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AUDIT OFFICE

AUDIT IN FOCUS

A PUBLICATION OF THE OFFICE OF THE DIRECTOR OF AUDIT OF ST. VINCENT AND THE GRENADINES



Director's Mes-

It is indeed an honour to be afforded the opportunity to present this inaugural edition of Newsletter from the Office of the Director of Audit. The goal of this Newsletter is to disseminate information to our valued stakeholders and to increase awareness of the Audit Office. We are aware that effective engagement with stakeholders would facilitate better understanding of the Audit work and have impact on our audits. Accordingly, the Office shall endeavour to engage its stakeholders through the release of Newsletters in order to foster relationships.

The Office of the Director of Audit is the Supreme Audit Institution (SAI) of St. Vincent and the Grenadines. Prior to its establishment, as early as the 1930s, the authority for auditing the public accounts of St. Vincent; and the reporting framework, like the other Windward Islands (Dominica, Grenada and St. Lucia), had resided with the Colonial Audit Department in England.

The Colonial Audit Department was comprised of an Overseas Audit Service which was commanded by a Director General, and a Principal Auditor of the Windward Islands whose office was located in Grenada. The Principal Auditor was responsible for auditing the accounts of St. Vincent in accordance with Colonial Regulations and Instructions from the Colonial Audit Department. Instruction No. 39 of Colonial Audit Department mandated that the

required that two copies of the report be submitted to His Excellency for transmission to the Secretary of State and one copy be transmitted to the Administrator of St. Vincent, to enable it to be laid on the table of Legislative Council.

On the attainment of Statehood in 1969, the St. Vincent Constitution Order 1969 was enacted and established the Office of the Director of Audit as an independent public office. Its existence is affirmed by section 75 (1) of the St. Vincent and the Grenadines Constitution Order 1979, while section 75 (2) outlines the mandate of the Director of Audit. This mandate stipulates the need to provide assurance to Parliament, on the stewardship by Government in its management of public funds and resources of St. Vincent and the Grenadines. Therefore, the Office is responsible to audit the public accounts and report annually to Parliament.

In 2009, the new Audit Act 29/2005 was enacted. The enactment provided a broader mandate for the Office to conduct financial audits of Statutory Bodies, ensure that public entities use resources with due regards to economy, efficiency and effectiveness and apply international standards in our execution of audits. This necessitated additional resources and innovative ways of conducting our work.

Since the introduction of the Act, some of our responsive initiatives were the restructuring of the Office; provision of training in Financial and Performance Audits to two core groups of auditors, the adoption and implementation of International Organisation of Supreme Audit Institutions (INTOSAI) Standards, International Standards of Supreme Audit Institutions (ISSAIs) in our work, to achieve greater efficiency. The development of the Auditors in these areas of auditing affirms the Office's commitment to fulfil its mandate.

To further enhance our audit products, Follow-up Audit, which is the final component of the audit cycle and a requirement of the International Standards, was introduced in 2019. Follow-up Audit is critical to determine the adequacy, effectiveness and timeliness of actions taken by management to implement recommendations issued to correct reported deviations at the audited entities. It is worthy to note, that the implementation of audit recommendations helps management to improve

stakeholders assumes greater importance. Therefore, we believe that the introduction of the Office's Newsletter will assist in closing the communication gap between the Office and its stakeholders, as we strive to add value to the lives of citizens.

Stakeholders Engagement Initi-

This newsletter has been specifically created as part of a deliverable requirement of the INTOSAI Development Initiative (IDI) Workshop "SAI Engagement with Stakeholders", whose major objective is achieving greater audit impact through stakeholder's engagement.

Two (2) members of the Audit Office had the opportunity to participate in this workshop and have created this newsletter to inform our stakeholders about our audit services. Accordingly, the Director of Audit and



IDI SAI engagement with stakeholders

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About the Office of The Director of Audit

CORE VALUES

Our values guide us in achieving our vision and mission; guide our day-to-day actions, serve as a constant reminder of our commitments; are a statement of high standards we hold in conducting ourselves and our work; and the results we strive to achieve. The Office is guided by the principles of:

MISSION STATEMENT

Our mission is to serve the people of St. Vincent and the Grenadines by conducting independent audits and reporting on how government is managing its responsibilities and



VISION STATEMENT

Our vision is to be an independent, professional and respected Supreme Audit Institution conducting innovative and efficient audits to advance transparency and accountability in government operations.



Independence

We report directly to the House of Assembly and are non-partisan and objective in our approach. We adhere to our professional codes of ethics and independence authority, avoiding real and perceived conflicts in our relationships and the conduct of our work.

Integrity

We sustain public confidence by demonstrating honesty and confidentiality in the conduct of our responsibilities.

Professionalism

We understand the importance of our mandate and therefore strive to have respect for ourselves, co-workers and the organization we represent. We endeavor to conduct ourselves and duties with stakeholders in a manner that is free from reproach and disrepute.

Efficiency

Our policies and practices are aligned with our vision and values, and our processes are economical, efficient, and responsive. We are committed to continuously improving our processes and practices and to delivering products and services of the highest quality.

Transparency

We encourage open and honest communication to enable fair and clear public reporting on the Government's performance.

Office of the Director of Audit

The Office of the Director of Audit is an independent Office, therefore, it is not subject to the direction or control of any person or authority. The Director of Audit is appointed by the Governor General, acting in accordance with the advice of the Public Service Commission (PSC) in accordance with section 82 of the St. Vincent Constitution Order 1979.

The Director of Audit is the auditor of the accounts of the Government and is mandated to audit all public accounts and report to Parliament annually. These accounts are audited to ensure that all monies that have been appropriated by Parliament and disbursed, have been applied to the purposes to which they are so appropriated and that the expenditure conforms to the authority that governs it.

Section 75 of the Constitution and Part III of the Audit Act outline the



Staff with Financial Audit Facilitators from Cayman

Director which includes the audit of:

- The Public Accounts of St. Vincent and the Grenadines
- Statutory Bodies
- A Ministry, Department or Service to ascertain whether it has used its resources with economy, efficiency and effectiveness.

Audits are conducted in accordance with International Standards of Supreme Audit Institutions. (ISSAIs).

Types of Audit

The types of audit carried out by the Director of Audit are:

1. Compliance Audit

Compliance audit is an independent assessment of whether a subject matter is in compliance with applicable authorities identified as criteria. This is done by assessing whether activities, financial transactions and information comply, in all material respects, with the authorities that govern the audited entity.

2. Performance Audit

Performance audit is an independent, objective and reliable examination of whether the government undertakings, systems, operations, programmes, activities or organizations are operating in accordance with the principles of economy, efficiency and effectiveness, and whether there is room for improvements.



3. Financial Audit

Financial audit is an assessment of whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework.

4. Special Audit

Special audits are undertaken on specific request made to the Director of Audit by appropriate authorities within the Government or in cases where the Director of Audit may determine an issue significant to be audited.

Introduction to Follow-up Audit

The Audit Office has implemented Follow-up Audits to determine the adequacy, effectiveness and timeliness of actions taken by Accounting Officers to implement recommendations issued in the audit report to correct reported observations in 2019.



A view of the Planning Phase of the audit process

The audit process encompasses four (4) phases as follows: Planning, Executing, Reporting and Follow-up. We have focused in this issue on the planning phase of the audit process, providing a brief summary of the steps involved in developing an audit plan. Planning an audit involves collecting and assessing information and making decisions as to the audit scope, approach, timing and resources. The aim is to perform audit work that reduces, to an acceptably low level, the risk of reaching a wrong conclusion or, where required, an opinion on the audit objective(s).

Audit Plan Preparation: Preparation of the Audit Plan is the last step in the planning process. In preparing the plan, it is important that the auditor documents all the steps in the planning phase of an audit. An audit plan is a formal document that provides guidance to the audit team for the whole audit process in order to achieve the audit objectives in an efficient and effective manner. In developing an audit plan, normally, the following steps are included:

Understanding the entity and its environment	The International Organization of Supreme Audit Institutions (INTOSAI) standard on "Planning" recommends that the auditor knows and understands the audited entity, in particular, the environment in which the entity operates, the accountability relationships, the key management systems and controls. It also stipulates that the audit planning process include the collection of "information about the audited entity in order to assess the level of risk and determine materiality". This is regarded as the most important step as it determines the audit procedures in response to the risks.
Assessing Materiality	Materiality is a fundamental concept in financial and compliance audit. It can be defined in the following terms: "Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial information, e.g. financial statement. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the items, or a combination of both, could be the determining factor."
Conducting Risk Assessment	Risk assessment is the identification and analysis of events that are likely to occur, which can prevent the achievement of an organization's objectives, for the purpose of determining how those risks should be managed. The intent is to identify audit areas of greatest risk to allocate scarce resources to the most important audit areas, and to help with key prioritizing decisions such as audit frequency, intensity and timing.
Determining Audit Scope, objective and Approach	The audit scope establishes the boundary, period of time and activities to be examined by the auditors. The audit objectives are the goals or aims the auditor would achieve at the end of an audit. The audit approach is determined by the auditors assessment of controls and risk within the entity's system.
Sampling	It is generally not possible to do all the work necessary to review every item subject to audit, or it is not desirable for cost reasons. Therefore the auditor must select a sample of items to review. In most cases, the goal of sampling is to select a subset of items that provide a reasonably accurate reflection of the whole population. The total number of items is often called "the population" and may be also called "the universe".

Training Day



* **What is an Audit?**

An Audit is an official examination of an individual's or organization's accounts or records typically by an independent body.

* **Why are Audits done?**

Audits are performed to ascertain the validity, reliability and accuracy of information and to determine whether activities conform to the laws and administrative rules that govern them.

* **What are the different types of Audit that are performed by the Audit Office?**

The types of Audit performed by our Office are:

- Compliance Audits
- Performance Audits
- Financial Audits
- Special Audits

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A	E	M	Y	H	C	D	S	K	M	H	G	B	W	Q	X	Z	V	T	N	I	K	E
T	S	Z	P	J	A	U	D	I	T	S	T	A	F	F	M	Y	E	G	P	M	C	D
W	Y	O	I	E	Q	P	K	G	D	A	E	Y	V	D	E	T	A	M	U	T	R	I
G	K	G	D	T	D	I	N	V	Y	I	Y	S	A	L	K	G	B	E	C	X	Z	A
H	D	U	K	V	I	B	C	Z	T	R	Y	I	U	N	I	Q	B	C	Z	T	R	B
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V	R	T	E	U	F	S	K	Y	A	X	A	O	S	A	P	L	M	H	Y	N	E	S
A	U	D	I	T	E	N	T	I	T	I	E	S	N	P	Y	E	V	J	C	D	W	Q
N	Y	E	Q	O	H	V	D	A	C	C	O	U	N	T	I	N	G	F	I	R	M	S



Puzzle Category: Engaging our Stakeholders

- Accounting Firms
- Audit Entities
- Audit Staff
- Citizen
- Engaging Stakeholders
- Media
- Parliament
- Public Accounts Committee
- Trade Unions



Joke Corner

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