



PACIFIC ASSOCIATION OF SUPREME
AUDIT INSTITUTIONS

ASIAN DEVELOPMENT BANK

THE SUB-REGIONAL AUDIT SUPPORT (SAS) PROGRAMME

Final Round 5



Participating SAIs from – Solomon Islands, Kiribati, Tuvalu

FOREWORD



“ This is a successful program and all involved should take pride in the achievements. ”

A handwritten signature in black ink, appearing to read 'Lyn Provost'.

Lyn Provost

Chair SAS Committee
Secretary-General of PASAI and Controller and Auditor-General of New Zealand

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INTRODUCTION

At the 10th and Final SAS Committee meeting held on Tuesday 9 February 2016 the report on SAS round 5 was provided by the ADB Consultant and included the reflections from related SAI Heads and suggestions for the way forward.

The Committee agreed that the SAS round 5 was also a success with the following key achievements:

- **Kiribati** – all financial audits are up to date. Audit skills lifted especially in conducting insurance audits. Increased confidence, competence and experience.
- **Tuvalu** – all SOE audits are up to date except for Tuvalu Maritime Training Institute (TMTI) which is to be done by the Tuvalu Audit Office for 2014, 2015 following the SAS team assisting with completing the 2013 audit.
- **Solomon Islands** – invaluable experience with the quality of consultants engaged during round 4 and round 5. Continued exposure to ISSAIs, increased staff interaction. The HCC audit report completed in Round 4 is being used by the internal advisor to improve operations of HCC based on audit recommendations.

More importantly the SAS Committee unanimously agreed that the SAS round 5 program was a great success and there was a need to reconsider the future of this program, given that the ADB funding will come to an end and will not be able to support another round.

The Committee discussed at length the way forward by answering the following key question “Do we need SAS?” Consequently, the committee discussed the needs of the SAIs and agreed to submit three options to the Governing Board for discussion:

- i. A new program extended to other SAIs, potentially in the South Pacific and Northern groupings;
- ii. Incorporate the individual SAI requirements in the initiatives and upcoming programs in the PASAI Strategic Plan; and
- iii. Status quo with Kiribati, Tuvalu and any other SAIs who wish to join.

The 14th PASAI Governing board meeting was held on 11-12 February 2016 in Auckland NZ and the results of the SAS Committee meeting held was provided and included the completed round 5 program. In particular, the above three options were discussed at this meeting and the members of the PASAI governing board were provided with an overview of the SAS program from its inception until round 5 and given the success of the program to date, it was time to move to the next phase in option ii.

The PASAI Strategic plan incorporates the targets that is needed to achieve high quality audits and on this basis the participating SAIs of the SAS program and therefore option ii seemed to be the most logical and efficient choice to build on the success of the SAS Program.

The second part of this report looks back on the SAS program from its inception in 2009 and provides a summary of the overall achievements from this successful capacity building program.

The lessons learned from this program are many and the knowledge gained about our SAIs is being used to design more programs that will assist to achieve the strategic priorities of the PASAI Strategic Plan.

Finally, the SAS Committee would like to acknowledge the past and present SAIs, officers of each SAIs, consultants, experts and all the people that have been involved in one way or other in the design, planning and implementation of this SAS Program.

In particular, we would like to acknowledge the support of ADB for this Sub-regional Audit Support Program and look forward for PASAI to provide the continued technical support for each of the SAIs to achieve high quality audits, in accordance with PASAI's Strategic plan.

SAS Committee & PASAI Secretariat

FINAL SAS Committee Meeting

9th February 2016

PASAI Secretariat Office

Parnell, New Zealand



Photo: Final SAS Committee Meeting held on 9th February 2016, PASAI Secretariat Office, Auckland NZ

L to R: Agnes Aruwafu PASAI Director Technical Support, Mukesh Arya ADB Consultant (Public Sector Audit Expert), Robert Cohen A/AG Solomon Islands Office of the Auditor General (SIOAG), Lyn Provost –Chair PASAI Secretary General/NZ Auditor General, Flordeliza dR. Asistin ADB Senior Operations and Institutional Coordination Officer, Matereta Raiman AG Kiribati National Audit Office (KNAO), Eli Lopati AG Tuvalu Audit Office (TAO), Tiofilusi Tiueti PASAI Chief Executive

Overview of Round 5 – the Final Round

This overview was prepared by the Public Audit Expert Mr Mukesh Arya to conclude on the Sub-regional Audit Support (SAS) Round 5 programme. Throughout this round various activities were planned and implemented by Mr. Mukesh Arya, Public Audit Expert in association with the ADB, PASAI and other subject consultants for the benefit of the staff members of the Auditors General of Kiribati, Solomon Islands and Tuvalu during the 5 month period during 2015-2016.

In keeping with the recommendations of the earlier rounds, the programme was preceded by a workshop at Suva, Fiji where delegates from Tuvalu, Kiribati and Solomon Islands attended a 5 day intensive course in the audit of the financial statements. Delegates from the Auditor General, Fiji were also invited to join. This approach ensured that the delegates understood the basics and advanced levels of financial auditing tools and techniques.

The audit approach was both Capacity Building in the audit of financial statements and to meet the needs of the Auditor General to accomplish part of the Audit Action plan for the office. Accordingly, the OAG selected the State Owned Enterprise (SOE) in their respective jurisdictions.

Furthermore this round did not involve secondees travelling but only the consultant(s) travelled. It was the first also for PASAI to include a PASAI ISSAI facilitator in the final phase to accompany the Audit Expert in Tuvalu SAI. The aim of this was to expose our PASAI facilitators and members to other SAIs and share knowledge and learn from one another.

Objectives

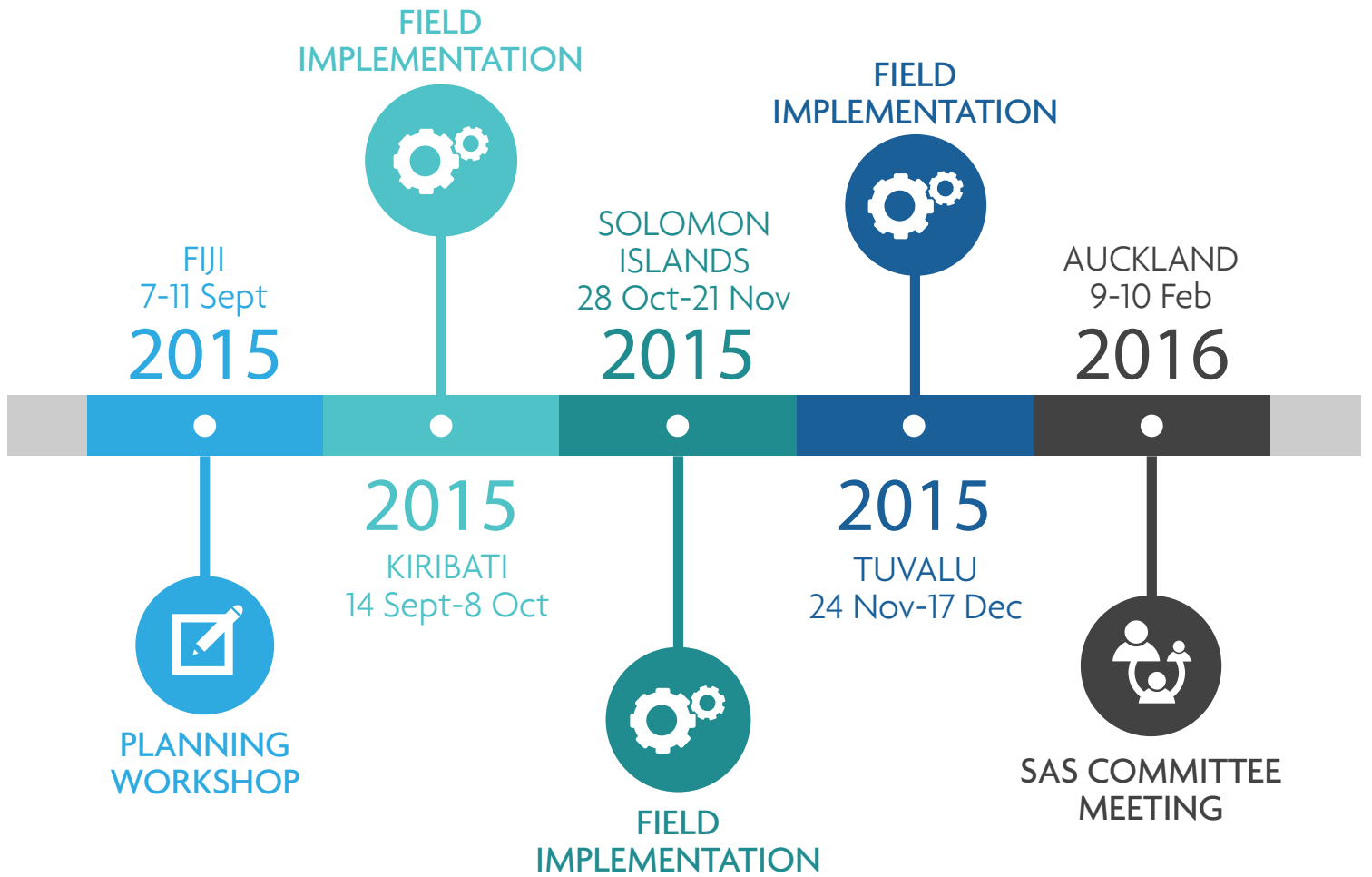
The overarching objectives of the SAS programme were to:

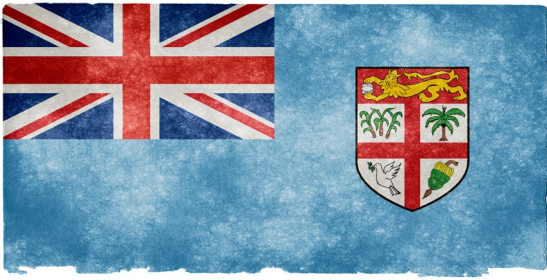
1. Progressively *complete audits* of the public accounts of each participating country, including audits of entities owned or controlled by the government of a particular country, and audits of development projects;
2. *Strengthen the capacity* of each participating SAI through the seconding of staff to the SAS team and also through the teams in country work with the hosting SAI and its staff;
3. *Design and implement audit plans* that meet the particular needs of each participating country as identified by the Head of each SAI;
4. Implement the programme in each participating jurisdiction in the manner that *strengthens in country PFM capacity and accountability* mechanisms; and
5. *Strengthen cooperation* between the participating SAIs both during the implementation of the programme and through the development of lasting relationships.

Overall Programme design

The overall design of the programme was to impart training on audit of financial statements to the selected leaders from each of the participating countries ('Train the Trainer') and follow up with field implementation ('spread the knowledge') by actually performing the audits. Following chart depicts the broad framework followed in the implementation of the overall strategy to enhance capacity and complete audits of the State Owned Enterprises (SOEs).

Figure 1 : SAS Programme Round 5





Fiji Workshop

Fiji workshop was organized at the SPSO, ADB, Fiji for the period 7 Sep to 11 Sep 2015. This workshop was attended by delegates from Kiribati (three), Solomon Islands (one), Tuvalu (one) and Fiji (two). The faculty members included Mukesh Arya, ADB Public Audit Expert, Mr. Mosleh Ahmed, ADB Insurance Expert, Ms Agnes Arawafu, Director, PASAI.

The detailed programme followed is annexed at *Attachment 1*.

The delegates were asked to evaluate the workshop on the day of conclusion and the conclusion averaged at second highest rating. The field implementation was decided at this meeting and following broad activities were scheduled.

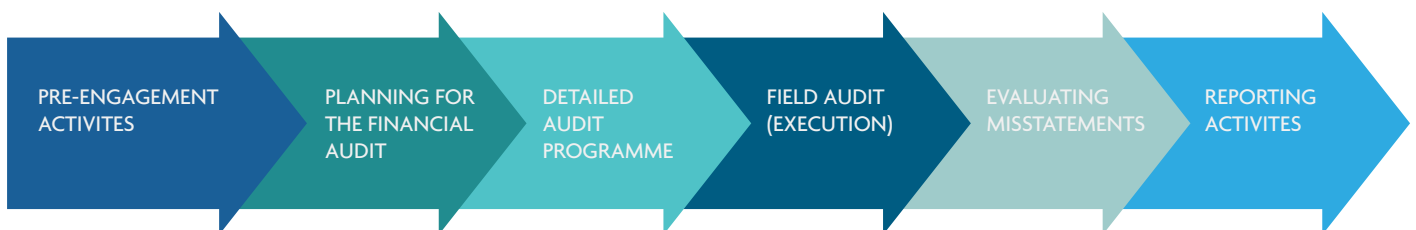


Figure 2 : Broad Activities in country implementation programme



Kiribati Country Implementation

Mr. Mukesh Arya, Public Audit Expert was assisted by Mr. Mosleh Ahmed, Insurance Expert during the implementation phase in Kiribati effective 14 Sep 2015 to 08 Oct 2015. The Auditor General (AG) of Kiribati had

selected Kiribati Insurance Corporation for the audit of its financial statements. The AG deputed six staff members. The details of the implementation, outputs and outcomes have been included in the final country report which was accepted by the AG of Kiribati.

“Synergies between the National Audit Office and the Public Accounts Committee (PAC) are important in mutually promoting the effectiveness of accountability institutions. Given the strategic importance of PAC in ensuring accountability of the ‘Executive’ through Parliamentary Oversight, I sought appointment with the 3-member Public Accounts Committee and was granted half-an-hour’s meeting time. I met the following PAC members on 29th Oct 2015.”



In the end, the objectives were met and value additions could be made beyond the expectations of the programme.



Solomon Islands Country Implementation

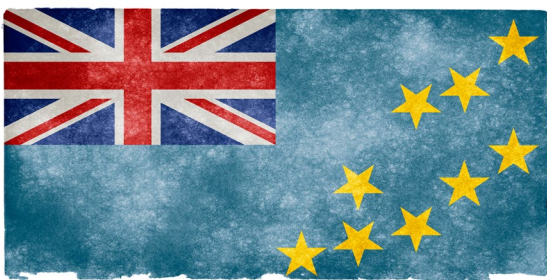
Mr. Mukesh Arya, Public Audit Expert undertook this phase of the project without any assistance

during the period effective 28 Oct 2015 to 21 Nov 2015. The Auditor General (AG) of Solomon Islands had selected Solomon Islands Postal Corporation (SIPC) for the audit of its financial statements. The AG deputed six staff members. The details of the implementation, outputs and outcomes have been included in the final country report which was accepted by the AG of Solomon Islands.

“The consultant found the OAG’s excel template on “Materiality assessment” worthy of replication elsewhere and this could be considered while updating the PASAI Manual in future.”



In the end, the objectives were met and value additions could be made beyond the expectations of the programme. The SOE also benefitted from this exercise.



Tuvalu Country Implementation

Mr. Mukesh Arya, Public Audit Expert undertook this phase of the project. An ISSAI facilitator (Ms. Violet Fasalavu) was also deputed for seven working days. This phase was undertaken during the period effective 24 Nov to 17 Dec

2015. The Auditor General (AG) of Tuvalu had selected Tuvalu Maritime Institute (TMTI) for the audit of its financial statements. The AG deputed three staff members. The details of the implementation, outputs and outcomes have been included in the final country report which was accepted by the AG of Tuvalu.

Not only the programme objectives were met and value additions achieved, the SOE and Public Accounts Committee also benefitted from this programme.

At the instance of Auditor General, I was invited by the organizers of the event (office of the Attorney General) on UN Anti-corruption day (9 December) to speak at the public meeting. I spoke on the subject drawing upon my experience of anticorruption activities and work done for the United Nations Office on Drugs and Crime (UNODC).



Final SAS Committee Meeting

The Regional SAS Committee meeting was held on 9-10 Feb 2016 at Auckland, New Zealand wherein the Auditors General from Tuvalu, Solomon Islands and Kiribati represented their respective countries. The meeting was also attended by Ms Flordeliza Assistin, Sr OIC Officer of the ADB, Agnes Aruwafu, Director of PASAI and Tiofilusi Tiueti, CEO of PASAI. The meeting was chaired by Mrs Lyn Provost, Auditor General of New Zealand.

Mr. Arya presented the country reports narrating the detailed account of the efforts made under the SAS programme – Round 5 and their impact on the capacity of the offices of the Auditors General, State Owned Enterprises and the respective Public Accounts Committees. The power point presentation (annexed as Attachment 5) contains the descriptions on achievement of actual versus planned objectives, issues identified for future implementation, leading as well as laggard practices that were observed.

Mr. Arya's second presentation was specifically designed to trigger brainstorming session on 'way forward' and was arranged under three main topics.

1. Strengthening institutions of accountability
2. Enhancing accountability of SAI clients
3. Promoting accountability

This presentation also included identification of future projects and programmes under the above three topics and their relevance as well as challenges.

Round 5 - Conclusion

The SAS Programme Round 5 could be considered a success story as all the objectives were achieved to the satisfaction of the beneficiaries and the project implementation group (PASAI and ADB). The programme in fact could transfer substantially higher knowledge and expertise than planned for. The consultant, in turn, would wish to record his sense of professional fulfilment in executing this Round 5 that was made possible due to positive synergies of all stakeholders in this programme.

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