



Auditors Oversight Authority

CAYMAN ISLANDS

Annual Report Message for the year ended 30 June 2016

This report is made pursuant to Rule 101(i) which requires the Authority to report publically on its activities.

Who we are

We are a Cayman Islands independent statutory authority established by the Auditors Oversight Law, 2011.

What we do

Our current mandate is to regulate and supervise auditors who audit the financial statements of market traded companies through conducting inspections of such auditors. There are currently four auditors who are registered with us who audit collectively five market traded companies. We expect amendments to the Law will be approved by the Legislative Assembly in October 2016 which will have the effect of expanding the scope of our regulatory and supervisory mandate beyond market traded companies.

Leadership

The Board of the Authority provides the leadership of the Authority. Currently the Board is comprised of six persons, three of whom are retired public accountants of whom two are resident in the Cayman Islands, one is the Auditor General of the Cayman Islands, one is the Financial Secretary of the Cayman Islands and finally the Managing Director of the Authority who is an ex-officio member of the Board. The Managing Director is entrusted with the day to day administration of the Authority under authority delegated by the Board.

Inspection results

The Managing Director is responsible for leading the inspection activities of the Authority. The Authority has entered into an arrangement with the Institute of Chartered Accountants in England and Wales whereby personnel from the Institute assist the Managing Director in the conduct of the Authority's inspection activities. In May 2015 we inspected one audit firm which audited one market traded company. In May 2016 we inspected two audit firms which each audited one market traded company. In all three cases we reported on the results of our inspections without the imposition of requirements, restrictions or sanctions.

Financial information

Currently virtually all of our funding is derived from the Cayman Island Government. A modest annual fee is paid by the audit firms and we charge the audit



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firms inspected the direct costs of the inspection (being the costs of the Institute of Chartered Accountants of England & Wales personnel and the costs of the Managing Director during the inspection). Our annual financial statements are audited by the Office of the Auditor General of Cayman Islands and are included on our website (www.aoa.ky).

6 October 2016