

**ASSESSMENT OF THE
PERFORMANCE OF THE
OFFICE OF THE AUDITOR
GENERAL'S DEPARTMENT
OF JAMAICA AGAINST THE
REQUIREMENTS OF THE
INTERNATIONAL
STANDARDS FOR SUPREME
AUDIT INSTITUTIONS**

Final Report

7 November 2017

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Abbreviations

AG	Auditor General
AOP	Annual Operational Plan
AuGD	Auditor General's Department
EMC	Executive Management Committee
FAAA	Financial Administration and Audit Act
FPP	Fiscal Policy Paper
FMR	Financial Management Regulations
GoJ	Government of Jamaica
HoR	House of Representatives
HR	Human Resource
HREC	Human Resource Executive Committee
IADB	Inter-American Development Bank
IOU	Internal Oversight Unit
ISSAI	International Standards for Supreme Audit Institutions
IT	Information Technology
MDAs	Ministries, Departments and Agencies
MoF	Ministry of Finance
OCG	Office of the Contractor General
PAC	Public Accounts Committee
PBMAA	Public Bodies Management and Accountability Act
PWC	Price Waterhouse Coopers
PSC	Public Services Commission
QA	Quality assurance
QARP	Quality Assurance Review Policy
QAU	Quality Assurance Unit
SAI	Supreme Audit Institution
SBP	Strategic Business Plan
UK NAO	National Audit Office of the United Kingdom

Executive Summary

On the assessment:

1. This report assesses the performance of the Auditor General's Department (AuGD) of Jamaica against the International Standards for Supreme Audit Institutions (ISSAIs) using the methodology prescribed by the Supreme Audit Institution - Performance Measurement Framework (SAI-PMF) adopted by INTOSAI.
2. The report has been prepared by an external expert team funded by the Inter-American Development Bank (IDB). The IDB support in preparing this assessment is part of IDB's broader commitment to support capacity strengthening of the members of the Caribbean Organization of Supreme Audit Institutions (CAROSAI).
3. The objective of the Auditor General (AG) of Jamaica for doing the assessment is to measure where her organisation is currently in terms of progress and performance and to use the outcomes of the assessment to amend the content of the AGD Strategic Plan and its technical audit manuals accordingly.

Overall performance

4. The performance of the AuGD currently operates on a level fluctuating between a '1' and a '3' on the SAI-PMF scale from 0 – 4 (with a score of '0' in case that the required audit functions are not established and a score of '4' in case of full adherence to the international standards).
5. The AuGD scores highest on the internal organisational aspects including leadership, internal communication, human resource management, financial management and support service.

The assessment of the technical conduct of financial and compliance audit shows a mixed performance. The review of a sample of audits showed some audits in full compliance while other audits reflecting shortcomings.

The AuGD performance scores lower on those elements of its operations that have a more external focus, such as overall audit planning, the publication of financial and compliance audit and, more broadly, on external communication.

6. The scores do, however, reflect that the AuGD is a SAI that can act at international best practice level but that, on certain aspects, it is held back by a risk averse and inward looking approach which appears to be the product of the AuGD's lack of full independence and the highly partisan political context in which it operates. As Jamaican politics is dominated by two political parties that tend to alternate with each other as government and opposition, the AuGD has to walk a tightrope to avoid having its independence and integrity called into question.
7. Nevertheless, with its increased focus on performance audit and its improved website, the AuGD is beginning to take positive steps towards securing increased visibility and impact.

Room for improvement

8. The AuGD's performance audit practice is operating at a satisfactory level in terms of coverage, standards, implementation and reporting. There is, however, significant room to improve the impact of the AuGD's financial and compliance audit.

9. For financial and compliance audit, the AuGD has the standards and technical capacity to carry out its financial and compliance audits to a high, professional level. However, the AuGD's professional standards are not yet applied systematically across all audits. This in turn shows that the AuGD also needs to further strengthen its quality control and quality assurance mechanisms. Also, the introduction of internal training programmes that focus on the AuGD's audit approach and methodology would contribute to securing a higher, more consistent, and more uniform application of the its standards across all elements of its work.
10. In addition to the technical aspects of audit implementation, the AuGD should consider ways to improve the impact of its financial and compliance work. This would require a critical reflection on the overall audit planning practice, its publication and communication policy and, possibly, non-audit activities to support the Government of Jamaica in reducing the backlog in preparing appropriation accounts and financial statements.
11. Fundamentally, this would also require gaining further independence from the Ministry of Finance in the preparation of the overall audit plan which is now dominated by financial statement audits of a limited group of public bodies.

Future prospects

12. No international assistance projects to develop the institutional and audit capacity of the AuGD are programmed for the next years. Given the AuGD's active international orientation (it acts as the Secretariat of CAROSAI), it is expected that it will make full use of international programs offered via INTOSAI Development Initiative (IDI) in conjunction with CAROSAI
13. As the AuGD has matured in recent years and it has taken positive steps to develop its governance structure, further performance improvement should originate from its own, internal corrective mechanisms rather than external direction.
14. An important role in this development is to be played by the quality assurance section of the Internal Oversight Unit. Although the unit is still understaffed and needs more time to mature in its role and to gain further authority in the AuGD, its report on the audit planning practice demonstrates its potential to contribute to better AuGD performance.
15. In this regard, the AuGD may also consider setting up a small but broader audit methodology unit that would be responsible for internal audit training and for ensuring, for example, that all AuGD professional audit technical advice and guidance is up to date, reflecting current best international practice and it is offered in an user-friendly to the AuGD staff.

Quality Assurance Statement

SAI Performance Report of the Auditor General's Department of Jamaica dated October 2017

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 Auditor General's Department of Jamaica (AuGD) on 11 August 2017.

This SAI Performance Report (SAI-PR) was prepared by Dr Ferdinand Pot (Team Leader), Mr Frank Grogan and Mr Horacio Vieira all of whom currently, or have previously, worked for leading SAIs and have knowledge and experience of international auditing standards and the SAI-PMF methodology. Together the team appears to have the appropriate skills and experience to conduct this assessment.

The design of the independent review (IR) process was included in the assessment Terms of Reference, which was approved by the Auditor General of Jamaica and the Inter-American Development Bank (IDB) which financed the assessment.

In compliance with recommended SAI PMF methodology, the Auditor General of the received the draft report for review and official comment with the objective of ensuring that the report is factually correct. In addition the draft assessment report was reviewed by the IDB before being submitted to IDI for IR.

The Independent review arranged by IDI was carried out by Bill Burnett, independent SAI consultant, who had no responsibility for 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, that the analysis was consistent with the evidence, and that the executive summary was consistent with the analysis in the rest of the SAI-PR. The review concluded that all objectives have been satisfactorily met in the final report dated October 2017.

Significant matters raised during the independent review process have been addressed in this version of the SAI-PR, except for:

***The scoring of indicators SAI-5.** The scoring for this indicator is based upon only one instance of outsourcing which took place in 2012-13. Under these circumstances readers of the report should take care to avoid drawing too many conclusions from the scores awarded.*

***The scoring of indicator SAI-9(i).** The evidence provided to support the scoring of 4 for this dimension is primarily a table of contents from the financial audit manual/guidance used by the AuGD. While this appears comprehensive there is insufficient explicit evidence to provide assurance that the individual criteria covered by this dimension have been met.*

Prepared by: Bill Burnett

Date: 30 October 2017

Observations on the AuGD's Performance and Impact

Intergrated assessment of performance

The following table provides an overview of the performance of the AuGD in the main categories of the SAI-PMF assessment. In addition, it provides an explanation for observed strengths and weaknesses.

Domain	Summary of strengths and weaknesses	
Domain A: Independence and Legal Framework		
Mandate	1	The mandate, laid down in the Constitution and the Financial Administration and Audit Act, is a relatively strong one and encompasses all Ministries, Departments, Public Agencies (MDAs) and local government (Parishes) encompassing the Government of Jamaica (GoJ). This institutional framework also enables the AuGD to undertake financial audit, compliance audit, and performance audit.
	2	However, the mandate is also restrictive. In addition to the mandatory audit of the central government bodies, the AuGD is also assigned with the mandatory audit of the financial statements of 36 statutory bodies. As these audits absorb a large part of the AuGD's capacity, they limit the AuGD's freedom to allocate its audit capacity based on risk.
Independence	3	In order to fulfil its mandate, the AuGD can carry out its audit work largely in an independent manner. However, the AuGD's financial and operational independence is restricted in certain aspects. As the legislative framework treats the AuGD in the same way as the MDAs of the GoJ, the AuGD is bound by the budgetary procedures issued by the Ministry of Finance (MoF). Similarly, for some matters of human resource management, the AuGD is bound by the approvals of the Public Service Commission (PSC).
	4	In practice, the AuGD does not experience severe interference by either the MoF or the PSC. The Department has been given delegated authority for its Human Resource function under the Public Service Regulations. However, interference is reflected in, for example, the inability to determine the composition of its establishment in terms of number of senior auditors compared to (junior) auditors.

Domain B Internal Governance and Ethics		
Strategic Planning Cycle	5	The strategic planning process is guided by the government-wide procedure for preparing a rolling three-year strategic business plan and an annual operational plan accompanying the budget submission. The AuGD makes adequate use of these procedures which is reflected in fairly complete strategic documents. Some room for improvement in the procedure to formulate the plan, communication to staff and use of key performance indicators is noted.
Organizational Control Environment	6	The AuGD has robust processes in place for communicating and monitoring the ethical behaviour that it expects of its officials.
	7	In recent years, the AuGD has also significantly improved its governance structure to ensure quality in the audit and the supporting processes following the review undertaken by Price Waterhouse Coopers (PWC) in 2012. The key reforms include the establishment of the Executive Management Committee, an internal audit unit (with clear reporting lines to the Department's Audit Committee and the Auditor General) and a quality assurance unit.
	8	In order to reap the full benefits of some of these key reforms, especially, the establishment of the quality assurance unit, the reforms need to mature for a few more years. So far, the scope of quality assurance reports has been confined primarily to three performance audit reports. No QA on the AuGD's systems for financial and compliance audit have yet been conducted.
Leadership and Internal Communication	9	The AuGD performs well on leadership and internal communication. The Executive Management Committee (EMC) and the sub-committees for human resource management, audit planning and policy development support the AG in the discharge of her constitutional duties and in the discharge of her responsibilities for the overall management of the Department. Also, EMC decisions are clearly communicated to staff via communiqués and the consultation structure of audit principals with the audit staff. The AuGD also make use of intranet and other tools to facilitate organization-wide understanding of corporate policies.
Overall Audit Planning	10	The aggregate audit planning process coincides with the operational planning process resulting in the Annual Operational Plan (AOP) that is submitted to MoF as part of the budget submission. There is no separate audit

		planning process that leads to the preparation of an overall audit plan.
	12	<p>The annual AOP is adequate to support the budget submission. However, it falls short of the expectations for an annual audit plan.</p> <p>In terms of the process, the AOP is solely prepared as a bottom up as an aggregation of Unit Operational Plans and it does not include a top down perspective that applies a risk assessment on the full audit universe of the AuGD.</p> <p>In term of content, the plan does not outline the specific names, topics and objectives of the planned audits. Neither does it include a detailed resource planning in terms of working days per auditor.</p>
Domain C Audit Quality and Reporting		
Financial audit	14	The Government of Jamaica does not prepare a consolidated financial statement or budget execution report. Financial audit done by the AuGD refers only to the audit of the appropriation accounts prepared by individual Ministries and Departments and the audit of financial statements of public agencies. However, many MDAs, including the largest entities, face delays in the preparation of draft accounts and statements. Although these delays are out of the control of the AuGD, the AuGD does not report on the non-submission of accounts to bring this precarious situation under the attention of the Parliament.
	15	The AuGD has completed the audit of nearly all draft statements that it has received. However, the determination of timeliness of this performance is inhibited by incomplete internal AuGD records of the date of receipt of those statements.
	16	The AuGD's standards for financial audit are compliant with the ISSAIs. However, the standards are not systematically applied in the implementation of all audits. Except for two financial statement audits, which fully complied with the requirements and duly demonstrate the AuGD's mastering of ISSAI-based financial audit, both the calculation of a minimum planned sample sizes and the procedure to determine the need for further substantive testing were lacking in the other reviewed audit files.
	17	Financial audit reports are well-drafted and reflect the AuGD's well-trained cadre of FA specialists with international recognised degree's.

		The AuGD sends the reports to the auditee and other stakeholders, but it does not publish the reports. Only a short brief on the main outstanding issues are incorporated in its Annual Report which is published annually in December in line with the legal requirement.
Performance audit	18	Although performance audit is a relatively new audit discipline for the AuGD, the AuGD's performance in terms of coverage, standards, actual practice and reporting is largely positively assessed. Also, performance audit is now regarded as the AuGD's main tool to impact public Jamaican governance. In particular, the performance audit report on the National Environment and Planning Agency in 2010 is regarded as a landmark that demonstrated the AuGD's ability to have an impact.
Compliance audit	19	The AuGD audits compliance risks as part of the financial audit of appropriation accounts. Only in cases where an MDA has a backlog in preparing draft accounts and where there is no basis for a financial audit, the AuGD may decide to conduct an isolated compliance audit in that entity. Compliance audit by the AuGD is thus typically entity-based and no government-wide thematic compliance audits on topics such as 'procurement', 'payroll' or 'revenue collection' have been carried out.
	20	The AuGD's Audit Procedure Manual provides similar standards for financial and compliance audit and largely complies with the ISSAIs. However, the manual is geared towards financial audit and lacks guidance tailored to the specific objectives of compliance audit.
	21	In the actual implementation of compliance audits, some important standards are not complied with. In the audit files that were reviewed for this assessment, no calculation of minimum sample sizes in response to materiality, risk assessments and assurance level was carried out. Accordingly, there was insufficient evidence to conclude whether sufficient evidence has been collected to support the conclusions.
	22	The AuGD's process for reporting on compliance audit shares the same strengths and weaknesses as its reporting process for financial audit. The reports are well-drafted and reflect good practice and are timely distributed to the auditee and other stakeholders. However, the AuGD does not publish the reports and only a short brief on the main outstanding issues are incorporated in the published Annual Report.

Domain D Financial Management, Assets and Support Services		
Financial Management, Assets and Support Services	23	The AuGD operates within a strong, well-defined structure in relation to financial management. Also, all support functions are staffed within the Department's Corporate Services Division with dedicated officials with the appropriate skills.
	24	The Department could still improve on developing more strategic approaches for the planning and management of its IT and other assets by for example, developing and implementing a staff cost recording
	25	Another key issue relates to the external audit of the AuGD. Currently the Ministry of Finance's Internal Audit Unit is responsible for the external audit of the Department. This situation is not tenable given the implications for the Department's independence and the potential clash of interests on the part of both the Department and the Ministry of Finance.
Domain E Human Resources and Training		
Human Resource Management	26	The AuGD has developed a strong Human Resource (HR) function meeting most of the SAI-PMF criteria including Job Descriptions and Entry Level Requirements. The Department has staffed its HR function with experienced HR professionals. It also has established a Human Resource Executive Committee (HREC) responsible for decision-making on staffing issues and implementation of the AuGD's human resource strategy.
Professional Development and Training	27	The AuGD's ambitions for professional development are laid down in the 'Human Resource Training & Development Policy & Plan' of March 2016. However, implementation of the plan is contingent on obtaining external funds such as the Cabinet Office of the GoJ and international donors.
	28	Dependency on external funds could potentially be reduced by the AuGD establishing and staffing appropriately an internal unit dedicated to audit methodology development and in-house methodological training. Such a unit is not in place yet.
Domain F Communication and Stakeholder Management		
	29	The AuGD does not yet have an external communication strategy. The absence of such a strategy has not prevented the Department from developing and maintaining a

Communicate with the Legislature, Executive and Judiciary		constructive relationship with the Public Accounts Committee of the House of Representatives.
	30	Communication with the executive, the judiciary and anti-corruption institutions such as the Office of the Contractor General are confined to a minimum.
Communication with the Media, Citizens and Civil Society Organizations	31	Also, the communication with media and civil society organization is characterized by a minimalist approach. No press releases were issued, no press conferences were held and no approaches made to the media during the period under review.
	32	The minimalist approach to communication is (partly) explained by the AuGD's lack of full independence and the highly partisan political context in which it operates. As Jamaican politics is dominated by two political parties that tend to alternate with each other as government and opposition, the AuGD has to walk a tightrope to avoid having its independence and integrity called into question

The values and benefits of the AuGD

ISSAI 12 encompasses three mechanisms by which SAIs can have an impact on society and deliver value and benefits that improve the life of the citizens:

- i. By strengthening the accountability, transparency and integrity of government and public sector entities;
- ii. By demonstrating ongoing relevance to citizens, Parliaments and other stakeholders;
- iii. By being a model organization through leading by example.

The analysis of how these three mechanisms are used by the AuGD provides a mixed picture.

On the first mechanism, the significant delays by government at national and local level and the public bodies in the timely preparation of their appropriation accounts and financial statements indicate significant shortcomings in the accountability and transparency of the Government of Jamaica. Although this defines the external context in which the AuGD has to operate, the AuGD could play an important role in remedying the situation. However, the AuGD has not yet taken systematic initiatives in this regard. In addition, the AG's Annual Report, is not used to draw the attention of the House of Representatives and wider civil society in Jamaica to the implications of this precarious situation. The Annual Report provides an overview of the work done by the AuGD in terms of the number of accounts certified, but it does not mention that this work largely relates to accounts of fiscal years of various preceding years and not necessarily to the year that the AG's report is concerned with.

As financial audit work loses a significant part of its relevance where it refers to financial statements and appropriation accounts of fiscal years that are older than 12 months, the use of a second mechanism by the AuGD – to demonstrate ongoing relevance to citizens, Parliaments and other stakeholders – is limited with respect to the AuGD's financial audit practice. The AuGD could compensate for the lack of relevance in financial audit by focusing

on compliance audits of the current internal control systems of public entities. However, the AuGD does not make full use of this type of audit. First, the coverage of compliance audit is limited as most capacity is allocated to financial audit. Second, except for brief summaries in the AG's Annual Report, the AuGD does not publish its compliance audit reports. Third, the AuGD does not carry out compliance audits with a government-wide scope on relevant themes. Instead, its compliance audits are limited to a limited selection of public entities.

On the positive side, the AuGD makes very good use of the first and the second mechanism to deliver value and benefits that improve the life of the citizens by its performance audit practice. Performance audit reports are prepared largely in line with the international standards, they are separately published and are securing the attention of the House of Representatives and the wider media. The AuGD also has established a practice of follow up audits furthering the impact of its performance audit work.

*“The recent experience with the National Environment and Planning Agency is a case in point. In 2010, we conducted a Performance Audit (PA), which outlined weaknesses in monitoring and enforcement, key activities of NEPA’s role in protecting the environment. Subsequently, the Agency embarked on a major corrective programme, utilizing the PA report and incorporating our recommendations in their Strategic Business Plans, which resulted in significant improvements as outlined in our follow-up audit.”*¹

Also, it can be concluded positively the AuGD's use of the third mechanism 'being a model organization through leading by example'. Although there remains room for improvement, the AuGD has put significant efforts in professionalizing its own governance structure. The AuGD has robust processes in place for communicating and monitoring the ethical behaviour that it expects of its officials. In response to the review undertaken by Price Waterhouse Coopers (PWC) in 2012, the AuGD has also significantly improved its governance structure to ensure quality in the audit and the supporting processes including key reforms such as the establishment of the Executive Management Committee, an internal audit unit and a quality assurance unit. These reforms should still further mature, but, over time, these reforms should instill an internal process of self-correction that allow the AuGD to improve without external direction.

Analysis of the SAI's capacity development efforts

This performance report is the first assessment of the AuGD capacity that uses the SAI-PMF methodology. No previous assessment based on a similar methodology is available as a benchmark to conclude on the success of the steps that the AuGD has taken to secure improvements in its capacity development.

However, the PWC report *“Review of the Auditor General's Department with Institutional Strengthening”* published in April 2012 provides a key point of a reference. The review focused on the structure and organization of the AuGD. It identified a range of weaknesses and areas for development that it grouped around (1) the structure of the Department; (2) the training, development and performance management of the Department's staff; (3) the technology available to the Department; and (4) the Department's internal and external governance structures. The review's recommendations encompassed a new organizational structure for the Department, underpinned by proposed changes in, and the further development of, the Department's businesses processes (that is the processes and procedures that the Department uses for its three streams of professional activities – financial audit, compliance audit and performance audit) as well as proposed improvements in the Department's

¹ Report of the Auditor General on the financial transactions and financial statements of the Government of Jamaica for 2016, December 2016.

performance management and appraisal system and new corporate governance arrangements and structures.

The current SAI-PMF assessment concluded that the AuGD has made good progress in implementing the recommendations of the PWC report, particularly in relation to the Department's internal and external governance structures. In 2015, the AuGD put in place a new organizational structure and introduced new internal governance arrangements. Noteworthy in the new organizational structure are the role of the Executive Management Committee and sub-committees, establishment of an internal audit unit (with clear reporting lines to the Department's Audit Committee and the Auditor General) and a quality assurance unit. Also, this review confirms that the AuGD has successfully implemented devolved responsibilities in financial and human resource management.

Also in its technological base, the AuGD has made progress by setting up an IT unit and the introduction of TeamMate as its audit management software. Given its recent introduction, the current use of TeamMate by the AuGD is encouraging. To guide further progress in the use of IT, it would be useful if the AuGD could present a comprehensive IT strategy. In the absence of such a strategy, the value added of the recent purchase of another audit software, CaseWare, is difficult to rationalize.

The scope of the PWC report did not extend to audit practices. However, also in this area, the AuGD seems to have made progress (although a benchmark review is not available). The judgement of progress is based on the introduction of the Audit Procedural Manual which is largely ISSAI-proof and the adoption of supporting templates and forms as per January 2016 following the risk-based Audit Training (2016) provided by the National Audit Office of the United Kingdom (UK NAO).

The UK NAO, in cooperation with the Cabinet Office of the Government of Jamaica, also supported a training programme on performance audit. The training programme encompassed all aspects of undertaking a performance audit (specifically, the key stages of planning, fieldwork and reporting the results of an audit); the updating of the AuGD's performance audit manual; and a workshop for senior staff of the Department.

Further international assistance projects to develop the institutional and audit capacity of the AuGD are not programmed. Given the AuGD's active international orientation (it acts as the Secretariat of CAROSAI), it is expected that the AuGD will make full of international programs offered via INTOSAI Development Initiative (IDI) in conjunction with CAROSAI.

Prospects for further improvement

Although the assessment concludes that the AuGD's audit activities covering its financial, compliance and performance audit functions were generally sound, it identified scope for improvement. Looking to the future, the AuGD needs to ensure the more consistent application of international audit standards across all of its audit work, especially in its audit of appropriation accounts and its compliance audits. In this regard, the AuGD will benefit from a separate compliance audit manual, more intensive quality assurance and consistent use of the audit management software. The assessment also concludes that there is room for improvement in the way in which the AuGD carries out its overall audit planning and in the way in which the AuGD reports on and communicates the results of its audits.

By focussing on the continual improvement of the quality and impact of its audit, the AuGD will create considerable opportunities to enhance its standing in Jamaica and the esteem in which it is held. A key element of the AuGD's strategy in this context will be the further

development and reinforcement of its relationship with the Public Accounts Committee. By being sensitive to the requirements of the Committee and by being open to new ways to support the Committee, the AuGD will have the opportunity to strengthen the impact of the work of the Committee.

Also in this context, to maximise the beneficial impact of its audit, the AuGD will need to focus its resources on those areas where its audit can have most effect. This will be a challenge for the AuGD given the breadth of its remit and mandate and, consequently, the pressure put on its available resources by the large number of individual audits that it is required to carry out. The more extensive use by the AuGD of contracting out its more routine audits would enable it to manage the demands on the organisation more flexibly. And, in turn, this should give the AuGD the opportunity to reallocate its resources to those areas where its experience and expertise will have the most value and impact, in particular in securing beneficial change.

SAI Management Use of Assessment Results

One of the aims of the SAI PMF evaluation was to inform the Department of its level of compliance with international standards and areas that required improvement.

The SAI PMF report highlighted areas of progress on which we will continue to build and gaps we believe we must address, in order to enhance our efficiency and effectiveness. In many instances, the findings of the SAI PMF were consistent with our own assessment and hence we are already implementing measures to strengthen the institutional and technical capacity of the Department.

Training workshops conducted by consultants from the National Audit Office of the UK as well as pilot audits, commenced in June 2017 for the Compliance and Performance audit units and will terminate in September. The NAO consultants are currently compiling a Compliance Audit Manual and will provide enhancements for the Performance Audit Manual.

We are now reviewing the suggested amendments to the Strategic Plan, which will guide the finalization of the Department's Strategic Business Plan (SBP) for 2018 – 2021 and in this regard, we will seek to implement where possible, relevant recommendations, during the next planning period.

We expect that the report will assure our development partners of the Department's capacity to deliver a professional and reliable audit service and high quality reports.

1 Introduction to main report

1.1 Objective of the AuGD's-Performance Report

The Auditor General's Department (AuGD) is the Supreme Audit Institution (SAI) of Jamaica. The AuGD has agreed to engage in an assessment of its own performance using the SAI-PMF framework to gain an actual and objective assessment of its current capability in delivering on its mandate in line with the International Standards for Supreme Audit Institutions (ISSAIs). More specifically, the purpose of this assessment by the AuGD of Jamaica includes:

- The desire of the AG to measure where her organisation is currently in terms of progress and performance.
- Using the outcomes of the assessment to amend the content of the AGD Strategic Plan and technical audit manuals.
- Providing evidence to development partners, including the IDB, that the AuGD is capable of delivering a professional and reliable audit service.

1.2 Structure of this report

This report is made up of the following chapters:

- chapter 2 describes how the SAI PMF methodology was tailored to the AuGD's specific situation;
- chapter 3 describes the context in which the AuGD functions. The AuGD's performance cannot be considered in isolation from its environment. In particular, the AuGD's performance is influenced by the rule of law, the legal framework and the performance of the National Assembly, the Ministry of Finance (MoF) and the wider public sector;
- chapter 4 presents the findings regarding the AuGD's performance on the 25 indicators of the SAI PMF, broken down into six dimensions:
 - o A. Independence and Legal Framework;
 - o B. Internal Governance and Ethics;
 - o C. Audit Quality and Reporting;
 - o D. Financial Management, Assets and Support Services;
 - o E. Human Resources and Training;
 - o F. Communication and Stakeholder Management.
- chapter 5 describes the external support the AuGD has recently received from its development partners and the support it expects to receive in the future.

2 Methodology

2.1 Process of preparing the AuGD's-Performance Report

The SAI-PMF report has been prepared by an external expert team contracted by the IDB.²

The preparation of the SAI-PMF assessment commenced in September 2016 with an inception mission resulting in an Inception Report. It was envisaged that the expert team that prepared the Inception Report would also carry out the main assessment. Due to unavailability of the team, a new team of three external experts was recruited.

The new team of experts carried out a two week data collection mission during the period 16 – 27 January 2017. The data-collection mission was concluded with a de-briefing to the Executive Management Committee on 25 January on the draft scores.

The first draft of the SAI-PMF report was submitted on 3 March 2017 which was quality assured (QA) by the AuGD in April 2017 and by IDB on 10 of July.

The AuGD and IDB's QA comments have been incorporated in a final draft of the report which was finalized on 12 July 2017. This draft report was submitted to IDI for external QA on 11 August 2017. The first round of QA comments from IDI were issued on 28 September 2017. The comments were addressed by the assessment team on 16 October 2017. On 7 November, the report received the QA statement as included in this report by IDI.

2.2 Scope of the AuGD's performance report

The assignment has assessed all indicators of the SAI-PMF with the exception of SAI-18, 19 and 20. These Indicators are not relevant to the AGD as they relate to an SAI that has a Jurisdictional role. The AuGD is based on the Westminster model and does not have such judicial mandate.

The assessment has covered all audit and support services of the AuGD with the exclusion of its Economic Assessment function that has no relevance to the ISSAIs.

The period being covered by this assessment is the last completed financial year 2015/16. However, where appropriate, evidence was obtained from audit and other support activities during the current financial year 2016/17. For SAI-5, the assessment has covered the outsourcing process applied by the AuGD in the year 2012/13 as, subsequently, the AuGD has not made use of outsourcing.

2.3 Data collection methods

The data collection methods applied for the assessment included:

- document review;
- interviews with key stakeholders; and
- review of the audit files in TeamMate.

² The team was composed of Ferdinand Pot (TL), Frank Grogan and Horacio Vieira. The TL has carried out SAI-PMF assessments in Swaziland, Suriname and Armenia and has worked with IDI on aspects of the SAI-PMF framework. Mr Grogan has wide experience in capacity building for SAIs as former Head of the International Relations and Technical Cooperation of the UK National Audit Office. He was also team member of the SAI-PMF assessment of Swaziland. Mr. Vieira is staff member of the Brazilian Tribunal de Contas da União and has worked with IDB on different capacity building projects in the domain of performance audit.

The list of used documents and interviewed persons is included in Annexes 2 and 3. Interviewees included the AG, the staff of the AuGD, the Chair of the PAC and the Secretary of the Internal Audit Department.

The review of the audit files in TeamMate aimed to assess actual audit planning, implementation and reporting practices of the AuGD. The review was done on a sample of completed assurance and performance audits. Based on a total list of completed financial, compliance and performance audits in the last two years up to February 2017, thirteen audit files were selected for review. Table 1 lists the selected audits split by financial, compliance and performance audit. The selection process was done on the basis of professional judgement and aimed to get a representative cross section of the AuGD's current audit practices.

Table 1 Selected audit files for review during the SAI-PMF assessment

Type of audit	Entity
Financial audit	Ministry of Justice: Appropriation Account Capital A, 2014-15
	Ministry of Tourism and Entertainment: Appropriation account, 2013-14
	Management Institute for National Development (MIND): Financial Statement 2011
	National Environment Planning Agency (NEPA): Financial Statement March 2015
	Agricultural Competitive Programme (IDB project): Financial Statement 2015/16
	Integr. Social Protection & Labour Programme (PATH): Financial Statement 2015/16
Performance audit	The Bureau of Standards Jamaica (BSJ)
	Jamaica Mortgage Bank (JMB)
	Ministry of Health (MOH) Mental Health Unit
Compliance audit	Ministry of Labour and Social Security, 2015-16
	Ministry of Education- 2014-16
	EX-IM Bank, 2014-16
	Tax Administration Jamaica, 2012 - 13
	Post and telecom, 2014/15

3 Jamaica: country and background information

3.1 Country context

3.1.1 General economic development

Jamaica is an upper middle-income country with a gross national income (GNI) of US\$5,010 per capita in 2015. Jamaica is the largest English-speaking Caribbean country with a population of 2.7 million inhabitants.

Despite Jamaica's rich natural assets, its economy continues to experience a prolonged period of sluggish growth, with a poverty rate of 16.5 per cent and an unemployment rate of 13.3 per cent in 2015/16. Real growth has averaged 0.7 per cent since 1990 and unemployment has rarely dropped below 10 per cent. Meanwhile, the public debt has been above 100 per cent of GDP since 2000. Poor fiscal discipline propelled the debt increase, which crowded out private sector credit, raised financing costs, and further depressed growth. Weak growth, in turn, undermined fiscal performance and caused further increases in debt.

The economy contracted by 0.2 per cent in 2012/13 in the wake of Hurricane Sandy. The current account deficit deteriorated to 12 per cent of GDP. Foreign reserves dropped sharply to 1.4 months of imports, resulting from weak foreign inflows, including from the multilateral institutions, central bank foreign exchange sales to sustain the exchange rate, and debt payment. At the same time, fiscal performance fell short of budget targets and public debt rose to nearly 150 per cent of GDP. In 2013, to avert a looming severe fiscal and balance of payments crisis, the IMF approved a four-year Extended Fund Facility (EFF) programme equivalent to US\$948.1m to support the implementation by the Government of Jamaica of an economic reform programme. The goals of the programme included boosting growth and employment, improving external competitiveness, achieving fiscal and debt sustainability, strengthening the financial system, and supporting the poor. To increase the credibility of the reform programme against a history of repeated reform failures, the Jamaican authorities frontloaded important policy actions. These include a multi-year public sector wage agreement, an upfront tax package, and a debt exchange to secure an immediate reduction in the debt stock.

In its most recent review, the IMF concluded that the Government of Jamaica had made significant progress in implementing the reform programme. Its report highlighted the following:

- The Government of Jamaica had secured sustained fiscal consolidation;
- The country's macroeconomic environment had been stabilized with inflation more than halved and reduced to historical lows;
- During the fiscal consolidation, the Government had protected social expenditures and, so, established a stronger social safety net;
- The Government had strengthened the environment for conducting business in Jamaica.

The IMF did, however, conclude that reform dividends in the form of growth and job creation had been disappointing. Over the three-year period of the reform programme, real GDP growth had remained at the historical average of about 0.6 per cent. Despite a decline in the unemployment rate by about 3 percentage points since 2013, it remained high at over 13 per cent. The IMF attributed this weak growth partly to negative external shocks: the

drought conditions for two consecutive years led to a decline in agriculture; the chikungunya outbreak in 2014/15 reduced labour productivity; and the falling aluminium prices depressed exports. The weak growth was reflected in Jamaica's Human Development Index which has been declining since 2011. Inequality, which increased from 0.38 in 2001 to 0.46 by 2013, is high with one-fifth of the population living under the poverty line.

3.1.2 Governance arrangements

Jamaica gained its Independence from the United Kingdom in 1962 and, is a parliamentary democracy and constitutional monarchy, with Queen Elizabeth II as the formal head of state and is represented by the Governor-General of Jamaica, who is nominated by the Prime Minister of Jamaica and the Cabinet and appointed by the Monarch.

Formally, all members of the Cabinet are appointed by the Governor-General on the advice of the Prime Minister.

Jamaica's constitution was drafted in 1962 by a bipartisan joint committee of the Jamaican legislature. It came into force with the Jamaica Independence Act, 1962 of the United Kingdom parliament, which gave Jamaica independence.

The Parliament of Jamaica is bicameral, consisting of the House of Representatives (Lower House) and the Senate (Upper House). Members of the House (known as Members of Parliament or MPs) are directly elected. A member of the House of Representatives who is best able to command the confidence of a majority of the members of that House, is appointed by the Governor-General to serve as Prime Minister. Senators are nominated jointly by the Prime Minister and the parliamentary Leader of the Opposition and are then appointed by the Governor-General.

Political culture tends to be very partisan in Jamaica. This is a product of the Jamaican political system. Since independence, Jamaica has had, in effect, a two party system with power alternating between the People's National Party (PNP) and the Jamaica Labour Party (JLP). Following the most recent election in 2016, the JLP currently forms the Government of Jamaica. It has a Parliamentary majority of just one seat.

3.1.3 Education, media and civil society

Education in Jamaica is compulsory and free from early childhood to graduation from Secondary school (at the age of eighteen). Participation up to secondary school is nearly 90 per cent and the country has a literacy rate of 85 per cent.³ English is the main language spoken and there are very strong cultural and kinship links between Jamaica and the United Kingdom, the USA and Canada that support many families to enroll in studies overseas.

There is a wide variety of media outlets in Jamaica including national TV, radio and three national, daily newspapers. Freedom of speech and freedom of association is protected by the law. While some aspects of the media are subject to government control, there is a broad consensus that the press in Jamaica operates independently.

Religion plays a very important cultural and social role in Jamaica. Christianity is the largest religion with various protestant faiths practiced by some 70 per cent of the population.

³ https://www.unicef.org/infobycountry/jamaica_statistics.html

3.2 Public sector budgetary environment

3.2.1 Structure of the public sector and audit arrangements

The public sector consists of three categories: Central Government, Public Enterprise (PEs) and Local Government. The following audit arrangements apply:

Central Government

At central level, the Government of Jamaica is composed of constitutional bodies and 16 line ministries (including the Office of the Cabinet and the Office of the Prime Minister) including ...Departments. The AuGD is the external auditor for all central government entities. The audit focuses on 'appropriation statements' as central government does not prepare financial statements. The appropriation statements for each ministry/department consists of three parts: recurrent expenditures, capital A (domestically funded) and capital B (externally funded). Appropriation statements are neither consolidated at ministry level nor at government level.

Executive agencies

The GoJ has established 12 executive agencies that are governed by the Executive Agencies Act.⁴ An executive agency is a semi-independent public entity that remains part of the government but which has responsibility for its own management and performance. The Act stipulates for external audit that the accounts shall be audited annually "by an auditor appointed by the Chief Executive Officer and approved by the Auditor-General".

In practice 10 of the Agencies have selected the AuGD as external auditor. Two agencies - Child Development Agency and Jamaica Information Service – are audited by a private auditor with permission of the AG.

Public bodies

In Jamaica, two types of public bodies are distinguished: Statutory Bodies (SB) and Ltd. Limited Liability Companies (Ltd). In terms of fiscal links with the government, three types of arrangements are distinguished: Fully Financed from the Consolidated Fund (FF), Partially Financed from the Consolidated Fund (PF) and Self Financing (SF). These public bodies are governed by the Public Bodies Management and Accountability Act in 2001. The Public Bodies Management and Accountability Act (article 13) allows the Minister to select the external auditor: "*the Minister may, by appointment of order, prescribe the criteria for appointment of an auditor for a, public body*". However, the AG would be allowed to audit the accounts of any public body if "he/she thinks fit" and/or "if the House of Representatives, by resolution, so directs".

In the Financial Administration and Audit Act, the power to nominate the external auditor is given to the AG. Article 31 states: "*the Auditor-General may authorize any person registered under the Public Accountancy Act, to inspect, examine or audit the books and accounts of any public body which the Auditor-General may be required to examine or audit and that person shall report his findings to the Auditor-General.*"

⁴ The 12 executive agencies are: Administrator General's Department, Child Development Agency, Companies Office of Jamaica, Forestry Department, Jamaica Customs Agency, Jamaica Information Service, Management Institute for National Development, National Environment & Planning Agency, National Land Agency, National Works Agency, Passport, Immigration & Citizenship Agency, Registrar General's Department.

Out of around 194 public bodies, 30 make use of the auditor general to certify their statements (see Table 2 below).

Table 2 Public bodies in Jamaica (April 2015)

Fiscal type	Number	Legal form		Audit arrangement	
		SB	Ltd	AuGD	Private auditor
FF	65	59	6	17	48
PF	46	29	17	10	36
SF	83	36	47	3	80
	194	124	70	30	164

Source: AuGD internal document

Local Government

The sub-national Governments in Jamaica comprise parishes and libraries. There are 14 Parish Councils and 14 libraries. Parishes have a limited set of fiscal responsibility (primarily responsible for town planning, community amenities, maintenance of minor roads, water supply systems and street lightning, and importantly for running special assistance programmes for vulnerable groups). Around 95 percent of the local government's resources are received from the central government under different arrangements.

The Auditor General is required by law to audit and certify the parishes' financial statements.

3.2.2 Accounting standards, reporting requirements and practice

Central government

The GoJ is preparing on financial statements on the basis of national accounting standards and it is currently undertaking a project to transform to IPSAS Cash.

The Financial Administration and Audit Act (article 24.G) include the following reporting requirements for the Minister of Finance:

- a. the statement of the receipts and payments in respect of the Consolidated Fund Principal Bank Account;
- b. a statement of assets and liabilities of the Consolidated Fund showing balances in respect of current assets and liabilities;
- c. a summary of the transactions of the Consolidated Fund Principal Bank Account as compared with budget forecasts;
- d. a statement of the revenue and expenditure of the Consolidated Fund Principal Bank Account as compared with the original and revised budget forecasts.

The Financial Administration and Audit Act (article 24.G) include the following requirements for Ministries and Departments (to be submitted within a period of four months after the end of such financial year):

- a. revenue actually collected and paid into the Consolidated Fund or other approved depositories or applied as appropriation-in-aid, and including any drawbacks or other moneys paid out of such collections;
- b. appropriation accounts for expenditure as against approved estimates, including explanations for major variations therefrom;

Actual practice deviates from the legislation in two important aspects:

- There is no consolidation of the accounts at the level of the central government level of expenditures and revenues and, therefore also no presentation of a balance including assets and liabilities;
- Ministries and departments do not meet the timelines. For many of them, a serious backlog for multiple years exists. See table 3 below for an overview.

Table 3 Status of uncertified financial statement and appropriation accounts for financial years up to March 31, 2016

Entities	Document	Not submitted to the AuGD	Audit findings returned to client: awaiting adjustments	Total backlog
Ministries and Departments	Appropriation Accounts	169	125	294
Parish Councils and Libraries	Financial Statements	110	31	141
Statutory Bodies and Agencies	Financial Statements	47	54	101
		326	210	536

Source: AuGD, Thematic approach to the audit plan

Executive agencies and public bodies

For executive agencies and public bodies, the relevant legislation requires the application “generally accepted accounting practice” defined as standards set out by the Institute of Chartered Accountants of Jamaica; and approved by the Minister responsible for Finance in accordance with the provisions of the Financial Administration and Audit Act.

In terms of reporting, every Chief Executive Officer shall, within three months after the end of each financial year, prepare and forward to the responsible Minister, an annual report of the activities of the Executive Agency during that financial year, including a statement of its accounts audited.

In practice, many executive agencies and public bodies have a backlog in the preparation of audited annual financial accounts. The AuGD holds a record of those agencies and public bodies for which it is the selected external auditor. The AuGD holds no records of all public bodies.

Local government

The accounting and reporting standards of Parish Councils are derived from the Parish Council’s Act of 1972. The following table shows that Parish Councils face a significant backlog in the preparation of financial accounts.

Table 4 Last year of financial statements submitted by Parish Council

Name of the Parish	Last year of FS submitted
Manchester Parish Council	2011/2012
Portmore Municipal Council	2010/2011
KSAC	2010/2011
St. Elizabeth Parish Council	2013/2014

Trelawny Parish Council	2011/2012
Westmoreland Parish Council	2011/2012
St. Thomas Parish Council	2013/2014
St. James Parish Council	2009/2010
St. Catherine Parish Council	2008/2010
Hanover Parish Council	2013/2014
Clarendon Parish Council	2012/2013
Portland Parish Council	2009/2010
St. Ann Parish Council	2008/2009
St. Mary Parish Council	2012/2013

Source: AuGD, Parish Council Audit Strategy (2016-2017)

3.2.3 Other Public Finance Management stakeholders

Internal audit

The Internal Audit function is a compulsory requirement for all constitutional bodies, line ministries, executive agencies and public bodies. Their establishment is a requirement of the FAA Act, PBMA and Executive Agencies Acts.

The FAA Act establishes an Audit Commission whose role is to ensure the continued effectiveness of the Audit Committees in MDAs, and hence develops Audit Committee policies and standards, and promulgates best practices. The Audit Committees are established in each public entity to oversee the work of the internal audit units, and oversee the taking of corrective measures by the Accounting Officer and reports on any matters required the attention of the Audit Commission, the Auditor General's Department or the Financial Secretary.

The internal audit units are typically composed of a chief internal auditor, with staffing ranging between 3 and 20 employees. The units report to audit committees composed of 7 members (2/3 external to the ministry including from the private sector and other ministries, 1/3 internal) which review the work, responses of management and recommend corrective actions. Currently, internal audit units and audit committees operate in all ministries, departments and agencies (and all self-funded public bodies except one). The IA function across Central government is comprised of the following staff resources:

The Audit Commission is composed of 6 members including the Institute of Internal Audit, the Auditor General, the Office of the Cabinet, ICAG and the Ministry of Finance and Planning.

Office of the Contractor General

The Contractor General is an independent, anti-corruption Commission of Parliament. It was established by the Contractor General Act in 1986.

The main objective of the Office of the Contractor General is to ensure that the public-sector procurement process delivers value to the tax-payer, is merit based, is free from corruption, impropriety and irregularity and is transparent, impartial, competitive, fair, efficient and effective. Its primary functions are the monitoring and investigation of the award of Government contracts, licenses and permits.

3.3 Description of the AuGD's institutional framework

3.3.1 Legal framework

The Auditor General's Department of Jamaica is based on the principles of the Westminster model for SAIs.

The 1962 Constitution of Jamaica at Articles 120 to 122 inclusive, contain, the legal mandate for the:

- Appointment of the Auditor General;
- Terms and conditions of the Auditor General;
- Removal of the Auditor General;
- Reporting requirements of the Auditor General; and,
- Audit of the Financial Statements of the Auditor General.

The Financial Administration and Audit Act (FAA) of 1959 (as amended) at Part IV 'Audit', Articles 25 to 32 inclusive provide the primary Legal mandate for the following activities of the Auditor General:

- The duties of the Auditor General;
- The Certification of Accounts by the Auditor General;
- The Annual Reports by the Auditor General; and,
- The audit of the accounts of Public Bodies by the Auditor General.

The combined requirements of the Constitution and the FAA provide the legal framework within which the Auditor General must operate.

A number of the requirements of the Constitution and the FAA, in relation to the Auditor General, are not fully aligned with, for example, best practices for independence. The impact of these will be fully described as part of Chapter 4 in indicators SAI-1 and SAI-2.

The Auditor General's Department (AuGD or the Department) is mandated with the responsibility to promote transparency, accountability and best practices in government operations. The Auditor General is mandated by Section 122 of the Jamaican Constitution to audit the accounts of all government bodies; including those entities and projects on which Public money is spent. Section 122(5) of the Constitution also allows the Auditor General to conduct special investigations to assess the economic use of public resources.

The mandate of the Auditor General was expanded in 2010 to include economic assessment and review of the Government of Jamaica Fiscal Policy Paper (FPP). The FPP comprises, as stipulated by the Financial Administration and Audit (FAA) Act, the fiscal responsibility statement, macro-economic framework and fiscal management strategy. Section 48(B) (6) of the FAA (Amendment (No.2)) Act 2010, stipulates that the Auditor General has the responsibility to comment on the fiscal management of the Government through a report, which should be tabled in Parliament. Specifically, the Auditor General is required to give an opinion on the reasonableness of the assumptions and conventions and the justification for deviations from the targets defined in the Fiscal Responsibility Paper (FRP) to be tabled with the budget by the Ministry of Finance.

The Auditor General reports directly to the Speaker of the House and simultaneously provides copies of these reports to the Minister of Finance and the Ministry or Agency that is the subject of the audit report.

3.3.2 Organisational structure

The AuGD is centralised in the capital city of Kingston where it has its own office facilities. It has no sub-national offices.

The AuGD is led by the Auditor General. It is directly supported by a secretariat and, as per 2015, the internal oversight unit (IOU). The IOU consists of two sub-divisions: quality assurance and internal audit. The complete organogram of the AuGD is included in Annex 3.

Two audit divisions headed by a distinct Deputy Auditor General (DAG):

- Assurance Audit: composed of a Compliance Audit Unit, a Financial Audit Unit and an Information Technology Audit Unit;
- Performance Audit.

In addition, the organisation structure holds a division responsible for the conduct of Economic Assessment. This Division is created in 2015 and reports verification of economic data used by the Ministry of Finance in the fiscal planning.

Finally, a Corporate Services division covering Finance & Accounts, Corporate planning and Public Education, Human Resources & Administration and Information Technology.

3.3.3 The AuGD's resources

Table 5 shows the Budget of the AuGD in the fiscal year 2015-16.

Table 5 AuGD Estimates and Actuals, 2015-2016 in Jamaican Dollars

Category	Estimates	Actuals	% of total
Compensation of employees	374,177,000	327,986,631	69,7 %
Travel Expense & Subsistence	59,256,000	69,020,151	14,7 %
Rental of Property & Machinery	41,900,000	42,585,908	9,0 %
Utilities and Communication	2,990,000	2,110,422	0,4 %
Use of Goods and Services	36,279,000	25,636,999	5,4 %
Awards & Social Assistance	1,500,000	427,200	0,1 %
Grants & Contributions	181,000.00	180,921	0,0 %
Capital Goods	12,331,000.	2,770,870	0,6 %
Total	528,614,000	470,719,106	100,0 %

Nearly 70 % of the total budget is spent on staff salaries. The AuGD has an approved establishment of 210 employees of which 79 per cent of staff are operational auditors, 17 per cent work for corporate services and 4 per cent is executive management.

4 Indicator-led analysis of the AuGD's Environment, Capability and Performance

4.1 Domain A: Independence and legal framework

Domain A covers two indicators: the AuGD's independence from Government (SAI-1) and the SAI's legal mandate (SAI-2). The purpose of the domain is to consider the institutional basis for the SAI's operations. It is recognized that the SAI's independence and legal framework are not directly under the control of the SAI itself. The legal framework is decided by other state powers. The domain has nevertheless been included in the SAI PMF because the SAI's independence and legal framework significantly affect its effectiveness.

The following table provides an overview of the scores. Section 4.1.1 and 4.1.2 provide further details.

Domain A: Independence and legal framework		Dimensions				Overall score
Indicator	Name	i	ii	iii	iv	
SAI-1	Independence of the SAI	2	1	2	3	2
SAI-2	Mandate of the SAI	3	4	4		4

4.1.1 SAI-1 Independence of the SAI

4.1.1.1 Narrative

According to ISSAI 1 an objective Supreme Audit Institution which operates in an effective manner can only be achieved if the SAI is independent of the audited entity and is protected against outside influence. SAI-1 measures the degree of independence enjoyed by the SAI, by assessing the key aspects of independence as identified by INTOSAI members themselves, through the Lima Declaration (ISSAI 1) and the Mexico Declaration (ISSAI 10).

The indicator is separated in four dimensions:

- i. Appropriate and Effective Constitutional Framework;
- ii. Financial Independence / Autonomy;
- iii. Organisational Independence / Autonomy;
- iv. Independence of the Head of SAI and its Officials.

Dimension i Appropriate and Effective Constitutional Framework

The independence of the Auditor General (AG) of Jamaica is enshrined in the Constitution of Jamaica (hereafter referred to as the Constitution) and the Financial Administration and Audit Act (FAAA, 2011). These two foundation documents provide the basis for the assessment of the AG's independence for SAI-1.⁵

⁵ In addition, the Public Bodies Management and Accountability Act and the Financial Administration Audit Fiscal Responsibility Framework Amendment Regulations 2015 have extended the AG's range of responsibilities.

Sections 120 to 122 of the Constitution provide for the creation of the office (post) of the Auditor General in Jamaica and for the creation of an office (organisation or department) to support the AG in discharging his/her functions and responsibilities. This part of the Constitution also sets out the duties and powers of the AG.

The relevant sections of the FAAA (2011) specify in more detail, and add to, the powers, functions and responsibilities of the AG (specifically sections 25 to 32, Section 33.b, and section 48.B.6). In relation to the external audit of public bodies in Jamaica, Section 13.A.1 of the Public Bodies Management and Accountability Act (PBMAA, 2001) enables the AG to audit the accounts of any public body where the House of Representatives of Jamaica ‘by resolution, so directs’.

The independence of the AG is enshrined in the relevant provisions of the Constitution. Specifically, section 122(3) of the Constitution specifies that *“in the exercise of his/her functions the Auditor General shall not be subject to the direction or control of any other person or authority”*.

The AG is guaranteed a very high degree of initiative and autonomy. Section 122(5) of the Constitution provides for the AG to undertake *“other functions as may be prescribed”* in relation to the accounts of the GoJ and other public bodies. In relation to the supervision and control of public expenditure. Section 29(1) of the FAAA (2011) provides for the AG to prepare a special report on any matter incidental to his/her powers and duties under the Act.

Section 120 of the Constitution sets out the process for the appointment of the AG. Section 121 provides for (i) the tenure of the AG (essentially the individual appointed as AG may hold that post until he/she reaches the age of sixty with the possibility of extending their tenure till they reach the age of sixty-five); and, also for (ii) the process to be followed to dismiss an individual from the office of AG. Section 122(3) of the Constitution stipulates that in the exercise of her functions under the Constitution, the AG *“shall not be subject to the direction or control of any other person or authority”*.

The above provisions guarantee a relative strong constitutional and legal protection of the AG. However, as noted in dimension ii and dimension iii, the operational independence of the AuGD in managing its finances and personnel is not guaranteed. The SAI PMF team has not observed that the AG has publicly reported on these shortcomings and made efforts to get the legislation amended on these aspects.

Dimension ii: Financial Independence / Autonomy

The constitutional and legislative framework for the AG and, hence, the Auditor General’s Department (AuGD) does not provide for its financial independence. The annual budget of the AuGD is set and approved in the same way and as part of the same process that applies to all Ministries, Departments and Agencies (MDAs) of the GoJ. In constructing its budget, the AuGD has to adopt and use the same planning and budgeting assumptions as those promulgated by the Ministry of Finance (MoF) for all Jamaican MDAs. The budget of the AuGD is submitted first to the MoF before being transmitted to the House of Representatives for formal approval as part of the process for approving the overall GoJ budget. All the relevant processes and procedures governing the AuGD budgeting, financial planning and financial control and management are derived from the Financial Management Regulations (FMR, 2011) issued by the MoF under the FAAA.

Under the current constitutional and legislative provisions, the AuGD does not have the right to appeal to the House of Representatives where it believes that the resources that it has been provided with are insufficient to enable it to fulfil its mandate. However, the SAI-PMF Team found no evidence that there had been any cases of undue interference on the

part of the Executive with regard to the budget of the AuGD or with regard to the Department's access to the financial resources allocated to it.

Dimension iii: Organisational Independence / Autonomy

The constitutional and legal framework for the AuGD does not ensure its functional and organizational independence. In practice, this is reflected, for example, in the requirement for the AuGD to secure MoF approval for its budget and for certain items of expenditure (for example expenditure in relation to IT and office accommodation). In addition, in relation to its overall staff complement and the number of staff in each of the AuGD's audit and administrative grades, the AuGD has to obtain approval from the MoF and the Public Services Commission (PSC) of Jamaica for any increase in the overall number of staff that it may employ and for any change in the distribution of staff across the Department's different audit and administrative grades.

The constraints on the independence does occasionally have implications for the organisation and management of the AuGD's office. Although in general the Executive does not interfere in the management of the AuGD, one recent case demonstrates the limits of the independence of the AuGD. The AuGD would prefer to employ more senior auditors rather than lower-skilled audit assistants. However, the AuGD's proposal for modifying the establishment by replacing audit assistants for senior auditors has not been adopted by the MoF and the PSC leaving the AuGD with a sub-optimal staff composition.

In relation to the management and running of the Department, the AuGD has limited discretion and it should incorporate and follow the policies, procedures and guidance prescribed by the GoJ, specifically advice and guidance issued by the MoF. This means that the AuGD's Finance Regulations and its Human Resource Manual incorporate GoJ's policies and requirements.

The AuGD is especially constrained by the need to secure MoF and PSC approval in relation to key aspects of its human resource requirements. The overall staff complement of the Department and the creation of new posts are all subject to the approval of the MoF and the PSC. The AuGD also operates within the framework for staff salaries and staff terms and conditions of employment as specified by the GoJ specifically by the MoF.

Together, the relevant sections of the Constitution of Jamaica and the relevant sections of the FAAA (2011) serve to define the relationship between the AuGD and the House of Representatives and between the AuGD and the Executive. Section 122(1) of the Constitution of Jamaica provides for the AG to submit her Annual Report to the House of Representatives. She uses this document to provide the House of Representatives with information and data on the performance of her Department. Section 122(4) of the Constitution of Jamaica provides for the annual independent audit of the accounts of the AuGD. Under the Constitution, the audit is undertaken by the MoF and the results are presented to the House of Representatives.

Section 31(1) of the FAAA (2011) allows the AG to authorize any person registered under the Public Accountancy Act to inspect, examine or audit the books and accounts of any public body which the AG may be required to examine and that person shall report his findings to the AG.

Dimension iv: Independence of the Head of SAI and its Officials.

Section 120 of the Constitution of Jamaica sets out the process for appointing the AG. This process is intended to be transparent and politically neutral. Section 121 sets out the process

for removing the AG. The provisions intend to ensure that the AG cannot be removed from his or her post arbitrarily; that there must be a proper and just cause; and that the removal itself must follow a defined process of consultation and advice.

Section 121(1) of the Constitution of Jamaica stipulates that the AG “shall hold office until he attains the age of sixty years” with the provision that his (or her) term can be extended until he/she reaches the age of sixty-five. Section 121(2) of the Constitution further states that “nothing done by the Auditor-General shall be invalid by reason only that he has attained the age at which he is required to vacate his office”. In relation to the AG appointment, Section 120(3) of the Constitution of Jamaica stipulates that “a person who has held the office of the Auditor-General shall not be eligible for appointment to any other public office”.

The current Auditor General was appointed in 2008 and so, in line with the specified criterion, within the past three years there have been “no periods longer than 3 months during which there was no properly appointed Head with tenure”. The appointment of the current Auditor General in 2008 followed the process set out in Section 120 of the Constitution of Jamaica. Since then she has been in office and no attempt has been made to remove her from office.

Section 122(3) of the Constitution of Jamaica stipulates that in the exercise of her functions under the Constitution, the AG “shall not be subject to the direction or control of any other person or authority”.

4.1.1.2 Rating

Dimension	Findings/Justification	Score
(i) Appropriate and effective constitutional framework	<ul style="list-style-type: none"> • Criteria ‘a’, ‘b’, ‘c’ and ‘d’ have been met: <ul style="list-style-type: none"> - The establishment of the AuGD and details on the role, powers and duties of the SAI are laid down in the Constitution and legislation. - The AG’s independence is laid down in the Constitution; - The independence of the AG provided under the Constitution and law also guarantees a very high degree of initiative and autonomy - The appointment, term, cessation of functions of the AG and the independence of their decision-making powers are guaranteed in the Constitution. • Criteria ‘e’, ‘f’ and ‘g’ have not been met: <ul style="list-style-type: none"> - There are no constitutional or legislative provisions that serve to provide legal protection by a supreme court against any interference with the Auditor General’s independence. - The AG did not report on any matters that may affect their ability to perform their work in accordance with their mandates and/or the legislative framework. - The AG did not strive to promote, secure and maintain an appropriate and effective constitutional, statutory or legal framework. 	2 Criteria (a), (b) and at least two of the other criteria are in place.
(ii) Financial independence /autonomy	<ul style="list-style-type: none"> • Criteria ‘b’ and ‘g’ have been met: <ul style="list-style-type: none"> - The AuGD’s budget is approved by “the public body deciding on the national budget” - During the past 3 years, there have been no cases of undue interference from the Executive regarding the SAI’s budget proposal or access to financial resources (ISSAI 10:8); • Criteria ‘a’, ‘c’, ‘d’, ‘e’ and ‘f’ have not been met: 	1 (two criteria are in place, but not criterion ‘a’)

	<ul style="list-style-type: none"> - The legal framework does not explicitly or implicitly provides for the SAI's financial independence from the executive; - The AG is not free to propose its budget to the public body deciding on the national budget without interference from the executive; - The AuGD is not entitled to use the funds allotted to them under a separate budget heading as they see fit; - After the AuGD's budget has been approved by the Legislature, the Ministry of Finance can control the AuGD's access to these resources by the quarterly releases. - The AG has no "right of direct appeal to the Legislature if the resources provided are insufficient to allow [it] to fulfil [its] mandate." 	
(iii) Organizational independence /autonomy	<ul style="list-style-type: none"> • Criteria 'e', 'f' and 'g' have been met: <ul style="list-style-type: none"> - The relationship between the SAI and the Legislature and also the Executive is clearly defined in the legal framework. - The legal framework provides for accountability and transparency [by covering] the oversight of the SAI's activities - The SAI is entitled to call on and pay for external expertise as necessary. • Criteria 'a', 'b', 'c' and 'd' have not been met: <ul style="list-style-type: none"> - The constitutional and legal framework for the Auditor General's Department does not ensure its functional and organizational independence. - In practice, the SAI is not "free from direction or interference from the Executive in the organization and management of its office." - The AuGD has not the power to determine its own rules and procedures for managing business; - The Auditor General's Department is constrained by the need to secure Ministry of Finance and Public Services Commission approval in relation to key aspects of its human resource requirements. 	<p style="text-align: center;">2</p> <p>(At least three of the criteria above are in place, but not five).</p>
(iv) Independence of the Head of SAI and its Officials	<ul style="list-style-type: none"> • All criteria, except criterion 'g', have been met including: <ul style="list-style-type: none"> - conditions for appointments, reappointments, and removal of the AG; - the term of appointment is sufficiently long; - the AG shall not be subject to the direction or control of any other authority; - in the past 3 years, there have been no interruptions in the appointments of the AG and or removals of the AG; - the last AG appointment was done through a transparent process. • Criterion 'g' has not been met: <ul style="list-style-type: none"> - Audit staff of the AG are dependent on Public Service Commission for a future career in the public sector. The PSC is covered by the AuGD's audit mandate. 	<p style="text-align: center;">3</p> <p>(Criteria 'a', 'e' and at least three of the other criteria are in place)</p>
Overall score SAI-1		2

4.1.2 SAI-2 Mandate of the SAI

4.1.2.1 Narrative

The indicator aims to assess the operational powers allocated to the AuGD through the legal framework. As the Supreme Audit Institution of government financial resources, the AuGD needs to be sufficiently empowered by a legal framework establishing its role and clearly describing the public financial operations it is responsible for auditing.

The indicator is separated in three dimensions:

- i. Sufficiently Broad Mandate;
- ii. Access to Information;
- iii. Right and Obligation to Report.

Dimension i: Sufficiently Broad Mandate

The AG's mandate is broadly defined in sections 120 to 122 of the Constitution and sections 25 to 32 of the FAAA (2011).

First, the mandate covers all public-sector entities. Section 122(1) states: *The accounts of the Court of Appeal, the accounts of the Supreme Court, the accounts of the offices of the Clerks to the Senate and the House of Representatives and the accounts of all departments and offices of the Government of Jamaica (including the offices of the Cabinet, the Judicial Service Commission, the Public Service Commission and the Police Service Commission but excluding the department of the Auditor-General) shall, at least once in every year, be audited and reported on by the Auditor-General.*

Second, the AG is empowered to undertake different types of audit. Section 122(5) provides for the AG to undertake *“other functions as may be prescribed”* in relation to the accounts of the GoJ and other public bodies and in *“relation to the supervision and control of expenditure from public funds in Jamaica”*. Section 29 of the FAAA (2011) adds the following to the AG's powers in relation to the supervision and control of public expenditure *“to prepare a special report on any matter incidental to his/her powers and duties under the Act”*.

Third, the mandate extends to the external audit of public bodies in Jamaica, Section 30 of the FAAA states. This is confirmed by Section 13.A.1 of the Public Bodies Management and Accountability Act (PBMAA, 2001) enables the AG *“to audit the accounts of any public body”*.

In part 3 of article 122 of the Constitution, the AG is also protected from any influence in selecting its audit topics and methods. It is stated that *“In the exercise of his functions under the provisions of subsections (1) and (2) of this section, the Auditor-General shall not be subject to the direction or control of any other person or authority”*.

However, in practice, the AuGD's freedom to select audit topics is restricted by a relative large number of mandatory audits that are assigned to the AuGD. In addition to the central and subnational government entities, the AG is appointed as the external auditor for an additional 36 public bodies. A large part of the audit capacity is annually allocated to these financial statements audit of its relatively minor part of the Jamaican public sector. Although the legislation allows for outsourcing to a private auditor to carry out the external audit, cost considerations make such outsourcing not feasible.

Dimension ii: Access to Information

The Constitution, article 122(1) provides the AG access to the information needed to carry out the audit: *“the Auditor-General who, with his subordinate staff, shall at all times be entitled to have access to all books, records, returns and reports relating to such accounts”*.

More specification of this general provision is provided by the FAAA. Article 25(3) states: *“For the purpose of the examination of any account the Auditor-General shall be entitled at all reasonable times (a) to have access to all books, records, vouchers, documents, returns, reports, information storage devices, cash, stamps, securities, stores or other Government property in the possession of any officer etc.”;*

The article also allows the AuGD staff access to the premises: *“to station members of his staff in any department to facilitate the conduct of the audit and the accounting officer concerned shall provide such facilities as the Auditor-General may reasonably require for that purpose.”*

In case access to information is denied, the AG should access via the Minister as stated in FAAA article 25(5): *“Where any officer fails to comply with any requirement of subsection (3), the Auditor-General may, if the circumstances so warrant, report the matter to the Minister and shall send a copy of that report to the accounting officer concerned and to the Chief Personnel Officer.”*

Dimension iii: Right and Obligation to Report

The AG’s right to publish is stated in section 122(2) of the Constitution: *“The Auditor-General shall submit his reports made under subsection (1) of this section to the Speaker (or, if the office of Speaker is vacant or the Speaker is for any reason unable to perform the functions of his office, to the Deputy Speaker) who shall cause them to be laid before the House of Representatives.”*

Further detail is provided in the FAAA, Section 29(1) *“The Auditor-General shall report annually as soon as possible and not later than the 31st day of December following the end of each financial year the results of his examination: Provided that the Auditor-General may, at any time if it appears to him to be desirable, prepare a special report on any matter incidental to his powers and duties under this Act. (2) Every report of the Auditor-General shall be addressed to the Speaker who shall lay the report before the House of Representatives as soon as possible after its receipt by him.”*

The AG did not report any interferences on the above rights to publish during the past three years.

4.1.2.2 Rating

Dimension	Findings/Justification	Score
(i) Sufficiently broad mandate	<ul style="list-style-type: none"> • Criteria ‘a’, ‘b’, ‘c’, ‘d’, ‘g’, ‘h’ and ‘i’ are met: <ul style="list-style-type: none"> - All public financial operations, are subject to audit by the AG; - The AG’s mandate specifically ensures it is responsible for the audit of all central government activities; - The AG is not free from direction and interference in the selection of audit issues, planning, conduct, reporting and follow-up of their audits; - The AG is empowered to carry out financial, compliance and performance audit and she does so in practice. • Criterion ‘e’ and ‘f’ have not been met: <ul style="list-style-type: none"> - The AG has not been given and has not taken any tasks which influence the independence of its mandate; - There have been cases of interference in the SAI’s selection of audit clients or subjects within the last three years, in a way that may compromise the SAI’s independence. 	3 Criterion (c) and at least three of the other criteria are in place)
(ii) Access to information	<ul style="list-style-type: none"> • Criterion ‘a’, ‘b’, ‘c’ and ‘e’ are met and criterion ‘d’ is not applicable. 	4 (All criteria are met)

	<ul style="list-style-type: none"> - The law provides the AuGD with unrestricted right of access to records, documents and information; - The AuGD has the right to decide which information it needs for its audits; - In case the access to information required for the audit is restricted or denied, there is no established and appropriate process for resolving such matters; - AuGD staff have right of access to the premises of audited bodies in order to do the fieldwork the SAI deems necessary. 	
(iii) Right and obligation to report	<ul style="list-style-type: none"> • All criteria are met, including: <ul style="list-style-type: none"> - Empowerment to report its findings independently to Parliament. - the right to publish its annual audit reports; - Empowerment to report on particularly important and significant findings during the year. - Freedom to decide the content of their audit reports; - Freedom to decide on the timing of their reports; - No interference in practice in the last three years on the above rights. 	4 (All criteria are met)
Overall score SAI-2		4

4.2 Domain B: Internal governance and ethics

One of the objectives of ISSAI 12 is that SAIs should lead by example and be model organisations. An SAI should advance transparency and accountability through good governance of the SAI and ethical conduct, in order to fulfil their mandates. This domain measures the SAI's overall performance in the area of internal governance and ethics. It seeks to give an understanding of the SAI's efforts, strengths and weaknesses at the organizational level.

The following table provides an overview of the scores in the five indicators of domain B. Section 4.2.1 till 4.2.5 provide further details for each indicator.

Domain B Internal governance and ethics		Dimensions				Overall score
Indicator	Name	i	ii	iii	iv	
SAI-3	Strategic Planning Cycle	2	2	2	2	2
SAI-4	Organizational Control Environment	2	2	3	2	2
SAI-5	Outsourced Audits	3	4	1		3
SAI-6	Leadership and Internal Communication	3	3			3
SAI-7	Overall Audit Planning	1	1			1

4.2.1 SAI-3 Strategic Planning Cycle

4.2.1.1 Narrative

This indicator reviews the strategic planning cycle of the AuGD. An SAI should have systems in place to provide direction for the SAI and which enable it to plan for both the long term

and the short term. It should also monitor and report on its performance. Consistent with INTOSAI terminology, long term planning will here be referred to as “strategic planning”.

The indicator on strategic planning is separated in four dimensions:

- i. Content of the Strategic Plan;
- ii. Content of the Annual Plan/Operational Plan;
- iii. Organizational Planning Process;
- iv. Monitoring and Performance Reporting.

Dimension i: Content of the Strategic Plan

The preparation of the AuGD’s Strategic Business Plans (SBP) follows a ‘rolling’ pattern. Last year’s SBP covered the periods 2016 to 2019; the current one 2017 to 2020. In part the strategic planning process has been driven by the AuGD’s need to comply with Government of Jamaica requirements as the key purpose of the SBP is to support the budget estimates that the AuGD prepares and submits to the MoF.

The SBP begins with a review of past performance, an assessment of the constraints on the AuGD and a SWOT analysis to identify weaknesses.⁶ The process was extended to include a PESTLE analysis.⁷ A stakeholder analysis was undertaken as part of the process of preparing the current SBP. However, there was very little (if any) structured consultation with stakeholders to obtain their views and incorporate their views and concerns in preparing the Plan.

The AuGD’s SBP defines four high-level desired outcomes to be achieved by the end of the planning period. These are linked to ISSAI 12 principles and the value and benefits of SAIs defined in that document. The SBP contains further a set of plans and priority programmes that seek to link each of the four high-level desired outcomes to:

- i. more specific objectives;
- ii. relevant parts of the risk mitigation strategy;
- iii. strategies / activity streams;
- iv. key performance indicators;
- v. linked targets for each year of the three-year period covered by the plan.

Accordingly, the SBP reflects most of the expectations for the content of a Strategic Plan. However, a few weaknesses are identified. First, although it reflects ambition, the SBP distinguishes some 26 key performance indicators. On balance, this represents a complex, less manageable arrangement than that envisaged in the criterion for *Dimension (i)* on the content of the strategic plan. Also, the focus of the current Strategic Business Plan is more on how the Department of the Auditor General can respond to the challenges inherent in the institutional environment in which it operates rather than identifying measures that the Department could take to strengthen that environment.

Dimension ii: Content of the Annual Plan/Operational Plan;

AuGD’s SBP is translated into an Annual Operational Plan (AOP). In the AOP, activities are defined and linked to timetables. However, the allocation of responsibilities is not clear, and consequently, there is internal accountability for the delivery of the activities specified

⁶ SWAT analysis focuses on Strengths, Weaknesses, Opportunities and Threats.

⁷ PEST analysis (political, economic, social, technological, legal and environmental factors) describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

in the Plan. This relates to the audit streams of work where accountability and responsibility is spread across the relevant Deputy Auditors General and Audit Principals.

On other aspects, the AuGD's AOP meets expectations on the following issues:

- All the main support services are included in the plan together with a budget allocation;
- The links to the strategic plan are evident in the relevant planning and monitoring documents, for example the quarterly monitoring report submitted to the Department's Executive Management Committee;
- The activities identified in the plan are linked to the relevant parts of the operational budget of the Department of the Auditor General. There is ongoing consideration of the adequacy of the resources available to the Department to support it in discharging the full range of its statutory responsibilities;
- There is a consistent focus on risk throughout the planning process.

There are measurable indicators at the output level. However, these are generally expressed in terms of audits undertaken and completed. At the outcome level, the Department is continuing to work on developing indicators. A number of those currently in place are more aspirational and have not yet been quantified or measured in some way. Also, there are currently no baselines included in the plans.

Dimension iii: Organizational Planning Process

The AuGD has a clearly defined set of responsibilities, actions and timetable for developing the organizational and other related plans. The Executive Management Committee (EMC), which is chaired by the AG, begins the planning process and sets the priorities and assumptions for the plans. The Corporate Services Department is responsible for the process of preparing the plans. Because the plans are part of the Ministry of Finance's budget preparation process, the Department has to comply with the Ministry's timetable. The final planning outputs are considered and approved by the Executive Management Committee. The AG then formally submits the SBP and AOP to the Ministry of Finance as part of the budget / estimate preparation process. Quarterly progress reports are presented to the Executive Management Committee for discussion and review.

The formulation of the plans is discussed with Audit Principals and other senior officers. However, there is no formal consultation with more junior staff in the organization. Also, the plans are available to staff, but there is no formal process of presenting the plans to all staff in the organization to explain the thinking behind the plans and to draw out the relevance of the plans to the roles and work of the more junior members of the organization.

During the process, there was little (if any) interaction with external stakeholders. The plan includes a stakeholder analysis, but that was primarily a desk-based exercise. At the time of the SAI-PMF review, the current Strategic Business Plan covering the period 2017 to 2020 had also not been made available publicly.

Dimension iv: Monitoring and Performance Reporting

Internally, the AuGD prepares quarterly reports on progress in all areas that are presented to the EMC for discussion and review. Externally, the AG's Annual Report provides a commentary and data on the AuGD's progress in implementing its plans. The report explains that the Department undertakes its audits using the ISSAI framework of standards.

The reports on progress contain performance indicators that focus on outputs, specifically in relation to audits undertaken and completed. In monitoring the progress of the AuGD's work, the AuGD does not focus yet much on the impact of its work. It applies no performance indicators that assess the value of audit work for Parliament, citizens and other stakeholders. The AuGD does also not use external feedback to follow up their public visibility, outcomes and impact and it does not have a process in place for the collection and publication of data on the impact of its audits.

The AuGD has also not yet been subject to a peer review. At the time of undertaking this SAI-PMF assessment, no decision had been taken in relation to the publication of the results of the assessment.

4.2.1.2 Rating

Dimension	Findings/Justification	Score
(i) Content of the Strategic Plan	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'd' and 'f' are met. - The current strategic plan is based on a needs assessment - The strategic plan incorporates a results framework - The strategic plan is complemented by an implementation matrix or similar document; - The current strategic plan is based on an assessment of the institutional framework • Criteria 'c', 'e' and 'g' are not met. - The Strategic Business Plan contains some twenty-six key performance indicators. The SAI-PMF Team judge that, on balance, this represents a too complex, less manageable arrangement; - The stakeholder analysis did not include structured consultation with stakeholders to obtain their views and incorporate their views and concerns in preparing the Plan. - The focus of the current SBP is more on how the AuGD can respond to the challenges inherent in the institutional environment in which it operates rather than identifying measures that the Department could take to strengthen that environment. 	2 (At least three of the criteria are in place, but not five)
(ii) Content of the Annual Plan / Operational Plan	<ul style="list-style-type: none"> • Criteria 'b', 'c', 'd' and 'e' met. - The AuGD's main support services are covered in the operational plan; - The AOP is clearly linked to the strategic plan; - The AOP is linked to a budget; - It contains an assessment of risks connected to achieving the objectives of the plan. • Criteria 'a', 'f' and 'g' are not met. - The AuGD's AOP defines activities and links these to timetables. However, it is not clear on the allocation of responsibilities. - The measurable indicators at the outcome are more aspirational and have not yet been quantified or measured. - There are no baselines of current performance and milestones for major indicators. 	2 (At least three of the criteria are in place, but not five)

(iii) Organizational Planning Process	<ul style="list-style-type: none"> • Criteria 'a', 'f', 'g' and 'h' are met. - High-level ownership of the process exists; - There is a process for annual and/or in-year monitoring of progress against the strategic plan and annual/operational plan. - There are clearly defined responsibilities, actions and a timetable for developing the organizational plans. - Continuity: the last strategic plan was in place by the time the previous strategic planning period had ended. • Criteria 'b', 'c', 'd', 'e' and 'i' are not met. - Not everybody within the organization could provide input into organizational planning; - Few (if any) appropriate external stakeholders are consulted as part of the process. - The SBP and the annual OP are not clearly communicated to everybody within the organization. - The strategic plan is not made publicly available. - The organizational planning process has not been evaluated to provide input to the next planning process. 	<p style="text-align: center;">2</p> <p>(At least four of the criteria are in place, but not seven)</p>
(iv) Monitoring and Performance Reporting	<ul style="list-style-type: none"> • Criteria 'a', 'b' and 'g' are met. - Internally, the Auditor General's Department prepares quarterly reports on progress for all areas of its activities. These are presented to the Executive Management Committee for discussion and review. Externally, the Auditor General's Annual Report provides a commentary and data on the Department's progress in implementing its plans. - The AuGD reports on their operations and performance in the Annual Report; - The AuGD uses performance indicators to measure achievement of internal performance objectives. - The AuGD make public the audit standards and core audit methodologies it applies. • Criteria 'c', 'd', 'e' and 'f' are not met. - The AuGD does not use performance indicators to assess the value of audit work for Parliament, citizens and other stakeholders; - The AuGD does not follow up their public visibility, outcomes and impact through external feedback; - The AuGD does not publish statistics measuring the impact of the SAI's audits, such as savings and efficiency gains of government programs; - The AuGD does not publicly report the results of peer reviews and independent external assessments. 	<p style="text-align: center;">2</p> <p>(At least three of the criteria are in place, but not five)</p>
Overall score SAI 3		2

4.2.2 SAI-4: Organizational Control Environment

4.2.2.1 Narrative

Like all other public organisations, a SAI should have an internal control system in place that provides reasonable assurance that the institution is managing its operations economically, efficiently, effectively and in accordance with laws and regulations. The INTOSAI guidelines

on internal control standards for SAIs consider all relevant and recent evolutions in internal control and incorporate the concept of the COSCO report "Internal Control – Integrated Framework" in the INTOSAI GOV 9100 standard.

The COSCO framework defines a risk-based system of internal control as consisting of five interrelated components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, 5) monitoring.

As the reputation of the SAI is crucial for its effectiveness, the internal control system should focus on preserving its credibility. The internal control system should thus focus on controlling the main risks to the SAIs credibility which are identified as inadequate ethics, integrity and quality of work performed by SAIs. As an overriding objective, each SAI should consider the risks to the quality of its work and establish a system of quality control that is designed to adequately respond to these risks. Maintaining a system of quality control requires ongoing monitoring and a commitment to continuous improvement (ISSAI 40).

The indicator on the organizational control environment is separated in four dimensions:

- i. Internal Control Environment – Ethics, Integrity and Organizational Structure;
- ii. System of Internal Control;
- iii. Quality Control System;
- iv. Quality Assurance System.

Dimension i: Internal Control Environment - Ethics, Integrity and Organizational Structure

In relation to the organizational control environment of the AuGD, the key development noted by the SAI-PMF Team was the review of the Department's organisation undertaken by an external consultant, Price Waterhouse Coopers (PWC), in 2012. The review made a range of recommendations intended to address weaknesses that PWC had identified in the Department's control environment. These encompassed a new organisational structure for the Department underpinned by other recommended changes including new corporate governance arrangements and new organisational arrangements that encompassed establishing new internal audit arrangements and new quality assurance processes. The Department has implemented many of the review's recommendations, in particular in relation to establishing an internal audit unit (with clear reporting lines to the Department's Audit Committee and the Auditor General) and a quality assurance unit.

The Department has robust processes in place for communicating and monitoring the ethical behaviour that it expects of its officials. For its audit work, the key element is the code of ethics package included within TeamMate, the audit software that the Department began implementing some three years ago and now uses for all its audit activities. More generally, the Department's staff regulations set out the standards of behaviour and conduct that the Department expects. The AuGD does not, however, make public its various statements and documents linked to its ethical requirements.

The AuGD's leadership group through their own behaviours set the 'tone' for how they expect all officers in the Department to behave in a way that is consistent with the organisation's values and principles. The Department's key publications, specifically the AG's Annual Report and the Department's Strategic Business Plans, reinforce the values and principles expected of all staff.

As part of its risk management process, the AuGD has identified non-compliance with its code of ethics as a key risk that would lead to reputational damage and a loss of credibility in the Department's work. Its response to this risk is a programme of on-going monitoring of

compliance, on-going reinforcement to staff of the responsibilities incumbent on them, and the continuing sensitization of staff to the issues involved.

The AuGD works within a strict, clear, traditional hierarchical structure with the professional audit work undertaken by the Department assigned to designated officers. Staff at all levels are clear as to their tasks and their reporting lines. Operationally, this is reinforced by the audit software, TeamMate and its clear allocation of responsibilities for the review and oversight of audit activities. There are job descriptions for the main responsibilities of the AuGD. It was evident from the SAI-PMF Team's discussions and interviews with officers from across the Department that they understood the requirements and responsibilities of their positions within the organisation.

The AuGD certainly applies high standards of integrity. However, it has not yet used a tool such as Into-SAINT (Self-Assessment INTEgrity) either to assess its vulnerability and resilience to integrity violations or to develop a specific policy to safeguard integrity.

The AuGD contracts out a very small amount of work to external parties and contractors. The process of selecting a contractor and contracting with that entity does not include a requirement to commit to the Department's ethical requirements.

Dimension ii: System of Internal Control

The financial / internal control processes and procedures used by the AuGD are the same as those used by the Government of Jamaica as a whole because, as noted elsewhere in the SAI-PMF assessment, the Department budgets, manages and accounts for its financial resources in exactly the same way as the Government of Jamaica's Departments and Ministries. The key document for the Department's internal control policies and procedures is the Financial Management Regulations 2011, issued by the Minister of Finance under the Financial Administration and Audit Act. This currently does not require entities of the Government of Jamaica to complete statements on the discharge of responsibilities in respect of risk management. Consequently, the AuGD does not require the heads of its departments/units to provide assurance that they have carried out their risk management responsibilities. Also, the AG is not required to sign a statement of internal control and the AG's Annual Report does not include a statement of this kind.

More broadly, because the AuGD does not 'own' the procedures that govern its internal control but still has to comply with them, the Department has not undertaken a review of those procedures.

However, working within this structure, the AuGD has paid particular attention to its processes for managing risk and to its internal audit function. On the management of risk, the AuGD uses a 'Risk Dash Board' to set out key risks to the Department together with its risk mitigation strategy to respond to those risks. In turn, this is a key element of the Department's strategic planning process and also of its performance monitoring arrangements.

The AuGD's current arrangements for Internal Audit were established in 2015. 'The role and function of the Internal Audit Unit (IAU) is to carry out independent audits on the activities of the Department. The Financial and Administration Act (FAA Act) Section 34 stipulates that all entities, including the AuGD, should have in place an established internal audit unit capable of examining its accounting systems, internal control, risk management and governance processes. The audits performed by the IAU are conducted on behalf of the Department's Audit Committee, which is appointed by the Government of Jamaica Audit Commission. The reviews carried out by the IAU verify that there is compliance with the

FAA Act, related regulations, instructions and circulars issued by the Ministry of Finance (MOF), and internal policies & procedures. The IAU makes recommendations for improving the effectiveness of risk management, controls and governance practices within the AuGD.

The IAU is an independent unit within the AuGD. The head of the Unit has extensive internal audit experience. The IAU reports to the Department's Audit Committee and has a direct reporting line to the Auditor General. While these arrangements are still relatively new, there are processes in place to monitor and report to the Audit Committee and to keep the EMC informed about progress with responding to the IAU's recommendations. The minutes and proceedings of the Audit Committee are available to the EMC for information and monitoring purposes.

The AuGD does not yet have in place a 'whistle blower' procedure for employees to report suspected violations. It does, though, require all employees to declare potential clashes of interest. The action to be taken in any cases that arise will depend on the merits or otherwise of that case. The final decision on any action to be taken rests with the AG.

Dimension iii: Quality Control System;

The AuGD's has prepared a comprehensive description of the various elements of its quality control system in the policy document '*AuGD's Quality Assurance Framework*' which is effective as per September, 2015.

The design of this Framework is intended to "*support the Department in maintaining a high quality of work performed by its Officers in fulfilling its mandate. The Framework sets out the Department's overall approach to providing assurance that professional standards are routinely met whilst achieving key business objectives. (...) The key objective of this quality assurance framework is to ensure transparency, accountability, effectiveness and efficiency in our internal processes, with due regard to quality and best practices.*"

The Framework is a high-level document and does not include specific policies, procedures and operational guidance. Instead the Framework refers to the specific policies adopted by the AuGD, such as:

- The Auditor General's Department Code of Conduct;
- Public Servants Code of Conduct- Staff Orders;
- Human Resources Policies and Procedures Manual;
- Audit Manual;
- Independence Policy; and
- Communication Policy

In addition to the above guidance on quality, the SAI-PMF notes the importance of the application controls inherent in the audit software TeamMate for maintaining quality in the audit process. For the financial management processes, such as procurement, the Accounting and Financial Management manual and procedures provide further guidance.

The Framework explicitly assigns final responsibility for quality control to the AG: "*The Auditor General is ultimately responsible for all key matters regarding the professional operations of the Department. The Auditor General is responsible for leading and promoting a culture of quality assurance within the Department and the maintenance of this Framework.*" Notwithstanding the AG's final responsibility, the Framework delegates certain responsibilities to the following actors:

- Quality Assurance Review (QAR) to the manager of the Quality Assurance Unit (see also dimension iv below);
- 'Provision of oversight and recipient of QAR reports' to the Executive Management Committee (EMC):

- 'Human Resources and Administration' to the Senior Director Human Resource and Administration;
- 'Progress of work to ensure that the (audit) work is carried out to professional standards' to the 'Engagement Manager'.

The Framework does not provide guidance on the preparation of the AuGD's annual operational plan and the need to balance capacity versus the need to maintain quality (and possibly), the need to prioritize. Also in practice, such considerations on the balance between capacity and quality are lacking. First, there is thus no overall picture of the working days available (taking into account staff training days and leave of absence). Second, the estimates of capacity needed to deliver certain outputs may not be realistic. For example, the normative hours for financial statement audit do not include the capacity building that is required to assist audit clients to prepare the financial statements. Third, the operational plan does not include non-audit work, such as management, participation in international activities (CAROSAI), training and internal development projects (e.g. new guidelines). Possibly as a consequence, the Annual Operational Plan appears very optimistic in practice and there is wide margin between the planned outputs and the realised ones.

Dimension iv: Quality Assurance System.

In 2015, the AuGD has established an Internal Oversight Unit (IOU) reporting directly to the AG. The IOU is composed of the sections: one section incorporates the internal audit function; the other section is labelled as the Quality Assurance Unit (QAU).

This dimension is concerned with the scope of work done by the QAU. To date, the QAU is composed of two staff members including the Head. Recruitment for one more staff member is ongoing.

The work of the QAU is guided by the AuGD's Quality Assurance Review Policy (QARP) that was adopted in June 2016. The QARP is a comprehensive policy that formalises the following issues:

- Organizational structure of the QAU;
- Authority and independence of the QAU
- Accountability of the QAU;
- Coverage and frequency of QAU;
- Reporting and monitoring by the QAU;
- Required response to QAU recommendations;
- Reporting on the performance of the QAU
- Responsibilities of the QUA team;
- Criteria /circumstances for selection of audits.

In line with the QARP, the QAU has prepared an Annual Operational Plan. An overview of the planned QA reviews is included as Annex B in the AuGD's Annual Operational Plan. Table 6 below compares the planned schedules to the realisation.

Table 6 QA reviews: planned versus actual (fiscal year 2016 – 17)

Scheduled		Actual
Type of audit	Name of audit	
Horizontal	Review and Reporting on the Annual Audit planning process at the AuGD	Realised. Report has been submitted to the AG.

Financial Statement Audit	a. National Works Agency (NWA) b. Forestry Department c. Institute of Jamaica d. Energy Security Efficiency (WB) e. Parish Councils (St. Mary) f. Parish Council (St. Thomas)	Not realised
Appropriation Account Audits	a. Court Management. Services b. Ministry of Finance & Acct. General's Dept. c. Office of the Children's Advocate	Not realised
Compliance Audit	a. a. Court Mangt. Services b. Ministry of Education (Salaries) c. Ministry of Finance & Acct. General's Dept. d. Office of the Children's Advocate	Not realised
Performance audit	a. Min. of Health (Mangt. of Mental Health) b. National Health Fund c. Jamaica Mortgage Bank	Partly realised: a QA report of the PA Management of Mental Health has been submitted to the AG
Activity-base reviews	a. Jamaica Civil Aviation Authority) b. Jamaica Customs Agency (JCA) c. (Mangt. Of the Detention /Seizure Process)	Partly realised: a QA report on Jamaica Civil Aviation Authority has been submitted to the AG

Table 6 shows that the schedule has proven to be too ambitious for the relative small QAU. An independent peer review of the functioning of the QAU has not yet taken place. The review of the reports by the SAI-PMF team⁸ confirmed that the reports were clearly written and included conclusions, recommendations and (partly) a response of the AG's management response.⁹

4.2.2.2 Rating

Dimension	Findings/Justification	Score
(i) Internal Control Environment – Ethics, Integrity and Organizational Structure	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', 'd', 'g', 'h', 'i', and 'j' are met. - The AuGD uses a set of documents to specify its code of ethics. - The AuGD's code of ethics meets the requirements of ISSAI 30. - The AuGD has reviewed its code of ethics within the last ten years. - The AuGD requires all staff to conduct themselves in a way that is consistent with its code of ethics and provides staff with support and guidance. - The AuGD has implemented an ethics control system. - The AuGD works within a strict, clear hierarchical structure with all the work undertaken by the Department clearly assigned. 	2 (Criteria 'a', 'b', 'c' 'd' and 'g' are met and three other criteria met, but not four other criteria)

⁸ The SAI-PMF team has reviewed the following QA reports: (1) QAR on the Jamaica Civil Aviation Authority Activity Based Audit; (2) QAR on the Audit Planning Process; (3) QAR on the PA of Management of Mental Health

⁹ No Management Response was included in the QAR on the Jamaica Civil Aviation Authority, Activity Based Audit

	<ul style="list-style-type: none"> - There are job descriptions covering the main responsibilities of the Department. - The AuGD ensures staff are clear on their tasks and reporting lines. • Criteria 'e', 'f', 'k' and 'l' are not met. - The AuGD's does not require any party it contracts with to carry out work on its behalf to commit to the Department's ethical requirements. - The AuGD does not make public its various statements and documents linked to its ethical requirements. - The AuGD has not yet used a tool such as IntoSAINT to assess its vulnerability and resilience to integrity violations. - The AuGD has not yet developed a policy based on an assessment such as IntoSAINT 	
(ii) System of internal control	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'f', 'g', 'h' and 'j' are met. - The AuGD operates a clearly defined system for identifying, mitigating and monitoring major operational risks. - The AuGD's internal control policies and procedures are clearly documented and applied. - The AuGD has a properly functioning, independent Internal Audit Unit (IAU) with clear terms of reference. It is headed by an experienced Internal Audit professional with clear reporting lines to the Department's Audit Committee and to the Auditor General. - The AuGD's arrangements for internal audit include processes for monitoring and reporting to the Audit Committee and the EMC on progress with implementing the IAU's recommendations. - The AuGD has processes in place to identify and manage possible conflicts of interest. Auditor General's Department require all employees to declare potential clashes of interest. • Criteria 'c', 'd', 'e' and 'i' are not met. - The AuGD does not require heads of departments / units to provide assurance that they have carried out their risk management responsibilities. - The AG does not complete a statement of internal control and consequently the AG's Annual Report does not include a statement of this kind. - The AuGD has not undertaken a review of its internal control system. - The AuGD does not yet have in place a 'whistle blower' procedure for employees to report suspected violations. 	<p style="text-align: center;">2</p> <p>(Criteria 'a' and five other criteria are in place, but not criteria 'c' and 'e')</p>
(iii) Quality Control System	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', and 'd' are met: <p>The AuGD's system of quality control has the following characteristics:</p> <ul style="list-style-type: none"> - Policies and procedures designed to promote quality as essential in performing all of its work are established; - The AG retains overall responsibility for the system of quality control; - The AG has delegate authority for managing the SAP's system of quality control to a person or persons [considered 	<p style="text-align: center;">3</p> <p>(At least four of the above criteria are in place, but not all)</p>

	<p>individually or collectively] with sufficient and appropriate experience to assume that role;</p> <ul style="list-style-type: none"> - The SAI has established systems to consider the risks to quality which arise from carrying out the work.” ISSAI 40: pg. 8 • Criterion ‘e’ is not met: - In the preparation of its work programme, the AuGD has not established a system to prioritize its work in a way that takes into account the need to maintain quality. In other words, the AuGD has not considered a balance between its resources and the need to deliver the range of work to the desired level of quality. 	
(iv) Quality Assurance System	<ul style="list-style-type: none"> • Criteria ‘c’, ‘d’, ‘e’, ‘f’ and ‘g’ are met. - The responsibility for the QA process is assigned to the IOU; - The QA reviews result in clear conclusions and, where relevant, recommendations for appropriate remedial actions for deficiencies noted. - There is evidence that the AG has examined the recommendations resulting from the QA and drawn the necessary conclusions. - Those carrying out the QA review have not taken part in the work or any quality control review of the work; - The results of the QA reviews are reported to the AG in a timely manner. • Criteria ‘a’, ‘b’, and ‘h’ are not met - The IOU has not yet completed a review of a sample of completed work across the range of work carried out by the AuGD; - The frequency with which QA reviews are carried out are specified in the QA Annual Plan. However, the QA carried out during 2016-17 has not been carried out according to the plan; - So far, no independent review of the overall system of quality control has been carried out. 	<p>2</p> <p>(At least four of the criteria above are in place, but not criterion ‘a’).</p>
Overall score SAI 4		2

4.2.3 SAI-5 Outsourced Audits

4.2.3.1 Narrative

To outsource a part of its audit work may be an option for some SAIs to fulfil their mandate as this can enable SAIs with limited capacities to complete their audits in a timely manner. In such cases, the SAI still remains the responsible party for the audits and for the results of the contracted-out work. Therefore, as pointed out in ISSAI 40, SAIs who contract out work need to consider risks to quality of all their work.

The indicator on Outsourced Audits is separated in three dimensions:

- i. Process for Selection of Contracted Auditor;
- ii. Quality Control of Outsourced Audits;
- iii. Quality Assurance of Outsourced Audits.

Dimension i: Process for Selection of Contracted Auditor

The AuGD has made use of outsourcing once in 2012/2013. The AuGD contracted a service provider to conduct a financial statement audit of the Social Development Commission (SDC) for the financial years ending March 31, 2002 to March 31, 2012. The reason for outsourcing was primarily the large workload to clear substantial backlog in FS of the SDC.

The files of the AuGD show that the tender process has complied to the various procurement requirements. The tender has been publicly advertised and included a detailed request for proposal. Four different bids were received and were, consequently evaluated by the procurement committee.

The criteria and sub-criteria for selecting the service provider included points for:

- Specific experience of the firm focusing on the years of experience in auditing similar-sized agencies;
- Adequacy of the methodology and work plan in responding to the Terms of Reference.;
- Key professional staff qualifications.

The contract was based on the standards contracts used by the World Bank and tailored to the specific conditions of the AuGD. The contract included provisions for integrity, independence and confidentiality.

On the specific issue of the contractor's internal quality control system, no explicit attention was given in the ToR, technical proposal and the evaluation of bids.

Dimension ii: Quality Control of Outsourced Audits

The contract includes provisions for the quality control and the procedures prior to issuing the reports.

There is no separate guidance for QC for outsourced audits as outsourcing is not frequently done. The assessment focuses on the case for outsourcing of the SDC audit. That contract allows the AuGD to carry out quality control: "The consultant shall conduct the audit with the understanding that the AuGD shall conduct a review of the working papers in addition the Consultant's normal review process". However, in the audit file there is no evidence that such QC has been done.

"As only one audit has been outsourced, there is no risk assessment applying to different kind of outsourced audits.

As part of the QC on the outsourced audit to SDC, there is no evidence of a risk assessment"

Explicitly stated in in the contract: Working papers must be submitted to the procuring entity at the end of the contract period. These will remain the property of the procuring entity.

The contract terms explicitly state that the AuGD will certify or issue the audit opinion. The Consultant shall prepare the management letter and will be issued after the AuGD has agreed on the contents of the letter."

Dimension iii: Quality Assurance of Outsourced Audits

In 2015, the AuGD has established a Quality Assurance Section as part of the Internal Oversight Unit (IOU) which has the mandate to QA outsourced audit is established and has a mandate to carry out QA on outsourced audits (see also section 3.2.2 SAI 4, dimension iv). So far, no actual QA work on outsourced audits has been done yet.

4.2.3.2 Rating

Dimension	Findings/Justification	Score
(i) Process for Selection of Contracted Auditor	<ul style="list-style-type: none"> • All criteria are met, except criterion 'e' and 'g' - The AuGD has reasonable assurance that any parties contracted to carry out work for the AuGD have the necessary competence and capabilities; - The AuGD has reasonable assurance that any parties contracted to carry out work for the AuGD comply with relevant ethical requirements; - Any parties contracted to carry out work for the AuGD have an appropriate understanding of the public-sector environment in which the AuGD operates; - Any parties contracted to carry out work for the AuGD are subject to appropriate confidentiality agreements; - The AuGD's audit standards, quality control policies and procedures are clearly communicated to the party contracted to carry out work for the AuGD. • Criterion 'e' is not applicable as the AuGD has outsourced audits only once; • Criterion 'g' was not met: - The AuGD has not sought confirmation that the contracted firms have effective systems of quality control in place. 	3 Criteria (a), (b) and at least four of the other criteria above are in place.
(ii) Quality Control of Outsourced Audits	<ul style="list-style-type: none"> • Except for criterion 'b', all criteria are met: - The AuGD system for quality control has covered the outsourced audit work, - The AuGD has ensured in the contract that all documentation (such as audit work papers) is its own property; - The contract has stipulated a procedure for authorizing reports to be issued. • Criterion 'b' was not applicable as the AuGD has outsourced any audit only once and a risk assessment was not applicable. 	4 (all criteria are in place)
(iii) Quality Assurance of Outsourced Audits	<ul style="list-style-type: none"> • Criterion 'a' is met. The newly established Internal Oversight Unit has a mandate to carry out QA on outsourced audits. • Criterion 'b' till 'g' are not met, because in practice, the QA has not done actual QA work on outsourced audit yet. 	1 (One of the criteria is met, but not two)
Overall score SAI 5		3

4.2.4 SAI-6 Leadership and Internal Communication

4.2.4.1 Narrative

ISSAI 12 underlines the principle of SAIs leading by example. In practice, it is the Head of the SAI and the leadership who are responsible for setting the tone at the top. In order for the SAI to achieve its objectives, sound leadership practices and good communication with staff are necessary.

The indicator on Leadership and Internal Communication is separated in two dimensions:

- i. Leadership;
- ii. Internal Communication.

Dimension i: Leadership

In relation to the leadership of the AuGD, the key development identified by the SAI-PMF Team was the review of the Department's organisation undertaken by PWC in 2012. The review made a range of recommendations intended to address weaknesses that PWC had identified in the Department's internal governance arrangements. The Department subsequently accepted and implemented this group of recommendations including, in particular, the establishment of the Executive Management Committee (EMC) of the AuGD.

The EMC assists the AG in the discharge of her constitutional duties and in the discharge of her responsibilities for the overall management of the Department. The Committee's role and responsibilities comprise: (i) assisting in setting the strategic direction of the Department including the review and sign off on the business plan and budget; (ii) reviewing the quarterly and annual performance of the Department and making recommendations in this regard as appropriate; (iii) obtaining and reviewing the minutes, and examining the recommendations of, the Management sub-committees; and (iv) setting, and periodically reviewing, the Department's operational policies. The Committee is chaired by the AG and has a minimum of six and a maximum of ten members comprising the AG, the Deputy Auditors General for Performance Audit and Assurance Audit, the Chief Economist, the Director of Corporate Services, and at least two Audit Principals. The Committee meets monthly. An agenda is prepared in advance of each meeting. Regular agenda items include the review of reports and minutes of committees that have received specific delegations of power from the EMC and the status of monthly financial reports to the Ministry of Finance. Minutes are recorded and kept of all matters considered and all decisions made at each meeting. A summary of actions is prepared after each meeting and circulated to staff by means of an official communique.

The establishment of the Executive Management Committee and the governance structure that supports it (specifically the Internal Audit Unit, the Human Resources Committee and the Policies and Procedures Committee) have provided the mechanisms for the leadership of the Department of the Auditor General to create an environment where there is an explicit focus on performance and on internal control.

The values of the AuGD are presented and described in all key documents issued by the Department - in particular, and most significantly, the AG's Annual Report and the Department's three-year rolling strategic plan. In turn, those values permeate the other documents and material issued by the Executive Management Committee and they are reflected in the behaviours and attitudes of the AG and the other members of the EMC. The Terms of Reference of the EMC require any Committee member to declare any conflicts of interest, with those conflicts formally recorded in the proceedings of the Committee. Individual members of the Committee (that is the members of the leadership group of the Department) interact with junior staff in an open and supportive manner. It was evident from the dealings that the team undertaking the SAI-PMF had with staff at all levels within the AuGD were familiar (and comfortable) with the behaviours expected of them. They acted consistently in a professional manner, were knowledgeable about the work of the Department and their individual contribution to that work, and they had the confidence to identify and discuss in a constructive manner areas where they believed there was scope for the further professional development of the AuGD.

In addition, the AuGD leadership group has demonstrated its concern with enhancing quality in two key ways. The first was the establishment of the Department's Quality Assurance Unit. The second is the EMC's broader concern with quality and the work it has done to identify and assess risks to quality and, in this context, its development of a series of actions to mitigate those risks. The outcome of this work is included in the Department's Strategic Business Plan

The AuGD does not yet have in place a system or structure of internal accountability, that is holding individuals at all levels in the Department to account for the completion of tasks and the delivery of specified outputs on time, within budget and to the appropriate quality standard. Linked to this, the Department does not have the power to incentivise better performance through, for example, the payment of a bonus or special allowance, as the responsibility for determining pay, allowances and terms of service is shared between the Ministry of Finance of Jamaica and the Public Services Commission of Jamaica.

Dimension ii: Internal Communication

The AuGD has developed a set of principles and practices for internal communication. These are set out in its draft communications policy. At the time of the SAI-PMF assessment, the Department was continuing to work on and develop its formal communications policy and strategy. Consequently, at the time of the assessment, the policy and strategy had not been finalised and, so, was not yet approved and in place.

The leadership of the AuGD communicates the Department's mandate, vision, core values and strategy to staff through the key documents and statements issued to all members of the Department and through the behaviours exhibited by the leadership group itself. The effectiveness of these different modes of communication was evident from the discussions and interviews that the team undertaking the SAI-PMF had with officials at all levels within the Department.

In this regard, the EMC issues a communique to staff after each of its meetings. This provides a summary of the decisions made and the actions taken at the meeting. In turn, the discussions held at the meetings of the EMC also inform separate discussions and presentations at the different, regular staff meetings held within the AuGD. These enable management all levels within the Department to inform staff about developments or issues affecting the Department and about changes in policies, procedures and methods. These meetings also provide a forum for staff to raise any issues or concerns that they may have.

The AuGD uses a range of recognised methods to facilitate its internal communications - in particular its intranet and its in-house magazine. Also, all officials in the Department can communicate by email.

4.2.4.2 Rating

Dimension	Findings/Justification	Score
(i) Leadership	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', 'f', 'g' and 'h' met. - The SAI leadership holds periodic decision making meetings; - Key decisions made by the SAI's leadership are documented and communicated to staff. - The SAI leadership has identified and disseminated the SAI's values and promotes these in its public activities, core documents and regular communications. 	<p style="text-align: center;">3</p> <p style="text-align: center;">(At least six of the criteria are in place, but not all)</p>

	<ul style="list-style-type: none"> - The SAI leadership has demonstrated initiatives to set a tone enabling accountability and strengthening the culture of internal control. - The SAI leadership has demonstrated initiatives for building an ethical culture in the organization by identifying ethics as an explicit priority; leading by example and maintaining high standards of professionalism, accountability and transparency in decision making; - The SAI leadership has demonstrated initiatives to establish “an internal culture recognizing that quality is essential in performing all of its work.” • Criteria ‘d’ and ‘e’ are not met. - The AuGD does not yet have in place a system or structure of internal accountability, that is holding individuals at all levels in the Department to account for the completion of tasks and the delivery of specified outputs on time, within budget and to the appropriate quality standard. - The AuGD does not have the power to incentivise better performance through, for example, the payment of a bonus or special allowance. Between them, the MoF and the PSC of Jamaica are responsible for determining the pay, allowances and terms of service of the staff of the AuGD. 	
(ii) Internal Communication	<ul style="list-style-type: none"> • Criteria ‘b’, ‘c’, ‘d’, ‘e’ and ‘f’ met. - The leadership of the AuGD communicates the Department’s mandate, its vision, core values and strategy to staff through the key documents and statements issued to all members of the Department and through the behaviours exhibited by the leadership group itself. - The EMC issues a communique to staff after each of its meetings. The discussions held at the meetings of the EMC also inform separate discussions and presentations at the different, regular staff meetings. - The AuGD uses a range of recognised methods to facilitate its internal communications - in particular its intranet and its in-house magazine. - The AuGD has a range of mechanisms in place to facilitate interaction between management and staff. These include monthly meetings of senior officers and regular unit meetings. - The AuGD has an office intranet and all officials in the Department can communicate by email. • Criterion ‘a’ is not met. - At the time of the SAI-PMF assessment, the AuGD was developing its formal internal and external communications policy and strategy. Consequently, the document setting out the policy and strategy had not been finalised and, so, was not yet approved and in place. 	<p style="text-align: center;">3</p> <p>(At least five of the criteria are in place, but not all)</p>
Overall score SAI 6		3

4.2.5 SAI-7 Overall Audit Planning

4.2.5.1 Narrative

ISSAI 1 emphasizes that SAIs shall audit in accordance with a self-determined programme. SAI-7 looks at the process of developing an overall audit plan/control programme for the

SAI, and the content of the plan/programme itself. The overall audit plan/control programme defines the audits/controls that the SAI plans to conduct in a set period. It is important that the overall audit plan/control programme is feasible, reflecting actual circumstances and conditions. ISSAI 40 Quality Control states that SAIs should consider their overall audit plan/control programme, and whether they have resources to deliver the range of work to the desired level of quality. To achieve this, SAIs should have a system to prioritize their work in a way that takes into account the need to maintain quality.

The indicator on Overall audit planning is separated in two dimensions:

- i. Overall Audit/Control Planning Process
- ii. Overall Audit Plan/Control Programme Content

Dimension i: Overall Audit/Control Planning Process

The AuGD does not prepare a document labelled as ‘overall audit plan’. The documents that best represent the AuGD’s overall audit plan are the Strategic Business Plan and the Operational Plan. Both plans are based on a consolidation of the various Unit Operational Plans that are prepared by the different audit principals following the instructions from the Executive Management Committee. Although a fixed process description is lacking, this process is documented and is fairly standardised.

A major weakness of the overall planning process is the reliance on the Unit Operational Plans. As the responsibility of the various units and principal auditors do not cover the full mandate of the AuGD, the planning process does not take the AuGD’s audit universe into consideration. In addition, there are two limitations in the risk analysis on which the audit plan is prepared. First, in line with the previous observation, there is no risk analysis covering the entire audit universe of the AuGD. Importantly, a large number of the public bodies do not enter into the analysis. Second, the risk analysis at the unit level by the audit principals is not documented. The Unit Operational Audit Plans need to be accompanied with ‘justifications’ for selecting certain entities/topics for audit, but there is no justification why entities/topics are excluded from the audit plan. A documented risk assessment could provide such justification.¹⁰

A further weakness in the planning process concerns the determination of the realism of the plan in terms of available resources. While preparing the Unit Operational Audit Plan, the audit principals take into account the number of auditors allocated to the unit. However, that analysis is very rudimentary in terms of number of auditors. The audit plan process does not detail the available capacity and required capacity in terms of audit working-days. Finally, there is no elaboration of the required time for non-audit activities.

On the positive side, the implementation of the Strategic Business Plan and the Operational Plan are stringently monitored. Monthly, the Executive Management Committee will discuss updates from the audit principals. In addition, the Corporate Planning unit will require a quarterly progress report.

¹⁰ This conclusion is confirmed by the ‘Report on the Review of the AuGD’s Planning Process’ prepared by the Quality Assurance Unit in April 2016. The report concludes “*There was no evidence that an overall Master Annual audit plan for the Department was in place for the FY under review. As such a comprehensive Audit Universe or total listing of all the entities possible of being audited by the Department including the total resources required and a risk profile for each entity was not prepared. (...) Risk assessments which are required to be prepared by each individual AP were not prepared for the majority of individual audit plans received. Only two of the six plans initially received indicated the level of risk associated with the entities assigned to be audited in FY 2016-2017.*”

Dimension ii: Overall Audit Plan/Control Programme Content

The AuGD does not prepare a document labelled as 'overall audit plan'. The documents that best represent the AuGD's overall audit plan are the Strategic Business Plan and the Operational Plan. Both plans are based on a consolidation of the various Unit Operational Plans that are prepared by the different audit principals.

The Strategic Business Plan and the Operational Plan include numerical information on the number of planned audits distinguishing between financial, compliance and performance audits, but does not provide details on the audited entities and/or the audited themes or topics. Accordingly, neither do these plans provide an objective for each planned audit. Instead, a similar overall objective, derived from ISSAI 12, is given: "Better public sector financial management and governance- through high quality reports with actionable recommendations" and "Conduct independent audits and make reports to improve the use of public resources". These objectives are too high level to make the reader understand what the AuGD aims to achieve with the planned audits.

The AuGD Operational and Strategic Business Plan provide a schedule for the delivery of the audits across the four quarters. Again, this information is aggregated in terms of the broad categories of financial, compliance and performance audits and does not provide information on the specific audit topics. Also, information on the risks faced by the AuGD to deliver on this schedule of audit outputs is included in the AuGD Operational and Strategic Plans.

A major weakness of the overall planning documents is the lack of a more detailed elaboration between the AuGD's mandate, legal tasks and the scheduled audits. The link is described at a very high level in a section on the AuGD's mandate and the general description of the type of audits that the AuGD undertakes to live up to the mandate. This high-level description does not clarify on what basis the AuGD has reduced the audit universe consisting of 330 entities (ministries, departments, agencies and public bodies) to the overall audit plan. A large amount of capacity is used for the audit of 36 statutory bodies and a large number of donor-funded projects. The overall audit planning would benefit from clarity which room for manoeuvre the AuGD has in alternative allocation of its audit resources. Also, more detail on the gap between the audit mandate and the audit plan would benefit a transparent audit plan.

Finally, the AuGD audit planning would benefit from detailing the available capacity and needed capacity in terms of audit working-days for each audit and for any non-audit activity. The current audit plan in the form of the Operational Plan is submitted together with the budget request to the Ministry of Finance and includes the aggregate budgetary and human resource needs. The underlying break down of the required resources against the scheduled audits is lacking.

4.2.5.2 Rating

Dimension	Findings/Justification	Score
(i) Overall Audit Planning Process	<ul style="list-style-type: none"> Criteria 'a', 'd' and 'e' are met: The AuGD documents the process followed for developing and approving the overall audit plan and there are clearly defined responsibilities for planning, implementing and monitoring the audit plan. The AuGD monitors the implementation of its audit plan and the audit planning process for the SAI takes into account the SAI's expected budget and resources for the period to which the plan relates. Criterion 'b', 'c', 'f' and 'g' are not met: 	1 (Criteria 'b' is not in place, but at least one other criteria is met)

	<ul style="list-style-type: none"> - The process for developing the overall audit plan does not clearly derive the AuGD's audit responsibilities from its mandate; - The audit planning process does not follow a risk-based methodology including a systematic risk-assessment as part of the basis for selecting audit entities and approach; - The planning process does not adequately incorporate the available resources in the planning process; - The AuGD does not ensure that stakeholders' expectations are factored into the audit plans. 	
(ii) Overall Audit Plan Content	<ul style="list-style-type: none"> • Criterion 'b' and 'e' are met as the AuGD's overall audit plan as laid down in the Strategic Business Plan and the Operational Plan include a schedule of implementation and a risk assessment for the delivery of the plan; • Criterion 'a', 'c' and 'd' are not met. The AuGD's overall audit plan as laid down in the Strategic Business Plan and the Operational Plan does not: <ul style="list-style-type: none"> - define the objective of the audit/control on a high level; - demonstrate that the AuGD is discharging its audit/control mandate over a relevant timeframe; - do not include a summary and explanation of any differences between the AuGD's mandate and the audit plan/control program for the AuGD; - do not specify the necessary human and financial resources to conduct the planned audits/controls. 	1 (Criteria 'a' is not in place, but at least one other criteria is met)
Overall score SAI 7		1

4.3 Domain C: Audit quality and reporting

Domain C covers the core audit activity of the SAI. The domain separates four types of public sector audit:

- **Financial audit** focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. ISSAI 200 elaborates on this further.
- **Performance audit** focuses on whether interventions, programmes and institutions are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. ISSAI 300 elaborates on this further.
- **Compliance audit** is performed by assessing whether activities, financial transactions and information are, in all material respects, in compliance with the authorities which govern the audited entity. ISSAI 400 elaborates on this further.
- **Jurisdictional control:** The purpose of jurisdictional control is to make rulings in the form of specific decisions: orders, rulings or ordinances. The principles specific to jurisdictional control for SAIs with jurisdictional functions are not described in the ISSAI framework.

The AuGD's audit mandate includes financial, performance and compliance audit. The AuGD has no jurisdictional mandate and the associated indicators SAI 18-20, are therefore, not applicable.

The AuGD performs financial audit of both the central government entities (Ministries and Departments) and semi-independent entities (executive agencies and public bodies). The FAA Act requires Ministries and Departments to report cash-based appropriation accounts for recurrent expenditure, capital A (domestically-funded capital expenditures) and capital B (externally-funded capital expenditures). The financial audit of these entities is referred to by the AuGD as ‘appropriation accounts audits’ and are preferably conducted in combination with a compliance audit of the entity. However, for entities that have a delay in submitting their appropriation accounts, a compliance audit can also be carried out independently of the appropriation account.

Agencies and public bodies are required to report accrual-based financial statements and these audits are referred to by the AuGD as Financial Statement audits. The

In addition, since 2010 the AuGD has carried out performance audits and has over time enlarged the number of performance auditors and performance audits. In previous years, the AuGD also distinguished Activity-Based Audits; these type of audits are now carried out in line with the performance audit standards.

The review of the audit process within the AuGD will thus cover financial, compliance and performance audit. Appropriation account audits will be considered as part of the financial audit. Each audit discipline is measured through three indicators:

- Foundations which assess the audit standards and guidance, competencies and quality management that constitute the basis for the audit work carried out.
- Process which assesses the quality of actual practices throughout the audit processes that took place in the SAI under the period under review, from planning, to implementing the audits, evaluating evidence and finally reporting.
- Results which capture the outputs of the audit work, and how the results of the audit work have been submitted and followed-up.

The following table provides an overview of the scores in the seven indicators of domain C. Section 4.3.1 till 4.3.10 provide further details for each indicator.

Domain C Audit quality and reporting		Dimensions				Overall score
Indicator	Name	i	ii	iii	iv	
SAI-8	Audit coverage	1	3	1	n.a	2
SAI-9	Financial audit standards and QM	4	4	3		4
SAI-10	Financial audit process	3	1	3		2
SAI-11	Financial audit results	n.s.	0	2		1
SAI-12	Performance audit standards and QM	3	4	3		3
SAI-13	Performance audit process	3	3	3		3
SAI-14	Performance audit results	4	4	3		4
SAI-15	Compliance audit standards and QM	3	3	2		3
SAI-16	Compliance audit process	2	1	3		2
SAI-17	Compliance audit results	2	0	2		1

4.3.1 SAI-8: Audit coverage

4.3.1.1 Narrative

The indicator 'coverage' measures the extent to which the SAI is able to audit the entities within its mandate. For this assessment, only three dimensions are considered (as jurisdictional control is not applicable):

- i. Financial Audit Coverage;
- ii. Performance Audit Coverage;
- iii. Coverage, Selection and Objective of Compliance Audit.

Dimension i: Financial Audit Coverage

Financial audit coverage is assessed by reviewing the following aspects:

- comparing the number of financial statements under the SAI's mandate received versus the number of financial statements audits done;
- existence of the practice that the SAI reports publicly on any non-submission of financial statements due;
- the coverage of financial statement audit of the largest accounts, i.e. the consolidated accounts, or if there is no consolidated fund, the accounts of the three largest Ministries.
- existence of a process in which the selection of financial statements for audit was based on considerations of risk, materiality, mandate and SAI competence and resources.

As stated in Section 2.2.2, the GoJ does not issues a consolidated set of accounts covering central government. Instead, each MDA prepares its own set financial statements or set of 'appropriation accounts'. The following tables show the numbers comparing the total number of entities, number of entities that have submitted their statements and the number of statements audited by the AuGD. A distinction is made between appropriation accounts for ministries and departments and financial statements for agencies.¹¹

Table 7 Audit coverage of appropriation accounts (2012 – 2016)

	2015/16	2014/15	2013/14	2012/13
Total population	77	79	85	86
Total statements received	27	43	63	66
# of statements not yet received	50	36	22	20
# of statements audited	14	38	59	64
# of statements in house to be scheduled for audit	13	5	4	2
% of statement received and audited by statements	52 %	88 %	94 %	97 %

Source: AuGD internal records

¹¹ In addition, on the request of the international development partners, the AuGD has audited a number of financial statements of specific development projects. As these audits are not carried out under the AuGD's legal mandate, they are not considered in the assessment of the financial audit coverage.

Table 8 *Audit coverage of financial statement audit (2012-2016)*

	2015/16	2014/15	2013/14	2012/13
Total population	57	54	52	51
Total statements received	29	37	41	44
# of statements not yet received	28	17	11	7
# of statements audited	28	37	41	43
% of statement received and audited by statements	97%	100%	100%	98%

Source: AuGD internal records

The tables show that for the year 2015/16, 97 % of financial statements of the executive agencies and public bodies and 52 % of the appropriation accounts have been audited. For the prior years, the shares approach 100%.

The tables also show that the amount of non-submission of both financial statements and appropriation accounts is relatively high. However, this is not reported by the AuGD in its Annual Report.

The accounts of the fiscal year 2015/16 that were not-submitted to the AuGD, and thus not audited by the AuGD, include the three largest appropriation accounts of the Ministry of Education, the Public Debt account and the Ministry of Finance the Capital A account of the Ministry of Finance.

Dimension ii: Performance Audit Coverage

The AuGD allocates 16% of the audit staff to performance audit unit.¹² In comparison to the percentage of audit staff allocated to financial statements (28%), this percentages indicates that PA has been given significant importance by the AuGD.

The following excerpt, taken from the document “Thematic Approach to the Development of Audit Plan 2017-2019”, gives a synthetic overview of how performance audits have been chosen by the AuGD and describes the introduction of a new step in the planning process:

“Over the past five years, we developed our audit plan and strategically selected audit candidates that we assessed as being fundamental to efficient and effective use of scarce public resources and delivery of social services and the Government’s achievement of Vision 2030 National Development Plan. Invariably, the audits conducted across the public sector revealed common deficiencies such as poor governance and improper use of resources. With this in mind, as a precursor to preparing our strategic plan for the next three years, I commissioned the development of a thematic approach, which analysed and categorized the weaknesses identified during our audits over the last five years. The aim is to ensure that the audit resources are appropriately allocated to subject matters based on risk level and the value-added component.

In that regard, a robust assessment of audit reports issued from April 2011 to November 2016 was done to classify the issues therein. The complexity and interrelated nature of these issues were grouped into five key themes which speak to the egregious contraventions within the MDAs. These five audit themes are i) Governance, ii) Project Management, iii) Resource Management, iv) Procurement and Contracts Management and v) Information and Communications Technology.”

The quotation shows that the AuGD follows a thematic approach in the planning process, and it covers broad issues/areas to be covered. Although, this process is externally

¹² Annual Report, 2016, page 24

communicated as per 2017, in practice this approach has been already in place for some years.

The selection of audit topics follows various steps. First, in the planning phase, the proposal of an audit topic is substantiated in the Justification format, where the reasons for pursuing the audit topic are described. A more detailed plan is then carried on using the Preliminary Study. Table 9 below shows the template for the Preliminary Study report.

Table 9 Table of contents of Preliminary study template

1. Introduction	
2. Objectives	
3. Methodology	
4. Recommendations about main study	
5. Background information	5.1 Introduction of the ENTITY/ACTIVITY 5.2 Mission, vision and objective 5.3 Key data and information on the topic
6. Pre-audit findings	6.1 Topic 1: bullet point details on the topic 6.2 Topic 2: bullet point details on the topic Etc
7. Proposal for main audit work	7.1 Audit scope 7.2 Sample size and extent of coverage 7.3 Methodology 7.4 Resource requirements
8. Summary	
9. Review and sign off	
Appendix: Risks that will help us set the audit scope	

The pre-study template includes risk assessment to support the decision about whether the audit should be done. No evidence could be found to demonstrate efforts that the topic selection process aimed to maximise the expected impact of the audit while taking account of audit capacities.

A final step in the audit selection process is the audit planning memorandum. This document also includes a stakeholder analysis.

The audit selection process has resulted in the following list of audits completed in the last five year (see Table 10). It is observed that the AuGD focuses on entities as the focus of the performance audit and not on policy areas.

Table 10 List of completed performance audits categorised per sector

Sector	Performance audit topic / entity	Year
National Economic Development	Jamaica Mortgage Bank (JMB) – Loan Disbursement	2016
	Jamaica Bureau of Standards	2016
	Development Bank of Jamaica	2015
	Jamaica tourist Board	2015
	National Irrigation Commission (NIC)	2013
	Jamaica Social Investment Fund	
	Jamaica Development Infrastructure Programme	2011
	Port Authority of Jamaica	2016
	Fisheries Division	
Environment	National Environment and Planning Agency	2010

	Follow-up Performance Audit Report – National Environment and Planning Agency	2016
	Ministry of Agriculture & Fisheries – Cane Expansion Fund	2015
	National Water Commission, K-Factor Programme	2015
Revenue collection	Tax Administration of Jamaica, Property Tax Collections and Enforcement	2016
Health	Ministry of Health, Management of Mental Health Services Rehabilitation and Reintegration of the Mentally Ill	2016
	National Public Health Laboratory	
	Ministry of Health	
Education	Caribbean Maritime Institute (CMI)	2015
	National Centre for Youth Development (NYCD)	2015
	Early Childhood Commission	
	Child Development Agency (CDA)	2015
	Follow-up Audit E-Learning Jamaica Company Limited Tablet in Schools (TIS)	2016
Infrastructure	Review of the National Work's Agency's (NWA's) Quality Management Function	2015
	Universal Service Fund	
Housing	Housing Agency of Jamaica (HAJ)	2015
	National Housing Trust (NHT)	2015
Security	Department of Correctional Services (DCS)	2014
	Jamaica Fire Brigade	2014
	Management of Police Motor Vehicles	2012

Dimension iii: Coverage, Selection and Objective of Compliance Audit

Compliance audit is carried out for entities that have not submitted their appropriation accounts and/or financial statement and, thus, a financial audit cannot be carried out. As a consequence, compliance audit by the AuGD is entity-based and no thematic government-wide compliance audits to themes such as public procurement, salaries and revenue collection have been considered by AuGD. For entities that have submitted an appropriation account, compliance risks are audited as part of the appropriation account audit. In the latter case, the audit is a financial audit and no additional compliance audit procedures have been carried out.

In addition to the financial statement and appropriation account audits, the AuGD has completed the following separate compliance audits in the year 2016 (see Table 11).¹³

Table 11 Compliance audits for Jamaican MDAs, finalized in 2016

Ministries	Departments	Agencies
Labour and Social Security	Road Maintenance Fund 2015/16	EXIM Bank
Finance and Planning Compliance 2015-16	National Insurance Scheme - IT audit	Private Security Regulation Authority 2015/16
Office of the Cabinet 2016	Accountant General Department	Child Development Agency
Office of the Prime Minister 2016	Accountant General Department- Statement E Loans	Jamaica Intellectual Property Office 2014/15

¹³ It is noted that the AuGD's recording system of the number of compliance audits is deficient. The number of completed compliance audits as reported in the AG's Annual Report is overstated as the number includes also financial statement audits of donor-funded projects.

Health 2014 – 2016	Correctional Services	Post and Telecom 2015/16
National Security	Director of Public Prosecutions	
Education- 2014-16	Tax Administration Jamaica	
Tourism 2016		
Transport Works and Housing		

Source: AuGD internal records

The selection for compliance audit is not based on a risk assessment of the AuGD's audit universe. Risk assessment is done at the level of the principal auditors (PA) and covers the entities that have not submitted an appropriation account or a financial statement. Each PA prepares a risk assessment of the entities under its scope of responsibility which is the basis for the preparation of the compliance audit schedule. This selection process is repeated every year; there is no multi-annual plan to ensure that each entity is covered by compliance audit within a period of four to five years.

4.3.1.2 Rating

Dimension	Findings/Justification	Score
(i) Financial Audit Coverage	<p>The actual performance does not meet the criteria for a '2' score. Although more than 50 % of financial statements received (and required to be audited under the mandate of the SAI) were audited, this did not include the three largest appropriation accounts. Also, the AuGD did not report to those responsible on any non-submission of financial statements due.</p> <p>The conditions for score '1' were met: <i>"in the year under review, at least 25 % of financial statements received (and required to be audited under the mandate of the SAI) were audited"</i></p>	1
(ii) Performance Audit Coverage	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', 'd', 'e', 'f' and 'h' have been met: <ul style="list-style-type: none"> - The percentage of staff dedicated to performance audit reflects that the AuGD pays equal importance to PA relative to CA and FA. - The performance audit manual defines that performance auditing is concerned with the audit of economy, efficiency and effectiveness. - The planning process includes a thematic approach reflecting the AuGD's strategy. The pre-study template also includes risk assessment to support the selection of the audit; - Stakeholder analysis is done in the audit planning phase; - The justification template includes the consideration on the significance of the PA topics; - The AuGD's preliminary study plans consider that audit topics are auditable and in keeping with the AuGD's mandate; - During the last 5 years, the AuGD's performance audit covered at least 6 different sectors. • Criterion 'g' has not been met: <ul style="list-style-type: none"> - no evidence was found that could show any effort towards maximizing the impact. 	3 (At least six of the criteria are in place, but not all)
(iii) Compliance Audit Coverage	<ul style="list-style-type: none"> • Criteria 'a' and 'd' are met 	1 (Criterion 'a' is in place and

	<ul style="list-style-type: none"> - The audit plan for the year under review identifies the audited entities within the SAI's mandate that will be subject to compliance audit in the given year. - During the past three years, a thematic compliance audit on Property Tax was conducted (between 2014-16) in the domain of revenue collection. • Criteria 'b', 'c' and 'd' were not met: <ul style="list-style-type: none"> - The selection of entities to be audited was not based on a systematic and documented assessment of risk and materiality and taking into account the AuGD's available resources. - The process of selecting entities ensures that all the entities within the SAI's mandate are audited during the course of a reasonable period of time. 	during the year under review, at least 25% of central government entities were subject to compliance audit. However, criterion 'b' was not met)
(iv) Coverage of Jur. Control	Not applicable	n.a.
Overall score SAI 8		2

4.3.2 SAI-9: Financial audit standards and Quality Management

4.3.2.1 Narrative

This indicator assesses the SAI's approach to financial auditing in terms of its overall standards and guidance for financial auditing, as well as how matters of audit team management and skills and quality control are implemented at the audit engagement level. (The quality of these functions at the organizational level is assessed elsewhere in the framework: quality control in SAI-4; professional development and training in SAI-23.)

For the assessment of SAI 9, three dimensions are considered:

- i. Financial Audit Standards and Policies;
- ii. Financial Audit Team Management and Skills;
- iii. Quality Control in Financial Audit.

Dimension i: Financial Audit Standards and Policies

The AuGD refers to the ISSAIs as its standards for financial audit which is reflected in the current contents of the AuGD's Audit Procedural Manual (last revision 10 April 2013) and the additional guidance in terms of templates and forms. The manual has the following table of contents (see Table 12):

Table 12 Table of contents of the AuGD's Audit Procedural Manual

1. Introduction	
2. Introducing the Audit Department	
3. Approach to Annual Audits	3.1. Key Elements of Our Annual Audit Methodology 3.1.1. Risk-based Audit Approach 3.1.2. Knowledge and Experience 3.1.3. Professional Judgment 3.1.4. Teamwork 3.2. AuGD Approach to Conducting an Annual Audit 3.2.1. Engagement Management 3.2.2. Annual Audit Planning 3.2.3. Annual Audit Execution 3.2.4. Annual Audit Reporting

	3.3. Scope of Audits
4. General Audit Management	4.1. Roles and Responsibilities 4.2. Audit Evidence 4.3. Working Papers 4.4. Confidentiality 4.5. Access to Audit Files 4.6. Communication with Audit Entities
5. Engagement Management	5.1. Independence 5.2. Terms of Engagement 5.2.1. Engagement Letter 5.3. Staff Performance and Development Objectives 5.4. Staff Scheduling
6. Audit Planning	6.1 General 6.2 Prepare Annual Audit Plans 6.3 Understand the Entity 6.4 Risk Assessment 6.5 Materiality and Audit Risk 6.5.1 Audit Risk 6.6 Prepare Detailed Audit Programme/Plan
7. Audit Execution	7.1. Objectives 7.2. Supervision and Coaching 7.3. Execution Phase Components 7.3.1. Perform Audit Procedures 7.3.2. Document Evidence 7.3.3. Review Working Papers 7.3.4. Timelines
8. Reporting and Completion	8.1. Evaluating Audit Results and Form Opinion 8.2. Document Findings 8.3. Issue Report 8.4. Post-Reporting Follow-up

As reflected by the table of contents, the audit manual adequately incorporates the ISSAI-risk-based approach to (financial) audit. Also, the manual is written in a clear and accessible manner. Nevertheless, the manual, it is open to improvement on the following points (non-exhaustive):

- First, the manual refers on multiple instances to ISSAI 300. As the manual is primarily geared to guide financial audit, this reference seems to be misplaced;
- Some concepts essential to the standards are not clearly depicted. For example, the guideline (page 33) refers to a “95 % quantitative level of materiality” that auditors should use. It seems that the manual confuses the concept of materiality with the assurance level;
- Section 3.2.2, 3.2.3 and 3.2.4 on annual audit planning, implementation and reporting seems to be drafted for the planning, implementation and reporting of specific engagements and is not linked to the AuGD’s process of annual planning;
- The manual is written in a clear and accessible manner. It also reflects a certain degree of tailoring to the context of the AuGD. However, the manual could be further tailored to the context of the AuGD. For example, the manual would benefit from direct references to the specific templates (see dimension ii) and further explanation of the technical concepts included in the templates.

Dimension ii: Financial Audit Team Management and Skills;

Dimension ii assesses whether the AuGD supports the implementation of its financial audit standards by policies in (-) the domain of the composition of the engagement team and (-)

in providing the auditors of the engagement teams with materials that facilitate the implementation of the standards.

The AuGD has recognised the importance of its performance on both aspects. First, the AuGD is managing the composition of the audit teams in such a way that engagement teams include auditors with sufficient qualifications, knowledge of the entity and experience with the audit standards with auditors with less experience. The AuGD has a competent cadre of Chartered Accountants/Auditors. 17 Auditors in the AuGD have an internationally recognised degree in auditing, such as ACCA.¹⁴ Also, the system of promotion in the AuGD (see SAI-20) is merit-based and a qualified layer of audit principals and audit directors have a clear responsibility in planning audits, managing the teams and reviewing the working papers prepared by the lower ranked auditors.

In 2015, all staff of the Financial Statement unit were exposed to ISSAI based audit training for financial statements provided by the UK NAO.

To support FA engagements, the AuGD has an IT audit unit which includes two auditors with are Certified Information Systems Auditor (CISA). These in-house specialized IT auditors are consulted on any IT related issues that may arise during an audit. In the preparation of FA audits, IT risks are assessed.¹⁵

FA engagement teams have knowledge of relevant industries [sectors] in which the audited organization operates as the team composition will ensure a balance between senior and junior auditors. With regard to knowledge on the applicable accounting regulation, two senior staff (Audit Principals) sit on the Public Sector Committee at the Institute of Chartered Accountants of Jamaica (ICAJ). Knowledge of this nature is shared in Senior Officers Meetings, during in-house training sessions and other relevant forums involving audit staff.

In addition to the financial audit standards set by the AuGD's Audit Procedural Manual, the AuGD has also adopted additional guidance to translate the financial audit standards into audit implementation. The additional guidance is composed of seven templates:

- Template 1 Preliminary Engagement Activities Checklist;
- Template 2 Overall Audit Strategy;
- Template 2a Materiality Determination Form;
- Template 2b Engagement Team Discussion on Risk and Fraud;
- Template 3 The Entity and Its Environment;
- Template 4 The Entity's Control Environment, Risk Assessment, Monitoring and Communication Consideration;
- Template 4a Planning meeting agenda;
- Template 5 Description of Information System, Potential Controls and Related Risks of Material Misstatement;
- Template 6 Significant Risk Testing Plan;
- Template 7 Audit Area Testing Plan;

And five standard forms:

- Form to calculate misstatements;
- Form to calculate of sample sizes;
- IPSAS Disclosure and Compliance Guide (2014 Edition);
- Issues Log;

¹⁴ See the AuGD Annual Report (2016).

¹⁵ See the risk templates (specifically # 3 & 5) in the planning working papers.

- Format for the audit plan.

Dimension iii: Quality Control in Financial Audit

The last dimension SAI-9 to assess the foundation of financial audit in the AuGD is concerned with the quality control procedures at the engagement level. These procedures should provide reasonable assurance that the audit complies with professional standards, applicable legal and regulatory requirements, and that the auditor's report is appropriate in the circumstances.

For quality control, the AuGD relies largely on the hierarchical review of the audit documents (audit plan, working papers, audit report) by, respectively, the audit director, the audit principal and the (deputy) Auditor General. This process of quality control is facilitated by two tools. First, the AuGD has developed a set of Standard Operating Procedures support the audit principal that all steps have been concluded. The phases include:

- Pre-engagement;
- Planning;
- Fieldwork;
- Reporting;
- Wrap up;
- Sign off on audit.

Second, the AuGD has implemented TeamMate as its audit software since 2015. Auditors need to document all audit procedures in TeamMate and the software documents the various steps of review. The review of the sample of six audits (see chapter 2 on methodology) shows that this system of quality control is largely effective, but not yet fully 'waterproof'.¹⁶ For the majority of audits, the review comments included in TeamMate showed the communication between the audit hierarchy before the report is authorized to be issued.

In cases of difficult or contentious matters, the AG would engage other audit specialists of the AuGD to discuss the matter. There is no practice of hiring external advisors. Following that discussion, the AG will decide before she issues the report. However, neither TeamMate nor other sources provides clear documentation of the discussion and the various considerations.

Further improvement of the system of quality control will be achieved by implementing a system of quality assurance. As evidenced by SAI-4, the AuGD has established a Quality Assurance section as part of Internal Oversight Unit, but this unit has not yet carried out financial audits reviews. Neither is it not yet an established AuGD practice that collegial peer reviews, by colleagues not involved in the audit, are carried out between financial audit teams.

4.3.2.2 Rating

Dimension	Findings/Justification	Score
(i) Financial Audit Standards and policies	Criteria (b), (c), (p), (q) and at least sixteen of the other above criteria are in place.	4

¹⁶ One of the selected Financial Statement audits lacked the evidence that the necessary audit procedures were concluded prior to certification.

(ii) Financial Audit Team Management and Skills	All of the criteria are in place	4
(iii) Quality Control in Financial Audit	<ul style="list-style-type: none"> • Criterion 'a', 'b', and 'e' are met: the AuGD has established a system of quality control on financial audit that is applied in practice (although not yet 'waterproof'). • Criteria 'c' and 'd' is not met. - Differences of opinion within the SAI are not clearly documented. - A system of quality assurance is established, but, to date, no quality assurance reviews on the working of the quality control system in financial audit has been observed. 	3 (At least three of the above criteria are in place)
Overall score SAI 9		3

4.3.3 SAI-10: Financial audit process

4.3.3.1 Narrative

SAI-10 looks at how financial audits are carried out in practice based on a sample of financial audits carried out in the last fiscal year. The indicator separates the planning phase, the implementation phase and the reporting phase and, thus, the following dimensions are assessed.

- i. Planning Financial Audits;
- ii. Implementing Financial Audits;
- iii. Evaluating Audit Evidence, Concluding and Reporting in Financial Audits.

Section 2.3 includes the details on the selected sample of financial audits on which basis the dimensions are assessed.

Dimension i: Planning Financial Audits

Based on the available audit documentation available in TeamMate, Table 13 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√) or not met (X).

Table 13 Observation of compliance with FA standards in the financial audit planning process across six audit files

SAI-PMF criteria	Audit file						Overall
	1	2	3	4	5	6	
a) Where relevant: the auditor determines whether the financial reporting framework is acceptable	n.a	n.a.	√	√	√	√	Met
b) The auditor should determine materiality for the financial statements as a whole (...), the materiality level or levels to be applied to (...) particular classes of transactions, account balances or disclosures	X	√	√	√	√	X	Met
c) The auditor should identify the appropriate contact person(s) within the audited entity's governance structure and communicate with them regarding the planned scope and timing of the audit	X	√	√	√	√	√	Met
d) The auditor should develop an overall audit strategy that includes the scope, timing and direction of the audit (...)	√	√	√	√	√	√	Met
e) The auditor should have an understanding of the audited entity and its environment	X	√	√	√	√	√	Met

f)	The auditor should evaluate the overall internal control environment	X	√	√	√	√	√	Met
g)	The auditor should gain an "(...) understanding of internal control relevant to financial reporting	X	√	√	√	√	√	Met
h)	The auditor should assess the risks of material misstatement at the financial statement level.	√	√	√	√	√	√	Met
i)	The auditor should identify and assess the risks of material misstatement of the financial statements due to fraud.	X	√	√	√	√	√	Met
j)	The auditor should identify the risks of material misstatement of the financial statements due to (...) material non-compliance with laws and regulations.	√	√	√	√	√	√	Met
k)	The SAI has established a system to ensure that, at the audit engagement level, its auditors [and any contractors] comply with the following ethical requirements: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency.	√	√	√	√	√	√	Met

Except for audit 1, the different audit files contain evidence that each of the required criteria for the planning of the audits have been addressed. Given that audit 1 refers to an audit file that has started in 2015, the findings of that audit were not considered to be exemplary for the AuGD's audit practice to date (as the supporting templates were available only as per January 2016).

Dimension ii: Implementing Financial Audits

Based on the available audit documentation available in TeamMate, Table 14 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√), not met (X) or whether the criterion is not applicable (n.a.).

Table 14 Observation of compliance with FA standards in financial audit implementation across six audit files

SAI-PMF criteria	Audit file						Overall
	1	2	3	4	5	6	
a) The auditor "respon[ds] to assessed risks [by] designing audit procedures (...) such as substantive procedures and tests of controls." "The nature, timing and extent of audit procedures are based on and are responsive to the assessed risks (...) includ[ing] the inherent risk (...) and the control risk." Where the SAI has adopted policies and procedures regarding an approach to calculating minimum planned sample sizes in response to materiality and risk assessments, these are followed in practice.	X	X	√	√	X	X	Not met
b) The auditor should (...) obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud and should respond appropriately to fraud or suspected fraud identified during the audit.	X	X	√	√	X	X	Not met
c) The auditor should obtain sufficient appropriate audit evidence regarding compliance with the laws and regulations that are generally recognized to have a direct and material effect on the determination of material amounts and disclosures in financial statements.	X	X	√	√	X	X	Not met
d) Where relevant: During their audits, SAIs "obtain sufficient and appropriate audit evidence in relation to: - The use of external confirmations as audit evidence; - Audit evidence from analytical procedures and different audit sampling techniques (...); - Audit evidence from using the work of internal audit functions (...); - Audit evidence from external experts (...).	n.a	n.a	√	√	n.a	n.a.	Met

e) Where relevant: "Auditors engaged to audit [whole of government financial statements] should obtain sufficient appropriate audit evidence regarding the financial information of all components and the consolidation process to express an opinion (...).	Not applicable as the GoJ does not prepare whole of government financial statements						
f) Audit procedures [were performed] in such a way as to obtain sufficient appropriate audit evidence and thus draw conclusions on which to base the auditor's opinion.	√	√	√	√	√	√	Met
g) All planned audit procedures were performed, or where planned audit procedures were not performed, an explanation as to why not is retained on the audit file and this has been approved by those responsible for the audit.	√	√	√	√	√	√	Met

Table 14 shows that, except for audit file 3 and 4, neither the minimum planned sample sizes in response to materiality and risk assessments was calculated nor template seven to determine the need for substantive testing was observed. As a consequence, criteria 'a', 'b' and 'c' were not met for these audits.

Dimension iii: Evaluating Audit Evidence, Concluding and Reporting in Financial Audits.

Based on the available audit documentation available in TeamMate, Table 15 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√), not met (X) or whether the criterion is not applicable (n.a.).

Table 15 Compliance with FA standards in evaluating audit evidence and reporting in six audit files

SAI-PMF criteria	Audit file						Overall
	1	2	3	4	5	6	
a) The auditor should prepare audit documentation that is sufficient to enable an experienced auditor, with no prior knowledge of the audit, to understand the nature, timing and extent of the audit procedures performed, (...) the results (...) and the audit evidence obtained	√	√	√	√	√	√	Met
b) The SAI's documentation procedures have been followed regarding: "the timely preparation of audit documentation; the form, content and extent of documentation; (...) the assembly of the final audit file.	√	√	√	√	√	√	Met
c) The auditor should identify the appropriate contact person(s) within the audited entity's governance structure and communicate with them regarding (...) any significant findings" and "all misstatements recorded during the course of the audit.	√	√	√	√	√	√	Met
d) The SAI's audit findings are subject to procedures of comment and the recommendations [or observations] to discussions and responses from the audited entity.	√	√	√	√	√	√	Met
e) Uncorrected misstatements should be evaluated for materiality, individually or in aggregate	n.a	n.a	n.a	n.a.	n.a	n.a	Not applicable as F.S. were corrected
f) The auditor should form an opinion based on an evaluation of the conclusions drawn from the audit evidence obtained, as to whether the financial statements as a whole are prepared in accordance with the applicable financial reporting framework.	√	√	√	√	√	√	Met
g) The auditor's report should be in a written form and contain the following elements:	X	√	√	√	√	√	Met
h) Reports should be easy to understand, free from vagueness and ambiguity and complete. They should be objective and fair, only including information which is supported by	X	√	√	√	√	√	Met

	sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.							
i)	Any audit observations and recommendations are written clearly and concisely, and are directed to those responsible for ensuring they are implemented.	X	√	√	√	√	√	Met
j)	Where relevant: "If the (...) conditions [for the acceptance of the financial reporting framework] are not met, the auditor should evaluate the effect of the misleading nature of the financial statements on the auditor's report and the opinion, and consider the need to inform the legislature about the matter.	n.a	n.a	n.a	n.a	n.a	n.a	Not applicable
k)	Where relevant: "The auditor's report on special-purpose financial statements [i.e. budget execution reports], the report should: describe the purpose for which the financial statements are prepared" ISSAI 200:173 and "the auditor should include an Emphasis of Matter paragraph alerting users to the fact that the financial statements have been prepared in accordance with a special-purpose framework	X	X	n.a.	n.a.	X	X	Not met

Table 15 shows that, except for criterion 'k' which applies to audit file 1,2, 5 and 6 no 'emphasis of matters paragraph was observed.

4.3.3.2 Rating

Dimension	Findings/Justification	Score
(i) Planning financial audits	<ul style="list-style-type: none"> All criteria were met. However, no independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the AuGD's financial audit practice has confirmed that the SAI complies with all the level 4 ISSAI requirements relevant to this dimension. 	3
(ii) Implementing financial audits	<ul style="list-style-type: none"> Criterion 'd', 'f' and 'g' are met: the planned audit procedures are carried out. Criterion 'a', 'b', 'c' and 'e' are not met: <ul style="list-style-type: none"> Only two out of six audit files demonstrate the calculation of minimum sample sizes. Sample sizes in other audit files are based on professional judgement. Only two out of six audit files demonstrate the definition of the audit area testing plan (template 7) which is necessary to determine whether sufficient audit evidence has been obtained to conclude on material misstatement. 	1 (More than one of the criteria are in place, but not criterion 'a' which is required for a '2' score)
(iii) Evaluating audit evidence, concluding and reporting	<ul style="list-style-type: none"> Criteria 'e', 'f' and at least six of the other above criteria are in place. However, no independent assessment of the SAI's financial audit practice conducted within the past three years has confirmed that the SAI complies with all the level 4 ISSAI requirements relevant to this dimension. 	3
Overall score SAI 10		2

4.3.4 SAI-11: Financial audit results

4.3.4.1 Narrative

This indicator assesses outputs of the financial audit function in the AuGD. The outputs of the financial audit are assessed using three dimensions:

- i. Timely Submission of Financial Audit Results;
- ii. Timely Publication of Financial Audit Results;
- iii. SAI Follow-up on Implementation of Financial Audit Observations and Recommendations.

Dimension i: Timely Submission of Financial Audit Results

Following the contradictory process between the engagement team and the auditee, the final outputs of the financial audit of the AuGD is a certificate including the AG's audit opinion accompanied by a report which outlines the scope of the audit, findings on any outstanding weaknesses in the internal control systems and recommendations.

This dimension is assessing whether the above outputs are submitted to the audited entity, in a timely manner. The measurement of the timeliness compares the date of receipt of the draft statements to the date of submitting the final audit certificate and report to the audited entity. Best practice would leave less than six months between both dates.

Table 16 shows the financial audits completed in 2016 including the certification date. However, as apparent by the table, the calculation of the timeliness of the financial audit for the AuGD is impeded by the lack of information on the date of receipt of the financial statements. Draft financial statements are submitted directly to the engagement team and do in many cases not pass the AuGD's registry.

Table 16 Dates of receipt and dates of certification of financial statement audits during 2016

	NAME OF ENTITY	F/YEAR CERTIFIED	Date Received	DATE CERTIFIED
4	Companies Office of Jamaica	As at March 31, 2015		27-jan-16
5	LAMP	As at March 31, 2011	Did not pass through Registry	28-jan-16
6	LAMP	As at March 31, 2012	Did not pass through Registry	28-jan-16
7	QUICKSTART Programme	As at July 31, 2015		28-jan-16
9	LAMP	As at March 31, 2013	Did not pass through Registry	1-feb-16
10	NATIONAL LAND AGENCY	As at March 31, 2007	16.12.14, 20.1.15 & 2.2.16	2-feb-16
13	FORESTRY DEPARTMENT	As at March 31, 2013	9.9.13	22-feb-16
14	CAPITAL DEVELOPMENT FUND	As at March 31, 2005	1.12.05, 4.6.15 & 7.10.15	25-feb-16
15	MIND	As at March 31, 2009	Did not pass through Registry	7-mrt-16
17	CCC OF JAMAICA	As at March 31, 2012	25.7.12	16-mrt-16
18	IDB GRANT/SILPD – ATN/JF 11988-JA	2014/2015	4.3.16	31-mrt-16
19	IDB LOAN / SPSFPC – 1559/OC-JA	2014/2015	5.2.16	31-mrt-16
22	SDC	As at March 31, 2015	4.4.16	19-apr-16
25	KSAC	As at March 31, 2006	Did not pass through Registry	20-apr-16
27	MIND	As at March 31, 2010	11.8.10, 19.7.11 & 22.8.11	25-apr-16
28	NEPA	As at March 31, 2014	Did not pass through Registry	4-mei-16
29	PROVIDENT FUND	As at March 31, 2013	31.7.13	6-mei-16
33	PROVIDENT FUND	As at March 31, 2014	26.4.16	6-mei-16
34	NEPA	As at March 31, 2013	9.9.15	6-mei-16
35	ADMINISTRATOR GENERAL'S DEPARTMENT	As at March 31, 2015	2.7.15 & 30.9.15	6-mei-16
37	LOAN CONTRACT 2301/OC-JA	As at March 31, 2016	Did not pass through Registry	9-mei-16

38	ANTI-DUMPING & SUBSIDIES COMMISSION	As at March 31, 2014	5.5.16	11-mei-16
42	CAROSAI	2013, 2014, 2015	Did not pass through Registry	27-mei-16
43	NCE	31-mrt-15	25.7.15 & 31.8.15	27-mei-16
47	NEPA	31-mrt-15	7.4.16	28-jun-16
51	NATIONAL YOUTH SERVICE	31-mrt-12	11.7.16	19-jul-16
52	CAPITAL DEVELOPMENT FUND	20.062.007		21-jul-16
53	PATH LOAN NO. 2889/OC-JA	31-mrt-16	Did not pass through Registry	27-jul-16
54	NEPA / WATERSHED PROJECT – YALLAHS & HOPE RIVER GRF/FM 14606-JA	March 31, 2016	Did not pass through Registry	27-jul-16
55	PATH – GRANT NO. TF014258-JM (JSEIPD)	31-mrt-16	Did not pass through Registry	27-jul-16
58	MILK RIVER HOTEL & SPA	31-mrt-15	29.8.16	15-sep-16
59	GOJ/IBRD LOAN CONTRACT NO. 8405-JM - YEDAIP	October 1, 2014 – March 31, 2016	Did not pass through Registry	15-sep-16
60	GOJ/IBRD LOAN NO. 8007-JM ESEEP	April 2015 – March 31, 2016	Did not pass through Registry	15-sep-16
61	GOJ/IBRD LOAN AGREEMENT NO. 8406-JM ... GRANT NO. TFOA 1633-JM – SPSTP	October 27, 2014 – December 22, 2015	Did not pass through Registry	16-sep-16
62		October 27, 2014 – March 31, 2016		16-sep-16
63	GOJ/IBRD LOAN NO. 8334-JM – ECDP	April 1, 2015 – March 31, 2016		16-sep-16
64		March 31, 2016		9-sep-16
65	MIND	31-mrt-11		September 16, 2016
68	GOJ/IBRD LOAN NO. 8329-JM – PATH SPP2	April 1, 2015 – March 31, 2016		16-sep-16
69	CANADIAN FARM WORKERS'	31-mrt-16		10-okt-16
70	NATIONAL LAND AGENCY	31-mrt-08		13-okt-16
72	JIPO	31-mrt-15		13-okt-16
76	NCDA	31-mrt-09		4-nov-16
77	NLA	31-mrt-08		13-okt-16
79	UWI CONSORTIUM			29-nov-16
80	JNHT	As at March 31, 2004		29-nov-16

Source: Internal AuGD records

The AuGD is currently part of pilot project that is part of the Public-Sector Efficiency Enhancement project funded by IDB that aims to implement an electronic registry system. Such a system could facilitate improvement on the available data to measure this dimension.

Dimension ii: Timely Publication of Financial Audit Results

The previous dimension assesses the submission of the audit results to the audited entity and other authorities. Dimension ii focuses on whether audit reports and/or opinions are published as soon as legislation allows.

The publication practice of the AuGD with regard to financial audit is confined to the annual report. This Annual Report is published in line with the legal requirement before December 31 of the reporting year. The AuGD does not separately publish the individual audit reports on the appropriation accounts of the Ministries & Department and the financial statements of the Agencies & Public Bodies. Given that the Government of Jamaica does not prepare a whole of government financial statements or a consolidated appropriation account, the AuGD's Annual Report does not present a corresponding 'consolidated' opinion. Instead, the Annual Report contains a short summary of the material and outstanding issues from the various completed financial and compliance audits carried out during that reporting period.

In this way, the AuGD aims to inform the Public Accounts Committee of the Parliament on the most urgent issues without overloading it with the separate entity reports that may be beyond parliament's political interest.

Dimension iii: iii. SAI Follow-up on Implementation of Financial Audit Observations and Recommendations

The AuGD applies various steps in making sure that the audited entities properly address their observations and recommendations.

As a first step, the engagement team meets the audited entity in an exit meeting to discuss the draft findings and the entity's response. Following the meeting, the draft report is submitted to the entity including unresolved issues. In addition to the draft report, the issues are recorded in TeamMate in the section 'Current Issues'.

The entity is allowed two weeks to send a formal response and in case the auditee has accepted the finding, the engagement team will verify whether the issue has indeed been resolved.

In case the findings are selected for inclusion in the AG's Annual Report, a follow up action is carried out to review the current state of affairs. In case the issue has not been addressed, the issue is reported in the Annual Report. Audit issues that are not selected for the Annual Report will be considered during next year's audit.

Following publication of the Annual Report, the PAC may select the issue for further parliamentary inquiry. In that case, the engagement team will prepare a 'Briefing Report' for the PAC including an update on the outstanding audit recommendations. These Briefing Reports, known as 'prams', are for use by the PAC and not published.

4.3.4.2 Rating

Dimension	Findings/Justification	Score
(i) Timely Submission of Financial Audit Results	No score. There are no reliable data on the reception of the draft financial statements.	n.s.
(ii) Timely Publication of Financial Audit Results	The AuGD does not publish the reports of its financial audits. Instead, it includes summaries of the material and outstanding findings and recommendations in its Annual Report which is published 9 months after the end of the fiscal year which is in line with the applicable legal provision.	0
(iii) SAI Follow-up on Implementation of Financial Audit Observations and Recommendations	<p>Criterion 'a', 'b', 'd' and 'e' are met: the AuGD has a system of recording outstanding issues and recommendation</p> <p>Criterion 'c' and 'e' have not been met:</p> <ul style="list-style-type: none"> - The AuGD does not apply materiality to decide on the need for follow up investigations; - The AuGD does not publish the results of its follow up audit activities. 	2 (at least three criteria are met, but not five)
Overall score SAI 11		1

4.3.5 SAI-12: Performance audit standards and Quality Management

4.3.5.1 Narrative

This indicator assesses the SAI's approach to performance auditing in terms of its overall standards and guidance for performance auditing, as well as how matters of audit team management and skills and quality control are implemented at the audit engagement level. (The quality of these functions at the organizational level is assessed elsewhere in the framework: quality control in SAI-4; professional development and training in SAI-23.)

For the assessment of SAI 12, three dimensions are considered:

- i. Performance Audit Standards and Policies
- ii. Performance Audit Team Management and Skills
- iii. Quality Control in Performance Audit

Dimension i:

This dimension examines whether an SAI's audit standards are in line with fundamental principles of performance auditing in ISSAI 300. The key AuGD standard for performance audit is the Performance Audit Manual. The manual is based on INTOSAI performance auditing standards issued in 2004.

In addition, all performance audits use the Team Mate software, which includes several templates that, in some sense, complement the Manual. The Preliminary Study template, for example, embeds guidance for the planning stage, and covers details that are not explicit in the Manual.

The combination of the annual and the templates in Team Mate cover the following areas of the ISSAIs:

a. The need to identify the elements of each performance audit (auditor, responsible party, intended users, subject matter and criteria)	yes	See Study Plan, A.1.8 (TeamMate)
b. The need to “set a clearly-defined audit objective that relates to the principles of economy, efficiency and effectiveness.	yes	Performance Audit Manual, pg. 13
c. The need to choose an audit approach, to facilitate the soundness of the audit design.	yes	topic 2.21, pg. 12 of the Performance Audit Manual, defines the issue analysis approach.
d. The need to “establish suitable [audit] criteria which correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness.	yes	topic 3.3, pg. 18, Performance Audit Manual
e. The need to “actively manage audit risk, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users.	yes	topic 2.11, pg. 12 of the Performance Audit Manual
f. The need to “maintain effective and proper communication with the audited entities and relevant stakeholders throughout the audit process and define the content, process and recipients of communication for each audit.	yes	chapter 8 and annex H of the Performance Audit Manual
g. The need for the audit team to “have the necessary professional competence to perform the audit.	yes	pg. 37, question 1f of the Quality Assurance Threshold, Performance Audit Manual

h.	The need to apply professional judgment and scepticism.	no	Judgement is mentioned in pg 66, item 11, but no mention has been found in the Manual about scepticism
i.	The need for auditors to “apply procedures to safeguard quality, ensuring that the applicable requirements are met	yes	Chapter 6 and annex C of the Performance Audit Manual
j.	The need to “consider materiality at all stages of the audit process	no	not found in the Performance Audit Manual
k.	The need to “document the audit (...)” so that “information [is] sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was done in order to arrive at the audit findings, conclusions and recommendations	no	even though in the list of the fieldwork topics (chapter 3, Performance Audit Manual) there is a bullet about "documenting results", there is nothing in the text about this.
l.	The need to “plan the audit in a manner that contributes to a high-quality audit that will be carried out in an economical, efficient, effective and timely manner and in accordance with the principles of good project management.	yes	topics 2.30 to 2.32, pages 16 and 17, "Designing the performance audit plan". (Performance Audit Manual)
m.	The need for auditors to “obtain sufficient appropriate audit evidence to establish findings, reach conclusions in response to the audit objectives and questions and issue recommendations.” ISSAI 300:38	yes	pg. 22, "assessing audit evidence", Performance Audit Manual. Pg. 23 also adds to this.
n.	The need for auditors to “strive to provide audit reports which are comprehensive, convincing, timely, reader-friendly and balanced.” ISSAI 300:39	yes	Chapter 5 of the Performance Audit Manual. But there is no clear reference to "timely".
o.	That the SAI shall “seek to make their reports widely accessible, in accordance with the mandate of the SAI.	yes	In the "Standard Operating Procedures for Audit Principal", item 41., it says: “After report has been tabled follow up with IT officer to upload report on AuGD’s website. Prepare summary power point of report for upload as required. Monitor stakeholder feedback to enable any necessary response through AG.
p.	That the SAI shall “seek to provide constructive recommendations” if relevant and allowed by the SAI’s mandate.	yes	topics 5.14 and 5.15, pg. 29, Performance Audit Manual
q.	The need to “follow up previous audit findings and recommendations wherever appropriate.”	yes	Quality Assurance Threshold 5, question 5c, Performance Audit Manual
r.	Audit planning, including selection of audit topics. The policies and procedures should be designed to ensure that auditors analyse and research potential audit topics, and consider the significance, auditability and impact of planned audits. They should allow for flexibility in the planning.	yes	Quality Assurance Threshold 1, pg. 35, Performance Audit Manual
s.	The analytical processes that enable the auditors to obtain sufficient appropriate audit evidence to establish findings and reach conclusions in response to the audit objectives and questions.	yes	Data Collection, Data Analysis, pgs. 20-21, Performance Audit Manual
t.	Format of the audit report, which should contain information about the audit objective, criteria, methodology, sources of data and audit findings, conclusions and recommendations.	yes	Quality Assurance Threshold 3, pg. 42, Performance Audit Manual.

<p>u. Audit documentation: The policies and procedures should be designed to ensure that “information [is] sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit to subsequently determine what work was done in order to arrive at the audit findings, conclusions and recommendations.</p>	<p>yes</p>	<p>TeamMate registers all documents, and allow for such a revision</p>
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Dimension ii: Performance Audit Team Management and Skills

This dimension examines whether the SAI has established a system for ensuring that members of a performance audit team collectively possess the professional competence, skills and experience necessary do carry out the audit in question.

The practice of the AuGD on this requirement is mixed. On the one hand, the position up to the position of Senior Auditor in PA, neither specific PA audit experience is required nor a background in social sciences. The required qualifications (ACCA Level 2 or Bachelor of Science Degree in Accounting or Management Studies with Accounting from a recognized University) are more applicable for a financial and/or compliance auditor:

On the other hand, for the position of an Audit Principal on Performance Audit, the AuGD requires eight (8) years of VFM audit and/or management consulting experience.

Another positive element to ensure the required competences in the PA team, is that senior PA auditors are selected on the basis the following personal strengths:¹⁷

- good written and oral communication skills;
- good interpersonal skills;
- good problem solving and decision making skills;
- good analytical skills.

A further positive element in the AuGD’s system, is use of a template to assess the expertise of the engagement team in the planning phase. The template includes the following entry:

<p>Does the audit team have the expertise necessary to conduct the audit?</p> <ul style="list-style-type: none"> - Does the audit team have the experience necessary given the significance of the audit? - Is there a subject matter expert available to support the audit and contribute to the interpretation of evidence gathered?
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And after the completion of the audit, the performance of each PA engagement team members is assessed to allow learning and improvement for a next PA engagement using the following template:

Major Task / Outputs	Performance Rating out of 100%	Barriers/ Constraints	Action Agreed or Other Comment
<p>1. Audit completed to standard</p>			
<ul style="list-style-type: none"> • Working Papers submitted to Supervisor within agreed time. 			
<ul style="list-style-type: none"> • Working Papers completed to standard (see Working Paper Standard) 			
<ul style="list-style-type: none"> ✓ Job knowledge displayed 			
<ul style="list-style-type: none"> ✓ Statutory reportable items highlighted e.g. surcharge 			

¹⁷ Based on required qualifications in the job description.

✓ Working Papers are properly completed and cross-referenced			
✓ Working Papers contain evidence that the work done was in keeping with the Audit Procedures developed from risk assessment			
✓ Written communication (format, style, grammar, use of language, spelling)			
✓ Working Papers properly reflects issues identified causes, implications and appropriate recommendations			
Total (Aggregate score)			
Average Score = Total Aggregate score/ Number of major tasks assessed			
Quantifiable score= Average score (%) x.6			
2. Attendance and Punctuality (% of total days assigned)			

In addition to the controls applied to composition of the PA team, the SAI also provides support to its auditors as required to implement the adopted audit standards. The following table shows how the AuGD meets the relevant criteria in this regard:

h. How to develop audit objectives and audit questions that relate to the principles of economy, efficiency, and/or effectiveness.	yes	figure 7, Performance Audit Manual, pg. 16
i. How to establish suitable audit criteria which correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness.	Yes	Performance audit Manual, pg. 18
j. How to design the audit procedures to be used for gathering sufficient and appropriate audit evidence.	yes	figure 7, Performance Audit Manual, pg. 16
k. How to apply different data gathering methods.	yes	figure 7, Performance Audit Manual, pg. 16
l. How to evaluate the audit evidence in light of the audit objectives.	yes	Performance audit Manual, pg. 22
m. How to write audit reports which are comprehensive, convincing, reader-friendly and balanced.	yes	Performance audit Manual, chapter 5
n. How to write recommendations that are well-founded and add value.	yes	Performance audit Manual, chapter 5

Dimension iii: Quality Control in Performance Audit

This dimension examines how quality control measures for performance audit have been implemented in practice, as evidenced through a review of audit files. Quality control describes the sum of the measures taken to ensure high quality of each audit product, and is carried out as an integrated part of the audit process.

First, it should be noted that the Performance Audit Manual uses the expression “quality assurance” that corresponds to the definition of quality control given in the SAI PMF Guidance. The manual defines five quality assurance (control) thresholds, to be used at the end of each stage of the audit, as described below:

Figure 12: The Five Quality Assurance Thresholds

Quality assurance check	Timing of check
1. Are you ready to start the audit?	▪ At the end of the planning stage
2. Have you obtained clear convincing findings supported by the evidence?	▪ At the end of the fieldwork stage
3. Are you ready to clear the draft report with the ministry?	▪ At the end of the report drafting stage
4. Are you ready to announce the findings in public?	▪ After clearance of the report with the ministry
5. Have you identified and shared lessons learned from the audit?	▪ After publication of the report

Source: UK NAO

Clearly, those thresholds cover what has been done along the audit work, from planning to publication of the report, thus corresponding to the definition of quality control given in the SAI PMF guidance. There are also templates included in TeamMate such as F1 (team leader review checklist), G1 (Senior Director review checklist) and H1 (Auditor General Review Checklist), which are important quality control milestones.

Criterion “e” is the only one that was not met in this dimension, and it requires that SAIs *should recognize the importance of engagement quality control reviews for their work and [where carried out] matters raised should be satisfactorily resolved before a report is issued*. ISSAI 40: pg 12 (I.e. the SAI should have a policy on whether and when to perform reviews of the whole audit by experienced auditor(s) not involved in the audit, prior to issuing a report – note that this is part of quality control and not quality assurance. SAI PMF Task Team. There is no provision for this practice in the Performance Audit Manual. So, the final score for this dimension is 3.

4.3.5.2 Rating

Dimension	Findings/Justification	Score
(i) Performance Audit Standards and policies	<ul style="list-style-type: none"> • All criteria are met with the exception of criteria ‘h’, ‘j’ and ‘k’: - Judgement is mentioned in pg 66, item 11, but no mention has been found in the Manual about skepticism - even though in the list of the fieldwork topics (chapter 3, Performance Audit Manual) there is a bullet, there is nothing more specific in the text that covers the criterion documenting results. 	3 (Criteria b, m and at least twelve of the other criteria are in place)
(ii) Performance Audit Team Management and Skills	All criteria were met: The AuGD has actions and controls to make sure that properly qualified personnel is recruited and assigned to audit works.	4 (all criteria are met)
(iii) Quality Control in Performance Audit	<ul style="list-style-type: none"> • Criteria met: - All work carried out should be subject to review as a means of contributing to quality and promoting learning and personnel development and the review process should be documented; - Auditors should apply procedures to safeguard quality, ensuring that the applicable requirements are met; 	3 (At least five of the criteria are in place)

	<ul style="list-style-type: none"> - Performance audit manual (p.18/20) addresses the issue of “the use of appropriate resources (such as technical experts) to deal with contentious matters”. - Differences of opinions within the AuGD are clearly documented and resolved as reflected by the differences between the draft versions and the final version of the reports; - Procedures are in place for authorizing reports to be issued • Criteria ‘e’ is not met: - there is no provision for an “engagement quality control review”. 	
Overall score SAI 12		3

4.3.6 SAI-13: Performance audit process

4.3.6.1 Narrative

The indicator looks at how performance audits are carried out in practice preferably based on a sample of performance audits carried out in the last fiscal year. SAI-13 separates the planning phase, the implementation phase and the reporting phase and, thus, the following dimensions are assessed.

- i. Planning Performance Audits;
- ii. Implementing Performance Audits;
- iii. Evaluating Audit Evidence, Concluding and Reporting in Performance Audits.

The assessment of this indicator was done based upon a random sample of 3 performance audits, chosen from a list of 26 audits done in the period of 2010-2016. The three audits, even though randomly chosen, were finished in the year of 2016, so they reflect the current practice of performance audit in the AuGD. The quality assurance process for performance audits at the AuGD is still in preliminary stage of implementation, so it was not taken in consideration for the sake of the sampling process. TeamMate software is used also to register all phases, work papers and documents in performance audits. The SAI PMF assessment team was given full access to the TeamMate, and other pieces of information were duly provided whenever requested.

The three audits included in our review were:

The Bureau of Standards Jamaica (BSJ)	This performance audit sought to determine if BSJ was managing its resources efficiently and effectively, to ensure that its monitoring activities deliver maximum benefit in protecting consumers from substandard products.
Jamaica Mortgage Bank (JMB)	The performance audit was undertaken to determine whether JMB was managing its loan activities efficiently and effectively, in order to execute its mandate of facilitating affordable housing solutions for Jamaicans.
Ministry of Health (MOH) Mental Health Unit	The audit sought to determine if MOH has effective strategies and programmes for the rehabilitation of the mentally ill to aid in their reintegration, and the assessment was limited to the Bellevue Hospital (BVH).

The three audits examined showed the same pattern regarding their compliance with the criteria of this indicator. In other words, for each criterion, either all of them complied or all of them did not comply, no variation in this regard.

Dimension i: Planning Performance Audits

There are a set of templates used in the planning phase: The Preliminary Study, SWOT Analysis, Audit Risk Assessment, Entity Risk Assessment, Audit Risk Checklist, Study Plan and Engagement Letters.

The Preliminary Study has the following objectives:

- a) Recommend whether a main audit study is warranted
- b) Provide background information on the programme/entity
- c) Suggest an audit proposal for the main audit work

The next step is the Audit Plan (Study Plan), that covers the following topics:

- a) A summary of the audit
- b) The audit scope and rationale
- c) The audit approach
- d) Project plan for the audit
- e) Review and sign offs

In the planning stage, the entity risk assessment and the audit risk assessments are also conducted, and registered in specific templates. Engagement letters, covering ethical and independence issues, are also signed by the audit team at this point.

The deficiencies identified in the assessment of this dimension are related to the absence of cost estimates per audit, thus impeding the comparison between costs and benefits, and the fact that the criteria is not discussed with the audited previously.

The audit study plan includes a matrix that outlines the audit questions, the evidence required and other relevant steps to answer the questions, as can be seen below:

Audit question	Criteria	Evidence required	Evidence sources	Data collection method
What do we want to know? From the issue analysis	What standard are we going to measure against? e.g. counter-factual, benchmark, target, past-performance, best practice	What evidence will answer the question? e.g. numerical evidence, descriptive evidence, qualitative information	Where are we going to get the evidence? e.g. the entity, published research, suppliers etc.	How are we going to get the evidence? Include both qualitative and quantitative methods. At least two methods per issue

The score for this dimension is 3. It should be noted that to reach score 4 in all dimensions of SAI 13, it is required that an independent assessment (e.g. quality assurance review, peer or independent review, iCAT subject to independent quality assurance, conducted within the past three years) of the SAI's performance audit practice has confirmed that the SAI complies with all the level 4 ISSAI requirements relevant to this dimension (including all the above criteria).

Dimension ii: Implementing Performance Audits

During the execution phase, the audit team collects evidence, according to the procedures that were designed in the planning phase. Information and data are collected and analysed, in order to describe the current situation that should be compared against the criteria. Templates for audit findings and interviews, among others, provide support and formal record for this phase.

Section AS1 in the TeamMate, in the records for each audit, usually provide a summary of the findings, and other Sections (usually identified by a capital letter: Section C, D, etc) are used to upload other documents and work papers developed by the audit team.

Criterion “h” is the only one that was not met: “Auditors should actively manage *audit risk*, which is the risk of obtaining incorrect or incomplete conclusions, providing unbalanced information or failing to add value for users.” ISSAI 300:28. See also ISSAI 3000:52. (I.e. identify such risks, as well as mitigating measures, in the planning documents and actively follow up on them during the implementation of the audit. ISSAI 300:28). During the field work, the team assesses the sufficiency of the data and of the evidence, but there is no record of such assessment.

Criterion “P”, in all cases examined, was considered as not applicable, because the process described there sometimes is not necessary (f: “Performance auditing involves a series of analytical processes that evolve gradually through mutual interaction”).

Dimension iii: Reporting of Performance Audits

This dimension examines the audit report. The criteria cover structure of the report, its internal logic, and key points such as the connection of the conclusions with the audit objectives, criteria and evidence. Wrap up procedures are also included, to make sure that the auditees are given an opportunity to comment on the draft, and their points are considered before issuing the final report.

The drafts of the report are registered in the TeamMate. The final reports were not there, but were readily provided upon request.

There is a checklist used to review the reports, copied in the table below:

Table 17 Checklist for review of performance audits

Report contents
Does the report have: <ul style="list-style-type: none"> • An overview from the AG • A summary which includes an outline of the topic, key findings and recommendations • A short introductory part • 2-3 other parts • A methodology appendix
Is the word count less than 12,000?
Report structure
Does the report structure follow the logic map and outline report?
Is the structure evident and is it logical given the topic?
Is there a strong and clear line of argument that builds on the evidence to form obvious conclusions that flow to clear recommendations?
Does the report have headings that make it easy to find the parts of the topic that are being covered?
Scope and balance
Do both the summary and the introductory part clearly explain what is being audited (cost, performance and policy objective that Government is trying to achieve)
Are the findings evaluative? Is it clear what the impact of findings are on service performance? Is there sufficient evidence to support findings?
Is the overall conclusion self-evident given the findings or is the reader left to guess whether the AG considers overall performance to be good or bad?
Is it clear how recommendations will improve performance? If possible, are they SMART?
Does the report contain both praise and criticism – i.e. is it fair and balanced?
Does the report indicate linkages with other AGD work, suggest possible systemic failings and comment on the overall coherence of government actions in the area?
Does the report highlight any limitations in the evidence?
Is there material in the main body of the report that is not evaluated in the key findings? Should these be included in the conclusion or removed from the report altogether?

Does the methodology appendix clearly show the work carried out and sources of evidence?
Use of prose
Does the report avoid legalistic, pompous or Latin words?
Does the report avoid departmental jargon and minimise other jargon?
Does the report avoid tautological statements?
How many abbreviations appear in the report? Is this reasonable?
Does each paragraph represent one complete idea, and not more than one?
In general, does the report avoid the use of the passive?
In general, does the report avoid the use of nominalisations (nouns acting as verbs)?
Run the MS Word readability statistics, check for spelling mistakes, and see if you sentence length, sentences per paragraph, passive % and flesch-reading ease are reasonable
Use of graphics
Does the report contain a mix of tables and charts and use these to add value to the data?
Do graphics have clear headings, well labelled axis, notes and a clear source?
Do graphics have a reference in the report? Do references use a number/trend that clearly appears in the graphic?
Is the order in charts/tables appropriate?
Is the number of categories in charts and rows/ columns in tables appropriate?
Review
Is there a way of linking the report to the underlying evidence?
Has someone checked that the report is in line with the underlying evidence?

Criterion "1" is the only one not met: "Any disagreements [with the audited entity] should be analyzed and factual errors corrected. The examination of feedback should be recorded in working papers so that changes to the draft audit report, or reasons for not making changes, are documented." No formal record of the examination of feedback was found in TeamMate.

All other criteria were met, and the final score for this dimension is 3. To reach score 4, would require the procedure described in the final paragraph of dimension i.

4.3.6.2 Rating

Dimension	Findings/Justification	Score
(i) Planning performance audits	<ul style="list-style-type: none"> • Criteria met: <ol style="list-style-type: none"> a. Pre-Study Report b. Pre-Study Report c. Study plan - Part A: Audit Summary d. Study plan - Part A: Audit Objectives e. Study Plan - Part C: Audit approach f. Study Plan - Part C: Issue Analysis g. Study Plan - Methods and Evidence sources i. Study Plan - Methods and Evidence sources j. Audit risk assessment l. Audit risk assessment m. Declaration of Independence and Ethical Requirements. • Criteria not met: <ol style="list-style-type: none"> h. no evidence that criteria was discussed with the audited entity. This is discussed at the entrance meeting, but there is no formal register. k. estimated cost not included 	3
(ii) Implementing performance audits	<ul style="list-style-type: none"> • Criteria met: 	3

	<p>a. See Part Two of the Report; plus documents in AS1; B and C in TeamMate</p> <p>b. See Part Two of the Report; plus documents in AS1; B and C in TeamMate</p> <p>c. See Part Two of the Report; plus documents in AS1; B and C in TeamMate</p> <p>d. In past audits, a conclusion would be explicitly written. Currently, there is no such section, but in the Auditor General's overview that opens the final report, a conclusion against the audit question is included.</p> <p>e. See Part Two of the Report; plus documents in AS1; B and C in TeamMate</p> <p>g. Documents in AS1, and sections A, B and C in TeamMate</p> <p>i. all findings in the draft report are assessed, the ones which are not considered relevant and material, are excluded from the final report.</p> <p>j. Communication with the audited entity has been documented and uploaded in the TeamMate (for example, engagement letters, memorandum to ask for documents, etc).</p> <p>k. most of the documents are uploaded in TeamMate.</p> <ul style="list-style-type: none"> • Criteria not met: <p>f. not met / no evidence that initial planning has evolved as a series of analytical processes that evolve gradually"</p> <p>h. during the field work, the team assesses the sufficiency of the data and of the evidence, but there is no record of that</p>	
<p>(iii) Evaluating audit evidence, concluding and reporting</p>	<ul style="list-style-type: none"> • Criteria met: <p>a. see in the report: The Auditor General Overview and the Executive Summary</p> <p>b. see the report and the checklist for review</p> <p>c. see the report and the checklist for review</p> <p>d. see the report and the checklist for review</p> <p>e. see the report and the checklist for review</p> <p>f. all findings in the draft report are assessed, the ones which are not considered relevant and material, are excluded from the final report.</p> <p>g. see in the report: The Auditor General Overview and the Executive Summary</p> <p>h. see in the report: The Auditor General Overview and the Executive Summary</p> <p>i. recommendations in the Executive Summary</p> <p>j. pg. 13 of the report (JMB)</p> <p>k. section "Wrap Up and Reporting Procedures" in TeamMate</p> <ul style="list-style-type: none"> • Criteria not met: <p>l. no evidence for that.</p>	<p>3</p> <p>At least nine of the criteria are in place (but no independent assessment of the SAI's performance audit practice has confirmed that the SAI complies with all the level 4 ISSAI requirements relevant to this dimension)</p>
<p>Overall score SAI 13</p>		<p>3</p>

4.3.7 SAI-14: Performance audit results

4.3.7.1 Narrative

This indicator assesses outputs of the financial audit function in the AuGD. The outputs of the performance audit are assessed using three dimensions:

- i. Timely Submission of Performance Audit Results
- ii. Timely Publication of Performance Audit Results
- iii. SAI Follow-up on Implementation of Performance Audit Observations and Recommendations

Dimension i:

The timely submission is calculated as the time between the approval of the AG and the submission to Parliament. Based on the table below, this time gap is generally less than 15 days.

Table 18 Publication dates of selected performance audit reports

PA Report	Submitted to Parliament	Tabled in Parliament	Auditor General Sign-Off
Jamaica Mortgage Bank	December 23, 2016	January 10, 2017	December 13, 2016
Bureau of Standards Jamaica	November 10, 2016	December 06, 2016	November 04, 2016
Housing Agency of Jamaica	November 02, 2016	November 10, 2015	October 29, 2015
Caribbean Maritime Institute	December 15, 2015	January 12, 2016	December 11, 2015

Dimension ii: Timely Publication of Performance Audit Reports

This dimension considers the timeliness of publication. Publication is legally allowed after the report is tabled in Parliament and the AuGD usually uploads the reports on the SAI's website after two days of tabling.

Tabling is not under the control of the AuGD. The table shows that tabling in Parliament is generally done within one month of the date of submission by the AuGD.

Dimension iii: SAI Follow-up on Implementation of Performance Audit Observations and Recommendations

After a reasonable time, the AuGD produces a follow-up report on the recommendations issued in the performance audit reports. The follow-up report is tabled, and it goes to the Parliament accompanied by a briefing report to the PAC.

The note to the PAC includes a table describing the major findings, AuGD recommendations, management response, AuGD verification and an assessment whether or not the issue has been cleared. It also includes a table where a materiality assessment is made.

The follow-up report describes the corrective actions adopted by the auditee, but there is no assessment of the impact of those measures.

4.3.7.2 Rating

Dimension	Findings/Justification	Score
(i) Timely Submission of Performance Audit Results	All performance audit reports are submitted to the Parliament within 15 days of completion of the audit.	4
(ii) Timely Publication of Performance Audit Results	The AG publishes all its performance audit reports within 15 days after she is permitted to publish them.	4
(iii) SAI Follow-up on Implementation of Performance Audit Observations and Recommendations	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'd', 'e', 'f' and 'g' are met: <ul style="list-style-type: none"> - The AuGD follows up previous audit findings and recommendations; - The follow-up focuses on whether the audited entity has adequately addressed the problems and remedied the underlying situation; - The AuGD's follow-up procedures allow for the audited entity to provide information on corrective measures taken; - Follow-up is reported by individual reports to the PAC; - Materiality is evaluated and the importance of the identified problems in order to determine if a follow-up requires a new additional audit. • Criterion 'c' is not met: <ul style="list-style-type: none"> - Even though the follow-up report describes the corrective actions adopted by the auditee, there is no assessment of the impact of those measures. 	3
Overall score SAI 14		4

4.3.8 SAI-15: Compliance audit standards and Quality Management**4.3.8.1 Narrative**

This indicator assesses the AuGD's approach to compliance auditing in terms of its overall standards and guidance for compliance auditing, as well as how matters of audit team management and skills and quality control are implemented at the audit engagement level.

For the assessment of SAI 15, three dimensions are considered:

- i. Compliance Audit Standards and Policies;
- ii. Compliance Audit Team Management and Skills;
- iii. Quality Control in Compliance Audit.

Dimension i: Compliance Audit Standards and Policies

The AuGD has adopted the Compliance Audit Guidelines (ISSAI 4100 or 4200) as its authoritative standards. The standards are reflected in the AuGD's Audit Procedural Manual and various templates and forms. For details on the manual and guidance, it is referred here to section 3.3.2.1.

It is noted that the AuGD's Audit Procedural Manual is used for both financial and compliance audit. As there is a high degree overlap between the standards for financial and compliance audit, this is not necessary a shortcoming. As demonstrated in Table 19, most of the required standards for compliance audit are reflected in the manual and the score is largely similar to the score on financial audit standards and policies (see section 3.3.2.1). Only certain

specific elements on “identification of suitable criteria which is especially relevant to compliance auditing are lacking in the AuGD standards.

Table 19 Reflection of ISSAI 400 in the AuGD's standards

Detailed ISSAIs on compliance audit	Presence in the AuGD's manual and templates
a) The elements relevant to compliance auditing (...) should be identified by the auditor before commencing the audit.”	No, the audit manual does not refer to the specific elements relevant to compliance auditing, such as the need to identify the applicable authorities covering regularity and, if necessary, propriety, requirements; the subject matter; intended users of the report; and level of assurance to be provided, whether reasonable or limited
b) Auditors should consider audit risk throughout the audit process.	Yes, in section 6.5.1 Audit Risk
c) Auditors should consider materiality throughout the audit process.	Yes, in section 6.5 Materiality and Audit Risk
d) Auditors should prepare sufficient audit documentation.	Yes, in section 4.3 Working Papers:
e) Auditors should establish good communication throughout the audit process	Yes, in section 4.6 Communication with the audit entities
f) Auditors should identify the subject matter and suitable criteria.”	No, the manual does not elaborate on identifying audit criteria
g) Auditors should determine the audit scope.”	Yes, included in the Standard Operating Procedures for preparing the audit plan
h) Auditors should understand the audited entity in light of the authorities governing it.”	Yes, in chapter 6 Audit Planning
i) Auditors should understand the control environment and the relevant internal controls	Yes, in chapter 6 Audit Planning
j) Auditors should perform a risk assessment to determine the nature, timing and extent of audit procedures.	Yes, in chapter 6 Audit Planning
k) Auditors should consider the risk of fraud	Yes, in template 2B Engagement team discussion on risk of fraud
l) Auditors should [plan the audit by] develop[ing] an audit strategy and an audit plan	Yes, in chapter 6 Audit Planning
m) Auditors should gather sufficient and appropriate audit evidence to cover the scope of the audit	Yes, chapter 7 Implementation
n) Auditors should evaluate whether sufficient and appropriate audit evidence is obtained and form relevant conclusions	Yes, section 8.1. Evaluating Audit Results and Form Opinion
o) Auditors should prepare a written report based on the principles of completeness, objectivity, timeliness and a contradictory process	Yes, section 8.2 Document findings
p) The SAI has also adopted policies on determining materiality through professional judgment [based] on the auditor's interpretation of the users' needs (...) in terms of value, (...) the inherent characteristics [nature] of an item [and] the context in which it occurs.	No, only reference to materiality in terms of value, but note in 'nature'
q) The SAI has also adopted policies on requirements for audit documentation	Yes, use of TeamMate
r) The SAI has also adopted policies on determining the nature, timing and extent of audit procedures to be performed	Yes, form for audit sampling

Dimension ii: Compliance Audit Team Management and Skills

The AuGD has adopted ISSAI 400 as its audit standards. As noted previously, compliance audit is mostly done in combination with the audit of financial statements and/or appropriation accounts. The system that the AuGD has established to ensure that

“individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the compliance audit” is basically similar to the system for FA.

Application of the standards and the guidance is done by separate compliance audit teams that are part of the Compliance Audit Section. The compliance audit section is composed of 5 Principal Auditors (which possess an ACCA certification), 19 Audit Directors, 24 Auditors and 45 Assistant Auditors. Every team is led by an audit director who oversees the audit and includes auditors and assistant auditors for the operational work. Depending on the complexity of the auditee, the team also includes one or more senior auditors. There are clear reporting lines and allocation of responsibilities within the team. The compliance audit make full use of the TeamMate software. Use of external experts for compliance audit is not common. For IT-related risks, the CA engagement teams can consult the specialized IT audit section of the AuGD (see also the narrative in 4.3.2.1.

In terms of the systems to compose the CA audit teams, it is concluded that all criteria are met. However, in terms of the guidance for compliance audit provided by the AuGD to implementation the compliance audit standards, some shortcomings are observed. As the AuGD applies the same manual and guidance for compliance audit as it uses for financial audit, and the AuGD’s Audit Procedural Manual and various templates and forms are geared towards FA and not tailored to CA, on some CA-specific aspects the AuGD guidance falls short of the ISSAI-based expectations. The following table gives an overview of the various elements included in the manual and guidance provided by the AuGD to its audit teams:

Table 20 Observations on compliance audit guidance in the AuGD

SAI-PMF criteria for guidance material	Presence in the AuGD
h) identifying applicable authorities based on “formal criteria, such as authorizing legislation, regulations issued under governing legislation and other relevant laws, regulations and agreements, including budgetary laws (regularity)” and “where formal criteria are absent or there are obvious gaps in legislation... general principles of sound public sector financial management and conduct of public sector officials (propriety)	Yes, the AuGD’s intranet has a portal of all circulars, orientation for auditors (induction training), Audit Principals, via internet to MoF website, new ones are discussed with audit principals / senior officers’ meetings:
i) identifying suitable criteria as a basis for evaluating audit evidence, developing audit findings and concluding	No, the manual does not provide guidance on ‘identifying suitable criteria’
j) determining the elements relevant to the level of assurance to be provided (I.e. reasonable or limited assurance)	Yes, the Audit Procedural Manual assumes an assurance level of 95%
k) considering “three different dimensions of audit risk: inherent risk, control risk and detection risk	No reference in guidance / templates to the three different dimensions of audit risk
l) understanding “the control environment and the relevant internal controls” and assessing “the risk that the internal controls may not prevent of detect material instances of non-compliance	Yes, template 3 and 4 provide relevant guidance
m) including “fraud risk factors in the risk assessment “and exercising “due professional care and caution” if coming across instances of non-compliance which may be indicative of fraud	No, template 2b focuses on fraud risk factors in the risk assessment, but the AuGD has no written guidance to auditors in case auditors identify fraud
n) determining “the nature, timing and extent of audit procedures to be performed” ISSAI 400:54 “in light of the criteria, scope and characteristics of the audited entity” ISSAI	Yes, template 7 ‘audit area testing plan’

400:54 and “the identification of risks and their impact on the audit procedures	
o) developing “an audit strategy and an audit plan	Yes, template 2 ‘audit planning report’
p) gathering “sufficient appropriate audit evidence to provide the basis for the conclusion or opinion” covering the quantity of evidence, its relevance and reliability and how “the reliability of evidence is influenced by its source and nature, and is dependent on the individual circumstances under which the evidence is obtained” and the need for “a variety of evidence gathering procedures of both quantitative and qualitative nature.	Yes, chapter 8.1 addresses the topic ‘Evaluating Audit Results and Form Opinion’
q) preparing a written report in an appropriate form, so “the report should be complete, accurate, objective, convincing, and as clear and concise as the subject matter permits	No, no specific guidance on report writing is provided.

Dimension iii: Quality Control in Compliance Audit

The last dimension SAI-9 to assess the foundation of compliance audit in the AuGD is concerned with the quality control procedures at the engagement level. These procedures should provide reasonable assurance that the audit has complied with professional standards, applicable legal and regulatory requirements, and that the auditor’s report is appropriate in the circumstances.

For quality control, the AuGD relies largely on the hierarchical review of the audit documents (audit plan, working papers, audit report) by, respectively, the audit director, the audit principal and the (deputy) Auditor General. This process of quality control is facilitated by two tools. First, the AuGD has developed a set of Standard Operating Procedures support the audit principal that all steps have been concluded. The phases include:

- Pre-engagement;
- Planning;
- Fieldwork;
- Reporting;
- Wrap up;
- Sign off on audit.

Second, the AuGD has implemented TeamMate as its audit software since 2015. Auditors need to document all audit procedures in TeamMate and the software documents the various steps of review. The review of the sample of six audits (see chapter 2 on methodology) shows that this system of quality control is largely effective, but not yet fully ‘waterproof’. For the majority of audits, the review comments included in TeamMate showed the communication between the audit hierarchy before the report is authorized to be issued.

In cases of difficult or contentious matters, the AG would engage other audit specialists of the AuGD to discuss the matter. There is no practice of hiring external advisors. Following that discussion, the AG will decide before she issues the report. However, neither TeamMate nor other sources provides clear documentation of the discussion and the various considerations.

Further improvement of the system of quality control will be achieved by implementing a system of quality assurance. As evidenced by SAI-4, the AuGD has established a Quality Assurance section as part of Internal Oversight Unit, but this unit has not yet carried out reviews of compliance audits. Neither is it not yet an established AuGD practice that collegial

peer reviews, by colleagues not involved in the audit, are carried out between financial audit teams.

4.3.8.2 Rating

Dimension	Findings/Justification	Score
(i) Compliance Audit Standards and policies	Except for criteria 'a', 'f' and 'p', all criteria are reflected in the AuGD Audit Procedural Manual and the accompanying templates.	3 Criteria (b), (c), (n) and (o) and at least eight of the other criteria above are in place (but not twelve).
(ii) Compliance Audit Team Management and Skills	<ul style="list-style-type: none"> • Except for criteria 'i', 'k', 'm' and 'q', all criteria are met. - The AuGD has established a system to ensure that individuals in the audit team should collectively possess the knowledge, skills and expertise necessary to successfully complete the compliance audit; - The AuGD also provides support to compliance auditors via the Audit Procedural Manual and various templates and forms. • The support materials lacks specific guidance on criteria 'i', 'k', 'm' and 'q'. - identifying suitable criteria as a basis for evaluating audit evidence, developing audit findings and concluding; - analysing three different dimensions of audit risk: inherent risk, control risk and detection risk; - exercising "due professional care and caution" if coming across instances of non-compliance which may be indicative of fraud; - preparing a written report in an appropriate form 	3 (Criteria 'a', 'e', 'o' and at least nine of the other criteria are in place, but not all of them)
(iii) Quality Control in Compliance Audit	<ul style="list-style-type: none"> • Criterion 'a', 'b', 'c' and 'f' are met: the AuGD has established a system of quality control in compliance audit that is applied in practice (although not yet 'waterproof'). • Criterion 'd' and 'e' are not met. - Differences of opinions within the SAI are not clearly documented - A system of quality assurance is established, but, to date, no quality assurance reviews on the working of the quality control system in compliance audit has been observed. 	2 (At least three of the above criteria are in place, but not five)
Overall score SAI 15		3

4.3.9 SAI-16: Compliance audit process

4.3.9.1 Narrative

Indicator 16 looks at how compliance audits are carried out in practice preferably based on a sample of files of compliance audits that were carried out in the last fiscal year. The actual compliance audit practices are assessed for the planning phase, the implementation phase and the reporting phase as the following dimensions are distinguished.

- i. Planning Compliance Audits;
- ii. Implementing Compliance Audits;
- iii. Evaluating Audit Evidence, Concluding and Reporting in Compliance Audits.

Section 2.3 includes the details on the selected sample of compliance audits on which basis the dimensions are assessed.

Dimension i: Planning Compliance Audits

Based on the available audit documentation available in TeamMate, Table 21 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√) or not met (X).

Table 21 Observations on compliance with standards in planning compliance audits across 5 audit files

SAI-PMF criteria	Audit file					Overall
	1	2	3	4	5	
a) The elements relevant to compliance auditing should be identified by the auditor before conducting a compliance audit (i.e. identify the applicable authorities covering regularity and, if necessary, propriety, requirements; the subject matter; intended users of the report; and level of assurance to be provided)	X	X	X	X	X	Not met
b) Auditors should consider audit risk throughout the audit process.” (I.e. the auditor should consider three different dimensions of audit risk: inherent risk, control risk and detection risk) and “Auditors should perform a risk assessment to identify risks of non-compliance.”	X	X	X	X	X	Not met
c) Auditors should consider materiality throughout the audit process.	X	X	X	X	X	Not met
d) Auditors should maintain effective communication throughout the audit process” and “communication of the criteria determined for the audit is essential	√	√	√	√	√	Met
e) Auditors should identify the subject matter and suitable criteria” based on applicable authorities, as a basis for evaluating audit evidence.	√	√	√	√	√	Met
f) Auditors should determine the audit scope (...) [as] a clear statement of the focus, extent and limits in terms of the subject matter being in compliance with the criteria.	X	X	X	X	X	Not met
g) Auditors should understand the audited entity in light of the authorities [governing it].	√	√	√	√	√	Met
h) Auditors should understand the control environment and the relevant internal controls	√	√	√	√	√	Met
i) Auditors should consider the risk of fraud” by including fraud risk factors in their risk assessments.	√	√	√	√	√	Met
j) Auditors should plan the audit by developing an audit strategy and an audit plan (...) both the audit strategy and audit plan should be documented in writing	√	√	√	√	√	Met

k) The SAI has established a system to ensure that, at the audit engagement level, its auditors [and any contractors] comply with the following ethical requirements: integrity, independence and objectivity, competence, professional behavior and confidentiality.	√	√	√	√	√	Met
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Table 21 shows that criteria 'a', 'b', 'c' and 'f' were not met. This is concluded as the following elements were structurally missing across the audit files: (a) identification of the level of assurance whether reasonable or limited; (b) risk analysis that distinguishes between inherent risk, control risk and detection risk; (c) consideration and/or calculation of materiality and (f) the limits in the audit scope (what is not included).

Dimension ii: Implementing Compliance Audits

Based on the available audit documentation available in TeamMate, Table 22 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√), not met (X) or whether the criterion is not applicable (n.a.).

Table 22 Observation of compliance with standards in compliance audit implementation across five audit files

SAI-PMF criterion	Audit file					Overall
	1	2	3	4	5	
a) The auditor has determined the nature, timing and extent of audit procedures to be performed” in light of the criteria and scope of the audit, characteristics of the audited entity and results of the risk assessment for the purpose of obtaining sufficient and appropriate audit evidence. The SAI’s approach to calculating minimum planned sample sizes in response to materiality, risk assessments, and assurance level, has been applied.	X	X	X	X	X	Not met
b) If the auditor comes across instances of non-compliance which may be indicative of fraud, he or she should exercise due professional care and caution so as not to interfere with potential future legal proceedings or investigations and should follow the SAIs procedures for handling indications of fraud.	n.a.	n.a.	n.a.	n.a.	n.a.	Not applicable
c) Where external experts are used, “auditors should evaluate whether the expert have the necessary competence, capabilities and objectivity and determine whether the work of the expert is adequate for the purpose of the audit.	n.a.	n.a.	n.a.	n.a.	n.a.	not applicable
d) The auditor should gather sufficient appropriate audit evidence to provide the basis for the conclusion or opinion... [including] a variety of evidence gathering procedures of both quantitative and qualitative nature [and] the auditor often needs to combine and compare evidence from different sources	√	√	√	√	√	Met
e) All planned audit procedures were performed, or where some planned audit procedures which were not performed, there is an appropriate explanation retained on the audit file and this has been approved by those responsible for the audit.	√	√	√	√	√	Met

Table 22 shows that criteria 'a' and 'b' were not met based on the observation that no calculation of minimum sample sizes in response to materiality, risk assessments, and assurance level was carried out in all reviewed compliance audits.

Dimension iii: Evaluating Audit Evidence, Concluding and Reporting in Compliance Audits.

Based on the available audit documentation available in TeamMate, Table 23 has been compiled. The table indicates for each criterion of the SAI-PFM methodology whether the audit file demonstrates that the criterion is met (√), not met (X) or whether the criterion is not applicable (n.a.).

Table 23 Observations on compliance with standards in evaluating compliance audit evidence and reporting across five audit files

SAI-PMF criteria	Audit file					Overall
	1	2	3	4	5	
a) Documentation should be in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the following: the relationship between the subject matter, the criteria, the scope of the audit, the risk assessment, the audit strategy and audit plan and the nature, timing and extent and the results of procedures performed; the audit evidence obtained to support the auditor's conclusion, opinion or report.	√	√	√	√	√	Met
b) The SAI's requirements for audit documentation have been followed, to ensure "the auditor should prepare relevant audit documentation before the audit report or the auditor's report is issued, and the documentation should be retained for an appropriate period of time	√	√	√	√	√	Met
c) Auditors should evaluate whether sufficient and appropriate audit evidence is obtained and form relevant conclusions... so as to reduce audit risk to an acceptably low level... the evaluation further includes considerations of materiality... [and] the assurance level of the audit	X	X	X	X	X	Not met
d) Auditors should maintain effective communication throughout the audit process", and during the audit "instances of material non-compliance should be communicated to the appropriate level of management or those charged with governance.	√	√	√	√	√	Met
e) The SAI's findings are subject to procedures of comment and the recommendations [or observations] to discussions and responses from the audited entity.	√	√	√	√	√	Met
f) Auditors should prepare a report based on the principles of completeness, objectivity, timeliness and a contradictory process	√	√	√	√	√	Met
g) The compliance audit report itself includes the following elements	√	√	√	√	√	Met
h) The report should be; easy to understand and free from vagueness and ambiguity; be complete; include only information which is supported by sufficient and appropriate audit evidence; ensure that findings are put into perspective and context; and be objective and fair	√	√	√	√	√	Met
i) Any audit observations and recommendations are written clearly and concisely, and are directed to those responsible for ensuring they are implemented	√	√	√	√	√	Met
j) Where an opinion is provided, the auditor should state whether it is unmodified or modified on the basis of an evaluation of materiality and pervasiveness	n.a	n.a	n.a	n.a	n.a	Not applicable

Table 23 shows that all criteria were met, except for criterion 'c'. Criterion 'c' is considered as 'not met' as no procedures were carried out to reduce the audit risk to acceptable levels

which is related to the negligence of assurance level in the planning and implementation phases.

4.3.9.2 Rating

Dimension	Findings/Justification	Score
(i) Planning compliance audits	<ul style="list-style-type: none"> Criteria 'd', 'e', 'g', 'h', 'i', 'j' and 'k' are met; Criteria 'a', 'b', 'c' and 'f' are not met. 	2 (Criteria 'h' and at least four of the other criteria are in place, but not criterion 'b' which is required for a 3-score)
(ii) Implementing compliance audits	<ul style="list-style-type: none"> Criteria 'd' and 'e' are met; Criteria 'a' is not met; Criterion 'b' and 'c' are not applicable. 	1 (At least one criterion is in place, but not criterion 'a' which is required for a '2'-score)
(iii) Evaluating audit evidence, concluding and reporting	<ul style="list-style-type: none"> All criteria are met, except criterion 'c'. Criterion 'j' was not applicable. 	3 (Criteria 'e' and 'f' and at least six of the criteria are in place, but no independent quality assurance report has been prepared in the last 3 years)
Overall score SAI 16		2

4.3.10 SAI-17: Compliance audit results

4.3.10.1 Narrative

This indicator assesses outputs of the compliance audit function in the AuGD. The outputs of the compliance audit are assessed using three dimensions:

- i. Timely Submission of Compliance Audit Results;
- ii. Timely Publication of Compliance Audit Results;
- iii. SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations.

Dimension i: Timely Submission of Compliance Audit Results

A list of compliance audits completed in 2016 has been handed to the assessor. From the list of 35 completed audits, 14 were disregarded as the audits were financial audits of donor-funded projects.

From the remaining 21 projects, Table 24 shows the time between the submission of the audit report to the entity and the period to which the audit applies. The table shows that 52 % of the audits were completed within 9 months from the period to which the audit relates. For the other 48 % (10 audits), the period was more than 12 months.

Table 24 Difference in months between the submission of the compliance audit to the entity and the period to which the audit relates

> 12	Between 9 and 12 months	Between 6 and 9 months	Shorter than 6 months	Total
10	0	8	3	21
48 %	0 %	38 %	14 %	100 %

A main reason underlying the high number of compliance audits for which the submission of the report is more than 12 months from the period to which the audit relates was the AuGD's preferred approach to combine the compliance audit with the certification audit of the appropriation account. As many entities were delayed with the submission of the draft appropriation account, the AuGD started the compliance audit with a similar delay.

Dimension ii: Timely Publication of Compliance Audit Results;

The previous dimension assesses the submission of the audit results to the audited entity and other authorities. Dimension ii focuses on whether audit reports and/or opinions are published as soon as legislation allows.

The publication practice of the AuGD with regard to compliance audit is confined to the annual report. This Annual Report is published in line with the legal requirement before December 31 of the reporting year. The AuGD does not separately publish the individual MDA compliance audit reports. Instead, the Annual Report contains a short summary of the outstanding and material issues from the compliance audits carried out during that reporting period. In this way, the AuGD aims to inform the Public Accounts Committee of the Parliament on the most urgent issues without overloading it with the separate entity reports that may be beyond parliament's political interest.

Dimension iii: SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations.

The AuGD applies various steps in making sure that the audited entities properly address their observations and recommendations.

As a first step, the engagement team meets the audited entity in an exit meeting to discuss the draft findings and the entity's response. Following the meeting, the draft report is submitted to the entity including unresolved issues. In addition to the draft report, the issues are recorded in TeamMate in the section 'Current Issues'.

The entity is allowed two weeks to send a formal response and in case the auditee has accepted the finding, the engagement team will verify whether the issue has indeed been resolved.

In case the findings are selected for inclusion in the AG's Annual Report, a follow up action is carried out to review the current state of affairs. In case the issue has not been addressed, the issue is reported in the Annual Report. Audit issues that are not selected for the Annual Report will be considered during next year's audit.

Following publication of the Annual Report, the PAC may select the issue for further parliamentary inquiry. In that case, the engagement team will prepare a 'Briefing Report' for the PAC including an update on the outstanding audit recommendations. These Briefing Reports, known as 'prams', are for use by the PAC and not published.

4.3.10.2 Rating

Dimension	Findings/Justification	Score
(i) Timely Submission of Compliance Audit Results	Out of 21 completed compliance audits in 2016, 11 referred to a period within 9 months from submission date of the report to the entity. This is 52 % and below the benchmark for a score of 3, but it meets the benchmark for a score of 2 (more than 40 % within 12 months).	2

(ii) Timely Publication of Compliance Audit Results	The AuGD does not publish the reports of its financial audits. Instead, it includes summaries of the material and outstanding findings and recommendations in its Annual Report which is published 9 months after the end of the fiscal year which is in line with the applicable legal provision.	0
(iii) SAI Follow-up on Implementation of Compliance Audit Observations and Recommendations	<p>Criterion 'a', 'b', 'd' and 'e' are met: the AuGD has a system of recording outstanding issues and recommendation</p> <p>Criterion 'c' and 'e' have not been met:</p> <ul style="list-style-type: none"> - The AuGD does not apply materiality to decide on the need for follow up investigations; - The AuGD does not publish the results of its follow up audit activities. 	2 (at least three criteria are met, but not five)
Overall score SAI 17		1

4.4 Domain D: Financial Management, Assets and Support Services

An SAI should manage its operations economically, efficiently, effectively and in accordance with laws and regulations (ISSAI 20:6). This means the AuGD should have an appropriate organisational management and support structure that will give effect to good governance processes and support sound internal control and management practices (ISSAI 12, principle 9). This equally applies to the SAI's support services, including management of its finances and its material assets.

Domain D consists of one indicator that covers the main dimensions and criteria that need to be in place. The following table provides an overview of the scores. Section 4.4.1 provides further details.

Domain D Financial Management, Assets and Support Services		Dimensions				Overall score
Indicator	Name	i	ii	iii	iv	
SAI-21	Financial Management, Assets and Support Services	3	2	4		3

4.4.1 SAI-21: Financial Management, Assets and Support Services

4.4.1.1 Narrative

Indicator 21 measures whether the management of financial resources by the AuGD follows a system characterized by internal control, transparency and documentation of costs and demonstration of own accountability. The AuGD also needs to demonstrate effective planning and use of its assets, including physical infrastructure such as offices and training centers, library, assets such as vehicles, archiving facilities and office equipment, as well as IT hardware and software, which enable employees to communicate, access information and document their work.

The indicator on Financial Management, Assets and Support Services is separated in two dimensions:

- i. Financial Management;

- ii. Planning and Effective Use of Assets and Infrastructure;
- iii. Administrative Support Services.

Dimension i: Financial Management

In relation to financial management, assets and support services, the AuGD operates within a strong, well-defined structure. As noted elsewhere in this report, the financial/internal control processes and procedures used by the Department are the same as those used by the GoJ as a whole. Consequently, the Department budgets, manages and accounts for its financial resources in exactly the same way as the GoJ's MDAs and in accordance with the Financial Management Regulations 2011, issued by the Minister of Finance under the Financial Administration and Audit Act. All key documents that relate to the Department's financial and internal control processes are available to AuGD staff. Experienced, specialist staff are responsible for the operation of the AuGD's budgeting and accounting systems.

Within this structure:

- The AuGD clearly assigns responsibility for all aspects of its financial management;
- The AuGD operates a system of delegated authority to commit, incur and approve expenditure;
- The AuGD follows and complies with the budgeting timetable, processes and procedures specified by the Ministry of Finance;
- The AuGD prepares its financial statements in line with the requirements, timetable and stipulations of the Ministry of Finance;
- The AuGD submits monthly financial returns to the Ministry of Finance. Within the Department, for internal management purposes, it also prepares Quarterly Management Information reports that include data on performance. These Quarterly Management reports together with all financial returns to Ministry of Finance are submitted to the EMC for information and review;
- The AuGD does not have a functioning staff cost recording system.

The Department's financial statements are published in the AG's Annual Report. The financial statements are subject to audit. This is undertaken by the MoF's Internal Audit Unit. There was no audit qualification or adverse comment on the financial statements of the AuGD during the period covered by the SAI-PMF.

Table 16 provides figures on the AuGD's budget realization. Comparing the Department's actual annual expenditure with the original estimate for the year, the AuGD had underspend 11 % in 2015/16 and 39 % in 2014/15. These variances were due to the implementation of the Department's new structure. In essence, the Department had a large budget for staff costs but, in the period under review, was not able to recruit and fill vacancies as quickly as initially planned.

Table 25 Variance between AuGD's estimates and actual expenditures in Jamaican Dollars (2013/2014 - 2015/16)

	2013/14	2014/15	2015/16
Total estimated expenditure	357.081m	532.9m	528.614m
Actual Expenditure	344.806m	322.6m	470.719m
Variance	3.4 %.	39 %	11 %.

Dimension ii: Planning and Effective Use of Assets and Infrastructure

The AuGD does not currently have a long-term strategy / plan for its physical infrastructure needs. While the Department had a basic shorter-term plan for its IT needs covering, for example, the number of laptops that its staff need for audit purposes, it did not yet have in place a comprehensive IT strategy. The Department was, however, in the process of developing an IT strategy along these lines. The intention was to present a draft strategy in due course to the EMC initially for discussion and comment and, then, eventually for approval.

In relation to the AuGD's management and use of other aspects of its assets and infrastructure, the SAI-PMF Team noted that the Department had moved to its current premises within the time scale covered by the SAI-PMF review and consequently had used this as an opportunity to reassess its office and accommodation needs. The AuGD has an archiving facility on site. It is currently implementing a scheme to manage its records electronically (Electronic Registry project). More broadly, where the AG judges it appropriate, she will include comments on any inadequacies relating to its assets and infrastructure in her annual report.

Dimension iii: Administrative Support Services

As for the more general issues in the SAI-PMF about the AuGD's administrative services, we noted the following:

- Within the AuGD, IT support is provided by a small unit comprising two staff. It is staffed and headed by suitably qualified IT specialists with extensive practical experience of managing IT systems as evidenced by the SAI-PMF's team wide ranging interview and discussions with the staff that comprise this unit.
- Responsibility for records management and archives rests with a specified official within the Department's Corporate Services Division. The AuGD has an archiving facility on site. It is currently implementing a scheme to manage its records electronically (Electronic Registry project).
- Responsibility for the management of all major categories of assets and infrastructure rests with a specified official within the Department's Corporate Services Division.
- The AuGD's support functions were assessed as part of the wider PWC review of the Department.

4.4.1.2 Rating

Dimension	Findings/Justification	Score
(i) Financial Management	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', 'd', 'e', 'f', 'i' 'j' and 'k' are met: - The AuGD clearly assigns responsibility for all aspects of its financial management. - The AuGD operates a system of delegated authority to commit, incur and approve expenditure. - Key documents concerning financial management and financial control are available to all staff of the AuGD. - Experienced, specialist staff are responsible for the operation of the AuGD's budgeting and accounting systems. - The AuGD follows and complies with the budgeting timetable, processes and procedures specified by the Ministry of Finance. 	<p>3</p> <p>(At least eight of the criteria are in place but not all)</p>

	<ul style="list-style-type: none"> - The AuGD has a functioning management information system that includes performance and financial information. - The AuGD prepares its financial statements in line with the framework, requirements, timetable and stipulations of the Ministry of Finance. - The Department's financial statements are published in the AG's Annual Report. The Department's financial statements are subject to audit by the Ministry of Finance's Internal Audit Unit. - There was no audit qualification or adverse comment on the financial statements of the AuGD during the period covered by the SAI-PMF. • Criteria 'g' and 'h' are not met. - The AuGD does not have a functioning staff cost recording system. - The AuGD had an under spend of 11% in 2012/16 and an under spend of 39% in 2014/15. These variances were due to the implementation of the Department's new organizational structure. 	
(ii) Planning and Effective Use of Assets and Infrastructure	<ul style="list-style-type: none"> • Criteria 'b', 'd' and 'e' are met: - The AuGD has reviewed its accommodation needs and requirements within the past five years. - Where the AG judges it appropriate, she will include comments on any inadequacies relating to its assets and infrastructure in her annual report. - The AuGD has an archiving facility on site. • Criteria 'a', and 'c' are not met. - The AuGD does not currently have a long-term strategy / plan for its physical infrastructure needs. - At the time of the SAI-PMF, the AuGD did not have a comprehensive IT strategy in place. 	2 (At least two of the criteria are in place, but not four)
(iii) Administrative Support Services	<ul style="list-style-type: none"> • All Criteria are met. - IT support is provided by a small unit comprising two staff. It is staffed and headed by suitably qualified IT specialists with extensive practical experience of managing IT systems as evidenced by the SAI-PMF's team wide ranging interview and discussions with the staff that comprise this unit. - Responsibility for file management and archiving rests with a specified official within the Department's Corporate Services Division with the appropriate skills and resources. - Responsibility for the management of all major categories of assets and infrastructure rests with a specified official within the Department's Corporate Services Division with the appropriate skills and resources. - The AuGD's support functions were assessed as part of the wider PWC review of the Department, an exercise undertaken in 2012. 	4 (All of the criteria are in place)
Total score SAI 21		3

4.5 Domain E: Human Resources and Training

The Lima declaration (ISSAI 1) recognizes that an effective SAI is dependent on its capacity to recruit, retain, and effectively deploy highly skilled, hard-working and motivated staff. It is the responsibility of the SAI's management to ensure that an SAI has the right staff at the right time and that it can deploy them effectively.

ISSAI 40 also acknowledges the contribution of sound human resource management in achieving service excellence and quality. ISSAI 40 emphasises that SAIs should have human resource policies and procedures that adequately deal with qualifications and ethics. ISSAI 100 emphasises, for all audits, “the needs for recruiting personnel with suitable qualifications, developing and training employees [and that] auditors should maintain professional competence through continuing professional development.” (ISSAI 100:39).

To ensure that staff remains adequately skilled, while developing professionally and being up to date on standards and audit methods, the SAI needs to approach the area of professional development in a strategic manner, and develop policies and practices for implementation of its strategic choices. Domain E looks at the SAI's performance in management and development of its human resources.

The following table provides an overview of the scores of the AuGD in Domain ‘E’. Section 4.5.1 and 4.5.2 provide further details.

Domain E Human Resources and Training		Dimensions				Overall score
Indicator	Name	i	ii	iii	iv	
SAI-22	Human Resource Management	4	3	4	3	3
SAI-23	Professional Development and Training	2	1	1	1	1

4.5.1 SAI-22: Human Resource Management

4.5.1.1 Narrative

This indicator assesses the elements of the SAI's Human Resource Management. According to ISSAI 40 “the SAI's human resource policies and procedures should include [among other things]: recruitment, professional development, appraisal and promotion.” (ISSAI 40: 10).

In some systems SAI staff are part of the government pool of employees and therefore not recruited directly by the SAI. While there may be advantages to this solution, the SAI having to acquire staff from the government pool may affect its independence. This should then be reflected in SAI-1.

The indicator is separated in four dimensions:

- i. Human Resources Function;
- ii. Human Resources Strategy;
- iii. Human Resources Recruitment;
- iv. Remuneration, Promotion and Staff Welfare.

Dimension i: Human Resources Function

The AuGD has developed a strong Human Resource (HR) function. In part this reflects the wider administrative structure that the Department has to work within. As noted elsewhere in the SAI-PMF report, in relation to its HR policies, the AuGD adopts and works with the

HR policies promulgated by the Public Services Commission of the Government of Jamaica. In this context, the Department has been given delegated authority for its Human Resource function under the Public Service Regulations.

To discharge these functions, the Department has staffed its HR function with experienced HR professionals. The AuGD's Human Resources (HR) function is headed by an HR specialist with a Master's Degree in HR and in excess of twenty years' professional experience. His deputy has a Degree in HR management and in excess of twenty years' professional experience in HR. They, in turn, are supported by a specialist Human Resource and Administration unit which has a total staff complement of sixteen staff.

The AuGD has also put in place strong governance arrangements to oversee the operation and implementation of its HR policies and processes. Specifically, it has established a Human Resource Executive Committee (HREC). The HREC reports to the EMC and, in line with the authority delegated by the Public Services Commission to the AuGD for the management of its HR function, the Committee is responsible for the management of those delegated responsibilities, specifically for appointments, separation, training and discipline. Its other responsibilities include (i) addressing 'the major technical, operational and administrative issues' arising from the delegation of HR responsibilities to the Auditor General's Department; and (ii) providing 'the medium to communicate new HR policy directions and/or directives of the wider public sector which are relevant to the organisation'.

The EMC is also responsible for approving the Department's HR strategic plan. This is encompassed within the Department's rolling three-year Strategic Business Plan. This plan specifies the quantity and nature of the staff resources (in particular the professional staff resources) that the Department requires in order to deliver the full range of activities defined and specified by that Strategic Business Plan.

In relation to the other aspects of the AuGD's HR function, the key points to note are as follows.

- The AuGD has established and uses a Competency Framework. This specifies, for each of the Department's professional and administrative grades, a set of core competencies and a set of technical competencies. The Competency Framework with the complete set of the core and technical competencies that the Department requires is set out in the Department's Performance Management & Appraisal System Manual, October 2007.
- The AuGD maintains and operates an annual performance evaluation appraisal system. In this regard, it uses its competency framework. Its appraisal system focuses on the performance of individual tasks and assignments. The payment of salary increments to individual officials of the Department is conditional that individual on achieving a specified level of performance.
- Identifying personal development needs is a key element of the AuGD's performance evaluation and appraisal system. Its HR Training & Development Policy Plan sets out how the Department proposes responding to identified needs. In practice, the ability of the Department to respond to these needs is restricted by the resources available to it.
- The AuGD maintains personnel files for all its officers and officials.

Dimension ii: Human Resources Strategy

While the AuGD does not have a specific document setting out its HR-strategy, it does take a strategic approach in terms of identifying the aims, objectives and operational priorities of its HR function. In this regard, the key aspects of its strategic approach to HR are covered

in the Department's rolling three-year Strategic Business Plans covering the periods 2016 to 2019 and 2017 to 2020. The Strategic Business Plan is prepared annually and consequently, the Department's HR strategic priorities are reviewed annually as part of that process.

The Strategic Business Plans summarize the aims of, and progress with, the Department's HR capacity plan. The relevant sections of the Strategic Business Plans focus on recruitment and the implementation of the restructuring of the Department that commenced in 2015 and provide details of the number and type of staff that the Department requires as it implements the restructuring programme. The strategic considerations in relation to performance appraisal and professional development are covered by its Performance Management & Appraisal System Manual and by its Human Resource Training & Development Policy & Plan. The Department has no responsibility and consequently no strategic imperatives in relation to remuneration, as this lies outside its control. Specifying and setting salaries and rates of remuneration are the responsibility of the Ministry of Finance and the Public Services Commission of Jamaica.

The Department's internal governance arrangements also focus on the strategic aspects of its HR function. The EMC approves the sections on HR in the Strategic Business Plan. The EMC also draws on the advice of the Department's Human Resource Executive Committee whose responsibilities include contributing to the strategic management of the Department's HR function. Progress with meeting the strategic priorities of the Department's HR function is monitored as part of the overall process of monitoring and reporting to the EMC on the implementation of the Strategic Business Plan.

All relevant documents in relation to HR strategic issues are available to staff via the Department of the Auditor General's Intranet.

The AuGD does not have a system of indicators, baselines and targets for issues such as turnover, vacancies and sickness rates.

Dimension iii: Human Resources Recruitment

The AuGD's document 'Recruitment and Selection Policy and Procedures' sets out the processes that the Department uses to recruit and select staff together with the minimum requirements that professional audit staff are expected to meet as part of the recruitment and selection process. It is available to all internal candidates applying for positions within the Department. For external candidates, the relevant information is available through the Department's website. The document states: "*The AuGD aims to attract and recruit persons with diverse backgrounds, skills and abilities, who will enhance the quality of service and contribute to AuGD's success*". The Department advertises internally and externally all positions which it is seeking to fill. This processes encompasses providing job descriptions and the type of experience and skills required.

The Recruitment and Selection Policy and Procedures document also specifies that all recruitment and selection interviews are undertaken by a panel of at least four officials and that the recommendations of the interview / selection panel is subject to the approval of the Department's HREC. In the course of the SAI-PMF assessment, the team responsible for the assignment observed a selection interview process in action and were able to confirm by observation that the panel was made up of at least four officials from the AuGD.

The AuGD's Strategic Business Plans for 2016 - 2019 and 2017 -2020 focus on recruitment because implementing the Department's new organisational structure is the key strategic priority for the HR function. This in turn is based on the Department's assessment of the

number of staff and professional skills that it will need to implement that new organisational structure successfully.

Where appropriate, the AuGD makes use of external expertise to supplement and support its HR function. In particular, the Jamaican Management Institute Development has provided specialist support to assist with professional development.

Dimension iv: Remuneration, Promotion and Staff Welfare

The AuGD *Performance Management & Appraisal System Manual* sets out the Department's procedures for assessing the performance of individual members of staff, including an overview of the Department's Performance Management and Appraisal System (PMAS). The Departments' practice is to complete a performance appraisal for each assignment completed by individual members of the Department rather than completing a performance assessment once a year. The assessment of each assignment focuses on outputs and results compared with agreed performance objectives and performance targets.

The AuGD document *Recruitment and Selection Policy and Procedures* states: (i) qualified, competent staff should be trained and developed for promotional purposes within the Department and this will assist in identifying suitable internal candidates to fill vacant positions competitively; and (ii) some vacancies may be filled by internal candidates identified in accordance with the Department's Succession Plan Strategy which provides for candidates selected as part of this strategy being exposed to a number of on-the-job training assignments by way of job rotation and to relevant technical training. The promotions awarded by the AuGD follow the process and procedures set out in the Department's *Recruitment and Selection Policy and Procedures*. The Department's HREC makes the final decision on whom to recommend for promotion and the AG formally approves the promotion.

The AuGD's *Human Resources & Administration Policies and Procedures Manual* provides for aspects of a welfare policy. This is supplemented within the Department by the official encouragement of the activities of the staff Sports & Social Committee intended to encourage and support staff morale. In addition, there are regular staff meetings held throughout the AuGD and these provide individual members of staff with the opportunity to raise issues of concern with more senior officials and managers.

The SAI-PMF assessment did not identify specific examples of action taken by the Department's senior management in response to issues raised by junior members of staff. However, more broadly, the SAI-PMF noted that all the individual members of staff they came into contact with expressed their views willingly, professionally and openly with no suggestion of dissatisfaction with the behaviour and actions of the Department's leadership and senior managers.

The AuGD has to comply with rules and regulations set by the MoF and the PSC of Jamaica in relation to pay and remuneration. Consequently, the Department does not pay bonuses as the regulations of the Government of Jamaica do not provide for the payment of discretionary bonuses or other financial incentives. The payment of increments within the salary ranges for each grade in the Department is subject to the individual official achieving a satisfactory level of performance.

4.5.1.2 Rating

Dimension	Findings/Justification	Score
(i) Human Resources Function	<ul style="list-style-type: none"> • All Criteria are met. - The AuGD's HR function is well resourced and headed by experienced HR specialists with the appropriate skills. - The AuGD's HR function is responsible for developing and maintaining the Department's HR strategy and policies. - The AuGD has established and uses a Competency Framework. - The AuGD's HR function provides guidance and consultation on HR matters. - The AuGD's HR function maintains and operates an annual performance evaluation appraisal system. - Identifying personal development needs is a key element of the AuGD's performance evaluation and appraisal system. - The AuGD maintains personnel files for all its officers and officials. 	<p style="text-align: center;">4</p> <p>(All criteria are met)</p>
(ii) Human Resources Strategy	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'c', 'e', 'f' and 'g' are met. - The AuGD's human resource strategy is aligned with the Department's Strategic Business Plan and its strategic objectives. - The AuGD's human resource strategy as incorporated in the Department's Strategic Business Plan encompasses recruitment, retention, performance appraisal and professional development. The AuGD is not responsible for determining the remuneration rates of AuGD staff. - The AuGD human resource strategy contains considerations about the number and type of staff required for the strategic planning period. - In preparing the AG's annual report and the Department's Strategic Business Plan, the AuGD monitors annually the progress in achieving its HR targets. - All relevant documents in relation to HR strategic issues are communicated to staff. - The Department's Strategic Business Plan is prepared annually and covers a three-year rolling period. Consequently, the Department's HR strategic priorities are reviewed, and where appropriate, updated annually as part of that process. • Criterion 'd' is not met. - The Auditor General's Department does not have a system of indicators, baselines and targets for, for example, turnover, vacancies and sickness rates. 	<p style="text-align: center;">3</p> <p>(At least five of the criteria are in place, but not all)</p>
(iii) Human Resources Recruitment	<ul style="list-style-type: none"> • All Criteria are met. - The AuGD has written procedures in place for recruitment including specifying the minimum qualification requirements. - The AuGD's recruitment processes are made public. - The AuGD's recruitment processes promote diversity. 	<p style="text-align: center;">4</p> <p>(All criteria are met)</p>

	<ul style="list-style-type: none"> - In recent recruitments, the decision-making process involved at least four AuGD officials. - Current overall recruitment plans are based on an analysis of organizational needs. - Advertisements for positions during the last year included a description of the skills and experience required and were made public. - Where appropriate, the AuGD makes use of external expertise to supplement and support its HR function. 	
(iv) Remuneration, Promotion and Staff Welfare	<ul style="list-style-type: none"> • Criteria 'a', 'b', 'd', 'e', 'f', 'g' and 'h' are met. - The AuGD has established routines to ensure that individual performance appraisals take place at least once a year. - The most recent performance appraisal assessed the employee's performance against the relevant job description. - The AuGD's promotions procedure takes into account an assessment of performance and potential to perform at the higher level. - Promotions awarded during the past year followed the AuGD's established procedures. - The AuGD has a functioning staff welfare policy - There are regular staff meetings held throughout the AuGD and these give individual members of staff the opportunity to raise issues of concern with senior officials and managers. - Senior AuGD management respond appropriately to issues raised by staff. • Criterion 'c' is not met. - The AuGD's has to comply with rules and regulations set by the MoF and the PSC in relation to remuneration. Consequently, the Department does not pay bonuses or other financial incentives. 	3 (At least six of the criteria are in place)
Overall score SAI 22		3

4.5.2 SAI-23: Professional Development and Training

4.5.2.1 Narrative

According to ISSAI 40, SAIs should strive for service excellence and quality. As a part of its quality management "an SAI should establish policies and procedures designed to provide it with reasonable assurance that it has sufficient resources (personnel) with the competence, capabilities and commitment to ethical principles necessary to carry out its work in accordance with relevant standards. ISSAI 12 states that SAIs should promote continuing professional development that contributes to individual, team and organisational excellence.

This indicator assesses how the AuGD as an organization is able to promote and ensure professional development to improve and maintain the competency of its staff. The indicator is separated in four dimensions:

- i. Plans and Processes for Professional Development and Training;
- ii. Financial Audit Professional Development and Training;
- iii. Performance Audit Professional Development and Training;

iv. Compliance Audit Professional Development and Training.

Dimension i: Plans and Processes for Professional Development and Training

The AuGD's document *Human Resource Training & Development Policy & Plan* was finalized in March 2016 and sets out the framework, plan and priorities for the Department's professional, management and organisational training. The plan encompasses orientation training for new staff / new recruits, internal training, personal skills training and training in management skills. The key issue for the AuGD turns around implementation, specifically the Department's lack of resources to implement its training plan. This is illustrated by the Department's Strategic Business Plan 2017-2020. Appendix 3 of the plan sets out its training priorities for the period between 2017 and 2020 and makes clear that the implementation is contingent on the Department obtaining the necessary resources including in particular support from external sources such as the Cabinet Office of the GoJ and IDB.

The AuGD's training strategy and plans align with its strategic goals, aims and objectives as set out in its Strategic Business Plan 2017-2020. The Department's training strategy and plans reflect its assessment of the skills and knowledge that the Department's will need to implement its strategic business plan. The Department focuses its professional training for individual members of staff on the three streams of professional audit work (financial audit, compliance audit and performance audit). The Department has also put in place a competency framework for its non-audit staff and, linked to this, it has developed a training plan intended to facilitate the professional development of its non-audit staff.

The Department's HR function plays the central role in the process of selecting staff to participate in training courses and obtain professional qualifications. In doing this, the HR function takes account of the Department's competence framework.

The AuGD does not operate a process of professional development plans for individual professional staff members.

The AuGD has a basic system for getting feedback and evaluation from participating staff about individual courses. It does not, however, have a more sophisticated process or system in place to assess and, where possible, measure the overall impact and benefits of its professional and management training programme.

Dimension ii, iii and iv: Professional Development and Training for financial audit / Performance Audit Professional Development and Training / Compliance Audit

The AuGD's professional training programme for the specific audit types financial, compliance and performance audit is basic and, essentially, generic in nature. Because the Department does not have a technical unit for either financial, compliance or performance audit, it does not have the capability of specifying and developing a detailed, dedicated programme of specialist audit training tailored to the needs of the Department's financial compliance or performance audit staff.

The AuGD's document *Human Resources Training & Development Policy & Plan* sets out the competences it requires for management and personal effectiveness. As matters currently stand, the Department does not have a statement of the professional competences it requires for its financial/compliance/performance audit stream of work and for the different grades working within that stream of work.

More broadly in relation to the implementation of the Departments technical audit training programme, the key issue for the Department turns around a lack of resources to implement its training plan. This is illustrated by the Department's Strategic Business Plan 2017-2020.

Appendix 3 of the plan sets out its training priorities for the period between 2017 and 2020 and makes clear that the implementation is contingent on the Department obtaining the necessary resources including in particular support from external sources such as the Cabinet Office of the Government of Jamaica and IADB.

The AuGD's document Human Resources Training & Development Policy & Plan sets out its planned programme for its professional development and training in financial, compliance or performance audit. This encompasses training on the standards and procedures that the Department uses, learning on the job, professional training under the auspices of a professional body (ACCA for example) and continuing professional development.

4.5.2.2 Rating

Dimension	Findings/Justification	Score
(i) Plans and Processes for Professional Development and Training	<ul style="list-style-type: none"> • Criteria 'b', 'c', 'e' and 'f' are met. - The Auditor General's Department's training strategy and plans align with and is linked to its strategic goals, aims and objectives as set out in its Strategic Business Plan 2017 - 2020. - The Department's HR function plays the central role in the process of selecting staff to participate in training courses and obtain professional qualifications. - The AuGD focuses its professional training for individual members of staff allocated to the three streams of professional audit work (financial audit, compliance audit and performance audit). - The AuGD has a competency framework for its non-audit staff and, linked to this, it has a training plan intended to facilitate the professional development of its non-audit staff. • Criteria 'a', 'd' and 'g' are not met. - The AuGD's Human Resource Training & Development Policy & Plan was finalized in March 2016 and sets out the framework, plan and priorities for the Department's professional, management and organisational training. However, the AuGD lacks the resources to implement its training plan. - The AuGD does not operate a process of professional development plans for individual professional staff members. - The AuGD does not have a process or system in place to assess and, where possible, measure the overall impact and benefits of its professional and management training programme. 	<p>2</p> <p>(At least three of the criteria above are in place, but not five)</p>
(ii) Financial Audit Professional Development and Training	<ul style="list-style-type: none"> • Criterion 'd' is met. - The AuGD's Human Resources Training & Development Policy & Plan sets out its planned programme for its professional development and training in financial audit. This encompasses training on the standards and procedures that the Department uses, learning on the job, professional training under the auspices of a professional body (ACCA for example) and continuing professional development. • Criteria 'a', 'b' and 'c' are not met. 	<p>1</p> <p>(At least one of the criteria is in place, but not two)</p>

	<ul style="list-style-type: none"> - The AuGD does not have a technical unit for financial audit and, so, it does not have the capability of specifying and developing a detailed, dedicated programme of specialist financial audit training designed to meet the objectives of the Department's financial audit and tailored to the needs of the Department's financial audit staff. - The AuGD does not have a statement of the professional competences it requires for its financial audit stream of work and for the different grades working within that stream of work. - On the implementation of the AuGD's financial audit training programme, the Department turns around a lack of resources to implement that training plan. The Department's Strategic Business Plan 2017 - 2020 makes clear that the implementation of the training programme is contingent on the Department obtaining the necessary resources including in particular support from external sources such as the Cabinet Office of the Government of Jamaica and IADB. 	
<p>(iii) Performance Audit Professional Development and Training</p>	<ul style="list-style-type: none"> • Criterion 'd' is met. - The AuGD's Human Resources Training & Development Policy & Plan sets out its planned programme for its professional development and training in performance audit. This encompasses training on the standards and procedures that the Department uses, learning on the job, professional training under the auspices of a professional body (ACCA for example) and continuing professional development. • Criteria 'a', 'b' and 'c' are not met. - The AuGD does not have a technical unit for performance audit and, so, it does not have the capability of specifying and developing a detailed, dedicated programme of specialist performance audit training designed to meet the objectives of the Department's performance audit and tailored to the needs of the Department's performance audit staff. - The AuGD does not have a statement of the professional competences it requires for its performance audit stream of work and for the different grades working within that stream of work. - On the implementation of the AuGD's performance audit training programme, the Department turns around a lack of resources to implement that training plan. The Department's Strategic Business Plan 2017 - 2020 makes clear that the implementation of the training programme is contingent on the Department obtaining the necessary resources including in particular support from external sources such as the Cabinet Office of the Government of Jamaica and IADB. 	<p>1 (At least one of the criteria is in place, but not two)</p>
<p>(iv) Compliance Audit Professional Development and Training</p>	<ul style="list-style-type: none"> • Criterion 'd' is met. - The AuGD's Human Resources Training & Development Policy & Plan sets out its planned programme for its professional development and 	<p>- 1 - (At least one of the criteria is</p>

	<p>training in compliance audit. This encompasses training on the standards and procedures that the Department uses, learning on the job, professional training under the auspices of a professional body (ACCA for example) and continuing professional development.</p> <ul style="list-style-type: none"> • Criteria 'a', 'b' and 'c' are not met. - The AuGD does not have a technical unit for compliance audit and, so, it does not have the capability of specifying and developing a detailed, dedicated programme of specialist compliance audit training designed to meet the objectives of the Department's compliance audit and tailored to the needs of the Department's compliance audit staff. - The AuGD does not have a statement of the professional competences it requires for its compliance audit stream of work and for the different grades working within that stream of work. - On the implementation of the AuGD's compliance audit training programme, the Department turns around a lack of resources to implement that training plan. The Department's Strategic Business Plan 2017 - 2020 makes clear that the implementation of the training programme is contingent on the Department obtaining the necessary resources including in particular support from external sources such as the Cabinet Office of the Government of Jamaica and IADB. 	in place, but not two)
Overall score SAI 23		1

4.6 Domain F: Communication and Stakeholder Management

As per ISSAI 12, one of the SAI's main objectives is to demonstrate its relevance to stakeholders. Therefore, SAIs should communicate with stakeholders to ensure understanding of the SAI's audit work and results. This should be done in a manner that increases stakeholders' knowledge and understanding of the role and responsibilities of the SAI as an independent auditor of the public sector (ISSAI 12:6). Domain F captures the efforts of SAIs in communicating to its stakeholders which include (INTOSAI Guideline "Communicating and Promoting the Value and Benefits of SAIs):

- The Legislature: especially the legislative committee responsible for approving the budget, and/or for oversight of government functions and public finances;
- The Executive: government organizations/executive bodies/agencies, including the Ministry of Finance;
- Audited entities;
- The Judiciary and/or prosecuting and investigating agencies;
- The media;
- Citizens/general public;
- Special interest groups, including Civil Society Organizations and development partners;
- Academics;
- Professional and standard setting bodies (e.g. Professional Accountancy Bodies).

Domain F consists of two indicators. The following table provides an overview of the scores of the AuGD in Domain 'F'. Section 4.6.1 and 4.6.2 provide further details.

Domain F Communication and Stakeholder Management		Dimensions				Overall score
Indicator	Name	i	ii	Iii	iv	
SAI-24	Communications with the Legislative, the Executive and the Judiciary	1	3	1	1	1
SAI-25	Communication with the Media, Citizens and Civil Society Organizations	1	1			1

4.6.1 SAI-24 Communications with the Legislative, the Executive and the Judiciary

4.6.1.1 Narrative

SAI-24 assesses the communication practices the SAI has established with institutional stakeholders. The SAI should take the initiative to communicate about its work and its mandate in a way that does not compromise its independence from these parties. Established good practices will allow the SAI to do so while reducing any risk. It will enable these stakeholders to see SAI reports as relevant input to their work, and the SAI to be more responsive to emerging risks and changing environment.

The indicator is separated in four dimensions:

- i. Communications Strategy;
- ii. Good Practices regarding communication with the Legislature;
- iii. Good practices regarding communication with the Executive;
- iv. Good practices regarding communication with the Judiciary, Prosecuting and Investigating Agencies.

Dimension i: Communications Strategy

At the time of the SAI-PMF assessment, the AuGD was developing a formal communications policy and strategy. However, the proposed policy and strategy had not been finalized and, so, had not yet been considered by the Department's EMC and approved by the AG. Consequently, the AuGD has not yet put in place measures to identify appropriate tools and approaches for external communication, to align its communications strategy with its Strategic Business Plan, to monitor periodically the implementation of its communication strategy or to assess periodically whether stakeholders believe the SAI is communicating effectively.

As part of the process of preparing its Strategic Business Plan, the AuGD reviews and updates its stakeholder matrix document. The Strategic Business Plan includes the resulting assessment of stakeholders in the section of the plan devoted to setting out the results of its Stakeholder Analysis.

Based on a review of audit reports issued between April 2011 and November 2016, the AuGD has identified five key themes that will inform its audit planning for the three-year period 2017 to 2019. The five themes are governance, project management, resource management, procurement and contracts management, and information and communications technology. The AuGD has issued a paper on these five themes to Government Ministries, Departments and Agencies (MDAs). The Department envisages MDAs using the material that it is issuing about the themes to assess the effectiveness of

their internal controls and operational management of their entities and guide them in identifying appropriate solutions for inherent weaknesses.

In general, the AG has a good working relationship with the Public Accounts Committee (PAC). The AG is expected to draw the Committee's attention to any issues or matters that, in her view, would adversely affect the Auditor General's ability to discharge her functions.¹⁸ The AG's close working relationship with the PAC is predicated on ensuring that Members of the Committee understand the role and responsibilities of the AG and so support and ensure the safeguarding of the AG's position as enshrined in the Constitution and the relevant legislation.

Dimension ii: Good Practices regarding Communication with the Legislature

In line with Section 122(2) of the Constitution of Jamaica, the AG submits her annual report each year to the whole of the House of Representatives (HoR) of Jamaica. In addition, she also submits her performance audit reports and any special reports that she produces in the course of the year. The opening sections of the AG's Annual Reports set out in reasonable detail information about her remit, mandate and the activities of her Department.

The AG takes the lead on managing the AuGD's relationship with the HoR, specifically the relationship with the PAC. The procedures for communicating with the PAC encompass running 'sensitization' events for new Members of the Committee; for each report considered by the Committee, providing a document referred to as 'prompts' that in effect provides briefing for Members including suggested issues to focus on as well as suggested lines of questioning; dealing with requests from Members to carry out special audits; and dealing with general correspondence from Members.

Although there is no formal process as such for the AuGD to get feedback from the House of Representatives, and specifically from the PAC, the close working relationship between the AG and the Chairman of the PAC means that there is a channel of communication that both use to raise and discuss matters of mutual concern.

The AuGD provides specialist advice to the whole of the HoR in one very important area. The Financial Administration Audit Fiscal Responsibility Framework Amendment Regulations 2015 gives the AG the responsibility to report on the Fiscal Policy Paper presented each year to the Jamaican Parliament by the Minister of Finance. The Fiscal Policy Paper details the Government's macroeconomic framework, fiscal responsibility statement and fiscal management strategy.

The AuGD's key relationship is with the PAC. Consequently, the amount of support, help and advice that it provides to other oversight Committees of the House of Representatives is much more limited and more restricted.

Dimension iii: Good practices regarding communication with the Executive

Review of relevant documents and discussion with senior officers served to confirm that the AuGD is not involved (and is not perceived to be involved) in any manner in the management of the Ministries, Departments, Agencies and other public bodies that the Department audits. A main challenge in this respect is the work that the AuGD is doing to

¹⁸ As confirmed in an interview with Dr Phillips, the Chairman of the PAC of the House of Representatives of Jamaica.

support certain low capacity public bodies and Parishes in the preparation of the financial statements.

The best example of the AuGD setting out what auditees can expect in the course of an audit is its document *Auditor General's Department Thematic Approach To The Development Plan*. This informed the heads of MDAs of the areas that the Department's audit will focus on during the period 2017 to 2019. However, this does not provide generic information to auditees on what to expect during an audit and the principles governing interactions between auditors and auditees.

There were no recent examples of the AuGD inviting senior members of the Executive to meetings to discuss issues of concern to both the AuGD and the Executive. Similarly, there were no recent examples of the AuGD seeking feedback from audited entities about the quality and relevance its audit reports and audit processes.

Dimension iv: Good practices regarding communication with the Judiciary, Prosecuting and Investigating Agencies.

Section 26 of the Finance and Administration Act sets out the responsibilities of the AG in relation to any loss or improper payment found in the course of an audit. In these circumstances, the AG is required to report the matter to the Financial Secretary and the Accounting Officer concerned. Because nothing more is required from the AG, there are no formal working relationships or agreements between the Department of the AG and the Jamaican law enforcement and prosecuting authorities.

A unique feature of the governance structure of Jamaica is the establishment of the Office of the Contractor General as an independent, anti-corruption Commission of Parliament. The main objective of the Office of the Contractor General (OCG) is to ensure that the public-sector procurement process delivers value to the tax-payer, is merit based, is free from corruption, impropriety and irregularity and is transparent, impartial, competitive, fair, efficient and effective. Given the overlap in mandates and mission, it is remarkable that no systematic cooperation exists between the AuGD and the OCG. Its primary functions are the monitoring and investigation of the award of Government contracts, licenses and permits.

4.6.1.2 Rating

Dimension	Findings/Justification	Score
(i) Communications strategy	<ul style="list-style-type: none"> • Criteria 'b' and 'c' are met. - As part of the process of preparing its Strategic Business Plan, the AuGD reviews and updates its stakeholder matrix document and in this way identifies key stakeholders with whom it needs to communicate. - Based on a review of audit reports issued between April 2011 and November 2016, the AuGD has identified five key themes that will inform its audit planning for the three-year period 2017 to 2019. The Department has issued a paper on these five themes to Government of Jamaica Ministries, Departments and Agencies. • Criteria 'a', 'd', 'e', 'f' and 'g' are not met. - At the time of the SAI-PMF assessment, the AuGD did not have in place a formal, approved strategy for communications and stakeholder engagement. 	<p style="text-align: center;">1</p> <p>(At least one of the criteria is in place, but not more than three)</p>

	<ul style="list-style-type: none"> - Similarly, the AuGD did not (yet) identify appropriate tools and approaches for external communication. - As the AuGD does not currently have a final, approved communications strategy, there are no mechanisms in place to align its communications strategy with its Strategic Business Plan or to periodically monitor the implementation of its communications policy. - The AuGD does not periodically assess whether stakeholders believe it is communicating effectively. 	
<p>(ii) Good Practices Regarding Communication with the Legislature</p>	<ul style="list-style-type: none"> • Except from criterion ‘e’, all criteria are met. <p>Regarding communication with the HoR, the AuGD:</p> <ul style="list-style-type: none"> - reports its findings annually to the whole of the HoR; - analyses its individual audit reports for the whole of the HoR to identify themes, common findings, trends, root causes and audit recommendations, and discuss these with key stakeholders. - raises awareness of the HoR about the work of the AuGD and related wider issues linked to accountability; - develops professional relationships with the PAC to help them better understand the audit reports and conclusions, and take appropriate action; - provides the PAC with timely access to information related to the work of the AuGD in connection with parliamentary hearings; - provides the PAC with [its] professional knowledge in the form of expert opinions, including comments on draft laws and other financial regulations; - provides specialist advice to the whole of the HoR in one very important area. The Financial Administration Audit Fiscal Responsibility Framework Amendment Regulations 2015 gives the AG the responsibility to report on the Fiscal Policy Paper presented each year to the Jamaican Parliament by the Minister of Finance. The Fiscal Policy Paper details the Government’s macroeconomic framework, fiscal responsibility statement and fiscal management strategy; - seeks feedback from the Legislature about the quality and relevance of its audit reports. <ul style="list-style-type: none"> • Criterion ‘e’ is not met: - The AuGD’s key relationship is with the PAC. The support it provides to other oversight Committees of the House of Representatives is much more limited. 	<p>3 (Criterion ‘c’ and at least five of the other criteria are in place)</p>
<p>(iii) Good practices Regarding communication with the Executive</p>	<ul style="list-style-type: none"> • Criterion ‘a’ is met. - The AuGD is not involved (and is not perceived to be involved) in any manner in the management of the MDA’s and other public bodies that the Department audits. • Criteria ‘b’, ‘c’ and ‘d’ are not met - The AuGD does not provide generic information to auditees on what to expect during an audit (E.g. produce and disseminate guidance on the SAI’s objectives and the principles governing interactions between auditors and auditees). - The AuGD did not invite senior members of the Executive periodically to meetings to discuss issues of concern; 	<p>1 (At least one criterion are in place, but not two)</p>

	- The AuGD did not seek feedback from the audited entities about the quality and relevance of audit reports and the audit process.	
(iv) Good practices Regarding communication with the Judiciary, prosecuting and investigating agencies	<ul style="list-style-type: none"> • Criterion 'a' is met. - The AuGD has policies and procedures in place for how to communicate with the Judiciary. • Criteria 'b', 'c', 'd' and 'e' are not met. - The AuGD does not carry out awareness raising activities with the Judiciary and/or prosecuting and investigating agencies on the AuGD's role, mandate and work. - The AuGD does not communicate with the Judiciary and/or prosecuting and investigating agencies about the role of the SAI in relation to investigations and legal proceedings that are initiated on the basis of the SAI's audit findings. - The AuGD does not have a system in place for follow-up on cases that the SAI has transferred to the Judiciary and/or prosecuting and investigating agencies. - The AuGD does not have policies and procedures for audit documentation that are designed to ensure compliance with applicable rules of evidence. 	1 (At least one of the criteria above is in place, but not two).
Overall score SAI 24		1

4.6.2 SAI-25 Communication with the Media, Citizens and Civil Society Organizations

4.6.2.1 Narrative

It is necessary that the SAI is being perceived as a credible source of independent and objective insight by public. Only then it will have the stature to support beneficial change in the public sector (ISSAI 12:7). This indicator assesses the practices of the SAI in reaching out to society and informing the public about its role, work and results. The indicator assesses two dimensions:

- i. Good Practices Regarding Communication with the Media;
- ii. Good Practices Regarding Communication with Citizens and Civil Society Organizations.

Dimension i: Good Practices Regarding Communication with the Media

No press releases were issued, no press conferences were held and no approaches made to the media during the period under review (2016). In discussion, the Chairman of the Committee of Public Accounts commented that, given the highly partisan nature of domestic politics in Jamaica, he felt that it was a wise strategy on the part of the AuGD to deliberately keep a low profile in their dealings with the media.

The AuGD has a fairly basic system in place to monitor media coverage of the Department's work. Essentially it involves the collection relevant press cuttings and listening to radio / TV programmes that focus on individual reports produced by the AG. The intention is to pick up and respond to any errors in coverage.

The AG and the Director Corporate Services are the only AuGD officials authorised to speak to and deal with the media on behalf of the Department. In dealing with enquiries

from the media, the AuGD directs them to one of the two officials designated to speak to the media. In those discussions, those officials follow the Department's guidelines with respect to, for example, the requirements of Jamaica's Access to Information Act.

Dimension ii: Good Practices Regarding Communication with Citizens and Civil Society Organizations

Information on the mandate of the AuGD is available on the Department's website together with non-technical summaries of the AG's reports. In addition, the AuGD makes limited use of social media, specifically LinkedIn.

The AuGD does not have any contacts with civil society organisations. Consequently, the Department does not stimulate access on the part of citizens to share information about the Department's reports and work; it does not provide opportunities for citizens to provide input or advice or to participate in the AuGD's work (though this may change when the Department completes work on and then launches its new website); it does not contribute to debates on public sector improvement; and the AuGD does not seek feedback from civil society organisations and/or members of the public on the accessibility of the Department's reports.

4.6.2.2 Rating

Dimension	Findings/Justification	Score
(i) Good Practices Regarding Communication with the Media	<ul style="list-style-type: none"> • Criteria 'e' and 'f' are met. - The AuGD has designated one or more individual(s) who are authorized to and tasked with speaking with the media on behalf of the AuGD and there are procedures in place for handling requests from the media, and a media contact point. • Criteria 'a', 'b' 'c' and 'd' are not met. - No press conferences are held and no press releases are issued by the AuGD. - The AuGD does not make any approaches to media to disseminate the reports of the AG. - The AuGD has no system in place to monitor the media's coverage of the SAI, and topics addressed by the SAP's audits. 	1 (At least one of the criteria above is in place, but not three).
(ii) Good Practices Regarding Communication with Citizens and Civil Society Organisations	<ul style="list-style-type: none"> • Criteria 'a', 'b' and 'f' are met. - Information on the AuGD's mandate as well as non-technical summaries of the AG's reports are available on the Department's website. - The AuGD makes some use of social media, specifically LinkedIn. • Criteria 'c', 'd', 'e', 'g' and 'h' are not met. - The AuGD does not have any processes, systems or procedures to encourage and facilitate engagement with and interaction between the Department and citizens or civil society in Jamaica. 	1 (At least two of the criteria above are in place, but not four)
Overall score SAI-25		1

5 SAI Capacity and Organizational Development Process

5.1 Description of recent and on-going reforms

The PWC report *Review of the Auditor General's Department with Institutional Strengthening* published in April 2012 marks the starting point of the current programme of reform that the AuGD continues to implement. In undertaking the review, PWC focussed on the structure and organisation of the AuGD. It identified a range of weaknesses and areas for development that it grouped around the structure of the Department; the training, development and performance management of the Department's staff; the technology available to the Department; and the Department's internal and external governance structures. The review's recommendations encompassed a new organisational structure for the Department underpinned by proposed changes in, and the further development of, the Department's business processes (that is the processes and procedures that the Department uses for its three streams of professional activities – financial audit, compliance audit and performance audit) as well as proposed improvements in the Department's performance management and appraisal system and new corporate governance arrangements and structures.

The AuGD has made good progress in implementing these recommendations, in particular in 2015 it put in place the new organisational structure recommended by PWC and implemented the internal governance arrangements set out in the review report. In other areas, progress has been slower. Overall, PWC recognised that to implement the full range of its recommendations effectively the AuGD would need external assistance. In the period between the publication of the review in April 2012 and the SAI-PMF review in January 2017, the AuGD secured financial support for the following initiatives:

Enhanced Information Management for more Transparent and Efficient Government Audits Project (2013/2014).

The objective of this project was to enhance the AuGD's information management by transitioning to a paperless system. The project assumed the introduction of new Information, Communication and Technology (ICT) tools that would enable the automation of the entire audit process. In addition, the project comprised the migration of what it described as the AuGD's legacy audit data into the new system, thus enabling the conversion of paper-based documents into electronic form. The project comprised three key components:

- The design of a comprehensive information strategy;
- The implementation of the information management strategy including the acquisition of the necessary software and hardware;
- Building in the capacity of the AuGD's staff to meet the requirements of the information management strategy and developing the requisite skills and knowledge.

Public Sector Efficiency Program (2014/2015 – ongoing to date).

This IDB funded programme aims to improve the efficiency of public spending in Jamaica. As part of this programme, one stream of activities is focused on enhancing control systems and accountability mechanisms. This includes a set of interventions intended to strengthen the AuGD's capacity for performance audit and information technology audit through (a)

in-country training and overseas attachments on IT audits for AuGD auditors; (b) in-country training on performance audit for AuGD auditors; and (c) IT solution (hardware and software) for the use of computer assisted audit techniques (CAAT) software for external audit. Funded by the programme, the AuGD is planned to purchase CaseWare as a new audit software. CaseWare will replace TeamMate as it is more tailored to support the audit of the accrual-based financial statements of the public agencies.

Performance Audit Training (2013/2014).

The Cabinet Office of the Government of Jamaica supported a training programme on performance audit provided by the UK National Audit Office (UK NAO). The training programme encompassed all aspects of undertaking a performance audit (specifically, the key stages of planning, fieldwork and reporting the results of an audit); the updating of the AuGD's performance audit manual; and a workshop for senior staff of the Department.

Risk-based Audit Training (2016).

The Cabinet Office of the Government of Jamaica supported a programme of support provided by the UK NAO to help the AuGD develop and enhance its risk-based approach to its financial and compliance audits.

In addition, the AuGD has also made use of the training and development opportunities provided within the INTOSAI and CAROSAI structures. For example, in March 2014 staff from the AuGD participated in a Workshop that dealt with the topic of Parallel Performance Audit on Revenue and was run by the INTOSAI Development Initiative (IDI) in conjunction with CAROSAI and held in Bridgetown, Barbados. More broadly, where the AuGD can, it participates in, and contributes to, the technical and professional activities of INTOSAI and CAROSAI so that its staff can benefit from the opportunities for professional and personal development that events of this nature provide.

5.2 Use of SAI results by international development partners

The AuGD is regularly requested to audit projects of international development partners that are active in Jamaica. Table 20 provides an overview of the audits commissioned to the AuGD by the World Bank and the IDB.

The AuGD undertook these audits as part of its general programme of financial and compliance audits. In doing so, the AuGD adhered to the same audit standards and the same audit procedures, processes and documentation that it uses for the external audit of the Ministries, Departments and Agencies of the Government of Jamaica.

Table 26 Projects externally funded by development partners audited by the AuGD

Development Partner	Project
IDB	Ministry of Education – Education System Transformation Programme -
IDB	Agricultural Competitiveness Programme 2014/15
IDB	National Environment Planning Agency - Integrated Management of the Yallahs-Hope Watershed Management Area
IBRD	Ministry of Education - Education System Transformation Programme
WB	Early Childhood Development Project 2015/16
WB	MSTEM - Energy Security Efficiency Enhancement Project
WB	Ministry of Labour and Social Security: Programme of Advancement through Health and Education (PATHE)

	<ul style="list-style-type: none"> - Protection Support to them Food Price Crisis - Integrated Social Protection and Labour Programme; - Jamaica Social and economic inclusion of Persons with Disabilities; - Social Protection Project; - Support to improving the lives of Persons with Disabilities
WB	Youth Employment in the Digital and Animation Project 2015/16
WB	Strategic Public Sector Transformation Project 2015/16
WB	University of the West Indies - Caribbean Mobile Innovation Project

The SAI-PMF Team found no evidence to suggest that the AuGD had had to accommodate these audits by deferring or cancelling audit activities related to its responsibilities under the Constitution and relevant legislation of Jamaica. In addition, the SAI-PMF Team found no indication that the IDB was dissatisfied with the work done by the AuGD. In this context, it should be noted that in sponsoring the SAI-PMF of the AuGD, one of the aims of the IDB was to assess how it could place more reliance on the work of the AuGD in the light of any development needs identified by the SAI-PMF.

A broader but relevant issue in this context relates to the annual report that the AuGD has produced since 2015 on the Government of Jamaica's Fiscal Policy Paper (FPP). The preparation and publication of this paper is one of the conditions set by the International Monetary Fund (IMF) for the support it provides for the Government of Jamaica. Linked to this was a requirement for the FPP to be subject to independent, external examination and for the results of that assessment to be presented to the House of Representatives. The Government of Jamaica asked the AuGD to undertake this work. The current Chairman of the Public Accounts explained that the Government had to ensure that this task was allocated to an organisation in Jamaica whose integrity, independence and professional competence would not be questioned. Accordingly, the Government welcomed the AuGD's agreement to take on this new responsibility and it subsequently ensured that the Department had the resources that it required to meet this extension of the AG's mandate.

Subsequently, under Section 48(B) (6) of the FAA (Amendment (No.2)) Act (2015), the mandate of the AG was officially extended to include the economic assessment and review of the Government of Jamaica Fiscal Policy Paper (FPP). The FPP comprises, as stipulated by the Financial Administration and Audit (FAA) Act, the fiscal responsibility statement, macro-economic framework and fiscal management strategy. Under the legislation, the AG has the responsibility to comment on the fiscal management of the Government through a report, which should be tabled in both chambers of the House of Representative. Specifically, the AG is required to give an opinion on the reasonableness of the assumptions and conventions and the justification for deviations from the targets defined in the Fiscal Responsibility Paper (FRP) to be tabled with the budget by the Ministry of Finance.

Annex 1 Indicator summary

Indicator	Name	Dimensions				Overall score
		i	ii	iii	iv	
Domain A Independence and legal framework						
SAI-1	Independence of the SAI	2	1	2	3	2
SAI-2	Mandate of the SAI	3	4	4		4
Domain B Internal governance and ethics						
SAI-3	Strategic Planning Cycle	2	2	2	2	2
SAI-4	Organizational Control Environment	2	2	3	2	2
SAI-5	Outsourced Audits	3	4	1		3
SAI-6	Leadership & Internal Communication	3	3			3
SAI-7	Overall Audit Planning	1	1			1
Domain C Audit quality and reporting						
SAI-8	Audit coverage	1	3	1	n.a	2
SAI-9	Financial audit standards and QM	4	4	3		4
SAI-10	Financial audit process	3	1	3		2
SAI-11	Financial audit results	n.s.	0	2		1
SAI-12	Performance audit standards and QM	3	4	3		3
SAI-13	Performance audit process	3	3	3		3
SAI-14	Performance audit results	4	4	3		4
SAI-15	Compliance audit standards and QM	3	3	2		3
SAI-16	Compliance audit process	2	1	3		2
SAI-17	Compliance audit results	2	0	2		1
SAI-18	Jurisdictional control standards	Not applicable				n.a.
SAI-19	Jurisdictional control process	Not applicable				n.a.
SAI-20	Jurisdictional control results	Not applicable				n.a.
Domain D Financial Management, Assets and Support Services						
SAI-21	Financial Management, Assets and Support Services	3	2	4		3
Domain E Human Resources and Training						
SAI-22	Human Resource Management	4	3	4	3	3
SAI-23	Professional Development and Training	2	1	1	1	1
Domain F Communication and Stakeholder Management						
SAI-24	Communications with the Legislative, the Executive and the Judiciary	1	3	1	1	1
SAI-25	Communication with the Media, Citizens and Civil Society Organizations	1	1			1

Annex 2: Sources of Information & Evidence to Support Indicator Scoring

Interviewed AuGD staff members

OFFICER'S NAME	POSITION / RANK
Mrs. Pamela Monroe Ellis	Auditor General of Jamaica
Mrs. Carolyn Lewis	Deputy Auditor General, Assurance
Mrs. Gail Lue Lim	Chief Economist/Deputy Auditor General
Mr. Owen McKnight	Director, Corporate Services/Deputy Auditor General
Mrs. Siran Mitchell Bent	Director, Corporate Planning & Public Education
Mr. Richard Rose	Principal Auditor, Financial Statements
Mr. Desland McKenzie	Principal Auditor, Financial Statements
Mr. Gervaise McLeod	Senior Director, Human Resource & Administration
Mrs. Althea Saunders- Daley	Senior Director, Quality Assurance
Mr. Adrian McNeil	Director, Information Technology (Acting)
Ms. Hyacinth Williams	Principal Auditor, Compliance Audit
Ms. Michelle Tomlinson	Principal Auditor, Compliance Audit
Ms. Icilyn Cooper	Principal Auditor, Compliance Audit
Ms. Georgja Gayle	Accountant
Ms. Stacey Marsh	Director, Human Resource Development (Acting)
Mr. Christopher Hare	Principal Auditor, Performance Audit
Mr. Ricardo Hall	Principal Auditor, Performance Audit (Acting)
Mr. Shamar Richards	Chief Internal Auditor (Acting)

Documents used

Source	Title
AuGD	Strategic Business Plan: FY 2016 - 2019
AuGD	Report of the Auditor General on the Financial Transactions and Financial Statements of the Government of Jamaica for 2016
AuGD	Report of the Auditor General on the Financial Transactions and Financial Statements of the Government of Jamaica for the Financial Year Ended 31st March, 2015
AuGD	Communication policy, March 2016
AuGD	Audit Procedural Manual, April 2012
AuGD	Performance audit manual, October 2010
AuGD	Standard Operating Procedures for Audit Principal
AuGD	Accounting and Financial Management Policies and Procedures Manual, 2012
AuGD	Executive Management Committee, Communique, June 2016 (example)
AuGD	Proposal: Public Education And Public Relations Strategy For The Auditor General's Department
AuGD	Human resources training and development plan, 2016 - 2019
AuGD	Summary of Audit - Capacity Plan For Financial Year 2016 - 2017
AuGD	Internal Audit Activity Charter, 2015
AuGD Internal Audit Unit	Report on the Review of Human Resource Practices and Salaries for the period April to August 2015, September 2015
AuGD Internal Audit Unit	Report on The Audit of The Augd Procurement And Fixed Asset Records For The Period April To December 2015
AuGD	Quality Assurance Review Policy, June 2016
AuGD	Quality Assurance Framework, September 2015
AuGD, Quality Assurance Unit	Report on the Review of the AuGD's Planning Process, April, 2016
AuGD, Quality Assurance Unit	Review of Performance Audit – Management of Mental Health, for the Financial Year 2016 - 2017
AuGD, Quality Assurance Unit	Quality Assurance Review (QAR) on the Jamaica Civil Aviation Authority Activity Based Audit For the Financial Year 2016 - 2017
AuGD, Quality Assurance Unit	Annual Operational Plan, 2016 - 2017
AuGD	Minutes Audit Committee Meeting, Wednesday, December 9, 2015 (example)
AuGD	Public Accounts Committee (PAC) Briefing Report, Financial Statements Assessment National Water Commission
AuGD	Public Accounts Committee (PAC) Briefing Report, Regulatory Audit And Financial Assessment, Factories Corporation of Jamaica (FCJ)
MoF	Financial and management regulations, 2011
MoF	Financial Administration & Audit Act, Instructions
GoJ	Financial Administration & Audit Act
GoJ	Executive Agencies Act

GoJ	Jamaica Constitution Order
GoJ	Parish Councils Act
GoJ	Public Bodies Management and Accountability Act

