

Supreme Audit Institution Performance
Measurement Framework Assessment
Office of the Auditor General
Montserrat
December, 2023



**SAI Performance Report of the Office of Auditor General Montserrat dated
December 2023**

INDEPENDENT REVIEW STATEMENT

The INTOSAI Development Initiative (IDI), as operational lead on SAI PMF, provides support to SAI PMF assessments where requested. Such support includes conducting independent reviews (IR) of draft assessment reports. A request for such an IR was received from the assessment team, upon the authorisation of the Head of the SAI on November 21, 2023.

This SAI Performance Report (SAI-PR) was prepared by the assessment team consisting of Miss Ashaya Brown (Team Leader), Miss Carolyn Weekes and Mrs Tracy Layne. The team leader and team members together are considered to have the appropriate skills and experience to produce a high-quality assessment.

In compliance with recommended SAI PMF methodology, the Head of the Office of Auditor General, Montserrat Miss Marsha V. E. Meade received the draft report for review and official comment with the objective of ensuring that the report is factually correct. A quality control check of the draft SAI PMF report was also carried out by an Audit Manager who was not part of the assessment team.

The independent review arranged by IDI was carried out by Mr. Anas Abouelmikias, IDI independent reviewer. He had no involvement in preparing the SAI PR and is considered to have the appropriate knowledge and experience necessary for this task. The objective of this review was to ensure that the SAI PMF methodology had been adhered to, that the evidence in the SAI-PR was sufficient to justify the indicator scores and that the analysis was consistent with the evidence throughout the report. The review concluded that all objectives had been satisfactorily met in the final report received by IDI on December 15, 2023. In arriving at this conclusion, the independent reviewer has relied on the quality control processes of the assessment team and the quality assurance processes of the SAI to ensure that the facts on which the conclusions are based are reliable and accurate.

All significant matters raised during the independent review process have been addressed in this version of the SAI-PR.

Prepared by: Anas ABOUELMIKIAS

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Issued by IDI: Brighton Nyanga

A handwritten signature in black ink, appearing to read 'Brighton Nyanga', written over a horizontal line.

Date: 22 December 2023

AUDITOR GENERAL'S OVERVIEW

In line with its Mission Statement, the Office of the Auditor General (OAG) plays a critical role in strengthening financial management in the Public Sector. As such, the OAG is expected to promote transparency and accountability through good governance of its own affairs in an ethical manner in order to fulfil its mandate. Therefore, it is imperative that the OAG lead by example and be a model organisation.

In September 2022, the OAG requested to participate in the Supreme Audit Institution Performance Measurement Framework (SAI-PMF) model and methodology. The decision to undergo a SAI PMF assessment was made with the major objective being, to obtain an independent assessment of the current operations and audit practices of the OAG, against international standards, specifically the ISSAIs, and other established international good practices for public auditing.

The Supreme Audit Institutions Performance Management Framework (SAI PMF) is an INTOSAI (International Organisation of Supreme Audit Institutions) framework, developed by the INTOSAI Working Group on the Value and Benefits of the SAIs (WGVBS). It was implemented in partnership with INTOSAI bodies, which includes a number of SAIs that have piloted the framework during 2013-2015, and thus contributed to its development.

The SAI PMF is a tool for all SAIs to assess their own organisations. It provides a holistic overview of a SAI's performance in key areas such as its independence and mandate, internal governance, audit work, corporate functions, and engagement with stakeholders. The SAI PMF aims at supporting SAI's in their endeavours to reach the objectives of ISSAI 12 *"The value and Benefits of Supreme Audit Institutions-making a difference to the lives of citizens via accountability, transparency and being a model organisation"*.

While the independent assessment provided the OAG with the assurance that most areas of operations and audit practices are up to international standards, it has also highlighted a few key areas in our audit practices and operations that require improvement (Annex 1 details the scores for each indicator covered in the assessment).

This report summarises and presents the overall result of the assessment according to the strengths and opportunities for improvement identified in the independent external assessment report. The Office of the Auditor General will continue to maintain and improve its work processes, procedures and systems to the highest standards expected of a Supreme Audit Institution.

I wish to acknowledge and thank the INTOSAI-IDI, and the SAI PMF Assessment Team consisting of Miss Ashaya Brown (Team Leader), Miss Carolyn Weekes (Member) and Mrs Tracy Layne (Member), and other staff members who contributed to the successful completion of this assessment.



Marsha V. E. Meade
15 December 2023

ABBREVIATIONS

AAWP	Annual Audit Work Plan
AG	Auditor General
CA	Compliance Audit
CARICOM	Caribbean Community
CAROSAI	Caribbean Organisation of Supreme Audit Institutions
CARPHA	Caribbean Public Health Agency
CPAUK	Commonwealth Parliamentary Association UK
DITES	Department of Information Technology and E-Government Services
FA	Financial Audit
FAT	Financial Audit Team
FCDO	Foreign Commonwealth and Development Office
GoM	Government of Montserrat
HRMU	Human Resource Management Unit
IDI	The INTOSAI Development Initiative
iCAT	ISSAI Compliance Assessment Tool
IFRS	International Financial Reporting Standards
INTOSAI	The International Organisation of Supreme Audit Institutions
IT	Information Technology
IFPP	INTOSAI Framework of Professional Pronouncements
ISSAIs	International Standards of Supreme Audit Institutions
LA	Legislative Assembly
MCAP	Movement for Change and Prosperity
MNAO	Montserrat National Audit Office
MOFEM	Ministry of Finance and Economic Management
MSS	Montserrat Secondary School
MSSF	Montserrat Social Security Fund
NGO	Non-Government Organization
OAG	Office of the Auditor General
OECS	Organisation of Eastern Caribbean States
PA	Performance Audit
PAC	Public Accounts Committee

PAHO	Pan American Health Organization
PDAR	Performance and Development Annual Review
PESA-P	Professional Education for Supreme Auditors Pilot Programme
PFM	Public Finance Management
PFMAA	Public Financial (Management and Accountability) Act
PSC	Public Service Commission
SAI	Supreme Audit Institution
SAI PMF	Supreme Audit Institution Performance Management Framework
SDG	Sustainable Development Goals
SDP	Sustainable Development Plan
ToR	Terms of Reference
UK NAO	United Kingdom National Audit Office

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PREAMBLE

Vision Statement

To be a proactive Supreme Audit Institution that helps the nation to make good use of its resources.

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

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.

Assessment Methodology

SAI Montserrat's PMF assessment was objective and evidence-based. It gives an overview of the important areas of the OAG's performance and covers both its internal processes and outputs for the period of years 2019 to 2022. The assessment covered all domains and indicators in the SAI PMF methodology, with the exception of SAI 18, SAI 19, and SAI 20, which were not applicable to SAI Montserrat because it does not have jurisdictional functions. The assessment covered Financial Audits, Performance Audits, and Compliance Audits as well as the support services of the OAG.

The planning of SAI Montserrat PMF assessment commenced in November 2022, with concentrated guidance through webinars (in the form of case-studies scenarios) on the SAI PMF tools. The assessment fieldwork was conducted during the period February to July, 2023, at the OAG using the various methods of data collection. Three sample working paper files were randomly selected from each audit-type: Performance Audits, Compliance Audits, and Financial Audits. Based on the SAI PMF criteria, structured interviews were conducted with auditors of different levels within each audit unit; review of documents and data-analysis were also conducted. The samples of audit files were taken from the list of audits completed for the period of years 2019 to 2022.

For quality purposes, there were four levels of quality management. These included: [1] Quality control within the team, [2] The assigned quality controller within the SAI (a senior member of the SAI's staff and who is not a part of the assessment team) for a high-level review to confirm the accuracy of information gathered by the team, [3] The Head of the SAI for review of the team's findings and results, and [4] The IDI for an independent review.

Based on the evidence gathered and the documents reviewed, the assessment team examined the evidence and scored the indicators using the fixed criteria defined in the SAI PMF methodology. The team conducted a root-cause analysis of the SAI's indicator results, focusing on identifying the strengths and weaknesses that relate to the key performance-indicators. The results of this root-cause analysis form the basis for the Integrated Assessment Report.

The assessment team had never conducted any SAI PMF assessment prior to November, 2022. However, as part of the requirement to conduct this assessment, all team members attended the SAI PMF training course conducted by the IDI and obtained the necessary SAI PMF skills. There were also continued mentorship and guidance by the assigned colleagues from the INTOSAI throughout the assessment.

The documentation review included sources such as the Montserrat Constitution, audit files, published reports, the SAI's website, external documents, and other pertinent material. The scoring of the criteria was based on the assessment of these various types of evidence.

As a Government Department, SAI Montserrat encountered challenges with scoring Domain E (Human Resources and Training), which is not performed directly and entirely by and within the SAI, but is rather an external support service given by the Central Government's HRMU Department. Therefore, the respective policies, mandates and procedures were not readily available for scoring.

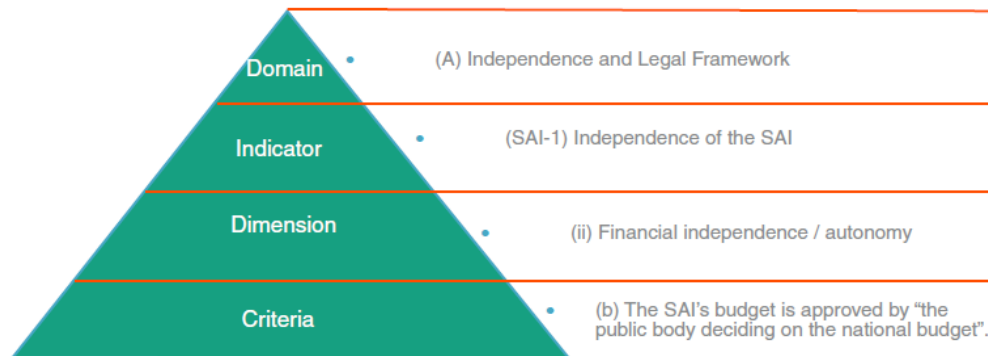
SAI PMF Scoring Methodology

The SAI PMF consists of 6 domains that assesses the SAI performance in key areas:

- A. Independence and Legal Framework
- B. Internal Governance and Ethics
- C. Audit Quality and Reporting
- D. Financial Management, Assets and Support Structures
- E. Human Resources and Training
- F. Communication and Stakeholder Management

Each of the domains contains a number of indicators, 25 in total. The indicators each consist of between two and four dimensions, which again may contain several criteria. An illustration of how the indicator system is built up is presented in Diagram 1 below.

Diagram 1. SAI PMF Terminology



“In many cases, the criteria are taken directly from the INTOSAI Framework of Professional Pronouncements (IFPP) or other international good practice. After each criterion is assessed against appropriate evidence and scored either met or not met, the score at the dimension and indicator level is aggregated using the conversion tables in the SAI PMF document”.

Indicators and dimensions are scored using a numerical scale from 0 to 4, where 0 is the lowest level, and 4 is the highest. Scores broadly correspond to the level of development in the area measured by the indicator. The SAI PMF does not provide an aggregated score at the domain level or for the sum of the SAI’s activities like some other tools do. The level of development and

hence the scores, may vary widely across the SAI's activities. The indicator score levels 0-4 reflect the level of development for the different activities as described below:

Score 0: The feature is not established or barely functions

There is no activity or function, or the particular feature only exists in name."

Score 1: The founding level

The feature exists, but is very basic. For example, an SAI is conducting performance audits, but these are so irregular that a systematic approach, and accumulated experience and knowledge have not been obtained, and this is reflected in the quality of the work."

Score 2: The development level

The feature exists and the SAI has begun developing and implementing relevant strategies and policies, but these are not complete and are not regularly implemented. For example, the SAI may have a strategic and development action plan, a human resource strategy and a communications strategy. However, if these are weak and/or only partially implemented, this will be reflected in the score."

Score 3: The established level

The feature is functioning broadly as expected under the ISSAIs (levels 1-3). Under Domain C, this would mean that compliance, financial and performance audit are all undertaken broadly following the principles in level 3 in the ISSAI framework. A large proportion of the financial statements received are subject to financial audit. Audit reports give a holistic view on the use of all public resources and on the performance of audited bodies. The majority of audit reports are published in a format that is appropriate for the intended audience."

Score 4: The managed level

The feature is functioning following the principles in the ISSAIs (levels 1-3) and the SAI implements the activities in a way that enables it to evaluate and continually improve its performance. For Domain C, compliance, financial and performance audits are all undertaken following the principles at level 3 in the ISSAI framework and are seen as adding value by audit clients. In addition, the SAI has undertaken an independent review of its audit practices, for

example using the ISSAI Compliance Assessment Tool (iCAT), confirming that the SAI's audit practices comply with level-4 ISSAIs.”

It is also important to point out that even with a top score, it should also be evident that the SAI is making efforts to maintain this level of performance. This could be described in the narrative and drawn into the performance analysis.

KEY FINDINGS AND OBSERVATIONS ON THE SAI'S PERFORMANCE AND IMPACT

Integrated Assessment of SAI Performance

This section includes the findings on the performance of the SAI as it relates to the core functions and the reasons for the SAI's results/output. For this section, the SAI PMF team conducted a root-cause analysis based on all aspects that influence the SAI's performance. The root-cause analysis was defined in six categories:

- audit coverage
- quality of audit reports and recommendations
- timeliness of audit submission and publication of audit reports
- SAI follow-up on audit results
- material issues related to the legal frame and independence of the SAI.

Audit Coverage:

The OAG performed well in the audit coverage of each audit discipline. The OAG is mandated to conduct Financial Audits of all governmental entities, the Public Accounts of Montserrat, all public offices, and any public corporations or other bodies, or organisations established by an Act of the Legislature, as set out in Section 103 (1) of the Constitution of Montserrat. Within the assessment period (2019 to 2022), SAI Montserrat received 15 financial statements. Of the 15 financial statements assessed under the SAI PMF review, all the financial statements submitted by auditees were audited, thereby achieving 100% of work completed. The financial statements that were not submitted to the OAG, and thus were not audited, are included in the Auditor General's Report on the Public Accounts. The report provides accountability for all auditees; for example, the ones that are up to date, and the ones that have audits in arrears, and for which years.

The OAG is empowered by the Constitution of Montserrat to conduct value-for-money audits. All the topics are selected at the strategic level, and then filtered down to the unit or operational level. The SAI ensures that stakeholders' expectations and emerging risks are factored into the Audit Plans as appropriate. In the planning process, the principle of materiality is applied, and the audit team considers key issues to be addressed and their level of importance. SAI Montserrat's mandate is very broad, and this allows the SAI to safely consider topics related to

any part of the public service, any part of the public sector, and any private entity that receives public funding or benefits.

SAI Montserrat is mandated by the Public Finance (Management and Accountability) Act 2008, to conduct Compliance Audits (CA). The CA team conducts mainly regulatory audits of the central Government Departments that collect revenue, as part of the annual Financial Audit of the Public Accounts. Selection is based on the amount of revenue collected, whereby the Departments that collect very large sums of revenue are prioritised. Compliance Audits of the other Departments are chosen randomly based on frequency; that is, every 1 - 3 years, whilst others might be audited in some aspect of compliance every 5 - 10 years. This is mainly due to human resource constraints, in the CA Unit.

Quality of Audit Reports and Recommendations:

The OAG produces good quality audit reports and recommendations in the Financial Audit discipline. The Financial Reports are written in a clear and objective way, and observations and findings are presented in a factual manner, easy to understand, free from vagueness and ambiguity, and complete. All audit observations and recommendations were clearly and concisely written, and were directed to the management of the audited entity. The uncorrected misstatements were evaluated for materiality, individually or in aggregate, to determine what effect they might have on the opinion to be given in the auditor's report. All findings submitted to the audited entity were addressed to management and those charged with governance through written forms of communication. Recommendations or observations were open to discussion by the entity.

In general, auditors engaged to audit the whole of Government financial statements (the Public Accounts) always ensure that they have obtained sufficient and appropriate audit evidence regarding the financial information of all components and the consolidation process to express an objective opinion. The auditors performed audit procedures to evaluate whether the audit evidence obtained was sufficient and appropriate to support the conclusions and opinions reached, assess whether any threats to objectivity and independence of the engagement team have been properly addressed, perform conclusions on analytical reviews, and evaluate whether all significant matters arising have been considered and actioned appropriately.

SAI Montserrat has been conducting Performance Audits over the years, however, the PA Unit was only established in November, 2016. The PA unit has made major impacts as a landmark that demonstrates its ability to have significant impact on audited entities and Montserrat at large. The PA reports are very comprehensive, reflect good practice, and comprises findings, recommendations and conclusions that are consistent with the principles of effectiveness, efficiency and economy, and assess value for money.

The SAI's Performance Audit Unit carries out its functions in line with developed national audit standards that are consistent with ISSAI 300 and the UK Overseas Territories Performance Audit manual. The use of all three approaches is evident in the audit reports. A Systems-oriented approach is used to define the auditees' governance, organizational structure and eco-system. In assessing operations and performance, a result-oriented approach was identified. There are instances where a problem-oriented approach was incorporated. The unit has a comprehensive electronic directory of folders for audits completed, for audits in progress, and for proposed audits.

The sample CA reports, were contextual and unbiased, and include information only from the supporting evidence obtained during the audit process, and based on the auditors' evaluations of considerations of materiality in the opinions/conclusions. Only the sole Special Audit Report contained audit findings, recommendations, Summary Conclusion, an audit opinion, and the auditee's Management Response. For the Revenue Collection audits, the findings and recommendations were recorded either in the Summary Conclusion and/or in Exit Meeting minutes, but omitted from the audit reports. It was noted that resolved findings during the audit were not included in the final audit report, once the identified finding(s) was resolved during, or before, the conclusion of the audit by the auditee. The IDI Compliance Audit Manual adopted by the SAI in 2015, is outdated, and is notably not being used by the Compliance auditors as a guide when conducting audits. The auditors still refer to the older versions of the compliance Audit authoritative ISSAIs 4100 and 400.

Timeliness of Audit Submission and Publication of Audit:

The Financial Audit Unit is guided by Section 42 (1) and (2) of the PMFAA, which obliges the Auditor General to submit to the Legislative Assembly an audit opinion and/or report on the audit of the annual public accounts within six months from receipt of the financial statements. There is an agreed timeframe of three (3) months for auditors to submit audit results. However, for statutory entities, these opinions and reports are submitted within six months from the receipt of the financial statements. A key recurring challenge is that financial audits cannot begin or satisfactorily end without the relevant co-operation, responses, and documents from clients.

Though there is an agreed timeframe of three months for auditors to submit audit results, most performance audit scope captures a 5 - 10 years period. The audit scope is a major determinant of the amount of time an audit may take to be completed and results issued. Nonetheless, the team aim for audits to be completed and submit audit results within 3 - 6 months. Also, there are external factors that may impact the timeliness of audit submission of audit results. These external factors include: auditees availability for interviews, and the time auditees take to respond to requests made by the audit team. Internal factors may include unforeseen circumstances within the audit team, such as illness.

There is an agreed timeframe of three (3) to months for auditors to submit audit results. However, in practice, the CA team is required to collectively conduct eight (8) audits covering these types: [a] Revenue Collection, [b] Audits of Arrears of Revenue, [c] Standalone Audits, and [d] Special audits, annually. The audit reports are usually issued to the auditees within three (3) to six (6) months of the audit commencement date.

The audit reports will give high impact to the stakeholders if the reports are submitted and published by the SAI in a timely manner. SAI Montserrat's audit reports are published within 15 days after the reports are tabled by the Legislative Assembly. The Financial Audit Unit is only required to publish the annual financial audit of the public accounts. There is no legal requirement for the publication of statutory entities, as these management letters and reports are of a sensitive, private, confidential and litigious nature. The findings of the regulatory revenue audits, and the synopses of the standalone audits, are published as part of the annual *Auditor General's Report of the Public Accounts of Montserrat*. All tabled audit reports are published on the OAG's webpage, and promoted on the SAI's Facebook social media page, with a link to the report.

Additionally, the Order Papers are published, sessions of the Legislative Assembly are public, and are aired live and also recorded by the Government Information Unit on its YouTube channel. Hence, all reports to/by, and discussions within the Legislative Assembly, are available to the public in real time as well as by recording.

SAI Follow- up of Audit Results:

As a small SAI, the OAG has a simple effective follow-up system on audit results. In general, the Deputy Auditor General has direct responsibility for the follow-up system on audit results. At least six (6) months after audit reports are completed and published, the Deputy Auditor General follows up with the auditees and request updates using the *Follow-Up on Past Recommendations Report* template. The template is usually sent via email to the Heads of Department to report on their progress and impact, if any, as well as comment on the reason(s) for not implementing recommendations and otherwise.

As it relates to Financial Audits, a similar follow-up system noted above is also undertaken for the findings and recommendations captured in the Auditor General's Report on the Public Accounts. The SAI's findings and recommendations related to statutory entities are not included in the Follow Up on Past Recommendations Report. The Deputy Auditor General uses the entities' current-year management letters as an internal follow-up system, to verify the status of the entities' prior-year findings and recommendations. Hence, any prior years' audit recommendation(s) that have not been resolved, remain on the Management Letters to auditees until resolved.

An update of the *Status of Audit Recommendations*, is reported annually in the Appendices of the reports on the Annual Financial Audits of the Public Accounts. Evaluating materiality to determine when a follow-up requires new additional investigations/audits, is not done for Compliance Audits; only for Financial Audits.

Material Issues Related to the Legal Framework and Independence of the SAI:

For over a decade, SAI Montserrat has been striving to establish an independent National Audit Office; however, to date, the necessary implementing Bill has not been passed by the Legislative Assembly. Historically, the SAI's Audit Act of 2002 was repealed circa year 2011, which was not replaced with another up-to-date law. By default, this is a legal constraint and therefore, there is no applicable legislation that provides the Head of SAI with legal immunity; however, having an Auditor General is supported fully by the Montserrat Constitution 2010, with provisos that enable the SAI to continue to carry out its functions as an independent National Audit Office. Additionally, Section 103, parts (1) to (4), empowers the Auditor-General to carry out his or her duties without interference from any other person or authority.

The Constitution of Montserrat has three levels of independence: financial, functional, and legal. However, SAI Montserrat is independent only functionally and legally (constitutionally). The Department remains heavily dependent: [1] on the Ministry of Finance and Economic Management (MOFEM) for required financing for both recurrent operational expenses and for any capital expenditure; [2] on the Human Resources Management Unit (HRMU) for the recruitment, compensation, appointment, promotion, and other conditions of employees, and [3] on the Department for Information Technology and E-Government Services (DITES) for I.T. infrastructure, hardware, software, data-storage and other IT-related supporting services.

This longstanding situation created and sustains multiple risks and vulnerabilities to the SAI, which remains unable to fulfil its complete mandate of independence under the Constitution Order of 2010. The HRMU's failure to start the recruitment process to fill the nearly 3 years vacant post of Auditor General is an example of this administrative and financial dependency. Additionally, while independence may be guaranteed by law, this is not always the case in practice. A common threat to SAI Montserrat's independence in practical terms (often referred to as "de facto independence") is the delay in the nomination or appointment of the Head of SAI Montserrat.

A truly independent SAI could easily remedy these types of functional matters by:[a] executing recruitment, appointments, transfers, and/or promotions promptly as vacancies arise, [b] by setting appropriate compensation-packages, and [c] by periodically reviewing and improving their competitiveness in the local and regional markets. These matters are not only administrative but also functional and affect performance, as prolonged vacancies, preventable

employee dissatisfaction, issues of under-compensation, terms and conditions of work, and maintenance of the workplace, individually and together affect the efficiency and effectiveness of audit-teams, turnover and retention, incentives and promotions, formation and norming of teams, employees' engagement, perceptions of stability versus uncertainty, levels of stress, and the nature and the direction of the SAI's organisational culture.

The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens

Strengthening the Accountability, Transparency and integrity of Government and Public Sector Entities

The responsibility of any SAI is to improve the reliability of the public sector through its audit reports. The various audit types, (Compliance, Financial, Information Technology, Environmental, Special, and Performance) are tools used by SAI's to enhance accountability for funds, operations, and performance/results, as well as compliance with laws, rules and regulations in the public sector. SAI Montserrat, being a credible oversight body has a greater role to play in building public trust, and confidence in the use of public resources, through its audit reports and recommendations. Notable audits conducted by the SAI, that resulted in either the implementation/in progress of recommendations include: [a] the annual Auditor General's Report on the Public Accounts of Montserrat, [b] the Joint I.T. and Compliance audit of the Agreement between GoM and Delta Petroleum (Montserrat) Ltd., [c] Absenteeism in the Montserrat Public Sector – Prevalence, Causes and Costs, [d] Performance Review of Montserrat Utilities Limited – Value for Money in the Delivery of Service to the Public, and [e] Montserrat Social Security Fund (MSSF).

It is the SAI's practice to see whether these recommendations are implemented. In our view, some of our recommendations are taken on board and are being implemented; but, more often than not, there are significant delays before their implementation, or in auditees' providing responses to the OAG's request for information. However, despite delayed action, they lead to improvements in the services offered to the public. The table below set out the status of the SAI's recommendations for the period of years 2019 to 2022.

Years	Fully Implemented	Partly Implemented	In progress	Not Implemented	No Response for implementation
2019	9%	-	58%	27%	6%
2020	23%	6%	18%	24%	29%
2021	19%	7%	41%	31%	2%
2022	14%	2%	71%	11%	2%

Column 6 demonstrates a massive improvement from 29% non-response to 2%. Even with the pre-pandemic baseline, there was a roughly 70% improvement in this one indicator. Likewise, in column 5, last year showed tremendous improvement, ranging from over 50% to 65%, from prior years. Overall, last year, we see that nearly 90% of audit-recommendations were implemented or are in progress.

Demonstrating Ongoing Relevance to Citizens, Parliaments and other Stakeholders

A SAI demonstrates ongoing relevance by being responsive to the expectations of different stakeholders, to challenges of citizens and emerging risks, and to the changing environment in which it operates. This involves considerations for stakeholders' expectations in the SAI's priorities and to be able to deliver value meeting or exceeding those (reasonable) expectations. Generally, delivering quality audit-reports on topical issues that provide a sound basis for informed decision-making is one of the priorities of the SAI Montserrat. Therefore, the core activities of the OAG will continue to be: [1] the financial audits of the Government and its agencies; and [2] performance audits reporting to the Legislative Assembly, and then to the public, 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.

The SAI is responsible to other bodies in Montserrat that deal with accountability, the most notable of them being the Public Accounts Committee (PAC). The PAC uses the SAI's reports to hold public inquiry sessions on areas of great public interest or concern (e.g., Social Security), any alleged cases of corruption or fraud. The wider community values these inquiry sessions as they are a direct channel to the SAI's audit reports. Certain reports issued by the SAI have had notable effect, in particular the audit of the Office of the Deputy Governor and related departments.

The SAI has also demonstrated its relevance to the citizens of Montserrat by being responsive to current issues. For example, the SAI carried out a Performance Audit of the Montserrat Social

Security Fund (MSSF) in years 2019 to 2020. This study highlighted that the fund is no longer sustainable, and revealed that the outflows to pay current pensioners already far exceed the total contributions, and investment income to the MSSF, resulting in losses that grow larger each month. The rapid depletion of the Fund's reserves threatened to exhaust the reserves in as little as 3 years, unless urgent policy-actions were taken. Following the publication of the actuary report and the audit-report, the Government indeed acted promptly to increase contribution-rates for the years 2022 to 2026, and curtailed the option of early pensions. The SAI is also developing its Compliance Audit capacity in order to provide citizens with more in-depth information about governmental compliance in different areas. Furthermore, through its audit recommendations, the SAI is also working towards strengthening internal control issues, governance, and progress towards achieving desired outcomes in various governmental Departments.

The SAI ensures that the most important issues are covered by its audits. Our audits' stakeholder engagement strategy has been effective, and the SAI is 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 aim of the SAI is to be an independent National Audit Office 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 individual Accounting Officers to account.

Being a Model Organization Through Leading by Example

SAI Montserrat aims to lead by example in promoting transparency and accountability through credible reporting of its performance. Thus, the SAI is in compliance with *ISSAI 20 – Principles of Transparency and Accountability*, and with Section 9 (5) of the *Public Finance (Management and Accountability) Act* (PFMAA) of 2008. The OAG's Integrated Annual Reports illustrates our achievements, progress and challenges: [a] the SAI's progress towards its strategic objectives, [b] the challenges that the SAI and its employees faced, [c] its financial performance, [d] the size and the composition of the SAI's workforce, [e] the SAI's strategic planning, requests for new funding, and capital development, [f] the SAI's succession planning, [g] the SAI's organisational performance, [h] a summary of the SAI's reports that have been reviewed by the PAC, [i] the social impact of our work, and [j] also provides a synopsis of our Department's plans for the upcoming financial years. In line with the GOM's whole-of-Government framework, the SAI uses a three-year timeframe for its rolling quarterly and annual budgets and for its strategic planning. In turn, performance reporting is done quarterly and annually to the MOFEM and the Monitoring and Evaluation Unit within the Office of the Premier.

In promoting transparency and accountability, the OAG's financial statements are audited in conjunction with all other governmental Departments' financial audits, as a part of the financial audit of the Annual Public Accounts. These and all other published/public reports of the SAI can be found on our website <http://oag.gov.ms> - under Publications.

Analysis of the SAI's Capacity Development Efforts and Prospects for Further Improvement

SAI Montserrat considers capacity development as the first step in the process to ensure continuity. Therefore, the SAI's strategic plan includes goals such as: [a] improvement in the staff's capability and skills; and [b] the development of policies, procedures and guidelines that facilitate quality work, and meet international audit standards/guidelines.

The SAI has placed significant emphasis on the training and the mentoring of its auditors. For example, this is seen in the SAI's completion and submissions of the GoM's Learning and Development Form (issued by the HRMU). In this document, the SAI outlines a number of professional initiatives that will be undertaken, such as *Professional Education for Supreme Audit Institution Auditors* (PESA-P), Quality Management (Quality Assurance Framework), and Inclusive Leadership. Some of these initiatives were undertaken during the SAI-PMF assessment period and others are still to be undertaken. Such long-term programmes are complemented by multiple short (mostly virtual) sessions per year, thanks to partnerships with CAROSAI, INTOSAI, IDI, and the UKNAO and the CPAUK.

The continuing support received from professional bodies, such as the IDI and the N.A.O. in the U.K. have assisted with enhancing the professional capacity of the SAI auditors. The audit manuals and the policies developed by these collegial partners and bodies are being used, and have substantially helped in improving the quality of the SAI's audits and the methodologies in use. The SAI continues with its 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, the SAI therefore views them as being very beneficial to expanding/upgrading employees' knowledge, experience, and skills, and the overall outputs, outcomes, and impact of the Audit Office. Additionally, two (2) new Financial Auditors were appointed in year 2023, and are currently participating in the *Professional Education for SAI Auditors* (PESA-P) offered by the INTOSAI.

Another of the SAI's future prospects is the hiring of a Quality Control Reviewer. This would ensure that we are operating in compliance with the INTOSAI's integrity guidelines, and allow senior management (Auditor General and Deputy Auditor General) more time to focus on strategic rather than operational matters and to ensuring that the O.A.G. meets all statutory deadlines for reporting, as per a review of the SAI's integrity controls in February, 2020, led by a team of auditors from SAI Mexico and from SAI Barbados.

Annex 1: Performance Indicator Summary

Indicator	Indicator Name	(1)	(2)	(3)	(4)	Overall Score
Domain A	SAI Independence and Legal Framework					
SAI-1	Independence of the SAI	3	1	3	2	2
SAI-2	Mandate of the SAI	3	4	4		4
Domain B	Internal Governance and Ethics					
SAI-3	Strategic Planning Cycle	4	1	3	3	3
SAI-4	Organisational Control Environment	3	4	3	4	3
SAI-5	Outsourced Audits	4	4	0		2
SAI-6	Leadership and Internal Communication	4	3			3
SAI-7	Overall Audit Planning	4	4			4
Domain C	Audit Quality and Reporting					
SAI-8	Audit Coverage	4	4	4	n/a	4
SAI-9	Financial Audit Standards and Quality Management	4	4	4		4
SAI-10	Financial Audit Process	4	2	3		3
SAI-11	Financial Audit Results		4	3		2
SAI-12	Performance Audit Standards and Quality Management	4	4	4		4
SAI-13	Performance Audit Process	3	3	4		3
SAI-14	Performance Audit Results	4	4	4		4
SAI-15	Compliance Audit Standards and Quality Management	4	4	4		4
SAI-16	Compliance Audit Process	3	2	2		2
SAI-17	Compliance Audit Results	2	4	3		3
SAI-18	Jurisdictional Control Standards and Quality Management					n/a
SAI-19	Jurisdictional Control Process					n/a
SAI-20	Results of Jurisdictional Controls					n/a
Domain D	Financial Management, Assets, and Support Services					
SAI-21	Financial Management, Assets, and Support Services	3	4	4		4
Domain E	Human Resources and Training					
SAI-22	Human Resource Management	0	0	0	0	0
SAI-23	Professional Development and Training	4	3	4	4	4
Domain F	Communication and Stakeholder Management					

SAI-24	Communication with the Legislature, Executive and Judiciary	4	4	4	n/a	4
SAI-25	Communication with the Media, the Citizens and Civil Society Organisations	3	4			3

Annex 2: Independent Review Report

Sections a) - d) below provide a summary of independent review findings under the four independent review objectives.

(a) Has the SAI PMF methodology been adhered to?

SAI PMF Process

- IR done by Anas Abouelmikias
- Process ok – ToR followed in all aspects,
- Internal quality control of facts confirmed,
- Assessment team has enough experience and knowledge of the SAI PMF methodology,
- the process of conducting the SAI PMF has followed the SAI PMF methodology.

SAI PMF Indicator Scoring

An assessment of the application of the SAI PMF methodology to the scoring of the dimensions and indicators is included in Annex 1.

- Scoring is expected to change for various indicators and dimensions.
- Inconsistencies in how scores are noted down between overview table and the table with evidence on some occasions.

Conclusion: The report presents information on the assessment of the key elements of OAG's performance, measured according to the indicators defined in the PMF. The assessment results highlight the progress, SAI's good practices and goals, as well as weaknesses and the need for improvement.

The team conducted a root-cause analysis of the SAI's indicator results, focusing on identifying the strengths and weaknesses that relate to the key performance-indicators. The results of this root-cause analysis form the basis for the integrated assessment Report.

Structure and Content of the SAI Performance Report

An assessment of the structure and content of the SAI-PR is included in Annex 2.

Conclusion:

- Structure of the report is fine,
- Actual information is consistent,

- Explain some acronyms and abbreviations like (CPAUK)

b) Is there sufficient evidence to justify the indicator scores?

An assessment of the sufficiency of evidence to justify the indicator scores is included in Annex 1.

Conclusion: The report includes sufficient evidence to justify the indicator scoring, incl. highlight of main issues that needs to be addressed.

c) Does the SAI-PR provide an analysis supported by the evidence, and identify inter-relations between the key findings?

Key findings from the analysis of the Observations on the SAI's Performance and Impact are included in Annex 2.

Conclusion: Very good integrated assessment of performance with root cause analysis. The report focusses on positive findings also on field of improvement with a depth analysis.