

## **Audit Certificate**

### **To the House of Assembly of the Turks and Caicos Islands**

The Auditor General is legally required to examine, audit and certify, in accordance with internationally recognized auditing standards, where appropriate, whether or not the Government's annual public accounts and statements presented by the Accountant General conform to the requirements of the Public Financial Management Ordinance (PFMO) (and any framework document prepared thereunder), represent fairly its financial performance and financial position and that the financial affairs have been conducted with regularity and propriety.

Furthermore, the Auditor General must ensure that reasonable precautions have been taken to safeguard the proper collection of monies and for the receipt, custody, issue of and accounting for assets, to ensure that all receipts, assets, expenditure and other transactions to which such examination and audit relate have been lawfully incurred and that the law has been duly observed.

The Auditor General is also required to certify that the internal control system and provision of internal audit services is adequate and complies with any instructions issued by the Permanent Secretary, Finance and that satisfactory management measures have been taken to ensure that public or other resources are procured economically and utilized efficiently and effectively.

### **Management Responsibility for the Financial Statements**

Management is responsible for ensuring that the financial position and performance of the Government is fully disclosed to the House of Assembly. Management is also responsible for the preparation and fair presentation of the annual statement of public accounts enumerated in Schedule 2 of the Public Finance Management Ordinance & Regulations (PFMO & PFMR) including any amendments and in accordance with generally accepted accounting practice (GAAP), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In this regard, management is responsible for ensuring transactions are recorded properly in the accounting system and for establishing and maintaining an internal control system sufficient to permit the preparation of the annual statement of public accounts in conformity with GAAP and the law. This audit of the annual statement of public accounts does not relieve management of this responsibility. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us;

- about all known or suspected fraud affecting Government involving management, employees who have significant roles over financial reporting and others where fraud could have a material effect on the financial statements; and
- of its knowledge of any allegations of fraud or suspected fraud affecting Government received in communications from current employees, former employees, the public, or others; and
- of all significant deficiencies in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the ability to record, process, summarize and report financial data externally on a reliable basis; and
- of any non-compliance with the laws and regulations applicable to its activities.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these statements based on my audit. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the annual statement of public accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual statement of public accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual statement of public accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, under the laws I am required to conduct sufficient work to provide reasonable assurance on it. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### **Basis for Adverse Opinion**

#### **1. MATERIAL AND PERVASIVE MISSTATEMENTS**

The TCIG's total assets, total liabilities, total funds, total net worth, total revenues and total expenses are pervasively affected by ***multiple material misstatements*** in both prior and current years.

#### **2. POOR FINANCIAL REPORTING CONTROLS**

There are ***numerous weaknesses*** in the financial accounting and reporting process, such as numerous errors, omissions, lack of suitable accounting policies, inappropriate bases of accounting applied, incorrect reconciliations, weak controls, little risk management efforts, repeat audit findings, unresolved audit findings, lack of supporting documents, lack of proper explanations, lack of compliance with financial laws etc.

The TCIG needs to increase skills and competencies (build capacity) throughout the TCIG, reduce/eliminate the errors/omissions, introduce a consistent set of policies, institute proper financial

controls to support the new laws, introduce an enterprise wide risk management system, read/understand the laws, follow the regulations, ensure regular training that is subsequently applied in the work setting, read and implement the audit recommendations, secure the necessary resources and accept responsibility for the state of the financial affairs of government.

***Without adhering to strong financial reporting and control frameworks to support the financial laws, significant deficiencies in the financial reporting system will continue and transparency and good governance will be undermined. Note that we are not advocating for “more” controls, but “strong” controls that are adhered to in the first place.***

### **3. SIGNIFICANT UNRESOLVED AUDIT ISSUES**

There are ***significant unresolved prior years’ audit issues***, some of which are included in this Audit Report again and span the course of 6 years and more. This ***evident lack of progress*** in implementation of the audit recommendations continues to be a serious problem. For one reason or the other, these recommendations or at the very least, alternatives to achieving the same end, are not being done in a reasonable timeframe. It is ***unacceptable*** that these recommendations are provided and in many instances they are ignored. Responses are provided that they will be done, and yet they remain unresolved or they are repeated time and time again.

### **4. MILLIONS IN CAPITAL ASSETS UNACCOUNTED FOR, SOME OF WHICH MAY NEVER BE ACCOUNTED FOR**

The NAO is ***especially concerned*** now that since raising this audit issue over 6 years, millions in Capital Assets (***\$425 million*** and quite probably more) have ***not been properly accounted for***. We are unsure as to what these amounts make up, where they are located, their condition, and whether or not they will ever be accounted for. We cannot provide any assurance on the accuracy, existence, completeness etc. of these Capital Assets. Given the length of time since identifying this issue and there being no resolution to it, I am left to conclude that there is the ***high probability that some portion of those assets may not be able to be accounted for verified due to misappropriation, loss or theft***. However, ***we are uncertain as to the extent of this misappropriation, loss or theft*** due to the fact that we have not been able to obtain verifiable information pertaining to these assets. This amount does not include Crown Land. However, Crown Land needs to be included and audited as well.

### **5. TCIG’S MAIN ACCOUNT BALANCE IS MATERIALLY MISSTATED FOR CURRENT AND PRIOR YEARS**

The Consolidated Fund is TCIG’s main account.

- i. The Consolidated Fund has been not been used in compliance with the legislation authorizing it as we have noted several significant “adjustments” made in the past direct to this account which should not have been done. The Consolidated Fund should mainly contain the surplus or deficits that are accumulated each year.
- ii. There are also ***significant unresolved prior year Consolidated Fund Audit Findings*** which should have been corrected in other accounts and for which there is ***little support documentation*** to justify

its accounting which means that the opening and closing balances are also **misstated**. Our prior year audits, in particular, 2015/16 and 2016/17 have also indicated for a number of reasons that the CF Balance is incorrect and the issues we have raised previously have not been resolved. As a consequence the 2017/18 balance will also be incorrect.

- iii. There is also a **double counting** of **\$72.6 million** of assets introduced in the Consolidated Fund which had already previously been charged to the Consolidated Fund in earlier years. It is stated that this was charged through the Development Fund so there is no double counting, however, it is public knowledge (and proven from all of our audits that payments for capital development never passed through the Development Fund). The MoF has not been using the Development Fund in accordance with the legislation authorizing it for years and therefore there we have no confidence that these funds were ever passed through the Development Fund. If the capital spending was actually going through the Development Fund then the Development Fund would have a significantly larger balance.
- iv. Due to a **lack of proper accounting processes or policies**, any figure can basically be brought into the accounts and the Consolidated Fund can be adjusted with journals to balance so that it appears that the Statement of Financial Position is correct, when in fact it is not. Evidence of a reconciliation has shown this and the many “adjustments” seen in the Consolidated Fund are not items that go through the fund.
- v. There were a number of inconsistencies in the balances of the Consolidated Fund. The Consolidated Fund opening balance of **\$90.3 million** for 2017/18 did not correspond with prior year closing balance of **\$16.5 million** for 2016/17, this is a difference of **\$78.3 million**. A reconciliation for the Consolidated Fund Account shown in the Accountant General’s report (not in the Financial Statements, which is where this account reconciliation MUST be shown), was incorrect due to an amount of **\$12.6 million** that was not deducted for repayment of borrowings.

## 6. MILLIONS IN REVENUES OWED TO GOVERNMENT

Arrears have significantly increased over the last several years. Currently there exists **\$164.5 million owed to TCIG** (made up of arrears and penalty) which were not collected for various reasons and while disclosed as a note in the financial statements, they were not included in the Statement of Financial Position as a receivable. **Revenue Arrears increased \$96.3 million** when compared to the 2016/17 financial year. The root cause of this issue appears to be the **lack of sufficient tracking**, aging and **lack of adequate enforcement to collect** outstanding funds. We believe that there is the **over-use of “write-off” mechanisms**, without proper attempts at aging and collection enforcement which are causing significant losses for TCIG. These same funds, if collected, can be used to fund ministries, departments, statutory bodies, courts and other public corporations so as to improve service delivery.

For example, according to the Revenue Control Unit, Hotel and Restaurant Tax there exists large amounts relating to arrears owed to TCIG by Royal Bay Resort/Beaches Resort (review period Sept 2014 to March 2018) and Holiday Village/Club Med (April 2014 to March 2016) in the amounts of **\$77 million**

and **\$8.8 million** respectively. We observed that these amounts are within the prior 4 to 5 year period and have not been collected. The question remains to be seen whether or not the most recent set of arrears will be written-off. These and other arrears have been forwarded to the Attorney General's Chambers for their action.

In addition, TCIG revenue was also understated by \$0.3 million. Revenue earned from a number of High Schools and a primary school was not accounted for in TCIG Revenue stream. In addition, the schools were operating bank accounts that were not authorized by Accountant General and expenditures made from the account were not in accordance with the Public Procurement Ordinance.

#### **7. MILLIONS IN WRITE-OFFS OR IMPENDING WRITE-OFFS**

We remain *extremely concerned* at the high level of write-offs or intentions to write-off such as salary advances (\$2.6 million), Business Licenses including penalty and interest (\$48.5 million), Scholarship Fund Contributions (\$2 million), TC Invest Loans inclusive of interest (\$10.1 million) etc. And while there may be legitimate reasons for write-offs of long-standing arrears, we believe that recent arrears, within the last 5 years or so, once correctly aged and assessed should be collected. As indicated previously, the *weaknesses in control* over collections are cause for concern as these funds can be used to resource the public service in order to improve service delivery to the public.

#### **8. MILLIONS IN LIABILITIES IN RELATION TO THE HOSPITALS NOT INCLUDED IN STATEMENT OF FINANCIAL POSITION**

The **\$850 million in liabilities** in relation to the Hospital needs to be incorporated in the Statement of Financial Position. It is a charge on the Consolidated Fund. Every year a portion of it is owed and has to be paid. It should not and must not be treated as an "*off-balance sheet*" item. The NAO believes that this is a liability and as it is already taken into account when developing the Fiscal & Strategic Policy Statement (FSPS), it should also be included in the TCIG's Financial Statements. The corresponding assets should also be introduced into the Statement of Financial Position. Given that this was previously treated as an "*off-balance sheet*" item and the complexity of the arrangement i.e. the Interhealth Canada contract, the NAO recommended that a legal opinion should be sought so that an appropriate accounting standard is adopted in its treatment and the appropriate amounts booked in the accounts. The exclusion of the amounts will materially misstate the TCIG's financial position.

#### **9. MILLIONS IN UNFUNDED PENSION LIABILITIES**

Based on the most recent available actuarial reports, the combined unfunded pension liability for TCIG and NIB is **\$362 million**. The TCIG actuarial pension liability, the present value of providing pension benefits attributable to years of past service is **\$94.4 million**. According to the actuarial report no funds have been set aside in a pension fund for this liability and therefore it is the Unfunded Actuarial Liability (UAL). Government has therefore accrued an Implicit Pension Debt of **\$94.4 million**, which is the UAL. NIB's actuarial pension liability, the present value of providing pension benefits attributable to years of past service is **\$459 million**. However, there is a reserve of **\$191 million** (NIB 2016 audited financials used as it is the closest time to when the last actuarial report was done). This means that NIB has a UAL of **\$268 million (\$459 million - \$191 million)**.

It would therefore seem **impossible to assess the stewardship of the trustees** if the fund's significant liabilities are excluded. It is **doubtful** whether such incomplete information can be regarded as satisfactory even if the basis was fully disclosed in the notes to the financial statements.

How is \$362 million in unfunded pension liability going to be financed? This is a significant financial burden for the TCIG. In order to fund this liability, an additional **\$18 million** per annum would have to be set aside at least for the next 20 years and possibly more in order to fund this unfunded portion. The other alternative would be some aspect of pension reform which has been recommended in the 8<sup>th</sup> Actuarial Report for NIB.

It is quite **concerning that pension reform would be suggested with a fund that has is around 20 years, a relatively "young" fund.** In addition the **TCIG's pension expense remains unfunded and there seem to be no plans for pension reform** in this respect. If a decision is taken to fund the unfunded portion, that would mean a total of over \$33 million in pension expenses annually. This remains a medium to long-term financial risk and needs to be addressed.

*We also note that it is reported to the public that the NIB has a large reserve amount (for example \$191 million or \$252 million) but the NIB fails to also inform the public that the pension liabilities to the end of the respective financial period are also a large amount (\$459 million). The full picture should be reported to the public. It is misleading to give only a partial picture of the entire NIB fund.*

#### **10. MILLIONS IN UNFUNDED PENSION AND GRATUITY EXPENSES**

In addition to the **large unfunded pension liabilities**, there are **large annual pension expenses**. Currently TCIG and NIB combined pays approximately \$15.4 million (2017/18 figure) annually in pension expenses. In order to fund the unfunded portion of the pension liabilities, it means that an **additional \$18 million per annum would be needed** to fund that unfunded portion over a 20 year period (estimate) and this does not include any additional unfunded pension liabilities that would arise during that 20 year period. Other options would be to **increase pension contributions that would place a burden on the future pensioners, reduce benefits which would also impact future pensioners or amend laws** but this would be a decision for those in authority on how they intend to address this annual expense.

#### **11. PENSION AND GRATUITY EXPENSES BETWEEN DIFFERENT CATEGORIES OF BENEFICIARIES ARE SIGNIFICANT AND NOT DISCLOSED**

Further to points 9 and 10 above, the TCIG Annual Financial Statement disclosures on pensions and gratuities are **patently inadequate**. There are **no disclosures to users regarding a breakdown of the pension and gratuity costs between legislative pensioners and civil servants**. This disclosure is important as Government civil servants and Legislators entitlements operate under separate Ordinances with different rules. The disclosure of the breakdown of the pension payments/expense in the TCIG Financial Statements ensures that the users are aware of the differences that exist in the pension payments and their materiality. For example, the total number of pensioners inclusive of Legislators for TCIG as at 2017/18 was 292. Legislators represented 19 pensioners, while Civil Service Pensioners made up the rest. For NIB there were 1,070 pensioners. **Legislators pension amount increased by 63%, from \$632 thousand in 2016/17 to \$1 million in 2017/18 financial year. Over the same period civil servants'**

*pensions increased by 9% from \$4 million in 2016/17 to \$4.4 million in 2017/18.* Of significance, is that for 2017/18 the ***Avg. monthly pension for a NIB pensioner was \$780, for a TCIG Civil Servant it was \$1,342 and for a Legislator it was \$4,515.*** The non-inclusion of the breakdown would be misleading to the users of the financial statements. It is also important to understand that if accruals basis of accounting was applied, the accrued liabilities would have identified a ***significant disparity between NIB, civil servants and Legislators pensions.***

## **12. UNKNOWN AMOUNTS OF HEALTHCARE LIABILITIES NOT YET ACTUARIALLY ASSESSED**

It is understood that actuarial assessments of healthcare liabilities are currently being done. As it stands now however, the NAO is ***uncertain*** as to the quantum of this amount and there are no amounts included in the TCIG's accounts. The accounts are therefore materially misstated in this respect.

## **13. INSUFFICIENT RELATED PARTY AND KEY RELATIONSHIP DISCLOSURES**

The TCIG Annual Statements ***do not include sufficient information on related party transactions and key relationships.*** IPSAS 20 identifies key related parties as having the ability to control or having significant influence over the other party in making financial and operating decisions. These key relationships may include Ministers and key senior public officers and their close family members. There are currently ***no disclosures made in the public accounts in regards to key related parties.*** It is important to have systems and controls to identify and disclose all related party transactions as they carry increased risk.

In addition there are ***inter-governmental transactions that have not been properly disclosed.*** There are numerous transactions conducted by statutory bodies that are not reflected in TCIG's Financial Statements and this has been identified in several audits. Also as noted previously, TCIG Annual Financial Statement does not disclose to the users a breakdown of the pension and gratuity costs between legislative pensioners, civil servants and NIB pensioners.

## **14. DEVELOPMENT FUND AMOUNTS ARE MISSTATED AND CAPITAL (ASSETS, PROJECTS, SPENDING OR EXPENDITURES) ARE INAPPROPRIATELY CLASSIFIED OR DEFINED**

- i. Fixed Assets are materially misstated. Between 2000-2018, Capital Expenditures amounting to **\$424.5 million** were spent through the Development Fund. Of this, only **\$72.6 million** were introduced as assets but also ***cannot be verified*** for accuracy, classification, completeness, existence and valuation. They are also ***not disclosed in the accounts.*** This same amount is reflected in the current and prior year which is incorrect because capital was expended during the year. Furthermore there are ***fixed assets that have not been capitalized*** that are currently treated as operating expenditure which ***misstates*** both Capex and Opex.
- ii. There are ***no clear accounting policies*** to outline how an expense is treated as capital or operating. Therefore there is the risk that some costs that may be operating expenses which would be budgeted as capital or vice versa. There may also be amounts classified as capital projects but are really capital assets (not projects) and there may be amounts classified as operating expenditure

that are projects which may not be capital expenditure. A proper accounting policy on what are treated as capital and operating expenditure is critical to ensuring other processes operate efficiently and effectively.

- iii. The opening balance for the Development Fund was recorded as **\$22.1 million** instead of **\$23.3 million**, a **difference of \$1.2 million**. The Acting Accountant General stated that the amount was revised based on work done in reconciling development fund from 2014/15 to 2017/18. There was no disclosure note in the Annual Statements to explain the reason for the revised figures and comparative analysis on prior years was not included in the Statement of Financial Position as per IPSAS 3 which deals with retrospective restatement and application. These **unexplained variations** in the balances presented in the Development Fund will result in users of the Financial Statements **questioning the integrity of the information** and whether or not the information provided is giving a true and fair view of the financial statements.
- iv. The Development Fund Assets (DFA) balances for 2018 are **incorrect**. It is known that there were Development Fund expenditures of \$16.1 million in 2018, yet both 2017 and 2018 DFA figures are the same in the Statement of Financial Position which is **wholly incorrect**. There has been no inclusion in the Statement of Financial Position of the Development Fund expenditures for the financial year.
- v. We noted that non-performing loans of \$1.36 million was repurchased by the TCIG and this was appropriated for in the Development Fund Budget 54-111-005305-1001 Acquisition of TOLCO secured loan \$1.45 million which should be classified as a financial instrument or 'secured' investment. Furthermore, Public Finance Management Regulation 31 "Use of the Fund" states that no provision shall be made for expenditure to be charged on the Fund other than for the purpose of a development project. It is not clear why the repurchase of non-performing loans would be classified as a Development Fund Asset, only to write off this repurchase afterward.

#### **15. MILLIONS IN LOSSES OF PUBLIC MONEY AND STORES NOT ACCOUNTED FOR**

The Statement of Losses of Public Money and Stores stated total losses for TCIG for FY 2017/18 to be **\$0.24 million**. It was however noted that United Nations Economic Commission for Latin America and the Caribbean (ECLAC) prior to giving assistance to the Turks & Caicos Islands did an assessment of the damages done by the hurricanes in September 2017. In their assessment they valued **public sector damages/losses/deficiencies at \$70.8 million**. This is a difference of **\$70.6 million** from the losses reported by TCIG. Even if we were to exclude the damages cost, the remaining difference still brings into question the accuracy of the amounts recorded for TCIG in the Annual Statements as this would indicate that the TCIG losses have been significantly understated. It also raises the question as to how TCIG is going to address these **damages, deficiencies, and/or losses** and lends support to the lack of appropriate controls in place to safeguarding of assets.

#### **16. CONTROL WEAKNESSES IN THE PAYROLL AND HUMAN RESOURCES PROCESS**



A number of **overpayments** were noted in salary paid to terminated employees and pensioners. This primarily resulted from inadequate communication and review of payroll information and calculations prior to authorizing payments. Payroll variances were not being adequately performed to ensure that all variances are identified and resolved. The determination as to extent of how this breakdown in control impacted TCIG was limited as a number of ministries and departments did not submit their support documents as requested. Another contributing factor was that employees' files were not being properly maintained and managed by the Treasury and Human Resources. **The inadequate management** of some aspects of the payroll and human resource management process needs to be addressed. **The lack of effective controls** over this process will also result in TCIG being unable to recover outstanding loan amounts from employees who have resigned. There is also the **inadequate management** of bi-weekly staff wages and payroll variances are not adequately reviewed. There were also instances of individuals having both an employee ID for the payroll system and another for pension including payments to employees via a vendor ID. Salaries and pensions were **incorrectly calculated** in some instances and there was also the **incorrect classification** of these types of expenditures. The NAO also noted an increase in pension and retirement allowances without amendments to the Ordinance as well as **lack of support documentation** for audit of pensioners and their allowances. The NAO discovered **evidence of potentially false qualifications** being presented and **incoherent statements** made to the NAO from a former civil servant where proper background checks were not done and which is a responsibility of Human Resources. With the several varied instances of **non-compliance** within the samples we were able to audit, it implies that there may be similar weaknesses that have not been discovered. HR and the Accountant General's Department need to ensure that controls are in place to address these issues as **weaknesses** in the system can lead to **misrepresentation** and **probable collusion** as had actually occurred. A detailed audit is recommended in this area to determine if there are other likely instances of weak controls, misrepresentation and/or fraud.

#### **17. LACK OF COMPLIANCE WITH LAWS AND LACK OF APPROPRIATE RESOURCES AND CAPACITY MAY IMPACT SERVICE DELIVERY**

With respect to financial accounting and reporting, key financial laws, regulations, accounting standards (referred herein to as "rules") are mainly not adhered to, implemented, or correctly applied. The problem does not appear to originate from the complexity or administrative burden of the rules, but the **lack of compliance with those rules (intentional or not)**. While there may be some ways to ease the administrative burdens of the rules, they are not the problem. Changing them will not improve service delivery to the public. There are several ministries, departments, statutory bodies and other public corporations that adhere to the laws as far as possible and have been doing so for several years. While there can always be room for improvement, this does not imply that the laws are causing service delivery problems to the public. The cause may be more the case of teething problems within the process that need to be fixed. It will not be repaired by changing laws. Processes are there to support the laws and therefore changes to the law will not improve processes which support it. The cause is also a **lack of appropriate skills, capacity, resources and training**. Securing the appropriate skills and building capacity should be a top priority coupled with the public officers being provided with adequate resources and training. When training is provided, public officers must apply them in the work setting to be able to derive the benefits from it and as a consequence improve service delivery to the public.

## 18. SIGNIFICANT DELAYS IN THE IMPLEMENTATION OF ACCRUALS ACCOUNTING

The Treasury Department road map to adopt IPSAS accrual basis indicates that TCIG started adopting the accrual basis from 2014/15 financial year and that the process should be completed by financial year 2027. However, this recommendation was made as far back as 2003. As of financial year 2017/18 the accrual basis is not fully adopted by TCIG and is said to be still in transition, this is three (3) years from the start date stated in the Accountant General road map. Based on IPSAS 33 the transitional period for relief from certain requirements of the IPSAS accrual basis is 3 years, after which the entity it is expected to be reporting in full accordance of IPSAS accrual basis. Based on the current progress of the adoption of the IPSAS accrual basis of accounting TCIG will not be able to be fully compliant within the 3-year transitional provisional period. The Roadmap has not clearly stated the path to adoption of the accrual process; as a result the cash and accrual basis is being used inconsistently in the accounting for items and presentation in the financial statements. These inconsistencies in the use of the cash and accrual basis have impacted how information is presented and noted in the financial statements. The inconsistency in the use of the bases also provides the opportunity for the preparers to use a basis that reflects a preferred financial position depending on the circumstances. These inconsistencies will impair the true and fair view presented to the users.

### Adverse Opinion

In our opinion, because of the significance of effects of the matters described in the basis for adverse opinion paragraph and the audit findings outlined in our Audit Report, the financial statements have not been properly prepared, in accordance with the requirements set out in the Public Finance Management Ordinance and audited under the National Audit Office Ordinance. In our opinion the financial statements together with the notes thereon are not properly drawn up so as to exhibit a true and fair view of the state of the TCIG's affairs as at March 31, 2018 according to the best of our information and explanations given to us, and as shown by the books of the TCIG.

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**Our audit was based on the financial statements submitted for audit on July 31, 2018. I place no reliance on management's representation letter outlined in the financial statements as the evidence obtained contradicts the representations made in the letter.**



**Anand Heeraman**

**Auditor General – November 30, 2018**