Welcome to the 14th edition of our newsletter ‘Audit Matters’.

Our newsletter for this issue focuses on some very interesting and informative areas within the Audit Service, who we are, our recent audit work produced and staffing updates – a taste of everything.

The purpose of our newsletter is to update our clients and those who work for SHG on what the Saint Helena Audit Service has been up to since our last issue.

So enjoy your read!

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This issue we thought it might be useful for our readers to have a refresher on the Saint Helena Audit Service.

The SHAS is led by the Chief Auditor, who under the Constitution promotes public accountability in the public administration of St Helena, carries out VFM Studies, and acts as an adviser to the PAC.

The service has therefore, a number of core functions; one being the audit of SHG within six months of receiving a complete set of Financial Statements, which includes the issuing of the audit report (opinion) and the Annual Management Letter.

Secondly, the SHAS conducts Value for Money reviews on behalf of the Legislative Council to determine whether resources have been used with proper regard to economy, efficiency and effectiveness. Thirdly, reports are issued to the PAC for discussion.

In order for the SHAS to carry out its core functions, the service works under the authority of the Chief Auditor. Under the Constitution, the SHAS has access to all books, records, reports and other documents relating to the financial operations of the Government of St Helena. Further, the service is not subject to the direction or control of the Governor, the Executive Council or any other person or authority.

These powers ensure that the service remains independent in its work, having access to all documents in Government and not being directed or controlled by any person. These are key powers to allow the service to carry out its role.
**AUDIT UPDATE**

**Value For Money**

Determines whether Government resources have been used with proper regard to *economy, efficiency* and *effectiveness*.

Our latest *Value for Money* reports issued:

**VEHICLE CUSTOMS REVENUE**

The objective of this audit was to review the system for the assessment and collection of revenues from imported vehicles. We concluded that this system was adequate and some improvements in processes and procedures need to be made. We made six recommendations with regards to compliance with the Ordinance and improvements in procedures and control.

**VFM Review of the NEW CUSTOMS BUILDINGS**

The objective of this audit was to assess whether Value for Money has been achieved with construction of the Freight and Baggage Terminal and Customs and Passenger Terminal Buildings, referred to as the new Customs buildings. We concluded this report with an Inadequate opinion which means that management arrangements are not considered to be conducive to achieving Value For Money. We made fifteen recommendations for implementation by management as part of this review.

**FOLLOW UP of previous SHG VFM RECOMMENDATIONS**

We have issued seventeen VFM reports since 2008/09 and this review seeks to report on progress against the recommendations to determine whether they have been implemented; and, if necessary, report on possible plans of action to ensure that management does implement them. There were seventy-eight recommendations outstanding for implementation from reports published by our service for the past three years 2008/09 to 2010/11. Fifty-five of these recommendations have now been implemented, five are no longer applicable, twelve are partially complete, and six have not been implemented or any action taken. SHG has made good progress implementing recommendations.

We concluded this report with an Adequate opinion.

For more information on our publications, please visit our website at: www.audit.gov.sh

**Report on the ROLE OF THE TENDER BOARD**

The Value for Money (VFM) report *Compliance with Contract Regulations* issued in November 2011 formed the basis of the questioning by the PAC in their Formal Session on the 18th of November 2011. In their report following the Session they concluded that the Tender Board currently operates without any written terms of reference; its role and function require clarification and review to enable it to add value to the process of contract regulation).

This report details the progress made since the report was issued; through a review of the minutes of the TB and discussion with relevant officers and two members of the TB. There were ten recommendations made to management for implementation.
Financial Audits

Financial Audits

Provides users of the accounts or financial statements with assurance on whether the statements can be relied upon.

We have issued Financial Statement Audit opinions for the following audits:

Bank of St Helena 2011-12
The BOSH made a profit of £208K for the period with net assets totalling £4.2 million. An UNQUALIFIED audit opinion was issued to the Board of Directors. We made six recommendations to management, four of which were in relation to the period under review and two were prior year recommendations reiterated.

Currency Fund 2011-12
The Currency Fund had a deficit for the period of £69K, net assets totalled £1.2 million. An UNQUALIFIED audit opinion was issued to the Currency Commissioners. We made three recommendations to management.

St Helena Development Agency 2011-12
The Agency made a loss of £37K for the period, with net assets totalling £1.5 million. An UNQUALIFIED audit opinion was issued to the Board of Directors. We made a total of three recommendations for implementation by management.

Bulk Fuel Installation 2011-12
BFI made a profit of £10K for the period with net assets totalling £3.8 million. A QUALIFIED audit opinion was issued to the Financial Secretary and we made a total of six recommendations, two were prior year recommendations reiterated.

St Helena National Trust 2011-12
The Trust made a profit of £36k, fund balances totalled £101K. An UNQUALIFIED audit opinion was issued to the President of the Trust. We made a total of six recommendations for the period under review.

St Helena Fisheries Corporation 2011-12
SHFC made a profit of £17K for the period with net assets totalling £242K. An UNQUALIFIED audit opinion was issued to the Board of Directors. We made six recommendations to management, three were prior year recommendations reiterated.

Financial and Performance Report 2011-12
We issued an Independent Report on Applying Agreed-Upon Procedures to the Financial Secretary. This main focus of this report was agreeing the financial information for 2011-12 reported by SHG with their accounting ledger.

You can find our audit opinions and audit management letters on our website at www.audit.gov.sh Please feel free to access them.
The Chief Auditor, Colin Owen, has recently left the service to take up his new post as Financial Secretary, and Colin talks here about his last two years with the SHAS.

I arrived on the Island in October 2010 and after nearly two years I will now be saying goodbye to my work colleagues in the SHAS as I am jumping ship to take up my new post as the Financial Secretary. Some people have compared the move as “going from poacher to gamekeeper”!

Since my arrival the SHAS has improved month on month, with timely opinions, cross cutting and high impact VFM reports being issued and significant improvements made in the quality and impact of the work. This has not been down to me but down to the hard working attitude of the audit staff and their embracing of new ideas and changes to work.

It has been a pleasure to see my staff develop over the two years, they have grown in confidence and have been successful in developing not only their audit skills but passing financial exams. The service is going through some exciting times with the new appointment of the Audit Executive, who was recently selected and will arrive on the Island in a couple of months. His job role will be to provide ongoing audit training and dedicated professional accounting training so providing the support staff need to allow to continue their professional studies.

The most interesting part of my role which I will miss will be my interaction with the Public Accounts Committee and the work we have carried out with regards to VFM studies and looking for efficiencies in SHG. I look forward to being quizzed at the formal PAC sessions.

I would not have been able to carry out my job without the support of all my staff, especially Connie Stevens who is the Audit Manager of the service. She supported me through the initial couple of months of getting to know not just SHG but St Helena, and has provided me with constant support throughout my time. I will miss our daily discussions! I believe that I am leaving a service with a great future ahead of them and I wish them every success. I will not be that far away and I will be the one answering questions rather than asking them from now on!

On behalf of the Audit Service, we wish Colin every success for the future!

We have had Alexia Furniss working with us as part of her work experience placement. Alexia said “I am glad that I chose the Audit Service for my work experience. I felt that it really benefited me for a future entrepreneur. I feel that the Audit Service helped me to develop skills that I didn’t know I was capable of. These skills will become very useful to me in the big world”. We have enjoyed having Alexia working as part of our team and wish her well on her future endeavors.

Professional Success
Congratulations to our Auditor Sheridan Richards who achieved her ACCA Diploma in Accounting and Business!
Well done!!