



HOUSES OF PARLIAMENT

0816CAYPART/UKOT17



CPA UK and the Cayman Islands

Supporting the Role of Public Accounts Committees & Audit Institutions in Oversight of Public Funds

2017-2019

Partnership Document





Project Overview

1.01. CPA UK has formed a consortium with the UK National Audit Office (NAO) and the UK Government Internal Audit Agency (GIAA) to deliver a three-year project of activities to support relevant UKOT stakeholders. The programme will bring together parliamentarians and audit officials from the Territories and UK to discuss frameworks for good practice and priorities in public financial management. CPA UK's OT programme team is working in partnership with Territory legislatures and audit institutions to gain insight and expertise to ensure that activities fit the specific context and demand of each territory.

1.02. The UKOT Project was launched with the CPA UK and UK Overseas Territories Parliamentary Forum on Public Financial Management in Miami on 1-2 March 2017. As part of the Forum, bilateral discussions provided an opportunity to discuss priorities and specific challenges in public financial oversight and audit, and convey how the UK Overseas Territories Project (UKOTP) could best support their roles. Discussions about the Project's programme of support were held between the following:

- CPA UK and Ezzard Miller JP MLA, Chair of the Public Accounts Committee, Cayman Islands Legislative Assembly
- UK NAO and Sue Winspear, Auditor General, Cayman Islands
- UK GIAA and Andy Bonner, Acting Director of Internal Audit, Cayman Islands

Public Accounts Committee

Background

2.01. CPA UK maintains relations with the Cayman Islands through the Commonwealth Parliamentary Association Network, enjoying a strong bilateral relationship with recent engagement on parliamentarian's role in scrutiny and oversight of energy policy. CPA British Islands and Mediterranean Region (BIMR) conducted an Election Observation Mission (EOM) to the Cayman Islands General Election in 2013, and conducted another EOM to the General Election on 24 May 2017.

Suggested Support

3.01. Ezzard Miller JP MLA, Chair of the Public Accounts Committee highlighted the following issues and areas where support would be welcome:

- Individual support for the House of Assembly Assistant Clerk who works with the PAC was highlighted, specifically in managing overarching responsibilities and drafting briefings, questions and reports. Such support can be offered through a Clerk attachment with a Clerk of the UK Parliament, Crown Dependency or Devolved Legislature, or an NAO staff member with PAC





experience. Building capacity of Clerks and parliamentary officials is essential in ensuring transfer of knowledge between election cycles and sustainability of change.

- Participation in Westminster Seminar 2017 would be useful for newly elected Members as the event offers, in addition to informative sessions elucidating the Westminster system, opportunities for direct exchanges with UK counterparts and those attending from other Commonwealth countries.

3.02. Based on the priorities discussed with the PAC Chair at the Parliamentary Forum in Miami, CPA UK proposes a Clerk attachment to provide direct training to and increase the technical capacity of the Assistant Clerk appointed to the PAC. Attendees at Westminster Seminar in November 2017 will benefit from direct access to UK PAC Members and support staff. The Westminster Workshop in December 2017 will further build participants' skills and provide an opportunity to engage with PAC Chairs, Members, and Clerks from across the Commonwealth.

Audit Institutions

External Audit

4.01. The NAO met with Sue Winspear, Auditor General. The Cayman Islands OAG is one of the larger and more mature of the audit offices of the Overseas Territories. However, there is still scope for the OAG to benefit from participating in a number of the activities:

- Update of financial audit and value for money audit manuals
- Training in the use of audit manuals
- Specialist audit of certain topics, possibly covering both financial audit and VFM issues and with a comparative element across Territories
- Stakeholder relations e-workshop
- Management systems e-workshop
- Review of audit office legislation

Internal Audit Suggested Support

5.01. It was agreed with the Acting Head of Internal Audit (AHIA) that the Cayman Islands Internal Audit Service would benefit from mentoring through the process of completing their first Internal Quality self-Assessment (IQA) using the HM Treasury Internal Audit Quality Assessment Framework (IAQAF), as preparation for commissioning a formal independent External Quality Assessment (EQA) at some future point. The objective will be to help the AHIA confirm the quality of ongoing performance and opportunities for improvement in internal audit processes.

a. GIAA staff will assist the Cayman Islands AHIA by:

- Providing documentation and guidance to complete the IQA review.
- Providing (distance) mentoring through the IQA process in line with the agreed timetable.





- Undertaking (at distance) a peer review of the draft IQA; providing challenge and identifying where elements may need additional evidence to support the self-assessment conclusions.
- b. GIAA staff will separately:
- Undertake (at distance) an ‘Impact survey’ designed to assess the extent to which internal audit is perceived to have had a positive effect on the governance, risk and control environment. This will target a wide selection of stakeholders and will include follow-up interviews (in territory) to explore the survey assessments that they provided.
 - Report on the findings of the survey.
- c. The HIA will:
- Develop an Action Plan to address any identified areas for improvement emerging from the IQA and Survey. This plan should include proposed timelines for actions.
 - Report the result of the IQA and the level of conformance to the standards to the Audit Committee at the completion of the self-assessment.

5.02. TeamMate assistance

The AHIA has also requested the secondment to the Cayman Islands Internal Audit Service of a UK GIAA staff member with the appropriate skills and experience in using TeamMate Audit Management Software to work alongside the AHIA and local team to review how their TeamMate system is configured and used, and sharing the modus operandi established within GIAA. This assistance will only cover ‘TeamAdmin Administration’ responsibilities’ and the scope of the assistance will be agreed with the AHIA. In providing this support, GIAA will stress the need for the Cayman Islands Internal Audit Service to separately develop and maintain their own TeamMate administrator and user manuals to avoid knowledge being lost following staff changes. The secondment will be for 5 working days. The support package covers partial funding of the secondment (i.e. staff costs, economy travel costs, and subsistence).

Key Stakeholders:

6.01.

- CPA UK
- CPA Cayman Islands
- UK Parliament
- Legislative Assembly of the Cayman Islands
- Governor’s Office, Cayman Islands
- UK NAO
- UK GIAA
- Internal Audit, Cayman Islands



6.02. CPA UK, the Legislative Assembly, and delivery partners will be responsible for all logistical aspects of programmatic work. CPA UK would be grateful if the Governor's Office are able to provide advice and share local knowledge.

Proposed activity schedule

7.01.

Activity	Description	Delivery partner	Proposed dates and location
Provision of audit manuals	Manuals on financial audit and value for money (VFM) audit will be produced by the UK NAO. A core manual will be developed which can be adapted by individual UKOTs as desired/necessary.	NAO	September 2017 (financial audit manual) Q4 2017-18 (VFM audit manual)
Training in audit manuals	Possible involvement. A multilateral training workshop for the first audit manual will be delivered by the UK NAO in a group workshop for representatives of relevant UKOTs' audit offices. There is likely to be a similar workshop for the second manual.	NAO	17-19 October 2017, London
Specialist audits	The NAO will support teams of auditors drawn from around five UKOTs on specialist audits e.g. major projects, procurement, economic development, tax administration, health or education system. There will be two specialist audits, and they will each involve up to three workshops.	NAO	First audit likely to start in Q3 2017-18. Location(s) to be determined, but some is likely to be in an Overseas Territory.
E-workshop on strengthening SAI engagement with Parliament	Possible involvement. Delivered electronically through WebEx, the e-workshop will provide access to specialist input on identification of key stakeholders and how to develop effective partnerships with PAC, business, civil society and the media. The first in a series of workshops delivered electronically and led by individual UKOTs	NAO, UKOT Audit Office, Crown Dependency Audit Office	June-September 2017. No travel.



	with support and input from the NAO and Crown Dependencies.		
E-workshop on management systems	Providing audit offices with advice and support on modernising their management support systems, HR and training plans. Will provide five short webinar workshops to facilitate peer exchanges.	NAO	First e-workshop: 9 June 2017. No travel.
Legislation review	Prompted by discussions with audit stakeholders across the Territories, the NAO is incorporating this additional activity in the project's portfolio. The legislation review will involve desk-based examination of statutory basis for external audit (typically in the form of an Audit Act) compared with the International Organisation of Supreme Audit Institutions (INTOSAI)'s 8 'pillars of independence' as set out in the Mexico Declaration. There is potential follow up support in identifying areas of improvement to local legislation and possible amendments, if there is demand.	NAO	May-August 2017. No travel expected.
In-territory TeamMate assistance by GIAA staff member (TeamMate administrator)	Staff costs of an appropriately qualified and experienced GIAA staff member to attend the Cayman Islands for 5 working days to work alongside the AHIA and local team to review how their system is configured and used, and sharing the modus operandi established within GIAA. The support package also includes economy travel and subsistence costs.	GIAA and Cayman Islands Internal Audit	4-9 September 2017, Cayman Islands
Provision of places at Westminster Seminar on Parliamentary Practice and Procedure	Places and funding to attend the annual Westminster Seminar on Parliamentary Practice and Procedure. The programme covers all aspects of the Westminster system; the role of an MP and parliamentary actors, constituency representation, scrutiny and accountability, parliamentary ethics and standards.	CPA UK	13-17 November 2017, London





Provision of places at Westminster Workshop for Public Accounts Committees	Provision of places and funding to attend the 2017 Westminster Workshop. The three-day intensive training programme builds the skills of Chairs, Members and Clerks of Commonwealth Public Accounts or equivalent Committees through tailored interactive sessions.	CPA UK	4-6 December 2017, London
Internal Quality Assessment	The GIAA will provide mentoring through the process of completing an Internal Quality self-Assessment (IQA) using the HM Treasury Internal Audit Quality Assessment Framework (IAQAF), as preparation for commissioning a formal independent External Quality Assessment (EQA) in the future.	GIAA and Cayman Islands Internal Audit	Q3/Q4, 2017-8, TBC
Attendance at GIAA/HM Treasury events to assist continuing professional development (CPD)	Attendance at the 'Heads of Internal Audit and Auditors' event staged for the Government Internal Audit Profession and the annual 'Government Finance and Internal Audit Conference'.	GIAA	Access to support to attend GIAA/HM Treasury events: GIAA/HM Treasury 'Head of Internal Audit and Auditors Event' - November 2017. or 'Government Finance and Internal Audit Conference' - in 2018 (date tbc). A limited number of CSSF funded places are available to be shared between UKOTs HIAs during the life of the project.
Clerk Attachment	Provision of a Clerk from the UK Parliament, Devolved Legislature, Crown Dependency or NAO staff member with significant PAC	CPA UK	Q1/Q2, 2018-9, TBC





	<p>experience seconded to the Cayman Islands PAC to provide administrative and strategic support to the Clerk, Chair and Members of the PAC. Support would specifically focus on the framework for preparation of inquiries, formation of questions and reporting structure, and creating a successful framework within which the PAC can operate effectively in the Cayman Islands context.</p>		
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Funding

8.01. The funding available for each activity will be discussed on an activity by activity basis.

Monitoring and Evaluation

9.01. The outcomes and knowledge gained from the programme will be assessed using CPA UK’s monitoring and evaluation framework. Pre and post-assessment forms will gather data on the knowledge and support required by participants before the training, and then evaluate whether the aims and objectives were met after the programme has concluded. Participants will then be approached after a period of time to demonstrate areas in which the programme had supported or attributed to tangible outcomes, and to identify areas where further engagement is required.

Future Commitments

10.01. CPA UK will build on the priorities and key discussions that emerge as part of the programme to enhance the content of further activities with the Public Accounts Committee and Internal Audit Office in the Falkland Islands.

10.02. CPA UK recognises that responsibility for the delivery of suggested activities lies with all involved parties, including local audit offices and parliaments. CPA UK therefore expects to be notified of changes in the feasibility of activities as soon as possible, with the liability for fees incurred as a result of late notice cancellation of activities borne by participating delegates.

10.03. CPA UK, NAO and the GIAA will readily consider any official requests from the Public Accounts Committee or Heads of Audit for capacity building activities for its Members, Clerks or other support staff; and will do its best to provide timely and appropriate support if funding and capacity permits.

About CPA UK





11.1. CPA UK is one of the largest and most active branches in the CPA community and delivers a unique annual international outreach programme in Westminster and overseas. CPA UK works to encourage parliamentary diplomacy and build parliamentary capacity on behalf of the UK Parliament and the wider CPA. Through activities such as conferences, seminars, delegations and parliamentary strengthening teams, CPA UK provides Members with a practical, current and first-hand perspective on international issues facing fellow parliamentarians across the Commonwealth. Working with CPA UK's international outreach programmes also enhances Members' understanding of issues facing diaspora communities in their own constituencies.

About UK NAO

12.01. The UK NAO is the Supreme Audit Institution of the UK responsible for the external oversight of central government in the UK. Annually its 800 staff complete some 500 financial audits as well as over 60 value for money studies or performance audits. It works closely with the UK Parliament in particular by supporting the public hearings held by the UK's foremost select committee, the Committee of Public Accounts.

12.02. The NAO has a long history of providing capacity building support to partner Supreme Audit Institutions and Public Accounts Committees and, in recent years, has worked extensively with the UKOTs. This work has included conducting a London-based workshop for PACs, SAls, internal auditors and ministry of finance staff, working with the UKOTs involved in the Caribbean Organisation of SAls (CAROSAI) as well as work with individual OTs including Monserrat, St Helena, Cayman Islands and Turks and Caicos.

About UK GIAA

13.01. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations resulting in better public services delivery. The Government Internal Audit Agency (GIAA) was launched on 1 April 2015. It is the UK government's internal audit service, providing internal audit and assurance services across a wide range of central government customers. GIAA strives to help accounting officers and management in our customers to understand and manage their risks and to ensure exemplary standards of governance.

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