

**A Brief Guide to....**

# **The Public Accounts Committee**



## The Basis of the Public Accounts Committee (PAC)



Public Accounts Committees are internationally recognised as a key component of good governance in central government.

St. Helena's Public Accounts Committee, is given its formal status through the Standing Orders of Legislative Council.

## The Role of a Public Accounts Committee



- To scrutinize the annual accounts of St. Helena Government and any other bodies that lay accounts before Legislative Council – working to ensure good financial reporting and a challenge to the value for money aspects of income, expenditure and policy implementation.
- To report its findings to full Council at least once a year.

## How the Public Accounts Committee fulfills its role



The PAC will begin by evaluating a number of different documents. It will then ask questions and seek further information from public officials and appropriate accounting officers including the Chief Secretary, Financial Secretary, Heads of Department and Committee Chairmen. Typically these questions will be asked ahead of a formal meeting to hear clear and concise answers.

The PAC can also request the Chief Auditor, or any other suitable person, conducts specific examinations relating to any particular element of the economy, efficiency and effectiveness of any Government or public body.

## What documents are considered – and why?



The documents considered for each entity will vary to reflect varying degrees of risk, accountability and responsibility. Government parastatals, for example, have their own Management Boards and receive only limited financial subsidies from central Government – and so warrant less attention than the accounts of St. Helena Government itself.

Typically PAC will begin by considering the following documents –

	<i>Annual Audited Accounts</i>	<i>Auditor's Certificate</i>	<i>Auditor's Management Letter</i>	<i>Year-End Budgetary Analysis</i>	<i>VFM Audit Work Summary</i>
<i>St. Helena Government</i>	✓	✓	✓	✓	✓
<i>Currency Fund</i>	✓	✓	✓		
<i>Bulk Fuel Installation</i>	✓	✓	✓		
<i>Development Agency</i>	✓	✓			
<i>Fisheries Corporation</i>	✓	✓			
<i>News Media Board</i>	✓	✓			
<i>National Trust</i>	✓	✓			

*Annual Audited Accounts* – These show, in a standard format, both the overall financial situation of the entity at the financial year end, as well as information relating to specific activity during that year. The PAC will employ financial analysis techniques to identify any trends in the accounts and to make observations for further questioning.

*Auditor's Certificate* – This will either give assurance from the auditor that the accounts present a “true and fair view” or reasons as to why they do not (which would need the close attention of the PAC). A “true and fair view” is about accounting accuracy – in other words, the figures correctly reflect reality - it is not the same as commenting on the *appropriateness* of expenditure – which is where the PAC will delve deeper.

*Auditor's Management Letter* – Any significant issues found by the auditor which need to be brought to the attention of Management are conveyed with an annual ‘Management Letter’. By considering this, together with the response that Management provides, PAC can form their own opinion on the issues – and the appropriateness of action being taken.

*Budgetary Analysis* – Comparison of original budgets to year-end actual income and expenditure will highlight any variances which PAC may wish to pursue further. The emphasis may be placed on significant variations, a challenge of the rationale for the setting of the original budget, or whether ‘on budget’ areas have spent money (or raised income) to meet intended government policy and objectives.

*Value For Money Audit Work Summary* – The Audit Department undertakes reviews designed to specifically target economy, efficiency and effectiveness. They will, depending on their scope and focus, deliver audit opinions on one, two or all three of these elements. By receiving summary reports of the conclusions of these reviews, PAC receives independent information on which to base its further considerations.

## The Membership of the Public Accounts Committee

The Public Accounts Committee comprises all members of the Council who are not permanent members of the Executive Council. Following the 2005 elections this is;



**Anthony Leo**

 [AD.leo@helanta.sh](mailto:AD.leo@helanta.sh)

 4725



**Mervyn Yon**

 [Mervyn.muriel@helanta.sh](mailto:Mervyn.muriel@helanta.sh)

 4540



**John Reid**

 [John.ree@helanta.sh](mailto:John.ree@helanta.sh)

 3913



**Robert Robertson**

 4746

**Hon Speaker**



**Stedson George**

 4331



**Lionel Williams**

 [Brenville@helanta.sh](mailto:Brenville@helanta.sh)

 3272



**Victor Lines**

 4045

Document Prepared By: *St Helena Government Audit Service*



[chief.auditor@sainthelena.gov.sh](mailto:chief.auditor@sainthelena.gov.sh) 

(00 290) 2111 



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