



SAINT HELENA AUDIT SERVICE
External Auditors

**Follow Up on previously issued Value
for Money/Performance Audit
Recommendations**

St Helena Government

November 2016

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INTRODUCTION

BACKGROUND

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

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

- Promote public accountability in the public administration of St Helena.
- Act as adviser to the Public Accounts Committee.
- Undertake any function conferred on the Chief Auditor by or under any Ordinance.
- Do anything incidental or conducive to any of the Chief Auditor's functions.
- Undertake an audit of the Government's accounts on behalf of the Legislative Council.
- 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.

Value for Money/Performance auditing as defined in the International Standards for Supreme Audit Institutions (ISSAI) is an independent, objective and reliable examination of whether government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Value for Money (VfM)/Performance audits are conducted as part of our Strategic Performance Audit Plan or at the request of the Public Accounts Committee (PAC).

A follow up audit is an independent activity that is designed to validate improvement actions proposed by management. It increases the value of the audit process by strengthening the impact of the audit and encourages St Helena Government (SHG) as executive management to follow-through their stated intentions. It also provides SHAS with valuable performance information and provides a basis for improvements to future audit work. Follow-ups are not restricted to the implementation of recommendations but focuses on whether the SHG has adequately addressed the problems and remedied the underlying situation after a reasonable period of time.

International Standards for Supreme Audit Institutions (ISSAI) 300, paragraph 51 states that *"Auditors should follow up previous audit findings and recommendations wherever appropriate. Follow-up should be reported appropriately in order to provide feedback to the legislature together, if possible, with the conclusions and impacts of all relevant Corrective action. A follow-up of an audit report, must practically focus on findings and recommendations that are still relevant at the time of the follow-up and adopt an unbiased and independent approach."*

SHAS has carried out the following VfM/ Performance audits over the previous five years, which we have followed up on the implementation of recommendations:

- Use of empty SHG Buildings report – February 2011
- Vehicle Management report – September 2011
- Vehicles Customs Revenue report - June 2012
- Review of Customs Buildings report – August 2012
- Delivering Government Objectives report – August 2014
- Airport Project Assurance report – June 2015

This report highlights areas where SHG has implemented recommendations agreed with SHAS and also areas where recommendations have not been implemented in relation to the above mentioned six (6) reports.

OBJECTIVE

The objective of the audit was:

- To determine whether the agreed upon recommendations were implemented within the agreed upon timeframe.

METHODOLOGY

We conducted our follow up audit in accordance with the standards, consistent with the Fundamental Principles of Performance Auditing of the International Standards of Supreme Audit Institutions (ISSAI). SHAS undertook the following work to validate that agreed upon recommendations have been implemented as agreed:

- Compile a consolidated recommendations register for the past six (6) published reports and enquire on the status the previously agreed on recommendations based on the timelines provided;
- Eliminate all recommendations that have been identified as implemented during previous Follow Up work performed in a report issued August 2012;
- For positive responses [Yes/Closed/Implemented] to the implementation, select a sample to validate the responses or external corroboration of management explanations;
- For negative response [No/Open/Not Implemented] to the implementation, obtain a new target date for the implementation of the recommendations;
- For instances where the control environment has changed since the initial audit, confirmed that compensating controls exists to mitigate the risk previously identified;
- Draft a report;
- Issue draft report to SHG management.

SUMMARY OF FOLLOW UP RESULTS

a. Use of empty SHG Buildings report – February 2011

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
1	1	0
Percentage	100%	0%

b. Vehicle Management report – September 2011

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
25	17	8
Percentage	68%	32%

c. Vehicles Customs Revenue report - June 2012

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
6	5	1
Percentage	83%	17%

d. Review of Customs Buildings report – August 2012

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
17	5	12
Percentage	29%	71%

e. Delivering Government Objectives report – August 2014

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
59	40	19
Percentage	68%	32%

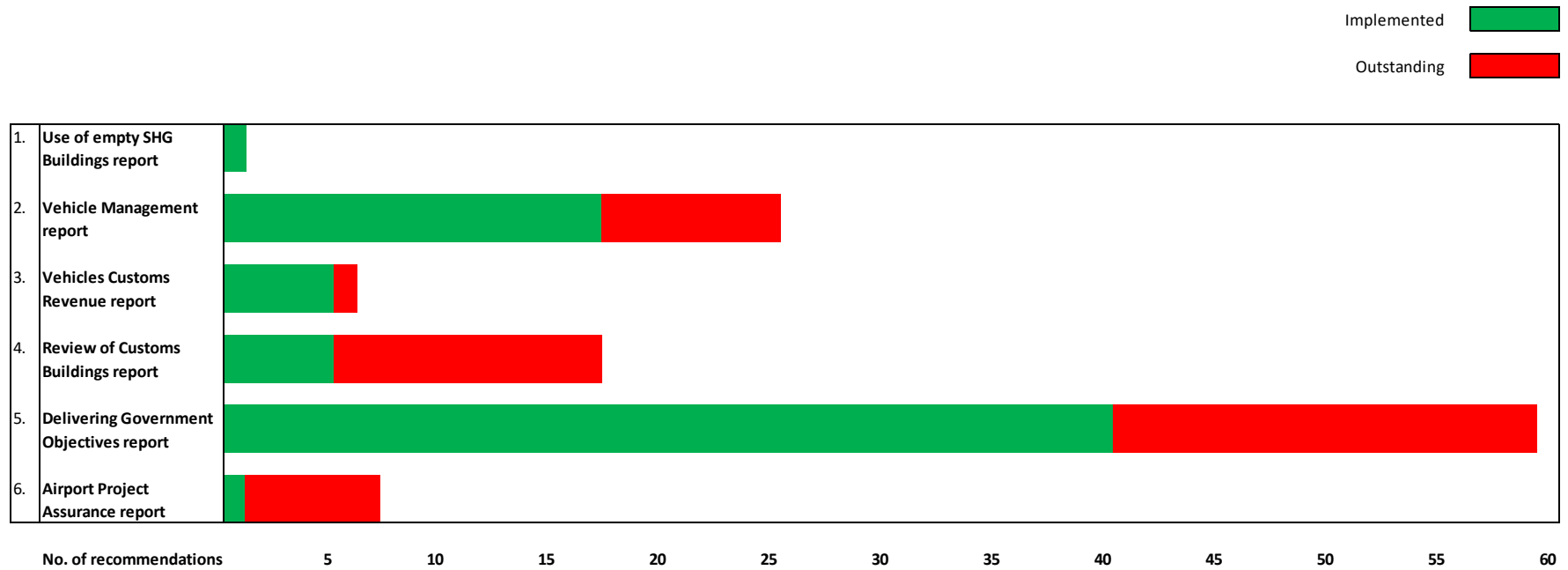
f. Airport Project Assurance report – June 2015

Total Outstanding Recommendations Issued	Recommendations Implemented, and Superseded	Recommendations Not Implemented
7	1	6
Percentage	14%	86%

Total

<i>Total Outstanding Recommendations Issued</i>	<i>Recommendations Implemented, and Superseded</i>	<i>Recommendations Not Implemented</i>
115	69	46
Percentage	60%	40%

Figure 1 Implemented and outstanding recommendations



SHAS issued one hundred and fifteen (115) outstanding recommendations and sub-recommendations between 2011/12 and 2015/16 from the six (6) reports under review. Sixty nine (69) of these outstanding recommendations have now been implemented or superseded due to changes in the control, and forty six (46) have not been implemented. With some 60% of actions now completed SHG has made reasonably good progress in implementing recommendations.

CONCLUSIONS

Although SHG management has made good progress towards the implementation of audit recommendations as highlighted in the summary of follow up report, they are encouraged to prioritise that all outstanding issues remaining are addressed. These outstanding recommendations together with the responsible directorate/ division are detailed in Appendix 1 for ease of reference.

As part of our analysis we have noted that some recommendations have been outstanding for a long time as depicted in the table below and action towards clearing these should now be prioritised.

No.	Performance Audit	Month Issued	No. of outstanding recommendations	No. of months outstanding at October 2016
1.	Vehicle Management report	September 2011	8	61 months
2.	Vehicles Customs Revenue report	June 2012	1	52 months
3.	Review of Customs Buildings report	August 2012	12	50 months
4.	Delivering Government Objectives report	August 2014	19	26 months
5.	Airport Project Assurance report	June 2015	6	16 months

ACKNOWLEDGEMENTS

The Saint Helena Audit Service acknowledges the cooperation and assistance received from SHG officials during the course of this follow up of previous performance audits.



Phil Sharman
Chief Auditor

30 November 2016

APPENDIX 1 – RECOMMENDATIONS NOT YET IMPLEMENTED

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
Vehicle Management report – September 2011				
1	Periodic control checks between the fuel consumption workbook and expenditure recorded in the financial ledger are implemented and performed on a timely basis. (Recommendation 12)	ENRD/ TRANSPORT	Checks are being performed to ensure all plant and vehicles are recorded.	Delayed. New implementation date provided (end FY 16/17)
2	(a) review management information needs in particular, the necessity to record the current level of details for fuel consumption by long-term or private hire vehicles; (Recommendation 13(a))	ENRD/ TRANSPORT	Worksheet will be reviewed to explore ways in which inputting of data could be less time consuming.	Delayed. New implementation date provided (end FY 16/17)
3	(b) review the structure of workbook used to monitor fuel consumption details and the efficiency of data input. (Recommendation 13(b))	ENRD/ TRANSPORT		
4	(c) take necessary action as a result of these reviews. (Recommendation 13(c))	ENRD/ TRANSPORT		
5	The workbook maintained to monitor maintenance costs be reconciled periodically with control data. (Recommendation 16)	ENRD/ TRANSPORT	Periodic checks will be performed. Further training required for the Stores Manager in the use of Access Accounts in order to produce reports for reconciliation.	Delayed. New implementation date not provided

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
6	The Transport Division: (b) considers all potential options available for meeting transportation needs. (Recommendation 23(b))	ENRD/ TRANSPORT	It is not always guaranteed to have private hire drive available and with the difference in cost some directorates are not willing to pay the hire rates. With the view to divestment and the reviewing of hire rates to cover maintenance cost, other potential options could be considered.	Not evidenced
7	(c) use the most cost effective arrangement for meeting transportation needs; the replacement or continued maintenance of vehicles should only occur where it can be justified. (Recommendation 23(c))	ENRD/ TRANSPORT		
8	A procedures manual be compiled to communicate staff responsibilities and provide a guide on how tasks should be carried out. (Recommendation 24)	ENRD/ TRANSPORT	Support this recommendation but will take time to compile, as correct procedures still need to be determined for various tasks	Delayed. New implementation date provided (end FY 16/17)
Vehicles Customs Revenue report - June 2012				
1	Evidence detailing the follow up of late payment needs to be held and recorded on file. (Recommendation 6)	Finance	Agreed new debt management procedures were established and this recommendation is incorporated.	Delayed. New implementation date not provided
Review of Customs Buildings report – August 2012				
1	The needs of the main end user must be taken into consideration at all times. (Recommendation 1)	CS/FINANCE/PROCUREMENT	Recommendation agreed. The known needs of all end users were taken into consideration, but some were beyond the authority of project management, (e.g., removal of the tree)	Delayed. New implementation date provided (PIP 31/10-16)

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
2	For future projects an appropriate level of funding should be used to employ an experienced Project Manager. (Recommendation 2)	CS/FINANCE/ PROCUREMENT	Provision equivalent to 10% of the value of implementation of the original design was set aside, but competitive tendering resulted in only one Tender being received at a substantially lower figure from a person involved in project management since 1984.	Delayed. New implementation date not provided
3	As part of the monitoring process for projects, monthly discussions should be recorded in a status report detailing discussions held; and that any issues discussed which are recorded in the issues log are dated. This report should then be placed on file to ensure that a record exists that is complete and can be revisited on a monthly basis to aid project management. (Recommendation 4).	CS/FINANCE/ PROCUREMENT	Recommendation agreed. The PM has been instructed to include more detail in the Issues Log and file a copy monthly with immediate effect. A template will be developed for use in future projects by end October 2012	Not evidenced
4	SHG review the project management process to ensure that delays do not occur in future projects. The review should look at planning, ensuring that the needs of the end user are taken into account, and management arrangements. (Recommendation 5)	CS/FINANCE/ PROCUREMENT	It is accepted that some improvements could have been made in the areas identified, but not that all delays were attributable to project management, For example, the interior design changes made necessary when the unexpected decision was taken to combine Income Tax and Customs; the non-arrival of roofing nails with the roof sheets (although both were ordered together) and of the urinals and associated fittings despite early	Delayed. New implementation date provided (PIP 31/10-16)

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
			placement of the order.	
5	Recommend urgently that the needs of Customs and Revenue be clearly documented and an action plan agreed by the DCP with them to address any outstanding works, so that the building can be made fully operational. (Recommendation 7 (Part 1))	CS/FINANCE/ PROCUREMENT	The recommendation that an Action Plan be drawn up urgently to address any outstanding works is agreed.	Not evidenced
6	Future project groups do not lose sight of the purpose of the project and the needs of the key end user. (Recommendation 7 (Part 2))	CS/FINANCE/ PROCUREMENT	Some items on the raft of 'additional' works were planned from the outset, such as installation of urinals, or were identified by PM as defects to be addressed, such as the pooling of surface water from the ramp.	Not evidenced

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
7	Future working groups should be considerably smaller, and that only relevant people are included. (Recommendation 8)	CS/FINANCE/ PROCUREMENT	The second recommendation is also agreed. However, Revenue and Customs were directly represented on the Wharf Working Group of which their line manager was also a member until April 2012 and concerns regarding failure to address their needs were not communicated to avoid a similar situation occurring in the future, improved communications on the part of all involved is crucial. To avoid a similar situation occurring in the future, improved communications on the part of all involved is crucial.	Not evidenced
8	In future projects, majority voting should not be used to make decisions in such large groups. (Recommendation 9)	CS/FINANCE/ PROCUREMENT	Majority voting was only used very occasionally to avoid delay in attempting to reach a decision by consensus. Advice will be taken as to what other democratic process might be used in such circumstances	Not evidenced
9	This group be reduced in size immediately and that the future benefits of such a group discussed and clarified, as in my opinion it is a costly use of limited resources. (Recommendation 10)	CS/FINANCE/ PROCUREMENT	Recommendation agreed. Full stakeholder consultation is a requirement of the European Commission. However, more cost effective and efficient means of achieving this (including reduction in group size) will be pursued.	Not evidenced

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
10	Future project groups be arranged in this manner, dependent on the project. (Recommendation 11)	CS/FINANCE/ PROCUREMENT	Recommendation agreed.	Not evidenced
11	SHG clarifies why a building with known Health and Safety issues has been allowed to be used by SHG staff and the general public and ensures procedures are put in place to ensure that this does not happen again in the future. (Recommendation 12 Part 2)	CS/FINANCE/ PROCUREMENT	Before the upper floor was occupied, inspections of the whole building were carried out by Fire, Environmental Health and the Building Inspector. All recommendations flowing from these visits were implemented before the building was occupied and permission for occupation was received prior to this taking place.	Not evidenced
12	All information regarding quotations to support the procurement process is filed and retained. File notes should be kept to document the process when three quotations are not obtained, or in the event that items can only be procured from a certain supplier. (Recommendation 14)	Project Manager	Recommendation agreed	Not evidenced
Delivering Government Objectives report – August 2014				
1	Prepare a new SDP with a “Post Airport” vision for St Helena by April 2016. <i>As a substantial amount of work will be involved, this process should begin soon.</i> (Recommendation 1.4)	CS	Agreed. A significant amount of consultation will be needed in preparing the new SDP. Current SDP will run until 2017 and will be refreshed annually. Post air access SDP should ideally link with current time frame	Delayed. New implementation date provided (end FY 16/17)

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
2	Assess the benefit that all new or revised plans might provide against the opportunity cost of preparing such plans. (Recommendation 1.5)	CS	Agreed, this has commenced with a more focussed approach to delivery against plan preparation. This is evidenced by the SDP refresh and other associated documents.	Not evidenced
3	Document responsibility for each objective in Directorate Strategic Plans. (Recommendation 1.8)	ENRD	Agreed. The BDG as well as elected members will work together to ensure who is responsible for each action – this is further supported by the development of a new template for operational plans	Delayed. New implementation date provided (end FY 16/17)
4		Safeguarding		
5	Directors should ensure appropriate allocation of resources within their budgets to ensure strategic goals are achieved. (Recommendation 2.5)	Health	Agreed	Not evidenced
6	Councillors should ensure that within budgets adequate resources are allocated for all strategic objectives to be implemented. (Recommendation 2.6)	Elected Members with Financial Secretary	Agreed. However within the parameters there is only a finite amount of resources available.	Not evidenced

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
7	A preliminary 3 year budget should be produced. (Recommendation 2.7)	Financial Secretary	Agreed. SHG is committed to producing a 3 year budget for 2015/16 to 2017/18; however there is such uncertainty at this time about a number of key factors relating to the opening of the Airport and the related requirements that it is difficult to prepare realistic budgets at this stage for years 2 and 3. Directors have been issued with indicative budget ceilings for the outer years and further work is needed over the coming months on revenue forecasts through the macroeconomic framework for outer years and as information relating to air access becomes available.	Delayed. New implementation date provided (end FY 20/21)
8	KPIs should be designed that are easy to monitor. (Recommendation 3.2)	Corporate services	Agreed	Not evidenced
9		Finance		
10		Education		
11		Health		
12		ENRD		
13		Safeguarding		
14	KPIs should be useful as part of directorates day to day activities. (Recommendation 3.3)	ENRD	Agreed	Delayed. New implementation date provided (end FY 16/17)
15		Safeguarding		

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
16	Directors should be held to account for the late reporting of indicators. (Recommendation 3.4)	CS	Agreed	Not evidenced
17	Council committees should schedule reporting of performance reports at appropriate frequency. (Recommendation 3.5)	SHG and Elected Members	Agreed SHG support elected members in this process.	Not evidenced
18	All strategic plans should be monitored by appropriate committees. (Recommendation 3.6)	SHG and Elected Members	Agreed where there are direct links to a Council Committee.	Not evidenced
19	Performance should be reported within four weeks of the period to which they relate. (Recommendation 3.6)	FS	Agreed. Will improve on the timely delivery of the SHG Performance Report.	Not evidenced
Airport Project Assurance report – June 2015				
1	The Airport Project management team may wish to use the conclusions of this report to use as guidance for securing specific assurances or targeting specific audit work. (Recommendation 1)	Air access/DfID	Noted. This will be taken forward in discussions on project assurance with the Programme Board	Ongoing
2	Management should ensure that those persistent 'RED' risk areas are collectively managed and investigated or otherwise make plans for specific targeted assurance work. (Recommendation 2)	Air access/DfID	Agreed.	Ongoing

No.	Recommendation	Directorate	Management Comment per the original report	Audit status
3	All future capital projects as well as Phase 2 for this project should have a defined risk management strategy drafted in accordance with ERM or equivalent standard e.g AS/NZS ISO 31000: 2009. (Recommendation 3)	Air access	This is helpful and reinforces discussions within the Airport Project in terms of Phase 2 of the Project. This will be taken forward with the Airport Contract Manager in managing the transition between Phase 1 and Phase 2 of the Airport Project	Delayed. New implementation date provided (end FY 16/17)
4	Management should design a detailed integrated assurance and audit programme for Phase 2 of the project. (Recommendation 5)	Air access	This is helpful and reinforces discussions within the Airport Project in terms of Phase 2 of the Project. This will be taken forward with the Airport Contract Manager in managing the transition between Phase 1 and Phase 2 of the Airport Project	Delayed. New implementation date provided (end FY 16/17)
5	Technical accounting treatment for aid flows & assets under construction are considered as a significant audit risk within the SHG audit of financial statements 2012/13. SHG should continue to improve its accounting policies in order to account for airport construction to the recognised international standards. (Recommendation 6)	Corporate services (FS)	Discussion on the accounting treatment is ongoing with the SHAS and forms part of the 2012/13 SHG audit discussions.	Delayed. New implementation date provided (end FY 16/17)
6	Transparency and the timeliness of the publication of public information should improve so as to improve public stakeholder assurance. (Recommendation 8)	Air Access	Agreed. We recognise that there is room for improvement in project communications and are working with SHG PR Office on our communications strategy for the remainder of Phase 1	Not evidenced

Legend audit status

Audit status	Explanation
Delayed. New implementation date provided (date provided)	Management is aware it has not been implemented, and provided a new date
Delayed. New implementation date not provided	Management is aware it has not been implemented, but not provided a new date
Not evidenced	Management reports implemented, but cannot provide satisfactory evidence / results of conducted audit tests are unsatisfactory
Ongoing	Continuously monitored