



TOURISM ATTRACTION BOARD

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2021 AUDIT

***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 December 31, 2021 financial statements of the Tourism Attraction Board (the “Board”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Board 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 2021 financial statements that we consider 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.

AUDITOR’S 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. 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 Board'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 Board. We have not reviewed any other documents containing the Board'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 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 REPRESENTATION

8. The audit report for the year ended 31 December 2021 will be an unmodified opinion.
9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. There were no uncorrected misstatements identified.
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 April 30, 2022.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Board's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Board to make accounting estimates and judgments about accounting policies and financial statement disclosures.
12. We are, however, not aware of any new or controversial accounting practices reflected in the Board's financial statements. Details of 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 Board's ability to continue as a going concern.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

15. We identified one (1) significant matter relating to internal controls as part of our audit, Refer to Appendix 2 for details.

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 Board'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 the 2021 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 management and staff of the Tourism Attraction Board for their help and assistance during the 2021 audit.

Yours Sincerely,



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Sue Winspear, CPFA
Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED DIFFERENCES

1070 · Cayman National Bank:1074 · CNB CI\$ CA	165	
2000 · Accounts Payable		(165)
<i>Reversal of incorrect entry (relating to FY22 posted in FY21)</i>		
1070 · Cayman National Bank:1074 · CNB CI\$ CA	3,040	
2000 · Accounts Payable		(840)
2000 · Accounts Payable		(2,200)
<i>Reversal of incorrect entry (relating to FY22 posted in FY21)</i>		
2100 · Payroll Liabilities:2105 · Pension Payable	4,657	
6000 · Payroll & Related Expenses:6032 · Pension Fees	154	
1400 · Prepaid Expenses		(4,811)
<i>(Utilization of prepaid pension for December pension Expense)</i>		
6225 · Bad Debt Expense	2,500	
1200 · Accounts Receivable:1201 · Allowance for Bad Debt		(2,500)
<i>(Provision for bad debts relating to Licensee vendors)</i>		
1202 · Payroll Asset	14,250	
2100 · Payroll Liabilities		(14,250)
<i>(Reclassification of Honorium payable to payroll liabilities)</i>		
3800 · Revaluation Surplus	170,000	
1500 · Land		(170,000)
<i>(Reversal of revaluation booked related to Heritage land - that does not belong to the entity)</i>		
2000 · Accounts Payable	1,916	
1250 · Intercompany:1217 · Due from/(to) TAB		(1,916)
<i>(Reclassification of amazon purchases settled through Interco)</i>		
2000 · Accounts Payable	1,200	
1501 · Gardens		(1,200)
<i>(Reversal of payable - as there had been a refund given to the entity in lieu of item that was paid for)</i>		
2005 · Accrued Expenses	39,739	
3900 · Retained Earnings		(39,739)
<i>(Correcting entry to remove the accrual booked in respect to a credit given by Cayman First for the overpayment of health insurance from 2011 - 2018)</i>		
1420 · Other Current Asset	14,293	
2000 · Accounts Payable		(14,293)
<i>(Reclassification of credit given to entity for overpayment, from Creditors -Debit balance within Creditors)</i>		

APPENDIX 1 – SUMMARY OF ADJUSTED DIFFERENCES (CONTINUED)

1420 · Payroll Asset	500	
2100 · Payroll Liabilities		(500)
<i>(Reclassification of Honarium for Paula Relova (employee that resigned as at 31 Dec 2021))</i>		
2100 · Payroll Liabilities:2101 · Leave Accrual & OEE	4,173	
6000 · Payroll & Related Expenses:6010 · Salaries & Wages		(4,173)
<i>(PAA 47 Provision for 2021)</i>		
2100 · Payroll Liabilities:2101 · Leave Accrual & OEE	27,346	
6000 · Payroll & Related Expenses:6012 · Movement in Ann Leave Provision		(27,346)
<i>(Adjustment to leave accrual)</i>		
1566 · External Works:1568 · External Works - Depr.	148,622	
1530 · Buildings:1532 · Buildings - Dep'n	339,185	
1530 · Buildings:1531 · Buildings - Cost		(339,185)
1566 · External Works:1567 · External Works - Cost		(148,622)
<i>(Correction of revaluation adjustment)</i>		
2100 · Payroll Liabilities:2101 · Leave Accrual & OEE	8,064	
6000 · Payroll & Related Expenses:6010 · Salaries & Wages		(8,064)
<i>(Correction to leave pay)</i>		
1250 · Intercompany:1214 · Due from/(to) Pedro Castle	1,422	
1250 · Intercompany:1215 · Due from/(to) Hell	573	
1250 · Intercompany:1216 · Due from/(to) Craft Market		(78)
3900 · Retained Earnings		(1,916)
<i>(Correction : Intercompany Adjustment)</i>		
3900 · Retained Earnings	39,739	
4900 · Other Income		(39,739)
<i>(Correction re: Health insurance Credit)</i>		
	821,536	(821,536)

APPENDIX 2 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation
<p>No Financial Budget maintained for the Children’s Botanical Garden</p> <p>The OAG noted that the Children’s Botanical Garden project, has since been an on-going undertaking from 2019. As of December 31, 2021, the project is still underway.</p> <p>Upon enquiry with Mr. Patrick Thompson (Director), that the entity does not have in place a financial budget for cost management purposes.</p> <p>In addition, the OAG also noted through discussions with Mr. Patrick Thompson, that the Masterplan (which outlines the original structural plan of the Children’s Botanical Garden) has seen become outdated.</p>	<p>Risk/Implication:</p> <p>By not having in place a financial budget that outlines the expected costing of the project, management runs the risk of potentially overspending. In addition, there is no benchmark to regularly monitor the expenditure incurred to date against the budgeted amount.</p> <p>In regards to the outdated Masterplan, failure to update this, prevents management from tracking its key milestones in terms of road to completion of the project.</p> <p>Recommendation:</p> <p>We recommend that the Board:</p> <ol style="list-style-type: none"> 1. Develop a detailed financial budget outlining the expected costs. 2. Regularly monitor and track costs against the financial budget. 3. Update the masterplan for its current intention.

APPENDIX 2 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS (CONTINUED)

Management Responses

Response provided by Patrick Thompson (Director) on 23 August 2022:

I agree that no financial budget was maintained for the Children’s Garden project, however, we have always maintained an informal capital expenditure budget. This was communicated to the Chief Officer of the Ministry of Tourism on November 14, 2018, in which the estimated cost of each section of the garden was given and the overall total was approximately \$1.3M.

As the project progressed, we compare estimates received for each area to be constructed with the budget figure.

In the event that any estimates received exceeded the budget we would try to raise the additional funds through our private sector fund raising efforts to offset such expenses. There are cases where donors have a preferred vendor/supplier that they work with and pay directly for specific sections/areas that are developed. In such cases we carefully inspect the workmanship and derive a value which goes on our books at the end of construction.

I do not agree that the master plan is outdated in the sense that it is obsolete. The original master plan included the majority of the sections/areas that were constructed.

Some of these sections/areas may have been slightly altered or adjusted based on planning requirements and safety codes. Consequently, a larger area was required for the garden and one or two new features which are more environmentally friendly and safe for kids were/are being added as opposed to others which do not meet the requirements. I would also like to note that the plan was being revised with these additions during the audit but was not completed on time for presentation to the auditor.