



SAINT HELENA AUDIT SERVICE
External Auditors

Strategic Audit Plan

2016/17 to 2018/19

16/02/2016

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INTRODUCTION

The Saint Helena Audit Service supports the Chief Auditor in carrying out his responsibilities under the Constitution, the Public Finance Ordinance 2010 and other relevant legislation.

Whilst the constitution provides that the remuneration of the Chief Auditor shall be charged upon the Consolidated Fund the operating costs of the Audit Service are managed through the St Helena Audit Service Trading Account as set up by the Special Fund (St Helena Audit Service Trading Account) Order, 2013¹.

The Special Fund captures the operating expenditure of the Saint Helena Audit Service and the income arising from fees charged for audit work. Accordingly the Audit Service does not require direct appropriations from the Saint Helena Government Consolidated Fund. Governance oversight is provided by the Public Accounts Committee which approves the Audit Service annual budget estimates.

This strategic audit plan sets out the work that the Chief Auditor plans to carry out in the three-year period 2016/17 to 2018/19, the resources that we expect to use in carrying out that work, and the fee income that we anticipate receiving. The plan rolls-forward and updates the previous strategic plan for the 3-year period 2015/16 to 2017/18 laid before LegCo in March 2015 as SP 5/15.

SCOPE OF WORK

The Chief Auditor may perform work through his staff employed within the Saint Helena Audit Service or may engage qualified accountants to perform work on his behalf.

The Chief Auditor may need to perform various forms of engagement to meet the audit reporting requirements of government and other statutory bodies:

- Financial Audit
- Independent Examinations
- Certification
- Agreed upon Procedures
- Performance Audit

The Chief Auditor may also provide audit or accountancy services either to government or to persons outside government provided that work will not interfere with the statutory duties of the auditor.

FINANCIAL AUDIT

A financial audit is an independent examination of financial statements resulting in an audit opinion and a management letter. It is carried out under International Standards of Audit (UK & Ireland), known as ISAs. The Interpretations Ordinance defines an audit as “an independent examination of financial statements resulting in a report, which, where it relates to an entity whose gross income exceeds £500,000, or whose gross income exceeds £250,000 and gross assets exceed £3.26 million, shall comply with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.”²

The Audit Service conducts such audits using its Financial Audit Manual, completed in January 2014. This is a fully ISA compliant methodology for which audit staff have received training.

¹ Legal Notice No. 11 of 2013

² Interpretation (Amendment) Ordinance 2014

INDEPENDENT EXAMINATION

An independent examination is an assurance service provided to a body which does not meet the requirement for an ISA compliant audit. Such an examination provides a lower level of assurance, and is conducted in accordance with best practice as set out in International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* and other relevant guidance such as the Charity Commission's *Independent examination of Charity Accounts: Examiner's Guide*.

CERTIFICATION

Certification is the provision of services to the level described in a certificate which the Chief Auditor is requested to sign. Depending on the nature of the certification, such work may be conducted in accordance with an appropriate assurance framework but normally as a Review Engagement under ISRE 2400. Most of the work in this area relates to the certification of aid fund statements on behalf of donor organisations including DFID.

AGREED UPON PROCEDURES

Agreed upon Procedures are procedures that are carried out on behalf of others so that they may interpret the results themselves. When carrying out agreed upon procedures, the Audit Service reports the results of the procedures but does not provide any assurance. Agreed upon Procedures are conducted in accordance with International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

PERFORMANCE AUDIT

A Performance Audit (often known as Value for Money audit) is an examination into one or more of the economy, efficiency and effectiveness with which government's resources have been used. The Chief Auditor is required to make such enquiries and investigations on behalf of the Legislative Council as he considers necessary or appropriate to determine whether resources have been used with proper regard to economy, efficiency and effectiveness.³

A Performance Audit Manual remains under development through technical assistance to design audit methodology in this area. In the interim we have adopted the International Standards for Supreme Organisations ISSAI series 300 and 3000 published by INTOSAI which cover Performance Audit principles and guidance.

ACCOUNTING SERVICES

The availability of professional accounting services in St Helena is limited. The Chief Auditor may use the St Helena Audit Service to provide accounting services to non-governmental organisations for a fee where it may assist those entities to prepare statutory financial statements for external publication⁴. The provision of such accounting services will be designed to meet the requirement of the Ethical Standard 5 on the provision of non-audit services.

The maintenance of accounting records and the preparation of financial statements are the responsibility of the management of the audited body. Accordingly in any engagement to provide accounting services the Audit Service will not initiate any transactions or take decisions or make any judgements which are properly the responsibility of management.

³ Public Finance Ordinance 2010 29(2)(a)

⁴ Public Finance Ordinance 2010 35

The proposed accounting service is aimed at the smaller non-governmental bodies and will provide assistance with the preparation of financial statements where management take decisions on issues requiring the exercise of judgement and has prepared the underlying accounting records.

KEY SERVICE CHALLENGES

BACKGROUND

The previous strategic audit plan identified a range of service challenges falling upon the Office of Chief Auditor. This section provides a refresh on those specific challenges and next section explains what plans and progress has been made in resolving these issues.

PROVIDING A WIDE SCOPE AUDIT

The Chief Auditor is responsible for the statutory external audit of government and public entities in St Helena. These responsibilities include both the audit of financial statements requiring an independent auditors report and performance audits designed to assess whether value for money is secured in the use of resources.

The Public Accounts Committee operating on behalf of Legislative Council is wishing not only to ensure that public bodies have properly discharged their stewardship and accountability, in terms of true and fair financial reporting, but can also demonstrate economy, efficiency and effectiveness in their use of public resources. Accordingly the auditor will also prepare reports on performance in addition to the opinion on the accounts.

MEETING THE DEMANDS OF INTERNATIONAL STANDARDS ON AUDITING

The Chief Auditor is required under statute to conduct his audits in accordance with International Standards on Auditing – these ISAs are exacting professional standards and there are no tolerances. Indeed the standards are designed to address the expectation gap between stakeholders and auditors by ensuring that an audit is properly defined and executed so that the resultant independent auditors report is soundly based and provides an objective and reliable position statement.

With Technical Cooperation support in 2014 the Saint Helena Audit Service developed an audit approach and quality manual procedures capable of delivering an ISA compliant audit. Putting this policy into practice will require sustained investment in professional and vocational training and support so that the technical approach becomes an operational reality. There is also clear scope to improve audit documentation and technical compliance with the methodology through the implementation of packaged audit management system.

MULTIPLE BODIES WITH DIFFERENT REPORTING FRAMEWORKS

The public sector divestment strategy which is required to diversify and grow the economy of St Helena will increase the external audit workload as new entities are established and therefore require an independent audit report to maintain an effective line of accountability to the public.

These various entities are required to report in accordance with a recognised financial reporting framework. The different accounting frameworks are designed to be appropriate to the nature of the entity so as to provide fair financial reporting. But equally these all require professional level understanding and application in terms of both the preparer of the accounts and the function of the auditor.

Those smaller non-governmental reporting entities are able to maintain routine financial administration and underlying accounting records but lack the capacity and expertise to prepare the required statutory financial statements for audit and reporting to stakeholders. Accordingly we have noted delays in the preparation of statements, incidence of error, and the need to levy additional fees in these cases.

SHG's move to accruals accounting under the International Public Sector Accounting Standards (IPSAS) is welcomed in terms of quality, consistency and comparability but equally this has increased workload in the short to medium term as the standard is far more demanding on the preparer and the auditor.

BACKLOG IN FINANCIAL REPORTING

The step change required in the adoption of the new accounting frameworks with limited expertise available to prepare accounts across multiple sectors caused a backlog in accounts production. This issue was recognized as a key priority and a clearance plan agreed between the Chief Auditor and the Financial Secretary to recover the backlog in financial reporting and bring the Financial Statements of Government up to date – Appendix A.

Consistent with the plan for 2015/16 the majority of public bodies the statutory accounts are now complete audited and reported up to and including 2014/15. But whilst tangible progress has been made there remains a significant workload in respect of the financial statements of St Helena Government.

As the backlog in accounts preparation is cleared and accounts are produced and submitted for audit there will be a corresponding impact upon the St Helena Audit Service in having the capacity to clear the backlog in addition to current workflow. In this forward year 2016/17 there will be the equivalent of two years audit workload to complete before normal workflow is restored.

RECRUITMENT RETENTION AND DEVELOPMENT OF STAFF

The shortage in human resource capital is evident across all sectors in St Helena as the economy expands faster than the labour supply. The availability of accounting and finance skills has been identified as a particular labour market shortage enabling immigration work visas to be issued.

Technician level accounting staff (CAT qualified) remain in demand and even the commercial sector has advertised repeatedly for staff without being able to fill vacancies. Professionally accounting staff (CCAB qualified) capable of issuing financial statements as responsible preparers and reporting upon them as appointed auditors are scarce.

Members of the Chief Auditor's staff in the Saint Helena Audit Service are employed under the same administrative rules and conditions of service as apply generally to any public officer. More recently market forces supplements have been used with some success to recognise qualifications and experience and therefore improve overall remuneration.

At the same time the demands of the new accounting and auditing standards have changed the nature of the audit work from transaction based routines to more complex procedures involving analysis evaluation interpretation and judgement. The shift from clerical to technical and professional is marked with the new standards and this necessitated a change in the configuration of the external audit team which was implemented in 2015.

STRENGTHENING THE STATUTORY AUDIT FUNCTION

REBUILDING THE STAFF RESOURCE IN THE ST HELENA AUDIT SERVICE

The previous strategic plan identified that the staff resources available to the Chief Auditor through the St Helena Audit Service would need to be rebuilt and developed to provide a professional and sustainable public audit service.

An internal restructuring was implemented during 2015. Improved capacity and capability was established in the team structure within overall headcount. Technical Cooperation was secured in the shape of two professionally qualified Audit Manager level positions – one leading on Financial Audit and the other leading on Performance Audit. In addition short term contract supplementation is being secured to assist with the backlog clearance programme.

Staff are supported in undertaking a structured training programme over an extended period leading to recognised technical and professional qualifications. Local team members are currently studying Foundations in Accounting (FIA) leading to Certified Accounting Technician (CAT) and for the Association of Chartered Certified Accountants (ACCA) which is qualified accountant status.

To properly address the issue of recruitment, retention and remuneration a professional cadre review is required across finance, accounting and audit roles. This particular requirement will be aligned with the broader pay and grading review which is proposed across the public service during 2016/17.

PUTTING POLICY INTO PRACTICE

The development and introduction of the ISA compliant financial audit manual in 2014 marked a significant professional milestone for the statutory audit function. To ensure operational compliance, realize the technical benefits of the new approach, and enable optimum audit efficiency further investment is required to train the team and embed the methodology. During 2016/17 a packed audit management system will be secured and implemented as the means through which the audit methodology is applied and audit work documented and reviewed.

The other significant development planned for 2016/17 is the design and implementation of a Performance Audit Manual for the delivery of value for money audits. These two development projects will be led by the TC Audit Managers and reporting to the Chief Auditor.

ENGAGING A PROFESSIONAL SERVICES FIRM

The previous strategic audit plan also recognized that it would be necessary to outsource certain audits to the private sector to enable the Chief Auditor to better meet his core statutory function in respect of the Financial Statements of Government.

The Chief Auditor with assistance from the SHG procurement advisor completed a joint commissioning of professional audit services for the following organisations:

- Connect St Helena Limited
- Bank of St Helena Limited
- Enterprise St Helena
- Tristan da Cunha Government

In this arrangement the responsibility for the audit including the provision of suitably qualified resources to service the contract would rest with the professional firm. It also provides flexibility in terms of servicing an increased workload whilst the backlog in accounts reporting is cleared.

The appointed firm Moore Stephens has completed the first round of audits bringing the St Helena audits up to date for 2014/15 financial reporting and then 2015/16 in the second round. Whilst the expectation is that the other bodies will then continue for a third round 2016/17 the audit of Enterprise St Helena is planned to return to Saint Helena Audit Service.

GOVERNANCE FRAMEWORK FOR THE OVERSEAS TERRITORIES

In response to the 2013 Joint Ministerial Council the Overseas Territories Department of the Foreign and Commonwealth Office (FCO) sponsored an initiative designed to strengthen audit and parliamentary oversight across the Overseas Territories. The FCO commissioned the National Audit Office (NAO) to develop a framework for public financial oversight in the Overseas Territories. A discussion draft was published in March 2015 and the final report with recommendations is expected to be promulgated through FCO in 2016.

The framework provides a basis for reviewing current arrangements and identifying gaps and opportunities for improvement in St Helena. The proposed approach involves an officer level working group which in consultation with Chairs of PAC and Audit Committee may make recommendations to the Governor, the Executive and Legislative Council for strengthening governance and oversight.

The Chief Auditor will contribute to this process and make recommendations for the development of the statutory audit function in St Helena consistent with the proposed framework.

PLANNED WORK PROGRAMME

OUTSOURCED AUDITS

As outlined in the previous strategic plan a procurement exercise was completed in 2015 for those statutory bodies previously audited by St Helena Audit Service which lend themselves to the use of an outsourced external auditor. Table 1 details the bodies and those outsourced audits that will fall in each of the three-operational years under contract.

Entity	During 2015/16	During 2016/17	During 2017/18
Enterprise St Helena	2013/14 and 2014/15	2015/16	Return to SHAS
Connect St Helena Ltd	2013/14 and 2014/15	2015/16	Option to extend
Bank of St Helena Ltd	2014/15	2015/16	Option to extend
Tristan da Cunha	2012 and 2013	2014/15 and 2015/16	Option to extend

These bodies participated in the joint commissioning arrangement and entered into a professional services contract directly with the appointed firm Moore Stephens LLP. The outsourcing of these audits has released internal capacity within St Helena Audit Service necessary to implement the ISA compliant audit approach and enable the Chief Auditor to respond to the statutory demands to bring the Financial Statements of Government up to date.

Because of their scale and specialist nature the commercial company audits of the Bank of St Helena and the utility provider Connect St Helena Ltd are expected to continue with the appointed audit firm in the medium term. However given the close alignment of ESH with the Sustainable Development Plan and reliance upon grant funding the intention is to returning the ESH audit back to SHAS when the backlog is cleared and internal capacity is restored.

In addition to the above bodies there are three other entities within the St Helena Government group where audits are already performed by private sector accounting firms. These are:

- St Helena Line Limited – audit performed by Bishop Fleming LLP
- Solomon & Company (St Helena) PLC – audit performed by Grant Thornton LLP

In the case of Tristan da Cunha Government the Governor has made arrangements under the constitution for the appointed auditor Moore Stephens to continue to service the audit until such time that authority is revoked.

AUDITS TO BE PERFORMED BY SHAS

The Audit Service plans to conduct work in the period 2016/17 to 2018/19 is shown in the tables below. The opinion deadlines are as set out in statute, where statute sets such a deadline. In the case of Saint Helena Government, the deadline is 6-months after the Financial Secretary submits the financial statements to the Chief Auditor. Until the backlog in financial reporting and audit is clear these statutory reporting deadlines will not be met. The SHG forward accounts plan anticipates that normal timetables will be resumed for the reporting of financial years 2016/17 onward.

Whilst there is no current statutory obligation upon the Financial Secretary the declared intention is to amend the Public Finance Ordinance to require accounts preparation within 4 months of year-end and audit completion within 5-months of year-end thereby enabling audit reporting of the Financial Statements of Government within 9-months of the financial year-end.

FINANCIAL AUDIT

Each financial audit will include the following outputs being reported to the audited entity:

- Engagement Letter
- Independent Auditors Report
- Management Letter

Audit	Opinion Date	2016/17	2017/18	2018/19
Saint Helena Government 2013/14	15-Jun-16	√		
Saint Helena Government 2014/15	15-Sep-16	√		
Saint Helena Government 2015/16	31-Dec-16	√		
Saint Helena Government 2016/17	31-Dec-17		√	
Saint Helena Government 2017/18	31-Dec-18			√
SHG Currency Fund 2015/16	30-Sep-16	√		
SHG Currency Fund 2016/17	30-Sep-17		√	
SHG Currency Fund 2017/18	30-Sep-17			√
SHG Pension Scheme 2015/16	31-Jul-16	√		
Bulk Fuel Installation 2015/16	31-Oct-16	√		
Bulk Fuel Installation 2016/17	30-Sep-17		√	
Enterprise Saint Helena 2016/17	31-Sep-17		√	
Enterprise Saint Helena 2017/18	31-Sep-18			√

INDEPENDENT EXAMINATION

Each independent examination will include the following outputs being reported:

- Engagement Letter

- Independent Examiners Report
- Management Letter where necessary

Audit	Opinion Date	2016/17	2017/18	2018/19
South Atlantic Media Services 2014/15	31-Jun-16	√		
South Atlantic Media Services 2015/16	30-Nov-16	√		
South Atlantic Media Services 2016/17	30-Sep-17		√	
South Atlantic Media Services 2017/18	30-Sep-18			√
Saint Helena Fisheries Corp 2015/16	30-Sep-16	√		
Saint Helena Fisheries Corp 2016/17	30-Sep-17		√	
Saint Helena Fisheries Corp 2017/18	30-Sep-18			√
Saint Helena National Trust 2015/16	30-Sep-16	√		
Saint Helena National Trust 2016/17	30-Sep-17		√	
Saint Helena National Trust 2017/18	30-Sep-18			√
Saint Helena Hotel Development 2015/16	30-Nov-16	√		
Saint Helena Hotel Development 2016/17	30-Nov-17		√	

CERTIFICATION

Each certification will include a Certificate issued upon the Aid Fund Statement in accordance with the Memorandum of Understanding between SHG and the grant funding body.

Audit	Opinion Date	2016/17	2017/18	2018/19
MOU – Enterprise St Helena 2015/16	31-Dec-16	√		
MOU – Enterprise St Helena 2016/17	31-Dec-17		√	
MOU – Enterprise St Helena 2017/18	31-Dec-18			√
MOU – EDF Infrastructure 2014/15	31-Dec-16	√		
MOU – EDF Infrastructure 2015/16	31-Dec-16	√		
MOU – EDF Infrastructure 2016/17	31-Dec-17		√	
MOU – EDF Infrastructure 2017/18	31-Dec-18			√
MOU – Air Access Project	31-Dec-16	√		
MOU – TBC	TBC	√	√	√

There may be other certification requirements arising from specific development aid projects which will be accommodated as required – these are marked TBC in the above table.

AGREED UPON PROCEDURES

Each agreed upon procedures will include:

- Engagement Letter
- Agreed upon Procedures Report

Audit	Opinion Date	2016/17	2017/18	2018/19
Connect St Helena Stock Check	31-May-16	√		
Connect St Helena Stock Check	31-May-17		√	
Connect St Helena Stock Check	31-May-18			√
TBC	TBC	√	√	√

There may be other agreed-upon-procedures to be performed on behalf of other bodies and these will be accommodated as required – these are marked TBC in the above table.

PERFORMANCE AUDIT

Each performance audit will include:

- Scope
- Audit Report

Audit	2016/17	2017/18	2018/19
Performance Audit 1	31-July-16	30-Jun-17	30-Jun-18
Performance Audit 2	30-Nov-16	30-Sep-17	30-Sep-18
Performance Audit 3	31-Mar-17	31-Dec-17	31-Dec-18
Performance Audit 4	N/A	31-Mar-18	31-Mar-19
Discretionary Audit 1	31-July-16	30-Jun-17	30-Jun-18
Discretionary Audit 2	30-Nov-16	30-Sep-17	30-Sep-18
Discretionary Audit 3	31-Mar-17	31-Dec-17	31-Dec-18
Discretionary Audit 4	N/A	31-Mar-18	31-Mar-19

The subject of the main Performance Audits will be confirmed after consultation with all relevant stakeholders. In addition to the performance audits we provided for some discretionary audits to be delivered in response to any emergent issues identified in the year.

The delivery of performance audits will be profiled to balance workload through the year between financial audit work which is tied to particular statutory reporting dates and performance audit work where the workflow can be more flexible.

Provision has also been made for on-going support and advice to Public Accounts Committee. This provision will also cover the production of PAC briefing papers and special reports on any matters of importance identified by the Chief Auditor.

ACCOUNTING SERVICES

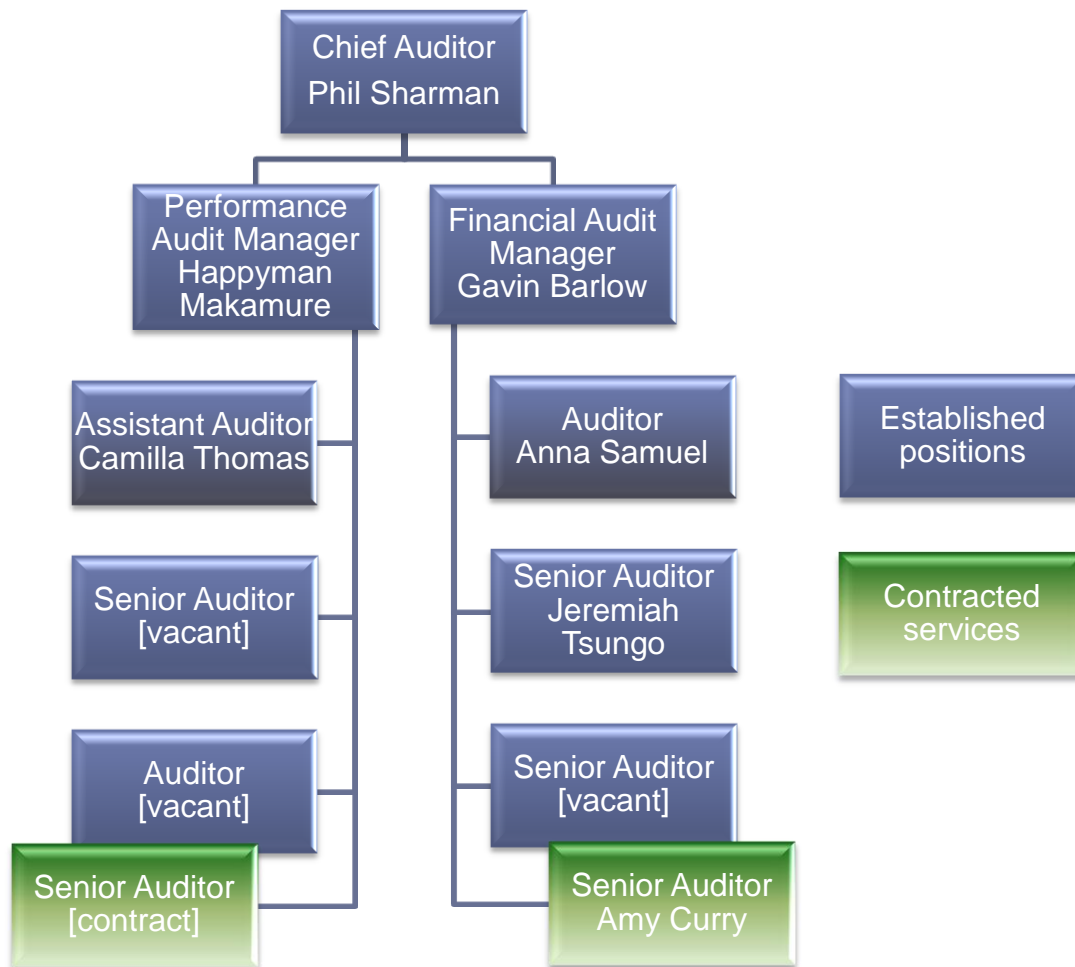
To address the capacity and capability gap in the smaller non-governmental organisations SHAS will offer accounting services directed specifically upon the preparation of statutory financial statements from the accounting records and trial balance maintained by the entity. The accounting services will be designed to complement the work required for the independent examination so that the combined solution represents good value for the entity.

Accounting Service	Opinion Date	2016/17	2017/18	2018/19
South Atlantic Media Services 2015/16	30-Nov-16	√		
South Atlantic Media Services 2016/17	30-Sep-17		√	
South Atlantic Media Services 2017/18	30-Sep-18			√
Saint Helena Fisheries Corp 2015/16	30-Sep-16	√		
Saint Helena Fisheries Corp 2016/17	30-Sep-17		√	
Saint Helena Fisheries Corp 2017/18	30-Sep-18			√
Saint Helena National Trust 2015/16	30-Sep-16	√		
Saint Helena National Trust 2016/17	30-Sep-17		√	
Saint Helena National Trust 2017/18	30-Sep-18			√

TEAM STRUCTURE

The internal restructure trailed in the previous strategic plan was implemented as planned during 2015/16 – Figure 1 below sets out the new team structure. Total headcount remains unchanged at Chief Auditor plus eight staff members but professional capacity is increased at Audit Manager and Senior Auditor grade. This change reflects the increased complexity of the audit function and skills required to achieve compliance with international standards on auditing.

FIGURE 1 AUDIT SERVICE TEAM STRUCTURE 2016



The position of Financial Audit Manager will lead two sub-teams with prime responsibility for operational delivery and leading the financial audit programme. For the two-year period June 2015 to May 2017 this established position will be covered through Short Term Technical Cooperation to give a dedicated focus on audit backlog clearance in the Financial Statements of Government.

The position of Performance Audit Manager is re-established with prime responsibility for leading VFM audit and providing PAC support. For the two-year period November 2015 to October 2017 this role will be covered through Short Term Technical Cooperation with a focus on design and implementation of a performance audit manual and delivering a rolling programme of value for money audit work.

Matrix team working at Senior Auditor, Auditor and Assistant Auditor level allows flexible deployment across both financial and performance work-streams. It also provides opportunity for local staff to undertake technician and professional level studies and therefore internal progression.

In addition to the established positions fixed-term contract assistance has been hired to add internal capacity through 2016/17 being the peak loading of the backlog clearance programme. This contract resource will be released when the audited accounts are up to date and the service can return to a normal workflow.

SPECIAL FUND ESTIMATES

The budgeted cost of operating the Saint Helena Audit Service is shown in the table below – subject to PAC approval these will form the financial estimates for the operation of the Special Fund.

	2015/16 Approved Budget £	2016/17 Draft Budget £	2017/18 Draft Budget £	2018/19 Draft Budget £
REVENUE [note 1]				
Financial Audits – SHG	164,900	194,500	81,000	81,000
Financial Audits – NGO	98,000	36,500	38,800	38,800
Performance Audits	38,100	52,600	66,400	66,400
	301,000	283,600	186,200	186,200
EXPENDITURE [note 1]				
Employee costs	188,350	144,100	145,100	144,600
External contractors [note 2]	49,200	86,700	4,100	4,100
Property costs [note 3]	3,310	7,700	3,900	4,100
Other operating costs	20,140	45,000	32,800	32,800
	261,000	283,500	185,900	185,600
OPERATING SURPLUS/ (DEFICIT)	40,000	100	300	600
Special Fund surplus [b/f]	4,000	44,000	44,100	44,400
Special Fund surplus [c/f]	44,000	44,100	44,400	45,000

Note 1 – expenditure and revenues for 2015/16 are forecast to be lower than budgeted due to the rephasing of the clearance programme shifting costs and revenues into 2016/17

Note 2 – contract resource supplementation for backlog clearance programme

Note 3 – property costs in this analysis include contracted-out cleaning cost services

In revenue terms the income reflects the changing pattern of audit provision particularly in 2016/17. The transfer of NGO audits to outsourced provision has reduced external revenues. Correspondingly an increasing share of revenues now arises from SHG reflecting our focus on the financial statements of Government whilst the backlog is cleared. The estimates for financial years 2017/18 and 2018/19 reflect the restoration of normal work flow.

Our statutory obligation to examine economy efficiency and effectiveness in accordance with section 29(2)(a) of the Public Finance Ordinance is being met by establishing internal capacity to deliver a programme of performance audits and provide professional support PAC and generally promote good governance and accountability in the public administration of St Helena. SHG will meet the recharged cost of this mandatory work-stream as a line item rather than seeking to recover the costs from the individual areas subject to review.

Consistent with 2015/16 the forward budget estimates include the local equivalent salary for those manager positions currently provided through Technical Cooperation – an equivalent contribution will then be paid into the TC fund. This will mean that the Special Fund budget will retain the provision to hire to all established positions other than the Chief Auditor which under section 110(10) of the Constitution is charged upon the Consolidated Fund. Moreover the audit fee rates will reflect the local economic rate so there is no untargeted subsidy provided to those bodies that receive audit services.

In accordance with the Public Finance Ordinance 2010, money which is surplus to that required to meet the liabilities of the Special Fund may be transferred to the Consolidated Fund. Such distributions may be made in due course and for the purpose of these estimates the balance on the Special Fund is shown to be carried forward.

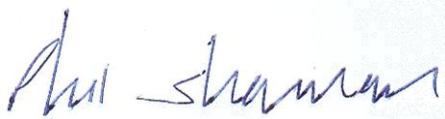
APPROVAL BY PAC

Expenditures for Special Funds, as trading activities, are not required to be appropriated under the Public Finance Ordinance. However, by convention of Legislative Council the forward plans of the Saint Helena Audit Service and the associated Special Fund budget estimates are reviewed by the Public Accounts Committee.

At its meeting of 16 February 2016 the Public Accounts Committee:

- Endorsed the Strategic Audit Plan for the Saint Helena Audit Service for the period 2016/17 to 2018/19
- Approved the Audit Service Special Fund budget estimates at Appendix B to form part of the Saint Helena Government Budget Estimates for 2016/17.

With the agreement of the Chief Auditor, and consistent with the previous practice, the PAC determined in the interests of openness and transparency to lay the Strategic Audit Plan and Estimates before the March 2016 session of Legislative Council.



Phil Sharman
Chief Auditor
Saint Helena Audit Service

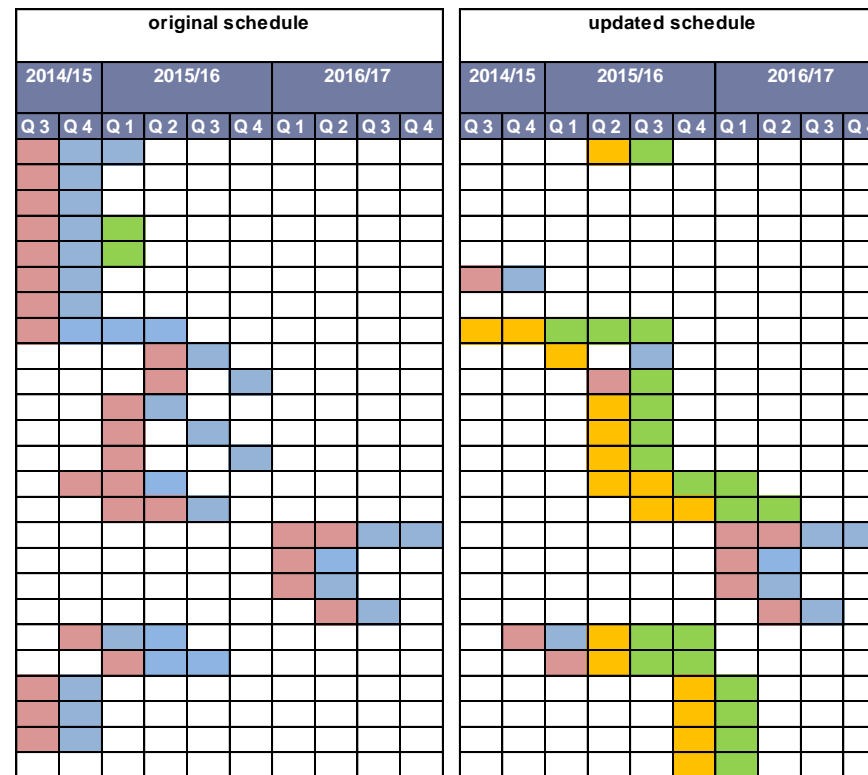
16 February 2016

APPENDIX A

SHG FINANCIAL STATEMENTS RECOVERY PLAN

SHG Financial Audit Plan 2014/15-2016/17
 [accounts backlog clearance project]
 SHAS updated with inputs from SHG

Financial Statement	Financial Year	Opinion	Finance submission date		Audit completion date	
		Deadline	Planned	Updated	Planned	Updated
		Date				
JNCC: Darwin Project: 19-031 Marine	2012/14	31-Mar-15	31-Dec-14	09-Jul-15	31-Mar-15	31-Aug-15
MOU - Education Sector Support P2	2012/13	None	27-Oct-14	n/a	28-Feb-15	31-Mar-15
MOU - SHDA Implementation Phase	2012/13	31-Dec-13	27-Oct-14	n/a	28-Feb-15	31-Mar-15
MOU - STTC 2012/14	2012/13	31-Mar-14	27-Oct-14	n/a	28-Feb-15	29-Apr-15
MOU - STTC 2013/14	2013/14	31-Mar-15	03-Nov-14	n/a	28-Feb-15	29-Apr-15
MOU - Support to ESH 2013/16	2013/14	31-Mar-15	03-Nov-14	n/a	15-Jan-15	31-Mar-15
MOU - Tourist Development Grant	2012/13	31-Dec-13	27-Oct-14	n/a	28-Feb-15	31-Mar-15
Saint Helena Government	2012/13	None	19-Dec-14	02-Mar-15	30-Sep-15	31-Oct-15
MOU - STTC 2014/15	2014/15	31-Dec-15	01-Oct-15	02-Jun-15	30-Nov-15	30-Nov-15
MOU - Support to ESH 2013/16	2014/15	31-Mar-16	01-Oct-15	20-Jul-15	31-Mar-16	31-Dec-15
SHG DCPS	2012/13	31-Oct-13	31-May-15	15-Jul-15	30-Sep-15	29-Jan-16
SHG DCPS	2013/14	31-Oct-14	31-May-15	15-Jul-15	31-Jan-16	29-Jan-16
SHG DCPS	2014/15	31-Oct-15	31-May-15	15-Jul-15	30-Apr-16	29-Jan-16
Saint Helena Government	2013/14	None	15-Jul-15	15-Dec-15	31-Jan-16	15-Jun-16
Saint Helena Government	2014/15	None	15-Oct-15	15-Mar-16	30-Apr-16	15-Sep-16
Saint Helena Government	2015/16	None	15-Jul-16	15-Jul-16	31-Dec-16	31-Dec-16
SHG Currency Fund	2015/16	31-Mar-17	30-Jun-16	30-Jun-16	30-Sep-16	30-Sep-16
SHG DCPS	2015/16	31-Oct-16	31-May-16	31-May-16	30-Jun-16	30-Sep-16
MOU - Support to ESH 2013/16	2015/16	31-Mar-17	01-Oct-16	01-Oct-16	30-Nov-16	30-Nov-16
SHG Currency Fund	2013/14	31-Mar-15	19-Jan-15	07-Dec-15	30-Jun-15	31-Mar-16
SHG Currency Fund	2014/15	31-Mar-16	30-Jun-15	07-Dec-15	30-Sep-15	31-Mar-16
MOU - Restoration of Bastard gumw ood	2011/12	31-Dec-12	27-Oct-14	26-Feb-16	28-Feb-15	30-Apr-16
MOU - Restoration of Bastard gumw ood	2012/13	31-Dec-13	27-Oct-14	26-Feb-16	28-Feb-15	30-Apr-16
MOU - Restoration of Bastard gumw ood	2013/14	31-Dec-14	03-Nov-14	26-Feb-16	28-Feb-15	30-Apr-16
MOU - Restoration of Bastard gumw ood	2014/15	31-Dec-15	15-Dec-15	26-Feb-16	28-Feb-16	30-Apr-16



Legend statement

Statement completed
Statement not yet due
Statement in progress
Slippage in delivery of AFS

Legend schedule

Original submission dates (SHG)
Original project completion dates (SHAS)

Revised submission dates (SHG)
Revised project completion dates (SHAS)

BUDGET SUMMARY

Subhead	Budget 2015/16 £	New Draft Budget			
		2016/17 £	2017/18 £	2018/19 £	
EMPLOYEE COSTS	188,350	144,100	145,100	144,600	
PROPERTY COSTS	3,310	7,700	3,900	4,100	
TRANSPORT AND PLANT	250	2,400	500	500	
SUPPLIES AND SERVICES	3,250	17,700	11,700	11,700	
ADMINISTRATION COSTS	8,420	9,200	9,200	9,200	
OTHER EXPENDITURE	1,400	9,100	4,800	4,800	
PAYMENTS TO CONTRACTORS	49,200	86,700	4,100	4,100	
RECHARGES PAID	6,820	6,600	6,600	6,600	
GROSS EXPENDITURE	261,000	283,500	185,900	185,600	
FINES & FEES RECEIVED	98,000	36,500	38,800	38,800	
Audit Fees - External	98,000	36,500	38,800	38,800	
RECHARGES RECEIVED	203,000	247,100	147,400	147,400	
Audit Fees - SHG	203,000	247,100	147,400	147,400	
TOTAL REVENUE	301,000	283,600	186,200	186,200	
SURPLUS/(DEFICIT)	40,000	100	300	600	
Special Fund Balance	B/F	4,000	44,000	44,100	44,400
Special Fund Balance	C/F	44,000	44,100	44,400	45,000