

# St Helena Public Accounts Committee Financial Scrutiny Training Workshop

Final Report



**16 Nov, 30 Nov, 7 Dec**  
Virtual Workshop



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# Executive Summary

As part of the UK Overseas Territories Project, CPA UK organised a three-day workshop on Financial Scrutiny Training for members of the St Helena Public Accounts Committee (PAC) through November and December 2020. Delivered virtually, the workshop aimed to build the confidence and competence of the PAC to execute its role of holding St Helena Government to account for public spending. The workshop was attended by all members of the PAC, the Committee's Clerk, the Chief Auditor and Deputy Chief Auditor.

The content comprised three key sessions: The Purpose of Financial Statements; Measuring Performance and Value for Money; and Approaches to Scrutiny and Questioning. Designed and delivered by Larry Honeysett, Head of Financial Scrutiny at the UK Parliament, the sessions were tailored to fit the specific training objectives of St Helena's PAC and the types of inquiries they will be conducting. Each session was followed by an opportunity for Q&As and discussion.

This report provides a summary of each session including the main topics that were explored, and the key takeaways from the monitoring and evaluation process that took place prior to and after the workshop.

## Delegates and Speakers

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**Larry Honeysett**, Head of Financial Scrutiny, UK Parliament

**Cyril Gunnell**, Chairman of St Helena Public Accounts Committee

**Mark Yon**, Vice Chairman of St Helena Public Accounts Committee

**Honourable Dr Corinda Essex**, Member of St Helena Public Accounts Committee

**Honourable Jeffrey Ellick**, Member of St Helena Public Accounts Committee

**Honourable Brian Isaac**, Member of St Helena Public Accounts Committee

**Anita Legg**, Clerk to St Helena Public Accounts Committee

**Phil Sharman**, Chief Auditor, Audit St Helena

**Brendon Hunt**, Deputy Chief Auditor, Audit St Helena

## CPA UK Staff

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**Tara-Jane Sutcliffe**, Strategic Lead, UKOTP

**Diana Atungire-Ocaya**, Delivery Lead, UKOTP

**Axell Kaubo**, Project Officer, UKOTP

**Christopher Brown**, Project Assistant, UKOTP



# Impact, Outcomes and Outputs

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## Impact



The PAC members are better able to hold Government to account for public spending.

## Outcomes



1. PAC members have increased their understanding of the Committee's role and strengthened their technical skills, to ensure effective Committee business.



2. The relationship between CPA UK, the UK Parliament and St Helena Legislative Council is further strengthened.

## Outputs



1. Improved understanding and knowledge of financial scrutiny.



2. Participants have identified and agreed specific changes or actions which they will undertake for PAC inquiries and hearings.



3. A comprehensive post-programme report with key learnings, which will be circulated to all participants and key stakeholders.

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# UK Overseas Territories Project Phase II



The UK Overseas Territories Project (UKOTP), now in the second phase (UKOTP Phase II) is led by CPA UK in partnership with UK National Audit Office (UK NAO) and the Government Internal Audit Agency (GIAA). The project is funded by the Foreign and Commonwealth Development Office (Conflict, Stability & Security Fund).

As the project enters the next phase, stakeholders will continue to access and exchange technical knowledge and expertise. 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. The project builds on support for frameworks of good practice with ongoing support to Public Account Committee members and clerks to encourage effective oversight of public finances.

## Based on the findings and lessons learned over the last four years, Phase II of the project seeks to...



Provide a **broader remit of governance support;**



Improve the capacity of parliamentarians, parliamentary and electoral officials and public auditors in the UK Overseas Territories to **conduct their legislative, oversight and electoral responsibilities;**



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).



# St Helena

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# Overview

The island of St Helena is an internally self-governing Overseas Territory of the United Kingdom located in the South Atlantic approximately 4,000 miles from the UK. The Government comprises a Governor (who is appointed by the Crown) an Executive Council, which has the general control and direction of Government, and a Legislative Council. The Governor retains responsibility for internal security, external affairs, defence, the public service, finance and shipping.

The island's population is around 4,700 and it has a typical small island economy with a high import dependency, a narrow economic base, a large public sector (around 790 staff), and significant outward labour migration. St Helena receives UK Government financial assistance to support recurrent and capital expenditure as part of their obligation to ensure that the reasonable assistance needs of the population are met.

The Island with only a population of 4,700 is still expected to deliver all of the key services of a central government within the limited resources available. This provides a number of challenges not least the need to specialist technical skills which cannot be found on Island. The UK Government provides support to bring in the specialist skills needed to deliver those core public services.

**Capital: Jamestown**  
**Official language: English**  
**Population: 4,700**  
**Total area: 121 km squared**  
**Currency: St Helena pound**

St Helena has a Legislative Council comprised of 12 elected members, plus three ex-officio members.

Elections are next due to take place in 2021.

## St Helena Public Accounts Committee

The St Helena Public Accounts Committee was established following the November 2009 General Election. The primary function of the Committee is to objectively scrutinise how St Helena Government and other public bodies spend public money to ensure that the highest possible standards of fiscal management are

maintained and that the necessary accountability is in place. The PAC reports on its findings and these are laid before Legislative Council.

The Public Accounts Committee is made up of three elected members selected from the Legislative Council, plus two independent members who take on the roles of Chair and Vice Chair and are appointed by His Excellency the Governor.

St Helena Island has a 10-Year Plan in place covering the period 2017-2027. Developed in partnership by St Helena Government and the community, the plan prioritises five National Goals:

- Altogether **Safer**
- Altogether **Healthier**
- Altogether **Better for Children and Young People**
- Altogether **Greener**
- Altogether **Wealthier**



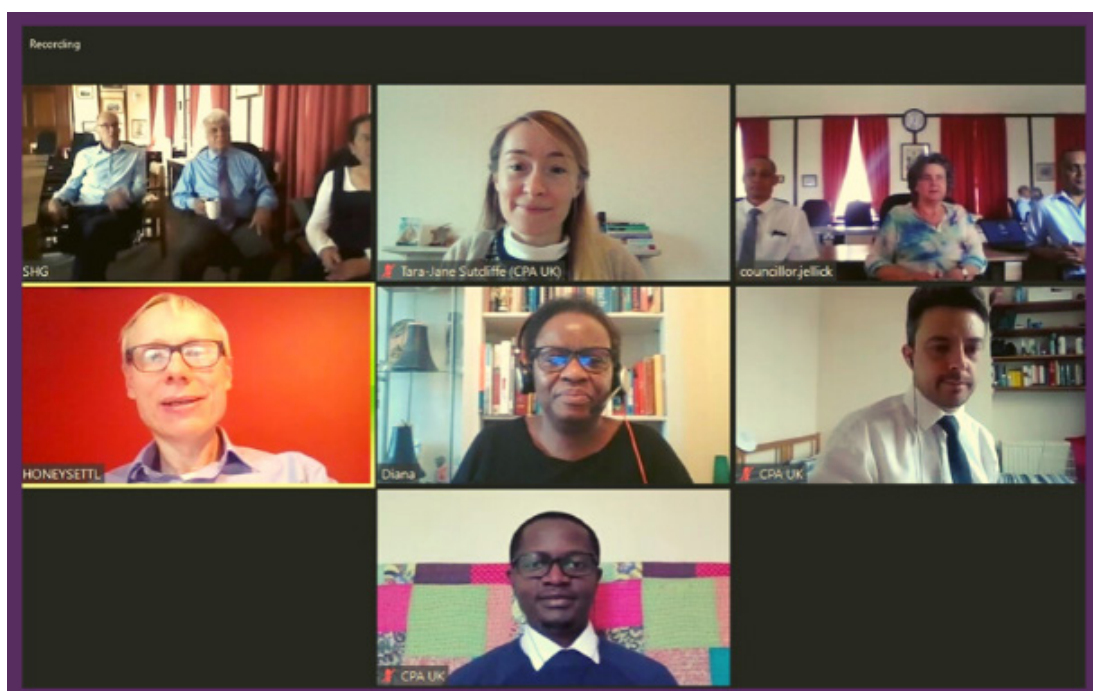
# Workshop Overview

Taking place on 16 and 30 November and 07 December 2020, the three-part training workshop was delivered virtually using Zoom. The workshop was based on a request from St Helena Legislative Council for training on financial scrutiny, which was an area the Committee felt needed to be further strengthened.

*"Our present Committee has been a team for a few years, and most of us have worked very closely with the St Helena Audit and the Chief Auditor Phil Sharman and that has been working very well. But we've realised over the last few years that we've needed to have more clout, and we needed our profile to be enhanced."*

- Hon. Cyril Gunnel

Delivered via the video conferencing platform Zoom, delegates joined the workshops led by Larry Honeysett. Mr Honeysett guided participants through a PowerPoint presentation, expanding on the key points whilst providing an opportunity for any questions delegates might have had. Participants also had hard copies of various financial documents to hand, which were referred to throughout each workshop, meaning there was an interactive element to each session.



## Purpose of Financial Statements

In the **public** sector:

- Quality of performance
- Control and accountability
- Value for money
- Management and governance
- Track record
- Future aims

### To help answer...

- Are they able to deliver?
- Do they provide a good service at a good price?
- Are they being managed well?
- Are they transparent and accountable?

In the **private** sector:

- Profitability
- Indebtedness
- Cash flow
- Management and governance
- Track record
- Future aims

### To help answer...

- Should I invest, divest or become a customer?
- Are their prospects good?
- Are they vulnerable?
- Are they being managed well?
- Is their strategy working?

# Session One: Understanding Financial Statements

Session one focused on the importance of different types and components of financial statements. It highlighted the major differences and similarities between the presentation of public- and private-sector financial data and used specific examples from St Helena to upskill members of the PAC on how they could best review financial statements in undertaking their scrutiny function.

A critical distinction was drawn between the private and public sectors in respect of the profit motive of the former and focus in the latter on delivering value for money in service provision, with lines of accountability differing, respectively, to investors and shareholders, and to Parliament and the public.

Using St Helena Government's draft accounts as an example the differences between accruals and cash accounts were explained. The main takeaway was that cash accounting is easier to prepare but does not provide an accurate portrait of an organisation's health, because it does not consider obligations to pay. The concept of accruals on the other hand, matches spend and revenue to

the period of the activity to which it relates rather than simply to cash movements and is used in most of St Helena Government's financial statements, private sector statements, and the UK Government financial statements since 2000.

Delegates considered the various kinds of financial statements, including the Statement of Financial Performance, the Statement of Financial Position (or balance sheet), Statement of Changes in Assets and Reserves, Statement of Cash Flows and Statement of Budget versus Actual Amounts Spent and the notes to the accounts and how they can be a useful source of additional information.

Finally, the role of the external auditor was explored, and delegates learned that an auditor's key responsibilities include verifying that transactions (based on a sample) have been made correctly, making suggestions to those preparing the statements and producing a management letter to make suggestions for improvement. It was emphasised that the external auditor does not own the accounts and that they are there to offer an opinion on the statements.



**Inputs** are the spending or human resources devoted to an activity. The primary focus is the **economy** and minimising the cost of resources used or required, therefore, **spending less**.

**Outputs** are the direct product or consequence of the spending or human input. The focus here is **efficiency** and the relationship between the output from goods or services and the resources to produce them, therefore **spending well**.

**Outcomes** are the resultant impact of the spending or human resource. They have to do with **effectiveness** and the relationship between the intended and actual results of public spending (outcomes), therefore **spending wisely**.

## Session Two: Measuring Performance and Value for Money

Session two centred on inputs, outputs, and outcomes, and how they relate to the three 'E's: **economy**, **efficiency**, and **effectiveness**, to help gain an understanding of how spending relates to the delivery of aims and objectives.

Delegates learned about making comparisons and assessing value for money. For example, considering trends over time and looking at how success rates compare to other countries. There are two main types of comparison: the first assesses aims against actual performance, most typically in comparing budget against actual spend; the second uses benchmarks, such as typical or ideal costs, for example in drawing comparisons with a competitor, comparable country or similar body. Critically, assessment should always be made with like-for-like comparisons.

Participants looked at the qualities of a useful Key Performance Indicator (KPI). Top criteria included ensuring that KPIs relate to objectives, that they are ambitious in scope but also achievable, and that they are kept relevant by being updated frequently.

Drilling down into the topic of accountability and governance enabled delegates to consider the role and responsibilities

of the Financial Secretary. This includes preparing an annual statement of accounts to submit to the Chief Auditor as well as ensuring that proper and adequate systems exist for accounting for all government transactions. In addition to this, management of risk is critical, and those responsible need to weigh up the likelihood, importance and impacts of each risk.

A discussion on costs allowed participants to consider some of the difficulties faced in drawing on information in financial statements such as the lack of specific detail and lack of clarity of the links between spending and outputs and outcomes. The PAC can address these challenges by seeking more specific information and reports on specific programmes; questioning spend against actual delivery, commissioning auditor or other independent players to examine the costs and effectiveness of programmes or initiatives and using government assessments of value for money.

To end the session, participants looked at examples from St Helena's Strategic Plan 2021-24, and how proposals for infrastructure, education and green spending relate to the topics that were covered.

## Key Stages of the Programme Life Cycle and Questions to Ask

### Policy Aims

*Define what you want to do*  
How is policy determined?  
Have costs been fully considered?

### Strategy

*Determine broadly how you intend to go about it*  
Is the strategy well thought out?  
Is it clear what the strategy is?

### Delivery

*Consider how practically this work*  
Are delivery mechanisms likely to be effective?  
Do they offer value for money?

### Implementation

*Put your plan into effect*  
Is implementation well planned?  
On time and budget?  
Cost effective?

### Monitoring

*Keep track of how it is going*  
Are outcomes and impact measured?  
Has spending altered outcomes?

### Review of Effectiveness

*See whether it is starting to work*  
Was there a successful outcome?  
How could it be improved?  
Should delivery and implementation be modified?

## Session Three: Approaches to Scrutiny and Questioning

Session three focused on approaches to scrutiny and questioning and within that same context, delegates also learned how to use evidence effectively and follow up with recommendations.

Emphasis was placed on the importance of using the right evidence and ensuring that it is drawn from multiple sources. It is crucial for a PAC to question whether the evidence is from an independent source, such as official statistics or audited figures. A PAC should ask: has the government previously seen the evidence and if so, what was the outcome? And most importantly, it is critical to ensure that the evidence is relevant.

Delegates learned that it is crucial for a PAC to be able to fully understand and target the key stages of a programme life-cycle, which typically includes policy aims, strategy, delivery, implementation, monitoring and a review of effectiveness.

It was highlighted that there should be effective questioning at each stage of the cycle and to assist with this, delegates were provided with specific and localised examples.

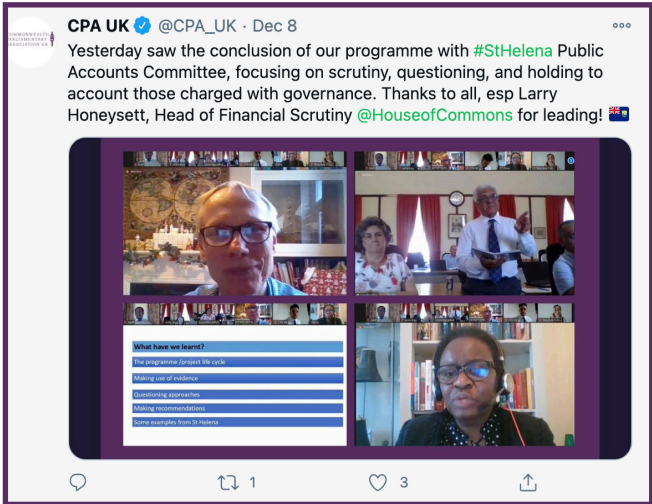
Participants were also provided with specific examples of effective questioning, relating to St Helena Government's Strategy 2021-24.

To conclude the third and final session, delegates considered what makes a good recommendation and were provided with examples of both good and poor recommendations. In sum, it is critical that recommendations are clear, practical, evidence-based and where appropriate timescales or action plans should be suggested. A PAC should not assume that because a recommendation has been accepted that it will be implemented, so it is also essential for the PAC to follow up and track implementation of recommendations accepted.



# Social Media Engagement

Throughout the duration of the three-day programme, CPA UK engaged on social media to share news and updates about the workshops.



CPA UK published an article on [their website](#) to share the highlights from each session that took place.



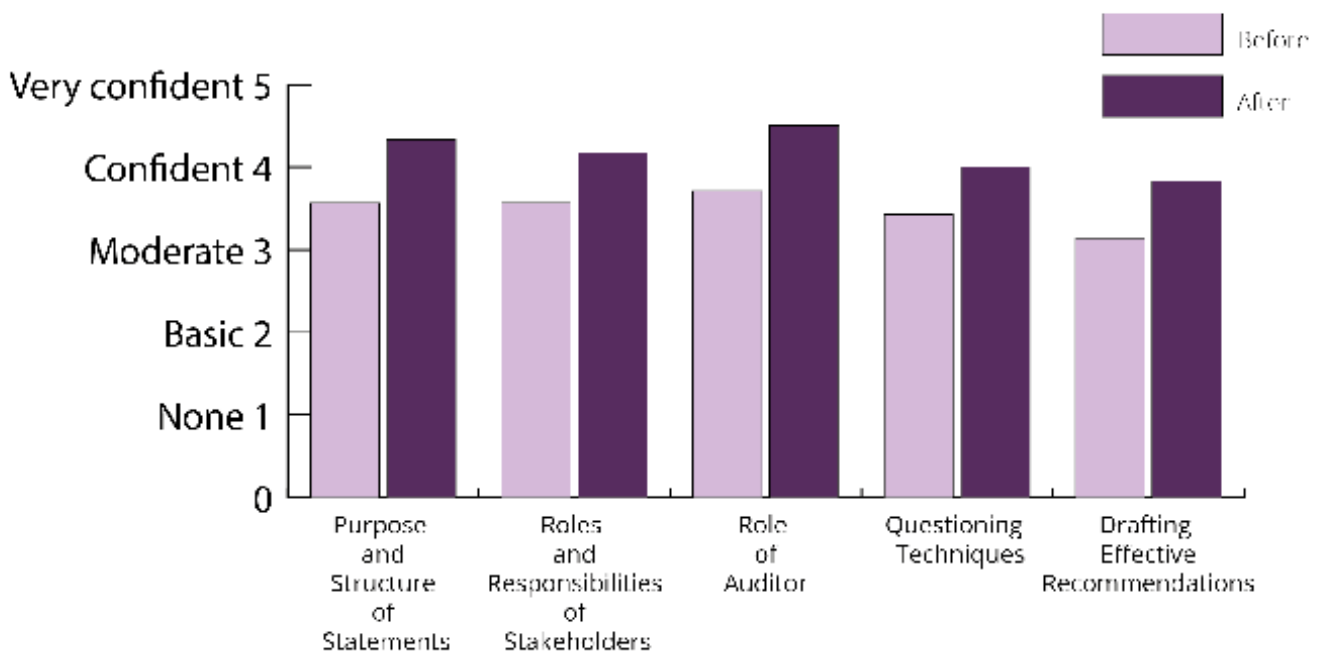
**Over three weeks CPA UK organised virtual workshops on financial scrutiny, designed to meet the needs of St Helena's Public Accounts Committee. Three separate sessions were delivered on 16 November, 30 November and 7 December 2020. Designed and delivered by Larry Honeysett, Head of Financial Scrutiny at the UK Parliament Scrutiny Unit, the main goal of the workshops was to improve knowledge and**



# Monitoring and Evaluation

An important part of CPA UK's programmes and activities is our Monitoring and Evaluation process, which allows us to understand the needs of our delegates, in turn allowing us to make each programme as tailored and as relevant as possible.

We asked delegates to complete pre- and post-assessment forms, which prompt participants to rate their own levels of understanding on a scale of 1 to 5 of the topics covered both before and after the sessions.



*“We are very grateful to Larry for identifying the type of training we need. All of that has come through over the last three sessions and has been really beneficial to us and we look forward to the positive outcomes from that and how we take it forward.”*

- Hon. Cyril Gunnel

When asked, **100%** of delegates said that the workshop was relevant to their role.

**50%** of delegates said that the workshop had exceeded their expectations and the remaining **50%** said that their expectations had been met. Nobody responded that the workshop did not meet their expectations.

Each participant responded that their personal objectives had been met, although when prompted for any further comments, some responded that they would like to see more interactivity and exercises in future workshops.