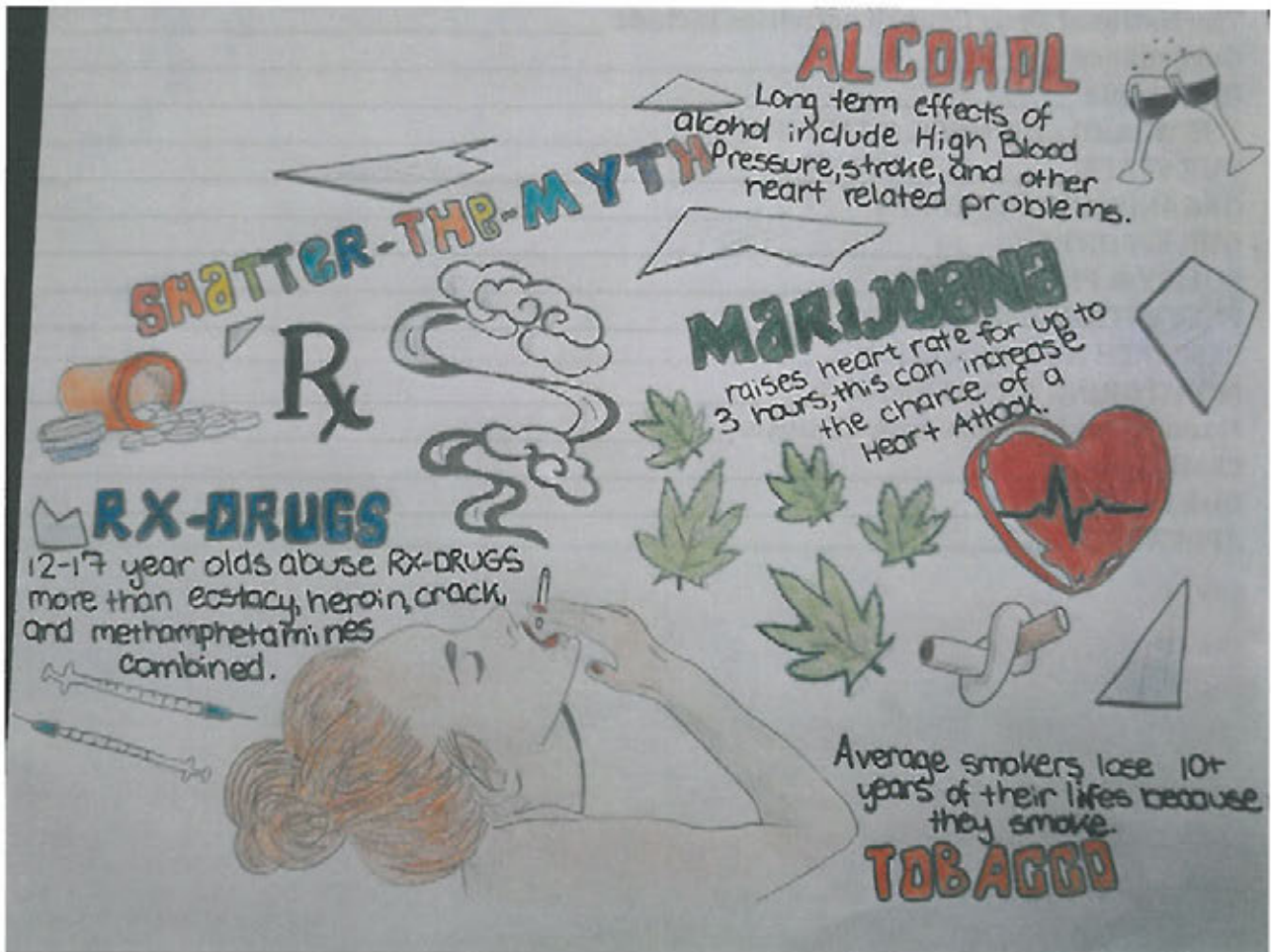


National Drug Council Annual Report 2016/17



The National Drug Council in review 1st July 2016 to 31st December 2017

#17 Caymanian Village
North Sound Way
PO Box 10007 KY1-1001
+1 345 949-9000
Email: info@ndc.ky
Web: www.ndc.ky

Table of Contents

Message from Chair of Council	2
Message from the Director	3
The National Drug Council - About Us.....	4
Nature and Scope of Activities _____	4
The National Drug Council activities include _____	4
Governance _____	4
Our People _____	5
THE BOARD - (COUNCIL MEMBERS) _____	5
OUR STAFF _____	5
ORGANISATIONAL CHART _____	6
OUR EFFORTS _____	7
POLICY & PREVENTION _____	7
PREVENTION & EDUCATION _____	9
RESEARCH & INFORMATION	14
MONITORING & EVALUATION _____	15
Management Discussion & Analysis _____	17
Challenges _____	17
Risk Management _____	18
APPENDIX A.....	19

Message from Chair of Council

Dear Hon. Alden M McLaughlin Jr., MBE, JP, MLA



As the Chair of the National Drug Council (NDC) and pursuant to section 24 of the National Drug Council Law (2003 Revision), it is my pleasure to present you with the Annual Report of The National Drug Council for the period July 1, 2016 to December 31, 2017.

I want to take this opportunity to thank each of you who has supported the NDC throughout this past year and we look forward to continued success at the NDC.

Sincerely,

Mrs. Dorothy Scott
Chairman, NDC

Message from the Director

The National Drug Council (NDC) would like to take this opportunity to thank our stakeholders, friends, colleagues, sponsors and partners for your continuous support throughout 2016/17.



A few of our highlights for this year include:

- Over 600 presentations within our schools, community and prisons
- Development of a Prevention Framework and Prevention Curriculum which is a guide for our facilitators to deliver school-based drug education.
- Conducting Her Majesty's Cayman Islands Prison Survey 2017;
- Facilitation of the evaluation for the Cayman Islands Drug Treatment Court.

An immense thank you from the Board and staff of the NDC as we look forward to so much more in 2018!

Please visit our website at www.ndc.ky or contact us for any further information or to find out how you can further support our efforts.

Warmest Regards,

A handwritten signature in black ink, appearing to read 'Joan West-Dacres', with a long horizontal flourish extending to the right.

Joan West-Dacres

The National Drug Council - About Us

Nature and Scope of Activities

The scope of the National Drug Council activities includes:

- **Policy and Prevention** - To formulate policies intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.
- **Surveillance, Research and Information Dissemination** - : To conduct or support surveys/research and publish reports or other documentation on drug abuse and maintain a database of information on issues related to the use, misuse and abuse of substances in the Islands;
- **Monitoring and Evaluation-** : To co-ordinate the efforts of drug abuse prevention, treatment and rehabilitation. Through monitoring and evaluation of the implementation of anti-drug programmes within the Cayman Islands.

The National Drug Council activities include

- Review and proposals for legislative/policy change and development
- Advocacy for policy change and development,
- Initiating Research initiatives,
- Publication of reports and other documentation on drug abuse

Governance

- The NDC is a statutory authority under the NDC Law (2010 Revision)

Our People

THE BOARD - (COUNCIL MEMBERS)

as at December 31st 2018

Mrs. Dorothy Crumbley, Chairman

Mr. Rayle Roberts, Vice-Chairman

Hon. Chief Magistrate Nova Hall, Member

Dr. Mark Lockhart, Member

Mrs. Esme Watler-Hydes, Member

Mrs. Teresa Echenique-Bowen, Member

Chief Officer, Ministry of Health, Youth, & Culture, Ex-Officio

Chief Officer, Ministry of Community affairs, Ex-Officio

Chief Officer, Ministry of Education, Employment & Gender Affairs, Ex-Officio

Minister of Finance & Economic Development, Ex-Officio

Commissioner of Police, Ex-Officio

NDC Coordinator, Mrs. Joan West-Dacres, Ex-Officio

.....

OUR STAFF

as at December 31st 2018

Joan West-Dacres, Director, employed since September 2007

Brenda Watson, Programme Manager, employed since January 2014

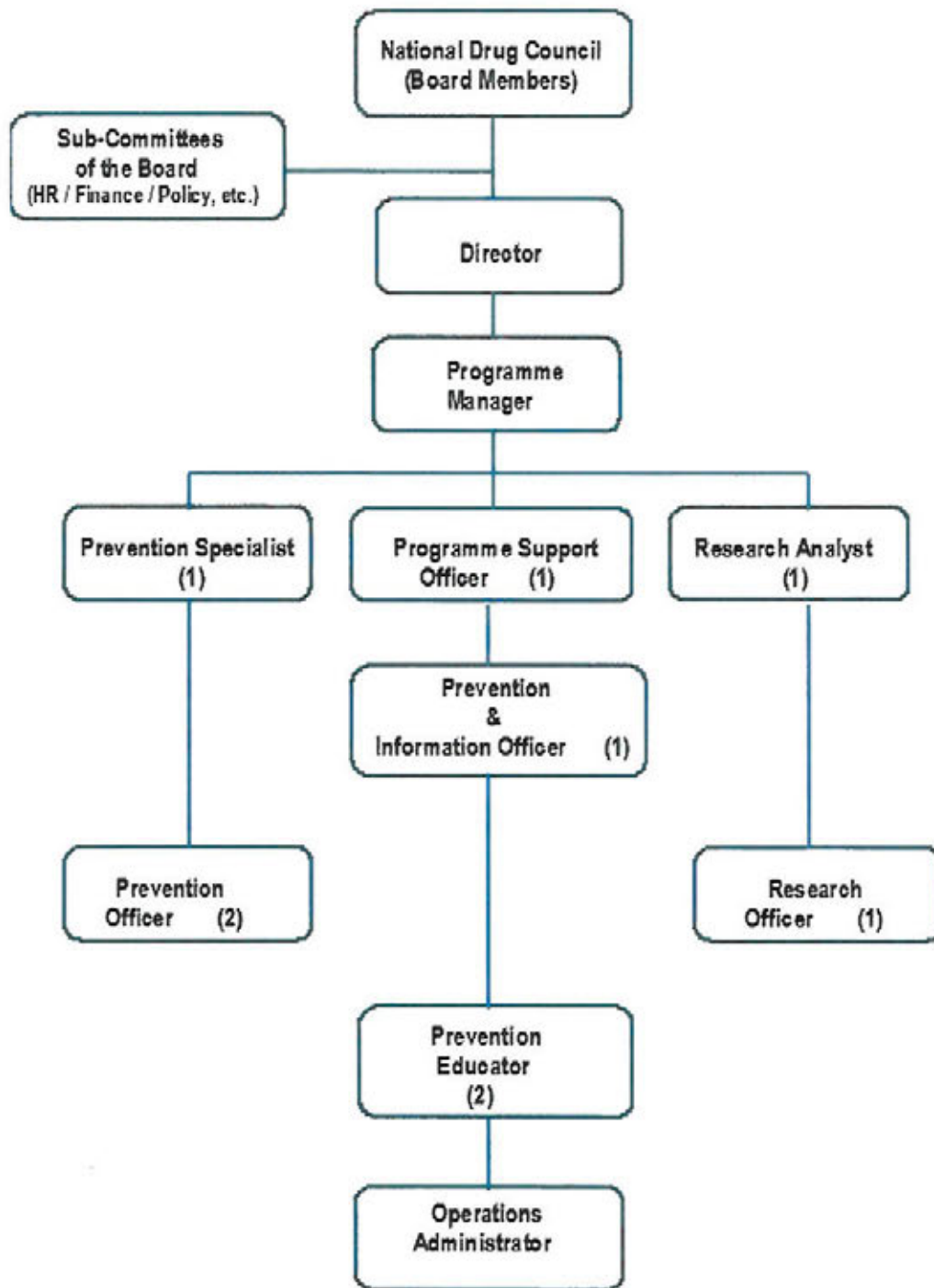
Luisa McLaughlin, Research Analyst, employed since January 2008

Simon Miller, Prevention Specialist, employed since June 2000

Juneau Barnett, Prevention Officer, employed since November 2016

Julianne Scott, Prevention Educator, employed since December 2016

ORGANISATIONAL CHART



The NDC team is completely compiled of Caymanians with the required qualifications for their positions. There are two males and four females currently employed. Ongoing training occurs at local, regional and international forums to ensure professional development and the organisations ability to ensure best practices in its activities. As at November 2016 an additional staff was employed who is located full-time in Cayman Brac to provide prevention activities, assist in data collection and dissemination and lend support to partner agencies. This is the very first time there has been a post in the Sister Islands and the response has been highly favourable to date.

OUR EFFORTS

POLICY & PREVENTION

Policy advocacy and development is significant to addressing the negative impacts of alcohol, tobacco and other drugs in our communities. In 2016/17 provided feedback in regards to in the manner in which liquor licenses are being issued. From an economic perspective the market for alcoholic beverages has been responsive to the demands of businesses and consumers for alcoholic beverages for decades, to the extent that the number of liquor licenses has increased more than 100% in the past 20 years. There were 180 licenses in 1995 and as of May 2016 there are over 340

issued licenses in Grand Cayman alone. There is a growing body of research that shows what many people already know; areas with more alcohol outlets, (a business or location where alcoholic beverages are sold), and increased late night trading has negative impacts on communities. An area with

Policy Solutions

Communities can influence both alcohol availability and consumption, and thereby mitigate related problems, by controlling the number of alcohol outlets, regulating the behavior of current outlets, and even closing problem outlets. These measures, along with others such as stricter enforcement of underage sales of alcohol and responsible alcohol service training, are part of a broader strategy that communities can implement to prevent and reduce threats to the health and safety of their residents from alcohol abuse.

more alcohol outlets and increasing trade hours leads to more alcohol-related injury and crime. Additionally, incidents of sexual and other assaults, domestic violence, child abuse, youth violence, homicides, alcohol-related motor vehicle crashes, and drunk driving have all been shown to increase when the availability of alcohol increases.

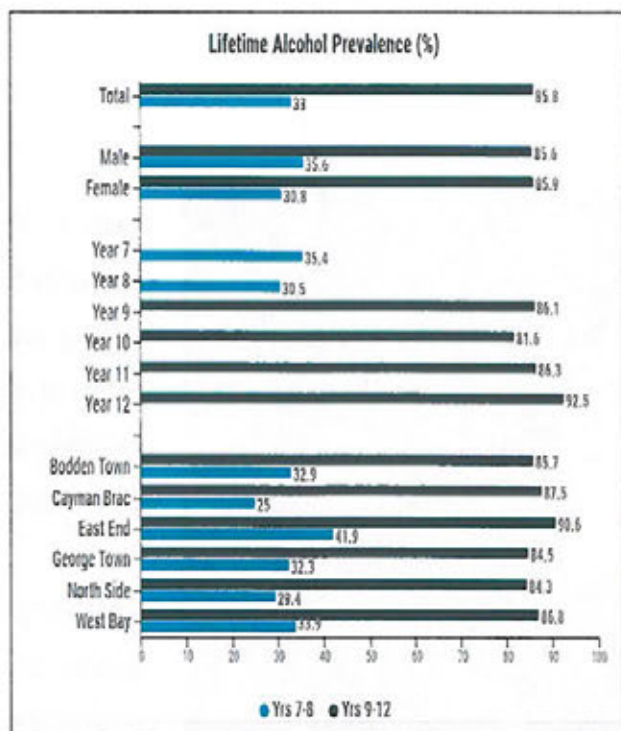
As an organisation we are growing increasingly concerned with respect to the increased sale of alcohol, and consumption of alcohol by minors as well as alcohol-related accidents, injuries and death. Changing socio-economic factors have fueled the demand for services primarily in the hospitality industry, in particular the number of licensed establishments serving alcoholic beverages. Meanwhile there is significant empirical evidence that warns of the positive correlation between alcohol availability and consumption.¹

Key Findings from the Cayman Islands Student Drug Use Survey (CISDUS) 2016

The Cayman Islands Student Drug Use Surveys (CISDUS) involved all students in years seven (7) through twelve (12), attending public and private schools in Grand Cayman and Cayman Brac. In total 2,982 students (50.9% females, 49.0% males) completed the self-administered questionnaire. Thirteen high schools in the Cayman Islands participated in 2016. Of the 3,486 (approx.) enrolled students, 2,982 completed the questionnaires resulting in a participation rate of 85.5%. **Alcohol** remained the most commonly reported drug used by adolescents in the Cayman Islands according to the Student Drug Use Survey.

- Approximately 33.0% of students surveyed in years 7-8; and 85.8% of students surveyed in years 9-12 reported lifetime use of alcohol.
- Lifetime use of alcohol varied significantly by gender, with 35.6% of male students and 30.8% of female students reporting lifetime use in years 7 to 8. There was no significance in variation by gender among students in years 9-12 with 85.6% of males and 85.9% of females reporting lifetime use.
- In general the prevalence of lifetime alcohol use increased with age. Although year 8 students reported a lower prevalence of use than year 7 students, the prevalence amongst year 9 students was significantly higher than year 8 students. Year 12 students showed a slightly higher prevalence rate than year 11 students.

Lifetime Alcohol Prevalence:



¹ Edwards, G. et al. (1994)

Key Findings from the Her Majesty's Cayman Islands Prison Survey (HMCIPS) 2017

The majority (90.5%, n= 143) of offenders reported use of at least one drug in their lifetime. Lifetime use in 2017 is presented in Figure 2.1.1 The results show that the offenders reported the highest prevalence for alcohol (80.4%), followed by tobacco (78.5%), marijuana (70.9%), e-cigarettes (19.6%), crack cocaine (13.9%) and cocaine powder (12.7%). Lifetime prevalence of 10.8% was reported for "other drugs" (acids, prescription drugs, ecstasy, mushrooms, mollies and LSD) (Figure 4.3.1).

PREVENTION & EDUCATION

Prevention and education are key components of our efforts at the NDC. These components are conveyed through the provision of various presentations to students, parents, community/special interest groups and teachers in Grand Cayman and Cayman Brac as requested. High schools have been the principal audience of programming and have been ongoing for several years; however, in the last two years the NDC has piloted programming in the primary schools. Consequently in 2016/17 the NDC provided over 600 presentations delivering information on the harmful effects of alcohol, tobacco and other drugs on our bodies, families and the communities in which we live.

Youth 2 Youth (Y2Y)



Youth to Youth was founded in Columbus, Ohio in 1982. It is a community-based drug prevention and youth leadership program focusing primarily on middle school and high school students. The primary of Youth to Youth is to harness the powerful influence of peer pressure making it a positive force that encourages young people to live free of alcohol, tobacco and other drugs.

In 2016/17 the NDC was able to further develop Youth to Youth in Grand Cayman and expand services to Cayman Brac with a programme operating there full-time.

The youth have participated in a number of community-based activities which include:

- CIFEC Recruitment Fair
- JGHS Club Day
- Red Sky at Night
- Ritz Job Fair
- Walk Against Drugs

Youth to Youth also serves for leadership building and employs a Youth Advisory Board (YAB) as a method to develop these skills. The YAB works to promote Youth to Youth's mission and educate their peers on the dangers of alcohol, tobacco and other drugs. YAB teens serve as a link between the youth, their schools and the community. YAB is a place for our teens to express ideas and opinions while building their leadership skills.

Youth 2 Youth (Y2Y) Eastern States Conference

The NDC supported a group of ten (10) teens and two (2) adults in their attendance at the annual Youth 2 Youth

Eastern States Conference held in Rhode Island. Each summer Y2Y International offers tremendous leadership opportunities for high school aged students and the adults that work with them. This one-of-a-kind conference experience, led by trained teens alongside adults, is the training that groups like ours depends on to serve as a vital



catalyst to initiate or improve youth prevention programming. Our teens were able to attend the four-day conference, meet and befriend drug-free teens from all over the world, develop skills to make positive choices, attend interactive and informative workshops, hear nationally known speakers, develop action plans to create change back home in their communities and schools, learn leadership skills they can use for a lifetime and most importantly have fun. The fundraising efforts of the teens, community support and corporate sponsorship made this opportunity possible.

Cayman Islands National Drug & Alcohol Facts Week Activities

National Drug and Alcohol Facts Week (NDAFW) links students with scientists and other experts to counteract the myths about drugs and alcohol that teens get from the internet, TV, movies, music, or from friends. It was launched in 2010 by scientists at the National Institute on Drug Abuse (NIDA) to stimulate educational events in communities so that teens can learn about what science has taught us about drug abuse and addiction.

Today information is readily accessible to our children and often they are bombarded with drug and drug abuse information from the internet, social media, television programs, movies, music, or simply from friends. Facing this constant flow of information how can teens actually learn the truth and ultimately decipher what is a myth or a fact?

One way to invalidate the myths of drugs and drug abuse is for us to aim at shattering myths using education. The National Drug & Alcohol Facts Week (NDAFW) is a health observance week

first launched in 2010 by the National Institute on Drug Abuse (NIDA) designed to address the myths about drugs and drug abuse using education as its platform. The week of January 23rd to 29th 2017, was our seventh year observing the National Drug & Alcohol Facts Week.

The culminating activity was for students to create and submit posters, photographs and or video submissions shattering the Myths of Drugs and Alcohol. Of the hundreds of submissions, winners were voted on by professionals and the winning entries in each category received prize packs.



SAY NO TO DRUG ABUSE 



🌐 International Day Against Drug Abuse and Illicit Trafficking

More than 1,300 Students participated in the 2nd Annual International Day against Drug Abuse and Illicit Trafficking Anti-Drug March in 2016/17



The United Nations Office on Drugs and Crime (UNODC) continues to lead the global campaign to raise awareness about the major challenge that illicit drugs represent to society as a whole, and especially to the young. The Cayman Islands joined the global community in commemorating World Drug Day through hosting island-wide school marches leading up to and on the 26th of June 2017.

This year's theme is ***"Listen First: Listening to children and youth is the first step to help them grow healthy and safe, reducing risk behaviors and drug use"***. The goal of the campaign is to mobilise support and inspire people to act against drug use by raising global awareness which sparked the efforts of a group of John Gray High School students last year. A

student elected committee along with the Life Skills department organised the 1st Anti-Drug March incorporating the Art, Music and Media departments which brought that unique feel to the day's event. "The School Based Drug Education Programme is offered through the school's Life Skills course and in 2016 a group of year 10 and 11 students were inspired to bring awareness to the campaign through a whole school march" stated Mr. Simon Miller, Prevention Specialist.

The expansion of this year's event meant that approximately 5 High Schools and 8 Primary Schools participated which allowed for a true community effort. "Last year's march was extremely successful so naturally we extended the offer for all high schools to participate in the second annual drug march and mini conference and would support any primary school who also wished to participate" stated Mrs. Brenda Watson, Programme Manager. Some of the positive outcomes of taking part in prevention programmes and campaigns include better school performance, less risky social behaviors, less substance abuse and less violent behaviors.

The National Drug Council (NDC) along with the Ritz-Carlton and Marriott Community Footprints Organisation, other non-profit organisations, government, the private sector and volunteers, became involved in the 2nd annual drug march through:

- ▶ School based drug prevention sessions and assemblies focusing on the theme
- ▶ Involving students in varying activities that allowed for the students to create banners, flags, posters and crowns that depict meaningful and impactful messages
- ▶ An island-wide student led anti-drug march
- ▶ Mini conference encompassing presentations on the impact of drugs



Purple Ribbon Bus (PRB) & Designated Driver Campaign

This year marks seventeen (17) years since the inception of the campaign and we are pleased to announce that we had an increase in the number of overall participating bars, restaurants and clubs, were able to provide the public with maps outlining the bus routes as well as for the first time, provided an extension of this service in Cayman Brac.

We are delighted with increased level of support garnered this year and the tremendous partnerships with our generous sponsors, in order to be able to offer the Designated Driver programme which ran from 1st December to 31st December and the Purple Ribbon Bus service for New Year's Eve, 31st December 2017.

The NDC would like to recognize the following sponsors and partners for their generous contributions to the programme: **Dart, Jacques Scott Group Ltd, Cayman National Bank, Maples FS, Cayman First Insurance, Greenlight RE, EcayOnline , Mourant Ozannes, Optimal Build Construction, Foster's Food Fair – IGA, Radio Cayman, B.A.A.M., Pat's Restaurant and Bar, Brac Power and Light, Star Island Restaurant, Hon. Mr. Moses Kirkconnell, Billy's Supermarket** and in partnership with the **Royal Cayman Islands Police Service (RCIPS)**.

RESEARCH & INFORMATION

The NDC continuously seeks to initiate and support research in the area of substance use, misuse and abuse geared at garnering information that will inform programmes and policies. The NDC designs and administers surveys, conducts the data analysis, and writes the reports, using methodology in line with best practices.

The Health Services Authority (H.S.A.)

The NDC facilitated a request from The Health Services Authority (H.S.A.), for the analysis of the Health Survey conducted at Her Majesty's Cayman Islands Prison Services.

The NDC completed:

- Excel spreadsheets with the data collected
- Graphics and charts of the data
- Brief analysis of the variables
- External Consultant to review the data after completion

Her Majesty's Cayman Islands Prison Services Survey

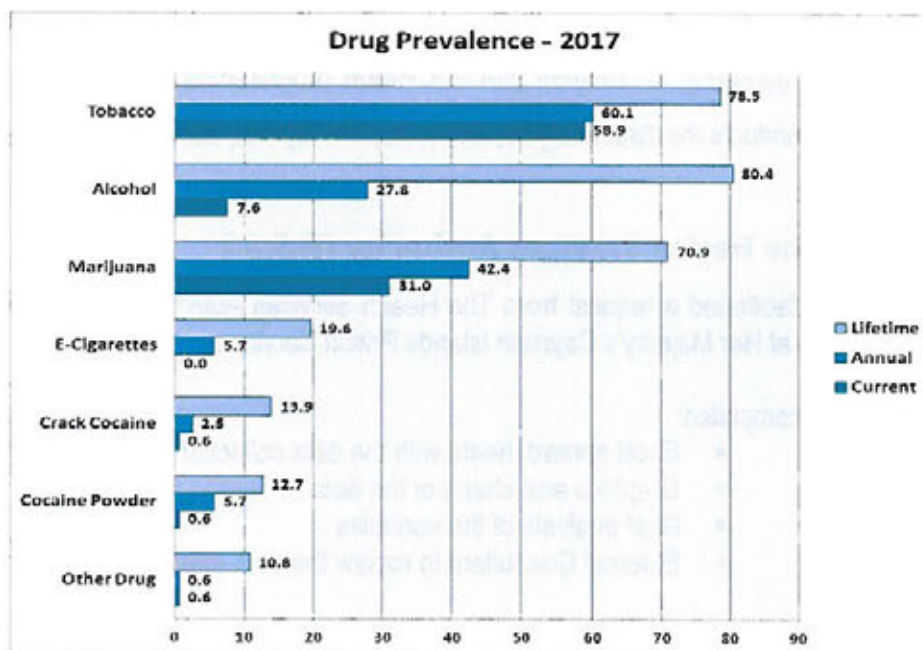
Her Majesty's Cayman Islands Prison Services Survey is an exploratory and diagnostic study to contribute to determining the extent of the relations or links between criminal behavior and drugs in the Cayman Islands. The population surveyed consisted of all persons detained in Northward and Fairbanks facilities, including minors. The survey, which was conducted on September 18 to 22, 2017, covered both those who were remanded into custody (awaiting trial) and those who had been sentenced. Direct interviewing was done by trained interviewers at a time and place convenient to the prison systems and ensuring the confidentiality of the offenders' responses.

The objectives of this survey is to depict the consumption patterns among offenders before and during incarceration; to describe social factors related to offending and drug use, and to describe the relationship between drug use and criminal behaviour among offenders.

Lifetime Use

The majority (90.5%, n= 143) of offenders reported use of at least one drug in their lifetime. The results show that the offenders reported the highest prevalence for alcohol (80.4%), followed by tobacco (78.5%), marijuana (70.9%), e-cigarettes (19.6%), crack cocaine (13.9%) and cocaine powder (12.7%). Lifetime prevalence of 10.8% was reported for "other drugs" (acids, prescription drugs, ecstasy, mushrooms, mollies and LSD) (Figure 4.3.1).

It appears that certain crimes are associated with the use of particular substances: for example, two-thirds of offenders reported that drugs were connected in any way with their current offence and about one-third of offenders reported that alcohol was connected in any way with their current offence.



MONITORING & EVALUATION

Evaluation is a systematic determination of a subject's merit, worth and significance, using criteria governed by a set of standards. It can assist an organization, program, project or any other intervention or initiative to assess any aim, realisable concept/proposal, or any alternative, to help in decision-making; or to ascertain the degree of achievement or value in regard to the aim and objectives and results of any such action that has been completed. The primary purpose of evaluation, in addition to gaining insight into prior or existing initiatives, is to enable reflection and assist in the identification of future change.

An evaluation of the Drug Treatment Courts in the Cayman Islands was completed in 2016/17. The introduction of a DRC in the Cayman Islands marked a vast departure from the traditional roles, responsibilities and relationships of the traditional adversarial model of justice that this country follows.

The following table presents data related to the number of applicants over the review period (2007-2016), a period of 10 years. Comparisons are shown for the proportion (number) of drug court applicants who were deemed eligible, ineligible, revoked, withdrew and graduated.

- Over the review period a total of 608 applications were received for participation in the drug court (an average of 60 applications per year). Some 86% (523/608) of these applications were deemed eligible for the programme while 14% (85/608) were deemed ineligible.
- About one quarter, 25% (154/608) were expelled (revoked) for non-compliance with programme requirements.
- 90/523 or (17%) of the eligible clients dropped out of the programme (withdrew).
- Overall, 20% of the overall applicants deemed eligible for the programme graduated

	Year in operation										Total
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Number of applications for Drug Court by year	64	78	94	74	60	54	45	41	54	44	608
Number deemed eligible	58	78	91	56	46	38	37	35	49	35	523
Number deemed ineligible	6	0	3	18	14	16	8	6	5	9	85
Number revoked	1	5	15	34	38	9	17	10	13	12	154
Number withdrew	1	1	6	13	2	14	14	11	12	16	90
Number graduated each year (each graduating period)	0	0	17	23	15	13	6	10	8	13	105

Management Discussion & Analysis

Challenges

The NDC continues to face challenges and limitation in its efforts. The key challenges are as follows:

- The absence of a National Anti-Drug Strategy (a guiding strategy at a national level) to direct the efforts of drug control efforts both for supply and demand reduction.
- A legislative framework that does not provide the NDC with the ability to function or enforce as is necessary. There is a necessity to review the governing legislation of the National Drug Council in order to accurately reflect its mandate and functions and to ensure effective and efficient operations of the organization. The legislation also needs to reflect the advancement of the NDC to provide the oversight role for demand and supply reduction efforts in the Cayman Islands.

Areas to address in the legislation to improve functioning of the organisation include, but are not limited to:

- Facilitate the collection of national data
 - Review the composition of the board
 - Reassess the functions as dictated in the law
 - Provide for the coordination of DEMAND and SUPPLY reduction efforts in the Cayman Islands.
 - Require for the collection, analysis and reporting of data from a National Drug Information Network (CAYDIN)
 - Stipulate conducting, coordinating and providing for the oversight of data collection and reporting of psychotropic and narcotics imported into the Cayman Islands to the International Narcotics Control Board (INCB).
 - Providing or coordinating the licensing of persons in the food and beverage sector of the Cayman Islands through international licensing bodies.
 - Address related ill effects of substance use, misuse and abuse which would include crime.
- The NDC also notes that the following areas of legislation needs urgent attention and further development as follows:
 - **Misuse of Drugs Law (2009 Revision)** – This are of legislation is not currently up to date. The schedules for substances have not been updated in several years and should be brought up to standard.
 - **Precursor Legislation** – Does not exist in the Cayman Islands and in light of recent findings of synthetic marijuana by law enforcement this area needs immediate consideration.
 - **Prescription Drug Monitoring** – There needs to be policies/controls/legislation to mitigate the abuse of prescribed drugs. There is evidence in the Student Surveys as well as in the collection and reporting of narcotic and psychotropic drugs that suggest the misuse and abuse of prescribed drugs.
 - Funding does not allow for the impacts that need to be made in our communities especially when it relates to education and prevention materials and promotions

Risk Management

Key risks for the NDC are those which are organisational in nature. These include:

- working outside of the necessary frameworks required for strategically addressing the issues related to alcohol, tobacco and other drugs,
- limited personnel,
- inability to achieve outcomes or targets and delivery of services.

To this end the NDC relies on volunteers, constantly reviews its programming delivery to ensure areas of priority are addressed and works closely with stakeholders. The NDC continues to advocate for an update to the governing legislation and for the implementation of a National Anti-Drug Strategy to address supply and demand control for the Cayman Islands.

- Compliance risk for reporting as required by stakeholders and CIG. With limited staffing and a vacancy for the administrative and financial position the NDC relies on external accounting services to ensure sound financial management. In addition the NDC has recently proposed the addition of an accounting professional to the board of directors.

Financial Performance and analysis

- The audit for 2015/16 was completed and signed off prior to the legislated deadline. The NDC received an opinion which reflected that the financial statements presents fairly in all material respects and that the financial position and performance of the NDC at 30th June 2016 ended in accordance with IPSAS. In January 2018 on behalf of the Standing Public Accounts Committee the NDC was awarded the *Unqualified Audit Opinion Award 2015/201*.

Scrutiny by Parliament and Public

- To our knowledge no aspects of the NDC was discussed by Parliament.
- There were no complaints as at 31st December 2017

Forward looking:

- The NDC received funding in 2016/17 that provided for advancing services to Cayman Brac. The NDC is now able to provide full-time services in Cayman Brac through delivery of prevention and education programming in the schools and through work with stakeholders. Additionally the NDC was able to expand services into the primary schools in support of the work being conducted in the middle and high school sectors and within our communities.
- The NDC intends to advocate for changes to the following areas of legislation (or further development of policies in these areas):
 - Liquor Licensing Law
 - National Drug Council Law
 - Misuse of Drugs Law
 - Customs Law
- The need for a strategic manner to address alcohol, tobacco and other drugs is critical to the success of reducing the negative impacts of these substances in our communities. The NDC intends to again present a National Anti-Drug Strategy for the Cayman Islands, a four year plan to strategically address supply and demand reduction.



Units #17 & #18 Caymanian Village
North Sound Way
P.O Box 10007
Grand Cayman KY1-1001
CAYMAN ISLANDS
Phone (345) 949-9000
Fax (345) 949-6264
Email: info@ndc.ky
Web: www.ndc.ky

Appendix A

**Financial Statements
Of the**

National Drug Council

For the 2016-2017 Financial Year

National Drug Council
Financial Statements
for the
18 months ended 31 December 2017

Contents	Page
Statement of Responsibility for the Financial Statements	1
Auditor General's Report	2-3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Worth	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-17
Statements of Comparison of Budget and Actual Amounts	18-20

National Drug Council
Financial Statements
31 December 2017

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Drug Council in accordance with the provisions of Section 22(1) of the *National Drug Council Law (2003 Revision) and the National Drug Council (Amendment) Law, (2010)* and of the *Public Management and Finance Law (2017 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

We accept responsibility for the accuracy and integrity of the information in these Financial statements and their compliance with the *National Drug Council Law (2003 Revision) and the National Drug Council (Amendment) Law, (2010)* and the *Public Management and Finance Law (2017 Revision)*.

As Director and Chairperson, we are responsible for establishing and maintaining a system of internal controls designed to provide a reasonable assurance that the transactions recorded in the financial statements are authorized by law and properly record the output transactions of the National Drug Council.

As Director and Chairperson, we are responsible for the preparation of the National Drug Council financial statements and the judgments made therein.

The financial statements fairly present the financial position, financial performance and cash flows of the National Drug Council for the 18 months ended 31 December 2017.

To the best of our knowledge we represent that these financial statements:

- a) completely and reliably reflect the financial transactions of the National Drug Council for the 18 months ended December 31 2017;
- b) fairly reflect the financial position as at December 31 2017 and financial performance for the 18 months ended December 31 2017; and
- c) comply with International Public Sector Accounting Standards as set by the International Accounting Standards Board.

The Office of the Auditor General has conducted an independent audit and expressed an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing



Ms. Dorothy Scott
Chairperson



Mrs. Joan West-Dacres
Director

Date: 30 April 2018

Date: 30 April 2018



Phone: (345) - 244-3211 | 3rd Floor, Anderson Square
Fax: (345) - 945-7738 | 64 Shedden Road, George Town
AuditorGeneral@oag.gov.ky | P.O.Box 2583
www.auditorgeneral.gov.ky | Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To The Board of Directors

Opinion

I have audited the financial statements of the National Drug Council (the "Council"), which comprise the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the 18-month period from 1 July 2016 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 20.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Drug Council as at 31 December 2017 and its financial performance and its cash flows for the 18-month period from 1 July 2016 to 31 December 2017 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the National Drug Council in accordance with the International Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards 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 preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the assets or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

AUDITOR GENERAL'S REPORT (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the National Drug Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a)(ii) of the *Public Management and Finance Law (2017 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

30 April 2018
Cayman Islands

National Drug Council
 STATEMENT OF FINANCIAL POSITION
 As at 31 December 2017
 (Stated in Cayman Islands Dollars)

	Notes	2016/17	2015/16
ASSETS			
Current Assets			
Cash and cash equivalents	2b	308,158	340,250
Accounts receivable and prepaid expenses	4	152,923	62,454
Total current assets		461,081	402,704
Security Deposit	5	5,500	-
Fixed assets	3	3,071	7,479
Total assets		469,652	410,183
 LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		9,336	4,686
Accrued audit fees		15,000	10,000
Accrued accounting fees		9,025	4,360
Accrued vacation		10,133	19,427
Payroll liabilities		28,030	13,086
Total current liabilities		71,524	51,559
 EQUITY			
Retained earnings		398,128	358,624
Total liabilities and equity		469,652	410,183

The accompanying notes on pages 8-20 form an integral part of these financial statements.

National Drug Council
STATEMENT OF FINANCIAL PERFORMANCE
For the 18 months ended 31st December 2017
(Stated in Cayman Islands Dollars)

	Notes	2016/2017 (18 Months)	2015/2016 (12 Months)
General surplus:			
Revenues			
Outputs to Government	6	955,000	552,958
Other income	7	42,855	9,450
Total revenues		<u>997,855</u>	<u>562,408</u>
Expenses			
Personnel emoluments	8	689,025	374,342
Rent	9	99,000	66,000
Audit and accounting fees	11	31,022	20,000
Utilities	12	25,084	18,504
Travelling and subsistence	14	22,475	19,979
Grants and contributions – special events	15	22,329	6,447
Operating maintenance		15,250	18,345
Prevention, surveys, monitoring and evaluation	13	14,287	3,027
Computer services		10,945	5,234
Supplies and materials		9,281	6,314
Youth development	10	9,109	4,226
Surveys and other public information projects	16	7,504	3,846
Depreciation	3	4,408	3,348
Advertising and promotion		4,133	-
Total expenses		<u>963,852</u>	<u>549,612</u>
Net income for the period		<u>34,003</u>	<u>12,796</u>

The accompanying notes on pages 8-20 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CHANGES IN NET WORTH
 For the 18 months ended 31 December 2017

	Note	2016/17 (18 Months)	2015/16 (12 Months)
At 01 July 2016 , as previously reported		358,625	345,829
Prior year adjustment	5	5,500	-
Restated Closing balance net worth		364,125	345,829
		2016/17	2015/16
At 01 July 2016 (restated)		364,125	345,829
Net income for the period		34,003	12,796
At 31 December 2017		398,128	358,625

Prior Year Adjustment - Was restated to account for security deposit for office lease in the amount of \$5,500 paid in 2007 and transferred to the property owners in 2010. This amount was omitted in prior years.

The accompanying notes on pages 8-20 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CASH FLOW
For the 18 months ended 31 December 2017
(Stated in Cayman Islands Dollars)

	Notes	2016/2017 (18 Months)	2015/2016 (12 Months)
Operating activities			
Net income for the periods		34,003	12,796
Adjustment for non-cash transactions:			
Prior year adjustment	5	5,500	-
Depreciation expense	3	4,408	3,348
		<u>43,911</u>	<u>16,144</u>
Adjustments to reconcile net income from operations to net cash (used in) provided by operating activities:			
(Increase) /Decrease in receivables and prepaid expenses		(90,469)	33,457
Increase in security deposit		(5,500)	-
Increase/(Decrease) in accounts payable		4,651	(20,535)
Increase in audit fees		5,000	-
Increase in accrued accounting fees		4,665	1,990
(Decrease)/Increase in accrued vacation		(9,294)	3,033
Increase in payroll liabilities		14,944	4,708
Net cash (used in) provided by operations		<u>(76,003)</u>	<u>22,653</u>
Investing activity			
Purchase of fixed assets	3	-	(585)
Net cash used in investing activities		<u>-</u>	<u>(585)</u>
Net change in cash and cash equivalents		<u>(32,092)</u>	<u>38,212</u>
Cash at beginning of year		<u>340,250</u>	<u>302,038</u>
Cash at end of year		<u>308,158</u>	<u>340,250</u>

The accompanying notes on pages 8-20 form an integral part of these financial statements.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2017

1. Organization

The National Drug Council (the "NDC") became a statutory body in the Cayman Islands with the passage of the National Drug Council Law, 1997 and began operations on January 1, 1998. Its functions are diverse and include primary responsibility for the development, implementation and delivery of substance abuse prevention activities; the design and administration of survey and research initiatives as it relates to substance abuse and misuse in our communities; and the facilitation of monitoring and evaluation activities throughout programmes. The organization continuously monitor the situation as it relates to substance misuse and abuse in the Cayman Islands; with the aim of formulating drug prevention, treatment and rehabilitation policies and programmes. This monitoring takes place via ongoing research and the maintenance of data collected via stakeholders. The NDC met the mandates of, and provided overall advisory capabilities to the Ministry of Home Affairs (1 July 2016 to 31 May 2017) and to the Ministry of Health (1 June 2017 to 31 December 2017) through the collection and reporting of information, delivery of programming, and feedback to policies and laws addressing drug abuse and prevention and rehabilitation. As at 31 December 2017, the NDC had 6 full time employees (2016: 7 employees). Since May 2017 the council has established an office in Cayman Brac with one full-time employee located there.

2. Significant Accounting Policies

In conformity with the *Public Management & Finance law (2017 revision)*, the financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Financial Reporting Standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets where assets are revalued. There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will have a significant impact on these financial statements other than enhanced disclosures. These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Operational Segments

The NDC has no operational segments.

Comparative Information

The Cayman Islands Government financial year end was changed from 30 June to 31 December and as a result, the current period was defined as 18 month reporting period from 1 July 2016 to 31 December 2017 under an amendment to the Public Management and Finance Law. The comparative amounts for 2015/16 are for 12 months reporting period, and are therefore not entirely comparable.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

2. Significant accounting policies (continued)

The significant accounting policies adopted by the Council are as follows:

a) Use of estimates

The preparation of financial statements is in conformity with IPSAS that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

b) Cash and cash equivalents

Cash and cash equivalents include amounts due from bank on demand and interest bearing deposits with an original maturity of three months or less. All cash and cash equivalents are held with a bank in the Cayman Islands.

c) Fixed assets

Certain assets are donated and are recognised at their fair value at the time of receipt. Depreciation is calculated on a straight-line basis, based on the opening cost over the estimated useful lives of the purchased or donated assets as follows:

	Purchased Assets Useful Lives
Office equipment	3
Office furniture	6
Computer equipment	3
Computer software	3
Leasehold improvement	3

Disposals

Gains and losses on disposals of fixed assets are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

2. Significant accounting policies (continued)

c) Fixed Assets (continued)

Impairment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the period end. Assets that are subject to amortisation are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service. The Council has not tested its assets for impairment in the current year.

d) Deferred grant funds and income

Donation and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.

e) Outputs to Government

Government has agreed to purchase certain outputs from the NDC. These outputs include public education and information campaigns, research and statistics, policy advice and Law reform. As the NDC has no other significant source of funding for its operational expense, its ability to continue as a going concern is contingent on this continued support from Government. Output revenue is recognized as income when earned.

f) Donations

Donations are recorded when they are received, unless specifically intended for a certain fiscal year.

g) Disclosure about fair value of financial instruments

The NDC is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and accounts receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Recognition

The NDC recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

2. Significant accounting policies (continued)

g) Disclosure about Fair value of Financial Instruments (Continued)

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is de-recognition when NDC realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

h) Foreign Currency Translation

Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the financial position dates. Gains and losses on exchange are taken to the Statement of Financial Performance.

i) Budget amounts

The original and final budget amounts for the financial year are as presented in the 2016/17 Annual Budget Statement of the Cayman Islands Government and approved by the Legislative Assembly on 30 May 2016. Where the Budget is presented in a format that is different from the financial statements, a statement of comparison of budget and actual amounts is included in the financial statements.

j) Expenses

Expenses are recognised in the accounting period in which they are incurred.

k) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

2. Significant accounting policies (continued)

m) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

n) Employee benefits

Employee entitlements to salaries and wages, annual leave, time in lieu and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the NDC are paid to one agreed Pension Funds provider. Contributions of 5% on behalf of the employees are made to the designated funds by the Council. Employees contribute 5% from their salaries to the funds as well.

Health insurance coverage is paid by the NDC for the employees of the organization. Employees must pay for any dependents covered under the plan.

o) Contingent liabilities and assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

p) Comparative figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

q) Reporting period

The reporting period is for eighteen months ended 31 December 2017.

National Drug Council
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the 18 months ended 31 December 2017

3. Fixed Assets

	Office Equipment	Office Furniture	Computer Equipment	Computer Software	Lease Improvements	Total
Cost:						
Balance at 1 July 2016	41,114	35,593	39,170	19,139	24,020	159,036
Additions during year	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Balance at 31 Dec 2017	41,114	35,593	39,170	19,139	24,020	159,036
Accumulated depreciation:						
Balance at 1 July 2016	41,114	29,443	37,841	19,139	24,020	151,557
Depreciation for year	-	3,177	1,231	-	-	4,408
Disposal during the year	-	-	-	-	-	-
Balance at 31 Dec 2017	-	32,620	39,073	-	-	155,965
Net book value at 30 Dec 2017	-	2,973	98	-	-	3,071
Net Book value at 30 June 2016	-	6,150	1,329	-	-	7,479

4. Account Receivable and Prepaid Expenses

	2016/17 (18 Months)	2015/16 (12 Months)
Trade receivables	143,829	55,466
Prepaid expenses	9,094	6,988
	<u>152,923</u>	<u>62,454</u>

Trade receivables relate to outputs supplied to the Ministry for which funds had not been received at December 31 2017.

5. Prior Year Adjustment

Prior year adjustment for this period is related to the security deposit of the rental agreement for Caymanian Village.

	2016/2017 (18 Months)	2015/2016 (12 Months)
Prior year adjustment *	5,500	-
	<u>5,500</u>	<u>-</u>

National Drug Council
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the 18 months ended 31 December 2017

6. Outputs to Government

	2016/17	2015/16
	(18 Months)	(12 Months)
Outputs to Government	955,000	552,958
	955,000	552,958

NDC output costs relate to the outputs supplied in the normal course of business to the Ministry of Home Affairs and subsequently the Ministry of Health for 2016/17. The output costs relate to all expenses for the year based on activity and time spent on the efforts of the organisation and takes into consideration office and programme supplies as well as human resources.

7. Other Income

	2016/17	2015/16
	(18 Months)	(12 Months)
Donations	34,938	8,234
Fundraising activities	6,223	991
Fee income	900	-
Discounts	554	-
Boardroom rental	240	225
	42,855	9,450

Donations include specific funds received from the private sector which are earmarked towards the Purple Ribbon bus service.

8. Personnel Emoluments

	2016/17	2015/16
	(18 Months)	(12 Months)
Salaries and wages	588,722	314,548
Medical insurance	56,705	25,448
Pension	28,219	15,727
Accrued time off in lieu	14,944	4,708
Motor car allowance	9,728	4,475
Movement in annual leave provision	(9,293)	3,033
Bonus	-	6,403
	689,025	374,342

The NDC participates in a defined pension contribution plan. Contributions of 5% are made by the employee and matched by the employer as required under the National Pensions Law. Health insurance is paid on behalf of the employees of the organization. Employees are responsible for health insurance costs of any dependents.

During the ordinary course of its business, staff may perform duties beyond their normal working hours. Employees who accumulate any such time are allowed to recover it in subsequent periods when they are not busy. The policy of the NDC is that a maximum of 187.50 hours (5 days) can be taken over to the next annual year but must be used within the first quarter of the following annual year if it is suitable to the organisation, or it will be written off.

National Drug Council
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the 18 months ended 31 December 2017

9. Rental Expense and Future Commitments

On 1st November 2007, the NDC entered into a three-year lease agreement with Orville Williams for the premises at Caymanian Village at a rate of \$5,500 per month. The property was sold in April 2015 and on 6 April 2015 the NDC entered into an agreement with International Logistics and Consulting LLC (c/o Meri Tarlova). The terms and conditions along with the monthly rental rate remain the same. Rental payments in 2016/17 in the amount of \$99,000 were made payable to Meri Tarlova. The current lease expires on the 5 April 2020. Future commitments for the 28 months total \$154,000.

10. Youth Development

Peer mentoring continues in the schools and the NDC supports this initiative through education and awareness activities as well support to the awards and the award ceremony. Youth to Youth is a youth empowerment movement seeks to help youth develop leadership skills while creatively promoting a drug-free lifestyle. There was an active chapter of the movement in the Cayman Islands back in the 1990s, but the programme was dormant for almost ten years. In 2013, the NDC reintroduced the movement to the youth of the Cayman Islands. Portions of the Government grant income have been made to support the following Youth Development projects:

	2016/17 (18 Months)	2015/16 (12 Months)
Peer mentor	473	-
Youth to youth	8,636	4,226
	<u>9,109</u>	<u>4,226</u>

11. Audit and Accounting fees

The fees relate to statutory audit fee and professional accountancy services.

12. Utilities

	2016/17 (18 Months)	2015/16 (12 Months)
Electricity	9,826	7,250
Telephone	14,719	10,904
Water	539	350
	<u>25,084</u>	<u>18,504</u>

13. Prevention, Surveys, Monitoring and Evaluation

Portions of the Government grant income have been made to support the following significant projects:

	2016/17 (18 Months)	2015/16 (12 Months)
Prevention initiatives, survey administration and facilitation of programme evaluations.	14,287	3,027
	<u>14,287</u>	<u>3,027</u>

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

14. Travelling and Subsistence

Portions of the Government grant income have been made to support training and development initiatives of the organisation which included CARIAD; a two week Basic Course that targets professionals and other workers involved in alcohol and drug abuse prevention and treatment throughout the Caribbean. It provides a comprehensive overview of the biopsychosocio-cultural aetiology and management of alcoholism, drug abuse and other addictions; and the issues related to special sub-populations. Participants attended the Youth To Youth overseas conference from the local chapter of the Grand Cayman and Cayman Brac Youth to Youth Programme.

	2016/17 (18 Months)	2015/16 (12 Months)
Travel expense	17,012	9,191
Staff development	552	-
Administrative training	-	250
Executive director training	361	6,592
Research officer training	-	3,387
Prevention officer training	4,487	409
Programme manager training	63	150
	<u>22,475</u>	<u>19,979</u>

15. Grants & Contributions – Special events

A portion of the Government purchases of outputs and public contributions through donations have been made to support the following significant special events:

	2016/17 (18 Months)	2015/16 (12 Months)
Purple ribbon bus	22,329	6,447
	<u>22,329</u>	<u>6,447</u>

16. Surveys and Other Public Information Projects

Portions of the Government grant income and public contributions have been made to support the following significant surveys and other public information projects:

	2016/17 (18 Months)	2015/16 (12 Months)
SPSS expense	1,038	996
Teleform	820	798
Census and surveys	5,646	2,052
	<u>7,504</u>	<u>3,846</u>

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 18 months ended 31 December 2017

17. Related Parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 31 December 2017, the Council billed \$ \$955,000 (2016: \$552,958) to the Government for services sold. Of the billed amount, \$143,429 was receivable as at 31 December 2017 (2016: \$55,065). This amount is included in the accounts receivables in the Statement of Financial Position.

Key Management Personnel

There is one full time personnel on an open ended employment agreement that is considered to be at the senior management level. The total remuneration includes: regular salary, pension contribution and health insurance contribution. The pension and health insurance benefits provided to key management personnel are the same to those provided for all employees. Total remuneration for the eighteen period in 2016/17 for senior management was approximately \$165,000 (2016 \$ 110,000).

Governing Council members

There are 11 members that make up the NDC Governing Council. No stipend is paid to any of the members.

18. Contingent Liabilities

Labour Dispute

Ms. Catherine Chestnut by letter dated 6 March 2007 resigned from her position as National Drug Coordinator and on 28 May 2007 lodged a complaint with the Labour Board alleging that she had been constructively dismissed and claiming CI\$ 48,559, being statutory compensation for alleged unfair dismissal, statutory severance pay, accrued holiday pay, unpaid salary and one month's pay in lieu of notice. Ms. Chestnut's allegation that she was constructively dismissed is not accepted by the NDC, who accordingly lodged a reply with the Director of Labour dated 21 June 2007 maintaining that Ms. Chestnut resigned her position and is owed nothing. A letter dated March 4th 2008 indicated that the hearing that was scheduled for March 17th 2008 was postponed. The NDC understands that the Director of Labour is to indicate the new date when this matter will go to hearing, to present a new date has not yet been set. During this financial period 2016/17, the Council has not been provided with an update on the matter.

19. Other Disclosures

Suspected Fraud

During the year 2011/12, management became aware of suspicious activity relating to its cash balances. Specifically, an amount of around CI\$ 5,500 had been misappropriated from its bank accounts. A further unquantified amount had been misappropriated through fraudulent time booking leading to wage overpayment to a former employee. The matter is under investigation with the Courts and management awaits its conclusion. During this financial period 2016/17, the Council has not been provided with an update on the matter.

National Drug Council
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 For the 18 months ended 31 December 2017
 (Stated in Cayman Islands Dollars)

General surplus:	Variance Notes	2016/17 Actual	2016/2017 Budget	Variance
Revenues				
Outputs to Government		955,000	955,000	-
Other income	1	42,855	41,895	960
Total revenues		<u>997,855</u>	<u>996,895</u>	960
Expenses				
Personnel emoluments	2	689,025	751,432	(62,407)
Rent		99,000	99,000	-
Prevention, surveys, monitoring and evaluation	3	14,287	43,311	(29,024)
Travelling and subsistence	4	22,475	24,295	(1,820)
Audit and accounting fees	5	31,022	18,291	12,731
Utilities		25,084	29,950	(4,866)
Computers	6	10,945	-	10,945
Operating maintenance	7	15,250	18,453	(3,203)
Youth development		9,109	-	9,109
Advertising and promotion		4,133	-	4,133
Depreciation		4,408	3,702	706
Supplies and materials		9,281	8,461	820
Surveys and other public information projects		7,504	-	7,504
Grants and contributions – special events		22,329	-	22,329
Total expenses		<u>963,852</u>	<u>996,895</u>	(33,043)
Net income for the period		<u>34,003</u>	-	<u>34,003</u>

National Drug Council
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 As at 31 December 2017
 (Stated in Cayman Islands Dollars)

	Variance Notes	2016/2017	Budget	Variances
ASSETS				
Current Assets				
Cash and cash equivalents	8	308,158	302,038	6,120
Accounts receivable and prepaid expenses	9	152,923	90,430	62,493
Total current assets		<u>461,081</u>	<u>392,468</u>	<u>68,613</u>
Security deposit		5,500	-	5,500
Fixed assets	10	3,071	7,822	(4,751)
Total assets		<u>469,652</u>	<u>400,290</u>	<u>69,362</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	11	9,336	19,900	(10,564)
Accrued vacation	12	10,133	-	10,133
Accrued audit fees	13	15,000	15,000	-
Payroll liabilities	12	28,030	19,360	8,670
Accrued accounting fess		9,025	5,040	3,985
Total current liabilities		<u>71,524</u>	<u>59,300</u>	<u>12,224</u>
EQUITY				
Retained earnings		398,128	340,990	57,138
Total current liabilities and equity		<u>469,652</u>	<u>400,290</u>	<u>69,362</u>

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 31 December 2017
Statement of Comparison between Actual and Budget

1. Other Income (over by \$960) - Donations and fundraising events exceeded budgeted amounts.
2. Personnel emoluments variance (under by \$62,407) – Due to changes in the staffing levels during this financial year, vacant positions impacted personnel costs including salaries, health and pension for a period of time.
3. Prevention Surveys Monitoring and Evaluation and other public information projects variance (under by \$29,024) – Volunteers were used in the administration of the surveys which allowed for reducing the cost of this line item. Some aspects of monitoring and evaluation project were undertaken by the Director. The funds were reallocated to provide training and programming in other areas of the organization.
4. Travelling and Subsistence (under by \$1,820) – Overseas travel expenses were reduced due to travel or training not pursued in the 2016/17 fiscal year.
5. Utilities (under by \$4,866) – The NDC continues to seek methods to reduce its utility expenses. This includes implementation of practices for the use of air conditioning, lighting and all efforts are utilised to manage usage of telephone services.
6. Audit and Accounting Fees variance (over by \$12,731) – Due to the auditing period being 18 months there was an increase in both the audit fees as well as the accounting services utilised in 2016/17.
7. Operating Maintenance variance (under by \$3,203) – Reduced equipment maintenance, reduced operating expenses for courier, newspapers and bank fees.
8. Cash and Cash equivalents (over by \$6,120) – Increase in donations received and fundraising efforts in the 2016/17 fiscal year.
9. Prepaid Expenses and Other Receivables (over by \$62,493) – The NDC completes and invoice for services as they are delivered. However, the NDC did not invoice for outputs produced to Cayman Islands government for the period of July to September 2017 and instead invoiced for the July to December 2017 inclusive.
10. Fixed Assets (under by \$4,751) – No new computer equipment was purchased as expected.
11. Accounts Payable (under by \$10,564) – All efforts were made to ensure that all invoices were received by the organisation by close of fiscal year to ensure timely payments to vendors.
12. Time of In Lieu (over by \$8,670) – Due to staff shortages and demands of services for the NDC there has been an increased accrual of comp time as staff have needed to work additional hours to ensure the effective operations of the organisation, programming and services are delivered. Accrued vacation (\$ 10,133) is indicative of employee leave accrued during the 2016/17 year and not yet taken at 31 December 2017. Again due to demands of the organisation there is leave which could not be taken by year end.