



PORTFOLIO OF THE CIVIL SERVICE

Report to those charged with governance on the 2024 audit

May 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 Portfolio of the Civil Service (the “Portfolio”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Portfolio 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 dated 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 Portfolio's annual report to consider whether such information is materially inconsistent with information appearing in the financial statements or our knowledge of the operations of the Portfolio.
7. We have not reviewed any other documents containing the Portfolio's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

8. 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 REPRESENTATION

9. We have issued an unmodified auditor's report with an emphasis of matter paragraph on the 2024 financial statements. The paragraph highlighted that the Cabinet authorised a supplementary appropriation that increased the Election Office's 2024-2025 operating budget by \$1,200,000 to host a referendum. The Cabinet authorised the allocation under section 11(5) of the Public Management and Finance Act (2020 Revision) ("PMFA"). A supplementary Appropriations Bill for the funding was not introduced in Parliament by 31 March 2025 as required by section 11(6) of the PMFA.
10. A total of 13 adjustments with a gross impact of \$1,015,842 were identified and corrected during the audit. A summary of audit adjustments made to the financial statements is attached in Appendix 1.
11. There were no uncorrected audit misstatements.
12. 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 28 April 2025.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

13. We are responsible for providing our views about qualitative aspects of the Portfolio's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Portfolio to make accounting estimates and judgments about accounting policies and financial statement disclosures.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

14. Management has made significant judgments and estimates with regard to the following financial statements items:

- Impairment and the useful lives of property, plant and equipment and intangible assets.
- Provision for expected credit losses.

GOING CONCERN DOUBTS

15. 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 Portfolio's ability to continue as a going concern.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

16. We did not identify matters relating to the system of internal control and its operation that we have deemed significant.

FRAUD OR ILLEGAL ACTS

17. 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 the Portfolio'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.

18. 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.
19. No fraud or illegal acts came to our attention as a result of our audit.

OTHER MATTERS

20. No serious difficulties were encountered in the performance of our audit.
21. We have had no disagreements with Management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

22. Other than the matter highlighted in paragraph 9, there were no other significant matters noted during the audit.

ACKNOWLEDGEMENTS

23. We would like to express our thanks to the staff of the Portfolio of the Civil Service for their help and assistance during the audit of this year's financial statements. This has enabled us to provide an audit report within the agreed timetable.

Yours sincerely,



Angela Cullen
Acting Auditor General

APPENDIX 1 – SUMMARY OF CORRECTED MISSTATEMENTS

Audit Adjustments

OAG proposed seven audit adjustments with a gross amount of KYD 970,990.

Number	Account No	Name	Debit	Credit
1	17016	WIP - Intangibles	4,493	
1	20150	Accruals - Other		(4,493)
		<i>To accrue for PDS- December 2024 Invoice for HRMS System</i>		
2	12401	Debtor - Cabinet (EXCO)		(219,667)
2	46001	Outputs Sold to Cabinet	219,667	
		<i>Realignment of Budget Allocations and Billing Adjustments</i>		
3	12501	Provision for Doubtful Debts		(66,337)
3	58505	Doubtful Debt Expense	66,337	
		<i>(Expected Credit Loss allowance-2024 Year End Adjustment in line with IPSAS 41)</i>		
4	12009	Accrued Prepayments	31,506	
4	17020	Fixed Assets Mass Additions		(31,506)
		<i>(Reclassification of Deposits made from Mass Additions to Prepayments)</i>		
5	12301	Debtors		(65,501)
5	35001	Contributed Capital	65,501	
		<i>To adjust Equity Injection accrual for December 2024</i>		
6	17035	Accumulated Depreciation		(318,456)
6	31003	Asset Revaluation Reserve	318,456	
		<i>To record an impairment adjustment on Cayman Islands National Archive buildings</i>		
7	23422	Surplus Payable	265,029	
7	32007	Surplus Repayment		(265,029)
		<i>Adj- 2024 Surplus Payable after audit adjustments</i>		
Sub-total			970,990	(970,990)

APPENDIX 1 – SUMMARY OF CORRECTED MISSTATEMENTS (CONTINUED)

Client Adjustments

Six client adjustments with a gross amount of \$44,852.

Number	Account No	Name	Debit	Credit
8	22105	Comp Time Liability	13,938	
8	50155	Comp Time Expense		(13,938)
		<i>Client adjustment: COMP time adjustments</i>		
9	22100	Long service leave	2,977	
9	32006	Prior Period Adjustment		(2,857)
9	50150	Movement in Annual Leave		(120)
		<i>Client adjustments: Leave liability adjustments</i>		
10	20150	Accruals - Other		(10,936)
10	54256	Professional Fees	10,936	
		<i>Accrual: retainer in respect of management consultancy services</i>		
11	20150	Accruals - Other		(1,002)
11	54352	Software Licensing Fee	1,002	
		<i>Accrual: PDS- Vista Time Invoices (October- December 2024)</i>		
12	23410	Creditor owed to Other	12,000	
12	55506	Financial Attest Service		(12,000)
		<i>Client adjustment: reduction of overaccrual for 2024 audit fees</i>		
13	23410	Creditor owed to Other	3,998	
13	32006	Prior Period Adjustments		(3,998)
		<i>Client adjustment: to write off 2013 and 2018 payables</i>		
Sub-total			44,852	(44,852)
Grand Total			1,015,842	(1,015,842)