



**MINISTRY OF PLANNING, AGRICULTURE, HOUSING &
INFRASTRUCTURE**

Report to those charged with governance on the 2021 audit

MAY 2022

*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 2021 financial statements of the Ministry of Commerce, Planning & Infrastructure 2021 (the “Ministry”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Ministry 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 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 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 30 August 2021 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 Ministry'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 Ministry. We have not reviewed any other documents containing the Ministry'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 REPRESENTATION

8. We have issued an unmodified auditor's report with an emphasis of matter paragraph highlighting the Ministry non-compliance with section 12(3) of the *Public Finance Management Act (2020 Revision)* (PMFA) on the 2021 financial statements.
9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. There were no uncorrected misstatements arising from the audit.
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 30 April 2022.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Ministry's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Ministry 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 Ministry'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 no matters which required management to make significant judgments or which required significant estimates.

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 Ministry's ability to continue as a going concern.

SIGNIFICANT AND OTHER DEFICIENCIES IN INTERNAL CONTROL

15. We identified a number of significant and other matters relating to internal controls as part of our audit. Details 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 Ministry'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.

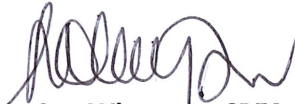
ANY OTHER SIGNIFICANT MATTERS

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

ACKNOWLEDGEMENTS

22. We would like to express our thanks to the staff of the Ministry 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,



Sue Winspear, CPFA
Auditor General

APPENDIX 1 – SUMMARY OF CORRECTED MISSTATEMENTS

Number	Date	Name	Account Number	Debit	Credit
1	12/31/2021	Finished Goods	13200		(52,265)
1	12/31/2021	Accruals - Other	20150	52,265	
<i>Reversal of December 2021 duplicate accruals</i>					
2	12/31/2021	Accounts Receivable	12003		(33,384)
2	12/31/2021	Sale of Fuel - Interdepartmental	46531	33,384	
<i>Elimination of interdepartmental fuel sales</i>					
3	12/31/2021	Finished Goods	13200		(32,839)
3	12/31/2021	Cost of Sales - Materials	50414	32,839	
<i>Adjustment of TB inventory balance based on inventory schedules</i>					
4	12/31/2021	Opening Balance - Ne Movement in Annual	32004	49,832	
4	12/31/2021	Leave	50150		(49,832)
<i>Departmental Transfers - To account for leave liability transferred in from MEYSAL on 30 June 2021</i>					
5	12/31/2021	Comp Time Liability	22105		(6,107)
5	12/31/2021	Opening Balance - Net	32004	6,107	
<i>Departmental transfers - To account for comp time liability transferred in from MEYSAL on 30 June 2021</i>					
6	12/31/2021	Construction in Prog	17021	12,331	
6	12/31/2021	Opening Balance - Net	32004		(12,331)
<i>Departmental transfers - To account for Work in progress transferred in from MEYSAL on 30 June 2021</i>					
7	12/31/2021	Imprests	10010	800	
7	12/31/2021	Opening Balance - Net	32004		(800)
<i>Departmental transfers - To record petty cash float transferred in from MEYSAL on 30 June 2021</i>					
8	12/31/2021	Accruals - Other	20150		(52,389)
8	12/31/2021	Prior Period Adjustment	32006	52,389	
<i>To reverse POs open for longer than 180 days</i>					
				239,947	(239,947)

APPENDIX 2 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response
<p>1. Tracking of Outputs produced</p> <p>On a biennial basis, Cabinet stipulates the outputs it wishes to purchase from the Ministry in the next two financial years. The outputs are agreed with the Ministry and documented in the Cayman Islands Government Budget Statements.</p> <p>We were not provided with evidence to show that the Ministry tracks the actual outputs it produces against the budgeted outputs. The OAG notes that the Ministry bills Output Revenue to CIG based on actual costs incurred.</p>	<p>Risks/Implications:</p> <p>It may be difficult to assess the value-for-money obtained by the Cayman Islands Government from the funding provided to the Ministry.</p> <p>Recommendation:</p> <p>Management should ensure that actual outputs are tracked against the budgeted outputs to ascertain the value-for-money provided to the Cayman Islands Government in return for output funding.</p>	<p>The Ministry has completed a comprehensive Annual Report which outlines the services and projects delivered during 2022. Whilst the Cabinet funding is drawn-down based on actual cost incurred, the services delivered by each department have been tracked and presented in the Ministry's Annual Report.</p> <p>In addition, the MOF is in the process of modernising the Budgeting and Reporting Framework. This will allow the Government to transition from an outputs-based system to one that measures outcomes.</p>
<p>2. Non-compliance with section 37 of the Public Management and Finance Law (2020 Revision) – Duties of Ministries and Portfolio: Ministry funds used to pay expenses that do not relate to the Ministry.</p> <p>After the passing of an employee, the Ministry paid a death benefit totaling \$50k to the estate of the deceased employee. The Ministry</p>	<p>Risk/ Implication:</p> <p>Non-compliance with laws and regulations may expose the Ministry to reputational damage/risk.</p> <p>Recommendation:</p> <p>Management should ensure that the Ministry complies with requirements of the Public Management and Finance Law (2020 Revision) and all other applicable laws and regulations.</p>	<p>The decision was made for PWD to cover the cost in-lieu of the issue at hand and doing right by the staff (PWD deducted insurance contributions from the employee but due to an oversight the department inadvertently did not file the individual's application for the insurance policy with the insurance provider; therefore the department took the position to pay the benefit in light of the circumstance). PWD's Welfare Committee indicates that it would be impossible for the Committee to repay the amount.</p>

Observation	Risk/Implication and Recommendation	Management Response
<p>intended to recover these funds from the employee's Welfare Association Group Insurance policy. As at year end, the Ministry had not been able to recover these funds.</p>		<p>However, PWD has subsequently separated operational matters regarding the PWD's Welfare Committee.</p>