S.P. 14/21

St Helena
Government

ST HELENA GOVERNMENT

AUDIT ST HELENA
STRATEGY AND DELIVERY PLAN
APRIL 2021 – MARCH 2024

AUDIT ST HELENA
External Auditors

Audit St Helena

Strategy and Delivery Plan
April 2021 – March 2024

Version: Final

Updated: 16 March 2021

Prepared by: Phil Sharman Chief Auditor

Endorsed by: Public Accounts Committee

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 audit of published financial statements
- Performance audit 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. What we have achieved so far?

Phase 1 – clearing the backlog in audit reporting

The strategic plans for the three years 2015/16 to 2017/18 were prioritised towards the clearance of a three-year backlog in the reporting of the public accounts in St Helena whilst ensuring the professional competence of the audit function in delivering technically sound reporting. This deliberate focus on restoring the timeliness of public financial reporting through technical cooperation and resource supplementation from qualified contractors achieved this desired outcome. Historical arrears in reporting audited accounts were eliminated providing a stable baseline set for the sustainable development of the external audit function in St Helena.

Phase 2 – building capacity and capability

The strategic plans for the next three years 2018/19 to 2020/21 were designed to maintain timeliness in reporting of audited financial statements whilst shifting strategic priorities towards institutional development and capacity building to establish the Audit Office in good stead for the medium term. The development priorities were aligned with the CSSF funded project to strengthen audit and parliamentary oversight across the UK Overseas Territories – the UKOT Project.

The key achievements in this phase 2 included:

Updating audit methodology

With the introduction of clarified International Standards on Auditing (ISAs) and industry-wide improvements in technical audit effectiveness the financial audit methodology used by Audit St Helena was updated with the introduction of a revised Financial Audit Manual developed through the UKOT audit project and issued in February 2018. The new manual and roll-out training for the audit staff was deployed in the 2017/18 financial audits and the approach consolidated in application to the 2018/19 audit season.

A new Performance Audit Manual compliant with INTOSAI standards was developed through the UKOT audit project and released in March 2019 alongside a guided audit designed to put policy into practice. The new approach has significantly improved the quality of our performance audits through better scoping, planning, fieldwork and reporting. A jointly funded secondment from Wales Audit Office helped to embed the learning and prepare the new approach to our forward programme of performance audit work.

Improving information management

To better meet the requirement of ISAs in terms of compliance with the audit methodology and ensuring sufficient appropriate documentation of audit work and evidencing of quality review processes the packaged CaseWare audit management system was implemented during 2018 and all financial audit work is now documented in this on-line system.

Building capacity and capability

Previous strategic plans identified that the staff resource available to the Chief Auditor through Audit St Helena needed to be developed and expanded to provide a professional and sustainable public audit function. Some significant progress has been made with specific organisational developments introduced to build team capacity, capability and sustainability:

- To address the issue of recruitment, retention and remuneration, a professional audit cadre was designed and introduced from June 2018 with a scheme of service geared directly to the achievement of external technical and professional qualifications.
- To better service both financial and performance audit work streams, and reduce reliance on external contract supplementation for peak workload, qualified positions of Principal Auditor and Principal Analyst were established on local terms.
- To address the Chief Auditor's responsibilities to assess value for money in the use of public resources, internal capacity was earmarked to undertake performance audit work, and service the needs of PAC through special audits in response to emergent issues.

The planned move to New Porteous House in 2019 secured a more professional working environment for the team and has resolved the health and safety concerns evident in the previous overcrowded office space. The relocation from Government buildings to commercially leased premises also helped to underline the independence of Audit St Helena and the Office of the Chief Auditor.

Delivering external audit

Despite resourcing challenges and limited TC support Audit St Helena has consistently delivered on the Chief Auditor's core function to audit the financial statements of Government and other public bodies in accordance with international standards and within statutory deadlines. The office audits the accounts of a wide range of public bodies ranging from the accounts of Government and statutory bodies, including Enterprise St Helena and the Currency Fund, through to publicly owned corporations such as the St Helena Hotel and St Helena Airport. In addition for the first time in 2019 the Governor made arrangements under the constitution for the external audit of Ascension Island Government for the financial year 2018/19 onwards to be performed by the Chief Auditor.

In accordance with declared strategy our performance audit work is aimed at being more strategic and designed to add value to our main stakeholders being St Helena Government, the PAC and the general public of St Helena. Accordingly we have published some high-impact performance reports in the past two years including: Jamestown Hospital Refurbishment, Main Street Hotel Development, Bulk Fuel Installation and Education Benchmarking.

Supporting the PAC

Audited financial statements and performance audit reports are laid at Legislative Council and referred to PAC. The Chief Auditor is professional adviser to the PAC and assists with their public enquiries and reporting back to Council. In the review period PAC has developed capacity and capability with assistance through the UKOT audit and oversight project.

Impediments to development

The strategic intent for the 2020/21 financial year was impacted by two key issues which have had a negative impact on operational plans and strategic development of the audit function:

- The bid for fixed-term Technical Cooperation to support the performance audit function was denied and the planned programme of performance audit work designed to help improve value for money in the use of resources was cut-back as a consequence of SHG-wide budget reductions applied after the strategic plan was approved and laid before Legislative Council.

- The worldwide pandemic restricted travel to the Island and in consequence two key qualified staff positions remained unfilled during the entirety of the financial audit season. Whilst alternative strategies including the use of remote resources helped mitigate the situation there remained significant slippage in audit completion dates across the board and the ambition to bring forward reporting has inevitably been deferred.

Any further deferment of technical assistance to the performance team and any continued delay in hiring to the qualified positions in the financial team will adversely impact the strategic intent and associated delivery plan in 2021/22.

3. Where we want to be?

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) and other laws
- Audit value for money in the use of public resources under section 29(2)
- Advice and support to the PAC under section 111(1)(b)
- Generally promoting accountability in the public administration of St Helena under section 111(1)(a)

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

Improving operational delivery

The pandemic protracted audit delivery and reporting timelines in 2020/21 through inability to secure and deploy key qualified resources for the audit season. Assuming some normality returns from 2021/22, we will work with audited bodies to bring forward the accounts production and audit process on a phased basis to enable reporting of audited accounts within statutory deadlines, and ideally no later than 9-months after financial year-end. This will be operationally challenging, for both the preparer and the auditor, but worthwhile in terms of improved public impact from more timely reporting, and enabling the fourth quarter to be reserved for planning and interim audits of the current financial year in process.

In terms of performance audit delivery, we have moved towards more strategic and relevant subject matter where there is opportunity to add value to stakeholders through more impactful recommendations. We will also maintain a focus on delivering timely reporting with improved project management from concept through production to reporting stage. PAC scrutiny of more current issues as a consequence of more timely financial and performance audit reporting will provide for a more effective public accountability process.

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 CSSF funded project to strengthen audit and parliamentary oversight across the UK Overseas Territories came to an end in March 2020. 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 announcement of a second programme of assistance in project phase II is welcomed given the close alignment with the institutional development and capacity building priorities outlined in this strategy. The practical implementation of phase II has been hampered by the pandemic but continued support through the NAO secretariat has enabled the peer network established by Auditors' General across the UKOTs to be maintained beyond phase I project close.

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

These strategic development priorities are further explained below:

Reforming audit legislation

To reform the current audit legislation to meet the INTOSAI Level-1 Founding Principles will require the repeal of section VII of the Public Finance Ordinance and introduction of a dedicated Public Audit Ordinance 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 will also be prepared. 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) will also be addressed during this legislative update process.

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. However the proposed timetable to have a new audit law in place for 2020 proved ambitious given competing demands for legislative reform across Government and capacity constraints in design and development of new audit law in tandem with reforms in both Public Finance and the Public Accounts Committee. This development priority has been given renewed emphasis in the current strategic plan – drafting support from AG Chambers has made limited progress but there is now some urgency to complete the development of an audit law fit for purpose.

Reviewing our financial audit methodology

To ensure operational compliance, realise the technical benefits of the new approach, and enable optimum audit efficiency, sustained investment will be required to support the team and embed the UKOT financial audit approach and CaseWare documentation. In February 2021 the NAO released an update to the UKOT Financial Audit Manual under phase II project scope. This provides an ideal opportunity to review experience with our CaseWare audit documentation and identify efficiencies in the current audit process. Fixed term technical resource funded from the accumulated reserve in has been earmarked to progress this key priority in 2021/22.

Embedding our performance audit methodology

Maintaining momentum on our performance audit programme to deliver section 29(2) requirements is a key strand of the strategy. The preparatory work performed during the WAO secondment in developing the UKOT performance audit methodology for local application need to be applied across the programme and embedded in scoping, planning, fieldwork and reporting. There is evident need for expert leadership in shape of a Performance Audit Manager to drive this programme and enable coaching and development

of team members in preparation for local succession. A renewed bid has been made for fixed-term TC support but should that not materialise this vital capacity building investment will be funded through utilisation of the accumulated reserve.

Building sustainable capacity and capability in the audit team

Continued investment in internal training and development is required to reduce reliance on imported resource 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.

Work is required to develop a comprehensive learning and development strategy for Audit St Helena which extends beyond the core accounting training and addresses the broad range of competencies aligned to grade level and functional discipline. In delivering the strategy the assigned Training Manager will seek to maximise use of the local educational resources available within the St Helena Community College and also look to opportunities to extend and develop team members through secondments and continuous professional development. Short-term secondments to NAO and/or WAO are expected in the UKOT project phase II.

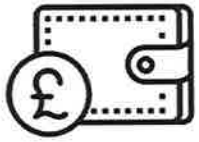
Finally, the present incumbent Chief Auditor is nearing completion of contract term and an orderly process is required to recruit to this TC funded position during operational year 2021/22. This will enable a timely handover and maintain business continuity in the statutory function of Chief Auditor for St Helena and Ascension enabling the appointee to take professional responsibility for the audit of the 2020/21 financial statements. The recruitment and selection process will be managed in liaison with Corporate HR such that the Governor with the approval of the Secretary of State may appoint the new Chief Auditor in accordance with section 110 of the Constitution.

Improving our information systems

In addition to the deferred priorities as above we intend to improve our time recording and job-costing system. Audit staff record time worked on projects as a measurement basis for charging fees and earning income on the trading account to cover operational costs. Currently time is captured through a spreadsheet but to improve efficiency and better manage and monitor the utilisation of resources the intention is to implement a packaged time and job-costing system to support the practice. This implementation in year-1 will be funded through utilisation of reserve and thereafter will be funded recurrently as part of operational overheads.

4. How we will achieve this?

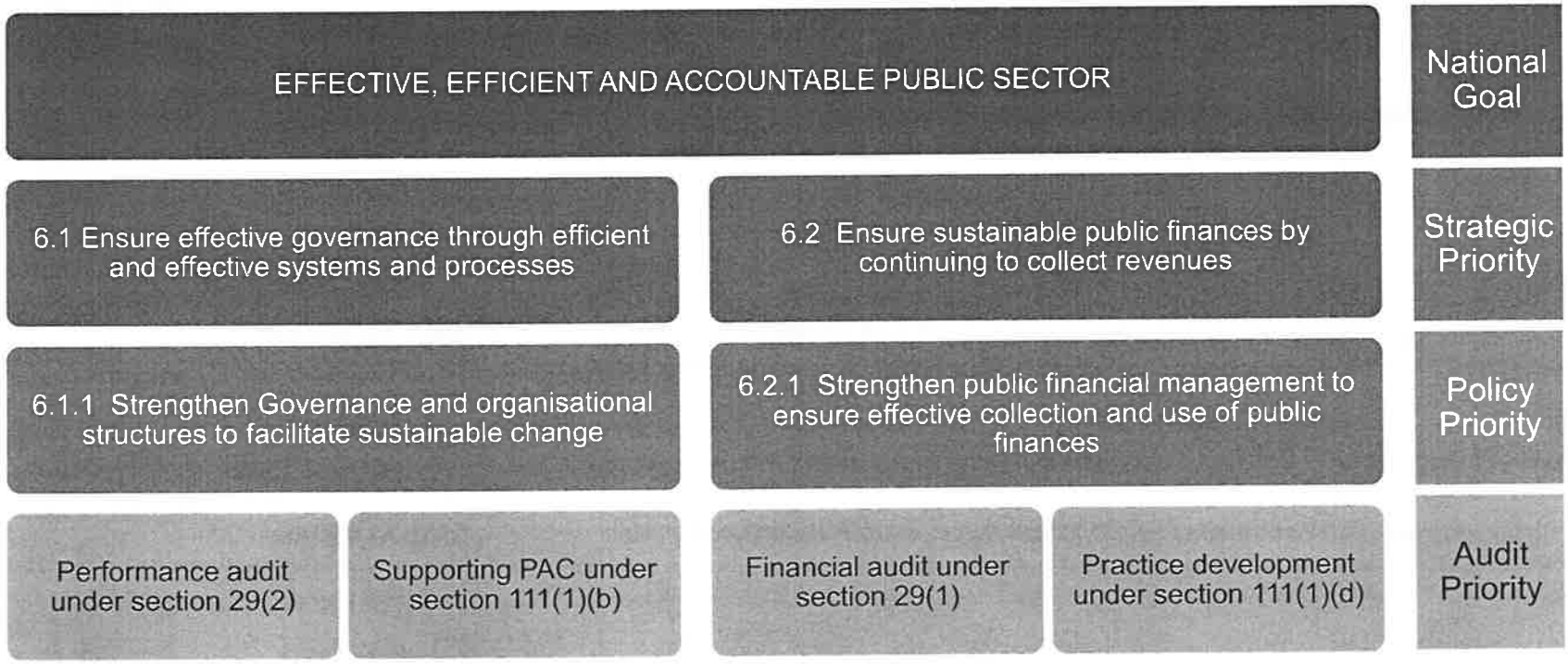
Audit St Helena has four strategic priorities which are directly aligned with the statutory objectives of the Chief Auditor and accordingly will meet the requirements of the stakeholders we serve.

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

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



5. 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** *Audit of the financial statements of government and other public bodies in accordance with professional standards*						
Audit Engagement	**Engagement Manager**	**Performance Measure**	**Forecast**	**Target**		
			2020/21	**2021/22**	**2022/23**	**2023/24**
St Helena Government	Deputy Chief Auditor	Months from year-end to audit completion	13	12	10	9
Ascension Island Government	Deputy Chief Auditor		14	9	9	9
Ascension Island Gratuity Trust Fund	Deputy Chief Auditor		12	8	8	8
St Helena Airport Ltd	Deputy Chief Auditor		10	8	8	8
Equality and Human Rights Commission	Deputy Chief Auditor		7	6	6	6
St Helena Hotel Development Ltd	Financial Audit Manager		10	7	7	7
Enterprise St Helena	Financial Audit Manager		10	9	-	-
St Helena Bulk Fuel Installation	Financial Audit Manager		10	8	8	8
St Helena Fisheries Corporation	Financial Audit Manager		12	-	-	-
St Helena Currency Fund	Financial Audit Manager		10	8	8	8
St Helena National Trust	Financial Audit Manager		7	6	-	-

Note 1: 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.
Note 2: Forecast reporting timeliness for 2020/21 were unavoidably protracted by the pandemic.

Priority 2: **Performance audit** *Audit of value for money in the use of public resources under section 29(2)*						
Audit Engagement	**Engagement Manager**	**Performance Measure**	**Forecast**	**Target**		
			2020/21	**2021/22**	**2022/23**	**2023/24**
Major	Performance Audit Manager	Number of performance audits reported	1	1	2	2
Standard	Performance Audit Manager		1	2	1	1
Overview	Performance Audit Manager		1	1	1	1
Total			**3**	**4**	**4**	**4**

Note 3: Focussed performance audits have been removed from the above performance measure as these outputs are not designed to be published under section 29(3).
Note 4: Performance audit delivery plan assumes full team complement including the PAM appointment.

Priority 3: **Advice to PAC** *Advice and support to the PAC under section 111(1)(b)*					
Action	**Responsibility**	**Performance Measure**	**Target %**		
			2021/22	**2022/23**	**2023/24**
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** *Institutional development and capacity building within the professional practice*					
Action	**Responsibility**	**Performance Measure**	**Target**		
			2021/22	**2022/23**	**2023/24**
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	Audit bill prepared and law enacted	Audit law becomes effective	Audit law business as usual
Review our financial audit methodology and system to optimise process efficiency	Deputy Chief Auditor with Financial Audit Manager	Review completed and benefits applied	Applied to FY 2020/21 audits	Applied to FY 2021/22 audits	Applied to FY 2022/23 audits
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 new 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 prepared	Strategy applied year-1	Strategy applied year-2
Implement new time recording and job-costing system	Deputy Chief Auditor	New time recording and job-costing system implemented	New system installed	System working well	System working well

6. Financial Estimates

Whilst the constitution provides that the remuneration of the Chief Auditor shall be charged upon the Consolidated Fund the operating costs of the 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	2020/21 Estimate £	2020/21 Approved £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £
Financial Audit	6004	236,200	236,200	220,900	217,000	220,600
Performance Audit	6004	116,000	67,000	117,200	122,000	126,800
Advice & Assistance	6004	16,400	15,600	16,400	17,200	18,000
Total		**368,600**	**318,800**	**354,500**	**356,200**	**365,400**

The estimate for the prior year together the amount approved after the budget-cut imposed in 2020/21 is provided for comparative purposes – the budget reduction impacted the planned performance audit output and was met by holding the Performance Audit Manager position vacant. The reduction in income from financial audit in 2021/22 is due cessation of audit work after winding-up of St Helena Fisheries Corporation (28 January 2020) and in 2022/23 by the closure of Enterprise St Helena on (31 March 2021).

Planned operating deficits in 2021/22 and for 2022/23 will draw upon the cumulative reserve to fund specific time-limited priorities set out this plan being capacity building in performance audit, earmarked technical resource to update the financial audit methodology, implementation of a new time recording system, and provide operational cover for maternity leave. The trading account will return to break-even in 2023/24 as detailed in the table below.

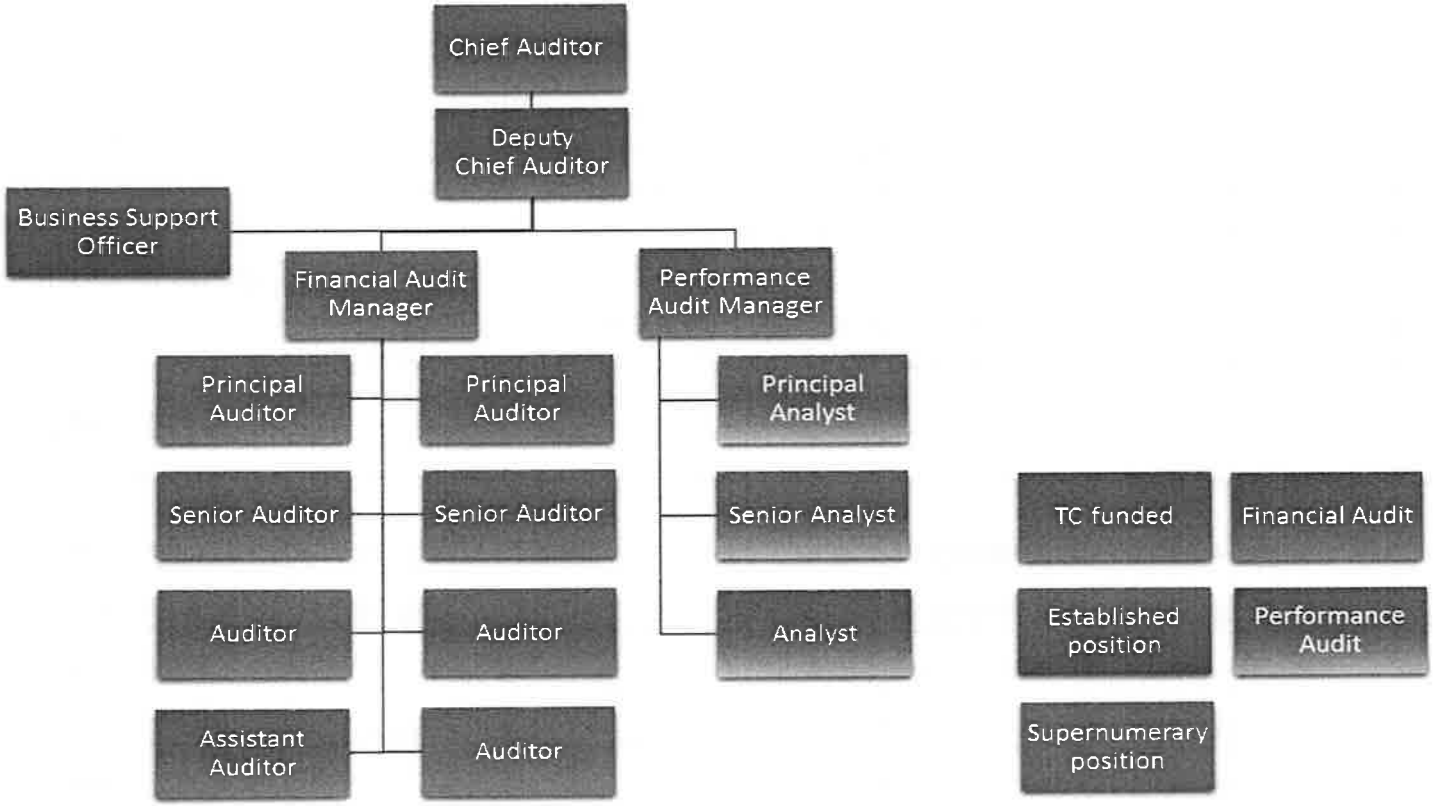
Item funded from accumulated reserve	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	Explanatory note
Performance audit capacity building secondment	51,400	48,500		Internally funded secondment of fixed-term Performance Audit Manager for capacity building and development
Financial audit manual implementation	8,600			Earmarked technical support at Principal Auditor level for implementation of new Financial Audit Manual
Maternity cover	7,400			Operational cover for maternity leave May to October 2021
Time recording system	2,300			Implementation of new time recording and job-costing system
In-year operational deficit	**69,700**	**48,500**	**Nil**	**Budgeted trading account deficit**
Closing balance on trading account	**55,000**	**6,500**	**6,500**	**Budgeted closing balance on trading account**

7. 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 of 16 for 2021/22 as set out in Figure 2 remains unchanged from prior year.

Figure 2 Audit St Helena Team Establishment



8. Risk Management and Mitigation

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

9. 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 Audit St Helena and the associated Special Fund budget estimates are reviewed by the Public Accounts Committee.

At its meeting on 9 March 2021 the Public Accounts Committee:

- Endorsed the Strategy and Delivery Plan for the Audit St Helena for the period 2021/22 to 2023/24
- Approved the Audit Special Fund budget estimates at Appendix A to form part of the Saint Helena Government Budget Estimates for 2021/22

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.

Phil Sharman
Chief Auditor
Audit St Helena

16 March 2021

Audit St Helena **Strategic Plan 2021/24**
Appendix A **Estimates of Expenditure and Revenue**

Cost Centre	Audit St Helena Trading Account 6004	2021/22 £	2022/23 £	2023/24 £
	EMPLOYEE COSTS	**334,300**	**313,700**	**281,800**
021-01103	Salaries	275,200	256,000	248,400
021-01105	Allowances	40,600	40,600	22,200
021-01107	Staff Mileage Allowance	300	300	300
021-01202	Public Sector Pensions	3,600	3,600	0
021-01205	Training Expenses	7,400	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	3,700	2,300	0
	PROPERTY COSTS	**17,000**	**17,700**	**18,400**
022-02101	Building Maintenance	200	200	200
022-02203	Electricity	4,100	4,200	4,300
022-02302	Rent of Premises	11,200	11,800	12,400
022-02401	Water	1,100	1,100	1,100
022-02601	Cleaning Materials	400	400	400
	TRANSPORT & PLANT COSTS	**4,300**	**4,300**	**0**
023-03501	Vehicle/Plant Hire Charges - Outside SHG	4,300	4,300	0
	SUPPLIES AND SERVICES	**20,800**	**20,600**	**21,000**
024-04101	Furniture and Equipment	1,600	1,600	1,600
024-04116	Computer Equipment	2,400	2,400	2,400
024-04120	Publicity & Promotional Activities and Materials	500	500	500
024-04301	Uniforms	400	400	400
024-04401	Library Books & materials	400	400	400
024-04403	Computer consumables	900	900	900
024-04407	IT Renewal & Licences	11,800	11,500	11,900
024-04408	Insurance	2,800	2,900	2,900

	ADMINISTRATION COSTS	**5,000**	**5,200**	**5,300**
025-05102	Stationery	800	800	800
025-05105	General Office expenses	400	400	400
025-05202	Local Telephones, Fax and Internet Charges	500	500	500
025-05203	International Telecoms	2,200	2,400	2,500
025-05206	Advertising	800	800	800
025-05300	Bank Charges	300	300	300
	PAYMENT TO OTHER AGENCIES, BODIES OR PERSONS	**2,400**	**2,400**	**2,400**
026-06212	Consultancy Fee	2,400	2,400	2,400
	OTHER EXPENDITURE	**17,100**	**16,800**	**11,900**
027-07112	Subscription to Professional Bodies	2,100	2,200	2,200
027-07128	Accommodation & Travel	14,700	14,300	9,400
027-07139	Service Tax	300	300	300
	PAYMENTS TO CONTRACTORS	**5,600**	**5,800**	**5,900**
028-08104	Cleaning Contract	5,600	5,800	5,900
	RECHARGES PAID	**17,700**	**18,200**	**18,700**
029-09900	Transport	900	900	900
029-09903	IT	16,200	16,700	17,200
029-09904	Customs	600	600	600
	GROSS EXPENDITURE	**424,200**	**404,700**	**365,400**
	FINES & FEES RECEIVED	**104,400**	**100,200**	**99,200**
014-00425	Audit Fees (External Audit)	104,400	100,200	99,200
	TOTAL LOCAL REVENUE	**104,400**	**100,200**	**99,200**
	RECHARGES RECEIVED	**250,100**	**256,000**	**266,200**
019-00908	Audit	250,100	256,000	266,200
	TOTAL REVENUE	**354,500**	**356,200**	**365,400**
	SURPLUS/(DEFICIT)	(69,700)	(48,500)	**0**
Special Fund	**RESERVE BROUGHT FORWARD**	**124,700**	**55,000**	**6,500**
Trading Account	**RESERVE CARRIED FORWARD**	**55,000**	**6,500**	**6,500**

Audit St Helena **Strategic Plan 2021/24**
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	• Reputational damage and a weakened public perception of the Chief Auditor, Audit Office and audited bodies • Financial statements do not present fairly the financial position leading to poor decision making by stakeholders and aid funders DFID – this may have significant financial and economic impacts • Potential failure to identify material fraud or error across government leading to wastage and less sustainable public finances • Adverse impact on SHG's credit rating leading to adverse economic impact	2	5	10	• ISA compliant audit manual in place, linked to CaseWare audit software requiring audit procedures to be completed and reviewed • Ongoing training of staff to ensure technical knowledge is up to date • Professionally qualified accountants employed, including Chief Auditor, Deputy Chief Auditor and Financial Audit Manager
Performance audit	External publication of poor quality reports, incorrect findings, and factual errors in reports. This is turn may lead to poor recommendations made to SHG.	Chief Auditor	• Reputational damage and a weakened public perception of the Chief Auditor and Audit Office • Inefficiency in SHG caused by inappropriate recommendations being issued • Potential value improvement missed through failure to identify waste and inefficiency in use of public funds	3	4	12	• Strengthened performance audit team with suitably qualified Performance Audit Manager to provide expertise and quality assurance • Quality assurance process updated through the implementation of new performance audit manual, including improved engagement and clearance process

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	• Ineffective oversight of public finances by elected members • Reduced accountability across government • Reduced overall value for money of public spending	1	4	4	• Experienced Chief Auditor in position supported by well qualified audit staff • Published audit reports referred for PAC scrutiny are of high quality
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	• Public accounts remain unaudited with effects on funding and decision making for public bodies including SHG and AIG • Reduced performance audit output leading to reduced accountability and transparency • Poor quality financial audits leading to impacts outlined in risk 1 • Poor quality performance audits leading to impacts outlined in risk 2 • Practice development priorities unable to be progressed	4	5	20	• Sustainable investment in capacity building and institutional development • Use of fixed-term contractors to fill vacant positions • Use of TC support to fill senior leadership positions including appointment of new Chief Auditor • Training and development of audit team members
All areas	Covid-19 pandemic continues into 2021 directly or indirectly impacting the proper functioning of the office	Chief Auditor	• Staff resources directly impacted by pandemic with lost production and attendant delay in completion of statutory audits • Staff resources indirectly impacted by pandemic through inability to deploy contract staff and also service offshore audits in person	4	4	16	• Covid-19 business continuity plan developed which provides for Scenario 1 office-based and Scenario 2 remote-working response • Use of remote working contractors in accordance with policy framework

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

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