



UK OVERSEAS TERRITORIES
PROJECT **PHASE II**

COMMONWEALTH
PARLIAMENTARY
ASSOCIATION UK 

5 - 7 July 2021

Public Accounts Committee Training: Turks & Caicos Islands

FINAL REPORT



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PROGRAMME OVERVIEW

IMPACT

The workshop expected to have the following impact:

- 1 Increased capacity for the PAC members to perform their duties in conducting effective inquiries.
- 2 A broadened knowledge and understanding of interpreting financial statements and analysing value for money.
- 3 Strengthened relationships between TCI PAC members, CPA UK, the UK Parliament, Devolved Legislatures and Crown Dependencies, including through future opportunities for networking.

OUTCOMES

The workshop expected to achieve the following outcomes:

- 1 PAC members and other relevant stakeholders will have a clearer understanding of their roles and responsibilities, and the remit and value of the PAC.
- 2 PAC members will improve their ability to conduct evidence sessions and question witnesses effectively.
- 3 The relationship between the UK (CPA UK, the UK Parliament, Devolved Legislatures and Crown Dependencies) and the Turks and Caicos House of Assembly is strengthened.

OUTPUTS

To achieve the above outcomes, the programme produced the following outputs:

- 1 A virtual workshop was delivered via Zoom for all members and the Clerk of the PAC.
- 2 Participants were encouraged to identify key actions they will undertake within six months, as a direct result of their participation in the workshop.
- 3 Participants and the project team agreed to maintain regular contact to establish where outcomes are being achieved, and to identify where further engagement is required.

Through the UK Overseas Territories Project (Phase II), CPA UK organised a three-day training workshop for the Public Accounts Committee (PAC) in the Turks and Caicos Islands (TCI). Following on from the TCI general election on 19 February 2021, the aim of the workshop was to increase the capacity of the new PAC to effectively scrutinise the government on public spending.

The workshop was attended by all the members of the PAC and the Auditor General. It explored a wide range of topics such as The role of the PAC, Interpreting financial information, Preparing for a committee hearing, and Writing reports. Sessions were delivered virtually and consisted of panel discussions, presentations, and a practical committee exercise.

The workshop provided a space for parliamentarians from the UK and TCI, alongside parliamentary officials from Wales and the Isle of Man and experts from the UK House of Commons, to engage with each other and learn from one another.





LIST OF PARTICIPANTS

1. Hon. Edwin Andrew Astwood, Chair of the PAC and Leader of the Opposition
2. Hon. Jameka L. Williams
3. Hon. Shaun Malcolm
4. Hon. Harold Charles
5. Mrs. Ruth Forbes
6. Mr. Leonardo Ralph Patrick
7. Mrs. Darlene Forbes
8. Mrs. Sandra Stephens Malcolm, Auditor General
9. Mrs. Lydia Butterfield, Clerk to the PAC

INTRODUCTION

Over the course of the workshop, the participants explored the key features and functions of the PAC, through three main themes: Understanding the PAC, its role and remit, Understanding Financial Statements and Understanding the inquiry process.

I. UNDERSTANDING THE PAC, ITS ROLE & REMITS

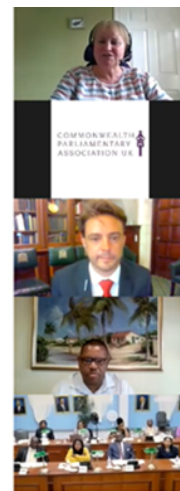
1. The PAC

Probably the oldest select committee in the world at 160 years old, the UK PAC was set up by former UK Prime Minister, William Gladstone. It was formed, as the current Chair of the UK PAC, Dame Meg Hillier MP observed, to look at economy, efficiency, and effectiveness of spending of taxpayers' money by the government. The current PAC usually meets up to two weeks before public hearings, to prepare and ensure that members have read the National Audit Office (NAO) reports.



The role of the National Audit Office

- We are the UK's independent public spending watchdog.
 - We support Parliament in **holding government to account** and we help improve public services through our high-quality audits.
- By statute we must perform audits of public sector organisations for Parliament.
- We audit the **financial accounts** of departments and other public bodies.
 - We also **examine and report on the value for money** of how public money has been spent.



The relationship between the NAO, Parliament and the PAC

The TCI PAC has similar functions to its UK counterpart, although smaller in size. Its former Chair, Hon. Akierra Missick describes the PAC's responsibility as to provide guidance on how taxpayers money is spent, understand whether the spending was 'fiscally prudent' and "shine the light on government expenditure".

Hon. Missick observed that the PAC is not a 'policing committee'. It must refrain from conducting itself like 'the judge, jury and executioner', although it may identify areas of concern throughout an inquiry. There are other mechanisms in TCI, such as the integrity commission, that can address any preoccupation identified by the PAC through an inquiry. The committee is encouraged to raise its concerns in its final report and seek legal advice from the office of the Attorney General on the best way forward. The PAC can then use this advice to determine

whether to advance the report to the integrity commission or public prosecution, for further review and investigation.

2. Key Differences between PAC and Audit Committee

Participants were also advised that while the PAC mainly uses the report of the AG for its inquiries, it differs from the Audit Committee. The latter focuses on the government’s internal matters, while the PAC is responsible to the Legislature and citizens of TCI. The table below illustrates key differences between these two committees in TCI:

Public Accounts Committee (PAC)	Audit Committee (AC)
A standing committee of the House of Assembly established by the Constitution.	Established to oversee internal audit, governance, and risk management of the public service.
Has legislative powers to carry out its duties and meets publicly in the House of Assembly.	Does not have a legislative role.
Consists of elected parliamentarians and appointed private citizens with subject matter expertise.	Consists only of private citizens and is guided in its operations by the Public Finance Management Ordinance.
<p>Its appointed members are selected by the Governor and the Speaker of the House to review the reports of the Auditor General (AG).</p> <p>NB: In the current TCI parliamentary term, there are also some members of the PAC who were selected by the Government and others by the Opposition.</p>	Assists accounting officers in carrying out their oversight responsibilities relating to financial practices, internal controls, risk management, corporate governance issues, compliance with laws, regulations and ethics and all related internal audit matters.

3. The role of the Auditor General (AG)

To “shine the light on government expenditure”, the TCI PAC benefits from the expertise of the office of the AG, Ms Sandra Stephens-Malcolm, who also sits on the PAC as an adviser. Ms Stephens-Malcolm described her role as “to ensure full transparency and accountability of government’s affairs and provide assurance on public financial results and management.” The AG’s office, she pointed out, focuses on:

- Conducting audits carried out to international standards on auditing.

- Providing feedback to the Legislature and the public at large on how funds are spent and if goods and services are delivered effectively and efficiently, to ensure value for money.
- Making recommendations to add value and drive change to key financial and operational processes of government.
- Producing audit reports which are then laid in the House of Assembly (HoA) by the Minister responsible for the area in review.

“ To “shine the light on government expenditure”, the TCI PAC benefits from the expertise of the office of the Auditor General. ”

Once the AG’s report has been laid in the HoA, it is referred to the PAC for examination. As an adviser to the committee, the AG will then suggest lines of inquiry that the committee could follow.

4. Challenges for PACs in smaller legislatures

For both the PAC and the office of the AG in TCI, there are challenges linked to the smaller size of both the jurisdiction and its population. This is echoed in other Overseas Territories (OTs), by contrast to larger legislatures such as the UK for example, where the PAC has access to more staff and resources, including from the National Audit Office (NAO), to help the committee carry out its duties unhindered.

NAO relationship with Parliament and PAC

C&AG leads relationship with Parliament and PAC, particularly PAC Chair

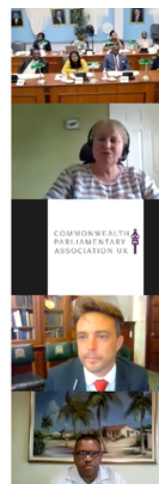
Parliamentary Relations Team works closely with MPs, Peers Chairs, Committee Members and staff

NAO work incorporates Parliament’s and PAC’s interests and priorities

We provide written and oral briefings to PAC mainly but also other Committees

Draft PAC report and advice on government’s response to PAC recommendations

NAO also has members of staff on secondment to Parliament



The relationship between the NAO, Parliament and the PAC

4.1. Challenges for the AG in TCI

Ms Stephens-Malcolm highlighted various challenges that her office faces, in the process of producing reports, as listed below:

- A lack of adequate resources and subject matter expertise, which impacts timing of audits undertaken.
- Ensuring the program of work remains relevant to policy decisions set by the Government.
- Not having budgetary control of the TCI NAO human resources, which impacts the ability to recruit as and when required.

The AG acknowledged nonetheless that despite the above there are benefits for her office at the national, regional, and global levels, including:

- The ability to influence government policies through the program of work.
- The ability to contribute to regional audit programs, such as the reviews into the efficiencies of government stimulus grants, which was shared with Supreme Audit Institutions (SAIs) in the Caribbean.
- Collaborating with SAIs globally to influence good practice on a global level (e.g., in the health sector during the global pandemic).
- Participating in the UK Overseas Territories Project External Audit Leadership Group, which leads to growth and development of the profession and fosters camaraderie.

4.2. Challenges for the PAC

For the PAC challenges included familiarity with witnesses, conflict of interests, keeping harmony on the PAC, and limited options in witnesses. Participants explored ways to mitigate these ‘inevitable’ challenges.

a. Familiarity with Witnesses

Participants noted that ‘overfamiliarity with witnesses’ is inevitable in legislatures with a small population size. While this increases the likelihood for conflict of interest, it simultaneously highlighted the necessity for PAC members to remain professional throughout the inquiry process, including with witnesses they know.

b. Conflict of Interests

Participants recognised that their interests as PAC members and private citizens may sometimes clash with the objectives an inquiry, especially as some members of the PAC may have concurrent jobs. To address this challenge participants noted the importance of receiving accounts in advance, for briefing purposes. This would give the PAC members the opportunity to indicate when there is a conflict, such as a marriage or other familial and professional relationships. The conflict having been noted, the concerned member would not take part in the questioning or deliberations, to determine the committee’s next step.

c. Harmony Between Members

Participants also noted the necessity for the PAC to present a united front, as its members endeavour to keep harmony within the committee by working together and be as unbiased as possible. The PAC being a ‘team’, every member should be given the opportunity to contribute to the collective effort. Members with specific interest in certain matters should be encouraged

to take the lead on PAC inquiries related to such matters. Additionally, when scheduling committee meetings, it is important to ensure the availability of all members, especially given that lay members of the PAC may have other obligations, besides the workload of the responsibility of being a PAC member.

d. Different Types of Witnesses

Participants observed that the pool of witnesses to draw from in small legislatures is narrow, additional challenges listed above. This highlights the importance of striking a balance, when choosing witnesses and focusing on quality, drawing on the knowledge of experts. For example, if the inquiry is on single-use plastic, identifying a representative of an environmental organisation to give evidence would add value to the inquiry, given the impact of plastic on the environment. An expert who can provide scientific knowledge on the impact this has at a local level, as factually as possible, would also add value.

II. UNDERSTANDING FINANCIAL STATEMENTS

Participants exchanged with Mr Larry Honeysett, Head of Financial Scrutiny in the UK House of Commons, on the purpose of financial statements, and how to use and examine them more effectively in the PAC context.

1. Purpose

Financial statements are used in both the private and public sectors. In the former they indicate how businesses have performed over time, to inform potential investors on the profitability assets, liabilities, and prospects of such organisations. In the public sector, however, they are used by both the government and the opposition, to evaluate the quality of service being provided by public bodies. The focus is on whether the taxpayer's money spent is accounted for.

2. Examining Government Accounts

The term Government Accounts refers to a consolidated set of financial statements for the public sector. Participants considered the TCI Government Accounts for the purposes of the exchange, as Mr Honeysett noted while the TCI accounts follow the principle of 'cash accounting', the UK adopted a system of 'accrual accounting'. The former method consists of recording payment receipts during the period in which they are received and recording expenses in the period in which they are paid. The latter method, however, recognises income at the time the revenue is earned and records expenses when liabilities are incurred regardless of when cash is received or paid.

3. Key Elements of the TCI Government Accounts: Navigating the statement

The annual report:

A summary at the front of the report, provides an overview of performance and financial results. It is often taken from the body of financial statements. Although this

	<p>should be consistent with the financial statements, it may not be subject to audit or specific accounting standards. Exercising caution is recommended when reading this part of the report. The PAC should look out for anything vague, selective, or not supported by specific evidence.</p>
<p>The statement of cash flows:</p>	<p>This shows the cash received and cash paid out during the year, and the resultant change in cash over the course of the year. However, cash payments and receipts do not necessarily provide an accurate picture of actual net commitments or spending activity. This is because cash may be owed or paid in advance.</p>
<p>The statement of budget actual amounts spent (for public funded bodies only):</p>	<p>This shows the difference between planned and actual spending.</p>
<p>The statement of financial position:</p>	<p>Previously known as the “balance sheet”, this is a snapshot valuing the net assets of the organisation at the end of the financial year. It is based on the equation: Net assets [i.e., assets less liabilities] = what has been put in + what has been earned - what has been taken out or lost.</p>
<p>Notes to the financial statements:</p>	<p>The purpose of this is:</p> <ul style="list-style-type: none"> • To give further detail and additional information that doesn't fit in the core statements • To explain • To better link together different parts of the accounts
<p>The Auditor's report and certificate:</p>	<p>The independent auditor considers whether in their opinion the accounts faithfully represent the financial performance and position of the organisation' department's view of the spending. The auditor sets out their opinion in their report and issues a certificate of this opinion.</p>

4. Accountability and managing risk



Critical to good management of resources is assessment and management of risk. Most risks have a financial dimension, such as the extra costs of mitigation, or the costs of dealing with an event should it arise. It is important that overall responsibility for the management of funds and for the information in the financial statements is clear. Those responsible must weigh up the likelihood, importance and potential impact of the risk, and consider whether it could be avoided, reduced, transferred or if it must be accepted. Doing so makes it possible to evaluate whether a risk management strategy is realistic, reasonable and proportionate.

5. Value for Money (VFM)

To assess VFM the PAC member should compare performance with expenditure, and measure this against a benchmark – the committee must be clear on what was done in the past or what another organisation has done, when assessing VFM:

To assess value for money you need to know

The cost

The clear objective (s)

what you are buying
(i.e. volume, activity)

How you will measure success

links between the spending activity and the results should be clear

The time scale and the time lag between the spending activity and the result needs to be understood.

6. Measuring Success and Performance Indicators

If the government thinks about a structure for the accounts report, where its priorities, objectives and targets are clearly identifiable, the PAC will be better able to assess whether these specifics are being achieved. A focus on the outputs (a direct response to what would have been put in) and outcomes (less direct as it is difficult to confirm for certain that the input resulted in that specific outcome), is effective in measuring success.

Participants were advised that comparison should be made with past trends, other countries, and what was intended to be spent. Measuring success can be quantitative (volumes, time and cost) and qualitative (surveys, assessments, success rates, and levels of complaints). A figure on its own does not provide much information, unless it is clear what it is being measured against. Setting a key performance indicator (KPI) would also be useful, especially if this is agreed in advance and measured within reasonable time. The indicator must be sufficiently flexible and achievable.

III. UNDERSTANDING THE INQUIRY PROCESS

1. Preperation is key

Participants noted that before the inquiry PAC members must establish the scope of the inquiry, agree on what to include and keep out of the inquiry, and ensure the scope of the inquiry is achievable. The inquiry process consists of written and verbal evidence gathering, and usually concludes with the production and publication of a report, which includes recommendations. The process is driven and overseen by the Committee Chair, with advice from external auditors, and support from the Clerk.

2. The role of the PAC Clerk

Ms. Butterfield, Clerk to the TCI PAC noted that the committee benefits from the support of its clerk throughout the inquiry process. As clerk, she organises and attends all committee meetings, and carries out a range of responsibilities, as per the below:

When preparing for the Inquiry:

- Receiving the AG's report and sharing it with committee members.
- Arranging a meeting with the PAC Chair to agree on dates when the committee will review the report.
- Drafting an agenda.
- Identifying potential witnesses and scheduling the PAC hearings.
- Coordinating the briefing and communication with Accounting Officers (potential witnesses).

During the Inquiry:

- Documenting the summary of deliberations – areas of concern, issues raised, and outstanding matters.
- Maintaining communication with witnesses during the inquiry.
- Managing attendance of witnesses, ensuring they are available for the hearing dates and making the necessary changes as required.

After the Inquiry:

- Taking responsibility for all correspondence.
- Collating any additional documents required by the committee for purposes of the report.
- Coordinating additional input from PAC members on the draft report.
- Managing the process of finalisation of the report with agreement of Chair and committee members.
- Ensuring there is a process in place to lay the report before the House for consideration.

Additional to the above, Ms Fay Bowen, Clerk to the Welsh PAC described the role of the clerk as also including the following responsibilities:

- Providing impartial advice to the committee; the clerk must use sound judgement and confidentiality to build trust.
- Occasionally having difficult conversations with committee members and advising them that their idea might not be the most effective way forward.
- Working to build a relationship with the PAC Chair, to understand what they want to get out of their role, and their preferred working style.

2.1. Lessons learned from Wales

Participants were advised that in Wales the PAC has been working virtually since lockdown was instated early in 2020. Ms Bowen underlined that not meeting in person as a committee has had an impact on her ability as clerk to support the PAC, this has included benefits and disadvantages of working virtually.

Benefits of virtual working	Disadvantages of virtual working
<ul style="list-style-type: none"> • Clerks can meet the Chair outside of working hours to be briefed. • Easier to build trust and thorough relationships. • Communicate quickly with notes or verbally in meetings. 	<ul style="list-style-type: none"> • It's harder to approach sensitive topics online, as this can feel rather prescriptive. • Difficult to read body language and communication techniques. • Clerks also become IT advisors in meetings. • Difficult to gauge the mood and specifically hard to see if witnesses are telling the truth.

3. The PAC Chair

Dame Meg Hillier MP, current Chair of the UK PAC, also observed that parliamentary and committee clerks have invaluable institutional and procedural knowledge, which members should take advantage of. Meetings between clerks and members, she stated, are important to ensure trust is built. Focusing on committee meetings, she outlined the responsibilities of the PAC Chair at different stages of an inquiry.

Stages of the Inquiry	Role of the PAC Chair
When preparing for sessions:	The Chair facilitates, moderates, and contributes towards private discussions, where PAC members will agree on potential questions. These closed sessions are often held before public evidence sessions.
During the sessions and throughout the inquiry:	The Chair ensures that all members can ask witnesses questions within the allocated time for the session. Members will be given the flexibility to adapt questions during the session.
After the sessions and at the end of the inquiry:	At the end of the session the Chair oversees members as they draft a report, with lead members giving a steering on what should be included in the final report of the inquiry. This input will give the Chair, Clerks and audit body a clear

understanding of the tone and key points of the report.

The final draft report will then be passed over to the lead members. If there is a point that has not been emphasised thoroughly, this can be redrafted before it is circulated to all PAC members. Members can amend the reports. This process saves times.

4. Identifying and Questioning Witnesses

There are three types of witnesses a committee can call on, Alex Sobel MP underlined, based on his UK experience: ministers, independent experts, and special interest groups. He observed that expert witness would usually be questioned first, to gather in-depth knowledge on the subject of the inquiry. This would better inform the questions members of the committee could ask non-expert witnesses.

1.1. Intra-committee Communication

Regular communication between committee members also contributes towards the success of both individual evidence sessions and the entire inquiry. In the UK, for example, Mr Sobel MP noted, some committees have WhatsApp groups where members communicate in advance on suggested questions. Usually, each committee member would have one to two questions allocated to them, with time for follow-up questions depending on the answers given.

1.2. Questioning techniques

Expert witnesses should be asked open-ended questions. These are questions where a person can give elaborate answers to. Responses to such questions provide useful information and allow witnesses to speak at length. Experts will be more likely provide the committee with the information it requires. Conversely, ministers and industry representatives might be less inclined to cooperate. Accordingly, asking them closed questions could be more effective, to get the desired answer or allow time for a quick follow up. These are questions where the answer is either 'yes' or 'no'.

1.3. Handling difficult witnesses

When dealing with elusive witnesses, participants noted that good preparation is key. This will allow PAC members to use their notes to test the knowledge of the witness and prevent them from providing evasive answers. Participants were also advised not to allow witnesses to control the meeting by using techniques such as digressing or making jokes to distract the committee.

5. Producing a good PAC report(s)

Participants exchanged with Dr Anna Dickson, who described the report as the main product of an inquiry, which informs the audience of what the PAC has concluded and what the committee's recommendations to the government are. While its principal target is the government, the PAC report should also seek to engage with the public. The committee must, therefore, think about who it is writing for, before producing a report; considering the audience will inform the style and content of the report.

5.1. The Good Report

Participants noted that a good PAC report can provide an alternative source of evidence and analysis, to challenge the 'groupthink' that can pervade government thinking on a policy area. Such a report can be produced as Dr Anna Dickson highlighted, if the committee prepares itself effectively before drafting it, and there is consensus between all members.

What makes a good report?	What makes a weak report?
<ul style="list-style-type: none">• Contains a helpful summary.• Easy to read: No jargon; small, direct sentences (use of online tools to measure accessibility, such as Hemingway can help)• Has a neutral, non-political tone• Effective use of evidence and quotations• Effective use of graphics and charts.• Clear conclusions.	<ul style="list-style-type: none">• Badly structured.• Inappropriate writing style. Unnecessary use of jargon.• Poor use of evidence.• Incorrect or inadequate referencing.• Too much material, too little material, or irrelevant material.• Lack of clarity, particularly with conclusions and recommendations.
Conclusions and recommendations	
<ul style="list-style-type: none">• Challenging but achievable.• Precise (with timescales if possible).• Woven into the text in the body of the report, as well as listed at the end.• Avoid trivial and minor conclusions and recommendations.• Avoid too many conclusions and recommendations.• Ensure engagement with the public when the final report is published.• Be sure to follow up the report within the established timeframe.	

Participants were advised to produce reports that would reach a wider audience, to maximise the possibility for greater impact, as Dr Dickson stated: "Engage the public. Some people will not know what a PAC is, so make sure to publish your work online. Consider other means of communication such as social media, radio, and newspapers."

SELF-EVALUATION

Participants explored the definition of 'impact' and noted that while impact can be positive or negative, it is often synonymous with change. The new PAC was introduced to a chart illustrating the self-ratings of PACs around the world, as well as benchmarking exercises, where the objective is to measure a parliament or committee's goals.

Through a practical session the new members of the PAC were also able to test the skills and knowledge they had acquired throughout the workshop. In a committee exercise the participants simulated an evidence session, based on the case of a past Falkland Islands PAC inquiry. Ms Jo Corkish, clerk at Tynwald, Isle of Man, facilitated the exercise, providing feedback to participants throughout the exercise, as they drafted and shared questions, and questioned two CPA UK staff who volunteered to play the role of witnesses.

The workshop concluded with words of thanks from the PAC Chair, Hon. Edwin Andrew Astwood, who expressed gratitude to CPA UK and all the speakers who contributed to the workshop, on behalf of the new TCI PAC. In his statement, Hon. Astwood observed: "We are in a much better position today as a PAC, than we were on the first day of the programme... we now understand how to question witnesses effectively and what to look for... we look forward to the next workshop with you, hopefully it will be in person."

Phase Two of the UK Overseas Territories Project (UKOTP II)

UKOTP II is led by CPA UK in consortium with the UK National Audit Office (NAO) and the Government Internal Audit Agency (GIAA). The first phase of the project (2016-2020) focused on supporting Public Accounts Committees (PACs) and audit offices (internal and external). Since 2016, funded by the then Foreign and Commonwealth Office (Conflict, Security & Stability Fund), the project has brought together parliamentarians and audit officials from the Overseas Territories and the UK to discuss frameworks for good practice and priorities in public financial management, and assurance over governance, risk management and control.

Based on the findings and lessons learned from its first phase, the second phase of the project (UKOTP II) has set out to provide a broader remit of governance support, to improve the capacity of parliamentarians, parliamentary and electoral officials, and public auditors in the UK Overseas Territories (OTs) to conduct their legislative, oversight and electoral responsibilities. UKOTP II supports a holistic and integrated approach to promoting good governance in the OTs by working in four spheres (elections, assemblies, and internal and external audit offices), across the electoral cycle (pre-election, election, and post-election). In its second phase, the project remains committed to strengthening the role of parliamentary scrutiny across the OTs and building the capacity and effectiveness of important financial oversight institutions.

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