



CAYMAN ISLANDS MONETARY AUTHORITY

Report to those charged with governance on the 2021 audit

July 2022

*To help the public service
spend wisely*

TABLE OF CONTENTS

INTRODUCTION	4
AUDITORS RESPONSIBILITIES IN RELATION TO THE AUDIT.....	4
Auditor’s responsibility under International Standards on Auditing.....	4
Responsibilities of Management and those charged with governance	5
Other information in documents containing audited financial statements.....	5
CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT.....	5
AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS	5
SIGNIFICANT FINDINGS FROM THE AUDIT	6
Significant accounting practices	6
Management’s judgments and accounting estimates.....	6
Going concern doubts.....	6
significant deficiencies in internal control.....	6
Fraud or illegal acts.....	7
Significant difficulties encountered during the course of our audit.....	7
Disagreements with management.....	7
Any other significant matters	7
ACKNOWLEDGEMENTS	7
Appendix 1 – SUMMARY OF ADJUSTED DIFFERENCES	9

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2021 financial statements of the Cayman Islands Monetary Authority (the “Authority”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Cayman Islands Monetary Authority 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 2021 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 (2020 Revision) it is the policy of the Office of the Auditor General to proactively request publish them on 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 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, in documents containing audited financial statements, we will read the other information contained in the Cayman Islands Monetary Authority'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 Cayman Islands Monetary Authority. We have not reviewed any other documents containing 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 Managing Director 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 with an emphasis of matter on the non-compliance with the Public Authorities Act (2020 Revision), Section 47 – Terms and conditions and remuneration of staff.
9. A summary of adjustments made to the financial statements is attached in Appendix 1.
10. As part of the completion of our audit we seek written representations from management on aspects of the accounts and judgments and estimates made. Management provided us with these representations, which formed part of our audit evidence. The representations were provided to us on 29 April 2022.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Cayman Islands Monetary Authority's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Cayman Islands Monetary Authority to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are not aware of any areas where the significant accounting practices have changed from previous year or are not consistent with general industry practice. In addition we are not aware of any new or controversial accounting practices reflected in the Cayman Islands Monetary Authority'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. Management have made significant judgments and estimates with regard to the following financial statements items:
 - Depreciation and Amortization of Fixed Assets and Intangibles
 - Provisions for Doubtful Debts on Receivables
 - Defined Benefit Pension Liability and Post Retirement Benefit Health Care Liability.

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 Cayman Islands Monetary Authority's ability to continue as a going concern. The Cayman Islands Monetary Authority reported a comprehensive income of \$5.7million and a positive working capital.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

15. We have not identified any significant matters relating to internal controls as part of our audit. We have identified other deficiencies in internal control and reported them directly to the Managing Director.

FRAUD OR ILLEGAL ACTS

16. 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 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 controls 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. No other significant matters.

ACKNOWLEDGEMENTS

22. We would like to express our thanks to the staff of the Cayman Islands Monetary Authority for their help and assistance during the audit of this period's financial statements.

23. If you would like to discuss the results of our audit or any other matter in further detail, please feel free to call me at (345)244-3201.

Yours sincerely,



Sue Winspear,
Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED DIFFERENCES - CLIENT

Number	Date	Name	Account No	Debit	Credit
1	12/31/2021	CIBC First Caribbean USD Fixed Deposit - Currency	1101		(2,591,080)
1	12/31/2021	Schroders Portfolio - Fixed Income Securities - Currency	1151		(9,205,920)
1	12/31/2021	Fixed Income- Short Term	1311	11,797,000	
		Being entry to reclass short term investment			
2	12/31/2021	Cash Pan - Operations	1501	100,920	
2	12/31/2021	Unearned Income - CIMA Transaction Fees	4102		(74,720)
2	12/31/2021	CIMA Transactional Fees	6201		(26,200)
		Being entry to book amount for cheques/wires received not receipted Dec 31, 2021.			
3	12/31/2021	Right-of-Use Asset	1750	2,112,971	
3	12/31/2021	Right-of-Use Asset	1750	182,285	
3	12/31/2021	Right-of-Use Asset	1750		(2,025,858)
3	12/31/2021	Right-of-Use Asset	1750		
3	12/31/2021	Right-of-Use Asset	1750		
3	12/31/2021	Right-of-Use Asset	1750		
3	12/31/2021	Lease Liability - Non-Current	4291		(2,112,971)
3	12/31/2021	Lease Liability - Non-Current	4291		(435,855)
3	12/31/2021	Lease Liability - Non-Current	4291	2,130,036	
3	12/31/2021	Lease Liability - Non-Current	4291		
3	12/31/2021	Lease Liability - Non-Current	4291		
3	12/31/2021	Lease Liability - Non-Current	4291		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		
3	12/31/2021	Current Earnings	5141		

3	12/31/2021	Accommodation CAMS charges and Running costs	7061		(212,107)
3	12/31/2021	Rental - Office and Storage	7091		(1,598,899)
3	12/31/2021	Business Continuity expenses	7581		(319,030)
3	12/31/2021	Depreciation - Right-of-Use Asset (ROUA)	8291		(182,285)
3	12/31/2021	Depreciation - Right-of-Use Asset (ROUA)	8291	2,025,858	
3	12/31/2021	Interest Expense - Lease Liability	8391	435,855	
Being entry to record IFRS 16 adjustment.					
4	12/31/2021	Office Equipment - General	2602	4,969	
4	12/31/2021	Accruals	4202		(4,969)
Being entry to record accrual for office equipment.					
5	12/31/2021	Accruals	4202		(425)
5	12/31/2021	Staff Meeting and Other Staff Costs	7521	425	
Being entry to record amount for MD office Christmas lunch 2021.					
6	12/31/2021	Accruals	4202		(42,336)
6	12/31/2021	Performance Awards - MDO Office	7007	42,336	
Being entry to record amount for performance awards.					
7	12/31/2021	Accruals	4202		(130)
7	12/31/2021	Staff Meeting and Other Staff Costs	7521	130	
Being entry to record amount for staff meeting.					
8	12/31/2021	Accumulated Amortization - Computer Software - General	3101		(137)
8	12/31/2021	Amortization - Computer Software - General	8101	137	
Being entry to record depreciation for Zoho software.					
9	12/31/2021	Accruals	4202		(1,840)
9	12/31/2021	Recruitment - Advertising & Agency Fees	7501	1,840	

Being entry to record accrual for staff medical.

10	12/31/2021	Allowance for Cash Equivalents	1646	6,864	
10	12/31/2021	Allowance for Cash Equivalents	1646	1,033	
10	12/31/2021	Provision Expense IFRS 9	7763		(38,094)
10	12/31/2021	Allowance for Investments (Income)/Loss	9003	30,197	

Being entry to record IFRS 9 provision expense.

11	12/31/2021	Accruals	4202	5,841	
11	12/31/2021	Accommodation CAMS charges and Running costs	7061		(5,841)

Being entry to reduce six CAMS.

12	12/31/2021	Schroders Portfolio - USD Call - Currency Reserve	1021		(2,160,821)
12	12/31/2021	Schroders Portfolio - USD Call - Currency Reserve	1021	739,191	
12	12/31/2021	Schroders Portfolio - USD Call - Currency Reserve	1021		(48)
12	12/31/2021	Schroders Portfolio - USD Call - Currency Reserve	1021		(1,960)
12	12/31/2021	Accrued Interest - Other Investments - Currency Reserve	1303	1,960	
12	12/31/2021	Other Accounts Receivable	1702		(739,191)
12	12/31/2021	Other Accounts Receivable	1702	48	
12	12/31/2021	Accruals	4202	2,160,821	

Being entry to move securities purchased to currency reserve asset.

13	12/31/2021	Post Retirement Benefit Health Care - Liability	4281	1,817,000	
13	12/31/2021	Post Retirement Benefit Health Care	7013		(13,000)
13	12/31/2021	Remeasurement of HC Valuation	9002		(1,804,000)

Being entry to record Dec 2021 IAS 19 post-retirement healthcare liability.

14	12/31/2021	Defined Benefit Pension - Asset	1651	332,000	
14	12/31/2021	Defined Benefit Pension - Liability	4271	3,005,000	
14	12/31/2021	Movement in Defined Benefit Pension	7041		(200,000)
14	12/31/2021	Remeasurement of Pension Valuation	9001		(3,137,000)

Being entry to book defined benefit pension liability for 2021.

15	12/31/2021	General Reserve	5101		(2,176,143)
15	12/31/2021	Capital Expenditures Reserve	5121	2,176,143	

Being entry to record the CAPEX for 2021.

16	12/31/2021	Lease Liability - Current	4251		(291,009)
16	12/31/2021	Lease Liability - Non-Current	4291	291,009	

Being entry to reclassify lease liability between current and non-current liability.

17	12/31/2021	Capital Expenditures Reserve	5121		(5,711,238)
17	12/31/2021	Current Earnings	5141	5,711,238	

Being entry to record net income allocation.

				35,113,108	(35,113,108)
--	--	--	--	-------------------	---------------------