



CAYMAN ISLANDS PARLIAMENT

Report to those charged with governance on the 2024 audit

July 2025

***To help the public service
spend wisely***

TABLE OF CONTENTS

Introduction	1
Auditors responsibilities in relation to the audit	1
Auditor's responsibility under International Standards on Auditing.....	1
Responsibilities of Management and Those Charged With Governance	2
Other information in documents containing audited financial statements.....	2
Conduct, approach and overall scope of the audit	2
Audit report, adjustments and management representations	2
Significant findings from the audit.....	2
Significant accounting practices	2
Management's judgments and accounting estimates.....	3
Going concern doubts.....	3
Significant and other deficiencies in internal control.....	3
Fraud or illegal acts.....	3
Other matters	4
Any other significant matters	4
Acknowledgements	4
Appendix 1 – Summary of corrected audit misstatements	5
Appendix 2 - Internal control matters & significant findings	7

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2024 financial statements of the Cayman Islands Parliament (the “Parliament”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Parliament in sufficient time to enable appropriate action. The matters we are required to communicate under ISAs include:
 - Auditors’ responsibilities in relation to the audit
 - the overall scope and approach to the audit, including any expected limitations, or additional requirements
 - relationships that may bear on our independence, and the integrity and objectivity of our staff
 - expected modifications to the audit report
 - significant findings from our audit
2. This report sets out for the consideration of those charged with governance those matters arising from the audit of the financial statements for 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.

AUDITORS RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR’S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter 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 will read the other information contained in the Parliament'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 Parliament. We have not reviewed any other documents containing Parliament'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 Chief Officer and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

8. We have issued an unmodified auditor's report on the 2024 financial statements.
9. The gross value of corrected audit adjustments made to the financial statements was \$365,096. A summary of audit adjustments made to the financial statements is attached in Appendix 1. All the adjustments were identified by OAG. There were no uncorrected audit misstatements.
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 25 April 2025.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of Parliament's significant accounting practices, including accounting policies, accounting estimates and financial statement

disclosures. Generally accepted accounting principles provide for Parliament to make accounting estimates and judgments about accounting policies and financial statement disclosures.

There were no controversial accounting practices reflected in Parliament's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

12. Management has made significant judgements and estimates with regard to the following financial statement items:

- depreciation of property and equipment.
- provision for estimated credit loss.

GOING CONCERN DOUBTS

13. 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 Parliament's ability to continue as a going concern.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

14. Significant deficiencies in internal control are noted in Appendix 2.. No other control deficiencies have been identified and communicated separately to management.

FRAUD OR ILLEGAL ACTS

15. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable laws 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 Parliament's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. In exercising oversight responsibility, those charged with governance should consider the potential for management override of controls or other inappropriate influence over the financial reporting process.

16. 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.

17. No fraud or illegal acts came to our attention as a result of our audit.

OTHER MATTERS

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

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

ANY OTHER SIGNIFICANT MATTERS

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

ACKNOWLEDGEMENTS

21. We would like to express our thanks to Parliament's staff 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 CORRECTED AUDIT MISSTATEMENTS

Adj #	Account	Account Name	Debit	Credit	Net	Description	OAG / Client	Classification
1	20150	Accruals Other	105,404.00		105,404.00	Removal of Executive Healthcare	OAG	Liabilities
1	12029	Debtor – Cabinet EXCO		105,404.00	-105,404.00	Removal of Executive Healthcare	OAG	Assets
2	20150	Accruals Other		5,194.18	-5,194.18	Recognition of Staff Survey Invoice	Client	Liabilities
2	54256	Professional Fees	5,194.18		5,194.18	Recognition of Staff Survey Invoice	Client	Expense
3	58505	Bad Debt Provision	56,133.62		56,133.62	Reverse incorrect AR provision entry	OAG	Expense
3	12501	Provision for Doubtful Debt		56,133.62	-56,133.62	Reverse incorrect AR provision entry	OAG	Assets
4	32006	Prior Period Adjustment	4,729.86		4,729.86	To correct an error in the salary advances balance	OAG	Equity
4	12012	Other Receivable		4,729.86	-4,729.86	To correct an error in the salary advances balance	OAG	Assets
5	45002	Gain on Sale of Asset	17,040.29		17,040.29	To adjust for 2024 disposal that was incorrectly recorded	OAG	Revenue
5	17140	Other Plant & Equipment		110,536.00	-110,536.00	To adjust for 2024 disposal that was incorrectly recorded	OAG	Assets

Adj #	Account	Account Name	Debit	Credit	Net	Description	OAG / Client	Classification
5	17145	Accumulated Depreciation – Other Plant and Equipment	93,495.71		93,495.71	To adjust for 2024 disposal that was incorrectly recorded	OAG	Assets
6	17145	Accumulated Depreciation-Other Plant & Equipment	4,145.13		4,145.13	To adjust excess depreciation on an asset disposed in 2024	OAG	Assets
6	60012	Depreciation – Other Plant & Equipment		4,145.13	-4,145.13	To adjust excess depreciation on an asset disposed in 2024	OAG	Expense
7	23422	Surplus Payable	78,953.58		78,953.58	Correct Surplus payable due to revisions and adjustments	OAG	Liabilities
7	32001	Surplus Repayment		78,953.58	-78,953.58	Correct Surplus payable due to revisions and adjustments	OAG	Equity
			365,096.37	365,096.37	-			

APPENDIX 2 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and recommendation	Accepted by Management	Management response and implementation date
<p>1. <u>A travel policy for Ministers and Members of Parliament remains outstanding</u></p> <p>In our report to Those Charged With Governance about our 2022 audit, the Office of the Auditor General recommended that Parliament develops a travel policy for Ministers and Members of Parliament (MPs). Parliament committed to develop a travel policy by August 2023, but has yet to do so.</p>	<p>Risk/Implication</p> <p>Without a travel policy, travel arrangements for Ministers and Members of Parliament on Parliamentary business may not be efficient, cost-effective, or properly approved.</p> <p>Recommendation</p> <p>Management should draft a travel policy for Ministers and MPs and submit it to the Parliament Management Committee for approval.</p> <p>The Parliament Management Commission should ensure that there is a written travel policy to guide official travel for Ministers and Members of Parliament.</p>	Accepted	The PMC has commenced drafting a Travel Policy for Members of Parliament and should have the first draft completed for review and subsequent approval by the PMC council at the end of September 2025
<p>2. <u>Deficiencies in Parliament's budgeting process</u></p> <p>The Cabinet funds Government entities to produce outputs over the course of a financial</p>	<p>Risk/Implication</p> <p>Parliament's budgeted cost per output is overstated given that Parliament had fully achieved its output targets for LGL 2 and LGL</p>	Accepted	With the 2026-2027 budget being drafted in the next several months, the PMC will need to spend time completing a holistic review of how the

<p>year. Each financial year ends on the 31st of December.</p> <p>Parliament has three output categories in its budget, i.e.:</p> <ul style="list-style-type: none"> • LGL 2 - Servicing and Supporting Sitzings of the House and Committees • LGL 3 - Support for the Speaker and Members of the Parliament • LGL 4 - Management of the Parliament Management Commission <p>We noted that Parliament achieved its budgeted output targets and had fully invoiced Cabinet for:</p> <ul style="list-style-type: none"> • LGL 2 in September 2024, three months before year-end or ahead of schedule. • LGL 3 in May 2024, seven months ahead of schedule. <p>Parliament continued to produce outputs under these two categories, but could not bill the Cabinet for additional funding because it had already charged the Cabinet for the full budgeted cost.</p>	<p>3 by September 2024 and May 2024, respectively.</p> <p>In addition, Parliament's output targets should be more challenging, so it is under obligation to produce outputs throughout the year, rather than for part of it.</p> <p>Where assumptions do not accurately reflect the true cost of delivering outputs, there is a risk that the approved budget does not provide a reliable basis for accurate performance monitoring.</p> <p>Recommendations</p> <p>Parliament should review of its budgeting methodology to ensure that it agrees challenging output targets with the Cabinet and Parliament's budgets reflect the actual cost of producing the agreed outputs.</p>		<p>output are funded and what work items are attached to each output category</p>
--	--	--	---