>	<p>Management agrees to the recommendation.</p>	Ongoing
4. Payment Made Without Valid Contracts	Risks/Implications	<p>Management agrees in principle with the recommendation. In this particular situation contract</p>	Ongoing

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
During our review, we noted that the lease contract for a storage facility with an annual lease of \$18,288, had expired in April 2024; however, payments were made continuously until the end of the year.	<p>The terms and conditions are unclear to both parties and could lead to a loss in the event of a future disagreement.</p> <p>Recommendation</p> <p>The Entity should ensure that the contracting process is concluded before services are rendered.</p>	<p>negotiations between the Entity, Lands and Survey Department, and the Landlord have been ongoing. While the terms and conditions were being finalized the storage facility continued to be utilized by the Entity and therefore payment made for the service rendered.</p>	