



TOURISM ATTRACTION BOARD

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2019 AUDIT

REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the December 31, 2019 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 2019 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 Law (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 signed by management on October 4, 2019. 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. We have issued an unmodified auditor's report on the 2019 financial statements.
9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. There are no uncorrected misstatements during the 2019 financial year.
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 29, 2020.

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. We are, however, not aware of any new or controversial accounting practices reflected in the Board's financial statements.

12. 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 a number of significant matters relating to internal controls as part of our audit. These include:
- i) Non-compliance to the Public Authorities Law, 2017 section (6) (a) – "the membership of a board shall not be comprised of more than forty percent public or civil servants."
 - ii) Non-compliance - key position not advertised

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 2019 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 2019 audit.

Yours sincerely,



Sue Winspear, CPFA

Auditor General

July 22, 2020

Cayman Islands

APPENDIX 1 – SUMMARY OF ADJUSTED DIFFERENCES

Journal #	Name	Account No	Debit (\$)	Credit (\$)
Client initiated				
	Accounts Receivable:1201 Allowance for Bad Debt	1201	14,544.32	
	Retained Earnings	3900		14,544.32
	<i>Reversal of AJE provision for 2018.</i>			
	Accounts Receivable:1201 Allowance for Bad Debt	1201		1,599.20
	Retained Earnings	3900	1,599.20	
	<i>Bad debt expense for 2019.</i>			
	Inventory:1302 Inventory - Accessories	1302		6,319.93
	Cost of Goods Sold:5001 Cost of Goods Sold - Gif	50002	6,319.93	
	<i>To reconcile Inventory at year-end.</i>			
	Inventory:1303 Inventory - T-shirts	1303		10,716.47
	Cost of Goods Sold:5001 Cost of Goods Sold - Gif	5001	140.72	
	Cost of Goods Sold:5002 Cost of Goods Sold - Admissions	5002		
	Cost of Goods Sold:5030 Cost of Goods Sold - Eve	5030	6,080.34	
	Cost of Goods Sold:5040 Fundraising Expense	5040	3,358.73	
	Cost of Goods Sold:5001 Cost of Goods Sold - Gif	50001	917.12	
	Cost of Goods Sold:5001 Cost of Goods Sold - Gif	50003	219.56	
	<i>To correct PWO 2019 Inventory Balance.</i>			
	Accounts Receivable	1200		14,383.00
	Intercompany:1212 Due from/(to) Pirate's Week	1212	14,383.00	
	Retained Earnings	3900		
	<i>Prior year (2018) expense unbilled but payable by PWO (Reclass to intercompany).</i>			
	Accounts Receivable	1200	7,982.00	
	Retained Earnings	3900		7,982.00
	<i>Outstanding Health Insurance for Nov & Dec 2018.</i>			
	Accounts Receivable	1200		20,207.00
	Intercompany:1210 Due from/(to) Botanic Park	1250	29,384.00	
	Payroll Liabilities:2010 Health Insurance Payable	2100		4,384.94
	Retained Earnings	3900		4,792.06
	<i>To reclassify Health Insurance Receivable as Intercompany.</i>			
	Intercompany:1217 Due from/(to) TAB	1217		29,384.00
	Payroll Liabilities:2010 Health Insurance Payable	2100	29,384.00	
	<i>To reclassify Health Insurance Payable as Intercompany.</i>			
	Intercompany:1217 Due from/(to) TAB	1217		14,383.00
	Payroll Liabilities:2010 Health Insurance Payable	2100	14,383.00	

	<i>To reclassify Health Insurance Payable to Intercompany Payable at end of year.</i>			
	Accounts Receivable	1200	7,272.16	
	Retained Earnings	3900		7,272.16
	<i>Reversal of General Provision for 2018 Debt (Overstated).</i>			
OAG initiated				
	Prepaid Expenses	1400	2,994.84	
	Accounts Payable	2000		2,994.84
	<i>To correct negative items in prepaid expenses</i>			
	Accounts Payable	2000	17,566.03	
	Retained Earnings	3900		17,566.03
	<i>To correct over accrual of RMU Insurance in 2018.</i>			
	Payroll Liabilities:2101 Leave Accrual & OEE	2101		8,126.22
	Payroll & Related Expenses	6000	8,126.22	
	<i>To accrue for additional liability arising from salary adjustment due to implementation of Section 47 of the Public Authorities Law (PAL) for the year ended December 31, 2019.</i>			
	Audit Fee Accrual	2020		6,075.00
	Retained Earnings	3900	6,075.00	
	<i>To correct entry to reverse prior year adjustment - Audit fee accrual 2018</i>			
	External Works:1567 External Works - Cost	1567		9,497.15
	External Works: 1568 External Works - Depreciation	1568	253.26	
	Accounts Payable	2000	9,497.15	
	Depreciation Expense:6200-13 External Works	6200-07		253.26
	<i>To adjust the error in recording fixed assets invoice twice.</i>			
	Grand Total		180,480.58	180,480.58

APPENDIX 2 - INTERNAL CONTROL MATTERS & SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Management Response	Implementation Date
<p>i. <u>Governance - Non-compliance - Board composition</u></p> <p>Section (6) (a) of the <i>Public Authorities Law, 2017</i> stipulates that “the membership of a board shall not be comprised of more than forty percent public or civil servants.” A review of the board of directors revealed that 60% of its members are public or civil servants.</p>	<p><u>Risk/Implication:</u> Non-compliance regarding the rules and principles guiding board composition. Breach of guidelines governing board composition so that board members can exercise independent and objective judgment and the board can effectively guide the entity toward fulfilling its mandate.</p> <p><u>Recommendation:</u> We recommend that the Board comply with the requirements of the <i>Public Authorities Law, 2017</i> for the composition of the Board.</p>	The Board is aware of this issue and has initiated amendments to the TAB law. When these amendments are approved, the composition of The Board will change.	Implementation is in progress.
<p>ii. <u>Non-compliance - key position not advertised</u></p> <p>The Human Resources Manager position filled during the year was not advertised. The Personnel Management Requirements of The Public Authorities Law, 2017 (PAL) required the Board to notify a vacant position in such manner as enables suitably qualified persons to apply for the position.</p>	<p><u>Risk/Implication:</u> The risks of this non-compliance are that:</p> <ul style="list-style-type: none"> ▪ Personnel management decisions may be made with patronage, favoritism or political prejudice. ▪ Suitably qualified persons may not be selected for the position. <p><u>Recommendation:</u> We recommend that future positions are advertised in compliance with the Personnel Management Requirements of PAL.</p>	We accept the recommendation.	We will implement immediately.