

Open Agenda

Copy No:

No: 48/2020

Memorandum for Executive Council

SUBJECT

AUDIT ENGAGEMENT LETTER - SHG FINANCIAL STATEMENTS 2019/20

Memorandum by the Financial Secretary

ADVICE SOUGHT

1. **Executive Council is asked to endorse the terms contained within the Engagement Letter issued by the Chief Auditor in respect of the statutory audit of the SHG Financial Statements for 2019/20.**

BACKGROUND & CONSIDERATIONS

2. The Chief Auditor has submitted his Engagement Letter (*Annex A*) that sets out the terms and expectations from both parties regarding the audit of the 2019/20 SHG Financial Statements.
3. Executive Council being the executive decision making body of the Government of St Helena is considered to be “Those Charged with Governance” under International Auditing Standards and is being asked to endorse the terms of the Engagement Letter.
4. The Engagement Letter sets out the objective and scope of the work to be undertaken which is to provide an Independent Auditor’s Report on whether:
 - a. The financial statements present fairly the financial position of the Government for the financial year ended 31 March 2020;
 - b. In all material respects the expenditure and income has been applied for the purposes intended and conforms to the authorities which govern them; and
 - c. The financial statements have been prepared in accordance with all relevant laws and policies.
5. It also sets out the responsibilities of management for the preparation of the financial statements, the financial reporting framework that applies, the expected outputs from the audit, the anticipated timescales for submission and completion of the audit and the proposed audit fees for the work.
6. Under section 109(2) of the Constitution the Chief Auditor is required to audit the financial statements within 6 months from

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the date of the first submission by the Financial Secretary.

7. However, due to the current travel restrictions the Chief Auditor is unable to secure sufficient qualified audit staff to complete the work within the time period and will be seeking the Governor's approval for an extension to 31 March 2021 due to these exceptional circumstances.
8. In this Engagement Letter the Chief Auditor under the section "*Access to information held by a significant component*" has made a request to the Financial Secretary to arrange access to the persons and information held by the Bank of Saint Helena Ltd for the purpose of concluding upon the Government's reported non-current interest. The Financial Secretary will make a formal request to the Bank of Saint Helena Ltd for this level of access.

FINANCIAL IMPLICATIONS

9. This audit is a statutory requirement. The proposed audit fee of £93,500 has been provided for within Head 17 *Corporate Finance*, Cost Centre 1706 *Payments on behalf of the Crown Budget*.
10. There are no other financial implications associated with this decision.

ECONOMIC IMPLICATIONS

11. There are no economic implications resulting from this decision.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

12. N/a

PUBLIC/SOCIAL IMPACT

13. There are no public or social impacts resulting from this decision.

ENVIRONMENTAL IMPACT

14. There are no environmental impacts associated with this decision.

PREVIOUS CONSULTATION/ COMMITTEE INPUT

15. There has been no previous consultation as this is a standard administrative procedure and not a policy matter.

PUBLIC REACTION

16. There is unlikely to be any public reaction to this decision.

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PUBLICITY

17. As this is an administrative procedure it is not recommended that there should be any publicity.

SUPPORT TO STRATEGIC OBJECTIVES

18. N/a

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

19. N/a

OPEN/CLOSED AGENDA ITEM

20. Recommended for the open session.

DLR

Corporate Support
Corporate Services

22nd June 2020

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