



MINISTRY OF YOUTH, SPORTS, CULTURE AND HERITAGE

Report to those charged with governance on the 2021 audit

September 2023

*To help the public
service spend
wisely*

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audits of the financial statements of the Ministry of Youth, Sports, Culture and Heritage (the “Ministry”) for the six months period ended 31 December 2021. 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 audits of the Ministry’s financial statements 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) (“FOI Act”) it is the policy of the Office of the Auditor General to release all audit reports upon request.

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 letters to which the engagements were subject. The audits of the financial statements do 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 on 30 August 2021 and follows 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 unmodified auditor's reports on the 2021 financial statements.
9. There were no uncorrected misstatements arising from the audit. Appendix 1 summarizes the misstatements identified during the audit that were corrected by management.
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 not aware of any areas where the significant accounting practices are not consistent with general industry practice. In addition we are 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 other than revaluation, impairment and depreciation of property, plant and equipment and amortization of intangible assets.

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 significant matter below relating to internal controls as part of our audit.

- Tendering of Security services.

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 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. There were no other significant matters noted during 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 the financial statements. This has enabled us to provide an audit report within the agreed timetable.

Yours faithfully,



Angela Cullen, CPFA
Acting Auditor General

APPENDIX 1 – CORRECTED MISSTATEMENTS

Number	Date	Name	Account No	Debit	Credit
1	31/12/2021	Accumulated Amortization	17125		-159.13
1	31/12/2021	Amortization	60010	159.13	
		Depreciation on Computer software			
2	31/12/2021	Capital Withdrawal	35002	14,659.94	
2	31/12/2021	Depreciation Buildings	60001		-9,859.47
2	31/12/2021	Depreciation Other Infrastructure	60004		-221.78
2	31/12/2021	Depreciation Vehicles	60005		-332.25
2	31/12/2021	Depreciation Furniture and Fittings	60008		-2,039.37
2	31/12/2021	Depreciation Computer Hardware	60009		-2,207.07
		Depreciation was over stated by 14,660			

3	31/12/2021	Accrual -Annual Leave	22106	29,106.91	
3	31/12/2021	Movement in Annual Leave Provision	50150	-29,106.91	
		Reversal of Accrual paid Dec 2021			
4	31/12/2021	Accruals - Other	20150	5,400.00	
4	31/12/2021	Maintenance	54311	-5,400.00	
		Payables overstated by 5400			
5	31/12/2021	Other Infrastructure assets	17060	-167,883.34	
5	31/12/2021	Accumulated Depreciation Other	17065	46,963.51	
5	31/12/2021	Other Assets	17150	167,883.34	
5	31/12/2021	Accumulated Depreciation Other Assets	17155	-46,963.51	
5	31/12/2021	Depreciation Other Infrastructure	60004	-3,587.76	
5	31/12/2021	Depreciation Other Assets	60013	3,587.76	
		Reclassification of Other Assets from Infrastructure			

6	31/12/2021	Other Infrastructure assets	17060	-36,460.00
6	31/12/2021	Other Infrastructure assets	17060	-30,700.00
6	31/12/2021	Other Infrastructure assets	17060	-20,300.00
6	31/12/2021	Vehicles	17070	-18,900.00
6	31/12/2021	Vehicles	17070	-56,600.00
6	31/12/2021	Computer Hardware	17110	-2,258.00
6	31/12/2021	Computer Hardware	17110	-5,999.94
6	31/12/2021	Other Assets	17150	-1,849.50
6	31/12/2021	Capital Withdrawal	35002	173,067.44

Reversing Duplicate PPE additions

7	31/12/2021	Surplus Payable	23422	-43,606.53
7	31/12/2021	Surplus Repayment	32007	43,606.53
To record accumulated surplus				
				484,434.56
				-484,434.56

APPENDIX 2 - INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observations	Risks/Implications & Recommendations	Management Response	Implementation Date
<p>1. <u>Tendering of security services</u></p> <p>The Ministry incurred \$105 thousand on security services provided by The Security Centre. However, the Ministry did not undertake public tendering contrary to section 4 of Procurement Regulations, 2018. This requires entities to undertake a competitive process when procuring any goods, services or works unless it can be demonstrated that the procurement meets the criteria of the direct award process.</p> <p>In addition, the Ministry had no valid contract with the company for the provision of security services.</p>	<p>Non-compliance with laws and regulations.</p> <p>Without a valid contract and a competitive bidding process, the Ministry may incur a high cost for the services consumed. Hence, public funds may not be used efficiently.</p> <p>Recommendation</p> <p>Management should ensure competitive bidding for goods and services supplied to maximize resources.</p>	<p>The recommendation is accepted. This was a legacy issue originating prior to the formation of the Ministry of Youth, Sports, Culture & Heritage and transferred from the Ministry of Community Affairs.</p> <p>Management initiated the procurement process in 2022; the business case was approved, and adequate funding identified in the 2023 budget allocation.</p> <p>An Agreement was signed dated July 28, 2023. The effective start date is September 1, 2023 for a period of three years for a total value of CI\$619,542.</p>	<p>Implemented - July 28, 2023</p>