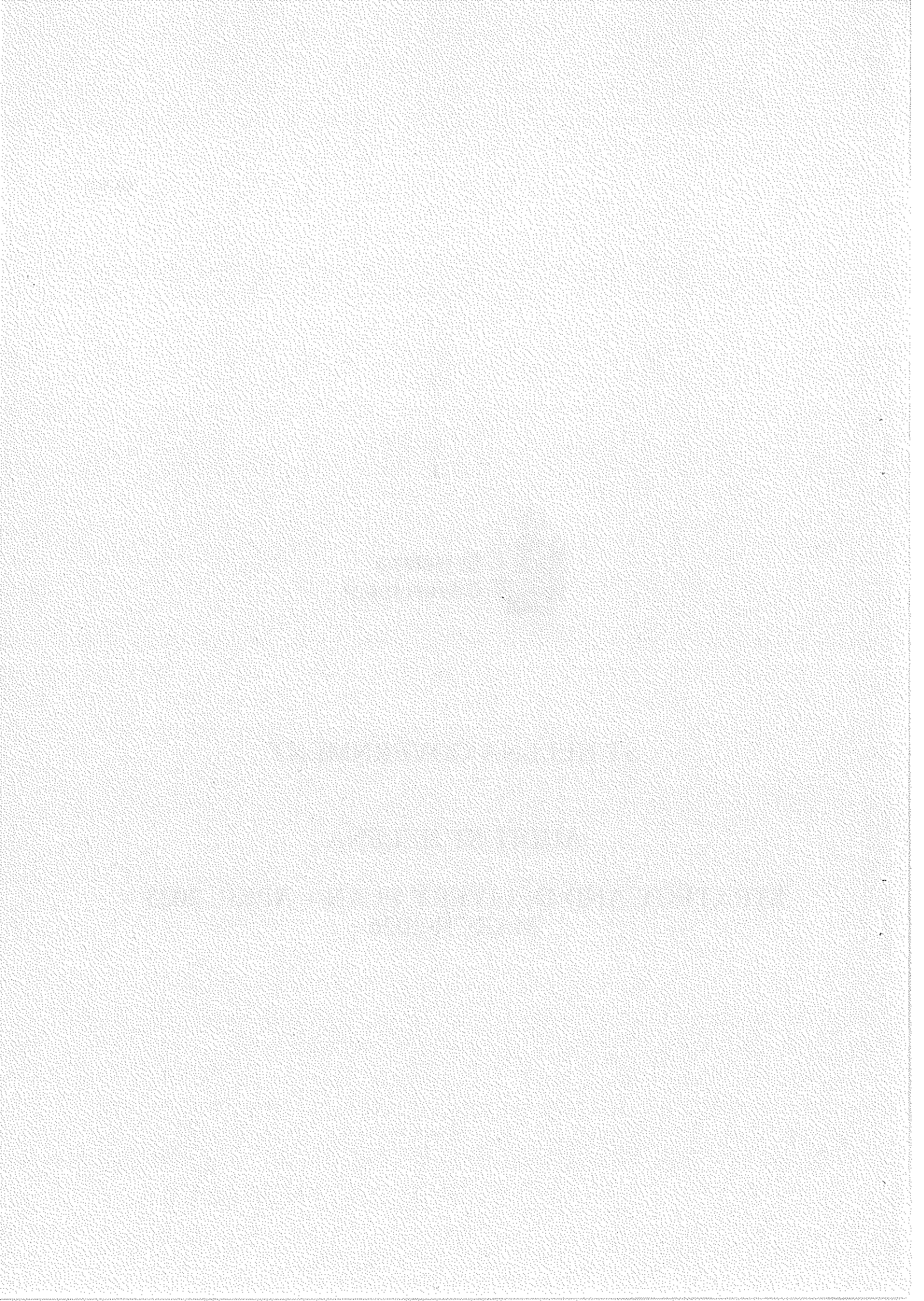




**ST HELENA GOVERNMENT**

**AUDIT ST HELENA**

**STRATEGY AND DELIVERY PLAN – APRIL 2023 –  
MARCH 2026**





**AUDIT ST HELENA**  
External Auditor

**Audit St Helena**

# **Strategy and Delivery Plan**

## **April 2023 – March 2026**

Version: Final

Prepared by: Brendon Hunt – Chief Auditor

Updated: 02 March 2023

Endorsed by: Public Accounts Committee

## Contents

1. The role of the Chief Auditor and Audit St Helena .....	1
2. Strategic Objectives.....	1
2.1. Improving operational delivery.....	2
2.2. Developing the audit practice .....	2
2.2.1. Reforming audit legislation.....	3
2.2.2. Embedding our performance audit methodology.....	3
2.2.3. Building sustainable capacity and capability in the audit team.....	4
2.3. Migration to the Cloud .....	5
3. Strategic Priorities.....	5
4. Operational Delivery Plan .....	8
5. Financial Estimates.....	12
6. Workforce Plan .....	13
7. Risk Management and Mitigation.....	15
8. Approval .....	15

## **1. The role of the Chief Auditor and Audit St Helena**

The Chief Auditor is the statutory external auditor for St Helena and Ascension and is mandated under the Constitution and applicable law to audit the accounts of government and other statutory bodies in St Helena and Ascension. These audits are undertaken as professional engagements in accordance with auditing standards and extend to:

- Financial audits of published financial statements
- Performance audits of value for money in the use of public resources

The Chief Auditor is able to perform this work through staff employed in Audit St Helena or may engage qualified accountants to perform work on his behalf. The Chief Auditor may also provide audit or accountancy services either to government or other bodies provided that the work will not interfere with his statutory duties.

The Chief Auditor will also discharge other statutory functions including providing advice to the Public Accounts Committee (PAC) and generally promoting accountability in the public administration in St Helena and Ascension.

## **2. Strategic Objectives**

The work of Audit St Helena directly supports the statutory responsibilities of the Chief Auditor – these being:

- Audit of published financial statements under section 29(1) of the Public Finance Ordinance and other laws;
- Audit value for money in the use of public resources under section 29(2) of the Public Finance Ordinance;
- Advice and support to the PAC under section 111(1)(b) of the Constitution;
- Generally promoting accountability in the public administration of St Helena under section 111(1)(a) of the Constitution.

These statutory objectives directly underpin the National Goal 6: an Effective, Efficient and Accountable Public Sector.

An incremental approach to the development of the Strategic Objectives has been followed for the 2023/24 financial year.

### **2.1. Improving operational delivery**

Whilst the capacity in the financial audit team has been resolved to a large degree the performance audit team has been affected by the departure of key team members. A constant vacancy has been the post of the Performance Audit Manager. The Strategic Audit Plan details how the post can be filled via funding from the local audit cadre supplemented by a draw down on reserves.

### **2.2. Developing the audit practice**

The development of Audit St Helena as a professional practice is essential to enable the Chief Auditor to meet his statutory responsibilities. As noted in the section above tangible progress is already evident in building sustainable capacity and capability in the statutory audit function in St Helena. But more is required to get the audit function where it needs to be and this practice development priority will entail sustained investment in:

- Training and development of our team to ensure we have the technical competencies and range of skills appropriate to the professional work that we are undertaking.
- Systems, processes and methodologies to ensure that our audit work is efficient and effective and compliant with required standards, guidance and statutory requirements.

The publication of the Good Practice Guidance for Public Financial Oversight in February 2017 with implementation supported through the Phase I technical assistance project aligned well with practice development priorities of Audit St Helena. Whilst there is still more to be done to realise the expectations in the Good Practice Guidance it remains a useful benchmark and driver for further change in the forward strategic plan.

The previous strategic plan outlined some specific practice development priorities which were deferred in implementation and therefore will continue forward in this new strategic planning period:

- Reforming audit legislation
- Reviewing our financial audit methodology
- Embedding our performance audit methodology
- Building sustainable capacity and capability in the audit team

The review of our financial audit methodology, and its alignment to our electronic audit management software, has been put on hold until the move to the Cloud based version of this software has been completed. The preparatory work for the migration has been included as a Strategic Objective for the 2023/24 financial year.

These strategic development priorities are further explained below:

#### **2.2.1.Reforming audit legislation**

To reform the current audit legislation to meet the INTOSAI Level-1 Founding Principles it was previously proposed that section VII of the Public Finance Ordinance be repealed and a dedicated Public Audit Ordinance be introduced for approval by Legislative Council. The proposed reform will enable St Helena to meet the INTOSAI principles and encode the best practice guidance published for the UKOTs. Consequential amendments to the statutory audit provisions in the Constitution were also proposed. The required amendments to the Interpretation Ordinance (updating the definition of an audit and reference to the ISAs) and the Special Fund Trading Account (establishing independent financial arrangements for Audit St Helena) have been brought before responsible stakeholders as separate initiatives as part of the wider project.

The 2018 concept paper proposing reform of the audit legislation received full stakeholder support and was assigned high priority for development of an Audit Bill for consultation and implementation. This development priority has been given renewed emphasis in the current strategic plan. Proposals from AG Chambers have indicated that only limited amendments are needed but these proposed amendments would not fulfil the objectives of the INTOSAI Level-1 Principles. The upcoming Constitutional review will provide a further opportunity to present the case for reform within the life of this plan should this be deemed necessary.

#### **2.2.2.Embedding our performance audit methodology**

There is currently a need for leadership in shape of a Performance Audit Manager to drive the Performance Audit programme and enable coaching and development of team members in preparation for local succession. This would need to occur in tandem with the appointment of permanent staff members to whom skills could be imparted.

As part of the 2021/22 and 2022/23 budgeting process bids were made for TC support for the appointment of a Performance Audit Manager and these were unsuccessful. Recognising that it is unlikely that this position will be filled by the TC budget line the proposed

budget, included in the strategic plan, proposes using accumulated reserves to supplement the local salary package and attract competent staff to the Island. The same bid was made to the Wales Audit Office (WAO) and the National Audit Office (NAO) in the 2022/23 financial year with interest in the bid being very low. Initial commentary was that the package, even though supplemented to TC equivalency, was not going to attract staff away from the Audit Offices. Our recruitment strategy is to extend the bid to the wider Southern African Development Community (SADC) region as a means to attract professional staff who can impart skills to newly appointed assistant auditors.

The portion of the remuneration package that exceeds local terms will be funded from the Accumulated Reserves of the Trading Account. A reconciliation of the budgetary effect of this initiative is included further in the Strategic Plan.

### **2.2.3. Building sustainable capacity and capability in the audit team**

Continued investment in internal training and development is required to reduce reliance on imported resources and to build internal capability in Audit St Helena to better service the responsibilities of the Office of the Chief Auditor.

Auditors are supported in undertaking a structured training programme leading to recognised technical and professional qualifications and attainment is rewarded through the audit scheme of service within the external audit cadre. Training plans are delivered through a combination of distance learning on-island and classroom-based studies either locally based or overseas in accordance with our updated professional training policy.

The Learning and Development Strategy was developed in the 2022/23 financial year and assists in identifying training needs beyond the core disciplines of accounting and auditing and the resources available to meet those needs. The strategy makes use of local educational resources at the St Helena Community College as well as online training courses.

The office currently relies on contractors to a large degree particularly at professional qualified grades. The following initiative is included in the strategic plan to build sustainable capacity and fast track academic progression:

- A per diem allowance and cost of studies has been included in the estimates of expenditure to allow a permanent staff member to write multiple exams off island as a means to fast track their academic progress.

It is proposed that the unutilised reserves also fund this initiative. The impact of this on unutilised reserves is disclosed further in the budgetary section of the Strategic Plan.



### **2.3. Migration to the Cloud**

SHG issued a press release on the 09th of September 2022 announcing that a successful bidder had been chosen to Design, Build and Transfer the fibre optic network to SHG in order for the Island to fully realise the benefits of the Subsea Cable for the people of St Helena. A December 2023 timeline was envisaged for the completion of the physical construction of this network and thereafter a service provider will be appointed to operate the network. It is anticipated that these processes will be completed by September 2024 being the date at which the licence on which our existing electronic audit management software is renewed.

At that point our strategic plan is to migrate this audit management software to the cloud based version to realise the following benefits:

- A reduced IT recharge being charged on the basis that less space will be used on SHG's servers which is a key driver of the recharge;
- Depending on the cloud solution (public, private, hybrid and multi-cloud) the possible automatic application of updates. Currently this is a manual process.
- The elimination of the use of sync copy files.


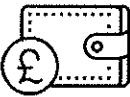


In preparation for this move a Data Protection Policy will be developed in the 2023/24 financial year which takes into account the data protection statutes in the jurisdiction where our data will eventually reside. The policy will be developed with Corporate IT's consultation and input.

We will also investigate what other applications and processes can be improved with the existence of a new fibre optic cable. The identification of these opportunities will drive the required steps to be actioned to realise these benefits.

Provision has been made on the "Other Supplies and Services" budget line for external assistance on this strategic objective if it is found to be needed.

### **3. Strategic Priorities**

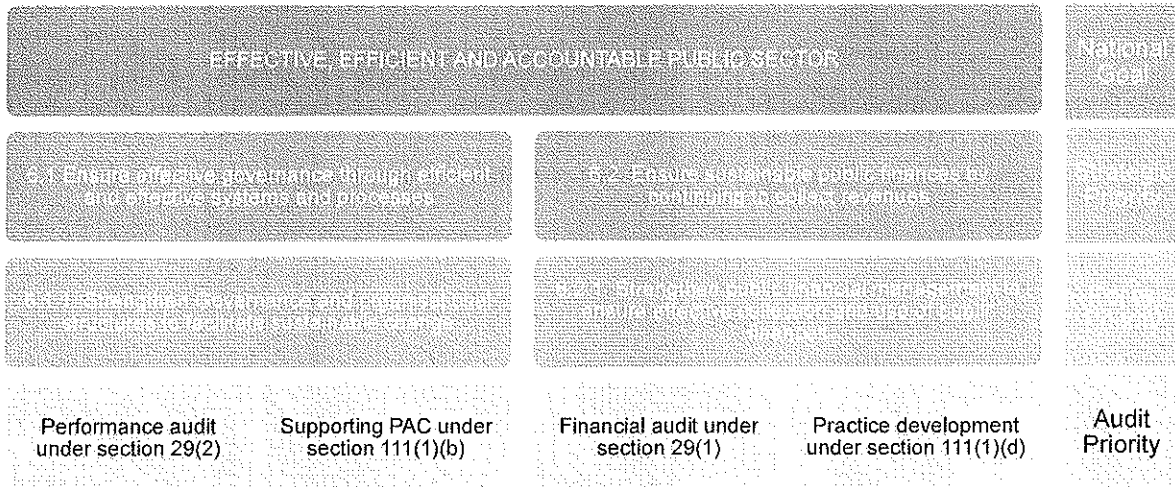
Audit St Helena has four strategic priorities which are directly aligned with the statutory objectives of the Chief Auditor and accordingly will meet the requirements of the stakeholders we serve.

	<p><b>PRIORITY ONE</b> <i>Financial Audit</i></p>	<p><i>Audit of the financial statements of government and other public bodies in accordance with professional standards.</i></p>
	<p><b>PRIORITY TWO</b> <i>Performance Audit</i></p>	<p><i>Audit of value for money in the use of public resources under section 29(2) of the Public Finance Ordinance.</i></p>
	<p><b>PRIORITY THREE</b> <i>Advice to PAC</i></p>	<p><i>Provision of advice and assistance to the PAC under section 111(1)(b) of the Constitution.</i></p>
	<p><b>PRIORITY FOUR</b> <i>Audit Practice Development</i></p>	<p><i>Institutional development and capacity building within the professional practice</i></p>

Each of these priorities covers a range of activity by Audit St Helena which is set out in more detail in the Delivery Plan in Section 5.

Figure 1 below shows how the Audit St Helena priorities are also aligned with the Strategic Objectives and Policy Priorities of Government which in turn support the national goal of an Effective, Efficient and Accountable Public Sector.

**Figure 1 Contribution of Audit St Helena to National Goals**



#### 4. Operational Delivery Plan

The Operational Delivery Plan shows the activities we will deliver across the four strategic priorities identified in section 4.

Priority 1: Financial audit						
<i>Audit of the financial statements of government and other public bodies in accordance with professional standards</i>						
Audit Engagement	Engagement Manager	Performance Measure	Forecast			
			2022/23	2023/24	Target	
					2024/25	2024/25
St Helena Government	Deputy Chief Auditor	Months from year-end to audit completion -	14	12	12	12
Ascension Island Government	Deputy Chief Auditor		13	12	12	12
Ascension Island Gratuity Trust Fund	Deputy Chief Auditor		12	8	8	8
Equality and Human Rights Commission	Deputy Chief Auditor		9	6	6	6
St Helena Airport Ltd	Financial Audit Manager		11	6	6	6
St Helena Hotel Development Ltd	Financial Audit Manager		12	7	7	7
Enterprise St Helena (ESH)	Financial Audit Manager			30 <sup>1</sup>	24 <sup>2</sup>	-
St Helena Bulk Fuel Installation	Financial Audit Manager		11 <sup>3</sup>	8 <sup>4</sup>	5 <sup>8</sup>	6 <sup>8</sup>
St Helena Currency Fund	Financial Audit Manager		12	8	8	8

<sup>1</sup> The completion of the ESH 2020/21 accounts has been delayed following ESH ceasing trading activities.

<sup>2</sup> Completion of the ESH 2021/22 accounts

<sup>3</sup> 2021/22 Financial Year

<sup>4</sup> 2022/23 Financial Year

<sup>5</sup> 2023/24 Financial Year

<sup>6</sup> 2024/25 Financial year consistent with a planned decommissioning date of 31 December 2024.

Planned improvements in time period for audit completion are directly dependent upon the timeliness with which entities can prepare draft financial statements and supporting schedules ready for audit.

Priority 2 Performance audit						
<i>Audit of value for money in the use of public resources under section 29(2)</i>						
Audit Engagement	Engagement Manager	Performance Measure	Forecast	Target		
			2022/23	2023/24	2024/25	2025/26
Major	Performance Audit Manager	Number of performance audits reported	1	2	2	2
Standard	Performance Audit Manager		-	1	1	1
Overview	Performance Audit Manager		-	1	1	1
<b>Total</b>				<b>1</b>	<b>4</b>	<b>4</b>

With current vacancies across all positions in the performance audit team (see figure 2) this target is dependent on the successful recruitment of staff. It is anticipated that the Principal Analyst will arrive on Island in March 2023.

Priority 3: Advice to PAC					
<i>Advice and support to the PAC under section 111(1)(b) of the Constitution</i>					
Action	Responsibility	Performance Measure	Target %		
			2023/24	2024/25	2025/26
Prepare briefings on matters referred for PAC scrutiny	Deputy Chief Auditor	Timely briefings for each item referred to PAC	100	100	100
Attend PAC meetings and assist with transaction of routine business	Chief Auditor	Attendance by CA or representative at each Committee meeting	100	100	100
Attend PAC formal hearings and assist with PAC reporting to Legislative Council	Chief Auditor	Attendance by CA or representative at each public hearing	100	100	100
Evaluate responses of Government to PAC recommendations	Deputy Chief Auditor	Biannual evaluation prepared for PAC	100	100	100

Priority 4. Practice development					
<i>Institutional development and capacity building within the professional practice</i>					
Action	Responsibility	Performance Measure	Target		
			2023/24	2024/25	2025/26
Progress PAC law reform with development of draft audit bill with assistance legal draftsman.	Chief Auditor	Completion of draft audit bill for consideration of Legislative Council	Consultation with Constitution review forum.	Draft audit bill drafted.	Audit law effective.
Embed our performance audit methodology across forward work plan through PAM appointment	Deputy Chief Auditor with Performance Audit Manager	New methodology embedded across team and applied to audits	Applied to all audits.	Applied to all audits.	Applied to all audits.
Build sustainable capacity and capability in the audit team through development and training strategy	Deputy Chief Auditor	Preparation and implementation of training strategy	Training strategy – applied year 1	Strategy applied year-2 and update to strategy.	Strategy applied year-3 and update to strategy.
Migration to the Cloud	Deputy Chief Auditor	Preparation and implementation of Data Protection Policy	Data Protection Policy drafted and approved.	Policy applied – year 1	Policy applied – Year 2 and update

## 5. Financial Estimates

Whilst the constitution provides that the remuneration of the Chief Auditor shall be charged upon the Consolidated Fund the operating costs of Audit St Helena are managed through the Audit St Helena Special Fund Trading Account.

The Special Fund captures the operating expenditure of Audit St Helena balanced by revenues arising from internal recharges and external fees for audit work performed. Accordingly, Audit St Helena does not require direct appropriations from the SHG Consolidated Fund. The Chief Auditor is the Accounting Officer for the Fund and oversight is provided by the Public Accounts Committee which approves the annual budget estimates.

The table below shows the gross revenues for the three year planning period by main output which are designed to return a break-even trading performance on the Special Fund excepting years 1 and 2 when operating deficits are planned to fund strategic priorities. The supporting budgetary estimates are set out in Appendix A.

Output	Cost Centre	2022/23 Projected Actual £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £
Financial Audit	6004	236,600	221,400	211,300	208,700
Performance Audit	6004	3,900	127,100	133,400	140,100
Advice and Assistance	6004	17,200	18,000	18,900	19,800
<b>Total</b>		<b>257,700</b>	<b>366,500</b>	<b>363,600</b>	<b>368,600</b>



The estimate for the projected 2022/23 revenue is provided for comparative purposes. The increase from the 2022/23 projected actual on the Performance Audit line is due to vacancies on the Performance Audit line in the financial year.

Planned operating deficits will draw upon the cumulative reserve to fund specific time-limited priorities set out in this plan being capacity building in performance audit and the accelerated training initiative as follows:

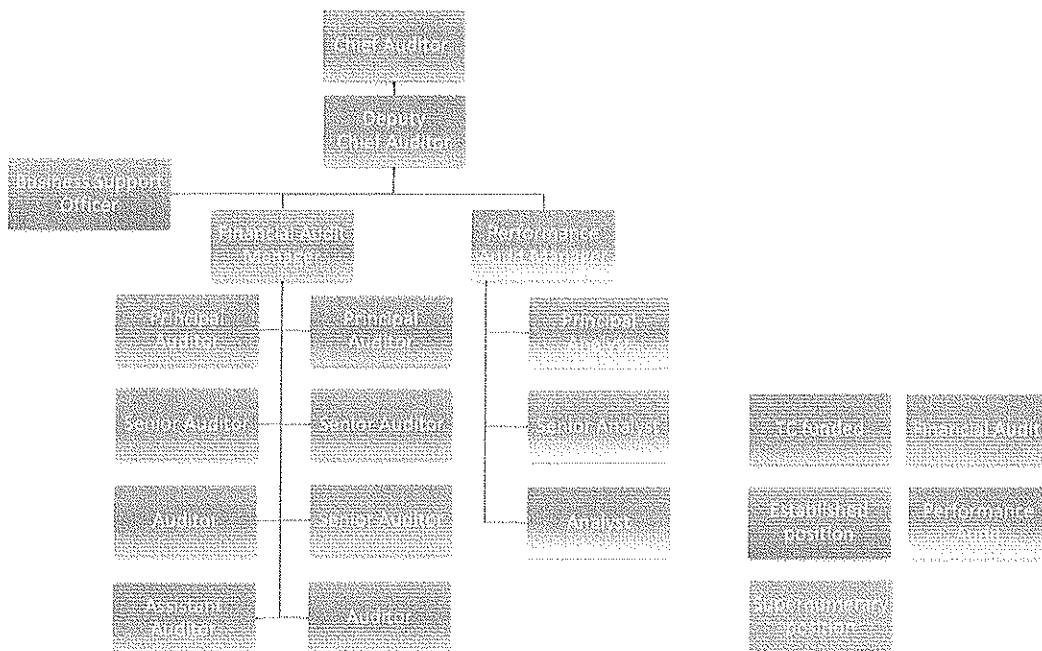
<b>Items Funded from Accumulated Reserves</b>	<b>2023/24 Estimate £</b>	<b>2024/25 Estimate £</b>	<b>2025/26 Estimate £</b>
<b>Budget Surplus/(Deficit) before Strategic Initiatives</b>	1,600	(11,200)	(15,000)
<b>Utilisation of Reserves</b>			
- PAM cadre supplement and related expenditure	(42,500)	(52,000)	-
- Accelerated Training Initiative	(6,500)	-	-
<b>Final Budgeted Deficit</b>	<b>(47,400)</b>	<b>(63,200)</b>	<b>(15,000)</b>
Opening Balance - Projected reserves balances at 31 March 2023	217,100	169,700	106,500
<b>Closing Reserves</b>	<b>169,700</b>	<b>106,500</b>	<b>91,500</b>

## 6. Workforce Plan

The Chief Auditor recognises that success in delivering his statutory responsibilities, and meeting the strategic policy priorities outlined in this plan, depends on ensuring Audit St Helena has the right number of people, with the right skills, experiences, and competencies, in the right jobs, at the right time.

Audit St Helena has to maintain a flexible resourcing model to ensure sufficient productive capacity is in place to deliver planned audits within the required reporting timelines. Established staff resources dedicated to Audit St Helena under section 28 of the Public Finance Ordinance are supplemented by contractor resources engaged on fixed-term appointments during peak workload. The team establishment number of 16 for 2023/24 as set out in Figure 2 remains unchanged from prior year. The skills mix on the organogram has however changed to reflect changes due to promotions and resignations.

Figure 2 Audit St Helena Team Establishment



## **7. Risk Management and Mitigation**

The Audit St Helena Risk Register is shown in Appendix B to this Strategy and Delivery Plan.

## **8. Approval**

Estimates of revenue and expenditure 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 for Audit St Helena and the associated Special Fund budget estimates are reviewed by the Public Accounts Committee.

After its meeting on the 28<sup>th</sup> of February 2023 the Public Accounts Committee:

- Endorsed the Strategy and Delivery Plan for the Audit St Helena for the period 2023/24 to 2025/26
- Approved the Audit Special Fund budget estimates at Appendix A to form part of the Saint Helena Government Budget Estimates for 2023/24

With the agreement of the Chief Auditor, and in the interests of openness and transparency, the Strategy and Estimates are laid at the budget session of Legislative Council.

Brendon Hunt  
Chief Auditor  
Audit St Helena

02 March 2023

**Audit St Helena Strategic Plan FY 2024 to FY 2026**  
**Appendix A Estimates of Expenditure and Revenue**

<i>Cost Centre Name:</i>	Audit St Helena	2023/24	2024/25	2025/26
<i>Cost Centre Code:</i>	60-6004			
		£	£	£
	<b>EMPLOYEE COSTS</b>	<b>324,500</b>	<b>338,800</b>	<b>302,200</b>
021-01103	Salaries	247,200	261,600	268,800
021-01105	Allowances	55,400	54,200	22,200
021-01107	Staff Mileage Allowance	300	300	300
021-01202	Public Sector Pensions	0	9,500	0
021-01205	Training Expenses	7,900	7,400	7,400
021-01206	Examination Fees	1,500	1,500	1,500
021-01304	Overtime	2,000	2,000	2,000
021-01400	Other Employee Costs	10,200	2,300	0
	<b>PROPERTY COSTS</b>	<b>18,900</b>	<b>19,700</b>	<b>20,200</b>
022-02101	Building Maintenance	200	200	200
022-02203	Electricity	4,500	4,700	4,800
022-02302	Rent of Premises	12,400	13,000	13,400
022-02401	Water	1,400	1,400	1,400
022-02601	Cleaning Materials	400	400	400
	<b>TRANSPORT &amp; PLANT COSTS</b>	<b>4,300</b>	<b>4,300</b>	<b>0</b>
023-03501	Vehicle/Plant Hire Charges - Outside SHG	4,300	4,300	0
	<b>SUPPLIES AND SERVICES</b>	<b>19,700</b>	<b>16,200</b>	<b>17,000</b>
024-04101	Furniture and Equipment	400	400	400
024-04120	Publicity & Promotional Activities and Materials	500	500	500
024-04301	Uniforms	100	100	100
024-04401	Library Books & materials	400	400	400
024-04403	Computer consumables	900	900	900
024-04407	IT Renewal & Licences	11,500	11,000	11,600
024-04408	Insurance	2,900	2,900	3,100

<b>Cost Centre Name:</b>	<b>Audit St Helena</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Cost Centre Code:</b>	<b>60-6004</b>	<b>£</b>	<b>£</b>	<b>£</b>
024-04800	Other Supplies & Services	3,000	0	0
	<b>ADMINISTRATION COSTS</b>	<b>5,700</b>	<b>5,700</b>	<b>5,700</b>
025-05102	Stationery	800	800	800
025-05105	General Office expenses	400	400	400
025-05202	Local Telephones, Fax and Internet Charges	3,200	3,200	3,200
025-05203	International Telecomms	200	200	200
025-05206	Advertising	800	800	800
025-05300	Bank Charges	300	300	300
	<b>PAYMENT TO OTHER AGENCIES, BODIES OR PERSONS</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>
026-06212	Consultancy Fee	2,400	2,400	2,400
	<b>OTHER EXPENDITURE</b>	<b>7,600</b>	<b>8,700</b>	<b>5,000</b>
027-07112	Subscription to Professional Bodies	2,200	2,200	2,400
027-07128	Accommodation & Travel	5,100	6,200	2,300
027-07139	Service Tax	300	300	300
	<b>PAYMENTS TO CONTRACTORS</b>	<b>5,900</b>	<b>6,100</b>	<b>6,200</b>
028-08104	Cleaning Contract	5,900	6,100	6,200
	<b>RECHARGES PAID</b>	<b>24,900</b>	<b>24,900</b>	<b>24,900</b>
029-09900	Transport	900	900	900
029-09903	IT	23,400	23,400	23,400
029-09904	Customs	600	600	600
	<b>GROSS EXPENDITURE</b>	<b>413,900</b>	<b>426,800</b>	<b>383,600</b>
	<b>FINES &amp; FEES RECEIVED</b>	<b>98,800</b>	<b>85,300</b>	<b>85,300</b>
014-00425	Audit Fees (External Audit)	98,800	85,300	85,300
	<b>TOTAL LOCAL REVENUE</b>	<b>98,800</b>	<b>85,300</b>	<b>85,300</b>
	<b>RECHARGES RECEIVED</b>	<b>267,700</b>	<b>278,300</b>	<b>283,300</b>
019-00908	Audit	267,700	278,300	283,300
	<b>TOTAL REVENUE</b>	<b>366,500</b>	<b>363,600</b>	<b>368,600</b>
	<b>SURPLUS/(DEFICIT)</b>	<b>(47,400)</b>	<b>(63,200)</b>	<b>(15,000)</b>

Audit St Helena Strategic Plan 2023/26  
Appendix B Strategic Risk Register

Audit Priority	Risk description	Owner	Impact description	Likelihood	Impact	RAG rating	Mitigation
Financial Audit	Failure to identify material misstatements in audited accounts caused by a poor quality and ISA non-compliant audit leading to an inappropriate opinion given by the Chief Auditor.	Chief Auditor	<ul style="list-style-type: none"> <li>Reputational damage and a weakened public perception of the Chief Auditor, Audit Office and audited bodies</li> <li>Financial statements do not present fairly the financial position leading to poor decision making by stakeholders and aid funders FCDO – this may have significant financial and economic impacts</li> <li>Potential failure to identify material fraud or error across government leading to wastage and less sustainable public finances</li> <li>Adverse impact on SHG's credit rating leading to adverse economic impact</li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>ISA compliant audit manual in place, linked to CaseWare audit software requiring audit procedures to be completed and reviewed</li> <li>Ongoing training of staff to ensure technical knowledge is up to date</li> <li>Professionally qualified accountants employed, including Chief Auditor, Deputy Chief Auditor and Financial Audit Manager</li> </ul>
Performance audit	External publication of poor quality reports, incorrect findings, and factual errors in reports. This in turn may lead to poor recommendations made to SHG.	Chief Auditor	<ul style="list-style-type: none"> <li>Reputational damage and a weakened public perception of the Chief Auditor and Audit Office</li> <li>Inefficiency in SHG caused by inappropriate recommendations being issued</li> <li>Potential value improvement missed through failure to identify waste and inefficiency in use of public funds</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Strengthened performance audit team with suitably qualified Performance Audit Manager to provide expertise and quality assurance</li> <li>Quality assurance process updated through the implementation of new performance audit manual, including improved engagement and clearance process</li> </ul>

Audit Priority	Risk description	Owner	Impact description	Likelihood	Impact	RAG rating	Mitigation
Supporting PAC	Poor advice given by the Chief Auditor to PAC, leading to ineffective oversight and scrutiny function and weakened public accountability	Chief Auditor	<ul style="list-style-type: none"> <li>Ineffective oversight of public finances by elected members</li> <li>Reduced accountability across government</li> <li>Reduced overall value for money of public spending</li> </ul>	1	4	4	<ul style="list-style-type: none"> <li>Experienced Chief Auditor in position supported by well qualified audit staff</li> <li>Published audit reports referred for PAC scrutiny are of high quality</li> </ul>
Practice development	Audit Office lacks capacity to undertake the statutory duties of the Chief Auditor caused by inability to recruit and retain suitable staff as well as poor on-island training facilities	Chief Auditor	<ul style="list-style-type: none"> <li>Public accounts remain unaudited with effects on funding and decision making for public bodies including SHG and AIG</li> <li>Reduced performance audit output leading to reduced accountability and transparency</li> <li>Poor quality financial audits leading to impacts outlined in risk 1</li> <li>Poor quality performance audits leading to impacts outlined in risk 2</li> <li>Practice development priorities unable to be progressed</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>Sustainable investment in capacity building and institutional development</li> <li>Use of fixed-term contractors to fill vacant positions</li> <li>Use of TC support to fill senior leadership positions including appointment of new Chief Auditor</li> <li>Training and development of audit team members</li> </ul>

Impact rating	Assessment
5 Critical	Negative outcomes or missed opportunities that are of critical importance to the achievement of objectives
4 Major	Negative outcomes or missed opportunities that are likely to have a relatively substantial impact on the ability to meet objectives
3 Moderate	Negative outcomes or missed opportunities that are likely to have a relatively moderate impact on the ability to meet objectives
2 Minor	Negative outcomes or missed opportunities that are likely to have a relatively low impact on the ability to meet objectives
1 Insignificant	Negative outcomes or missed opportunities that are likely to have a relatively negligible impact on the ability to meet objectives

Likelihood rating	Category definition
5 Common	The risk is already occurring, or is likely to occur more than once within the next 12 months
4 Likely	The risk could easily occur, and is likely to occur at least once within the next 12 months
3 Moderate	There is an above average chance that the risk will occur at least once in the next three years
2 Unlikely	The risk occurs infrequently and is unlikely to occur within the next three years
1 Rare	The risk is conceivable but is only likely to occur in extreme circumstances

#### RAG ratings

	15 < 20	High impact and likely to occur without mitigations in place
	10 < 15	Medium impact and likely to occur without mitigations in place
	< 10	Low impact and/or unlikely occurrence



