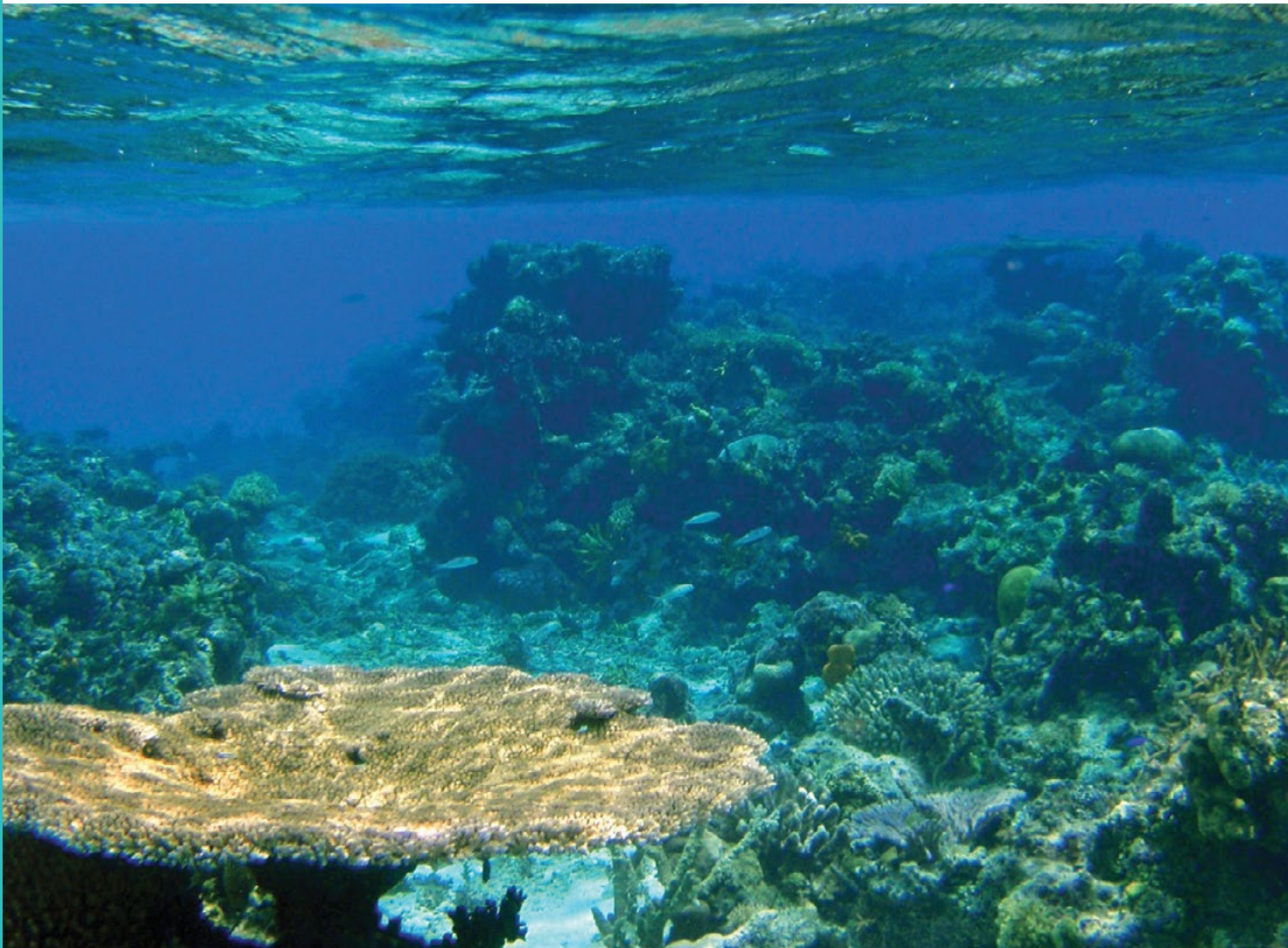




"Pacific Auditors Working Together"

REPORT OF THE REVIEW OF HIGH QUALITY PERFORMANCE AUDITING IN THE PACIFIC



MAY - OCTOBER 2016



MEMBERS OF THE REVIEW TEAM



Photo: 2016 Review Meeting, PASAI Secretariat, Auckland New Zealand, 24-28 October: from Left to Right: Agnes Aruwafu, PASAI Director Technical Support; Erwihne David, Micronesia PASAI Sub Regional Representative; Unaisi Namositava, Melanesia PASAI Sub Regional Representative; Claire Kelly, PASAI Cooperative Performance Audit adviser; Victor Garcia, PASAI Consultant (Global Survey); Oceanbaby Penitito, Polynesia PASAI Sub Regional Representative.

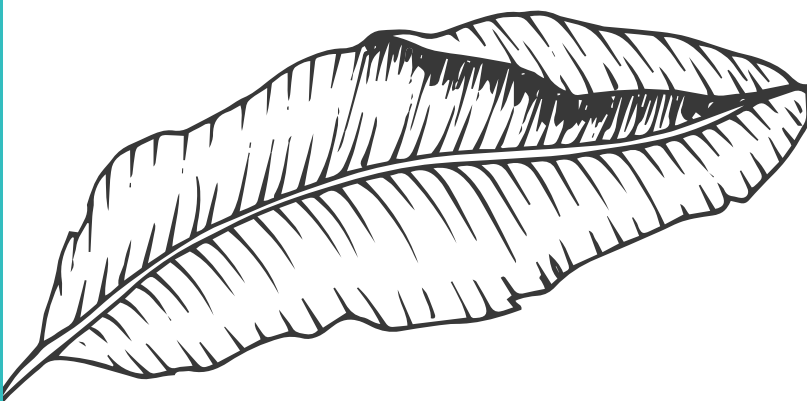


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LIST OF ACRONYMS

ACAG	Australasian Council of Auditors-General
ADB	Asian Development Bank
APIPA	Association of Pacific Island Public Auditors
CPA	Cooperative Performance Audit
DFAT	Department of Foreign Affairs and Trade (Australia)
GAGAS	Generally Accepted Government Auditing Standards
IDI	INTOSAI Development Initiative
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
MFAT	Ministry of Foreign Affairs and Trade (NZ)
MDGs	Millennium Development Goals
PASAI	Pacific Association of Supreme Audit Institutions
PASAI PAM	PASAI Performance Audit Manual
PA	Performance Audit
PNA	Parties to the Nauru Agreement
PIFS	Pacific Island Forum Secretariat
RWGEA	Regional Working Group on Environmental Auditing
SAI	Supreme Audit Institution
SDGs	Sustainable Development Goals
UN	United Nations
UNDP	United Nations Development Program
US DoI	The United States Department of the Interior
WB	World Bank
WGEA	Working Group on Environmental Auditing



EXECUTIVE SUMMARY

BACKGROUND

The United Nations has explicitly recognised the essential role of SAIs as oversight institutions in the implementation of the Post-2015 Development Agenda – the UN Sustainable Development Goals (SDGs). Responding to this, the current INTOSAI’s Strategic Plan includes, as a priority, “Monitoring and assessment of the Sustainable Development Goals within the context of each SAI’s audit mandate”. Discussion concerning INTOSAI’s contribution to the Post-2015 Development Agenda focused on the development of a framework for action, which was debated at INCOSAI 2016. Calls for regional papers to this symposium ensured that the members of INTOSAI were well aware of this significant task. PASAI was one of INTOSAI’s regional working groups that made a contribution to deliberations at the 2016 INCOSAI.

PASAI and its member SAIs are well aware of the importance of supporting the global ambition to monitor and assess progress towards implementation of the SDGs within individual jurisdictions in the Pacific region. During 2016 PASAI undertook a review of the performance auditing capacity of its members, in particular the capacity building benefit gained through the Cooperative Performance Audit (CPA) program. Three project objectives guided the work of the review team:

<u>Objective 1</u>	Follow up and analyse the impact on the SAIs that participated in the first five cooperative performance audits led by PASAI.
Sub objective 1.1	<ul style="list-style-type: none">• Establish a stock take of SAIs and their performance audit (PA) developments, constraints and progress
Sub objective 1.2	<ul style="list-style-type: none">• Evaluate the CPA methodological approach to provide a suitable platform to audit the implementation of the UN SDGs.
<u>Objective 2</u>	To analyse and assess the current audit practice of SAIs that conduct performance audits as part of their mandate and identify strengths and weaknesses of the performance audit practice.
Sub objective 2.1	<ul style="list-style-type: none">• Determine whether the PASAI Performance Audit Manual (PAM) is being used by SAIs, where improvements can be made and whether it requires an update.
<u>Objective 3</u>	To review current Quality Assurance processes leading to the design and development of a regional Quality Assurance (QA) process.

This report is the result of the review effort and recommendations for future PASAI and member SAI activity are found in Chapter 6.

BACKGROUND TO THE REVIEW

The review was conducted in the context of the PASAI Strategic Plan 2014-2024 with its central strategic priority – *high quality audits completed by Pacific SAIs on a timely basis*. Objective C of that strategic priority requires that SAIs produce high quality performance audits of government and regional programs. The review provided a platform to examine both the contribution of the CPA programme to regional performance auditing capacity as well as gather information and identify good performance audit practices within individual SAIs.

Quality is at the heart of auditing and the review provided an opportunity to assess quality performance auditing through the identification of practices supporting this concept. As a consequence, the review was expanded to include a further objective assessing the effectiveness of available support mechanisms – performance audit guidance and Quality Control and Quality Assurance mechanisms. This has resulted in a body of knowledge that can be shared amongst Pacific SAIs and which promotes the PASAI value of continuous improvement.

REVIEW METHODOLOGY AND THE SUB REGIONAL APPROACH

A project team was established consisting of the PASAI Secretariat including the CPA consultant, three representatives from each of the PASAI sub regions – Melanesia, Micronesia and Polynesia. This was supplemented by an external consultant who conducted a global survey to gather information from key stakeholders on:

- the CPA program,
- performance auditing capacity in the region, and
- the status of the UN SDGs.

Fieldwork was carried out between May and October 2016 in the three sub regions. At the same time, the views of key stakeholders were gathered through the global survey. The two elements of the project methodology were complementary. Information was obtained from a range of key stakeholders through the global survey. This was supplemented by information gathered at the sub regional and jurisdictional level by the three sub regional representatives. This included determining the current status of the approach adopted by national governments' to the implementation of the UN SDGs.

OVERALL CONCLUSION

This section of the report concludes against the three overarching project objectives.

ASSESSMENT OF SAIS PA PRACTICE - DEVELOPMENTS, CONSTRAINTS AND PROGRESS

It is good to report that the majority of respondents to the global survey were aware of the CPA program and had participated either as SAIs or had provided some form of financial, technical or logistical support to SAIs to carry out these audits. To further elaborate this high level finding, the sub regional representatives also carried out a stocktake of PA developments, constraints and progress within their sub regions. This served to highlight a significant difference between PA execution in the North Pacific (Micronesia) and the South Pacific (Melanesia and Polynesia). Owing to adherence to the requirements of GAGAS, SAIs in the Micronesian sub region have, for a long period of time, conducted PAs. In most instances, these SAIs have mature PA practices supported by a robust peer review process. A number have also participated in the CPA program and gained significant capacity improvements from their involvement, for example in structuring and writing audit reports.

Whilst having a mandate to carry out PAs, the practice is less well developed in the Melanesian and Polynesian sub regions. As a result, their participation in the CPA program has provided substantial benefits with a number of SAIs now conducting PAs in their own right without PASAI support. This is a very encouraging development.

The three sub regional representatives found a number of useful examples of good practices developed in each of the sub regions – these are presented in the body of the report. PASAI will continue its practice of sharing so that SAIs can learn from each and adopt practices of value to them to enhance their PA work.

QUALITY PERFORMANCE AUDITING

Quality audits need up to date guidance detailing the required PA standards. To ensure that the guidance is followed systematically and consistently, the SAI also needs a Quality Control/Quality Assurance system to support its core business of auditing.

PERFORMANCE AUDIT MANUAL

The review work carried out by the three sub regional representatives revealed that while individual SAIs use either their own or the PASAI Performance Audit Manual, there is no process in place to ensure that they are regularly reviewed and updated to guarantee compliance with the ISSAIs.

There would be benefit in PASAI and IDI promoting the use of the on-line IDI ISSAI Implementation Handbook to Pacific SAIs. This would serve as a cost effective option to replace the use of the PASAI PAM and supplement individual SAI manuals where appropriate.

The Polynesian sub regional representative also reported that the SAI of Samoa has included in its Performance Audit Manual a section on integrating IT auditing services with performance audit practices enabling auditors to assess the reliability, accuracy and completeness of government agency data holdings. This is an important initiative that we can learn from as we improve our performance audit practice.

QUALITY CONTROL AND QUALITY ASSURANCE PROCESSES TO SUPPORT PERFORMANCE AUDITING

Both Quality Control and Quality Assurance policies and procedures are patchy within the sub regions of Melanesia and Polynesia. On the other hand, the Micronesian sub region has a well-established system of Quality Control and Quality Assurance in place. This provides an opportunity for the expertise of the Micronesian SAIs to be shared with and build the capacity of the other two sub regions.

AUDITING THE IMPLEMENTATION OF THE SDGS IN THE PACIFIC – ARE WE READY?

The overall methodology of the CPA approach was confirmed through the PASAI Global Survey. As well, useful suggestions for program improvement were made.

Heads of SAIs considered the CPA approach as sound but suggested enhancements included:

- **PASAI needs to actively publicize and share the importance of the CPA program with the highest level of government officials**
- At a practical level, an **improvement in the consistency of the application of the program in the region and broadening collaboration**. This is a valuable suggestion especially in conjunction with ‘Regionalising the program: i.e. to identify and conduct CPAs for members having similar working environments’.
- Also on a practical note, SAIs would also like more extensive PASAI involvement **concerning their audit progress and issuing and tabling the final report** in the relevant legislature.
- SAIs are also interested in embedding the **peer review process** in the CPA program including a peer review of the CPA report. This was further supported by ‘Peer reviews between SAIs to be conducted prior to the reporting meeting to allow for more constructive analysis of the reports produced by both SAIs’.

Non SAI respondents also provided valuable input to enhance the CPA methodological approach:

- **coordination among stakeholders** needs to be improved including broader engagement on the topic of the audits.
- it would also be useful to **consult more fully with key stakeholders on audit objectives and the modalities used**.

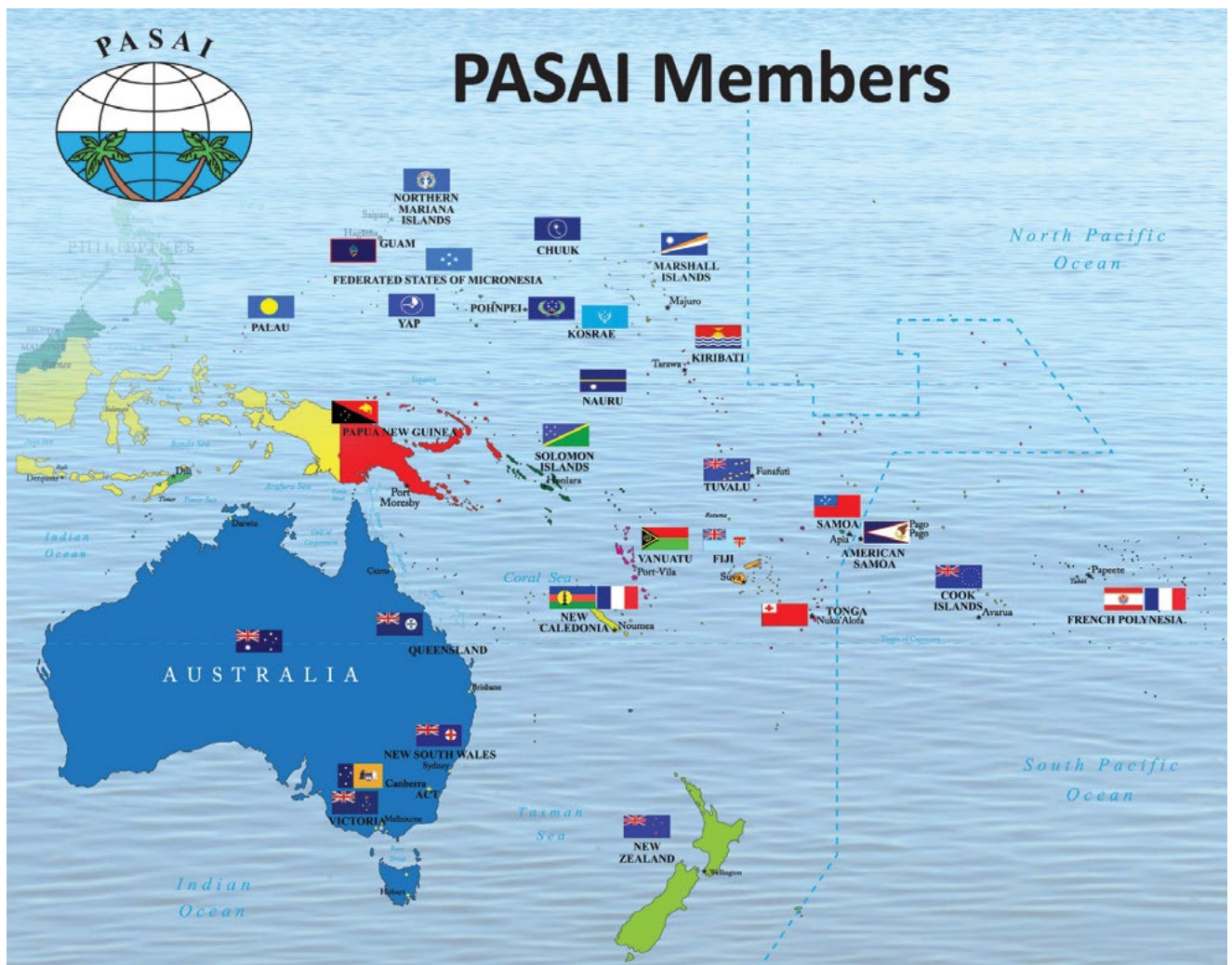
The above suggestions will be progressed through the design phase of PASAI’s next CPA.

Feedback from stakeholders (SAIs, multilateral development partners and multilateral agencies) indicates strong support for the involvement of SAIs in any assessment of individual jurisdiction’s implementation of the UN SDGs. This is a new and exciting challenge for PASAI to support.

To further support the global auditing effort, IDI has commenced work on developing guidance to support an audit of national system preparedness for effective implementation of the SDGs. This guidance will be of value to Pacific SAIs as we commence planning PASAI’s approach to developing cooperative audits targeted at assessing national system preparedness. This global development also fits well with the PASAI Cooperative Performance Audit experience as the audits designed under the program focused on key preparedness issues – such as national legal and policy frameworks, governance arrangements, for example the identification and empowerment of a ‘lead’ agency, and system monitoring and reporting capacities. PASAI SAIs are already well placed with a cohort of trained performance auditors to conduct future audits on the SDG priorities endorsed by their national governments.

Multilateral development partners responded in the Global Survey that they would continue to support national audit institutions in the Pacific and provide specific capacity-development programs for SAIs to broaden their perspectives in the analysis of risks to SDG implementation. The latter will be an important initiative to support high quality performance audits undertaken with full knowledge of individual country circumstances and capacity constraints to successfully implement the SDGs. The continued support of multilateral agencies to provide networking opportunities and technical assistance will further enhance high quality and meaningful audits.

PASAI and member SAIs are now at a point in their history where, with the ongoing support of multilateral stakeholders and development partners, they are well equipped to effectively support, through quality audit services, the efforts of national Pacific government to implement UN SDGs.



CHAPTER 1: INTRODUCTION

This chapter sets out the objectives of the review of performance audit capacity across Pacific SAIs with a focus on the contribution of PASAI's Cooperative Performance Audit (CPA) program to enhanced capacity. It also describes the methodological approach of the review.

PASAI's overall goal under its Charter is to:

promote transparent, accountable, effective, and efficient use of public sector resources in the Pacific.

During 2013, PASAI underwent an extensive consultative process to develop its long-term strategic plan for 2014-2024. The strategic plan is framed around results and incorporates five Strategic Priorities (SPs), which are highly interdependent and mutually reinforcing. These SPs provides a clear direction for PASAI's work and accountability to development partners over the life of the strategic plan.

The five Strategic Priorities (SPs) are summarised below.

STRATEGIC PRIORITY	OUTCOME	OBJECTIVES
Strategic Priority 1: Strengthen SAI Independence	<i>Improvements in SAI independence and resourcing and consequent ability to communicate relevance to citizens and elected stakeholders</i>	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.
		Objective B: SAI independence is supported by adequate resources and capability.
		Objective C: SAIs demonstrate and effectively communicate their independence and relevance to citizens and other stakeholders.
		Objective D: SAIs share information and promote independence within their SAI and support other SAIs to meet challenges to their independence
Strategic Priority 2: Advocacy to strengthen governance, transparency and accountability	<i>Strong partnerships with regional organisations with an interest in governance, transparency and accountability and, where appropriate, strategic partnership agreements with joint results-oriented frameworks agreed</i>	Objective A: PASAI regularly reports on the contribution made by auditing public resources to transparency and accountability in the region
		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.
		Objective C: Strong partnerships are developed with regional organisations with an interest in enhanced accountability and transparency.
		Objective D: SAIs advocate for improvements in the public financial management systems adopted by their countries.
		Objective E: PASAI identifies and promotes good practice by SAIs to other SAIs.

STRATEGIC PRIORITY	OUTCOME	OBJECTIVES
Strategic Priority 3: High quality audits completed by Pacific SAIs on a timely basis	<i>Improvements in production of Financial Statements of Government (FSG)/Whole of Government (WoG) audits annually by trained and qualified SAI staff and increase in number of performance audits undertaken by SAIs with audit impacts reported annually</i>	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.
		Objective B: SAIs produce high quality financial audits in accordance with national/international standards
		Objective C: SAIs produce high quality performance audits (PA) of government and regional programs.
		Objective D: Each SAI is audited annually to set an example to public entities in the Pacific
Strategic Priority 4: SAI capacity and capability enhanced	<i>Improved SAI management processes supported by staff with up-to-date skills and auditing capabilities</i>	Objective A: SAIs develop and implement their own comprehensive and realistic strategic plans.
		Objective B: SAIs adopt and apply the INTOSAI performance measurement framework (PMF).
		Objective C: Partnerships and ‘twinning’ arrangements are developed between SAIs within PASAI and globally.
		Objective D: SAIs plan for and use PASAI training resources and programs.
Strategic Priority 5: PASAI Secretariat capable of supporting Pacific SAIs	<i>Development partners and SAI satisfaction with PASAI management</i>	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.
		Objective B: Adequate funding is available to implement the PASAI strategy
		Objective C: An effective operational plan underpins the implementation of PASAI’s Strategy.
		Objective D: Implementation of PASAI’s strategy is regularly monitored and evaluated.

The key strategic priority and associated objective, highlighted in yellow, is the subject of this review. The overarching objective of this review is to assess progress towards the achievement of objective C for strategic priority 3 - *to enhance quality performance audits*. The review also examines the approach developed under the PASAI Cooperative Performance Audit (CPA) program to ensure that it provides a sound methodological basis to conduct future quality audits to monitor the achievement of the UN Sustainable Development Goals (SDGs) across the Pacific.

1.1. PROJECT OBJECTIVES

The objectives of this review project were tiered:

OBJECTIVE 1

Follow up and analyse the impact on the SAIs that participated in the first five cooperative performance audits led by PASAI. The benefits have been evaluated since 2010 through PASAI’s after action reporting process. However, a review is required to capture and consolidate this information and to ensure its currency.

Sub objectives:

- (1) Establish a stocktake of SAIs and their performance audit developments, constraints and progress to determine accurate baseline data required for ongoing monitoring and evaluation by PASAI.
- (2) Evaluate the cooperative performance audit methodological approach to provide a suitable platform to audit the implementation of the UN SDGs. The cooperative audit approach has proven to be adaptable to audit topics other than environmental auditing. However, this needs to be validated and enhanced where necessary to support international SDG monitoring requirements.

OBJECTIVE 2

To analyse and assess the current audit practice of SAIs that conduct performance audits as part of their mandate and identify strengths and weaknesses of the performance audit practice. This will include assessing any performance audit manuals or other audit instructions or templates being used by the SAI (including PASAI's Performance Audit Manual). This will also incorporate any SAI self-assessments that have been carried out for the SAI (for example, iCATs or APIPA peer review). A summary of good practices and recommendations for strengthening performance audit practice will be included in this regional report.

Sub objective:

Determine whether the PASAI Performance Audit Manual (PAM) is being used by SAIs, where improvements can be made and whether it requires an update.

OBJECTIVE 3

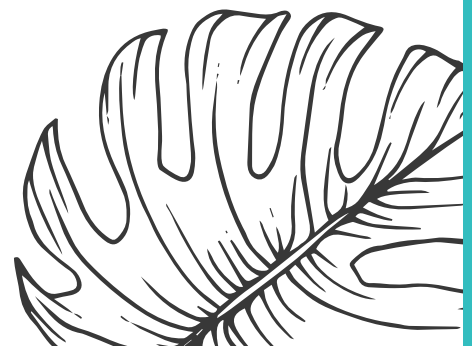
To review current Quality Assurance processes leading to the design and development of a regional Quality Assurance (QA) process. This could be in the form of a regional or sub regional peer review process or developing a QA self-assessment tool for the SAI.

1.2. PROJECT METHODOLOGY

A project team was established consisting of the PASAI Secretariat including the CPA consultant, three representatives from each of the PASAI sub regions – Melanesia, Micronesia and Polynesia. This was supplemented by an external consultant who conducted a global survey to gather information from key stakeholders on:

- the CPA program,
- performance auditing capacity in the region, and
- the status of the UN SDGs.

Fieldwork was carried out between May and October 2016 in the three sub regions. At the same time, the views of key stakeholders were gathered through the global survey.



1.2.1 THE GLOBAL SURVEY

An on-line survey was developed and submitted to 57 key stakeholders including Multilateral Organisations – development partners, regional special interest groups (including non-Government organisations) and SAI and ACAG management. The survey was carried out between August and October 2016 with a response rate of 82 per cent. Of these responses, 72 per cent identified as Executive Management.

The survey methodology used customised questions to:

- Evaluate the impact of the CPA program;
- Identify ways to enhance the program and its methodology to support the conduct of future high quality performance audits;
- Improve understanding of national actions directed towards the implementation of the UN SDGs across the Pacific; and
- Consider the possible role that PASAI and member SAIs could play to support the implementation of the SDGs.

Results derived from survey responses are presented throughout this report.

1.2.2 SUB REGION DATA GATHERING

The following diagram depicts the SAIs and jurisdictions where each sub regional representative gathered data.



¹ American Samoa – the audit systems are the same as the Micronesia Group and also this SAI is an active member of APIPA.

² Kiribati – the audit systems are similar to the Melanesia sub region. In particular, there has been close association with this group through the SAS program and UN twinning (Kiribati and Fiji).

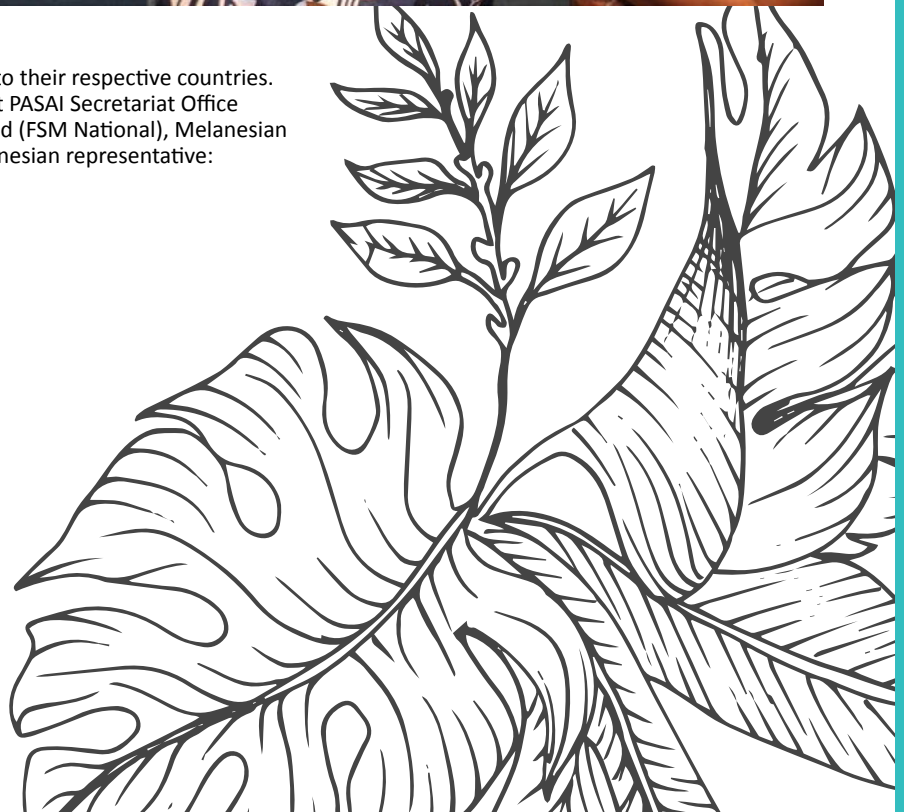
The data gathering approach used by the three sub regional representatives included:

- An assessment of sub regional SAIs' performance audit practice including their involvement in the CPA program and performance audits conducted outside of the program, and
- Assessing the status of national governments' approach to implementing the SDGs.

Results from these assessments are presented where relevant in this report.



Photo: PASAI Regional Representatives pointing to their respective countries. Attending the review meeting in October 2016 at PASAI Secretariat Office
L to R: Micronesian representative: Erwihe David (FSM National), Melanesian representative: Unaisi Namositava (Fiji SAI), Polynesian representative: Oceanbaby Penitito (Samoa SAI)



CHAPTER 2: PASAI REGIONAL COOPERATIVE PERFORMANCE AUDIT (CPA) PROGRAM

This chapter looks at the five CPAs conducted, the methodological approach used and which SAIs participated in the program. It also presents the views of key stakeholders about the CPA program, gathered through the global survey, and how they were involved in the program. In particular, stakeholders suggested ways in which the program can be improved.

2.1 INTRODUCTION

PASAI has conducted cooperative performance audits and training for PASAI members since 2009 with the objective of enhancing performance auditing capacity:

CPA 1	Solid Waste Management	2010
CPA 2	Access to Safe Drinking Water	2011
CPA 3	Managing Sustainable Fisheries	2012
CPA 4	Climate Change Adaptation and Disaster Risks Reduction	2013/14
CPA 5	Public Debt Management	2015

2.1.1 CPA APPROACH

The CPA methodological approach is summarised below. The same approach was used for these five co-operative performance audits.

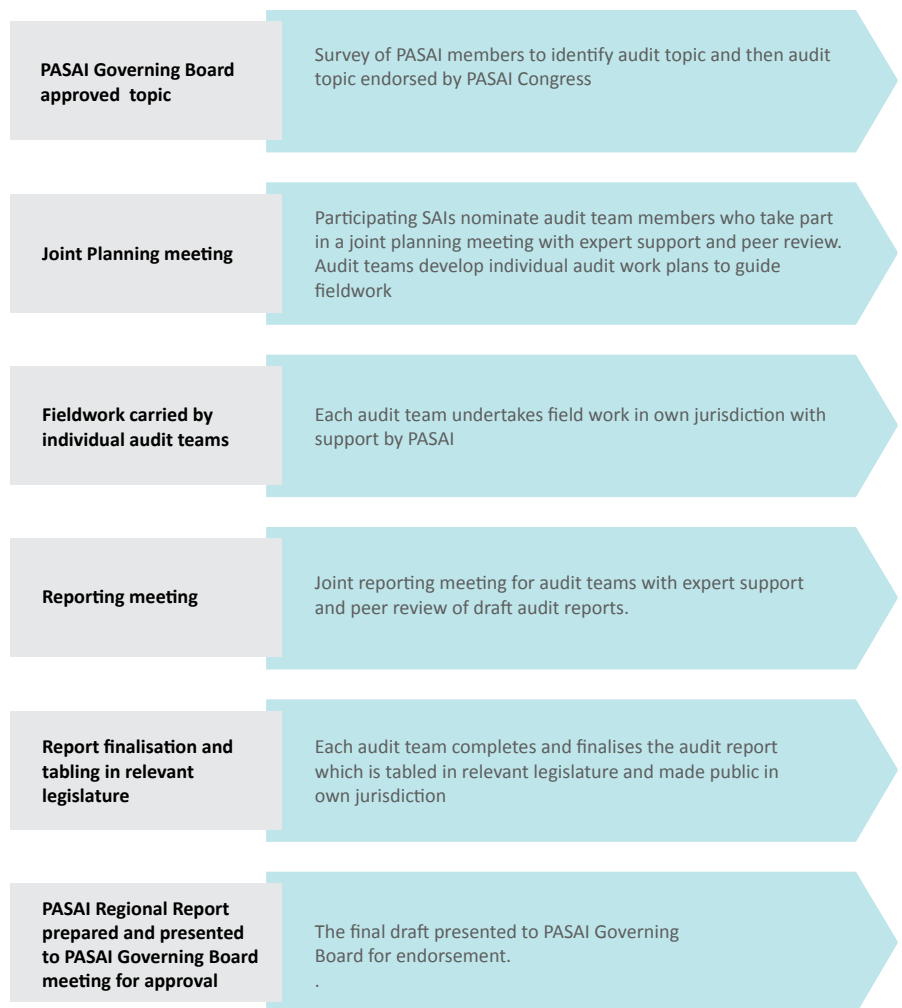


Figure 2.1:
The Co-operative Performance Audit Approach

PASAI Co-operative Regional report published and disseminated to stakeholders

2.1.2 SAI PARTICIPATION IN THE CPA PROGRAM

PASAI's Strategic Plan 2014-2024 includes in Strategic Priority 3 at Objective C: *the need for SAIs to produce high quality performance audits of government and regional programs*. Overall, for the PASAI region there has been a high percentage of SAIs (16 of 20 SAIs {80%}) participating in the CPA program.

The total number of staff that have been trained in ISSAI compliant performance audit methodology is 102. The split across the sub regions participating in each of the CPAs is shown below.

Figure 2.2: Sub regional participation in each of the CPAs

Source: PASAI database

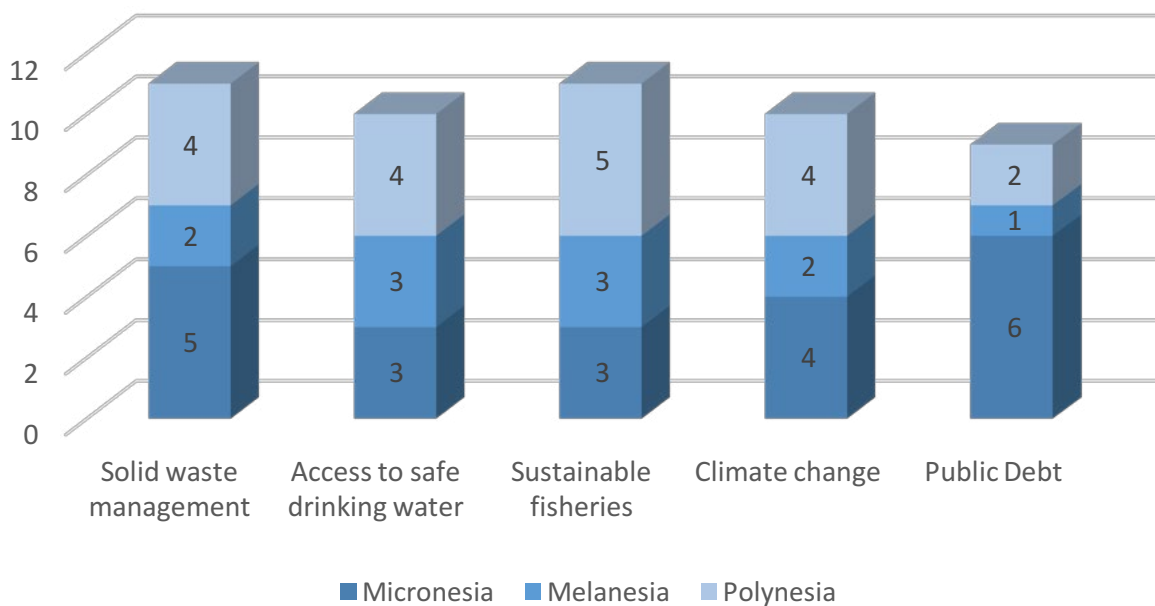


Photo: Melanesian Representative Unaisi Namositava presenting findings at review meeting in October 2016, PASAI Secretariat Office

2.2 WHAT DO STAKEHOLDERS THINK OF THE CPA PROGRAM?

PASAI promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. It contributes to that goal by helping its member SAIs improve the quality of public sector auditing in the Pacific to uniformly high standards.

For SAIs, the benefits of engaging in cooperative performance audits include facilitating mutual sharing and learning, capacity building, networking, and identifying and adopting good³ audit practices. In this context, it is useful for PASAI to understand what stakeholders think of the CPA program currently in place in the Pacific Region.

Appendix 1 contains details of the global survey including information about the survey respondents – who they are, what country they represent, where their organisation’s headquarters are located, the number of staff employed and the job level of the survey respondent.

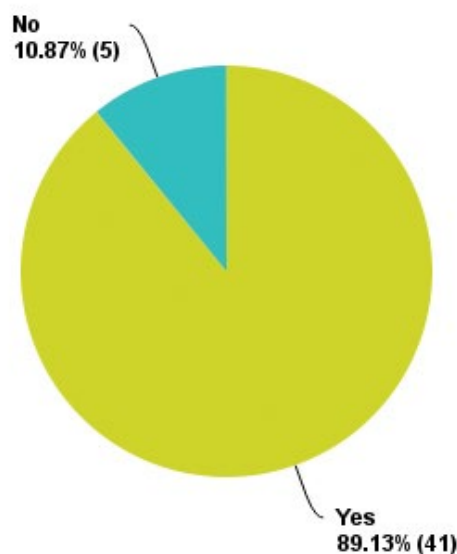
2.2.1 IMPACT OF PASAI COOPERATIVE PERFORMANCE AUDITS (CPA) - GLOBAL SURVEY RESULTS

KEY FINDING #1 Awareness of CPA program

Not surprisingly, almost 89 per cent of survey participants were aware of the CPA program. Just over half of the respondents have participated or have had a representative participating in PASAI’s CPA program as shown in the 2 graphs below.

Q8 Are you aware of the PASAI CPA program?

Answered: 46 Skipped: 1



³ Good in this instance refers to applicable performance audit ISSAIs.

KEY FINDING #1(A) Technical Expertise

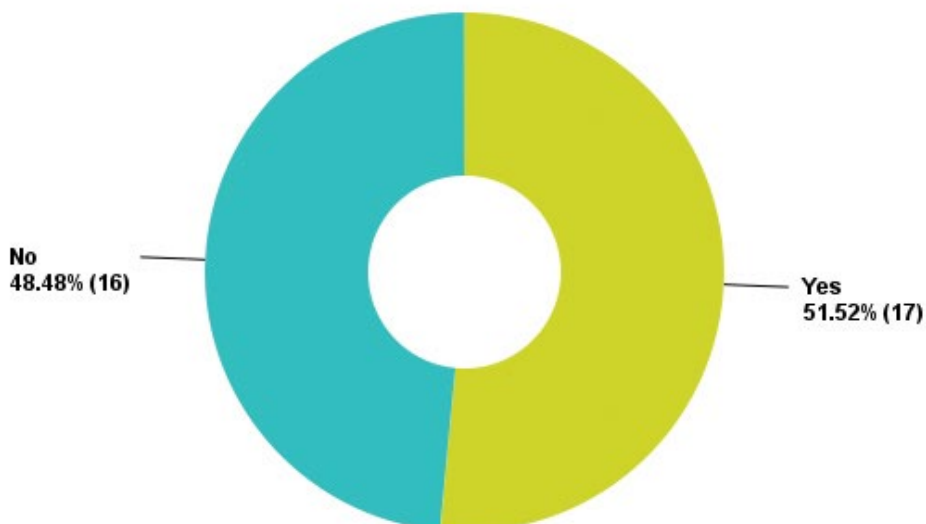
Questions 10-14 were completed only by those respondents who had the opportunity to participate in the CPA program offered by PASAI. We asked them to identify what their contribution had been during their participation. Below we share some of their stories.

Q10. What has your contribution (e.g. technical expertise) been to the CPA program?

- One respondent commented that during the meetings, we shared our experiences of conducting audits in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States (Yellow Book).
- We were involved in the planning stages and approval of the CPA program as well as reviewing the CPA reports upon completion.
- We helped to design the CPA program and did 2 surveys of PASAI members to assist in topic selection, helped with planning and reporting meetings and finding/liasing with subject matter experts and with regional overview reports for the first 3 CPAs completed.
- We facilitated a Strategic dialogue with PASAI and its partners.
- Sharing of ideas and experiences.
- Peer review/technical expertise
- Provided Audit Expertise
- Suggested topics
- Contributed with trainers
- Financial expertise
- Public Financial Management expertise
- Governance and Strategic Planning expertise as well as review of the CPA program

Q9 Have you or any representative from your organization participated in the CPA program offered by PASAI?

Answered: 33 Skipped: 14



KEY FINDING #2 Key Benefits of the CPA program

For those survey respondents that participated in the CPA program we asked them to identify the top 5 Benefits they see the CPA program providing. Since the benefits listed were so numerous, below we present the top benefit of the CPA program identified by survey respondents.

Q11. Based on your impression, please list up to 5 benefits you see the CPA Program providing.

- ✓ Knowledge sharing of information and best practices
- ✓ Improve the quality, the development of performance audit capacity, and the reports produced by the various participating SAIs in the region
- ✓ Skills development and training for auditors in performance audits
- ✓ Capacity Building in general
- ✓ Strengthening of regional co-operation
- ✓ Bring a new perspective
- ✓ Develop an internal control system
- ✓ Collective perspective on regional issues or concerns
- ✓ Improve transparency at the country level
- ✓ Improvement in Public Financial Management Systems in the region

KEY FINDING #3 Impact at the Regional, National and State Government Levels

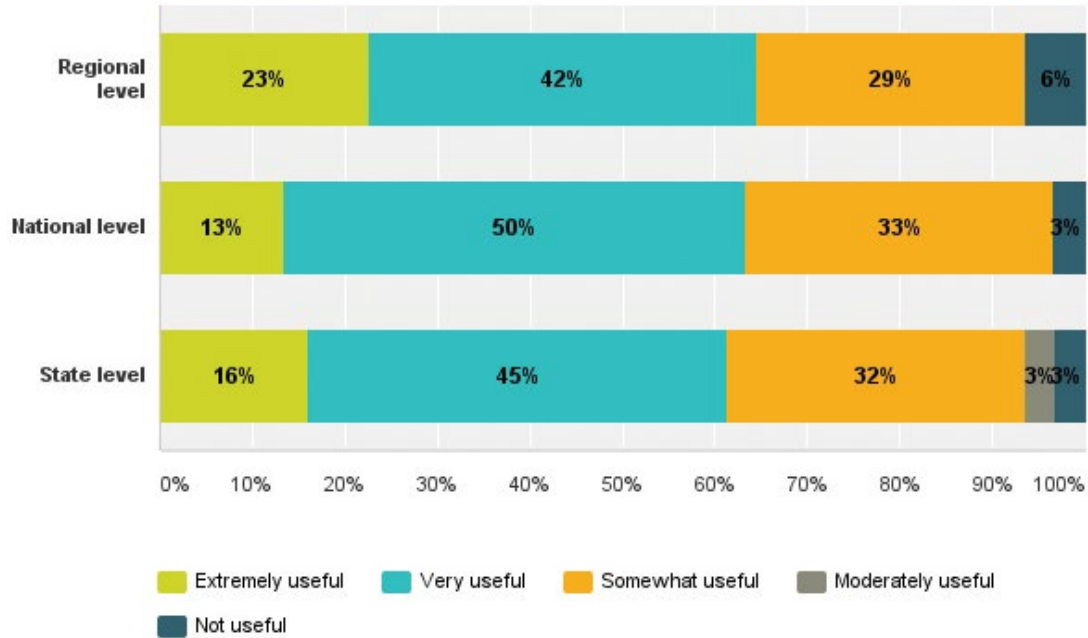
From those survey respondents that participated in the CPA program we asked them to rate the usefulness of the program at the Regional, National and State levels. We noted that the majority found the CPA program extremely useful, very useful, or somewhat useful at all 3 levels, with approximately 94 per cent at the Regional level, 97 per cent at the National Level and 94 per cent at the State level, as shown in the graph below.



Photo: Reporting meeting Climate Change Cooperative Performance audit, Nadi, Fiji.

Q12 Based on your opinion, rate the impact the CPA program has had on the national, regional and state levels in the Pacific region.

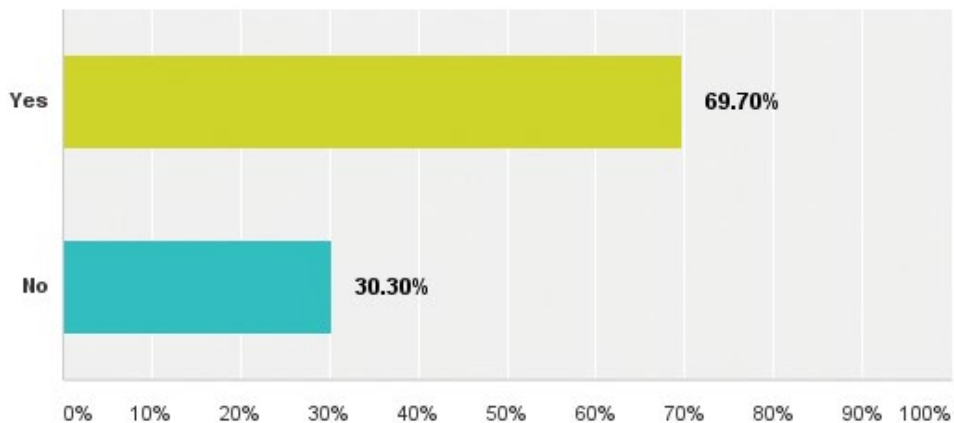
Answered: 33 Skipped: 14



We also wanted to understand whether survey respondents believed the CPA program has supported the achievement of their organisation’s objectives in the Pacific region. As you will note in the graph below most of the survey respondents believed the CPA program has helped support the achievement of their organisation’s objectives. Of those that responded negatively this was mainly because they have not yet had an opportunity to participate in the CPA program in their country.

Q13 Has the CPA program supported the achievement of your organisation’s objectives in the Pacific?

Answered: 33 Skipped: 14



Below are some responses to elaborate the views of respondents.

Q13. Has the CPA program supported the achievement of your organisation's objectives in the Pacific?

If Yes, then tell us how:

- ✓ New Zealand supports the improvement of auditing in the Pacific.
- ✓ The two CPAs our office participated in were topics that we wanted to engage in and it was interesting to see how Guam fared in comparison to the other participating countries.
- ✓ Contributed immensely to accountable and transparency in the public sector.
- ✓ It continues to add to overall SAI competencies and the themes and pushing the region to consider new thematic areas.
- ✓ It helped for a critical and systematic examination of our clients.
- ✓ Stakeholders implementing recommendations towards best practices.
- ✓ We are about promoting accountability, transparency and excellence in our government, and the CPA program does just that.
- ✓ More professional staff available with greater knowledge.
- ✓ Consistent with our goals.
- ✓ The audits conducted, especially on environmental topics, directly impact our society. Completing these audits have helped us achieve part of our offices' objectives in conducting audits regarding environmental topics.
- ✓ As coordinator of the PASAI RWGEA one of our deliverables to the WGEA work program is having coordinated audits on environmental topics.
- ✓ Promotes capacity-development of auditors in identifying and analysing fiscal risks and making appropriate recommendations.
- ✓ Has helped us indirectly achieving our objectives through audits of fisheries issues in relevant countries.
- ✓ We monitor the CPA program and assess whether any topics should be included in our own audit program.
- ✓ Achievement of the production of high quality reports in performance audits and ensuring that the SAI meets its statutory obligations as far as reporting on the economy, efficiency and effectiveness of the management of resources by government agencies.
- ✓ The subject of the audits is important to DFAT programs, including debt and procurement.
- ✓ CPA supports quality and timely issuance of audit reports involving critical areas carefully selected for examination. These audited areas are of outmost importance for Government officials to understand, so they can make well informed decisions.
- ✓ It is mutually consistent with IDI objectives in the region - stronger capacity and performance of SAIs.
- ✓ It has provided better awareness.

Q13. Has the CPA program supported the achievement of your organisation's objectives in the Pacific?

If No, please tell us why not:

- ✓ The ANAO has not been actively involved in the program.
- ✓ Our office has not yet participated in the CPA program.
- ✓ Our office is unable to participate in this program because of lack of resources, however, reports are useful in referencing materials on findings and recommendations which are similar to those issues found on our island.
- ✓ Results from the CPA program had never been referenced in any subsequent policy discussion or actions that I am aware of.
- ✓ Given the small size and financial constraints of our office, there is limited funding for discretionary audits.
- ✓ We have no performance audit mandate in our legislation.



Photo: Review Team at PASAI Secretariat Office - Planning strategic meeting May 2016
L to R: PASAI Director Technical Support Agnes Aruwafu, PASAI performance audit advisor Claire Kelly, Melanesian Representative Unaisi Namositava (Fiji SAI), Micronesian Representative Elina Paul (FSM National), Polynesian representative Oceanbaby Penitito (Samoa SAI), PASAI Chief Executive Tiofilusi Tiueti (Elina Paul left FSM National and replaced by Erwihne David)

KEY FINDING #4

Areas of Improvement to the CPA Program

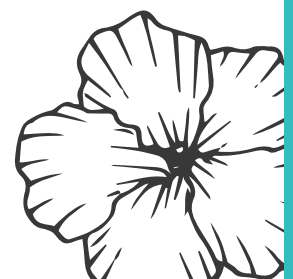
Respondents were asked to suggest the 5 most important areas of improvement to the CPA program. The majority said that they needed PASAI to actively publicize and share the importance of the CPA program with the highest level of government officials. This was followed by an improvement in consistency of the application of the program in the region and broadening collaboration by increasing the number of countries participating in the program. To a lesser extent, respondents mentioned that coordination among stakeholders needs to be improved as well as follow-up from PASAI with SAIs on their audit progress, and more support on the audit process including issuing the final report. Below we present some of their responses.

Q14. Based on your impression, please list the 5 the most important areas of improvement to the CPA Program that you can suggest.

- ✓ Actively publicise/share upcoming and completed work.
- ✓ Although our office has not yet participated, we anticipate that allocating resources to the CPA program would be challenging.
- ✓ Audits should be clearly represented and approached as being interventions to bring the discipline of the audit process to provide constructive input to improvements that stakeholders might want to consider.
- ✓ Broaden collaboration in the design of the CPA program.
- ✓ Continuation of the CPA program.
- ✓ CPA reports to be pitched to highest authorities (PIFS).
- ✓ Field visits.
- ✓ Improved consistent application across countries.
- ✓ Increase in number of countries participating in program.
- ✓ Increased objective measurement of performance audit capacity.
- ✓ It would be more beneficial if the result of the CPA is sent to the parliament/house of representatives of the participating SAIs for further action.
- ✓ More information on the program up-front to allow for better preparation.
- ✓ More involvement by audit teams in topic selection.
- ✓ More on-site assistance provided to SAIs with less Performance Audit experience at the audit conduct and reporting stages.
- ✓ More PASAI follow-up with SAIs on their audit progress.
- ✓ More professional courses
- ✓ Present framework to CEOs of MOFs.
- ✓ Questionnaire on deliverance of knowledge learnt to their auditors.
- ✓ Regionalize the program: i.e. identify and conduct CPA for members having similar working environment such as the Micronesian PASAI members, the Melanesian members and the Polynesian group.

Q14. Based on your impression, please list the 5 the most important areas of improvement to the CPA Program that you can suggest.

- ✓ SAls jurisdiction over audit objectives must be considered.
- ✓ Training on report writing skills.
- ✓ SAls jurisdiction over audit objectives must be considered.
- ✓ Broader engagement of subject of audits.
- ✓ Capacity building is important and should be considered when accepting nominations.
- ✓ Consult more fully with key stakeholders on objectives and modalities.
- ✓ Feedback from the consultants at the various stages, as to topic, staffing capabilities and related issues.
- ✓ Group email/chat with SAI participants and consultants to hold everyone accountable with their audit milestones and so group is made aware of the other SAls progress.
- ✓ Include instructors most familiar with relevant auditing standards applicable in the jurisdiction.
- ✓ Timeliness...from start to finish it can take up to several years because awaiting other members to table the report to Parliament.
- ✓ Broader engagement of subject of audits.
- ✓ Capacity building is important and should be considered when accepting nominations.
- ✓ Consult more fully with key stakeholders on objectives and modalities.
- ✓ Feedback from the consultants at the various stages, as to topic, staffing capabilities and related issues.
- ✓ Group email/chat with SAI participants and consultants to hold everyone accountable with their audit milestones and so group is made aware of the other SAls progress.
- ✓ Include instructors most familiar with relevant auditing standards applicable in the jurisdiction.
- ✓ Increase consultation on the draft report.
- ✓ Monitor application by SAls and identify progress or no progress.
- ✓ More outreach to developing Pacific Islands.
- ✓ More timely tabling of audit findings.
- ✓ Peer review of CPA report.
- ✓ Peer reviews between SAls to be conducted prior to the reporting meeting to allow for more constructive analysis of the reports produced by both SAls.
- ✓ Plan for execution of area studied by participants to be lodged to and monitored by PASAI.



2.2.2 CASE STUDIES FROM SAIs

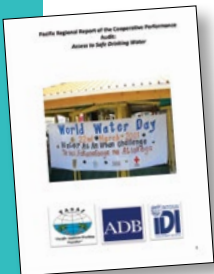
Five case studies are presented below focussing on the impact of the CPA program in the Pacific and with global stakeholders.

1. Solid Waste Management (2010)



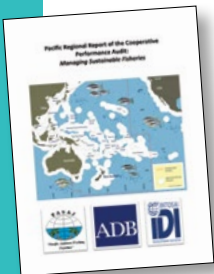
In response to the report on Solid Waste Management by the Office of Public Auditor (OPA) in Guam, the Guam legislature adopted a report recommendation to establish a new legislative framework for the management of solid waste in Guam. This law put in place a Guam Solid Waste Authority to oversee solid waste management operations including a 'state of the art' recycling and waste collection facility. The findings and recommendations received considerable media attention, with front page stories in two local newspapers. This helped to inform the citizens of Guam of the impact of the work of the OPA.

2. Access to Safe Drinking Water (2011)



The Office of the Public Auditor (OPA) of Kosrae, a state of the Federated States of Micronesia, submitted an audit report on Access to Safe Drinking Water to the Government of Kosrae state in March 2011. The report was well received by the Kosrae legislature, which indicated that they would like a similar audit done of the Management of Solid Waste on Kosrae. Kosrae OPA adopted the methodology developed in the Cooperative Performance Audit program to guide its audit of solid waste management.

3. Sustainable Fisheries Management (2012)



The fisheries agency responsible for the management of oceanic resources in the Federated States of Micronesia (FSM) agreed with the audit report and recommendations of the FSM Office of the National Public Auditor (ONPA) concerning the management of sustainable fisheries, particularly tuna, in its 200-mile Exclusive Economic Zone (EEZ) established under international law. The EEZ covers more than 2.6 million square kilometres within the Pacific Ocean. FSM has the third largest EEZ in the Pacific and its tuna fishery is one of the largest generators of revenue for the FSM economy. The agency commented that they would carry out and comply with all the recommendations of the ONPA to ensure the sustainable management of this most significant resource for FSM. As well during the course of the audit, the responsible agency took steps to address problems highlighted by the OPNA findings to improve the efficiency and effectiveness of its operations.

4. Climate Change Adaptation (2013/14)



The US Government Accountability Office (GAO) referenced PASAI's coordinated climate change adaptation audit in their larger WGEA project on auditing climate change issues in the marine environment and highlighted various aspects of the PASAI coordinated effort in their report. The GAO report also used two individual audits (from Tuvalu and Federated States of Micronesia) from the cooperative PASAI effort as in-depth case studies. GAO also promoted the success of this PASAI cooperative audit in the INTOSAI WGEA environmental auditing newsletter 'Greenlines' to the broader international auditing community.

5. Public Debt Management (2015)

The impact of the audit report on Public Debt Management by the FSM Office of the National Public Auditor (ONPA) was immediate. ONPA was called to a meeting with the President to discuss the report and the President's comments were very positive.



As a result of this report, the Congress of FSM summoned the departments concerned to discuss the findings and recommendations. The Congress asked the relevant offices to prepare detailed action plans in response to the audit report and generally ordered them to take immediate corrective actions.

The Government of FSM provided the leadership necessary to effectively address the audit recommendations to build and strengthen the management of public debt.

On a broader scale, the Audit Office of Fiji presented the Pacific Regional Report on Public Debt Management to the INTOSAI Working Group on Public Debt (WGPD) in July 2016. The Chairperson of the Working Group commented that:

While there was a parallel audit led by the Working Group done in the past, this is the first of any such type of audit to be received from any region and we appreciate the report.

2.3 CONCLUSION

It is good to report that the majority of global survey respondents were aware of the CPA program. However when considering where and what type of improvement can be made to the program it is useful to disaggregate these survey responses.

Overall, for SAIs the CPA approach is sound but it can be enhanced in the following areas:

- **PASAI needs to actively publicize and share the importance of the CPA program with the highest level of government officials** – this can now be actioned through PASAI’s observer status at high level political fora such as the Pacific Island Leaders Forum Economic Ministers’ Meeting (FEMM) and closer collaboration with the Pacific Islands Forum Secretariat. As well, there are opportunities available to promote the CPA program through PASAI’s advocacy program especially in meetings with Parliamentarians, government officials and non-government organisations. However, SAIs also need to be mindful of promoting the value of the CPA program through avenues available within individual jurisdictions. This is especially where the SAI has developed a communications strategy to guide its engagement with jurisdictional stakeholders including the media and civil society.
- At a practical level, an **improvement in the consistency of the application of the program in the region and broadening collaboration** by increasing the number of countries participating in the program is a valuable suggestion. Especially when considered in conjunction with the suggestion to ‘Regionalise the program: i.e. identify and conduct CPAs for members having similar working environments such as the Micronesian PASAI members, the Melanesian members and the Polynesian group’.
- SAIs would also like more extensive PASAI involvement concerning **communication with SAIs on their audit progress and issuing and tabling the final report** in the relevant legislature.
- SAIs are also interested in embedding the **peer review process** in the CPA program including a peer review of the CPA report. A further valuable suggestion includes ‘Peer reviews between SAIs to be conducted prior to the reporting meeting to allow for more constructive analysis of the reports produced by both SAIs’. This suggestion has merit and the peer review process will be more actively pursued in the next Chapter of this report.

Non SAI respondents commented that:

- **coordination among stakeholders** needs to be improved including broader engagement on the topic of the audits.
- It would also be useful to **consult more fully with key stakeholders on audit objectives and the modalities used**.

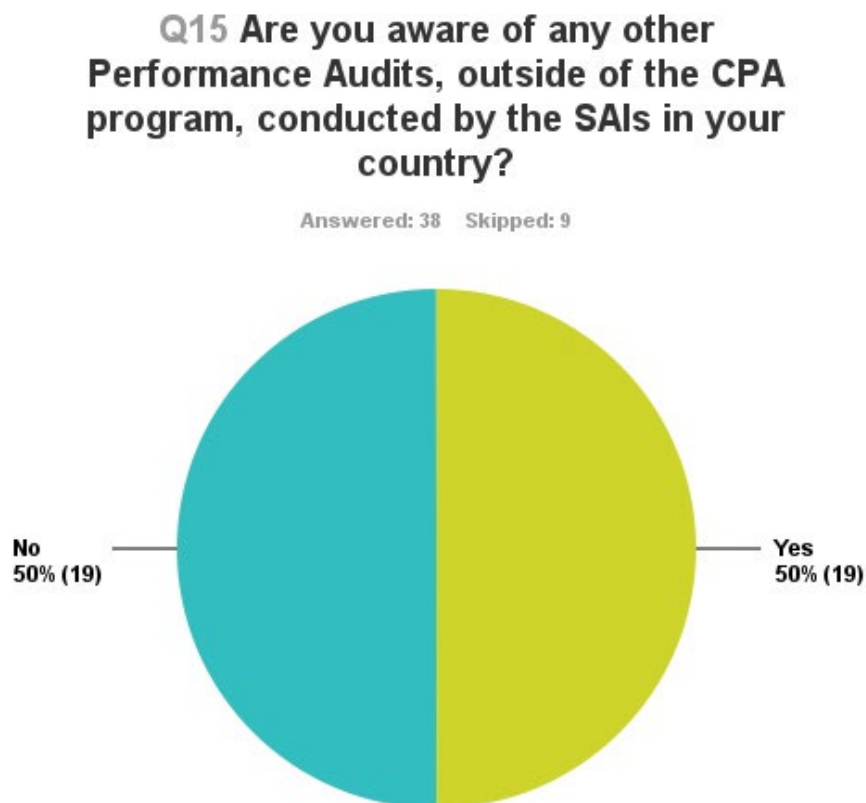
CHAPTER 3: PERFORMANCE AUDITING CAPACITY IN THE SUB REGIONS

This chapter examines SAI performance audit capacity across the three sub regions – in particular where performance audits are conducted outside of the CPA program. Global survey results and sub regional results are presented.

3.1 GLOBAL SURVEY RESULTS

KEY FINDINGS #5 Performance audits outside of the CPA Program

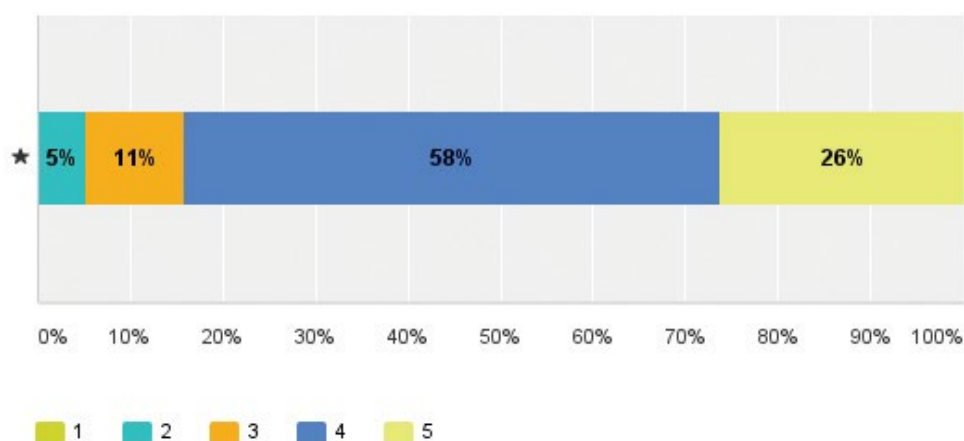
It is interesting to note that even though most of the respondents (90%) are aware of PASAI's CPA program, half of them are also aware of the existence of other Performance Audits (PAs) conducted by the SAI in their country which are outside of the CPA program, as illustrated in the graph below.



Of those survey respondents that reported they are aware of Performance Audits conducted by the SAIs, outside of the PASAI CPA program, we asked them to rate the quality of those performance audits. On a 5-point-scale, 1 being the lowest and 5 the highest, 84 per cent rated the quality of these audits as 4 or higher. It would be useful for PASAI to gain a better understanding of these audits to identify and share good practices. This analysis could be used to inform and improve the performance audit methodological approach currently used in the PASAI CPA program.

Q16 In your opinion, rate on a scale from 1 to 5, the quality of the Performance Audits, conducted outside of the CPA program, by the SAI in your country, being 1 the lowest level of quality of the performance audits conducted and 5 being the highest.

Answered: 19 Skipped: 28



3.2 PERFORMANCE AUDIT CAPACITY STATUS IN PASAI SUB REGIONS

The three sub regional representatives obtained data across each of the sub regions in relation to the performance audit capacity of their SAIs. This provided the project team with base-line information to assist in developing a methodology and approach for future capacity building programs especially related to country preparedness for the implementation of the UN SDGs.

Appendix 2 provides details of the capacity status of SAIs in relation to the resources, mandates and capacity of staff responsible for Performance Audits.

The following is a summary of the key messages from the data obtained for each sub region and examines the mandate, the use of applicable international auditing standards, the number and type of performance audits conducted, performance audit targets/actual and performance audit resources (staffing).

3.2.1 PERFORMANCE AUDIT MANDATE

Melanesian sub region

Two SAIs (40%) have specific mandates to carry out performance audits while the other SAIs (60%) conduct performance audits based on a specific aspect of their relevant audit mandates.

Micronesian sub region

An analysis of the data revealed that all 10 SAIs have a solid mandate to conduct performance audits.

Polynesian sub region

All 5 SAIs have a solid mandate to conduct audit services while not having a specific provision for performance audit.

3.2.2 PERFORMANCE AUDIT STANDARDS

Although all SAIs that conduct PAs in the Pacific region (80%) carry out PAs in accordance with ISSAI standards, they do not explicitly disclose this level of compliance in their reports. This is an area requiring more attention.

One hundred per cent of SAIs in the Micronesia sub region follow the US Generally Accepted Government Auditing Standards (GAGAS). GAGAS, Chapter 2 (2.10 and 2.11) fully describes performance audits. Chapter 6 of GAGAS prescribes the fieldwork standards for performance audits, while Chapter 7 of GAGAS prescribes the reporting standards for performance audits.

There is uniformity in referencing and using ISSAI standards in all SAIs since the Cooperative Performance Audit (CPAs) program in 2009.

3.2.3 NUMBER OF PERFORMANCE AUDITS CONDUCTED (CPA/OTHER)

Melanesian sub region

Four SAIs (80%) have participated in at least two of the five CPAs whilst one SAI (20%) has not participated in any CPA as they do not carry out performance audits. Of those SAIs that have participated, one SAI (20%) has participated in all 5 CPAs.

Following the conduct of CPAs, all four participating SAIs (80%) have conducted PAs on their own. This includes one SAI (20%) that has just begun to conduct their own performance audit with the assistance of a sister SAI in the same region. The remaining SAI (20%) does not conduct PAs.

Micronesian sub region

Seventy per cent of SAIs participated in the PASAI CPA while three SAIs (30%) have not participated in any PASAI led CPA. Altogether, the SAIs in the sub region completed a total of 19 CPAs.

Ninety per cent of the SAIs in the sub region reported that they conduct their own performance audits. Only one SAI (10%) in the sub region has not conducted or issued any PA reports.

Polynesian sub region

All the SAIs were invited to participate in the 5 CPAs, however only 40 per cent fully participated in the audits, 20 per cent completed 4 CPAs, 20 per cent completed 3 and the remaining 20 per cent participated in only 1 CPA.

After participating in the CPA program, 40 per cent of SAIs were able to conduct their own performance audits without any assistance from PASAI.

3.2.4 PERFORMANCE AUDIT TARGET/ACTUAL

Melanesian sub region

All four SAIs (80%) that conduct PAs set targets for PAs to be conducted in any one year.

Micronesian sub region

One hundred per cent of SAIs set their performance audit targets on an annual basis.

Polynesian sub region

For the current financial year, 80 per cent of SAIs are planning to conduct performance audits at an average of two per year.

3.2.5 PERFORMANCE AUDIT RESOURCES (STAFF)

Melanesian sub region

Three SAIs (60%) in the sub region have dedicated PA units with staff assigned solely for conducting PAs. One SAI (20%) has opted to mainstream PAs and to utilise staff from across the organisation to conduct PAs as and when required. This strategy exposes all auditors to performance audit methodology and promotes the sharing of information about the audited entities from different perspectives – financial auditing, compliance auditing and performance auditing. Altogether 18 auditors from three SAIs in the sub-region are solely dedicated to the conduct of PAs. This constitutes only 5.5% of the total staffing establishment of 329 for the five SAIs in the sub-region. The total staffing establishment for the sub region also includes 14 staff from the SAI that does not conduct PAs.

Micronesian sub region

One hundred per cent of the SAIs in the sub region reported the total number of staff which also includes non-audit staff. Fifty seven per cent of the total audit staff in the sub region are performance auditors.

Polynesian sub region

For individual SAIs in the sub region, Cook Islands SAI has the strongest capacity (24% of staff), followed by Tuvalu (18%), Samoa (11%), Tonga (10%) and none for Nauru.

Of the total number of staff (154) in the sub region only 19 staff (12%) are specialised in carrying out performance audit. This is considered to be too low for the whole sub region.

3.3 HIGH QUALITY PERFORMANCE AUDITS

Quality is an important dimension of the auditing function including performance auditing. PASAI and individual SAIs have invested in quality performance audits by promoting adherence to international auditing standards. This is achieved through the development and consistent use of performance audit guidelines and documentation which set out the key steps to be taken in the planning, execution and reporting of performance audits in accordance with international standards. Having an overall quality assurance process in place also provides confidence that the core business of the SAI (ie auditing) is conducted consistently and to a high standard.

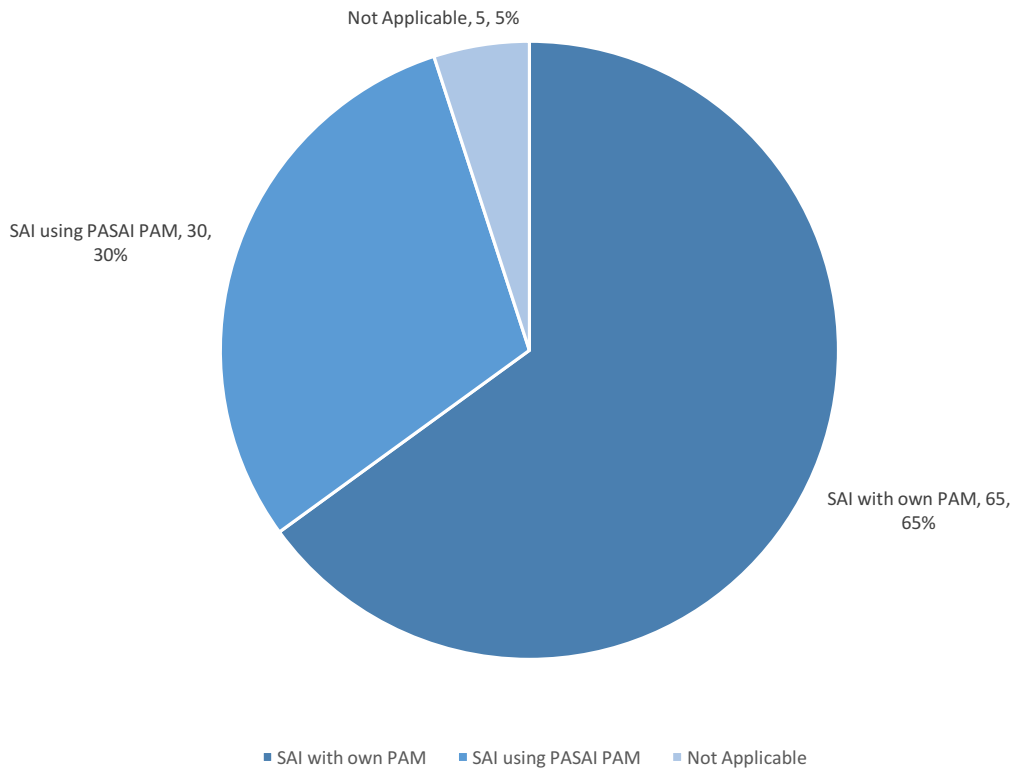
3.3.1 THE USE OF PERFORMANCE AUDIT MANUALS IN PASAI

The graph below illustrates what type of performance audit manual is used by member SAIs. It is very encouraging to see that 65 per cent of SAIs use their own manual, while 30 per cent use the PASAI Performance Audit manual (PAM).

Each of the sub regional representatives surveyed their SAIs on their performance audit practice, including their use of manuals and other forms of guidance.

- The Melanesia representative reported that two (40%) of their SAIs use the PASAI PAM, two (40%) have their own manuals, and one (20%) SAI does not have a performance audit function and hence no manual.
- The Micronesia representative reported that 100% of their SAIs have their own manual, based on the US Generally Accepted Government Auditing Standards (GAGAS). However, the quality of these manuals differed across the sub region. The latest peer review (2014) undertaken across the Micronesia SAIs revealed that a number of these manuals were not fully compliant with GAGAS.
- The Polynesia representative reported that four (80%) of their SAIs use the PASAI PAM, while one (20%) has their own Manual, which references the PASAI PAM. Of particular interest is that this SAI (Samoa) includes an IT audit component in its Manual to highlight the benefits of including IT audit in performance auditing. The inclusion of IT auditing is especially useful where Ministries hold significant amounts of data on their systems that need to be examined as part of the performance audit.

PASAI Region - Performance Audit Manual



The PASAI Performance Audit Manual (PASAI PAM) is a key resource PASAI has produced for its SAIs. It was developed in 2012 using a collaborative approach involving performance auditors from each of the three sub regions and supported by PASAI technical advisers. The intention was not to replace existing SAI based manuals but to enhance these resources if required.

As part of the ISSAI implementation process, IDI has developed a Performance Audit Implementation Handbook which is currently under review. The project team conducted a comparative review of the IDI Handbook and PASAI PAM. The results of the comparative analysis are detailed in Appendix 3. A broad conclusion on these results is provided below.

Recommendations in relation to these resources are provided at the end of this report.

3.3.2 COMPARATIVE REVIEW SUMMARY

Both the IDI Manual and the PASAI PAM have their strengths and weakness:

1. A particular strength of the IDI Implementation Handbook is its use of graphics to illustrate key points – for example the audit findings matrix. However, this was weakened to a degree by little or no discussion on audit documentation including links between working paper files and more refined audit conclusions and recommendations. The ‘write as you go’ approach was well set out in the PASAI Manual and provided a well documented pathway between a finding and what it might mean.
2. What was most impressive about the IDI Implementation Handbook was its completeness – including well-specified Chapters on Quality Assurance and Managing Audit Risk. What would be useful to the auditor would be if the Managing Audit Risk chapter was located closer to where risks might emerge and be treated, for example after the Planning chapter and again after the Fieldwork chapter.
3. The IDI Implementation Handbook is regularly upgraded in line with any changes to the ISSAIs and is on-line. While the PASAI Manual is available electronically, it has not been updated since its development in 2012.

3.3.3 INDIVIDUAL SAI PERFORMANCE AUDIT MANUALS

Individual SAIs (65%) that have developed their own manuals are to be congratulated, however as noted above by the Micronesia sub region representative the quality of these manuals needs to be confirmed. Ensuring compliance with the ISSAIs is possible in the South Pacific (Polynesia and Melanesia), however the same does not apply to the North Pacific (Micronesia). For a period of time there have been discussions about the level of comparability between the ISSAIs and GAGAS, however, no plan has yet been put into effect to provide this level of assurance. It would be advisable that interested parties – the US Department of the Interior (DOI), IDI and PASAI collaborate to develop and oversee such a project.

It may be for some time that SAIs continue to use the PAM. However, in the long term, it would be more cost effective for PASAI and IDI to promote the use of the IDI Handbook in performance audit training sessions and more generally to Pacific SAIs. This would encourage SAIs to access it as a guidance tool to confirm the completeness of their manuals. Over time there would be less reliance on the PASAI PAM and as a consequence there would be no need for regular updates.

3.3.4 QUALITY CONTROL AND QUALITY ASSURANCE

Both Quality Control and Quality Assurance are fundamental to consistent high quality auditing.

Quality control

Quality control procedures should be designed to ensure that all audits are conducted in accordance with relevant auditing standards. The objectives of quality control procedures should incorporate:

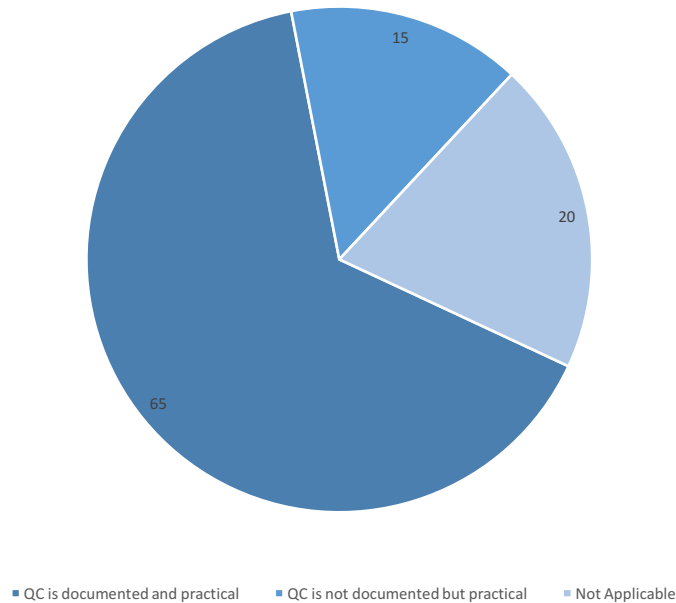
- professional competence;
- professional independence;
- supervision and assignment of personnel to engagements;
- guidance and assistance;
- auditee evaluation; and
- allocation of administrative and technical responsibilities.

The SAI's general quality control policies and procedures should be communicated to its personnel in a manner that provides reasonable assurance that the policies and procedures are understood and implemented. Quality control requires a clear understanding of where responsibility lies for particular decisions and that these decisions are documented. It is the responsibility of everyone involved in the audit to fully identify and comply with his or her responsibilities.

The following graphs detail the region's approach to Quality Control and Quality Assurance. This is followed by an explanation of what occurs at the sub regional level.



Photo: Planning meeting May 2016 at Pasai secretariat



Melanesian sub region

Only SAI Fiji in the sub region undertakes Quality Control - Section 2.3 of their PA manual assigns responsibilities for particular decisions in the audit process. The Audit Director has a coordinating and quality control function for all the performance audits carried out by the PA Group. Supervision and review are undertaken by Senior Auditors, Audit Managers and Audit Director. Working papers have signoff requirements at three levels including those responsible for preparing documents as well as those reviewing them. Four SAIs in the sub region do not have a documented QC process.

Micronesian sub region

The SAIs' system of quality control covers all aspects of the SAIs' work performed in compliance with the Generally Accepted Government Auditing Standards (GAGAS). Compliance with GAGAS emphasises the performance of high quality work. It also provides reasonable assurance that the process of performance auditing complies with professional standards and applicable legal and regulatory requirements.

1. SAIs' policies and procedures in its system of quality control collectively address:

- a. leadership responsibilities for quality within the office
- b. reasonable assurance that the office and its personnel maintain independence, and comply with applicable legal and ethical requirements
- c. reasonable assurance that the office will undertake audit engagements only if it can comply with professional standards and ethical principles and is acting within the legal mandate or authority of the audit organization
- d. reasonable assurance that the office has personnel with the capabilities and competence to perform its audits in accordance with professional standards and legal and regulatory requirements
- e. reasonable assurance that audits and attestation engagements are performed and reports are issued in accordance with professional standards and legal and regulatory requirements
- f. monitoring procedures that enable the office to assess compliance with applicable professional standards and quality control policies and procedures for GAGAS audits. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of (1) adherence to professional standards and legal and regulatory requirements, (2) whether the quality control system has been appropriately designed, and (3) whether quality control policies and procedures are operating effectively and complied with in practice.

SAIs in the sub region analyse and summarize the results of their monitoring procedures at least annually, with identification of any systemic issues needing improvement, along with recommendations for corrective action.

On a biannual basis, a sample of issued audit reports are selected and reviewed versus the Quality Assurance Checklist to ensure compliance with applicable professional standards and legal and regulatory requirements. Summary of the results and discussions made with the relevant audit team on exceptions noted and lessons learned should be recorded as evidence of this review.

In addition, the SAIs' internal review is continuous. The goal is to keep the work on track, confirm that applicable standards have been met, and ensure that working papers adequately support the results of work. The internal review establishes whether:

- a. Project objectives, scope, and methodology are appropriately designed and clearly explained.
- b. Sufficient information is given to establish the context for understanding the findings, conclusions, and recommendations.
- c. Findings, conclusions, and recommendations are consistent with the project scope, objectives, and methodology.
- d. Findings, conclusions, and recommendations are clearly explained, and supported by sufficient evidence and analysis.
- e. Supervision is adequate and documented in the working papers.

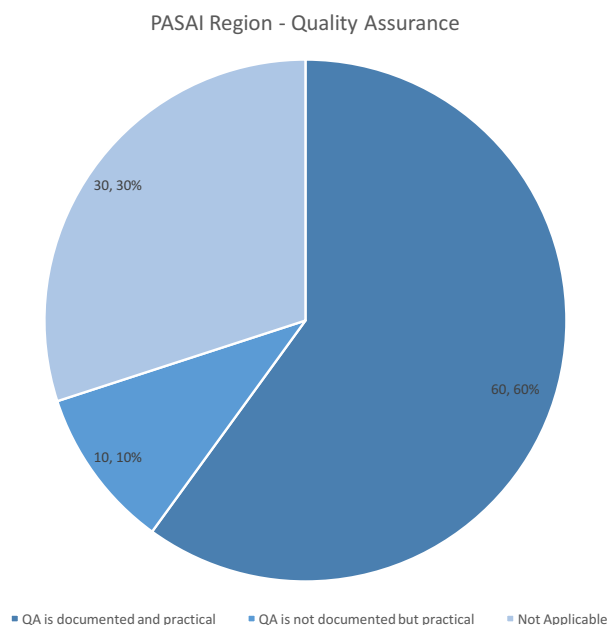
Polynesian sub region

Three SAIs within the sub region carry out Quality Control on their audits. This is supported by documented templates for audit review purposes. The other 2 SAIs in the sub region do not have a Quality Control process in place.

Quality Assurance

At the SAI level, quality assurance (QA) refers to the systems that support the effective functioning of the organisation. These include the policies and procedures designed to provide the SAI with adequate assurance that the work undertaken within the SAI meets professional requirements and standards.

At the level of audit practice and in line with INTOSAI general auditing standard 200, it is desirable for SAIs to establish their own QA mechanisms including a process to ensure that the planning, conduct and reporting in relation to a sample of audits is subject to review by suitably qualified SAI staff not involved in those audits. This is to be done on a periodic yet routine basis.



Melanesian sub region

The SAI of Fiji has Quality Assurance guidelines and a QA Committee. However performance audits have never been subjected to quality assurance as the previous OAG Quality Assurance Committee considered that it did not have the necessary expertise to undertake QA of performance audits. The other SAIs in the sub region do not have a QA process in place.

Micronesian sub region

The fourth general standard for government auditing as set out in GAGAS helps ensure that each of the sub region's SAIs meets applicable auditing standards and has adequate policies and procedures governing its work. Quality assurance is the internal quality control system established by the SAI to provide reasonable assurance that:

- a. Each SAI performing audits or attestation engagements in accordance with GAGAS must: establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and
- b. have an external peer review performed by reviewers independent of the audit organization at least once every 3 years.

Polynesian sub region

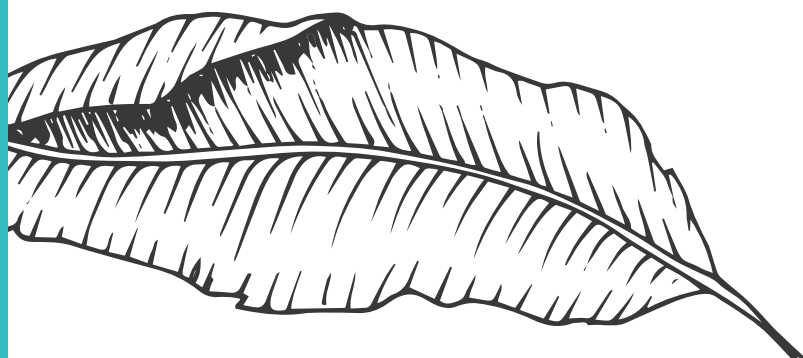
SAI Samoa uses the Performance Audit ISSAI Compliant Assessment Tool (ICAT) template for its QA purposes. However none of the other SAIs in the sub region have a QA process in place. It is generally recognised that there is a considerable need for a robust QA process in the sub region.

3.4 CONCLUSION

Quality audits are dependent on having the support of up to date guidance detailing the standards that the audit process is required to meet. To ensure that the guidance is followed systematically and consistently across the audit types, the SAI needs to have a Quality Control system in place. This system would include audit templates specifying who is responsible for sign off at the various stages of the audit process and what needs to be examined to support the sign off. Finally individual SAIs would benefit from an overarching Quality Assurance process outlining the policies and procedures needed to confirm that the work undertaken by the SAI meets professional requirements and standards.

The review work carried out by the three sub regional representatives reveals that while individual SAIs use either their own or the PASAI Performance Audit Manual, there is no process in place to ensure that they are regularly reviewed and updated to guarantee compliance with the ISSAIs. To support consistency in applicable audit standards there would be benefit in PASAI, IDI and the US DOI developing a project plan to identify the level of comparability between the ISSAIs and GAGAS. There would also be an advantage if PASAI and IDI promote the use of the on-line IDI ISSAI Implementation Handbook to Pacific SAIs as a cost effective option to replace the use of the PASAI PAM and supplement individual SAI manuals where appropriate.

Both Quality Control and Quality Assurance policies and procedures are patchy within the sub regions of Melanesia and Polynesia. On the other hand the Micronesia sub region has a well established system of Quality Control and Quality Assurance controls in place. This provides an opportunity for the expertise of the Micronesian SAIs to be shared with and build the capacity of the other two sub regions.



CHAPTER 4: GOOD PRACTICES IN THE PACIFIC PASAI REGION

This chapter sets out the good practices identified by the three sub regional representatives over the course of their review work.

4.1 MELANESIAN SUB REGION

Performance audit models

Two SAIs in the sub region have adopted alternative models for conducting performance audits. One model includes performance audits within the central government agencies group of auditors. The importance of this is that during the audits of central government agencies, issues of significance are used to determine possible performance audit topics. The other model being trialled includes a group of auditors trained to conduct performance audits, financial audits and compliance audits for a sample of government entities. This will enable this group of auditors to develop an in depth knowledge of the audited entity.

Building performance audit capacity across the sub region

The UNDP funded the secondment of the Director of Performance Audit Fiji SAI to Kiribati SAI to enhance their performance audit capacity. The Director of Performance Fiji is now leading the performance audit within Cook Islands SAI and has initiated the first performance audit on the Environmental Protection Authority. This illustrates the benefits of encouraging and fostering performance audit champions across the PASAI region.

4.2 MICRONESIAN SUB REGION

Joint performance audit initiative

FSM Group: On-the-Job Training through Joint Performance Auditing

The Office of the Yap State Public Auditor (Yap OPA) requested assistance from the Office of the National Public Auditor (ONPA) to lead a joint performance audit on 'Yap State Department of Health Services' for training and capacity building purposes. The joint audit will also provide an opportunity for Yap OPA staff to enhance their knowledge, skills, and abilities to conduct performance audits.

The audit will be conducted pursuant to the power under both National and Yap State Public Auditor's Act. The audit will be guided by the process laid down in the ONPA Audit Manual.

In accomplishing the objectives, ONPA will lead, supervise and monitor all audit activities. YAP OPA will conduct, analyse, document and submit to ONPA all audit work papers, documents and records of discussions and hold all meetings/interviews/conferences.

A Memorandum of Understanding (MoU) was developed to ensure that both parties had a clear understanding of the audit subject, framework, goals/objectives of the audit project, and roles and responsibilities of the Offices. The MoU also provided the requirements on reporting and staff performance evaluation. The public auditors of the two Offices will sign the final audit report.

At the time of this review, the audit project is currently at its preliminary survey stage. There will be a two to three days training on performance audit process and concepts before performing the actual audit covering fiscal years 2105 and 2016. This is a new initiative and both SAIs are excited about the capacity building benefits which the staff of the two Offices will gain from this joint audit.

Community hotline facility

There is a hotline facility on the FSM website⁴ which is available for anyone to contact the office and report incidents of fraud, abuse, or waste.

Each month the senior management staff review a summary of the issues raised on the hotline and use the information gathered to allocate resources, staff and plan future performance audits.

This is a common practice across the sub regional Office of Public Auditors – Guam, FSM Pohnpei, FSM National, Palau, RMI, CNMI.

Peer Review process

The principals of the APIPA⁵ have developed a robust peer review process promoting quality in the auditing services provided by public auditors. This goal both serves the public interest and enhances the significance of APIPA membership. Specific peer reviews are conducted by teams of individuals comprising executive and senior audit management from other public audit offices and certain external parties. A peer review engagement will focus on examining both the public audit office's system of quality control and the work performed on selected audits completed by that office. This may involve, among other things, review of specific work paper documentation, interviews of audit personnel, and evaluation of the competency, objectivity, and independence of the public audit office.

Enhancing performance audit practice

One of the SAIs in the Micronesia sub region, the SAI of Guam, is the only one in the PASAI region that uses electronic working papers (TeamMate) to manage their Performance Audits. They are the leading SAI that can provide benefits and capacity enhancement for the other seven SAIs across the Melanesia and Polynesia sub regions that already use TeamMate for financial audits.

4.3 POLYNESIAN SUB REGION

Effective use of technical advisors

The SAI of Samoa used a technical advisor to build the capacity of its performance audit staff. The adviser worked with staff to obtain feedback to improve their performance audit manual. Rather than revising the manual, the adviser provided staff with their suggested recommendations so that SAI staff could take ownership and responsibility for the enhancement of their performance audit manual.

Further performance audit manual enhancements

In recognition of the increasing use of Information Technology (IT) by ministries and agencies, the SAI of Samoa has included a section within their Performance Audit Manual dedicated to how IT auditing can be integrated with performance audit practice.

Follow up audits

The SAI of Samoa has incorporated within their audit strategy follow up audits of both the Solid Waste Management and Sustainable Fisheries audits conducted under the CPA program. There is no evidence that other sub regional SAIs have adopted a similar practice.

4.4 CONCLUSION

This chapter provides important examples of good practices developed in each of the sub regions. By promoting these good practices in this review report, the review team seeks to advance the PASAI practice of sharing so that SAIs can learn from each and adopt practices of value to them to enhance their performance audit work. The recommendations contained in the concluding chapter will address these good practices.

⁴ <http://www.fsmopa.fm/hotline.htm>

⁵ APIPA stands for the Association of Pacific Island Public Auditors. It was formed in January 1988 and is composed of Public Auditors from 12 Pacific Island Governments mainly located in the North Pacific.

CHAPTER 5: SUSTAINABLE DEVELOPMENT GOALS – SDGS

This chapter sets out the timetable and agenda adopted by the United Nations to achieve sustainable development world wide including the Pacific Islands. It also presents information collected at the sub regional level on how individual Pacific Island governments are approaching their SDG responsibilities and opportunities and the role that SAIs can play in this context.

5.1 UN 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

The implementation of the 2030 Agenda for Sustainable Development and the achievement of the 17 Sustainable Development Goals (SDGs) that it advocates can only succeed if effective, accountable and inclusive institutions are in place. Within national jurisdictions, the role of SAIs is relevant and important to the achievement of SDGs. SAIs can, through their audits and consistent with their mandates and priorities, make valuable contributions to national efforts to track progress, monitor implementation and identify opportunities for improvement across the full set of the SDGs. The role of SAIs is integral also to encouraging countries to transform how they aim to improve citizens' lives in accordance with the ambitious 2030 Global Agenda. Furthermore, the outcome document of the UN Conference on Financing for Development (the Addis Ababa Action Agenda) includes the commitment to strengthen national control mechanisms, including audit institutions, along with other independent oversight institutions, and to increase transparency and promote participation in the budgeting process.

5.1.1 THE 17 UN SUSTAINABLE DEVELOPMENT GOALS



Goal 16⁶ commits member states to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels”. This goal is aligned with the role of SAIs to contribute and ensure effective, accountable and inclusive institutions at all levels and help advance progress with other goals.

⁶ Youtube video Goal SDG16 link <https://www.youtube.com/watch?v=us85Bu38KuY>

Effective institutions are central to the implementation of all SDGs. For example:

- **achieving Goal 5 on gender equality**, the target to “ensure women’s full and effective participation and equal opportunities for leadership” requires attention to be given to the role of women in public administration;
- **achieving Goal 3 on health and Goal 4 on education** means that there must be capacity to deliver services effectively, efficiently, and equitably to all levels of society by all sectors of government;
- **achieving Goal 11 on safe, inclusive, resilient, and sustainable cities** will require highly capable urban governance that is sustainable over the long term.

5.1.2 THE ROLE OF SAIs

To support the effective implementation of SDGs at the national level, it is important that the public financial management system of governments integrate available financial data with robust SDG related indicators to monitor progress. In this context, individual SAIs can play a key role to provide assurance that these data are reliable, accurate and complete when presented in government financial reports.

SAIs are already working to improve the quality and equity of service delivery in the public sector and to make the public financial management systems more accountable to their citizens. In this regard, SAIs are already contributing to the SDGs. However we, as the INTOSAI community, can contribute much more.

Because of individual SAI mandates over all areas of government expenditure, SAIs are well positioned to make a positive contribution to support the implementation of the SDGs. SAIs can be instrumental in ensuring that national governments have these international commitments on their agendas and are pursuing them in a transparent and accountable way.

5.2 GLOBAL SURVEY RESULTS

We included four questions in our global survey related to SDGs in the Pacific region with the intent of developing a better understanding of (i) the role that survey respondents’ organisations will have in implementing SDGs in the Pacific region; (ii) any interest that these organisations will have in a specific SDG moving forward; (iii) the ways in which PASAI could help in the implementation of SDGs in the region; and (iv) whether the stakeholders would be interested in working with PASAI to develop an audit program designed to assist the implementation of SDGs in the Pacific. Below are responses to those questions.

KEY FINDING #6 Role in Implementing SDGs

We asked survey respondents to identify the role their organisation will have in implementing SDGs in the Pacific region. A trend emerged indicating that most respondents believed that auditing SDGs would be one of their main roles (PASAI member responses), followed by providing support to PASAI and Pacific Island countries (multilateral development partners). In addition, most respondents indicated that it would be desirable for PASAI’s Advocacy program to provide support to the implementation of SDGs in the region. Below we present some of these responses according to clusters of stakeholder groups.

Q17. What role will your organisation have in implementing the SDGs in the Pacific region?

PASAI MEMBERS

- ✓ Audit, investigation, fraud awareness
- ✓ Auditing the implementation of the SDGs
- ✓ Audits of the SDGs can be conducted through the audits of the Ministries or agencies directly responsible for achieving the SDG. Our role will be to assist in assessing the progress of their plans and strategies already set out in achieving the goal. Also, recommendations to improve their actions in the undertaking at hand will be provided.
- ✓ Check & Verify implementation of SDG's by the National Government and its transparency and accountability.
- ✓ Conduct an examination to determine status of SAIs audit plan and action in implementing SDGs achievement programs. Find out status of SDGs implementation programs in other Pacific island countries. Share information relating to SDGs program implementations among the Pacific nations and work together to promote related programs.
- ✓ Conduct follow-up reviews.
- ✓ Incorporating the themes into the selection of our audits or including SDG as a factor in the risk assessment we perform to narrow our audit topics for our annual audit plan.
- ✓ Be a participant.
- ✓ Potentially it would be another dimension to any PA review in the planning, implementation and outcomes, if Government subscribes to specific goals.
- ✓ To conduct performance audit on the implementation of SDGs targets by Ministries and on the SOI for SOEs and for both on the performance of their services deliveries, KPA 5 Governance, KPI 9 and 13.
- ✓ We propose to focus on sustainable development in 2018/19 as part of our theme based work program; we will support a focus on SDG implementation in PASAI through our RWGEA role.

MULTILATERAL DEVELOPMENT PARTNERS

- ✓ Implementing and reporting on SDGs in New Zealand, and as a development partners supporting SDG achievement in PICTs.
- ✓ Partner with Governments to achieve national strategic goals.
- ✓ Promoting sustainability through sound PFM

MULTILATERAL AGENCIES

- ✓ Advisory services to governments, and practical projects
- ✓ Assisting our members to achieve the SDG Goal 14 – Life Below Water
- ✓ Donor funding.
- ✓ Facilitators' role.
- ✓ Key implementer through scientific and technical support/knowledge base.
- ✓ Provide Economic analysis/support on the monitoring of SGDs implementation in Pacific countries.
- ✓ Support to PNA members in more commercial roles.
- ✓ As a training provider
- ✓ Foster good governance, good public administration and anti-corruption strategies.

KEY FINDING #7 - Which SDGs do surveyed organisations have the most interest in?

We asked survey respondents to select the SDGs where they believe their organisation will have a specific interest. We listed the 17 UN Sustainable Development Goals and allowed the respondents to choose more than one answer.

Most of the responses could be grouped in three major groups. Tier 1 included those SDGs with a response rate of 60 per cent or higher; Tier 2 included the SDGs with a response rate from 40 per cent to 60 per cent, and finally Tier 3 included the SDGs with a response rate of below 40 per cent. Below is a chart showing the percentage of responses based on the expressed preference of survey respondents.

Goal 4: Quality education	66.7%
Goal 3: Good health	63.6%
Goal 8: Good jobs and economic growth	60.6%
Goal 6: Clean water and sanitation	57.6%
Goal 14: Life below water	51.5%
Goal 1: No poverty	45.5%
Goal 7: Clean energy	45.5%
Goal 9: Innovation and infrastructure	45.5%
Goal 17: Partnerships for the goals	45.5%
Goal 16: Peace and justice	42.4%
Goal 11: Sustainable cities and communities	39.4%
Goal 13: Protect the planet	39.4%
Goal 10: Reduced inequalities	36.4%
Goal 5: Gender equality	33.3%
Goal 12: Responsible consumption	33.3%
Goal 15: Life on land	33.3%
Goal 2: No hunger	24.2%

The results from the global survey indicate that the majority of survey respondents believe that (i) Quality Education (66.7%), Good Health (63.6%) and Good Jobs and economic growth (60.6%) are the most important for their organisations; followed by (ii) Clean water and sanitation (57.6%), Life below water (51.5%). No poverty, Clean energy, Innovation and infrastructure, and Partnerships for the goals (all at 45.5%), and Peace and justice (42.4%). These responses formed the second tier of importance for survey respondents. The third tier of SDGs according to our survey respondents included Sustainable cities and communities (39.4%), Protect the planet (39.4%), Reduced inequalities (36.4%), Gender equality, Responsible consumption and Life on Land (all at 33.3%), and No hunger (24.2%).

KEY FINDING #8 PASAIs Role in implementing SDGs

We asked survey respondents to tell us the top 5 ways PASAI could help in implementing SDGs in the Pacific Region. Below are the survey responses.

We asked survey respondents to identify the role their organisation will have in implementing SDGs in the Pacific region. A trend emerged that most respondents (SAIs) believe that auditing SDGs would be one of their main roles. This was followed by providing support to PASAI and Pacific countries (multilateral development partners) as well as implementation of SDGs in the region (multilateral development partners and multilateral agencies). Below we present some of these responses.

Q19. Based on your impression, list the top 5 ways PASAI could help your organisation in the implementation of the SDGs in the Pacific.

PASAI could help our organisation in the implementation of the SDGs in the Pacific by:

PASAI MEMBERS

- ✓ Advocacy programs on PASAI members' role.
- ✓ Benchmarking reports.
- ✓ Building staff capacity to perform quality audit and provide recommendations.
- ✓ Capacity building.
- ✓ Continuing with the CPA program using the SDGs as topics
- ✓ Disseminating INTOSAI guidance/thinking on SDGs.
- ✓ Ensuring that a CPA is conducted on the implementation of SDGs, particularly the preparedness of government in ensuring such implementation.
- ✓ Facilitating a co-operative performance audit
- ✓ Helping in conducting audits to determine the status of FSM SDGs program priorities.
- ✓ Promoting the SDG goals.
- ✓ Providing in-country training to staff on selected SDGs topics.
- ✓ Providing tips to identify which area should be the subject for Audit, considering the nature and size of the Country.
- ✓ Providing training and assistance
- ✓ Speaking to Governor and Legislature on importance of adopting SDGs.

MULTILATERAL DEVELOPMENT PARTNERS

- ✓ Continuing with capacity-development programs for SAIs, broadening their perspectives in the analysis of risks to SDG implementation.
- ✓ Supporting national audit institutions.
- ✓ Advocating for good public sector governance.

MULTILATERAL AGENCIES

- ✓ Not adding to the already onerous set of data and reporting requirements that we face.
- ✓ Good governance.
- ✓ Increasing transparency in monitoring and evaluation.
- ✓ Identifying key pathways for improvement.
- ✓ Providing networking opportunities
- ✓ Providing audit support on the implementation of key SDGs.
- ✓ Providing technical assistance.
- ✓ Assisting PICs in developing relevant SDG measurement information.
- ✓ Providing better reports.
- ✓ Collaborating on good governance public administration

It is interesting to report that in addition to the more traditional role of SAIs undertaking audits on the effectiveness or otherwise of Government measures, SAIs also see a role for themselves in advocating to their Government the importance of adopting relevant SDGs.

As we progress with the challenge of effectively auditing the actions of individual jurisdictions to implement SDGs, it is important to note that multilateral development partners responded that they will continue to support national audit institutions and provide specific capacity-development programs for SAIs, to broaden their perspectives in the analysis of risks to SDG implementation.

In this context, the continued support of multilateral agencies to provide networking opportunities and technical assistance is very encouraging.

KEY FINDING #9 Interest in developing an audit program for the implementation of SDGs

We asked survey respondents whether they would be interested in working with PASAI to develop an audit program designed to assist in the implementation of the SDGs in the Pacific and almost **61 per cent** of survey participants responded that they would be interested in such a project. This suggests that PASAI could build on its CPA approach to foster deeper engagement with key multilateral organisations in the region and work in partnership to develop an audit program tailored to assist in the implementation of SDGs with the support of sound regional technical expertise. This is especially important as PASAI now has ‘technical observer’ status with the Pacific Islands Leaders Forum Economic Ministers’ Meeting (FEMM).

5.3 PROPOSED PASAI APPROACH TO AUDITING SDGs

In collaboration with IDI, PASAI held a meeting with 19 PASAI members in June 2016 to discuss their interest and priorities in being a part of IDI led regional capacity development programmes which included “auditing SDGs” and “SAIs fighting Corruption”. SAIs decided their priorities for SDGs amongst the eight IDI programs as:

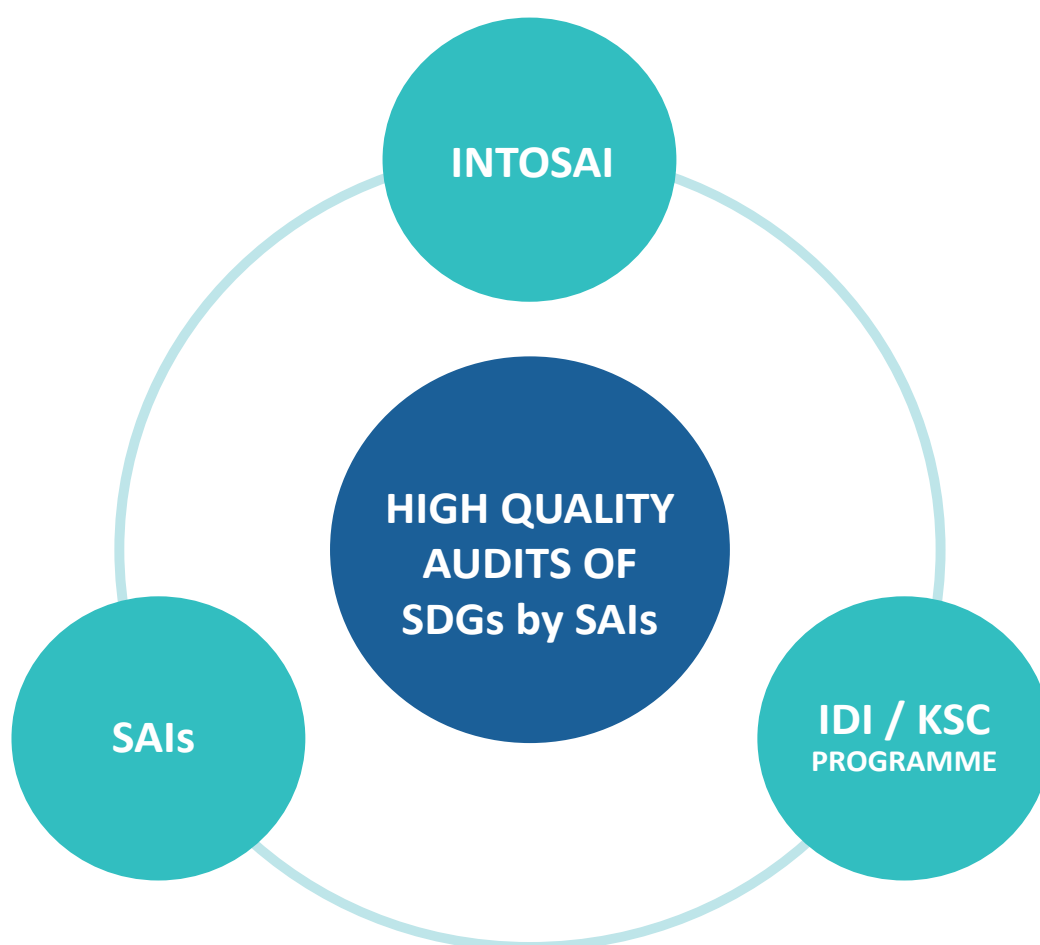
High Priority 1 to 3	7/19	CNMI, FSM, Kosrae, Kiribati, Palau, Tonga, Tuvalu
Medium priority 4 – 6	8/19	Vanuatu, Samoa, PNG, RMI, Guam, Pohnpei, Am.Samoa, Chuuk
Low priority 7 – 8	4/19	Solomon Islands, Nauru, Fiji, Cook Islands.

Where do we start in the Pacific to audit SDG implementation?

IDI has commenced work on developing guidance to support an audit of national system preparedness for effective implementation of the SDGs. The guidance will provide detailed advice on ‘how to’ use the auditing complexity model through an ISSAI based performance audit process. The audit model will look at systemic preparedness in terms of policy framework, institutional mechanisms, follow-up and reporting systems and capacity. The audit model will include key high level issues based on common reporting guidelines for Voluntary National Reviews at the UN High Level Political Forum (HPLF). The audit model will also integrate and look at ‘equity’ as a cross cutting theme. This will be aligned to the HPLF 2016 theme – *Ensuring that no one is left behind*.

In addition to assisting SAIs to participate in IDI’s global audit on preparedness, the Guidance can be used by any SAIs intending to plan an audit on this topic or to assist in developing similar guidance for financial, compliance or other types of audits on the preparedness of their governments to effectively implement SDGs.





This Guidance will be of value to Pacific SAIs as we commence planning PASAI’s approach to developing cooperative audits targeted at assessing national system preparedness and ensure that Pacific SAIs are at the forefront of SDG global auditing efforts. It fits well with the PASAI Cooperative Performance Audit experience as the audits designed under the program focused on key preparedness issues – such as national legal and policy frameworks, governance arrangements, for example the identification and empowerment of a ‘lead’ agency, and system monitoring and reporting capacities. PASAI SAIs are already well placed with a cohort of trained performance auditors to conduct future audits on the SDG priorities endorsed by their national governments. This could be either a top-down approach (whole of government⁷ to particular SDGs implemented by individual Government Ministries or programs) or a bottom-up approach from the Ministry level to the whole of government plans for SDG implementation. Whichever approach SAIs decide to adopt audit work will always be conducted through the lense of ISSAI 12 – *making a difference to the lives of citizens*.

⁷ Whole of Government includes the following attributes: national policy framework; institutional mechanisms; baselines and indicators; integration of social, economic and environmental dimensions; equity; follow-up and reporting systems.

5.3.1 MELANESIAN SUB REGION

The following table reports the current status of action by governments within the Melanesian sub region. However, there is no information currently available on SDG status for Vanuatu.

National Strategies to address SDGs

Fiji

The Government of **Fiji** has embarked on mainstreaming and aligning the SDGs into the new draft National Development Plan (NDP) 2016 – 2035. The draft NDP is yet to be endorsed by Government. Government has increased SDG awareness at all levels (national and community) to foster greater participation. It has also strengthened partnership through a multi sectoral approach.

An SDG taskforce has been set up to determine the progress, reporting and monitoring of SDGs. Implementation of SDGs is driven by Government Ministries and Departments with the support of NGOs and development partners.

The Ministry of Economy will be responsible for the overall monitoring of the implementation of the SDGs through the development plan and the budgetary processes as well as monitoring the achievement of the SDGs.

The Fiji Bureau of Statistics is a member of the “Inter Agency and Expert Group (IAEG) on SDG Indicators” established by the UN Statistical Commission to develop indicators for measuring the implementation of the 17 SDGs.

Papua New Guinea

The Government of **Papua New Guinea** is expressing its increasing commitment to achieve the SDGs. The Government of Papua New Guinea is committing itself to achieving the SDGs and utilizing high-level platforms such as the ACP⁸ Summit to emphasize the need for accelerated human development in the country. In Papua New Guinea there is increased cooperation with the Government on land and coastal management, fisheries, climate-change adaptation and early-warning system initiatives to build resilient communities.

Solomon Islands

The National Government strategies for addressing SDGs is incorporated in the National Development Strategy 2016 to 2035: *Improving the Social and Economic Livelihoods of all **Solomon Islanders***.

The Solomon Islands has prioritised SDGs considered of importance to the country and identified agencies responsible for implementing, monitoring, and gathering data for the implementation of SDGs. The SDGs considered as a priority for the Solomon Islands include:

1. Sustained and inclusive economic Growth.
2. Poverty alleviated across the whole of the Solomon Islands, basic needs addressed and food security improved; benefits of development more equitably distributed.
3. All Solomon Islanders have access to quality health and education.
4. Resilient and environmentally sustainable development with effective disaster risk management, response and recovery.
5. Unified nation with stable and effective governance and public order

Kiribati

The **Kiribati** Development Plan (KDP) for 2016–2019 takes into account various international obligations that the government of Kiribati has assented to and includes the SDGs. All SDG targets and indicators have been reviewed and assessed for relevance to Kiribati’s context.

⁸ The ACP Summit is comprised of the Leaders of African, Caribbean and Pacific countries and meets on a regular basis to discuss issues of mutual interest. The most recent meeting (ACP8) was held in Port Moresby in June 2016 with the theme “Repositioning the ACP-Group to the Challenges of Sustainable Development”.

5.3.2 MICRONESIAN SUB REGION

The following table reports the current status of action by governments within the Micronesian sub region.

National Strategies to address SDG - Federated States of Micronesia (FSM).

Note: The following actions are also being undertaken by Palau, RMI and FSM states.

1. The Office of Statistics, Budget and Economic Management, Overseas Development Assistance, and Compact Management (SBOC), has been appointed as the manager of the “Sustainable Development Goals (SDG)” Task Force with the responsibility for compiling data and qualitative information for the status report⁹ and provide the appropriate connection with the Strategic Development Plan (SDP) goals and priorities.
2. The Taskforce will link the SDGs with the SDP through a coordinated approach between the national and state departments, offices and agencies, private sector, NGOs and civil society organisations with the ultimate aim to promote economic growth and ensure an equitable distribution of income.
3. The Taskforce will pursue these goals and work closely with state governments and key stakeholders to build more awareness about SDGs in the FSM.
4. The Taskforce will facilitate the implementation of the SDGs by integrating their targets and indicators within the planning and budgeting processes to support the continued monitoring and evaluation of progress in achieving the goals.

SDG Implementation

The implementation of the SDGs is already a part of the national and state programs and activities.

Communication and Public Education on SDGs

FSM National, Regional and Global partners are involved in ongoing discussions relating to FSM SDG issues and status updates. Mechanisms include:

1. Micronesian Islands Forum
2. Micronesian Presidents’ Summit
3. Pacific Small Island Developing States (PSIDS)
4. SDG Working Group
5. FSM SDG Facebook
6. United Nations Pacific Strategy Consultation (UNPS)

An additional communication strategy uses a Facebook Group page¹⁰ established for the Micronesian Group and, as indicated from the number of posts, citizens are actively using it as a debating forum on each of the SDGs.

UN/FSM SDG Consultation

The United Nations Pacific Strategy Consultation (UNPS) was held in Pohnpei in July 2016. The purpose of the consultation was to support the UN to work closely with the FSM’s implementation of the SDGs. The consultation included participants from the FSM National, Pohnpei State Government, NGOs, Civil Societies, Private Sectors, and Donor Partners and the UN Coordinator for the Pacific Ms. Osnat Lubrani and her staff.

⁹ This report represents the FSM’s comprehensive report on the Millennium Development Goals (MDGs). It is designed to raise awareness about the MDGs at home while informing the global community about progress since the 1990s. The report provides important baseline data so that future progress in human resource development and economic development may be measured and further provide us with a picture of what has been accomplished since 2000. It indicates that significant progress has been made toward the goals and their 21 supporting targets and 60 indicators.

¹⁰ https://www.facebook.com/FSM-Sustainable-Development-Goals-2018-2022-1802413546656352/?hc_ref=SEARCH&fref=nf

5.3.3 POLYNESIAN SUB REGION

The following table reports the current status of action by governments within the Polynesian sub region.

COUNTRY	National strategies to address SDGs
COOK ISLANDS	The Office of the Prime Minister (OPM) is responsible for monitoring and implementing the SDGs within the Cook Islands. Early information suggests that OPM are still working on their indicators and baseline information so that they can start on SDG preparedness.
NAURU	<p>The Nauru Sustainable Development Strategy (NSDS) 2005-2025 sets out priorities on governance, social services and infrastructure, economic diversification, rehabilitation of mined out lands, and food security. The NSDS was updated in 2009 and the government is currently working on new consultations, among others aspects, to include the Sustainable Development Goals (SDGs) in the strategy.</p> <p>Derived from the NSDS, there are sector plans for health, education and financial management as well as an investment plan for infrastructure (NISP). Despite shortcomings in terms of result-oriented planning and monitoring, the existing policies have helped Nauru to negotiate budget support as a way of avoiding the excessive burden of managing numerous small projects.</p>
SAMOA	<p>Samoa is the only Pacific Island Country that was involved in the High Level Political Forum on SDGs in 2016 - <i>Ensuring that nobody is left behind</i>. The Forum produced a report titled <i>Summary of National Voluntary Review Process</i>. There is a Coordinating Body which is responsible for SDG implementation (SDG Taskforce - chaired by the CEO-Ministry of Foreign Affairs and Trade. Members include Ministry of Finance, Samoa Bureau of Statistics and Ministry of the Prime Minister and Cabinet).</p> <p>The taskforce mapped the SDGs against Samoa's national planning framework and found that 90 per cent of SDGs directly relate to the Samoa Development Strategy 2012-2016 (the new SDS 2016-2020 will be launched in November 2016). As a result, Samoa is able to use the existing mechanisms and reporting framework, embodied in Samoa's national planning framework, to implement SDGs. The team is also working in collaboration with Samoa Bureau of Statistics on the development of targets and indicators and preparing for the National Census in November 2016.</p>
TONGA	<p>Tonga developed their second Strategic Development Framework 2015-2025. There are 7 National Outcomes which directly relate to SDGs and they also have 5 Organisational Outcomes that are grouped into pillars (Economic, Social, Political, Infrastructure & Technology and Natural Resources & Environment).</p> <p>A 3rd and final report on the Millennium Development Goals (MDGs) in September 2015 was produced and approved by the Minister of Finance and National Planning. In this report; there is a section called "The future in view of the Post MDGs Sustainable Development Goals". This is a good transitional starting point for the Kingdom of Tonga in implementing and monitoring its SDGs.</p> <p>The Ministry of Finance and National Planning have an active role in coordinating and monitoring the implementation of the SDGs within Tonga.</p>
TUVALU	<u>National Strategy for Sustainable Development 2016-2020</u> . This is the latest National Strategy for Tuvalu and the UN SDGs 2016-2030 are incorporated in this document. There are 13 National Goals and each of these are mapped to the SDGs and refer back to the MDGs as baseline data. The SIDS conference in Samoa 2014 was also referenced in the National Strategy for Tuvalu. The Office of the Auditor General is specifically mentioned under Goal 2: Good Governance . This shows OAG responsibility and involvement at the National level in implementing the SDGs.

5.4 CONCLUSION

Feedback from stakeholders (SAIs, multilateral development partners and multilateral agencies) indicates strong support for the involvement of SAIs in any assessment of individual jurisdiction's implementation of the UN SDGs.

As appropriate to their mandates, SAIs view their primary role as undertaking audits on the effectiveness or otherwise of Government measures concerning SDG implementation. SAIs also see a secondary role for themselves in advocating to their Governments the importance of adopting SDGs relevant to their country. This is a new and exciting challenge for PASAI to support.

Multilateral development partners suggested that they would continue to support national audit institutions and provide specific capacity-development programs for SAIs to broaden their perspectives in the analysis of risks to SDG implementation. The latter will be an important initiative to support high quality performance audits undertaken with full knowledge of individual country circumstances concerning capacity constraints to successfully implement the SDGs. An identification of key risks to implementation will also 'add value' to country implementation efforts. The continued support of multilateral agencies to provide networking opportunities and technical assistance will further enhance high quality and meaningful audits.

Through their review process, the three sub regional representatives have collated valuable information¹¹ on the status of SDG implementation in their jurisdictions. It is positive to see that a number of jurisdictions are collecting baseline data from which to measure the progress of SDG implementation. Jurisdictions are also aligning SDGs with their own national/state development strategies and governance mechanisms such as high level taskforces are being established.

As PASAI responds to the challenge of effectively designing cooperative/co-ordinated performance audits of value to Pacific Island countries and states, the sub regional information in conjunction with global survey results will direct this task. An initial audit of the preparedness of national systems to execute successful implementation is already emerging as a preferred topic. IDI is also developing guidance on a preparedness audit model. This guidance will further support PASAI's experience in auditing the effectiveness of national level systems developed through the CPA programme. SAIs have also identified the priority they place on 'auditing SDGs' at the IDI/PASAI workshop and this priority listing will enable PASAI to develop a staggered approach to the first tranche of SDG preparedness audits.



Photo: Polynesian representative Oceanbaby Penitito (Samoa SAI) presenting summary findings at the review meeting October 2016

¹¹ It needs to be noted that the US insular entities of Guam, CNMI and American Samoa have not yet developed national priorities associated with SDGs. Further investigation is needed to determine the reason for this gap.

CHAPTER 6: RECOMMENDATION TO THE PASAI GOVERNING BOARD

This chapter presents the recommendations that relate to results of the review. It presents the recommendations against key business requirements of the PASAI Strategic Plan.

6.1 SP3 – 3C1 HIGH QUALITY AUDITS

Quality Control/Quality Assurance

- That PASAI adopts the APIPA model to encourage a QC/QA process for the entire PASAI region and as a first step puts together a QA taskforce to conduct a QA on the CPA SDG preparedness. The taskforce will utilise the expertise of the North SAIs to build the capacity of South SAIs. As well, the taskforce will consider closer alignment with the Teammate Project to further embed high quality performance audit practices.
- Further PASAI will promote Follow Up Audit processes with SAIs so they become a component of standard audit practice.

Performance Audit Manuals

- That PASAI, in conjunction with US-DOI and IDI, develop a project plan to identify the level of comparability between the ISSAIs and GAGAS so that consistency in auditing standards (for performance auditing) applies across Pacific SAIs.
- That PASAI and IDI promote the use of the on-line IDI ISSAI Implementation Handbook to Pacific SAIs as a cost effective option to replace the use of the PASAI PAM.
- The Samoa SAI includes in its performance audit manual guidance on how to use Information Technology (IT) auditing to support the conduct of performance audits. Building on this initiative, it is recommended that PASAI revisits its IT Audit project plan for consideration by the Governing Board. A cohort of performance auditors trained in IT auditing methodology would be of significant benefit when assessing Government agencies preparedness for implementing the UN SDGs.

6.2 SP3 – 3C3 COOPERATIVE PERFORMANCE AUDIT EVERY 3 YEARS

- PASAI will develop a Cooperative Performance Audit (CPA) program to assist Pacific SAIs to develop the capacity to effectively audit SDG implementation in their jurisdictions. A PASAI CPA on SDG preparedness topic is the obvious starting point to assess the national systems responsible for the implementation of SDGs. This also aligns the Global IDI/INTOSAI program on this topic.
- PASAI notes that SAIs have already indicated their willingness to participate in this endeavor and have accorded it the following priority:¹²

High Priority 1 to 3

CNMI, FSM, Kosrae, Kiribati, Palau, Tonga, Tuvalu

Medium priority 4 – 6

Vanuatu, Samoa, PNG, RMI, Guam, Pohnpei, Am.Samoa, Chuuk

Low priority 7 – 8

Solomon Islands, Nauru, Fiji, Cook Islands.

¹² Yap Office of Public Auditor – was not present at this meeting

That PASAI agree to the proposed timeline for a CPA on national systems preparedness to implement SDGs:

- **August 2017** - PASAI CPA Preparedness SDGs North Pacific SAIs Information sharing and audit design meeting
- **February 2018** - PASAI CPA Preparedness SDGs South Pacific SAIs Information sharing and audit design meeting
- **March - October 2018**- PASAI CPA- Preparedness SDGs - audit execution in both North and South Pacific
- **November 2018** - reporting meeting of both North and South SAIs
- **March 2019**- PASAI Cooperative Audit - Preparedness SDGs - QA/peer review of North reports
- **June 2019** - sub regional report on North Pacific
- **March 2019**- PASAI Cooperative Audit - Preparedness SDGs - QA/peer review of South reports
- **October 2019** - sub regional report on South Pacific
- **2020** - PASAI design/development meeting - way forward

6.3 SP3 – 3C4 COORDINATED AUDITS EVERY 2 YEARS

That PASAI notes the FSM initiative on conducting coordinated audits and will work with SAIs interested in conducting a follow up audit using a coordinated approach of a previous CPA (1 to 5).

6.4 SP3 – 3C5 EVALUATION OF COOPERATIVE PERFORMANCE AUDIT PROGRAM

That PASAI includes, as part of its 2019 formal overall evaluation of PASAI’s strategic plan, an evaluation of the CPA program.



Photo: Climate Change CPA – reporting meeting (participants)

APPENDIX 1: GLOBAL SURVEY RESULTS – STAKEHOLDERS – WHO ARE THEY?

Of all survey respondents, almost 45 per cent represented PASAI's SAI members. Multilateral agencies accounted for approximately 32 per cent while Multilateral development partners represented approximately 13 per cent. The remainder are ACAG members with roughly 11 per cent.

Q1. To what stakeholder group do you belong?

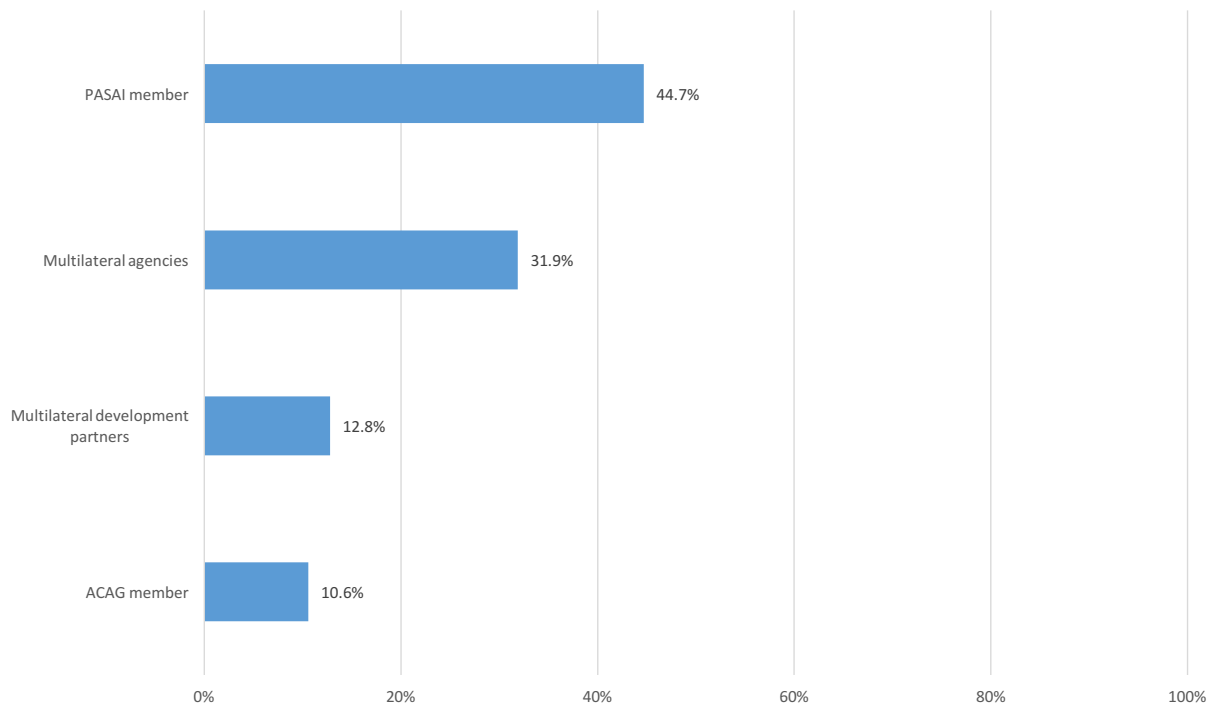


Photo: Micronesia Representative Erwhine David (replaced Elina Paul) FSM National presenting her findings at the review meeting held at PASAI secretariat office in October 2016

COUNTRY OF ORIGIN

Most survey respondents were from Australia, almost 28 per cent, followed by Fiji with 17 per cent. A third group included 6.4 per cent of survey respondents from Micronesia, New Caledonia, Samoa and Solomon Islands, followed by Guam, New Zealand and USA with 4.3 per cent of respondents. Finally, 2.1 per cent of respondents were from Cook Islands, Denmark, Indonesia, Kiribati, Marshall Islands, Nauru, Norway and the United Kingdom.

Q4. In what country, do you live?

Australia	27.7%
Fiji	17.0%
Micronesia (Federated States of)	6.4%
New Caledonia	6.4%
Samoa	6.4%
Solomon Islands	6.4%
Guam	4.3%
New Zealand	4.3%
United States of America	4.3%
Cook Islands	2.1%
Denmark	2.1%
Indonesia	2.1%
Kiribati	2.1%
Marshall Islands	2.1%
Nauru	2.1%
Norway	2.1%
United Kingdom of Great Britain and Northern Ireland	2.1%



Photo: PASAI IDI Cooperative Audit - Access to Safe drinking water, Fiji NADI

STAKEHOLDER'S ORGANISATION NAME

We also asked survey participants to confirm where they currently work so we would have a better understanding of the Organisation they represent when completing this survey. Below is a list of those organisations represented in this survey.

Q3. What organisation do you belong to?

ADB
American Samoa Government, Territorial Audit Office
Audit Office of New South Wales
Auditor General's Office, PNG
Australian Capital Territory Auditor-General
Australian National Audit Office
China Aid
Commonwealth Secretariat
Cook Islands Audit Office
Department of Audit, Nauru
DFAT
EU
Fisheries Forum Agency
INTOSAI – IDI
JICA
Kiribati National Audit Office
MFAT
Northern Territory Auditor-General
Office of Public Accountability, Guam
Office of the Auditor General of Tuvalu
Office of the Auditor General, Fiji
Office of the Auditor General, Marshall Islands
Office of the Auditor General, NZ
Office of the Chuuk State Public Auditor, FSM
Office of the Controller and Auditor General, Samoa
Office of the Kosrae Public Auditor, FSM
Office of the National Public Auditor, FSM
Office of the Pohnpei State Auditor, FSM
Office of the Public Auditor, CNMI
Office of the Yap State Public Auditor, FSM
Pacific Island Association of NGOs' (PIANGO)
Pacific Islands Forum Secretariat
Palau Office of the Public Auditor
Parties Nauru Agreement (PNA)
PFTAC
Queensland Audit Office
RWG Public Debt
RWGEA
Solomon Islands Office of the Auditor General
South Australian Auditor-General
SPC

HEADQUARTERS LOCATION

We asked survey participants to let us know where their Headquarters, Regional or Pacific National Offices were located. Below we present the list of countries where the Headquarters are located.

Q6. Please List the Country your organisation is based (Headquarters):

American Samoa
Australia
Commonwealth of the Northern Mariana Islands
Denmark
Federated States of Micronesia National Government
Fiji
Indonesia
Malaysia
Marshall Islands
New Caledonia
New Zealand
Norway
Rarotonga
Republic of Nauru
Samoa
Solomon Islands
State of Pohnpei
Tasmania
United States

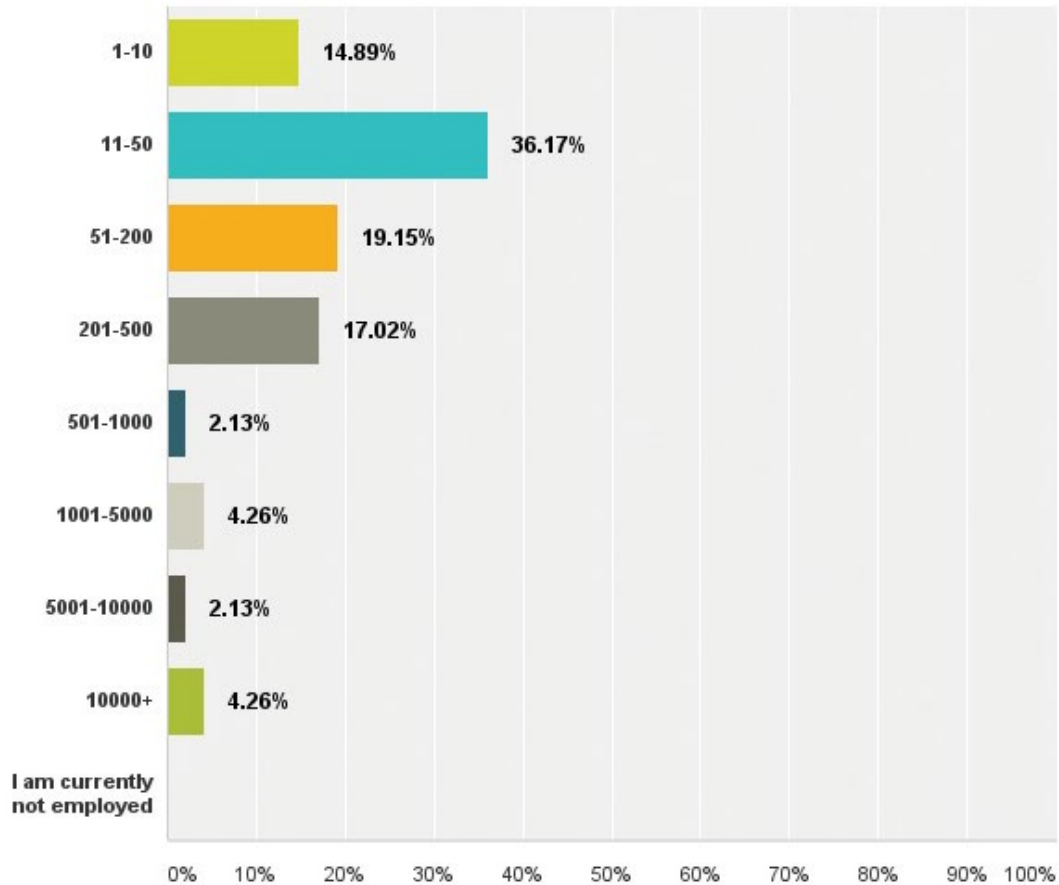


STAFF COUNT

We wanted to know the size of the organisations that participants belong to so we asked them to let us know the number of full-time employees working at their organisations. The majority are in the range of 11-50 staff (approximately 36%), followed by 51-200 staff (19%) and 201-500 staff (approximately 17%).

Q5 Roughly how many full-time employees currently work for your organization?

Answered: 47 Skipped: 0



JOB LEVEL OF SURVEY RESPONDENTS

Seventy two per cent of survey participants identified themselves as Senior level and above as shown in the graph below

Q7 Which of the following best describes your current job level?

Answered: 47 Skipped: 0

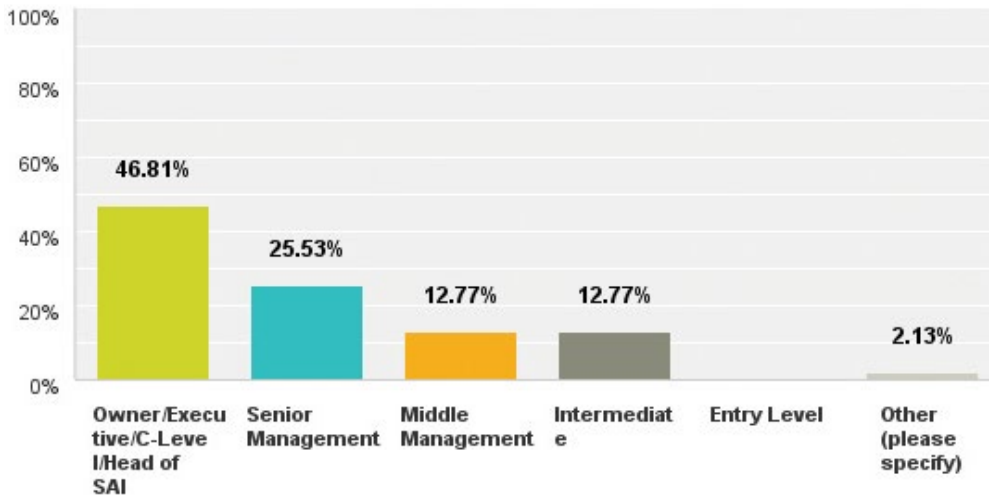


Photo: Climate Change reporting meeting, Nadi, FIJI

APPENDIX 2: SAI SUB REGIONAL BASELINE DATA RELATING TO PERFORMANCE AUDITS

Polynesian Sub region						
SAI NAME:		COOK ISLANDS	NAURU	SAMOA	TONGA	TUVALU
Cook Islands Audit Office		Department of Audit	Samoa Audit Office (SAO)	Office of the Auditor General	Office of the Auditor General	
1(a)	Performance Audit Mandate	PERCA Act 1995/1996 (Section 27)	Audit Act 1973; Audit (Amendment) Act 2015	Audit Act 2013 (Part IV, V, VI)	Audit Act 2007 (Section 10)	Audit Act 2008 (Part 3, Section 25)
1(b)	Performance Audit Manual	PASAI PAM	PASAI PAM	SAO PAM	PASAI PAM	PASAI PAM
2	Standards	ISSAI	ISSAI	ISSAI	ISSAI	ISSAI
3.a	Performance Audits - CPA	5	1	5	3	4
3.b	Performance Audits - Others	1	0	12	0	0
4	PA Target (Annual)	2	0	12	3	2
5	PA Actual (Annual)	0	0	7	0	0
6	Number of PA Staff	4	0	7	5	3
7	Total number of Staff	17	9	61	50	17
8	Quality Control (Policy, Manual, Guidance)	Review by Head of SAI and Manager and use of test program	None	Section 10 of SAO PAM: Quality Control. PAWP303 Quality Control Checklist, PAWP302 Audit Checklist	Yet to put it in practice even though the Office Manual came into effect in July this year	None
9	Quality Assurance (descriptive)	None	None	A practical and documented process for Quality Assurance is in place. Performance Audit ICAT	Yet to put it in practice even though the Office Manual came into effect in July this year	None

Melanesian Sub region						
SAI NAME	Fiji	Papua New Guinea	Solomon Islands	Vanuatu	Kiribati	
Office of the Auditor General	Auditor General's Office	Office of the Auditor General	Office of the Auditor General	National Audit Office		
1a	Performance audit mandate	No explicit mandate to do performance audit, but using the mandate of 'reviewing records' as the means to conduct the PA	No explicit mandate to do performance audit, but using the mandate of 'reviewing records' as the means to conduct the PA	Expenditure Review and Audit Act 1998	No explicit mandate to do performance audit, but using the mandate of 'reviewing records' as the means to conduct the PA	
1b	Performance Audit manual	PASAI Performance Audit Manual	Solomon Islands Office of the Auditor General Performance Audit Manual	n/a	PASAI Performance Audit Manual	
2	Standards	International Standards on Auditing for financial audits. Performance audits undertaken in accordance with ISSAIs but no declarations to this effect in the report.	ISSAI. PNG Auditing Standards. SAI PMF assessment states that performance audit reports did not include declarations of the use of ISSAIs for PAs conducted.	n/a	ISSAI	
3.a	Performance audits - CPA	5	2	0	2	
3.b	Performance audits - Others	61	5	0	1	
4	PA Target			n/a		
	2009	10 per year	2			
	2010	10 per year	2			
	2011	10 per year	2			
	2012	10 per year	2			
	2013	10 per year	2			
	2014	10 per year	2			
	2015	10 per year	2	3		
5	PA Actual			n/a		
	2009	10				
	2010	10				
	2011	10				
	2012	10				

Melanesian Sub region						
SAI NAME	Fiji	Papua New Guinea	Solomon Islands	Vanuatu	Kiribati	
Office of the Auditor General	Auditor General's Office	Office of the Auditor General	Office of the Auditor General	Kiribati National Audit Office	Kiribati	
2013	10					
2014	10					
2015	6	2	5			
6 Number of PA staff		8	5	0	5	
7 Total number of staff	90	155	28	14	42	
8 Quality Control (Policy, Manual, Guidance)	<p>No documented quality control. According to PMF assessment, reviews not always evident in WP files reviewed. Reviews were being done when the TA was around.</p> <p>Section 2.3 of the PA manual assigns responsibilities for particular decisions. The Audit Director has a coordinating and quality control function for all the performance audits carried out by the PA Group. Supervision and review undertaken by Senior Auditors, Audit Manager and Audit Director. Working papers have provisions for signoffs of preparers and reviewers (3 levels).</p>		The SAI does not have a documented QC mechanism in place. However in practice the SAI considers QC since the SAI uses the PASAI manual.	n/a	no documented Quality Control	
9 Quality Assurance (descriptive)	Quality Assurance guidelines for QA Committee. However PAs have never been subjected to quality assurance as the former OAG Quality Assurance Committee felt it did not have the necessary expertise to undertake QA of PAs.		The SAI does not have a QA manual. However quality assurance has been done by the technical advisor.	n/a		

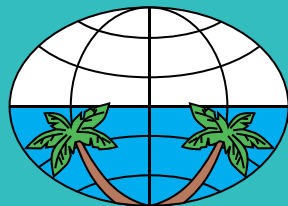
Micronesia Sub region										
SAI NAME	FSM National Public Auditor	Pohnpei State Public Auditor's Office	Chuuk State Public Auditor's Office	Yap State Office of the Public Auditor	Kosrae State Office of the Public Auditor	CNMI Office of the Public Auditor	RMI Office of the Auditor General	Office of the Public Auditor Republic of Palau	GUAM Office of Public Accountability	America Samoa Territorial Audit Office
1(a)	Performance Audit Mandate	Article 11, Section 8 of the Pohnpei Constitution and State Law No. 1L-10-79,	Articular XII, Section 3 of the Constitution and Title 55, Chapter 5 FSM Code	Yap State Const., Art. IX, Sect. 8 Yap State Code (YSC) Title 134, Chapter 7	Kosrae State Code, Title 10 Section 4	Article III, Section 12 of the CNMI Constitution and the Commonwealth Auditing Act (1 CMC, 2301, 7812 et. seq. of the Commonwealth Code)	(1)Constitution of the Republic of the Marshall Islands 2. Audit Act (Public Law 1986-25)	Palau Constitution Article XII Section 2 and Public Auditing Act of 1985 (Palau National Code Title 40, Chapter 2)	Title 1 Guam Code Annotated Chapter 19	American Samoa Code Annotated (ASCA), Title 4, Chapter 4
1(b)	Performance Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual	Audit Manual
2	Performance Audit Standard	GAGAS	GAGAS	GAGAS	GAGAS	GAGAS	GAGAS	GAGAS	GAGAS	GAGAS
3.a	Performance Audits - CPAs	3	3	0	1	0	2	5	2	0
3.b	Performance Audit - Others	41	21	0	2	11	4	38	57	4
4	PA Target									
	2009	5	4	0	3	4	4	6	7	3
	2010	5	4	0	3	4	4	6	7	3
	2011	5	4	0	3	4	4	6	7	3
	2012	5	4	0	3	4	4	6	7	3
	2013	5	4	0	3	4	4	6	7	3
	2014	5	4	2	3	4	4	6	7	3
	2015	5	4	2	3	4	4	6	7	3
	2016	5	4	2	3	4	4	6	7	3
5	PA Actual									
	2009	3	0	0	0	0	0	4	7	0
	2010	7	0	0	0	1	0	6	7	0

APPENDIX 3 COMPARATIVE REVIEW OF THE IDI HANDBOOK AND PASAI PAM

GOOD PRACTICES	IDI HANDBOOK	PASAI PAM
1. Introduction to PA ISSAI implementation strategy	✓	✗
2. Introduction to PA	✓ Good explanation of 3Es with examples	✗not as complete
	✓ Explanation of difference between compliance and performance auditing	✗not as complete
	✗not included	✓ includes reference to GAGAS in auditing standards
	✗not as complete	✓ good diagram of performance audit cycle from strategic planning through to follow up
3. Strategic Planning	✓ Tools to identify possible audit topics	✗not as complete
	✓ good table on audit selection criteria including scoring matrix	✗not as complete
4. Plan a Performance Audit	conduct a pre-study	✓ good outline of preliminary study
	✓ good diagram on steps to prepare an audit plan	✗not as complete
	✗not included	✓ Good section on understanding the business of an auditee
	✓ Good diagram on determinants of scope of audit	✗not as complete
	✓ As good as PAM	✓ Writing audit objectives
	✓ Defining specific questions or hypotheses to be examined including example of issue analysis	✗not as complete
	✓ Good use of problem tree to aid audit design	✗not included
	✓ Audit criteria – sources, setting, characteristics	✓ Audit criteria – sources, setting, characteristics
	✓ Methodological planning including use of audit design matrix good	Use of audit design matrix not as good
	✗ Staffing the audit	✓ Good reference to other guidance on the use of consultants and outsourcing aspects of the audit
5. Conduct a performance audit	✗ Nothing on auditee liaison	✓ Good section of auditee liaison and consultation during audit

	* Lacking detail	* Developing the audit test program may be better in Chapter 4. Good example of detailed test program
	✓Fieldwork – good tips and hints	*not included
	✓Different data collection methods well explained	*Audit evidence – competency etc comes before Methods – may be better after.
	✓ Good section on evidence types, standards and how to collect	*Not as well defined
	✓Use of findings matrix	✓Model of audit analysis process
	*not included	✓ good section on audit documentation and developing working papers
6. Reporting a performance audit	✓Section on attributes of a PA report well set out and comprehensive but does not include ‘balanced reporting’.	✓Also good section on attributes of a PA report including ‘balanced reporting’
	✓ The use of visual aids well presented throughout the guidance	✓ good section on the use of visual aids
	✓ Good communication strategy for distribution of report including to citizens	*not included
7. Follow up	✓Well set out with an in-house/desk review section and a desk review template of recommendations, action taken, progress etc	✓ (Appendix 2 - follow up audit with description of assessing progress of recommendations
8. Quality Assurance	✓Refers to quality framework set out under ISSAI 40 and a description of the six elements	*
	✓Well set out Quality Assurance Review process including flow chart	*Quality Assurance Review process not as well defined
	✓List overarching quality controls in PA and at the engagement level from pre study to reporting	*Not as well developed
	✓Provides QA tools for PA	*
	✓Identifies main roles of who is involved in QA	*
	✓How to communicate the SAI’s QA policy and procedures to staff	*
9. Managing audit risk	✓Identifies PA risks and how to manage by following ISSAI requirements. User would benefit from this being documented closer to where audit risks arise	✓ Embedded in relevant Manual chapters
10. Appendices	✓Included at end of each Chapter – illustrates key points of chapter	✓Good use of Appendices including one on a sample audit test program and another on using graphics





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