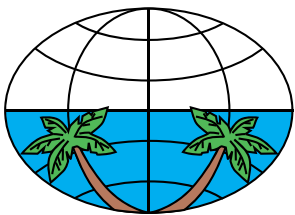


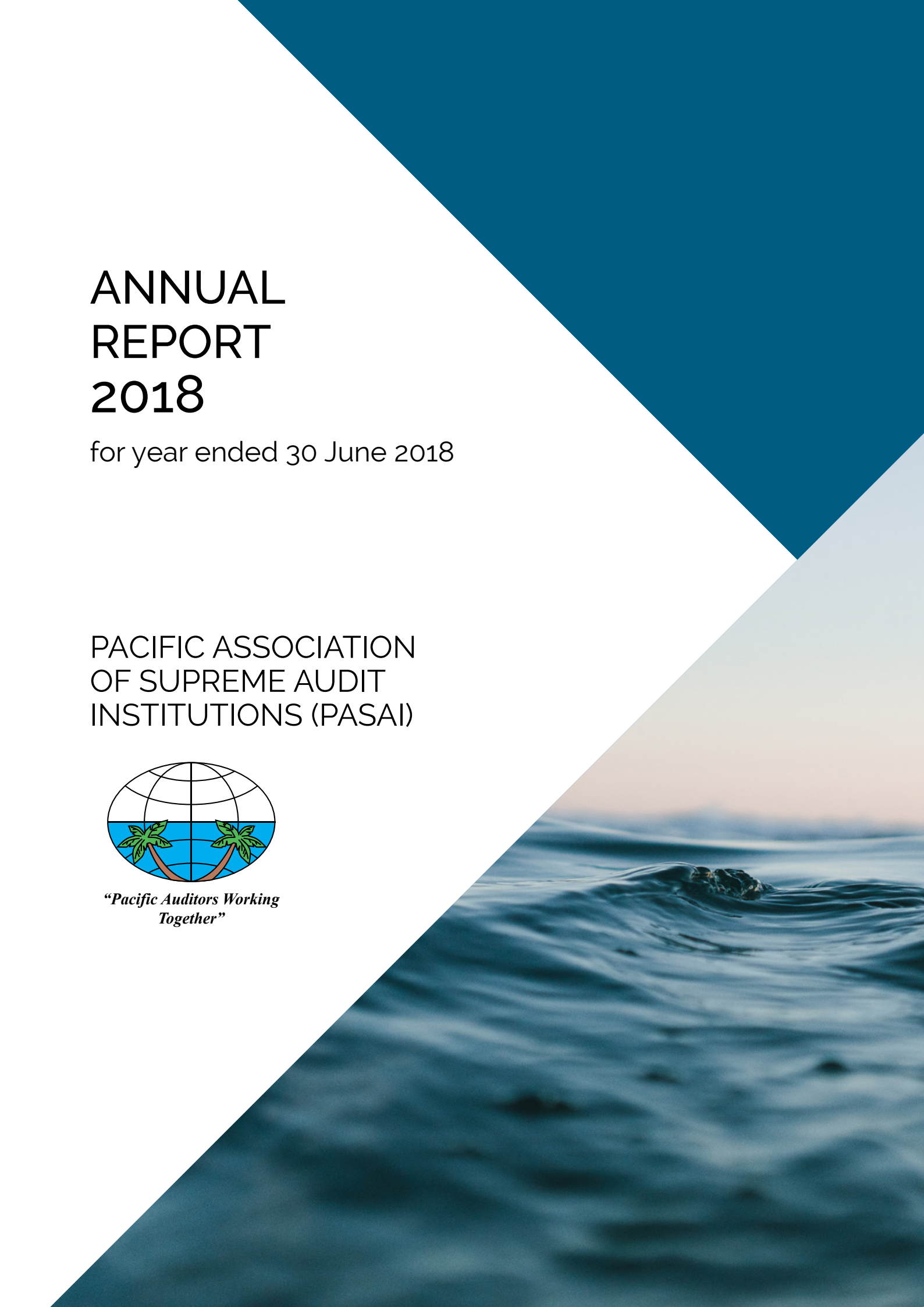
# ANNUAL REPORT 2018

for year ended 30 June 2018

PACIFIC ASSOCIATION  
OF SUPREME AUDIT  
INSTITUTIONS (PASAI)



*“Pacific Auditors Working  
Together”*





# CONTENTS

SECRETARY-GENERAL'S MESSAGE	3
REPORT FROM THE CHIEF EXECUTIVE	5
VISION, MISSION, VALUES - PASAI STRATEGIC PLAN 2014-2024	7
OUR MEMBERS	8
OUR PARTNERS	9
THE SECRETARIAT TEAM	10
AT A GLANCE	11
OUR SERVICE	12
SP 1: STRENGTHEN SAI INDEPENDENCE	13
SP 2: ADVOCACY TO STRENGTHEN GOVERNANCE, TRANSPARENCY & ACCOUNTABILITY	15
SP3: HIGH QUALITY AUDITS ON A TIMELY BASIS	17
SP4 CAPACITY AND CAPABILITY ENHANCED	20
SP 5: PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS	22
HEAD OF SAIS	24
CAPACITY DEVELOPMENT	25
OUR RESOURCES	26
AUDITED FINANCIAL REPORT	26
OUR REVIEW	29
OUR REGIONAL AND GLOBAL REACH	30
ANNEX I - PERFORMANCE ACHIEVEMENT 2017-2018	31
ANNEX II FINANCIAL ACHIEVEMENT 2017-2018	50

# SECRETARY- GENERAL'S MESSAGE

It was my privilege to take on the role of Controller and Auditor-General of New Zealand and Secretary-General of PASAI on 2 July 2018. I am committed to continuing New Zealand's support for good governance in the Pacific through my role as Secretary-General.

Since joining I have been impressed by the wide scope of activities PASAI carries out, the ambition reflected in our Strategic Plan, and the commitment of members and Secretariat team in the face of many challenges.

As I reflect on the work of PASAI, I am struck by the importance and benefits of providing support through sharing skills and good practice. We all have challenges, but from these challenges much can be learned.

A great example of this is the uniquely tailored support program that has been provided over recent months to Nauru. Nauru is our region's smallest Supreme Audit Institution (SAI) and faces many obstacles. This program brought together staff from our SAIs across the region to assist Nauru. The fact that our region has SAI staff willing - and able - to share their skills is something we must continue to promote and benefit from. Not only did the secondees to Nauru from Fiji, Samoa, and Tonga contribute to building good governance in Nauru, but they have also deepened their own knowledge and will be able to apply these learnings in their own environments.

I was also pleased to learn about the success of the twinning programs that my Office has in place with Samoa and the Cook Islands. These are going from strength to strength, and are benefiting not only our neighbours but also my staff and, consequently, our own work. I am greatly encouraged by the news of a number of new twinning relationships led by my Australian counterparts.



John Ryan  
Controller and Auditor-General,  
New Zealand  
Secretary-General, PASAI

# SECRETARY- GENERAL'S MESSAGE

We are grateful for the enthusiasm of the Australasian Council of Auditors-General (ACAG) Secretariat and for its support for this work.

I have been further impressed by the reach and global connectedness of the work of PASAI. In the short time I have been involved, there has been a significant amount of activity. The PASAI Deputy Secretary-General went to Mexico to join with SAIs from across the globe who have been working on tools to measure the quality and maturity of integrity systems in SAIs and public sector entities. PASAI's environmental audits have been represented on the world stage at the 18th Assembly meeting of the INTOSAI Working Group on Environmental Auditing in Bandung, Indonesia. And reaching even beyond the INTOSAI community, our Co-operative Performance Audits of governments' preparedness to implement the United Nations' Sustainable Development Goals have been showcased at the UN Headquarters in New York.

On top of these activities, the Secretariat has continued to work on developing the programs that are central to our Strategic Plan. I am pleased to see the fruit of all the hard work in the SAI PMF assessment work of the last two years now transitioning into the Strategic and Operational plan program. This will position us to more effectively target our future programs.

I join with the Chief Executive and my fellow Auditors-General to thank our development partners for their support this year. Without you these achievements would not have been possible. We look forward to working with you in the future to improve public sector governance in the Pacific.

I want to thank all those that have contributed to our achievements over the last year. I want to particularly acknowledge the excellent leadership provided by my Deputy Greg Schollum during the last year; PASAI has benefited from Greg's vast experience and his INTOSAI connections. I also want to thank our Chief Executive, Tio Tiueti, for his leadership through another challenging year.

Finally, thank you all for the warm Pacific welcome I have received. I look forward to meeting more of the PASAI community in person over the coming months and years.

**John Ryan**  
**Controller and Auditor-General, New Zealand**  
**Secretary-General, PASAI**  
**21 August 2018**

“  
We all have  
challenges,  
but from these  
challenges  
much can be  
learned.  
”

# REPORT FROM THE CHIEF EXECUTIVE

I am pleased to submit the PASAI Annual Report for the year ended 30 June 2018.

It was another eventful but productive year for PASAI in implementing programs that advocate SAI independence, ensure high quality audits and build the capacity and capability of SAIs.

We completed 41 activities in the reporting period. About 136 SAI staff, members of legislature, and officials from government ministries and other public sector entities (overall 51% female) participated in one or more of our capacity-building programs, conducted and facilitated to benefit our member SAIs.

In a busy and auspicious year, some particular highlights stand out for me, all aligned directly with our five Strategic Priorities:

The passing of the new Audit Act (2017) for Kiribati Audit Office in October 2017 was a significant achievement and milestone for both Kiribati and the PASAI community. This was a testament to the resolve of SAI Kiribati to strengthening its independence, in order to be able make a difference to the quality of public sector governance and service delivery for the benefit of the people of Kiribati. Furthermore, it also validated the use of the PASAI Independence Resource Kit as a valuable tool for SAIs in the region and globally, and PASAI is honoured to have been involved. Solomon Islands and Fiji are also pursuing the same pathway to building SAI independence with a modernized audit legislation. We hope for more similar achievements with the support provided to other SAI members, in reforming and strengthening their legal frameworks.

The Financial Audit Secondment Technical Support (F.A.S.T.S) South-South program has equipped the staff of Nauru SAI with knowledge and skills as they continue their remarkable journey to update the audit of Nauru government financial statements (FSG). The program demonstrated solid peer-to-peer cooperation from the SAIs of Fiji, Samoa, and Tonga in sending their auditors to assist Nauru SAI staff in carrying out the audit of the FSG. This success is inspiring for PASAI in working with our Pacific SAIs to achieve high quality audits, particularly Financial Statements of Government.

The joint effort by PASAI and the INTOSAI Development Initiative (IDI) in conducting SAI Performance Measurement Framework (SAI PMF) assessments for SAIs in the North Pacific region has assisted SAIs to develop a performance measurement framework

Tiofilusi Tiueti  
Chief Executive





# REPORT FROM THE CHIEF EXECUTIVE

to improve the delivery of their audit responsibilities. Such coordinated regional approaches have helped the participating SAIs tremendously in completing an assessment, as opposed to having to conduct the assessment by themselves. Using SAI PMF results to inform SAIs' strategic plan with an effective monitoring and evaluation framework will support SAIs' growth in many areas.

PASAI was pleased to join the INTOSAI global program with its 6th Cooperative Performance Audit (CPA) of preparedness for implementation of the Sustainable Development Goals (SDGs). Participating SAI staff have affirmed the new knowledge and great experience they have gained from conducting such an interesting audit. The results of this performance audit will be among other fruitful contributions of SAIs to the implementation of the SDGs on a national, regional and global front.

PASAI is privileged to have joined the development of various other guidance frameworks on thematic areas that have become global public goods for the INTOSAI community. These reaffirmed the commitment of PASAI to participate in regional and global initiatives.

PASAI is always pleased to have the on-going commitment of support from New Zealand SAI. We welcome PASAI's new Secretary-General, Mr. John Ryan, and looks forward to continuing the great work and proficient guidance that was undertaken and provided by his predecessor Mr. Greg Schollum during the past year.

I would also like to specially thank Tina Vaka, our former Communications Advisor, for all her capable services that have propelled PASAI's Communications activities to an admirable level. We wish Tina and her family continued success. The Secretariat has been fortunate to engage the services of Jill Marshall as the new Communications Advisor and kindly welcomes her to the team.

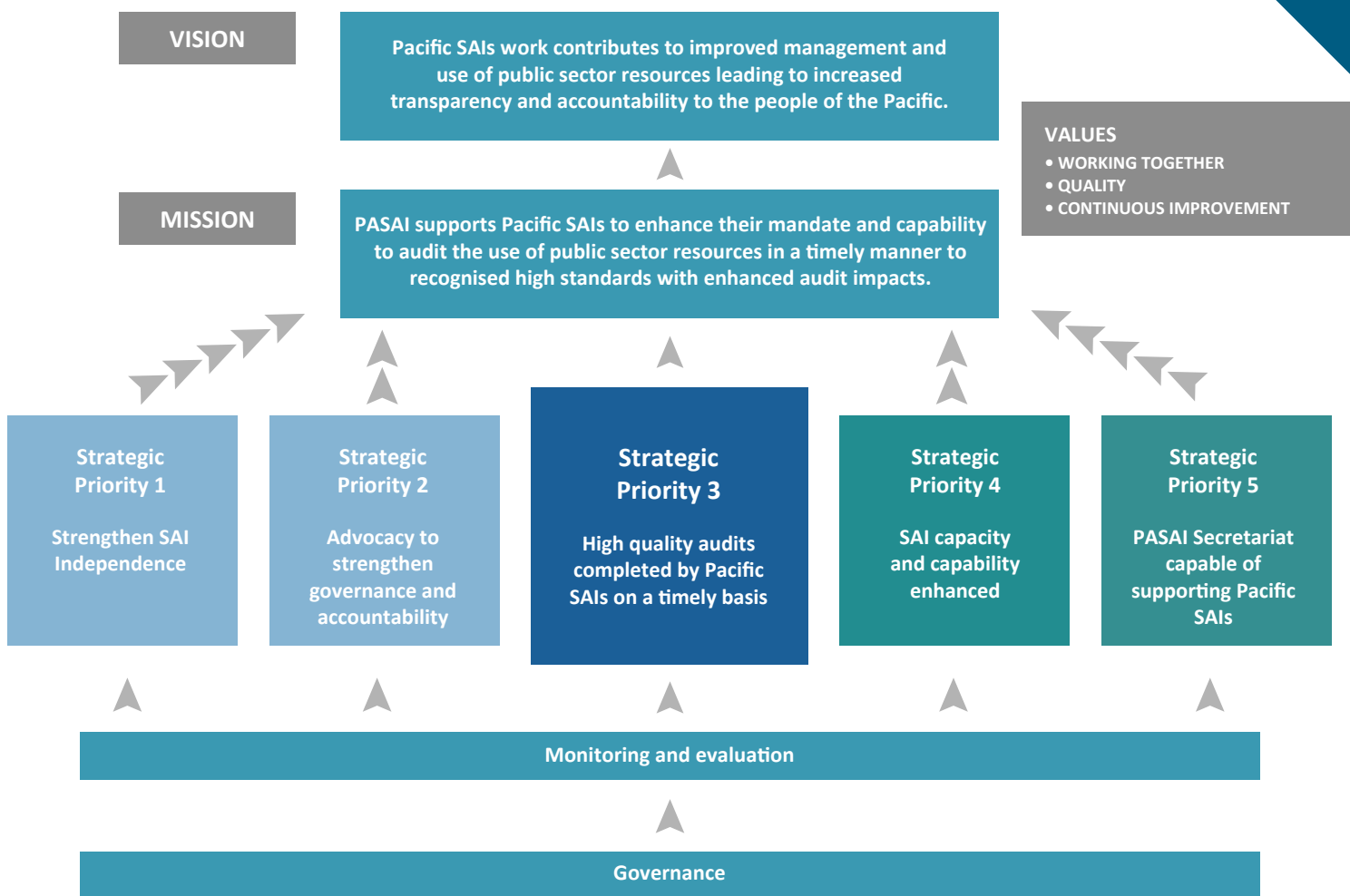
Last but not the least, I salute my dedicated and diligent Secretariat team for their resolve and great patience throughout the 2017-18 journey. Mālō 'aupito.

**Tiofilusi Tiueti**  
**Chief Executive**

# VISION, MISSION, VALUES

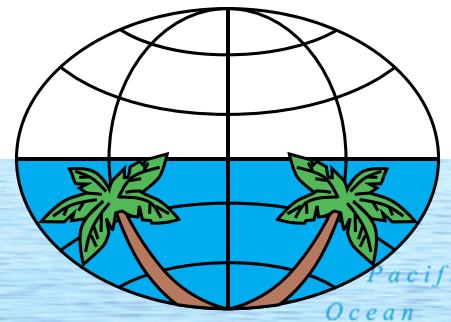
## PASAI STRATEGIC PLAN

### 2014-2024



# OUR MEMBERS

We had 28 members on 30 June 2018.





# OUR PARTNERS

## FUNDING



## CAPACITY BUILDING



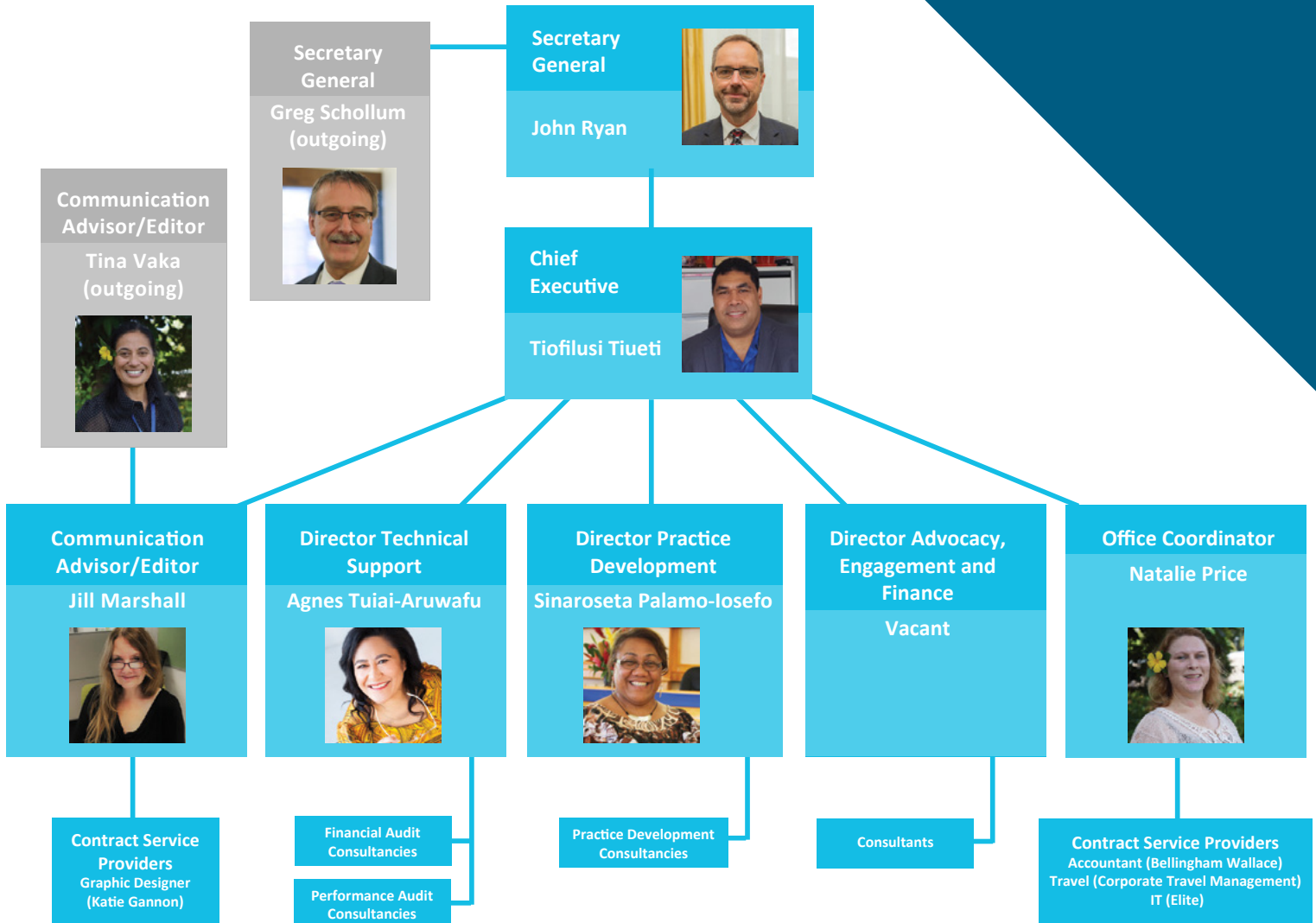
## REGIONAL



*Empowered lives.  
Resilient nations.*




# THE SECRETARIAT TEAM




## Support Team


**Sarah Lineham**  
Deputy Secretary-General




**Jenifer Broster**  
Human Resources




**Robert Buchanan**  
Legal Consultant



**Claire Kelly**  
Cooperative Performance Audit Advisor



**Eroni Vatuloka**  
PFM Consultant



## PASAI Consultants

# AT A GLANCE

- **Timely audits:** 69% of SAIs at 30 June 2018 have completed the audit of their country's Financial Statements of Government (FSG) Accounts. 58% met the statutory timeline and achieved the timely audit of their FSG Accounts, which is the same as the baseline figure of 2015.
- The new Kiribati Audit Act 2017 passed in October 2017 is a significant achievement for SAI Kiribati, with modern legislation that significantly increased its **statutory independence**. Expert legal advice provided and the pilot used of PASAI Independence resource kit to support and strengthen Kiribati Audit Office legal framework has borne fruit. Similar support was provided to Fiji, Republic of the Marshall Islands, Solomon Islands, and other SAIs for modernized legislation and effective legislative reforms.
- **The Financial Audit Secondment Technical Support (F.A.S.T.S)** program has been effective and very valuable to staff of the Nauru SAI in completing the audit of the 2015-2016 Financial Statement of Government with the assistance of **PASAI's pilot South-South cooperation**. The secondees from Fiji, Samoa and Tonga SAIs provided capacity, mentoring and coaching while assisting the Nauru SAI staff to complete the FSG audits.
- The **INTOSAI/IDI/PASAI 6th Co-operative Performance Audit of Preparedness for Implementation of Sustainable Development Goals (SDGs)** have provided SAIs with extensive knowledge of the systems and process that their respective countries have adopted to implementing programs/activities relating to SDGs and contribute to the global 2030 Agenda. Thirteen SAIs participated in this cooperative audit program.
- **SAI Performance Measurement Framework (SAI PMF)** Lite project completed phase II, providing an opportunity for participating SAIs to gain a better understanding of SAI PMF, as well as learn how to use this framework as a measurement tool to inform and develop their strategic plans and also measure their performance consistently over time. SAIs of FSM – National and Nauru were assessed or peer-reviewed.
- **Effective advocacy programs** led to increased awareness of the role of PASAI, SAIs and Public Accounts Committees (PACs) by Members of Parliament, Ministers, senior government officials, management of public sector agencies and non-government organizations of Solomon Islands.
- **Communications** – the PASAI journey video was released in February 2018 and is available on the website and on YouTube. The website upgrade was continued during the period and provided up-to-date information on the activities of PASAI and its members, and PASAI reached a wider audience globally by active use of its social networks (Facebook, Twitter, Instagram and LinkedIn). A total of 14 Media Releases, 2 Monthly Updates and 9 Monthly Bulletins were issued and shared on PASAI media networks.
- Continuing negotiations with core development partners to secure sustainable funding for PASAI remains a top priority. PASAI signed new **funding agreements** with MFAT and DFAT for another two years, granted extension of current TA funding with ADB and also DFAT Tonga, and secured funding with the EU. Four reports were submitted to development partners as per the related grant agreement.
- **Participation and gender** - In total, about 136 participants (**51% female**) that comprised 85 SAI staff, 26 members of parliament and 25 staff of government ministries and public sector entities, participated in one or more of our 7 training workshops, 9 technical support programs, 2 SAI PMF assessments, 3 product development and program reports, and 1 program design meetings. Three governance meetings were held and staff from SAIs and the secretariat participated in 10 regional and international forums.
- An unmodified **audit opinion** was issued for PASAI's financial performance for the year ended 30 June 2018 by the External Auditor on 15 August 2018: Total Members' Funds of more than NZ\$0.35 million at balance date.

## OUR SERVICE

At 30 June 2018, although fifteen planned activities were deferred to future years (mainly due to funding constraints) there were:

- 41 programs/activities carried out during the reporting period including:
- 25 planned activities;
- 16 new global programs and forums attended by SAI and Secretariat staff, and
- Participation by at least 136 staff and officials (net).

The highlights achieved during the year are shown in *Table 1*. The details on capacity-building programs are provided in a later section of this report.

**Table 1: Summary of actual against planned activities by strategic priority for the period July 2017–June 2018**

Strategic Priorities	Programs			Participation					
	Planned (No.)	Actual (No.)	% of actual	No. of SAIs involved	Total	Male	%	Female	%
1: Strengthen SAI Independence	2	2	100%	2	-	-	-	-	-
2: Advocacy to strengthen transparency and accountability	8	1	13%	1	26	24	92	2	8
3: High-quality audits completed by Pacific SAIs on a timely basis	9	12	133%	20	42	19	45	23	55
4: SAI capacity and capability enhanced	6	8	133%	20	74	32	43	42	57
5: PASAI Secretariat capable of supporting SAIs	15	18	107%	All	60	34	57	26	43
<b>Total</b>	<b>40</b>	<b>41</b>	<b>98%</b>	<b>28</b>	<b>136*</b>	<b>66*</b>	<b>49</b>	<b>70*</b>	<b>51</b>

\* Net

# SP 1: STRENGTHEN SAI INDEPENDENCE

Despite some funding constraints and capability gaps experienced during the year, PASAI continues to attract interest and provide support to individual SAIs in modernizing their legal frameworks. The focus is two-fold: firstly, on the recommended uptake of PASAI's Independence Resource Kit, and secondly, on ground-level support with legal expertise and consultation to empower SAIs to request changes in mandates and legislation.

## The Independence Resource Kit

The Secretariat has continued to encourage SAIs to make use of the Independence Resource Kit, and to develop strategies for enhancing the independence of SAIs and their Heads through “independence of mind”, the development of external relationships (for example with the legislature), and the use of ethical independence standards, as well as seeking necessary constitutional and legislative reforms. There is a high degree of alignment between the tool kit and the IDI's global guide on independence, which was published in early 2017. However, there is a need to update the toolkit to be consistent with the global guidance.

## SAI-specific Independence Initiatives

### Kiribati

New legislation modernizing the mandate of the SAI of Kiribati was passed in August 2017, and came into force on 12 October 2017. This was a product of hard work by the Auditor-General in the jurisdiction, and the support provided by PASAI and its consultants using the PASAI Independence Resource Kit.

The new provisions, amongst others, include:

- the creation of an Audit Board;
- the inclusion of other types of audits as practiced in developed jurisdictions, namely performance, environmental and IT audits;
- the power to instigate legal recovery actions on fraudulent cases and impose a fine and penalty; and
- as prompted by the Mexico Declaration, the Auditor-General
  - is to report on the operations of the Kiribati Audit Office against the accountability annual work plan and the result/achievements of its audits to Parliament through the Board;
  - is expected to complete the audits and produce the audit reports within 3 months from the date of receipt of the financial statements; and
  - has the power to obtain timely, unfettered, direct and free access to relevant documents and information, although the Auditor-General is required to preserve the confidentiality of privileged documents.

The provisions of the new Act will enhance the work of the KAO and assist Parliament in the evaluation of government Ministries' and State Owned Enterprises' programs, with expected impacts in improved good governance, transparency and accountability.

## SAI Solomon Islands

SAI Solomon Islands progressed its consultation process on the new proposed audit bill with the Public Accounts Committee and other stakeholders during the year. PASAI intends to continue providing such support as the SAI may need in progressing the legislation towards introduction to Parliament.

## SAI Fiji

A preliminary (desktop) review of the constitutional and legal framework of SAI Fiji was completed during the period. It was concluded that there is a need to clarify the legal status and mandate of the SAI, and the processes by which it receives its funds. The SAI has requested further support to carry out a more in-depth review, which could result in a formal proposal for legislative reform.

## SAI of RMI

A further request has been received from the SAI of RMI for support to update its governing statute, following the rejection of the proposed constitutional reform in 2017.

## SAI PNG

SAI of Papua New Guinea has had to put on hold the project involving support for its independence under the IDI's global independence program and hopes to continue in early 2018-19.

Preparations are also now under way to engage a consultant to prepare a stock-take of the state of independence across PASAI's members (as required by the DFAT funding agreement), and to review and update the Independence Resource Kit. As we continue to share our experiences around the region and across the global SAI community - for instance, at the recent CAROSAI forum - we are optimistic that independence will be on the agenda for an increasing number of SAIs.



Robert Buchanan,  
PASAI's Legal Advisor

# SP 2: ADVOCACY TO STRENGTHEN GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY

Effective public financial management is about control, prioritisation and accountability and efficiency in which public funds are used. It is vital that all parties (Ministry of Finance, SAI and the Legislature) work together in strengthening and ensuring sound budgetary systems, financial controls and reporting, compliance/statutory reporting, and assurance and scrutiny.

One of the disciplines that is sometimes neglected is the scrutiny of the financial reports, and it is in this area that PASAI's advocacy program comes to the fore.

## PASAI's Advocacy program

PASAI's advocacy program empowers the committees of Parliament and generally all members of Parliament with the knowledge and skills to be able to read and understand the audited financial statements of government and its entities, and use them in their financial oversight role of government finances. It is also an opportunity to emphasise the pivotal role that PASAI plays in developing strong partnerships with regional governments, organisations and audit institutions in enhancing accountability and transparency in the Pacific region.

## Advocacy in the Solomon Islands

One such program – the eighth rolled out by PASAI across its members SAIs – was the Public Accounts Committee (PAC) and Public Expenditure Committee (PEC) workshop held for the Solomon Islands Parliament on 11-12 September 2017. Conducted by the Solomon Islands Auditor-General, Peter Lokay and his senior staff, and with PASAI consultants Eroni Vatuloka and Dr. 'Aisake Eke assisting, the program addressed specifically the capacity gaps in the Solomon Islands Parliament and the entities.

The targeted objectives of the program in the Solomon Islands were to:

- create awareness on the work of PASAI in the Pacific region especially in advocating transparency and accountability;
- build the capacity of the Members of Parliament to better understand their role in providing financial oversight of public expenditure as well as the specific role of the PAC and PEC within the processes of Parliament;
- raise awareness on the role of SIOAG and how audit entities can be involved in improving the audit process;
- discuss how to achieve greater audit impact by engaging audit entities throughout the audit process; and to
- introduce a proposed Auditor General's Bill 2017.

The results of the Solomon Islands program are still to be seen, and PASAI will be working with the SAI to follow up on planned activities.

## Successful outcomes

However, other demonstrable outcomes indicate the potential for success via the advocacy programs. Not only have Parliament and civil servants in eight SAIs received sound information and communication about their roles in the accountability and transparency of their governments, but there have been instances where the programs have indirectly resulted in positive actions by the countries, such as:

- a change in the chairmanship of the Tonga PAC from a Cabinet Minister to a non-Cabinet member;
- a policy alteration for the Cook Islands Standing Orders of Parliament allowing the tabling of audit reports out of session.

The challenge for the future is in seeing the recommendations from the Outcome Statements being implemented, for both the Solomon Islands and for the seven other countries who have undergone the program. Thus far, the visible effects of the program in creating change may be subtle, but the signs are encouraging that they will be lasting and far-reaching, growing knowledge and awareness of effective control, accountability and efficiency in the use of government funds.





# SP3: HIGH QUALITY AUDITS ON A TIMELY BASIS

At the core of PASAI's strategic planning framework under Strategic Priority 3 is the requirement for *High quality audits completed by Pacific SAIs on a timely basis*.

PASAI continued to pursue this goal vigorously through 2017 with a series of activities designed to achieve high quality audits in three key areas: **financial, performance and compliance audits**. Against a background of the need to strengthen Public Financial Management (PFM) and improve standards of governance, a blend of technical support was delivered to SAIs which included:

- engaging consultants to provide in-country SAI technical support;
- regional workshops and training;
- co-operative programs;
- collaboration with regional organizations such as IDI and PFTAC; and
- participation in regional meetings.

A blanket approach would not work with the range of issues faced in each SAI, however, so bespoke programs were carried out on an 'as needed' basis to address the combined challenges of rolling out regional or international initiatives while achieving relevance in the local context. The following examples are notable for the range and intensity of activities offered, and the demonstrable results already achieved.

## Financial Audits

### FASTS program

One particular aim of Strategic Priority 3 is to improve the timeliness of the audits of Financial Statements of Government or FSG - also known as Whole of Government (WoG) accounts or Public accounts (PA).

Nowhere was this of greater relevance than for the Nauru Department of Audit (NDOA). Even with a lack of experienced or qualified audit staff and - as one of our smallest Pacific nations - a population of approximately 10,000, the NDOA reached a historical milestone on 30 May 2017. After a 15 year gap, the Government of Nauru's Public Accounts for 2013/2014 were audited and tabled during a Parliamentary session.

To capitalise on this momentum, an innovative approach to providing ground-up technical support and local learning was approved, and three other Pacific SAIs resourced the NDOA with expertise and experienced auditors to assist with conducting the Whole of Government account audits of 2014/2015 and 2015/2016. The idea behind this initiative was to provide sustainable support to NDOA given the small population, by utilising our PASAI motto of "Pacific Auditors Working Together".

With the support of ADB, the South-South Cooperation initiative developed by PASAI called "*Financial Audit Secondments Technical Support*" or "FASTS program" commenced in March 2018, with the first secondee providing assistance from Fiji SAI, followed by a second from Samoa SAI in May 2018 and finally the third secondee from Tonga SAI in July 2018.

Impact to date has been positive, with audit staff expressing their appreciation of their Pacific 'brothers and sisters' sharing knowledge and relevant practices from their SAIs to assist the Nauru staff with their experience of the audit process. Furthermore, the secondees themselves benefited greatly from this experience. As one secondee reflected: "*The mode of supporting Nauru Audit Office in the form of secondment added so much value and it was effective. The technique of "explain and show" works well as there was someone who was present in the office that became the "go to person" of the staff every step of the audit.*"

As this initiative has proven to be effective all-round, PASAI will look to a second phase of the FASTS program for Nauru SAI and possibly other SAIs after a post evaluation visit is conducted in the latter half of 2018.

## Performance Audits

### PASAI/IDI 6th Cooperative Performance Audit on Preparedness for Implementation of Sustainable Development Goals (SDGs)

The UN's 2030 Agenda for Sustainable Development noted that *"Our Governments have the primary responsibility for follow-up and review, at the national, regional and global levels, in relation to the progress made in implementing the goals and targets over the coming fifteen years."*

In particular, organisations involved in and responsible for SDG implementation - including governments, regional bodies such as PIFS and Development Partners - have all stressed the need and demand for effective public audit and scrutiny of the implementation of SDGs.

To meet this need and to show how relevant SAIs are towards achieving the 2030 Global Agenda, PASAI and INTOSAI Development Initiative (IDI) are working together once again to partake in a global SDG program with PASAI's **6th Co-operative Performance Audit (CPA)** on the Preparedness for Implementation of Sustainable Development Goals (SDGs).

With an overall objective of supporting SAIs in conducting ISSAI based co-operative performance audits, this 6<sup>th</sup> CPA focuses on SAIs' independent oversight role for their government's efforts in implementing SDG programs and activities. Initially, participants struggled with some unfamiliar concepts and terminology, especially around the 'whole of government' approach. However, the combination of e-learning, two workshops and designated onsite support provided the much needed support for our auditors to complete this audit.

Twenty-seven Performance Auditors from 13 Pacific Supreme Audit Institutes (SAIs) participated and are currently completing their audit reports to be issued within their government jurisdiction. As a result, PASAI has a core group of auditors familiar with whole of government auditing, putting PASAI and its SAI members in a good position to conduct future audits related to global SDG issues of relevance to the Pacific, such as changes to climate and oceans.

The findings of this initiative were presented at the UN/IDI conference on the 2013 Agenda in July 2018. Looking forward, the challenge for the Pacific region will be one shared by all regions, and lies in the ability to encourage governments to take on board the recommendations provided by the SAI, thus allowing the full impact of these audits to be realized.

## Compliance and Governance

### PFM Roadmap – Tonga Sai ISSAI Implementation

Public Financial Management (PFM) systems are an important governance mechanism to ensure the effective and efficient allocation of government resources. The Kingdom of Tonga developed a PFM Roadmap, and with the support of DFAT, PASAI is working with the Tonga Office of the Auditor General to improve their arm of it.

The objective of this program is to improve both the quality of audits being conducted according to the audit-related PEFA indicators by which the PFM Roadmap is measured, and the timeliness of audits as the ISSAIs encourage a risk-based approach.

This has included working with IDI on professional staff and organisational system capacity for effective implementation of International Standards of Supreme Audit Institutions (ISSAIs), using ISSAI Compliance Assessment Tools (iCATs) across all audit streams – financial, performance and compliance. This program is a long process that will span over a couple of years, to ensure that the audit practice is refined and the changes are implemented.

In the long run, impact will be measured by an improvement in the PEFA indicators. More immediately, however, SAI staff have responded positively to an introduction to the iCATs and ISSAIs via an approach where they can see the learning being applied in practice. PASAI will continue to monitor the results of this pilot approach to ISSAI implementation and, with lessons learned, will consider it for other SAIs who are requiring an overview of their audit methodology.



# SP4 CAPACITY AND CAPABILITY ENHANCED

A familiar theme amongst the feedback about challenges for SAIs, both from the SAIs themselves and from visiting program leaders, is that skillsets, knowledge bases and overall capability at SAI level are not at the optimum level. While it is not consistently so across all countries or all roles within the SAI, it is commonly the case that staff are under- or unqualified, and processes and systems to support their growth have not been established or are under-developed.

Based on the understanding that one size does not fit all, several regional capacity development initiatives were undertaken during the year, all sharing the main objective of strengthening and enhancing the organizational capacity of the SAIs as well as the professional abilities of their employees.

## Training

As part of the “package” of support provided to Nauru to develop its capabilities to conduct high quality audits in accordance with international auditing standards and good practices, a Tier 1 Fundamentals of Government Auditing training session was conducted for SAI Nauru in March 2018. This training was timely and critical given that most of the professional staff (7 excluding the Head of SAI) had no formal qualifications and had less than 12 months’ auditing experiences.

The SAI plans to adopt ISSAIs in the future and therefore this decision will play a key role in identifying the next training(s) that the SAI needs and assist PASAI in providing the relevant trainings and technical support.

## SAI Capacity – SAI PMF Program

How do you know where to go and how to get there, unless you know where you are now? To answer that question, PASAI has encouraged SAIs to adopt and implement the INTOSAI SAI PMF as a tool to measure their performance.

The SAI PMF examines the internal processes of the SAI’s audit and non-audit functions in relation to its legal foundations and environment. A comprehensive framework, it can provide a high-level overview of SAI performance to facilitate managing, measuring and monitoring of SAI performance over time, and was introduced in the following ways:

- An assessment of FSM National Office of the Public Auditor was conducted using a peer review team consisting of staff from Guam Office of the Public Accountability and PASAI Secretariat;
- A performance analysis meeting was also held in Majuro, Marshall Islands in October as part of the SAI PMF Lite regional program which supports the implementation of SAI PMF in six SAIs in the North Pacific;
- A further assessment of the Nauru Department of Audit (NDOA) was conducted by a team comprising of a SAI PMF Advisor from IDI and PASAI Secretariat. The Asian Development Bank (ADB) funded costs for PASAI Secretariat, as part of the development support provided to SAI Nauru.

The main lesson highlighted through this program is the need for SAIs who plan to use this framework to have a full understanding of the ISSAIs in order to effectively use this tool. Once conducted, however, the information the SAI PMF provides can be invaluable in shaping the SAI’s capacity planning.

## IDI/PASAI Strategic, Performance Measurement and Reporting (SPMR) Program

The SPMR program provides a holistic approach to strategic management by linking the SAI PMF assessment results to the SAI's strategic planning processes. A regional strategic management workshop was held in Tonga in April 2018, where 11 SAIs who have conducted a SAI PMF assessment learnt about the SAI Strategic Management Framework as a platform for SAIs to develop their strategic plans and develop a monitoring mechanism to measure the implementation of their strategic plans and report on their performance. The SAI PMF assessment results provided input to the development of the SAIs' strategic plans.

This workshop provided insights on how SAIs should manage their organizations strategically through a systematic and structured process, giving due consideration to the outcomes they plan to achieve, the resources and capacity required to achieve the outcomes and stakeholders' expectations that the SAIs should meet at the end of the strategic period. This thought process should link and contribute to achieving the SAIs' vision and mission described in their strategic plans.

The next steps in this strategic management approach is another workshop where the SAIs' draft strategic plans will be reviewed and finalized, and for the SAIs to develop their annual operational plans.



# SP 5: PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS

PASAI's 5 year operational plan 2017-18 – 2021-22 was approved by the Governing Board and endorsed by Congress, together with the PASAI Annual Report 2016-17, which included the unmodified audited financial statements of PASAI Incorporated for the same period. The PASAI Monitoring, Evaluation and Reporting (MER) framework continued to be adopted and used to measure PASAI performance.

Against this background, the Secretariat continued to ensure it had the skills and resources to be effective and efficient in providing leadership to facilitate the implementation of PASAI's strategy, affording operational support to SAIs and ensuring adequate funding and resources were available to sustain its operation. This was carried out in two broad thematic strategies:

1. PASAI committed to managing its finances appropriately and prudently to address our biggest risk, which is inadequate funding. In a period of uncertainty, we understand that we cannot afford to carry out activities under the assumption that all funding agreements-in-progress will come to fruition. We therefore established some prudent expenditure control measures during the year until we have signed agreements:

## Programs

This risk was highlighted by the fact that, for the first half of the reporting period, the delay in receiving funding from our core donors (caused by the longer-than-expected time taken to negotiate and sign the related funding agreement/arrangement) greatly affected our program schedule. This created either significant delay in conducting planned programs, or deferral of 15 of our scheduled activities for 2017-18.

During this time when fewer programs were undertaken, the Secretariat took the opportunity to conduct staff planning meetings, reflect on past programs, and consider the most effective approach to implementing the PASAI strategy given the reduction in programs and rationalisation of Secretariat expenses. The outcome of these meetings were a review of the 2017-18 programs and a discussion around proposed activities to include in the Operational Plan and Budget 2018-19.

## Secretariat Process Review

To ensure that the costs of operating the Secretariat are well managed and better utilized, the Secretariat also took this time to review its internal processes, including streamlining working drives to ensure PASAI records and files are better structured with documents completely filed and easily accessible. The Secretariat staff also started to populate its web-based database with information on SP 1 to 5 from current and past activities.

PASAI reviewed and gained Board approval for five of its operational policies during the year: the Code of Conduct: Investment policy: Conflict of Interest policy: Communications strategy, and Guidelines on the use of social media.

## Performance Review

PASAI's Monitoring, Evaluation and Reporting (MER) framework continued to be used to measure performance and report against PASAI programs and activities. Work is in progress to align PASAI PMF to the MER to establish appropriate performance indicators, which includes monitoring risk through updating the risk register. PASAI's mid-term review of the implementation of its Long-Term Strategic Plan 2014-2024, conducted by an international consultant, has commenced in June 2018.

2. While considering all the above measures in cost control and increased efficiency, the Secretariat continued to build upon PASAI's platform and network of partners to focus on engaging with others, both within the region and externally with stakeholders, partners and citizens:

## PASAI partnerships

Collaborative partnerships within the region and in the global arena were achieved through:

- Holding productive meetings with and providing progress and reports to development partners;
- joint delivery of programs with development partners and/or other providers such as IDI; and
- by active participation in working groups and committee forums, such as the INTOSAI's Capacity Building Committee, INTOSAI Donors Cooperation Steering Committee, and INTOSAI's Taskforce for Auditor's Professionalization. These global programs complement the capacity development efforts of PASAI to respond to its member SAIs' development needs.

## Congress

The 20th Congress of PASAI was held in Funafuti, Tuvalu from 7 - 11 August 2017. With a theme of *"Promoting Values and Benefits of SAIs Through Effective Communications"*, Congress discussions emphasised one of PASAI's five strategic priorities - SP2 Advocacy and Engagement. A key message to emerge from the Congress meeting was for SAIs to be empowered to talk more with their colleagues, stakeholders and development partners locally, building strong relationships and trust in order to achieve maximum engagement in their SAI's work, and strengthening accountability and transparency across the region as a result. The Annual Meeting of the PASAI Incorporated was also held during the Congress and the Governing Board met before the Congress.

## Communications

Alongside the major thrust from Congress in communicating more openly and effectively, PASAI's engagement platform with its members and its stakeholders were broadened with more active sharing of information on its website and social media. The PASAI Journey video was released on YouTube in February 2018. A total of 12 Media Releases, 2 Monthly Updates and 11 Monthly Bulletins were issued during the period. All PASAI media releases, monthly updates and quarterly bulletins can be accessed on the PASAI website [www.pasai.org/publications-intro/](http://www.pasai.org/publications-intro/).



# HEAD OF SAIs

## New appointments and reappointments



Mr. Brendan Worrall,  
Auditor-General,  
Queensland Audit  
Office, 11 July 2017



Mr. Caleb Sandy,  
Auditor-General,  
Vanuatu, 1 November  
2017

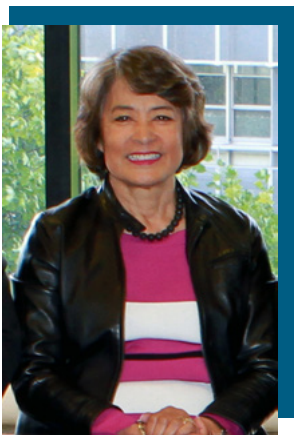


Mr. Manuel Jr. San  
Jose, Public Auditor,  
Chuuk State of FSM,  
January 2018



Mr. John Ryan,  
Controller and  
Auditor-General, New  
Zealand, 1 July 2018.

## Completed term of office



Mrs. Doris Flores Brooks, Public Auditor,  
Guam, June 2018



# CAPACITY DEVELOPMENT

In total, about **136** participants (51% female) comprising **85** SAI staff, **26** members of parliament and **25** staff of government ministries and public sector entities, attended:

- **7** training workshops, **9** technical support programs, **2** SAI PMF assessments, **3** product development and program reports, and **1** program design meetings
- **10** regional and international forums, with representation from various SAIs and the Secretariat.
- **3** governance meetings and
- **2** development workshops were attended by Secretariat staff, and

**4** reports were submitted to development partners as per the related grant agreement.

Details are provided in the table below.

**Table 2: Summary of trainings carried out and number of staff participation**

Types of capacity development	Number of capacity development programs	Number of SAIs involved	Total Number of participants (PASAI)	Gender (F:M)
Trainings and Workshops	7	16	125	62:63
Development Support for SAI	9	5	46	27:19
Program Design and Report	1	2	N/A	
Product development and Program Reports	3	All	N/A	
SAI PMF Assessments	2	11	21	13:8
Development Partners Report	4	N/A	N/A	
Regional and International Forums	10	N/A	N/A	
Governance Meetings	3	All	60	26:34
Secretariat Staff Development	2	N/A	1	1:0
<b>TOTAL</b>	<b>41</b>	<b>28</b>	<b>136*</b>	<b>70:66*</b>
				<b>51%:49</b>

\* Net staff number



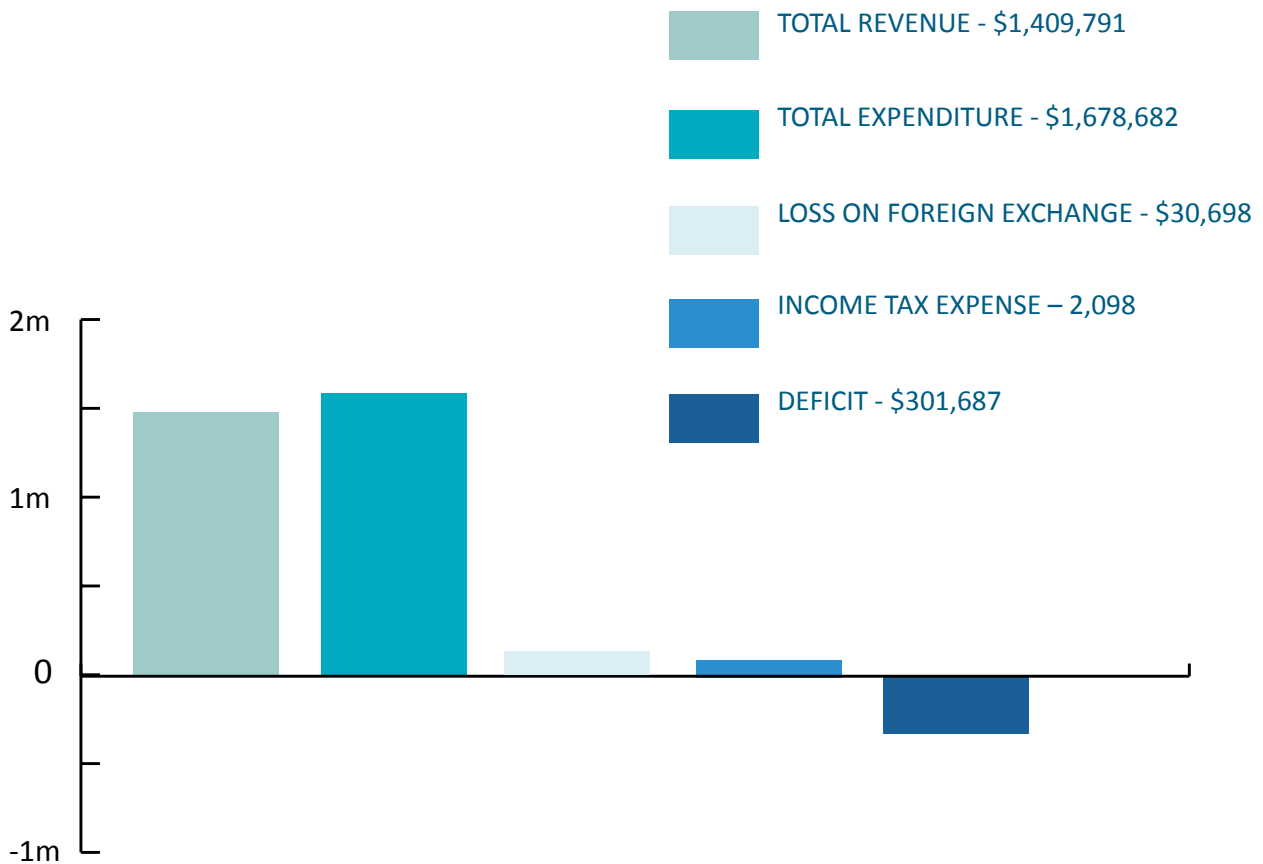
# OUR RESOURCES

## AUDITED FINANCIAL REPORT

The PASAI financial statements for the year ended 30 June 2018 were signed on the 15 August 2018, with an unmodified audit opinion (*Annex II*).

## FINANCIAL PERFORMANCE

We received all our agreed funding for the year from our development partners together with additional funds from regional partners. These funds were fully used for conducting programs and for operation of the Secretariat for the year. Part of our retained earnings was used to cover the resulting net deficit for the reporting year.

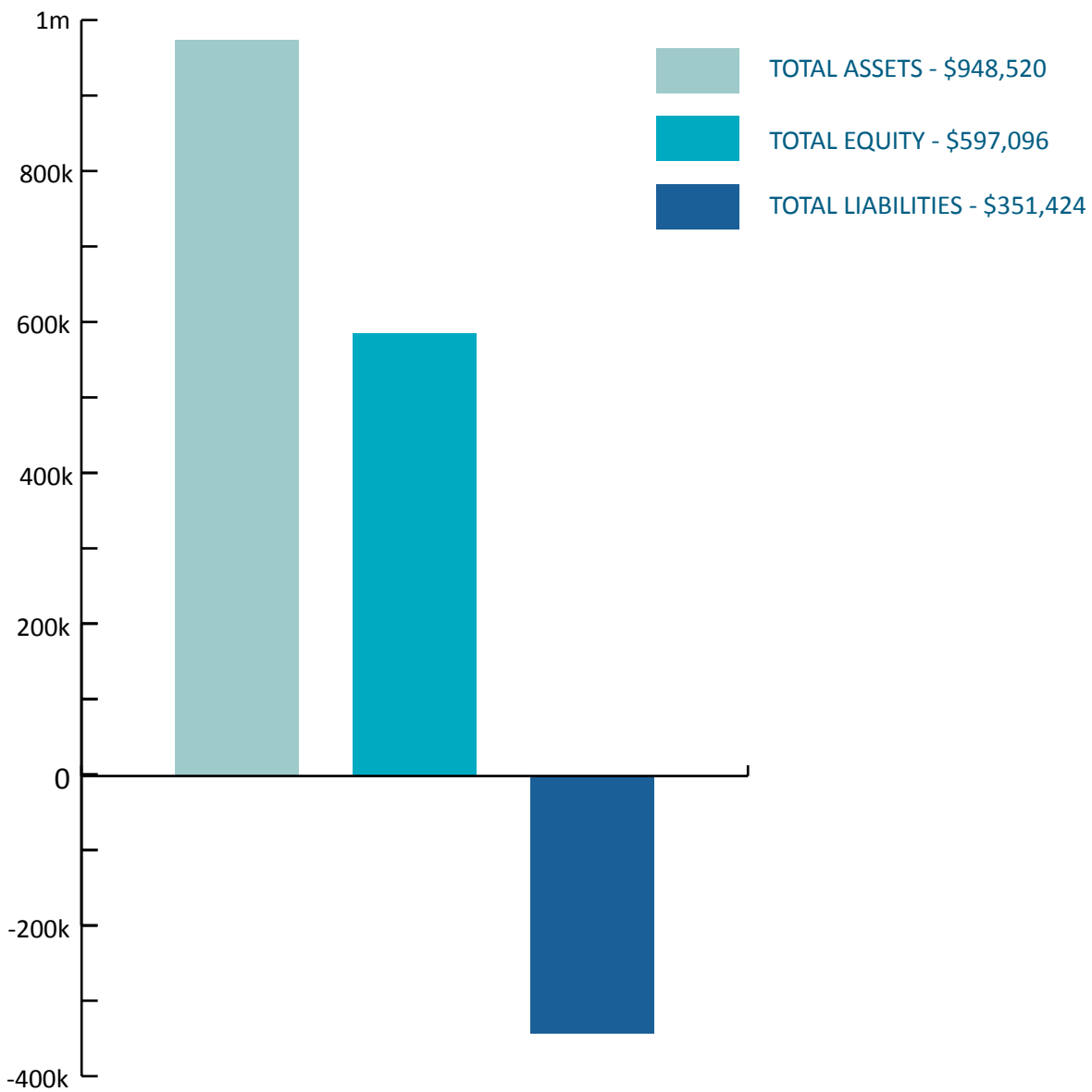


## FINANCIAL POSITION

PASAI financial position as at 30 June 2018 was satisfactory.

## MEMBERS FUNDS

Total Members' funds stood at NZ\$0.35m at balance date.

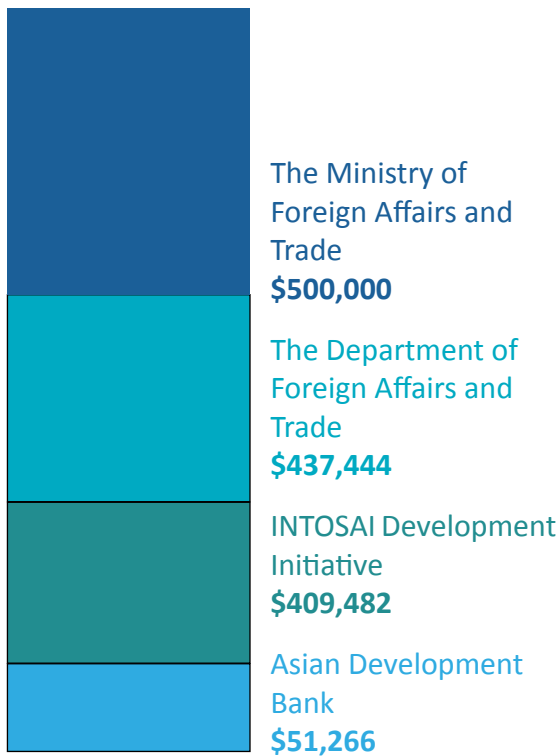


## REVENUE

Total Revenue received for the year was \$1.4 million. Australia DFAT and New Zealand MFAT were still our main funders donating 67% of total revenue.

### DEVELOPMENT PARTNERS FUNDING

TOTAL DEVELOPMENT PARTNER CONTRIBUTIONS \$1.4 M

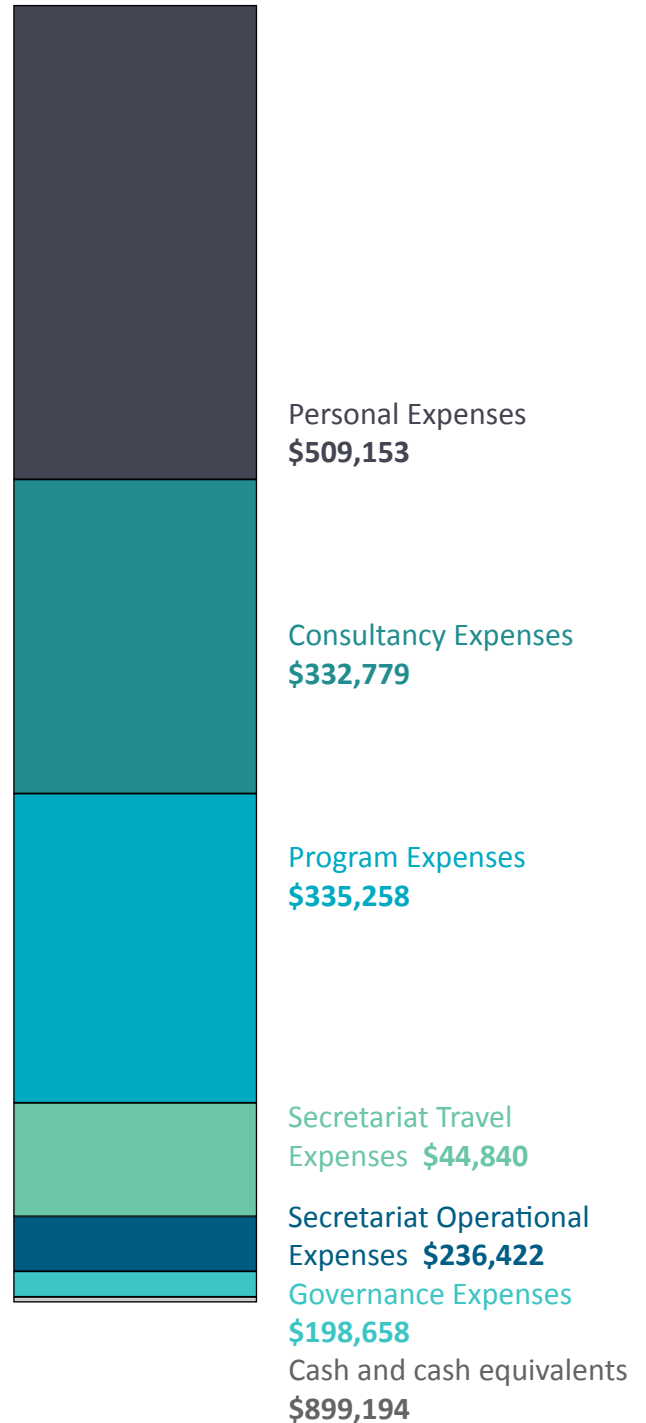


## EXPENDITURE

Spending for the year totalled to \$1.7 million. About 40% of that was spent on Programs delivered during the year.

### EXPENDITURE BY CATEGORIES

TOTAL EXPENSES \$1.7 M



# OUR REVIEW

The PASAI Monitoring, Evaluation and Reporting (MER) framework was developed during 2014/15. The MER framework is a fundamental component of the PASAI Strategic Plan 2014–2024 to ensure that PASAI is on track to achieve its vision. Because of this, the MER is subject to on-going revision to maintain the currency of its performance indicators.

The MER framework was developed through consultation and collaboration with PASAI development partners and stakeholders, and has a number of interrelated purposes:

- articulating the results of the strategic plan and the relationship between results in a clear and transparent way;
- giving all stakeholders a shared ‘line of sight’ of results so that they can identify their contribution to the strategic plan;
- illustrating how results were achieved;
- providing the indicators, measures, and processes that will track and report results;
- assigning roles and responsibilities to different stakeholders in the MER system.

The MER framework informs and assists management at the strategic, program, partnership and SAI levels. It will identify why and how results are achieved and will provide a basis to analyze any unexpected outcomes from activities, thus forming the basis of accountability and reporting of results to development partners.

The MER framework focuses on results and the interrelationship between inputs, activities, and results (outputs, outcomes, and impact). Ongoing tracking and assessing of results require regular and systematic consideration of the strategic plan’s relevance, efficiency, and effectiveness as well as its long-term impact and sustainability. Over time, it is expected the MER system will become an intrinsic part of PASAI’s and member SAIs’ planning, management and reporting processes.

During 2017/18, PASAI integrated the MER with its project (activity) planning processes. This supports the principle of being able to clearly identify the contribution of PASAI’s funded capacity-development projects to PASAI’s long term goals and vision. PASAI has continued to populate its web-based database which will improve the recording of information and support the monitoring of results. PASAI’s mid-term review of the implementation of its Long-term Strategic Plan 2014-2024 has commenced in June 2018 with the engagement of an international consulting firm. The result of this mid-term review will be reported to the Board in February 2019.

# OUR REGIONAL AND GLOBAL REACH

As an INTOSAI regional organisation, PASAI benefits from global programs designed and implemented by the INTOSAI bodies across the region and globally.

Event	Representative	Impact
IDI Meeting with the INTOSAI Regions, Oslo, Norway, 4 – 8 September 2017	Secretariat	Shared PASAI experience on cooperative audits and learned from experience of other regions and IDI on various global programs.
EUROSAI YES program for SAI Young Leaders, Tallinn, Estonia, 11 – 14 September 2017	Secretariat and one (1) SAI	Gained ideas that assist with our program development to enhance staff leadership skills, especially SAI young leaders.
INTOSAI Capacity Building Committee (CBC) and INTOSAI Donor Forum Steering Committee meeting, Washington DC, USA, 18 – 21 September 2017	Secretariat	Shared PASAI experience on SAI PMF assessments. Mutual sharing of success stories, challenges, and lessons learnt on various capacity development programs within INTOSAI.
Task Force on INTOSAI Auditor Professionalization (TFIAP) meeting, Washington DC, USA, 22 September 2017	Secretariat	Contribution to global program development to enhance staff professional competencies.
INTOSAI Global Quality Assurance Workshop, Tbilisi, Georgia, 6 – 10 November 2017	Secretariat and 5 SAIs	Gained knowledge on ways to help SAI develop their capabilities to be able to establish and strengthen a quality assurance system and get assurance that it complies with ISSAIs and delivers quality products and service
IDI's Global SAI Young Leaders Program - Advisory Group Screening of Program Candidates, Oslo, Norway, 20 – 24 November 2017	Secretariat	Contribution to assessment of candidates for the global SAI Young Leaders program. Three auditors from PASAI are taking part in this leadership program
IDI Certification Program Strategy meeting, Oslo, Norway, 5 – 9 March 2018.		Shared ideas and experience in developing program to certify audit competencies for the three main audit disciplines – compliance, financial and performance audits, as prescribed by the International Standards for Supreme Audit Institutions (ISSAIs)
PFTAC Steering Committee meeting, Suva, Fiji, 27 – 28 March 2018	Secretariat	Awareness of PFM programs that PASAI can contribute or conduct jointly with PFTAC. Increased networking with other regional organizations and development partners.
Regional Working Group on Environmental Auditing (RWGEA), Brisbane, Australia, 15 – 17 May 2018	Secretariat and 10 member SAIs	Improved knowledge and awareness of various environmental audits programs.
INTOSAI Motivating and Equipping SAIs to carry out Peer Review Conference, Bratislava, Slovakia, 20 – 22 June 2018	Secretariat	Increased understanding valued the importance of peer review in SAIs' quests for high quality audits, and to demonstrate the true value and benefits of SAIs to society and citizens. Consider for PASAI future programs.
Working level INTOSAI-Regions Coordination Platform Meeting, Oslo, Norway, 25 – 29 June 2018	Secretariat	Mutual sharing of experiences relating to capacity development needs and identified various areas for synergies among the regions the regions and also with INTOSAI bodies

# ANNEX I - PERFORMANCE ACHIEVEMENT 2017–2018

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
<b>STRATEGIC PRIORITY 1: STRENGTHEN SAI INDEPENDENCE</b>					
<b>OBJECTIVE A: SAIS ARE INDEPENDENT WITH A MODERN MANDATE CONSISTENT WITH THE UN GENERAL ASSEMBLY RESOLUTION ON SAI INDEPENDENCE AND THE LIMA AND MEXICO DECLARATIONS.</b>					
1A1	Assess SAI independence against 8 Mexico principles and report in Accountability & Transparency report	Independence & Reporting	SAIs to assess their independence against 8 Mexico Principles using the “independence resource kit” & SAI PMF results to report on their status and provide an action plan for addressing short falls. Prepare a report on the status of independence for all PASAI members using existing data and results of SAIPMF self-assessments.	Meeting with Papua New Guinea SAI and IDI in February 2018 regarding the status of the strategy to review SAI independence as part of IDI Global program. Provided technical support and a report on preliminary review of SAI Fiji audit legislation on their proposed legislative reform.  SAI PMF peer review of SAI FSM National included an assessment of independence.	3 SAIs
1A2	Support SAIs to access expertise to address independence issues	Training & Support	Provide access to independence expertise and work with other agencies in the Pacific to promote SAI independence.  SAI Supplementation support for legal advisory for changes in legislation  Head of SAI workshop on strengthening SAI legislation and developing SAI independence strategies.  Advocate for the interests of the SAIs towards strengthening SAI independence.	Refer 1A1  Refer 1A1  To be considered for future programs  Ongoing	3 SAIs      All

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
1A3 SAs advocate to improve independence	Independence & Reporting	Encourage and support SAs to hold awareness workshops on the role of the SAs and their independence as part of the advocacy programs.	Conducted PAC workshops for Solomon Islands, 10 – 14 September 2017	All

**OBJECTIVE B: SAI INDEPENDENCE IS SUPPORTED BY ADEQUATE RESOURCES AND CAPABILITY.**

1B1 Identify resourcing and capability shortfalls & advocate for additional capacity needs	Capability	<p>Assist SAs to advocate for additional resourcing where necessary to effectively implement audit mandate.</p> <p>Assist SAs with legal advice and advocacy support to review legislation and discuss how to meet capacity shortfalls within the SAs in the context of the overall public finance management system</p>	Refer 1A2 above	2 SAs
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**OBJECTIVE C: SAIS DEMONSTRATE AND EFFECTIVELY COMMUNICATE THEIR INDEPENDENCE AND RELEVANCE TO CITIZENS AND OTHER STAKEHOLDERS.**

1C1 SAs report on state of independence, audit findings, follow up and other issues	Independence & Reporting	<p>Provide an online template for SAs to report on state of independence, audit findings, follow up on recommendations and other issues as part of the website.</p> <p>Provide SAI Supplementation support for either (a) legal advisory or other (b) onsite support in relation to improving or making changes in legislation (if required) (c) develop communications strategy.</p>	The template is yet to be developed to completed the independence resource kit tool that already available on the website	4 SAs
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	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
1C2	Improved communications & relationships with PACs	Independence & Reporting	Facilitate online discussions on independence and use independence resource kit.  Work with PACS for island states, commencing with those that have completed their general elections for countries stated in 2B1	Refer 1A3 and 2B1  Conducted PAC workshops for Solomon Islands, 10 – 14 September 2017	1 SAI
1C3	Develop, implement and report using effective Communications Strategies	Independence & Reporting	Conduct two (2) communications training for specific SAIs to assist with report writing and implementation of the SAI communications strategy for these SAIs: Samoa and American Samoa.	Program was replaced by another program upon request.	
1C4	Develop and maintain effective websites to assist with independence communications	Independence & Reporting	Liaise with SAIs on status of their websites and provide assistance to source website developer suitable for member use.	The Secretariat contacted the SAIs on assistance they would need for developing their websites. Some indicated that they are working on developing and upgrading their websites and will seek assistance if needed. Tonga SAI launched their new look website during the year.	

**OBJECTIVE D: SAIS SHARE INFORMATION AND PROMOTE INDEPENDENCE WITHIN THEIR SAI AND SUPPORT OTHER SAIS TO MEET CHALLENGES TO THEIR INDEPENDENCE**

MER : IOI1.4 Percentage of SAIs that share information and promote independence and support other SAIs to meet independence challenges.

1D1	Share experience on independence challenges	Training & Support	Organise a SAI independence working group to meet regularly to share experience and address independence challenges using the “independence resource kit” as a guide	The proposed working group was not set up during the year but deferred due to capability gap as the staff that was to lead the activity resigned in July.	All
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OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
<b>STRATEGIC PRIORITY 2: ADVOCACY TO STRENGTHEN TRANSPARENCY AND ACCOUNTABILITY</b>				
<b>OBJECTIVE A: PASAI REGULARLY REPORTS ON THE CONTRIBUTION MADE BY AUDITING PUBLIC RESOURCES TO TRANSPARENCY AND ACCOUNTABILITY IN THE REGION</b>				
2A1	Complete 3 yearly Accountability & Transparency report, plan actions to address findings	Advocacy	<p>Conduct the next A&amp;T study including a questionnaire and in-depth study visits with areas of focus to be determined by the Governing Board and the Project Team.</p> <p>Support SAIs on their action plan to address independence shortfalls, meet stakeholders, and provide SAI independence training</p>	<p>Governing board approved in February 2018 the proposed approach and plan for the A&amp;T 2018 but deferred commencement of the project due to funding constraints.</p> <p>All</p>
<b>OBJECTIVE B: SAIS ARE SEEN IN THEIR COUNTRY SYSTEMS AND ACROSS THE REGION, AS A CREDIBLE SOURCE OF INDEPENDENT AND OBJECTIVE INSIGHT AND GUIDANCE ON THE MANAGEMENT OF PUBLIC RESOURCES.</b>				
2B1	SAIs increasingly recognised by government & civil society groups as advocates of good public financial management	Governance, Accountability & Transparency	<p>Support and encourage SAIs to hold awareness workshops on their role and the difference it can make to the lives of citizens including public servants, civil societies, NGOs and public officials (for American Samoa, FSM National, FSM States, Marshall Islands, PNG, Samoa, Solomon Is, and Tonga)</p> <p>Support SAIs to advocate for good governance, accountability and transparency through the use of branded promotional materials with key messages</p>	<p>Refer 1A3</p> <p>Refer 1A3</p>

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
2B2	Actions taken to advocate for PFM system improvements to improve governance and reduce corruption	Public Financial Management	Support SAIs to advocate improvements and strengthening country's PFM system through quality audits, publications, stakeholders' engagement and training. These may include: (a) Co-ordinate activities with PFTAC; and (b) Use PEFA assessment results as basis for providing ongoing support/guidance for SAI's role in PFM.	All PASAI programs include a session on PFM for SAI staff to understand the importance of a strong PFM systems and the contributions of a quality audit and report to improving and strengthening their respective countries PFM system. PASAI also shared PEFA assessment results with SAIs and also encourage SAIs to find out about their respective countries PFM roadmap to know the proposed actions for the SAI. PASAI was coordinating with PFTAC to jointly facilitate the Tonga PFM Symposium which will be held from 4 to 6 September 2018.	

**OBJECTIVE C: STRONG PARTNERSHIPS ARE DEVELOPED WITH REGIONAL ORGANISATIONS WITH AN INTEREST IN ENHANCED ACCOUNTABILITY AND TRANSPARENCY.**

2C1	Examples of impacts and benefits of collaboration with stakeholders collected, assessed and reported	Governance, A&T	Conduct collaborative meetings and discussions with key stakeholders such as UNDP, PIFS, PFTAC, World Bank, ADB, AusAid, NZ Aid, Transparency International, etc includes developing an Agreement or MOU of joint results oriented frameworks	Held various meetings with ADB, DFAT, EU/UNDP, MFAT, and the World Bank.  Attended the PFTAC Steering Committee meeting in Suva, Fiji 27 – 28 March 2018. Held bilateral meetings with EU, DFAT, and Ministry Finance Tonga.  PASAI was represented at the FEMM by the Palau Public Auditor, 25 – 27 April 2018	All SAIs
2C2	Develop triennial partnership agreements with regional partners	Advocacy	Hold regular monthly catch up with all development partners on PASAI Programs.	PASAI held meetings with individual partners at various occasions during the year. Meeting held with DFAT in November, 2017 in Suva and February 2018 in Auckland, and also virtual meetings in September, 2017 and May 2018. Meeting held with UNDP and EU in November 2017 in Suva, and again in February 2018 in Auckland. Held meeting with ADB on 28 – 30 November relating to support to Nauru and PNG (NZ). DFAT on 23 February 2018 in Auckland. Informal discussions held with other developing partners during the 2017 Congress in Tuvalu	All SAIs

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
2C3	Support for SAIs initiatives to strengthen understanding of Accountability & Transparency	Advocacy	Support SAIs to follow up on recommendations of the 2015 A&T report and to provide support as required	To include in the 2018 A&T study, refer 2A1	
<b>OBJECTIVE D: SAIS ADVOCATE FOR IMPROVEMENTS IN THE PUBLIC FINANCIAL MANAGEMENT SYSTEMS ADOPTED BY THEIR COUNTRIES.</b>					
2D1	Actions to advocate for adoption of good practice financial management systems evidenced by rising relevant PEFA scores & progress against PEFA roadmaps	Public Financial Management	Participate in the PFM Working group meetings (current attendees include PICPA, UNDP, PFTAC, USP, PIFS and Development partners) continues with action plans and future objectives to improve PFM (attended by PFTAC and will require reporting of PEFA scores). The PFM Working group to meet every quarter.	No action in the period, to consider in future programs. However PASAI participated in the quarterly development partners meeting held in Suva together with these PFM partners and discussed PFM issues. PASAI also participated in the PFTAC Steering Committee meeting in March 2018 in Suva which also met with these PFM partners.	
2D2	Work with stakeholders to improve timeliness & scrutiny of Whole of Government and Financial Statements of Governments (WOG/FSGs) and audit reports.	Advocacy	Provide stakeholders with better understanding of the value and benefits of timely WOG/ FSGs audit reports and how it can make a difference to the lives of citizens (i.e. WOG covered during awareness & PAC workshops)	Informed stakeholders about the updates on FSG status on PASAI website.  Importance highlighted in awareness workshop, see 1A3	1 SAI
<b>OBJECTIVE E: PASAI IDENTIFIES AND PROMOTES GOOD PRACTICE BY SAIS TO OTHER SAIS.</b>					
2E1	Database of good practice examples in place and promoted annually	Training & Support	Facilitate sharing of good practice examples from SAIs monthly and annually using the new database and website.	On-going. Sharing success stories from SAIs in PASAI monthly bulletins and also in PASAI website and social media networks.	All SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
<b>STRATEGIC PRIORITY 3: HIGH QUALITY AUDITS COMPLETED BY PACIFIC SAIS ON A TIMELY BASIS</b>					
<b>OBJECTIVE A: UP-TO-DATE FINANCIAL STATEMENT OF GOVERNMENT (FSG) OR WHOLE OF GOVERNMENT (WoG) REPORTS ARE AUDITED (USING STANDARDS APPROPRIATE TO THE INDIVIDUAL SAI) ON A TIMELY BASIS FOR APPLICABLE MEMBER NATIONS.</b>					
3A1	Status of FSG/ WoG audits known and reported	Practice Management	<p>FSG database has been established (Excel) and more focus over the next two years to analyse the audit opinions dating back to 2010 - current.</p> <p>Analysing the audit reports, recommendations and keeping a copy of all FSGs.</p> <p>Providing a report by 2020 of a full assessment</p> <p>Nauru SAI - Pacific sub-regional approach to provide sustainable technical support to Nauru SAI. Engage Pacific SAI secondees to Nauru SAI</p> <p>FSG Backlog Technical Support (to Cook Islands , PNG and Fiji</p>	<p>Ongoing development of database with status of FSG audits updated on regular basis.</p> <p>Ongoing analysis and database being populated to reach 2019 target</p> <p>Reported to the Governing Board (GB) and Congress in Tuvalu, and will be an ongoing item for GB meetings and the Congress.</p> <p>Nauru SAI – Financial Audit Secondment Technical Support (FASTS) program have been progressing well. ADB Consultant has also commenced work at the Nauru SAI. Secondees from SAIs of Fiji (March 2018) and Samoa (May 2018) have completed their assignments while Tonga secondee to complete assignment in July 2018</p> <p>On-going discussions with PNG SAI on the program schedule. ADB Consultant engaged. Fiji SAI still in progress. Cook Islands SAI received support from NZOAG through twinning arrangement to assist with identifying resourcing solutions (refer SP4)</p>	<p>All SAIs</p> <p>All SAIs</p> <p>All SAIs</p> <p>All SAIs</p> <p>All SAIs</p>

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3A2	SAIs recognised as supporting Ministry of Finance initiatives for timely completion of FSG/WoG for audit	Public Financial Management	<p>Follow up on the joint PFTAC/PASAI workshop held in December 2016 where IA/EA developed draft strategies on how they can collaborate better.</p> <p>Reporting post-evaluation results and 'impact' to GB and Congress</p> <p>Tonga SAI IPSAS training</p> <p>Tonga PFM Symposium</p> <p>ISSAI implementation SAI support with IDI</p>	<p>Ongoing – Secretariat has requested status progress from SAIs on the action plans agreed during the workshop.</p> <p>Ongoing - Obtaining feedback from participants</p> <p>Completed</p> <p>Deferred to September 2018 upon Tonga request</p> <p>Mapping ISSAIs with Tonga SAI in July 2017, and currently continued to April 2018. Phase I 3i workshop for the financial audit and compliance audit streams conducted in April/May 2018.</p>	<p>All SAIs</p> <p>1 SAI</p>
3A3	Timely audits of FSG/WoG are completed and audit findings reported	Audit Delivery	Refer 3A1	Refer 3A1	

**OBJECTIVE B: SAIS PRODUCE HIGH QUALITY FINANCIAL AUDITS IN ACCORDANCE WITH NATIONAL/INTERNATIONAL STANDARDS**

3B1	Financial Audit Manual (FAM) aligned to current ISSAIs as a result of annual review	Training & Support	<p>Champion for the review of the Training materials for the Financial Audit Stream (part of 4D6)</p> <ul style="list-style-type: none"> <li>attend kick-off meeting in December 2017</li> <li>attend and participate in the review of materials in April 2018</li> <li>ongoing assessment of the use of the PASAI FAM and consideration whether to revise an Edition 3</li> </ul>	Program deferred to consider together with IDI program on certification.	All SAIs
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	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3B2	High quality financial audits confirmed by Peer reviews	Practice Management	Conduct a regional workshop “Achieving Effective Quality Assurance (QA) in SAIs” - 16-20 October 2017 (GB approved Project plan 1/8/2016)	<p>Program deferred to November 2018.</p> <p>SAI PMF program under SP4 has conducted peer reviews in 2016, 2017 which contributes to SAI achieving 3B2 –high quality audits.</p> <p>Participated in the IDI Global QA workshop held on 6 – 10 November, 2017 in Georgia. This will be aligned with PASAI regional workshop planned for 2018/2019</p>	All SAIs
3B3	Co-operative financial audits undertaken	Audit Delivery	<p>IDI/PASAI joint cooperative compliance audit on public procurement: Quality Assurance carried out by IDI. Project managing and reporting results</p> <p>Coordinated financial audit program: Sub-regional workshop delivered for Tonga, Kiribati, Vanuatu, Samoa, Tuvalu in the conduct of the World Bank PAIP audit –</p> <ul style="list-style-type: none"> <li>• Workshop in October 2017</li> <li>• 2 x audit plans completed and improved</li> <li>• Workshop in May 2018</li> <li>• 3 x audit plans complete and improved.</li> </ul>	<p>Conducted the Quality Assurance Review for the Cooperative Compliance Audit on Procurement with 10 participating SAIs in Nadi, Fiji on 4 – 9 December 2017. Follow up of audit reports being carried out. Refer 3B2 above</p> <p>Program deferred to subsequent years</p>	10 SAIs

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3B5	Financial auditor training	Capability	<p>IPSAS/Accounting Standards training - Refer to 4D4.</p> <p>Follow up on the Regional Public Assets workshop conducted in November 2016. Provide support and obtain 'impact results' from the training by following up on action plans</p> <p>Development of a suite of Technical Support Resources and ongoing technical assistance for PASAI members (financial, compliance and performance)</p>	<p>Refer 4D4</p> <p>Ongoing – Secretariat has requested status progress from SAIs on the action plans agreed during the workshop</p> <p>A “Technical Update” column commenced in the January 2017 PASAI monthly update publication.</p> <p>Launched a new section of the website including content for “technical resources – financial, compliance and performance audit streams” at the Congress in August 2017.</p>	<p>All SAIs</p> <p>All SAIs</p> <p>All SAIs</p>



OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
<b>OBJECTIVE C: SAIS PRODUCE HIGH QUALITY PERFORMANCE AUDITS (PA) OF GOVERNMENT AND REGIONAL PROGRAMMES.</b>				
3C1	High quality performance audits completed, quality confirmed by peer reviews	PASAI's 6th Cooperative Performance Audit (CPA) of the preparedness for implementation of SDGs: <ul style="list-style-type: none"> <li>• Deliver Information Session (August 2017-RMI)</li> <li>• Planning meeting (North SAIs)</li> <li>• On-site technical support (North SAIs)</li> <li>• Planning meeting (South SAIs)</li> </ul>	6th CPA program conducted with a changed format : <ul style="list-style-type: none"> <li>• E-learning course commencing July/August and all audit teams have completed it.</li> <li>• Conducted Audit Planning workshop for participating SAIs, 27 November to 1 December 2017, Suva, Fiji.</li> <li>• On-site visit to Kiribati, Solomon Islands and Tuvalu by two program facilitators was carried out in April - May 2018.</li> <li>• Guidance on the Preliminary study developed by Claire Kelly (reviewed by PASAI) and circulated to all participants.</li> <li>• IDI was pleased with the Guidance and PASAI has branded it, put it on the website and allowed IDI to use it for other regions who are also participating in this global SDGs program</li> <li>• Conducted 6th CPA - SDG Preparedness Audit Review meeting for participating SAIs, 11 – 15 June 2018.</li> </ul> Fiji SAI participated in the UNDP technical meeting on GCCF and PRRP in Suva, with a joint program with UNDP on Gender Audit for Climate Change Investments which will start with 3 countries (Fiji, Tonga, Vanuatu) which will eventually lead on to the developing a Guidelines on how to conduct this type of audit. 10th Meeting of the Regional Working Group on Environmental Audit conducted in Brisbane, Australia, May 2018	All SAIs
3C2	Performance Audit manual (PAM) aligned to current ISSAIs as a result of periodic review	Training & Support	<i>Refer to project activity under 3C1</i>	Deferred to subsequent years.
3C3	Co-operative performance audits are undertaken	Audit Delivery	<i>Refer to project activity under 3C1</i>	

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3C4	2 or more SAI co-ordinated performance audits completed every 2 years	Audit Delivery	<i>Refer to project activity under 3C1</i>		
<b>OBJECTIVE D; EACH SAI IS AUDITED ANNUALLY TO SET AN EXAMPLE TO PUBLIC ENTITIES IN THE PACIFIC</b>					
MER : OI 3.7 Percentage of SAIs audited annually					
3D1	SAIs own financial statements are audited and recommendations actioned	Practice Management	Refer to SP1 and 2	Desk review to be done in 2018/2019	All SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
<b>STRATEGIC PRIORITY 4: SAI CAPACITY AND CAPABILITY ENHANCED</b>					
<b>OBJECTIVE A: SAIS DEVELOP AND IMPLEMENT THEIR OWN COMPREHENSIVE AND REALISTIC STRATEGIC PLANS.</b>					
4A1	SAIs develop comprehensive strategic plans	Practice Management	Assist SAIs to develop their strategic plans.	Ongoing support is provided to the three SAIs whom PASAI assisted with developing their strategic plans. PASAI is following up closely with the three SAIs, to ensure they are able to finalize their plans as soon as possible.	3 SAI
				IDI/PASAI conducted a regional strategic management workshop under the Strategy, Performance Measurement and Reporting (SPMR) program, in Nuku'alofa, Tonga, 23 – 27 April 2018. The workshop was to equip SAIs with knowledge and tools to use their SAI PMF assessments to inform their Strategic Plans.	12 SAIs
4A2	SAIs report publicly against their strategic plans	Practice Management	Support SAIs with reporting on their strategic plans. (Secretariat). Maintain database on SAI strategic plan and co-ordinate online support to SAIs upon request.	Support was provided to SAIs who requested guidance on the report in on their strategic plans. The SPMR program provides guidance also on reporting on strategic plans. The Secretariat is developing the database on SAI strategic plan using the SAI PMF results. SAIs were informed that online support is available upon request.	All SAIs
<b>OBJECTIVE B: SAIS ADOPT AND APPLY THE INTOSAI PERFORMANCE MEASUREMENT FRAMEWORK (PMF).</b>					
4B1	SAIs develop performance measurement framework (INTOSAI model)	Practice Management	Coordinate arrangements for SAI Performance Analysis meeting for North SAIs	Conducted the SAI Performance Analysis meeting for North SAIs, Majuro, RMI, 3 – 6 October, 2017.	14 SAIs
			Attend and facilitate SAI Performance Analysis meeting for North SAIs	On-going review SAI Performance reports on their SAI PMF assessments and sent for QA by IDI.	
			Coordinate finalisation of SAI Performance Reports for IDI Quality Review	SAI FSM National peer review completed in July 2017, and the Nauru SAI in June/July 2018.	
				On-going follow-up with SAIs	

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
4B2		Co-ordinate and target assistance directly to SAIs based on issues identified through PMF assessments, A&T report work and other MER processes.	Database to be updated when SAI performance reports are finalised and made available to PASAI Secretariat	All SAIs
<b>OBJECTIVE C: PARTNERSHIPS AND 'TWINNING' ARRANGEMENTS ARE DEVELOPED BETWEEN SAIS WITHIN PASAI AND GLOBALLY.</b>				
4C1	Advocacy	<p>Coordinate and facilitate existing twinning arrangements between ACAG and PASAI members and share information with Secretariat.</p> <p>Maintain a database of all existing twinning arrangements and coordinate communications between parties regarding needs, support and monitoring of these relationships. (Secretariat)</p>	<p>5 SAIs (50%) have active twinning arrangements with ACAG while the other 5 SAIs are still in progress. PASAI is working closely with SAIs and ACAG members to make the twinning active and provide support accordingly.</p> <p>Activity deferred and will revisit program need in view of assessment results from SAI Performance Reports.</p> <p>A database of ACAG/PASAI members twinning arrangements was established and to be updated on a regular basis.</p>	8 SAIs
<b>OBJECTIVE D: SAIS PLAN FOR AND USE PASAI TRAINING RESOURCES AND PROGRAMMES.</b>				
4D1	Capability	<p>Plan and facilitate the Scoping and Design meeting to discuss the content, modality and duration of the Regional SAI Young Leaders program</p> <p>Attend Young EUROSAI Conference</p>	<p>Scoping and Design meeting for the regional program has been deferred.</p> <p>Attended the EUROSAI YES workshop, 11 – 14 September, 2017, Tallin, Estonia.</p> <p>Participated as member of the Assessment Team for the IDI Global SYL Program, 13 – 24 November, 2017.</p>	<p>All SAIs</p> <p>1 SAI</p>
4D2	Capability	Assist SAIs to develop training plans based on needs identified in Strategic Plans and PMF work	SAIs PMF results were still assessed to determine the training needs of SAIs. Ongoing work to assist SAIs.	All SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
4D3 All relevant staff complete ISSAI and Tier training	Capability	Facilitators' meeting to prepare for the Planning workshop in December 2017	Proposed program deferred and to consider with IDI's global Certification Program. Participated in the IDI Certification Program Planning meeting in Oslo, 5 – 9 March 2018.	1 SAI
		Coordinate arrangements for review of Tiers training materials	Tier 1 training provided for Nauru SAI staff 19 – 23 March 2018.	1 SAI
		Attend and facilitate Planning workshop for review of Tiers training materials		
		Attend and facilitate reporting meeting for Financial Audit Working Group		
		Coordinate ISSAI implementation support for Tonga PFM Reform	Completed.	
4D5 Increased numbers of SAI staff have recognised certifications	Capability	Create and maintain database of relevant certifications for auditors; database to include information on SAI staff qualifications	Database of SAI staff qualifications was updated during the year with information from the SAIs and is maintained by the Secretariat for review and regular updates.	ALL PASAI members
		Develop a collaborative relationship with institutions in the region that provide necessary qualifications (eg: CPA, NZICA, IPAA, PICPA, USP, etc). (Secretariat)	Secretariat liaised with USP on future programs relating to accounting standards and other programs that may be relevant for SAI staff.	

	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
4D6	Manuals and guidelines reviewed (1 per year)	Training & Support	<p>Cyclical review and update PASAI manuals/guidelines, 1 per year, for any major changes to international standards etc.</p> <p>Monitoring and evaluation content - assess how much these manuals are being used by SAIs.</p>	<p>Not completed in current period, plan to conduct in future years.</p> <p>No monitoring and evaluation carried out during the year, plan to conduct in future years.</p>	All SAI
4D7	SAIs improve capability management by implementing HR and reporting practices based on PASAI guidance	Practice Management	Identify training needs in HR and capability management and reporting and communications practices and deliver tailored program to address those needs based on Strategic Planning and PMF assessment of SAI development. Delivery mechanism to be identified based on baseline needs assessment.	Not completed in current period, plan to conduct in future years	

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
<b>STRATEGIC PRIORITY 5: PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS</b>				
<b>OBJECTIVE A: THE SECRETARIAT HAS THE SKILLS AND RESOURCES TO BE EFFECTIVE AND EFFICIENT IN PROVIDING LEADERSHIP OF THIS STRATEGY AND CAPACITY-BUILDING OPPORTUNITIES AND OPERATIONAL SUPPORT TO SAIS.</b>				
5A2	PASAI staff training and development plan developed and implemented	Training & Support	<p>Develop a PASAI staff training and development plan to ensure currency of technical knowledge and skills required to fulfil roles and responsibilities</p> <p>Participate in professional competency development programs, executive training, technical workshops, various regional and international committee meetings and technical workshops on behalf of PASAI</p> <p>Participate in the APIPA's professional development programs</p>	<p>Not completed in current period, to develop in 2019</p> <p>Director Technical Support attended the Audit Future forum conducted by CAANZ in December 2017.</p> <p>No one from the Secretariat attended APIPA 2017</p>

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
<b>OBJECTIVE B: ADEQUATE FUNDING IS AVAILABLE TO IMPLEMENT THE PASAI STRATEGY</b>				
5B1	Funding strategy approved, implemented and monitored	Management, Funding & Reporting	<p>Implement and monitor funding strategy</p> <p>Conduct collaborative meetings and consultations with development partners and other potential donors and communicate with all stakeholders.</p> <p>Participate in the INTOSAI Donor Forums Steering Committee Meeting</p>	<p>Report on funding strategy implementation made to the 2017 Congress in Tuvalu.</p> <p>Held various meetings with donors, ADB, DFAT, EU/UNDP on funding.</p> <p>Progress and milestone report for 12 months (July 2016 – June 2017) submitted to MFAT, July 2017. Final report to DFAT submitted in December 2017. Progress status report submitted to DFAT (Tonga) in December 2017. Quarterly report (January – March 2018) to DFAT submitted in May 2018.</p> <p>Attended the INTOSAI Donor Forums Steering Committee Meeting, 20 – 21 September, 2017, Washington DC</p>
<b>OBJECTIVE C: AN EFFECTIVE OPERATIONAL PLAN UNDERPINS THE IMPLEMENTATION OF PASAI'S STRATEGY.</b>				
5C1	5 year operational plan and budget confirmed annually and reported against	Management, Funding & Reporting	<p>Develop 5 year Operational Plan and budget aligned with the long term strategy and funding agreements</p> <p>Organise and attend the 2017 Congress and 2018 GB</p> <p>Attend the IDI Meeting with INTOSAI Regions (Oslo)</p> <p>Facilitate CBC online coordination</p>	<p>5 Year Operational plan 2017/18 – 2021/22 approved by the Congress and GB. Budget 2017/18 endorsed by GB and approved by the Congress. Draft 5 Year Operational plan 2018/19 – 2022/23, draft Budget 2018/19, and revised Budget 2017/18 endorsed in principle by GB and to discuss in the August 2018 GB.</p> <p>2017 Congress and 17th GB meetings completed in August 2017. 18th GB meeting completed in February 2018.</p> <p>Attended the IDI Meeting with INTOSAI Regions, 4 – 6 September, 2017, Oslo, Norway and also the Working Level INTOSAI-Regions Coordination Platform Meeting, Oslo, Norway 25 – 29 June 2018.</p> <p>To consider in future programs.</p> <p>Attended INTOSAI Peer Review Conference , Bratislava, Slovakia 20 – 22 June 2018</p>



	OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
5C2	Revised PMF to measure PASAI performance	Management, Funding & Reporting	Develop PASAI PMF to align with the MER and to the INTOSAI PMF.	Not completed in current period, to consider in future.	
5C3	Develop regional communications strategy & implement	Management, Funding & Reporting	Perform oversight of the implementation of the PASAI communications strategy (media releases, newsletters, review reports, correspondence of PASAI, update website regularly, etc)	12 media releases issued, 2 monthly updates, and 11 monthly bulletins	
			Complete the upgrade of the PASAI website	PASAI website continually updated and more active on social media network. PASAI Journey video released on YouTube in February 2018.	
5D1	Strategy monitoring and evaluation	Management, Funding & Reporting	Prepare monthly performance status report to GB members on progress of implementing PASAI's Strategy	11 monthly report to the Governing Board on PASAI performance and cashflow status for the period.	
			Prepare half-yearly report to GB and Annual Report to Congress on progress of implementing PASAI's Strategy	2 Chief Executive reports presented to the GB in August 2017 and in February 2018  PASAI Annual Report 2016-17 approved by the Congress	
			Prepare Interim progress report on PASAI's 10 year strategy reported to Congress and development partners	PASAI Reviewer appointed and commenced preliminary work on PASAI mid-term review of its Long-term Strategic Plan 2014 – 2024.	

# ANNEX II FINANCIAL ACHIEVEMENT 2017- 2018



PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS  
(PASAI) INCORPORATED

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2018



*“Pacific Auditors Working  
Together”*

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Contents

	<b>Page</b>
Directory	1
Statement of Comprehensive Revenue and Expense	3
Statement of Financial Position	4
Statement of Changes in Net Assets/Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Independent Auditors' Report	17

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Directory for the year ended 30 June 2018

<b>Legal Name</b>	Pacific Association of Supreme Audit Institutions (PASAI) Incorporated
<b>Nature of Business</b>	Facilitation of support to audit offices in the Pacific region in order to improve quality and build capacity.
<b>Entity Type</b>	PASAI is an Incorporated Society, incorporated on 18 November 2009, under the Incorporated Societies Act 1908
<b>Entity's Mission</b>	PASAI promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. PASAI contributes to that goal by helping its member Supreme Audit Institutions (SAIs) improve the quality of public sector auditing in the Pacific to recognised high standards. PASAI works to strengthen understanding, co-operation, and coordination between its members, advocate the interests of good governance, including transparency, accountability, and the need for strong and independent SAIs, to governments and others in the Pacific region, as well as building and sustaining public auditing capacity across the Pacific by sharing knowledge with, and providing support to, its members, and assisting its members to perform their auditing functions, including through co-operative audits and similar activities. PASAI also serves as a regional organisation of International Organisation of Supreme Audit Institutions (INTOSAI), in the interests of all SAIs in the Pacific and beyond and encourages the co-operation with other regional organisations and SAIs.
<b>Entity's Structure</b>	Under the guidance of the annual PASAI Congress, the PASAI Governing Board sets PASAI's direction and oversees the activities of its Secretariat. The Governing Board is responsible for formulating strategies and policies for the organisation. The Board also approves the 3-year work plan and budget and the rules for the conduct of PASAI activities. Membership of the Governing Board is made up of the current PASAI chair, the Secretary General, immediate past PASAI chair and the next PASAI chair. Four representative members are drawn from the Melanesian, Micronesian, Polynesian and Other member states. There is one further representative member, who is PASAI's representative to the INTOSAI Governing Board. The Chief Executive of the PASAI Secretariat is also an ex-officio member of the Board.
<b>Main Source of Funding</b>	PASAI's main source of funds and cash are derived from grants received from governments, development organisations and public and private institutions. Funding is also sourced from membership subscriptions, income from publications, conferences and other activities, the proceeds from the sale of any assets, interest earned from the investment of surplus cash, as well as any other method approved by the Governing Board.
<b>Business Address</b>	Suite 7, Level 2 Heards Building 168 Parnell Road Parnell 1052 Auckland
<b>Postal Address</b>	PASAI PO Box 37 276 Parnell 1151 Auckland
<b>IRD Number</b>	103-852-250

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Directory (continued) for the year ended 30 June 2018

<b>Office Holders</b>	<u>Chairperson:</u> Eli Lopati, Auditor-General, Tuvalu <u>Secretary - General:</u> John Ryan, Controller & Auditor-General, New Zealand <u>Deputy Secretary-General:</u> Sarah Markley, New Zealand <u>Governing Board:</u> Grant Hehir, Auditor-General, Australia National Audit Office Ihlen Joseph, Public Auditor, Pohnpei State Ajay Nand, Auditor-General, Fiji Sefita Tangi, Auditor-General, Tonga Yukari Barnes Hechanova, Deputy Public Auditor, Guam Jean-Yves Marquet, President de la Chambre, New Caledonia Fuimaono Camillo Afele, Controller and Auditor-General, Samoa <u>Chief Executive:</u> Tiofilusi Tiueti, PASAI Secretariat, New Zealand
<b>PASAI Members</b>	American Samoa Australia National Office Australian Capital Territory Chuuk Cook Islands Federated States of Micronesia (National Office) Fiji Islands French Polynesia Guam Kiribati Kosrae Marshall Islands Nauru New Caledonia New South Wales New Zealand Northern Mariana Islands Palau Papua New Guinea Pohnpei Queensland Samoa Solomon Islands Tonga Tuvalu Vanuatu Victoria Yap
<b>Auditor</b>	RSM Hayes Audit Chartered Accountants 1 Broadway, Newmarket, Auckland
<b>Bankers</b>	Westpac New Zealand Limited
<b>Accountants</b>	Bellingham Wallace Limited 470 Parnell Road, Parnell, Auckland

**PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)  
INCORPORATED**

**Statement of Comprehensive Revenue and Expense  
for the year ended 30 June 2018**

	Notes	2018 NZ\$	2017 NZ\$
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
Development Partner Contributions	5	1,398,192	2,385,953
<b>Total revenue from non-exchange transactions</b>		<b>1,398,192</b>	<b>2,385,953</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Dividend Income		375	370
Membership Subscriptions		2,730	2,800
<b>Total revenue from exchange transactions</b>		<b>3,105</b>	<b>3,170</b>
<b>TOTAL REVENUE</b>		<b>1,401,297</b>	<b>2,389,123</b>
<b>EXPENSES</b>			
Personnel Expenses	6	509,153	800,602
Consultancy Expenses	6	332,779	813,354
Depreciation	10	21,572	13,677
Program Expenses	6	335,258	1,227,311
Secretariat Travel Expenses	6	44,840	66,208
Secretariat Operational Expenses	6	236,422	294,098
Governance Expenses	6	198,658	142,130
<b>TOTAL EXPENSES</b>		<b>1,678,682</b>	<b>3,357,380</b>
Interest Income		8,494	12,314
<b>NET FINANCE INCOME</b>		<b>8,494</b>	<b>12,314</b>
<b>OPERATING SURPLUS/ (DEFICIT)</b>		<b>(268,891)</b>	<b>(955,943)</b>
<b>OTHER GAINS/ (LOSSES)</b>			
Gain/ (loss) on foreign exchange transactions		(30,698)	(24,400)
<b>SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAX</b>		<b>(299,589)</b>	<b>(980,343)</b>
Income Tax Expense	12	2,098	3,170
<b>SURPLUS/ (DEFICIT) FOR THE YEAR AFTER TAX</b>		<b>(301,687)</b>	<b>(983,513)</b>
<b>SURPLUS/ (DEFICIT) ATTRIBUTABLE TO THE OWNERS</b>		<b>(301,687)</b>	<b>(983,513)</b>

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditor's Report.*

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)  
INCORPORATED

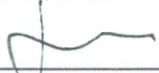
Statement of Financial Position  
as at 30 June 2018

	Notes	2018 NZ\$	2017 NZ\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	7	899,194	149,285
Receivables from exchange transactions	8	1,115	5,561
Prepayments	9	19,226	156,886
Income tax receivable		4,310	3,383
Short term deposits	11	-	389,605
<b>Total current assets</b>		<b>923,845</b>	<b>704,720</b>
<b>Non-current</b>			
Property, plant and equipment	10	24,675	46,245
<b>Total non-current assets</b>		<b>24,675</b>	<b>46,245</b>
<b>TOTAL ASSETS</b>		<b>948,520</b>	<b>750,965</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Payables from exchange transactions	13	66,600	47,883
Employee benefits	14	29,326	49,971
Grants Received in Advance	15	501,170	-
<b>Total current liabilities</b>		<b>597,096</b>	<b>97,854</b>
<b>TOTAL LIABILITIES</b>		<b>597,096</b>	<b>97,854</b>
<b>NET ASSETS</b>		<b>351,424</b>	<b>653,111</b>
<b>EQUITY</b>			
Retained Earnings		351,424	653,111
<b>TOTAL EQUITY</b>		<b>351,424</b>	<b>653,111</b>

These financial statements have been authorised for issue by the Governing Board on the 14th August 2018.

  
\_\_\_\_\_  
Eli Lopati  
Auditor-General, Tuvalu  
Chairman, PASAI

14 August 2018  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John Ryan,  
Controller & Auditor-General, New Zealand  
Secretary-General

14 August 2018  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Tiofilus Tiueti  
Chief Executive

14 August 2018  
\_\_\_\_\_  
Date

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditor's Report.*



# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Statement of Changes in Net Assets/Equity for the year ended 30 June 2018

	Retained earnings	Total equity
	NZ\$	NZ\$
Balance 1 July 2017	653,111	653,111
Surplus/ (deficit) for the year	(301,687)	(301,687)
<b>Total comprehensive revenue and expense</b>	<u>(301,687)</u>	<u>(301,687)</u>
<b>Balance 30 June 2018</b>	<u>351,424</u>	<u>351,424</u>
Balance 1 July 2016	1,636,624	1,636,624
Surplus/ (deficit) for the year	(983,513)	(983,513)
<b>Total comprehensive revenue and expense</b>	<u>(983,513)</u>	<u>(983,513)</u>
<b>Balance 30 June 2017</b>	<u>653,111</u>	<u>653,111</u>

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditor's Report.*

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 NZ\$	2017 NZ\$
<b>Cash flow from operating activities</b>			
<i>Cash was provided from/(applied to):</i>			
Membership subscriptions		3,105	2,846
Receipts from Development Partners		1,868,664	2,412,490
Payments to suppliers & employees		(1,522,269)	(3,346,451)
<b>Net cash from/(used in) operating activities</b>		<b>349,500</b>	<b>(931,115)</b>
<b>Cash flow from investing activities</b>			
<i>Cash was provided from/(applied to):</i>			
Proceeds from Term Deposit Maturity		389,605	-
Purchase of property, plant and equipment		-	(46,608)
Purchase of assets		-	(7,142)
Interest and dividends received		10,804	10,328
<b>Net cash from/(used in) investing activities</b>		<b>400,409</b>	<b>(43,422)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>749,909</b>	<b>(974,537)</b>
Cash and cash equivalents, beginning of the year		149,285	1,123,822
<b>Cash and cash equivalents at end of the year</b>	<b>7</b>	<b>899,194</b>	<b>149,285</b>

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditor's Report.*

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2018

### 1 Reporting entity

These financial statements comprise the financial statements of Pacific Association of Supreme Audit Institutions for the year ended 30 June 2018.

The financial statements were authorised for issue by the Governing Board on the 14th August 2018.

This set of financial statements are presented in accordance with Tier 2 PBE Accounting Standards.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million.

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the public sector and has been established with a view to supporting that primary objective rather than a financial return.

#### (b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The financial statements have been prepared on a going concern basis.

#### (c) Presentation currency

The financial statements are presented in New Zealand Dollars.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are summarised below:

#### (a) Foreign currency translation

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### (c) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation rates have been applied on a basis that reflects the estimated useful life of the asset.

## Notes to the Financial Statements for the year ended 30 June 2018

### **Additions and subsequent costs**

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

### **Disposals**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

### **Depreciation**

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a straight value (SL) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied at each class of property, plant and equipment:

Computer and Technology	17.5% - 40% (2-6 years)
Office Equipment	10% - 67% (2-10 years)

The residual value, useful life, and depreciation methods of property, plant and equipment are reassessed annually.

### **(d) Leased assets**

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

### **(e) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of accounts receivable and other receivables, cash and cash equivalents, other financial assets and accounts payable and other payables.

### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are expensed in the period incurred.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

### **Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Subsequent measurement of financial assets**

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

## Notes to the Financial Statements for the year ended 30 June 2018

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of four categories being loans and receivables, financial assets at fair value through surplus or deficit, held-to-maturity investments and available-for-sale financial assets, determines the basis for subsequent measurement and the whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense. Below are the classifications relevant to the entity:

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The entity's cash and cash equivalents, trade debtors and other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The Entity's financial liabilities consist of trade and other payables.

**(f) Employee benefits**

**Short-term employee benefits**

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

**(g) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised:

**Revenue from non-exchange transactions**

Development Partner Contributions are recognised as non-exchange income.

Grants and contributions received from development partners are recognised in the statement of comprehensive revenue and expense when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grant is initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied.

**Revenue from exchange transactions**

Interest and dividend income is recognised as exchange income.

**Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**Dividend Income**

Dividend income is recognised upon receipt of the dividend received.

**(h) Income tax**

PASAI is an Incorporated Society and as such can only be taxed on net income from non-members. The first \$1,000 of such net income is exempt.

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where PASAI operates and generates taxable income.

## Notes to the Financial Statements for the year ended 30 June 2018

### *Deferred income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### **(i) Goods and Services Tax (GST)**

All amounts in these financial statements are shown inclusive of GST.

## **4 Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### *a) Judgements:*

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition: non-exchange revenue (conditions vs. restrictions) generating assets for the purposes of assessing impairment indicators and impairment testing.

The majority of property, plant and equipment held by PASAI is classified as cash generating assets.

### *b) Assumptions and estimation uncertainties*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. PASAI based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of PASAI. Such changes are reflected in the assumptions when they occur.

### *Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators:

- The condition of the asset based on the assessment of experts employed by PASAI
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2018

### 5 Development Partner Contributions

	2018	2017
	NZ\$	NZ\$
Asian Development Bank	51,266	-
INTOSAI Development Initiative	409,482	389,096
The Department of Foreign Affairs and Trade	437,444	1,284,181
The Ministry of Foreign Affairs and Trade	500,000	500,000
The Department of Foreign Affairs and Trade (Tonga)	-	212,677
<b>Total Development Partner Contributions</b>	<b>1,398,192</b>	<b>2,385,953</b>

### 6 Expenses

*The following amounts were expensed in the surplus/(deficit) for the year:*

	2018	2017
	NZ\$	NZ\$
<b>Personnel Expenses</b>		
ACC Levies	2,189	1,746
Employer Kiwisaver Contributions	5,583	5,983
Payroll Processing Fees	322	819
Staff Training	966	4,626
Salaries	500,093	787,428
<b>Total Personnel Expenses</b>	<b>509,153</b>	<b>800,602</b>
<b>Consultancy Expenses</b>		
Consultancy - Fees	285,036	637,116
Consultancy - Airfares	15,215	99,546
Consultancy - Accommodation	19,648	49,167
Consultancy - Per Diem	12,880	27,525
<b>Total Consultancy Expenses</b>	<b>332,779</b>	<b>813,354</b>
<b>Program Expenses</b>		
Program - Airfares	155,238	604,737
Program - Accommodation	71,535	308,819
Program - Per Diem	51,779	153,894
Program - Venue Hire	32,285	51,378
Program - Event Catering	17,437	55,934
Program - Miscellaneous Expenses	6,984	45,049
Facilitator - Fees	-	7,500
	<b>335,258</b>	<b>1,227,311</b>
<b>Secretariat Travel Expenses</b>		
Secretariat - Travel	22,184	42,443
Secretariat - Accommodation	16,815	11,996
Secretariat - Per Diem	5,841	11,769
<b>Total Secretariat Travel Expenses</b>	<b>44,840</b>	<b>66,208</b>
<b>Secretariat Operational Expenses</b>		
Audit Fee	9,860	11,006
Bank Fees	5,723	8,882
Cleaning	4,917	5,824
Computer Expenses	20,575	20,054
Electricity	3,504	4,293
Health and Safety	186	236

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2018

<b>Secretariat Operational Expenses (contd.)</b>	<b>2018</b>	<b>2017</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Insurance	7,557	7,373
Equipment Lease	8,160	8,467
Office Expenses	4,754	9,610
Postage, Printing & Stationery	9,866	43,038
Professional Fees	75,370	76,060
Rent	72,792	82,446
Repairs & Maintenance	1,620	3,072
Subscriptions	4,647	4,240
Telephone	6,891	6,458
Website Expenditure	-	3,039
<b>Total Secretariat Operational Expenses</b>	<b>236,422</b>	<b>294,098</b>

<b>Governance Expenses</b>		
Governance - Accommodation	46,239	20,589
Governance - Event Catering	6,701	8,014
Governance - Other Expense	1,279	3,427
Governance - Per Diem	25,287	10,731
Governance - Travel	114,122	91,031
Governance - Venue Hire	5,030	8,338
<b>Total Governance Expenses</b>	<b>198,658</b>	<b>142,130</b>

<b>7 Cash and cash equivalents</b>	<b>2018</b>	<b>2017</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Westpac New Zealand Limited - Cheque	127,251	148,624
Westpac New Zealand Limited MFAT	54	70
Westpac New Zealand Limited DFAT	474,131	70
Short Term Deposits	297,409	-
Petty Cash Administration	349	521
<b>Total cash and cash equivalents</b>	<b>899,194</b>	<b>149,285</b>

Cash and cash equivalents comprise of cash at bank and on hand. The carrying value of cash at banks and on hand approximates their fair value. There are no restrictions over cash and cash equivalents held by PASAI.

<b>8 Receivables from exchange transactions</b>	<b>2018</b>	<b>2017</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Accounts Receivable	778	2,915
Interest Income Receivable	337	2,646
<b>Total receivables from exchange transactions</b>	<b>1,115</b>	<b>5,561</b>

Accounts receivable are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of accounts receivable approximates its fair value. As at 30 June 2017 and 2018, all overdue receivables have been assessed for impairment and no allowances were made.

<b>9 Prepayments</b>	<b>2018</b>	<b>2017</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Insurance Prepaid	2,475	2,350
Travel Expenses Prepaid	16,751	154,536
<b>Total prepayments</b>	<b>19,226</b>	<b>156,886</b>



# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2018

### 10 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

2018	Computer	Office Equipment	Total
	NZ\$	NZ\$	NZ\$
<b><u>Cost</u></b>			
Balance as at 1 July 2017	45,011	33,328	78,339
Additions (exchange)	-	-	-
Balance as at 30 June 2018	<b>45,011</b>	<b>33,328</b>	<b>78,339</b>
<b><u>Accumulated depreciation</u></b>			
Balance as at 1 July 2017	9,457	22,635	32,092
Depreciation	17,437	4,135	21,572
Balance as at 30 June 2018	<b>26,894</b>	<b>26,770</b>	<b>53,664</b>
<b><u>Net book value</u></b>			
As at 1 July 2016	-	13,313	13,313
As at 1 July 2017	35,554	10,693	46,247
As at 30 June 2018	<b>18,117</b>	<b>6,558</b>	<b>24,675</b>

### 11 Short term deposits

	2018	2017
	NZ\$	NZ\$
Westpac New Zealand Limited - Term Deposit 05	-	389,605
<b>Total short term deposits</b>	<b>-</b>	<b>389,605</b>

There is no impairment provision for investments.

### 12 Income tax receivable

	2018	2017
	NZ\$	NZ\$
<i>Current tax expense</i>		
Current year	2,098	3,170
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	-	-
<b>Total tax expense</b>	<b>2,098</b>	<b>3,170</b>

Notes to the Financial Statements  
for the year ended 30 June 2018

Reconciliation of tax expense and the accounting surplus multiplied by the domestic tax rate:

	2018	2017
	NZ\$	NZ\$
Operating surplus / (deficit) before income tax	(299,589)	(980,343)
Non taxable income	(1,400,922)	(2,388,753)
Tax exempt income	(1,000)	(1,000)
Non taxable dividend	(9)	-
	<u>(1,701,520)</u>	<u>(3,370,096)</u>
Add Back		
ICA credits attached to dividends received	142	141
Non deductible expenses	1,709,380	3,381,780
	<u>8,002</u>	<u>11,825</u>
At statutory tax rate of 28%	2,240	3,311
ICA credits attached to dividends received	(142)	(141)
	<u>2,098</u>	<u>3,170</u>

**Deferred Tax**

There is no deferred tax asset/liability.

**13 Payables under exchange transactions**

	2018	2017
	NZ\$	NZ\$
<b>Current</b>		
Accounts Payable	55,445	35,278
Westpac MasterCard	1,295	1,599
Audit Fee Payable	9,860	11,006
Total current	66,600	47,883
<b>Total payables under exchange transactions</b>	<u>66,600</u>	<u>47,883</u>

Accounts payable and other payables are normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

**14 Employee benefits**

	2018	2017
	NZ\$	NZ\$
<b>Current</b>		
Annual leave entitlements	21,090	29,878
Wages payable	8,236	20,093
<b>Total employee benefits</b>	<u>29,326</u>	<u>49,971</u>

**15 Grants Received in Advance**

	2018	2017
	NZ\$	NZ\$
<b>Current</b>		
Asian Development Bank	64,083	-
The Department of Foreign Affairs and Trade	437,087	-
	<u>501,170</u>	<u>-</u>

**16 Commitments**

Operating leases are held for premises used for office space, as well as the lease of office equipment.

	2018	2017
	NZ\$	NZ\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	83,312	62,435
Between one and five years	47,551	104,068
More than five years	-	-
<b>Total operating leases</b>	<u>130,863</u>	<u>166,503</u>

Notes to the Financial Statements  
for the year ended 30 June 2018

**Lease of Land & Buildings**

Property: Suite 7, Level 2, "Heards Building", 168 Parnell Road, Parnell, Auckland, New Zealand  
Annual Rent: \$57,682

Rent payments: Monthly

Rent Reviews: 2 yearly

Right of Renewal: 1 January 2020

**Lease of Assets**

Asset: Fuji Xerox Copier

Monthly Rent: \$692

Term: 48 months from 14 September 2016

**17 Financial instruments**

**(a) Carrying value of financial instruments**

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction

**(b) Classification of financial instruments**

All financial assets held by the entity are classified as "loans and receivables" are carried at cost less accumulated impairment losses. All financial liabilities held by the Company

**(c) Classification of financial instruments**

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

<b>2018</b>	<b>Loans and receivables</b>
	<b>NZ\$</b>
<b>Financial assets</b>	
Cash and cash equivalents	899,194
Accounts receivable and other receivables	1,115
Other financial assets	-
<b>Total</b>	<u>900,309</u>
	<b>Amortised cost</b>
Accounts payable and other payables	66,600
Loans and borrowings	-
Other financial liabilities	-
<b>Total</b>	<u>66,600</u>
 <b>2017</b>	 <b>Loans and receivables</b>
	<b>NZ\$</b>
<b>Financial assets</b>	
Cash and cash equivalents	538,890
Accounts receivable and other receivables	5,561
Other financial assets	-
<b>Total</b>	<u>544,451</u>
	<b>Amortised cost</b>
<b>Financial liabilities</b>	
Accounts payable and other payables	47,883
Loans and borrowings	-
Other financial liabilities	-
<b>Total</b>	<u>47,883</u>

**18 Contingent liabilities and contingent assets**

**Make Good Provision**

The premises at Suite 7, Level 2, 168 Parnell Road has a "make good obligation" (reinstatement works), which PASAI has to comply with at the end of the lease or when the lease is terminated. The lease has a commencement date of 1 January 2016, and a term of four years. The next right of renewal date is 1 January 2020.

Notes to the Financial Statements  
for the year ended 30 June 2018

**19 Events after the reporting date**

There were no significant events after the reporting date.

**20 Key management compensation**

The entity has a related party relationship with its key management personnel. Key management personnel includes only the Directors of PASAI.

*Key management personnel compensation includes the following expenses:*

	2018 NZ\$	2017 NZ\$
Salaries and other short-term employee benefits	443,269	582,242
<b>Total remuneration</b>	<b>443,269</b>	<b>582,242</b>
<b>Number of persons recognised as key management personnel</b>	<b>3</b>	<b>4</b>

## Independent Auditor's Report

### To Members of Pacific Association of Supreme Audit Institutions Incorporated

#### Opinion

We have audited the financial statements of Pacific Association of Supreme Audit Institutions Incorporated, which comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 3 to 16 present fairly, in all material respects, the financial position of Pacific Association of Supreme Audit Institutions Incorporated as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Pacific Association of Supreme Audit Institutions Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Pacific Association of Supreme Audit Institutions Incorporated.

#### Other information

The governing board is responsible for the other information. The other information comprises the Directory on pages 1 to 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the governing board for the financial statements**

The governing board is responsible, on behalf of Pacific Association of Supreme Audit Institutions Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing board is responsible, on behalf of the Pacific Association of Supreme Audit Institutions Incorporated, for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing board either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx)

### **Who we report to**

This report is made solely to the members, as a body. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the members as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'RSM'.

**RSM Hayes Audit**  
Auckland

15 August 2018