

## **Audit Committee to be set on F.I.R.E.**

Working together with the Saint Helena Audit Service, the Saint Helena Government has today taken another significant step in the ongoing enhancement of a strong Corporate Governance framework.

Agreement has been reached to introduce an Audit Committee within Government which will have a wide ranging remit to oversee and champion the cause for the four fundamental governance areas known collectively as FIRE. That is, **F**inancial reporting, **I**nternal Control, **R**isk Management and **E**thical principles.

The body will also oversee audit delivery – reviewing the proposed scope of the Internal and External audit functions – and assessing overall effectiveness and output in relation to established performance indicators. This will help answer the question, “Who audits the audit function?”

This development comes well ahead of what is expected to eventually become a legal requirement – with a European Directive issued in April requiring all ‘public interest entities’ to form an Audit Committee - meaning that the United Kingdom now has two years to transpose the directive into national law.

Clarifying how this new Committee fits into the overall Governance framework, Chief Auditor, Andy Bonner comments;

*“Its role is much wider than just overseeing the work of the Audit Service and so it shouldn’t be seen as comparable to the Government Departmental Committees that already exist. Its work is also distinct from the Councillor driven Public Accounts Committee which reviews the published financial accounts and value for money issues throughout Government. In short, the Audit Committee has been brought into existence as a ‘best practice’ mechanism to help ensure the healthy internal workings of Saint Helena Government.”*

Membership of the Committee is now being finalized but it is expected that invited to join will be 2 independent persons from outside Government, the Crown Counsel, Saint Helena Government’s Accountant (Financial, Planning & Analysis), the Chief Auditor and His Excellency the Governor’s Staff Officer. This combination will establish a well balanced team with sufficient skills, independence and operational knowledge to deliver the important role of an Audit Committee. The first meeting of the new Committee will be held in early July.

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### **Background information for editors:**

1) This announcement comes further to the decision taken in October 2005 when Saint Helena Government accepted in principle that the establishment of an Audit Committee would be an appropriate and important body to ensure and uphold Corporate Governance principles.

2) In the UK Central Government context, HM Treasury’s Audit Committee Handbook states that Audit Committees should exist in all central government bodies with a remit to monitor and review both the risk, control and governance processes which have been established, and the associated assurance processes over them. [www.hm-treasury.gov.uk/media/8d2/62/audit\\_committee\\_handbook2003.pdf](http://www.hm-treasury.gov.uk/media/8d2/62/audit_committee_handbook2003.pdf)

2) Further general information on the Audit Committee role can be found on the Audit Committee Institute web-site at [www.kpmg.co.uk/aci/](http://www.kpmg.co.uk/aci/)

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