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15 February 2024

Ms. Jewel Evans Lindsey  
Chief Executive Officer  
Public Service Pensions Board  
P.O. Box 912  
Grand Cayman KY1-1103  
Cayman Islands

Dear Ms. Evans Lindsey:

**Other control deficiencies (deemed not significant) arising from the audit of the Public Service Board for the year ended 31 December 2022**

In planning and performing the financial statements of the **Public Service Pensions Board** (the “Authority” or “PSPB”) for the year ended 31 December 2022, we considered internal controls over financial reporting. This was done to establish our review procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Our consideration of internal control would not necessarily identify all matters relating to internal controls that might be significant deficiencies (or other deficiencies that are not significant deficiencies) in the design or in the operation of internal controls, as defined under the International Standards on Auditing (“ISA”) below.

ISA 265, “*Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*”, includes the following definitions of a deficiency and a significant deficiency in internal control:

A deficiency in internal control – this exists when:

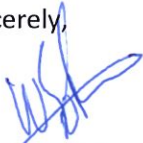
- i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct misstatements in the financial statements on a timely basis; or
- ii) A control necessary to prevent or detect and correct misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control – a deficiency or combination of deficiencies in internal control that, in the practitioner’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We have included in our report to those charged with governance what we deem to be significant deficiencies in internal control. In addition, we would like to bring to your attention, as you are responsible for the Authorities' management, other deficiencies in internal control that we observed. We have laid out in Appendix 1 details of those observations and summarised below for your reference:

1. Lack of a policy to guide management of long outstanding receivables
2. Lack of documented authorisation request for New CIO's access to NeoSpin System
3. Lack of an annual leave buyback (leave payout) policy (recurring)
4. Long outstanding stale dated cheques (recurring)

Sincerely,



**Winston Sobers, FCCA, CFE**  
Acting Auditor General

**APPENDIX 1 - INTERNAL CONTROL MATTERS & DEFICIENCIES**

	<b>Observation</b>	<b>Recommendation</b>	<b>Management Response</b>
<b>1.</b>	<p><b>Long outstanding receivable balance</b></p> <p>PSPB’s financial reporting is based on the IFRS accounting framework. IFRS 9 prescribes the accounting treatment for receivable loss allowances. Per our interpretation of IFRS 9 sections 7.2.20 and B5.5.17 (p), an entity shall recognize a loss allowance if past due information indicates that collection of funds from a debtor is doubtful.</p> <p>Our review of the Authority's contribution receivables revealed a debtor who meets this criterion as the outstanding balance is past due for more than 365 days. However, a loss allowance was not recognised in the financial statements.</p>	<p><b><u>Risks/ Implication</u></b></p> <p>If there is no commitment from the debtor to pay the outstanding balance and no loss allowance is recognised, there is a risk that the contribution receivables balance could be overstated.</p> <p><b><u>Recommendation</u></b></p> <p>Management should seek to obtain assurance over the collectability of the outstanding amount from the debtor. A well supported payment plan from the debtor can reduce doubts around the collectability of the outstanding balance.</p>	<p>Management agrees with the recommendation and will seek to address this as soon as possible.</p>

	Observation	Recommendation	Management Response
2.	<p><b>Lack of documentation of authorisation request for the new Chief Information Officer's access to the NeoSpin System</b></p> <p>In 2022, a member of staff added the Chief Information Officer (CIO) as a new user in the NeoSpin System, but the authorisation request and approval (including access levels and privileges) were not documented.</p>	<p><b><u>Risks/ Implication</u></b></p> <p>If employees' authorisation requests are not documented, they may be able to access the system without their supervisors' permission.</p> <p><b><u>Recommendation</u></b></p> <p>Management should implement an IT onboarding form to facilitate the documentation of system authorisation requests and access levels for new employees.</p>	<p>The vacancy in the CIO role created less than ideal conditions, as one Senior Member Services Officer was the only employee at the time with administrator privileges who could create accounts and grant access to the CIO when hired.</p> <p>The CIO has responsibility for the system, and since coming onboard now also has administrator privileges and has created an onboarding form to document what systems new hires require access to, including Neospin. Within Neospin, individuals are granted access based on their position in the organization</p>
3.	<p><b>Lack of an annual leave buyback (leave payout) policy (recurring)</b></p> <p>PSPB does not have a written policy guiding the application of leave buybacks. As a result, employees' effectiveness and morale may be hampered when they undertake long periods of work without rest. This was</p>	<p><b><i>Risk/ Implication:</i></b></p> <p>The absence of a written policy may lead to abuse of buybacks.</p> <p><b><i>Recommendation:</i></b></p>	<p>Management will develop a formal leave buy back policy for the Authority but in light of the vacancies at the Management level we were unable to address everything on our agreed agenda.</p>

	Observation	Recommendation	Management Response
	raised in PY ISA 260 but has not been remedied in FY 2022.	Management should develop a leave buy back policy for exceptional times when reimbursing leave proves necessary.	
4.	<p><b>Long outstanding stale dated cheques</b> (recurring)</p> <p>The Authority continues to recognize liability for long-outstanding stale dated cheques on pensioner's payroll account. Total outstanding cheques as at 31 December 2022 amounted to \$616 thousand (2021: \$522 thousand) which ranged from 1 year to 9 years old.</p> <p>Although a project was planned to identify and validate these stale dated cheques, this did not materialise in 2022 due to ongoing projects and conflicting priorities. Furthermore, there is no written policy on how to manage stale-dated cheques.</p>	<p><b><u>Implication</u></b></p> <p>The reputational risk of the Authority could be tainted if the Authority does not update its payment register information to ensure that pensioners receive their monthly payments.</p> <p><b><u>Recommendation</u></b></p> <p>Management should develop a policy on how long outstanding stale dated cheques will be actioned as soon as possible. The planned project to update pensioners' records should be prioritised.</p>	Management acknowledges and agreed and the CIO is in the process of developing a project plan and requisite resources needed to carry out the project in 2024.