NATIONAL AUDIT OFFICE
Montserrat

Efficiency and Effectiveness of the Physical Planning Unit

May 2026

THE PHYSICAL PLANNING UNIT

This is a Report of a Performance Audit conducted by the National Audit Office pursuant to Section 103 of the Montserrat Constitution Order 2010 and the National Audit Office Act 2024.

Auditor-General of Montserrat
National Audit Office
22 May, 2026.


NATIONAL
AUDIT OFFICE
Montserrat

PREAMBLE

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AUDITOR-GENERAL'S OVERVIEW

The Physical Planning Unit plays a vital role in supporting orderly national development in Montserrat through development control, building inspections, and enforcement of planning regulations. These functions contribute directly to public safety, environmental protection, and sustainable economic development. Effective governance, reliable performance information, and sound financial management are therefore essential to ensuring accountability and value for money in the delivery of the Unit's services.

I commissioned a performance audit to assess whether the P.P.U. operates within an effective governance framework, utilises its resources efficiently, and fulfils its statutory responsibilities. The review covered the fiscal years 2018/2019 to 2024/2025.

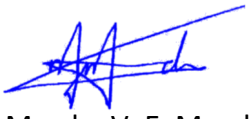
The audit revealed that although the Unit continues to perform its core regulatory functions, several weaknesses limit its overall effectiveness and accountability. The Unit operated without a formally approved results-based strategic planning framework and relied mainly on activity-based reporting rather than measurable performance outcomes. These deficiencies constrain management's ability to effectively measure progress, identify risks, and make informed strategic decisions. The audit also found that, while application processing and inspection activities were conducted, the Unit had not established formal service standards or performance benchmarks to assess operational efficiency.

Montserrat lacks an updated Physical Development Plan, and a Building Code has remained in draft form for several years without formal approval or enactment. Development applications therefore continue to be assessed using outdated planning frameworks. Weak verification controls also resulted in approvals being granted to electrical contractors with expired licences, increasing regulatory and public safety risks. In addition, there are no formal standards or regulations currently governing renewable-energy or backup-energy installations.

Operational weaknesses included poor data-management practices, inconsistent inspection records, missing application identifiers, and the absence of formal service standards or productivity measures. These deficiencies reduced the reliability of operational data and limits the Unit's ability to assess efficiency and performance. Financial management weaknesses were also identified, including fluctuating revenues, limited forecasting, and insufficient analysis linking financial performance to operational outputs.

This report contains several recommendations aimed at strengthening accountability, transparency, and operational effectiveness within the Physical Planning Unit. Their implementation should enhance the Unit's capacity to deliver its mandate efficiently and effectively.

The National Audit Office wishes to thank the management and staff of the Physical Planning Unit, as well as all other stakeholders, for their cooperation and assistance during the course of this audit.



Marsha V. E. Meade
Auditor-General

ABBREVIATIONS

P.P.U.	Physical Planning Unit (within the Ministry of Agriculture, Lands, Housing & Environment)
QSAFR	Quarterly Strategic and Fiscal Reports
G.O.M.	Government of Montserrat
N.A.O.	National Audit Office (formerly the Office of the Auditor General), Montserrat
K.P.I.	Key Performance Indicator

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EXECUTIVE SUMMARY

Overview

The National Audit Office of Montserrat conducted a Performance Audit of the Physical Planning Unit to determine whether the Unit operated within a sound governance framework, utilised its resources efficiently, and managed financial and operational performance effectively during the reviewed period (years 2018/2019 to 2024/2025). The audit examined governance-oversight mechanisms, inspection-records, application-processing data, revenue and expenditure trends derived from Quarterly Strategic and Fiscal Reports (QSAFRs), and performance-management systems.

Main Findings

The audit found that the Physical Planning Unit continues to perform its core regulatory and oversight functions. However, several structural weaknesses limit its ability to demonstrate measurable performance outcomes and full accountability.

1. **Governance framework is undermined by inadequate enforcement/compliance.** Although the P.P.U. operates under established legislative authority, the audit found that the Physical Planning Unit did not operate under a formally approved, results-based strategic planning framework during the reviewed period. While quarterly activity-reports were prepared, performance-monitoring was predominantly activity-based, and it was not supported by clearly defined outcome-indicators, documented variance-analysis, or structured planning of corrective actions. Non-compliant construction was not always prevented or, once identified, was not satisfactorily resolved because the P.P.U. lacked effective case-file preparation and also reported inadequate support from the Attorney-General's Chambers and from the Office of the Director of Public Prosecutions. Arrangements for oversight of consultants (e.g., relating to the finalisation of the Building Code) were not supported by clearly documented milestone-monitoring mechanisms or enforcement-actions for breaches of contracts/agreements. These weaknesses reduce strategic clarity, limit accountability, and increase risks to governance.

2. **Outdated Physical Planning framework and no enacted Building Code.** The audit found that Montserrat does not currently operate under a comprehensive and up-to-date Physical Development Plan (PDP) to guide national spatial development. A Building Code has remained in draft form for several years without formal approval by the Cabinet and enactment by the Legislative Assembly. Despite the absence of a current development framework, the Physical Planning Unit continues to

process and to approve development applications averaging approximately 60 construction applications annually, including residential, commercial, and tourism developments. In the absence of an updated Physical Development Plan since the previous one expired in year 2022, development applications are assessed using outdated land-use principles and zoning maps. This limits assurance that current development approvals align with sustainable land-use practices, hazard-mitigation considerations, and the broader national development vision.

3. **Regulatory non-compliance in approvals of electrical installations.** The audit found instances where approvals for electrical installations were granted to contractors whose professional electrical licenses had expired at the time of application. A review of approval records covering the years 2019 to 2025 identified multiple approvals issued to electricians without valid licenses. In several instances, contractors appeared on multiple applications despite their licenses having expired. This practice is inconsistent with Montserrat's Electrical Regulations and Licensing Standards, which require electrical contractors undertaking installation works to hold valid and current licenses. Weak verification controls increase the risk of non-compliance with regulatory standards and can expose the public to safety-risks associated with uncertified electrical works.

4. **Lack of regulatory framework for renewable energy.** The Physical Planning Unit does not currently operate under established regulations, guidelines, or technical standards governing the installation of renewable or backup energy systems such as solar photovoltaic panels, wind-turbines, and standby power-generators. Planning records for the years 2019 to 2025 identified very limited formal applications for renewable-energy installations. In the absence of a regulatory framework, installations are occurring without consistent inspection or oversight. As Montserrat advances its policy objective of increasing island-wide adoption of renewable energy, the absence of a defined regulatory framework limits the Unit's ability to ensure safe, consistent, and properly monitored implementation of renewable-energy technologies.

5. **Poor data-management practices.** The audit identified significant inconsistencies in records of building-site inspections maintained by the Unit. We observed variations in terminology used to describe types of construction; inconsistent formatting of project-costs and site-sizes; and incomplete recording of key identifiers. Approximately 20% of inspected sites lacked recorded Application Numbers. Application Numbers are essential for linking inspections to approved applications, associated revenue collection, compliance monitoring, and performance reporting. The absence of these identifiers: (1) Limits the Unit's ability to reconcile inspections with approvals; (2) Complicates resource-allocation analysis; (3) Reduces reliability of operational statistics; (4) Introduces the risk of skewed performance evaluation. The lack of essential data can lead to distorted analytical conclusions, affecting assessments of operational efficiency and overall effectiveness.

6. **Gaps in operational efficiency.** There were no formally documented service-standards defining expected timelines for the processing of construction-requests, or targets for inspection-turnaround. In addition, productivity-ratios linking staffing levels to application output were not maintained. Without measurable performance-indicators, management and those charged with oversight cannot objectively determine whether available resources are being utilised optimally.

7. **Weaknesses in financial management and effectiveness.** Revenue-trends fluctuated across the assessed financial years, reflecting varying levels of developmental activity. However, documentation reviewed did not indicate structured revenue forecasting or formalised variance-analysis linking financial performance to operational outputs. Personnel expenditure remains the dominant cost-category across the reviewed period. Where revenue variability occurs alongside relatively fixed personnel costs, financial flexibility is constrained. The absence of documented analysis of financial performance reduces the Unit's ability to demonstrate effectiveness in resource-utilisation.

Key Recommendations

8. **Urgently update the *Physical Development Plan* and enact a *Building Code***. The Government should prioritise the development and approval of an updated Physical Development Plan to replace the one that expired in year 2022. It should also take immediate steps to enact a long-needed modern Building Code for Montserrat to provide a current and comprehensive strategic framework for national spatial development, and enforceable standards for high-quality, environmentally responsible, sustainable, and climate-resilient construction. An updated Physical Development Plan and a consistently enforced Building Code will strengthen land-use governance, support national sustainable development objectives, contribute to Montserrat's achievement of the global Sustainable Development Goals, and provide clearer guidance for development approvals undertaken by the Physical Planning Unit.

9. **Ensure that contractors are licensed.** The Electrical Inspectorate should strengthen its verification procedures to ensure that approvals for electrical installation works are granted only to contractors holding valid and current professional licenses. Strengthening verification controls will improve regulatory compliance and reduce the risk of uncertified electrical installations being undertaken. Full compliance and timely renewals will also increase the Government's revenues.

10. **Enact modern frameworks for renewable energy and climate-resilience.** The Physical Planning Unit should develop and implement appropriate regulations, guidelines, and technical standards governing the installation of renewable energy and backup-energy systems, including solar photovoltaic panels, wind-turbines, and standby power-generators. Establishing a clear regulatory framework will support safe and consistent installation practices and strengthen oversight as the use of renewable-energy technologies expands. Embed climate-resilience throughout all frameworks for

physical planning and development. These actions will support national sustainable development objectives and will contribute to Montserrat's achievement of the global Sustainable Development Goals.

11. Improve performance-management. To strengthen governance and accountability, the Physical Planning Unit should formalise and document a comprehensive performance-management framework. This framework should include clearly defined Key Performance Indicators aligned with statutory objectives, and measurable standards of service for application-processing timelines. The P.P.U. should also strengthen arrangements for the management of contracts with consultants through defined milestones and monitoring mechanisms. The P.P.U. should also implement structured periodic reporting mechanisms integrating operational and financial performance information, perform timely analysis of all variances from plans and budgets, and document corrective actions.

12. Improve data-collection, recording, and reporting. To improve data-integrity, the Physical Planning Unit should implement standardised data-entry controls and formal validation procedures to ensure accuracy, completeness, and consistency across all building-inspection reports, client-application records, and reviews of employees' performance. All required data-fields should be filled by frontline employees, self-reviewed, and then thoroughly rechecked and verified by managers. Strengthened data-governance will enhance transparency and support evidence-based decision-making.

Audit Conclusions

13. Based on the evidence obtained, the audit concludes that the Physical Planning Unit continues to execute core regulatory functions, weak governance structures, inadequate performance measurement, outdated planning frameworks, and insufficient financial analysis significantly limit its effectiveness, efficiency, and accountability. These deficiencies also impair the Unit's ability to demonstrate value for money in delivering its statutory responsibilities. The audit further identified several serious and prolonged structural planning and regulatory gaps, including (a) the multi-year delay in enacting a Building Code for Montserrat, (b) absence of an updated Physical Development Plan to guide national spatial development, (c) weaknesses in verification controls relating to approvals of electrical contractors and electrical installations, and (d) lack of formal regulatory standards governing renewable energy, backup-energy installations, and under-water/coastal development activities. Implementation of the recommendations outlined in this report will strengthen accountability mechanisms, enhance transparency, and improve the Unit's ability to demonstrate value for money in the discharge of its responsibilities.

CHAPTER 1: INTRODUCTION

Background

1.1 The Physical Planning Unit (P.P.U.) operates within the public-sector framework and is responsible for administering controls over physical developments and land-use planning functions in accordance with the Physical Planning Act and related regulations. The Unit plays a critical regulatory role in ensuring that physical development within the jurisdiction is conducted in a structured, safe, and sustainable manner. Its responsibilities include reviewing development applications, conducting inspections, enforcing compliance with approved plans, and advising on planning matters. Given the importance of its mandate to national development, public safety, and orderly land use, it is noteworthy that effective governance, operational efficiency, and sound financial management are essential to ensuring that the Unit performs its functions effectively. This performance audit was undertaken to assess whether the Physical Planning Unit's systems and processes support efficient operations and effective delivery of its statutory responsibilities.

Overview of the P.P.U.

1.2 The Physical Planning Unit is responsible for:

(a) Reviewing and processing planning and construction/physical development applications;
(b) Conducting building, electrical, and site inspections;
(c) Monitoring compliance with approved development conditions;
(d) Enforcing planning regulations;
(e) Providing technical advice on land-use and development matters.

The Unit interacts with multiple stakeholders, including applicants, contractors, other governmental departments, and regulatory authorities. Its effectiveness is therefore dependent on structured internal systems, clear communication mechanisms, and coordinated oversight arrangements. The Unit's performance is influenced by staffing levels, technical capacity, operational systems, and the availability of reliable management information to support decision-making.

Objectives of the Audit

1.3 The objectives of this performance audit were to determine whether:

(a) Governance and oversight arrangements within the Physical Planning Unit are adequate and functioning effectively;

(b) The Unit operates efficiently in delivering its regulatory and inspection services;

(c) Financial management and performance-monitoring systems support effective and sustainable service delivery.

Profile of the P.P.U.

1.4 The Physical Planning Unit operates under a defined organisational structure and staffing complement responsible for administrative, technical, inspection, and regulatory functions. Its activities include the processing of development applications, the conducting of site-inspections, and the managing of regulatory compliance activities. The Unit's operational performance depends on:

- Staffing capacity
- Volume of requests for construction/physical development
- Quality of record-keeping systems
- Internal oversight mechanisms

Internal oversight mechanisms and financial operations consist primarily of personnel-related expenditure and operational costs necessary to support regulatory functions. During the audited period, the Unit generated revenue from fees associated with development applications and related services. Expenditure patterns and operational performance were analysed as part of this audit to assess sustainability, efficiency, and effectiveness. Further details on the organisational structure, legislative framework, and operational data are provided in the appendices to this report.

CHAPTER 2: GOVERNANCE FOR PHYSICAL PLANNING

Overview

2.1 Effective governance within the Physical Planning Unit (P.P.U.) requires clear strategic direction, structured monitoring of performance, strong oversight-mechanisms, and sound practices for the management of contracts with consultants and other suppliers. The audit assessed whether the P.P.U. operated within a formal strategic framework, whether performance-related information was used effectively for oversight and decision-making, and whether governance arrangements supported accountability and value for money. The audit identified weaknesses in strategic planning, in the monitoring of performance, and in the oversight of consultants, that constrained the Unit's ability to operate within a structured governance-framework.

Findings of the Audit

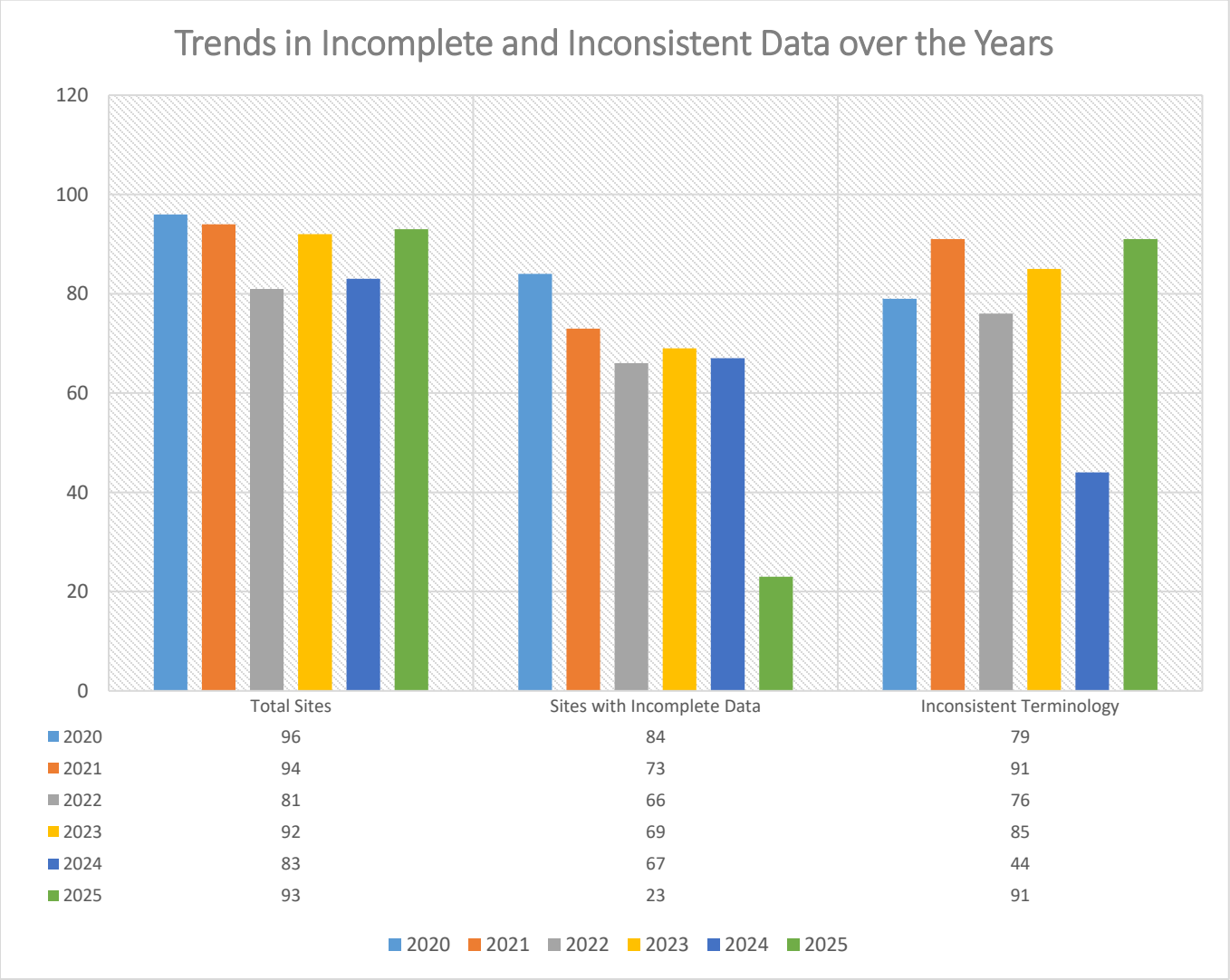
2.2 Lack of a current *Physical Development Plan* for Montserrat. The audit found that Montserrat does not have an updated Physical Development Plan (P.D.P.) to guide national spatial development since the expiry of the previous P.D.P. in year 2022. Despite the absence of a current framework for physical development, the Physical Planning Unit continues to process development applications, averaging approximately 60 construction applications annually, including residential, commercial, and tourism developments. In the absence of an updated national plan, development approvals are being granted using outdated land-use principles and zoning maps. This limits assurance that approvals align with principles for sustainable land-uses, with considerations for the mitigation of hazards, and with the national vision for physical development.

2.3 Absence of a comprehensive, results-based framework for strategic planning. The audit found that, although it produced quarterly reports of its activities and financial performance, the P.P.U. did not operate under a formally approved, results-based strategic plan for the reviewed period (years 2019 to 2025). Our review of QSAFRs for FY 2019/2020 to FY 2024/2025 confirmed that strategic objectives were reported in general terms and were not supported by clearly defined outcomes, baselines, or medium-term targets. Performance-indicators were predominantly activity-based and repeated annually without recalibration. There was no evidence of periodic strategic review, documented risk-assessment, or alignment of strategic objectives with emerging operational challenges. As a result, management and oversight bodies were unable to

reliably assess whether the P.P.U.'s activities translated into improved outcomes. This weakened accountability and constrained informed decision-making.

2.4 Weak data-management practices. The audit identified significant data inconsistencies within the records of the P.P.U.'s inspections of buildings and construction-sites. Variations in terminology (e.g., descriptions of types of construction), missing data (e.g., blank data-entry fields), and inconsistent formatting for project-costs and land/building sizes complicated interpretation of data. Approximately 20% of the reports of building-sites that we inspected had missing Application Numbers; this gap undermines the authority's ability to assess the effectiveness of projects and the allocation of resources. The lack of essential data leads to skewed analysis-results, affecting operational efficiency and overall effectiveness.

Chart 1: Summary of Data Inconsistencies and Missing Data



2.5 Lack of formal risk-management documentation. The audit did not identify a documented risk-register or a structured risk-assessment process specific to the Unit's operations. Given the regulatory nature of the P.P.U.'s mandate, risks such as non-compliance, delayed inspections, or inaccuracies of data require structured identification and mitigation planning. The absence of documented risk-management processes increases exposure to operational and compliance risks.

2.6 Persistent underperformance against strategic targets poses governance risks. Across FY 2023/2024 and FY 2024/2025, the P.P.U. did not achieve several Strategic Plan targets, including inspection outputs, application-processing timeliness, and enforcement follow-through. Underperformance persisted even as targets increased year-on-year. The repeated failure to align operational capacity with approved targets (or vice versa), combined with limited documented corrective actions, presents risks to governance and to sustainability. Continued misalignment between targets and capacity undermines the sustainability of service-delivery and weakens regulatory oversight.

2.7 Weak monitoring of performance and measurement of outcomes. Although quarterly reports captured volumes of activities, the P.P.U. did not systematically analyse trends, efficiency- ratios, or impacts on service-delivery. Inspection-volumes, approval-processing rates, and the usage of the G.I.S. online portal, all fluctuated materially across reporting periods without documented managerial analysis explaining variances. Indicators that consistently underperformed continued to be reported without corrective action-plans or adjustment of targets. The absence of structured monitoring reduced the usefulness of performance-related information and limited management's ability to address inefficiencies proactively.

2.8 Weak oversight of consultant. The P.P.U. engaged and made full payment to an external legal consultant to review and to update the draft of the proposed Building Code for Montserrat. While correspondence between the P.P.U. and the consultant was evidenced over a period of more than two years, there was no documentation of enforced milestones, contractual remedies, or formal closure of the engagement. The prolonged delays reduced regulatory certainty, weakened enforcement capability, and diminished value for money from public expenditure totalling E.C.$12,000 (less 20% withholding tax on foreign contractors = $9,600 net cost to the G.O.M.). The accounting records reflect that E.C.$4,000 was paid to the consultant on November 30th, 2023, and the remaining E.C.$8,000 was paid to the consultant on February 20th, 2024. Correspondence that we reviewed indicated that the P.P.U. has sought a full refund from the consultant. However, as of April, 2026, the Treasury Department confirmed that the Government of Montserrat had not received any refunds from the consultant (more than two years later).

2.9 Years of delays in the enacting of the Building Code. A national Building Code for Montserrat has remained in draft form for many years. There have been repeated delays in reviews and revisions of the draft Building Code. The P.P.U. has been applying the spirit of the draft Building Code in practice. However, despite the strength of powers granted by the Physical Planning Act, the P.P.U. continues to face an unsatisfactory status quo that there is no Building Code formally approved by the Cabinet or officially enacted by the Legislative Assembly of Montserrat. This poses serious risks to the quality of construction on the island, to compliance with local, regional, and global standards, and to the effectiveness of the P.P.U.'s efforts to achieve satisfactory enforcement.

2.10 Absence of regulations governing renewable and backup-energy installations. The audit found that the Physical Planning Unit does not have established regulations, guidelines, or technical standards governing the installation of renewable or backup-energy systems such as solar photovoltaic panels, wind-turbines, and standby power-generators. A review of planning records for the years 2019 to 2025 identified only two applications relating to renewable-energy installations. Without a robust regulatory framework, such installations are done by unauthorised/uncertified technicians and/or without consistent inspection or formal oversight. This situation is inconsistent with the Montserrat Energy Policy framework, which promotes the island's complete transition toward renewable energy and increased energy resilience. The framework envisions a "modern energy infrastructure" supported by "robust governance". This finding refers especially to Objective 4 of the Montserrat National Energy Policy (years 2016 to 2030), also known as "The Power to Change".

Recommendations

2.11 Urgently update the long-expired *Physical Development Plan* for Montserrat. The P.P.U. should advocate through the P.S. and the Minister of the Ministry of Lands, Housing, and Environment for the Cabinet to prioritise with urgency the development and approval of an updated Physical Development Plan for Montserrat to guide national physical development and planning decisions. This is urgently needed to replace the previous P.D.P. that expired in year 2022.

2.12 Urgently enact a Building Code for Montserrat. The P.P.U. should advocate through the P.S. and the Minister of the Ministry of Agriculture, Lands, Housing, and Environment for the Cabinet to prioritise with urgency the approval of the long-pending draft Building Code for Montserrat. Any necessary updates to the Building Code to address current issues (such as renewable energy, back-up energy installations, energy-conservation, climate-change resilience, and underwater/coastal developments) should also be urgently made to keep the Building Code

comprehensive, relevant, and appropriate to Montserrat's geography, topography, climate, environment, and national development objectives.

2.13 Improve strategic planning. The Physical Planning Unit should develop and formally adopt a results-based Strategic Plan aligned to national development priorities.

2.14 Standardise data-entry. The Physical Planning Unit should establish standardised terminology and formatting rules for data-entries to ensure accuracy, clarity, and uniformity.

2.15 Improve reviews of data-collection and reporting. The P.P.U. should implement a comprehensive data-auditing process to identify and to rectify gaps in data-collection. For example, document reviews and verification of all Building Inspection Reports and other frontline data-collection.

2.16 Training for quality. The P.P.U. should conduct regular training for staff on data-entry standards to maintain consistency, accuracy, and completeness in records. All training activities should be documented and a departmental log should be kept for each employee's training history.

2.17 Improve performance management. The Physical Planning Unit should strengthen its framework for monitoring of performance by incorporating structured analysis of variances and management's review of performance-results. Implement structured mechanisms to review governance to ensure that persistent underperformance triggers corrective actions.

2.18 Improve oversight of consultancies. The P.P.U. should strengthen its arrangements for management of contracts for, and communication with, consultants. For example, include defined milestones, enforceable delivery conditions, and documented mechanisms for escalation of issues/actions.

2.19 Enact a comprehensive framework for renewable energy. The Physical Planning Unit should develop regulations, guidelines, and technical standards governing renewable energy and backup-energy installations.

CHAPTER 3: EFFICIENCY IN THE OPERATIONS OF THE P.P.U.

Overview

3.1 Efficiency refers to the relationship between resources utilised and outputs delivered. An efficient operation ensures that available human, financial, and administrative resources are used optimally to achieve intended outputs without unnecessary delay, duplication, or waste. This chapter examines the operational processes of the P.P.U., including application processing, inspection management, and data reliability, to determine whether the Unit demonstrates measurable efficiency.

The P.P.U.'s Objectives

3.2 Based on the reviewed Strategic Plan and quarterly reports, key efficiency-related objectives included:

a) Timely processing of development applications

b) Adequate inspection coverage of approved developments

c) Strengthened use of GIS and digital systems

d) Improved internal communication and coordination

The audit assessed the extent to which these objectives were supported by reliable data-systems, measurable standards for service and for performance, and structured management of workloads.

Findings

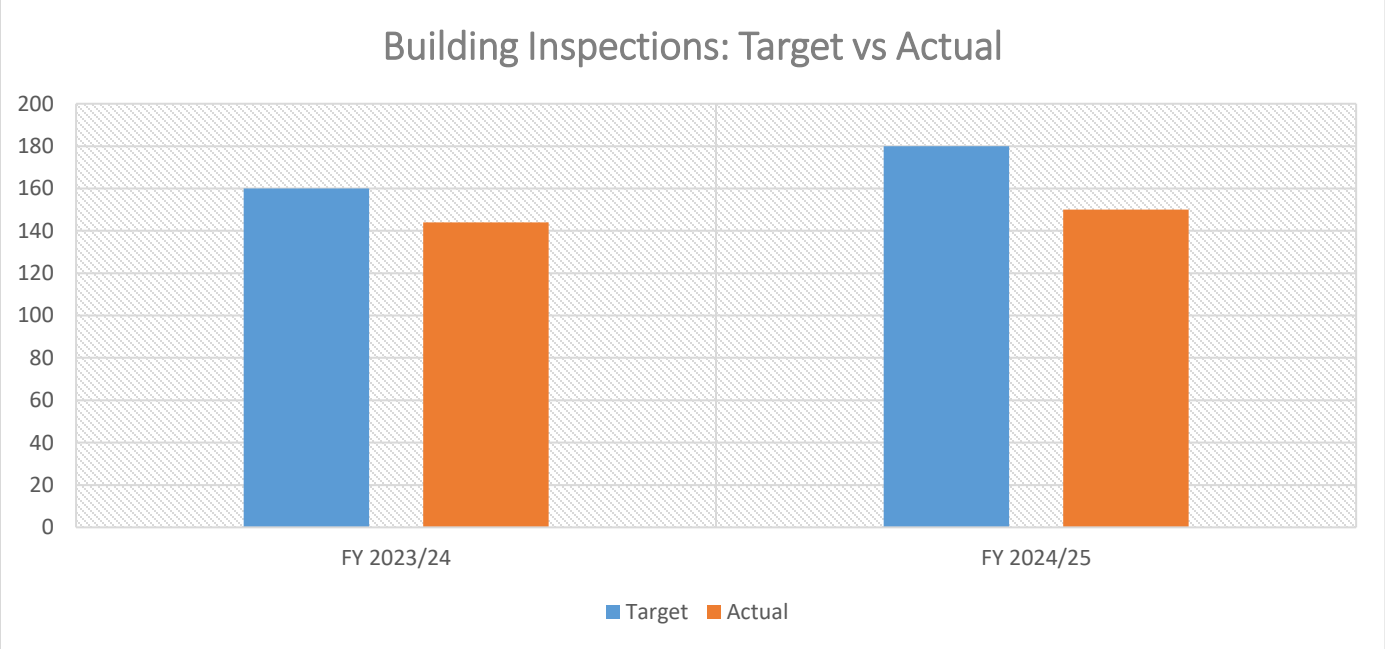
3.3 **Inspection coverage did not consistently meet approved targets.** Review of FY 2023/2024 and FY 2024/2025 QSAFRs showed that the targets for inspections of buildings/sites were increased year-on-year; however, actual numbers of inspections did not consistently meet the approved targets. Inspection volumes fluctuated materially between fiscal quarters without documented explanation of operational constraints. The absence of documented analysis of workforce-planning indicates that inspection-targets were not aligned with available staffing capacity. This affected regulatory oversight and reduced assurance that approved developments were monitored in a timely manner.

Table 3.3: Inspection Activity – Target vs Actual (FY 2023/24–FY 2024/25)

(a) Table 3.2: Building Inspections

Financial Year	Target	Actual	Absolute Variance	Percentage Variance
FY 2023/24	160	144	–16	–10.0%
FY 2024/25	180	150	–30	–16.7%

Chart 3.4: Building Inspections Target vs Actual



(b) Table 3.5: Electrical Inspections

Financial Year	Target	Actual	Absolute Variance	Percentage Variance
FY 2023/24	170	132	–38	–22.4%
FY 2024/25	180	140	–40	–22.2%

Chart 3.6: Electrical Inspections: Targets versus Actuals

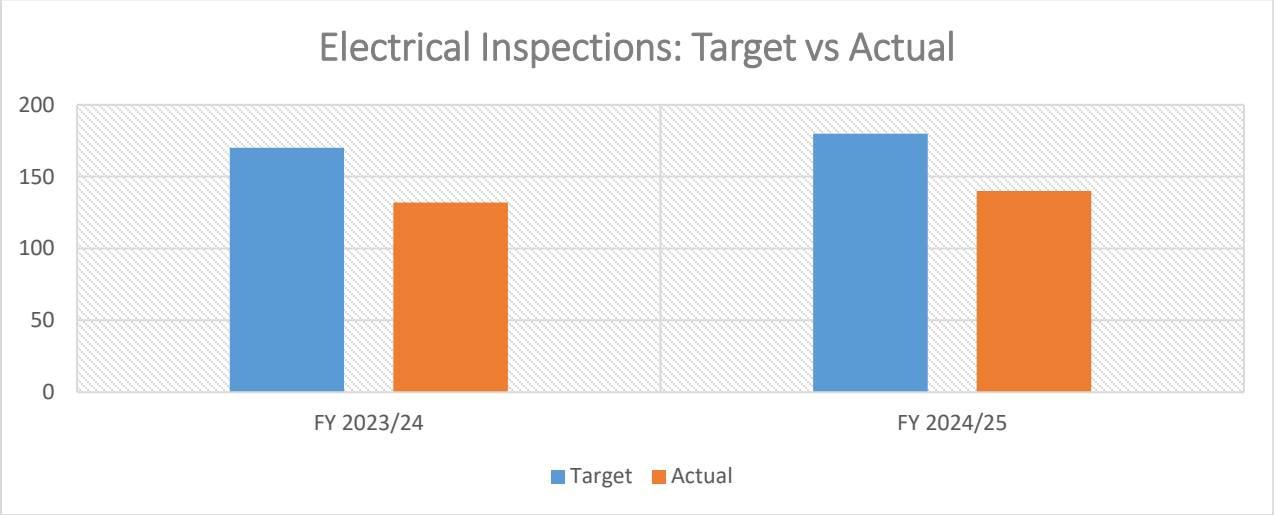
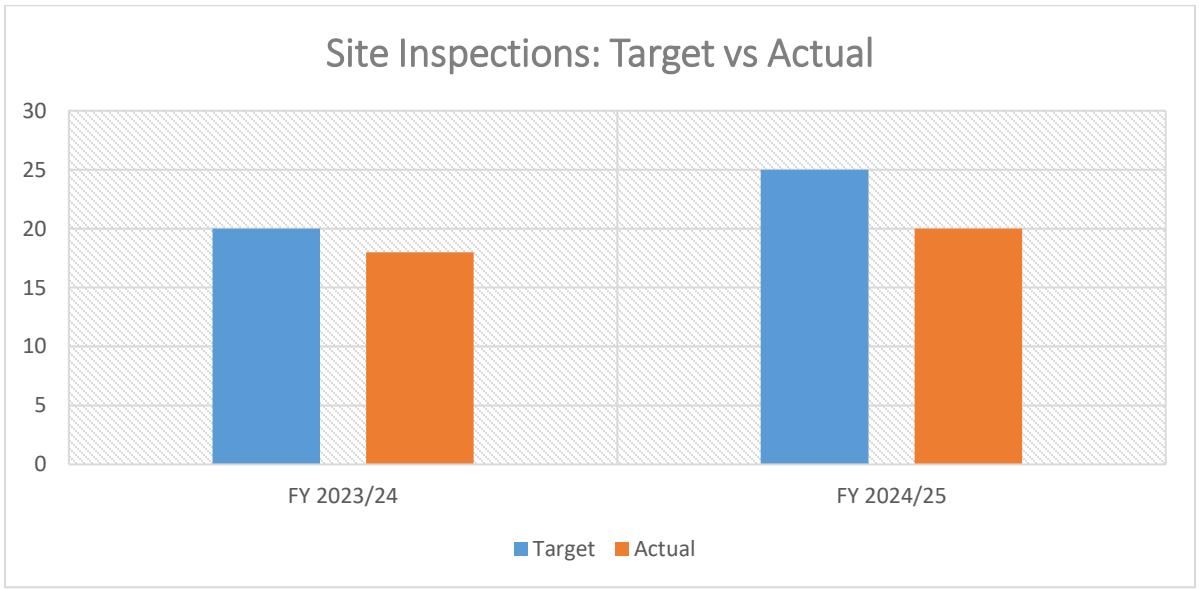


Table 3.7: Inspections of Building Sites

Financial Year	Target	Actual	Absolute Variance	Percentage Variance
FY 2023/24	20	18	–2	–10.0%
FY 2024/25	25	20	–5	–20.0%

Chart 3.8: Site Inspections: Targets versus Actuals



(Target vs Actual – FY 2023/24–FY 2024/25)

Narrative Analysis: The graph illustrates fluctuations in inspection activity across the reviewed period, with actual inspections consistently not meeting established targets. Variances between targets and actual outputs point to persistent shortfalls in inspection coverage. These fluctuations indicate capacity-constraints, workload-imbalances, and operational inefficiencies. Persistent gaps in inspection coverage affect timely monitoring of approved developments and weaken regulatory oversight if not promptly addressed.

3.4 Limited utilisation of G.I.S. training for operational efficiency gains. Although some employees received initial G.I.S.-related training, the audit found limited evidence that the training translated into measurable efficiency gains. There was no documented performance-metric linking G.I.S. systems' usage to improved inspection planning, monitoring, or reporting outputs. Without structured integration into workflow processes, investments in training cannot deliver optimal value. The Government has been paying an annual licence-fee of approximately U.S.$14,000 for the G.I.S. system, but the P.P.U. reported that, since year 2017, it has no longer received any funding support for the necessary travel to take advantage of the annual G.I.S. conference and training that are included (for up to two persons) in the package of benefits and privileges provided by the renewal of the licence. Hence, the full value of the subscription is not being realised.

3.5 G.I.S. and Maps: revenues and return on investment. Revenues from sales of maps and from G.I.S. users have provided substantial returns on the cumulative investments in G.I.S.-related staffing, training, and systems. Over the past 10 years, sales of maps have averaged $10,000 per year (reported under the Lands & Survey Department, a sister Department of the P.P.U. within the same Ministry). Furthermore, we observed the impressive tripling of the P.P.U.'s revenues from G.I.S. users' fees during years 2016 to 2018. However, these gains were reversed in subsequent years as support for the G.I.S. online system was not sustained. It was further noted that the P.P.U.'s G.I.S. capabilities have been used by, and offer significant potential value to, other Ministries / Departments / stakeholders (e.g., the Royal Montserrat Police Service, the Montserrat Defence Force, the Disaster Management Coordination Agency, the Statistics Department, the M.C.R.S./Customs Division, academic and scientific research, commercial applications, and search-and-rescue efforts). Hence, the comprehensive value of the G.I.S. ecosystem to the Government of Montserrat is far greater than the G.I.S.-related direct revenues (e.g., those from sales of maps and from G.I.S. users' fees totalled more than E.C.$110,000 during years 2016 to 2025, including years that G.I.S. users' fees were negligible, owing to the G.I.S. portal's being offline).

Table 3.9: Summary of Operational Performance Gaps (Consolidated)

Area	FY 2023/2024 Result	FY 2024/2025 Result	Direction of Risk
Application Processing Timeliness	Below target	Below target	Increasing
Building Inspections	Below target	Below target	Increasing
Electrical Inspections	Below target	Below target	Persistent
Site Inspections	Below target	Below target	Increasing
Enforcement Follow-Through	Below target	Below target	Increasing
Approval-Stage Compliance	Above target	Above target	Stable

3.6 Approval of electrical contractors holding expired licenses. The Electrical Inspectorate approved electrical installation works for several contractors whose professional licenses had expired at the time of application. A review of approval records from year 2019 to year 2025 identified several instances where contractors with expired licenses received multiple approvals within a single year. As of August, 2025, 10 approvals had been issued to electricians without valid licenses. One electrician appeared on seven applications, despite his license last being valid in year 2018, with the most recent approval dated the 10th of March, 2025. This practice breaches Montserrat's Electrical Regulations and Licensing Standards, which require contractors undertaking electrical installation works to hold valid licenses.

3.7 Limited uses of management information. Although the P.P.U. collected operational data and reported quarterly outputs, the audit found limited evidence that performance-data were systematically analysed to drive operational improvements. Fluctuations in the volumes of inspections, and in processing timeliness were recorded; however:

(a) There was no documented trend-analysis.

(b) There was no structured root-cause assessment.

(c) There was no evidence of management review minutes referencing corrective action.

As a result, management information was not fully leveraged as a decision-support tool.

3.8 Absence of documented standards of service for the processing of applications.

The audit found no formally documented standards of service defining expected timeframes for processing development applications. Whilst applications are reviewed and decisions rendered, there was no evidence of:

- Published turnaround targets
- Internal benchmarks for processing stages
- Monitoring reports measuring average processing time

Without defined standards of service, it is not possible to determine whether the P.P.U. completes its reviews of clients' applications within reasonable or expected timeframes. This limits management's ability to assess operational efficiency or to identify delays requiring corrective action.

3.9 Fluctuations in the volume of applications without analysis of productivity.

Our analysis of application volumes across the audited period indicates fluctuations corresponding with development activity levels. However, the Unit does not maintain documented productivity-ratios linking:

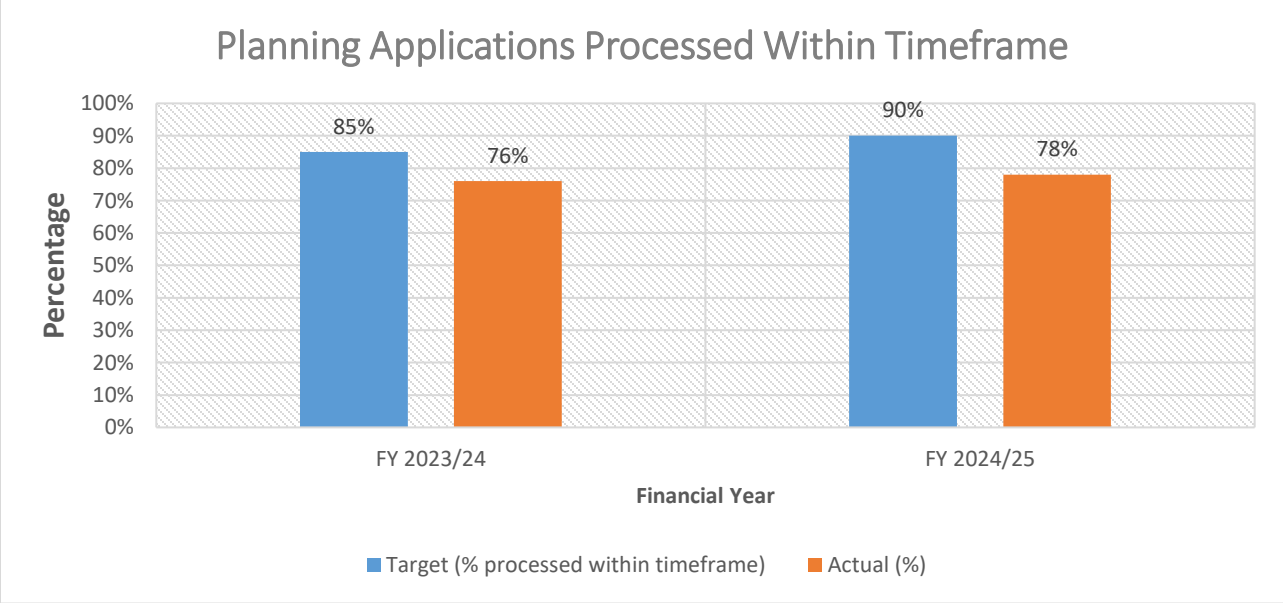
- Number of employees
- Number of applications processed
- Number of inspections conducted

Without output-to-staff analysis, management cannot determine whether staffing levels are proportionate to workload demands.

Table 3.1: Applications Received and Processed by Financial Year

Financial Year	Target (% processed within timeframe)	Actual (%)	Absolute Variance (pp)	Percentage Variance
FY 2023/2024	85%	76%	– 9 pp	–10.6%
FY 2024/2025	90%	78%	–12 pp	–13.3%

Chart 3.2: Trends in the Number of Planning Applications



Narrative Analysis of Chart

The trend demonstrates variability in application volumes over the audit period. However, the absence of documented workload analysis or productivity monitoring prevents assessment of whether operational capacity adjusted in response to demand changes.

3.10 Weaknesses in data-management affect operational efficiency. Our review of inspection-records identified material weaknesses in data-management practices.

Observed issues included:

- Inconsistent terminology used to describe types of development;

- Variations in formatting of project values;
- Non-standardized recording of site dimensions;
- Missing Application Numbers in approximately 20% of inspection records.

Application Numbers are critical for linking inspections to approved applications, revenue collection, and compliance tracking.

The absence of these identifiers affects the Unit's ability to:

- Reconcile inspections with approvals
- Analyse inspection coverage
- Track the progression of project-lifecycles
- Generate reliable performance statistics

Incompleteness and inconsistency of data reduce operational transparency and limit management's ability to make evidence-based decisions.

3.11 Communication & collaboration. The audit found that collaboration across technical functions (e.g., inspections, approvals, G.I.S. support) was not formally documented through mapping of workflows or integrated monitoring of performance. Limited integration between technical functions and enforcement actions contributed to processing delays and incomplete inspection follow-through in certain periods.

Recommendations

3.12 Workforce planning. The Physical Planning Unit should conduct skills-gap assessments and workforce-capacity analysis to ensure that targets (e.g., inspections; revenues; compliance) align with available staffing levels and capabilities. Strengthen business-cases for requested training.

3.13 Continuous improvement. The Physical Planning Unit should establish a formal, data-driven framework for continuous improvement to ensure that collected operational data are systematically analysed to enhance operational efficiency.

3.14 Reduce delays and bottlenecks. The Physical Planning Unit should introduce structured workflow-mapping to identify and to remove bottlenecks in application-processing. The Unit should, among other steps, [1] significantly reduce timeframes for approval of development-plans, [2]

improve communication with owners, building contractors, and other stakeholders, and [3] implement time-bound measures of process-improvements.

3.15 Improve performance-analysis. The P.P.U. should analyse performance-related data internally monthly, in addition to the formal external quarterly and annual reporting. Document explanations of variances from plans and budgets, and thorough tracking of corrective actions.

3.16 Robust data-management. Standardise data-entry requirements for all building-site visits and all inspection-reports. Enforce mandatory completion of Application Numbers in all inspection-records. Supplement improved self-reviews by frontline employees with documented thorough reviews and verification by managers to ensure that all data-fields are completed, that all data are accurate, and that findings, and all related communication with stakeholders, are documented.

3.17 Improve workflow-management. The Physical Planning Unit should formally document and integrate cross-functional workflows between inspection, approval, and G.I.S. support teams to ensure consistent, efficient, and transparent operations.

3.18 Measure/manage the various uses and national benefits of G.I.S. The Physical Planning Unit should integrate metrics for its G.I.S. utilisation into operational K.P.I.s to measure efficiency gains from investments in G.I.S.-related training. The P.P.U. should strengthen its business-cases and spending requests, including getting support to participate in the conferences and training sessions that are included in the package of benefits covered by the annual renewal of the G.I.S. licence-fee. The P.P.U. should also thoroughly document the ways in which its G.I.S. systems and capabilities have served, and/or could be useful to, other Ministries / Departments / stakeholders, and assess the overall value to Montserrat (particularly where the P.P.U. did/does not directly receive revenues from providing these services/supports to other entities).

3.19 Reactivate the online G.I.S. portal as a revenue-stream. The P.P.U. should strengthen its business-cases and spending requests to have the G.I.S. portal restored as soon as possible to full online functionality and accessibility for users. This will enable the P.P.U./G.O.M. to improve services to stakeholders, while making better use of its updated databases and G.I.S. resources. It will also serve to rebuild the growing stream of G.I.S.-related revenues witnessed up to year 2018.

3.20 Approve only compliant contractors. The Electrical Inspectorate of the P.P.U. should implement robust procedures for verification and approval of contractors to ensure that approvals are granted only to contractors with valid and current electrical licenses. Full compliance and timely renewals will also increase the Government's revenues.

CHAPTER 4: EFFECTIVENESS OF THE OPERATIONS OF THE PHYSICAL PLANNING UNIT

Overview

4.1 Financial effectiveness relates to whether the Physical Planning Unit (P.P.U.) managed its financial resources in a manner that supported delivery of its statutory mandate and strategic objectives. The audit assessed trends in revenue collection, expenditure utilisation, and financial performance reporting for FY 2023/2024 and FY 2024/2025. The review identified issues relating to revenue fluctuations and expenditure alignment that may affect financial sustainability and operational planning.

Part 1: Financial Management

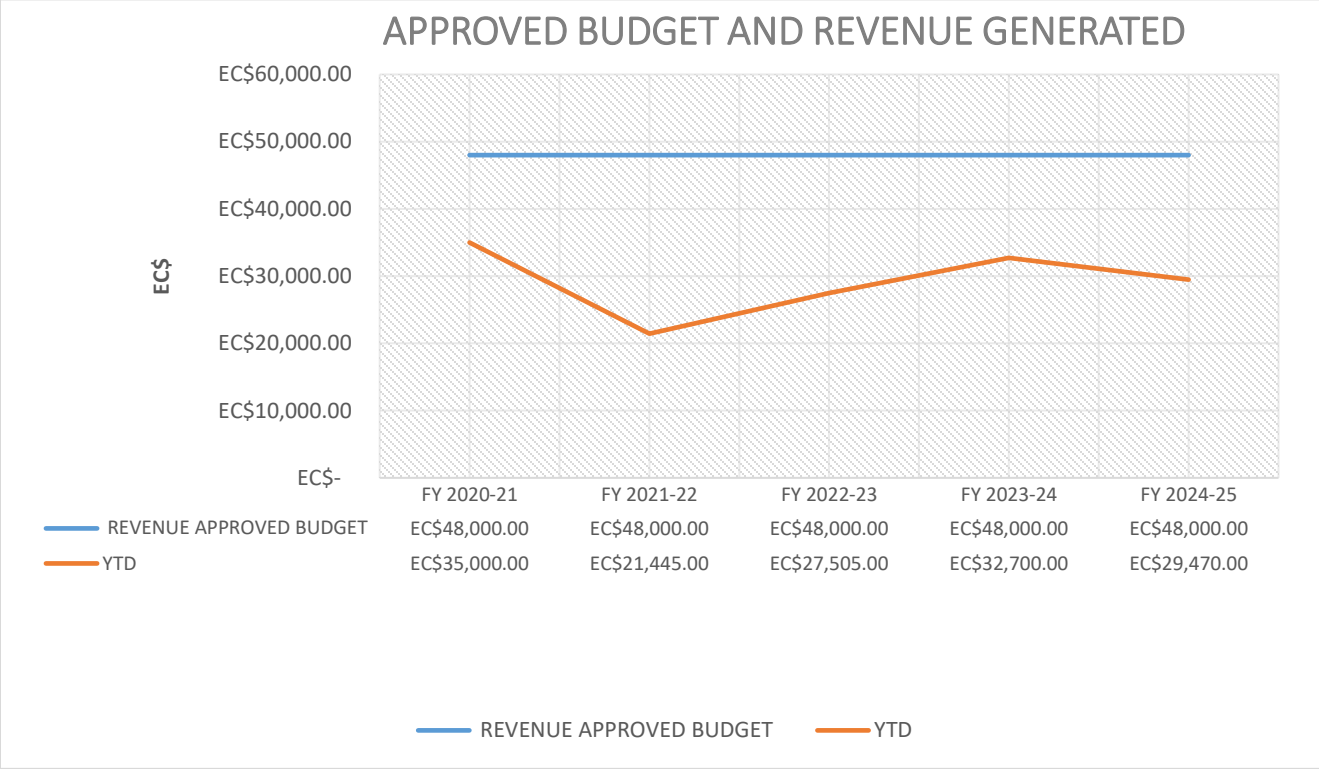
Findings of the Audit

4.2 **Revenue performance fluctuated and never met projections.** Our review of the QSAFRs for fiscal years 2020/2021 to 2024/2025 showed that revenue-performance varied widely across reporting periods. It also trended downward since year 2020. [See Table 4.1 below.] In each reviewed year, actual revenues collected fell well below their projected targets. [See Chart 4.2 below.] Revenues' volatility was not accompanied by documented analysis explaining the underlying causes. There was also no evidence of structured adjustments to the forecasting of revenues based on historical trends or seasonal variations. Unstable revenue-performance affects financial planning and the Physical Planning Unit's ability to sustain operational activities.

Table 4.1: Summary of Approved vs Actual Revenue – FY 2020/2021 to FY 2024/2025

PERIOD	REVENUE APPROVED BUDGET EC$	YTD EC$
FY 2020-21	48,000.00	35,000.00
FY 2021-22	48,000.00	21,445.00
FY 2022-23	48,000.00	27,505.00
FY 2023-24	48,000.00	32,700.00
FY 2024-25	48,000.00	29,470.00

Chart 4.2: Trends in Revenue Performance against Budgets

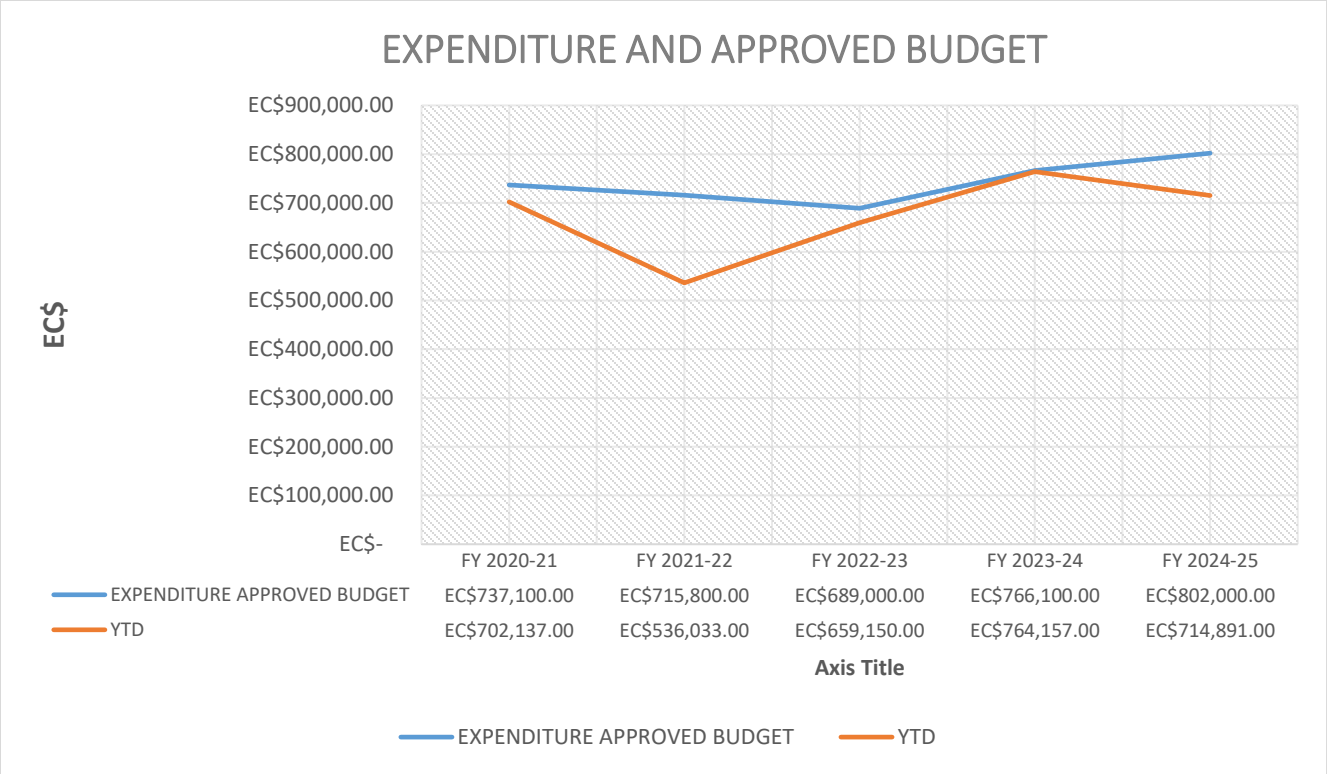


4.3 Expenditure-trends were not clearly linked to performance-outcomes. The audit found that expenditure levels were reported quarterly; however, there was limited documented linkage between trends in spending and performance-outcomes. Budgetary allocations increased in certain areas without clear demonstration of proportional improvement in outputs or service-delivery metrics. The absence of documented cost-efficiency analysis reduces management's ability to demonstrate value for money. Nevertheless, the P.P.U. consistently controlled its total spending within budgeted amounts. [See Table 4.3 and Chart 4.4 below.]

Table 4.3: P.P.U.'s Expenditure: Budgeted versus Actual – FY 2020/21 to 2024/25

PERIOD	BUDGETED EXPENDITURES E.C.$	ACTUAL SPENDING E.C.$
FY 2020/2021	737,100.00	702,137.00
FY 2021/2022	715,800.00	536,033.00
FY 2022/2023	689,000.00	659,150.00
FY 2023/2024	766,100.00	764,157.00
FY 2024/2025	802,000.00	714,891.00

Chart 4.4: The P.P.U.'s Total Expenditure: Trends against budgets



Recommendations

4.5 Improve forecasting. The Physical Planning Unit should strengthen revenue forecasting by incorporating historical trend-analysis and documented explanations of variances from plans and from budgets. Revenue-targets should be revised in line with historical averages actually realised.

4.6 Demonstrate value for money. The Physical Planning Unit should introduce periodic financial performance reviews linking expenditure to measurable outputs and outcomes.

4.7 Improve analysis of performance. Financial reports should include analytical commentary explaining significant deviations of revenues or expenditures from expected amounts.

Part 2: Performance Management

Overview

4.8 Performance effectiveness relates to the extent to which the Physical Planning Unit achieved intended regulatory and developmental outcomes. The audit assessed enforcement follow-through, compliance monitoring, and overall achievement of strategic performance targets. The review identified gaps in the effectiveness of enforcement and in the measurement of outcomes.

Findings of the Audit

4.9 **Enforcement follow-through was not consistently achieved.** The audit found that, while inspections were conducted, enforcement follow-through did not consistently result in documented resolution of identified breaches. There was limited evidence of structured tracking mechanisms to ensure that corrective actions were completed within defined timelines. Incomplete enforcement-cycles weaken public respect for regulatory authority, undermine effectiveness, and reduce compliance levels.

4.10 **Strategic targets were not fully achieved.** Across the reviewed period, several strategic targets were not achieved. Targets related to inspections, processing timeliness, and enforcement were missed in multiple reporting periods. Data missing and Inconsistencies identified in Chapter 2 further reduce the reliability of performance-evaluation. Despite recurring shortfalls, there was limited documented adjustment of strategies or formal corrective action planning. Failure to achieve strategic targets reduces the overall effectiveness of the Unit in delivering its mandate.

4.11 **Very few cases reached the Appeals Tribunal.** Over the past seven years, only two cases of non-compliance progressed to the level of the Appeals Tribunal, which handles disputes by clients against decisions of the Physical Planning Unit. Of these two documented cases, only one was concluded within that extended period, and it was adjudicated in favour of the client (i.e., against the Physical Planning Unit). In the other pending case, there were reportedly difficulties in reaching the appellant/client and the client's lawyer to agree a date for the Tribunal's official hearing of the case. This history highlights that disputed cases have been extremely protracted and face several procedural challenges and inefficiencies. The P.P.U.'s unfavourable outcomes to date also point to deficiencies in case-file preparation and case-management.

4.13 Weaknesses in reviews of employees' performance. The Physical Planning Unit conducts regular annual and semi-annual reviews in the G.O.M.'s standard Performance and Development Annual Review template. However, spanning the fiscal years 2019/2020 to 2024/2025, our review of a sample of employees' P.D.A.R.s revealed several types of weaknesses. As with our previously discussed findings related to other important processes/documents (e.g., Building Inspection Reports), the extent and the persistence of these multiple types of weakness in a standardised routine process point to systemic lack of self-review by each participant, lack of due care overall, and frequent inattention to important details (e.g., the correct spelling of employees' names, and the name of the Department; correct statement/definition of key references and acronyms/abbreviations; inserting a date to confirm when each section was completed; correct date-ranges for reviewed periods; and attention to correct usage of punctuation, grammar, and spelling). [See Table 4.5 below.]

4.14 Table 4.5: Deficiencies in Reviews of Employees' Performance

Types of Weakness	Incidence (found in x% of files reviewed)
Review was not dated/errors of dates	38%
No score was shown	8%
No final comments by employee	46%
Not signed by employee	62%
No final comments by the reviewer	62%
Not signed by the reviewer	62%
Not signed by the Head of Department	77%
Basic errors (e.g., misspellings; grammar)	100%

Recommendations

4.15 Rigorous tracking of compliance and enforcement. The Physical Planning Unit should introduce a structured system for tracking enforcement with defined timelines and documented closure procedures. Document actions taken, status of each case, and outcomes to date.

4.16 Document actions to address variances. The Physical Planning Unit should implement corrective action plans for any strategic target that it has not achieved, with quarterly monitoring and documented review. It should document actions taken, and progress to date.

4.17 **Measure outcomes better**. Performance reporting should include outcome-indicators measuring improvements in compliance, impact of service-delivery, and the quality of each service. The P.P.U. should implement standards of service for each of its areas of operation and measure its efforts to uphold these standards, including feedback from clients and other stakeholders. E.g., the timeframe for approving requests for development; the timeframe for responding to queries or complaints; more frequent communication with clients throughout each process.

4.18 **Improve the handling of legal cases.** The P.P.U. should immediately re-engage the assistance of the Attorney General's Chambers and also that of the Office of the Director of Public Prosecutions to get all needed advice and guidance about the effective preparation of case-files where other compliance/enforcement measures have failed and judicial prosecution is the last resort. The P.P.U. should document the required steps to follow, and then train relevant employees in following these steps to achieve successful prosecutions of cases of non-compliance that are not otherwise resolved satisfactorily.

4.19 **Improve the quality of performance-reviews.** The P.P.U. should take greater care in performing and documenting its reviews of employees' performance. Each of the types of errors/omissions identified in this audit should be used as a checklist of lessons from past experiences to improve current and future reviews and assessments. Improved self-review at each level of the process will further strengthen the quality of the process before it proceeds to a higher level of review and assessment.

CHAPTER 5: AUDIT CONCLUSIONS

5.1 Based on the evidence obtained, the audit concluded that the Physical Planning Unit continues to perform its core statutory functions. However, significant structural and performance management weaknesses limit its ability to demonstrate sustained governance effectiveness, operational efficiency, measurable regulatory impact and value for money in delivering its statutory responsibilities.

5.2 From a governance perspective, the absence of a formally approved, results-based strategic planning framework reduces clarity of direction and accountability. Performance monitoring practices are largely activity-based and do not consistently incorporate variance-analysis or documented corrective action. Mechanisms for the oversight of consultants require strengthening to ensure timely completion of key regulatory initiatives, including the enacting of the Building Code.

5.3 In terms of efficiency, inspection coverage and development application processing timelines did not consistently meet established targets during the review period. Although operational data were collected and reported, the data were incomplete or inconsistent, and there was limited evidence of systematic performance analysis to drive continuous improvement. Workforce capacity planning and workflow optimisation processes were not formally documented, contributing to recurring performance gaps. Investments in G.I.S. training were noted; however, measurable efficiency gains were not clearly demonstrated.

5.4 With respect to effectiveness, revenue-performance fluctuated and was not supported by structured forecasting adjustments. Expenditure reporting was not clearly linked to defined performance outcomes, limiting the Unit's ability to demonstrate value for money. Enforcement follow-through mechanisms were inconsistently documented, and certain strategic targets were not fully achieved. Evidence of formal corrective action was either limited or lacking.

5.5 Overall, the Physical Planning Unit is functioning, but improvements are required in strategic planning, performance analytics, financial-performance integration, and enforcement monitoring to enhance accountability, transparency, and long-term service-delivery outcomes. Addressing the weaknesses identified in this report will strengthen governance, improve operational efficiency, and enhance the Physical Planning Unit's ability to effectively fulfil its regulatory mandate in support of sustainable national development. Urgently needed and important is the updating of the legislative framework for renewable energy, environmental sustainability, and climate-change resilience.

CHAPTER 6: MANAGEMENT RESPONSES

Audit Recommendations & Follow-up Actions

[May, 2026]

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
	Chapter 2: GOVERNANCE			
2.2 Lack of a current *Physical Development Plan* for Montserrat.	**2.11 Urgently update the long-expired *Physical Development Plan* for Montserrat.** The P.P.U. should advocate through the P.S. and the Minister of the Ministry of Agriculture, Lands, Housing, and Environment for the Cabinet to prioritise with urgency the development and approval of an updated Physical Development Plan for Montserrat to guide national development and planning decisions. This is urgently needed to replace the previous P.D.P. that expired in year 2022.	The Physical Planning Unit acknowledges the absence of an updated Physical Development Plan following the expiration of the previous plan in 2022. The Unit has already initiated internal consultations and has formally engaged the Ministry to prioritise the preparation of a new Physical Development Plan.	Preliminary scoping discussions have been held with the Ministry of Agriculture, Lands, Housing and Environment. A concept note has been prepared to support Cabinet submission. Responsibility: Chief Physical Planner / Permanent Secretary.	Q. 4, 2026 to Q. 2, 2027

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
2.9 Years of delays in the enacting of the Building Code.	**2.12 Urgently enact a Building Code for Montserrat.** The P.P.U. should advocate through the P.S. and the Minister of the Ministry of Lands, Housing, and Environment for the Cabinet to prioritise with urgency the approval of the long-pending draft *Building Code* for Montserrat. Any necessary updates to the Building Code to address current issues (such as renewable energy, back-up energy installations, energy-conservation, climate-change resilience, and underwater/coastal developments) should also be urgently made to keep the Building Code comprehensive, relevant, and appropriate to Montserrat's geography, topography, climate, environment, and national development objectives.	The Unit acknowledges the delays in finalising and enacting the Building Code. Efforts are ongoing to resolve outstanding issues, including legal review and policy alignment.	Engagement with Attorney General's Chambers continues. Follow-up correspondence has been issued to the consultant, including recovery actions. *Action to implement parts of code if new consultant can be agreed.*	Q. 3. 2026

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
2.3 Absence of a comprehensive, results-based framework for strategic planning.	**2.13 Improve strategic planning.** The Physical Planning Unit should develop and formally adopt a results-based Strategic Plan aligned to national development priorities.	Management agrees that a formal results-based strategic framework is required. While operational plans existed, there were structured measurable outcomes, but can be refined further.	Draft framework for a results-based Strategic Plan is currently being developed with K.P.I. alignment further refined to be more measurable.	Q. 1, 2027
2.4 Weak data-management practices	**2.14 Standardise data-entry.** The Physical Planning Unit should establish standardised terminology and formatting rules for data-entries to ensure accuracy, clarity, and uniformity.	The Unit acknowledges deficiencies in data consistency and completeness. Immediate corrective measures are being implemented.	Standard templates for inspection reports are being revised. Supervisory checks have been reinforced.	*Q. 2, 2026*
2.4 Weak data-management practices	**2.15 Improve reviews of data-collection and reporting.**	The absence of a formal risk-register is noted. The Unit recognises the	Development of a departmental risk-register has commenced.	*Q. 1, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
2.5 Lack of formal risk-management documentation.	The P.P.U. should implement a comprehensive data-auditing process to identify and to rectify gaps in data-collection. For example, document reviews and verification of all Building Inspection Reports and other frontline data-collection.	importance of structured risk-management. Management acknowledges performance gaps, largely due to staffing constraints and increased workload. Recruitment is in place for a building inspector	Review of staffing levels and workload distribution is underway.	Q. 3, 2026
2.4 Weak data-management practices **2.6 Persistent underperformance against strategic targets poses governance risks.**	**2.16 Training for quality.** The P.P.U. should conduct regular training for staff on data-entry standards to maintain consistency, accuracy, and completeness in records. All training activities should be documented and a departmental log should be kept for each employee's training history.	The Unit agrees that performance monitoring needs strengthening beyond activity-based reporting. *Training initiatives are submitted for different levels of staff to address capacity gaps.*	Introduction of variance-analysis in quarterly reports has commenced. Log to be implemented.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
2.7 Weak monitoring of performance and measurement of outcomes.	**2.17 Improve performance-management.** The Physical Planning Unit should strengthen its framework for monitoring of performance by incorporating structured analysis of variances and management's review of performance-results. Implement structured mechanisms to review governance to ensure that persistent underperformance triggers corrective actions.	The Unit agrees that performance-monitoring needs strengthening beyond activity-based reporting.	introduction of variance-analysis in quarterly reports to be implemented.	Q. 2, 2026
2.8 Weak oversight of consultant.	**2.18 Improve oversight of consultancies.** The P.P.U. should strengthen its arrangements for management of contracts for, and communication with, consultants. For example, include defined milestones, enforceable delivery conditions, and documented mechanisms for escalation of issues/actions.	The Unit acknowledges weaknesses in contract management and has taken steps to strengthen oversight mechanisms.	Standard contract monitoring templates and milestone tracking tools are being introduced.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
2.10 Absence of regulations governing renewable and backup energy installations.	**2.19 Enact a comprehensive framework for renewable energy**. The Physical Planning Unit should develop regulations, guidelines, and technical standards governing renewable and backup energy installations.	The Unit agrees that a regulatory framework for renewable energy is necessary. A cabinet paper was submitted and approved for this provision in the Electrical Installation Act in April 2026.	Initial discussions with stakeholders and policy units have commenced. Email instruction to Attorney General's Chambers to effect the necessary changes in the law.	*Q. 3, 2026*
	Chapter 3: EFFICIENCY			
3.3 Inspection coverage did not consistently meet approved targets.	**3.12 Workforce planning.** The Physical Planning Unit should conduct skills-gap assessments and workforce-capacity analysis to ensure that targets (e.g., inspections; revenues; compliance) align with available staffing levels and capabilities.	Inspection shortfalls are acknowledged and are primarily linked to limited staffing and competing priorities.	Workforce-assessment initiated; prioritisation of inspections implemented.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
	Strengthen business-cases for requested training.			
3.7 Limited uses of management information.	**3.13 Continuous improvement**. The Physical Planning Unit should establish a formal, data-driven framework for continuous improvement to ensure that collected operational data are systematically analysed to enhance operational efficiency.	Management agrees that data has not been fully utilized for decision-making.	Monthly internal review meetings introduced to assess performance trends.	Immediate and ongoing
3.8 Absence of documented standards of service for the processing of applications.	**3.14 Reduce delays and bottlenecks.** The Physical Planning Unit should introduce structured workflow-mapping to identify and to remove bottlenecks in application-processing. The Unit should, among other steps,	The absence of formal service-standards is acknowledged. *However, the P.P.U. cannot dictate work loads of other agencies outside the P.P.U. Follow-up action can be initiated to other agencies.*	Draft service-timelines for application-processing are being developed. However, this cannot be fully enforced since most agencies are outside the remit of the P.P.U.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
	[1] significantly reduce timeframes for approval of development-plans, [2] improve communication with owners, building contractors, and other stakeholders, and [3] implement time-bound measures of process-improvements.	*Draft delegation for certain minor developments has been approved by Cabinet for the Chief Physical Planner to approve, and was sent to the Attorney-General for amendments to the Physical Planning Act. This can help with the efficiency gains.*	An M.O.U. can be devised to seek buy-in and shared to other outside agencies.	
3.9 Fluctuations in the volume of applications without analysis of productivity.	**3.15 Improve performance-analysis.** The P.P.U. should analyse performance-related data internally monthly, in addition to the formal external quarterly and annual reporting. Document explanations of variances from plans and budgets, and thorough tracking of corrective actions.	The Unit recognizes the need for productivity-metrics linking staff to outputs.	Data-collection framework being designed.	*Q. 1, 2027*
				immediate

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
3.10 Weaknesses in data-management affect operational efficiency.	**3.16 Robust data-management.** Standardise data-entry requirements for all building-site visits and all inspection-reports. Enforce mandatory completion of Application Numbers in all inspection-records. Supplement improved self-reviews by frontline employees with documented thorough reviews and verification by managers to ensure that all data-fields are completed, that all data are accurate, and that findings, and all related communication with stakeholders, are documented.	Management agrees with findings and is implementing stricter controls.	Mandatory completion of Application Numbers now enforced.	
3.11 Communication & collaboration.	**3.17 Improve workflow-management.** The Physical Planning Unit should formally document and integrate cross-functional workflows between inspection, approval, and G.I.S. support teams to	The need for improved coordination across functions is acknowledged.	Workflow-mapping exercise initiated.	Q. 2, 2026

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
	ensure consistent, efficient, and transparent operations.			
3.4 Limited utilisation of G.I.S. training for operational efficiency gains.	**3.18 Measure/manage uses of G.I.S.** The Physical Planning Unit should integrate metrics for its G.I.S. utilisation into operational K.P.I.s to measure efficiency gains from training investments. The P.P.U. should strengthen its business-cases and spending requests, including getting support to participate in the conferences and training sessions that are included in the package of benefits covered by the annual renewal of the G.I.S. licence-fee.	The Unit acknowledges underutilisation of G.I.S. resources due to funding and training constraints.	Proposal submitted for training and system reactivation.	Q. 1, 2027

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
3.5 G.I.S. and Maps: revenues and return on investment.	**3.19 Reactivate the online G.I.S. portal as a revenue-stream**. The P.P.U. should strengthen its business-cases and spending requests to have the G.I.S. portal restored as soon as possible to full online functionality and accessibility for users. This will enable the P.P.U./G.O.M. to improve services to stakeholders, while making better use of its updated databases and G.I.S. resources. It will also serve to rebuild the growing stream of G.I.S.-related revenues witnessed up to year 2018.	*Efforts to do this are ongoing and case was made to the Ministry of Finance.*	*Submissions made; awaiting approval*	*Q. 1, 2027*
3.10 Approval of electrical contractors holding expired licenses.	**3.20 Approve only compliant contractors.** The Electrical Inspectorate should implement robust procedures for verification and approval of	The Unit acknowledges lapses in verification procedures and has taken corrective action.	Verification checks strengthened; no approvals issued without valid license confirmation.	immediate

Findings	Recommendations	Management Responses	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	contractors to ensure that approvals are granted only to contractors with valid and current electrical licenses. Full compliance and timely renewals will also increase the Government's revenues.			
	Chapter 4: EFFECTIVENESS			
4.2 Revenue performance fluctuated and never met projections.	**4.5 Improve forecasting.** The Physical Planning Unit should strengthen revenue forecasting by incorporating historical trend-analysis and documented explanations of variances from plans and from budgets. Revenue-targets should be revised in line with historical averages actually realised.	Revenue fluctuations are acknowledged and are influenced by external development activity.	Historical trend-analysis is being considered for forecasts.	*Q. 1, 2027*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
4.3 Expenditure trends were not clearly linked to performance outcomes.	**4.6 Demonstrate value for money.** The Physical Planning Unit should introduce periodic financial performance reviews linking expenditure to measurable outputs and outcomes.	Management agrees that stronger linkage between expenditure and outputs is required.	Performance-based budgeting approach is being explored.	*Q. 1, 2027*
4.2 Revenue performance fluctuated and never met projections.	**4.7 Improve analysis of performance.** Financial reports should include analytical commentary explaining significant deviations of revenues or expenditures from expected amounts.	Revenue fluctuations are acknowledged and are influenced by external development activity. And can be reflected in the reports	*Will be considered going forward.*	*immediate*
4.10 Enforcement follow-through was not consistently achieved.	**4.15 Rigorous tracking of compliance and enforcement.**	Enforcement challenges are acknowledged, including legal and procedural constraints.	Tracking system for enforcement cases being developed.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
	The Physical Planning Unit should introduce a structured system for tracking enforcement with defined timelines and documented closure procedures. Document actions taken, status of each case, and outcomes to date.			
4.11 Strategic targets were not fully achieved.	**4.16 Document actions to address variances.** The Physical Planning Unit should implement corrective action plans for any strategic target that it has not achieved, with quarterly monitoring and documented review. It should document actions taken, and progress to date.	Management acknowledges that some targets were not met and will improve planning realism.	Targets under review to align with capacity.	*Q. 2, 2026*

Findings	*Recommendations*	*Management Responses*	*Actions Undertaken To Date & Responsibility*	*Date of Planned Implementation*
4.12 Very few cases reached the Appeals Tribunal.	**4.18 Improve the handling of legal cases.** The P.P.U. should immediately re-engage the assistance of the Attorney General's Chambers and also that of the Office of the Director of Public Prosecutions to get all needed advice and guidance about the effective preparation of case-files where other compliance/enforcement measures have failed and judicial prosecution is the last resort. The P.P.U. should document the required steps to follow, and then train relevant employees in following these steps to achieve successful prosecutions of cases of non-compliance that are not otherwise resolved satisfactorily.	The Unit acknowledges delays in tribunal matters, largely outside its direct control.	Engagement with relevant authorities ongoing.	*ongoing*
4.13 Weaknesses in reviews of employees' performance.	**4.19 Improve the quality of performance-reviews.**	The Unit acknowledges some deficiencies in documentation quality. However, performance-based system already in place to deal with	Improved review guidelines and supervision introduced.	*immediate*

Findings	Recommendations	Management Responses	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	The P.P.U. should take greater care in performing and documenting its reviews of employees' performance. Each of the types of errors/omissions identified in this audit should be used as a checklist of lessons from past experiences to improve current and future reviews and assessments. Improved self-review at each level of the process will further strengthen the quality of the process before it proceeds to a higher level of review and assessment.	performance-based measures for individual staff. Room for improvement		

Chief Physical Planner, Physical Planning Unit, MALHE

13th May, 2026.

APPENDIX 1: AUDIT FIELDWORK

Background

This performance audit focused on (1) the governance and operational processes of the Physical Planning Unit (P.P.U.), (2) the legislative and policy framework governing physical planning and development control in Montserrat, and (3) the Unit's efficiency, effectiveness, and accountability in the use of human, financial, and technical resources.

These interconnected dimensions have implications for (a) governance and oversight, (b) operational efficiency and service delivery, and (c) the quality and timeliness of outputs, including inspections, development application processing, enforcement, and regulatory compliance. The performance of the P.P.U. directly affects public safety, land use management, environmental sustainability, and national development planning.

Given the central role of the Government of Montserrat in the national economy, and the importance of effective regulatory institutions to sustainable development, the performance of the P.P.U. has implications for public confidence, investment facilitation, and the overall efficiency of public administration.

Objectives of the Audit

Purpose and mandate. The audit sought to examine the efficiency and effectiveness of the management and operations of the Physical Planning Unit, including the adequacy of governance arrangements and the quality of planning, monitoring, budgeting, and use of resources.

We considered:

(a) the clarity of strategic and operational objectives;
(b) the quality of internal records, monitoring, and reporting;
(c) the management and deployment of human and other resources;
(d) operational challenges, constraints, and their causes; and
(e) the impact of these factors on service delivery and performance outcomes.

The study aimed to identify key operational gaps, governance weaknesses, and performance constraints, and to propose practical recommendations to strengthen the Unit's outputs and outcomes.

Key questions. This audit contributes to the National Audit Office's mandate to provide assurance regarding the efficiency and effectiveness of public spending and public sector performance.

The overall objective of the audit was to assess whether the Physical Planning Unit is operating efficiently and effectively in delivering its statutory responsibilities.

To answer this overarching question, we considered four key issues:

[a] Are the objectives of the Physical Planning Unit clear and aligned to its statutory mandate?

[b] Does the Physical Planning Unit have appropriate governance and organisational structures in place to deliver its objectives?

[c] Has the Physical Planning Unit applied sound management practices in the use of its financial, human, and technical resources?

[d] How is the Physical Planning Unit performing against its objectives and performance indicators?

Criteria Used

Criteria used for assessing strategic objectives in this audit were:

(1) Are there clear, stated objectives aligned to statutory and policy requirements?

(2) Are there operational plans detailing how objectives will be achieved?

(3) Are performance indicators or metrics defined and explained?

Criteria used for assessing key performance indicators (K.P.I.s) in this audit were:

(1) Are K.P.I.s clearly stated?

(2) Are K.P.I.s correctly classified and relevant to statutory functions?

(3) Are K.P.I.s appropriate to measure outputs and outcomes?

(4) Are K.P.I.s measurable, monitored, and reported effectively?

Criteria used for assessing the use of information in this audit were:

(1) Is there a clearly defined system of accountability?

(2) Is performance regularly monitored against plans and budgets?

(3) Are management reports timely and reliable?

(4) Is there evidence of an effective feedback-loop whereby monitoring results in timely corrective actions and improved decision-making?

Scope of the Performance Audit

The scope of this performance audit covered the operations of the Physical Planning Unit during fiscal years 2018/2019 to 2024/2025.

The review included:

- Inspection activities and related targets versus actual performance
- Development application processing timelines
- Revenue trends and financial reporting
- Operational planning and monitoring
- Governance and oversight arrangements
- Selected strategic initiatives, including capacity-building efforts

Financial and operational data analyses focused primarily on the review period. Where relevant, contextual background information was considered to support understanding of trends.

Scale of the Performance Audit

The scale of this audit included the Physical Planning Unit and its related administrative and supervisory structures within the responsible Ministry.

Prior audit reports, where relevant, were reviewed to provide contextual background and to identify recurring themes affecting governance, planning, and performance.

What We Excluded from this Audit

We excluded:

- Data outside the primary review period, except for contextual purposes
- Comparative cross-country benchmarking
- Detailed forensic or investigative procedures
- A financial statement audit

The audit focused specifically on operational performance, governance, and service delivery within the defined scope.

Why We Performed This Audit

Accountability and Governance: As a public regulatory body, the Physical Planning Unit is accountable for ensuring compliance with planning legislation, protecting public safety, and

supporting sustainable development. Effective governance and performance management are therefore essential to public confidence and national development.

Service Delivery and National Development: The efficiency and effectiveness of the Physical Planning Unit directly influence:

- Timeliness of development approvals
- Compliance with building standards
- Environmental and land-use management
- Facilitation of investment and construction activity

Given the importance of infrastructure and development to economic growth, the performance of the Unit warrants periodic independent review.

How We Performed This Audit

Interviews and Enquiries. Interviews were conducted with relevant officers within the Physical Planning Unit and associated Ministry officials. These discussions helped to clarify processes, confirm data interpretation, and identify operational challenges.

Reviews of Relevant Laws, Regulations and Literature. Prior to and during fieldwork, we reviewed:

- The Physical Planning Act, Cap. 8.03
- Relevant regulations and administrative guidance
- Approved Budget Estimates
- Quarterly Statements of Activities, Financial and Regulatory (QSAFR)
- Internal operational plans and reports

We also considered relevant guidance on governance, public sector performance management, and principles of economy, efficiency, and effectiveness.

Internal and External Evidence. Information requests were issued to obtain operational and financial data. Emphasis was placed on:

(a) adequacy of staffing and technical capacity;
(b) performance against targets;
(c) timeliness of inspection and application processing;
(d) monitoring and reporting practices;
(e) identification of performance gaps and underlying causes.

Trend analysis, comparison of planned versus actual outputs, and graphical analysis were used to assess fluctuations, delays, and impacts on service delivery.

Standards Used. This audit was conducted in accordance with standards promulgated by the International Organization of Supreme Audit Institutions for performance auditing. The international standards used to perform this audit engagement and to assess the findings include:

- ISSAI 100 – Fundamental Principles of Public-Sector Auditing
- ISSAI 300 – Principles of Performance Auditing
- ISSAI 3000 – Standards for Performance Auditing

These standards require that the audit be planned and performed to obtain sufficient and appropriate evidence to reach reasonable conclusions regarding governance, management, and performance during the period under review.

Questionnaire for Interviewees

Interviews conducted as part of this audit engagement were guided by structured questions developed during the audit planning phase. The questionnaire was designed to obtain information relating to:

- **Governance and strategic planning arrangements;**
- **Performance monitoring and reporting mechanisms;**
- **Operational efficiency and workflow management;**
- **Financial management practices; and**
- **Enforcement and regulatory oversight processes.**

The specific questions posed to interviewees are documented in the audit working papers.

Correspondents & Interviewees

Interviews and information requests were conducted by members of the audit team during the fieldwork phase of the engagement.
Details of correspondents and interviewees are documented in the official audit working papers maintained by the Montserrat National Audit Office.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