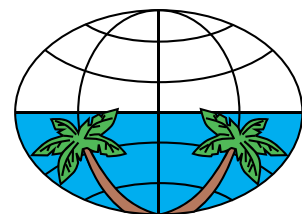


ANNUAL REPORT 2019

for year ended
30 June 2019



*“Pacific Auditors Working
Together”*

PACIFIC ASSOCIATION
OF SUPREME AUDIT
INSTITUTIONS (PASAI)

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SECRETARY-GENERAL'S MESSAGE

At the end of my first full year as PASAI's Secretary-General, I look back on a year that has presented many challenges – and one where I have seen the PASAI community rise to meet them.

Over the past year my understanding of the work of PASAI, and the challenges my Pacific colleagues face, has deepened. Through dealing with challenges in the New Zealand environment, I have greater respect for the scale of the challenges in other parts of our region, and the deep connections and concerns we share.

PASAI's Strategic Plan 2014-24 sets out an ambitious goal to see “improved management of public sector resources leading to increased transparency and accountability to the people of the Pacific.” This year represents the mid-point of our Strategic Plan – a good opportunity to reflect on our achievements so far. As part of this reflection process, we commissioned an independent review. Overall, the review concluded, PASAI has contributed to positive change in the region and can contribute further as it implements programmes to address the goals in the Strategic Plan.

Our Strategic Plan is based on partnership and cooperation between each member nation's Supreme Audit Institution (SAI) and the PASAI Secretariat. We all must play an active part. The Secretariat cannot achieve change simply by providing programmes, and SAIs cannot change the region's public financial management system without support from others in that system. Our Pacific nations face similar challenges, and PASAI exists to share the best ways to overcome them.

We have made great progress with our Plan already. In the coming year, the Secretariat will focus on working closer with individual SAIs to ensure our programmes meet the needs of SAI Heads in the following ways:

- **at the right time** – everyone is ready;
- **with the right programme** – to address your identified priorities; and
- **in the right way** – best style of delivery to achieve the greatest impact.



John Ryan
Controller and Auditor-General, New Zealand
Secretary-General, PASAI
7 August 2019

SECRETARY- GENERAL'S MESSAGE

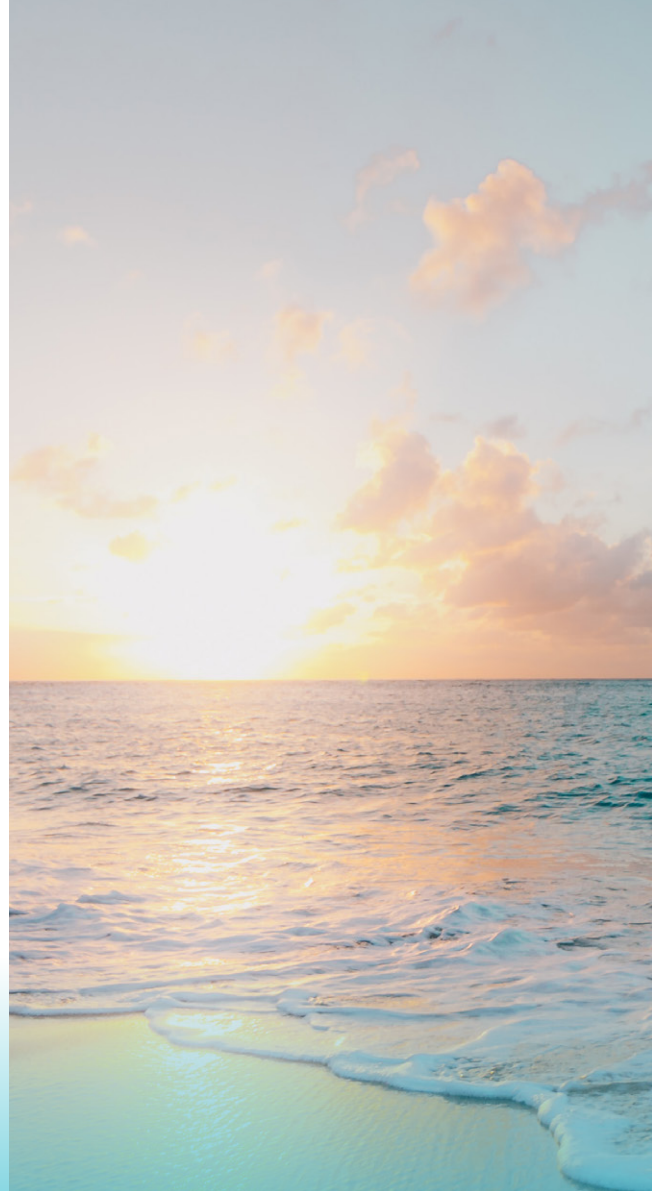
We are extremely grateful for the generous funding support from our development partners, particularly the ongoing support of the New Zealand and Australian governments, to enable us to continue through to the end of the 10-year strategy period. There remains more to do together for the benefit of our people.

The completion of the first round of the SAI Performance Measurement Framework (PMF) programme, including the linked Strategic Planning, Monitoring and Reporting programme, has given us a great foundation. This will ensure our future programmes are built on an evidence-based needs assessment, and priorities established through sound strategic and operational planning. The second round of the SAI PMF assessment is underway and a further round is planned.

This year, the New Zealand Office led a pilot programme for the region evaluating the effectiveness of the IntoSAINT integrity self-assessment tool. This has proved a powerful and effective way to not only look at integrity from the traditional “what policy does an organisation have” perspective, but to reach right to the organisation’s heart and consider other matters such as the cultural impacts on staff behaviour. A number of SAIs across the region have since completed these assessments and delivered them to public sector agencies, with each session building capability within our offices and equipping us to lead by example so we can perform with, and model integrity to the public sectors’ within our countries. I hope to see this tool implemented across our region in coming years, and I will be seeking to expand its use across the New Zealand public sector too.

The PASAI twinning programme has been active over the last year. It is satisfying to receive good feedback from those we have hosted in New Zealand, and others have also given positive feedback. Twinning is also about mutual benefits and developing communities of practice with other auditors – our staff have also gained a lot as they have been challenged to share and discuss our ways of working with others. Above all, I’m encouraged by the dedication, commitment, and courage by all involved to learn and grow our practices for effective governance and assurance.

We all have a part to play in improving the lives of our communities. As we move into the second half of our 2014-2024 Strategic Plan period, PASAI is committed to continuing towards our goals with the same dedication and commitment as I have seen during the past year.



“

We all have a part to play in improving the lives of our communities.

”

REPORT FROM THE CHIEF EXECUTIVE

I am pleased to submit the PASAI Annual Report for the year ended 30 June 2019.

Despite a challenging year, PASAI continued to respond to our member SAI needs by implementing some of our planned programs that advocate for SAI independence, ensuring high quality audits and building the capacity and capability of SAIs.

The 63 activities completed during the year have hopefully contributed to advancing the knowledge, understanding and abilities of about 220 SAI staff, members of legislature, and officials from government ministries and other public sector entities (overall 43% female) who participated in one or more of our capacity-building programs, conducted and facilitated to benefit our member SAIs.

Support for SAI Nauru and SAI Papua New Guinea to produce timely and quality audits to internationally agreed standards was among the key achievements during the period. The Financial Audit Secondment Technical Support (F.A.S.T.S) program concluded in July 2018, with the audit of the Nauru Financial Statement of Government 2015-2016 duly completed and submitted to Parliament. SAI-level support to Nauru and PNG also assisted these SAIs not only in improving their audit methodologies and audit practices, but also equipping SAI staff with relevant knowledge and skills to update the audit of their respective government financial statements.

SAI PMF assessment phase II, involving six more SAIs, commenced during the period, showing good progress towards our goal of having all our members SAIs assessed. SAI Nauru and SAI Vanuatu completed their assessments while the other four SAIs started the preparation for their assessments, which will be carried out in the second half of 2019. Using the SAI PMF assessment results for those SAIs that had completed them, the Strategy, Performance Measurement and Reporting (SPMR) programme continued to support SAIs in the development of their strategic plans, developing and aligning their operational plans with those strategic plans, and monitoring and reporting on their performance against them.



Tiofilusi Tiueti
Chief Executive

REPORT FROM THE CHIEF EXECUTIVE

Collaboration of regional partners is always one of our program priorities, especially to improve public financial system of governments in the region. In September 2018, the Tonga PFM symposium coordinated and facilitated by PASAI, PFTAC, Tonga Ministry of Finance & National Planning (MoFNP) and SAI Tonga resulted in establishing a PFM reform section in the Tonga MoFNP to accelerate the review and implementation of the Tonga PFM reform roadmap.

The signing of two new funding agreements with two donors towards the end of the reporting period and one new funding agreement with another donor recently finalised, was a great assistance to secure the PASAI program for the next five years after a challenging time with low funding. Our capacity to deliver programs and honour the agreement with these donors is important. I also wish extend our gratitude to those donors (DFAT, MFAT, ADB) whose previous funding agreements ended during the period for their financial support that enabled the implementation of PASAI's programs.

The implementation of PASAI's communication strategy has provided up-to-date information on the activities of PASAI and its members, with a global reach through its social networks (Facebook, Twitter, Instagram and LinkedIn) and a shift to supporting the SAIs' development of their own materials, platforms and networks.

The Secretariat is always honoured and greatly appreciative to receive the on-going support from the Office of the Secretary-General (SAI New Zealand) with quality checks, good guidance and wise advice.

I would also like to thank all Head of SAIs and staff, regional and development partners, and all colleagues and friends of PASAI for their unconditional support and assistance during the period.

Last but not the least, I am always very grateful to work with a committed and hardworking Secretariat team and wish to thank them all for their drive, ideas and patience throughout the challenging year 2018-19.

Mālō 'aupito.

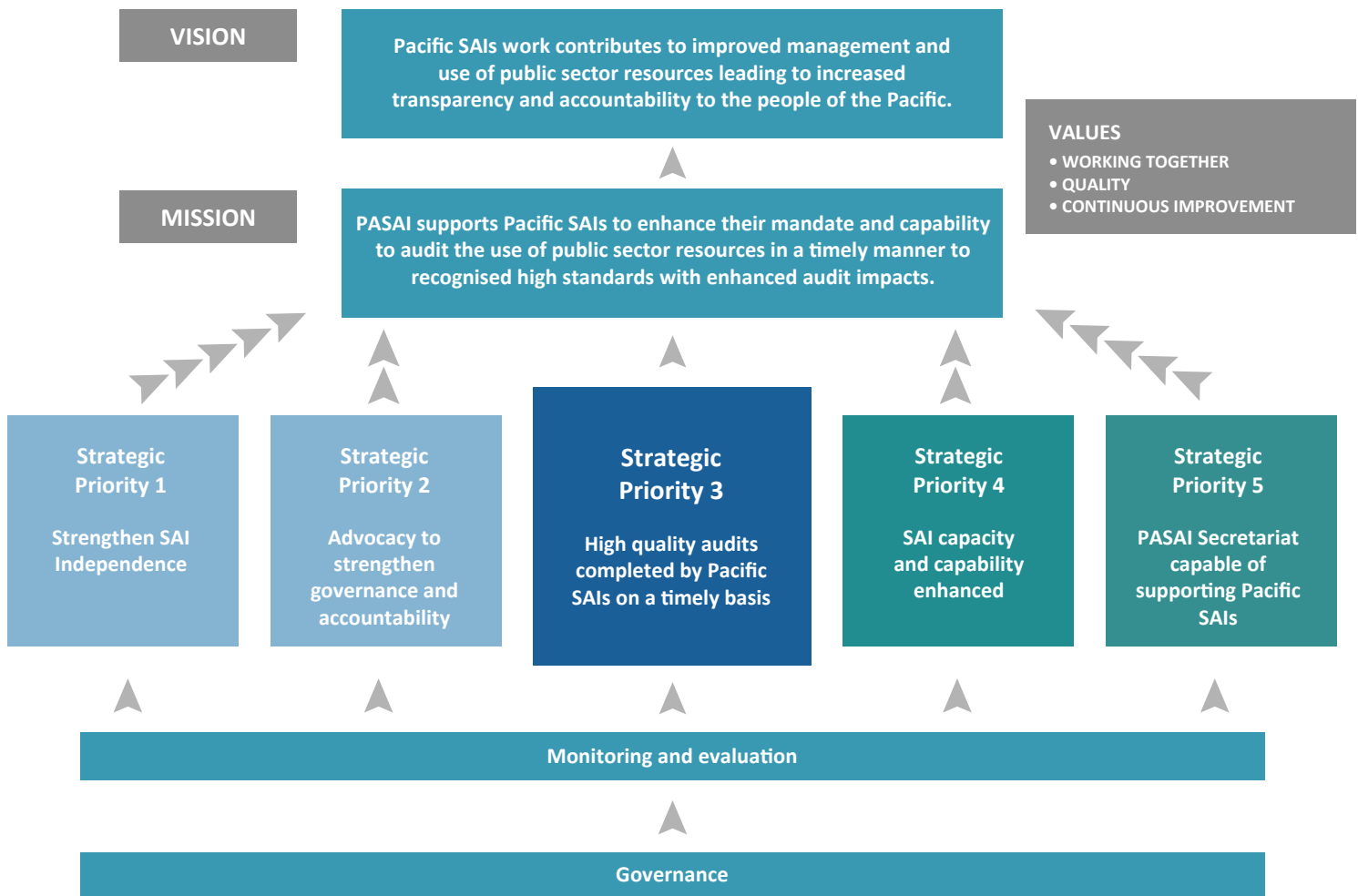
Tiofilusi Tiueti
Chief Executive



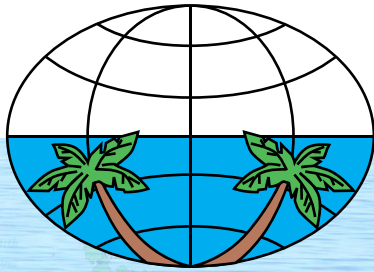
“
The Secretariat
is always
honoured
and greatly
appreciative to
receive the
on-going
support...
”

VISION, MISSION, VALUES

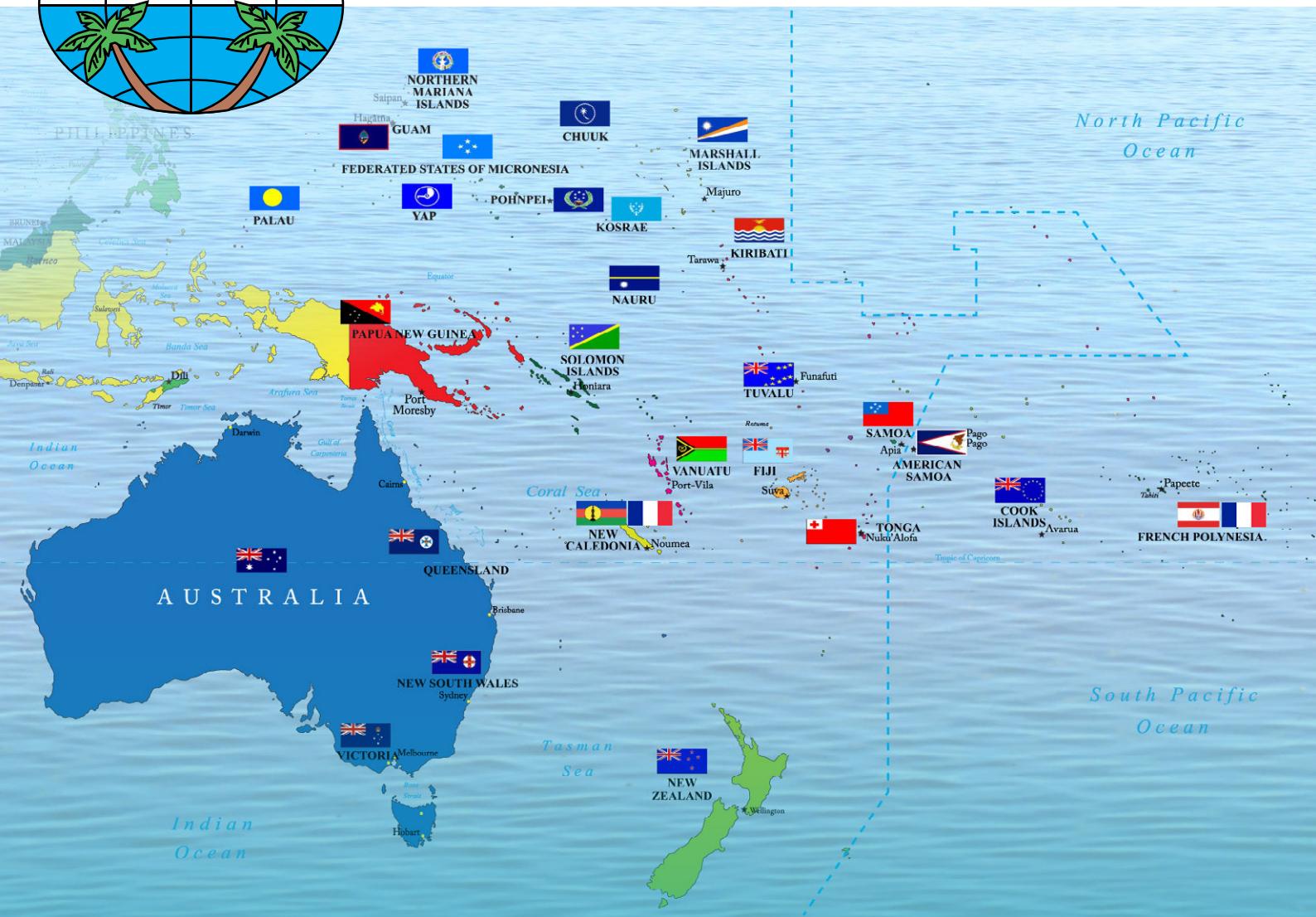
PASAI STRATEGIC PLAN 2014-2024



OUR MEMBERS



We had 27 members on 30 June 2019.



OUR PARTNERS

FUNDING



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme



Japan
Fund for
Poverty
Reduction



EUROPEAN UNION



*Empowered lives.
Resilient nations.*

CAPACITY BUILDING



REGIONAL



**PACIFIC ISLANDS
FORUM SECRETARIAT**



THE SECRETARIAT TEAM



John Ryan

(Secretary-General of PASAI and Controller and Auditor-General of New Zealand)

Sarah Lineham

(Deputy Secretary-General of PASAI, Sector Manager Local Government -NZ Office of the Auditor General)

Tiofilusi Tiueti *(Chief Executive)*

A'eau Agnes Aruwafu

(Director Technical Support)

Sinaroseta Palamo Iosefo

(Director Practice Development)

Natalie Price *(Office Coordinator)*

Jill Marshall *(Communications Advisor)*

Eroni Vatuloka

(PFM Consultant)

Robert Buchanan

(Legal Consultant)

Claire Kelly

(Performance Audit Adviser)

AT A GLANCE

- **Timely audits:** Timely audits: 68% of SAIs as at 30 June 2019 have completed the audit of their country's Financial Statements of Government (FSG) Accounts. Overall, 58% of SAIs met the statutory timeline and achieved the timely audit of their FSG Accounts compared to the baseline in 2015 of 56%.
- PASAI continued supporting SAIs for **effective and robust PFM systems** (SP2 and SP3), through SAIs producing timely and quality audits to internationally agreed standards (SP3). Support was provided to SAI Nauru and SAI Papua New Guinea during the period in the form of the Financial Audit Secondment Technical Support (F.A.S.T.S) program which concluded in July 2018. This has been effective and very valuable, particularly to staff of SAI Nauru in completing the audit of the 2015-2016 Financial Statement of Government. To date, both the Nauru FSG 2014-15 and 2015-16 have been audited and already submitted to the Nauru Parliament. Treasury Nauru are still preparing the 2016-17 and 2017-18 Annual Financials. SAI-level support to Nauru and PNG also assisted these SAIs to improve their audit methodologies and audit practices.
- Improved PFM systems enhances **transparency and accountability**. Increased understanding of the roles and responsibilities of key players came about under the Tonga PFM reform. Further, the Tonga PFM symposium held in September 2018 enabled the government ministries and departments and stakeholders to be more aware and appreciate the PFM reform roadmap initiatives, thus ensuring their cooperation and support to improving Tonga PFM systems. The symposium was coordinated and facilitated by PASAI, PFTAC, Tonga Ministry of Finance & National Planning and SAI Tonga. The symposium outcome document re-focuses the Tonga PFM reform roadmap to be more realistic and feasible for all
- Improving audit quality (SP3) continued to be an important area of focus. A regional **quality assurance** workshop was held in November 2018 for SAIs in the south, developing a pool of QA reviewers to strengthen the QA mechanism and peer review process of SAIs in the PASAI region. The ISSAI Implementation 3i program piloted for SAI Tonga continued with the performance audit team in July 2018. SAI Tonga staff gained knowledge on the audit methodologies with the use of the ISSAI Implementation Handbook ensuring that audits comply with ISSAIs.
- The SAI PMF roll-out continued with the assessment of SAI Nauru in July 2018 and SAI Vanuatu in June 2019. Of the 13 SAIs who have completed their **SAI Performance assessment** fieldworks, ten have finalised their Performance Reports and three are being revised by the peer review teams, taking into account review comments from the independent reviewer for quality assurance. The Strategy, Performance Measurement and Reporting (SPMR) programme continued with two more workshops held in the Cook Islands in November 2018, and in Fiji in April 2019. The programme entailed supporting the SAIs who have conducted the SAI PMF assessments in the development of their strategic plans using the SAI PMF assessment results, developing and aligning their operational plans with the strategic plans, and monitoring and reporting their performance against what they have planned. Two PASAI SAIs - Guam and New Zealand - have published their SAI PMF reports for full transparency, as recommended by INTOSAI and the ISSAI 12 principle of 'leading by example'. The next round of SAI PMF assessments has commenced and it involved five SAIs: State Chuuk of the Federated States of Micronesia (FSM), Commonwealth of the Northern Mariana Islands (CNMI), Fiji, Kiribati and Vanuatu. The program kicked off with a planning workshop in May 2019, where the staff of participating SAIs was trained on the SAI PMF methodology, preparing them for the assessment which they are assigned to conduct in the months ahead. These assessments will progress into the 2019-20 year.
- During the period, PASAI actively participated in **product development meetings** facilitated by IDI, to develop course materials for workshops in SPMR Operational Planning (delivered in November 2018) and Monitoring and Reporting (delivered in April 2019). PASAI's participation in developing the workshop materials for the SPMR plays a significant role in terms of building PASAI's capabilities to be able to support the SAIs in the region and providing an in-depth understanding of the rationale behind the SPMR programme in general as a strategic management approach that SAIs can adopt.

- PASAI’s website continued to provide 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 19 Media Releases, 13 Newsletters and 13 Blogs were issued and shared on PASAI media networks.
- **Funding negotiations with core development partners** have secured sustainable funding for PASAI for the five years remaining of the PASAI strategy period. Four reports were submitted to development partners as per the related grant agreements. The TA funding arrangement with ADB ended in November 2018 and DFAT Tonga agreement in December 2018. The funding agreement with EU-UNDP was signed in April 2019 while new funding agreement with DFAT was signed in May 2019. A new funding agreement with MFAT has recently been finalised. Continued discussions were held with ADB on funding proposal for the next 5 years of the strategy, and also with other donors on bilateral funding
- After the **PASAI mid-term review** fieldwork was completed, a draft report was presented to the Board in February 2019 and an action plan roadmap has been developed to implement the issues raised by the review.
- **PASAI Annual Report 2017-18**, which includes audited financial statements for year ended 30 June 2018, was approved by the Annual General Meeting held during the 21st PASAI Congress in Australia. The 19th Governing Board also approved, among other matters, PASAI Five-Year Operational Plan 2018-19 – 2022-23 and Forecast 2018-19.
- **Participation and gender** - In total, about 220 (net) participants (43% female) attended/participated in our activities during the period. Of the capacity development programs, about 148 (net) participants (47% female) from SAI staff and stakeholders participated in one or more of our 5 training activities and workshops, 8 development support to SAIs, 3 SAI PMF assessment, and 1 Peer-to-peer cooperation programs. Four 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 2019 by the External Auditor on 8 August 2019: Total Members’ Funds of more than NZ\$0.164 million at balance date.



OUR SERVICE

At 30 June 2019, although twenty five planned activities were delayed to the next financial year due to a delay in funding there were 63 programs/activities carried out during the reporting period including:

- 17 programs;
- 46 other activities including global programs and forums attended by SAI and Secretariat staff, and
- Participation by around 220 staff and officials (net).

Table 1: Summary of activities carried out and participation numbers

Types of Programs Support	Planned Full Year (July 2018 – June 2019)	Performed	Number of SAIs involved	Number of participants (PASAI)
A. Programs				
Training and Workshops	10	5	17	154 (F 59; M 95)
Development Support for SAIs	22	8	3	28 (F 17; M 11)
SAI PMF Assessments and programs	6	3	7	17 (F 11; M 6)
Product development	1	-	-	-
Peer-to-peer cooperation	1	1	1	8 (F 4; M 4)
TOTAL Programs	40	17		148 (net) (F:70; M:78)
B. Other activities				
Development Partner Reports	6	4		-
Regional and International Forums	6	10	-	-
Governance Meetings	3	4	All	90 (F:35; M:55)
Strategy monitoring and evaluation	14	10	All	-
Communication activities	52	17	All	-
Secretariat Staff Development	2	1	-	3 (F:2; M:1)
TOTAL Other Activities	83	46	All	
TOTAL PROGRAMS & OTHER ACTIVITIES	123	63	All	220 (net) (F:95; M:125)

PASAI RESULTS

PASAI continued to implement its strategy by delivering programs and achieving results with developmental impact for its member SAIs. These results were not achieved without challenges, but we considered them opportunities for future development with lessons learnt from the experience and impact.

The results of the delivery of our main programs are explained below.

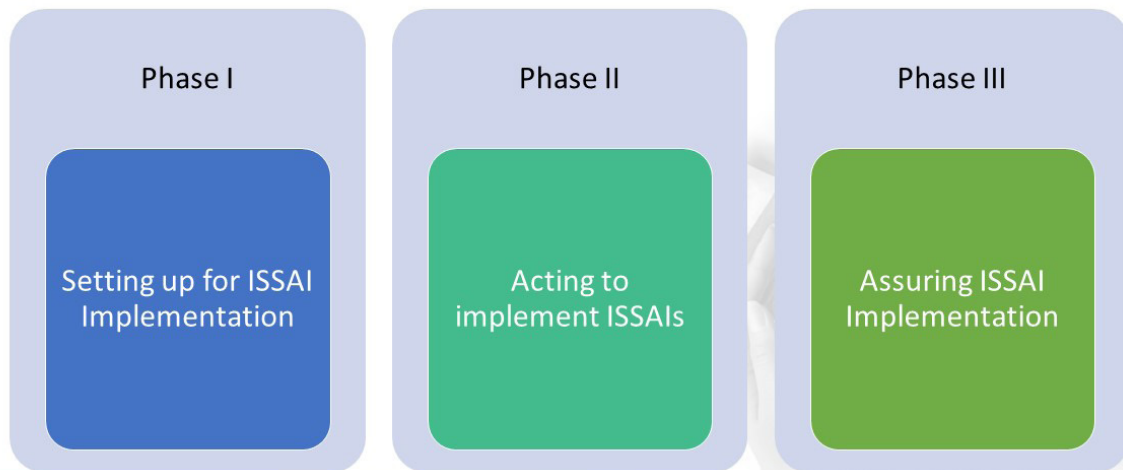
Enhancing high quality audit

Implementing ISSAIs

High quality audit will be achieved through the use of internationally recognised audit standards. The International Standards of Supreme Audit Institutions (ISSAIs) adopted from the International Standards of Auditing (ISAs) have been widely used by members of INTOSAI. The holistic and phased approach to implementing the ISSAIs being piloted in Tonga has involved the adoption of ISSAIs for financial, compliance and performance audits; and allowing the SAI to be fully compliant over a period of time, thus creating minimum impact on the normal operations of the SAI. The program has contributed to improving the knowledge and skills of SAI staff in carrying the audit according to the ISSAIs. The pilot audits conducted will be tabled in the Tonga Legislative Assembly and followed by a quality assurance of the audit reports after they have been tabled. The pilot approach will then be rolled out to other SAIs in the region in the future.



SAI Level Support: Phases



"Supporting SAIs in strengthening performance and capacities"

8

Efficient and Timely completion of audit reports

68% of SAIs as at 30 June 2019 have completed the audit of their country's Financial Statements of Government (FSG). In progressing towards its goal for all SAIs to achieve timeliness of audit, PASAI continued to support those five SAIs that still have backlogs. Two of those five SAIs, namely SAI Nauru and SAI Papua New Guinea, were assisted during the period to improve timeliness and quality of their FSG audits.

Nauru

SAI Nauru FASTS (Financial Audit Secondments Technical Support) program contributed to updating the audit of Nauru Financial Statement of Government (FSG) and moving closer toward the goal of improving timeliness of FSG audits by reducing backlog of audits.



The south-south cooperation initiative (FASTS program) for SAI Nauru was a success. With the support of ADB, this intervention built confidence of SAI Nauru staff in conducting the 2015-16 FSG audit and for future audit as well. A positive impact. Consequently, the 30 June 2016 accounts were completed and submitted to Parliament on 18 December 2018 as a result of the support by PASAI through the FASTS program.

Three key lessons learned from this program are:

- The lack of capacity of the auditees meant the audit process takes longer, therefore the duration of the secondments should be for a longer period
- Outgoing secondees should remain in-country to effectively hand-over their work and progress including challenges identified to the incoming secondees
- The delivery of training/workshops for the staff should be tailored to suit the experience levels of all staff

There is much to be learned from this intervention and lessons learned moving forward will provide good input into the program design for technical support in Nauru for the future. The FASTS program began with an initial concept design in October 2017 and fully implemented by November 2018. SAI Nauru staff expressed their appreciation for their Pacific “brothers and sisters” in sharing their knowledge and relevant practices from their SAIs to assist SAI Nauru in the conduct of the FSG 2015-16 audit. As one FASTS secondment commented:

This secondment program is an excellent initiative by the PASAI in assisting small SAIs with their capacity building and other improvements within their operations which has also promoted the theme of Pacific Auditors working together. It is hoped that the Nauru SAI will uphold and sustain all that had been taught by and learnt from the secondees in the conducting of the whole of Government audits but also all other future audits that will be conducted.



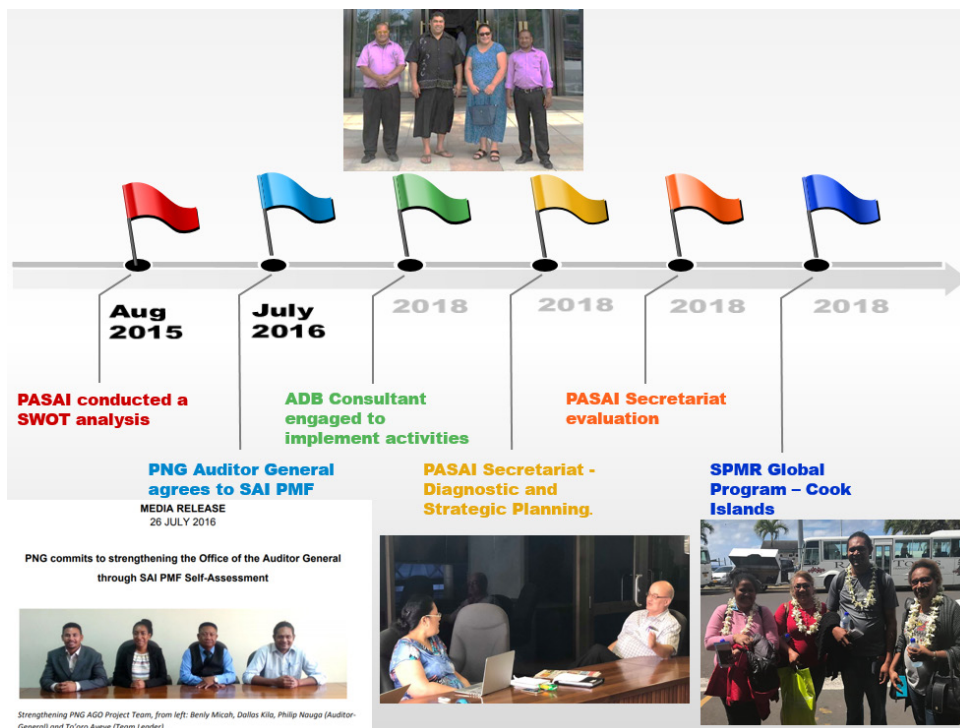
Sadly, SAI Nauru lost a beloved member of their team this year.

“Katrina Harris (centre) commenced duties in the Nauru Department of Audit on 31 Aug 1992 as a Clerk/Typist, Executive Secretary then Administrative Assistant. She was the longest serving employee at 27 years. Married to Ronnel Hedmon, she had no children but was a mother to all her nephews and nieces, dedicating her life to her work and her family. She was a ray of sunshine in the office and was always ready to help others with a smile. She is greatly missed and will forever hold a special place in our hearts.”

Gillian Itsimeira, Nauru

PNG

The support to SAI PNG, through a consultant funded by ADB, led to refining the SAI audit methodology in the conduct of the PNG Financial Statement of Government audit.



Progressive impact of the intervention has been the motivation for the team responsible for FSG audits to conduct this audit, increased understanding of the risks and improved ability to link between the work conducted during interim and the final FSG. The intervention was aimed to reducing the backlog, however, due to some internal issues which posed a challenge in providing the necessary support, there expected result has not yet been achieved. PASAI will continue to monitor and offer support to PNG SAI in alignment with the twinning support from the Australia National Audit Office (ANAO), and also provide further in-house targeted support towards the audits of FSG to achieve the desired result.

“We definitely gained knowledge in conducting audits and as a result of this support ... our departmental compliance audits are now up to date to 2018. We will be issuing the 2016 & 2017 Management letter soon and are planning to conduct the 2018 Public Accounts audit before the end of 2019.”

Cathy Blasius, Director of Audit, SAI PNG

Building Quality Assurance mechanism for SAIs

In pursuing our goal for SAIs to achieve high quality audits, and in response to the SAI PMF assessment results which identified that most of the SAIs did not have an established Quality Assurance (QA) function, PASAI, together with IDI, trained and guided 17 SAI staff from eight SAIs (Fiji, PNG, Samoa, Solomon Islands, Nauru, Tonga, Tuvalu, and Vanuatu) on how to conduct quality assurance reviews by applying a QA tool for the three audit streams – Financial, Compliance and Performance. This is the first PASAI intervention in creating a pool of quality assurance reviewers for SAIs in the region hosted by SAI Vanuatu in November 2018. The intervention had also resulted in a recognition by media and development partners of audits' importance, being 'integral to the entire PFM system'.

However, lack of staff resources and inability to embed these tools and systems into the audit practice remain a challenge, as evidenced seven months after the workshop from a follow-up during the SAI PMF assessment with SAI Vanuatu, one of the participating SAIs.

But any challenge creates opportunity, and PASAI has considered a pilot approach to use a more established QA team from an experienced SAI (Fiji) to establish the QA function with policies, procedures, and systems in a less experience SAI (Vanuatu). The aim is to achieve an established QA system and provide ongoing support to ensure it effectively functions. A success in this pilot approach will then lead to its roll-out to two other SAIs that lack that capacity.

Strengthening Public Financial Management

A strong and robust public financial management (PFM) system raises the standard of accountability and transparency in governments. The SAI is one active player in the implementation a country PFM reform roadmap. With a theme of 'Strengthening public financial management for better service delivery', the Tonga PFM Symposium, held in September 2018, established a concerted approach amongst key players implementing the Tonga PFM reforms to achieve better understanding of issues and challenges in the implementation of the Roadmap, and a requirement to work together, collaborate, communicate and coordinate to achieve the outcomes of the PFM Roadmap to improve the government service delivery to the people of Tonga.

To date there has been some progress such as the following highlights:

- Internal audit reviews conducted using a risk-based approach
- Upgrade to the FMIS
- Design of a TOR (DFAT funded) for a Tonga Support Unit to be established and directly responsible for implementation of PFM reform
- Treasury Financial Reports are now up to date to June 2018
- Asset Management Framework drafted with the assistance of PFTAC
- Procurement regulations have been updated

However, to help these PFM reforms take place there is the need for legislative and executive support to approve on a timely basis draft regulations and frameworks that have been developed.



Enhancing SAI Performance

The implementation of SAI Performance Measurement Framework (PMF) assessment is of great significance in assessing SAIs' performance holistically, by looking at all areas of the SAI's operations including audit work, internal governance and ethics, relations with external stakeholders and independence and legal framework.

Since the SAI PMF pilot program in 2016, PASAI has continued its collaboration with IDI by assessing the performance of SAI Nauru in July 2018, and SAI Vanuatu in June 2019. This brings the total number of SAIs who have conducted an assessment to 14, with ten performance reports being finalised. So far in PASAI, only SAI Guam and SAI New Zealand have published their performance reports.

PASAI has continued supporting the second phase (which included SAI Vanuatu) of the SAI PMF assessment with four more SAIs (Commonwealth of the Northern Mariana Islands (CNMI), Fiji, FSM State of Chuuk, and Kiribati)

PASAI and IDI extended their partnership by combining support on SAI PMF implementation with the roll-out of the Strategy, Performance Measurement and Reporting (SPMR) programme in the region. The SPMR programme aimed to have strategically managed SAIs leading to better performance. SAI PMF assessment results provide a foundation for SAIs to develop and implement long term organisational plans, and to monitor and report against what they plan to deliver. The SAIs received technical guidance and support during three regional workshops: the first on strategic planning in April 2018; the second on operational planning in November 2018; and finally the monitoring and reporting workshop in April 2019.

Twelve of the 14 SAIs who have conducted a SAI PMF assessment participated in the SPMR programme which aided them in developing new or revising existing strategic plans. SAIs were supported on aligning their strategic and operational plans and were also guided on how to develop performance measurement systems to enable them to monitor their implementation, and to capture the relevant information required for reporting on their operations. Participating SAI staff learned the rationale for using performance information in strategic decision-making, and discussed why they need to develop a measurement system to monitor SAI performance and provide assurance that the SAIs have achieved their goals.

The overall outcome of the two programmes (SAI PMF and SPMR) is to enhance SAI performance by empowering them with the capacity and capabilities to strategically manage their own affairs in an effective and realistic manner. Together, the SAI PMF and the SPMR programmes aimed to enhance SAI performance through planning, monitoring and reporting on their performance and the continuous efforts to improve performance over time.



Essentially the outcomes of SAI PMF and SPMR will support the SAI's endeavour to achieve the objectives of ISSAI 12: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, which lays out how SAIs should work to:

- Strengthen the accountability, transparency and integrity of government and public sector entities;
- Demonstrate ongoing relevance to citizens, Parliament and other stakeholders; and
- Being a model organisation through leading by example.

Each regional initiative has its own issues. The participating SAIs differ in size, access to resources, maturity level as well as the environment in which they operate. These factors pose challenges for the SAIs which in turn affect their ability to commit to completing deliverables expected from both programmes on time.

Conducting an effective and quality assessment is critical to producing a quality performance report. Moving ahead, the SAI PMF program has provided many lessons learnt. The main ones include having:

- *a competent assessment team* with a sound understanding of the SAI PMF methodology and knowledge of the context of the SAI's operations. A competent and experienced assessment team will minimise the risk of non-adherence to the SAI PMF methodology and delays in finalising the assessment. This can be assured by providing the appropriate basic training on SAI PMF to anyone who will be conducting an assessment. Identifying a capable team leader is critical to manage and coordinate all responsibilities assigned to individual members of the assessment team.
- *sufficient and appropriate financial and human resources.* Having adequate funding to provide sufficient time for the in-country fieldwork will be essential to allow the assessment team to gather appropriate and sufficient evidence to support the assessment and review each other's work to get assurance that the work being performed is as expected and aligns with the methodology. Once the team is dispersed to their respective countries, it becomes challenging to coordinate their efforts and commitment to complete the remaining tasks for the assessment.
- *SAI leadership commitment* is critical to implementing the learnings from these programmes and ensuring the knowledge gained is transformed to the SAIs' routine day-to-day operations. Only then can improvement in SAI performance and impact on the lives of citizens materialise.



Raising awareness of SAIs values and benefits

Promoting the SAI's role raises awareness on the importance of public sector accountability. PASAI's advocacy programs to Public Accounts Committees (PACs) and legislatures, similar programs for stakeholders, and support to SAIs and Ministries of Finance have highlighted the significance of SAIs role in the region.

A successful advocacy and awareness program conducted for the Fiji PAC and government entities in June 2019, with participating members of parliament suggesting more capacity-building workshops in the future to enhance their oversight role, while participating government officials appreciating the information on SAI oversight role. SAI Fiji was instrumental in facilitating the workshop. Most importantly, the program has initiated discussions on how PACs and SAIs in the region can improve their operational independence. A workshop Outcome Statement has been produced for approval and implementation by the Parliament of Fiji.

In addition, the support to Tonga PAC suggested that the PAC Framework report already produced for Tonga be endorsed and its recommendations implemented by Parliament as it aligns with international best practice, before PAC guidelines and operational procedures are developed for the committee. As part of this DFAT-funded program, PASAI provided the Tonga Parliament and PAC with equipment to enhance their public civil outreach and awareness work given the importance of the committee's work in public financial management.



PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS

PASAI's 5 year operational plan 2018-19 – 2022-23 was approved by the Governing Board and endorsed by Congress, together with the PASAI Annual Report 2017-18, 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. Prudent expenditure control measures were implemented during the year due to funding constraints in most of the reporting period, which continued to pose a high risk to PASAI operation.

Programs

This risk was demonstrated by the fact that the delay in receiving funding from one of the donors (caused by the longer-than-expected time taken to negotiate and sign the related funding agreement/arrangement) greatly affected our program schedule. Most of our planned programs (23 of our scheduled activities for 2018-19) had to be deferred to future years.

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 as raised by the PASAI mid-term review report. The outcome of these meetings were a review of the 2018-19 programs and a discussion around proposed programs to include in the Operational Plan and Budget 2019-20.

However, towards the end of the reporting period, PASAI secured funding with the signing of two separate funding agreements with the Australia DFAT and the UNDP. A grant agreement with New Zealand MFAT was being finalised at the end of the reporting period. These funding agreements guarantee finance for PASAI operation and its programs for the next 5 years, which is the second half of the PASAI strategy.

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; and
- active participation in working groups and committee forums, such as the INTOSAI’s Capacity Building Committee, INTOSAI Donors Cooperation Steering Committee, and INTOSAI Global bodies and Regions Coordination Platform meeting. These global programs complement the capacity development efforts of PASAI to respond to its member SAIs’ development needs.

Congress

The 21st Congress of PASAI was held in Canungra, Australia from 27 - 30 August 2018. With a theme of *“Embracing the Digital Age”*, a key message emerged that mutual sharing of data analysis experience will benefit all SAIs in enabling them to identify effective strategies and contemporary data analysis tools so that SAIs remain relevant in this age of challenging digital transformation. This would in turn strengthen accountability and transparency across the region. SAI Heads reaffirmed the application of the principles of ISSAI 12: ‘Promote Values and Benefits of SAIs through embracing the fast technological development in their audit process to remain relevant to citizens and their Stakeholders. The Annual Meeting of the PASAI Incorporated was also held during the Congress and the Governing Board met before the Congress. The 19th PASAI Governing Board was held at the margin of the Congress while the 20th Governing Board meeting was held on 28th February – 1st March 2019 in Auckland, New Zealand.

Communications

Alongside the major thrust from Congress in communicating more openly and effectively, PASAI’s engagement platform with its members and its stakeholders was broadened with more active sharing of information on its website and social media. The website was overhauled to provide a more user-friendly interface, particularly for information-intensive sections like the Independence Resource Kit. A total of 19 Media Releases and 13 newsletters were issued during the period, with a shift to providing less frequent but more robust newsletters themed around substantive issues. All PASAI media releases, monthly updates and quarterly bulletins can be accessed on the PASAI website <http://www.pasai.org/publications-intro/>. PASAI also contributed to blogs, journals, books and writing events in the global SAI community, while introducing more SAI-level editorial, writing and advisory support across the region to help SAIs establish and develop their local communications activities.



PASAI mid-term review

[The Independent Mid-Term Review](#) assessing the implementation of PASAI's Strategic Plan 2014-2024 was completed and the final report was issued in March 2019. The review was conducted by the Bezerra International Consult.

The review identified that overall, PASAI has contributed to positive change in the region and has potential to contribute to more as it implements programs to address the ambitious goals expressed in the Strategic Plan 2014-24. The Strategic Plan is based on partnership and cooperation between SAIs and the PASAI Secretariat. In order to maximise the achievement to the end of the Strategic Plan period, the Secretariat needs more resources and SAIs need to take more responsibility to operationalise the training and support provided through the program into their SAIs. This will mean SAIs need to be receiving the right support at the right time to ensure there is maximum impact from PASAI's work.

A schedule setting out the primary actions needed to address the recommendations of the independent review was also presented to the Board. A roadmap on implementing the recommendations from the review was developed and is currently being implemented based on the schedule.



HEAD OF SAIs

New appointments and reappointments



Mr. Benjamin J. F. Cruz, Public Auditor, Guam, 13 September 2018.



Mr. Eriati Tauma Manaima, Auditor-General, Kiribati, 21 January 2019.

Completed term of office



Mrs. Matereta Raiman, Auditor-General, Kiribati, December 2018.



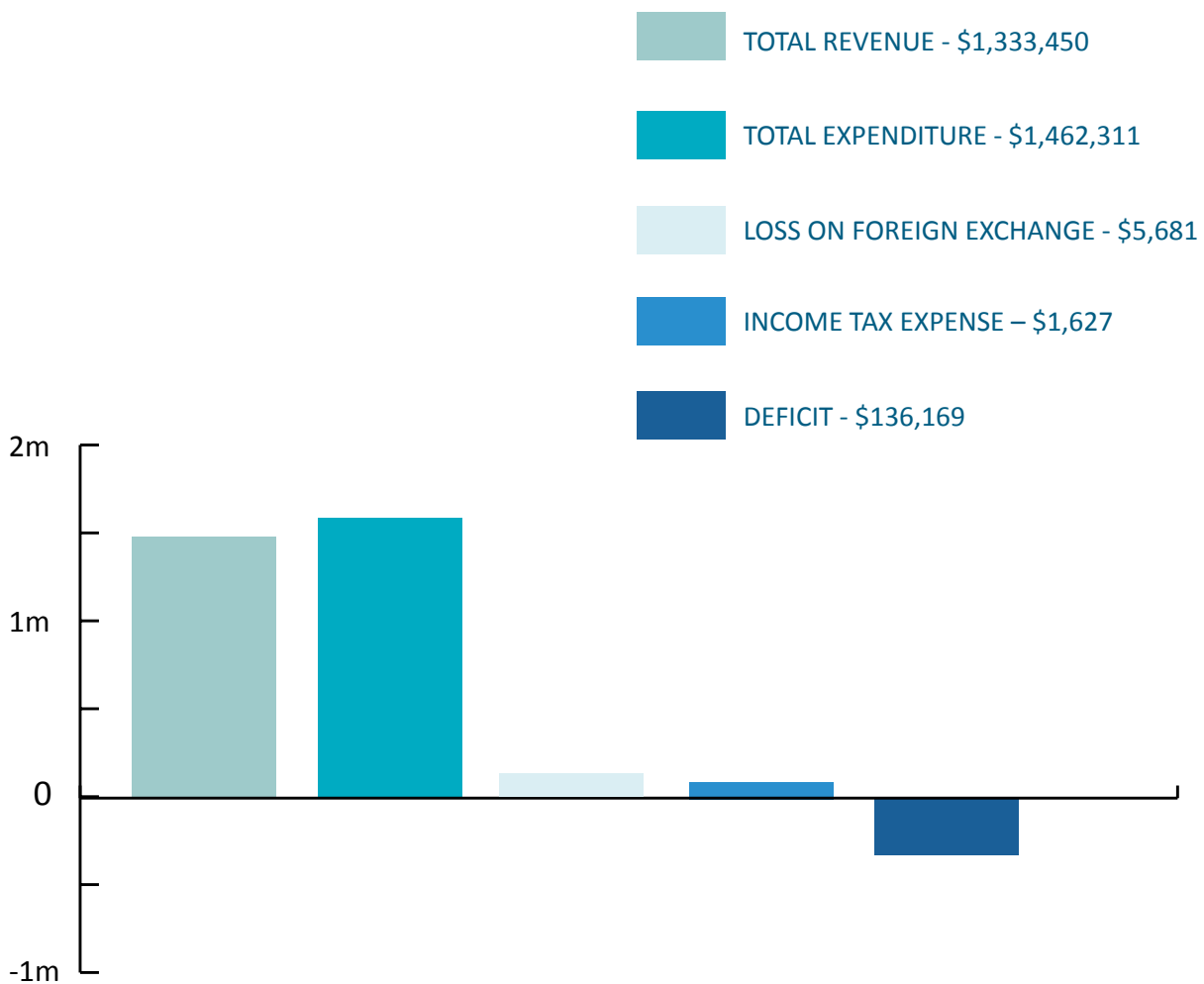
OUR RESOURCES

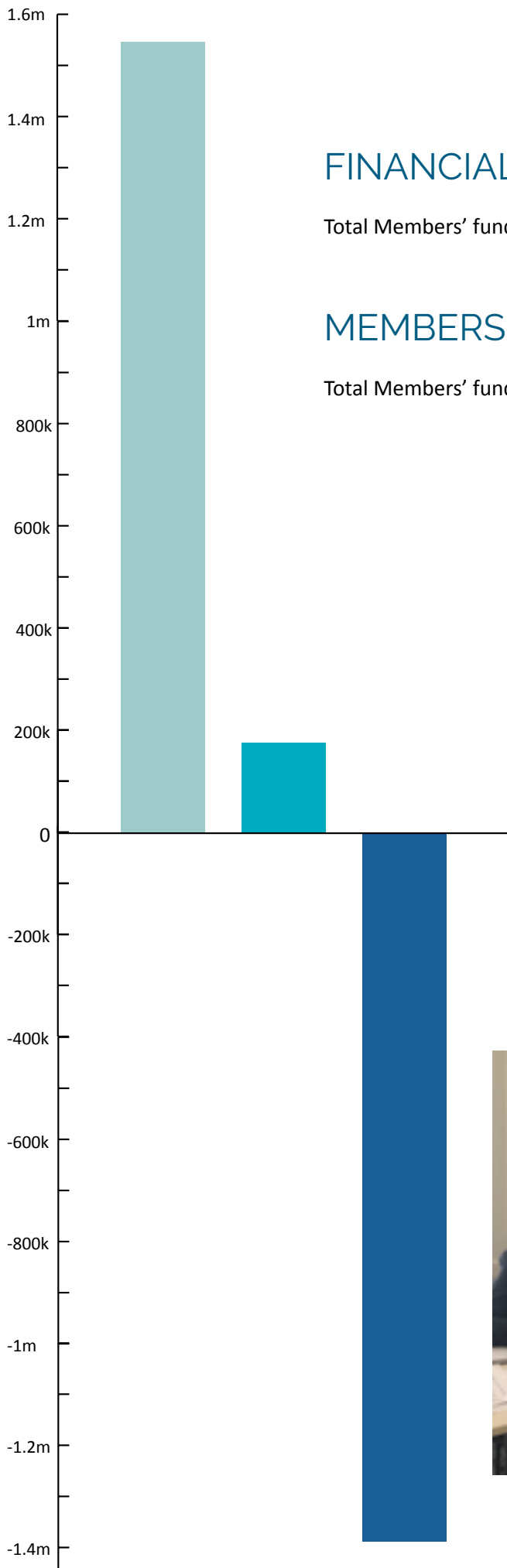
AUDITED FINANCIAL REPORT

The PASAI financial statements for the year ended 30 June 2019 were signed on the 8th August 2019, 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

Total Members' funds stood at NZ\$0.16m at balance date.

MEMBERS FUNDS

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

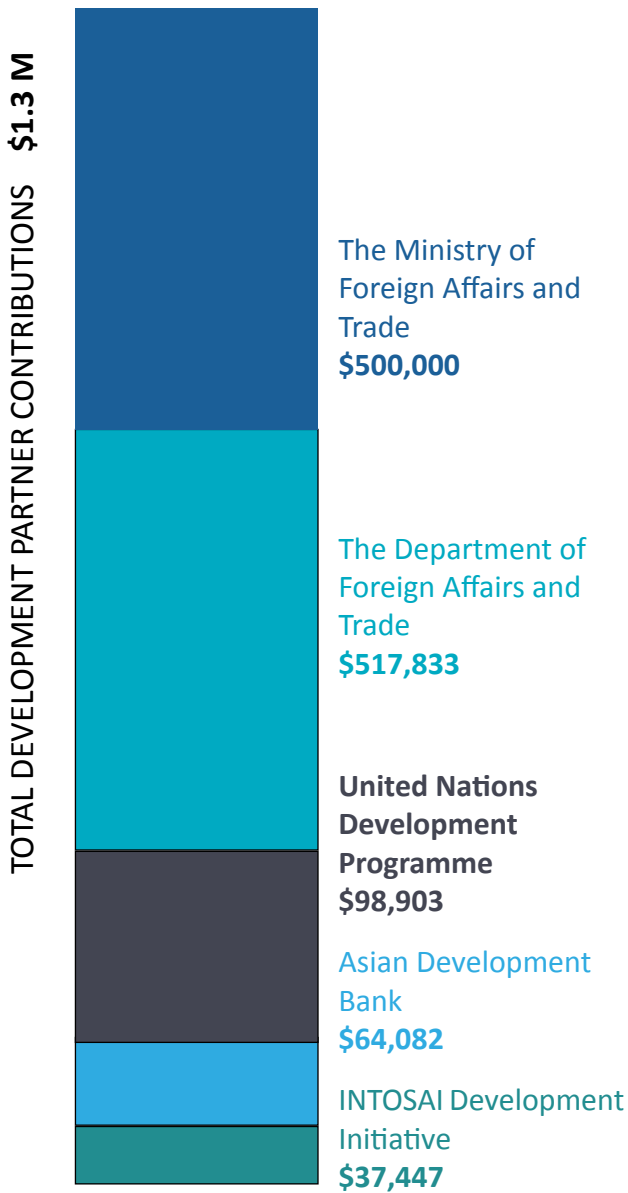
- TOTAL ASSETS - \$1,559,974
- TOTAL EQUITY - \$164,041
- TOTAL LIABILITIES - \$1,395,933



REVENUE

Total Revenue received for the year was \$1.3 million. Australia DFAT and New Zealand MFAT were still our main funders contributing 75% of total revenue.

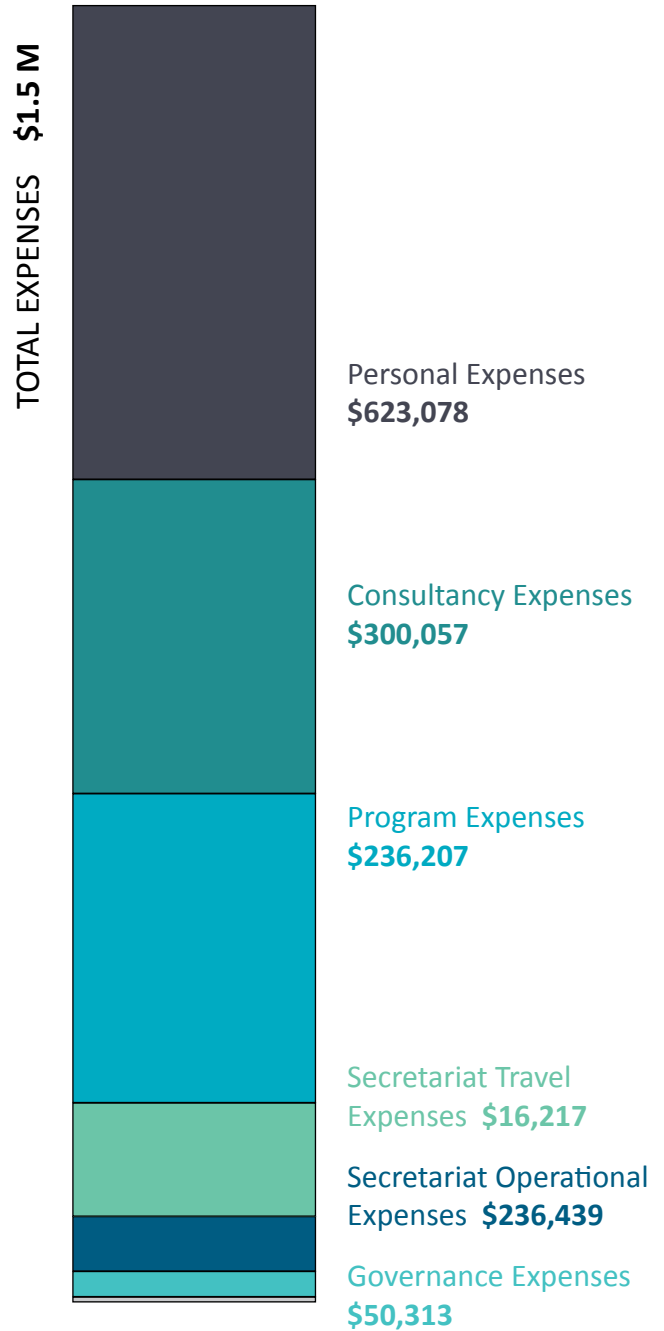
DEVELOPMENT PARTNERS FUNDING



EXPENDITURE

Spending for the year totalled to \$1.5 million. About 37% of that was spent on Programs delivered during the year.

EXPENDITURE BY CATEGORIES



OUR REVIEW

PASAI's Long Term Strategy is results-based, and as such a monitoring and evaluation framework (MER) has been developed to provide a basis for timely intervention if PASAI programmes and projects are not achieving their stated aims and supporting the achievement of PASAI's strategic priorities (outcomes).

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 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 2018/19, 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.


In the mid-term review of the Strategy completed in late 2018, while the reviewer endorsed the general success of PASAI in tracking towards the long-term outcome goals of the 2014-24 Strategy, the main messages of the report are as follows:

- More funding is needed to better resource the Secretariat to do more to achieve the outcome goals including:
 - more effective monitoring and evaluation
 - more sharing of lessons learned
 - run more programmes with a closer tie to the individual needs of the SAIs
 - provide more capacity development materials for SAIs to use themselves.
- The review identified some areas where the Strategic Plan could be reassessed to reduce the risk of it having over-ambitious outcome goals, should the members and stakeholders be concerned about these risks.

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. The Secretariat represented the PASAI region at:

Event	Impact
<p>SAI Leadership and Stakeholders meeting on “Contributions of Supreme Audit Institutions to the Sustainable Development Goals (SDGs)”, UNHQ, New York, 19 - 20 July 2018.</p> 	<p>Shared PASAI’s experience and highlighted the challenges and opportunities for SAIs in PASAI in auditing preparedness for implementation of SDGs.</p> <p>Shared SAI Solomon Islands audit findings from a SAI perspective</p>
<p>Product development meeting for the SPMR, Oslo, Norway 30 July to 3 August 2018, and 10 – 13 December 2018</p>	<p>Gained an in-depth understanding of the concepts and rationale behind the strategic management approach for SAIs which are translated to meaningful course materials for future program workshops.</p>
<p>INTOSAI Capacity Building Committee (CBC) meeting (3 - 5 September) and the 11th Meeting of the INTOSAI-Donor Steering Committee (IDSC) Meeting (6 September, 2018) (Kuwait)</p> 	<p>Shared experience on peer-to-peer cooperation in particular its experience on twinning between SAI New Zealand and SAI Samoa and SAI Cook Islands, discussing the benefits and challenges of the regional approach, and lessons learnt. Also shared experience on QA in the region.</p> <p>Strengthened the collaboration with INTOSAI bodies including regional and committees, and received updates on the progress of work of various work streams and task force under CBC (ie. SAI PMF, IntoSAINT, Peer to peer cooperation, etc.)</p>
<p>ACAG Auditing Standards Committee (ASC) and Financial Reporting and Accounting Committee (FRAC), Melbourne (11-12 October 2018)</p>	<p>Encouraged committee members to further support the developing SAIs of the Pacific through their twinning arrangements and facilities for PASAI member SAIs to tap into ACAG’s technical support resources</p>

<p>SAI PMF Advanced Training, Lima, Peru, 11 – 15 February 2019.</p>	<p>Increased knowledge to confidently carry out a high-quality SAI PMF assessment as a team member or team leader</p>
<p>2019 INTOSAI Global bodies and Regions Coordination Platform Meeting, Cape Town, South Africa, 21 – 24 May, 2019.</p> 	<p>Mutual sharing of experiences and innovative ways relating to capacity development needs and identified various areas for synergies among the regions the regions and also with INTOSAI bodies.</p> <p>Increased awareness by INTOSAI bodies and regions of PASAI activities.</p> <p>Increased cooperation with regional bodies in sharing knowledge through materials and resources.</p> <p>Reinvigorated MOU with AFROSAI-E on areas and resources that could be shared between the two regions, especially on areas where there is a gap in PASAI resources.</p>
<p>IDI SPMR Resource Persons Training, Oslo, Norway, 10 – 21 June, 2019</p>	<p>Strengthen regional capabilities on strategy, performance measurement and reporting in order to support SAIs.</p>



ANNEX I - PERFORMANCE ACHIEVEMENT 2018 - 2019

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
STRATEGIC PRIORITY 1: STRENGTHEN SAI INDEPENDENCE					
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.					
1A1	Assess SAI independence against 8 Mexico principles and report in Accountability & Transparency report	Independence & Reporting	Support 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 results and challenges.	Meeting with SAI PNG in August (Australia) and in October/November (PNG) 2018 regarding the status of the strategy to review SAI independence as part of IDI Global program. Agreed on way forward. SAI PMF peer review of SAI Nauru and SAI Vanuatu included an assessment of independence.	3 SAIs
1A2	Support SAIs to access expertise to address independence issues	Training & Support	Provide technical support to strengthen SAIs independence through legislative reform: a. 5 SAIs are; PNG - 25 - 27 July 2018, Solomon Islands - 10 - 14 September 2018, Fiji - 17 - 28 September 2018, RMI - 7 - 11 January 2019, FSM National - 4 - 8 March 2019. b. Review of the Independence resource kit, and compile status of SAIs independence (27 - 31 August 2018).	Deferred to 2019-20 year Deferred to 2019-20 year. Independence Resource Kit on PASAI website redesigned for increased accessibility and information flow, October 2018.	

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
1A3	SAIs advocate to improve independence	Independence & Reporting		Refer 2B2 below Met Tonga Speaker of Parliament and PAC members in Auckland and discussed status of support to Tonga PAC and future programmes (PASAI Secretariat Office, 23 October 2018)	
OBJECTIVE C: SAIs DEMONSTRATE AND EFFECTIVELY COMMUNICATE THEIR INDEPENDENCE AND RELEVANCE TO CITIZENS AND OTHER STAKEHOLDERS.					
1C1	SAIs report on state of independence, audit findings, follow up and other issues	Independence & Reporting	Liaise with SAIs on status of their websites and provide assistance where necessary	Discussed local websites and communications with ANAO, VAGO, QAO, INTOSAI Journal; Independence Resource Kit on PASAI website updated October 2018, and PASAI website in continuous improvement. Similar assistance with SAI websites offered October 2018. Adding SAI link boxes to member page on PASAI website with their latest report on it – so far Guam, Chuuk, FSM and Fiji have new ‘web’ box.	All
1C2	Improved communications & relationships with PACs	Independence & Reporting	<ol style="list-style-type: none"> 1. Coordinate for at least one SAI per month to share information relating to communications and relationships with PACs (or equivalent), audited entities, media and civil society. 2. Follow up with SAIs on further developments or actions taken to address issues included in the related PAC (or equivalent) workshop outcome statement. 3. Process Mapping and Awareness activity- Tonga PAC 	Refer 1A3 above and 2B1 below Conducted PAC and Stakeholders workshops for Fiji, 4 – 7 June 2019	1 SAI

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
1C3	Develop, implement and report using effective Communications Strategies	Independence & Reporting		Assisting SAI Yap with Communications Strategy SAI-specific assistance provided to SAIs of Yap, Pohnpei, Fiji and Samoa in production of advocacy and communications material	4SAIs
1C4	Develop and maintain effective websites to assist with independence communications	Independence & Reporting	Liase with SAIs on status of their websites and provide assistance where necessary	Discussed local websites and communications with ANAO, VAGO, QAO, INTOSAI Journal; Independence Resource Kit on PASAI website updated October 2018, and PASAI website in continuous improvement. Similar assistance with SAI websites offered October 2018. Adding SAI link boxes to member page on PASAI website with their latest report on it – so far Guam, Chuuk, FSM and Fiji have new ‘web’ box.	All
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		Refer 1C1 above	All

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
STRATEGIC PRIORITY 2: ADVOCACY TO STRENGTHEN TRANSPARENCY AND ACCOUNTABILITY				
OBJECTIVE A: PASAI REGULARLY REPORTS ON THE CONTRIBUTION MADE BY AUDITING PUBLIC RESOURCES TO TRANSPARENCY AND ACCOUNTABILITY IN THE REGION				
2A1	Complete 3 yearly Accountability & Transparency report, plan actions to address findings	Advocacy	Governing board approved in February 2018 the proposed approach and plan for the A&T 2018 but deferred commencement of the project due to funding constraints.	All
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.				
2B2	Actions taken to advocate for PFM system improvements to improve governance and reduce corruption	Public Financial Management	<p>Conduct advocacy and awareness and PAC workshops [5 SAIs FSM National, Fiji, Nauru, Tonga and Vanuatu] (Refer 2C3). Hold discussions with UNCAC to identify ways for collaborative work to support the SAIs to contribute in improving PFM and advocating to reduce corruption</p> <p>Workshop with PAC and Stakeholders for Fiji conducted from 4 – 7 June 2019. All other planned workshops deferred to 2019-20</p> <p>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 jointly facilitated with PFTAC the Tonga PFM Symposium which was held from 4 to 6 September 2018.</p>	

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
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, PFTAC and the World Bank. PASAI was represented at the FEMM by the Fiji Auditor-General, 7 – 9 May 2019.	All SAIs
2C2	Develop triennial partnership agreements with regional partners	Advocacy	Work with at least 1 regional partner to build a collaborative working relationships to advocate enhanced transparency and accountability in the region.	PASAI held meetings with individual partners at various occasions during the year. Meeting held with DFAT in February 2019 in Auckland, and also virtual meetings on various occasions. Meeting held with UNDP and EU in February 2019 in Auckland and again in Suva in April 2019. Held meeting with ADB on 6 November in Manila. Informal discussions held with other developing partners during the 2018 Congress in Australia.	All SAIs
2C3	Support for SAIs initiatives to strengthen understanding of Accountability & Transparency	Advocacy	Provide support to the PAC to update the review of audit reports that are tabled in the legislature [5 SAIs : <i>Nauru - 17 - 21 September 2018, FSM National - 24 - 27 September 2018, Fiji - 1 - 5 October 2018, Vanuatu - 18 - 22 March 2019, Tonga - 4 - 7 June 2019</i>]	Workshop with PAC and Stakeholders for Fiji conducted from 4 – 7 June 2019. All other planned workshops deferred to 2019-20	
OBJECTIVE D: SAIS ADVOCATE FOR IMPROVEMENTS IN THE PUBLIC FINANCIAL MANAGEMENT SYSTEMS ADOPTED BY THEIR COUNTRIES.					
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		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.	

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
2D2	Work with stakeholders to improve timeliness & scrutiny of Whole of Government and Financial Statements of Governments (WOG/FSGs) and audit reports.	Advocacy	Work with SAIs, relevant government ministries, regional bodies and development partners to advocate for improvement in PFM and promote effective scrutiny of audited financial statements (FSGs) within legislative context.	Informed stakeholders about the updates on FSG status on PASAI website. Importance highlighted in awareness workshop, see 1A3	1 SAI

OBJECTIVE E: PASAI IDENTIFIES AND PROMOTES GOOD PRACTICE BY SAIS TO OTHER SAIS.

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.	<p>Newsletter issue method changed to improve access, and newsletters ‘themed’ to have end-to-end story throughout.</p> <p>First ‘all-female’ edition issued in September 2018.</p> <p>Bespoke report created, edited and designed for SAI Samoa on capacity development, and for SAI Pohnpei on ‘Year in the Life’ used for advocacy material.</p> <p>Larger reports created for Procurement Audit, Tonga PMF and advocacy activities, and Nauru FASTS program. SAI PMF report being written.</p> <p>Nauru story shared with INTOSAI CBC for their ‘good stories re Auditing in Complex and Challenging Situations.’</p> <p>Cook Islands article drafted and included in the INTOSAI Journal Summer edition.</p>	All SAIs
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OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
STRATEGIC PRIORITY 3: HIGH QUALITY AUDITS COMPLETED BY PACIFIC SAIS ON A TIMELY BASIS					
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.					
3A1	Status of FSG/WoG audits known and reported	Practice Management	Refine and update the FSG audit database on timeliness, quality (audit opinions, accounting frameworks), and analysing the audit reports and recommendations and to incorporate PEFA indicator results.	Ongoing development of database with status of FSG audits provided to the Governing Board during bi-annual meetings. Refined analysis of the database to be completed by 2020 to cover period 2010 – 2019 (10 years)	All SAIs
3A2	SAIs recognised as supporting Ministry of Finance initiatives for timely completion of FSG/WoG for audit	Public Financial Management	1. Ongoing discussions with PFTAC to see how PASAI can synergize their efforts	SAI Fiji and SAI Vanuatu participated in a PFTAC PFM workshop held in January 2019. Jointly conducted with PFTAC the Tonga PFM symposium on 4 - 6 September 2018, Nuku'alofa, Tonga. Ongoing discussions with PFTAC on support to improve timeliness of FSGs.	2 SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3A3	Timely audits of FSG/ WoG are completed and audit findings reported	Audit Delivery	Refer 3A1	
		<p>Engage a Consultant to provide technical support and develop suite of manuals, policies and refine methodology for Nauru SAI (July to September 2018)</p> <p>F.A.S.T.S Program - Tonga Secondee engaged in Nauru SAI (1 - 27 July 2018)</p> <p>F.A.S.T.S program - PASAI Secretariat Monitoring & Evaluation - Nauru SAI (3 - 6 September 2018 & 12 - 16 November 2018)</p> <p>Engage a Consultant to provide support to review methodology, risk based approach and refine SAI policies, procedures in PNG SAI (July to November 2018)</p> <p>Engage technical advisors to work with SAIs that have a backlog in their FSG audit and to look at ways to improve the audit results or modified opinions. Consultant to be engaged when FSG audit are being conducted.</p> <p><i>[EU Program 1 Efficient and Timely completion of Audits - Activity 1.1]. SAI #1: Cook Islands - 3 - 28 September 2018; SAI#2: TBC - 7 - 31 January 2019]</i></p> <p>Conduct a regional planning workshop on WGA for SAIs that conduct financial WGA</p>		

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3A3 (cont)		<p><i>[EU Program 1 Efficient and Timely completion of Audits - Activity 1.2] Location - TBD. 25 - 29 March 2019</i></p> <p>Engage on-site technical advisor to SAIs during audits to provide on the job training and to refine/review the audit methodology including updating manuals, procedures including assessing follow up procedures and improving this by (providing training, updating follow up processes) etc - all audits</p> <p><i>[EU Program 2-Enhance Audit Methodology to achieve efficient, effective and timely audits - Activity 2.1]. 8 SAIs: 2 SAIs - 10 - 21 September 2018; 2 SAIs - 14 - 25 January 2019; 2 SAIs - 1 - 12 April 2019; 2 SAIs - 17 - 18 June 2019.</i></p> <p>Engage a consultant on-site to conduct a QA on-site for selected SAIs and provide support to improve audit procedures, audit policies and provide training to improve high quality audits</p> <p><i>[EU Program 3 - Enhance QA of SAIs to comply with international standards - Activity 3.2] [4 SAIs: 8 - 12 October 2018; 15 - 19 October 2018; 11 - 15 February 2019; 11 - 15 March 2019]</i></p>		
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	Deferred to 2019-20 year.	All SAIs

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3B2	High quality financial audits confirmed by Peer reviews	Practice Management	<p>Conduct a regional workshop on Quality Assurance using IDI QA tools and utilise the pool of recently trained QA reviewers within PASAI. Assist SAIs to develop a QA mechanism and also develop a PASAI peer review system.</p> <p><i>[EU Program 3 - Enhance QA of SAIs to comply with international standards - Activity 3.3] - 12 - 16 November 2018, Suva, Fiji.</i></p>	Conducted the IDI/PASAI regional QA workshop 12 – 16 November 2018. A Resource Persons meeting was held prior on 8 – 9 November, Port Vila, Vanuatu	All SAIs
3B3	Co-operative financial audits undertaken	Audit Delivery		PASAI regional report on the Cooperative Public Procurement audits completed is being drafted and will be ready for publication by Congress in August 2019	All SAIs

OBJECTIVE C: SAIS PRODUCE HIGH QUALITY PERFORMANCE AUDITS (PA) OF GOVERNMENT AND REGIONAL PROGRAMMES.

3C1	High quality performance audits completed, quality confirmed by peer reviews		<p>Conduct a Regional Audit Report Workshop for Head of SAIs on results and lessons learned from the 6th CPA of Preparedness for implementation of SDGs. <i>Suva, Fiji, 10 - 14 June 2019.</i></p>	<p>Program cancelled from IDI</p> <p>Conducted SAI Level ISSAI Implementation Support for performance audit stream Phase II, 4 – 6 July, 2018, Nuku'alofa, Tonga 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</p>	1 SAI
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OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
3C3	Co-operative performance audits are undertaken	Audit Delivery	<i>Refer to project activity under 3C1</i>	Review the SAIs report on the 6th CPA on SDGs with issues and lessons learnt to compile into a global report compendium to present to the UN in July 2019.	13 SAIs
3C4	2 or more SAI co-ordinated performance audits completed every 2 years	Audit Delivery		Deferred to subsequent years subject to the SAI needs	
OBJECTIVE D; EACH SAI IS AUDITED ANNUALLY TO SET AN EXAMPLE TO PUBLIC ENTITIES IN THE PACIFIC					
MER : OI 3.7 Percentage of SAIs audited annually					
3D1	SAIs own financial statements are audited and recommendations actioned	Practice Management	<i>Preliminary stocktake</i>	Consideration of the status from the SAI PMF assessments (relevant Indicators) that have been conducted and are to be conducted. Further focus deferred to subsequent years subject to SAI needs.	All SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
STRATEGIC PRIORITY 4: SAI CAPACITY AND CAPABILITY ENHANCED				
OBJECTIVE A: SAIS DEVELOP AND IMPLEMENT THEIR OWN COMPREHENSIVE AND REALISTIC STRATEGIC PLANS.				
4A1	SAIs develop comprehensive strategic plans	Practice Management	<p>Coordinate arrangements for regional workshop on developing SAIs Strategic Plans - part of IDI's SPMR Global Programme.</p> <p>Scoping visit to SAI PNG and discussed way forward on developing their strategic plan. SPMR workshops held in November 2018 and April 2019 to progress SAIs' strategic plans and introduce measurement and evaluation processes.</p> <p>Participated in the SPMR Program – Product Development Meeting for Monitoring and Reporting, 10-14 December 2018, Oslo, Norway.</p>	1 SAI
4A2	SAIs report publicly against their strategic plans	Practice Management	<p>Support SAIs with reporting on their strategic plans.</p> <p>Maintain database on SAI strategic plan and coordinate online support to SAIs upon request.</p> <p>Support was provided to SAIs who requested guidance to report 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.</p>	All SAIs

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
OBJECTIVE B: SAIS ADOPT AND APPLY THE INTOSAI PERFORMANCE MEASUREMENT FRAMEWORK (PMF).					
4B1	SAIs develop performance measurement framework (INTOSAI model)	Practice Management	<p>Coordinate arrangements for SAI PMF Round 2 for Fiji, Kiribati, Palau and Vanuatu.</p> <p>Conduct SAI PMF Regional Planning workshop for SAIs. <i>(Fiji, Kiribati, Palau, Vanuatu. Suva, Fiji. 4 - 8 March 2019).</i></p> <p>Conduct SAI PMF Assessment for SAIs. <i>[Fiji (6 - 17 May 2019), SAI Kiribati (6 - 17 May 2019); SAI Palau (17 - 28 June 2019) and SAI Vanuatu (17 - 28 June 2019)].</i></p> <p>Attend Global SAI PMF Advanced Training.</p>	<p>Coordinated arrangements and developing ToR for SAI PMF Round 2 for Fiji, Kiribati, Chuuk, CNMI and Vanuatu</p> <p>Conducted SAI PMF Planning Workshop, Nadi, Fiji, 6 – 10 May 2019.</p> <p>SAI Nauru SAI PMF peer review completed in July 2018; SAI Vanuatu assessment fieldwork completed in June 2019. On-going review of SAI Performance reports to be sent for QA by IDI. 8 SAI Performance reports have been finalised.</p> <p>Attended the SAI PMF Advanced Training Course, 12 – 14 February 2019 Lima, Peru.</p> <p>SPMR – Monitoring and Reporting workshop held in Nadi, Fiji, 8 – 12 April 2019.</p> <p>Attended the SPMR Resource Persons Training, Oslo, Norway, 10 – 21 June 2019.</p>	<p>5 SAIs</p> <p>5 SAIs</p> <p>Secretariat</p> <p>11 SAIs</p> <p>Secretariat</p>
4B2	SAI results improve through targeted assistance to address issues identified through SAI PMF and A&T report		<p>Coordinate and target assistance directly to SAIs based on issues identified through PMF assessments, A&T report work and other MER processes.</p>	<p>Database to be updated when SAI performance reports are finalised and made available to PASAI Secretariat</p> <p>All SAIs</p>	

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
OBJECTIVE C: PARTNERSHIPS AND 'TWINNING' ARRANGEMENTS ARE DEVELOPED BETWEEN SAIS WITHIN PASAI AND GLOBALLY.					
4C1	Assist to develop twinning arrangements & reports impact annually	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.</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
OBJECTIVE D: SAIS PLAN FOR AND USE PASAI TRAINING RESOURCES AND PROGRAMMES.					
4D1	Senior and middle management trained for leadership positions	Capability	<p>Plan and coordinate the Scoping and Design of the Regional SAI Young Leaders program with the Swedish National Audit Office (SNAO).</p> <p>Attend and facilitate the first regional workshop for PASAI's SYL Programme.</p>	<p>Scoping and Design meeting for the regional program has been deferred. Discussions to continue with SAI NZ and SAI Australia on support they could provide to meet the objectives of the proposed programme.</p> <p>Presented PASAI experience at the IDI SYL International Interaction program, Cape Town, South Africa, 20 May, 2019</p>	All SAIs
4D2	SAIs have 3 year training plans in place for all staff	Capability	Assist SAIs to develop training plans based on needs identified in Strategic Plans and SAI PMF assessment results.	SAIs PMF results to be 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	<p>Conduct ISSAI workshop for SAI Samoa. 26 - 30 November 2018.</p> <p>Attend the Syllabus Development workshop for IDI's Auditor Professional Certification Programme.</p>	<p>Proposed program deferred and to consider with IDI's global Certification Program.</p> <p>Not attended.</p>	1 SAI
4D5	Increased numbers of SAI staff have recognised certifications	Capability	<p>Create and maintain database of relevant certifications for auditors; database to include information on SAI staff qualifications.</p> <p>Develop a collaborative relationship with institutions in the region that provide necessary qualifications (eg: CPA, NZICA, IPAA, USP, etc). Attend INTOSAI Taskforce for Auditor Professionalization meetings.</p>	<p>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.</p> <p>Secretariat liaised with USP on future programs relating to accounting standards and other programs that may be relevant for SAI staff.</p>	ALL PASAI members
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	<p>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.</p>	<p>Not completed in current period, plan to conduct in future years</p>	

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
STRATEGIC PRIORITY 5: PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS				
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.				
5A1		Following the restructure of the PASAI Secretariat, a process of recruitment and induction will take place	In progress to complete early in 2019-20 year	
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 trainings, 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 2019-20 year</p> <p>Director Technical Support attended the ACAG Auditing Standards Committee (ASC) and Financial Reporting and Accounting Committee (FRAC) Meetings, Melbourne, Australia.</p> <p>Both Directors are participating in IDI's Certification programme for eLearning Specialists. PASAI Director Technical Support successfully completed and is certified as an eLearning Specialist as a result of this IDI program.</p> <p>No one from the Secretariat attended APIPA 2018</p>

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
OBJECTIVE B: ADEQUATE FUNDING IS AVAILABLE TO IMPLEMENT THE PASAI STRATEGY				
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 2018 Congress in Australia.</p> <p>Held meetings with: ADB; DFAT; EU; UNDP; and WBG during the period 27 – 30 August 2018 (Australia) and also on 27, 28 February and 1 March 2019.</p> <p>Two (2) new grant funding agreements signed with UNDP (5 April 2019) and with DFAT (28 May 2019)</p> <p>Attended UNDP-PASAI induction workshop on financial, procurement, communication etc processes required for implementation of UNDP funded activities, Suva, Fiji, 13 – 14 May 2019</p> <p>MFAT milestone report completed and sent on 28 September.</p> <p>Attended the 11th IDSC meeting in Kuwait, 6th September 2018.</p>

OUTPUT	DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS	
OBJECTIVE C: AN EFFECTIVE OPERATIONAL PLAN UNDERPINS THE IMPLEMENTATION OF PASAI'S STRATEGY.					
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, prepare and attend the 2018 Congress and 2018-19 Governing Board meetings.</p> <p>Attend Regional and International meetings (CBC/IDSC, INTOSAI-Regions Coordination Platform, PFTAC Steering Committee, FEMM).</p> <p>Attendance of the PASAI representative at the INTOSAI GB</p>	<p>5 Year Operational plan 2018/19 – 2022/23 approved by the Congress and GB. Budget 2018/19 endorsed by GB and approved by the Congress.</p> <p>2018 Congress and 19th GB meetings completed in August 2018. 20th GB meeting conducted in February/March 2019.</p> <p>Attended the INTOSAI-UNDESA Contributions of SAIs to the 2030 Agenda and the SDGs meeting, and presented PASAI experience on 6th CPA on preparedness for implementation of SDGs, 19 – 20 July, 2018, New York, USA.</p> <p>Attended the INTOSAI CBC meeting in Kuwait, 3 - 5 September 2018</p> <p>Participated at the INTOSAI Working Group for IT (WGITA) meeting in Nadi, Fiji, 1 – 5 April 2019.</p> <p>Attended the 2019 INTOSAI Global Bodies and Regions Coordination Platform Meeting in Cape Town, South Africa, 21 – 23 May, 2019.</p>	All SAIs

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
5C1 (cont)				<p>PASAI Representative to INTOSAI GB attended 71st GB Meeting, Moscow, Russia, 15 – 16 November 2018.</p> <p>Revised PASAI Gender Policy approved by the GB in August 2018</p> <p>PASAI August Newsletter issued in September 2018 was all female contributors.</p>	
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	Implement PASAI communications strategy (media releases, newsletters, review reports, correspondence of PASAI, update website regularly, etc)	<p>6 Newsletters issued. PASAI blog introduced on 31 July 2018 with 13 entries to June 2019.</p> <p>SAI-specific assistance provided to SAIs Yap, Pohnpei, Fiji, Samoa towards Regional Communications Schedule;</p> <p>PASAI website overhauled in July and continually updated; All uploaded for targeted social media distribution; Inter-regional and INTOSAI information shared via all communications channels,</p> <p>PASAI blog contributed as feature INTOSAI CBC blog in January.</p>	All SAIs

OUTPUT		DIMENSIONS	PLANNED ACTIVITIES	ACHIEVED ACTIVITIES	NO. OF SAIS BENEFITS
5D1	Strategy monitoring and evaluation	Management, Funding & Reporting	<p>Prepare monthly performance status report to GB members on progress of implementing PASAI's Strategy</p> <p>Prepare half-yearly report to GB and Annual Report to Congress on progress of implementing PASAI's Strategy</p> <p>Prepare Interim progress report on PASAI's 10 year strategy reported to Congress and development partners</p>	<p>11 monthly report to the Governing Board on PASAI performance and cashflow status for the period.</p> <p>2 Chief Executive reports presented to the GB in August 2017 and in February 2018</p> <p>PASAI Annual Report 2016-17 approved by the Congress</p> <p>PASAI Reviewer appointed and commenced preliminary work on PASAI mid-term review of its Long-term Strategic Plan 2014 – 2024.</p>	



ANNEX II FINANCIAL ACHIEVEMENT 2018- 2019

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS
(PASAI) INCORPORATED

FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2019



*“Pacific Auditors Working
Together”*

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

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PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

Directory for the year ended 30 June 2019

Legal Name	Pacific Association of Supreme Audit Institutions (PASAI) Incorporated
Nature of Business	Facilitation of support to audit offices in the Pacific region in order to improve quality and build capacity.
Entity Type	PASAI is an Incorporated Society, incorporated on 18 November 2009, under the Incorporated Societies Act 1908
Entity's Mission	<p>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.</p>
Entity's Structure	<p>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.</p>
Main Source of Funding	<p>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.</p>
Business Address	Suite 7, Level 2 Heards Building 168 Parnell Road Parnell 1052 Auckland
Postal Address	PASAI PO Box 37 276 Parnell 1151 Auckland
IRD Number	103-852-250

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

Directory (continued) for the year ended 30 June 2019

Office Holders	<u>Chairperson:</u> Grant Hehir, Auditor-General, Australia National Audit Office
	<u>Secretary - General:</u> John Ryan, Controller & Auditor-General, New Zealand
	<u>Governing Board:</u> Ajay Nand, Auditor-General, Fiji Eli Lopati, Auditor-General, Tuvalu Peter Lokay, Auditor-General, Solomon Islands Sefita Tangi, Auditor-General, Tonga Ihlen Joseph, Public Auditor, Pohnpei State 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

PASAI Members	American Samoa Australia – ANAO - National Office Australia – NSW State Australia – QLD State Australia – VIC State Cook Islands Federated States of Micronesia (FSM) - National Office FSM – Chuuk State FSM - Kosrae FSM – Pohnpei State FSM – Yap State French Polynesia Guam Kiribati Marshall Islands Nauru New Caledonia New Zealand Northern Mariana Islands Palau Papua New Guinea Republic of Fiji Samoa Solomon Islands Tonga Tuvalu Vanuatu
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Auditor	RSM Hayes Audit Chartered Accountants 1 Broadway, Newmarket, Auckland
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Bankers	Westpac New Zealand Limited
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Accountants	Bellingham Wallace Limited 470 Parnell Road, Parnell, Auckland
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PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)
INCORPORATED

Statement of Comprehensive Revenue and Expense
for the year ended 30 June 2019

	Notes	2019 NZ\$	Restated 2018 NZ\$
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Development Partner Contributions	5	1,218,265	1,346,978
Total revenue from non-exchange transactions		1,218,265	1,346,978
REVENUE FROM EXCHANGE TRANSACTIONS			
Dividend Income		405	375
Membership Subscriptions		108,000	2,730
Total revenue from exchange transactions		108,405	3,105
TOTAL REVENUE		1,326,670	1,350,083
EXPENSES			
Personnel Expenses	6	623,078	509,153
Consultancy Expenses	6	300,057	332,779
Depreciation	10	19,063	21,572
Program Expenses	6	236,207	335,258
Secretariat Travel Expenses	6	16,217	44,840
Secretariat Operational Expenses	6	217,376	236,422
Governance Expenses	6	50,313	198,658
TOTAL EXPENSES		1,462,311	1,678,682
Interest Income		6,780	8,494
NET FINANCE INCOME		6,780	8,494
OPERATING SURPLUS/ (DEFICIT)		(128,861)	(320,105)
OTHER GAINS/ (LOSSES)			
Gain/ (Loss) on foreign exchange transactions		(5,681)	(30,698)
SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAX		(134,542)	(350,803)
Income Tax Expense	11	1,627	2,098
SURPLUS/ (DEFICIT) FOR THE YEAR AFTER TAX		(136,169)	(352,901)

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

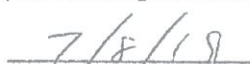
PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)
INCORPORATED

Statement of Financial Position
as at 30 June 2019

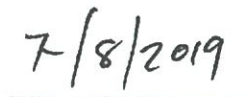
	Notes	2019 NZ\$	Restated 2018 NZ\$
ASSETS			
Current			
Cash and cash equivalents	7	1,332,571	899,194
Term Deposits		174,594	-
Receivables from exchange transactions	8	6,080	1,115
Prepayments	9	35,470	19,226
Income tax receivable		4,596	4,310
Total current assets		1,553,311	923,845
Non-current			
Property, plant and equipment	10	6,663	24,675
Total non-current assets		6,663	24,675
TOTAL ASSETS		1,559,974	948,520
LIABILITIES			
Current			
Payables from exchange transactions	12	45,033	66,600
Employee benefits	13	40,635	29,326
Grants Received in Advance	14	1,310,265	552,384
Total current liabilities		1,395,933	648,310
TOTAL LIABILITIES		1,395,933	648,310
NET ASSETS		164,041	300,210
EQUITY			
Retained Earnings		164,041	300,210
TOTAL EQUITY		164,041	300,210

These financial statements have been authorised for issue by the Governing Board on the 14th August 2019.



Grant Hehr
Auditor-General, Australia National Audit Office
Chairman, PASAI


Date 7/8/19


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


Date 7/8/2019


Tiofilus Tuuti
Chief Executive


Date 7/8/2019

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 2019

	Retained earnings	Total equity
	NZ\$	NZ\$
Balance 1 July 2018	300,210	300,210
Surplus/ (Deficit) for the year	(136,169)	(136,169)
Total comprehensive revenue and expense	<u>(136,169)</u>	<u>(136,169)</u>
Balance 30 June 2019	<u>164,041</u>	<u>164,041</u>
Balance 1 July 2017	653,111	653,111
Surplus/ (Deficit) for the year	(352,901)	(352,901)
Total comprehensive revenue and expense	<u>(352,901)</u>	<u>(352,901)</u>
Balance 30 June 2018	<u>300,210</u>	<u>300,210</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 2019

	Notes	2019 NZ\$	2018 NZ\$
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Membership subscriptions		103,078	3,105
Receipts from Development Partners		1,970,464	1,868,664
Payments to suppliers & employees		(1,471,666)	(1,522,269)
Net cash from/(used in operating activities)		601,876	349,500
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Proceeds from/(funds for) term deposits		(174,594)	389,605
Purchase of property, plant and equipment		(1,049)	-
Interest and dividends received		7,144	10,804
Net cash from/(used in investing activities)		(168,499)	400,409
Net increase/(decrease in cash and cash equivalents)		433,377	749,909
Cash and cash equivalents, beginning of the year		899,194	149,285
Cash and cash equivalents at end of the year	7	1,332,571	899,194

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

Notes to the Financial Statements for the year ended 30 June 2019

1 Reporting entity

These financial statements comprise the financial statements of Pacific Association of Supreme Audit Institutions for the year ended 30 June 2019.

The financial statements were authorised for issue by the Governing Board on the 14th August 2019.

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 recognised 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.

Notes to the Financial Statements
for the year ended 30 June 2019

(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.

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% - 50% (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.

Notes to the Financial Statements for the year ended 30 June 2019

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.

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.

Notes to the Financial Statements for the year ended 30 June 2019

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.

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.

Notes to the Financial Statements
for the year ended 30 June 2019

(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 2019

5 Development Partner Contributions

	2019	Restated 2018
	NZ\$	NZ\$
Asian Development Bank	64,082	51,266
INTOSAI Development Initiative	37,447	358,268
The Department of Foreign Affairs and Trade	517,833	437,444
The Ministry of Foreign Affairs and Trade	500,000	500,000
United Nations Development Programme	98,903	-
Total Development Partner Contributions	1,218,265	1,346,978

6 Expenses

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

	2019	2018
	NZ\$	NZ\$
Personnel Expenses		
ACC Levies	1,204	2,189
Employer Kiwisaver Contributions	5,504	5,583
Payroll Processing Fees	364	322
Staff Training	415	966
Salaries	615,591	500,093
Total Personnel Expenses	623,078	509,153
Consultancy Expenses		
Consultancy - Fees	258,679	285,036
Consultancy - Airfares	19,297	15,215
Consultancy - Accommodation	17,625	19,648
Consultancy - Per Diem	4,456	12,880
Total Consultancy Expenses	300,057	332,779
Program Expenses		
Program - Airfares	91,724	155,238
Program - Accommodation	53,987	71,535
Program - Per Diem	46,409	51,779
Program - Venue Hire	2,622	32,285
Program - Event Catering	27,534	17,437
Program - Miscellaneous Expenses	11,931	6,984
Facilitator - Fees	2,000	-
	236,207	335,258
Secretariat Travel Expenses		
Secretariat - Travel	9,165	22,184
Secretariat - Accommodation	4,262	16,815
Secretariat - Per Diem	2,790	5,841
Total Secretariat Travel Expenses	16,217	44,840
Secretariat Operational Expenses		
Audit Fee	13,181	9,860
Bank Fees	4,617	5,723
Cleaning	6,030	4,917
Information Systems	17,013	20,575
Electricity	3,367	3,504
Health and Safety	-	186

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)
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Notes to the Financial Statements
for the year ended 30 June 2019

Secretariat Operational Expenses (contd.)	2019	2018
	NZ\$	NZ\$
Insurance	7,731	7,557
Equipment Lease	8,405	8,160
Office Expenses	1,812	4,754
Postage, Printing & Stationery	2,448	9,866
Professional Fees	64,635	75,370
Rent	76,226	72,792
Repairs & Maintenance	603	1,620
Subscriptions	2,977	4,647
Telephone	8,331	6,891
Total Secretariat Operational Expenses	217,376	236,422

Governance Expenses		
Governance - Accommodation	13,771	46,239
Governance - Event Catering	10,620	6,701
Governance - Other Expense	1,203	1,279
Governance - Per Diem	9,352	25,287
Governance - Travel	15,367	114,122
Governance - Venue Hire	-	5,030
Total Governance Expenses	50,313	198,658

7 Cash and cash equivalents	2019	2018
	NZ\$	NZ\$
Westpac New Zealand Limited - Cheque	492,993	127,251
Westpac New Zealand Limited MFAT	82	54
Westpac New Zealand Limited DFAT	500,059	474,131
Westpac New Zealand Limited UNDP	339,068	-
Short Term Deposits	-	297,409
Petty Cash Administration	369	349
Total cash and cash equivalents	1,332,571	899,194

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.

8 Receivables from exchange transactions	2019	2018
Accounts Receivable	5,702	778
Interest Income Receivable	378	337
Total receivables from exchange transactions	6,080	1,115

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 2018 and 2019, all overdue receivables have been assessed for impairment and no allowances were made.

9 Prepayments	2019	2018
Insurance Prepaid	2,544	2,475
Rental Bond Prepaid	-	-
Total prepayments	35,470	19,226

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)
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Notes to the Financial Statements
for the year ended 30 June 2019

10 Property, plant and equipment

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

2019	Computer Equipment NZ\$	Office Equipment NZ\$	Total NZ\$
Cost			
Balance as at 1 July 2018	45,011	33,328	78,339
Additions	1,051	-	1,051
Balance as at 30 June 2019	46,062	33,328	79,390
Accumulated depreciation			
Balance as at 1 July 2018	26,894	26,770	53,664
Depreciation	15,405	3,658	19,063
Balance as at 30 June 2019	42,299	30,428	72,727
Net Book Value as at 30 June 2019	3,763	2,900	6,663
2018			
Cost			
Balance as at 1 July 2017	45,011	33,328	78,339
Balance as at 30 June 2018	45,011	33,328	78,339
Accumulated depreciation			
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	26,894	26,770	53,664
Net Book Value as at 30 June 2018	18,117	6,558	24,675
11 Income tax receivable		2019 NZ\$	2018 NZ\$
<i>Current tax expense</i>			
Current year		1,627	2,098
		1,627	2,098
<i>Deferred tax expense</i>			
Origination and reversal of temporary differences		-	-
		-	-
Total tax expense		1,627	2,098

Notes to the Financial Statements
for the year ended 30 June 2019

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

	2019 NZ\$	Restated 2018 NZ\$
Operating surplus / (deficit) before income tax	(134,542)	(350,803)
Non taxable income	(1,320,584)	(1,319,010)
Tax exempt income	(1,000)	(1,000)
Non taxable dividend	(10)	(9)
	<u>(1,456,136)</u>	<u>(1,670,822)</u>
Add Back		
ICA credits attached to dividends received	142	142
Non deductible expenses	1,462,311	1,678,682
	<u>6,317</u>	<u>8,002</u>
At statutory tax rate of 28%	1,770	2,240
ICA credits attached to dividends received	(142)	(142)
	<u>1,627</u>	<u>2,098</u>
Deferred Tax		
There is no deferred tax asset/liability.		

12 Payables under exchange transactions

	2019 NZ\$	2018 NZ\$
Current		
Accounts Payable	22,829	55,445
Westpac MasterCard	10,646	1,295
Audit Fee Payable	11,558	9,860
Total current	<u>45,033</u>	<u>66,600</u>
Total payables under exchange transactions	<u>45,033</u>	<u>66,600</u>

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

13 Employee benefits

	2019 NZ\$	2018 NZ\$
Current		
Annual leave entitlements	29,003	21,090
Salaries payable	11,632	8,236
Total employee benefits	<u>40,635</u>	<u>29,326</u>

14 Grants Received in Advance

	2019 NZ\$	Restated 2018 NZ\$
Current		
Asian Development Bank	-	64,083
INTOSAI Development Initiative	-	51,214
The Department of Foreign Affairs and Trade	967,472	437,087
United Nations Development Program	342,793	-
	<u>1,310,265</u>	<u>552,384</u>

During the year, PASAI received a grant totalling \$1,048,218 from the Department of Foreign Affairs and Trade to fund programmes for Pacific SAls to improve independence and sustainability. There was \$967,412 of the original grant fund remaining to be spent.

During the year, PASAI received a grant totalling \$441,696 from The United Nations Development Program to fund programmes for Pacific SAls. There was \$342,793 of the original grant fund remaining to be spent.

15 Commitments

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

	2019 NZ\$	2018 NZ\$
<i>Non-cancellable operating leases are payable as follows</i>		
Less than one year	85,415	83,312
Between one and five years	193,934	47,551
More than five years	-	-
Total operating leases	<u>279,349</u>	<u>130,863</u>

Notes to the Financial Statements
for the year ended 30 June 2019

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 2022

Lease of Assets

Asset: Fuji Xerox Copier
Monthly Rent: \$712
Term: 48 months from 14 September 2016

16 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 are classified as financial liabilities at amortised cost.

(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.

2019	Loans and receivables NZ\$
Financial assets	
Cash and cash equivalents	1,332,571
Accounts receivable and other receivables	6,080
Other financial assets	-
Total	<u>1,338,651</u>
	Amortised cost
Accounts payable and other payables	45,033
Loans and borrowings	-
Other financial liabilities	-
Total	<u>45,033</u>
 2018	 Loans and receivables NZ\$
Financial assets	
Cash and cash equivalents	899,194
Accounts receivable and other receivables	1,115
Other financial assets	-
Total	<u>900,309</u>
	Amortised cost
Financial liabilities	
Accounts payable and other payables	66,600
Loans and borrowings	-
Other financial liabilities	-
Total	<u>66,600</u>

17 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 seven years. The next right of renewal date is 1 January 2022. The amount cannot be reliably estimated.

Notes to the Financial Statements
for the year ended 30 June 2019

18 Events after the reporting date

There were no significant events after the reporting date.

19 Key management compensation

The entity has a related party relationship with its key management personnel.

Key management personnel compensation includes the following

	2019 NZ\$	2018 NZ\$
Salaries and other short-term employee benefits	495,459	443,269
Total remuneration	495,459	443,269
Number of persons recognised as key management personnel	3	3

20 Prior Period Adjustment

Funds received from Intosai Development Initiative (IDI) was erroneously recognised as revenue for the year ending 30 June 2018. Of the total funds received from IDI, \$51,214 should have been deferred as at 30 June 2018 and is now adjusted. The net impact of these adjustments are summarised below:

Statement of Financial Position

	2018		
	As previously reported	Increase/ (decrease)	As restated
Grants in Advance	(501,170)	(51,214)	(552,384)
Retained Earnings	351,424	(51,214)	300,210

Statement of Comprehensive Revenue and Expense

Development Partner Contribution	(1,398,192)	51,214	(1,346,978)
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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 2019;
- 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 17 present fairly, in all material respects, the financial position of Pacific Association of Supreme Audit Institutions Incorporated as at 30 June 2019, 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

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

8 August 2019