



Auditors Oversight Authority

CAYMAN ISLANDS

Annual Report for the year ended 31 December 2020

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 Act (the “Act”; previously known as The Auditors Oversight Law).

What we do

Our current mandate is to regulate and supervise, through conducting inspections, Cayman Islands auditors who audit the financial statements of entities which come under our purview. At 31 December 2020, there were two auditors registered with us who audit collectively one such entity.

Leadership

The Board of the Authority provides the leadership of the Authority. Normally, the Board is comprised of five persons, three of whom are retired public accountants of whom one is a non-resident of the Cayman Islands. The Auditor General of the Cayman Islands and the Financial Secretary of the Cayman Islands are Board members, and the Managing Director of the Authority is a non-voting ex-officio member of the Board. There is currently a vacancy on the Board for which candidates are being considered. The Managing Director is entrusted with the day to day administration of the Authority under authority delegated by the Board. At 30 September 2019 Donald Cockburn retired as the Managing Director and, effective 1 October 2019, Paul Anderton assumed the role of acting Managing Director, relinquishing his role as a voting director and Deputy Chairman. He is expected to continue as acting Managing Director until the future of the AOA becomes clearer at which time the AOA can recruit a suitably qualified person to take over from him.

Inspection results for the period

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. One inspection was started in 2020 and completed in early 2021. There were no matters arising from inspections in previous years which required further action by the AOA in 2020.



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Other events and developments in the year

- **International Co-operation**

The International Forum of Independent Audit Regulators (IFIAR): The AOA continues to be a member of IFIAR. The IFIAR annual Plenary Meeting was cancelled in 2020 because of the COVID 19 pandemic. However, the AOA continued to participate in IFIAR activities remotely when appropriate, including attending regulatory update sessions.

Other equivalent overseas regulators: The AOA had no significant interaction with other equivalent overseas regulators in 2020.

- **Scope of activities/Future of the AOA**

We continued our assessment of the desirability of expanding the scope of our activities and possibly broadening the future role of the AOA in the oversight of the audit profession in the Cayman Islands. In 2019, consultations were held with the Cayman Islands Institute of Professional Accountants (CIIPA) and Government, which resulted in the AOA and CIIPA setting up a working group to consider the future of the AOA. In 2020, the working group sought input from other stakeholders. We anticipate that the working group will finalize deliberations and produce a formal strategy paper in 2021.

- **Impact of COVID 19**

Although the Cayman Islands was locked down for several months in 2020 as a result of the COVID 19 pandemic, the effect of the pandemic on the operations of the AOA was limited to causing us to hold Board meetings and conduct an inspection remotely.

Financial information

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

26 March 2021