



Audit Matters

There have been quite a few changes in audit since our last newsletter in March. Internal Audit is no longer part of the Audit Service and instead reports straight to the Chief Secretary. The rest of the Audit Service has been restructured so we all work on both Financial Audits and Value for Money Audits. The law has been changed so that our smaller clients do not need full audits to international standards but can have what is known as an independent examination instead.

The new Constitution coming into effect establishes the office of Chief Auditor and entrenches his independence. It also sets out the functions and composition of the Public Accounts Committee.

Work experience student Neil Francis talks about his time with the Audit Service

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SAINT HELENA **AUDIT SERVICE**

AUDIT NEWS

INTERNAL AUDIT MOVE

From 20 July Internal Audit left the Audit Service and now reports directly to the Chief Secretary. The Internal Audit Office, as it is now will continue to share a building with the Audit Service for the time being.

Helena Bennett is the Head of Internal Audit and works with one Internal Auditor and two Internal Assistant Auditors.

The move should help the Internal Audit function better serve the needs of management and at the same time help the Audit Service better serve the needs of Legislative Council, which is its primary role.

AUDIT SERVICE RESTRUCTURE

The Audit Service was structured in three teams—external, value for money and internal.

Internal Audit is no longer part of our work. Our clients' accounts are almost all prepared for the year ending 31 March each year and this means that we're much more busy with auditing these accounts in winter and spring than in summer and autumn.

As a result we've restructured the service so that all staff work on both financial (external) audits and on value for money audits. Senior Audit Manager, Connie Stevens is now responsible for both types of work.

PUBLIC ACCOUNTS COMMITTEE

The Public Accounts Committee held a formal session on 31 July 2009 to consider the following value for money reports: Post Office, Community Care Complex, Home to Duty Transport, and Business Planning and Key Performance Indicators.

In its report to Legislative Council, the Committee reiterated recommendations it made about business plans being reviewed centrally to ensure they related to SHG's Strategic Objectives and about the need for Heads of Department to receive annual appraisals.

This was the last PAC session before the elections. Currently PAC comprises all members of Legislative Council who are not members of Executive Council. However, a new PAC will be established under the new Constitution after the elections. Its members will be three Councillors elected by Legislative Council plus two other people appointed by the Governor after consultation with Councillors.

AUDIT EXEMPTIONS

A change in the law made in July 2009 clarified what 'audit' means. The law says that SHG needs an audit but it also says that community centres need audits and it was not clear who needed a full professional audit to international standards and who could have a 'lay' audit. The definition is now:

"an independent examination of financial statements resulting in a report, which, where it relates to an entity whose gross income exceeds £250,000 or whose gross assets exceed £1.4 million, shall comply with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board."

In other words if your gross income is less than £250,000 and your gross assets less than £1.4 million then a lay audit meets your legal requirement.

Five of our clients will qualify for this. In some cases they will carry on using the Audit Service but should get a lower fee; in other cases they will find someone else to examine their accounts.

FINANCIAL AND VALUE FOR MONEY AUDITING

What is the purpose of auditing ?

Financial Audit - In short, the purpose of financial auditing is to provide **users** of the accounts or financial statements with assurance whether the statements can be relied upon. So the auditors will be assuring the users of the accounts as to the truth and fairness of the information contained therein. It allows these users to use the accounts as a basis for sound judgements.

Value for Money — is to determine whether Government resources have been used with proper regard to **economy** (minimising the cost of resources acquired or used, having regards to appropriate quality) **efficiency** (how far is maximum output achieved for a given input, or minimum input used for a given output) and **effectiveness** (how successfully do outputs achieve policy objectives).



What they have been doing.....

Financial auditing

Recently Completed:

- Tristan da Cunha 2007
- Legal Assistant Fund 2008/09
- Bulk Fuel Installation 2007/08
- Bank of St Helena 2008/09

Audits in progress

- Development Aid 2007/08
- Public Solicitors Office 2008/09
- St Helena Growers Co-op Society 2008/09
- Currency Fund '08/09'
- St Helena Development Agency 2008/09
- St Helena National Trust 2008/09
- St Helena Fisheries Corporation 2008/09'
- St Helena Government 2008/09
- Health Link III 2008/09
- EDF 9 Grant 2007/08 & 2008/09

Value for Money

Recently Completed:

- Bulk Fuel Installation
- Electricity
- Fast Track– Meter Reading service
- Ferry Service

Audits in progress

- Pensions & Benefits
- Public Health
- Vehicle Replacement

Our Mission is:

"We provide independent assurance on whether SHG resources are used and accounted for properly."

PAS student Work Experience

The Audit Service welcomed Neil Francis of Prince Andrew School for eight weeks work experience from the 29 June 2009 to 21 August 2009. Neil has been gaining experience in working on various audit assignments, this is what he says:



My experience at the Audit Service

"For the past few weeks I have been on a work experience programme at the St. Helena Audit Service and I have thoroughly enjoyed it. In the short time that I have been at the Audit Service I have been exposed to many things which are very new to me. It has been an eye-opening experience, which has allowed me understand more about Auditing and Finance in general.

The work itself has been both enjoyable and challenging, and although Auditing was not a career choice I had considered before, I have come to enjoy learning about the Auditing process and the work that is done here. The fact that the work is also challenging, makes it that much more of a pleasurable experience.

In addition I would like to thank all the staff at the Audit Service for welcoming me and making my short stay here one to remember.

Neil Francis"

Staff Matters

Connie Stevens was promoted to Senior Audit Manager with effect from 1 April 2009.

Nicholas Yon and Delma Williams were promoted to Senior Auditors from the 1 April 2009.

Nicholas left on the 9 August 2009 for overseas training at the London College of Accounting and will be sitting four ACCA papers in December 2009.

Christy Joshua, Assistant Auditor who joined the Audit Service on 2nd February 2009 was transferred to the post of Internal Assistant Auditor in the Internal Audit Office on 3 August 2009.

Roxanne Fowler has resigned from her post as Audit Administrative Assistant with effect from 27 August 2009.

VFM

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FINANCIAL
AUDITING

Ensuring Accountability

Hope this will be of help in allowing you to understand what goes on in the Audit Service .

Editor Liz

