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UK
OVERSEAS TERRITORIES
PROJECT

The UK Overseas Territories Project is a three-year programme of support for public financial management.

The UK branch of the Commonwealth Parliamentary Association (CPA UK), in consortium with the UK National Audit Office (NAO) and the UK Government Internal Audit Agency (GIAA), and funded by the HMG-wide Conflict, Security and Stability Fund (CSSF), works with partners in the UK and Overseas Territories to deliver a series of activities focused on providing technical assistance, training and mentoring to support and encourage effective public financial management.

The Project focuses on three areas: internal audit; external audit; and parliamentary oversight of public finances. The Project has agreed programmes of activities in place with each relevant Territory, working in partnership on their identified priority areas.

This project is a component of a multi-year, cross-Whitehall, Conflict, Security and Stability Fund (CSSF) programme that aims to support the UK Overseas Territories' aim to reach internationally recognised standards of good governance. As set out in the 2012 Overseas Territories White Paper, it is HMG's responsibility to ensure that the OTs share the same standards of good government as the UK.

One of the objectives the White Paper sets out as necessary for reaching this standard of good government is sound public finances. This is crucial for enabling economic growth, encouraging private sector investment and building a diverse economy that is resilient to external shocks. The project will contribute to this goal by supporting the oversight of public finance.

The project will therefore play a valuable role in achieving a key HMG objective for the OTs, with the deliverables above promoting sound financial management and a solid level of transparency of public finances, both of which are essential for an overall level of good government.

2. Project partners



COMMONWEALTH
PARLIAMENTARY
ASSOCIATION UK

CPA UK is a member of the Commonwealth Parliamentary Association (CPA), which is a Commonwealth wide network of some 17,000 national, state, provincial and territorial parliamentarians within 180 legislatures in 53 countries. The purpose of the CPA is to strengthen parliamentary democracy within the 53-country Commonwealth, providing a space for parliamentarians to share, learn, compare and work together to promote Commonwealth values of democracy, rule of law, human rights, good governance and social and economic development.



NAO
National Audit Office

The National Audit Office (NAO) is the UK's Supreme Audit Institution. Its 800 staff certify the accounts of all government departments, and many other public sector bodies, and report the results to Parliament.

They also carry out value for money reports, investigations, support to Parliament, and international audit and cooperation. The recommendations and reports on good practice help government improve public services, leading to audited savings of £734 million in 2016.



Government
Internal Audit
Agency

The Government Internal Audit Agency (GIAA) was launched on 1 April 2015. It is an executive agency of HM Treasury (HMT). The GIAA helps ensure government and the wider public sector provide services effectively. It offers quality assurance on an organisation's systems and processes, based on an objective assessment of the governance, risk management and control arrangements it has in place. GIAA's internal auditors look at operational, strategic, financial risks and wider issues, such as employee relations, management structure, relationships with stakeholders before offering advice on how to improve those systems and processes, based on findings.

3. Message from the Project Board

A warm welcome to the 2017-18 Annual Review of the UK Overseas Territories Project. Over the past year, the UK Overseas Territories (UKOT) Project has engaged with a multitude of stakeholders, ranging from parliamentarians, parliamentary staff and Clerks, to internal and external auditors across nine UK Overseas Territories (OTs). It presented an opportunity for participants to meet their counterparts in the UK, reflect on public financial oversight and scrutiny, and share experience on common challenges and solutions.

The Project team, led by the Commonwealth Parliamentary Association UK (CPA UK) in consortium with the UK Government Internal Audit Agency (GIAA), and the UK National Audit Office (NAO), has facilitated diverse, bespoke activities addressing each OT's respective priorities. You will find more information on the last year's activities in the following pages, as well as a forward look at the range of activities scheduled for 2018-19.

As a Project Board, we have had the pleasure of following the Project's successes in regular updates with the Project Manager, a representative of the Conflict, Stability and Security Fund (CSSF) funding the Project, and other members of the Project team. Feedback to date has been excellent, and some participants have already explored ways to develop existing work processes in audit offices and Public Accounts Committees (PACs) to support more effective oversight on behalf of their citizens.

Finally, we would like to express our sincere gratitude to those who have contributed to the success of the Project so far. The dedication, commitment, and enthusiasm of participants, facilitators and speakers never failed to provide fruitful discussions and lessons learnt on all sides.

We look forward to continuing our engagement with all Project stakeholders, building on the relationships and connections made over the past year, and facilitating sustainable change in partnership with our counterparts across the Project.



Rt. Hon Lord Foulkes of Cumnock
Chair, Project Board



Andrew Rosindell MP
Vice Chair, Project Board

4. A look at some key moments

10-14 July 2017
Virgin Islands
(UK) Pilot Audit

**4 September -
7 November 2017**
GIAA secondment to
St Helena

17-19 October 2017
NAO Multilateral
Audit Training



4 August 2017
Launch of
UKOTP online
portal

9-12 October 2017
Visit of Falkland
Islands PAC clerk



24 July - 4 August 2017
Clerk attachment to
Anguilla PAC

4-7 September 2017
Cayman Islands
TeamMate Assistance

November 2017
Beginning of Internal
Audit Quality
Assessment Support
for Cayman Islands
Internal Audit

4 - 7 December 2017
Westminster Workshop
for Public Accounts
Committees



29-31 January 2018
Bermuda PAC visit
to Westminster and
National Assembly of
Wales



7 February 2018
Publication of
Financial Audit Manual
for use in Audit Offices



February 2018
Completion of Internal
Quality Assessment
Support for St Helena
Internal Audit

27-30 November 2017
St Helena PAC visit to
Westminster



12-20 February 2018
Clerk attachment to
Anguilla PAC

8-10 November 2017
Montserrat PAC
Workshop

23-25 January 2018
Visit of Gibraltar
Members to Westminster

5. Issues and themes

By connecting Public Accounts Committees (PACs) and auditors across the Overseas Territories and the UK, the UKOT Project facilitates useful discussions on common challenges and solutions in oversight of public finance. Project activities aim to address some of the issues below as raised by participants and stakeholders in the UKOTs.

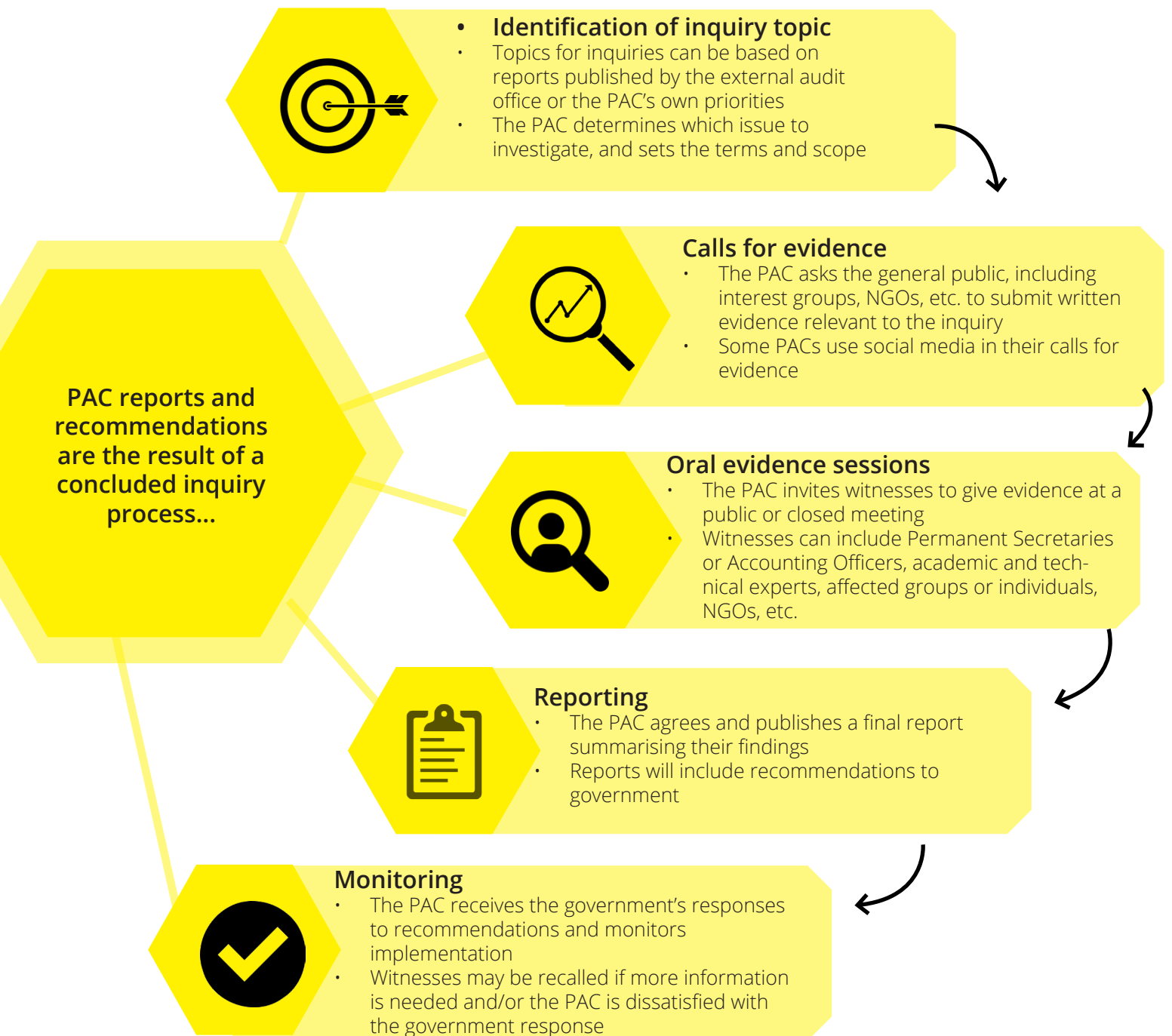
Key challenges for audit and internal audit

- Fulfilling responsibilities with limited resources, including staff and time
- Clearing backlogs of accounts for audit
- Maintaining a strong relationship with PAC (external audit)
- Filling vacancies for audit posts
- Increasing public awareness of the role of internal/ external audit
- Increasing capability through continuing professional development
- Strengthening the statutory basis of the external audit office

Key challenges in parliamentary financial scrutiny

- Limited resources, including staff and time
- Balancing priorities and time of Members, especially when maintaining other employment
- Maintaining regular meeting slots and forward work programme
- Balancing party loyalty and the need for government oversight
- Limited financial knowledge within PAC or parliament
- Delays in the publication of reports
- Delays in government responses to PAC recommendations
- Difficulty tracking implementation of PAC recommendations
- Building strong working relationships with the external audit office and government departments
- Leveraging public opinion and the media
- Developing consensus within the PAC
- Limited public awareness of the role and work of the PAC





This infographic outlines the inquiry process. For select committees such as the Public Accounts Committee, inquiries are an essential tool in effective parliamentary oversight.

6. Results

78

participants
in project
activities

61%

Male

39%

Female

29

MPs

6

Lay Members
of PAC

16

Clerks/
Officials

9

Internal
Auditors

18

External
Auditors

Supporting the
Anguilla PAC in
preparing
effectively for
inquiries

p.11

Supporting the
Montserrat PAC
in holding its first
public inquiry

p.12

Increased
technical
capacity in
St Helena
Internal Audit

p.19

9
UKOTs

St Helena and
Cayman Islands
implementing
actions from
Internal
Quality
Assessment
p.20

11 auditors
trained on
integrating ISA
standards into
External Audit
Offices

p.16

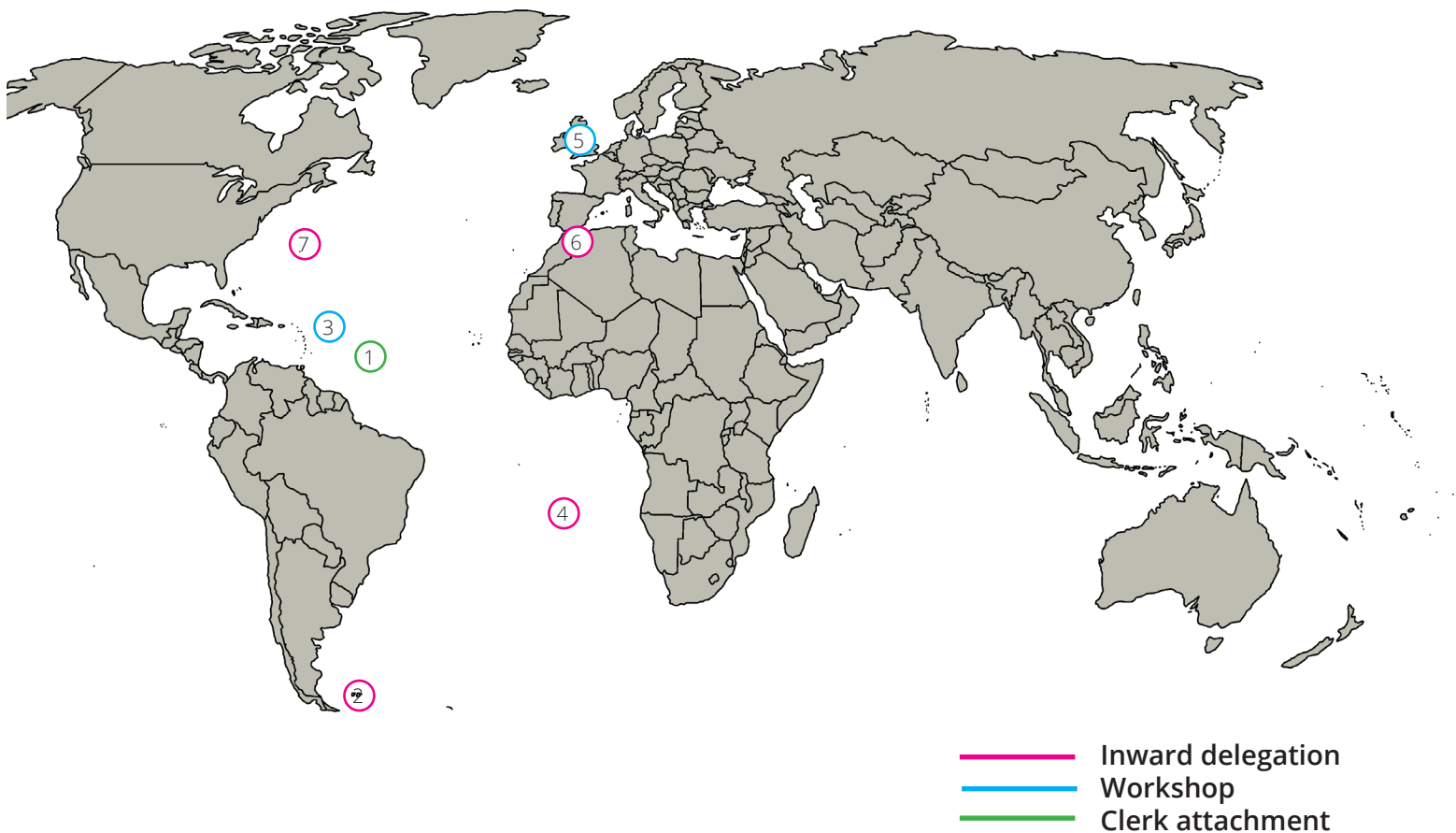
3 e-workshops
for external auditors
supporting
collaboration
across UKOTs

p.18

7. Effective Parliamentary Oversight

This year

- 1. Anguilla PAC Clerk attachments
- 2. Visit of Falkland Islands PAC clerk
- 3. Montserrat PAC Workshop
- 4. Visit of St Helena PAC
- 5. Westminster Workshop for PACs
- 6. Visit of Gibraltar Members of Parliament
- 7. Visit of Bermuda PAC



The UKOT Project supports effective parliamentary oversight and financial scrutiny in the UK Overseas Territories by facilitating an exchange of good practice between Chairs, Members, and Clerks of Public Accounts Committees (PACs) and other parliamentarians, officials, and auditors engaged in these areas. This exchange can be remote, for example using the Project’s online Portal and discussion board, or direct in the form of visits, workshops, or Clerk attachments. Each activity is tailored to participants’ priorities and interests to make it as relevant and useful as possible.

Clerk Attachments to the PAC of the Anguilla House of Assembly

Clerk attachments present an opportunity for Public Account Committees (PACs) to work directly with experienced Clerks from other legislatures to explore new ways of working or addressing specific challenges. Attached Clerks get a close insight into their host PAC's current work processes and collaborate with the PAC Chair, Clerk, and Members to focus on their priority issues for one to two weeks.

The PAC of Anguilla's House of Assembly hosted two Clerk attachments from 24 July to 4 August 2017 and 12 to 20 February 2018. The Clerk to the PAC of the Northern Ireland Assembly, Lucia Wilson, worked with the PAC of Anguilla to support the Chair, Members and Clerk in their preparation of a major inquiry on the government's fiscal standing.

The key outputs from the two Clerk attachments consisted of:

- **terms of reference agreed by all PAC Members**
- **an inquiry implementation plan**
- **a committee forward work plan**
- **areas of questions for evidence sessions scheduled for April 2018**

During her time in Anguilla Lucia also provided input on topics including information management and preparing witnesses. PAC Chair Hon Palmavon Webster MHA noted the attachments helped the PAC reach consensus and work as a unified committee.



PAC Workshop in Montserrat, 8-10 November 2017

CPA UK partnered with the Montserrat Legislative Assembly to arrange a three-day workshop on public financial scrutiny and the work of the Public Accounts Committee (PAC) from 8 to 10 November 2017 to engage with a range of local stakeholders.

The workshop increased knowledge and understanding of the PAC's role and functions with Members of the Legislative Assembly (MLAs) as well as the civil service, including Permanent Secretaries and Heads of Government Departments, and the local community.

A CPA UK delegation consisting of PAC Members from the Isle of Man and Jamaica and Clerks from the Scottish Parliament and Tynwald, Isle of Man acted as facilitators for discussions, practical sessions, a committee inquiry exercise on the outsourcing of a number of government activities, and outreach sessions.

The workshop energised the PAC of Montserrat. The Committee identified a number of steps it wanted to take next, including:

- developing a Committee Forward Work plan
- holding an evidence session each month
- opening evidence sessions to the public and the media to enhance openness and transparency
- laying PAC reports before the Legislative Assembly to allow recommendations to be debated by the Legislative Assembly
- reviewing the Committee's Standing Orders

Workshop Participants:





“In the future, the PAC will operate with **greater transparency** by conducting hearings in public...”
“The exposure to this workshop has **built my confidence...**”

Hon. Joseph Alvester ‘Easton Taylor’ Farrell MLA, PAC Chair, Montserrat



“...we have a greater appreciation for **involvement of the various stakeholders** in assisting the PAC’s work.”

Judith Baker, Clerk to the Legislative Assembly and PAC Clerk, Montserrat

Visit by the PAC of the Parliament of Bermuda, 29-31 January 2018

A visit to the UK Parliament provides comprehensive access to a wide range of parliamentarians, committee staff, and audit officials highly experienced in financial scrutiny. Delegates' counterparts in the devolved legislatures can offer additional expertise and experience of addressing challenges common to smaller legislatures, such as limited time and resources and fewer committee members.

The Chair, Members and Clerk of the Public Accounts Committee of the Parliament of Bermuda participated in a programme focusing on public financial oversight and scrutiny at the National Assembly for Wales and the UK Parliament. Delegates discussed a range of technical issues with their UK counterparts, including mechanisms for monitoring the implementation of PAC recommendations, and the use of media and technology in reaching out to the public.

CPA UK also arranged tailored programmes for a delegation of parliamentarians from the Gibraltar Parliament and the PAC of the Legislative Assembly of St Helena.

Delegates reported the greatest increases in understanding across three key programme topics:

- **effectively engaging with the media and the public;**
- **progressing PAC work plans;**
- **maintaining committee consensus**

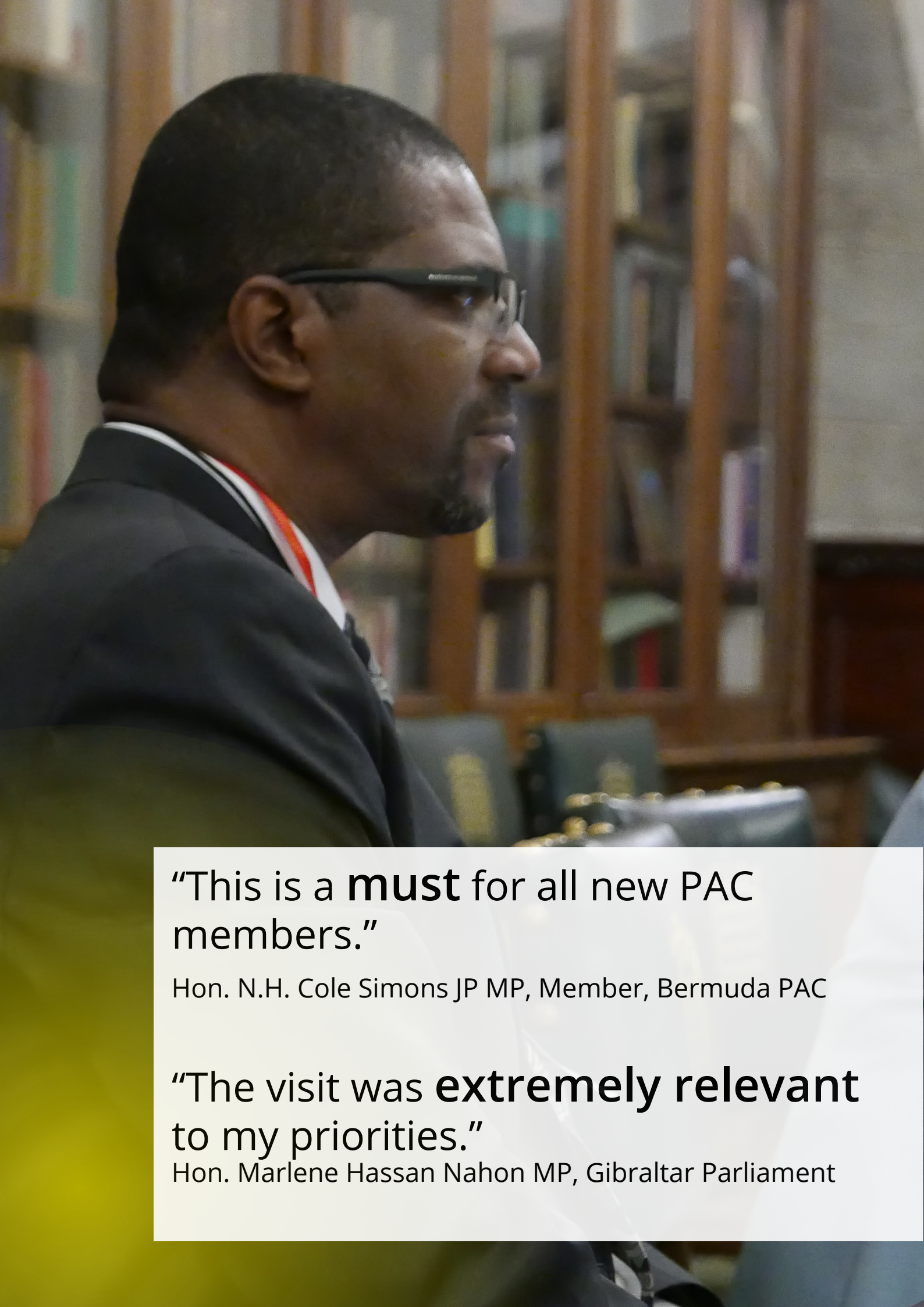
Next steps identified by the PAC:

- increased collaboration with Office of Auditor

General

- more public outreach
- using social media to communicate PAC work
- producing research and briefings for PAC meetings





“This is a **must** for all new PAC members.”

Hon. N.H. Cole Simons JP MP, Member, Bermuda PAC

“The visit was **extremely relevant** to my priorities.”

Hon. Marlene Hassan Nahon MP, Gibraltar Parliament

8. Building External Audit Capacity

This year

- Production of Financial Audit Manual
- Financial Audit Manual Training
- E-Workshops
- Audit Legislation Review
- BVI Pilot Audit Support

The UKOT Project aims to assist external audit capacity in the UK Overseas Territories. Through training seminars, tailored resources, e-workshops, pilot audits and other activities, the Project seeks to strengthen the capacity of the external audit office to perform their external audit role, including their ability to produce timely ISSAI compliant financial audits and report their findings to key stakeholders including Parliament, the Governor and the Financial Secretary

UKOT Audit Manual and training workshop

As part of the External Audit stream of activities, the NAO has written a new financial audit manual for use and adaptation by the UKOTs.

The purpose of this manual is help Overseas Territories audit offices to implement the key and commonly applied International Standards on Auditing (United Kingdom) (ISA (UK)) where relevant and appropriate.

As part of this process, a training workshop was held at the UK NAO to introduce auditors from each UKOT External Audit office to the manual focussing on key areas of guidance to enhance their audit capacity.

The workshop provided practical training in how to use the key areas of guidance in the manual. It included a 'train the trainers' workshop which empowered attending delegates to train other audit officials in the procedures in the manual in their audit office upon their return. The workshop also provided a platform to share knowledge and develop networks between external auditors from across the UK Overseas Territories.

The NAO training workshop brought

together **11**

External Auditors

from **7**
UKOTs

Delegates reported substantial increases in understanding across the four focus areas of the training:

- **planning;**
- **fieldwork;**
- **completion;**
- **and sharing learning with colleagues.**



“For an office to develop an ISA compliant Audit Manual would require a **huge technical investment**



probably beyond the resources of individual offices. So for me, this part of the UK Overseas Territories Project is **really important.**”

Phil Sharman,
Chief Auditor for St Helena

Pilot Audit

Pilot Audits involve direct support to assist an audit office to undertake and complete a major financial audit. This includes technical advice on matters such as application of auditing standards and the nature of the audit opinion on the accounts. Supporting Audit Offices by partnering with them in this way helps shift backlogs of accounts, share advice on modernisation and process and support sustainable change.

The NAO assisted the Office of the Auditor General, British Virgin Islands with a pilot audit in July 2017.

E-Workshops

E-workshops are online events in which speakers from the NAO present to delegates from UKOT audit offices on business systems in audit offices. They include Q&A sessions and resources are shared afterwards. A recording is available for officials who were unable to attend the event. E-workshops in 2017-18 covered human resource management, quality assurance systems, and audit office strategy and business planning.

Legislation Review

The statutory basis of an audit office is important because it provides them with the powers and protections needed to be able to fulfil the remit of a modern audit office. The NAO reviewed the audit legislation of all audit offices in UKOTs, assessing them against INTOSAI's pillars of independence, and reported the results back to Auditors General. This activity allowed an up to date review of the Audit Acts of all involved Territories, highlighting areas of mature legislation and areas for development and modernisation to ensure audit offices are operating as independently and effectively as possible. Some audit offices have used the legislation review to inform suggestions for new and amended Audit Acts.

9. Supporting Internal Audit

This year

- St Helena Internal Quality Assessment
- TeamMate Support for Cayman Islands
- GIAA Secondment to St Helena
- Internal Auditors from TCI and Cayman Islands attend Government Finance Function Event
- Cayman Islands Internal Quality Assessment
- Whistleblowing policy support to St Helena provided by GIAA Counter Fraud and Investigations Team

St Helena Secondment

The Head of Internal Audit (HIA) in St Helena, John Kaness, requested the secondment of a UK GIAA PIIA/CIA qualified senior auditor with appropriate skills and experience to the St Helena Internal Audit Office to work alongside the local team under the direction of the HIA, enabling a natural knowledge exchange and skills transfer whilst providing additional capacity.

James Meager, Senior Auditor at the GIAA, arrived on St Helena for a three-month secondment with the island's internal audit office on 15 September 2017. Prior to arrival, James carried out two desktop reviews. One was on the St Helena Government Procurement Framework, and the other was the Financial Control framework. He delivered summaries of findings to the HIA, and then issued draft reports to the St Helena Chief Financial Secretary.

On island, James assisted the HIA of St Helena in reviewing processes within the Internal Audit; building the technical capacity and confidence of Internal Audit staff in their daily work; delivering support on priority areas including governance and accounting systems; and establishing a relationship between the UK GIAA and St Helena Internal Audit and its staff in order to maintain points of contact and provide long-term support.



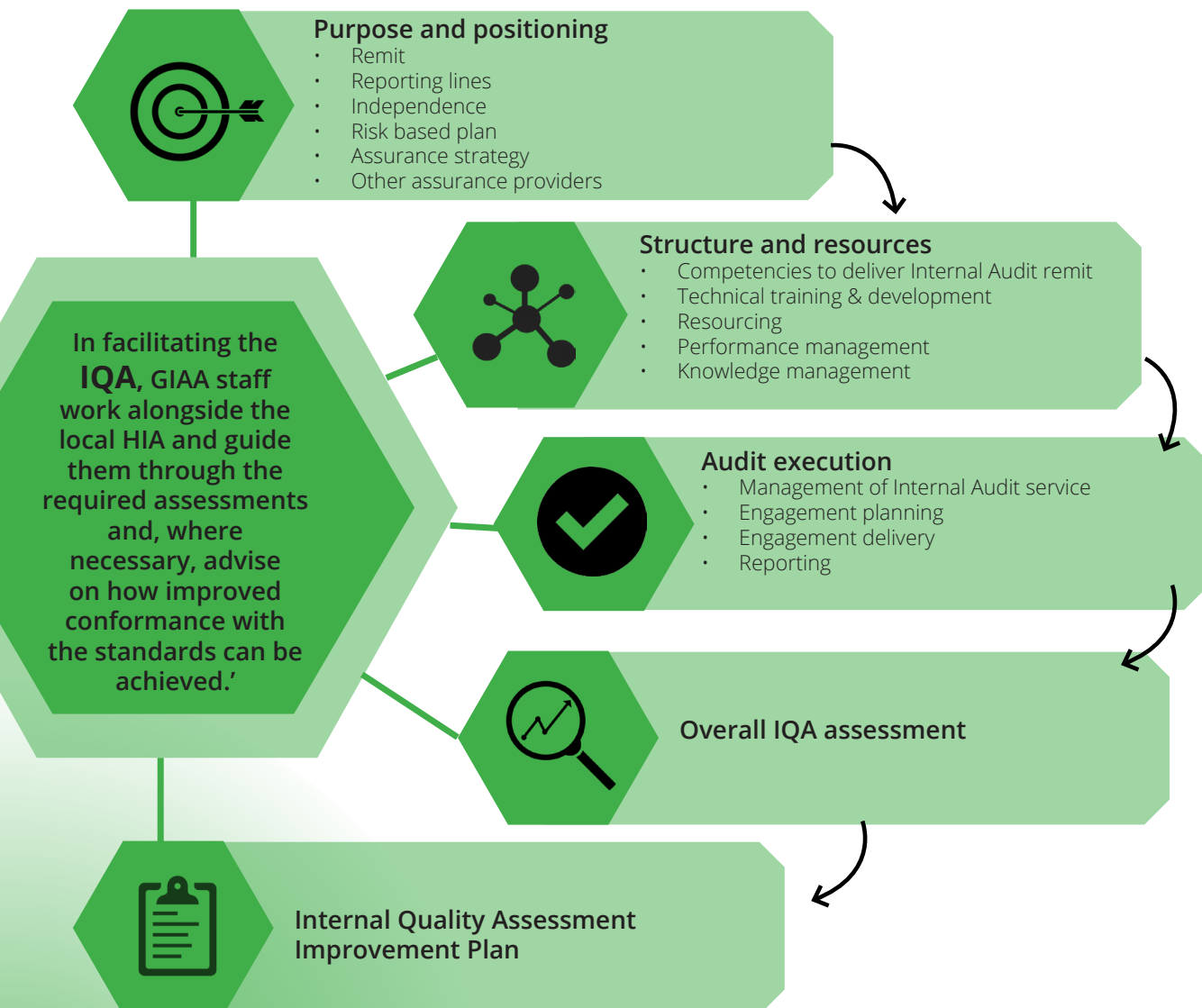
Conducting an Internal Quality Assessment

As part of the Internal Audit stream of activity within the UK Overseas Territories Project, the GIAA has been working in partnership with some Internal Audit Offices to facilitate Internal Quality Assessments (IQAs). Over the last year, Internal Audit Offices of St Helena and Cayman Islands have taken part in this process.

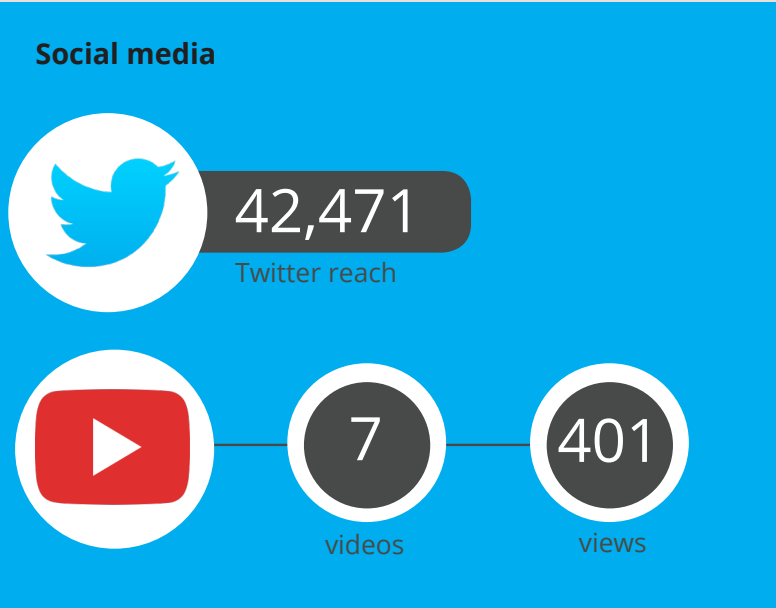
The IQA Framework has been designed to help evidence effective internal auditing in line with the International Standards for Internal Auditing, with a focus on outcomes that help organisations to meet their public service delivery commitments.

The International Standards for Internal Auditing require the chief audit executive to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The improvement programme must include annual internal assessments and an external review at least every five years. The external review must be carried out by an independent contractor. If internal assessments and external reviews confirm that the standards are followed appropriately, then the audit service concerned can state that their work is 'conducted in conformance with the International Standards for the Professional Practice of Internal auditing'

The infographic below outlines the framework used by the GIAA to carry out an IQA:



10. Communicating the project



Top tweets

CPA UK @CPA_UK
The Public Accounts Committee from the Parliament of Bermuda met with the PAC Chair and Clerks at the National Assembly for Wales today, as part of their visit to Cardiff and Westminster. @SeneddPAC

CPA UK @CPA_UK
@ChrisEvansMP leads session with Gibraltar delegation covering @CommonsPAC's recent activity; working across party lines; and the role of PAC clerks.

CPA UK @CPA_UK
@CarolineFlintMP & @susie_jatta at #SeneddPAC introduce our work with Overseas Territories to strengthen public financial oversight.

Online portal

A secure platform for Members of PACs and Internal and External Auditors from the UKOTs to share good practice and exchange ideas with regards to public financial management.

820
sessions

282
users

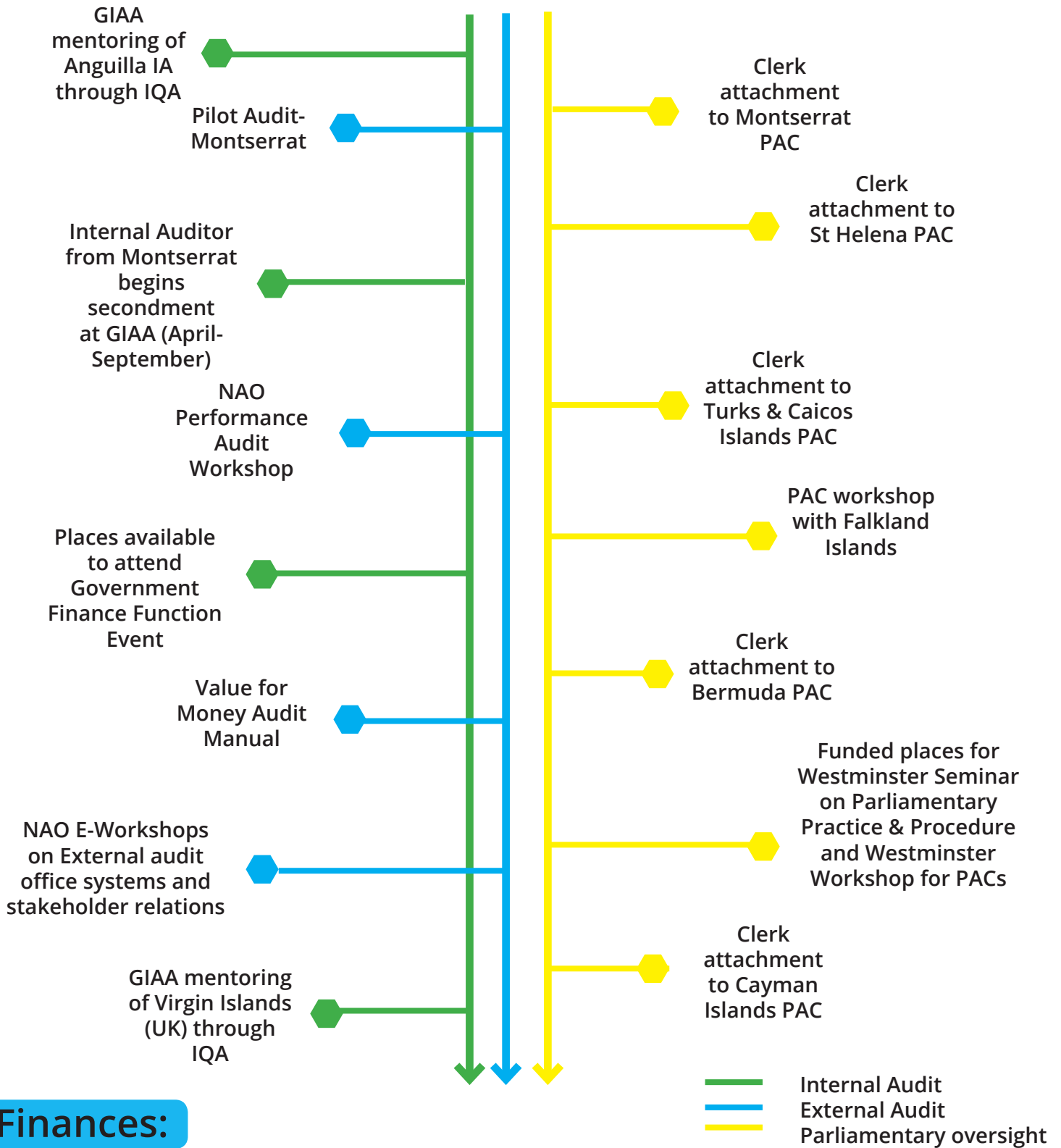
26
blog entries

50
registered accounts

Geographical breakdown of users in UKOTs:

17 Cayman Islands	9 Gibraltar	5 Falkland Islands
14 St Helena	8 Montserrat	4 Turks & Caicos
9 Bermuda	6 BVI	3 Anguilla

Annex: Upcoming activities (2018/19)



Finances:

Total Spend (2017-2018)

£522,400

Total Planned Spend (2018-2019)

£520,500

For more information on the Project and its activities please email:
overseasterritories.team@parliament.uk


 Second Forum involving all strands in early 2019

