

UK

OVERSEAS TERRITORIES

PROJECT

UK OVERSEAS
TERRITORIES
PROJECT

ANNUAL REVIEW

2019-2020



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National Audit Office



Government
Internal Audit
Agency

COMMONWEALTH
PARLIAMENTARY
ASSOCIATION UK



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The UK Overseas Territories Project, now entering its second phase, is an ongoing programme of support for public financial management and governance targeted towards UK Overseas Territories (OTs). Over the past four years, 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), has worked with partners in the UK and Overseas Territories (OTs) to deliver a series of activities to provide technical assistance, training and mentoring to support and encourage effective public financial management and promote good governance.

The Project has focused on three areas: internal audit; external audit; and parliamentary oversight of public finances. Through a series of parliamentary workshops, clerk attachments, training and mentoring forums, and capacity building activities, the project has brought together parliamentarians and audit officials from

across the Territories and the UK to share knowledge and good practice. The project works in partnership with the Overseas Territories to identify key priority areas and to create territory-specific, demand-led programmes and activities.

We remain committed to strengthening the role of parliamentary scrutiny across the Territories

As we take stock of another successful year for the UKOTP and look forward to the second phase of the project, we will ensure that stakeholders can continue to access and exchange technical knowledge and expertise in internal and external audit, as well as parliamentary oversight of public funds. We remain committed to strengthening the role of parliamentary scrutiny across the Territories and building the capacity and effectiveness of important financial oversight institutions.



OUR PARTNERS

COMMONWEALTH PARLIAMENTARY ASSOCIATION UK (CPA UK)

CPA UK is a member of the Commonwealth Parliamentary Association (CPA), a Commonwealth wide network of some 17,000 national, state, provincial and territorial parliamentarians within 180 legislatures in 54 countries. The purpose of the CPA is to strengthen parliamentary democracy across the Commonwealth, providing a space for parliamentarians to share, learn, and work together to promote Commonwealth values of democracy, rule of law, human rights, good governance and social and economic development.

THE UK NATIONAL AUDIT OFFICE (NAO)

The NAO is the Supreme Audit Institution of the UK; the UK's independent public spending watchdog. Annually its 800 staff complete financial audits as well as over 60 value for money studies and investigations. It supports Parliament in holding government to account and helps to improve public services through its high-quality audits. The NAO has had a long history of providing capacity-building support to Supreme Audit Institutions and public accounts committees and, in recent years, has worked extensively with the UKOTs.

THE GOVERNMENT INTERNAL AUDIT AGENCY (GIAA)

The GIAA launched on 1 April 2015. It is the largest of the UK government's internal audit services, providing internal audit and assurance services across a wide range of central government customers. GIAA is working with UKOTs' internal audit offices to improve their capability and capacity and, as a consequence, their ability to help accounting officers understand their risks and improve standards of governance. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations resulting in better public services delivery.

MESSAGE FROM THE PROJECT BOARD

We are delighted to introduce the latest review of the UK Overseas Territories Project. Your continued interest in the project is particularly valued at this unprecedented and uncertain time for our partners and friends across the world.

Over the past four years, the UK Overseas Territories Project has developed a robust and supportive community of stakeholders in the field of public financial oversight, from parliamentarians, clerks and officials, to internal and external auditors. Participants in project activities have had unique opportunities to meet their counterparts across the Overseas Territories (OTs) and the UK and to reflect on mutual experiences, share ideas and explore innovative ways to overcome common challenges.

The project team, led by the Commonwealth Parliamentary Association UK (CPA UK) in partnership with the UK Government Internal Audit Agency (GIAA) and the UK National Audit Office (NAO), has facilitated a programme of diverse and bespoke activities tailored to each OT's respective priorities.

With the initial phase of the project now concluded, we look forward to the next phase with renewed momentum.

As Chair and Vice Chair of the Project Board, we have received regular updates from the team and are delighted to see positive outcomes from the various activities. The Oversight of Public Finances and Governance Forum in London in December 2019 was a notable success for the project, with representatives from 10 Overseas

Territories coming together to share knowledge and good practice. It has also been a pleasure to see a number of clerk attachments to public accounts committees in the OTs, as well as the progress of the Internal and External Audit Leadership Groups developed last year, which will build on already established relationships and encourage ongoing development.

With the initial phase of the project now concluded, we look forward to the next phase with renewed momentum. Phase II will seek to provide a broader remit of governance support, aimed at improving the capacity of parliamentarians, electoral officials and public auditors and we know that the project team remains committed to achieving these outcomes.

As we reflect on the immediate and long-term effects of the Covid-19 pandemic for the work of our partners and stakeholders across the OTs, we are heartened by the strength of this network and the commitment of those within it. This includes our staff, past and present, who we thank for their continued dedication to the project and for working hard to secure a much-needed second phase to the project.

Thank you for your continued support.



Andrew Rosindell MP
Vice Chair, Project Board

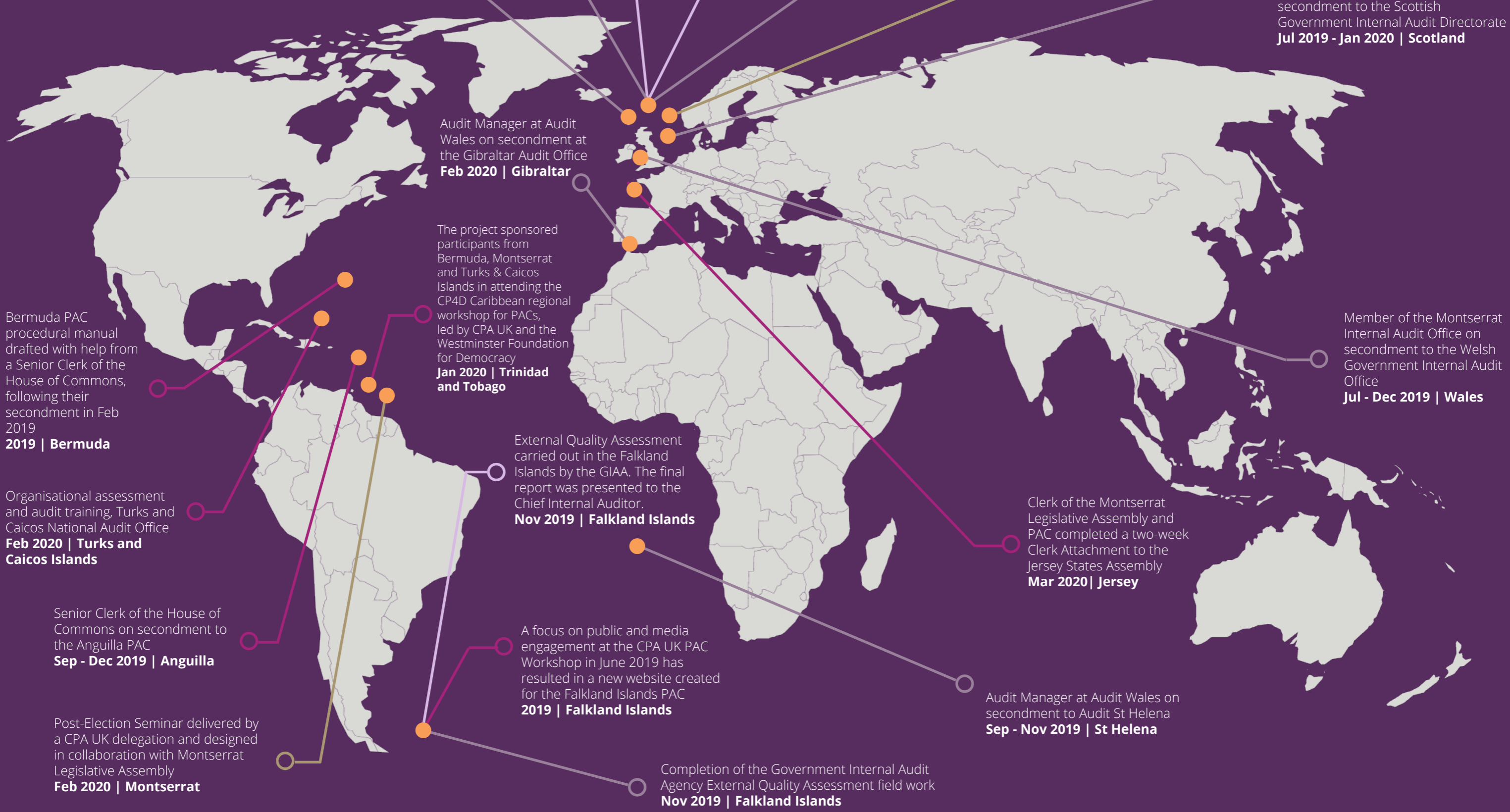


Rt Hon. Lord Foulkes of Cumnock
Chair, Project Board

OUR ACTIVITIES ACROSS THE GLOBE

2019 - 2020

- Parliamentary Oversight
- External Audit
- Internal Audit
- All Strands



Bermuda PAC procedural manual drafted with help from a Senior Clerk of the House of Commons, following their secondment in Feb 2019
2019 | Bermuda

Organisational assessment and audit training, Turks and Caicos National Audit Office
Feb 2020 | Turks and Caicos Islands

Senior Clerk of the House of Commons on secondment to the Anguilla PAC
Sep - Dec 2019 | Anguilla

Post-Election Seminar delivered by a CPA UK delegation and designed in collaboration with Montserrat Legislative Assembly
Feb 2020 | Montserrat

Meetings of the Internal and External Audit Leadership Groups took place in London and remotely
Sep & Dec 2019 | UK

UK Government Finance Function Conference in Liverpool attended by internal audit officers from Anguilla, BVI and the Cayman Islands
Feb 2020 | UK

Member of the Cayman Islands Audit Office on secondment at the NAO offices in Newcastle
Jan - Mar 2020 | UK

Member of the Office of the Auditor General, BVI on secondment at the NAO offices in Newcastle
Jan - Feb 2020 | UK

Two internal audit secondees attended the GIAA Conference in Manchester
Sep 2020 | UK

The Oversight of Public Finances and Governance London Forum, attended by PAC chairs and members, parliamentary clerks, and Heads of Internal and External institutions from 10 Overseas Territories
Dec 2020 | UK

Member of the Turks and Caicos Islands Internal Audit Office on secondment to the Scottish Government Internal Audit Directorate
Jul 2019 - Jan 2020 | Scotland

Audit Manager at Audit Wales on secondment at the Gibraltar Audit Office
Feb 2020 | Gibraltar

The project sponsored participants from Bermuda, Montserrat and Turks & Caicos Islands in attending the CP4D Caribbean regional workshop for PACs, led by CPA UK and the Westminster Foundation for Democracy
Jan 2020 | Trinidad and Tobago

External Quality Assessment carried out in the Falkland Islands by the GIAA. The final report was presented to the Chief Internal Auditor.
Nov 2019 | Falkland Islands

A focus on public and media engagement at the CPA UK PAC Workshop in June 2019 has resulted in a new website created for the Falkland Islands PAC
2019 | Falkland Islands

Completion of the Government Internal Audit Agency External Quality Assessment field work
Nov 2019 | Falkland Islands

Clerk of the Montserrat Legislative Assembly and PAC completed a two-week Clerk Attachment to the Jersey States Assembly
Mar 2020 | Jersey

Audit Manager at Audit Wales on secondment to Audit St Helena
Sep - Nov 2019 | St Helena

Member of the Montserrat Internal Audit Office on secondment to the Welsh Government Internal Audit Office
Jul - Dec 2019 | Wales

NUMBERS

92

participants in project activities

28

Parliamentarians

11

Clerks/ Officials

8

Internal Auditors

30

External Auditors

15

External and Internal Leadership Group Participants*

26

participants from 10 Overseas Territories attended the London Forum in Dec 19

52%

of participants at our largest event of the year, the London Forum, were female

3

OTs (Anguilla, BVI, and the Cayman Islands) took part in the Government Finance Function Conference with sponsorship from the project

KEY OUTPUTS 19/20

3

UKOTP shortlisted as finalists for three Public Finance Awards

7

Internal and external audit leadership group meetings, providing peer to peer support and learning between OTs.

5

secondments of UK and Overseas Territories PAC Clerks to counterparts across the globe

*Across a total of 3 External Audit and 4 Internal Audit Leadership Groups

PROMOTING EFFECTIVE PARLIAMENTARY OVERSIGHT

A core part of our work is to support effective parliamentary oversight and financial scrutiny in the UK Overseas Territories, primarily 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 direct in the form of visits, workshops, and Clerk attachments, or remote, for example through the project's online portal. Each activity is tailored to participants' priorities and interests to make it as relevant and useful as possible.

1 Falkland Islands PAC Workshop 11-13 June 2019

A delegation of parliamentarians and clerks from the UK and the Crown Dependencies participated in a workshop in the Falkland Islands in June 2019, focusing on the parliamentary oversight of public funds. The workshop, organised by CPA UK in partnership with the Falklands Legislative Assembly, brought together Parliamentarians, Lay Members and Clerks from the Falklands Legislative Assembly PAC, the Jersey States of Assembly and Tynwald in the Isle of Man.

The workshop sought to strengthen the expertise of the PAC through a series of interactive sessions that included **PAC inquiries, the relationship with civil society and effective report processes**. It was a unique opportunity for the Falklands PAC to gain insight into how PACs conduct their business in other parts of the world, as well as to share their own knowledge and experience of scrutinising public spending.

The committee requested a specific **focus on media and outreach engagement** for the programme, due to ongoing challenges in attracting public interest and recruiting lay members for the committee. The workshop provided the space and opportunity for them to deliver their **first ever media briefing** which was reported in local newspapers. The increase in public awareness as a result of the briefing led to the recruitment of a new lay member through a competitive process, following the appointment of lay member, Nadia Knight, as the new Chair. Another positive outcome of the briefing has been the growth of the committee's social media presence, further reflecting a boost in public engagement.

“I was hugely impressed with how committed the Committee and its Clerk are to discharging their scrutiny role and, in doing so, making a real difference in this small community”

Jo Corkish, Clerk to the Tynwald PAC, Isle of Man.



Falkland Islands PAC workshop

2 Public Accounts Committee (PAC) Clerk Attachment to Anguilla

September - December 2019

CPA UK were delighted to facilitate a 3-month Secondment of a Senior Clerk of the House of Commons to the Anguilla PAC. The Secondment was put in place to help address an ongoing lack of resources available to the committee, by demonstrating its vital role if adequately resourced and supported. It also aimed at enhancing the effectiveness of the PAC by providing practical support to the Chair, Members and Clerk of the Committee. The Clerk had the opportunity to engage with key stakeholders such as the Chief Auditor to identify areas where the relationship between the PAC and the Audit Office needs to be strengthened to enable continued engagement.

As part of the Secondment, the Clerk helped to write **a new job description for the role of permanent PAC Clerk**, with a widened remit to reflect the reality of role. They were also able to support the public administration body in the **regrading of the Assembly's clerk role**.

The secondment helped to build the capacity and credibility of the PAC

Other important pieces of work supported by the Secondment included the release of a **PAC report** to parliament on 'The medium to long term financial sustainability of social security arrangements', and the **drafting of two manuals** on the workings of a functional PAC and the role of PAC Clerk, both of which were formally adopted by the Anguilla PAC. The success of these projects all contributed to a better resourced and more efficient committee.

With the encouragement and expertise of the Clerk, the PAC was able to undertake forward-planning, and felt empowered to raise their public and media profile through a **press notice and facilitated radio interview**. The secondment helped to build the capacity and credibility of the PAC and ensured a smooth transition for the PAC ahead of the general election in Anguilla held in June 2020.

“As a result of the recent secondment, the committee has been able to operate more effectively. We are now meeting once a week and we've agreed a work programme taking us up to the end of the year. We are producing and publishing formal minutes on the government website for the very first time and this has received favourable feedback from members of the public”

Hon Pam Webster, Leader of the Opposition in Anguilla, Chair of PAC

PUBLIC ACCOUNTS COMMITTEE (PAC)

PACs scrutinise the value for money—the economy, efficiency and effectiveness—of public spending and hold the government and its civil servants to account for the delivery of public services. PACs tend to look at how rather than why public money has been spent.

SECONDMENT

The project invests in secondments between the UK and OTs, identifying talented clerks and audit officials to work with their overseas counterparts to develop skills and overcome challenges in their own workplace. The project values secondments as a way to showcase the positive impact that individuals can have in overcoming challenges and driving change.

BUILDING CAPACITY IN EXTERNAL AUDIT

The UKOT Project aims to assist external audit capacity in the UK Overseas Territories. Through training seminars, tailored resources, e-workshops, pilot audits, and support to financial and performance audits, the UK National Audit Office (NAO) seeks to strengthen the capacity of the OTs' external audit offices to perform their 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.

3 Secondment from Audit Wales to Audit St Helena

September - November 2019

Steve Frank, Senior Auditor at Audit Wales, undertook a two-month secondment as an audit manager at Audit St Helena. Steve was able to complete a number of projects during his time in St Helena, for example he helped to **localise the UK Overseas Territory Performance Audit Manual** to St Helena's context, making it more practical and accessible to staff.

A key priority for Steve was to help support the learning and development of staff at Audit St Helena, including writing a **Learning and Development manual**, and scoping the next 3 years of Performance Audits - a collaborative process which involved staff, government officials, the Public Accounts Committee (PAC), the Governor and Internal Audit.

During his secondment, Steve also had the opportunity to write a **think piece** outlining the areas where the Government of St Helena could make some efficiency savings, a piece which was well received by the Government.

The work Steve completed, and the support he was able to give, during his time in St Helena was highly valued by his fellow auditors.

“Audit St Helena positively welcomed the inward secondment from Audit Wales. As a seasoned practitioner, Steve was able to add real value to our strategic priority to build team capability in performance audit and scope the new programme. His think piece also made quite an impact to the public sector austerity agenda - big thanks!”

Phil Sharman, Chief Auditor for St Helena and Ascension

ISSAI

The International Standards of Supreme Audit Institutions (ISSAI) are the authoritative international standards on public sector auditing. Their purpose is to ensure the quality of audits conducted, strengthen the credibility of the audit reports, and enhance the transparency of the audit process.

PERFORMANCE AUDIT MANUAL

A resource for Supreme Audit Institutions (SAIs) to use when conducting performance audit. It is a guide and reference tool based on best practice, explaining how performance audits should be planned, conducted and reported. It helps to promote professional competence and compliance with international standards.

4

Secondments to the UK National Audit Office from the British Virgin Islands (BVI) and the Cayman Islands

January to February 2020

From January to February 2020, Allison Gumbs of the Office of the Auditor General, British Virgin Islands, and Ruel Huet from the Office of the Auditor General, Cayman Islands, undertook secondments at the NAO in Newcastle.

In the role, Allison gained notable experience in the interim audit phase by working with the NAO audit teams to **test financial systems and carry out approved audit programmes**. Through her work, she was able to gain a better understanding of how to plan an audit, particularly in relation to risk assessment procedures. Based on this unique experience, Allison intends to share new techniques with her colleagues at the BVI Audit Office to improve the quality of their testing and the standard of information that they source to obtain sufficient and appropriate audit evidence.

Ruel from the Cayman Islands was similarly encouraged by his time in Newcastle. He worked with audit teams in the testing of financial systems and carrying out approved audit programmes, as well as **conducting and documenting fieldwork** carried out in accordance with quality standards. This period also gave him the opportunity to gain insight and knowledge into the development and maintenance of good relations with clients.

“As an auditor from the British Virgin Islands’ Office of the Auditor General I saw this as a chance to improve my audit skills as well as gain new knowledge and experience to apply to the audits done at my home office”

Allison Gumbs, Office of the Auditor General, BVI

EXTERNAL AUDIT

External auditors carry out statutory financial and performance audits of government spending and are responsible for reviewing key external government financial reports. External audits are the responsibility of Supreme Audit Institutions (SAIs) whose external audit role is established by a constitution or supreme law-making body.



Allison Gumbs, British Virgin Islands, on secondment to the NAO in Newcastle

SUPPORTING INTERNAL AUDIT

As part of the Internal Audit stream of activity within the UK Overseas Territories Project, the Government Internal Audit Agency (GIAA) has worked in partnership with Internal Audit Offices to provide and facilitate secondments, offer mentoring and opportunities for professional development, and facilitate an External Quality Assessment.

5

Turks & Caicos Islands Internal Audit Secondment to the Scottish Government Directorate for Internal Audit & Assurance

July 2019 – January 2020

As part of the Government Internal Audit Agency (GIAA) stream of work, Claire Malcolm from Turks and Caicos Islands Internal Audit Office undertook a secondment to the Scottish Government Directorate for Internal Audit & Assurance.

On the Secondment, Claire was responsible for assisting with the **delivery of audit and assurance activities** across a range of customers and topics. She was allocated a portfolio of work while also having the opportunity to broaden her experience through participating in other activities (for example **induction training courses**). Claire worked alongside key decision makers on the client side; audit specialists and private sector contractors within the Agency.

INTERNAL AUDIT

Internal audit services help government organisations by providing independent, impartial advice on the reliability of the governance risk management and control arrangements operating to meet public services delivery objectives, and identifying opportunities for improvement.



“Thanks to the UKOTP team for this awesome experience and opportunity...on taking up the offer, I began to think positively about what awaited: new career possibilities, gaining alternative work experience while being employed, learning new skills, boosting my confidence and becoming a more valued team member”

Claire Malcolm, Turks and Caicos Islands Internal Audit Office

6 **Montserrat Post-Election Seminar**
Feb 2020

From 17-20 February 2020, a CPA UK delegation delivered a post-election seminar in Montserrat. This programme was designed in collaboration with the Montserrat Legislative Assembly, to build on the skills and knowledge of re-elected and new parliamentarians. Through panel talks, group discussions and interactive exercises, participants explored key concepts such as **the separation of powers, communications and relationship-building with stakeholders, and effective parliamentary scrutiny.**

Participants consolidated their learning through a **committee inquiry exercise**, based on the outcome of a Falkland Islands Public Accounts Committee inquiry. During this exercise participants practised drafting and asking questions in a simulated evidence session, and agreed on recommendations. Participants also practised their legislative debating skills, scrutinising a current local housing issue. At the end of the seminar, parliamentarians felt more confident and better equipped to carry out their parliamentary responsibilities.

Overall, participants increased their understanding of a number of key areas relevant to their roles; **how to run an inquiry, parliamentarian/Clerk relations, the role of a Parliamentarian/Clerk, and the role of a Committee.** The participants also identified and agreed specific changes or actions which they would undertake within six months following the end of the workshop.

“It was an inspiration to see the Montserrat politicians working together in a thoughtful, intelligent and enthusiastic manner...The major lesson for me was how citizen engagement can flourish in small jurisdictions. In Montserrat the people and politicians alike are full of ideas...”

David Melding MS,
Member of the Welsh
Assembly



Montserrat Post-Election Seminar delegation



LONDON FORUM 2019

Key actors from the UK and the Overseas Territories met in London in December 2019 as part of their ongoing commitment to work together to improve the oversight of public finances and governance.

The Oversight of Public Finances and Governance – London Forum 2019 ran from 9-11 December 2019 and was attended by **28 delegates from 10 OTs, with PAC chairs and members, parliamentary clerks; and Heads of Internal and External Audit all represented.**

This was the final multilateral forum under the first phase of the project, with the aim of providing a space to share knowledge gained since the project's inception, review progress, and consider the ongoing

challenges faced by PACs, Internal and External Audit agencies moving forward.

Forum sessions were devised to build knowledge and to facilitate the exchange of learning and lessons on good governance and public financial management practices. Sessions ranged from panel discussions on the role of parliament and audit institutions and managing organisational change, to practical workshops on strategic communications and preparing for evidence sessions.

The Forum enabled both participants and facilitators to identify the many ways in which the UK and OTs can continue to work together to ensure long-lasting and sustained impact beyond the initial phase of the project.



Committee Inquiry Exercise at the London Forum Dec 2019

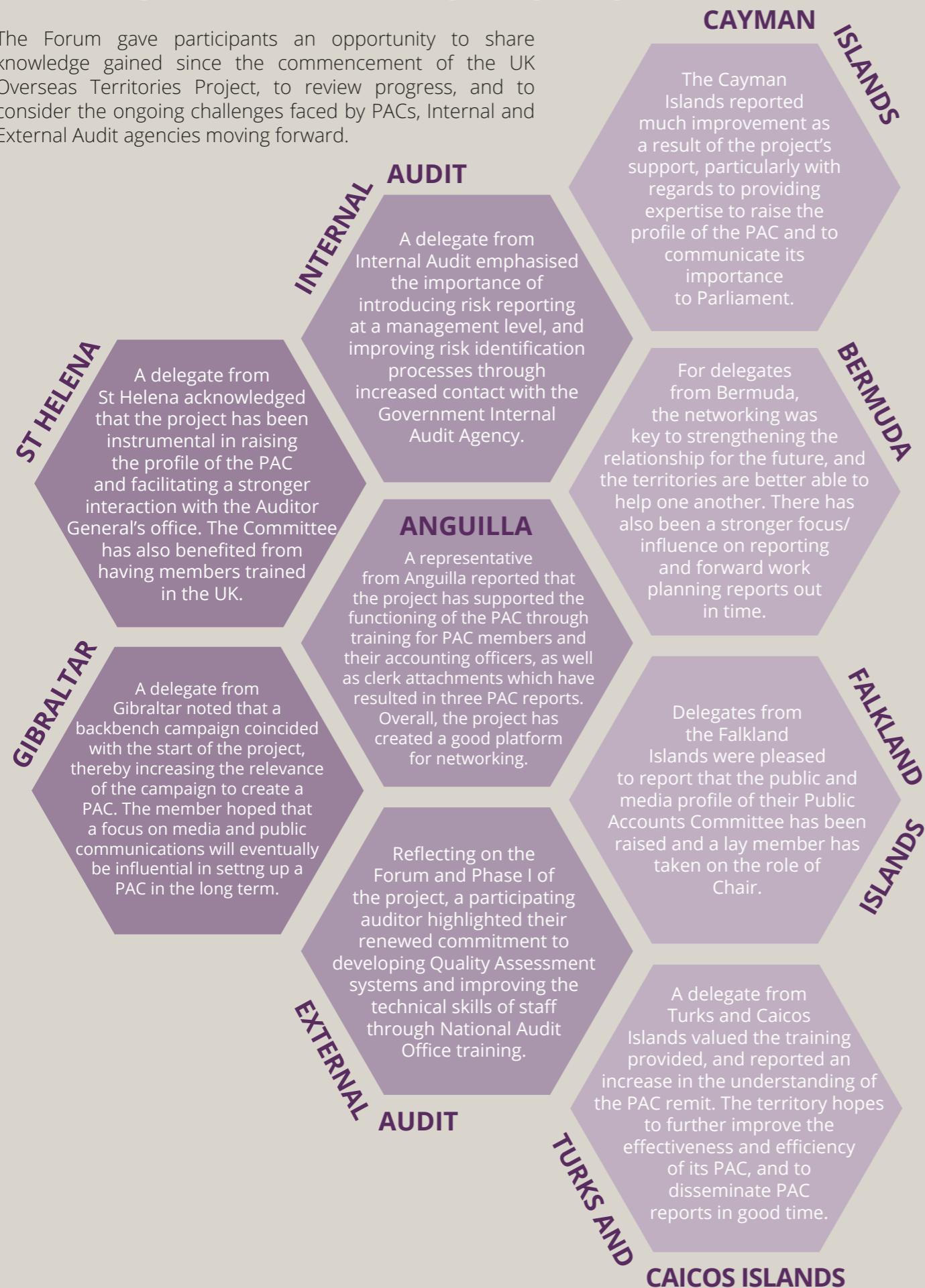
“The OTs have demonstrated a strong commitment to working together to strengthen their public financial oversight and scrutiny functions...The London Forum [was] an opportunity to cement the learning and good practice that has been developed to ensure that effective public financial oversight continues beyond the life of the project”

The Rt. Hon. the Lord
Foulkes of Cumnock

IN
FOCUS

LONDON FORUM: DELEGATE REFLECTIONS

The Forum gave participants an opportunity to share knowledge gained since the commencement of the UK Overseas Territories Project, to review progress, and to consider the ongoing challenges faced by PACs, Internal and External Audit agencies moving forward.



LOOKING AHEAD TO PHASE II

We are thrilled to be entering Phase II of the project which will continue to be led by CPA UK in partnership with UK National Audit Office (UK NAO) and the Government Internal Audit Agency (GIAA).

Based on the findings and lessons learned over the last four years, Phase II seeks to provide a broader remit of governance support and is aimed at improving the capacity of parliamentarians, parliamentary and electoral officials and public auditors in the UK Overseas Territories to conduct their legislative, oversight and electoral responsibilities.

The project will support a more holistic and integrated approach to promote good governance in the UKOTs by working in four spheres (elections, assemblies, and internal and external audit offices) across the electoral cycle (pre-election, election and post-election).

As the project enters the next phase, stakeholders will continue to access and exchange technical knowledge and expertise in internal and external audit, parliamentary oversight of public funds and electoral support. The project remains committed to strengthening the role of parliamentary scrutiny across the Territories and building the capacity and effectiveness of important financial oversight institutions.

PUBLIC FINANCE AWARDS



We are thrilled to have been shortlisted as finalists for three awards this year!

RUNNER UP Institute of Internal Auditors (IIA UK) – Outstanding Internal Audit Team Award

RUNNER UP Government Finance Function 2020 - Government Finance Function and Government Internal Audit Collaboration Award

PENDING (OCT 2020) Public Finance 2020 – Best Team in the Governance, Risk Management and Prevention Category

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