



SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION

Report to those charged with governance on the 2019 audit

*To help the Public
Service spend
wisely*

TABLE OF CONTENTS

Introduction	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.....	6
Significant deficiencies in internal control.....	6
Fraud or illegal acts	6
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	8

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2019 financial statements of the Sister Islands Affordable Housing Development Corporation ("the Corporation"). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Corporation 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; and
 - 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 2019 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.

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, containing audited financial statements, we read the other information contained in the Corporation'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 Corporation. We have reviewed the annual report containing the Corporation's audited financial statements, no issues noted.

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 Chairperson on 22 January 2020, 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 on the financial statements.
9. A summary of audit adjustments made to the financial statements is attached on Appendix 1.
10. As part of the completion of our audit we sought written representations from management on aspects of the accounts and judgments and estimates made. Management has provided us with representations in respect of our financial statement audit.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Corporation's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Generally accepted accounting principles provide for the Corporation 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 Corporation's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

12. Management has made significant judgments and estimates with regard to the following financial statement items:
- Depreciation and useful life of Property Plant & Equipment

GOING CONCERN

13. 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 Corporation's ability to continue as a going concern.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

14. No significant deficiencies were identified during the course of our audit.

FRAUD OR ILLEGAL ACTS

15. 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.

16. 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.

17. No fraud or illegal acts came to our attention as a result of our audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

18. No significant difficulties were encountered during the course of our audit.

DISAGREEMENTS WITH MANAGEMENT

19. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

20. There were no other significant matters noted during audit.

ACKNOWLEDGEMENTS

21. We would like to express our thanks to the staff of the Corporation for their help and assistance during the audit of this year's financial statements.



Sue Winspear, CPFA

Auditor General

29 June 2020

Cayman Islands

APPENDIX 1 – SUMMARY OF ADJUSTED DIFFERENCES

Number	Date	Name	Account No	Debit	Credit
1	12/31/2019	Right of Use Asset - Lease	15500		(2,355.00)
1	12/31/2019	Lease Liability	21002	2,387.00	
1	12/31/2019	ROU Asset Depreciation	62401		(5,652.00)
1	12/31/2019	Lease Liability Interest	63401		(380.00)
1	12/31/2019	Rent Expense	67100	6,000.00	
Being entry to reverse amounts posted for lease liability, as the client made the updates based on IFRS 16.					
				8,387.00	(8,387.00)