

## On-site support to SAI Kiribati, SAI Solomon Islands, SAI Fiji and SAI Tuvalu for performance audit on preparedness for implementation of the UN Sustainable Development Goals (SDGs)



A report by Oceanbaby Penitito, with Claire Kelly

### Background

On 25 September 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda entitled, "Transforming our world: the 2030 Agenda for Sustainable Development".

The resolution noted that: *Our Governments have the primary responsibility for follow-up and review, at the national, regional and global levels, in relation to the progress made in implementing the Goals and targets over the coming fifteen years.*

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As part of this follow-up and review process, INTOSAI developed a planned response to the SDGs in the Abu Dhabi Declaration and formalised its response in the INTOSAI Strategic Plan 2017-2022. This planned response included supporting SAIs to conduct ISSAI-based performance audits of preparedness for implementing the SDGs at the national level by using a whole of government approach.

More than 100 SAIs throughout all INTOSAI regions participated in this global auditing effort. Among them were 12 from the PASAI region, including three auditors from the Cook Islands; two from the Federated States of Micronesia – National Office; one auditor each from the SAIs of Kosrae, Pohnpei and Yap; three auditors per SAI from Samoa, the Solomon Islands, Kiribati and Tuvalu, and two auditors from the SAIs of Tonga and Palau.

As part of the IDI-PASAI 6th Cooperative Performance Audit (CPA) of Preparedness for Implementation of SDGs, it was recognised that a number of Pacific SAIs required dedicated support to assist them to undertake this complex and challenging audit of national system preparedness. The on-site support was provided between the joint planning meeting in November 2017 and the joint reporting meeting in June 2018.

### On-site support

The on-site support was provided to only four SAIs who participated in the 6th Cooperative Performance Audit (CPA) by Claire Kelly, PASAI Performance Audit Adviser, and Oceanbaby Penitito, PASAI sub-regional mentor for performance audit (Samoa Audit Office). The on-site support began with SAI Kiribati: 17th – 23rd April, SAI Solomon Islands: 14th – 18th May, SAI Fiji: 21st May and SAI Tuvalu: 22nd 29th May 2018. The support was provided in-house at each of the SAIs' offices and was organized through the INTOSAI Development Initiative (IDI) and PASAI.



The objective of the on-site support was to assist the SAIs to effectively conduct and report an audit on the preparedness of responsible agencies within the administration of their government to implement the Sustainable Development Goals.

### Activities undertaken

#### 1. Review of Audit Design Matrix (ADM)

To simplify, re-align and localize the audit criteria within the ADM while maintaining the integrity of its conceptual framework.



#### 2. Stakeholder Engagement

To identify relevant stakeholders for interview and assist in drafting the interview questions to acquire relevant audit evidence focusing on assessing a Whole of Government Approach to SDG implementation.

### 3. Review of Audit Findings Matrix (AFM)

To re-align, streamline and localise the audit criteria within the AFM with the 11 themes that were provided in the report format for the SAIs to follow.



#### **Audit Objective 1: To what extent has the Government adapted the 2030 Agenda into its national context?**

- Theme 1 – Integration into national context
- Theme 2 – alignment of budget, policies and programmes
- Theme 3 – policy integration and coordination
- Theme 4 – creating partnerships and engaging stakeholders
- Theme 5 – inclusiveness

#### **Audit Objective 2: Has the government identified and secured resources and capacities (Means of Implementation) to implement the 2030 Agenda?**

- Theme 6 – identifying resources
- Theme 7 – mobilising partnerships
- Theme 8 – managing risks

#### **Audit Objective 3: Has the government established a mechanism to monitor, follow up, review and report on the progress toward the implementation of the 2030 Agenda?**

- Theme 9 – responsibility, mechanisms and processes of monitoring, follow-up and so on are in place,
- Theme 10 – performance indicators and data,
- Theme 11 – communication to stakeholders

### 4. Introduction of the SDG Radar

The support team introduced a subjective assessment rating system of 0-35 for each of the 11 themes. This was a very useful exercise for the audit teams as they were able to visualise a complete picture of their individual Government's performance concerning preparedness to implement the SDGs, and what areas still required work. This provided a good basis for firming up the audit conclusion on how well prepared individual Pacific Island Governments are with implementation of SDGs and developing recommendations to assist governments improve their level of preparedness.



### 5. Review of Audit Draft Report

The support team assisted individual audit teams to review their draft audit report so that key messages could be consolidated and aligned with the 11 themes. It also provided the opportunity to assess whether the draft reports were ISSAI compliant and that the Whole of Government Approach and principles of SDGs were reflected in the draft audit report.



## 6. Review of Audit Evidence and Analysis

The support team also assisted individual audit teams to review, transform and reflect the information collected in the AFM into the draft audit report. This was a necessary step to ensure the collection of appropriate and suitable evidence for analysis resulting in audit findings that were well-based in evidence and were meaningful to the audited entities. Where the audit finding was significant, attention was also given to the development of realistic and actionable recommendations



### Challenges faced

Some of the challenges faced by the support team during the on-site support were:

- The reliability of the IT infrastructure in some of the SAIs which affected the efficient conduct of the audit;
- Lack of performance audit experience and lack of familiarity with performance audit report writing in some of the SAIs;
- Lack of understanding of the concepts within the Whole of Government Approach and the underpinning principles of SDGs;
- Line ministries did not provide the detailed planning, budgeting and reporting information that the audit teams required indicating capacity constraints at the line ministry level;
- The documents provided were not thoroughly reviewed by the team so that the information could be properly reflected in the report.

### Conclusion

Both the support team (Claire and Oceanbaby) and team members at the four selected SAIs were confident that the support provided during the on-site round would result in a better audit product. The support team found the on-site exercise particularly useful in alerting them to some of the challenges faced by audit teams over the course of the audit and how these may be addressed at the subsequent reporting meeting. Audit team members were more confident in the audit drafting process and felt that they had made significant progress in drafting the audit report.

It is anticipated that this group of auditors will form the core of future performance audit efforts across the Pacific on the preparedness of governments to implement the Sustainable Development Goals and, through their audit work, add value to the actions taken by their individual governments.



## PASAI peer-to-peer support programme continues



PASAI peer-to-peer support programme for Nauru SAI known as the “Financial Audit Secondment Technical Support” or “F.A.S.T.S” programme continued during May. The F.A.S.T.S programme works to engage public auditors from PASAI members to provide the much-needed capacity required by Nauru SAI to carry out its core mandate.

Ms. Violet Roebeck-Fasavalu, Samoa Deputy Auditor-General, was on secondment to provide support to the Nauru SAI during the five week period 30 April to 31 May 2018. Violet was the second staff member on secondment under the programme, following Mr. Emosi Rokoleakai from SAI Fiji who was in Nauru in March 2018. The third and final secondee to the Nauru SAI will be engaged during July 2018.

During her secondment to the Nauru SAI, Violet supported the audit staff in the planning, conducting, and reporting of audit of line ministries and government accounts. On-the-job training, mentoring and coaching were provided to transfer knowledge to the SAI Nauru staff. This opportunity also allowed the secondee to share some of the relevant practices from her SAI which could add value for the Nauru SAI.

At the same time, Mr. Mukesh Arya, consultant to Nauru SAI, worked together with Violet to ensure staff were provided with as much guidance as possible, wherever needed, so that in the future they would be able to learn and apply what the secondee and the consultant provided. This ensures not only that the aim of the F.A.S.T.S programme will be sustainable, but also that the Nauru SAI can achieve its audit mandate at a high quality and in a timely manner.

Violet valued the experience and everything learnt from the secondment, especially in assisting small SAIs within the PASAI region and promoting the goal of “Pacific Auditors working together”.

PASAI thank Fuimaono Camillo Afele, Controller and Auditor-General of Samoa for his support and allowing Violet to be part of this important peer-to-peer support programme. PASAI also acknowledges all the assistance, cooperation, support, and hospitality of Mr. Manoharan Nair, Auditor-General of Nauru and the staff of SAI Nauru which enabled Violet to complete her secondment successfully.



## OAG Solomon Islands experiences Phase III of the Twinning Support Programme

Fourteen auditors from the Office of the Auditor-General of Solomon Islands (OAGSI) attended an intensive phase III workshop from 16 to 27 April 2018 under the twinning arrangement with the New South Wales Audit Office (NSWAO), supported by the Australian Department of Foreign Affairs and Trade.

Aimed at building and enhancing the capacity of staff on audit from planning an audit to execution and reporting, these ten days of training provided the auditors with the opportunity to share ideas and experiences.

The auditors also gave team presentation on the topics learnt each day and received guidance from NSWAO Audit Managers, Roopal Rachna and Farisha Ali, on how to plan the audit effectively, identify key risks and try different sampling methods.

Part of the training was in how to use on-live audits in TeamMate auditing software, including planning the audit effectively in TeamMate using relevant PASAI templates, and efficient and effective reviewing of work papers in TeamMate.

On the final day, auditors were allowed time for questioning and comments on areas covered during the entire two weeks.

As a result of the support given by NSWAO and DFAT, the auditors have gained new technical skills and enhanced the current auditing skills to carry out their work effectively.



## Papua New Guinea Auditor General's office staff training at Queensland Audit Office: Contracting-Out Methodology



With the support of the Asian Development Bank, the Pacific Association of Supreme Audit Institutions (PASAI) arranged for selected staff from the PNG AGO to attend the Queensland Audit Office (QAO) for training in the processes and procedures for contracting out audits of financial statements.

Training on contracting-out methodology from left to right - Ms Karen Johnson (Assistant Auditor General QAO), Ms MaryAnn Sakarias (AGO), Mr Brendan Worrall Auditor General for Queensland, Ms Oita Tata (AGO), Mr Greg Watson (ANAO advisor attached to the AGO). Absent from the photo (because she was taking it) is Ms Kaylene Cossart, Manager Specialist Audit Services QAO.

The objective of the training was to assist and guide the AGO in the development of office procedures and policies for contracting out audits. This included methods for keeping track of reporting timelines and evaluating contractor performance, as well as reviewing and assessing the quality of the work produced by the contractors and the contract managers.

The training was conducted over three days from 1-3 May 2018 with additional time available for developing AGO procedures, while QAO staff were available to assist should it be necessary.



Oita and MaryAnn working on AGO procedures, following a presentation from QAO staff.

### Why was the training necessary?

Contracted-out audits represent a significant and growing component of the work of the AGO. There are two main streams within the office: project audits, and the audits of statutory bodies. Project audits are a requirement of the PNG Government. When donor agencies fund projects in PNG, it is usually a requirement that the financial statements are audited by the PNG Auditor General at key stages of the project. The audits of statutory bodies can be large and complex undertakings and contractor assistance is required to supplement the AGO workforce.

The AGO is intending to contract out more of its audits in the coming years and greatly appreciated the offer of assistance from the QAO (and the support of the ADB and PASAI), in providing valuable insights into the best ways to systematise the work.

## What topics were covered?

The training and Q&A sessions were focused on 3 main areas-

- Authority to contract out, including:
  - The governing legislation and the necessary policies and procedures;
  - Risk assessments and an assessment of the benefits to the AGO expected to be achieved through contracting out; and
  - Delegations, and risk management strategy.
- Contract out strategy, including the need to address:
  - Operational considerations such as the methods of procurement and frequency of contract cycles;
  - The financial impact of contracting out, reputational risks and branding of audits that are contracted out.
- Management of the contract out process:
  - The practicalities of procurement, including reporting, management of variations and other unforeseen developments that can emerge; and
  - Ensuring timeliness and quality in contracted out audits.

## What are the next steps for the AGO?

The next steps for the AGO involve developing its own contracting-out policy, procedures and processes to suit the AGO mandate and environment. This will involve PNG AGO staff in developing:

- A contract management database which is expected to lead to an improvement in the timeliness of contracted out audits being completed;
- Development of a QA mechanism for contracted-out audits;
- Contract-out methodology refined and TeamMate updated accordingly;
- Workshops and on the job training, to accord with the improved procedures and processes.

## Our appreciation to ...

The Papua New Guinea Auditor General's Office greatly appreciates the assistance provided by the highly skilled staff of the Queensland Audit Office and the financial and other support provided by the ADB and PASAI. The AGO appreciates that providing this support to PNG represents a significant investment of resources as well as the opportunity cost of diverting QAO staff from their normal duties. The ongoing support PNG has received from the QAO over recent years has been particularly valuable for the AGO, as it provides exposure to modern approaches and techniques that would not otherwise be accessible.

The AGO would like to assure all stakeholders that this support is appreciated and the outputs from the activities provided by the ADB, PASAI and QAO will be used to the fullest extent possible.





Guest article by Pat Johnson,  
SAI of NZ/OAG

## Environmental auditors on the road

In May, our happy band of “environmental auditors” (aka the ACAG/PASAI Regional Working Group on Environmental Auditing, or RWGEA) headed to Brisbane to catch up on developments across the Pacific, and to share good practice. We were 24 delegates from 13 audit offices (or Supreme Audit Institutions – SAIs). Jonathan Keate and I ran the three-day meeting with great support from the Queensland Audit Office and the PASAI secretariat.



### What is an environmental audit?

An overseas friend suggested that it might be something like “If I eat a berry from that tree, will it kill me?” Others will know that an old-fashioned environmental audit assesses an organisation’s practices to make sure it’s meeting its legal responsibilities but not a lot more.

Once upon a time, organisations didn’t even try to manage the harmful impact of unwanted by-products of their processes – on the environment, or on the people working in those businesses. Things have improved as governments have legislated on matters such as air quality and health and safety at work. But environmental auditing, in the organisational sense, is still mostly about managing pollutants and harmful chemicals. Audits are usually focused on compliance, or on management control systems – they even have their own [ISO](#). This type of environmental auditing is closer to the style of a financial audit, and is usually delivered by private sector companies.

### So what’s different about the environmental audits our SAIs do?

Well, our Auditors-General try to look at issues from citizens’ perspectives, rather than an organisation’s. We know there’s significant public interest in environmental issues, and the effects of poor environmental management are easy to demonstrate – a picture speaks a thousand words, as they say. Many in the Pacific have experienced awful weather events. In New Zealand, we are all acutely aware of drought, soil erosion, flooding (including damage caused by forestry “slash”), water quality issues, and concerns about the effect of dairying on the environment.

The United Nations Sustainable Development Goals (SDGs) are also adding impetus to governments’ consideration of environmental matters. Of seventeen interrelated goals, at least six have an explicit environmental focus.

What's become clear is that we need to centre our attention on the effects of not managing the environment properly. We've found that if the focus is on compliance or on the implementation of policies and plans, the main audit finding is invariably that policies or plans haven't been put in place. There is far more value when audits focus on results and outcomes, and, if the desired outcomes are not being achieved, identifying the root cause of the problems. So these audits are usually designed and delivered in the style of performance audits, and by public sector auditors.

The task of designing and delivering environmental performance audits raises its own challenges, however. These are similar across SAIs, regardless of location and size, and include:

- resourcing – there are many priorities and, in some places, few experienced staff to go around;
- getting to grips with complex subjects – there's often a good deal of science involved, with experts disagreeing on what that science means;
- getting reliable environmental data – sometimes it's not collected, it can't be compared, it's poor quality, or it's very old; and
- audit findings can be strengthened by good use of data, but this needs to be strategic, and using data can create risks.

Co-operative audits are one way of addressing these challenges – for example, by investing once in a methodology, approach, and lines of enquiry, and then repeating these steps multiple times. In this way and beyond, we think SAIs will have an important job in assessing progress on the SDGs and we're looking forward to the new opportunities this brings for auditing the environment.

It was great to see, then, where environmental auditing is helping to improve environmental outcomes, and the growing capacity and capability of SAIs in Australia, New Zealand, and the Pacific in the environmental audit arena.

As my colleague, Jonathan Keate, observed: 'This meeting was notable for the increased involvement of PASAI and ACAG secretariats, record attendance from Australian state offices, and good representation from PASAI. It gave us clear direction for the next couple of years, including considering how to support interest from PASAI members in further capacity building and training in environmental audit.'

We also saw heaps of innovation. For example, Indonesia is using phone-based apps to collect evidence in the field – valuable when your country has over 17,500 islands. Our Indonesian colleagues are even using night time electricity consumption as an indicator of poverty – very useful when your auditors can't reach some of the very remote locations.



A first-time attendee of the RWGEA, Fatafehi Taumoha'apai of the Tonga Office of the Auditor General (left) comments, 'I found the meeting really useful, providing updates on making the world green like the reports shared from Victoria Audit Office and Queensland Audit Office. I enjoyed seeing examples play out in front of the attendees, such as the initiative for environmental audits of the Cook Islands, and finding out about focused methods used on approaching environmental audits like SAI Indonesia's computerised audit technique.'

She adds, 'In the near future, PASAI regions can hope to act on and not just provide recommendations on environmental issues.'

We couldn't agree more.

You can check out our communiqué about the meeting on [PASAI's website](#).



International Public Sector Accounting Standards Board Strategy Roundtable and Capacity Building Forum – 29-30 May 2018, ADB Headquarters, Manila, Philippines

## **International Public Sector Accounting Standards Board Strategy Roundtable and Capacity Building Forum** – 29-30 May 2018, ADB HQ, Manila, Philippines

Representatives from SAIs Tonga, Fiji, Papua New Guinea, Samoa and Vanuatu attended the IPSASB Strategy Roundtable and Capacity Building Forum which was held at ADB Headquarters from 29-30 May 2018.

The trip was made possible through invitation and support for funding by the Asian Development Bank on the recommendation of Tiofilusi Tiueti, the Chief Executive of PASAI. More than 150 delegates from various regions also attended the event.

During the first day of the event, attendees were invited to agree, disagree or provide alternatives to the various IPSASB Strategic Themes and projects in Work Plan 2019-2023. This was achieved through discussions by delegates at allocated tables and agreement by consensus. Based on the feedback provided, the majority of the strategic themes and projects were endorsed by delegates.

The second day involved presentations on

- the benefits and challenges of adopting accrual-basis IPSAS and internal control and risk management;
- the impact of IPSAS on auditors and government internal control;
- a panel discussion on comparative approaches and experience-sharing of adopting accrual basis IPSAS, and
- an update on progress made in the adoption of accrual basis IPSAS from the IPSAS Board.

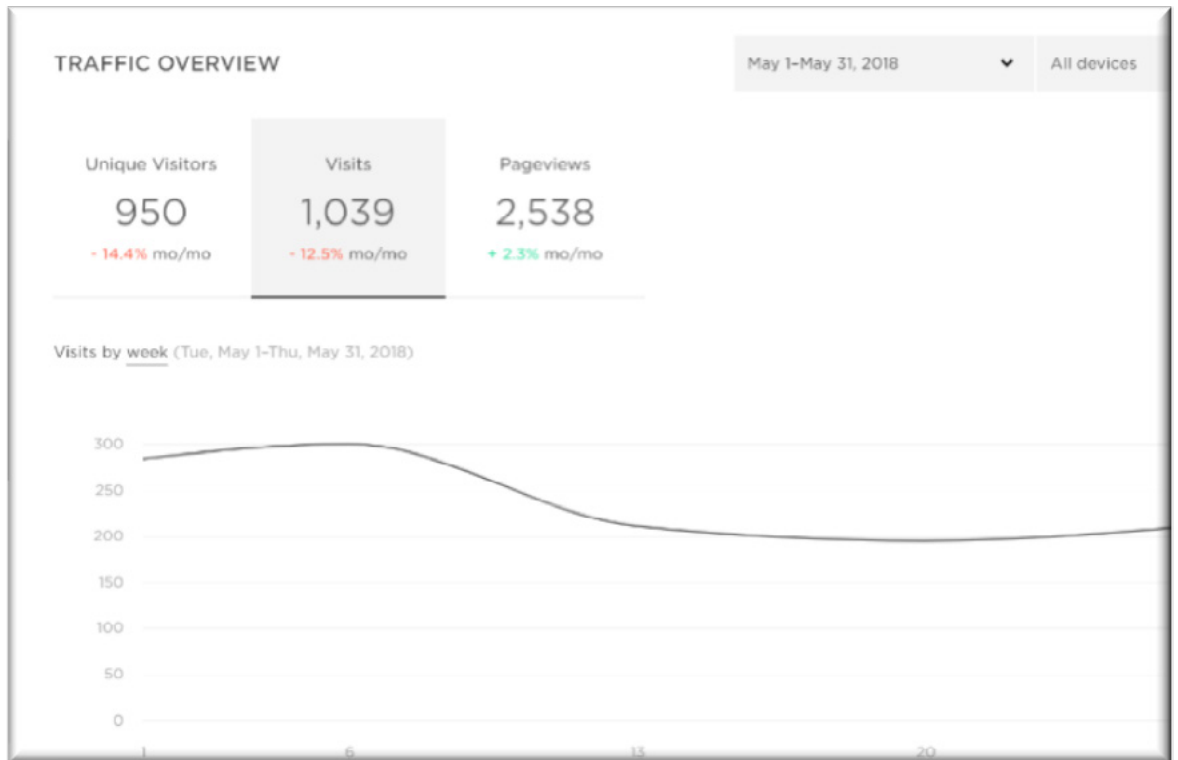
While the majority of delegates were from the Ministry of Finance and similar functions, the two-day event enlightened us on how SAIs could contribute to the adoption of accrual basis IPSAS and creating awareness on the standards.



# PASAI Website analytics - May 2018

In addition to our usual website analysis for May, we've included a snapshot below of how traffic is driven to the website through a variety of routes.

The Secretariat uses this information to analyse where and how to raise PASAI's profile, to engage with more people, more often via our social media and website.



## GEOGRAPHY

May 1–May 31, 2018

Visits by Country (Tue, May 1–Thu, May 31, 2018)



## GEOGRAPHY

May 1–May 31, 2018

▶ NZ New Zealand	123 (10%)
▶ FJ Fiji	94 (8%)
▶ CN China	86 (7%)
▶ TO Tonga	72 (6%)
▶ PH Philippines	37 (3%)
▶ IN India	34 (3%)
▶ FM Federated States of Micronesia	24 (2%)
▶ NO Norway	20 (2%)
▶ RU Russia	17 (1%)
▶ GU Guam	15 (1%)
▶ PG Papua New Guinea	15 (1%)

# PASAI CALENDAR

- **1 July – 29 July, 2018:** F.A.S.T.S Programme, Staff Secondment, Nauru.
- **2 July – 6 July, 2018:** SLIIS Performance Audit support, Nuku'alofa, Tonga.
- **25 July – 27 July, 2018:** F.A.S.T.S Programme Review and Exit Meeting, Nauru.
- **1 August – 3 August, 2018:** Facilitate the Understanding, Analysis and Reporting of Annual Budgets and Financial Reporting and Assurance, Federated States of Micronesia.
- **2 August – 31 August, 2018:** Support SAI on Whole of Government Accounts Audit.
- **6 August – 10 August, 2018:** APIPA Conference, Koror, Palau.
- **6 August – 17 August, 2018:** IDI Certification Programme, Syllabus Development Workshop, Brazil.
- **13 August – 24 August, 2018:** Support SAIs on audit methodology to achieve effective, efficient and timely audits.
- **13 August – 24 August, 2018:** Technical and Legal Support on legislative reform for SAI Fiji, Suva, Fiji.
- **27 August, 2018:** 19th PASAI Governing Board Meeting, Brisbane, Australia.
- **28 August – 30 August 2018:** 21st PASAI Congress, Brisbane, Australia.
- **3 September – 6 September, 2018:** INTOSAI CBC and IDI meetings, Kuwait.
- **3 September – 6 September, 2018:** F.A.S.T.S Programme, Nauru.
- **4 September – 6 September, 2018:** PFM Symposium, Nuku'alofa, Tonga.
- **10 September – 14 September, 2018:** Technical and Legal Support on legislative reform for SAI Solomon Islands.
- **1 October – 5 October 2018:** Enhancing PFM systems, Fiji.
- **1 October – 5 October 2018:** Strategic Plan support, PNG

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