



# AUDIT MATTERS

## SAINT HELENA AUDIT SERVICE

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### Introduction

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Lots of exciting and new developments taking place within the St Helena Audit Service to report in this, our third newsletter edition. Firstly, yes a new name emphasising our independent status as you'd have noticed and a very fresh new look as shown below!



Careers Fair 2006 held in February was an opportunity for staff to demonstrate their creative side and produced a very colourful and informative stall. Loads more information brochures were on offer to interested persons wanting to know more about the profession and the services we provide – a direct result from a Presentation Skills Training course offered by SHDA to stall holders prior to the Fair.



March 2006 saw the Audit Service close for 2 days whereby we embarked on Business Planning and Away Days, resulting in the revision of our business plan, training, discussion and debate on topical issues and the formulation of our new mission statement as shown below. An extremely productive (and fun) two days were had by everyone.



The launch of our independent website in April 2006 is certainly worth mentioning, so check out [www.audit.gov.sh](http://www.audit.gov.sh) for more audit news, views, reports and career opportunities. These are all initiatives planned to help promote the work of the Audit Service in clarifying its role and contribution to St Helena.

**MISSION STATEMENT**

***We provide professional audit services, in accordance with international standards, for the benefit of both the general public and our clients. We work to identify any weaknesses which threaten the integrity of financial reporting, the attainment of value for money, and the achievement of best practise in corporate governance, risk management and internal control. Once identified, we provide practical recommendations to resolve these weaknesses.***

Our two Trainee Assistant Auditors, Sophie Young and Sheridan Richards were promoted to the substantive posts of Assistant Auditor on 1st April 2006, following successful completion of their training periods. Well done and we wish you success as you progress in your audit career - remember, “the sky is the limit”.



*Happy reading,  
Bronwen,  
Editor*

## EXTERNAL AUDIT SERVICES



The primary objective of the External Audit Service is to provide an independent examination of and express an opinion on clients financial statements. This service is provided in line with the Audit Ordinance (Chapter 143).

The External Audit Service is directly led and managed by the External Audit Manager, Connie Stevens, with the support and guidance of the Chief Auditor.



### Client Specialist Lead Auditors

In recognition of the long-term relationship we experience with most of our clients and positive comments from clients during 2005/06, we are continuing the allocation of a Lead Auditor to each and everyone of them. This practise allows for the development of specialist knowledge for the diverse business areas that our clients cover, as well as providing a consistent point of contact for client management.

CLIENT SPECIALIST LEAD AUDITORS			
			
Charlene Young	Delma Williams	Elizabeth March	Helena Bennett

The appointment of a Lead Auditor was an outstanding success. Questions were extremely pertinent and greatly reduce from previous years. Answers given were received with an understanding not always attributable to previous audits

Auditee Comment



### “Bridging the Gap”

In an attempt to address the need for lower audit fees by our smaller clients, we have introduced a new service “Financial Statement Review Engagements”. This service may be suitable for anyone without a legal requirement, or self imposed desire, to have an audit.

#### Core Objective of a FSRE:

**“To state whether, on the basis of procedures which do not provide all the evidence that would be required in an audit, anything has come to the auditor’s attention that causes the auditor to believe that the financial statements are not prepared, in all material respects, in accordance with an identified reporting framework.”**

*International Standard on Review Engagements 2400*

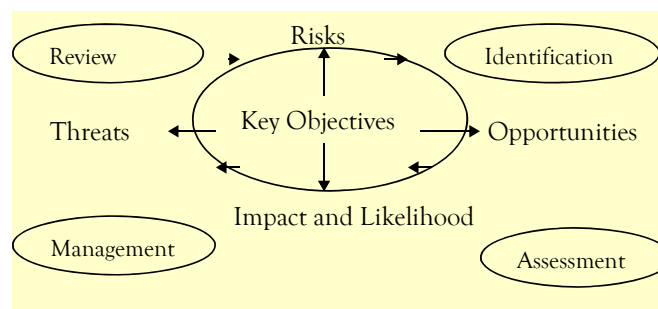
Called “Negative Assurance” as we say “We’ve seen nothing that suggests it’s not a True & Fair view” rather than the more positive “We believe it is a True & Fair View”.



## INTERNAL AUDIT SERVICE

Internal Audit will this year be introducing some new developments to SHG departments whereby the internal audit role of providing an opinion and giving assurance is further defined with the introduction of **Heads of Department Assurance Statements**. This is a new annual Declaration in which Heads of Department comment upon the extent of awareness and compliance with Public Service Orders, Financial Regulations, Contract Regulations and all other applicable Ordinances, on behalf of the senior management as well as themselves. They also confirm that they have informed the Chief Auditor of instances of actual, suspected or alleged fraud or financial irregularity that have come to attention.

In addition, we plan to conduct **Risk Awareness Workshops** throughout SHG and provide a consultancy service to departments in formulating their Risk Registers, another new concept, which has been endorsed in principle by the Corporate Management Team. Risk management is a dynamic process for taking all reasonable steps to find out and deal with risks that impact on our objectives. Risk registers act as a vehicle for capturing all the assessment and decisions made in respect of identified risks. The model below is a basic version that outlines the key objectives in question, risks that have been identified, their impact and likelihood and then a set of actions required to reflect the adopted strategy, which is then the responsibility of the risk owner.



RISK REGISTER						
Key Risk 1: .....						
'Raw' Risk			Controls	Residual Risk		
Probability	Consequence	Rating (P*C)		Probability	Consequence	Rating (P*C)

The register should be updated to reflect changes in the objectives, which happens because of the changes in the environment in which we operate.

The Internal Audit Service is directly led and managed by the Internal Audit Manager, Bronwen Yon, with the support and guidance of the Chief Auditor.

So, exciting times ahead and we look forward to working more closely with departments on risk management.



### IA Awareness Month

In celebration of International Internal Audit Awareness Month in May, we have designated the entire month for awareness activities through the local media in the form of informative articles, wordsearches and puzzles, all aimed at clarifying the internal audit role and responsibilities in regard to internal control and assurance services. Prizes will be awarded to correct entries of the puzzle issued in the last week, so check out the local papers and you could be a WINNER!

### Investors in People (IiP)



March/April saw the visit of IiP External Assessor, Graham Pursey to St Helena to assess a number of departments, including the St Helena Audit Service and deliver training to the small group of Internal Reviewers, including Bronwen Yon, Internal Audit Manager. Participants had to contend with a very demanding programme on the training aspect but thoroughly educational, interesting and sometimes entertaining and motivational shadowing sessions with Graham for our personal development as Internal Champions of the standard.

ST HELENA AUDIT SERVICE



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***We're on the Web!***  
***[www.audit.gov.sh](http://www.audit.gov.sh)***

## Reports for the Public

All VFM reports issued are now made directly available to the public—They can be read at the Public Library, our office with prior arrangement – or through [www.audit.gov.sh](http://www.audit.gov.sh). To receive notification of reports as soon as they are published, you can join the e-mailing list by visiting the publications page on our website.



## VALUE FOR MONEY AUDIT SERVICE



### Management Arrangements

The Value for Money Audit Service is currently being directly managed on a temporary basis by the Chief Auditor, Andy Bonner. This is pending recruitment of a dedicated Audit Manager who will have the time to give the area the full drive and strategic thrust it deserves. The recruitment process is expected to take place later in 2006/07.



### Public Consultation helps set 2006/07–2007/08 work plan

A big thank you to all who contributed ideas and comments to us during the consultation period held in April. Your opinions helped direct our efforts and shape our work plan for the current and next financial year which has now been set.

Whilst our formal consultation period has ended, we welcome suggestions for review areas throughout the year—and it may be that a new area is important enough to warrant prioritisation over something we already have lined up—so if you know of an area which could benefit from a review of efficiency, economy and / or effectiveness—do let us know.

### “Fast-Track” Audits Introduced

A full Value for Money review takes considerable time and effort to get right. Acknowledging that some areas need a more responsive and flexible approach in order to best service the public interest, we have introduced “fast-track” audits. These will typically be narrow and direct in their scope—offering an insight into VFM attainment or coverage of just one particular area rather than a wholesale review.

The first such assignment was demonstrated in April with our costing of the SHG Careers Fair.

### Chief Auditor Resigns

On 8th May 2006, Chief Auditor, Andy Bonner, gave notice of his intention to resign from his post.

He commented: *“Since my arrival in 2004 it has been an honour to lead the Audit Service forward and a genuine pleasure to be part of the successes achieved by the professional team here. I am saddened to be leaving and my decision has been taken for personal reasons rather than any problems or issues over the nature and functioning of the Chief Auditor role which I feel is working as it should.”*

Andy is expected to depart St Helena in July for annual leave before he ceases his employment in early September. Immediate plans are underway to appoint a successor to the Chief Auditor post.