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# **OAG INTEGRATED ANNUAL REPORT**

**FOR**

**FISCAL YEARS ENDING 31 MARCH 2022 & 2023**

OFFICE OF THE AUDITOR GENERAL  
MONTSERRAT

APRIL 2023

**OAG INTEGRATED ANNUAL REPORT  
2022 & 2023**

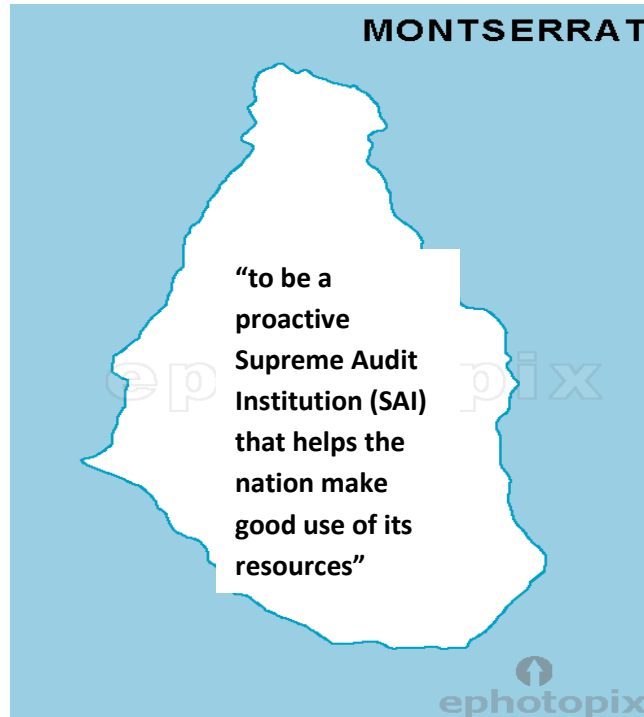
This is a Report by the Auditor General on the activities of her office during the period 1 April 2021 – 31 March 2023. The work of the office was conducted pursuant to Section 103 of the Montserrat Constitution Order 2010

Marsha V. E. Meade  
Auditor-General (Ag)  
Office of the Auditor General  
April 6, 2023

# 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
FCDO	-	Foreign & Commonwealth Development Office
GOM	-	Government of Montserrat
HRMU	-	Human Resources 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 2008
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 the central Government's 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 the Government, as determined by our audits, we seek to promote accountability, transparency and good governance in the management of public finances.

### 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 to assess the economy, the efficiency, and the effectiveness of governmental systems, operations, projects, programmes, and transactions. Performance audits also examine the quality of service to the public and the Government's progress towards the United Nations' Sustainable Development Goals and the global 2030 Agenda.
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 shared with our key stakeholders and mainly the Public Accounts Committee (PAC) and its input is sought for 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. Internally, the Audit Managers assisted the Auditor-General (Ag) in managing the office during the reporting periods.

## **Risk Assessment and Management**

6. The OAG manages risks to the achievement of both financial and operational objectives. The senior management team ensures that our risk register is kept under review and that there are appropriate management practices in place to mitigate the risks identified. We have identified our main risks and have grouped these under challenges. These risks are listed in the OAG's fiscal risk register. We endeavour to review the register semi-annually and amend it where necessary. It is important for risk assessment to be undertaken to assist us in achieving our objectives.

## **Objectives of this Report**

7. The OAG aims to add value to the lives of citizens by undertaking assignments that will hold the Government and Accounting Officers to account for the use of taxpayer's and funding agents' monies. We 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 with 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 periods April 2021 – March 2023.
8. We will draw your attention to progress on our strategic objectives, the challenges that we faced, the OAG's financial performance, size and composition of workforce, capital development, succession planning, organisational performance, reports reviewed by the PAC, social impact of our work, and then provide a synopsis of our plans for the 2021 – 2023 financial years.

## **Our Strategy**

9. The OAG's Key Strategies for the financial years 2022 and 2023 include the following:
  - Establishing the Montserrat National Audit Office (MNAO) to ensure an independent audit office that facilitates accountability and transparency.
  - Delivering value to citizens through improved recommendations to Accounting Officers; improvement in the staff's capability and skills; and 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.
- Performing requisite audits and report on the public accounts of Montserrat and of all public offices in accordance with the Montserrat Constitution 2010 and the Public Finance Act.
- Facilitating a Supreme Audit Institution Performance Measurement Framework Review to assess our internal compliance with international audit standards and overall effectiveness of our operations.
- Development opportunities optimised for our staff.
- Relocation of the Audit Office to new accommodation at the Financial Services Commission's new Building.
- Effective advocacy and stakeholder engagement.

10. The core activities of the OAG will continue to be the financial audits of the Government and its agencies; and performance audits reporting to the Legislative Assembly on the economy, the efficiency and the effectiveness of public spending. Holding the Government to account for its spending and for providing value for money in public services endures as our fundamental area of focus. During the reporting periods, the MNAO as an independent entity did not come to fruition as expected. Nevertheless, the National Audit Office Bill made its way to the Legislative Assembly, but it was withdrawn on two occasions.

11. 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 the Government and all 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.

12. We are also committed to providing evidence that our audit recommendations were being followed up to determine auditees' and stakeholders' progress made towards their implementation. Several Audit Recommendation Follow-Up Reports were completed and submitted to the Clerk of the Legislature for onward submission to the Public Accounts Committee. These reports are captured in the published Auditor General's Report on the Public Accounts and can be found on our website <http://oag.gov.ms> under Publications.

13. We will continue to strive to deliver a quality service to the Parliament and the entities that we audit where these key stakeholders can see the value that our work brings to improving financial management and the delivery of public services. Overall, we have had mixed results in accomplishing our strategic goals for the year.

## **Challenges faced during the reporting years**

### **Shortage of Staff**

14. During the years under review, 4 long-serving auditors demitted office, and, after extended periods of recruitment; 3 new auditors were appointed. We take this opportunity to say thank you to those who demitted office for their positive contributions and years of service to the Office and to welcome our new employees. The OAG has also been operating without a substantive Auditor General since May, 2021.

### **Untimely Feedback from Auditees**

15. We are dependent on our clients to provide us with information, documentation and responses to our queries to ensure that we provide a true and accurate opinion. We continue to experience delays or non-submission by some clients, which then deferred the finalisation of audit work undertaken. We have adopted several strategies to address these challenges, 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 the respective reports, inserting where relevant that we have taken the necessary steps to seek the required feedback from management, but, in some cases, received no comments.

### **Accommodation Issues**

16. For the years under review, we have faced a number of accommodation challenges to include long delays in effecting repairs to stop minor flooding and continued maintenance of air conditioners. We look forward to occupying the 3rd floor of the new Financial Services Commission Building located in Little Bay that is nearing completion.

### **COVID-19 Related Work Interruptions**

17. During the periods under review, we continued to operate as well as we could despite further lockdowns and some instance that members of our staff contracted the coronavirus or were otherwise required by public-health policies to quarantine. As the COVID-19 pandemic is still ongoing, there is a risk that it will spread to Montserrat, thus

forcing the OAG's staff to work from home again. We wish to thank the Ministry of Finance for providing the relevant tools and equipment that has enabled some staff to work from home to ensure completion of assignments.

## OAG's Financial Performance - fiscal years ending 31 March 2022 & 2023

18. The table below is an overview of the Audit Office's planned spending versus actual spending for the prior three fiscal years.

	<b>FY 2020/ 2021 audited</b>	<b>FY 2021/ 2022 audited</b>	<b>FY 2022/ 2023 unaudited</b>	<b>3-year TOTAL</b>
<b>Vote 11: OAG</b>	EC\$	EC\$	EC\$	EC\$
Approve Estimate	1,284,700	1,223,000	1,129,400	<b>3,637,100</b>
Actual Expenditure	1,197,712	1,190,999	1,092,058	<b>3,480,769</b>
<b>Overspent / (Underspent)</b>	<b>(86,988)</b>	<b>(32,001)</b>	<b>(37,342)</b>	<b>(156,331)</b>

19. Material expenditures continue to be compensation of employees and acquisition of goods and services utilizing 81% and 18% of the budget in 2021-22 and 78% and 20% in 2022-23, respectively.
20. When actual expenditure is compared with that allocated by the Legislative Assembly for fiscal years 2021-2022 and 2022-2023, we note an under-spend of \$32,001 and 37,342 respectively. This arose primarily because of key vacancies throughout the reporting period.
21. With respect to revenue collection, \$40,100 payment was received from clients who were billed for audit work over the past two years. In other cases, very slow responses to queries and requested adjustments presented to our clients, and non-submission of accounts for review prevented us from achieving more revenue.
22. Appendix 1 provides full details of our financial performance for the fiscal years ending 31 March 2022 and 2023. Human Resource Management and Development

## Size & Composition of Workforce

23. The OAG has an approved and funded staff complement of 16 post; 13 auditors and 3 administrative and support employees. In addition to the posts of Auditor General (vacant for two years) and Deputy Auditor General, there are posts for two Compliance Auditors, one IT Auditor, two Performance Auditors, and six Financial Auditors.
24. Our full staff complement can be viewed at Appendix 2.

## Capacity Development

25. 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 to provide value for citizens. One of our ongoing strategies is always to 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. When conducting these activities, we cross-train our staff; for example, auditors of a particular team undertake training in other audit disciplines. During the year, two auditors from the IT audit team completed the PESA Compliance Audit Course.

## Professional Development

26. During the reporting years, seven auditors were in pursuit of various professional development initiatives with financial support being provided by the Government of Montserrat. In 2022-2023, with special thanks to the INTOSAI and the INTOSAI Development Initiative (I.D.I.), six auditors were in the process of completing the world's first Professional Education for Supreme Audit Institution Auditors Pilot Programme (PESA-P) within the three offered streams: compliance audits, financial audits, and performance audits.

## GoM In-service Training

27. During the reporting period, 3 staff members attended various GoM in-service training activities to develop their knowledge and skills in SmartStream, asset management software, financial management and teamwork. We continue to actively participate in the GoM in-service training initiatives to gain a better appreciation of the various functions in the public service.

## In-house Training

28. We continue with our programme of on-the-job training, coaching and mentoring of the 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.
29. ***Creating a Dynamic Audit Organization Workshop.*** The intention of this workshop was to enhance the interpersonal skills in creating a dynamic audit function thus creating a culture that empowers and supports a professional class of superior Auditors. Throughout the training, peer evaluation was done, along with group presentations, role-playing, and feedback provided by the facilitator on whether the groups demonstrated an understanding of key elements of interpersonal skills and organisational culture.
- 
30. All employees at the OAG participated in this training initiative which was delivered by Mrs. Delmaude Ryan of Cassidy Strategic Business Services over two-half day sessions on November 24 & 25, 2021.

## Attendance at Regional /International Conferences/Meetings/Workshops

31. During both reporting years, auditors attended a number of virtual seminars.
- May 14, 2021 – Joint Meeting of Auditors-General, Budget Directors and Accountants General, Eastern Caribbean Central Bank
  - December 15, 2021 – IDI’s Global Summit on Enhancing SAI Audit Quality, INTOSAI Development Initiative
  - February 2, 2022 – ICAEW Professional Scepticism and Obtaining Assurance, UKOTs Project & UKNAO
  - March 16, 2022 – Statistical Sampling, UKOTs Project & UKNAO
  - June 16, 2022 – Promoting Independent External Audits on Credibility of Government Budgets: How SAIs Assess and Address Budget Credibility Confirmation, International Budget Partnership
  - July 22, 2022 – Audit of the Future, CAROSAI & IDI

- August 31, 2022 – Working on Digital Financial Audit, UKOTs Project & UKNAO

32. **Canadian Audit and Accountability Foundation’s Course on Root Cause Analysis.** In 2021, two Senior Auditors, Mrs Tracy Layne and Miss Kimmora Ward attended this virtual workshop over a 3-day period; this was sponsored by the Caribbean Organisation for Supreme Audit Institutions (CAROSAI). The aims of the training were (a) to share why auditors should undertake root-cause analysis and the value of this analysis in all phases of public sector performance auditing, (b) to identify the main categories of root causes (c) to be aware of, and how to mitigate, cognitive biases when analysing root causes, and (d) to apply several techniques to determine root causes, and (e) to formulate good audit recommendations that address root causes. 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.
33. **SAI and Public Financial Management – A Foresight Exercise Workshop.** Miss Marsha Meade, Acting Auditor-General, joined other participants from across the World at the first SAI Leadership Masterclass at the captioned workshop, which was facilitated by INTOSAI Development Initiative from September 26-28, 2022, in Rabat, Morocco.



34. The goal of the foresight exercise workshop was to scan future trends concerning public financial management, to enable SAI leaders to prepare their institutions to confront the emerging risks, and to identify the opportunities to secure relevance and impact. Public Financial Management (PFM) is changing rapidly: the nature and size of public expenditure, the service-delivery methods, the accounting and control system, the

reporting channels, among others, are all in reform and transformation. Following INTOSAI -P 12, the SAIs, being major stakeholders in PFM, shall be aware of this transformation, look ahead and anticipate future trends. SAIs shall design proactive steps to address the future risks and to take advantage of emerging opportunities.

35. ***ECCB Joint Meeting of Auditors-General, Budget Directors and Accountants General.***

On October 6, 2022, Miss Marsha Meade also attended this virtual meeting, and was specially invited to deliver a presentation on the “Collaboration Between the Audit Offices and the Public Accounts Committee.” Two other presenters delivered on the topics: “Overview of Economic Developments” and “Automation: How it affects the Functioning of Government in Relation to Budgeting, the Accountant General, and Auditors General Offices.” From Montserrat, Mrs. Judith Baker, the Clerk of the Legislative Assembly, and the Honourable Claude Hogan, MP, representing the Public Accounts Committee shared their experiences in the work of the Public Accounts Committee.

36. The intention was to provide support to SAIs in understanding and developing their work with the Public Accounts Committee. Montserrat was the only Member State with an active PAC for a number of years until recently when Dominica revitalised its Public Accounts Committee.

37. ***Public Health Systems Report Review Meeting.*** During November 15-17, 2022, Mrs. Urica Cassell and Mr. Brent Shuffler, Audit Managers within the OAG represented Montserrat at the review meeting in Tunisia, joining colleagues from many countries.



38. The IDI has provided professional education, social learning opportunities and audit support to the SAI teams conducting this important audit. Participating regions include

the Caribbean, Latin America, Central Asia, Northern Africa, Pacific, and the Middle East. The goal of this global meeting was to share experiences and insights obtained on the 2-year journey of training for, and then performing, audits of national implementation of Sustainable Development Goals, and, in particular, to offer support to our SAI in reviewing our draft audit-report on Auditing of Strong and Resilient National Public Health Systems.

39. ***UK Overseas Territories Project Forum.***

CPA UK, in partnership with the UK National Audit Office (NAO), and the UK Government Internal Audit Agency (GIAA), continues to provide support to the UK Overseas Territories in strengthening the oversight of



public finances. Representing Montserrat, Miss Marsha Meade, Acting Auditor-General attended the fifth Multilateral Forum from November 29 to December 1, 2022, along with the Chairman and another Member of the Public Accounts Committee, the Clerk of the Legislative Assembly, and the Chief Internal Auditor.

40. The Forum explored how the Overseas Territories can continue to develop and to strengthen their ability to scrutinise public finances, and enhance good governance practices. The Acting Auditor General was invited to participate in a Panel Discussion at the above captioned Forum in London.



The session explored how legislatures and the public can hold governments to account, using financial statements. The first case examined how the UK NAO carried out and reported its audit of the financial statements of the Department of Health and Social Care for the fiscal year 2020-2021. The audit-opinion on this entity's accounts was heavily qualified, partly because there were very substantial impairments. The second case-study drew on insights from Montserrat, where the Government's statements of the Public Accounts were also given a qualified audit-opinion. Miss Meade made a 10-minute presentation on "Using Accounts for Financial Scrutiny – the Montserrat Experience."



## Succession Planning

41. 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 ensure continuity.

## Performance Management

42. We continue to follow ISSAI 1220, which requires that we monitor the work of our staff and provide feedback on an assignment basis. In addition, we provide formal feedback annually in keeping with the GOM's performance-management practices. Our performance-assessments are generally completed on time and are sent to the HRMU for its necessary action.

## Teambuilding Efforts

43. Team building activities have many benefits, which provide a way to motivate the staff, to enhance communication among employees and to improve their morale and productivity. Members of the OAG's staff participated in various activities such as a staff retreat and in-house training sessions.
44. Our Annual Christmas Dinner was held at the Olveston House on December 15, 2022. As part of this event, a secret gift-exchange was done, and one member of the staff shared her talent in Poetry. The acting Auditor-General thanked all employees for their contribution throughout the productive year at the office of the Auditor General.

## Workforce Performance

### Tabled Reports for 2022 & 2023

45. As mandated by the Montserrat Constitution 2010, the Auditor General shall audit and report to the Legislative Assembly on the performance of public offices, governmental 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 during the fiscal years ending March 31, as at 2022 and 2023.

Exhibit 1 – Reports tabled as at 31 March 2022

<b>Report Name/Agency</b>	<b>Financial Year/Summary</b>	<b>Date Tabled</b>
<b>I.T. Audits</b>		
Information Security Audit of John A. Osborne Air Traffic Control Comsoft's Aeronautical Data Access System	The main objective was to assess and to determine whether CADAS is self-sufficient, secure and robust with adequate applications controls.	17 June 2021
Information Technology Audit of the Department of Trade and Quality Infrastructure – Electronic Fuel Price Calculator 2010-2019	This audit focused on whether the Calculator had proper application controls to ensure completeness, accuracy and consistency of petroleum product prices.	26 October 2021
<b>Performance Audits</b>		
The Montserrat St. Patrick's Festival: Efficiency and Effectiveness of its Management	The audit sought to examine the governance, the efficiency and the effectiveness of the management of the Festival.	28 September 2021
The Montserrat Secondary School: Governance, Effectiveness and Sustainability	The audit sought to examine the efficiency and effectiveness of management of the MSS.	26 October 2021
<b>Compliance Audit</b>		
The Government of Montserrat 2010 Agreement with the Delta Petroleum (Montserrat) Limited	The objective of this audit was to provide reasonable assurance that the GOM and delta duly executed the agreement between them	26 October 2021
<b>Financial Audits</b>		
Montserrat Land Development Authority – Government of Montserrat Housing Stock for the Financial Year Ended March 31, 2017	2016 – 2017	27 April 2021
St Augustine Primary School for the Financial Years Ended August 31, 2008, 2009, 2010, 2011, 2012, and 2013	2008 – 2013	17 June 2021

Montserrat Philatelic Bureau for the Financial Years Ended December 31, 2009 & March 31, 2011, 2012, and 2013	2009 – 2013	17 June 2021
Montserrat Land Development Authority – Government of Montserrat Housing Stock for the Financial Year Ended March 31, 2017	2016 – 2018	17 June 2021
Report of the Auditor General on the Audit of the Public Accounts of Montserrat, and Other Selected Activities for the Fiscal Year Ended March 31, 2020	2019 – 2020	27 July 2021
Montserrat Arts Council’s Financial Statements for the Years Ended December 31, 2015, 2016	2015 – 2016	30 November 2021
Montserrat Land Development Authority – Corporate Accounts for the Financial Year Ended March 31, 2017, 2018	2016 – 2018	30 November 2021
Montserrat Community College Financial Statements for the Year Ended March 31, 2013, 2014, 2015	2012 – 2015	22 February 2022
<b>Special Audit</b>		
The Government of Montserrat’s Initial Response to the COVID-19 Pandemic 2020	The objective of this review was to provide a broad overview of the Government’s initial response to the pandemic in relation to activities undertaken, committed income and costs	28 September 2021

Exhibit 2 – Reports tabled as at 31 March 2023

<b>Report Name/Agency</b>	<b>Financial Year/Summary</b>	<b>Date Tabled</b>
<b>I.T. Audits</b>		
Integrated Information Technology Asset Management Audit Report on the Ministry of Education Interactive Whiteboards in Schools	The main objective was to provide assurance that the procurement and management practices were in compliance with relevant regulations and that benefits were achieved	17 June 2022
Post Implementation Benefits Audit Report of the Department of Agriculture’s Fishcana – Fisheries Data Management System	The aim of this review was to determine if implementation of the Fishcana software met the objectives and delivered the anticipated benefits	26 October 2022
<b>Performance Audit</b>		
The Montserrat Land Development Authority: Governance, Quality of Service and Financial Sustainability	The audit examined the governance, efficiency and effectiveness of the management of the Authority	26 July 2022
<b>Financial Audits</b>		
Montserrat Land Development Authority – Government of Montserrat Housing Stock for the Financial Year Ended March 31, 2019, 2020	2018 – 2020	26 July 2022
Report of the Auditor General on the Audit of the Public Accounts of Montserrat, West Indies and Other Selected Activities for the Fiscal Year Ended March 31, 2021	2020 – 2021	26 July 2022
Montserrat Land Development Authority – Corporate Accounts for the Financial Year Ended March 31, 2019	2018 – 2019	26 July 2022
Basic Needs Trust Fund Annual Accounts for the Year Ended March 31, 2017, 2018	2016 – 2018	26 July 2022

<b>Special Audits</b>		
The Cuban Medical Brigade: Lessons-Learnt Report	The objective of this review was to provide a broad overview of the Government's initial response to the pandemic in relation to activities undertaken, committed income and costs	26 July 2022
The Government of Montserrat's Fiscal Stimulus Packages – Business Support	This audit sought to examine the adequacy of the systems processes and procedures in relation to development and execution of the stimulus packages and the effectiveness of the management and evaluation controls that were implemented	20 December 2022

## Financial Audits

46. 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 the Public Accounts

47. I am happy to report that we completed the audit of the Public Accounts for fiscal year 2020-2021. Work on the Public Accounts was completed as follows:

### Exhibit 3 - Prior and Current Year Audits: Public Accounts

<b>Fiscal year</b>	<b>Opinion Issued</b>	<b>Tabled in Legislative Assembly</b>
2019-2020	Qualified	27 July 2021
2020-2021	Qualified	26 July 2022
2021-2022	-	Audit in progress

48. The Public Accounts are made up of fourteen 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

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

Exhibit 4 - Prior and Current Year Audits: Statutory Agencies

<b>Statutory Agency</b>	<b>Financial Year</b>	<b>Status</b>
Montserrat Land Development Authority (Housing)	2021 – 2022	Audit in progress (outsourced)
Montserrat Land Development Authority (Corporate)	2019 – 2020	Audit in progress
Montserrat Volcano Observatory	2014 – 2015	Audit in progress
Montserrat Info-Communications Authority	2019 – 2020	Audit completed

### Private Financial Audits

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

Exhibit 5 – Prior and Current Year Audits: Other Financial Audits

<b>Agency</b>	<b>Financial Year</b>	<b>Status</b>
Montserrat Civil Service Association	2015 – 2016	Audit in progress
Montserrat Guides Association	2019 & 2020	Audit completed

### Performance Audits

51. 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.

52. At the end of the fiscal year, the following audits were in progress as described in the table below.

Exhibit 6 - Performance Audits completed or in progress as at 31 March 2023

<b>Report Name</b>	<b>Summary</b>	<b>Status</b>
The Inland Revenue Department: Governance, Efficiency, Effectiveness & Quality of Service	The audit examines whether the IRD is being efficient in its operations and effective in meeting its mandates	Audit in progress
The Government of Montserrat's Implementation of the United Nations' Sustainable Development Goal 3.D. Strong and Resilient Public Health Systems	This audit sought to examine the extent of the GOM's strengthening of the national health system's capacities to forecast, to prevent and to prepare for public health risks, building on emerging lessons learnt from recent public-health events.	Audit being finalised
Montserrat Government's UK Office: Governance, Efficiency, Effectiveness, and Sustainability	This audit will examine the governance, the efficiency, the effectiveness and the sustainability at the MGUKO	Audit preplanning completed

## I.T. Audits

53. I.T. 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 7 – I.T. Audits completed or in progress as at 31 March 2023

<b>Report Name</b>	<b>Summary</b>	<b>Status</b>
Integrated Telecommunications Management System	This review sought to determine whether the implementation of the iTMS met the Montserrat Info-Communications Agency's work objectives and delivered the anticipated benefits.	Audit completed

Statistical Package for Social Sciences	This review sought to determine whether the implementation of the SPSS met the Montserrat Statistics Department's work objectives and delivered the anticipated benefits.	Audit completed
OMNI Accounting and Cargo Management Software	This review sought to determine whether the implementation of the OMNI software met the Montserrat Port Authority's work objectives and delivered the anticipated benefits.	Audit being finalised

## Compliance Audits

54. Compliance audits focus primarily on determining whether organisations are complying with relevant laws, and regulations with the and policies of the organisations. The results of these audits are communicated to audited entities' 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 performed work in the following areas:

Exhibit 8 – Compliance Audits completed or in progress as at 31 March 2023

Ministry/Department	Subject Area	Audit Conclusion	Status
All Ministries & Departments	Revenue Collection (April 2021 – March 2022)	-	Audit completed
All Ministries & Departments	Arrears of Revenue (April 2021 – March 2022)	-	Audit being finalised
Ministry of Communication Works Labour and Energy	Remote Worker Stamp	-	Audit in progress

## Environmental Audits

55. Environmental audits are reviews of the public sector operations and processes to determine whether they comply with the GOM's environmental laws and regulations and with agreed regional and international accords. During the period, no Environmental Audit was conducted.



## Reports Reviewed by the Public Accounts Committee (PAC)

56. We are happy to report that the Public Accounts Committee (PAC) has been active for the reporting periods. The PAC's 3rd Public Inquiry session, focussing on the Social Security Fund, was held on July 14, 2021. It was well attended, engaged multiple stakeholders, and gained much public attention. The following year, the PAC's 4th Inquiry, which focussed on the Office of the Deputy Governor was held on July 28, 2022. 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 the PAC. The Audit Report on the Public Accounts for the fiscal year 2020-2021 was tabled on July 26, 2022, in the Legislative Assembly.

## Social Impact of Work

57. Accounting Officers are taking some of our recommendations in hand and are implementing them but, more often than not, there are significant delays before their implementation or providing responses to the OAG's request for information. However, despite delayed action, they lead to improvements in the services offered to the public.
58. Our audits' stakeholder-engagement strategy has been effective. We are encouraged by the discussions in the news and/or social media on our audit reports. 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 public service itself.

## The OAG's Work Programme for fiscal year 2023-24

59. Our preliminary work plan is at Appendix 3. Strategically, we will continue to focus on achieving the following:
- Performing requisite audits and report on the public accounts of Montserrat and of all public offices.
  - Establishing the independent Montserrat National Audit Office that facilitates greater 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 high-quality work and meet international audit standards/guidelines.

- Relocation of the Audit Office to new accommodation at the Financial Services Commission's newly constructed Office Building.
  - Effective advocacy and stakeholder engagement.
60. Our strategies were linked to the Montserrat Constitution Order 2010. They are also linked to Montserrat's Sustainable Development Plan and the Cabinet's Policy Agenda.
61. 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**

62. We were not able to achieve our strategic objective of gaining independence of our offices during the fiscal years. The final leg of this objective is beyond our control as it falls within the ambit of other agencies. As both Montserrat's Constitution and international best practice requires an independent National Audit Office, we will continue to draw this to the attention of the relevant authorities.
63. We made significant strides toward strengthening the accountability and transparency of public-service delivery through capacity building and by conducting more special audits. Our capacity building efforts and attendance at regional and international virtual and face-to-face workshops provide a synopsis of the areas pursued during the fiscal year. We aim to participate in similar up-skilling activities throughout the 2023-2024 fiscal year.

## **Acknowledgements**

64. 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.
65. As we strive to improve the services we offer, capacity development and institutional strengthening are among our highest priorities. Special thanks are extended to the GOM, the FCDO, the UK NAO, the CPA UK, the INTOSAI, the IDI, and the CAROSAI for their contributions toward the expansion of our knowledge and our skills.

66. Finally, I applaud the members of the staff of the OAG for their hard work, commitment and invaluable contribution despite some challenges. As they are responsible for conducting these audits and for providing their assessments of the findings and making practicable recommendations, it would not be possible to provide this report without their continuous efforts. Thank you.



Marsha V. E. Meade  
Auditor-General (Ag)  
Office of the Auditor General  
April 6, 2023

## Appendix 1

### Annual Abstract of Recurrent Revenue and Expenditure 2021-2022

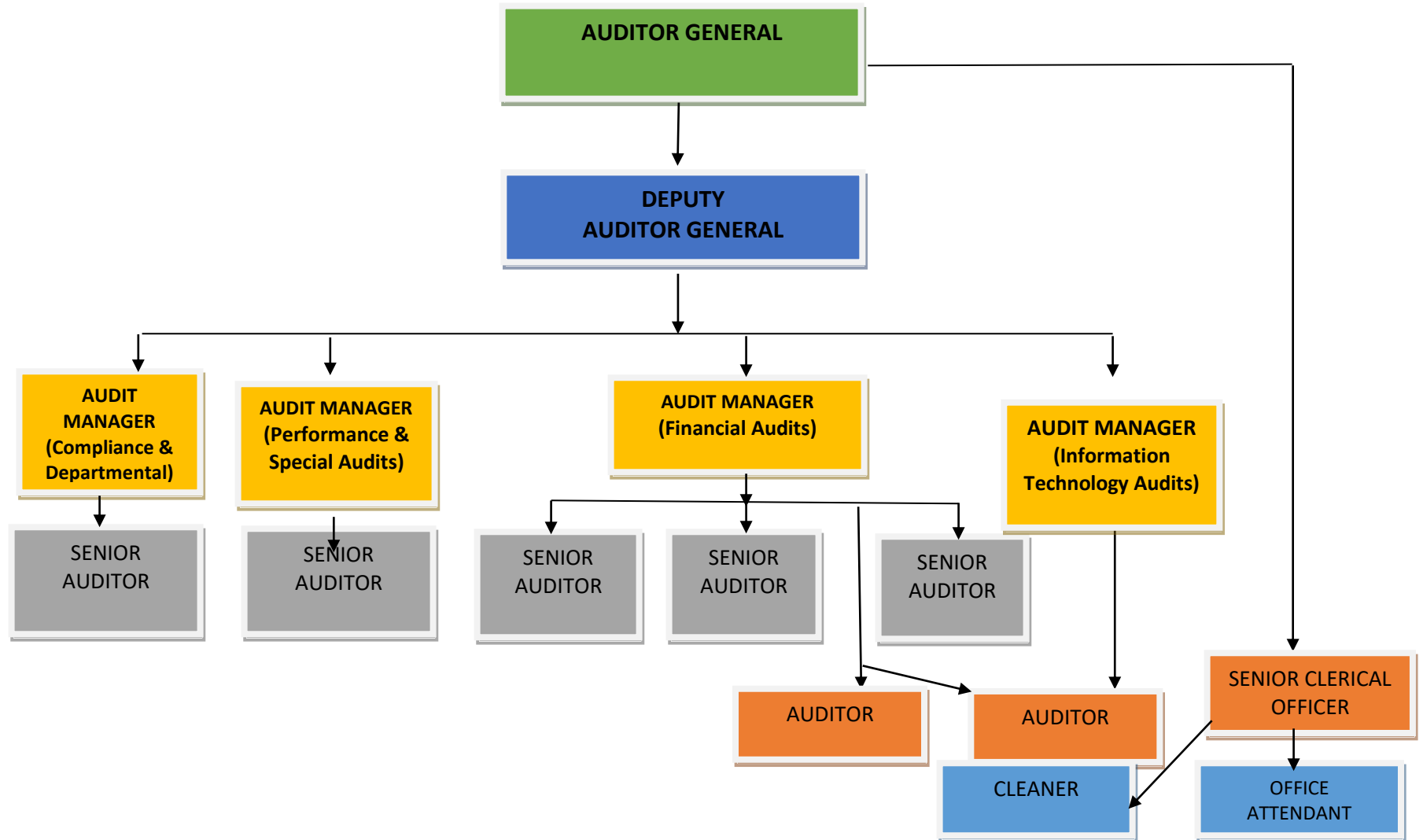
Revenue							
Head	Details	Approved Estimates	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Revenue	Variance
<b>13005</b>	<b>Audit Fees</b>	<b>30,000</b>			<b>30,000</b>	<b>28,700</b>	<b>1,300</b>
Expenditures							
Head	Details	Approved Estimate	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Expenditure	Variance
210	Personal Emoluments	788,800			788,800	772,682	16,118
212	Wages	18,000			18,000	18,000	0
216	Allowances	105,400	8,400		113,800	112,190	1,610
<b>Total Compensation to Employees</b>		<b>912,200</b>	<b>8,400</b>		<b>920,600</b>	<b>902,872</b>	<b>17,728</b>
218	Pension & Gratuities	66,100			66,100	64,520	1,581
<b>Total Social Benefits</b>		<b>66,100</b>			<b>66,100</b>	<b>64,520</b>	<b>1,581</b>
220	Local Travel	6,000			6,000	4,792	1,208
222	International Travel and Subsistence	4,200	(4,200)		0	0	0
224	Utilities	27,600			27,600	24,484	3,116
226	Communication Expenses	7,500	(1,000)		6,500	5,335	1,165
228	Supplies & Materials	5,900	1,000		6,900	6,892	8
229	Purchase of Equipment	10,000	3,500		13,500	13,400	100
232	Maintenance Services	4,700			4,700	3,841	858
234	Rental of Assets	80,400			80,400	80,040	360
236	Professional Services & Fees	70,600	1,900		72,500	72,465	35
242	Training	20,000	(9,600)		10,400	5,048	5,352
<b>Total Goods &amp; Services</b>		<b>236,900</b>	<b>(8,400)</b>		<b>228,500</b>	<b>216,298</b>	<b>12,202</b>
260	Grants & Contributions	4,800			4,800	4,309	491
<b>Total Grants &amp; Contributions</b>		<b>4,800</b>			<b>4,800</b>	<b>4,309</b>	<b>491</b>
275	Sundry Expenses	3,000			3,000	3,000	0
<b>Total Sundry Expenses</b>		<b>3,000</b>			<b>3,000</b>	<b>3,000</b>	<b>0</b>
<b>Total Recurrent Expenses</b>		<b>1,223,000</b>	<b>0</b>		<b>1,223,000</b>	<b>1,190,999</b>	<b>32,001</b>

Annual Abstract of Recurrent Revenue and Expenditure 2022-2023 (unaudited)

Revenue							
Head	Details	Approved Estimates	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Revenue	Variance
<b>13005</b>	<b>Audit Fees</b>	<b>60,000</b>			<b>60,000</b>	<b>11,400</b>	<b>48,600</b>
Expenditures							
Head	Details	Approved Estimate	Virement Warrants	Supplementary Estimates	Revised Estimate	Actual Expenditure	Variance
210	Personal Emoluments	773,200	(12,500)	(63,000)	697,700	681,798	15,902
212	Wages	18,000			18,000	18,000	0
216	Allowances	122,700	(5,000)	(11,000)	106,700	103,923	2,777
<b>Total Compensation to Employees</b>		<b>913,900</b>	<b>(17,500)</b>		<b>822,400</b>	<b>803,721</b>	<b>18,679</b>
218	Pension & Gratuities	43,700	11,500		55,200	54,250	950
<b>Total Social Benefits</b>		<b>43,700</b>	<b>11,500</b>		<b>55,200</b>	<b>54,250</b>	<b>950</b>
220	Local Travel	6,000			6,000	5,592	408
222	International Travel and Subsistence	4,200	500		4,700	648	4,052
224	Utilities	27,600	6,000		33,600	31,589	2,011
226	Communication Expenses	7,500			7,500	6,743	757
228	Supplies & Materials	7,000			7,000	6,997	3
229	Purchase of Equipment	10,000			10,000	6,323	3,677
232	Maintenance Services	4,700			4,700	3,838	862
234	Rental of Assets	80,400			80,400	80,040	360
236	Professional Services & Fees	70,600			70,600	65,989	4,611
242	Training	20,000	(500)		19,500	19,498	2
<b>Total Goods &amp; Services</b>		<b>238,000</b>	<b>6,000</b>		<b>244,000</b>	<b>227,257</b>	<b>74,136</b>
260	Grants & Contributions	4,800			4,800	4,182	618
<b>Total Grants &amp; Contributions</b>		<b>4,800</b>			<b>4,800</b>	<b>4,182</b>	<b>618</b>
275	Sundry Expenses	3,000			3,000	2,648	352
<b>Total Sundry Expenses</b>		<b>3,000</b>			<b>3,000</b>	<b>2,648</b>	<b>352</b>
<b>Total Recurrent Expenses</b>		<b>1,203,400</b>	<b>0</b>	<b>(74,000)</b>	<b>1,129,400</b>	<b>1,092,058</b>	<b>37,342</b>

## Appendix 2

### OAG Organisational Structure



## **Appendix 3**

### **OFFICE OF THE AUDITOR GENERAL**

#### **ANNUAL AUDIT WORK PLAN FOR 1 APRIL 2023 – 31 MARCH 2024**

##### **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 fourteen (14) 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 analysed 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
- Montserrat Info-Communication Authority
- Montserrat Philatelic Bureau

###### **Private (4)**

- Montserrat Civil Service Association
- Montserrat Guides Association

- St Augustine Primary School
- Basic Needs Trust Fund (BNTF).

### **3. Performance/Value for Money Audits**

- Montserrat Government U.K. Office
- Montserrat Utilities Limited: Financial Stability & Transition to Green Energy
- Government of Montserrat Pensions
- E-Government: The Shift to Online Services

### **4. Information Technology Audits**

- MCWLE - Air Traffic Control
- MUL – Integrated Utilities Management
- Disposal of ICT Equipment

### **5. Compliance Audits**

- Review of Ministries/Departments – Arrears of Revenue
- Review of three (3) Revenue Collection Points
- MOHSS - Solid Waste Management
- MOEYAS - Youth Program
- MOHSS - Management of Non-Communicable Diseases
- MCWLE - Traffic Division