



OAG INTEGRATED ANNUAL REPORT

FOR

FISCAL YEAR ENDING 31 MARCH 2020

OFFICE OF THE AUDITOR GENERAL
MONTSERRAT

JANUARY 2021

**OAG INTEGRATED ANNUAL REPORT
2020**

This is a Report by Auditor General on the activities of her office during the period 1 April 2019 – 31 March 2020. The work of the office was conducted pursuant to Section 103 of the Montserrat Constitution Order 2010

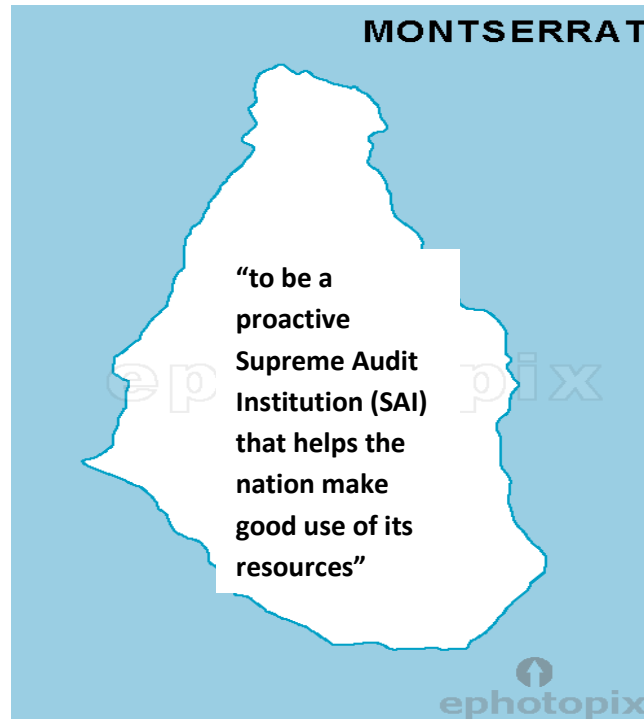
A handwritten signature in blue ink, appearing to read 'Florence A Lee', is centered on the page. The signature is fluid and cursive, with a prominent loop at the end.

Florence A Lee
Auditor-General
Office of the Auditor General
5 January 2021

Preamble

Vision Statement

The Office of the Auditor General (OAG) plays a crucial role in ensuring that public monies are spent wisely. Our vision is therefore:



Mission Statement

“The OAG is the national authority on public sector auditing issues and is focused on assessing performance and promoting accountability, transparency and improved stewardship in managing public resources by conducting independent and objective reviews of the accounts and operations of central government and statutory agencies; providing advice; and submitting timely Reports to Accounting Officers and the Legislative Assembly”.

The Goal

Our goal is “to promote staff development, enhance productivity, and maintain a high standard of auditing and accounting in the public sector, thereby contributing to the general efficiency and effectiveness of public finance management”.

Abbreviations Used

CAROSAI	-	Caribbean Organisation of Supreme Audit Institutions
CPA UK	-	Commonwealth Parliamentary Association United Kingdom
DFID	-	Department for International Development
DITES	-	Department for Information Technology and E-Government Services
GOM	-	Government of Montserrat
HRMU	-	Human Resource Management Unit
IFAC	-	International Federation of Accountants
INTOSAI	-	International Organisation of Supreme Audit Institutions
IPSAS	-	International Public Sector Accounting Standards
ISA	-	International Standards of Auditing
ISSAI	-	International Standards for Supreme Audit Institutions
IT	-	Information Technology
MNAO	-	Montserrat National Audit Office
OAG	-	Office of the Auditor General
PAC	-	Public Accounts Committee
PFMAA	-	Public Finance (Management and Accountability) Act
SAI	-	Supreme Audit Institutions
UK NAO	-	United Kingdom National Audit Office
UKOT	-	United Kingdom Overseas Territories

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Introduction

Overview of the Organisation

1. The Office of the Auditor General (OAG) performs external audit duties for the Government of Montserrat. In this regard, it assesses the performance of central government entities (Ministries and Departments) and some statutory agencies by looking into compliance with regulatory authorities and departmental policy directives; the stewardship over resources; and obtaining value for the monies expended. By reporting on the activities of government, as determined by our audit, we seek to promote accountability, transparency and good governance in public finance management.

Functions of the Auditor General

2. The functions of the Auditor General are enshrined in Section 103 of the Montserrat Constitution Order 2010. It states in part that the Auditor General shall audit and report on the public accounts of Montserrat and of all public offices, including the Courts, the central and local government administrations, universities and higher education institutions, and any public corporations or other bodies established by an Act of Parliament. In conducting these audits, the Auditor General is responsible for determining whether accounts are prepared in accordance with applicable financial reporting frameworks and in compliance with financial management policies and guidelines.
3. The Constitution also allows the Auditor General to conduct value for money audits where the economy, efficiency and effectiveness of government systems, operations, and transactions are assessed.
4. We also operate in accordance with the Public Finance (Management and Accountability) Act, (PFMAA) 2008 and other laws and regulations that affect our work.

Governance Arrangements

5. Preliminary work plans are usually shared with the Public Accounts committee (PAC) and its input is sought of other areas that could be included. For audit work, I report directly to the Legislative Assembly; for administrative matters only, I report to the Governor or the Deputy Governor. Internally, the Audit Managers assisted the Auditor

General (Actg) in managing the department in the absence of the substantive Auditor General during the 1st, 2nd quarters, for the first 2 months of the 3rd quarter (April to November 2019) and for the latter 2.5 weeks in the 4th quarter (March 2020) of the reporting period.

Risk Assessment and Management

6. Risk is the possibility that an event will occur and that it will adversely affect the achievement of your objectives. Risk could also be looked at as not taking advantage of your opportunities. Thus, it is imperative that these possible events be identified early so that management can put in place measures to mitigate them. We viewed the major risks affecting our work as :
 7. Detection risks. This is the risk that sufficient evidence will not be gathered leading to the issuance of an inappropriate audit opinion. To negate this, we ensure that staff with appropriate skills is assigned to each task, conduct continuous capacity building activities and ensure that the work is quality checked by senior staff.
 8. Operational risks. This arises from inadequate or failed internal processes, people, systems, or from external events. They include: fraud, security failure, legal breaches, physical or environmental risks. Our continuing risks for the year under review were:
 - *Office Closure due to disasters/pandemics*. Any closure, whether due to man-made or natural disasters or pandemics would have a negative effect on the output of the department. This would arise as staff would not have access to equipment, documents or auditee staff to provide necessary clarifications.
 - *Dependence on the Ministry of Finance for required financing*. Should our request for funding not be agreed, then we may not be able to conduct some audits and our capacity building activities may also suffer. We received the necessary support from the Ministry to adequately cover most of our financial obligations.
 - *Dependence on HRMU for recruitment of staff*. We are dependent on HRMU to provide us with the required support. Over the reporting period, we recruited a senior auditor who is proving to be a valuable addition to our team. We were able to conduct field work to gather sufficient appropriate evidence to meet most of our agreed deadlines as per our revised Annual Audit Work Plan 2019-20.

- *DITES for IT support services.* We depend on this department for maintenance of IT equipment and the provision of network services which allows us to gain access to systems across government and to audit the public accounts. We have experienced some issues with network and /or internet connectivity for most of the year.

Objectives of this Report

9. We feel that organisations should be held accountable for their actions and aim to lead by example in promoting transparency and accountability through credible reporting of their behaviour. Thus, in compliance with ISSAI 20 – Principles of Transparency and Accountability and Section 9(5) of the Public Finance Management and Accountability Act (PFMAA) 2008, we provide you with an overview of our operations and performance over the fiscal period April 2019 – March 2020.
10. We will draw your attention to progress on our strategic objectives, challenges faced, OAG financial performance, human resource and capital management, organisation performance, reports reviewed by PAC, social impact of our work and then provide a synopsis of our plans for the 2020 – 2021 financial year.

Strategic Plan Progress

11. Our Key Strategies for the 2019-2020 financial year were:
 - a) Establishing the Montserrat National Audit Office (MNAO) to ensure an independent audit office that facilitates accountability and transparency.
 - b) Delivering value to citizens through improved recommendations to Accounting Officers; improvement in staff capability and skills; and development of policies, procedures and guidelines that facilitate quality work and meet international audit standards/guidelines.
 - c) To fully implement the OAG Stakeholder Engagement Strategy to improve communication with stakeholders thus assisting transparency and accountability in public financial management
 - d) Establish a stakeholder survey to determine satisfaction with the OAG's performance and areas for improvement

12. Establishing the MNAO as an independent entity did not come to fruition as expected but the National Audit Office Bill was approved by Cabinet and a decision was made on August 8, 2019 for submission to be tabled in the Legislative Assembly. Unfortunately, the Audit Bill was not submitted for a first reading in the Assembly during the reporting period.
13. Our aim is to be an audit service that provides better value to citizens. To that end, we seek to provide Reports that contain information that can be used to hold the Executive arm of government and Accounting Officers to account. In an effort to improve the quality of the audit service, we focus on improving our audit skills by engaging in various capacity building initiatives. These are further expanded upon under the section on Human Resources Management and Development.
14. We are also committed to providing evidence that our audit recommendations were being followed up to determine progress made towards their implementation. The Audit Recommendation Follow-Up Report was completed and submitted to the Clerk of the Legislature and Public Accounts Committee in March 2020. This report is captured in the Auditor General's Report on the Public Accounts 2018-19 and can be found on our website <http://oag.gov.ms> under Publications.
15. Overall, we have had mixed results in accomplishing our strategic goals for the year. Some of the challenges we faced that impacted on our achievements are highlighted below.

Challenges faced during year

Absenteeism of Staff

16. Out of a total 3,525 staff days, the staff was available 92 percent of the time, with one officer being away from duty on sick leave for periods in excess of three months.

Untimely Feedback from Auditees

17. We are dependent on our clients to provide us with information, documentation and responses to our queries to ensure we provide a true and accurate opinion. We have experienced significant delays or non-submission by some clients which then deferred the finalisation of audit work undertaken. We have adopted several strategies including giving additional time for our requests to be actioned and making further written and verbal requests. In some instances, we have opted to finalise our report, inserting where

relevant that we have taken the necessary steps to seek the required feedback from management, but, in some cases, received no comments.

Intermittent Network Failures

18. We continue to encounter issues with network and/or internet connectivity as our office is located off site and is connected to GOM's servers via wireless link. Our work is saved on these servers as well as most of the information for other Ministries and Departments that we require for conducting the audit of Public Accounts. There were disruptions in the network that resulted in man hours being wasted as we waited for staff at DITES to bring the network back online. However, DITES must be commended for rectifying this issue, during the latter part of the financial year, and our network and internet connectivity has since stabilised, a vast improvement from previous years.

Accommodation Issues

19. In July, 2007, we moved from the Government Headquarters compound into private sector rental accommodation as part of our effort to be seen as being independent from the Executive. This was with the understanding that GOM would seek to provide appropriate public accommodation for us.
20. For the year under review, we have faced a number of accommodation challenges to include long delays in effecting repairs with attendant health and safety risks to staff; risks to loss of information and equipment.
21. However, at the time of writing this report, plans have progressed to ensuring that the OAG will occupy the 3rd floor of the proposed new Financial Services Commission Building to be located in Little Bay. Work on the building is expected to begin in the first quarter of 2021 and should be completed within one year.

COVID-19 Work Interruption

22. We learnt of corona virus in December 2019. By January 2020, the World Health Organisation had accorded it pandemic status and named it COVID-19. This prompted GOM, through the Ministry of Health, to develop plans to manage the virus should it reach our shores. In March, we had our first confirmed case of the corona virus.
23. In an effort to suppress the spread of the of the COVID-19 virus, GOM took the decision to shut down offices and businesses, and allowed the OAG staff to initially work a shift

system for a couple of weeks and thereafter work from home provided they had the necessary tools to do so. (Staff was out of office from 25 March to 25 May).

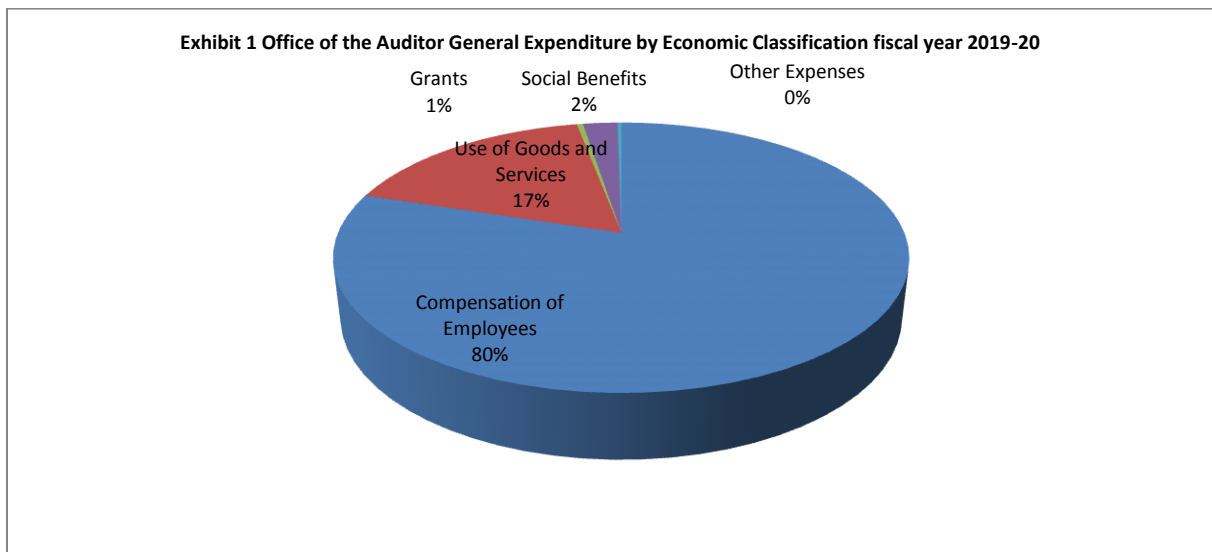
24. This decision, although well intended and based on saving lives, had a negative impact on the completion of some of work activities. We did not have access to clients to gain the explanations we needed; did not have access to some supporting documents; and, where some items were accessible via GOM intranet, the tools were not available for us to gain access from home. Additionally, not all employees were adequately equipped/prepared for working at home, for example, some had no personal computer (only mobile phone), and some had issues with internet services.
25. As the COVID-19 pandemic is still ongoing, there is a risk that it will spread to Montserrat again forcing OAG staff to work from home again. It is therefore imperative that the relevant tools and equipment be provided so that staff can complete assignments, effectively, efficiently and in a timely manner.

Opportunities

26. Whilst the COVID 19 was disruptive to operations, it provided an opportunity for us to provide the Deputy Governor with a paper outlining steps to be taken, and measures to put in place, to ensure an effective Whistleblowing Framework for government.
27. We also assisted by drafting of a guidance relating to reporting concerns relating to COVID-19 Relief Funds. On June 17, 2020, Cabinet approved the adoption of a whistleblowing guidance - the Reporting Concerns Guidance that was developed by the Office of the Auditor General for individuals or organisations to report any concerns or irregularities relating to COVID-19 Relief Funds.
28. We also had the opportunity to re-look our operations in terms of health and safety in relation to COVID-19 suppression and adequate space; and appropriate equipment to work from home. We determined that we did not have adequate space and an additional room was rented. Most staff did not have appropriate equipment and some had internet challenges. In relation to the equipment, we have made a request to Ministry of Finance, under the Small Asset Scheme, to supply a number of laptops to allow working from home. At time of writing we are awaiting a response.

OAG Financial Performance - fiscal year ending 31 March 2020

29. Approved expenditure budget for the 2019-20 fiscal year was EC\$1,232,200. Of this amount, actual expenditure totalled \$1,058,775.
30. Material expenditures continue to be compensation of employees and acquisition of goods and services utilizing 80% and 17% of the budget, respectively. The chart below shows the ratios of our expenses.



31. When actual expenditure is compared with that allocated by the Legislative Assembly, we note an under-spend of \$173,425. This arose primarily because some expenditures which had been agreed to in principle, did not receive authorisation within the fiscal year and they were subsequently withdrawn. Additionally, the expected assistance from private sector auditors to assist with our work programme did not materialize. Thus, our professional services and fees allocation was underutilized and some funding withdrawn to meet shortfalls in purchase of equipment, training and international travel and subsistence payments.
32. With respect to revenue collection, \$28,500 payment was received from clients who were billed for audit work within the current year. In other cases, very slow responses to queries and requested adjustments presented to our clients prevented us from invoicing for completed audit work.
33. Appendix 1 provides full details of our financial performance for the fiscal year ending 31 March 2020.

Human Resource Management and Development

Size of Workforce

34. The OAG has a staff of 16 persons; 13 auditors and 3 support staff. In addition to the Auditor General and Deputy Auditor General, there are two compliance auditors, one IT auditor, two performance auditors, and six financial auditors.
35. As at 1 April 2019, one (1) critical position, representing 8% of the audit labour force remained vacant however, during the latter part of the reporting period an appointment was made in September 2019. Miss Lauren Piper, senior auditor was transferred to the Ministry of Finance and Economic Management and the related vacant post was filled by Mrs Tracy Layne in February 2020. We take this opportunity to say thank you to Miss Piper for her years of service to the Office and to welcome Mrs Layne.
36. Our full staff complement can be viewed at Appendix 2.

Retention Rates

37. At the beginning of the 2019-20 financial year, we had all members of staff in place and we retained 100% of those persons at the end.

Capacity Development

38. There are continuous changes in our audit environment; thus we need to develop strategies to deal with this if we are to perform effectively and provide value for citizens. One of our ongoing strategies is to always be a learning organisation where skills and abilities of individuals, and the organization as a whole, are constantly upgraded. In keeping with this strategy, we continue to broaden our knowledge and update our skills and audit techniques through the use of internet and participated in the following capacity development initiatives.

Professional Development

39. During the reporting year, 6 auditors were in pursuit of various professional development initiatives with financial support being provided by the Government of Montserrat.

GoM In-service Training

40. During the 1st quarter of the reporting period, 4 staff members attended various GoM in-service training activities to develop their knowledge and skills in SmartStream, financial management and teamwork. During the 2nd quarter, 3 staff members benefited from training in holistic time management and professionalism in the workplace. We continue to actively participate in the GoM in-service training initiatives where 2 staff members participated in drafting cabinet memos and other policy documents and the GoM Sports and Recreation Policy Stakeholder Consultation respectively in quarter 3.

In-house Training

41. We continue with our programme of on the job training, coaching and mentoring staff. As these programmes are conducted by in-house staff as part of their routine job functions, no significant funding is required. We therefore view them as being very beneficial to expanding/upgrading staff knowledge, skills and output of the Audit Office.
42. ***Into-Saint Self-Assessment of Integrity Workshop.*** The intention of this workshop was to utilise the self-assessment integrity tool to review our processes to ensure that we are adding better value to our citizens through our work. The facilitators were Mr Ricardo Gonzalez-Aguilar of SAI Mexico and Ms Maria Odle-Mann of SAI Barbados and they were ably supported by Mrs Vernitha Weekes, Audit Manager, SAI Montserrat from 27th to 29th January 2020. The tool allows Supreme Audit Institutions (SAIs) and public sector organisations to identify and evaluate their institutional vulnerability and the resilience of their integrity control system against possible integrity violations.



43. The Into-Saint tool provided two outputs: the report to the Office of the Auditor General’s Top Management as well as training and awareness on integrity issues. The knowledge gained by the 6 participants of SAI Montserrat was significant and they are expected to contribute as permanent agents of change and advocates of the strengthening and awareness of integrity in the institution.

44. **MKinsight Super User Training.** From 17th – 20th February 2020, all auditors at the OAG participated in this training initiative which was delivered by Mr Olabode Olugbolagun, Service Delivery Consultant from Morgan Kai Ltd. The aim of the training was to (a)



provide users with a comprehensive overview of the functionality within MKinsight and (b) provide users with the ability to utilize the functionality on a day to day basis to support every aspect of their auditing role. The training involved a full demonstration of the system, with a provided training pack and the session was broken down into 11

modules.

Attendance at Regional /International Conferences/Meetings/Workshops

45. **XI CAROSAI Auditor General’s Conference.** This conference was attended by the then



Acting Auditor General, Miss Marsha Meade which was held in Georgetown, Guyana during the period 23-27 June, 2019 under the theme – Vision of Performance, for Relevance and Success. When discussing this topic, members looked at leveraging the impact of performance audits; data analytics and innovation; strengthening human resources and use of technology to improve the quality of public sector auditing. The focus of the masterclass for all Auditor Generals was on “the root cause analysis.” This analysis is a systematic process for identifying root causes of problems or events and an approach for responding to them. RCA is based on the basic idea that effective management requires more than merely “putting out fires” for problems that develop, but finding a way to prevent them.

46. **Leading Change and Transition Workshop.** Mrs Kristen Taylor-Hilton, Senior Crown Counsel and Miss Marsha Meade, Acting Auditor General joined other participants from across the Caribbean at the Cave Hill School of Business, University of the West Indies,

Barbados at the captioned workshop which was facilitated by the Caribbean Centre for Development Administration (CARICAD) from 15-19 July, 2019.



47. The goal of the Leading Change and Transition Workshop was to equip participants with the knowledge and skills to implement change strategies in a structured, logical and sustainable manner. This means having participants view themselves as leaders within their organisation who can contribute to advancing change initiatives by reducing resistance within their teams, mobilise their teams to support change from a strengths-based perspective, effectively engage stakeholders within and outside the organisation, and provide strategic change advice to senior leaders from a “people perspective.”
48. ***SAI Donor Engagement Workshop.*** Mrs Vernitha Weekes, Audit Manager attended this workshop from 2-6 December, 2019 in Jamaica which was facilitated by the International Development Initiative (IDI) and the CAROSI Secretariat.



49. The SAI-Donor engagement workshop intention was to provide support SAIs in developing high quality concept notes which would improve their position when trying to engage with development partners; and subsequently, allow them to efficiently lead their donor supported projects. The ultimate objective of the workshop was to empower SAIs to engage in fruitful and mutually beneficial partnerships with donors in leading their institutional strengthening strategy.
50. ***Into-Saint Self-Assessment of Integrity Workshop.*** From 13-15 January, 2020 Mrs Vernitha Weekes, Audit Manager and Mr Francisco Parral-Pineda of SAI Mexico were the assigned moderators, who applied the into-saint self-assessment tool to assess SAI Barbados integrity procedures.



51. The moderators' role was to guide the participants in detecting integrity gaps in the organisation based on their perception. As a result, the proposed measures for top management to deal with those gaps which would improve the integrity management of the office. At the end of the workshop, the moderators presented a report to SAI Barbados top management proposed recommendations.
52. ***UK Overseas Territories Forum.*** CPA UK, the UK National Audit Office (NAO), and the UK Government Internal Audit Agency (GIAA), are working together to deliver a three-year programme to support relevant UKOT stakeholders under a project called "Supporting the Role of Public Accounts Committee (PAC) and Audit Institutions: Oversight of Public Finances". The project is being funded by the Foreign and Commonwealth Office (FCO).
53. Together with the Chief Internal Auditor, the Deputy Auditor General was invited to participate in the workshop from 9-11 December, 2019 in London. The Forum programme explored how the Overseas Territories can continue to develop and strengthen their ability to scrutinise public finances beyond the end of the project.



54. It provided a platform for PACs, Internal Auditors and External Auditors to work together and discuss ways to improve effectiveness and offer an opportunity for the Leadership Groups (Internal and External Audit) to meet.

55. **ACCA Caribbean Public Sector Financial Management Conference.** Miss Marsha Meade, Deputy Auditor General was specially invited to participate in a Panel Discussion at the above captioned Conference hosted by the Association for Chartered Certified



Accountants (ACCA) on 30 January, 2020 in Jamaica. Miss Meade made an 8-minute presentation on “the Role of Supreme Audit Institutions in Delivering a Sustainable Public Sector and Measuring Progress in the Region.” The focus was on the challenges that impede SAIs efforts to (a) strengthen the audit process to enable high quality audit value thereby creating regional impact; (b) the professionalization of SAI staff and (c) the SAIs relevance in demonstrating through its Government’s and Citizen’s responses to its audits.

CAROSAI as a regional body aims to advocate for the institutional strengthening of Caribbean SAIs to effectively contribute to the strengthening of governance arrangements and public financial management in the region.

Succession Planning

55. Succession planning normally looks at filling vacancies with internal employees should the need arise. At the OAG, we look at continuous capacity development as the first step in the process. To that end, we continually look for capacity development initiatives that will fill skill gaps. When conducting these activities, we cross-train staff; for example, auditors of a particular team undertake training in other audit disciplines.

During the year, an Auditor on the financial audit team was paired with the IT Audit Manager to conduct several IT audits.

Other Matters

56. The SAI PMF Assessment scheduled for this reporting year had to be postponed as a result of the COVID-19 pandemic. We are hoping that the assessment will be done in the upcoming financial year 2021-22.
57. The next Commonwealth Auditors General Conference was scheduled to take place in Fiji in 2020. This was cancelled due to the COVID-19 pandemic.

Performance Management

58. We continue to follow ISSAI 1220, monitor the work of staff and provide feedback on an assignment basis. In addition, we provide formal feedback annually in keeping with GOM's performance management practices.

Teambuilding Efforts

59. Team building activities has many benefits which provide a way to motivate staff, to enhance communication among staff and to improve morale and productivity of employees. As in previous years, we joined the rest of the public service in celebrating Workers Appreciation Day. All members of the OAG's staff participated in a luncheon on this occasion.
60. Our Annual Christmas Dinner was held at the Vue Pointe Hotel on 17 December, 2019 using club dues. As part of this event, a secret gift exchange was done.

Workforce Performance

Tabled Reports

61. As mandated by the Montserrat Constitution 2010, the Auditor General shall audit and report to the Legislative Assembly on the performance of public offices, government administrations and public corporations or other bodies or organisations established by an Act of the Legislature. During the reporting period, the following reviews were completed and tabled in the Legislative Assembly.

Exhibit 1 – Reports tabled as at 31 March 2020

Report Name/Agency	Financial Year/Summary	Date Tabled
IT Audits		
Information Security Study of Excotrack Cabinet Document Management Solution 2013 – 2016	The main objective was to assess and determine whether ExcoTrack is self-sufficient, secure and robust with adequate applications controls	15 May 2019
Post-Implementation Benefits Audit of Pension Calculator 2014 – 2017	The main objective was to determine whether the benefits of the calculator were achieved and streamlined the previous pension computation process	15 May 2019
Information Technology Audit of Automated System for Customs Data (ASYCUDA) 2010 – 2019	This audit focus on whether the implementation and maintenance of ASYCUDA met the Custom’s Division business goals and safeguards information-assets	17 December 2019
Information technology Audit of Montserrat Land Info Online Mapping Portal 2008 – 2017	The objective of this review was to determine whether this online mapping portal met the original project objectives and delivered the anticipated benefits	17 December 2019
Performance Audits		
The Roads and Bridges Project: Governance & Project Management 2015 – 2018	The audit sought to examine the level of governance of large capital projects and the quality of project management	17 December 2019
Geothermal Energy Development Project: Governance & Project Management 2012 – 2018	The audit sought to examine the level of governance of large capital projects and the quality of project management	17 December 2019
Environmental Audit		
Coastal Degradation – Gunn Hill Lessons Learned Report 2019	The objective of this review was to determine whether the removal of Gunn Hill had any significant	29 July 2019

	impact on coastal areas or infrastructure	
Financial Audits		
Montserrat Info-Communications Authority for the Financial Year Ending 2016	2015 – 2016	25 April 2019
Montserrat Info-Communications Authority for the Financial Year Ending 2017	2016 – 2017	25 February 2020
Montserrat Land Development Authority – Government of Montserrat Housing Stock for the Financial Years Ended March 31, 2013, 2014, 2015, 2016	2013 – 2016	25 February 2020
Special Report		
OAG Integrated Annual Report for Fiscal Year Ending 31 March 2019	This report provided an overview of the OAG’s operations and performance over the reporting period.	29 July 2019

Financial Audit

62. Financial Audits are carried out with the objectives of determining (a) whether public monies are expended as authorised by Parliament and/or persons charged with governance directives; (b) that monies are properly accounted for; and (c) that the financial statements are fairly presented in accordance with GOM’s regulatory regime and acceptable financial reporting frameworks.

Audit of Public Accounts

63. I am happy to report that we completed the audit of the Public Accounts for fiscal year 2018-19. Work on the Public Accounts was completed as follows:

Exhibit 2 - Current and Prior Year Audits: Public Accounts

Fiscal year	Submitted to MOF for onward transmission to Legislative Assembly	Opinion Issued	Tabled in Legislative Assembly
2017-18	15 April 2019	Qualified	15 May 2019

2018-19	20 July 2020	Qualified	28 July 2020
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64. The Public Accounts are made up of thirteen statements portraying different elements of the accounts as mandated by the Public (Finance Management and Accountability) Act, 2008 and two statements prepared under the IPSAS Cash basis of Accounting. These statements represent the accounts of forty-two central government Ministries and Departments.

Statutory Agencies

65. During the reporting period, work was conducted on the audits of statutory agencies' accounts as follows:

Exhibit 3 - Prior and Current Year Audits: Statutory Agencies

Statutory Agency	Financial Year	Status
Montserrat Land Development Authority (Housing)	2016 – 2018	Procurement process in progress (outsourcing to private audit firm)
Montserrat Land Development Authority (Corporate)	2016 – 2017	Audit in progress
Montserrat Arts Council	2014 – 2016	Audit completed and awaiting adjustments
Montserrat Info-Communications Authority	2017 – 2019	Audit completed and awaiting tabling
Montserrat Philatelic Bureau	2011 – 2013	Audit completed and awaiting sign off

Private Financial Audits

66. These audits relate to entities that, though not strictly public sector, have specifically requested us to audit their accounts. At the end of the fiscal year, the status of these audits was as follows:

Exhibit 4 - Prior and current year audits: Other Financial Audits

Agency	Financial Year	Status
Montserrat Girl Guides Association	2015 – 2018	Audit completed
Basic Needs Trust Fund	2016 – 2018	Audit completed and awaiting final adjustments
St Augustine Primary School	2011 – 2013	Audit completed and awaiting final accounts
Montserrat Community College	2013 – 2015	Audit completed and awaiting final adjustments

Performance Audit

67. Performance auditing is a systematic and objective examination of public sector activities and organisations in order to assess the extent to which public sector entities utilise their resources in an economic, efficient and effective manner. Its primary objective is to provide Parliament with independent assurance about the economy, efficiency and effectiveness of public sector related activities. Another objective is to assist audited entities in improving their performance and achieving greater value for money from the use of resources.
68. At the end of the fiscal year, the following audits were in progress as described in the table below.

Exhibit 5 - Performance Audits completed or in progress as at 31 March 2020

Report Name	Summary	Comments
Montserrat Social Security Fund	This audit focused on (i) the internal organisation of the geothermal unit and related stakeholders (ii) GOM's policy framework (iii) the quality of project outcomes and post implementation services to the public.	Audit completed
Government of Montserrat's Strategic Planning and Budgeting Processes	This audit examined planning and budgeting across the public service	Exit discussion pending
Government of Montserrat's Use of Capital Assets: Police Launch and Vehicles	This audit will examine departments' records, efficiency and effectiveness in the use of the launch and vehicles	Exit discussion pending
Office of the Deputy Governor and Related Departments	This study was requested by the former DFID and sought to examine risks to value for money within the ODG, including (i) the level of governance, (ii) the quality of the processes of planning and budgeting, (iii) the use of people and assets, and (iv) overall performance.	Audit at the reporting stage

Special Audit/Investigation

69. As part of our Annual Audit Work Plan, we performed a combined information security and financial audit of the Montserrat Ferry Service during the reporting period. From an Information Security aspect, the audit sought to determine whether (a) there are adequate physical environmental, and application controls in place and (b) provisions were made by the GOM to ensure continuance of the Montserrat Ferry Service application. At the end of this fiscal year, the audit was being finalised.

IT Audits

70. IT Audits encompass review and evaluation of automated information processing systems, related non-automated processes and the interfaces among them. The statuses of this audit type at the end of the fiscal year are highlighted below.

Exhibit 6 - IT Audits completed or in progress as at 31 March 2020

Report Name	Summary	Comments
Overseas Territories Regional Criminal Intelligence System	This review sought to determine whether the OTRCIS is properly secured against unauthorised access and modification of information.	Audit completed
Caribbean Tourism Organisation Management Information System for Tourism	This review sought to determine whether the implementation of the CTO-MIST met the Statistics Department's work objectives and delivered the anticipated benefits.	Audit In progress
Judicial Enforcement Management System	This audit sought to establish whether JEMS enabled the Montserrat branches of the Supreme and Magisterial Courts to meet their mandates and business goals through measures and controls in the areas of IT Governance, IT Operations, Business Continuity and Disaster Recovery, Information Security, and Application Controls.	Audit in progress

Compliance Audits

71. Compliance audits focus primarily on determining whether organisations are complying with laws, regulations and policies of the organisations. The results of these audits are communicated to management so that steps could be taken to address any deficiencies.

Synopses of these reports are usually included in the Report of the Auditor General on the Audit of the Public Accounts. The Unit completed work in the following areas:

Exhibit 7 – Compliance Audits completed or in progress as at 31 March 2020

Ministry/Department	Subject Area	Audit Conclusion	Status at 31 March 2020
Montserrat Postal Services	Revenue Collection (April 2018 – October 2019)	Unmodified Conclusion	Audit completed
Physical Planning Unit	Development Plan Procedures	-	Audit in progress
John A Osborne Airport	Revenue Collection – Airport Security Charge (April 2018 – February 2020)	-	Audit in progress
Montserrat Customs and Revenue Services	Arrears of Revenue as at March 2019	-	Audit in progress

Environmental Audits

72. Environmental audits are reviews of the public sector operations and processes to determine whether they are in compliance with GOM environmental regulations and agreed regional and international accords. During the period, no Environmental Audit was conducted.

Reports Reviewed by PAC

73. We are happy to report that the Public Accounts Committee (PAC) has been active for the first half of the reporting period. The second Public Inquiry session on the Purpose Built House for Alfred “Murphy” Edwards was held on 24 April 2019. At the end of the fiscal year, Reports of the Auditor General on the Public Accounts and a number of Tabled Audit Reports were awaiting review by PAC. The Audit Report on the Public Accounts 2018-19 was tabled on 28 July, 2020 in the Legislative Assembly.

Social Impact of Work

74. Accounting Officers are taking some of our recommendations in hand and are implementing them but, more often than not, there are significant delays before implementation. However, despite delayed implementation, they lead to improvements in the services offered to the public.

75. Our audit stakeholder engagement strategy has been effective. We are encouraged by the discussions in the news and/or social media on our audit reports as these draw the issues into the public domain, thereby causing public servants to pay more attention to the services being offered to citizens and within the service itself.

OAG Work Programme 2020-21

76. Our preliminary work plan is at Appendix 3. Strategically, we will continue to focus on achieving the following:

- Establishing the independent Montserrat National Audit Office that facilitates accountability and transparency.
- Delivering value to citizens through (a) improved recommendations to Accounting Officers; (b) improvement in staff capability and skills; and (c) development of policies, procedures and guidelines that facilitate quality work and meet international audit standards/guidelines.
- Conducting a review to assess compliance with international audit standards and overall effectiveness of our operations.

77. Our strategies are linked to the Montserrat Constitution Order 2010 and Goal 4.1 “Strengthened transparency, accountability and public engagement within the National Government Framework” of GOM’s Policy Agenda 2019-2022.

78. To this end, we will continue to participate in training courses and workshops facilitated by various training agencies whether they be on island, regionally or internationally, once appropriate funding is available.

Overall Conclusion

79. We were not able to achieve our strategic objective of gaining independence of our offices during the fiscal year. The final leg of this objective is beyond our control as it falls within the ambit of other agencies. As international best practice requires an independent Audit Office, we will continue to draw this to the attention of the relevant authorities.

80. We made significant strides toward strengthening the accountability and transparency of public service delivery through capacity building and conducting more special audits. Our capacity building efforts and attendance at regional and international workshops

provide a synopsis of the areas pursued during the fiscal year. We aim to participate in similar up-skilling activities throughout the 2020-21 fiscal year.

Acknowledgements

81. I must express our thanks to the staff of the Treasury Department, all Accounting Officers and the staff of their Ministries/Departments, the staff of Statutory Agencies and other organizations, for any assistance given to my staff during the performance of the various audit assignments. We look forward to your continued support.
82. As we strive to improve the services we offer, capacity development and institutional strengthening are among our highest priorities. Special thanks is extended to the GOM, its Learning and Development Unit, DFID, FCO, UK NAO, CPA UK, IDI, CAROSAI, and SAI Jamaica for their contributions toward the expansion of our knowledge and skills.
83. Finally, I applaud the staff of the OAG for their hard work, commitment and invaluable contribution despite some challenges. As they are responsible for conducting and providing their assessments of the findings and making practicable recommendations, it would not be possible to provide this report without their continuous efforts. Again, thank you.



Florence A Lee
Auditor-General
Office of the Auditor General
5 January 2021

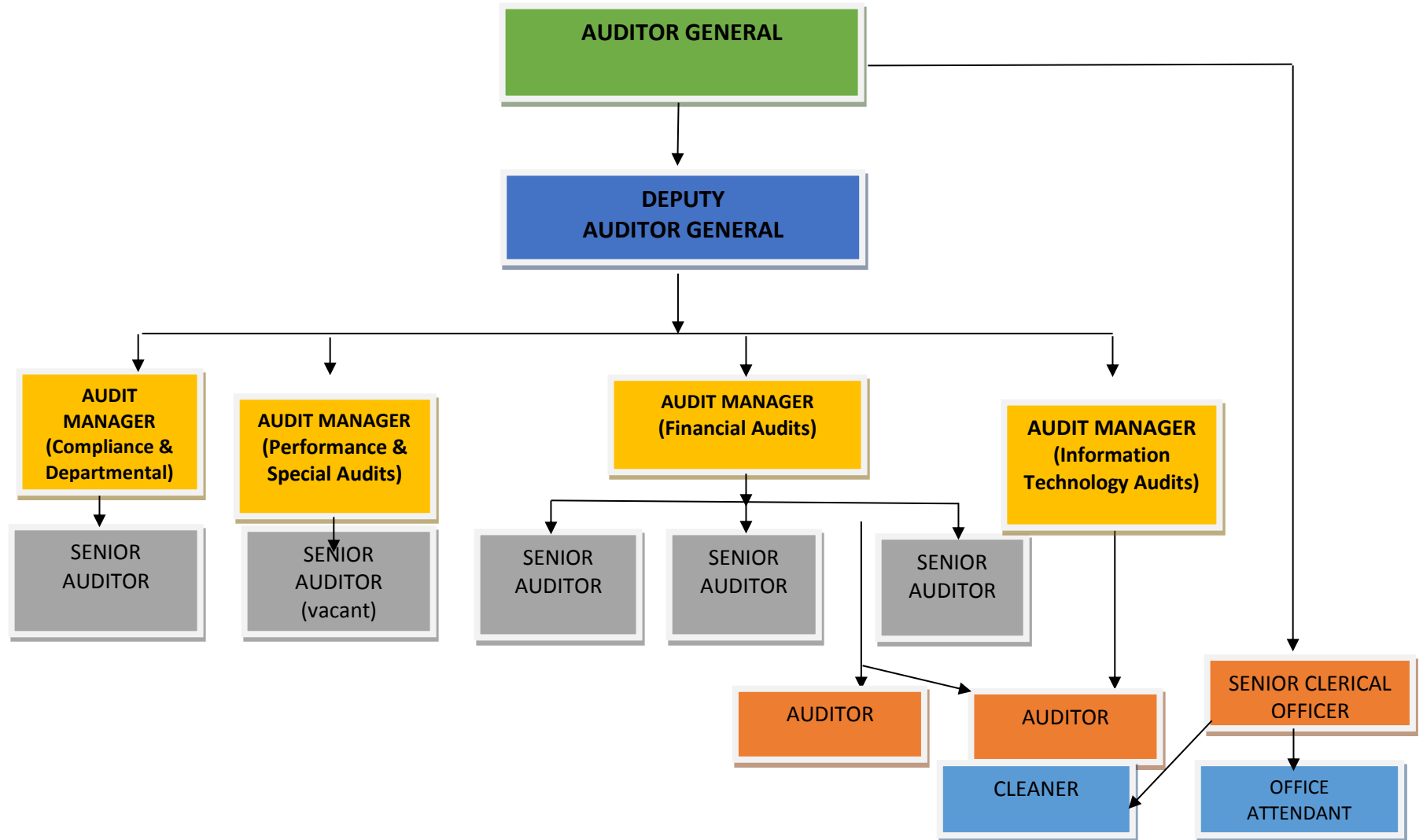
Appendix 1

Annual Abstract of Recurrent Revenue and Expenditure

Revenue							
Head	Details	Approved Estimate	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Revenue	Variance
13005	Audit Fees	25,000			25,000	28,500	3,500
Expenditure							
Head	Details	Approved Estimate	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Expenditure	Variance
210	Personal Emoluments	740,200			740,200	710,551	29,649
212	Wages	11,000			11,000	10,920	80
216	Allowances	175,200			175,200	124,241	50,959
Total Compensation to Employees		926,400			926,400	845,712	80,688
218	Pension & Gratuities	42,200			42,200	24,615	17,585
Total Social Benefits		42,200			42,200	24,615	17,585
220	Local Travel	6,000			6,000	3,926	2,074
222	International Travel and Subsistence	12,000	3,500		15,500	15,003	497
224	Utilities	30,000	(3,700)		26,300	19,378	6,922
226	Communication Expenses	7,500			7,500	4,784	2,716
228	Supplies & Materials	7,000			7,000	6,692	308
229	Purchase of Equipment	10,000	15,000		25,000	14,742	10,258
232	Maintenance Services	4,700			4,700	3,876	824
234	Rental of Assets	60,000	2,100		62,100	62,040	60
236	Professional Services & Fees	100,000	(30,000)		70,000	19,744	50,256
242	Training	20,000	11,500		31,500	31,279	221
Total Goods & Services		257,200	(1,600)		255,600	181,464	74,136
260	Grants & Contributions	3,400	1,600		5,000	4,314	686
Total Grants & Contributions		3,400	1,600		5,000	4,314	686
275	Sundry Expenses	3,000			3,000	2,671	329
Total Sundry Expenses		3,000			3,000	2,671	329
Total Recurrent Expenses		1,232,200	0		1,232,200	1,058,775	173,425

Appendix 2

OAG Organisational Structure



Appendix 3

OFFICE OF THE AUDITOR GENERAL

ANNUAL AUDIT WORK PLAN FOR 1 APRIL 2020 – 31 MARCH 2021

1. Audit of Public Accounts

As per Section 17(2) of the Public Finance (Management and Administration) Act 2008 we are mandated to audit the following thirteen (13) Statements.

- (a) a statement of assets and liabilities;
- (b) an annual abstract of revenue and expenditure by heads; **This is for fourteen (14) entities with forty-two (42) sub-departments.**
- (c) a comparative statement of actual and estimated revenue by sub-heads;
- (d) a comparative statement of actual and estimated expenditure by sub-heads;
- (e) a statement of balances on advance accounts analyzed under the various categories set out in section 30;
- (f) a statement of balances on deposit accounts;
- (g) a statement of outstanding loans made from the Consolidated Fund, by annual and aggregate receipts and payments;
- (h) a statement of public debt;
- (i) a statement of contingent liabilities;
- (j) a statement of investments showing the funds on behalf of which the investments were made;
- (k) a statement of arrears of revenue by sub-heads;
- (l) a statement of losses of cash and stores and of abandoned claims;
- (m) a statement of the Contingencies Fund Account;
- (n) other statements as the Legislative Council may from time to time require.

2. Other Financial Audits

Statutory Agencies (6)

- Montserrat Land Development Authority (Corporate & Housing Management)
- Montserrat Volcano Observatory
- Montserrat Community College
- Montserrat Arts Council
- The Info-Communication Authority
- Montserrat Philatelic Bureau

Private (4)

- Montserrat Civil Service Association
- Montserrat Girls Guide
- St Augustine School
- Basic Needs Trust Fund (BNTF).

3. Performance/Value for Money Audits

- Office of the Deputy Governor and Related Departments
- Montserrat Secondary School
- Montserrat Land Development Authority: Governance and Sustainability

4. IT Audits

- Collective Fleet Software
- CADAS Aeronautical Information and Messaging System

5. Compliance Audits

- Review of Ministries/Departments – Arrears of Revenue
- Review of three (3) Revenue Collection Points
- Review of Physical Planning Unit: Development Plan

6. Environmental Audits

- Compliance with regional/international accords – topic to be confirmed