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PRESS RELEASE

Public sector entities' financial reporting is good, but more needs to be done.

Today, the Office of the Auditor General (OAG) published its annual general report on the state of financial reporting in the Cayman Islands: "*Financial Reporting of the Cayman Islands Government: General Report 31 December 2022*". This report summarises the financial results and audit opinions given to public bodies for the 2022 year and provides a host of information about the financial health of public bodies. It notes that, to date, 40 public bodies have received unqualified (clean) audit opinions, and seven public bodies and the consolidated Entire Public Sector (EPS) account have their 2022 audits outstanding.^{1,2}

Auditor General, Sue Winspear, says, "So far, I have issued 40 unqualified audit opinions on public bodies' 2022 financial statements. Although financial reporting is good, a large number of adjustments were made to financial statements during the audits, which affected the final financial performance and position of many bodies.³ Through our audits, we also improved the disclosures made by some bodies.⁴ Together, these changes have resulted in better financial reporting to improve transparency and better inform decision-making." The Auditor General has made five formal recommendations in the General Report to bring about improvement.

The Auditor General states, "I am concerned about the extent of non-compliance with Acts and regulations." Ms Winspear continues, "Section 47 of the Public Authorities Act, which came into force in June 2019, aims to align in Statutory Authorities and Government Companies (SAGCs) staff remuneration and terms and conditions with the civil service. However, some SAGCs have yet to complete this alignment three years later."⁵ Ms. Winspear adds, "However, I am more concerned that the Government has yet to estimate the full cost of harmonising all staff terms and conditions before SAGCs implement that section of the Act. After quantifying the potential cost impact, the Government will need to decide whether to amend the Act or provide SAGCs with sufficient funding in their future budgets to pay for this."⁶

The Auditor General says, "Despite implementing the Procurement Act and Procurement Regulations in 2018, and the Central Procurement Office providing guidance and advice, many public bodies are still non-compliant. Some public bodies have procured goods and services without approval from the public procurement committee, while others have directly awarded contracts for procuring goods and services without approved business cases. The Auditor General adds, "These issues must be addressed to ensure that public bodies get value for money when procuring goods and services using public funds".⁷

Auditor General, Sue Winspear says, "Finally, the Government needs to continue to implement corrective measures to improve the quality of the consolidated financial statements of the entire public sector. The

Ministry of Finance needs a roadmap for moving from an adverse opinion to a qualified audit opinion in the first instance and an unqualified one in the longer term.”⁸

More information about the report can be obtained by contacting Sue Winspear at (345) 938-3201 or Winston Sobers, Deputy Auditor General (Acting), at (345) 244-3207.

This report is attached and can also be found at www.auditorgeneral.gov.ky.

Notes to the editor:

1. 40 out of 47 public sector entity audits for 2022 have been completed to date. The seven audits outstanding are for the Ministry of Health and Wellness, Cayman Islands Airports Authority, Cayman Turtle Conservation & Education Centre, Ministry of Planning, Agriculture, Housing and Infrastructure, National Housing Development Trust, University College of the Cayman Islands and the Entire Public Sector.
2. A definition of unqualified, and other types of audit opinions is included in the Glossary to the report.
3. See paragraphs 10 to 12 in the report.
4. See paragraphs 13 to 15 in the report.
5. See paragraphs 19 to 21 in the report.
6. See paragraphs 24 to 25 in the report.
7. See paragraphs 27 to 29 in the report.
8. See paragraphs 46 to 59 in the report.