



# SAINT HELENA AUDIT SERVICE

## AN INTRODUCTION

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## WHAT IS THE SAINT HELENA AUDIT SERVICE?

The Saint Helena Audit Service is the body that carries out financial and performance audits on behalf of the Chief Auditor.

The Chief Auditor is a statutory position. It is required by the Constitution (Section 110). The Chief Auditor's responsibilities are set out in the Constitution and the Public Finance Ordinance:

- To promote public accountability in the public administration of St Helena
- To act as adviser to the Public Accounts Committee
- To undertake any function conferred on the Chief Auditor by or under any Ordinance
- To do anything incidental or conducive to any of the Chief Auditor's functions.

*Constitution, Section 111 (1)*

- On behalf of the Legislative Council undertake an audit of the Government's accounts
- Submit for the consideration of the Legislative Council an opinion on the audit
- Submit for the consideration of the Legislative Council an annual management letter
- Conduct performance audits on behalf of the Legislative Council to determine whether resources have been used with proper regard to economy, efficiency and effectiveness.

*Public Finance Ordinance, Section 29 (1) and (2), paraphrased*

Staff of the Saint Helena Audit Service are employed under the same administrative rules and conditions of service as apply to all public offices of SHG, but are considered separate from SHG.

## WHO DOES THE CHIEF AUDITOR REPORT TO?

The Chief Auditor's line manager is the Governor. The Governor is responsible for the annual performance appraisal of the Chief Auditor. However, the Constitution states that the Chief Auditor is independent. Neither the Governor, Executive Council, Legislative Council or any other person may direct or control him or staff carrying out work on his behalf.

The Chief Auditor can only be removed by a tribunal requested by the Legislative Council that determines that the Chief Auditor should be removed due to misconduct, incapacity or incompetence

The Chief Auditor's work is reported to the Legislative Council.

## WHO DOES THE SAINT HELENA AUDIT SERVICE AUDIT?

### FINANCIAL STATEMENTS AUDITS

We carry out annual financial audits on:

Saint Helena Government	Saint Helena Pension Fund
Saint Helena National Trust	Saint Helena Currency Fund
Bulk Fuel Installation	Enterprise St Helena
South Atlantic Media Services	Saint Helena Fisheries Corporation
Saint Helena Hotel Development Ltd	Saint Marine Resources Ltd

We also carry out audits or certification on a number of financial statements prepared for aid donors including DFID as required by memoranda of understanding (MOUs).

## PERFORMANCE AUDITS

We carry out performance audits on the use of public funds, so we would not normally investigate St Helenian companies. The Chief Auditor is free to decide on an appropriate programme of performance audits but would do so in consultations with relevant stakeholders.

## WHAT IS A FINANCIAL STATEMENTS AUDIT?

A financial audit is an independent examination of financial statements resulting in a report. The report is an audit opinion and in most cases also a management letter.

The audit client prepares financial statements each year and sends them to the auditor along with one or more files of supporting information. The audit team carries out a variety of tests designed to determine whether the information in the financial statements is correct.

We are not able to ensure absolute correctness; we accept a low level of error where it would not have any material effect on the readers of the financial statements.

## WHAT DOES THE AUDIT OPINION MEAN?

The best sort of opinion is an unqualified opinion, sometimes described as a clean opinion, where the Chief Audit reports that:

*"In my opinion, the financial statements present fairly the financial position of the Government..."*

Any other sort of opinion is described as a modified opinion.

Fair presentation?	Opinion
Yes	Unqualified opinion
Yes, except for...	Qualified opinion
No	Adverse opinion
Cannot express a view	Disclaimer of opinion

## WHAT IS THE MANAGEMENT LETTER?

The management letter is a way of documenting the communication between the auditor and those in charge of the audit client. It:

- describes the important results of the audit
- demonstrates the big issues that were discussed as part of the audit
- asks those in charge if they agree with management's view on corrections.

## WHAT IS A PERFORMANCE AUDIT?

A performance audit is an examination into the economy, efficiency and effectiveness with which government's resources have been used. A performance audit may look at any one or more of the three E's (economy, efficiency and effectiveness).

Performance audits use a variety of techniques to collect enough evidence to come to a conclusion. Methods may include:

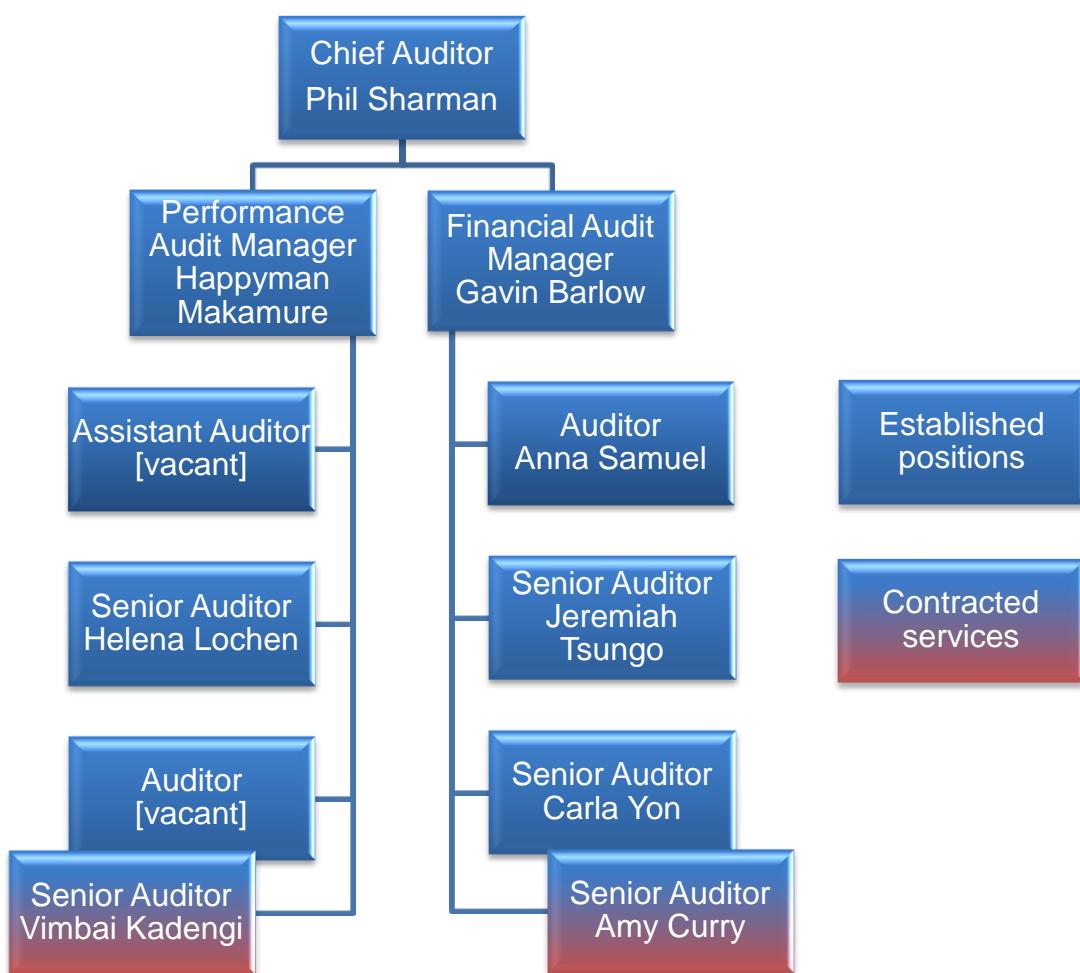
- file examination
- surveys or questionnaires

- interviews
- focus groups
- direct observation

## WHAT ARE THE 3 E'S?

3 E's	Definition	What does it mean
<b>Economy</b>	Keeping the costs low	Are the cost of resources used for an activity as low as they can be, having regard to appropriate quality?
<b>Efficiency</b>	making the most of available resources	Are we getting the most output – in terms of quantity and quality – from the inputs and actions?
<b>Effectiveness</b>	achieving the stipulated aims or objectives	Are the aims being met by the means employed, the outputs produced and the impacts observed? Are the impacts observed really the result of the policy?

## HOW IS THE SAINT HELENA AUDIT SERVICE STRUCTURED?



## WHERE IS THE SAINT HELENA AUDIT SERVICE BASED?

The audit service's office is: Post Office Building, Top Floor, Jamestown, St Helena, STHL 1ZZ  
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 Website [www.audit.gov.sh](http://www.audit.gov.sh)